Australian Institute of Company Directors

Labour market chart pack: October 2021

aicd.com.au

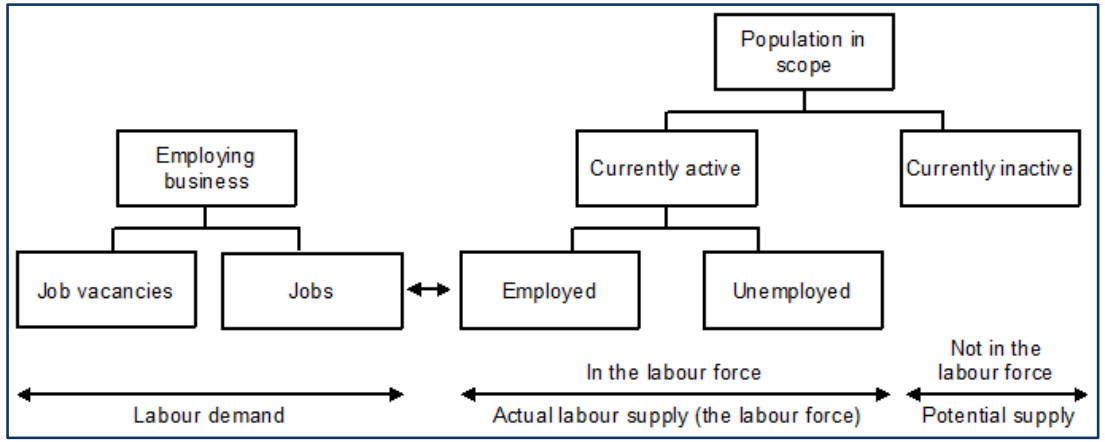
Mark Thirlwell, AICD Chief Economist, 8 October 2021

ONE

Notes on methodology

Tracking the labour market (1): Concepts and relationships

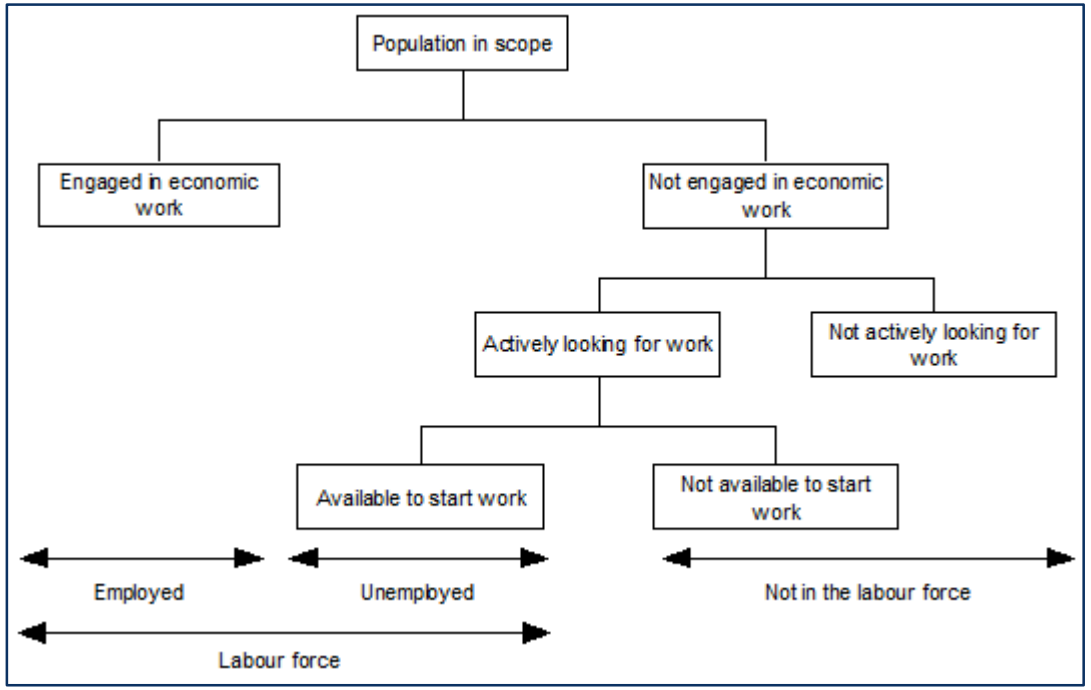
The scope of Labour Statistics



The **Labour Force Survey (LFS)** measures the labour market status of Australians: those employed, unemployed and not in the labour force.

The **Labour Account** measures employment by industry and sector.

The Labour Force Framework



Source for figures on this page: ABS Labour Statistics: Concepts, Sources and Methods

Tracking the labour market (2): Employment and jobs

- **The ABS monthly Labour Force Survey (LFS)** provides information about the labour market activity of *Australia's resident civilian population aged 15 and over*, excluding members of the defence forces, overseas diplomats and overseas residents in Australia. The LFS is primarily designed to provide estimates of the labour market status of Australians: that is, are they employed, unemployed or not in the labour force.

- **The ABS quarterly Labour Account** provides estimates of the number of employed people, jobs, hours worked, and the income earned from each industry. The scope is all enterprises resident within Australia's economic territory engaged in the production of goods and services and the Labour Account relates to the employment of all people in jobs created by those enterprises. It includes all people who contribute to Australian economic activity *regardless of their residency status*. It is the preferred source of data on employment by industry and sector, because industry information is drawn from how businesses have been officially categorised rather than how employed people describe the business in which they work. This matters because some employees, when responding to the LFS, will describe the business activities most relevant to their job, rather than the actual industry of the business that pays their wages or salary.

- **Weekly Payroll Jobs and Wages** is a new ABS collection based on payroll information via the ATO from businesses with single touch payroll (STP) enabled payroll and …

- **(contd.)** … accounting software. A payroll job is a relationship between an employee and their employing enterprise, where the employee is paid in the reference week through STP-enabled payroll or accounting software. The series tracks changes in total jobs and offers a timely, high-frequency source of labour market data. However, data are only available in original (nsa) terms and recent data can be subject to sizeable revisions.

- **The ABS quarterly Job Vacancies Survey (JVS)** presents estimates of job vacancies classified by industry, sector and state/territory. It covers all employing organisations in Australia except for enterprises primarily engaged in agriculture, forestry and fishing, private households employing staff, and foreign diplomatic missions. Measures of job vacancies differ from job ads (below) because the former also include jobs where other recruitment approaches (e.g. word of mouth, internal) are used. Estimates suggest up to 19 per cent of jobs are not advertised. Job vacancies also count every position advertised within a single notice while some job ads may be used to fill multiple positions.

- **ANZ job ads** are based on information provided by Seek.com.au and Jobsearch.gov.au. From November 2020, newspaper job ads were excluded from the series, affecting published data from January 2019 onwards.

Tracking the labour market (3): Wages

- **The ABS quarterly Wage Price Index (WPI)** measures changes in the price of labour in the Australian labour market. It is a labour market version of the consumer price index (CPI), tracking price changes in a fixed 'basket' of jobs and is therefore not affected by changes in the quality and/or quantity of work. Different versions of the WPI cover total hourly rates of pay including and excluding bonuses, and ordinary hourly rates of pay including and excluding bonuses. The WPI is the major measure of inflationary pressure on wages and salaries.

- **The ABS series on Average Weekly Earnings (AWE)** measures average gross earnings (wages and salaries) of employees at a point in time. Estimates are derived by dividing estimates of total earnings by estimates of the number of employees. AWE is *not* a survey of individual workers and how their earnings change over time, and therefore does not measure the earnings of the 'average person.' Rather, it captures changes in the value of average wages and salaries over time. AWE is available on a six-monthly basis.

- **Weekly payroll Jobs and Wages** is a new ABS collection based on payroll information via the ATO from businesses with single touch payroll (STP) enabled payroll and accounting software. It provides timely, high-frequency information on changes in total wages paid but is only available on an original (nsa) basis and recent data points are subject to significant revisions.

Illustrating the differences between the three concepts

The ABS provides the following scenario to explain the differences between the three key wage series.

Imagine that the labour market data collected relates to information from a single business, Business X, instead of to the total labour market. At the time of the first ABS survey cycle, Business X has ten employees. Prior to the second survey cycle, the lowest paid staff member retires and is not replaced. The remaining staff maintain their existing remuneration and conditions.

- **AWE scenario:** Both the reported total number of employees and total gross weekly earnings will decrease. However, the resulting average (total gross weekly earnings divided by total employees) will increase due to the retirement of the lowest paid staff member and the compositional shift toward higher paid jobs.

- **Weekly Payroll Jobs and Wages scenario:** Both the number of payroll jobs and total wages paid will decrease in response to the retiring employee.

- **WPI scenario:** The WPI tracks jobs and will not be affected. As the job does not exist in the second survey cycle, it will not contribute to the calculation of changes in the price of wages and salaries.

TWO

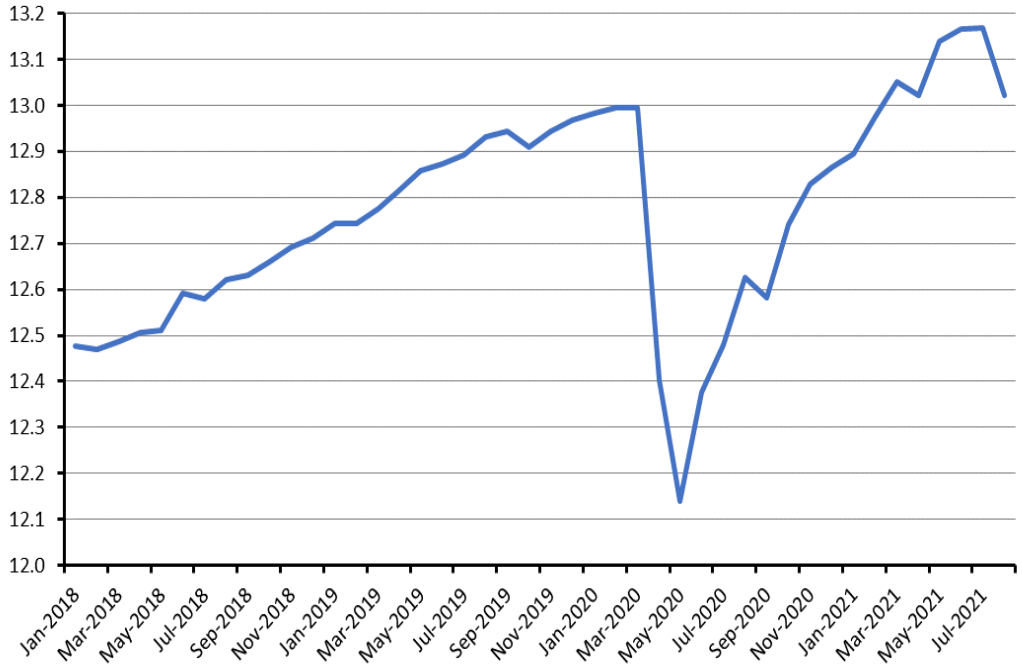
Employment and unemployment (National – LFS)

Employment

As of August 2021, the total number of people employed in the Australian economy was around 13 million, a bit more than 27,000 people (0.2%) higher than in March 2020.

Australia: Number of employed

Millions of people, sa



Source: Bloomberg and ABS. **Data to August 2021.**

Employment fell by 146,300 people (1.1%) in August 2021, with f/t employment down 68,000 and p/t down 78,200.

Australia: Monthly change in employment

Thousands of people, sa

Source: Bloomberg and ABS. Full-time employment covers those who usually work 35 hours or more a week and those who normally work less but worked 35 hours or more during the reference week. Part-time employment comprises employed persons who usually work less than 35 hours a week and either did so in the reference week or were not at work that week. **Data to August 2021.**

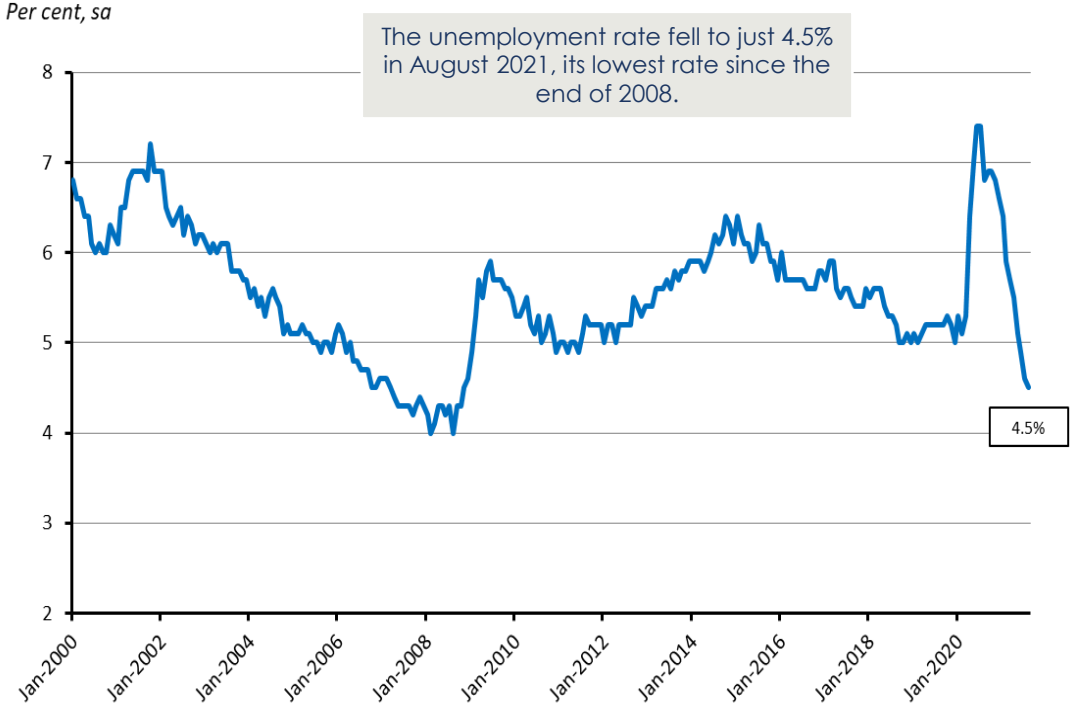
Unemployment

Increases in the number of unemployed can reflect (1) a movement from employment to unemployment but also (2) a movement from not in the labour force to unemployment. Likewise, falls can reflect (1) a movement from unemployment to employment but also (2) a movement from unemployment to not in the labour force.

In normal times, a change in the unemployment rate would indicate a change in the degree of labour market slack. For example, a fall in the rate would indicate a tightening labour market and vice versa. But in lockdowns the unemployment rate also becomes an indicator of the difficulty of being able to actively look for work / be available for work while public health restrictions are in place. As a result, the reported number of unemployed can drop not only because some people are finding jobs but also because others are giving up looking for work / are unable to look for work, and are exiting the labour force.

Australia: Unemployment rate

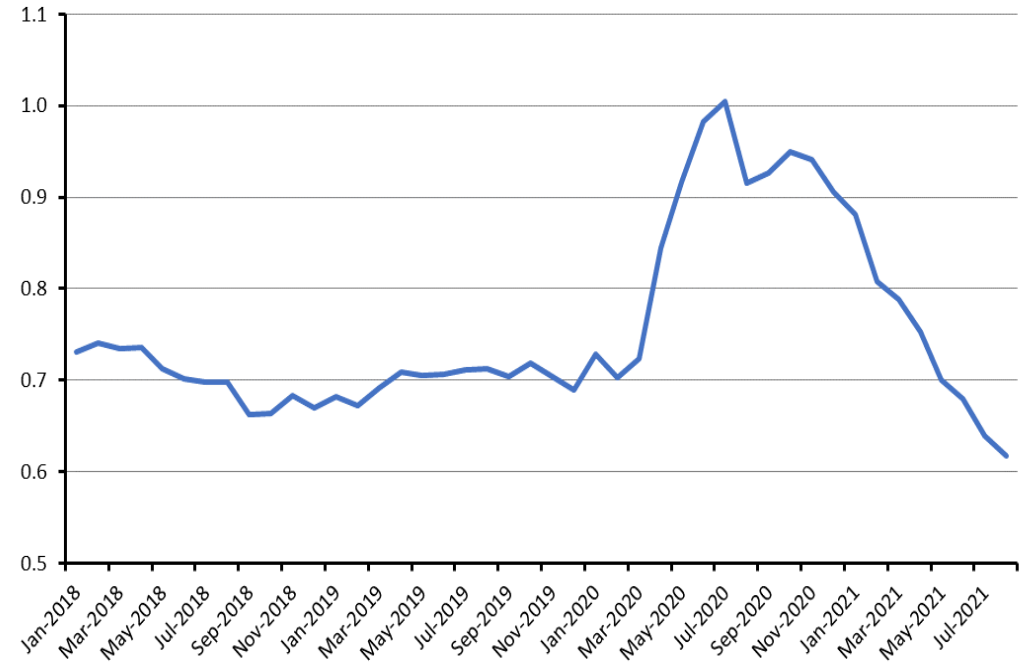
Per cent, sa



Source: Bloomberg and ABS. Unemployed captures persons aged 15 or over who were not employed during the reference week and were either actively looking for work or waiting to start a new job. **Data to August 2021.**

Australia: Number of unemployed

Millions of people, sa



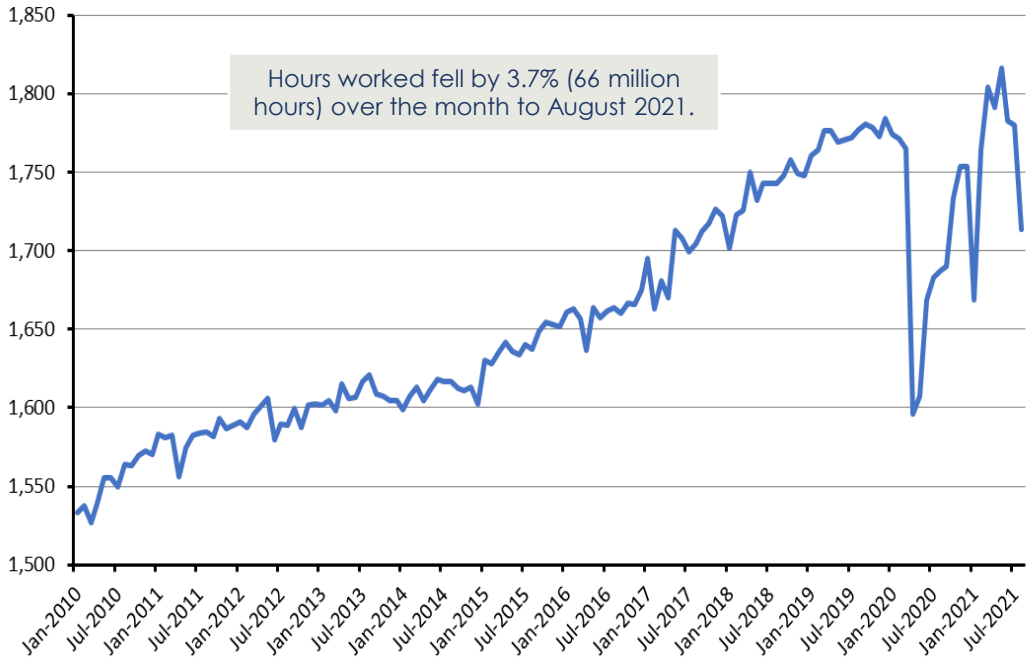
Source: Bloomberg and ABS. **Data to August 2021.**

Hours worked

During lockdowns, hours worked become a relatively more important guide to labour market conditions.

Australia: Hours worked

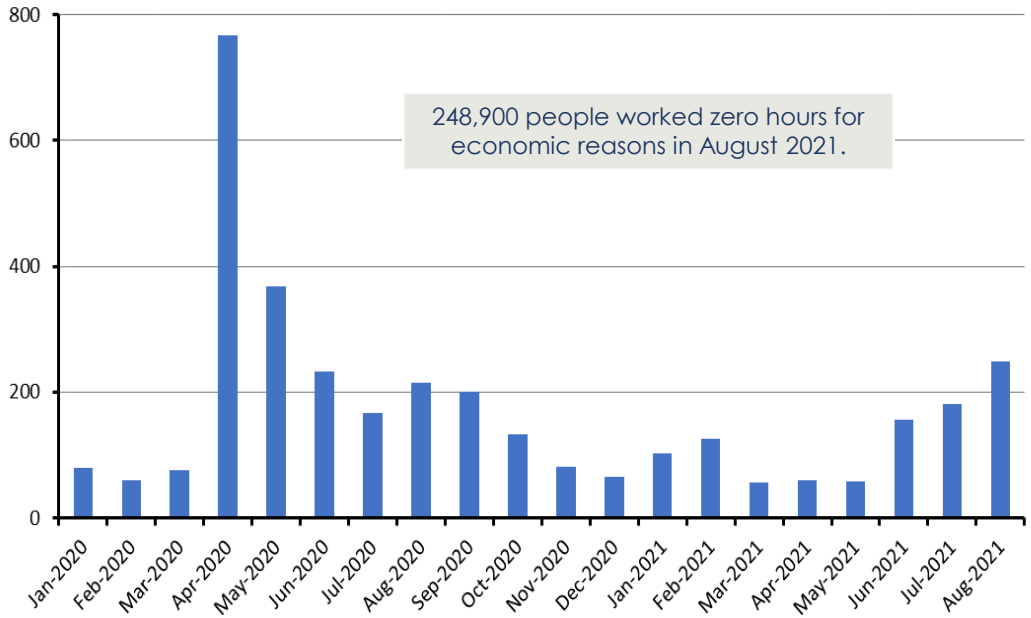
Millions, sa



Source: Bloomberg and ABS. **Data to August 2021.**

Australia: Number of employed working zero hours for economic reasons

Persons '000s, nsa

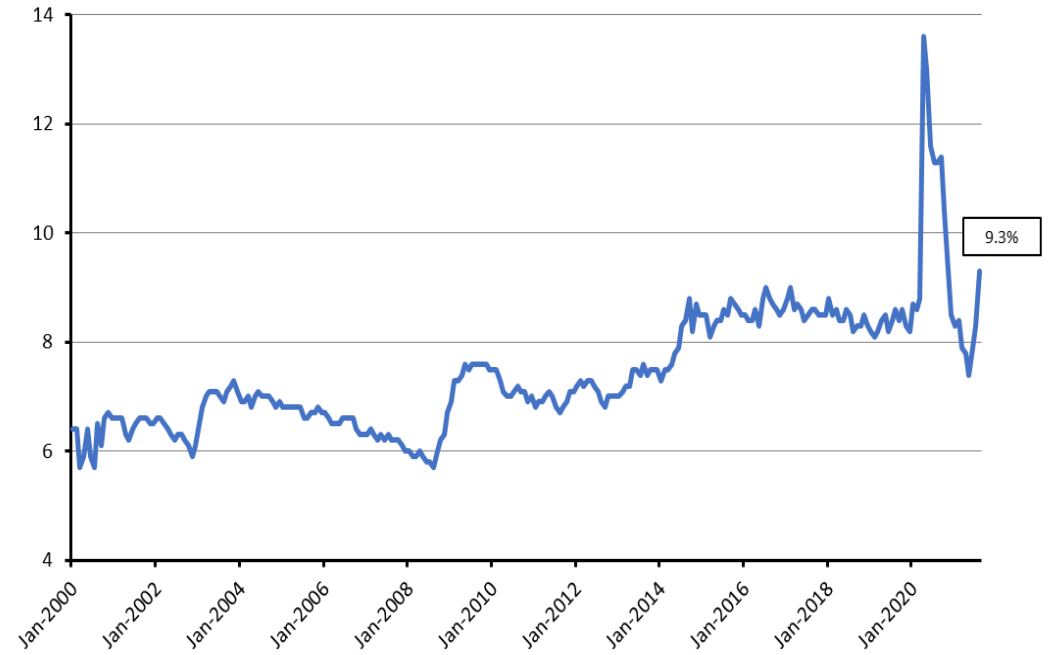


Source: ABS. Series reports number of people in ABS 'Group 2' category, which refers to employed people working zero hours who indicated they had 'no work, not enough work available or were stood down'. **Data to August 2021.**

Underemployment and Underutilisation

Australia: Underemployment rate

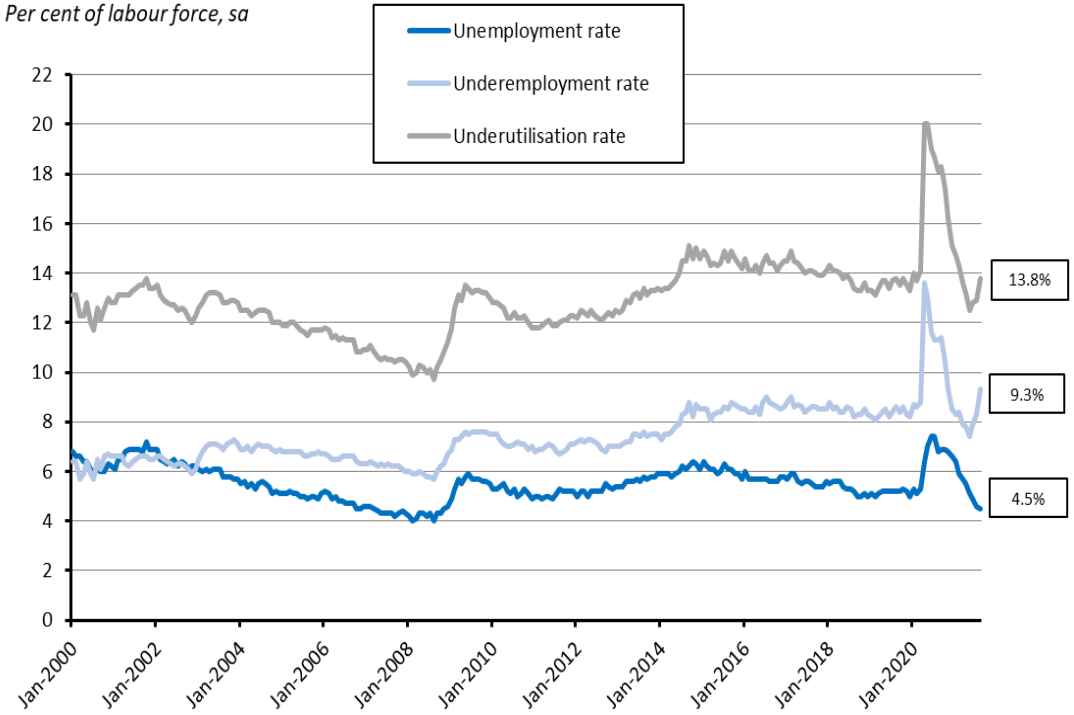
Per cent of labour force, sa



Source: Bloomberg and ABS. Underemployed workers are those employed workers aged 15 or over who want and are available for more hours of work than they currently have. **Data to August 2021.**

Australia: Unemployment and Underemployment

Per cent of labour force, sa



Source: Bloomberg and ABS. Unemployed captures persons aged 15 or over who were not employed during the reference week and were either actively looking for work or waiting to start a new job. Underemployed workers are those employed workers aged 15 or over who want and are available for more hours of work than they currently have. The underutilisation rate is based on the sum of the unemployed and underemployed. All rates are expressed as a share of the labour force. **Data to August 2021.**

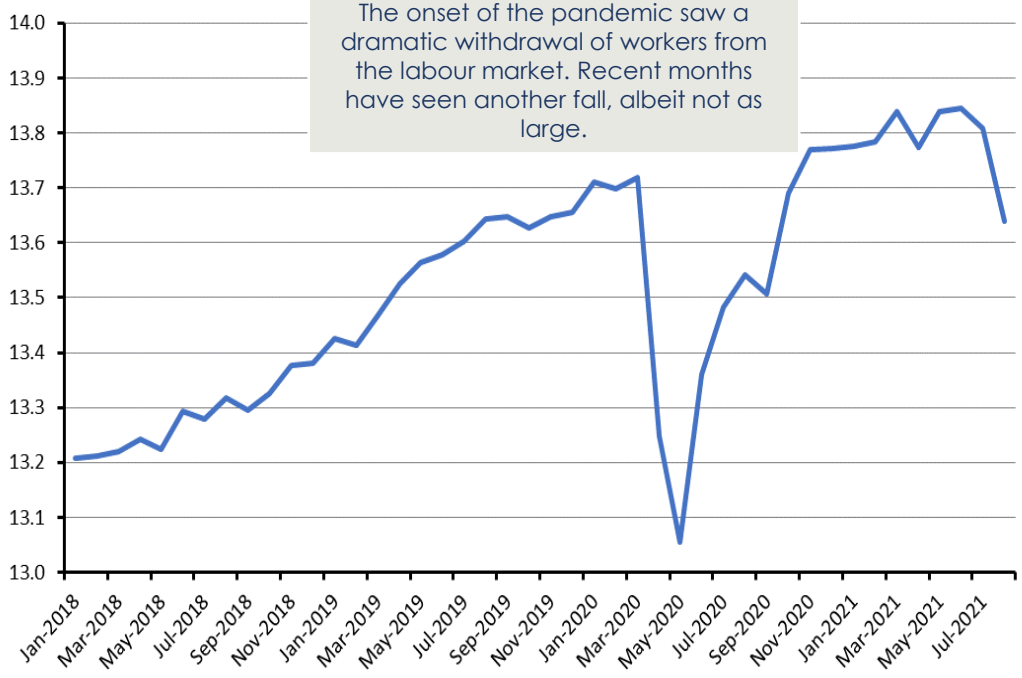
Labour force

At the start of the pandemic, the fall in employment was much larger than the rise in unemployment. That's because some workers went straight from employment to not in the labour force.

Australia: Labour force

Millions of people, sa

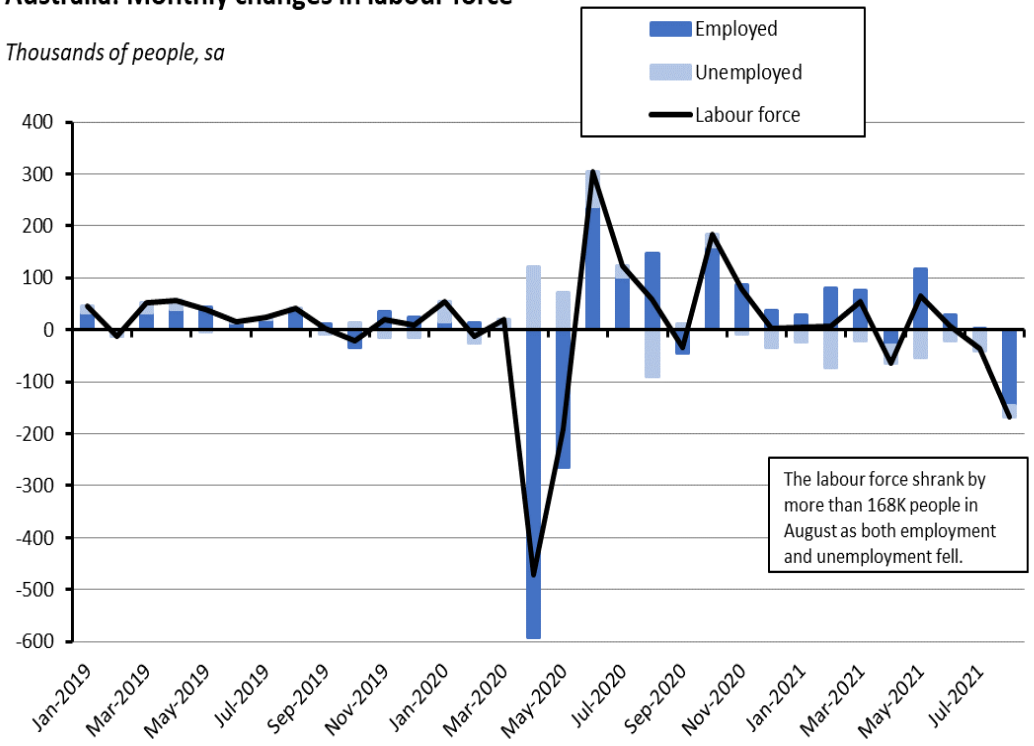
The onset of the pandemic saw a dramatic withdrawal of workers from the labour market. Recent months have seen another fall, albeit not as large.



Source: Bloomberg and ABS. The labour force comprises the sum of employed and unemployed Australians. **Data to August 2021.**

Australia: Monthly changes in labour force

Thousands of people, sa

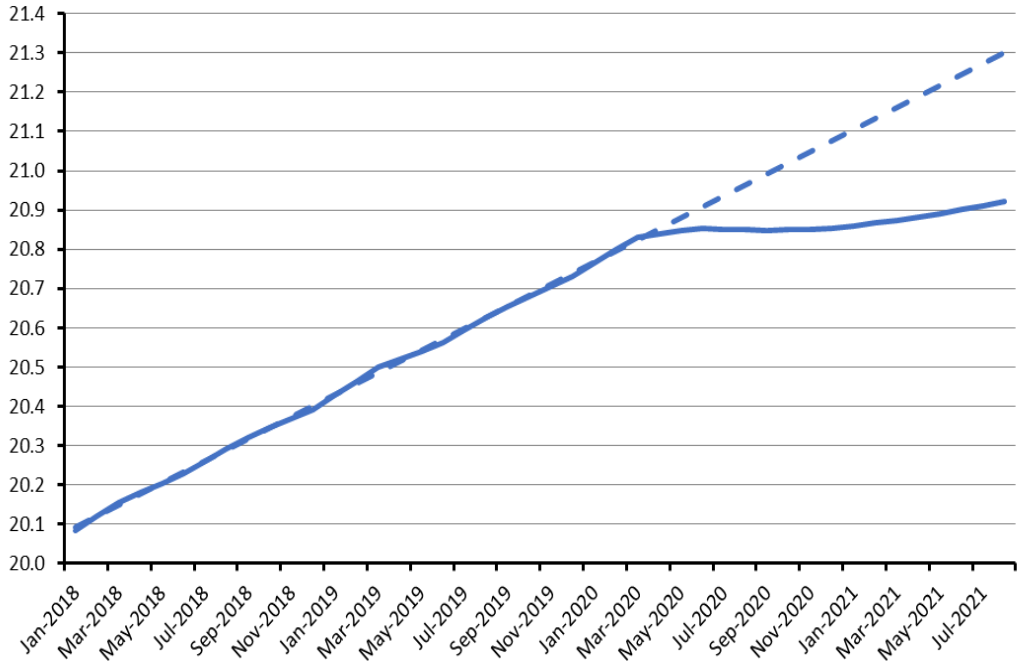


Source: Bloomberg and ABS. **Data to August 2021.**

Civilian population and those Not in the Labour Force

Australia: Civilian population, aged 15 years and over

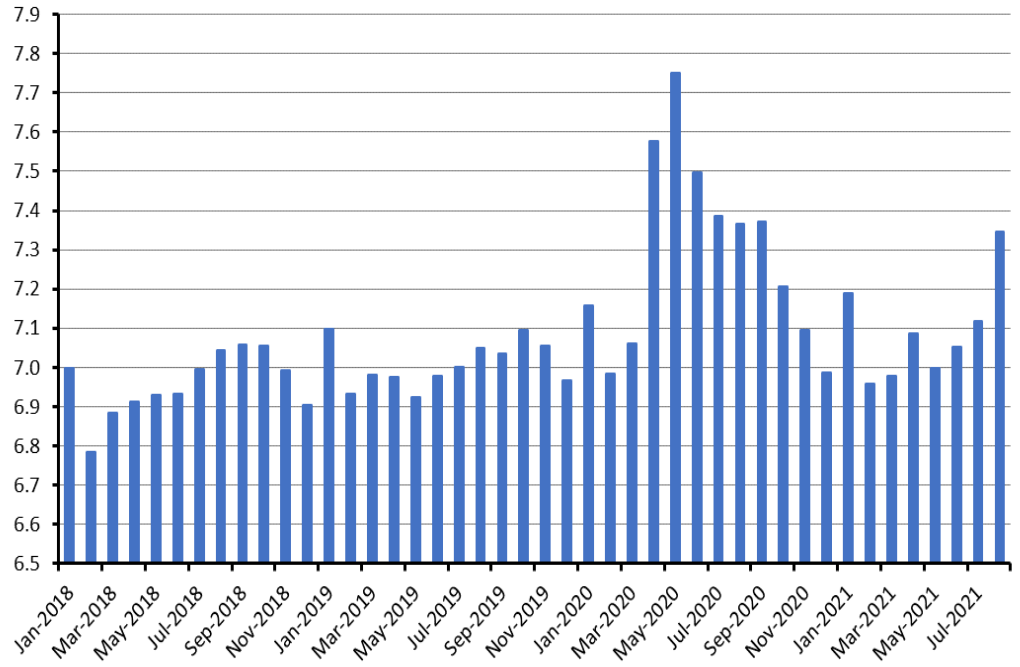
Millions of people, nsa



Source: Bloomberg and ABS. Simple linear trend line. **Data to August 2021.**

Australia: People not in the labour force

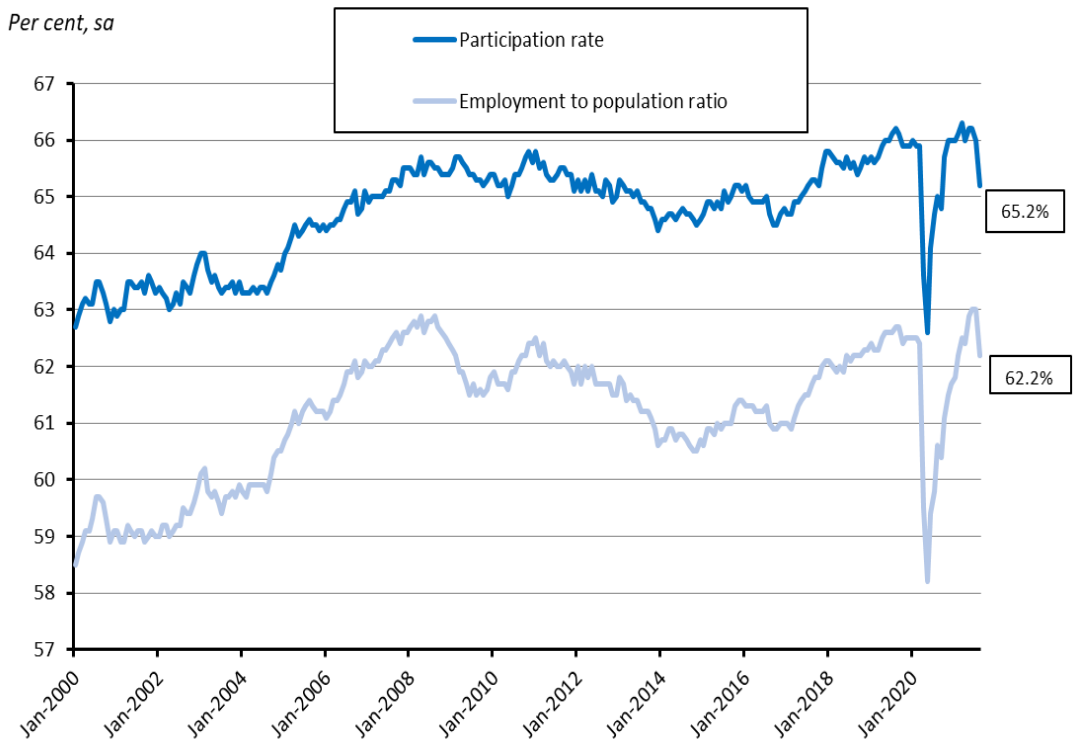
Millions of people, nsa



Source: Bloomberg and ABS. **Data to August 2021.**

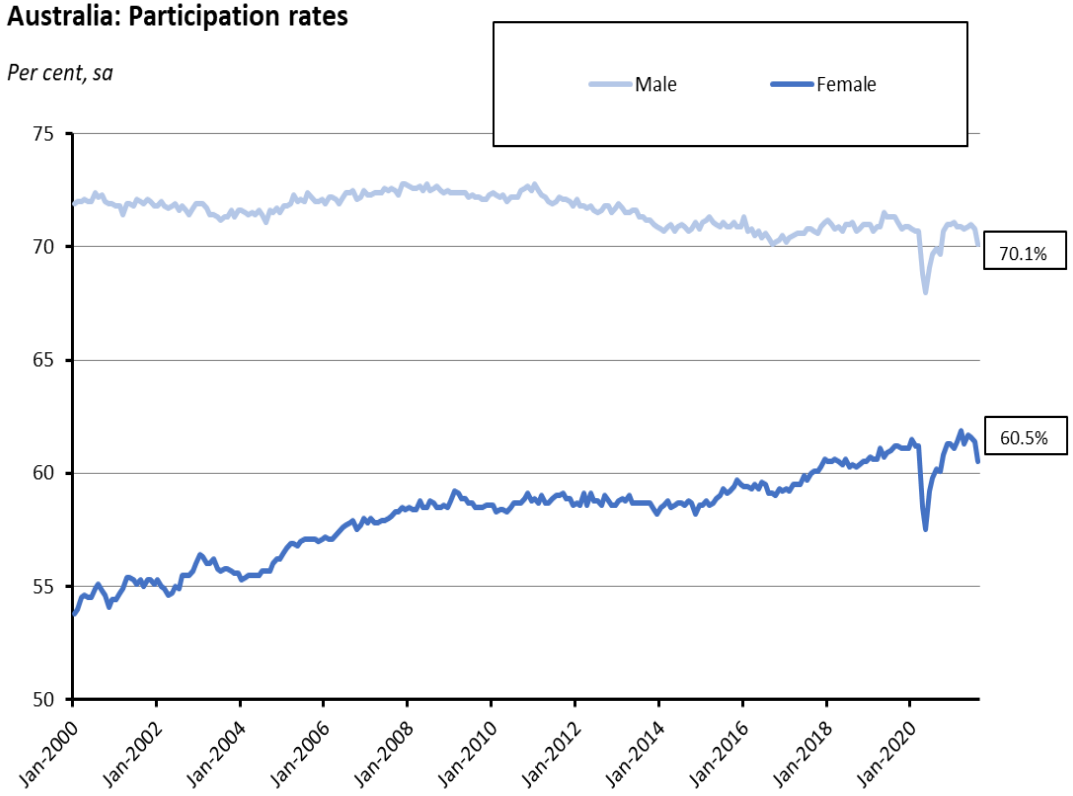
Participation rates and Employment to population ratio

Australia: Participation rate and employment to population ratio



Source: Bloomberg and ABS. The participation rate is the ratio of the labour force to the civilian population aged 15 or over. (The labour force comprises persons who were employed or unemployed.) The employment to population ratio is the ratio of the number of employed persons to the civilian population. **Data to August 2021.**

Australia: Participation rates

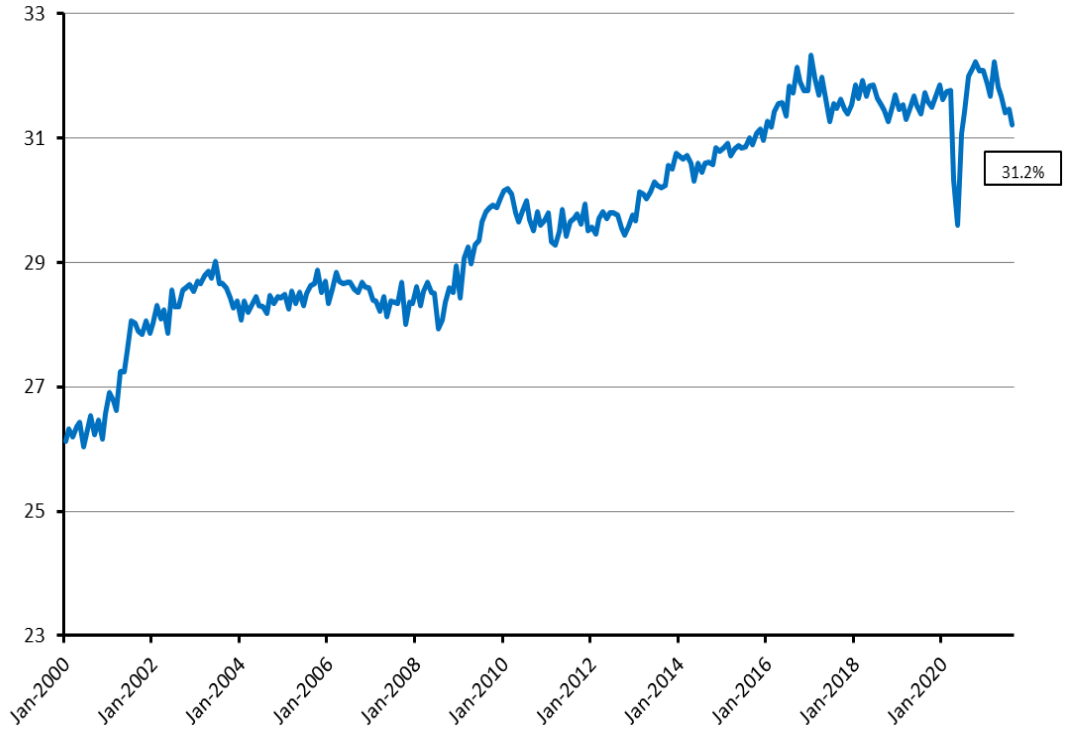


Source: Bloomberg and ABS. The participation rate is the ratio of the labour force to the civilian population aged 15 or over. (The labour force comprises persons who were employed or unemployed.) The employment to population ratio is the ratio of the number of employed persons to the civilian population. **Data to August 2021.**

Part-time employment and Casual employment

Australia: Share of part-time employment

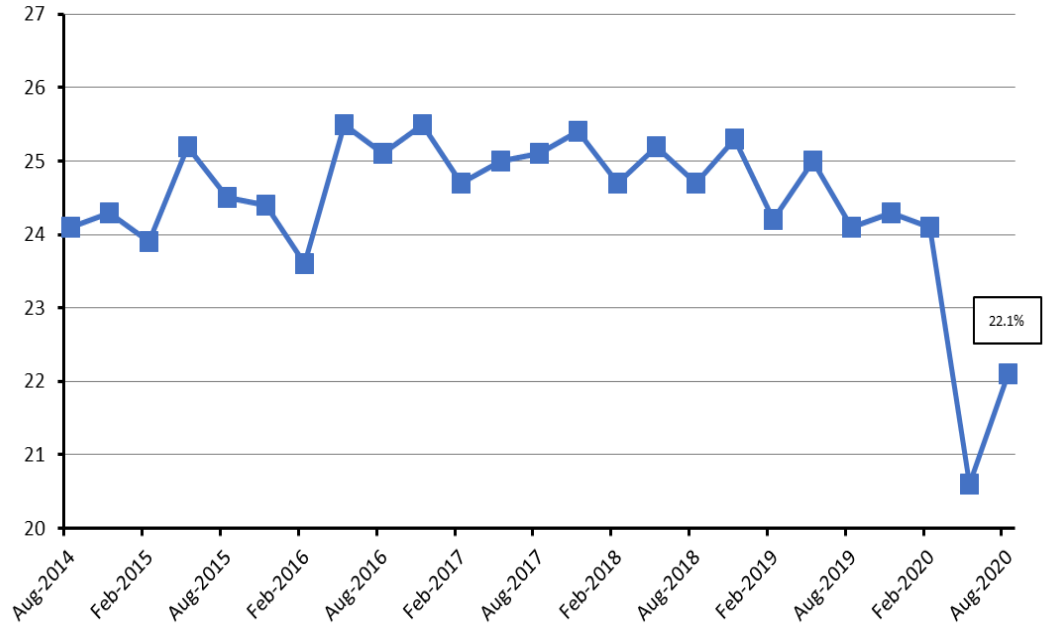
Per cent of total employment, sa



Source: Bloomberg and ABS. **Data to August 2021.**

Australia: Share of casual employment

Per cent of employees



Source: ABS release on Working Arrangements. There is no definitive measure of casual employment, but the ABS uses information on paid leave entitlements as a proxy for measuring casual employment on the basis that paid sick leave and/or annual leave entitlements are usually reserved for non-casual or permanent employment. Hence casual employees defined here as those not entitled to paid leave. **Data to August 2020.**

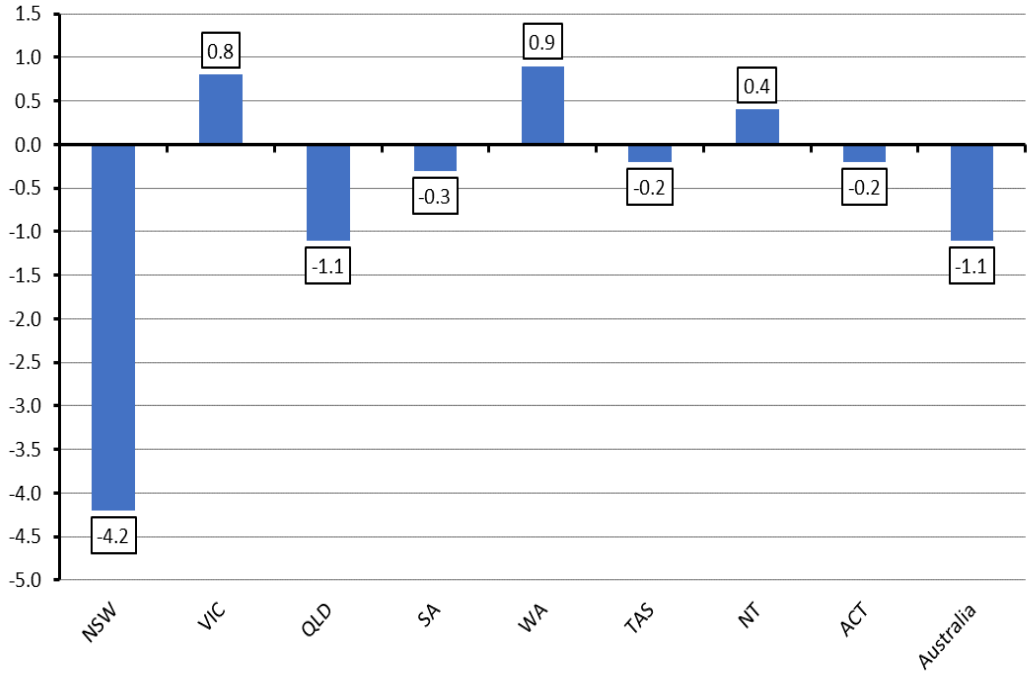
THREE

Employment and unemployment (By State – LFS)

Employment

Australia: Change in employment by State and Territory, August 2021

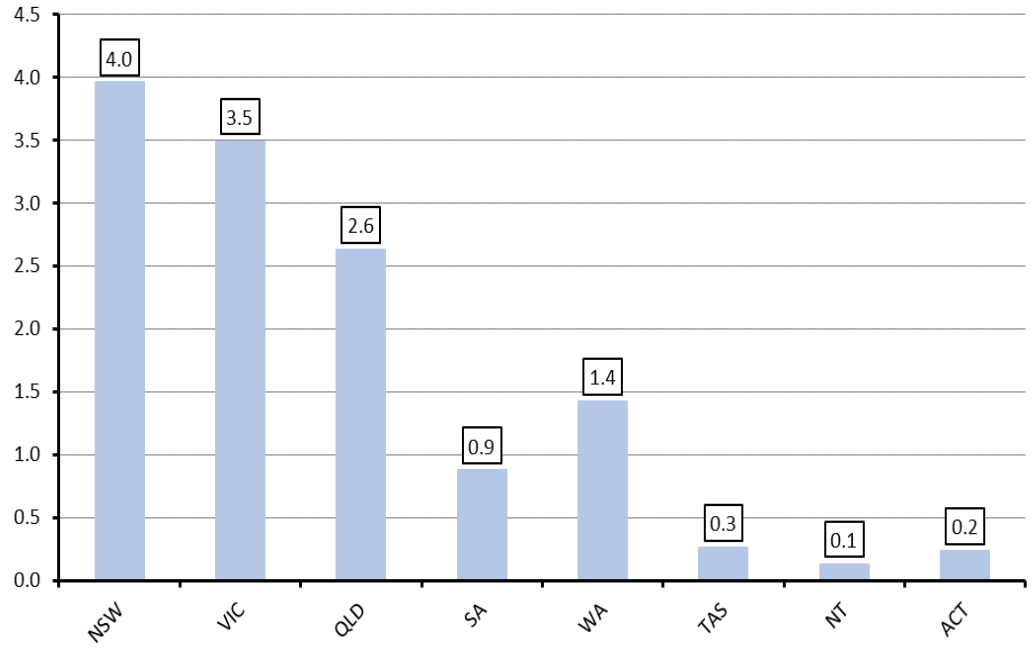
Per cent change over previous month, sa



Source: Bloomberg and ABS.

Australia: Employment by State and Territory, August 2021

Millions of people, sa

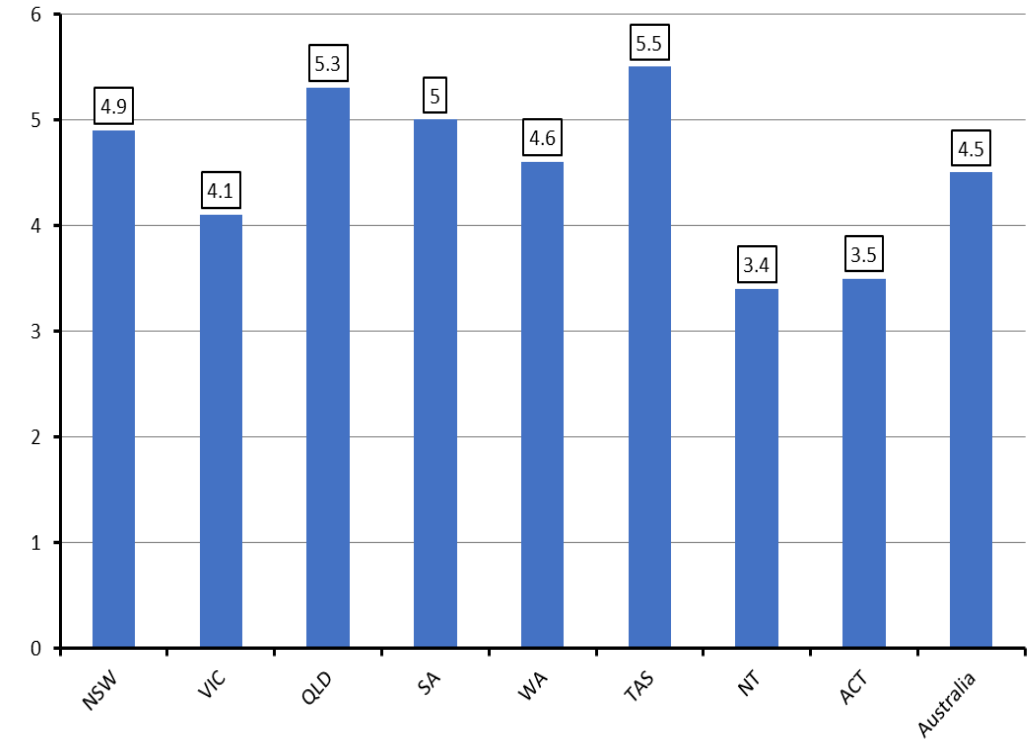


Source: ABS.

Unemployment and Underemployment

Australia: Unemployment Rate by State and Territory, August 2021

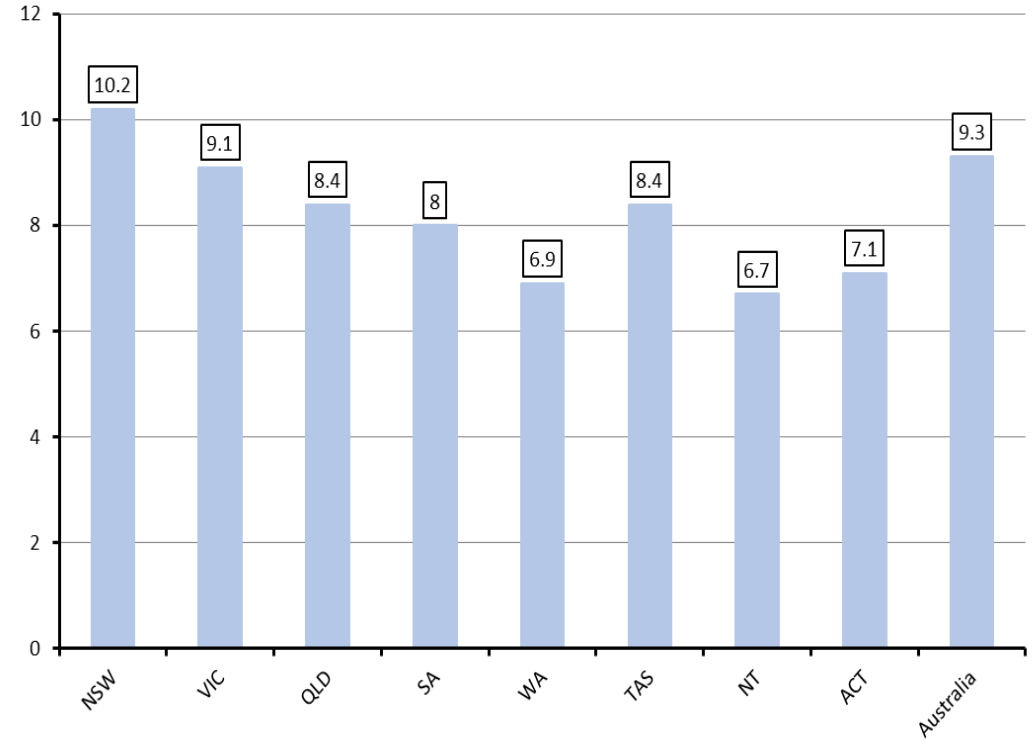
Per cent of labour force, sa



Source: Bloomberg and ABS.

Australia: Underemployment Rate by State and Territory, August 2021

Per cent of labour force, sa

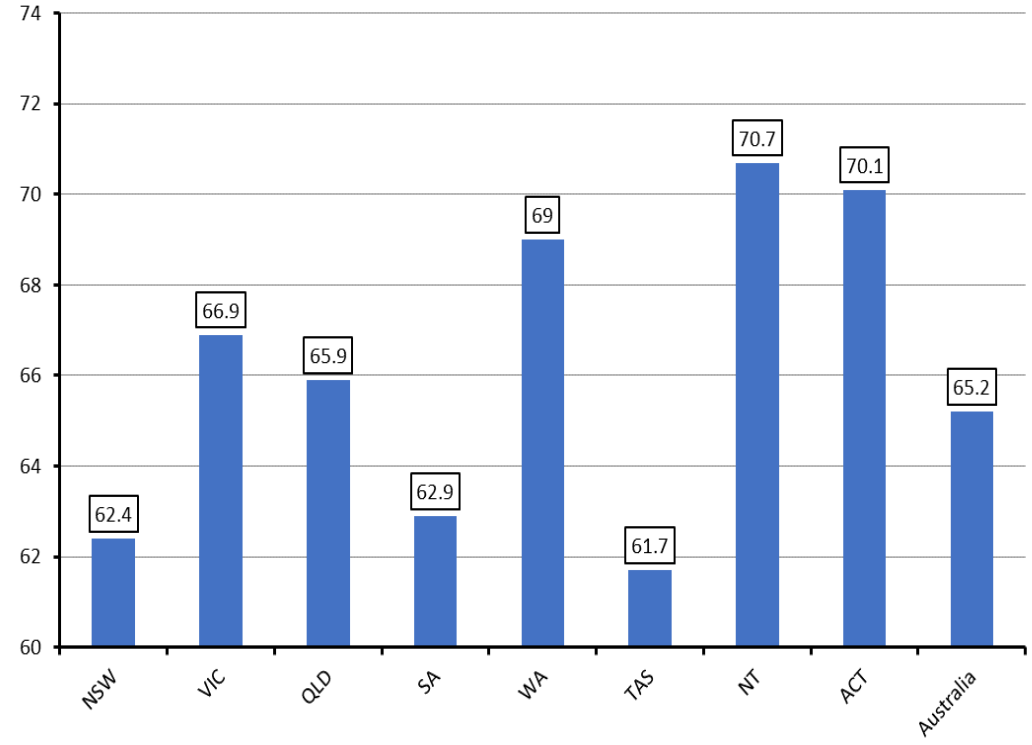


Source: ABS

Participation rate and Employment to population ratio

Australia: Participation Rate by State and Territory, August 2021

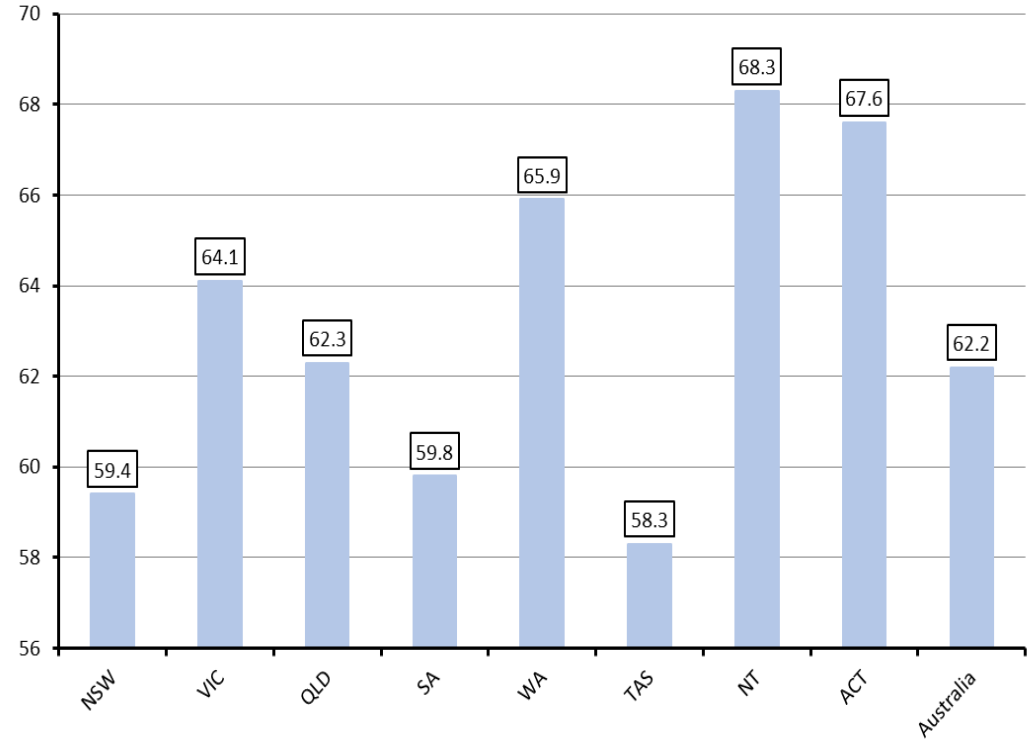
Per cent, sa



Source: ABS.

Australia: Employment to population ratio by State and Territory, August 2021

Per cent, sa

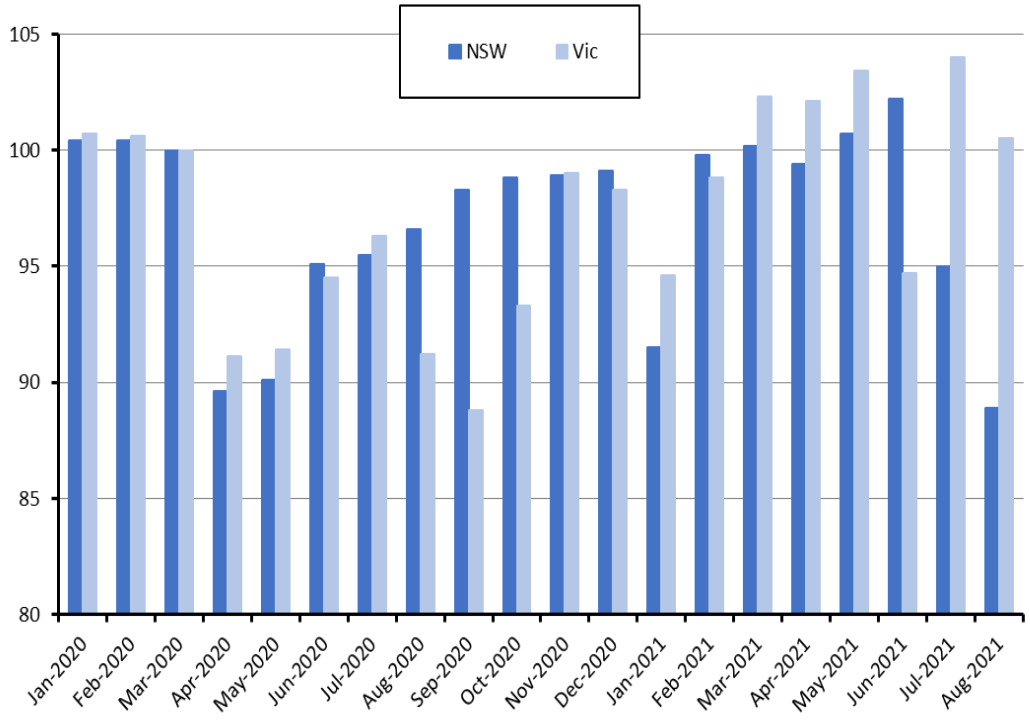


Source:ABS.

Hours worked – New South Wales and Victoria

Australia: Monthly hours worked index, by state

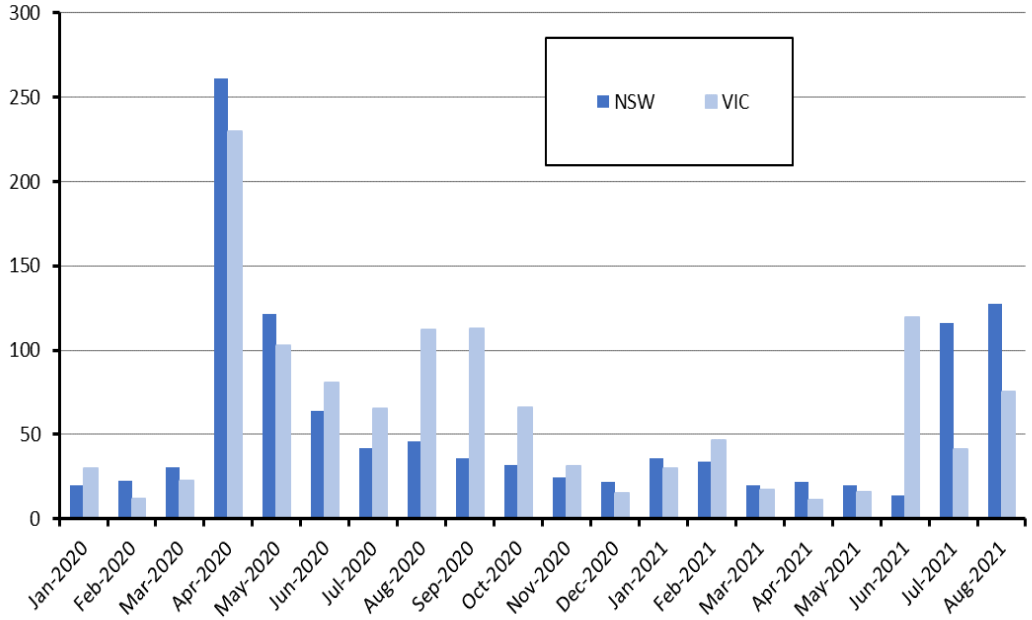
Index, March 2020=100, sa



Source: ABS. **Data to August 2021.**

Australia: Number of employed working zero hours for economic reasons by state

Persons '000s, nsa



Source: ABS. Series reports number of people in ABS 'Group 2' category, which refers to employed people working zero hours who indicated they had 'no work, not enough work available or were stood down'. **Data to August 2021.**

FOUR

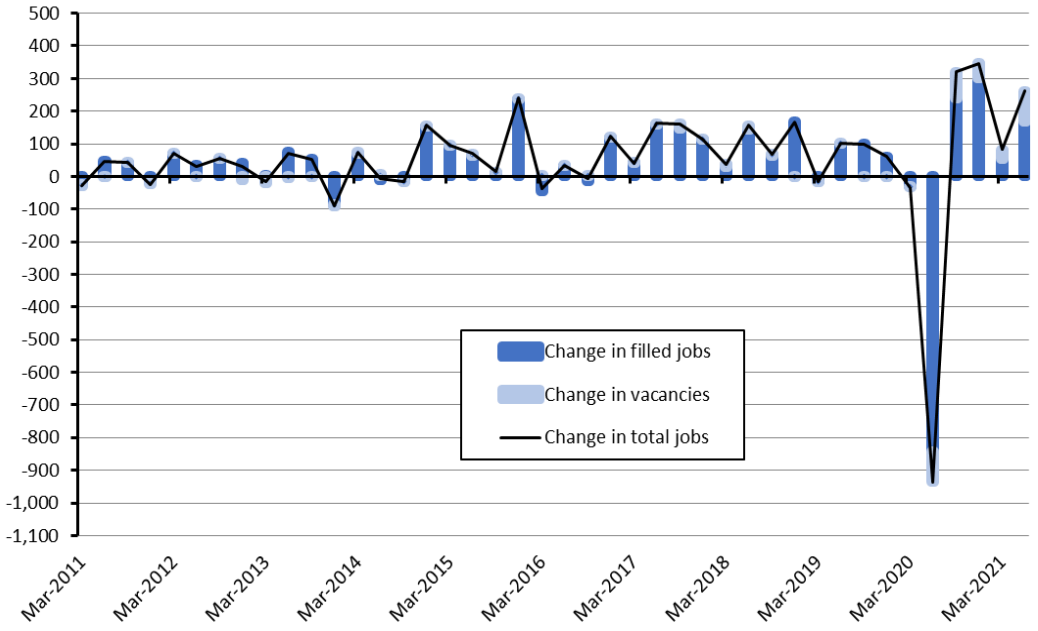
Job Numbers and Employment (Labour Account)

Change in total number of jobs, filled jobs and vacancies

The total number of jobs is equal to the number of filled jobs plus the number of vacancies.

Australia: Quarterly change in number of jobs

Thousands of people, sa

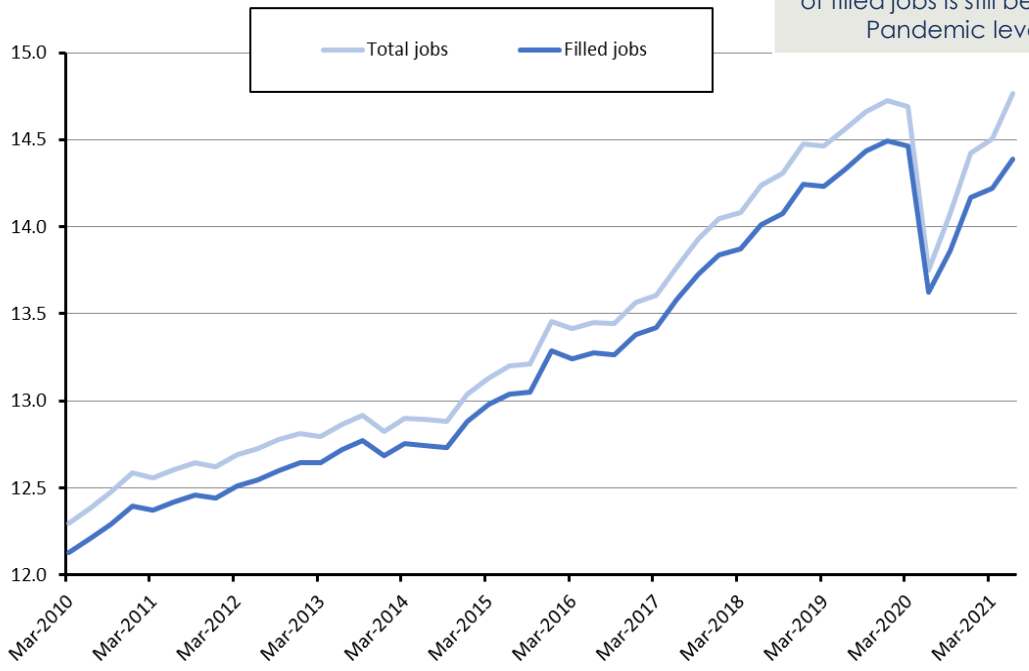


Source: ABS Labour Account data. The change in the number of total jobs is equal to the sum of the change in the number of filled jobs and the change in the number of vacancies. **Data to June quarter 2021.**

Australia: Job numbers

Millions of people, sa

Note that using Labour Account data, the number of filled jobs is still below pre-Pandemic levels.



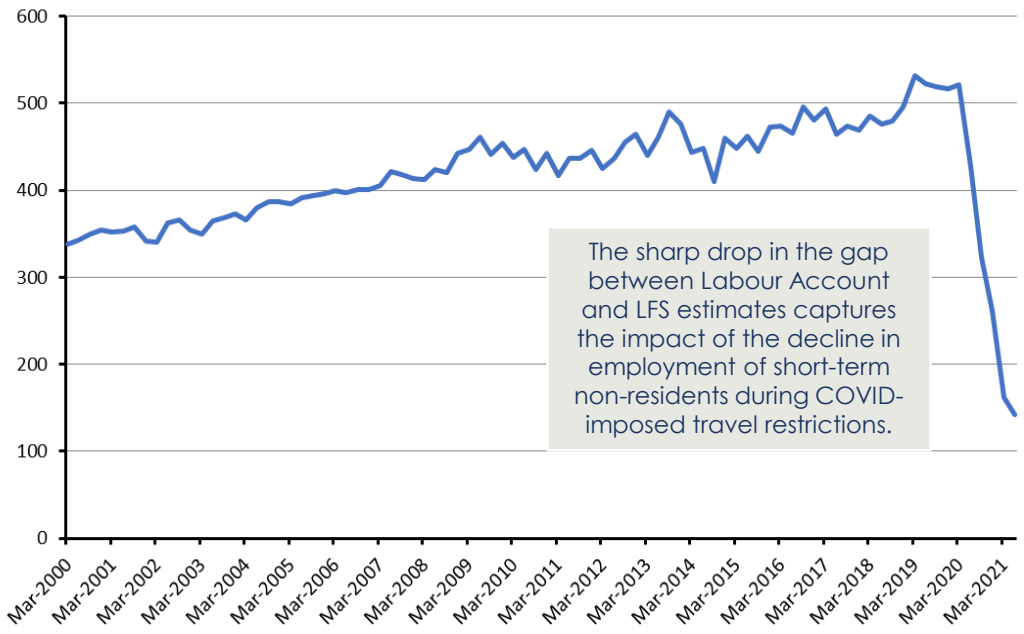
Source: ABS Labour Account data. No data on total jobs for September 2008 to September 2009. Note that the difference between the number of total jobs and the number of filled jobs is equal to the number of vacancies. **Data to June quarter 2021.**

Role of short-term non-residents in the labour force

- The LFS provides data on the 'usually resident civilian population' aged 15 and over while the Labour Account estimates all employed people (and jobs) in the Australian economy. In addition to the count in the LFS, it also includes: (1) people not usually resident in Australia; (2) Australian defence force personnel; and (3) people under the age of 15.
- The difference between the total number of employed persons reported in the labour account and the total number of employed persons reported in the monthly LFS is therefore an estimate of the total size of those three groups.
- The ABS uses a model to estimate the contribution of short-term / temporary non-residents to the labour force. The Bureau has cautioned that 'there are inherent limitations in modelling the labour market activity of short-term non-residents, given available data sources.'
- The ABS also notes that prior to the COVID period, 'this modelling uncertainty did not have a material bearing on changes in Labour Account aggregates. However, with the large and unprecedented reductions in short-term non-resident arrivals in Australia during the COVID period, any modelling uncertainty for short-term non-residents is likely to be more visible than it would normally be…[therefore] users should exercise caution when using the derived difference between Labour Force and Labour Account aggregates.'

Australia: Gap between Labour Account and LFS estimates of number of employed

Thousands of people, sa



Source: Derived from difference in employed persons between the ABS Labour Account and Labour Force Survey. The differnce between the two series captures (1) non-residents; (2) ADF personnel; and (3) employed people under the age of 15. **Data to June quarter 2021.**

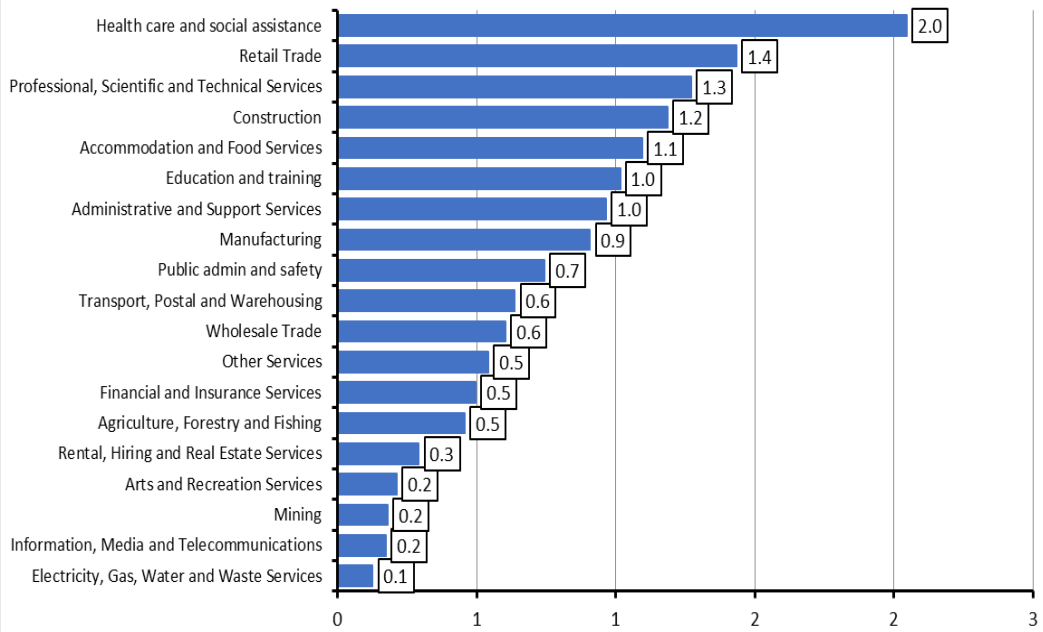
FIVE

Employment by industry (Labour Account)

Filled jobs by industry

Australia: Filled jobs by industry, June Quarter: 2021

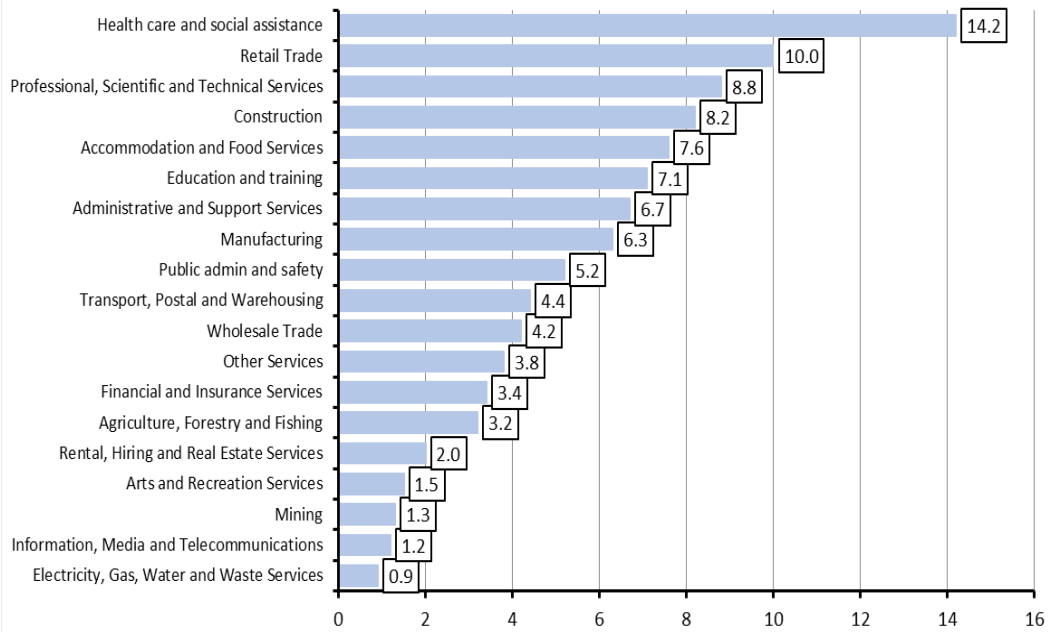
Filled jobs, millions, sa



Source: ABS 6150.0.55.003 - Labour Account Australia, March 2021. Note, workers can hold more than one job in more than one industry. The ABS considers the Labour Account to be the best source of headline information on employment by industry. Labour Account data are generally drawn from how businesses have been officially categorised, rather than how employed people (mostly employees) describe the business they work in. There are a number of people in the labour market who, when responding to the Labour Force Survey, describe the business activities most relevant to their job, rather than the actual industry of the business that pays their wages / salary. E.g., an employee of a business engaged in engineering construction who works on a coal mine site may incorrectly describe their industry of employment as coal mining and not construction.

Australia: Distribution of filled jobs by industry, June Quarter: 2021

Share of total filled jobs, per cent, sa

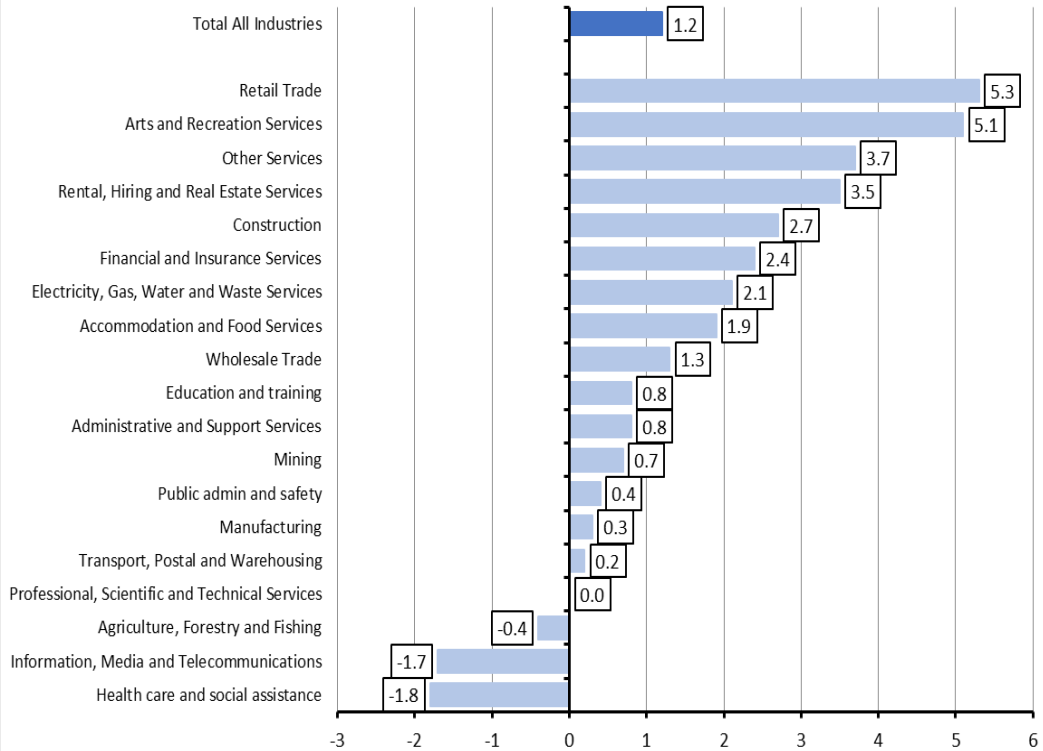


Source: ABS 6150.0.55.003 - Labour Account Australia, March 2021. Note, workers can hold more than one job in more than one industry. The ABS considers the Labour Account to be the best source of headline information on employment by industry. Labour Account data are generally drawn from how businesses have been officially categorised, rather than how employed people (mostly employees) describe the business they work in. There are a number of people in the labour market who, when responding to the Labour Force Survey, describe the business activities most relevant to their job, rather than the actual industry of the business that pays their wages / salary. E.g., an employee of a business engaged in engineering construction who works on a coal mine site may incorrectly describe their industry of employment as coal mining and not construction.

Change in filled jobs by industry

Australia: Quarterly change in number of filled jobs by industry, June 2021

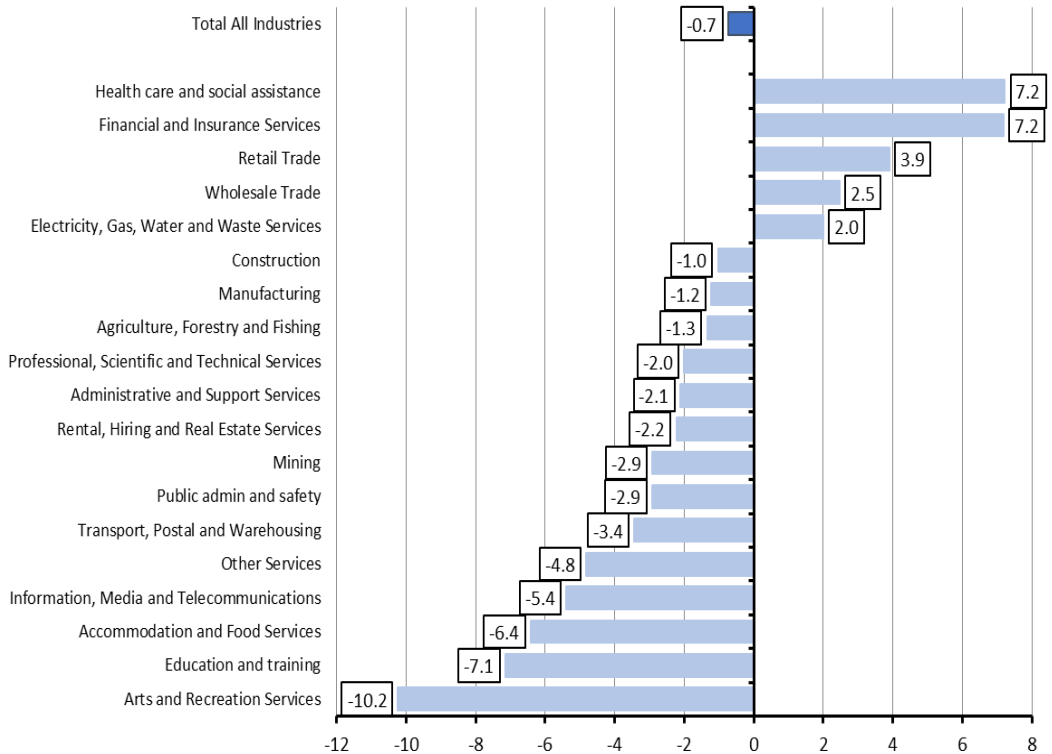
Per cent change in number of filled jobs from previous quarter, sa



Source: ABS.

Australia: Filled jobs by industry, Change from pre-Pandemic

Per cent change in number of filled jobs from Q4:2019 to Q2:2021, sa



Source: ABS.

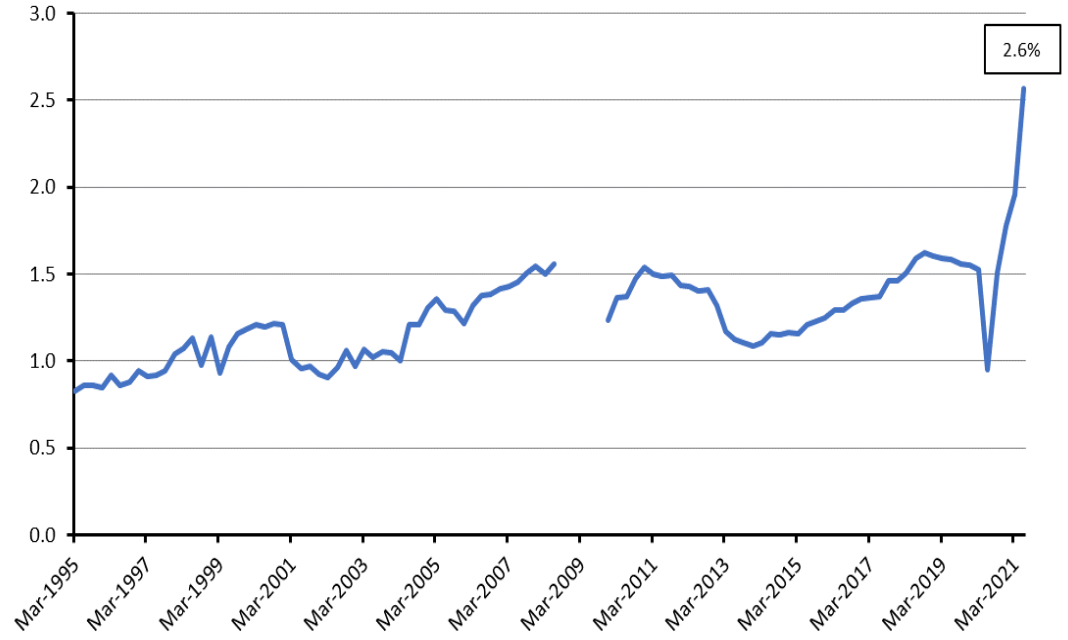
SIX

Vacancy rate and multiple jobs (Labour Account)

Labour Account Vacancy Rate

Australia: Proportion of vacant jobs, all industries

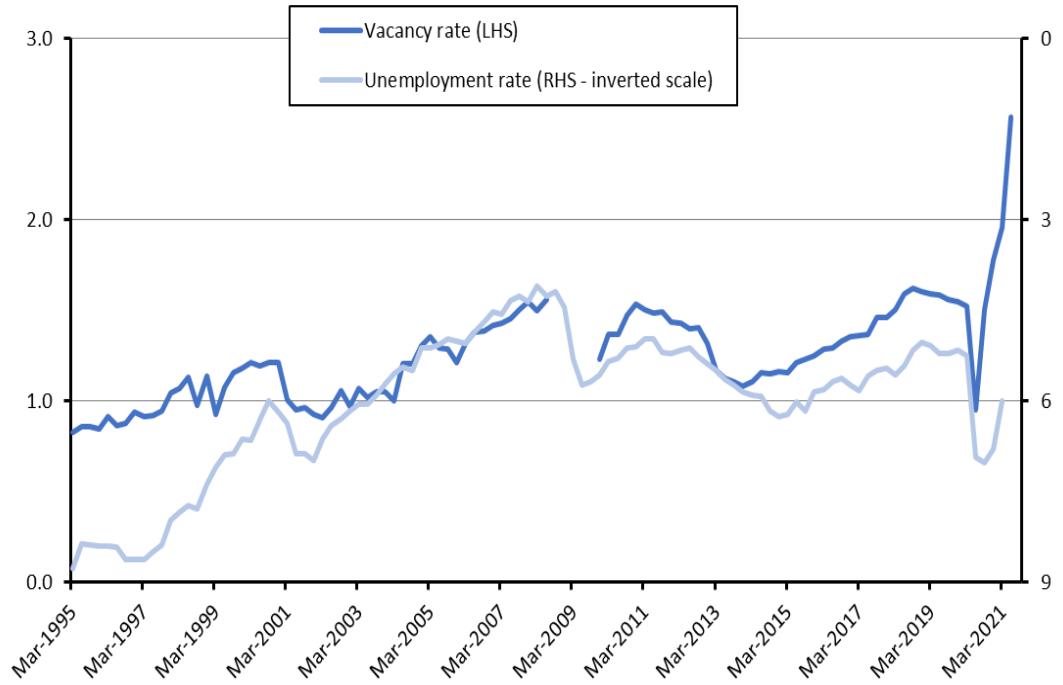
Per cent, sa



Source: ABS Labour Account data. **Data to June quarter 2021**. Note missing data from Sep 2008 to Sep 2009.

Australia: Vacancy rate and unemployment rate

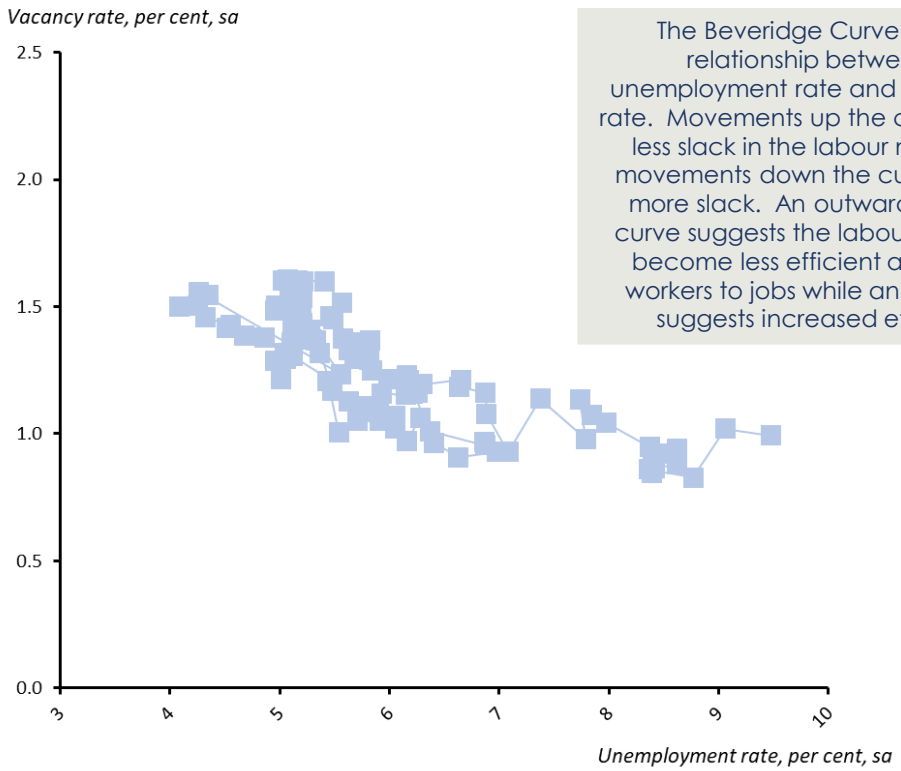
Per cent, sa



Source: ABS Labour Account data for vacancy rate and ABS labour force data for unemployment rate (average rate over the quarter). **Data to June quarter 2021**. Note missing vacancy data from Sep 2008 to Sep 2009.

The Beveridge Curve (Labour Account basis)

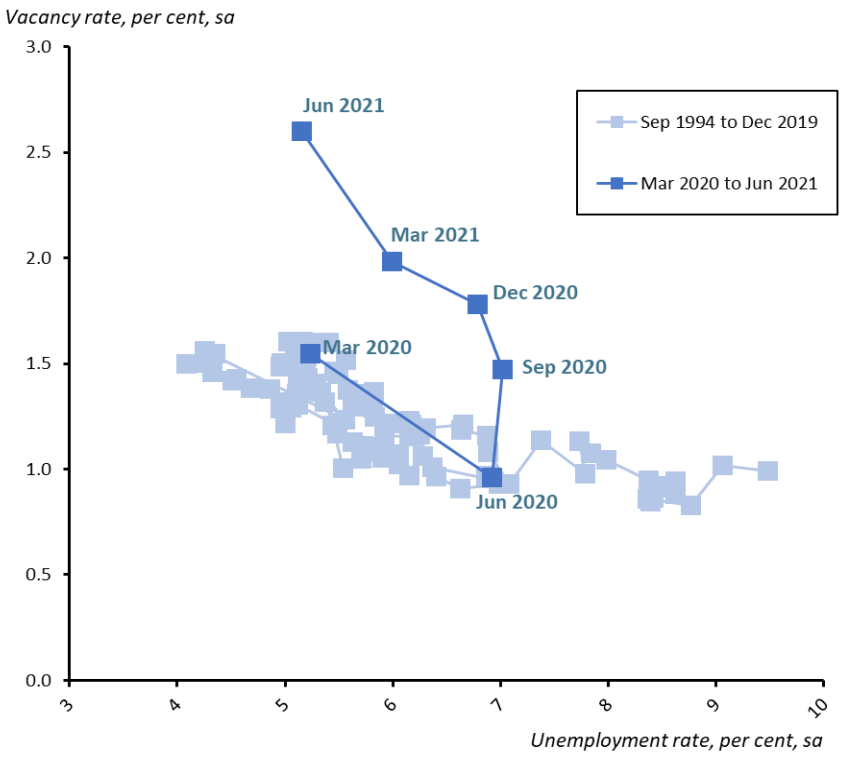
Australia: Beveridge Curve Sep. quarter 1994 to Dec. quarter 2019



The Beveridge Curve plots the relationship between the unemployment rate and the vacancy rate. Movements up the curve indicate less slack in the labour market and movements down the curve indicate more slack. An outward shift in the curve suggests the labour market has become less efficient at matching workers to jobs while an inward shift suggests increased efficiency.

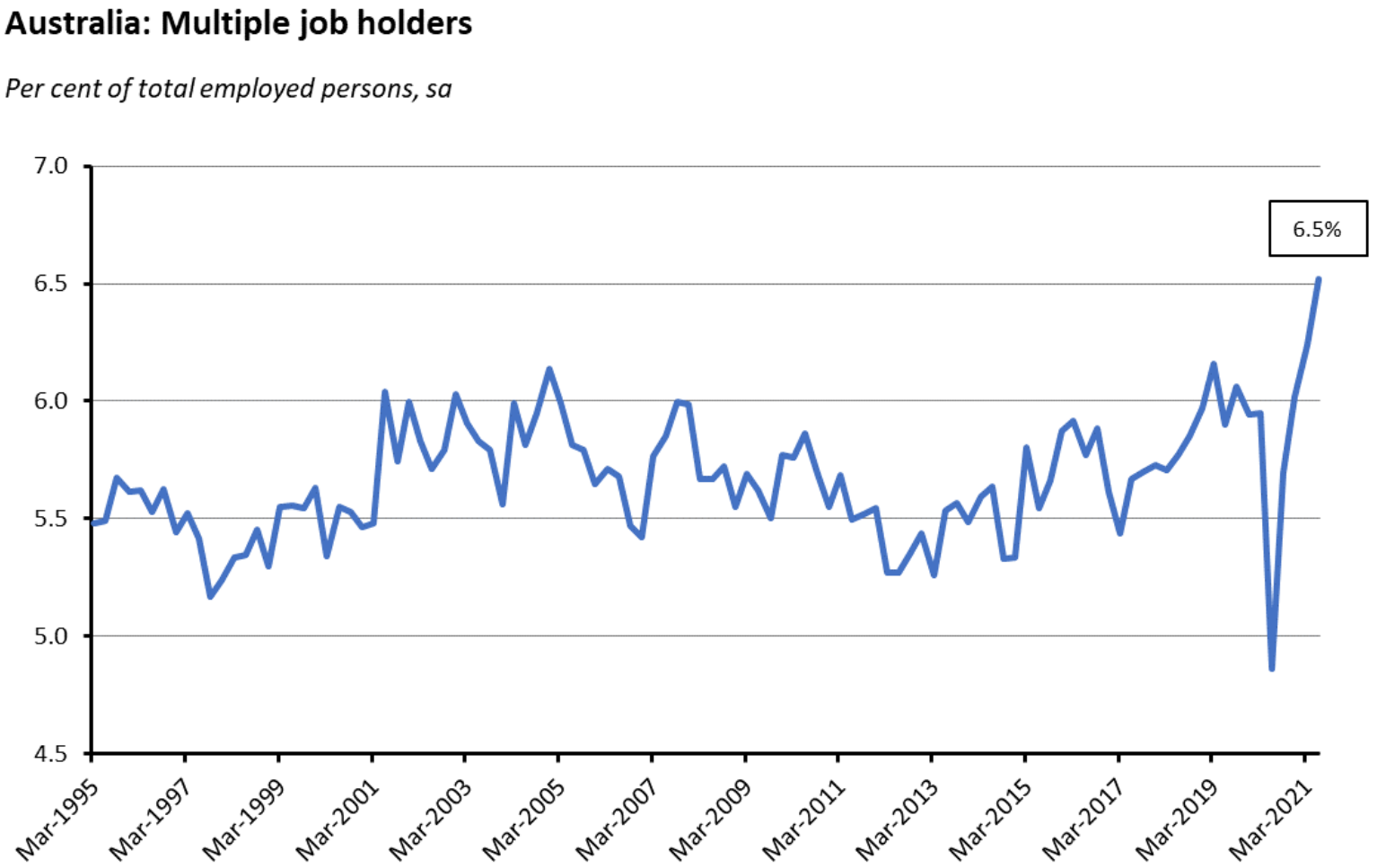
Source: ABS and AICD. Labour Account for vacancy rate, Labour Force Survey for unemployment rate (shown as quarterly average). Missing vacancy data for Sep 2008 to Sep 2009 quarters.

Australia: Beveridge Curve Sep. quarter 1994 to June quarter 2021



Source: ABS and AICD. Labour Account for vacancy rate, Labour Force Survey for unemployment rate (shown as quarterly average). Missing vacancy data for Sep 2008 to Sep 2009 quarters. Note that unemployment rate does not capture impact of those on zero hours during *JobKeeper* period.

Rate of multiple job holdings

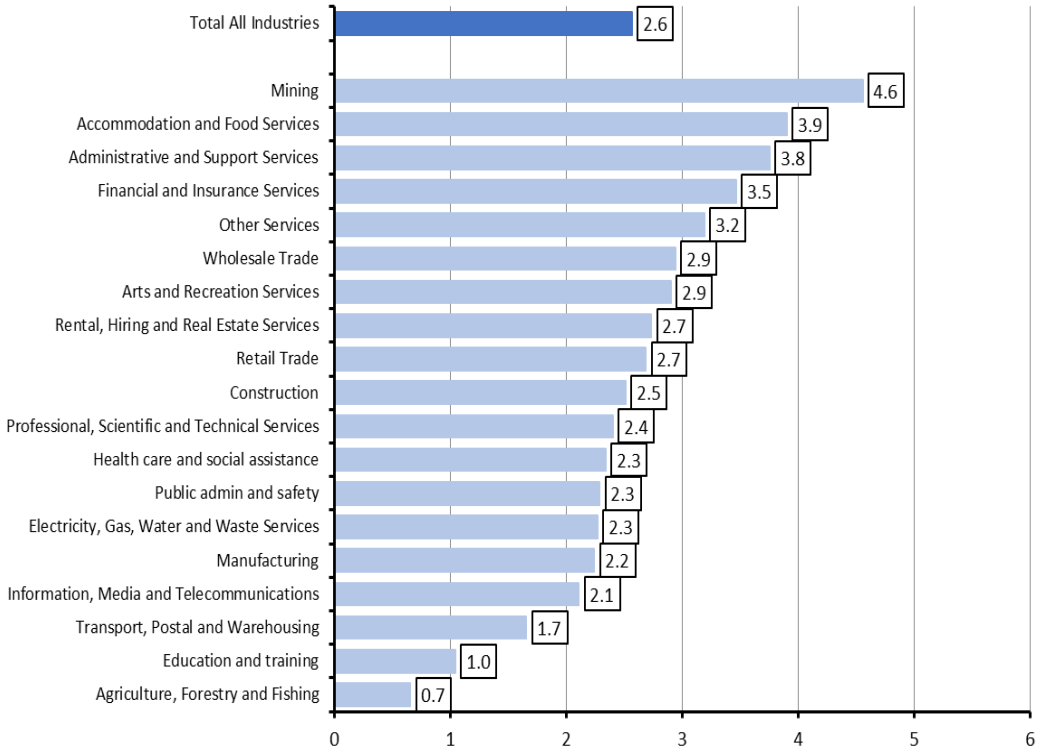


Source: ABS Labour Account data. **Data to June quarter 2021**.

Vacancy rates and multiple job holding by industry

Australia: Proportion of vacant jobs by industry, June 2021

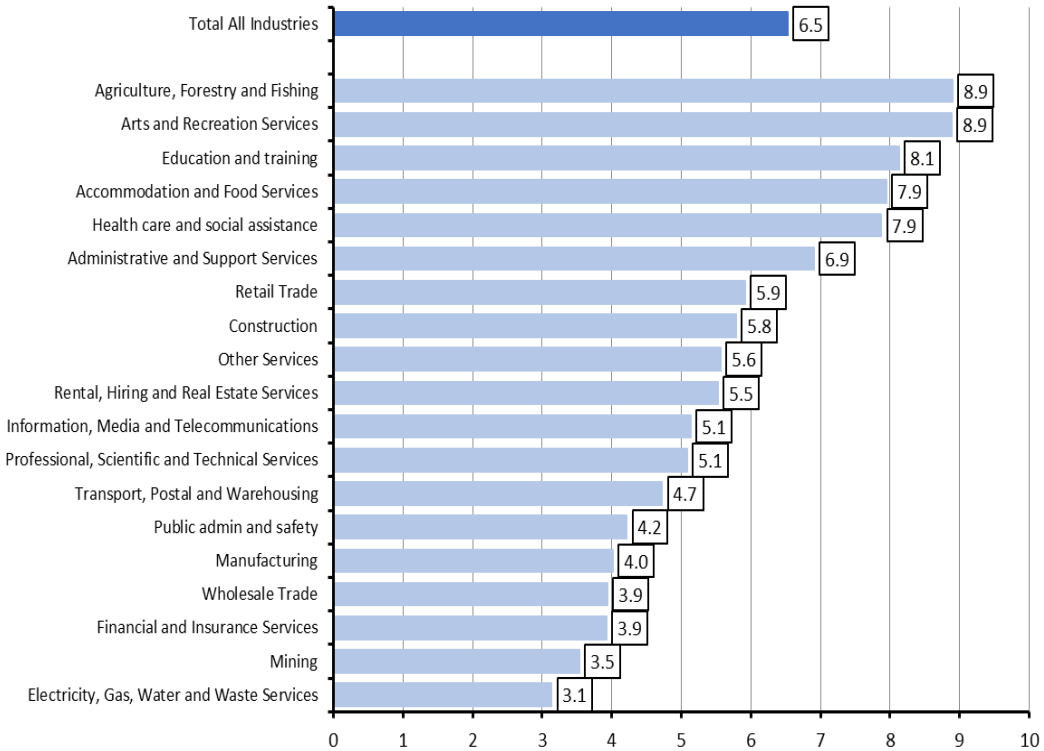
Per cent, sa



Source: ABS.

Australia: Rate of multiple job holding by industry, June 2021

Per cent of employed persons, sa



Source: ABS.

SEVEN

ABS Vacancy Data (JVS)

Job Vacancies

Australia: Job vacancies

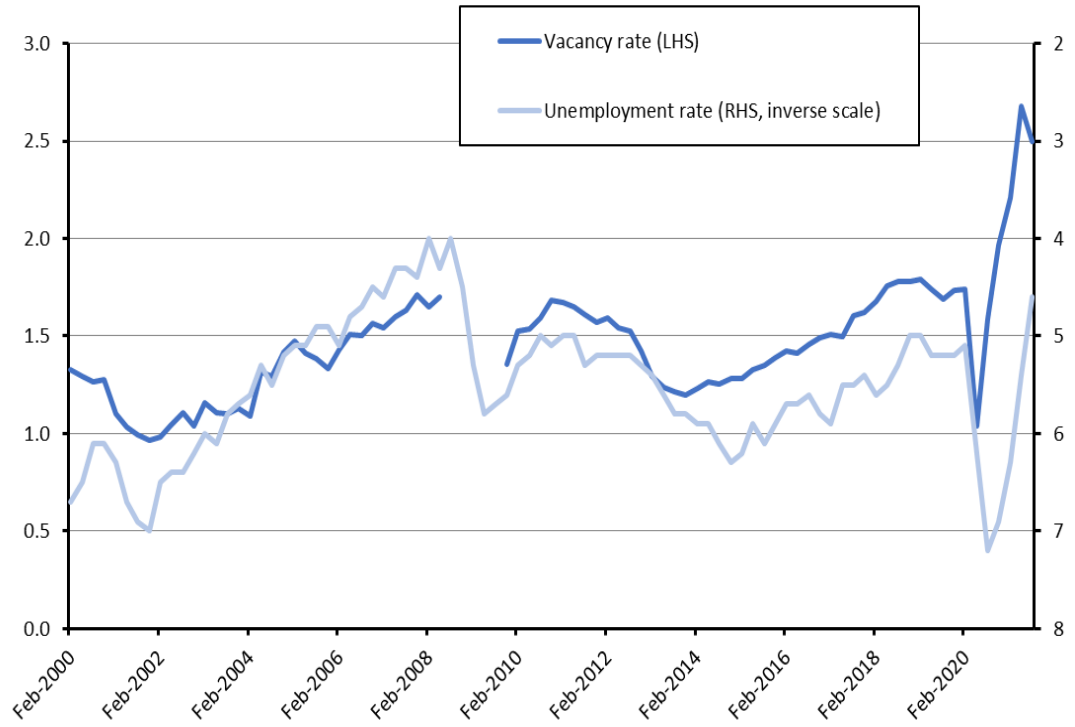
Thousands, sa

ABS job vacancies fell 36,200 (9.8%) in the August 2021 quarter relative to the May 2021 quarter but were still almost 62% higher than in the same quarter last year and 106,000 or more than 46% higher than in February 2020, pre-pandemic. This was the first fall in vacancies since the May 2020 quarter.

Source: Bloomberg and ABS. Note series break between August 2008 and August 2009. Based on quarterly job vacancies survey (JVS) of approximately 5,400 employers. **Data to August 2021 quarter**.

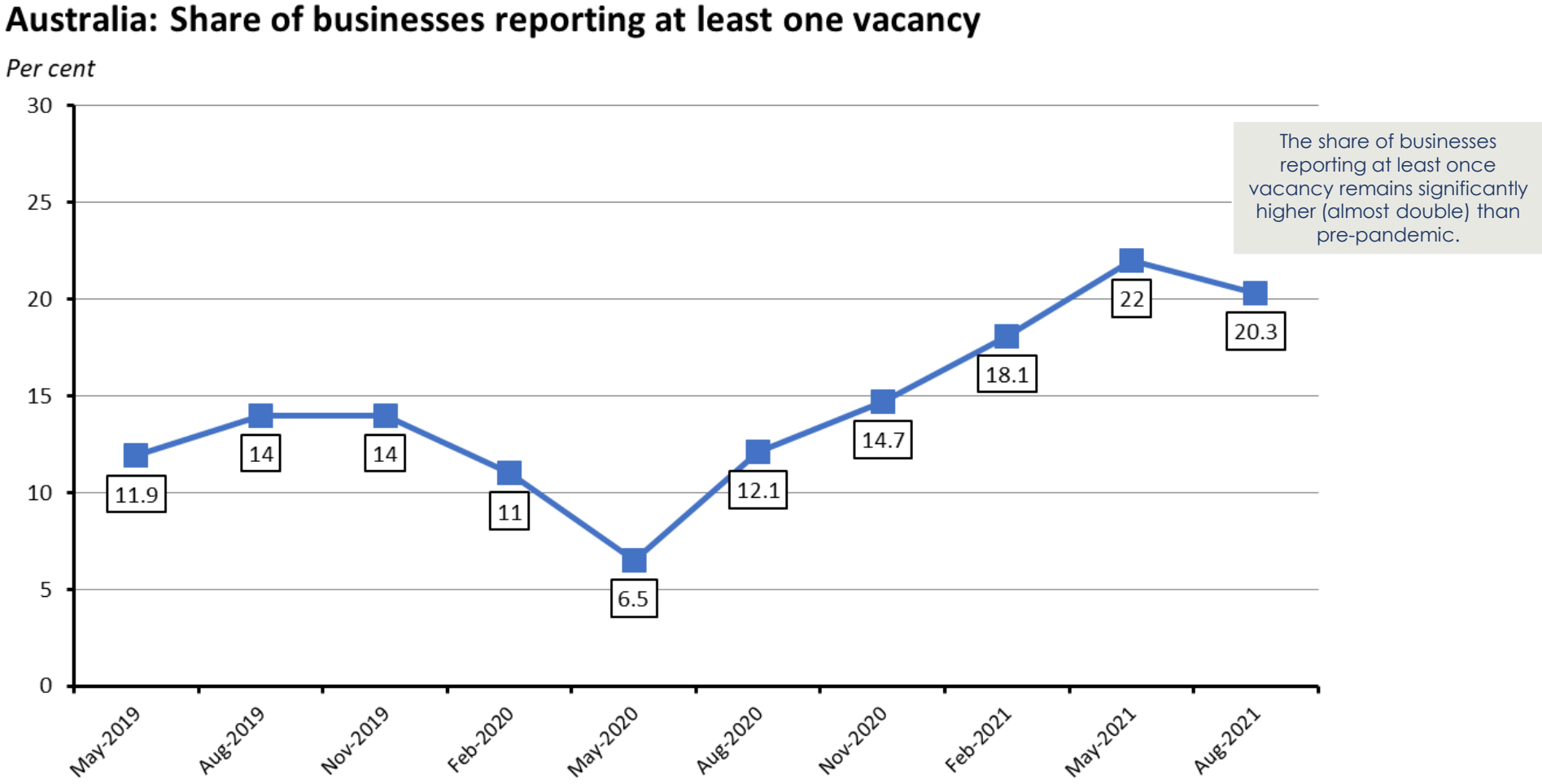
Australia: Vacancy rate and unemployment rate

Per cent, sa



Source: Bloomberg, ABS and AICD. Note series break between August 2008 and August 2009. Vacancy rate here is given by the ratio of the ABS job vacancies series to the sum of the total number of employed as reported in the labour force release plus the number of vacancies. **Data to August 2021 quarter**.

Share of Australian businesses reporting vacancies

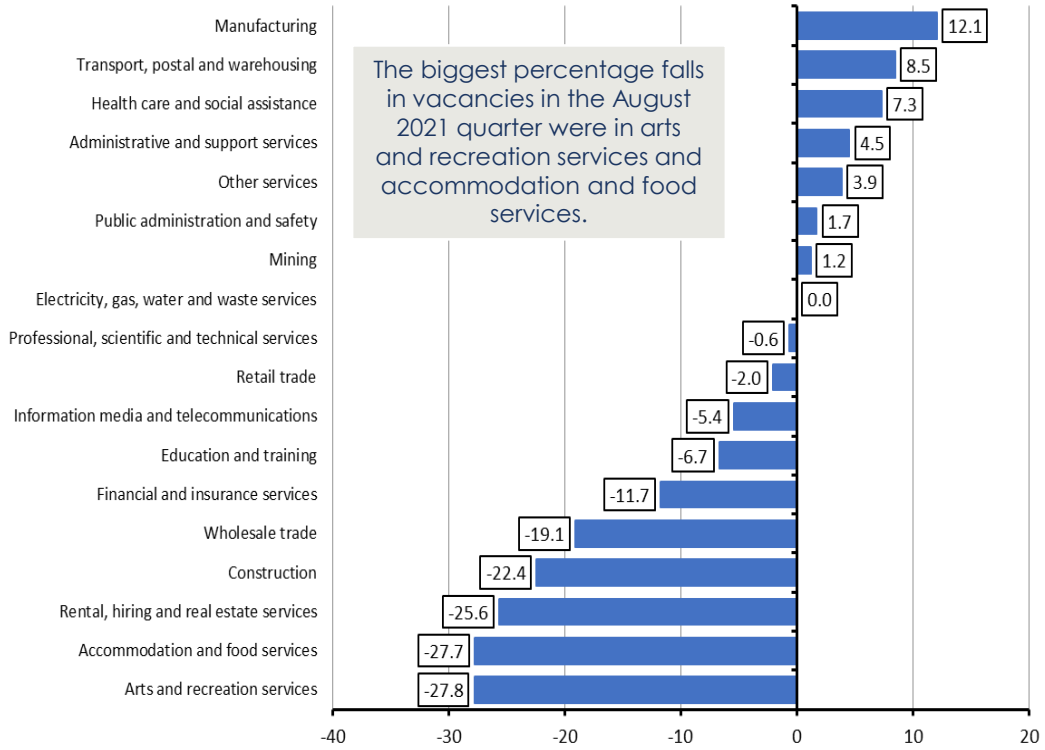


Source: ABS. **Data to August 2021.** Note that most small businesses usually report zero vacancies, and small businesses represent the vast majority of businesses in Australia.

Job Vacancies by Industry

Australia: Change in vacancies by industry, August 2021

Per cent change over quarter since May 2021, nsa

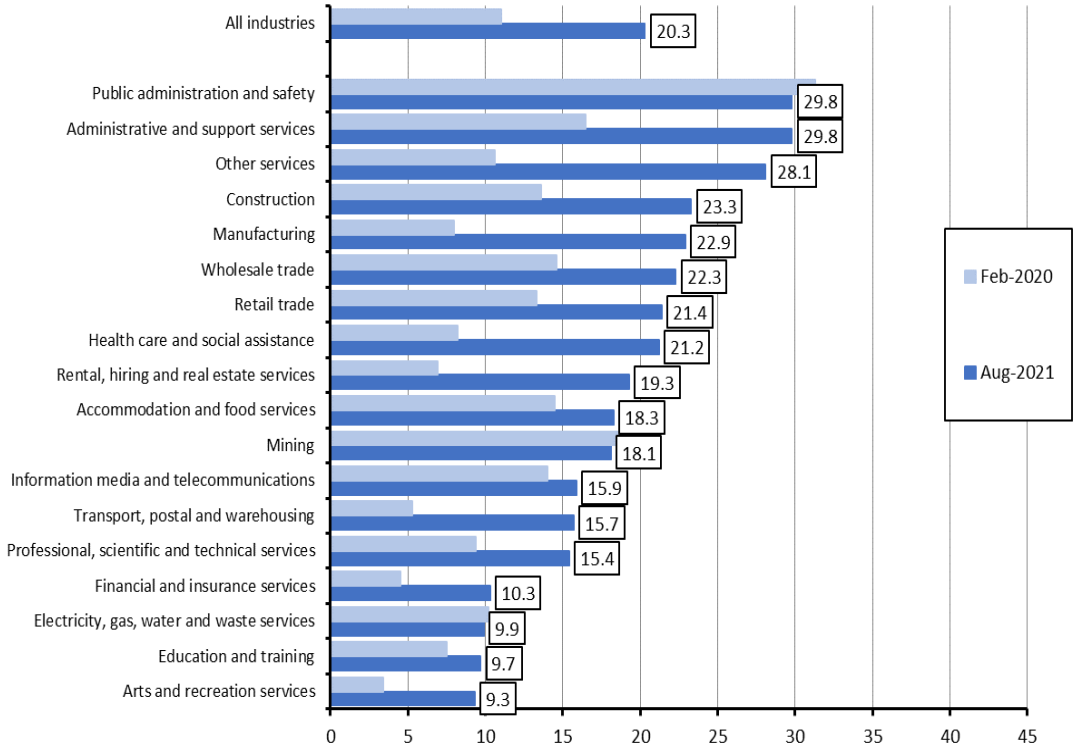


The biggest percentage falls in vacancies in the August 2021 quarter were in arts and recreation services and accommodation and food services.

Source: ABS.

Australia: Share of businesses reporting vacancies by industry

Per cent

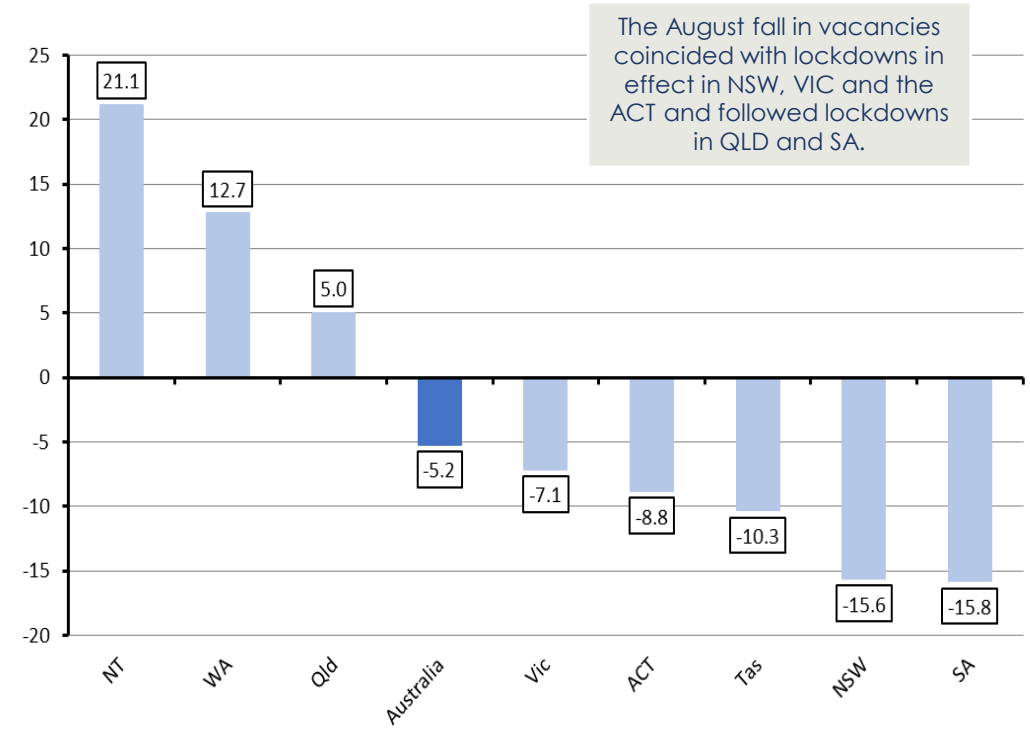


Source: ABS.

Job Vacancies by State and Territory

Australia: Change in vacancies by state, August 2021

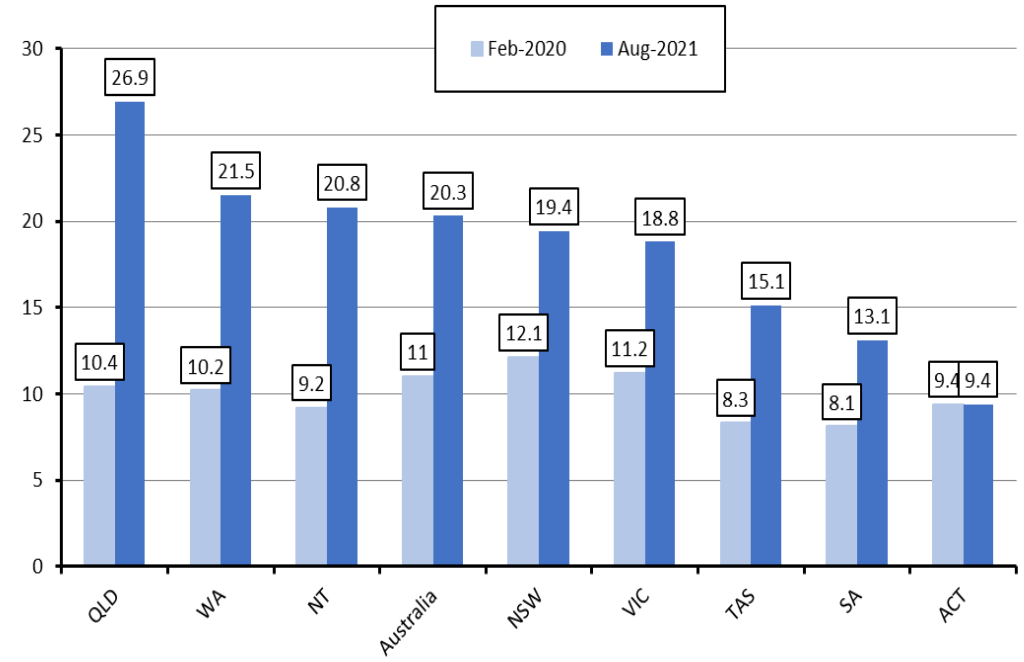
Per cent change over previous quarter, nsa



Source: ABS.

Australia: Share of businesses reporting vacancies by state

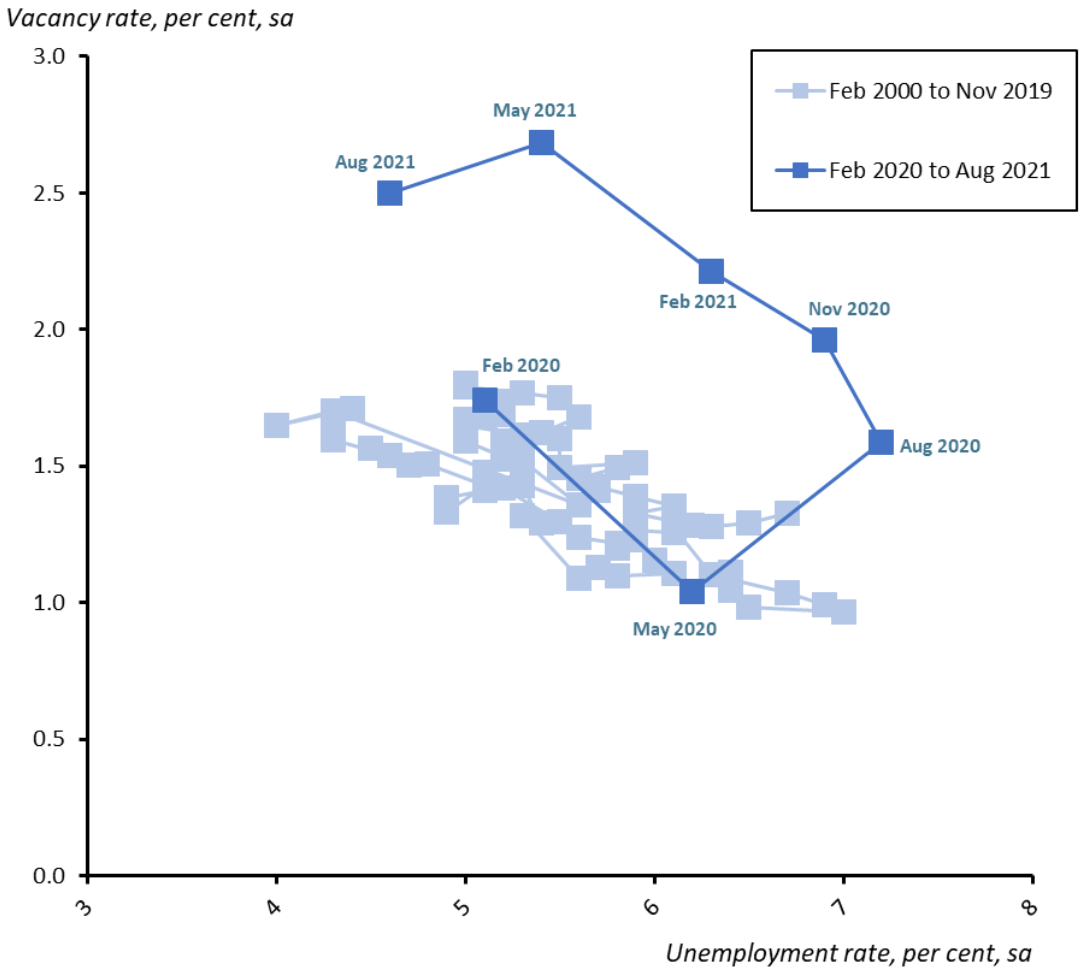
Per cent



Source: ABS.

The Beveridge Curve (JVS basis)

Australia: Beveridge Curve Feb. quarter 2002 to Aug. quarter 2021



Source: ABS and AICD. Vacancy rate given by ratio of ABS vacancies series to sum of total employment and number of vacancies. Labour Force Survey for unemployment rate. Missing vacancy data for Aug 2008 to Aug 2009 quarters.

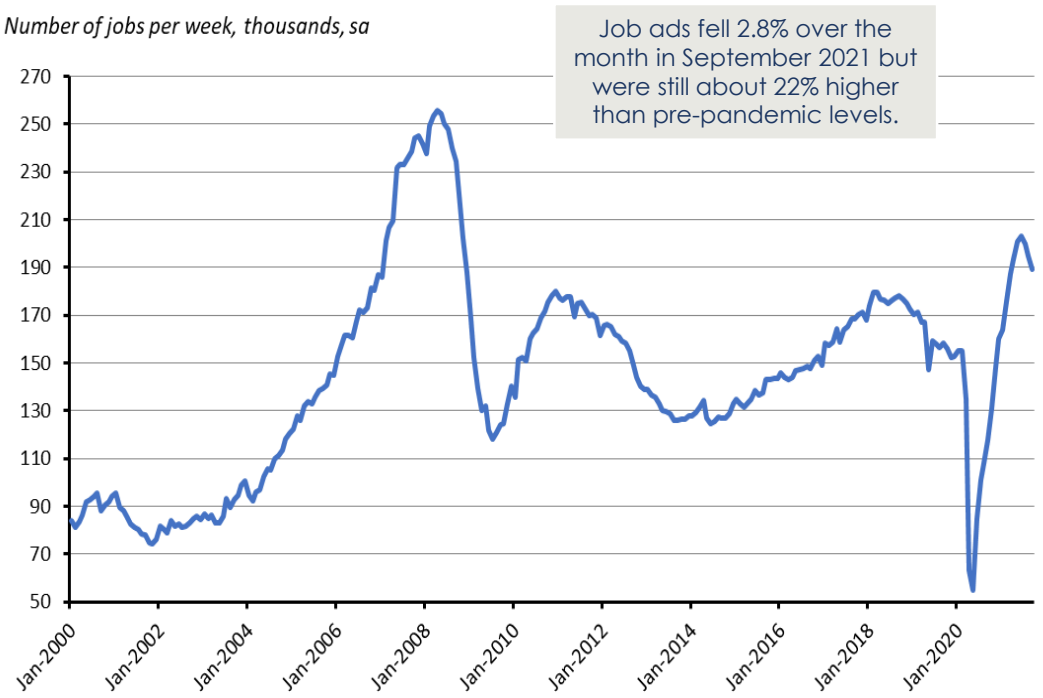
EIGHT

ANZ Job Ads

Job Ads

Australia: ANZ job advertisements

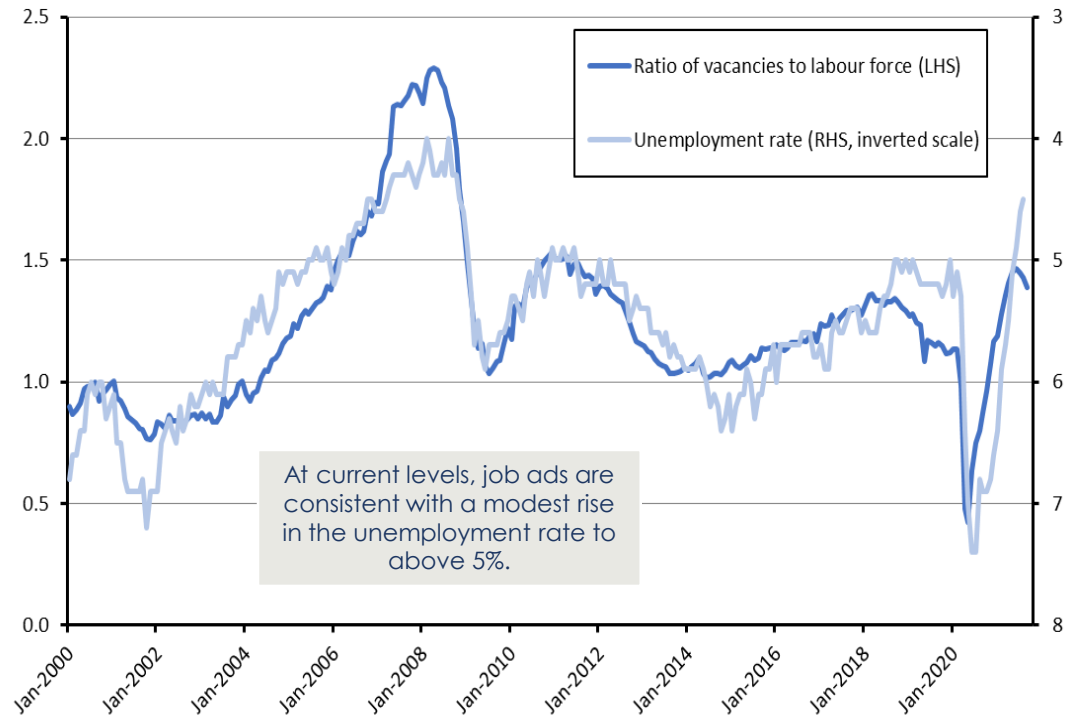
Number of jobs per week, thousands, sa



Source: Bloomberg and ANZ. The internet series counts the average number of job ads carried by each site on the same day of each week in the month indicated. The day (which is not necessarily the same for each site) is selected by the site operator as broadly representative of its activity levels. The sites are Seek.com.au and the Department of Education, Skills and Employment's Australian JobSearch site (Jobsearch.gov.au). As of the November 2020 release, newspaper job ads have been excluded from the series from January 2019 onwards. **Data to September 2021.**

Australia: ANZ job advertisements and the unemployment rate

Per cent *Per cent, inverted scale*



Source: Bloomberg and ANZ. Due to time in lag in data release, ratio for most recent month based on previous month's figure for size of labour force. **Jobs ads data to September 2021, labour force and unemployment data to August 2021.**

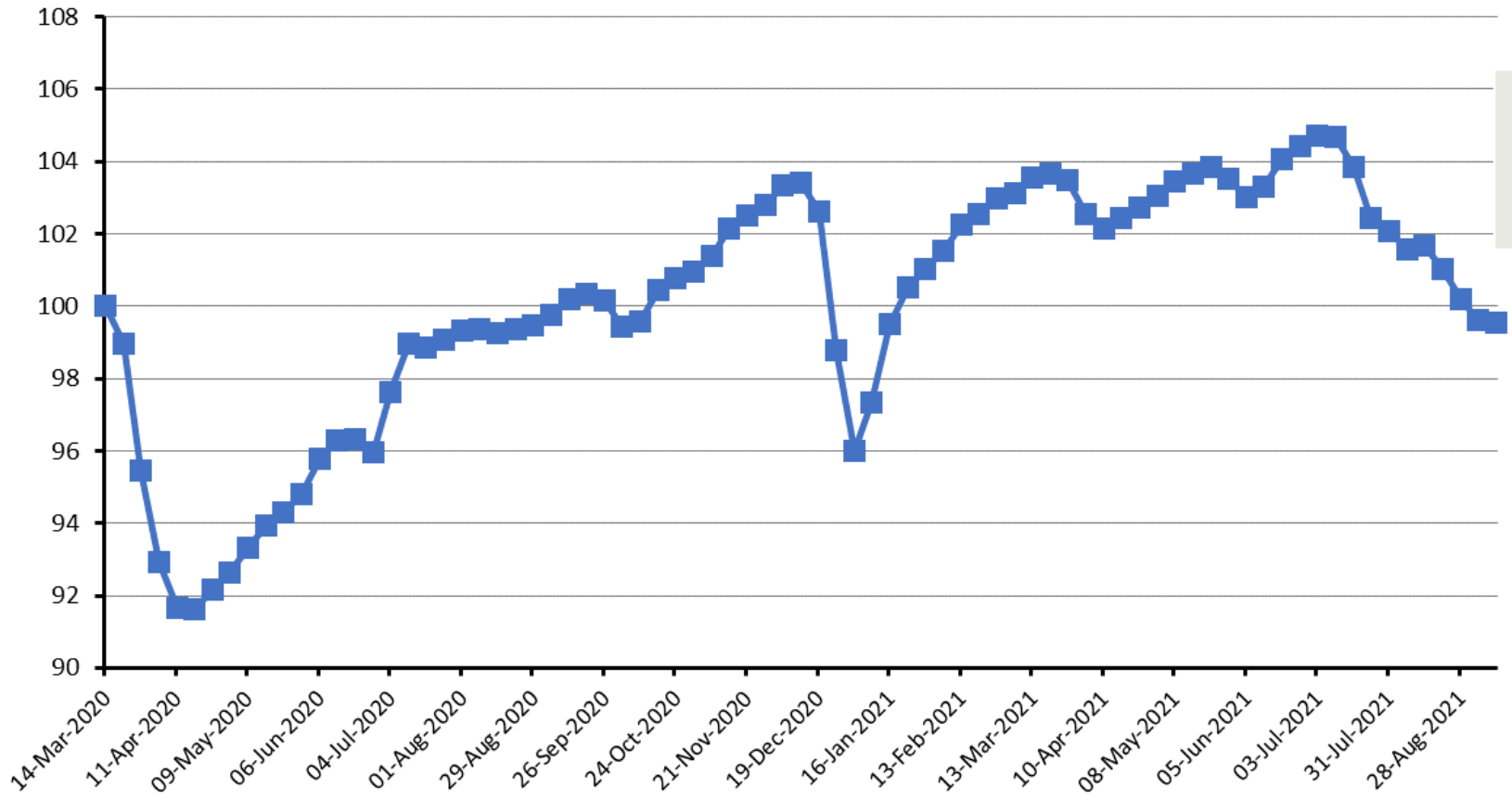
NINE

Payroll Jobs

Payroll jobs

Australia: Weekly payroll job numbers

Index, week ending 14 March 2020 = 100



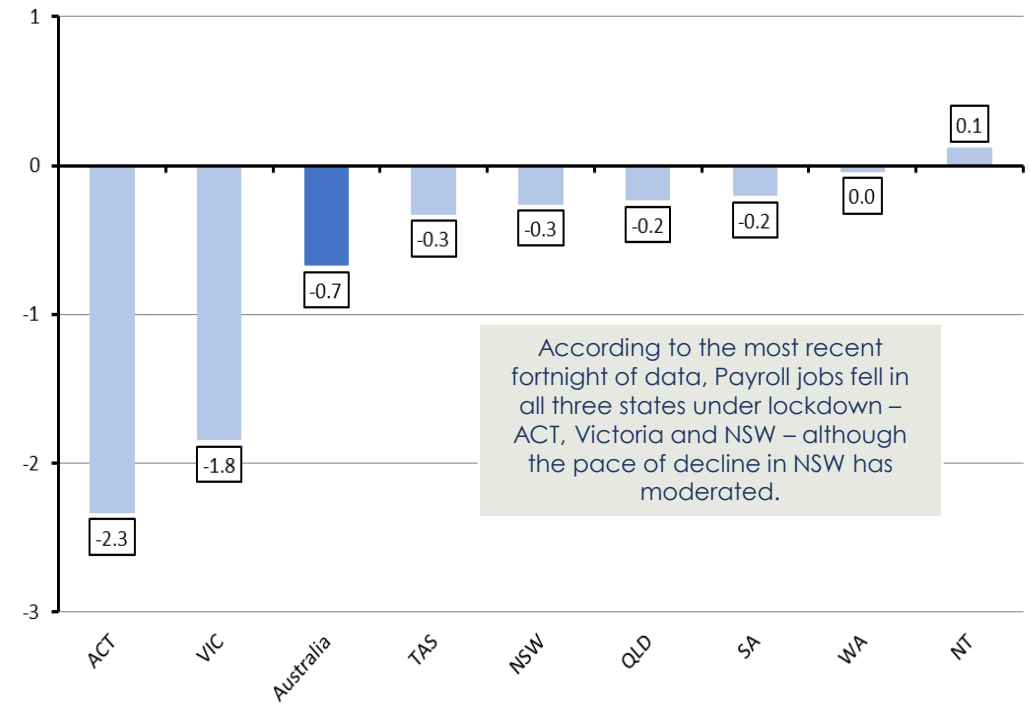
Payroll jobs fell 0.7% over the two weeks to 11 September 2021. Job numbers are now 0.5% below their pre-pandemic (week ending 14 March 2020) levels.

Source: Bloomberg and ABS. Estimates derived from Single Touch Payroll (STP) data from the ATO and captures all employee jobs reported to the ATO via STP. Approximately 99 per cent of 'substantial' employers (20 or more employees) report through STP and approximately 71 per cent of small employers (19 or fewer employees). **Data to week ending 11 September 2021.**

Change in payroll jobs

Australia: Change in payroll jobs, 28 August to 11 September 2021

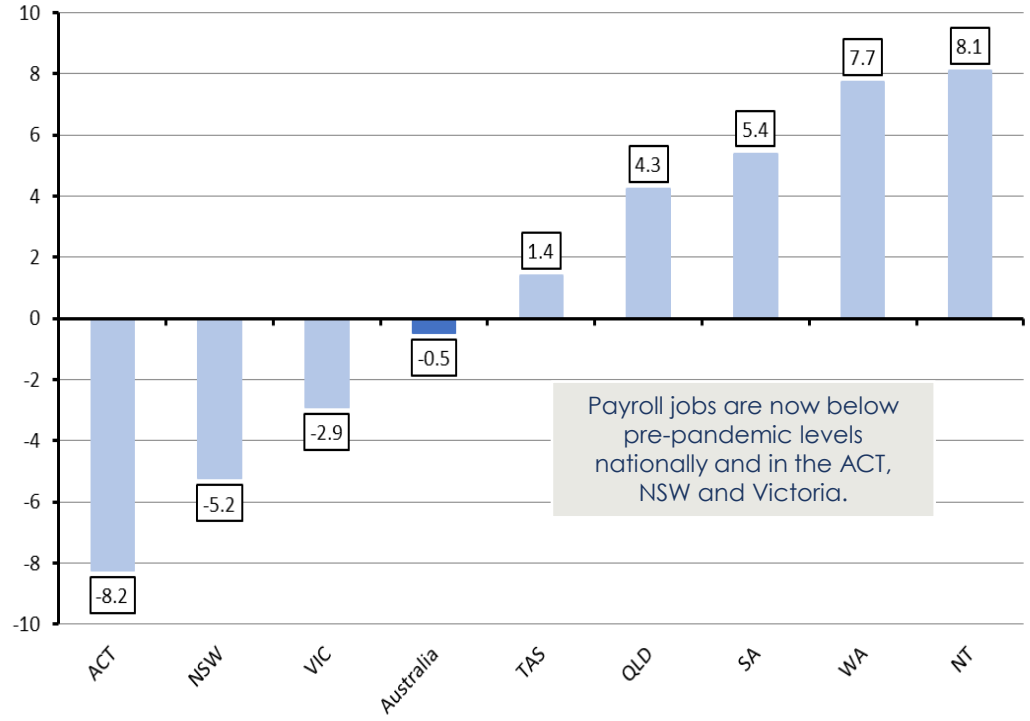
Per cent



Source: Bloomberg ABS

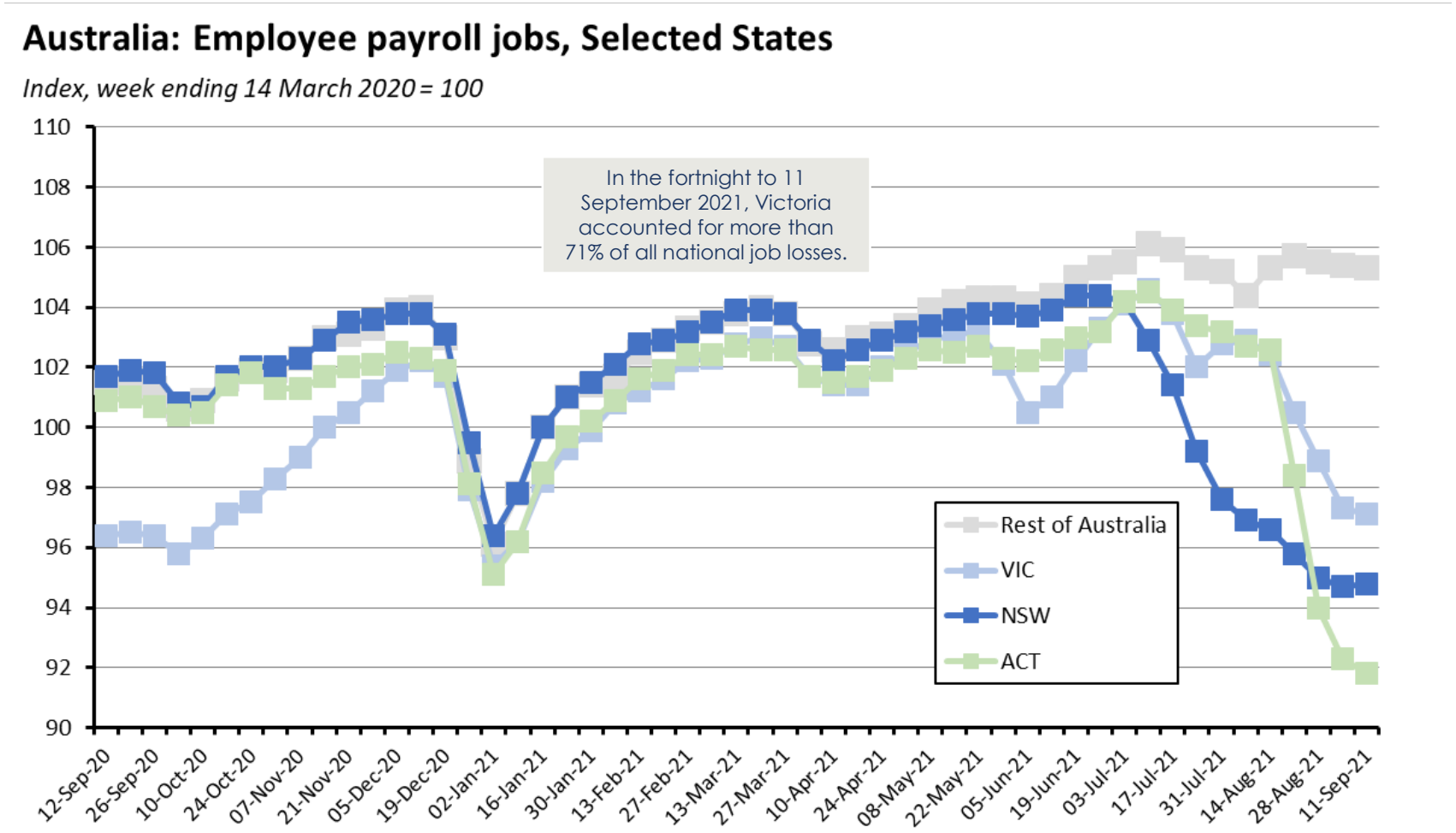
Australia: Change in number of payroll jobs from week ending 14 March 2020

Per cent



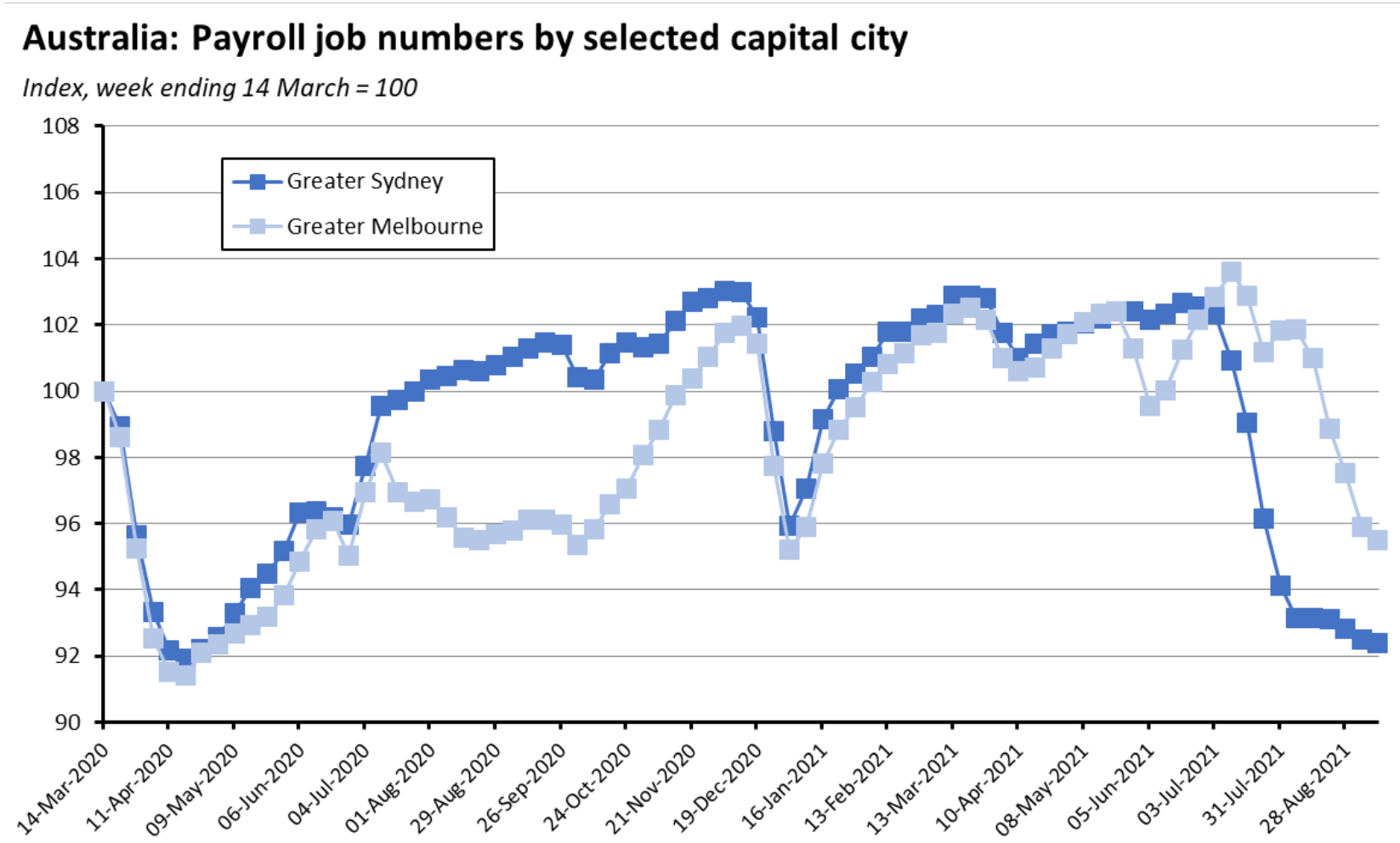
Source: Bloomberg and ABS. **Data to week ending 11 September 2021.**

Payroll jobs by selected State



Source: Bloomberg and ABS. Estimates derived from Single Touch Payroll (STP) data from the ATO and captures all employee jobs reported to the ATO via STP. Approximately 99 per cent of 'substantial' employers (20 or more employees) report through STP and approximately 71 per cent of small employers (19 or fewer employees). **Data to week ending 11 September 2021.**

Payroll jobs in Greater Sydney and Greater Melbourne



Source: Bloomberg and ABS. Estimates derived from Single Touch Payroll (STP) data from the ATO and captures all employee jobs reported to the ATO via STP. Approximately 99 per cent of 'substantial' employers (20 or more employees) report through STP and approximately 71 per cent of small employers (19 or fewer employees). **Data to week ending 11 September 2021.**

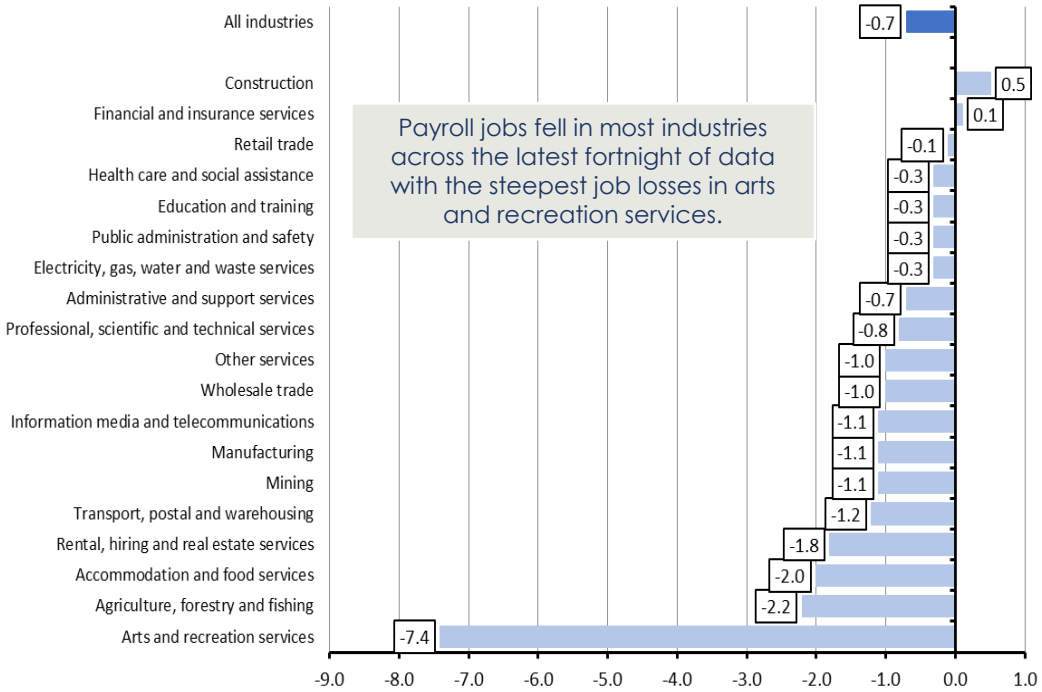
Between the start of July and the week ending 11 September 2021, the number of payroll jobs fell 9.7% in Greater Sydney and 7.1% in Greater Melbourne.

MARK THIRLWELL

Payroll jobs by industry

Australia: Change in payroll jobs between 28 August and 11 September 2021

Per cent change

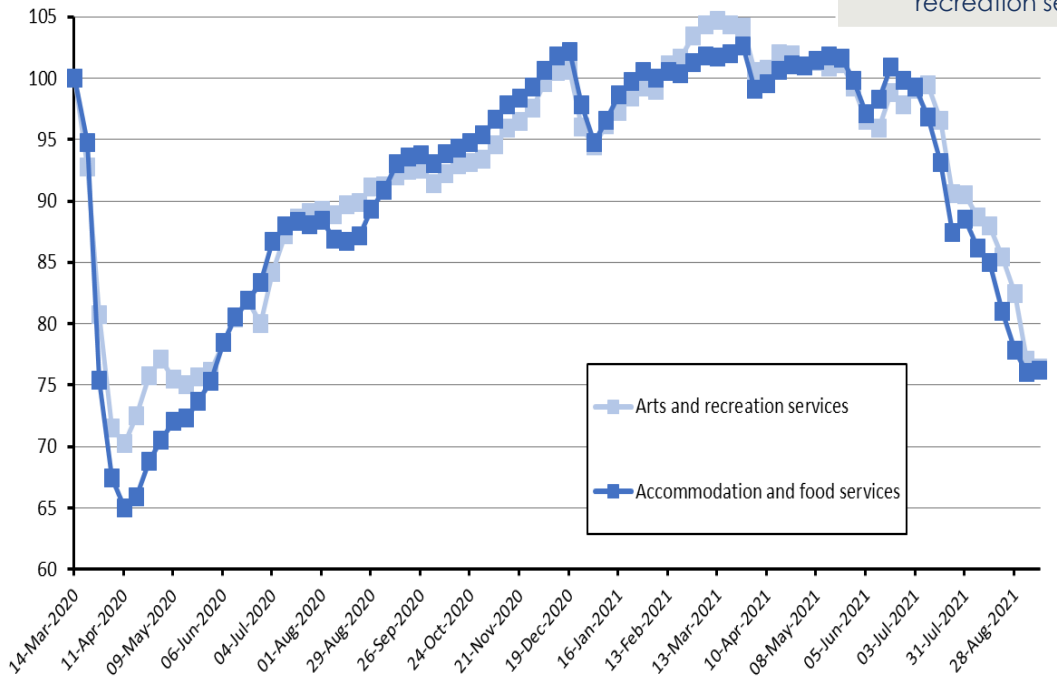


Payroll jobs fell in most industries across the latest fortnight of data with the steepest job losses in arts and recreation services.

Source: Bloomberg and ABS. Estimates derived from Single Touch Payroll (STP) data from the ATO and captures all employee jobs reported to the ATO via STP. Approximately 99 per cent of 'substantial' employers (20 or more employees) report through STP and approximately 71 per cent of small employers (19 or fewer employees).

Australia: Payroll jobs by selected industry

Index, week ending 14 March = 100



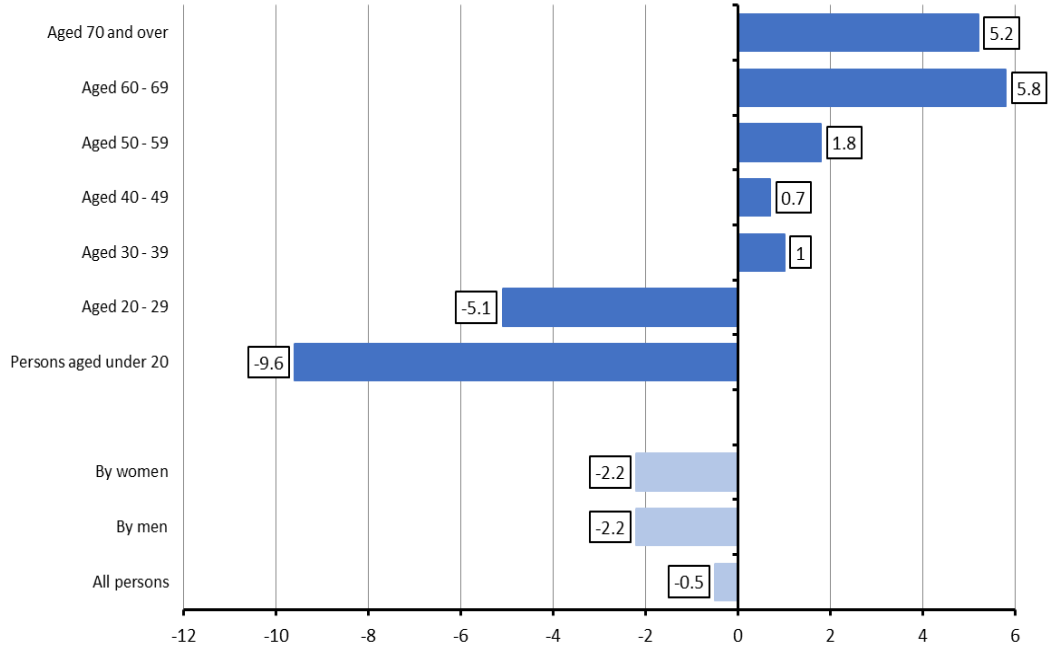
Across the history of the pandemic, payroll job losses have been largest for accommodation and food services and arts and recreation services.

Source: Bloomberg and ABS. Estimates derived from Single Touch Payroll (STP) data from the ATO and captures all employee jobs reported to the ATO via STP. Approximately 99 per cent of 'substantial' employers (20 or more employees) report through STP and approximately 71 per cent of small employers (19 or fewer employees). **Data to week ending 11 September 2021.**

Payroll jobs by demographics and firm size

Australia: Change in payroll jobs by demographics

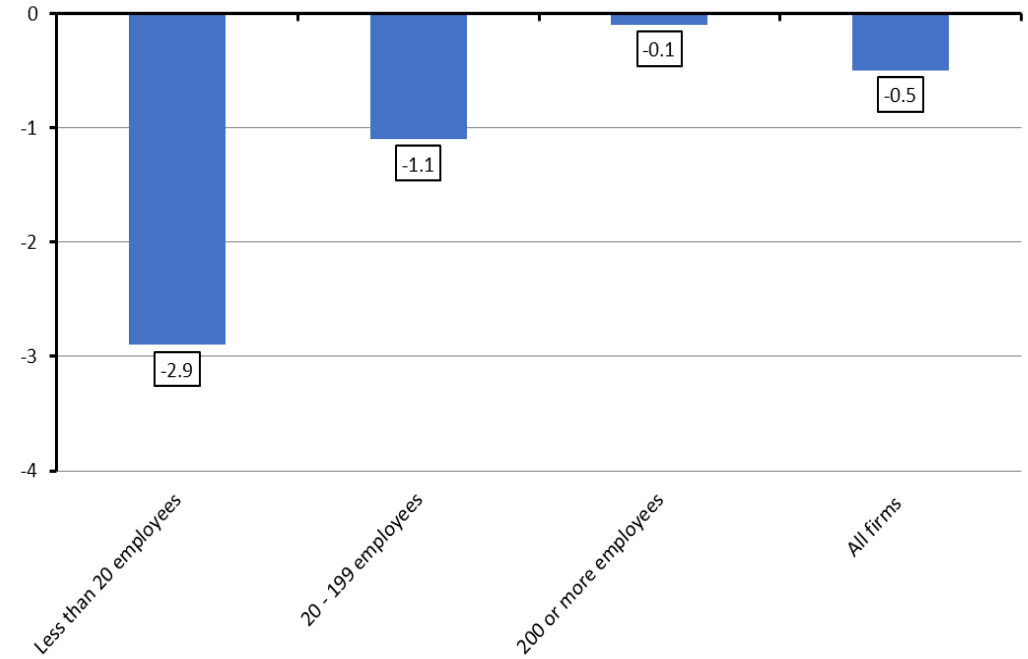
Per cent change since week ending 14 March 2020



Source: Bloomberg and ABS. Estimates derived from Single Touch Payroll (STP) data from the ATO and captures all employee jobs reported to the ATO via STP. Approximately 99 per cent of 'substantial' employers (20 or more employees) report through STP and approximately 71 per cent of small employers (19 or fewer employees). Note that the indices for males and females can move independently from the all persons index because the latter also includes persons where the sex is reported as 'unknown.' **Data to week ending 11 September 2021.**

Australia: Change in payroll jobs by firm size

Per cent change since week ending 14 March 2020



Source: Bloomberg and ABS. **Data to week ending 11 September 2021**. Note that the ABS cautions that care should be exercised when focusing on recent movements in payroll jobs by employment size, as they are subject to higher than usual levels of revision and over a longer period than other estimates. This is particularly the case for small employers (with under 20 employees).

TEN

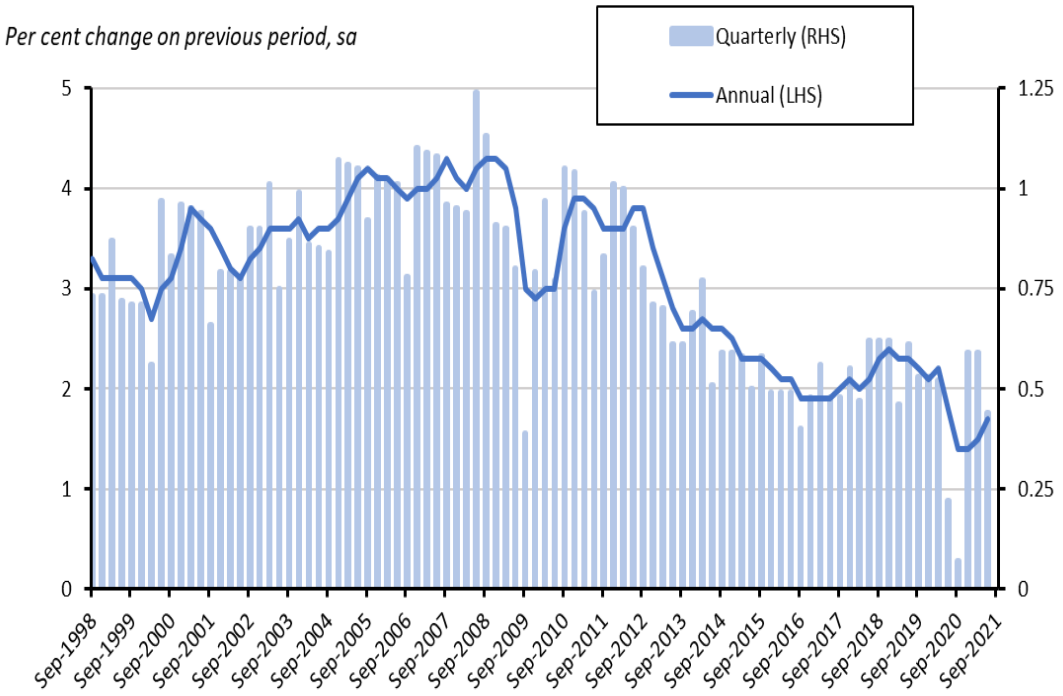
Wage Price Index (WPI)

Wage growth

The WPI rose 0.4% over the quarter and 1.7% over the year in the Q2:2021. Note that the annual rate was boosted by base effects from a very weak Q2:2020.

Australia: Wage Price Index (WPI)

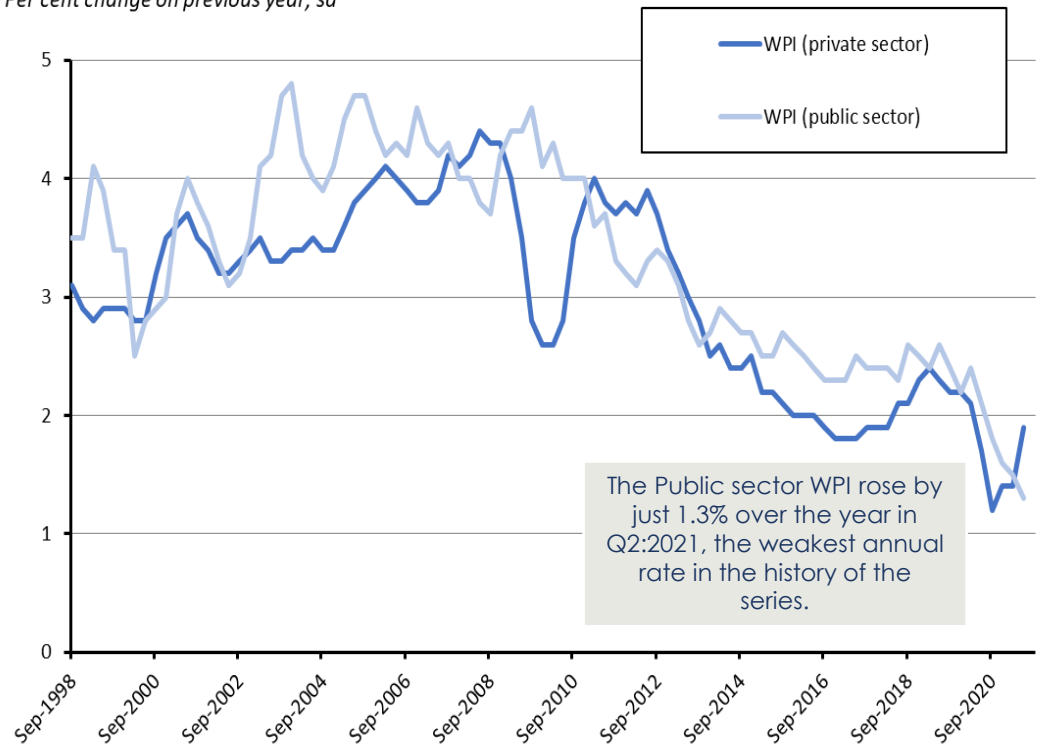
Per cent change on previous period, sa



Source: Bloomberg and ABS. WPIs measure changes in the price of wages and salaries unaffected by changes in the quality of work (different tasks or responsibilities), quantity of work (number of hours worked) performed or by changes in the characteristics (age, experience) or location of the worker, or by changes in labour market composition. The series measure total hourly rates of pay, capturing changes in wage and salary rates plus overtime rates. **Data to June quarter 2021.**

Australia: Wage Price Index

Per cent change on previous year, sa



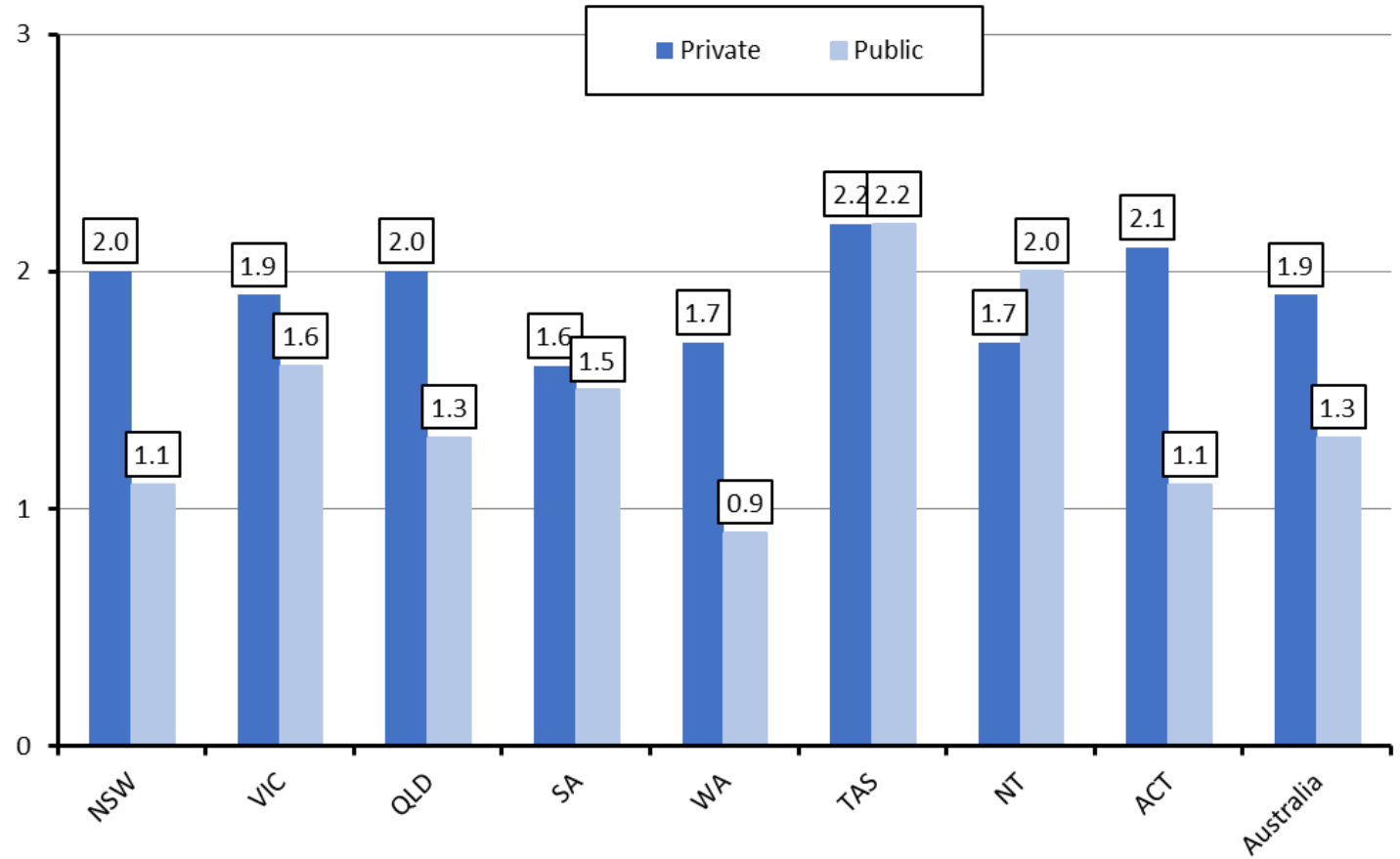
The Public sector WPI rose by just 1.3% over the year in Q2:2021, the weakest annual rate in the history of the series.

Source: Bloomberg and ABS. **Data to June quarter 2021.**

Wage growth by State and Territory

Australia: Wage Price Index by State, June quarter 2021

Per cent change over previous year, nsa

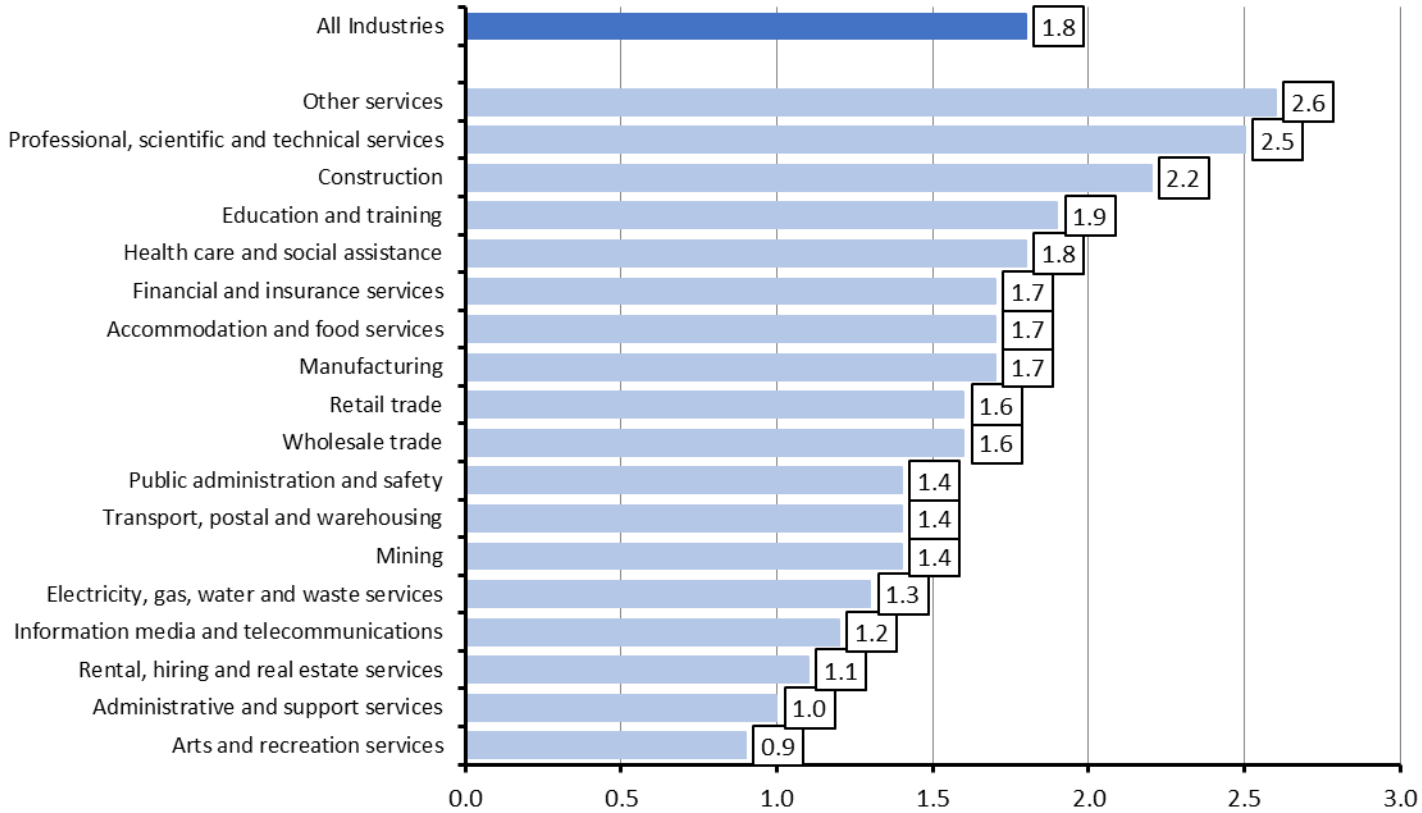


Source: Bloomberg and ABS. Series is total hourly rates of pay excluding bonuses.

Wage growth by Industry

Australia: Wage Price Index by Industry, June quarter 2021

Per cent change over previous year, nsa

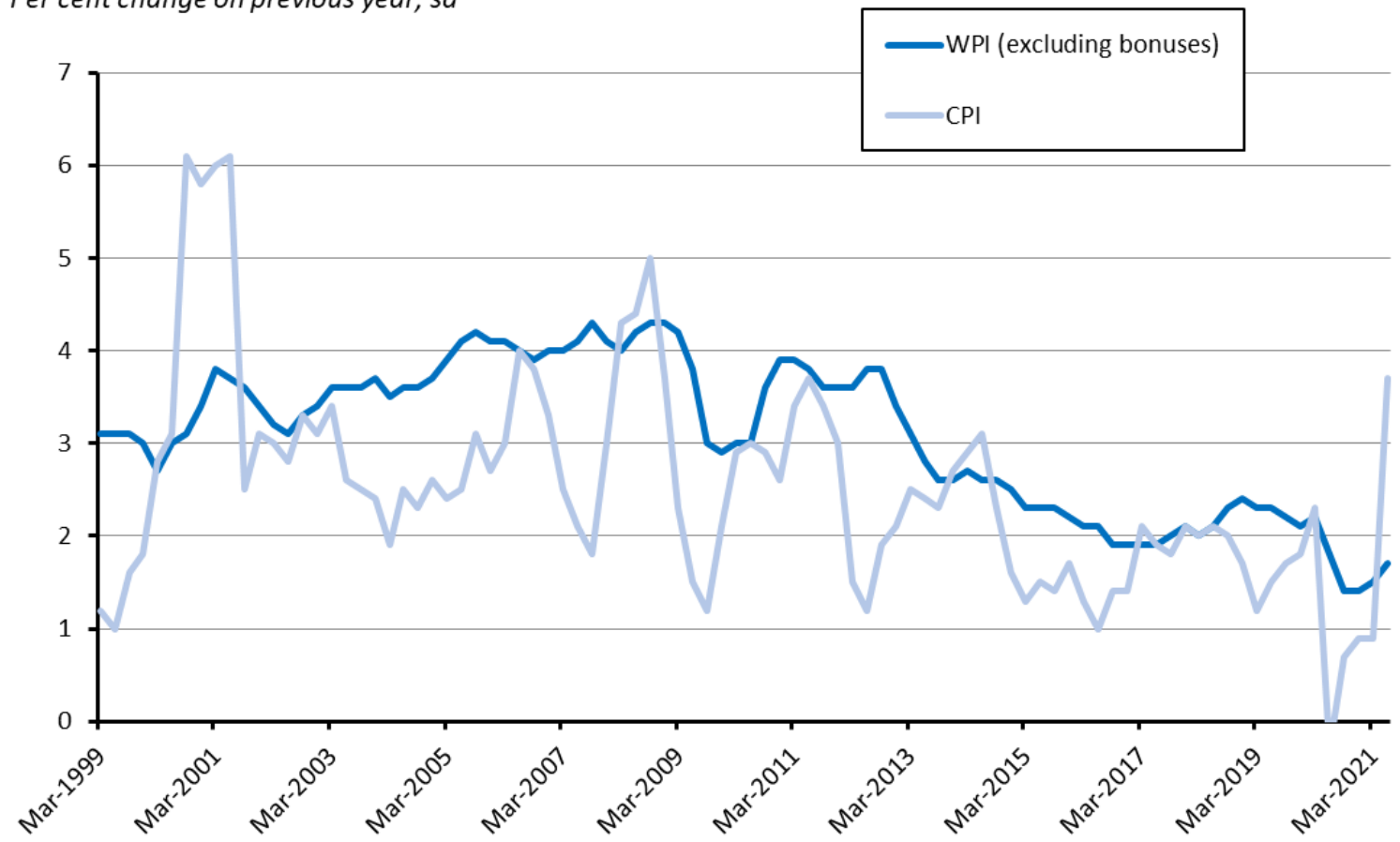


Source: ABS and Bloomberg.

Real wages

Australia: Implied real wage growth

Per cent change on previous year, sa



Source: Bloomberg and ABS. The WPI measures changes in the price of wages and salaries unaffected by changes in the quality of work (different tasks or responsibilities), quantity of work (number of hours worked) performed or by changes in the characteristics (age, experience) or location of the worker, or by changes in labour market composition. The series measures total hourly rates of pay, capturing changes in wage and salary rates plus overtime rates. **Data to June quarter 2021.**

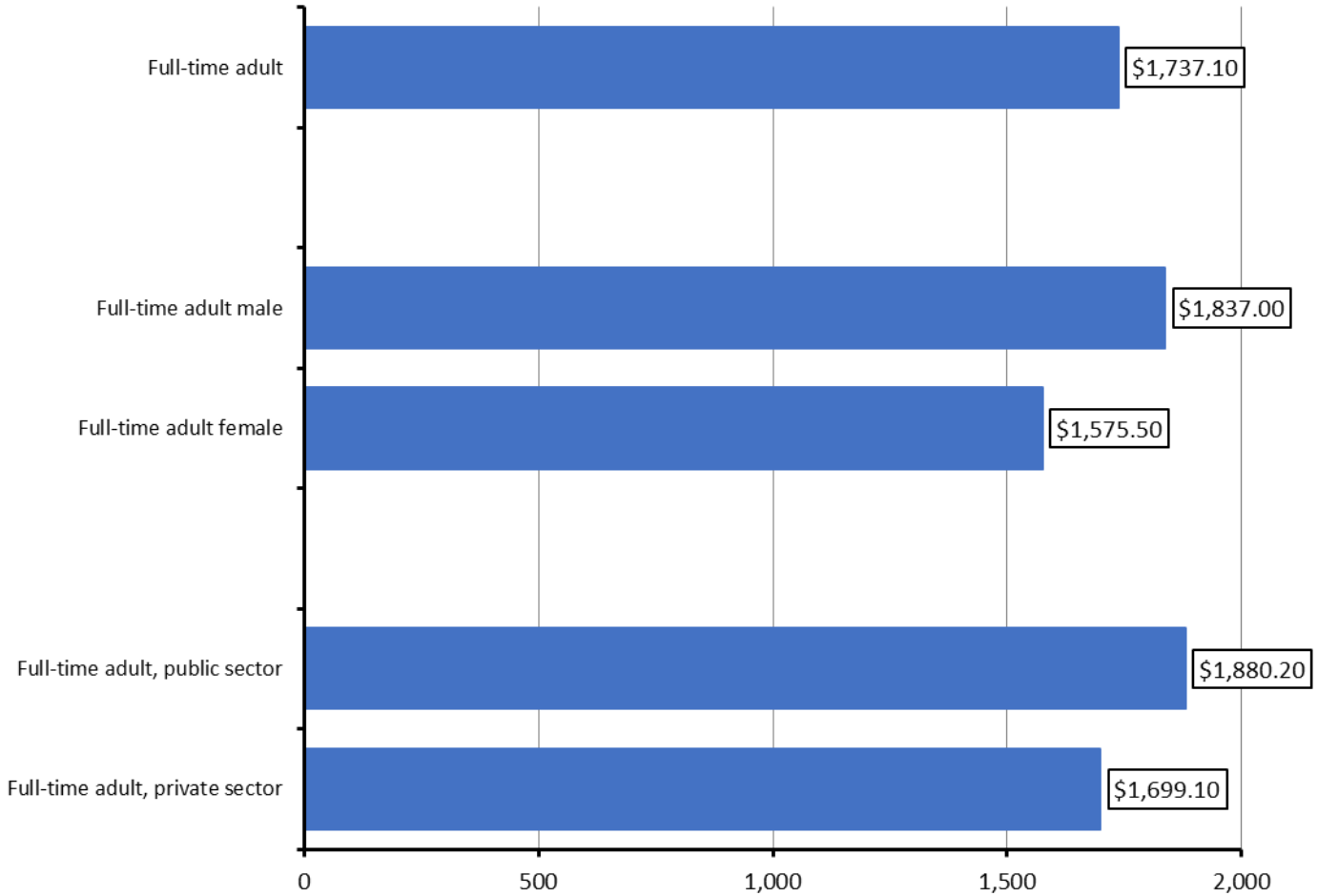
TEN

Average Weekly Earnings (AWE)

Average weekly ordinary time earnings

Australia: Average weekly ordinary time earnings, May 2021

$, nsa



Source: ABS.

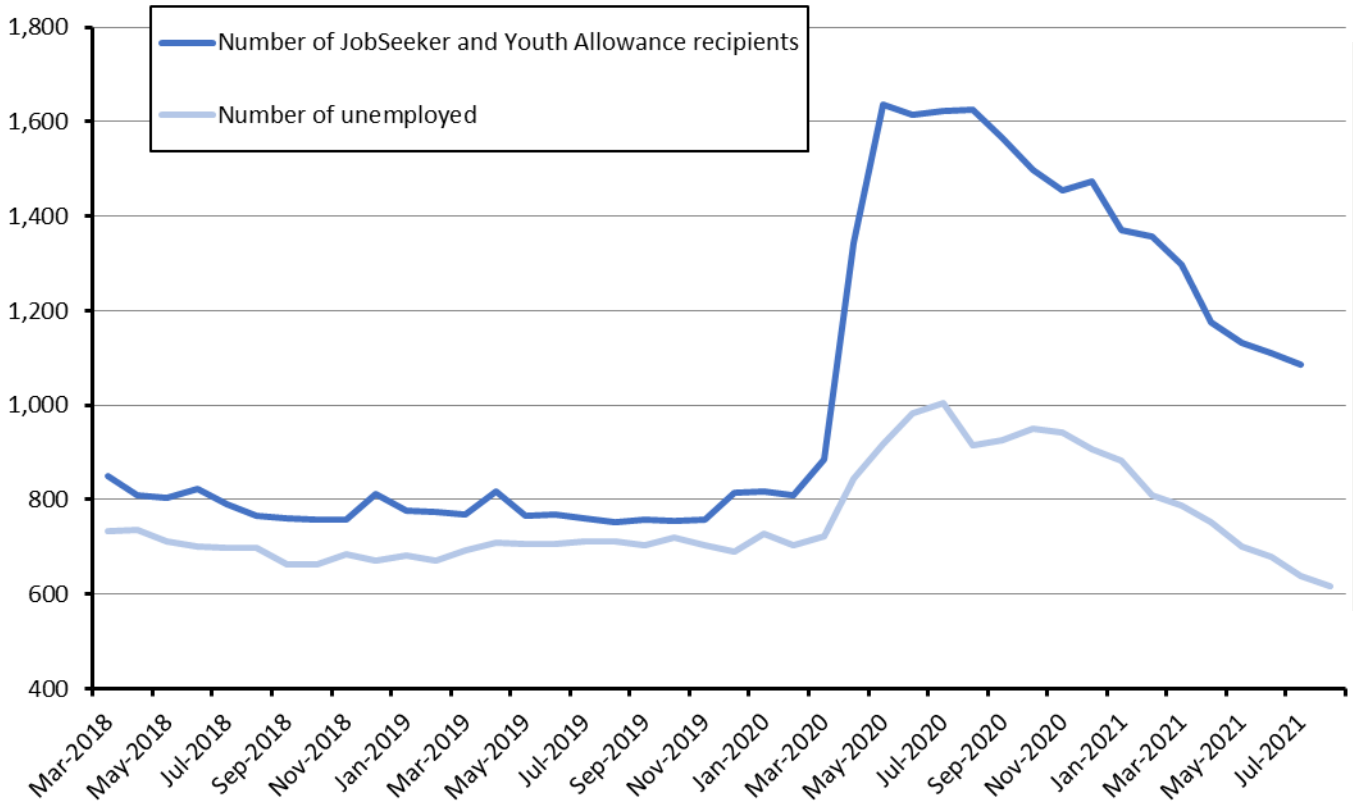
ELEVEN

SELECTED OTHER CHARTS

JobSeeker claimant count vs number of unemployed

Australia: JobSeeker/youth allowance recipients and number of unemployed

Persons, '000s



Source: Bloomberg, ABS and Services Australia. Note, chart plots recipients of Newstart Allowance until February 2020 and then recipients of JobSeeker payment from March 2020. **JobSeeker data to July 2021, unemployment data to August 2021.**

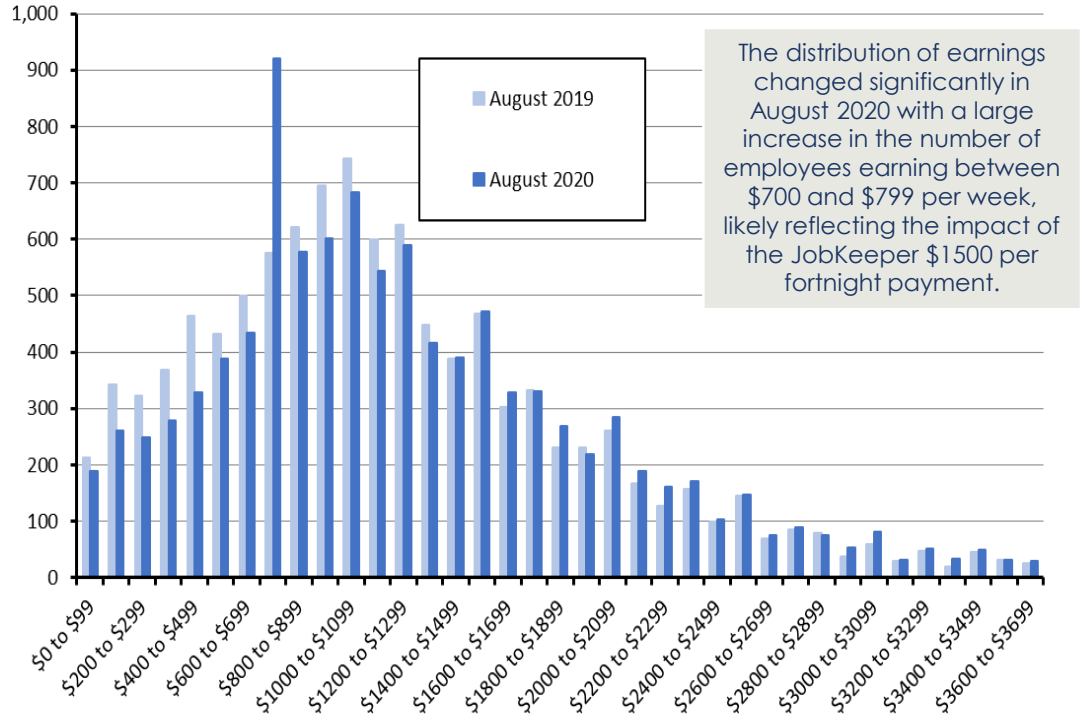
There is a significant gap between the reported number of recipients and the ABS count of unemployed Australians. That's because they measure two different things.

People who receive JobSeeker are not automatically classified as unemployed (and those classified as unemployed will not necessarily be in receipt of JobSeeker). JobSeeker is paid to people who are looking for work or are sick or injured and cannot undertake their usual work or study for a short time, and who meet the eligibility requirements. For example, people can receive the JobSeeker payment if they have a job, provided they meet a low-income test. Moreover, some of the government's changes to JobSeeker in response to COVID-19 have seen temporary relaxations of the mutual obligation requirements, such as looking for work.

Changes in distribution of weekly earnings

Australia: Distribution of weekly earnings

Thousands of employees

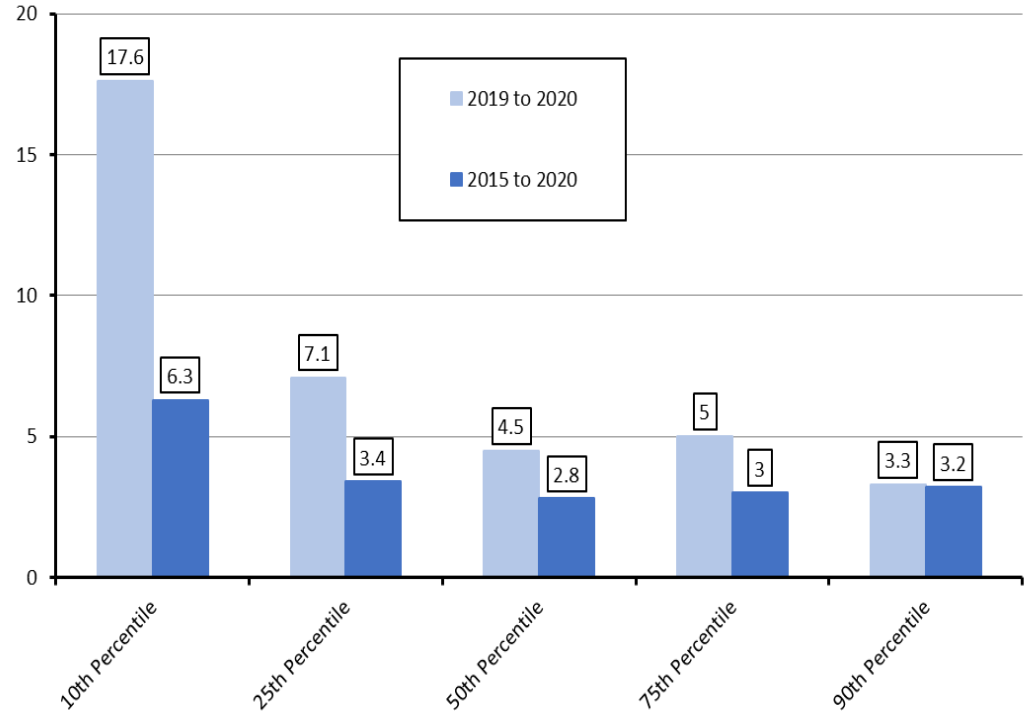


The distribution of earnings changed significantly in August 2020 with a large increase in the number of employees earning between $700 and $799 per week, likely reflecting the impact of the JobKeeper $1500 per fortnight payment.

Source: ABS, Employee Earnings.

Australia: Growth in weekly earnings by percentile

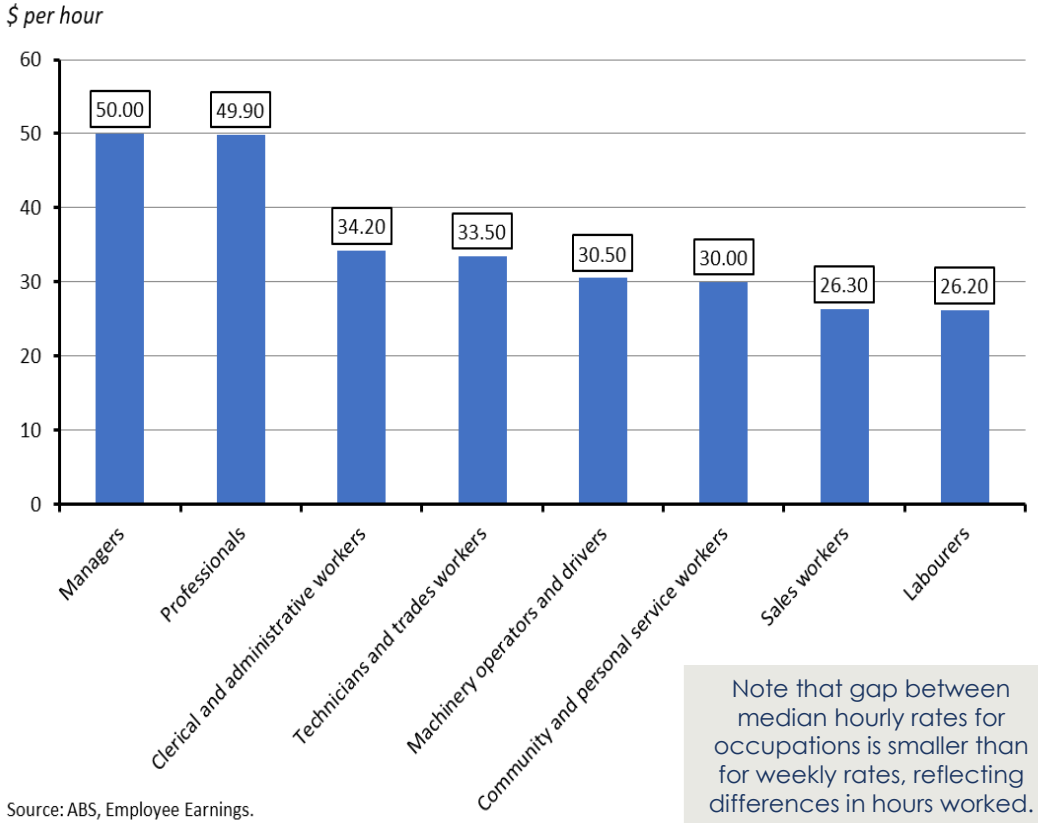
Per cent change



Source: ABS, Employee Earnings.

Median hourly earnings by occupation and skill level

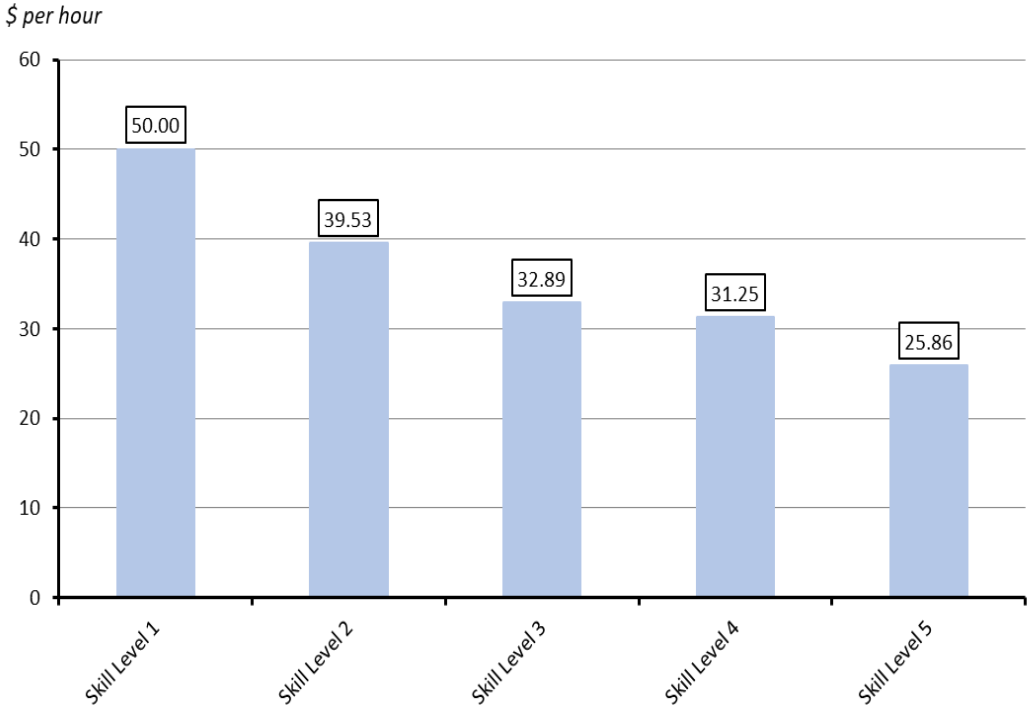
Australia: Median hourly earnings by occupation, August 2020



Source: ABS, Employee Earnings.

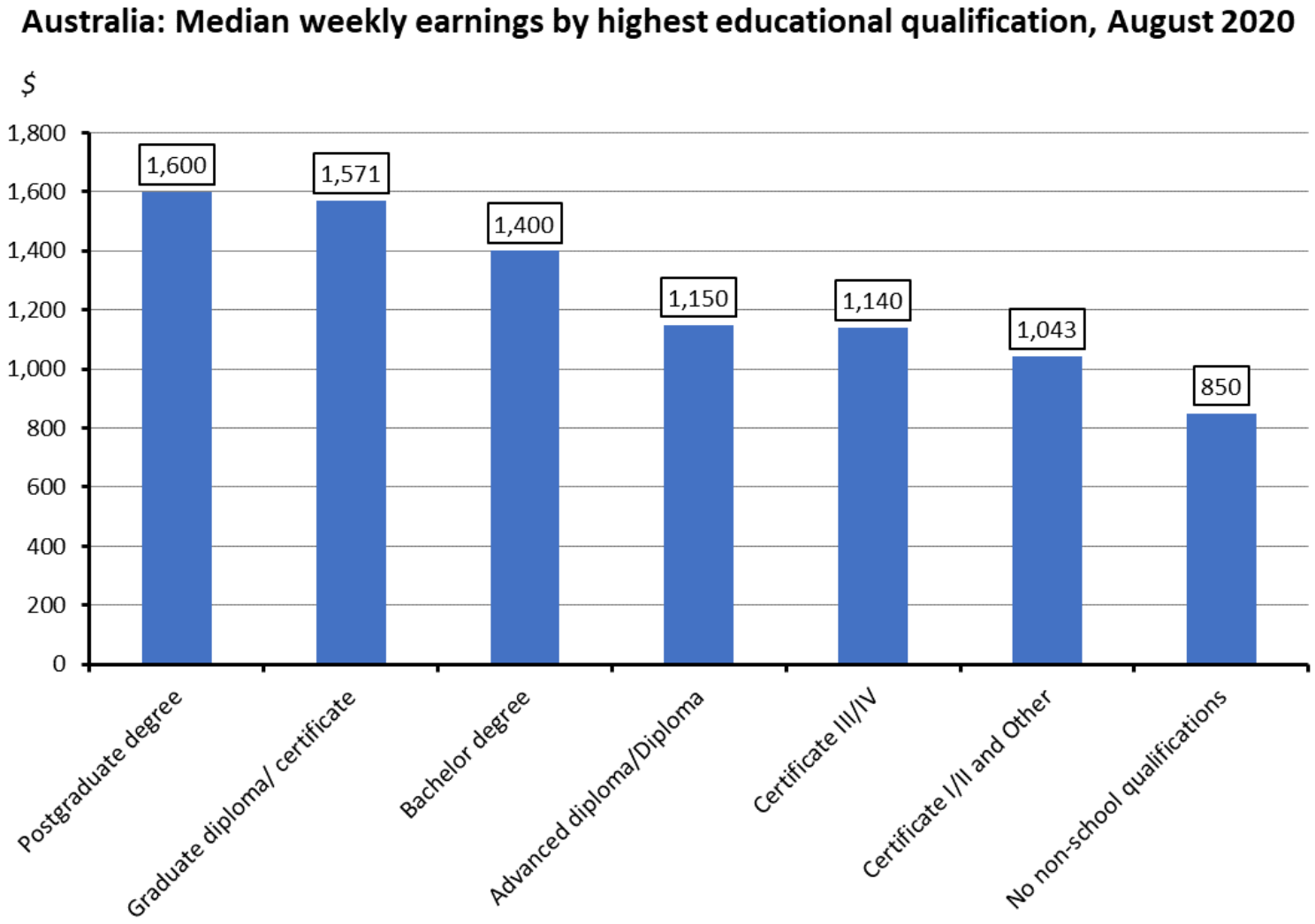
Note that gap between median hourly rates for occupations is smaller than for weekly rates, reflecting differences in hours worked.

Australia: Median hourly earnings by skill level, August 2020



Source: ABS, Employee Earnings. Skill level is measured by the amount of formal education and training, previous experience and on-the job training. Skill level 1 corresponds to a level of skill commensurate with a bachelor degree or higher qualification, or at least five years of relevant training. Skill level 5 corresponds to a level of skill commensurate with compulsory secondary education.

Median weekly earnings by education

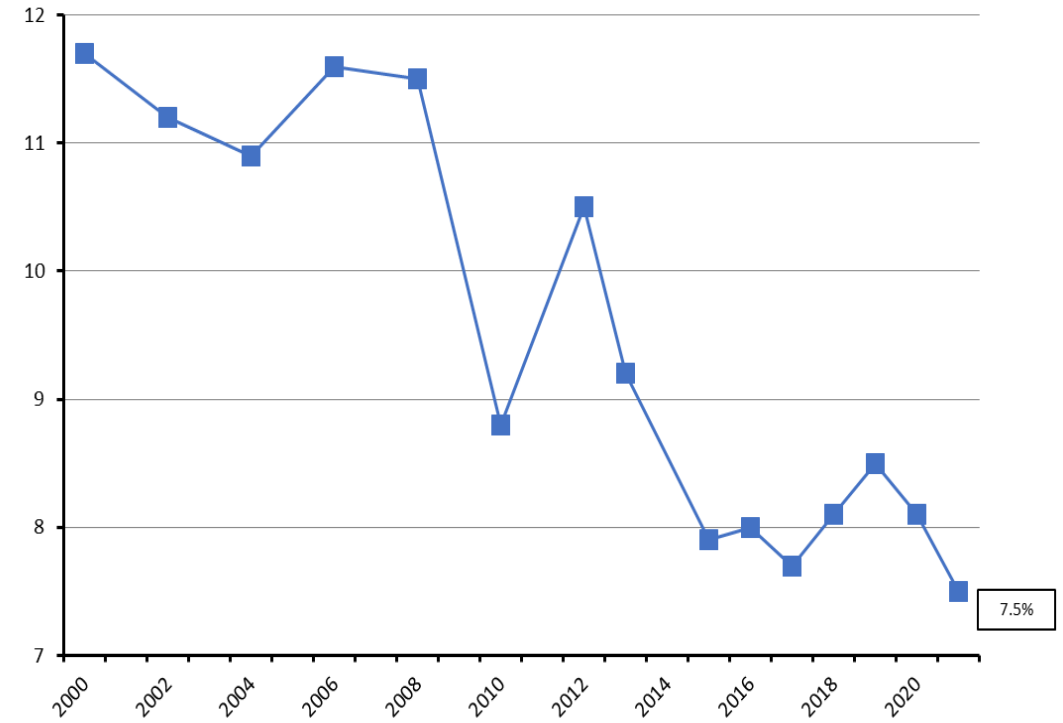


Source: ABS, Employee Earnings.

Job mobility and mobility by industry

Australia: Job Mobility

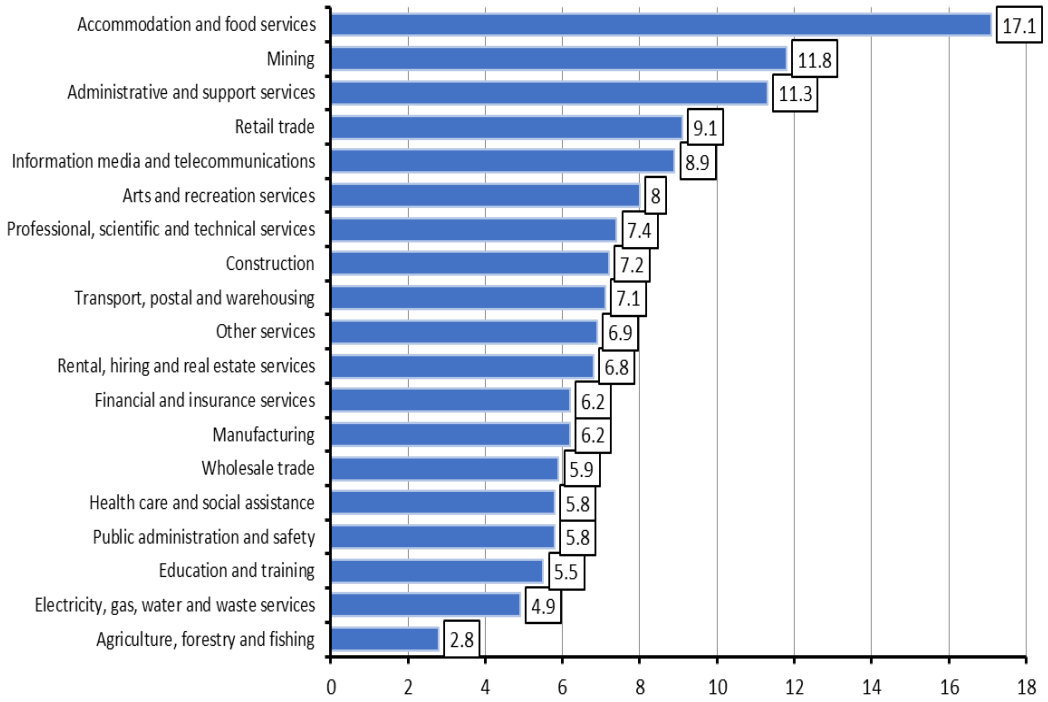
Share of employed persons who changed jobs over the year, per cent



Source: ABS release on Job Mobility. Job mobility is the number of people who changed jobs during the year as a proportion of people who were employed at the end of the year. **Annual data to year ending February 2020.**

Australia: Job mobility by industry, Year ending February 2021

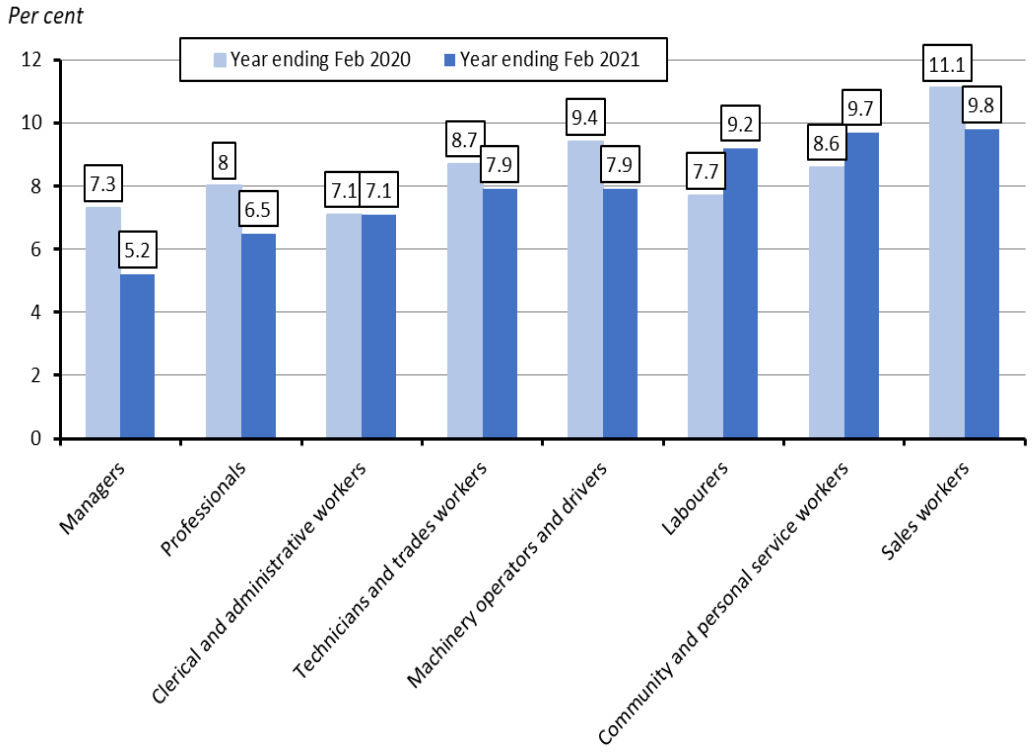
Per cent of employed



Source: ABS Job Mobility. Refers to industry division at the *start* of the year.

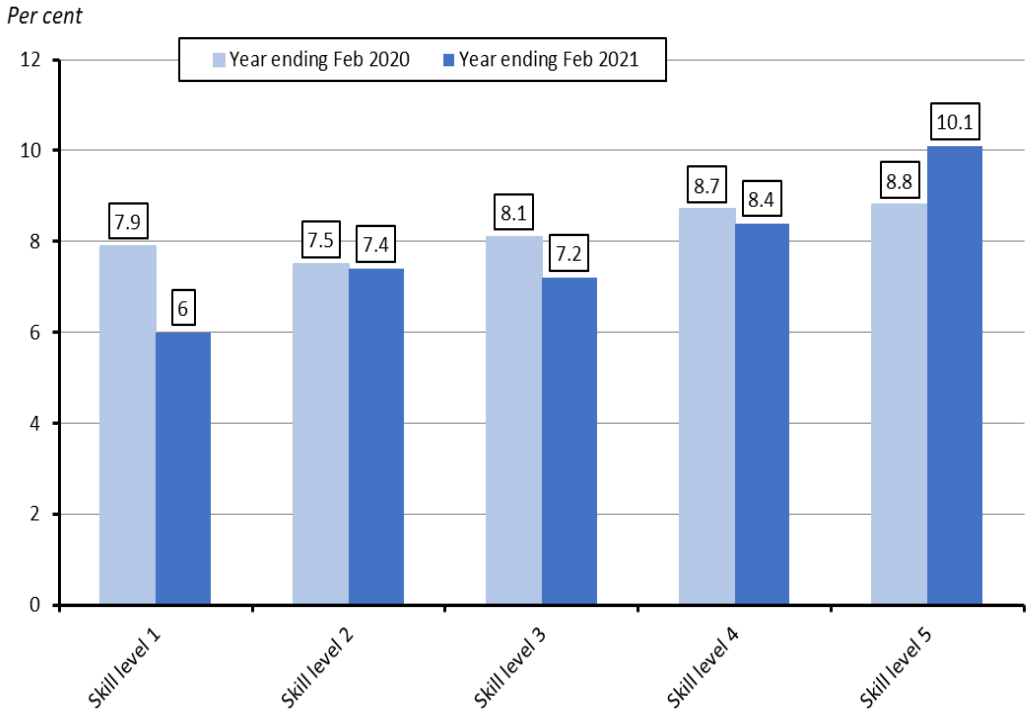
Job mobility by occupation and skill

Australia: Job mobility by occupation



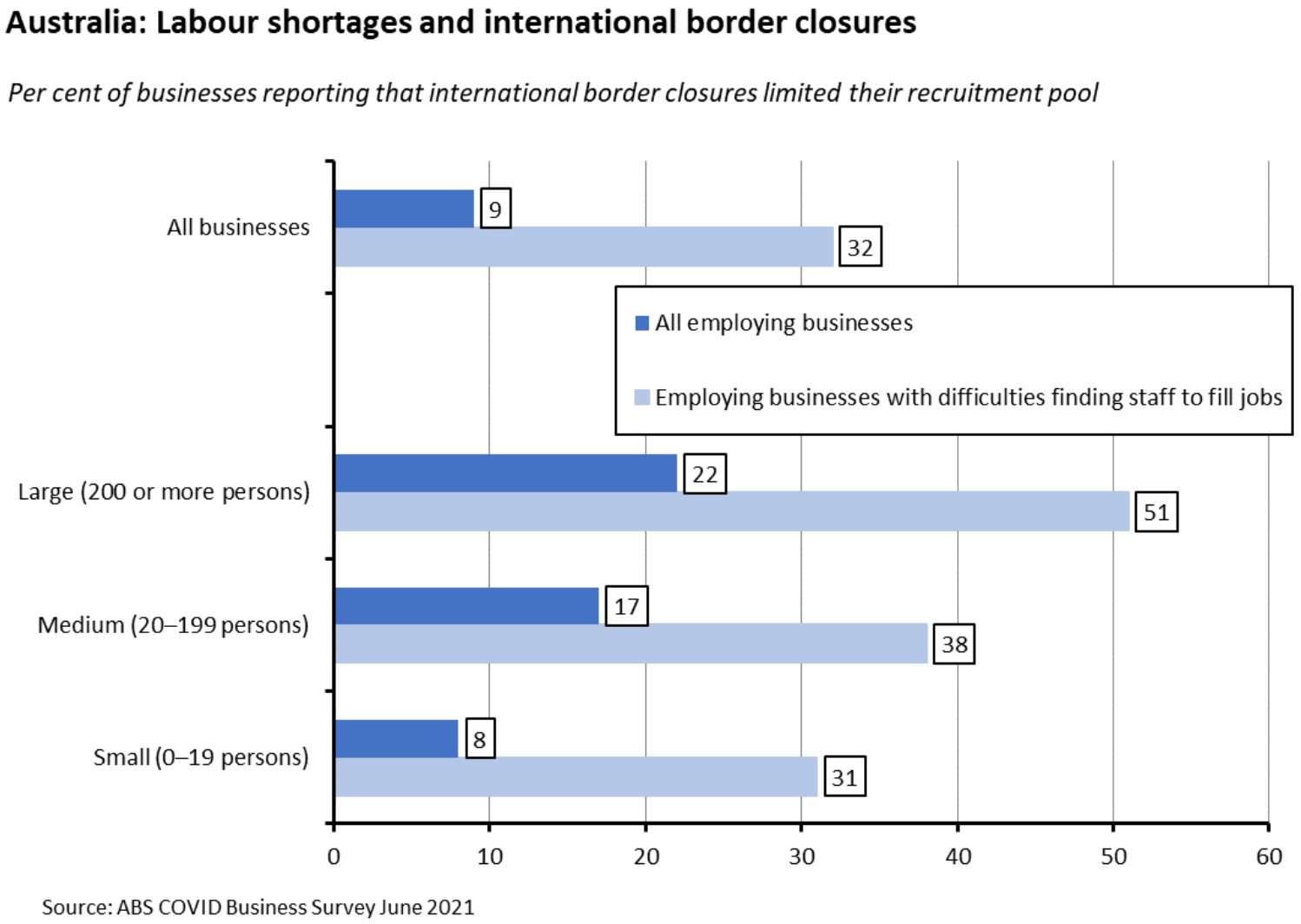
Source: ABS, Job Mobility. Job mobility is the number of people who changed jobs during the year as a proportion of people who were employed at the end of the year.

Australia: Job mobility by skill



Source: ABS, Job Mobility. Job mobility is the number of people who changed jobs during the year as a proportion of people who were employed at the end of the year. Skill level is measured by the amount of formal education and training, previous experience and on-the job training. Skill level 1 corresponds to a level of skill commensurate with a bachelor degree or higher qualification, or at least five years of relevant training. Skill level 5 corresponds to a level of skill commensurate with compulsory secondary education.

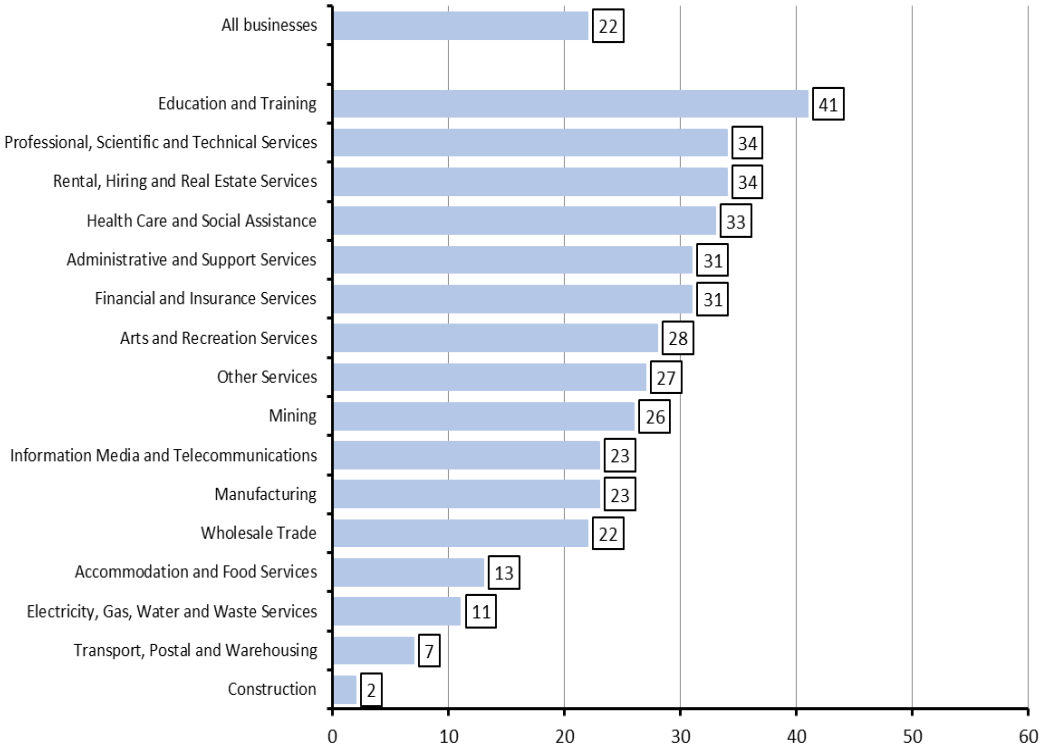
Labour shortages and international border closures



Teleworking and the pandemic

Australia: Businesses that introduced teleworking in response to COVID-19

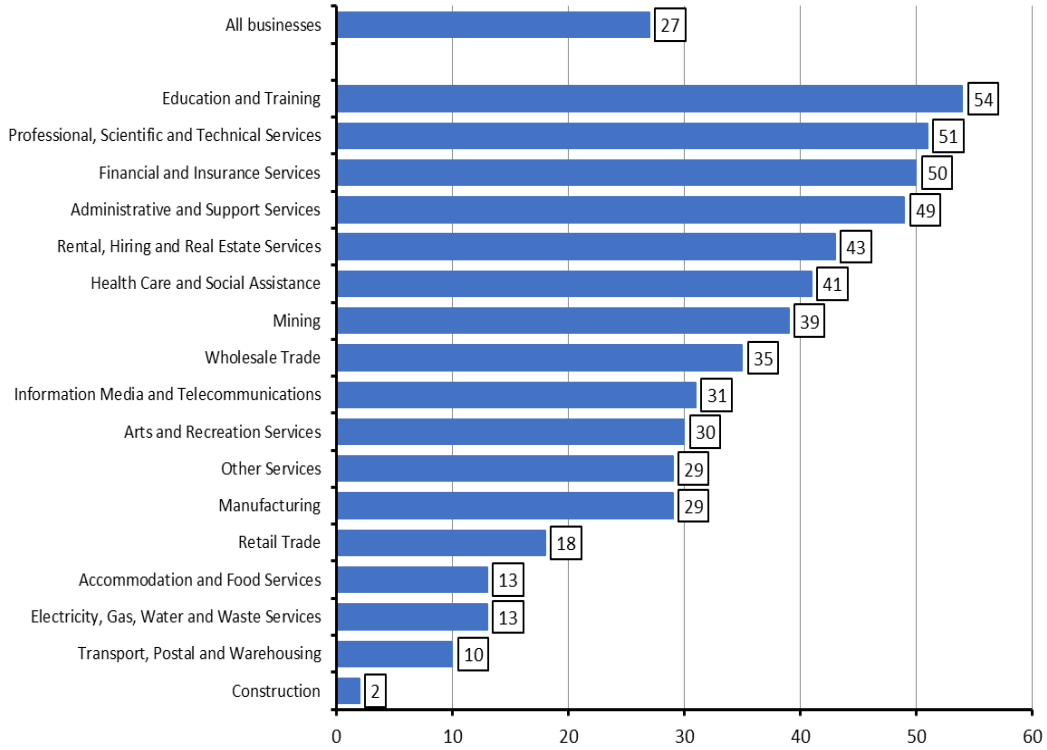
Per cent of all employing businesses



Source: ABS COVID-19 Business Survey April 2021. Note, no data reported for the retail industry.

Australia: Businesses that introduced teleworking in response to COVID-19

Per cent of businesses with no staff teleworking prior to COVID-19

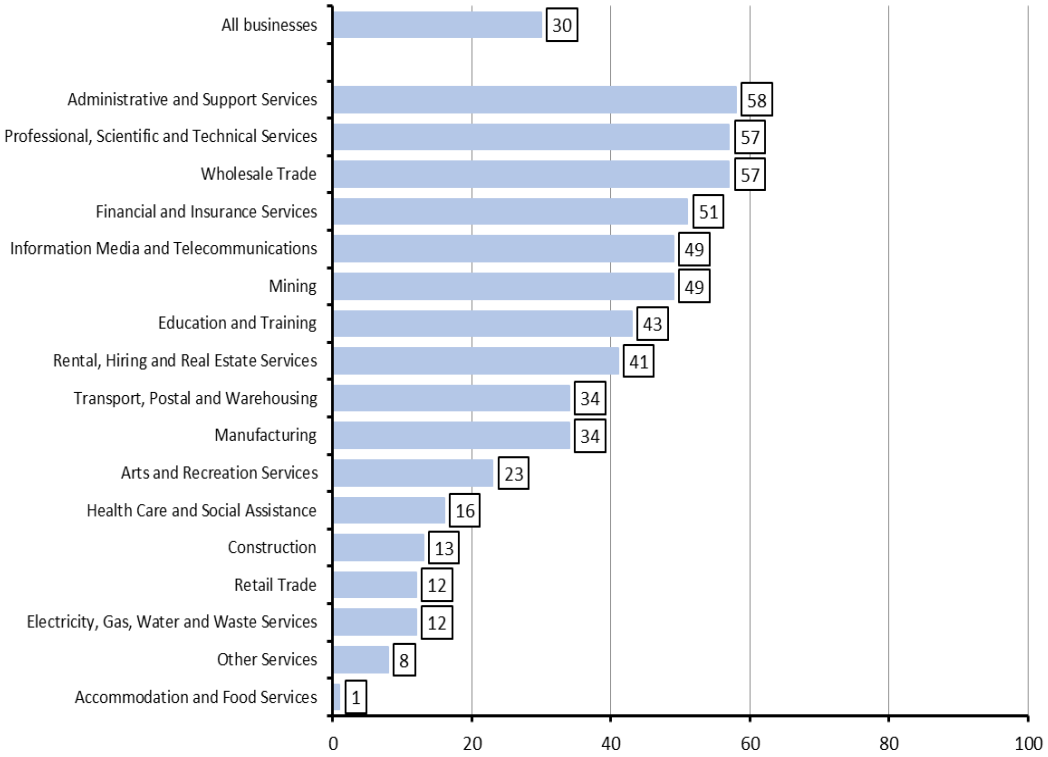


Source: ABS COVID-19 Business Survey April 2021

Teleworking now and in the future

Australia: Share of business workforce currently teleworking

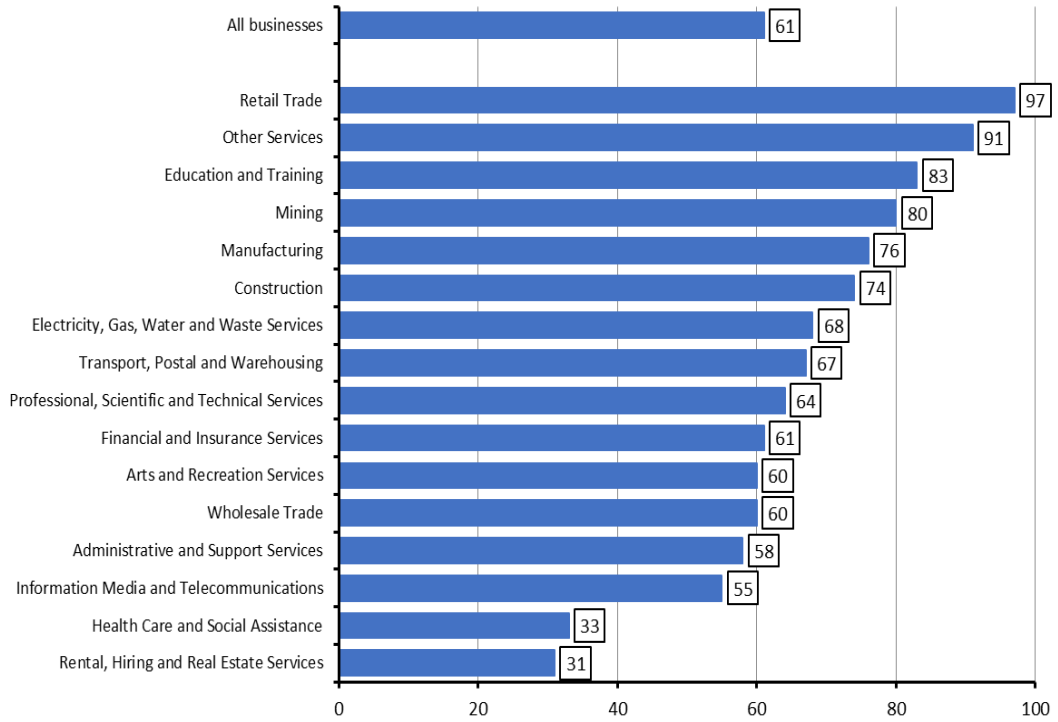
Per cent of all employing businesses



Source: ABS COVID-19 Business Survey April 2021.

Australia: Businesses that see share of teleworkers staying the same or increase

Per cent of businesses with any employees currently teleworking



Source: ABS COVID-19 Business Survey April 2021. Question asks about expected long-term change. No data published for Accomodation and food services industry.

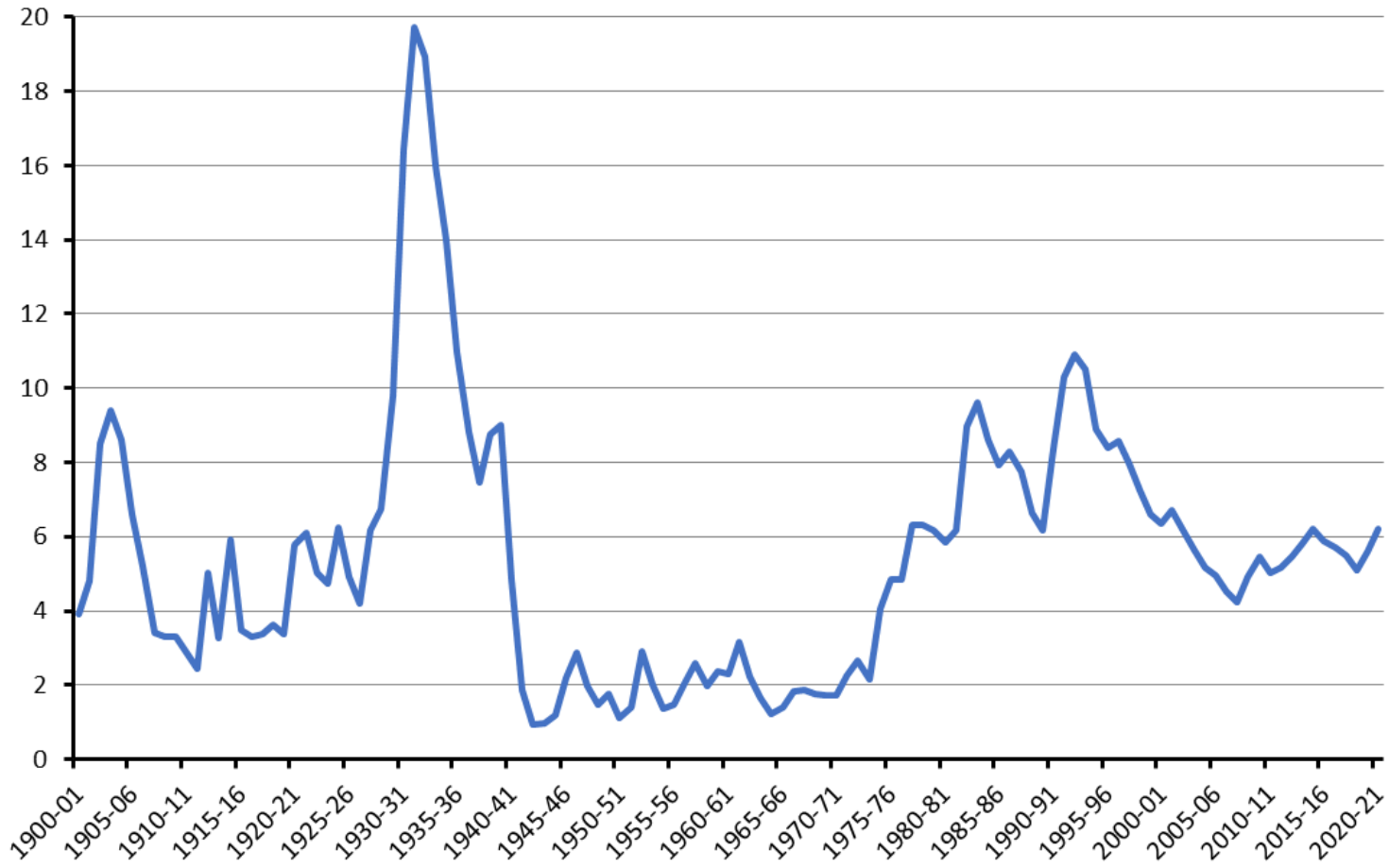
TWELVE

HISTORICAL COMPARISONS

Unemployment over the long run

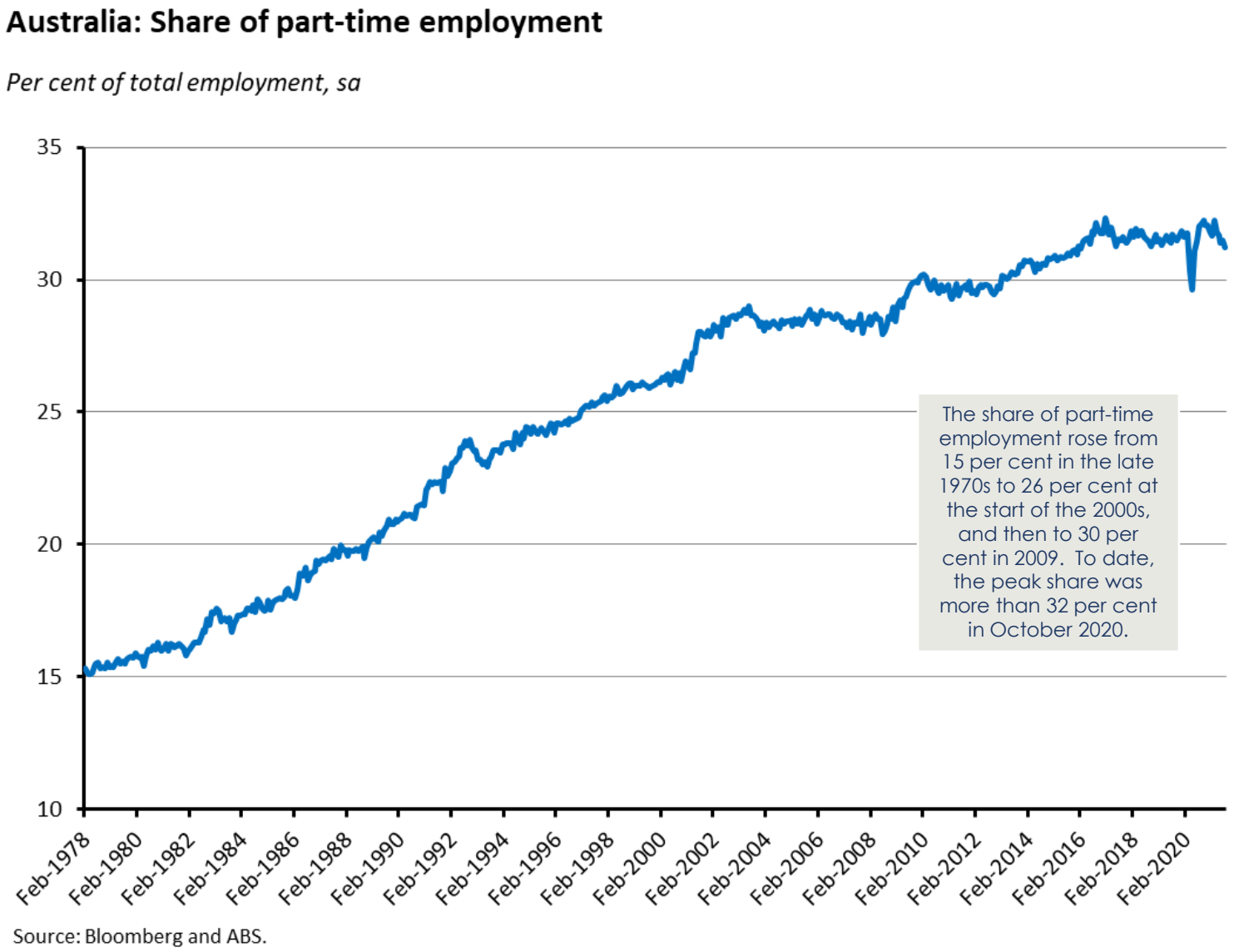
Australia: Unemployment rate since Federation

Per cent



Source: DFAT and ABS. Annual data to FY2020-21.

Rise in part-time work

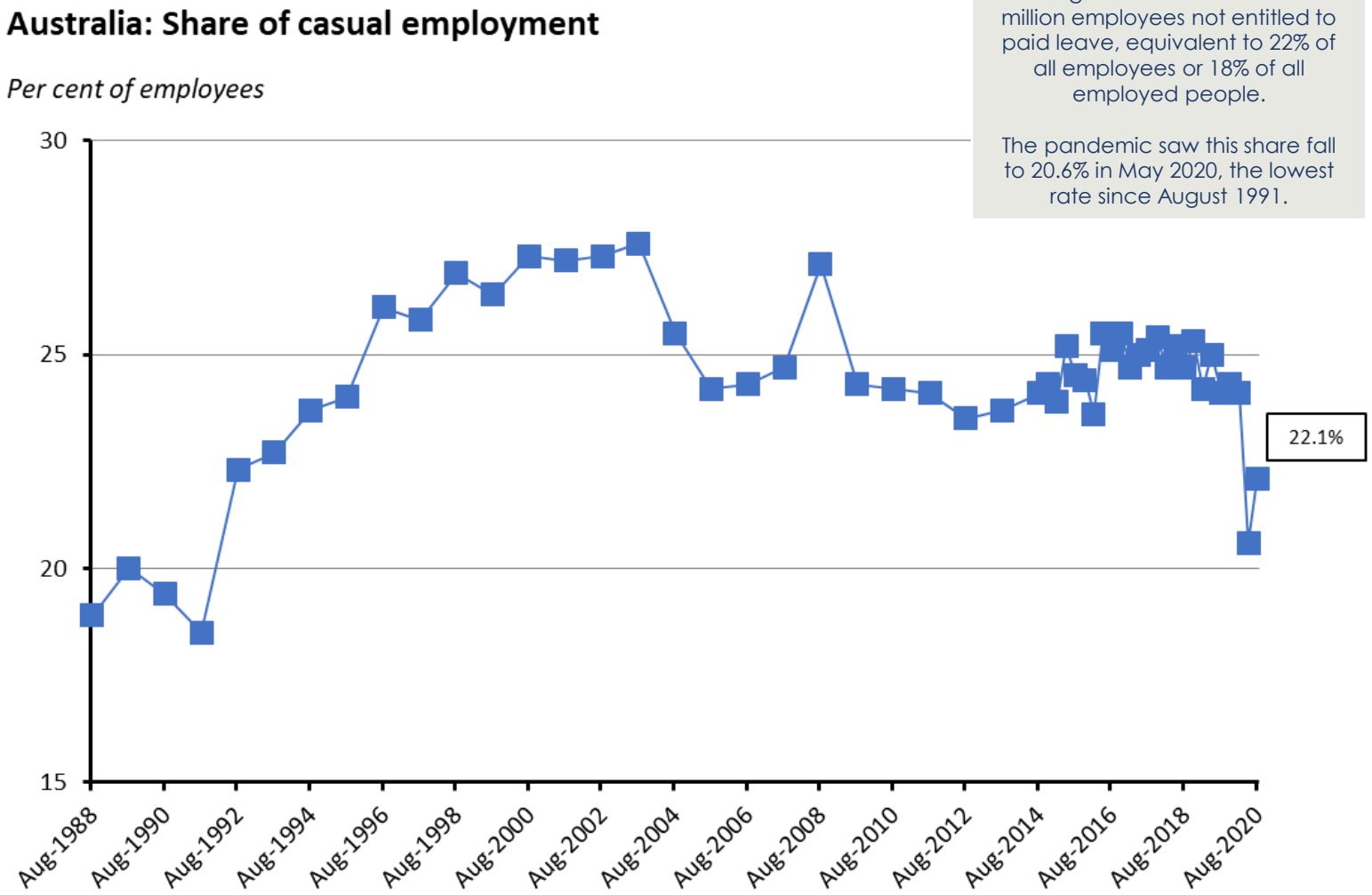


Source: Bloomberg and ABS.

Trends in casual employment

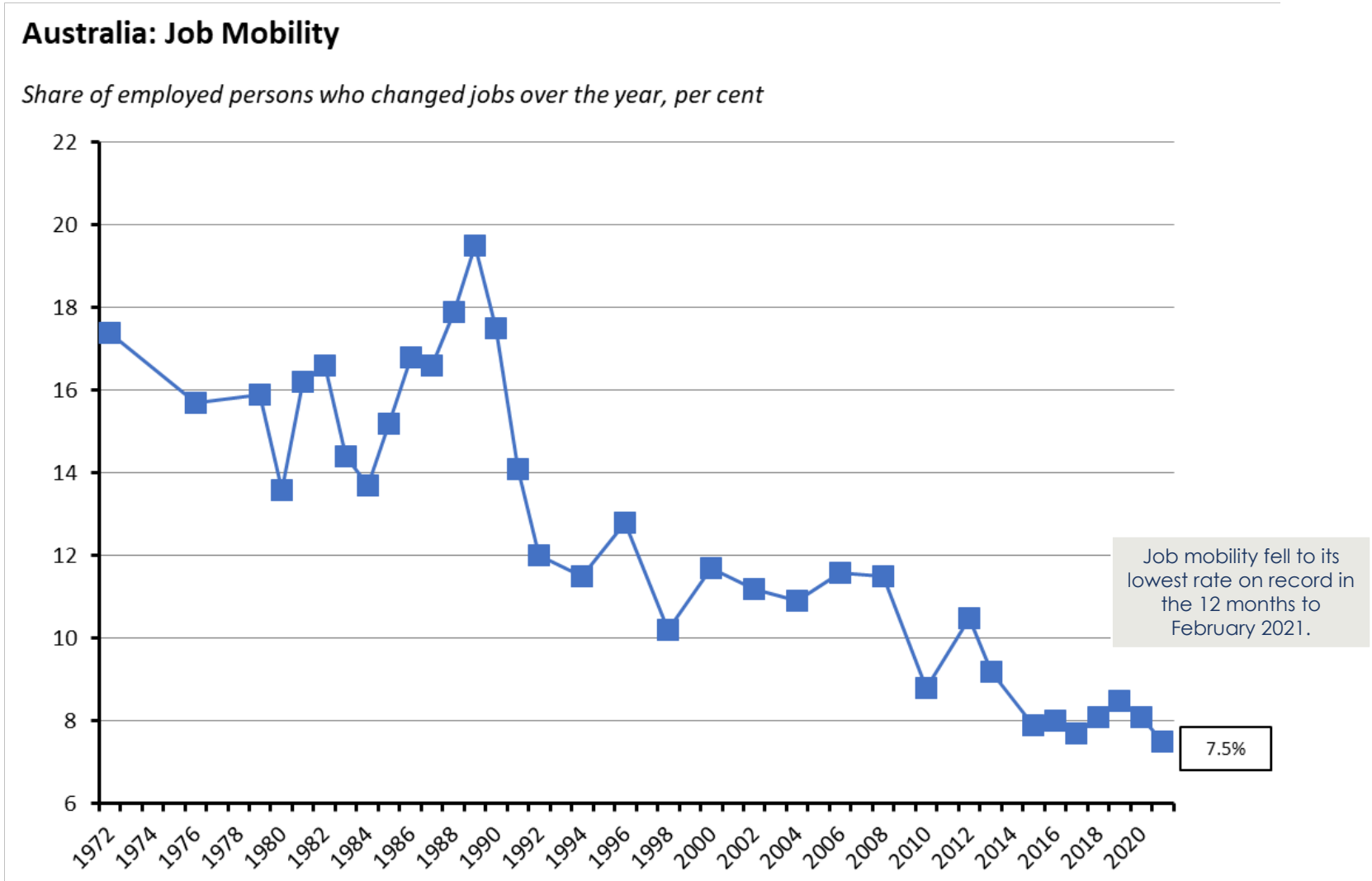
In August 2020 there were 2.3 million employees not entitled to paid leave, equivalent to 22% of all employees or 18% of all employed people.

The pandemic saw this share fall to 20.6% in May 2020, the lowest rate since August 1991.



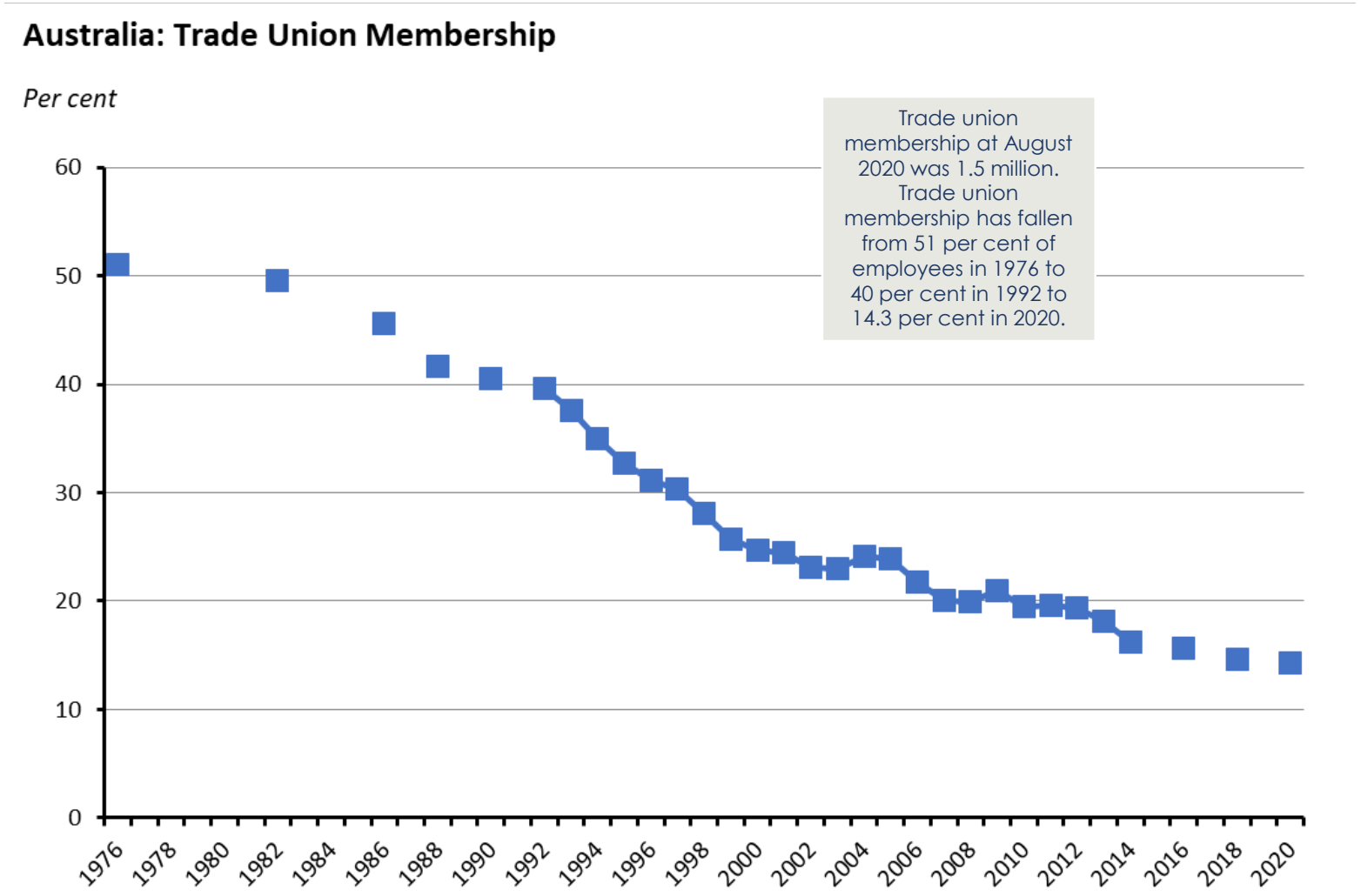
Source: ABS release on Working Arrangements. There is no definitive measure of casual employment, but the ABS uses information on paid leave entitlements as a proxy for measuring casual employment on the basis that paid sick leave and/or annual leave entitlements are usually reserved for non-casual or permanent employment. Hence casual employees defined here as those not entitled to paid leave. Series break in 2004. **Data to August 2020.**

Decline in job mobility



Source: ABS release on Job Mobility. Job mobility is the number of people who changed jobs during the year as a proportion of people who were employed at the end of the year. **Annual data to year ending February 2020.**

Decline in Union membership



Source: ABS. Note series break at 2004. Pre-2004 series includes owner managers of incorporated enterprises (OMIEs) while series from 2004 onwards excludes OMIEs. **Annual data to 2020.**

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