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The Australian Labour Market in 2015

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Abstract

After two years of deteriorating conditions, 2015 was a year of modest improvement in the Australian labour market. Perhaps the most important change was a higher employment-to-population ratio, with increases in both persons employed and hours worked. Despite these encouraging signs of recovery, several weak spots remain. The full-time employment rate is stagnant, the unemployment rate remains stubbornly high, and wage growth is anaemic. The recovery has not yet built momentum and there are risks that it may stall. But there is also reason to hope that 2015 was the year that the Australian labour market started back to health.

1. Introduction

This article discusses Australian labour market developments in 2015, against a backdrop of broader economic trends. The major points of interest are employment, underutilisation, and wages. The discussion is informed by data sourced mainly from the Australian Bureau of Statistics (ABS), supplemented by comparable international data from the Organisation for Economic Co-operation and Development (OECD).

For the past two years, Australia's labour market has been in a deteriorating state. Last year's review saw the labour market entering 'a difficult phase', with the chance of prolonged weakness in years ahead (Healy, 2015a). The situation is brighter at the end of 2015. The employment rate is rising and demand appears to be strengthening. There are encouraging signs that 2014 was the worst of the recent downturn and that a recovery has begun. It is too early to proclaim an end to all difficulties, however. The labour market still faces an assortment of problems and threats, including persistently high unemployment, worsening underemployment, uneven employment growth, and meagre real wage growth. Until these indicators improve, the health of the Australian labour market remains in some doubt.

2. The Australian economy

The state of the labour market depends substantially on Australia's broader economic performance. Accordingly, this review begins with a brief discussion of the Australian domestic economy in the context of the developed economies globally, represented by the 34 OECD countries.

The Australian economy expanded for the 24th consecutive year in 2015. Throughout this period, the average annual rate of growth in Gross Domestic Product (GDP) has been an impressive 3.2%. Viewed against this yardstick, 2015 was (like the two years

before it) a year of steady but unremarkable growth. When compared with the average OECD GDP growth rate of 1.8% for 2015, however, Australia's performance is more positive. Similarly, in the six financial years since the height of the Great Recession, Australia has maintained an average annual GDP growth rate of 2.5%, compared with 1.0% for the OECD. In the broadest sense, Australia's economy therefore remains in a comparatively strong position.

<Table 1 here>

There is less to boast about when Australia's GDP performance is measured relative to population increase and hours worked. On a *per capita* basis, Australia's GDP growth rate is much slower (0.8% in 2015) and has lagged slightly behind the OECD average for the past three years. Mainly because of high immigration rates, Australia's population has continued to expand much more rapidly than that of the whole OECD; this has moderated Australia's *per capita* GDP growth.¹ The Australian economy is also slowing on an hours worked basis. This represents a threat to future prosperity; as mining revenues recede, Australia will depend on higher labour productivity to drive economic growth (The Treasury, 2015, Chapter 1: 29-30).

3. Labour market performance

Table 2 summarises recent changes in the Australian labour market for 15-64 year olds, alongside comparable OECD data. The main piece of good news in 2015 was an increase in the employment-to-population ratio after three prior years of decline. This change signals that the job market is improving and is perhaps the first tangible sign of recovery.

The improved male employment rate in 2015 is especially welcome. Since the peak of the Great Recession, the Australian male employment rate has fallen by almost three

percentage points. The 0.4 percentage-point increase in 2015 is therefore small, but important in arresting a more protracted decline. For women, the recent downturn has been shallower; the same 0.4 percentage-point increase in the female employment rate regained all the ground lost over the two previous years. The more resilient female job market has helped to limit the overall decline in the employment-to-population ratio.

<Table 2 here>

The improving employment rate is a major positive for the Australian labour market of 2015, but it is not the whole story. The other indicators in Table 2 highlight a more complicated mixture of continuity and change. While the overall employment rate has increased, the *full-time* employment rate barely moved in 2015. This continued a recent trend, in which most of the (limited) employment growth has been part-time, and the gains in hours worked have been smaller than in persons employed (Healy, 2015a). Few of the full-time jobs lost in the Great Recession have returned, leaving a deep employment shortfall, particularly for men. A key test of the recovery will be whether, and for whom, sufficient numbers of full-time jobs are created in coming years.

The unemployment rate also crept higher for most of 2015, despite the improved employment-to-population ratio. The positive interpretation is that jobs are being created, but not quickly enough to employ all the new entrants to the labour force. Encouragingly, the most recent ABS monthly labour force figures suggest that the unemployment rate began to fall in late 2015. After holding at 6.3% for most of 2015, the trend unemployment rate for 15-64 year olds fell quickly in the final months of the year to reach 6.0% by December 2015 (ABS, 2015g). This unexpected improvement is welcome, but it is difficult to know yet if it amounts to a sustainable reduction in

the unemployment rate. Some caution is needed because of recent changes to the ABS labour force survey methodology, which have led to irregular monthly movements in the unemployment rate (Long, 2015; Martin, 2015).

There is substantial variation in unemployment rates across the States and Territories. The recent reduction in Australia's total unemployment rate has been driven by better outcomes in some jurisdictions that have not been matched in others. In the eastern States, the unemployment rate trended down through 2015, reaching 5.2% by year's end in New South Wales and 5.9% in Victoria and Queensland. In the other States, unemployment rates are higher and, for some, getting worse. Western Australia faces a particularly challenging adjustment to the end of the mining boom, given the mining industry's much higher share of employment in that State than elsewhere.² The trend unemployment rate in Western Australia started 2015 well below the national average at 5.6%, but ended the year well above it at 6.4%. These difficulties reflect specific, local problems, but they also illustrate the diversity of experiences behind the national unemployment trend at present.

Underutilisation

Table 2 highlighted some signs of renewed buoyancy in the Australian labour market, mixed with evidence of continuing weakness in the number and types of jobs being created. Table 3 shows further areas of lingering difficulty. Unemployment, long-term unemployment and under-employment rates are reported for Australia and the OECD, with separate results shown for youth aged 15-24 years.

<Table 3 here>

Australia faces ongoing problems of labour force underutilisation. The recovery has been slow to arrive and is yet to gain real momentum. This is prolonging the time out

of employment for jobseekers that have difficulty finding work. The proportion of the unemployed without work for 12 months or more (i.e. long-term) increased by 2.0 percentage points in 2015 and by 4.8 percentage points in the past two years. There are now some 50 thousand more long-term unemployed Australians than in late 2013, and their share of total unemployment is likely to stay above 20% for several years. This is perhaps the clearest indication that Australia's labour market recovery is still in an early phase.

A similar theme emerges from the *under*-employment data. An increasing proportion of employed Australians want to work more hours in their job. The underemployment rate has never been higher than in 2015 (8.4%). This is true for both sexes, although the female rate has always exceeded that for males. Widespread underemployment is another reminder of the limited extent of the recent strengthening in labour demand. In the current market, getting jobseekers into work is understandably the first concern. But as more Australians find work, there will be renewed interest in job quality: i.e., how closely the jobs being created match with workers' skills and preferences.³

The youth labour market

The underutilisation problems described above for the whole Australian labour force are more acute for youth. In Table 3, the youth unemployment and underemployment rates are both more than double the equivalents for the whole labour force. The youth unemployment rate in Australia (13.4%) is also approaching the declining OECD rate (15.0%). As 2015 ended, however, there was mounting evidence of an improvement in the youth labour market to accompany the broader lift in conditions. In the last five months of 2015, the trend youth unemployment rate fell by a full percentage point, to

12.2% (ABS, 2015g).⁴ This is a welcome sign that a recovery may also be starting in the youth labour market.

High youth unemployment is a serious problem for young Australians, but its social consequences depend on young jobseekers' circumstances. Campbell (2015) argued that the youth unemployment 'crisis' is easily exaggerated unless account is taken of education participation. He notes that many unemployed youth are full-time students who only want to work part-time. Their circumstances are quite different from those of non-students, who are more likely to work full-time and who may be at greater risk of financial hardship from unemployment.

Figure 1 shows long-term changes in the composition of the Australian youth labour force following Campbell's critique. Persons aged 15-24 years and in the labour force are divided between: those who are/are not full-time students, and those who are in full-time work/part-time work/unemployed. In any year, these groups sum to 100% on the vertical axis.

<Figure 1 here>

Several trends emerge from Figure 1. First, there has been a steep, long-term decline in the proportion of Australia's youth working full-time and not studying. In the late 1980s, a comfortable majority (around 65%) was in this category; by 2015, it was less than 40%. The proportion typically falls during economic downturns, especially in the early 1990s. The most recent decline started with the Great Recession in 2008, and since then the proportion has fallen by a further 10 percentage points without an end in sight. The second trend has been a stable, long-term rise in the proportion of youth in part-time work and full-time study, as Campbell noted. Between 1987 and 2015, the proportion roughly trebled to 29%. Part-time work has also become more common

for non-students. A clear redistribution has occurred: toward part-time work, often in combination with full-time study, and away from outright engagement in full-time work. High youth underemployment rates (Table 3) imply that this shift has not been driven entirely by changing preferences.

The remaining observations on Figure 1 relate to the recent downturn. The year 2008 marks a clear point of inflection in the graph. Here, we see falls in both full-time employment categories, rises in part-time employment (especially for non-students), and rises in both unemployment categories. The non-student unemployment rate has remained high since 2008, suggesting limited improvement for this group of youth. Compared with previous downturns, the recent increase in non-student unemployment is smaller, but longer-lasting.

Among those who are not students, there is a sizeable group of young Australians that is not engaged in employment either. They include the unemployed, as well as those who are not in the labour force. This group is often known by the acronym ‘NEET’ – not engaged in education, employment or training. The ABS (2015e) estimates that, among 15-24 year old school-leavers, 13.7% (or 307 thousand) are NEET. Those with the least education are by far the most likely to be in the NEET group, but the largest numbers of them have completed Year 12. As the pathways into productive adulthood become more fragmented (Youth Research Centre, 2015), those outside of work and study are at greater risk of falling into lives of long-term insecurity and exclusion.

Even the most highly-educated young people, new university graduates, are facing the consequences of the long-term shift away from youth full-time employment shown in Figure 1. Survey data collected by Graduate Careers Australia show that only 68% of bachelor degree graduates from the class of 2014 were in full-time employment four

months after graduating (Healy, 2015b). This is well below the long-term average for the past three decades (80.6%) and also worse than the previous low recorded during the recession of the early 1990s (70.6%), when youth full-time employment rates fell sharply (Figure 1). The more difficulty that new graduates face in joining their chosen professions, the more likely it is that some suffer long-term ‘scarring’ in their careers (Kahn, 2010).

Vacancy rates

Job vacancy statistics (Table 4) provide another leading indicator of improvement in the Australian labour market. The return to growth in the number of vacancies, which began in 2014, continued in 2015. There were increases across the board: in the total number of vacancies, in the private sector, and for skilled jobs. Last year’s increase in the vacancy fill rate was also sustained, with 73% of all vacancies filled quickly (i.e. within four weeks for the trades, and within six weeks for professions). Department of Employment (2015a) data indicate that vacancies remain hardest to fill for selected trades – hairdressing, automotive, and food trades – and in regional areas.

<Table 4 here>

4. Employment

Another way of evaluating the labour market is to look at changing employment patterns. Table 5 shows recent changes for the Australian employee workforce (i.e. those in dependent employment, excluding owner-managers and the self-employed). Changes are shown both in terms of ‘headcount’ (number of persons employed) and ‘volume’ (number of hours worked). The latter figures help to distinguish changes in employment intensity from changes in workforce size.

<Table 5 here>

Table 5's main story is of a turnaround in employment levels in 2015, following two years of decline. Employment growth is occurring, but remains unevenly distributed. The employee workforce expanded by 1.7% in 2015, while hours increased by 1.5%. The growth in hours, though not yet rapid, is welcome after the stagnation of 2014. Employment and hours expanded for both sexes. The female workforce benefited less than the male workforce in terms of jobs added, but more in terms of hours worked. The 2014 reduction in male hours worked was completely reversed in 2015. There is much here to suggest that 2014 was the bottom of the downturn and that 2015 marks the start of a promising recovery. Further months and years of stable improvement are needed.

In addition to its overall rate of growth, the labour market can also be judged by how widely the benefits of growth are shared. Table 5 suggests that not all workers are yet benefiting equally from the incipient recovery, just as they did not share equally in the losses incurred during the downturn. One clear imbalance is in full-time and part-time outcomes. The growth in full-time employment slowed sharply in the past three years and there has been a substitution toward part-time employment. This substitution may have spared some jobs that would have been retrenched, but there is now a growing need for stronger full-time job creation (recall the evidence of rising underutilisation in Table 3). The momentum for renewed growth that appears to be building elsewhere has not yet extended into the full-time labour market.

There is also a skills bias to recent employment growth patterns, shown in the bottom panel of Table 5. Eight major occupational groups are listed, in descending order of 'skill' as denoted by specialisation and minimum training requirements. With some exceptions, these results suggest a more severe recent downturn for unskilled workers

than for skilled workers. Worse, it appears that the downturn persisted through 2015 for several lower-skill groups, especially Labourers and Clerical and Administrative Workers. Among higher-skill workers, employment growth either continued unabated in 2015 (as for Managers and Community and Personal Services Workers) or returned after previously stalling (as for Professionals and Technicians and Trades Workers).

These results highlight a troubling polarisation in recent employment trends. Workers in the more highly-skilled portion of the labour market have seen resilient demand, or have at least stood to benefit from healthy recent increases in jobs and hours. At the opposite end of the market, employers have continued to shed jobs and there is little or no sign of recovery. Some delayed improvement may reach these occupations. But it is also possible that the Australian workforce is undergoing another structural shift of the kind seen in previous downturns, in which less-skilled workers struggle to hold or regain employment. Coupled with technological advances, skills obsolescence and workforce ageing, earlier downturns have left some low-skill groups with entrenched problems of workforce exclusion (Gregory, 2012).⁵

5. Wages

The data on wages, summarised in Table 6, justify further caution about the nature of the recent labour market improvement. The recovery has not yet led to an increase in wages growth, which normally accompanies tighter labour market conditions. Instead, the two major wages series show further slowing in 2015. The ABS Wage Price Index (WPI), which tracks hourly pay rates, grew by 2.3%. This is the fourth year of slowing for the WPI, and its slowest rate of growth since the series began in 1998 (Letts, 2015). Average full-time weekly earnings growth also slowed to 2.3% in 2015.

<Table 6 here>

An optimistic interpretation is that subdued wage growth will encourage job creation. Some of this may be happening already, given the recent increases in jobs and hours worked in Table 5. Australian wage rates appear to be responding as needed to the business cycle. Weaker labour demand has translated into slower wage growth, easing cost pressures on employers. In a macroeconomic sense, the employed are accepting smaller increases in their own incomes to let more of the unemployed into work.⁶ Crucially, aggregate wage restraint has occurred without eroding workers' real wages; inflation as measured by the Consumer Price Index (CPI) has been slower than wages growth in recent years (Table 6). Maintaining workers' purchasing power is essential to avoid undermining consumer confidence and exacerbating the weakness in labour demand.

The increase in real wages was also extended to minimum wage workers through the Fair Work Commission's 2015 Annual Wage Review (FWC, 2015a). The National Minimum Wage (NMW) and modern award rates were increased by 2.5%, which translates to a \$16 per week rise in the NMW. The 2015 FWC decision was less (in percentage terms) than the previous three years, but equal to or slightly greater than the rate of aggregate wage growth for the whole workforce, and for key low-paid industries, such as Accommodation and Food Services and Retail Trade (Table 6). In its statement, the FWC noted that: 'the most significant change in economic outcomes since the [previous year] is the reduction in inflation and aggregate wages growth,' which 'favoured a more modest increase in minimum wages' (FWC, 2015b: 1-2).

While the FWC raised the wage floor for workers in legitimate employment, 2015 may be remembered more for the numerous instances of minimum wage evasion that were uncovered during the year. At 7-Eleven franchises, international students were

coerced by threat of deportation into working for well below award wages, on ‘half-pay’ and ‘cash-back’ schemes designed to avoid detection (Ferguson, 2015; Ferguson, Danckert and Toft, 2015). At Pizza Hut, ‘sham contracting’ arrangements disguised the regular employment of delivery drivers to circumvent minimum hiring obligations (Ferguson and Danckert, 2015). At Myer, similar sub-contracting arrangements were used to underpay cleaners, leading to the dismissal, and subsequent reinstatement, of a whistle-blower (Brown, 2015; McGrath, 2015). Similar attempts to subvert minimum labour standards were found at Australia Post (Morris, 2015) and United Petroleum outlets (Taylor, 2015). A Fair Work Ombudsman (FWO) investigation revealed even more arcane labour hire arrangements that enabled the exploitation of foreign workers at food processing plants, including Baiada, a supplier to KFC, Coles and Woolworths (Om, 2015).

These cases shone a light into the ‘shadow economy’ that has grown with the current labour surplus. They show the conditions in which this imbalance can lead to outright exploitation: abundant jobseekers, who are mostly unskilled, unorganised, working irregular patterns or in disparate locations, and with no knowledge of their legal rights or safe channels for reporting mistreatment. Perhaps the only positive from the disturbing catalogue of worker abuses in 2015 is that persistent scrutiny and regulatory intervention did lead, in some cases, to concessions from the organisations involved. Continuing efforts are needed to monitor compliance and to ensure that illegitimate practices are detected, penalised and, ideally, prevented. The Productivity Commission (2015: 69) recommended that the FWO be given additional resources ‘to identify, investigate, and carry out enforcement activities against employers that are underpaying workers, particularly migrant workers’.⁷ The Victorian Government has also initiated an inquiry into labour hire arrangements, chaired by Professor Anthony

Forsyth of RMIT University, to examine the incidence of non-compliance and to look more broadly at insecure forms of work (Department of Economic Development, Jobs, Transport and Resources, 2015).

6. Conclusion

The Australian labour market has had a topsy-turvy year in 2015. Circumstances are almost certainly improving from the doldrums of 2014, but the pace of change is slow and the recovery somewhat tentative in its progress thus far. At the macro level, there are encouraging signs. The economy is growing, the employment-to-population ratio is up, and aggregate working hours are rising. At the micro level, however, there are complications that may threaten the sustainability of recent gains. The unemployment rate remains high, and more of those who are employed want additional hours. Recent jobs growth has been biased toward higher-skill occupations and is yet to significantly lessen the difficulties facing unskilled workers. Wage growth is limited and there is a seemingly large underground labour market built on a disturbing array of exploitative practices. All of these micro-level factors suggest that the labour market slack built up in the weak economy is still largely intact. A key test for the Australian labour market looking ahead is how equitably the benefits of future employment growth are shared. The workforce must expand, not only in size, but also in its accessibility to those who were most affected by the downturn and, to date, least affected by the re-emergence of growth.

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TABLE 1 – MACROECONOMIC CONDITIONS, AUSTRALIA AND THE OECD, 2012-2015

Annual percentage change (%)	2012	2013	2014	2015
Australia				
Gross Domestic Product (GDP)	3.6	2.4	2.5	2.3
GDP per capita	2.0	0.6	0.9	0.8
GDP per hour worked	2.2	3.3	1.5	1.0
OECD				
GDP	1.9	1.3	1.5	1.8
GDP per capita	1.3	0.7	0.9	1.3
GDP per hour worked	1.1	0.3	1.1	0.4

Sources: ABS (2015b); OECD (2015b).

Notes: (1) Figures are for financial years, ending in the year shown. (2) GDP figures are adjusted for underlying price changes. (3) OECD figures are for the 34 OECD member countries.

TABLE 2 – LABOUR FORCE PARTICIPATION, EMPLOYMENT, AND UNEMPLOYMENT RATES, PERSONS AGED 15-64 YEARS, BY SEX, 2012–2015

Percentage rates (%)	Males				Females			
	2012	2013	2014	2015	2012	2013	2014	2015
Australia								
Labour force participation	82.5	82.5	82.1	82.7	70.4	70.5	70.5	71.0
Employment/Population	78.2	77.7	77.1	77.5	66.6	66.5	66.1	66.5
FT Employment/Population	66.4	65.7	64.8	64.9	36.7	36.4	36.1	36.1
Unemployment	5.2	5.8	6.1	6.3	5.4	5.7	6.2	6.3
OECD								
Labour force participation	79.7	79.6	79.7	--	62.3	62.6	62.8	--
Employment/Population	73.2	73.2	73.7	--	57.2	57.5	58.0	--
FT Employment/Population	64.0	64.9	65.4	--	40.8	41.9	42.5	--
Unemployment	8.1	8.1	7.5	--	8.2	8.1	7.6	--

Sources: ABS (2015g); OECD (2015a, 2015d).

Notes: (1) Australian figures are averages of original estimates for 12 months to October of each year. (2) OECD figures are for calendar years; OECD 2015 figures were not available at time of writing. (3) 'Full-time' is 35 or more hours per week for Australia, but 30 or more hours per week for the OECD.

TABLE 3 – LABOUR FORCE UNDERUTILISATION RATES, BY AGE GROUP, 2012–2015

Percentage rates (%)	2012	2013	2014	2015
Australia				
Unemployment				
All 15 years and over	5.2	5.6	6.0	6.1
15-24 years	11.7	12.1	13.1	13.4
Long-term unemployment				
All 15 years and over	18.7	18.8	21.6	23.6
15-24 years	12.8	13.8	17.8	18.2
Underemployment				
All 15 years and over	7.2	7.4	7.8	8.4
15-24 years	13.8	14.0	15.7	17.0
OECD				
Unemployment				
All 15 years and over	8.0	7.9	7.3	--
15-24 years	16.3	16.2	15.0	--
Long-term unemployment				
All 15 years and over	34.1	35.1	35.2	--
15-24 years	22.2	22.5	21.8	--
Involuntary part-time employment				
All 15 years and over	3.6	3.8	3.8	--
15-24 years	5.8	5.7	5.8	--

Sources: ABS (2015g, 2015h); OECD (2015c, 2015d, 2015f).

Notes: (1) Unemployment and underemployment rates are expressed as proportions of the labour force, while long-term unemployment rates are expressed as proportions of total unemployment. (2) Long-term unemployment is defined as one year or more. (3) All Australian data are original series. (4) Australian unemployment and long-term unemployment rates are averages of the 12 months to October of each year; underemployment rates are averages of the four quarters to August. (5) OECD figures are averaged over the months/quarters of each calendar year; OECD 2015 figures were not available at time of writing. (6) Involuntary part-time workers are those working less than 30 hours per week who prefer to work 30 or more hours.

FIGURE 1 – COMPOSITION OF POPULATION AGED 15-24 YEARS IN THE LABOUR FORCE,
BY STUDY STATUS AND EMPLOYMENT STATUS, 1987–2015

Source: ABS (2015g).

Notes: (1) Figures are averages of original survey estimates for the 12 months to October of each year; (2) Categories are as follows: 'FT study' is full-time enrolment at a school or tertiary institution; 'FT work' is paid employment of 35 or more hours per week; 'PT work' is paid employment of less than 35 hours per week; 'UE' is unemployed while actively seeking work.

TABLE 4 – JOB VACANCIES, 2012–2015

	2012	2013	2014	2015
Number of vacancies ('000)				
Total (ABS)	173.6	139.8	147.6	160.2
Private sector (ABS)	160.1	129.1	135.2	147.1
Internet Vacancy Index – Skilled occupations	64.5	53.3	59.4	63.1
Change from same period in previous year (%)				
Total (ABS)	-5.3	-19.5	5.6	8.5
Private sector (ABS)	-3.6	-19.4	4.7	8.8
Internet Vacancy Index – Skilled occupations	-19.8	-17.4	11.4	6.2
Proportion of vacancies filled (%)				
All occupations assessed	65	70	73	73
Professions	73	76	81	78
Technicians and Trades	61	66	69	69

Sources: ABS (2015f); Department of Employment (2015a, 2015b).

Notes: (1) ABS estimates of job vacancies are from a telephone survey of employers. The data are trend estimates for the August quarter of each year. (2) Internet Vacancy Index (IVI) data are counts of new job advertisements lodged on major online recruitment websites during the month. These data are trend estimates for the month of October each year. (3) Skilled occupations in IVI are professional and technical/trades occupations.

TABLE 5 – CHANGES IN EMPLOYMENT, BY SELECTED CHARACTERISTICS, 2012-2015

Percentage change on same quarter of previous year (%)	Number employed				Number of hours worked			
	2012	2013	2014	2015	2012	2013	2014	2015
Overall	1.9	1.7	0.7	1.7	2.3	1.5	0.0	1.5
Sex								
Male	2.0	1.6	0.2	1.9	2.6	1.3	-0.4	1.3
Female	1.8	1.9	1.2	1.5	2.0	1.8	0.6	1.8
Hours worked								
1-19 per week	0.1	2.1	3.2	0.1	0.4	1.4	1.6	1.6
20-34 per week	0.1	1.0	2.8	4.4	0.0	0.8	2.7	4.6
35-49 per week	2.2	1.3	0.8	0.9	2.2	1.3	0.6	0.9
50 or more per week	4.5	2.3	-3.7	1.1	4.9	2.5	-3.8	0.7
Occupation								
Managers	5.2	1.6	2.9	4.1	5.7	1.6	1.6	2.7
Professionals	3.2	2.1	0.6	4.8	2.9	1.7	0.0	4.3
Technicians and Trades	4.4	-0.8	1.3	1.8	3.9	-0.3	0.6	1.9
Community and Personal Services	1.8	3.9	2.9	2.7	1.5	3.8	3.2	1.4
Clerical and Administrative	1.1	0.2	-1.2	-0.7	2.4	-0.2	-1.7	-1.4
Sales Workers	-2.8	3.5	2.6	-1.2	-3.5	3.6	1.0	1.1
Machinery Operators and Drivers	3.2	5.5	-3.4	0.1	4.7	4.7	-3.0	-1.4
Labourers	-1.7	0.1	-0.4	-0.8	-2.2	-0.6	-1.3	-0.5

Sources: ABS (2015i).

Notes: (1) All figures are based on original-series estimates for employees. (2) Changes are calculated by comparing average employment for the four quarters to August of each year with the average for the four preceding quarters. (3) The ABS revised its 'status in employment' categories during 2015, so that owner-managers of incorporated enterprises are no longer counted as employees. The figures for earlier years have been revised to the new definition. The change means that estimates of employee headcount and hours worked in the above Table are different to those reported previously in Healy (2014, 2015a). For further information, see 'Change to Status in Employment Output' from the July 2015 edition of ABS (2015g).

TABLE 6 – LEVEL OF THE NATIONAL MINIMUM WAGE, 2012-2015

	2012	2013	2014	2015
National Minimum Wage (NMW) (\$ per week)	606.40	622.20	640.90	656.90
NMW change on previous year (%)	2.9	2.6	3.0	2.5
CPI change on previous year (%)	1.2	2.4	3.0	1.5
AWCE change on previous year (%)	3.2	4.5	2.6	2.3
WPI change on previous year (%)				
All industries	3.7	2.9	2.6	2.3
Accommodation and Food Services	3.3	2.6	2.2	2.5
Retail Trade	2.7	2.7	2.4	2.1
NMW % of Average Weekly Cash Earnings				
Full-time, Adult, Ordinary-time – Persons	43.3	42.5	42.7	42.7
Full-time, Adult, Ordinary-time – Males	40.6	40.0	39.9	40.0
Full-time, Adult, Ordinary-time – Females	48.7	47.8	48.2	48.0

Sources: ABS (2015c, 2015d, 2015j); FWA (2011, 2012); FWC (2013, 2014, 2015a).

Notes: (1) NMW rates take effect on 1 July each year. (2) CPI data are for the June quarter of each year and show the change in 'All groups CPI' from the same quarter of the previous year. (3) WPI data are for the June quarter of each year and show the change in 'Ordinary-time hourly rates of pay, excluding bonuses' from the same quarter of the previous year. (4) AWCE data are for May of each year and show full-time, adult, ordinary-time weekly earnings.

CPI: Consumer Price Index; AWCE: Average Weekly Cash Earnings; WPI: Wage Price Index.

Endnotes

¹ OECD (2015e) data show that Australia's population increased by 8.8%, and the OECD's by 3.1%, in the five years to 2013 (the latest year available). ABS (2015a) data show that net overseas migration contributed 57% of Australia's population increase over the five years to June 2015.

² At its peak in 2012, mining accounted for around 9% of employment in Western Australia but only 2% of total Australian employment (ABS, 2015i).

³ The elements of job quality include financial security, skills utilisation, task autonomy, and voice (Warhurst and Knox, 2015: 2-3).

⁴ This figure is significantly lower than the 13.4% stated earlier (and shown in Table 3) due to differences in the method of calculation. The 12.2% figure is the ABS trend estimate of the youth unemployment rate for the month of December 2015. It captures the leading edge of the underlying trend. The 13.4% figure is an average of the original ABS estimates for the 12 months to October 2015. It smooths out monthly variability and provides comparable figures to those reported in earlier reviews (Healy, 2014, 2015a).

⁵ The Australian Human Rights Commission's 'Willing to Work' Inquiry (2015) is examining employment barriers faced by older workers. Its findings are expected by July 2016.

⁶ Wage restraint may have other consequences. Some firms may retain the surplus in profits, shareholder returns, or higher executive remuneration, without expanding their employment.

⁷ The Productivity Commission (2015: 54) also recommended that the casual wage premium for Sunday work be reduced to Saturday rates in the retail and hospitality industries. If adopted, this measure would cut take-home pay for students and other low-paid workers with legitimate weekend jobs in these industries (see Productivity Commission, 2015: 480-489).

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