

Growth and change

Australian jobs in 2018

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Executive Summary

The labour market is more complex than month-to-month statistical releases.

A more meaningful picture is presented when short and mid term views are considered alongside industry and demographic markers.

That is part of what drives this report, a better understanding of what is happening in the labour market. But also, the discourse from the Federal Government over job creation.

In this report, I seek to understand who is benefiting from strong job creation, where these jobs are and in what industries.

The report compares data from the past three years, the past twelve months and the past quarter to clarify what is really going on.

Additionally, the report considers small business and contractor growth as an increasing path in the labour market for income.

The labour market is changing, offering greater choice in what work looks like for people. However, there are obvious concerns about possible inequity in how this is eventuating.

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Key outtakes

The labour market is growing strongly, and despite a sugar hit of full-time employment in 2017, casualisation reigns.

Between 2015-18, full-time work grew by 4.62 per cent while part-time work grew by 9.30 per cent, and even though 57.81 per cent of jobs created between 2017-18 were full-time, part-time work grew at a higher rate than full-time work (3.18 per cent to 2.07 per cent).

At the same time, women's employment growth outstripped men's in these periods. Women's employment grew by 7.75 per cent between 2015-18 while men's by 4.69 per cent, again between 2017-18 by 3.13 per cent to 1.80 per cent and by more than thirty times the male rate in the past quarter - 0.65 per cent to 0.02 per cent.

The participation rate hit a record high in December 2017 at 66.3 per cent

Industry growth is a complex story, which shows a varied economy, a good thing. However, where there is growth there is usually more to the story.

One-in-five jobs created in the past year have been in manufacturing, but the industry has changed, moving away from factories, as it is still perceived, to higher-level engineering.

The growth in healthcare and other personal services points to an economy increasing focused on the individual.

Full-time work is increasing steadily, but is being outstripped by part-time work, with strong gains seen in traditionally male industries like utilities, mining, manufacturing and wholesale trade.

A two-speed economy is on show between larger states and resources states.

Four in every 10 created in Australia in the past year was in New South Wales.

Victoria has had the strongest job growth in the past quarter, with 27,800 jobs being created.

The sugar-hit of full-time jobs in the past year was most notably seen in Queensland, where full-time jobs grew strongly while part-time work went backwards.

South Australian employment is growing strongly, however, almost four-in-five have been in women's employment, suggesting a shift in industry composition.

Western Australia job growth has only turned around in 2018, with 75 per cent of job creation in the past year happening in the last quarter.

Tasmanian employment is growing strongly over the long-term, but slowed in the short-term.

The Northern Territory was the worst performing economy in the short and long-terms, with low employment growth, and sometimes negative.

The Australian Capital Territory is experiencing slow employment growth.

Casualisation is a generational issue

Over the past year, more than seven-in-every-10 jobs created for people aged under 35 were part-time, and more than nine-in-every-10 for people aged under 25.

Younger workers experience the most extreme changes in employment opportunities.

Mid-career workers are seeing only full-time job increases.

Older workers are experiencing the highest gains in employment, at full and part-time rates.

Young women have the least access to full-time work.

Rising contractors

Businesses employing 1-4 people have grown by 6.5 per cent in since 2014, from 571,206 to 608,733 in 2017. For businesses employing 1-4 people, the exit rate has dropped from 9.7 per cent in 2014 to 9 per cent in 2017.

The number of sole proprietors increased by 5.6 per cent between 2014 and 2017, from 555,287 to 586,547. The entry rate for this type of business increased from 15.9 per cent in 2014 to 20.7 in 2017, and the exit rate declined from 17.6 per cent to 16.1 per cent for the same years.

However, the survival rate of all businesses has declined in the past four years, from 87.3 per cent in 2013/14 to 64.1 per cent, or a decline of 26.5 per cent.

The labour market at large

Throughout 2017, there were hopes of a sustained increase in full-time jobs which would help reverse the trend of casualisation. However, in the February-May quarter of 2018, 61.22 per cent of those gains in full-time work were paired back with a decrease of 108,900 jobs during those three months.

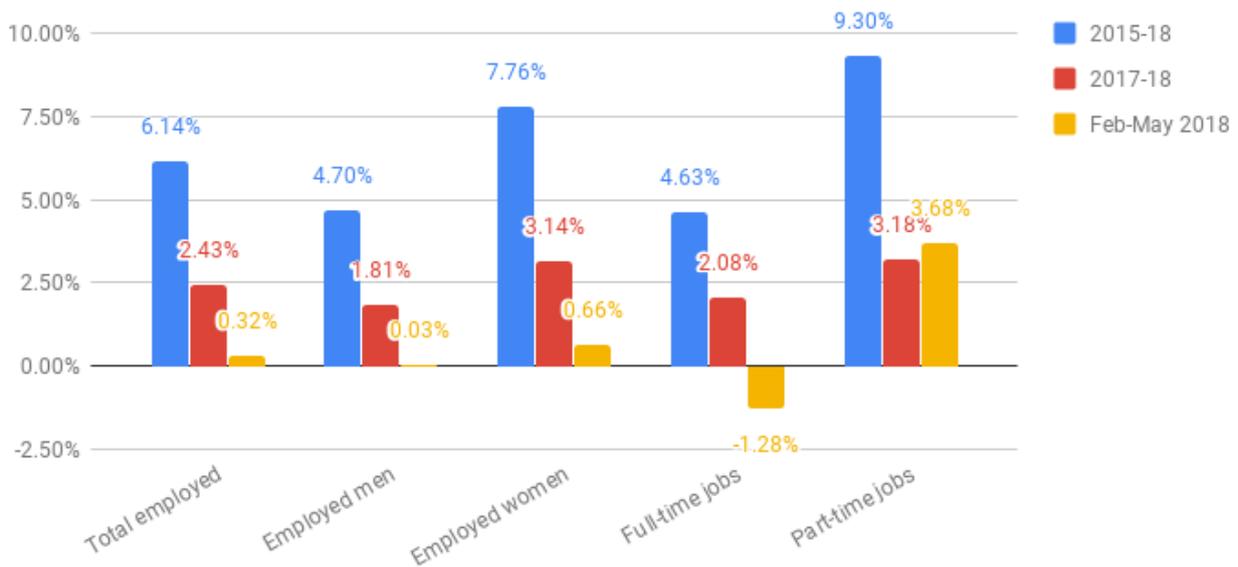
- Since May 2017, 306,000 jobs have been created, mostly for women
- Though full-time work grew strongly in 2017 it has declined in 2018, and casualisation continues
- The participation rate is at record highs, at 66.3 per cent
- Women's employment is consistently growing fast than men's

Since 2015, employment has increased by 771,500 people.

458,500 of these jobs, or 59.42 per cent, have been in female employment.

At this level, the concerns regarding casualisation could seem overhyped, with 394,200 full-time jobs and 377,300 part-time jobs being created. Additionally, in the year since 2017 57.81 per cent of jobs created have been full-time.

Employment growth by percentage change



However, as noted initially, there has been distinct decline in full-time work in 2018.

Since 2015, 199,000 full-time jobs for women have been created while 195,200 full-time jobs for men came into existence. In the past year, however, 91,500 full-time jobs were created for men compared to 85,400 for women.

Part-time work growth has been comparatively even between the genders.

Though the participation rate fluctuates month to month, since 2015 the trend was, predominantly, upward, suggesting a growing confidence in the economy. In the past twelve months, the participation rate has reach record highs in December 2017 at 66.3 per cent.

There is an expectation that a growth in full-time work is likely to continue with business investment in Australia over the past year, and expectations that should continue with tax

cuts on the horizon; however in the past quarter the decline of full-time work has been met by a distinct rise in part-time work, an increase of 149,400 jobs.

Indications from business, and recruiters, suggest that the longer-term trend of faster growing part-time work and broader casualisation of the labour market is likely to continue; could be a sign that 2017 was an anomaly of full-time job growth.

Part-time work has grown because of a variety of reasons - business structuring, personal preferences and caring responsibilities - however, job requirements and an inability to find full-time work are increasing.

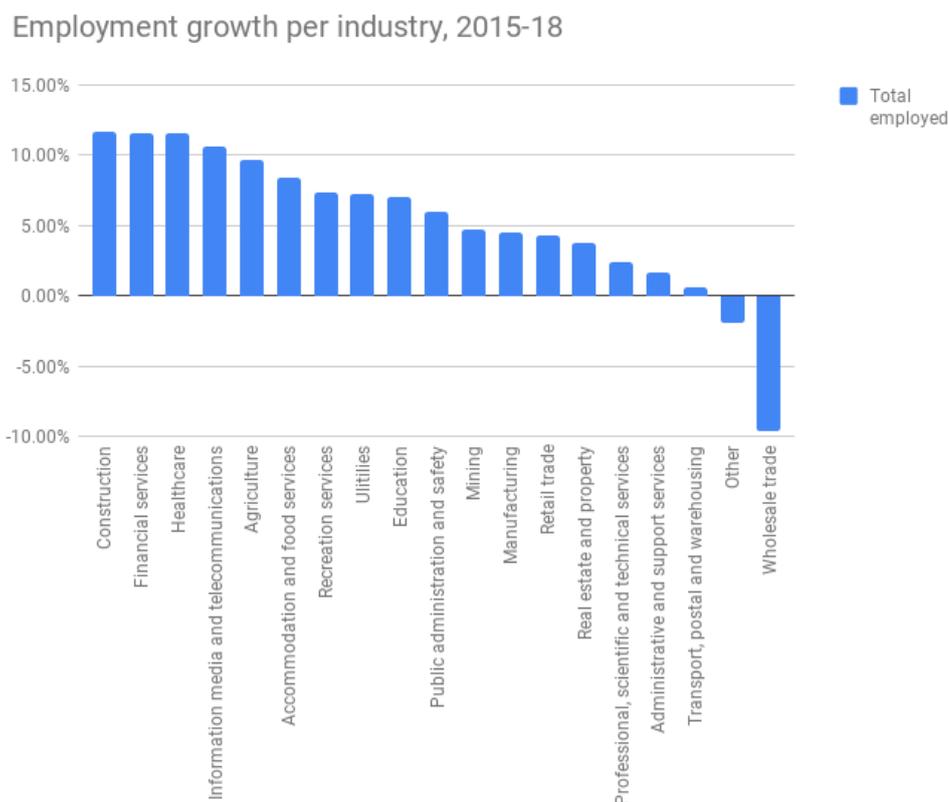
Encouragingly, employment growth is strong, however the correction seen in the first 2018 quarter suggests full-time work may have been growing too fast in 2017.

Industries which support our lifestyle

There seem to be two types of industries growing at the moment - personal services and those associated with construction. This tends to reflect the broader activity in the economy, especially where consumer spending and business investment is heading.

- One-in-five jobs created in the past year have been in manufacturing is growing, but the industry and type of work has changed
- Healthcare, and other personal services, maintain sustained growth
- Traditionally full-time employing industries are shifting to part-time work

Since 2015, the strongest growth in industries, by percentage, was in construction, financial services and healthcare.



The actual numbers show that 193,000 healthcare jobs were created in this period, followed by 137,300 in construction and 76,500 in hospitality fields.

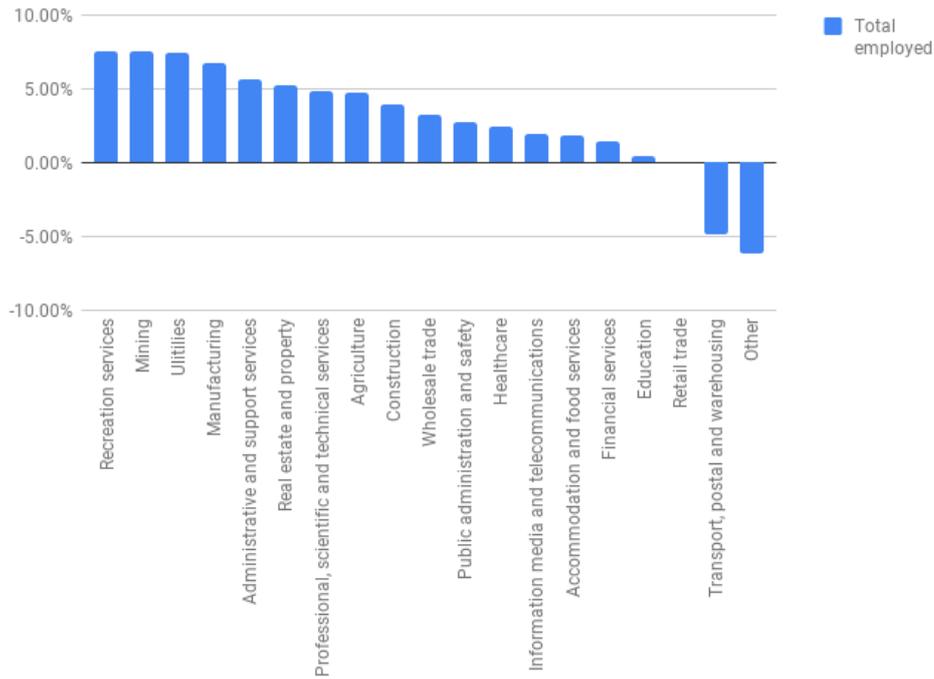
Over the past year, the strongest growth has been in recreation services, mining and utilities.

Interestingly, the largest numerical growth in jobs was seen in manufacturing - with one-in-five jobs being created in this industry. However, this isn't the manufacturing industry that most people are familiar with. The Federal Government has increased its investment in the defence industry, with a focus on local manufacturing, which has spurred much of this growth; as part of this too the global industry has employed local staff to administer this.

There is a broader trend, however, whereby longer-term sustainable growth is seen in personal services industries - healthcare, recreation services, hospitality.

In the past quarter there seems to have been a correction on two fronts. Firstly, public

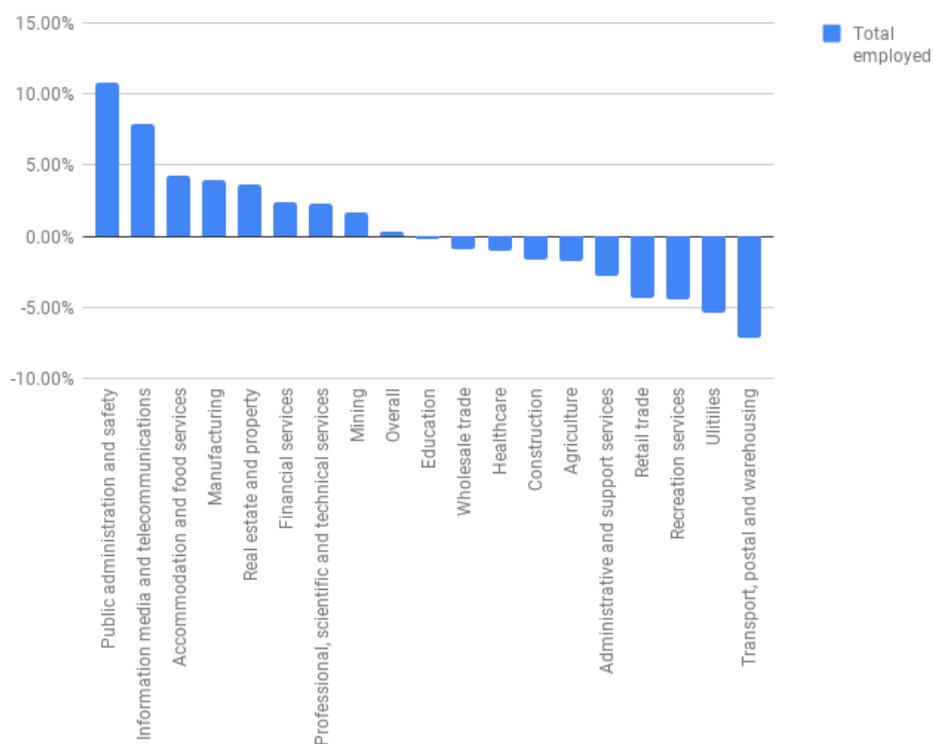
Employment growth per industry, 2017-18



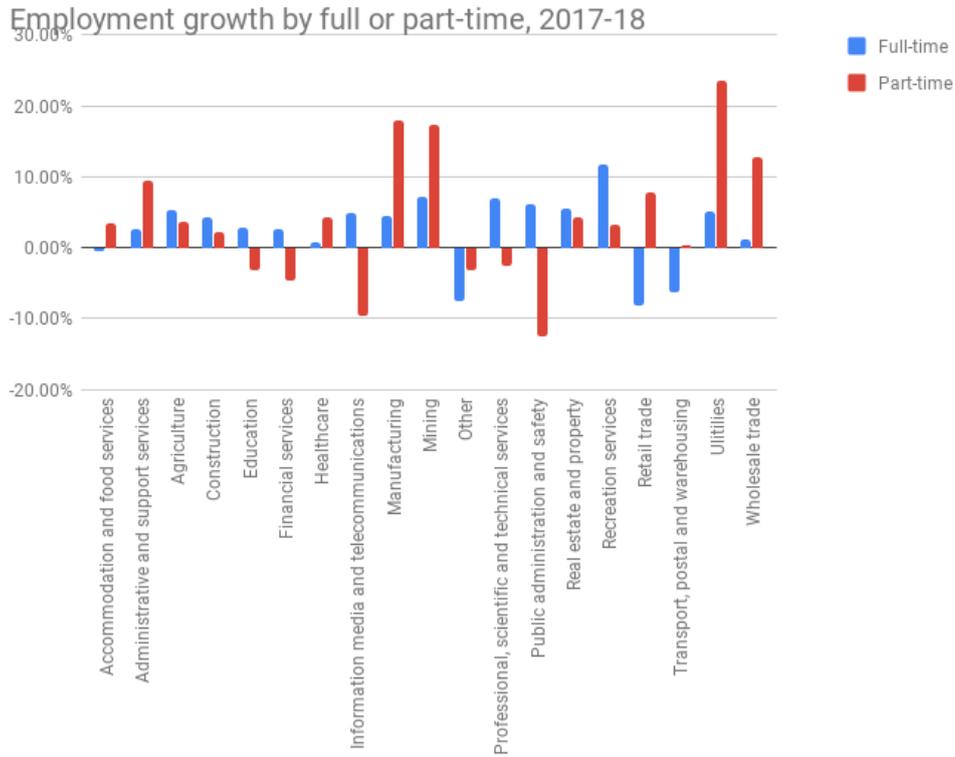
administration has had large growth following sustained decline; and secondly, construction, and aligned, industries have had a decline, as has retail.

Over the past year, recreation services, mining and professional services have seen the largest increase in full-time work; while retail and logistics have seen the largest declines. Meanwhile, utilities, manufacturing and mining have seen significant increases in part-time work, while public administration has seen it decline.

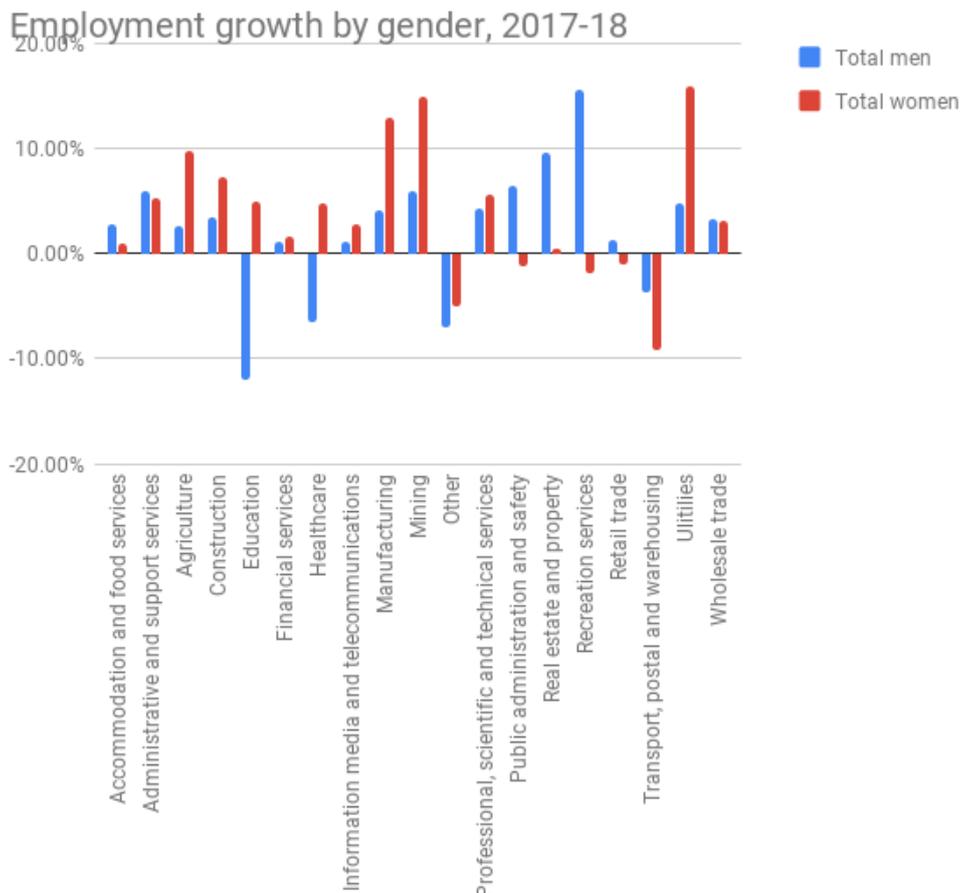
Employment growth per industry, Feb-May 2018



It's worth noting the growth in part-time work is happening at a notably faster rate than full-time work.



The highest growth for work for men has been in recreation services, real estate and public administration; while declines were seen in education and healthcare. For women, growth was seen more strongly in utilities, mining and manufacturing; with declines in logistics.



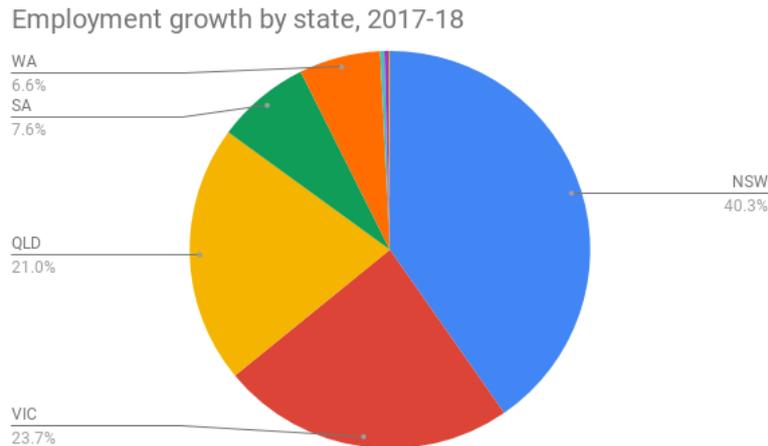
Some industries are changing how they employ people, and the sort of jobs they need. Which suggests they are adapting to a more complex global economy and require a more flexible workforce. As the evidence shows, this has opened up more opportunities for women.

Location location location

A two-speed economy is on show when the different states are considered, with employment in New South Wales and Victoria growing much faster than the resources states, which tend to underperform.

- Four in every 10 jobs in the past year has been created in NSW
- Part-time work rose 7.7 faster times than full-time work in WA in the past year
- Strong female employment across states underscores the shift to personal services work

In the past year, one in every four jobs has been created in New South Wales.

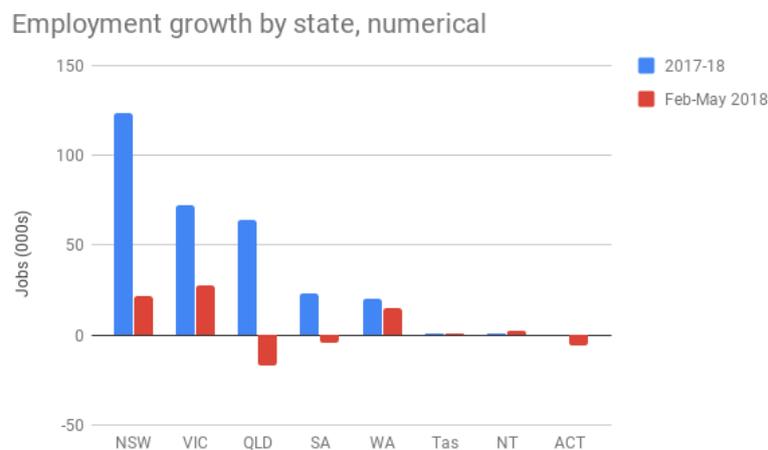


This encompasses part of a sustained trend of long-term employment growth in New South Wales.

Since 2015, only Victoria (8.56 per cent) and New South Wales (7.57 per cent) have had employment growth above the national average (6.13 per cent).

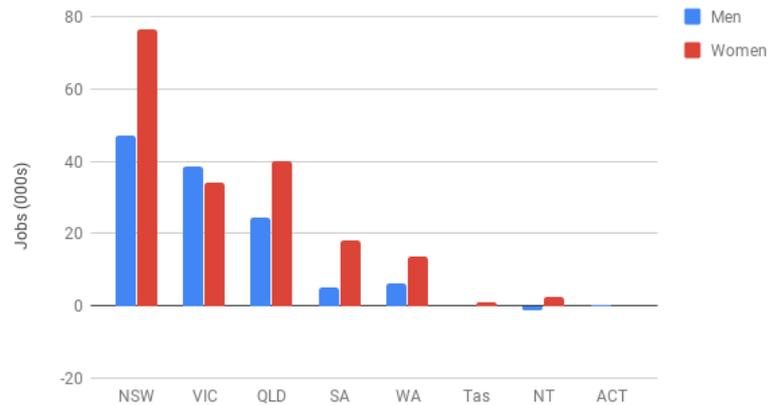
In the past quarter, New South Wales, Queensland and South Australia have slowed, with the latter two recording negative results.

In Western Australia, 3-in-every-4 jobs created in the past year were done so in the past quarter.



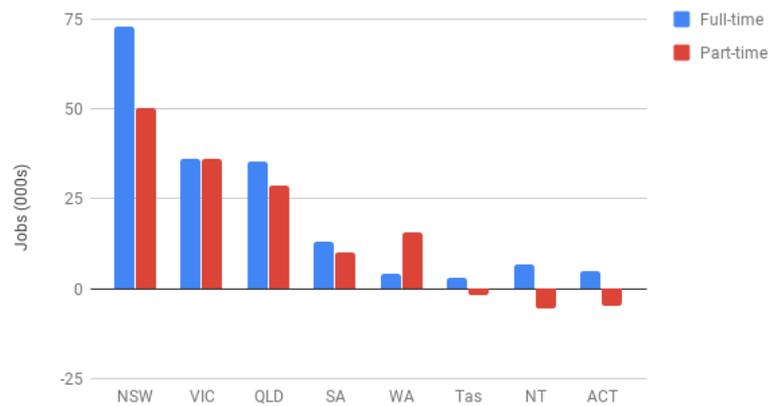
Male employment has grown strongly in Victoria and Queensland, and weakest in Western Australia, the Northern Territory and the Australian Capital Territory. All states recorded strong employment growth in short and longer term measures for women.

Employment growth by state and gender, 2017-18



Full-time work has been growing most strongly in New South Wales and Victoria, and weakest in Western Australia and Queensland, where part-time work has grown strongly.

Employment growth full or part-time by state, 2017-18



Part-time work for men has grown distinctly in Queensland, the North Territory and Victoria; for women it is seen in New South Wales, Queensland and Western Australia.

The Australian Capital Territory, Northern Territory, Victoria and New South Wales all have unemployment rates below traditional measures of full-employment.

New South Wales has the highest increase in the participation rate increases. Though the Northern Territory, Australian Capital Territory and Western Australia maintain the highest participation rates. New South Wales has seen a more sustained growth and attraction to the labour market than other states, while Western Australia has had a more volatile participation rate.

The difference between the states shows a clear two-speed economy, and the role of government investment to facilitate business activity.

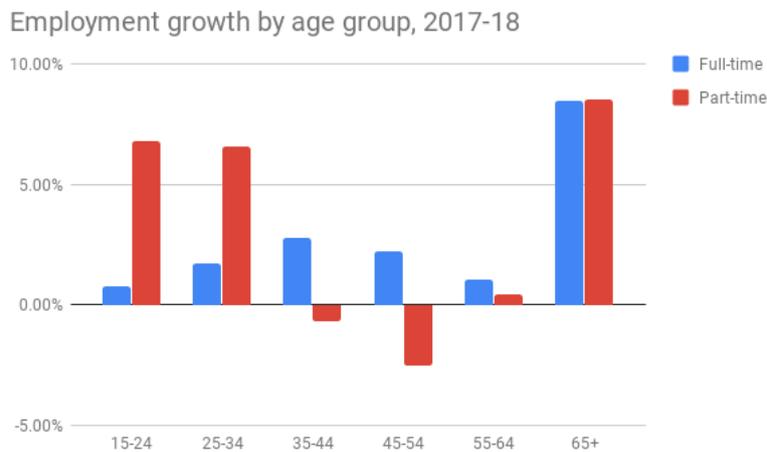
A generational divide

Across all types of work and time periods, the largest gains tended to be seen at the older end of the workforce; while younger and mid-career people are seeing less opportunities.

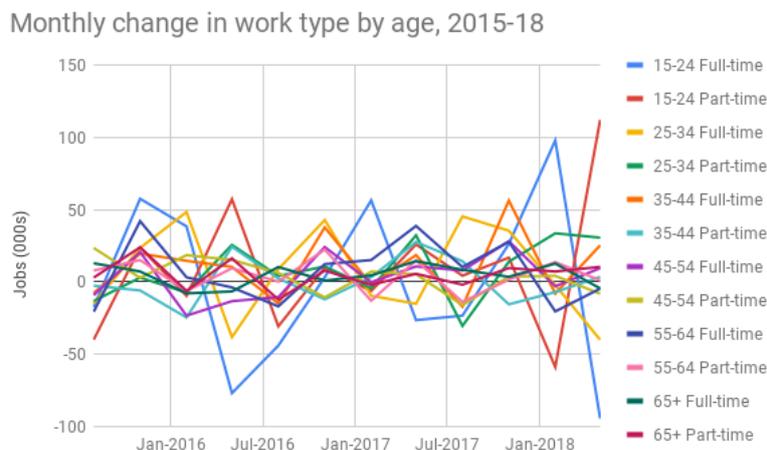
In the past year, people aged 15-24 saw 80,600 jobs being created, representing 79.09 per cent of all jobs created for that age group since 2015.

Digging down, however, shows that in the past quarter full-time employment for this age group dropped 11.27 per cent, or 94,400 jobs, while part-time employment grew 10.20 per cent, or 112,000 jobs. The drop impacted the genders fairly equally, however, women were more impacted (-14.84 per cent) given the lower numbers of women working full-time. The fall in full-time jobs takes the number of people in this age group working full-time to below 2015 levels.

Though the strong headline employment should be welcomed, the casualisation is nowhere near replacement rate. Over the past year, more than seven-in-every-10 jobs created for people aged under 35 were part-time, and more than nine-in-every-10 for people aged under 25.



While employment growth is generally stronger for established and older workers, young workers are burdened with casualisation by facing employment which is driven primarily by part-time work, where older age groups see more full-time work.



Importantly, too, the greatest fluctuations, especially in full-time work, occur for young people.

Across all age groups and genders, young women have the least access to full-time work. While part-time work has tended to rise across the age groups and genders.

There are clear age differences in the labour market. While older workers are staying in the workforce longer with distinct employment growth, younger people are starting their careers in work which is largely part-time, unstable and insecure.

Rising contractors and micro-businesses

More Australians are starting their own businesses. With a long-term trend of casualisation in the labour market, it seems that a rise in business owners could be related to individuals broadening out their incomes.

There are, however, mixed messages about the capability of business owners. While the exit rate is declining, the survival rate is too.

The most important outcome of the data is that there is a growing willingness for people to start their own businesses.

The following presents business growth statistics by state and employment figures, then considers the growth in the types of businesses being created.*

Businesses employing 1-4 people have grown by 6.5 per cent in since 2014, from 571,206 to 608,733 in 2017. For businesses employing 1-4 people, the exit rate has dropped from 9.7 per cent in 2014 to 9 per cent in 2017.

The number of sole proprietors increased by 5.6 per cent between 2014 and 2017, from 555,287 to 586,547. The entry rate for this type of business increased from 15.9 per cent in 2014 to 20.7 in 2017, and the exit rate declined from 17.6 per cent to 16.1 per cent for the same years.

However, the survival rate** of all businesses has declined in the past four years, from 87.3 per cent in 2013/14 to 64.1 per cent, or a decline of 26.5 per cent.

Business survival by state from highest to lowest in 2017 (difference from 2014):

- Tasmania, 66.7 per cent (-24.7 per cent)
- SA, 66.6 per cent (-24.8 per cent)
- Victoria, 64.6 per cent (-26.3 per cent)
- NSW, 64.2 per cent (-26.4 per cent)
- WA, 63.7 per cent (-26.9 per cent)
- QLD, 62.5 per cent (-27.9 per cent)
- NT, 62 per cent (-27.7 per cent)
- ACT, 61 per cent (29.4 per cent)

In 2017 business entries rose by 5.4 per cent, and by 13.4 per cent since 2014.

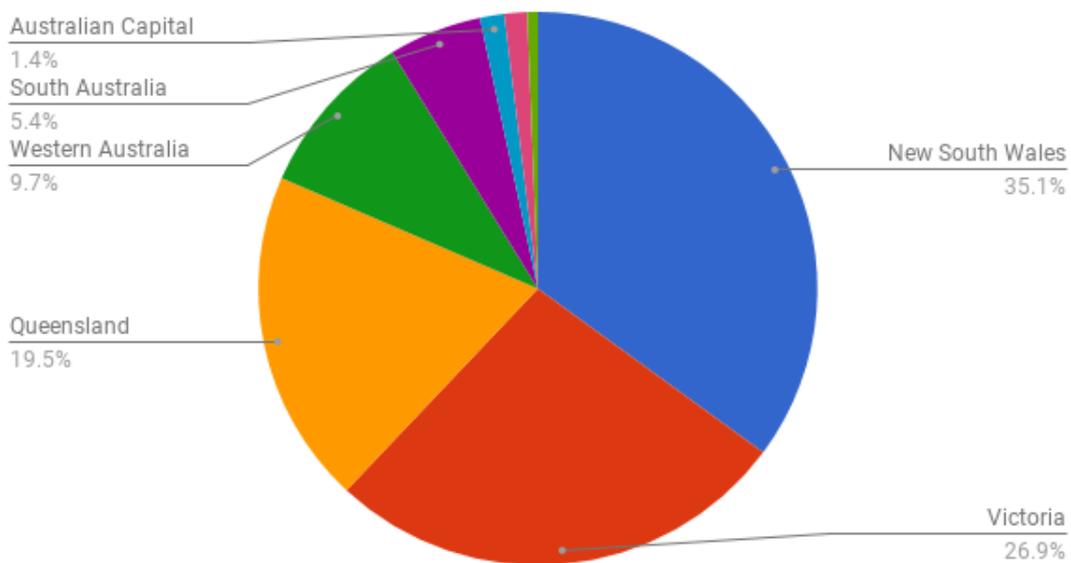
By state, from highest to lowest growth in 2017 (difference from 2014):

- ACT, 9.9 per cent (18.8 per cent)
- Victoria, 6.3 per cent (16.4 per cent)
- NSW, 6.2 per cent (16.6 per cent)
- Tasmania, 6 per cent (11.3 per cent)
- QLD, 5. per cent (9.8 per cent)
- SA, 4.3 per cent (7.5 per cent)
- WA, 0.7 per cent (4.6 per cent)
- NT, -0.01 per cent (-4.4 per cent)

The increase in sole proprietors and micro-employers indicates a greater interest by Australians to start businesses and when considered alongside the long-term trend of casualisation of the labour market. Between 2014 and 2017, part-time work rose by 8.1 per cent, while full-time work increased by 4.9 per cent.

It is then reasonable to infer that the increase in contractors and micro-businesses may be in response to fewer full-time options in the labour market.

Business creation, by state



There are complex shifts going on in the labour market, and the Australian economy more broadly.

If people are shifting from full-time work to part-time work and starting businesses, like contracting services, it is encouraging to see an innovative response to changing employment prospects.

There is extensive evidence outlining the continuation of labour market casualisation and the rise of contractors, so these responses by Australians is an important step in the right direction.

*Whenever a year is mentioned it always refers to 30 June, eg 2017 means 30 June 2017.

**A business exit can be the closure or cancellation of an ABN, while a survival is a business actively trading.

Sources

All data was analysed and sourced from the Australian Bureau of Statistics releases 6202, 6291 and 8165.

Disclosure:

"Growth and change: Australian jobs in 2018" was prepared in June 2018.

Every effort has been made to ensure the data and evidence analysed is accurate at the time of completion.

The author, Conrad Liveris, is a corporate adviser on workplaces and risk. Considered one of Australia's leading employment and workplace experts, he works closely with decision-makers across sectors on a range of HR, management and economic issues. He is alumni of the US State Department and the UN, and is an Associate Fellow of the Royal Commonwealth Society, London. He completed his Bachelor of Arts at the University of Notre Dame Australia, a Master of Commerce at Curtin University and has received scholarships for management education at the Governance Institute of Australia and the University of California, Los Angeles.