

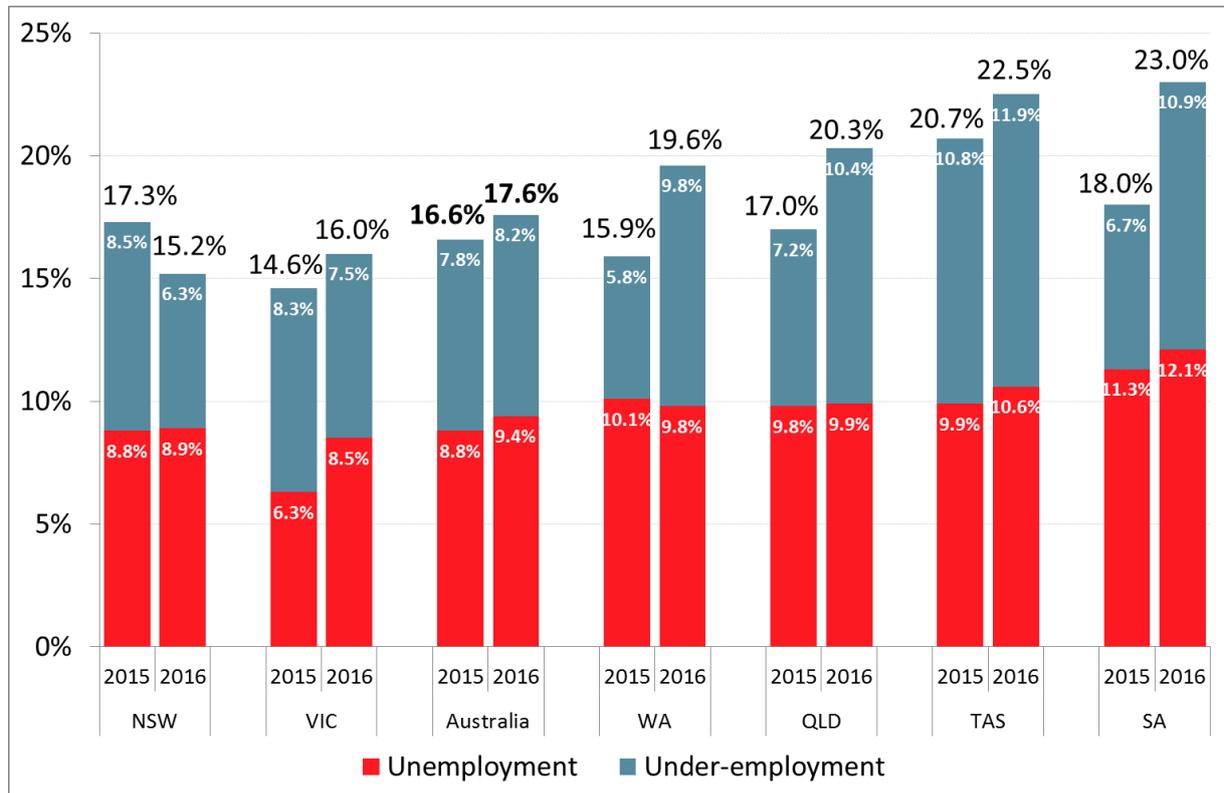
Thursday, 1 December 2016

The 'Two-Speed' economy returns with soaring unemployment and under-employment in Australia's four smaller States (QLD, WA, SA & Tas)

Special analysis of Roy Morgan Research real employment estimates in each State over the past three months shows unemployment and under-employment are a growing problem in Australia's four smallest States of Queensland, Western Australia, South Australia and Tasmania – all four of which now have total unemployment and under-employment above the national average.

In contrast, Australia's two largest States have clearly the healthiest labour markets and New South Wales – with total unemployment and under-employment of 15.2% (down 2.1% from a year ago) is the clear standout. In Victoria 16.0% of the workforce is now unemployed or under-employed – up 1.4% from a year ago but still well below Australia's national average of 17.6% (up 1.0%).

Australian Unemployment & Under-employment by State



Source: Roy Morgan Single Source (Australia) comparing Unemployment & Under-employment in August – October 2015 (13, 232 interviews) and August – October 2016 (12,773 interviews) of Australians 14+.

The end of the mining boom has clearly had a big impact on Western Australia – now at 19.6% (up 3.7%) unemployment and under-employment and Queensland 20.3% (up 3.3%) while Australia's smallest State of Tasmania continues to have a substantial problem with total unemployment and under-employment of 22.5% (up 1.8%). The closure of several large manufacturing plants in South Australia – including the ceasing of Holden Cruze production at its Elizabeth plant in early October has clearly had an impact and South Australia now has the highest unemployment and under-employment in the nation at 23% (up 5% in a year).

Gary Morgan, Executive Chairman, Roy Morgan Research, says:

“Analysing employment trends around Australia reveals a shocking picture with the return of the ‘two-speed’ economy – however, the ‘boot’ is now on the other foot. Unemployment and under-employment is now clearly below the national average in Australia’s two largest States of New South Wales and Victoria and above the national average in the four smaller States of Queensland, Western Australia, South Australia and Tasmania.

“It’s been well known for decades that inward migration and foreign investment is concentrated in Australia’s two largest States – and their capital cities of Sydney and Melbourne in particular – and today’s analysis of Australia’s employment trends over the past twelve months reveals this problem has returned.

“In the three months to October Australia’s real unemployment is 9.4% (up 0.6% in a year) and under-employment 8.2% (up 0.4%) totalled 17.6% (2.269 million Australians). Both New South Wales (8.9% unemployment & 6.3% under-employment – total of 15.2%) and Victoria (8.5% unemployment & 7.5% under-employment – total of 16.0%) come in comfortably below the national average.

“These two States comprise around 57% of Australia’s population and clearly attract the majority of inward migration which propels booming real estate markets in both capital cities. The surge in real estate prices in recent years has provided a revenue boom for both State Governments through soaring stamp duty collections. Even so, over the past twelve months New South Wales was clearly the better performer and the only State to experience a drop in overall unemployment and under-employment.

“In contrast, States that had previously benefited from the long-running mining boom – in particular Western Australia (9.8% unemployment & 9.8% under-employment – total of 19.6%) and Queensland (9.9% unemployment & 10.4% under-employment – total of 20.3%) have now seen their economies slow as greater numbers of people lose their jobs and join the ranks of the unemployed and under-employed.

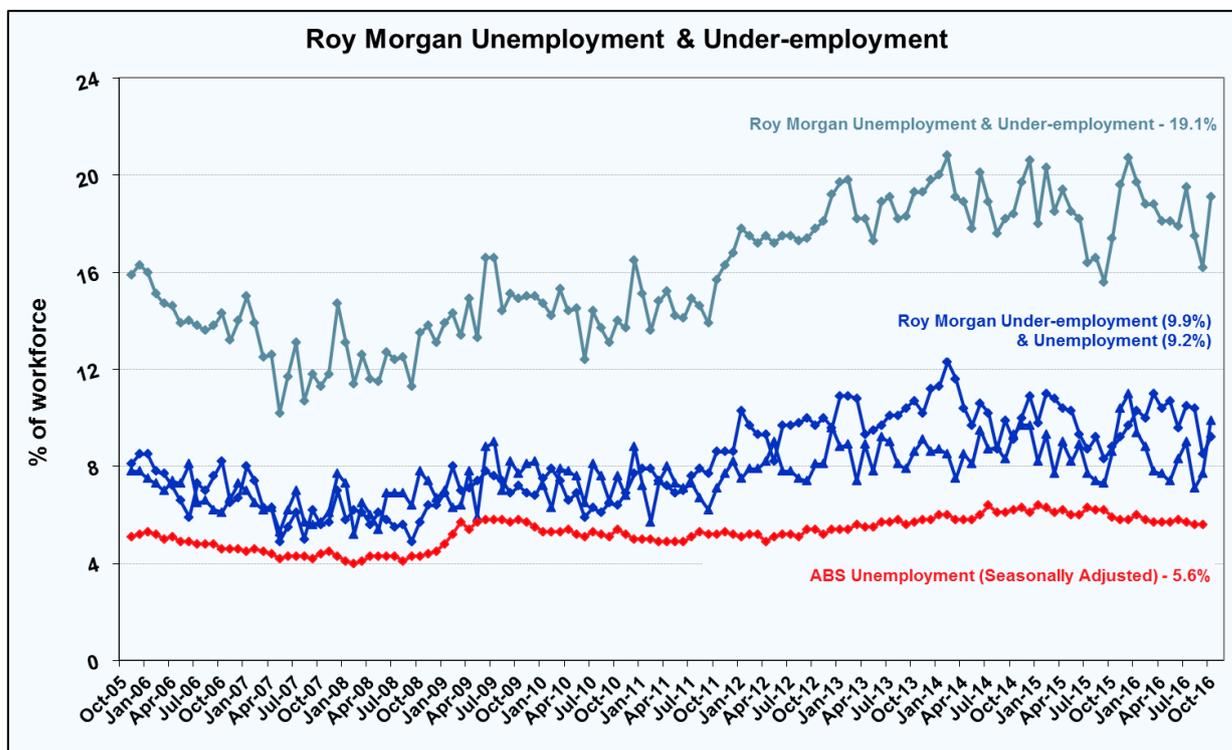
“In addition Australia’s smallest States of Tasmania (10.6% unemployment & 11.9% under-employment – total of 22.5%) and South Australia (12.1% unemployment & 10.9% under-employment – total of 23%) have clearly the highest jobless rates in the nation. Both Tasmania and South Australia have historically suffered from intrastate migration outflows due to the small size of their economies and today’s estimates show that this trend could well return in the next few years as those looking for work migrate to the larger States.

“One clear political impact of the worsening employment situation is the rise of regional parties around Australia. In particular we have the rise of the Nick Xenophon Team (NXT) in South Australia (three Senators and one Lower House MP), the return of One Nation – primarily in Queensland, but also very strong in Western Australia and regional New South Wales (four Senators around Australia), the popularity of Senator Jacqui Lambie and the Jacqui Lambie Network in Tasmania and even the election of Senator Derryn Hinch in Victoria.

“To overcome the popularity of regional parties Prime Minister Malcolm Turnbull and the L-NP Government must concentrate more on the regional problems of high and rising unemployment and under-employment with policies prioritising job creation and a growing economy.”

For further information

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This special Roy Morgan survey on Australia’s **unemployment** and **‘under-employed’*** by State breakdown is based on weekly face-to-face interviews of 26,005 Australians over a six month period in 2015 & 2016 including 13,232 interviews between August – October 2015 and 12,773 interviews between August – October 2016 of Australians aged 14+.

***The ‘under-employed’ are those people who are in part-time work or consultants who are looking for more work. (Unfortunately the ABS does not release this figure in their monthly unemployment survey results).**

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. The following table gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. The figures are approximate and for general guidance only, and assume a simple random sample. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	% Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
50,000	±0.4	±0.4	±0.3	±0.2

**ROY MORGAN MEASURES REAL UNEMPLOYMENT IN AUSTRALIA
NOT THE 'PERCEPTION' OF UNEMPLOYMENT – JUNE 8, 2012**

<http://www.roymorgan.com/~media/Files/Papers/2012/20120603.pdf>

The Roy Morgan Unemployment estimate is obtained by surveying an Australia-wide cross section by face-to-face interviews. A person is classified as unemployed if they are looking for work, no matter when. The results are not seasonally adjusted and provide an accurate measure of monthly unemployment estimates in Australia.

The Australian Bureau of Statistics Unemployment estimates are obtained by mostly telephone interviews. Households selected for the ABS Survey are interviewed each month for eight months, with one-eighth of the sample being replaced each month. The first interview is conducted face-to-face. Subsequent interviews are then conducted by telephone.

The ABS classifies a person as unemployed if, when surveyed, they have been actively looking for work in the four weeks up to the end of the reference week and if they were available for work in the reference week.

The ABS classifies a person as employed if, when surveyed, a person worked for one hour or more during the reference week for pay, profit, commission or payment in kind, or even if a person worked for one hour or more without pay in a family business or on a farm.

The Australian Bureau of Statistics Unemployment estimates are also seasonally adjusted.

For these reasons the Australian Bureau of Statistics Unemployment estimates are different from the Roy Morgan Unemployment estimate. Gary Morgan's concerns regarding the ABS Unemployment estimate is clearly outlined in his letter to the Australian Financial Review, which was not published.

<http://www.roymorgan.com/news/papers/2003/20030801>

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