

# Labour Force February 2026

## Employment and Hours Worked

Employment surged by 48.9k in February, more than twice what was pencilled in by the market consensus (+20.0k), which followed an upwardly revised gain for January (+26.1k, up from the initially estimated +17.8k).

Annual employment growth accelerated to 1.8%, the fastest pace since mid-2025.

In contrast to January, the February gain was driven by part-time jobs, while full-time employment fell.

Consistent with the above, aggregate hours worked ebbed by 0.2%, while the annual growth rate held steady at 1.6%.

Australia (Seasonally Adjusted)	Feb ('000)	Jan ('000)	YoY (%)
Total	48.9	26.1	1.8
Full Time	-30.5	54.6	1.2
Part Time	79.4	-28.5	3.1
Aggregate Hours Worked (%)	-0.2	0.6	1.6
Participation Rate (%)	66.9	66.7	-
Unemployment Rate (%)	4.3	4.1	-

## Unemployment, Underutilisation and Participation

The unemployment rate picked up by 0.2 percentage points to a three-month high of 4.3%, which is still a very low level by historical standards. The Australian Bureau of Statistics explained that this reflected fewer people waiting to start a job in early 2026 actually beginning work by February compared to previous years, which disrupted the seasonal pattern.

The rise in both employment and unemployment meant that the participation rate lifted back to 66.9%. This is just 0.3 percentage points below the record high set in January 2025.

The underemployment rate remained at 5.9%, which is very close to the multiyear low of 5.7% from late 2025.

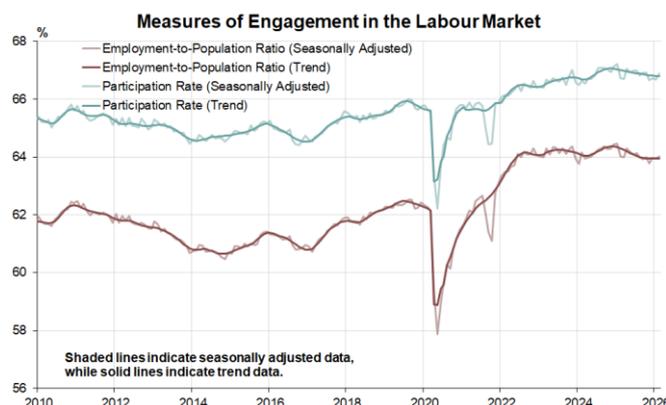
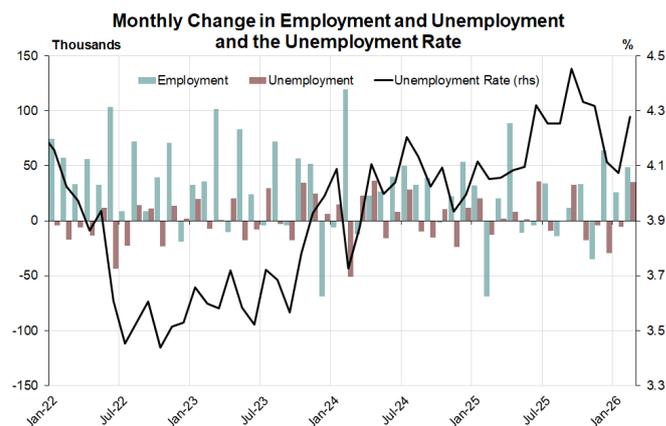
### The States

Labour market indicators were mixed across the states. Employment rose in New South Wales, Victoria and Tasmania, and declined elsewhere. The unemployment rate rose in most of the mainland states.

Despite a slight decline of 3.6k in February, Western Australian employment remained just 0.3% below its record high from late 2025. The employment-to-population ratio, at 65.7%, was the highest nationwide.

The Western Australian unemployment rate picked up to 4.2% in February, which is slightly below the national level. The increase reflected higher workforce activity, with the participation rate up at 68.6%, by far the highest level of all states.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	-3.6	0.9	4.2
New South Wales	43.4	1.7	4.1
Victoria	3.9	2.2	4.7
Queensland	-6.5	1.8	4.4
South Australia	-8.3	3.2	4.0
Tasmania	1.1	1.2	4.6



## Comment

The surprising rise in the unemployment rate in February attracted some attention but did not have a material impact on cash rate expectations. This is because it partly reflected issues with seasonal adjustment at this time of year.

The unemployment rate is back to where it was in October, before the slight change in seasonal patterns caused some volatility in seasonally adjusted figures.

Even at 4.3%, the unemployment rate remains consistent with the [RBA's assessment](#) that labour market conditions remain a little tight.

It is too early to judge if the slight re-tightening in labour market conditions in the second half of 2025 has come to an end. The consequences of the escalation in the Middle Eastern conflict adds another layer of uncertainty to the outlook, a fact that Commonwealth Treasurer Jim Chalmers reminded about in his pre-Budget speech at the time of writing.

Outside of the unemployment rate, the February labour market report was quite solid. Employment saw a strong gain, even if driven by part-time jobs, to some extent due to more workers choosing to move to part-time employment rather than retire. Labour market underutilisation measures remained low and participation approached its record high.

**19 March 2026**