

# Labour Force December 2025

## Employment and Hours Worked

Employment bounced by 65.2k in December, exceeding market expectations of a 27.0k gain. This followed a 28.7k decline in November (revised from -21.3k).

The annual rate of employment growth picked up by 0.1ppts to a still-sluggish 1.1%.

The rise in employment in December was driven more by full-time rather than part-time jobs. Full-time employment surged by 54.8k, almost reversing the 65.2k drop in November. At the same time, part-time employment rose by 10.4k in December.

Aggregate hours worked rose by 0.4%, to remain 1.0% up through the year.

Australia (Seasonally Adjusted)	Dec ('000)	Nov ('000)	YoY (%)
Total	65.2	-28.7	1.1
Full Time	54.8	-65.2	1.0
Part Time	10.4	36.6	1.5
Aggregate Hours Worked (%)	0.4	0.0	1.0
Participation Rate (%)	66.7	66.6	-
Unemployment Rate (%)	4.1	4.3	-

## Unemployment, Underutilisation and Participation

The seasonally adjusted unemployment rate saw an unexpected 0.2ppts decline to a seven-month low of 4.1%, as unemployment dropped by 30.0k, the most since February 2024.

The relatively strong rise in employment conditions saw the participation rate pick up by 0.1ppts to 66.7%.

The underemployment rate plunged by 0.5ppts, returning to an equal 17-year low of 5.7%.

The underutilisation rate, which combines unemployment and underemployment, fell to a near two-year low of 9.8%.

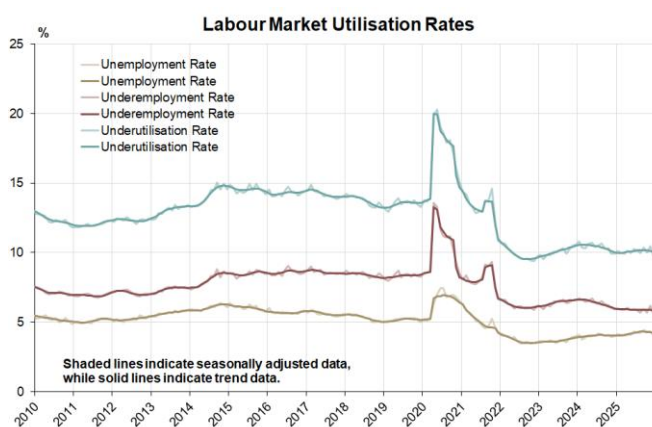
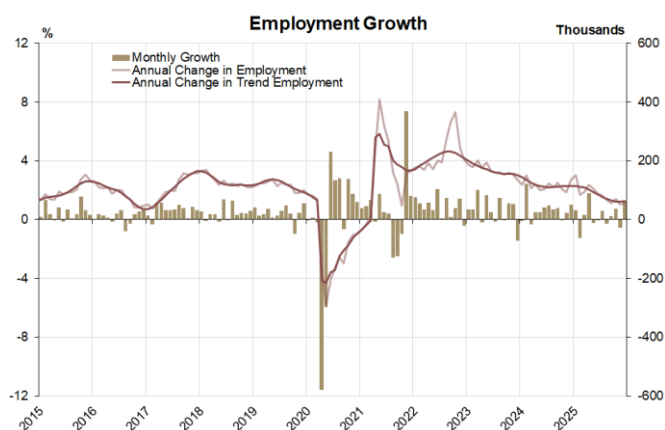
## The States

Employment rose in all mainland states in December, with the notable exception of Victoria (-4.7k). Western Australia saw the largest gain of 26.2k.

Except for New South Wales, which saw a 0.1ppts uptick to 3.9%, unemployment rates declined nationwide. The strongest drop was again registered for Western Australia (-0.5ppts to 3.9%).

Western Australia also continued to record the highest participation rate nationwide (of 68.8%, up by 0.5ppts from November). The employment-to-participation ratio in Western Australia is also the highest of all the states (at 66.2%, +0.9ppts).

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	26.2	1.7	3.9
New South Wales	3.3	0.1	3.9
Victoria	-4.7	1.6	4.6
Queensland	13.0	0.6	3.9
South Australia	8.0	5.1	3.9
Tasmania	-2.0	0.8	4.5



## Comment

The December labour force survey was strong across the board, suggesting broad-based strength. However, it is just one data point which happened in quite a tricky month of December, when the start of the summer holidays complicates seasonal adjustment.

Looking through the month-to-month volatilities, the trend figures also point to tight labour market conditions, which are nonetheless easing gradually.

Trend employment rose by 24.8k in December, somewhat slower than the five-year average of 31.6k. The trend unemployment rate ebbed by 0.1ppts to 4.2%, which is 0.2ppts higher than a year ago. The participation rate was steady at 66.8% in trend terms, down from the 67.1% registered in late 2024.

The solid labour market figures for December increased the odds of a cash rate hike in February, with the probability of such a move up to nearly 60% from around 25% before the release. While the RBA will follow the data closely, it is unlikely that the December employment report will be pivotal for the monetary policy decision. However, if December CPI figures scheduled for next week also surprise to the upsides, the probability of a hike in early February will be high.

**22 January 2026**