

Unemployment 2017: Winners & losers

Labour Force

- **Regional unemployment:** Unemployment rates vary significantly across regional Australia. Remote regions of the country such as Outback Queensland had the highest unemployment rate of 12.8 per cent in December. Wide Bay, Queensland (9.0 per cent), Coffs Harbour-Grafton, NSW (8.7 per cent) and Townsville, Queensland (8.5 per cent) also have unemployment rates well above the national annual average of 5.6 per cent.
- **Unemployment in cities:** Pockets of disadvantage exist in cities with the western suburbs of Melbourne recording an unemployment rate of 9.0 per cent in 2017. Ipswich in Brisbane's outer western suburbs recorded an unemployment rate of 8.1 per cent. Adelaide's north and western suburbs also had unemployment rates of 7.7 per cent and 7.4 per cent, respectively over 2017. Closures to car manufacturing plants have led to job losses in these metropolitan areas.

A raft of companies are affected by the employment data but especially those dependent on consumer spending. Amongst stocks affected are Fairfax, West Australian Newspapers, Seek Limited, McMillan Shakespeare and Skilled Group.

What does it all mean?

- Aussies are experiencing a jobs boom with the strongest employment growth recorded in 12½ years. However, there are regions of the country still experiencing difficult economic and labour market conditions.
- Generally people in metropolitan areas earn higher incomes than their cousins in the country, but employment outcomes vary considerably.
- Unemployment has increased in several Queensland regional centres in recent years. Outback Queensland, which includes western and far north areas of the state, has the worst unemployment rate in the country. That said, Cairns' average unemployment rate has improved to 5.9 per cent in 2017 from 7.8 per cent a year ago.
- Queensland's coastal regional centres such as Bundaberg, Maryborough, Gympie, Bundaberg and Hervey Bay,

Regions with highest jobless rates
Annual averages, per cent, 2017

QLD	315 Queensland - Outback	12.8
VIC	213 Melbourne - West	9.0
QLD	319 Wide Bay	9.0
NSW	104 Coffs Harbour - Grafton	8.7
QLD	318 Townsville	8.5
QLD	310 Ipswich	8.1
NSW	109 Murray	8.1
VIC	210 Melbourne - North West	7.8
QLD	313 Moreton Bay - North	7.8
SA	402 Adelaide - North	7.7
SA	404 Adelaide - West	7.4
SA	406 South Australia - Outback	7.4
NSW	114 Southern Highlands and Shoalhaven	7.1
VIC	308 Fitzroy	7.1
WA	502 Mandurah	7.0

Source: ABS, CommSec

Regions with lowest jobless rates
Annual averages, per cent, 2017

WA	503 Perth - Inner	4.2
WA	509 Western Australia - Wheat Belt	4.1
VIC	201 Ballarat	4.1
NSW	103 New South Wales - Central West	4.1
NSW	121 Sydney - North Sydney and Hornsby	4.0
ACT	801 Australian Capital Territory	4.0
VIC	211 Melbourne - Outer East	3.9
VIC	217 Warrnambool and South West	3.7
NT	701 Darwin	3.5
NSW	115 Sydney - Baulkham Hills and Hawkes	3.4
VIC	204 Hume	3.4
NSW	105 Far West and Orana	2.9
NSW	128 Sydney - Sutherland	2.8
NSW	122 Sydney - Northern Beaches	2.4
NSW	118 Sydney - Eastern Suburbs	2.2

Source: ABS, CommSec

Ryan Felsman, Senior Economist
Twitter: @CommSec

Produced by Commonwealth Research based on information available at the time of publishing. We believe that the information in this report is correct and any opinions, conclusions or recommendations are reasonably held or made as at the time of its compilation, but no warranty is made as to accuracy, reliability or completeness. To the extent permitted by law, neither Commonwealth Bank of Australia ABN 48 123 123 124 nor any of its subsidiaries accept liability to any person for loss or damage arising from the use of this report. The report has been prepared without taking account of the objectives, financial situation or needs of any particular individual. For this reason, any individual should, before acting on the information in this report, consider the appropriateness of the information, having regard to the individual's objectives, financial situation and needs and, if necessary, seek appropriate professional advice. In the case of certain securities Commonwealth Bank of Australia is or may be the only market maker. This report is approved and distributed in Australia by Commonwealth Securities Limited ABN 60 067 254 399 a wholly owned but not guaranteed subsidiary of Commonwealth Bank of Australia. This report is approved and distributed in the UK by Commonwealth Bank of Australia incorporated in Australia with limited liability. Registered in England No. BR250 and regulated in the UK by the Financial Conduct Authority (FCA). This report does not purport to be a complete statement or summary. For the purpose of the FCA rules, this report and related services are not intended for private customers and are not available to them. Commonwealth Bank of Australia and its subsidiaries have effected or may effect transactions for their own account in any investments or related investments referred to in this report.

known more broadly as Wide Bay (average 9.0 per cent), together with Townsville (albeit lower at 8.5 per cent) have elevated jobless rates. Manufacturing jobs in Wide Bay have declined by 1,306 between 2010 and 2016 according to Regional Development Australia.

- The average unemployment rate in Coffs Harbour-Grafton on the NSW Mid-North Coast deteriorated to 8.7 per cent over 2017. Pleasingly, the actual unemployment rate fell to 6.1 per cent by year-end. Construction jobs have increased, underpinned by the \$3.3 billion Pacific Highway upgrade between Port Macquarie and Coffs Harbour. A further 2,970 workers are expected to be employed on the \$4.36 billion Woolgoolga to Ballina road upgrade.
- Unemployment also increased along the suburban fringes and city 'spines' such as Ipswich (8.1 per cent) in Brisbane and the western suburbs of Melbourne (9.0 per cent). Around 950 jobs were lost at Holden's Elizabeth factory in Adelaide's north in October, pushing up the area's unemployment rate to 7.7 per cent.
- Higher income metropolitan areas, especially in Sydney's coastal suburbs, dominate the regions with the lowest unemployment rates. However, the corridor between Broken Hill and Dubbo has Australia's lowest regional unemployment rate at 2.9 per cent, benefitting from agricultural, tourism and mining-related jobs growth.
- Melbourne satellite city Ballarat has experienced faster and younger population growth than its regional Victorian peers, supporting jobs growth. The unemployment rate in Ballarat has fallen to 4.1 per cent from 5.3 per cent over the year to December.
- In Western Australia, Mandurah, south of Perth, experienced a significant decline in the jobless rate to an average of 7.0 per cent in December from 11.2 per cent a year ago. Mandurah has benefited from job-creating projects such as the Dwellingup National Trails Centre and Quambie Park aged care expansion.

What do the figures show?

Regional unemployment:

Over the year to December 2017 the average unemployment rate:

- **Increased** in Coffs Harbour-Grafton by 3.3 percentage points to 8.7 per cent.
- **Increased** in Bendigo by 2.4 percentage points to 6.6 per cent.
- **Increased** in Brisbane-West by 2.1 percentage points to 6.4 per cent.
- **Decreased** in Mandurah by 4.3 percentage points to 7.0 per cent.
- **Decreased** in the NSW Far West and Orana by 2.9 percentage points to 2.9 per cent.
- **Decreased** in Townsville by 2.8 percentage points to 8.5 per cent.

Why is the data important?

- The Australian Bureau of Statistics (ABS) provides **detailed labour market figures** one week after releasing 'top level' statistics of employment & unemployment levels across states and territories. The detailed data is useful in identifying broader underlying trends and instructive about the health of the economy.

What are the implications?

- The jobs boom continued in December with Aussies enjoying the equal longest stretch of consecutive monthly employment gains. One more monthly increase in early 2018 will break the survey record going back to 1978.
- More jobs are being created and fewer people are unemployed. However, employment outcomes are uneven across regional and metropolitan areas of the country. The closure of manufacturing plants have displaced factory workers in some regions with 84,000 jobs lost in the 12 months to November according to the Bureau of Statistics.
- Around three quarters of the new jobs added over the past year are full-time in the tourism, health care, retail, education and construction industries. Towns, cities and suburbs across the country have benefitted, especially Mandurah in Western Australia and the NSW Far West.
- CommSec expects interest rates to remain on hold until year-end.

Ryan Felsman, Senior Economist, CommSec
Twitter: @CommSec