

# ACT Economic notes

2016b

## ACT Labour market rebounds in first half of 2016

Total employment for the first six months of 2016 grew by 0.9 per cent over the same period in 2015. The increase was much stronger for full time female employment which grew by 3.7 per cent. Male full time employment actually declined by 1.0 per cent. The increase in total full time employment (1.0 per cent) was greater than that of total part time employment (0.6 per cent). Fewer were unemployed in the first half of 2016, 9,200 compared to 10,000.

Those not in the labour force grew by 1.4 per cent.

In June 2016 215,000 persons were employed in the ACT just down 500 from the record reported in March 2014 when 215,500 were employed, a decline of 0.2 per cent.

**Table 1: ACT labour market components**

Number:	Number first half of 2015 (000s)	Number first half of 2016 (000s)	percentage change
Full time employed-males	90.2	89.3	-1.0
Full time employed-females	64.9	67.3	3.7
Full time employed-all	155.1	156.6	1.0
Part time employed-all	55.8	56.2	0.6
Total employed	210.9	212.8	0.9
Unemployed	10.0	9.2	-7.8
Labour force	220.9	222.0	0.5
Not in Labour force	92.2	93.5	1.4
Civilian population 15+	313.1	315.5	0.8

Source: ABS Labour force Survey 6202.0

In table 2 two out of the three indicators of labour market strength point to an improving ACT labour market in 2016. The part time percentage fell slightly, the unemployment rate fell but participation fell reflecting the increase in numbers not in the labour market.

**Table 2: ACT Labour market indicators**

	First half of 2015	First half of 2016	Change
Percentage part time employed	26.5	26.4	-0.1
Unemployment rate	4.5	4.2	-0.4
Participation rate	70.5	70.4	-0.2

## ACT economy grows faster than Australia

Recent reports about the stronger performance of the ACT economy in relation to other states is borne out in Table 3.

Final demand in the ACT grew by 2.2 per cent compared to Australia's 0.8 per cent. Increases in expenditure by households and private investment was higher in the ACT than Australia.

**Table 3 Components of final demand Australia and ACT** (trend at constant prices)

	Australia			ACT		
	March 2015 (\$m)	March 2016 (\$m)	Percentage change	March 2015 (\$m)	March 2016 (\$m)	Percentage change
<b>Final consumption</b>						
<b>General government</b>	71,876	74,208	3.2	8,682	8,910	2.6
<b>Households</b>	226,221	233,148	3.1	3,973	4,108	3.4
<b>Investment</b>						
<b>Private</b>	86,847	80,964	-6.8	999	1,014	1.5
<b>Public</b>	17,388	17,145	-1.3	1,080	1,053	-2.5
<b>Final demand</b>	402,265	405,647	0.8	14,810	15,134	2.2

Source:ABS Australian National Accounts: National Income, Expenditure and Product 5206.0

However, public investment expenditure declined in both, the ACT by 2.5 per cent and all Australia 1.3 per cent. Private investment expenditure virtually crashed in Australia over the period (12 months to March 2016) by 6.8 per cent. Whereas, in the ACT it rose by 1.5 per cent. It was the main reason for the ACT's better performance.

Of course these are not per capita data and any increases reflect population increases, unfortunately the are no population figures for the March quarter 2016 so it is not possible to calculate per capita data at this time. Given that population growth nationally is usually 1.3 per cent per year, the national per capita growth would be negative. In the ACT population growth for persons 15+ was 0.8 (see Table 1) which implies that the per capita growth in final demand may be positive.

### **Beyond the ACT- Penalty rates**

Penalty rates have been an issue for some time. These rates are normally applied to work outside the normal Monday Friday 9 to 17 time slot. Outside these hours work is seen as an impost on workers who would normally be at leisure. In the 19<sup>th</sup> Century unions campaigned for the eight hour day, Eight hours work, Eight hours recreation and Eight hours sleep. There is a monument to commemorate this concept on Lygon street near the trades hall in Melbourne. Industrial tribunals awarded workers extra pay to work outside these hours, usually time and half and double time on Sundays and public holidays.

It is often assumed that when tribunals make such awards they are always observed, but does every motorist observe the speed limit?

The economic concept of demand and supply is usually not far away from what is paid. It could well be that in times of high unemployment many employers will not need to pay double time to get workers to work on Sunday. It may be illegal, but so is speeding on the road, most of us do it some time. Alternatively, if labour is scarce then they may have to pay more than double to get workers to turn up.

Economic theory also suggests that if Sunday penalty rates were abolished then it effectively makes the cost of leisure much cheaper for a person, the opportunity cost of not working is much less. Therefore, fewer persons may chose to work preferring leisure activities instead.

Then there is the social and community aspect, Sunday is the only day when most people don't work and that is why most big community events are held on that day: fun runs, million paws walk etc.

And finally, one party promised to legislate for penalty rates, are they crazy? In Australia

Working conditions have always been determined by independent tribunals, would you want Liberal controlled Parliaments to determine pay and conditions!

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