

**Employment**

Employment fell by a seasonally adjusted 29.5k in September. The decline was slightly smaller than the 40k expected by market participants and followed significant gains over the past few months.

Australia (sa)	Sep	Aug	YoY (%)
Total (,000)	-29.5	129.1	-2.8
Full-time	-20.1	12.1	-3.4
Part-time	-9.4	117.0	-1.4
Aggregate hours worked (%)	0.5	-0.1	-5.0
Participation rate (%)	64.8	64.9	-
Unemployment rate (%)	6.9	6.8	-

The September fall in employment was led by Victoria. Employment in the Garden State was 1.1% lower than in August. Tasmania also recorded a decline of a similar magnitude (by 1.0%).

State (sa)	MoM ,000	YoY (%)	Unemployment (%)
Western Australia	2.9	-0.3	6.7
New South Wales	3.3	-2.4	7.2
Victoria	-35.5	-5.8	6.7
Queensland	32.2	-1.5	7.7
South Australia	8.7	-1.4	7.1
Tasmania	-2.5	0.4	7.6

Other states saw a rise in employment in September, yet the pace of job creation has clearly stalled, dragged down by a decline in full-time jobs. A recovery in part-time jobs continued outside of Victoria.

**Unemployment and Participation Rates**

The unemployment rate was little changed in September, as participation resumed to fall, particularly in Victoria.

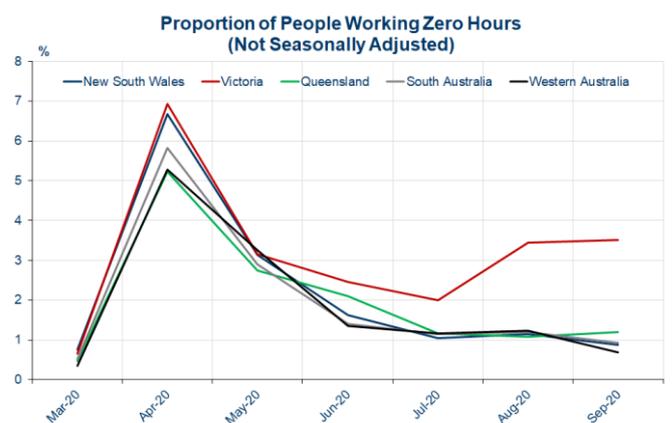
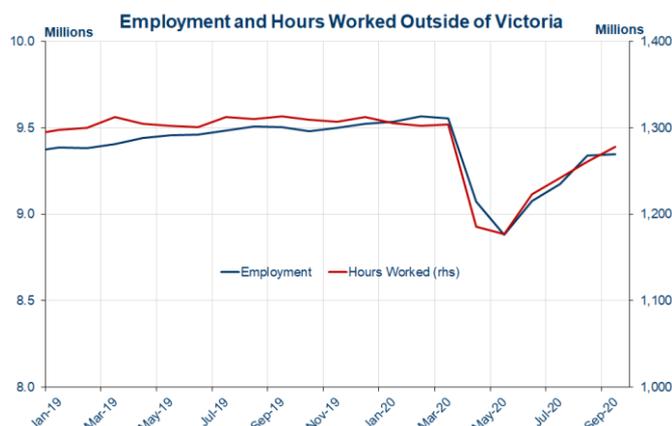
The cross-state divergence in unemployment rates was very large, reflecting not only the multi-speed labour market recovery across states, but also differences in mutual obligation requirements between Victoria and the rest of the country.

The unemployment rate was the lowest in Victoria and Western Australia. In Victoria, this was due to the recipients of the JobSeeker payments not being required to actively look for a job. In Western Australia, the unemployment rate fell mainly as a result of the ongoing labour market recovery. In spite of a slight decline, the Western Australian participation rate remained the highest of all states.

**Hours Worked and Underutilisation**

Working hours continued to recover in September. The proportion of people working zero hours due to economic reasons has approached its pre-pandemic levels in most states.

In spite of the recovery, the number of hours worked is still 5.0% lower than a year ago (2.7% if Victoria is excluded).



The underemployment rate ticked up to 11.4%, pushed up by the three most populous states. In other states, including Western Australia, the underemployment rate continued to fall. The underutilisation rate also picked up somewhat to a staggering 18.3%.

Western Australia recorded the lowest underemployment and underutilisation rates, at 9.3% and 16.0%, respectively.

**Comment**

The September labour force survey confirmed not only the detrimental impact of the 'stage 4' Melbourne lockdown but also the stagnation in the labour market recovery outside of Victoria, previously indicated by weekly payroll reports.

The labour market is likely to remain stagnant also going forward, though the re-opening of Victoria might generate some volatility in the numbers. The Commonwealth Treasury forecasts the unemployment rate to remain above 6.0% in the coming two years, and the pace of job creation is to slow down further.

The RBA has shifted its attention towards the labour market, naming addressing high unemployment an important national priority, implying further monetary policy easing, as confirmed this morning by the RBA Governor.

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