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Great news - Employment remains strong

Here's not the labour force headline story: Australia's level of employment remained remarkably strong last month with the global recession having barely any impact on the number of Australians in work.

For nearly every job that was lost in the economy, another was created. The Australian Bureau of Statistics trend series numbers show just 1200 net jobs were lost out of a 10,789,300, a bare 0.01 per cent - statistically meaningless. And it's the same story using the seasonally adjusted figuring.

Compared with the boom time of May last year - back when the biggest problem facing that month's federal budget was a shortage of labour causing inflation - the number of employed persons is up 0.1 per cent on the trend numbers and by 0.3 per cent seasonally adjusted. Did you get that? Employment is up.

And with the average Australian enjoying greater disposable income thanks to sharply lower interest rates, gifts from Kevin Rudd, tax cuts and cheaper petrol, the spending power of the Australian workforce has never been greater.

Meanwhile, back at the labour force headlines, the unemployment rate ticked up to 5.7 per cent thanks primarily to the growth of the workforce - the natural increase plus the record level of immigration.

High immigration remains necessary thanks to successive state and federal governments under-investing in education and training, leaving a large pool of Australians incapable of doing the jobs that are available.

The statisticians quietly revised away much of the difference between the trend and seasonal figures for this month, lifting without comment the April trend series unemployment rate from the previously-published 5.5 per cent to 5.6 and the seasonally adjusted number from 5.4 to 5.5 per cent. Both methods scored 5.7 per cent for May.

Using these revised less volatile trend numbers, unemployment crept up just one more notch last month. The labour force is holding up remarkably well on any sort of international scale.

And on any reasonable local scale as well. Unemployment is a lagging indicator, but in the middle of this recession, we have a 5.7 per cent unemployment rate compared with unemployment of more than 6 per cent before the last recession.

To provide further perspective, the multi-generational lows in the unemployment rate of around 4 per cent was effectively full employment in much of the country - just about anyone physically, socially and mentally capable who really wanted a job could get one.

It's tempting then to suggest that our real unemployment rate is only around 2 per cent - but that undersells the marked impact the recession is having on our level of underemployment - the number of people who would like to work more hours than are presently available.

Combined the underemployed with the unemployed and you get the underutilisation rate - in some ways a better overall guide to the relative health of the labor market and the availability of labour.

The underutilisation rate stands at 13.4 per cent, up from a multi-generational low of 10 per cent this time last year, but not far off the average for the past decade.

There are lies, damned lies and statistics, but the glass is actually a lot more than half full.

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