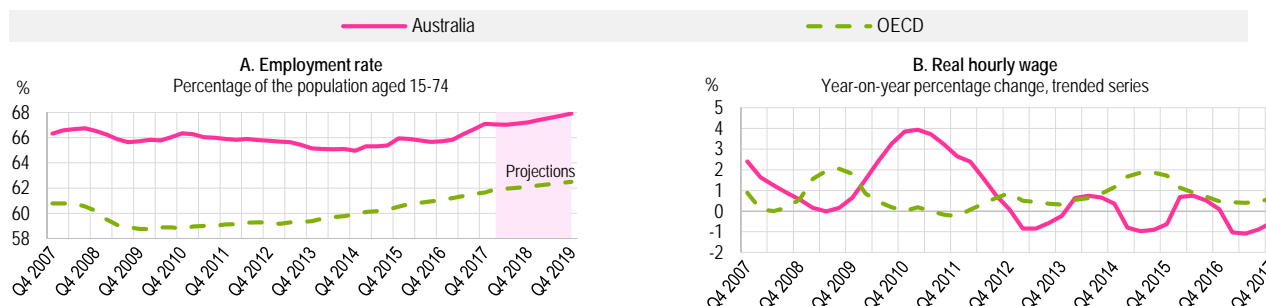


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Labour market developments in Australia



Note: OECD weighted average (based on 29 OECD countries in Panel B, not including Chile, Iceland, Korea, Mexico, New Zealand and Turkey).
Source: OECD calculations based on OECD Economic Outlook Database (No. 103), June 2018, and quarterly national accounts.

RECENT LABOUR MARKET TRENDS AND PROSPECTS

Across the OECD countries, labour market conditions continue to improve and in the first quarter of 2018, the average employment rate was about 2 percentage points above its pre-crisis peak. OECD employment and unemployment rates are also projected to keep improving in 2018 and 2019. However, at 0.6% in the fourth quarter of 2017, the year-on-year growth rate of real hourly wages remained disappointingly low, almost one percentage point lower than before the crisis for similar levels of unemployment.

- Australia's headline employment rate compares well against the OECD average: In the first quarter of 2018, the Australian employment rate of those aged between 15 and 74 years is 67%, about 5 percentage points above the OECD average and it is projected to rise further in 2019.
- Over the past decade Australia's unemployment rate has been consistently below the OECD average. However, in contrast to a continuous decline for the OECD average over the past five years, there has been little change in Australia. In the first quarter of 2018 Australia's unemployment rate was at 5.5%, level with the OECD average of 5.4%.

SLOW WAGE GROWTH REMAINS A WORRY

The current, unprecedented period of slow wage growth has particularly affected vulnerable individuals, who are also more prone to experience spells of unemployment or precarious jobs. Policies

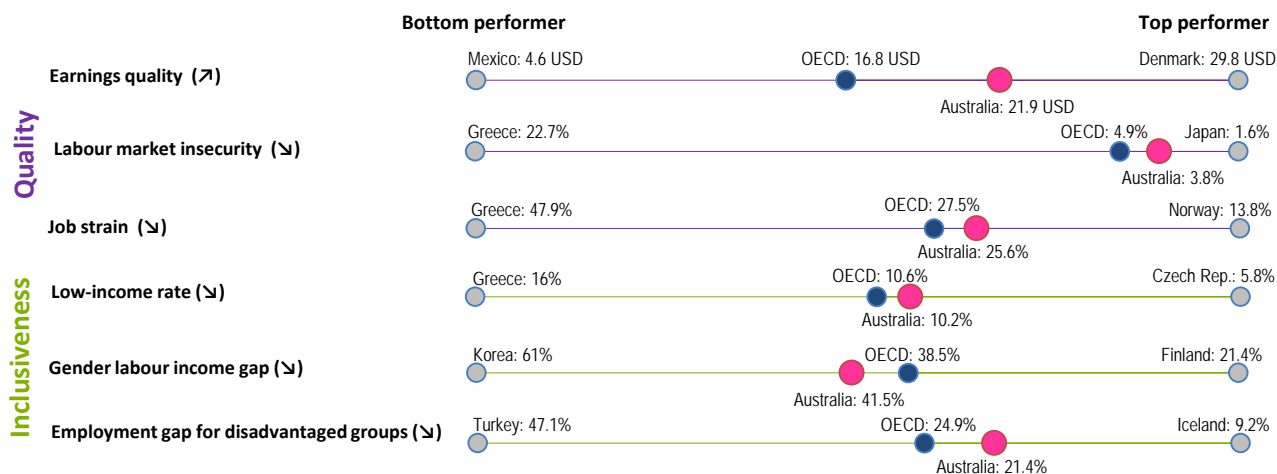
need to ensure that all workers are provided with opportunities to develop, maintain and upgrade their skills, thereby reducing the risk of becoming trapped in low-wage, low-quality jobs and joblessness.

- Australia was impacted less by the global financial crisis than most other OECD countries, and real wages grew even while they shrank in most other countries. However, thereafter the commodity price bust led to a deterioration of the labour market. Wage growth in Australia remains lower than it was before the crisis for comparable levels of unemployment.
- There has been a significant worsening in the average earnings from part-time jobs relative to that of full-time jobs, which is associated with the rise of involuntary part-time employment. This has contributed to lower overall wage growth.

DEVELOPMENTS IN JOB QUALITY AND LABOUR MARKET INCLUSIVENESS

Job quality and inclusiveness indicators show a mixed picture for the OECD countries. Improvement has occurred over the past decade, with a reduction in the gender gap in labour income, the employment gap for disadvantaged groups, and the incidence of job strain – excessive job demands combined with insufficient resources. However, labour market insecurity is not yet back to pre-crisis levels and poverty has grown amongst the working-age population.

Job quality and labour market inclusiveness: key indicators for Australia in 2016-2017



Note: An upward ↗ (downward ↘) pointing arrow for an indicator means that higher (lower) values reflect better performance. *Earnings quality*: Gross hourly earnings in USD adjusted for inequality by giving more weight to the lower end of the earnings distribution. *Labour market insecurity*: Expected percentage net income loss upon job loss computed taking into account the probability of becoming unemployed and the expected duration of unemployment. *Job strain*: Percentage of workers in jobs with a combination of high job demands and few job resources to meet those demands. *Low income rate*: Share of working-age persons living with less than 50% of median equivalised household disposable income. *Gender labour income gap*: Difference between per capita annual earnings of men and women (% of per capita earnings of men). *Employment gap for disadvantaged groups*: Average difference in the prime-age men's employment rate and the rates for five disadvantaged groups (mothers with children, youth who are not in full-time education or training, workers aged 55-64, non-natives, and persons with disabilities; % of the prime-age men's rate).

Source and definitions: OECD calculations using data for 2017 or latest year available from various sources. See [OECD Employment Outlook 2018](#), Ch. 1

- The Australian labour market performs above the OECD average in all key indicators of job quality and inclusiveness, except the gender gap in labour income. In particular, Australian workers can expect to lose only 3.8% of their net income if they lose their job, compared with an OECD average of 4.9%.
- The gender labour income gap in Australia is above the OECD average. This indicator refers to annual labour earnings, and therefore reflects gender differences in time worked. 38% of Australian women in employment hold a part-time job compared with just 15% of men (using national definitions) in 2017.
- More than 60% of the workers who lose their job due to economic reasons find a new job within one year in Australia, one of the best rates within the OECD.
- However, access to even the most basic re-employment services can be delayed for a long time in Australia, as entitlement rules for unemployment benefits treat severance payments as compensation. For example, a severance award that is equivalent to six months of wages delays eligibility for unemployment assistance by six months. This delay in receiving benefits typically results in an equal delay in registration with the *jobactive* employment service providers and thus delays take-up of activation measures such as counselling.
- While employment services through *jobactive* providers are also available to displaced workers not receiving unemployment benefits, greater use could be encouraged by raising public awareness of the availability of these services and enhancing their value for users.

EARLY PROVISION OF EMPLOYMENT SERVICES AFTER JOB LOSS CAN SPEED UP RE-EMPLOYMENT

Every year, between 1% and 7% of the workforce of OECD countries faces job loss due to economic reasons. Displaced workers find new jobs much more rapidly in some countries than in others, suggesting a key role for well-targeted policy. In particular, early employment support intervention during the notice period before the layoff occurs can greatly reduce the length of the unemployment spell.

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