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Statistical Update



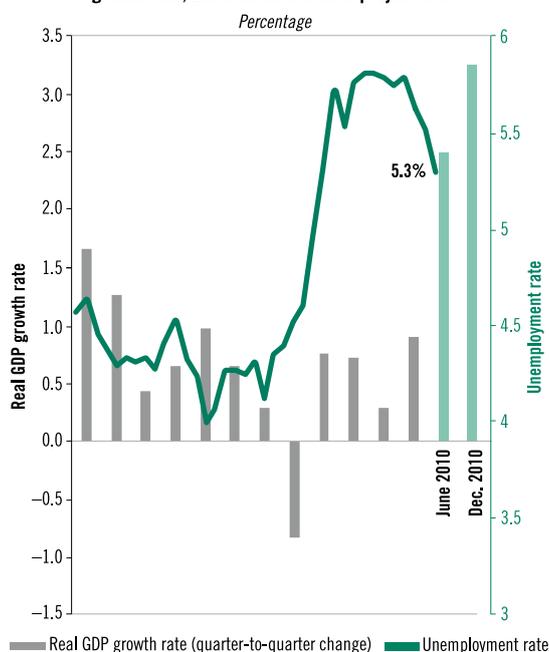
International
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AUSTRALIA: UNEMPLOYMENT ROSE AND HOURS OF WORK FELL DURING THE CRISIS

A brief economic contraction and weak growth led to rising unemployment

- Real GDP growth contracted 0.9 per cent in the last quarter of 2008 and was fragile but positive in 2009.
- The unemployment rate began increasing from a low of around 4 per cent in the first quarter of 2008 to a high of 5.8 per cent in the second and third quarters of 2009; the rate has since declined, reaching 5.3 per cent in January 2010.

Figure 1. Monthly unemployment rate and quarterly real GDP growth rate, 2006–2009 and 2010 projections



Source: Australian Bureau of Statistics and Reserve Bank of Australia. Seasonally adjusted data. 2010. Annual GDP growth projections for 2010 show figures up to June and December. Unemployment rate shows monthly levels.

Australian fiscal stimulus measures involved successive packages, beginning with the Economic Security Strategy in October 2008

Due to the crisis, measures were implemented in the second half of 2008 which aimed to stimulate consumption primarily, while measures implemented since the second half of 2009 mainly targeted investment spending.

The government's stimulus measures can be summarized under three broad phases:

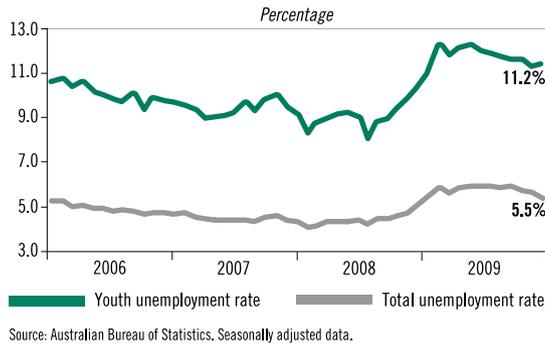
- one-off cash payments to low- and middle-income groups, which were rapidly disbursed and had an almost immediate impact on consumption expenditure, retail sales and economic growth;
- relatively rapid investments in social infrastructure, including schools, health and housing;
- major new investments in economic infrastructure that are more medium term in nature.

Some aspects of the second and third components have been implemented through increased grants from the federal government to state governments through what is known as the Council of Australian Government (COAG).

Youth unemployment rose sharply during the crisis

- The youth unemployment rate (which had been declining prior to the crisis) rose from a low of 8.1 per cent in February 2008 to a high of 12.2 per cent in March and June 2009.
- The likelihood of being unemployed for youth remains about twice that of adults.

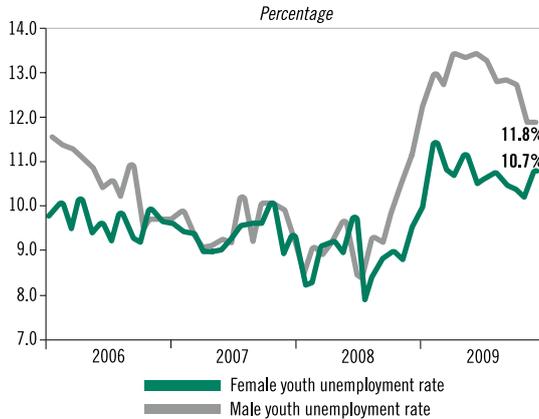
Figure 2. Total and youth unemployment rates, by month, 2006–2009



The male youth unemployment rate has risen more than the female youth unemployment rate

- Male youth unemployment rate: 8.2 per cent in February 2008 rose to 13.4 per cent in July 2009.
- Female youth unemployment rate: 8.1 per cent in February 2008 rose to 11.0 per cent in June 2009.

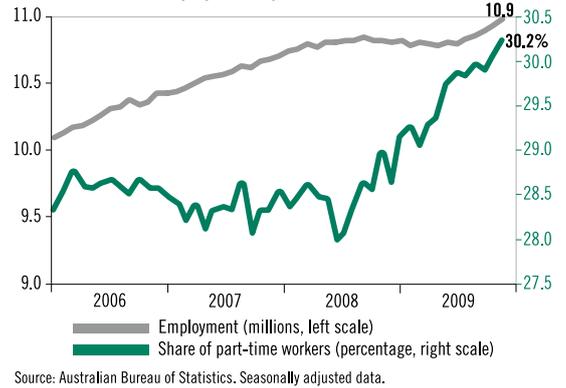
Figure 3. Male and female youth unemployment rates, by month, 2006–2009



The share of part-time workers rose steeply in 2009

- Total employment rose only modestly in 2009, but the pace of growth picked up in late 2009. Employment rose by 207,000 between June 2009 and January 2010 to 10.9 million.
- Nonetheless, part-time workers as a share of total employment rose sharply; the indicator rose 2.3 percentage points between the recent low in July 2008 and January 2010, to 30.2 per cent.

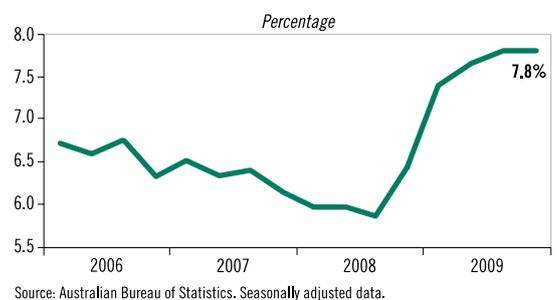
Figure 4. Employment and share of part-time workers in total employment, by month, 2006–2009



A key adjustment to the crisis has been a decline in working hours

- The number of part-time workers who want to work longer hours has been increasing since the third quarter of 2008.
- Time-related underemployment as a percentage of total employment rose from 5.9 per cent to 7.8 per cent between the third quarter of 2008 and the fourth quarter of 2009.

Figure 5. Time-related underemployment by quarter, 2006–2009



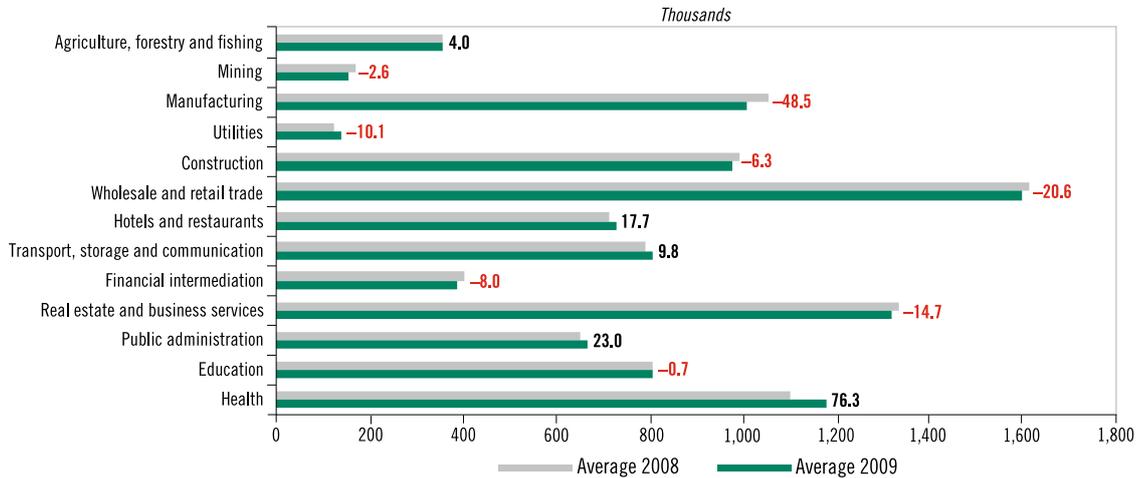
Source: Australian Bureau of Statistics. Seasonally adjusted data.

At the sectoral level the labour market performed better than expected, supported by stimulus measures and strong trade links with Asia

- Manufacturing and wholesale and retail trade account for most of the job losses in 2009 compared to 2008, with decreases of 48,500 and 20,600 respectively. On the other hand, employment in health and public administration increased by 76,300 and 23,000 over the same period.

- In the fourth quarter of 2009 employment continued to decline in manufacturing and construction albeit at a slower pace than in the first three quarters, reflecting improved conditions in manufactured exports (motor vehicles), increases in inventory stocks and a strong recovery in dwelling construction activity.
- Some early stimulus measures such as direct payments to households and the First Home Owners Boost Programme seem to have stimulated consumer spending and eased job losses in wholesale and retail trade, hotels and restaurants, and the construction industry.

Figure 6. Employment by economic activity, level and change, 2008–2009

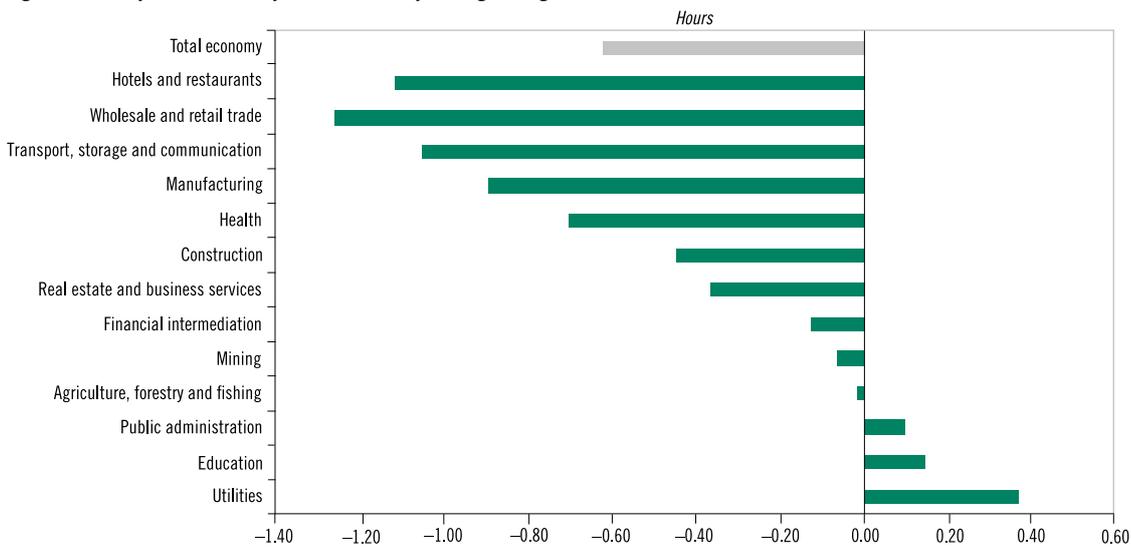


Source: ILO, based on Australian Bureau of Statistics information. Figures next to the bars reflect changes in employment between the two periods.

Declines in hours of work were generally widespread across sectors

- Weekly hours of work declined on average 0.6 hours in 2009 at the total economy level; notable decreases were reported in wholesale and retail trade (1.3 hours), hotels and restaurants (1.1 hours) and transport, storage and communications (1.06 hours).
- Similar to the trend in employment, average working hours started to pick up in the fourth quarter of 2009 across sectors after a significant decline in previous quarters.

Figure 7. Weekly hours of work by economic activity: Average change from 2008 to 2009

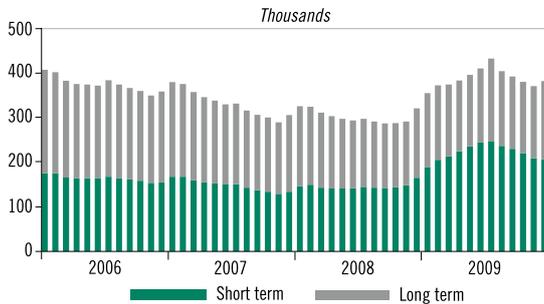


Source: ILO, based on Australian Bureau of Statistics information.

Jobseekers receiving income support rose in 2009 after falling steadily since 2006

- Most of the increase in the total number of jobseekers receiving income benefits is due to the increase in the number of persons receiving short-term support.
- The number of jobseekers that received short-term support in July 2009 was more than 45 per cent higher than a year earlier; by December 2009, the number of beneficiaries declined considerably.

Figure 8. Jobseekers receiving Newstart and Youth allowances, by month, 2006–2009



Source: Australian Government official administrative records. Seasonally adjusted data. Short/long term jobseekers who have been receiving income support for less/more than 12 months.

Outlook suggests labour market will improve in 2010

- Economic growth is expected to improve substantially in 2010, as projections by the Reserve Bank of Australia indicate GDP growth of 2.5 per cent and 3.3 per cent to June and December 2010, respectively.
- The labour market showed signs of strengthening at the end of 2009 and beginning of 2010, and the unemployment rate is projected to decline modestly in the near term through 2012.
- It is expected that growth in labour demand will be reflected in an increase of hours worked and in new hires of employees, although the former is expected to recover at a faster pace than the latter.
- The implementation of large infrastructure projects and mid-term social initiatives such as the Building Education Revolution and the Social Housing Programme in 2009 and 2010 are expected to enhance the employment prospects in private non-residential building activity.
- A major challenge remains in manufacturing, where the long-term initiative known as the Automotive Industry Structural Adjustment Program aims to facilitate labour market adjustments in the industry.