



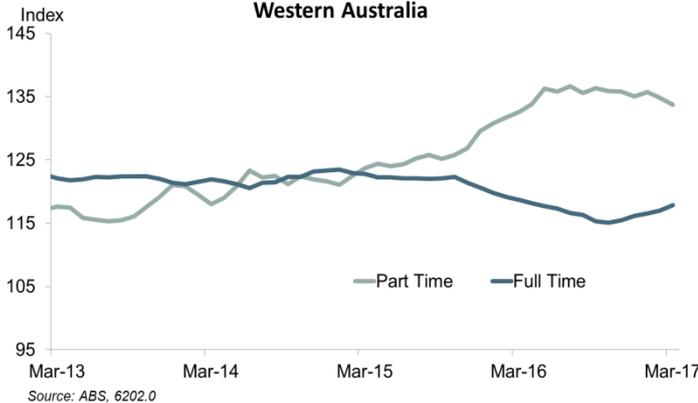
# Labour and economic snapshot: March quarter 2017

(NB: quarterly averages used for any monthly data)

Labour market conditions in the State continue to remain subdued, but improved slightly during the March quarter 2017, with a decrease in the unemployment rate and a rise in the number of people employed. However the State's overall employment level is still lower than what it was a year ago.

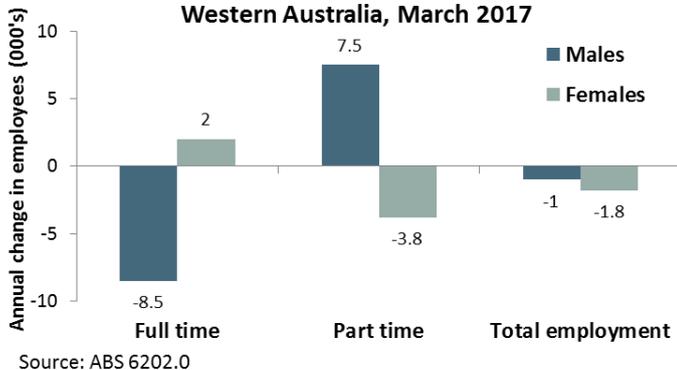
**Employment** in Western Australia increased by 9 100 people during the March quarter, however compared to a year ago, employment fell by 2 800 people. During the March quarter, **full time employment** in the State grew by an estimated 13 300 persons, but contracted by 6 500 workers over the year. In contrast, the number of **part time workers** fell by 4 200 persons over the quarter, but grew by 3 700 workers over the year. The indexed chart below shows Western Australia's sizable shift in jobs growth from full time to part time jobs over the past couple of years.

**Full Time and Part Time Employment Growth  
(Indexed - based point starts at March 2007)  
Western Australia**



There has also been a compositional change in the **type of employment by gender** in Western Australia over the past year. For males, full time employment fell by 8 500 persons, while part time employment grew by 7 500. For females this broad trend was reversed, with full time employment up by 2 000 persons whereas part time employment decreased by 3 800.

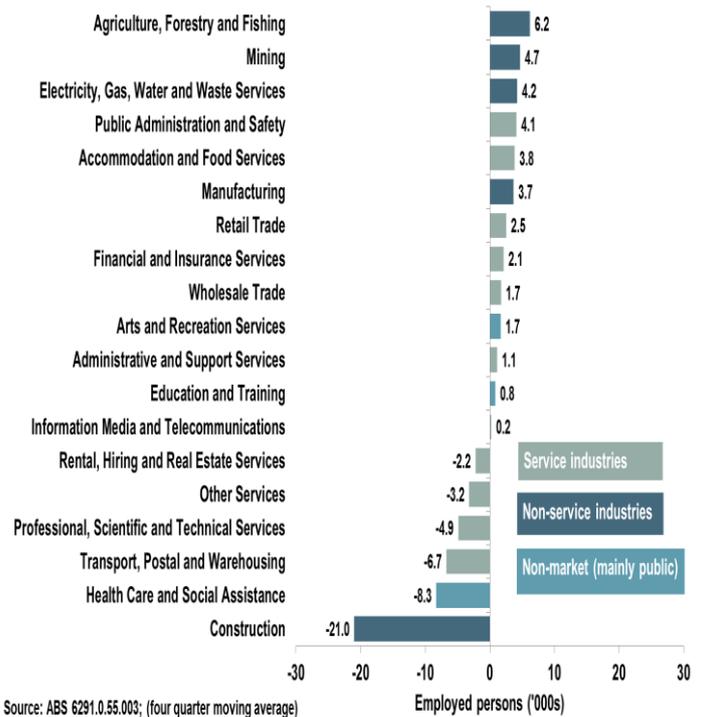
**Annual Change of Employment Type by Gender,  
Western Australia, March 2017**



While in general there was a mix of industries contributing to the compositional changes above, a significant decrease in construction industry employment was a clear driver for the contraction in jobs for male full time workers.

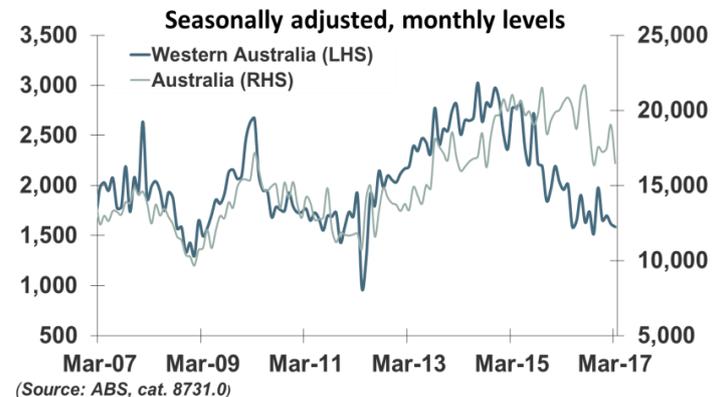
**Employment growth by industry** over the year to February 2017 was mixed, with six of the 19 industry groups experiencing net losses. Increases in employment were recorded for agriculture, forestry and fishing; mining; and electricity, gas, water and waste services. Large decreases in employment were recorded for healthcare and social assistance; transport, postal and warehousing; and in particular, construction (see chart below).

**WA Employment Growth by Industry (year to February 2017)**



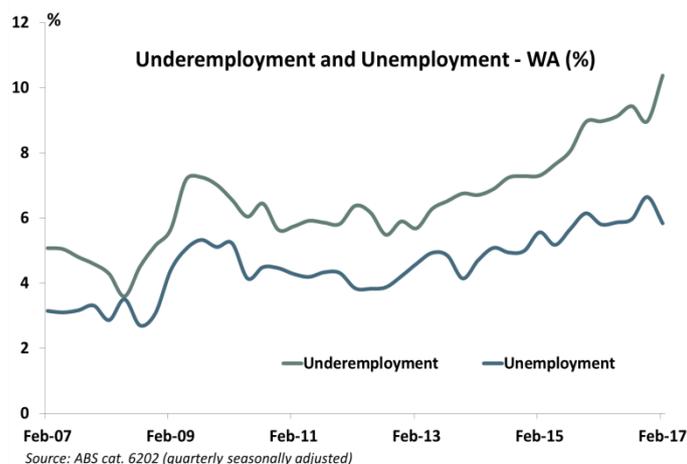
The very large decrease in the construction workforce has coincided with the moderation in the construction of the State's major resources projects and a slow-down in the demand for **residential building approvals**, which decreased by 4.8% over the March quarter, and recorded an overall decrease of 20.7% over the year.

**Residential Building Approvals**



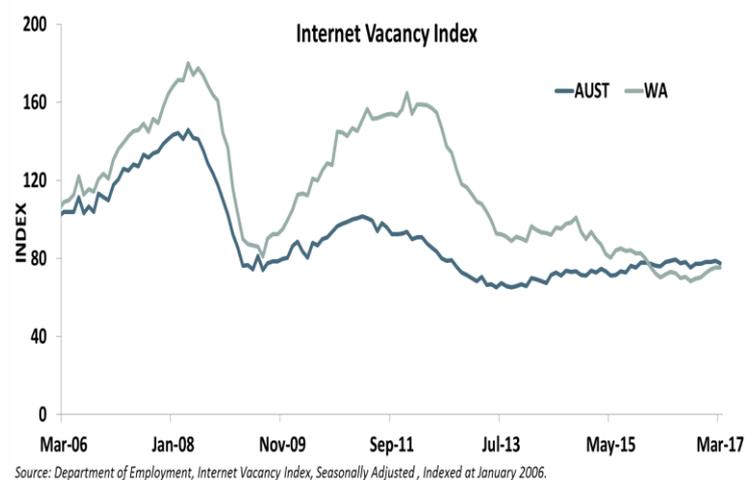
The State's **unemployment rate** for the March quarter was 6.3%, a fall of 0.3 percentage points compared to the previous quarter, and equating to a quarterly average total of around 90 800 unemployed persons in the State. Over the quarter, the national unemployment rate grew by 0.1 percentage points to 5.8%.

However, unemployment is only one key indicator of the State's current labour market conditions. The proportion of those already employed, but who want (and are available) to work more hours than they currently have (relative to the total workforce) is referred to as the **under-employment rate**.



The March quarter 2017 under-employment rate for the State stood at 10.4% (of the State's labour force), much higher than the equivalent national rate of 8.7%. Both the Western Australian and national under-employment rates are at historical highs.

Subdued demand for workers from employers is contributing to the soft conditions in the State's labour market, with the Commonwealth Department of Employment's **Internet Vacancy Index** showing an overall decline in advertised vacancies in Western Australia from early 2012 to present. Vacancies advertised in Western Australia are now at a lower point than at post GFC times.



## OUTLOOK

Construction-related employment in the State may remain sluggish for at least another year or so. The latest (April 2017) forecasts from Western Australia's **Housing Industry Forecasting Group** show the estimated 19 000 or so residential dwelling starts for the State over 2016–17 representing a substantial fall from the 25 563 commencements the State had in 2015–16. However the HIFG have forecast that commencements will see a modest increase (to 21 000 starts) in 2017–18.

Furthermore, the outlook for construction on major resource projects is also soft. While the March quarter 2017 *Deloitte Access Economics Investment Monitor* listed an impressive \$224.2 billion worth of **current or prospective major investment projects** for Western Australia, over half of this value (\$124.3 billion) was for projects already under construction, where the majority of this value (a substantial \$107 billion worth) solely related to three large LNG projects that are expected to see their construction phase finish up over the next six to twelve months. Of the remaining \$99.9 billion for prospective future projects, only \$4.5 billion of this is for projects classified as 'committed' (ie; a decision to proceed has been announced, but construction has yet to commence). The remaining value is classified as either being 'under consideration' (a decision on whether to proceed is expected in the near future – these total \$39.1 billion), or classified as 'possible' (projects that have been announced, but where no early decision on whether to proceed is likely – these total \$56.4 billion).

The latest March quarter 2017 *Business Outlook* forecasts from **Deloitte Access Economics** suggest the current weak conditions in the State's overall labour market will only see a modest improvement from 2017–18 onwards. Deloitte's is forecasting the State to record a contraction in job levels of 0.5% over 2016–17, but with employment growth then rising by 1.4% in both 2017–18 and 2018–19. The unemployment rate is expected to average 6.3% over 2016–17, and then decrease to 6.0% in 2017–18 and 5.9% in 2018–19.

**WA Treasury** forecasts similarly suggest a continuation of relatively subdued conditions in the State in the near term. WA Treasury's latest forecasts (from the *2016-17 Pre-election Financial Projections Statement*) show expected weakness in domestic economic activity is likely to affect jobs growth prospects, with jobs growth of 0.25% in 2017–18, steadily rising to a somewhat stronger rate of 1.5% in 2018–19, and then reaching 2.25% by the end of Treasury's forecast horizon (2019–20). However, Treasury also expects a slowdown in growth for those coming into the labour market to help moderate the State's unemployment rate to 6.5% in 2016–17, with the same rate forecast to continue into 2017–18, before decreasing to 6.0% in 2019–20.

