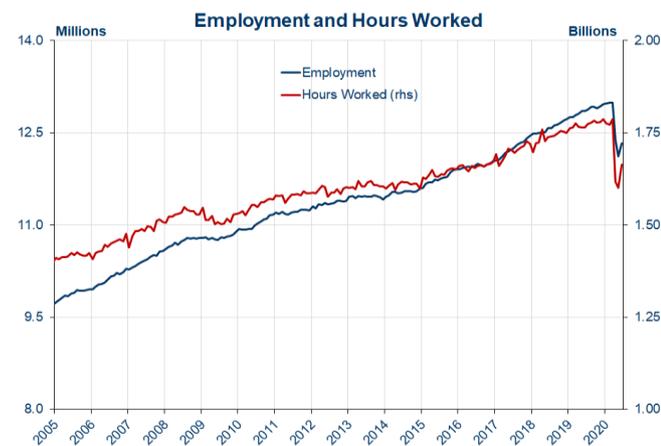


**Employment and Hours Worked**

Employment surged a seasonally-adjusted 210.8k in June, reflecting the nationwide relaxation of pandemic containment measures last month. The May employment figures were revised downwards.

Australia (sa)	Jun	May	YoY (%)
Total	210.8	-264.1	-4.1
Full Time	-38.1	-101.9	-3.5
Part Time	249.0	-162.3	-5.3
Aggregate Hours Worked (%)	4.0	-1.0	-5.7
Participation Rate (%)	64.0	62.7	-
Unemployment Rate (%)	7.4	7.1	-

The surge was stronger than the expected 100k and the sharpest on record (since 1978). In spite of this unprecedented increase, employment was still around 5% off its February level.



The rise in employment in June was attributable solely to part-time jobs. Full-time employment continued to fall, albeit at a significantly slower pace.

Part-time jobs also led the improvement in the number of working hours. The rise in hours worked translated into a fall in the underemployment ratio, to 12.6% from 14.1%. The underutilisation rate declined as well, to 19.1% from its all-time high of 20.2% in May.

In spite of this substantial improvement, the number of employees working less hours than usual is 1.15M, which is around three times higher than before the crisis and, of those, 230k people are still working no hours.

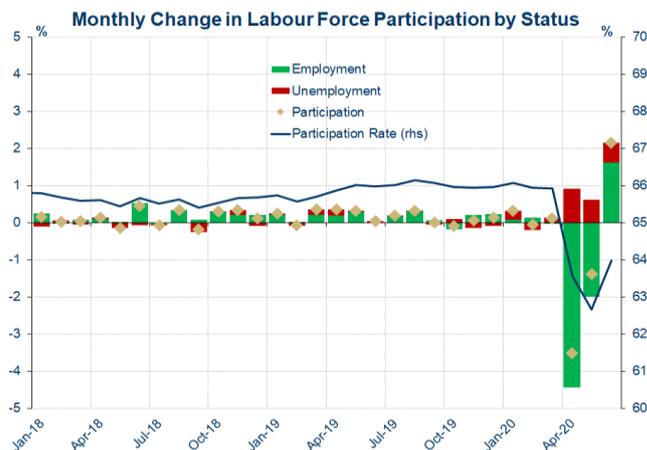
**Unemployment and Participation Rates**

The unemployment rate continued to climb in June, reaching 7.4%, the highest level since November 1998. The rise, however, partly reflects a change in the regulatory environment rather than an ongoing deterioration in labour market conditions.

Starting from 9 June, JobSeeker recipients were required to actively look for a job. Those who started to do so were classified as unemployed in June. As a result, the rise in

unemployment last month was led by inflows from outside the labour force rather than layoffs.

If the employed that had been stood down or worked zero hours had been classified as unemployed, the unemployment rate would have fallen for the second consecutive month in June, to a still sobering 8.8%.



The return of people to the labour force saw the participation rate rise from its two-decade low. However, at 64.0%, it remained low by historical standards.

**States**

Employment increased across all Australian states in June, with Queensland seeing the largest percentage gains (2.2% MoM compared to 1.8% MoM on average). Queensland was also the only state to record a slight decline in the unemployment rate. In all other states, the unemployment rate climbed to fresh two-decade highs.

States (sa)	MoM ('000)	YoY (%)	Unemployment (%)
Western Australia	22.2	-4.9	8.7
New South Wales	80.8	-4.6	6.9
Victoria	29.5	-3.4	7.5
Queensland	52.9	-4.3	7.7
South Australia	11.4	-4.4	8.8
Tasmania	6.4	-0.8	6.9

**Comment**

Today's labour market report provided further evidence of a turnaround in labour market conditions in early June, previously indicated by weekly payroll figures. The most recent payrolls report, however, suggests that the improvement stalled in the second half of June. What is more, the re-imposition of containment measures in Victoria will most probably affect the labour market conditions in that state, with possible spill-overs to other states. There is also a large degree of uncertainty around the new JobKeeper arrangements, which are to be announced in a week.

**16 JULY 2020**

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