

Australia

In April, the Australian labour market experienced an unprecedented deterioration in conditions due to containment measures introduced to stop the spread of COVID-19.

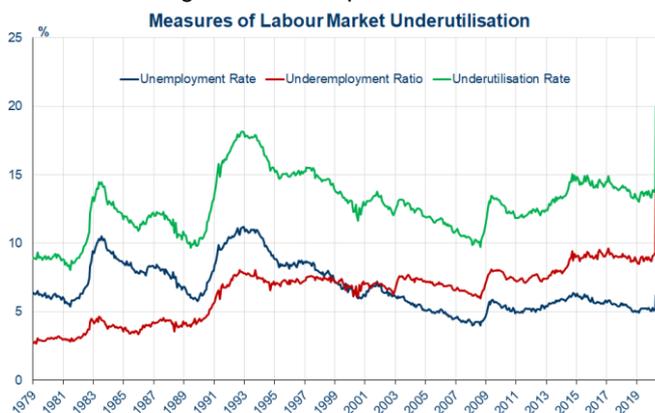
Seasonally-adjusted employment dropped by 594k people, while the unemployment rate increased by 1 per cent to 6.2%.

Australia (sa)	Apr	Mar	YoY (%)
Total (,000)	-594.3	0.7	-3.1
Full-time	-220.5	-9.5	-1.4
Part-time	-373.8	10.1	-6.7
Aggregate hours worked (%)	-9.2	0.9	-8.0
Participation rate (%)	63.5	66.0	-
Unemployment rate (%)	6.2	5.2	-

While both changes are the largest on record, they were slightly smaller than expected. Some of the impact of the lockdown on the labour market was channelled through a sharp reduction in hours worked, partly due to the JobKeeper scheme. Around 1.8 million people worked less hours than usual in April, out of which 750k worked zero hours.

The 900k people who moved out of employment in April was three times more than the average, and was only partly counterweighed by a surprisingly high 300k who became employed. The participation rate dropped to levels last seen in the mid-2000s as a result of 489.8k people leaving the labour force.

This retreat from the labour market contained the scale of the rise in the unemployment rate. Note that, in line with the labour force survey methodology, to be classified as unemployed a person must have actively looked for a job over past four weeks and be available for work when the survey was taken. Both criteria are harder to meet with social distancing measures in place.



As a result of the reduction in working hours, the underemployment rate increased to an all-time high (13.7%).

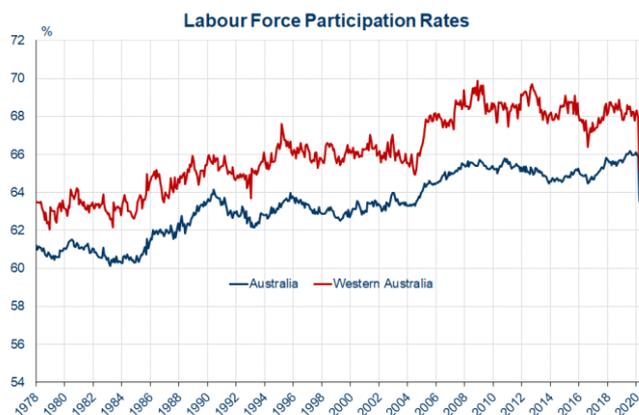
The underutilisation rate, which is a combination of the unemployment ratio and the underemployment rate, jumped to 19.9%, also the highest level on record.

States

The marked deterioration in labour market conditions was broad-based across states, with New South Wales and Queensland seeing the biggest percentage declines. The pace of deterioration was slowest in Tasmania and Victoria.

State (sa)	MoM ,000	YoY (%)	Unemployment (%)
Western Australia	-62.3	-3.2	6.0
New South Wales	-221.4	-4.7	6.0
Victoria	-127.1	-1.3	6.0
Queensland	-129.6	-3.2	6.8
South Australia	-40.8	-4.9	7.2
Tasmania	-8.7	0.4	6.2

In Western Australia, the decline in employment in April was close to the national average, yet the unemployment rate is now below the national average. This was partly due to a relatively large decline in the participation rate. However, at 65.2%, it still remains the highest of all states.



Comment

The April labour force survey shows the scale of the damage of the pandemic-related restrictions to the labour market. The massive outflow from the labour force and a drop in hours worked masked the scale of the deterioration in the headline figures, which came out slightly less ugly than feared.

While JobKeeper proved effective in keeping people employed, it is unclear how many businesses, even when the restrictions are eased, will be able to stay afloat. Therefore, we expect labour market conditions will remain grim for some time.

15 MAY 2020

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