

KEY POINTS

Employment

- National employment rose by 35,200 to 10,905,900 in December 2009 (seasonally adjusted).
- The rise in total employment was underpinned by a solid increase in part-time employment, by 27,900 to 3,270,800, and a fourth consecutive monthly rise in full-time employment, by 7,300 to 7,635,100.
- Annual employment growth lifted significantly in December, rising from 0.6% in November to 1.0%, a 12-month high.
- Despite the increase in the month, growth in annual part-time employment moderated from 5.3% in November to 4.8%. The rate of contraction in annual full-time employment has eased from a peak of 2.8% in August 2009 to 0.5% in December.
- Despite an increase in the number of people employed in December, aggregate monthly hours worked fell slightly, dropping by -0.1% to 1,535.6 million hours.

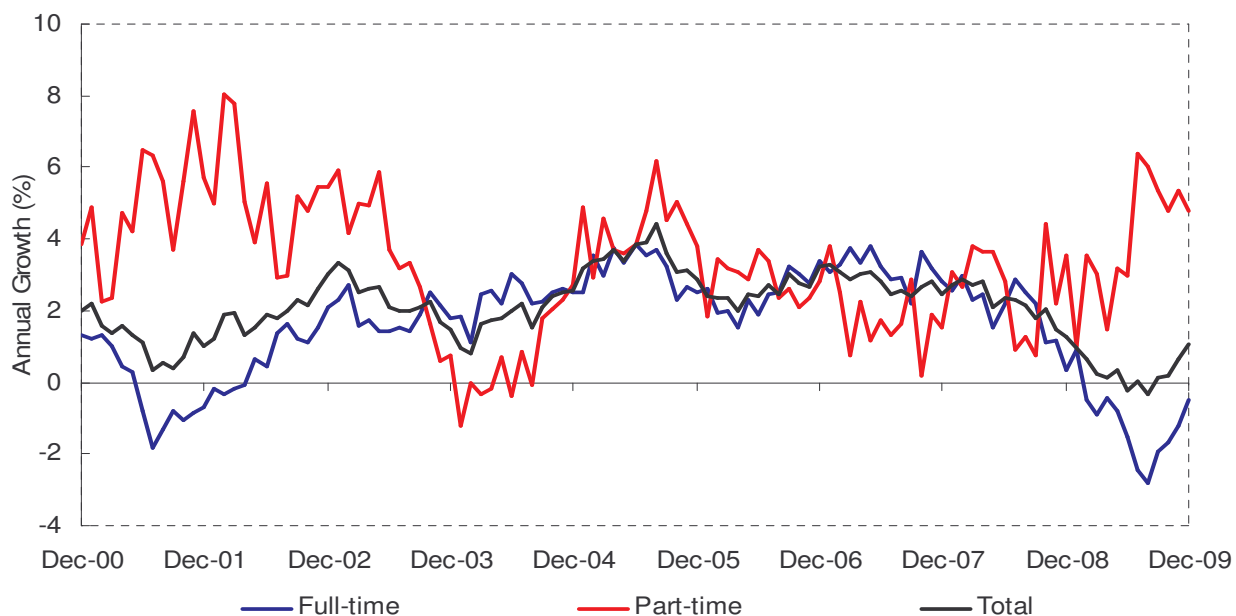
National unemployment rate

- The unemployment rate fell by 0.1 percentage points, from a revised 5.6% November to 5.5%. The labour force participation rate remained steady at 65.2%.

The states

- Seasonally adjusted, total employment rose in Queensland (+20,800); New South Wales (+8,000); Western Australia (+7,100); and Tasmania (+1,000). Employment fell in South Australia (-1,400) and Victoria (-700).
- Unemployment rates ranged from 5.9% in Queensland and New South Wales; 5.3% in South Australia; 5.2% in Victoria and Tasmania; and 5.1% in Western Australia.

Chart: Employment Growth



Policy implications

- The improvement in the labour market appears to have been maintained in the final month of 2009, reflected by increases in full-time and part-time employment, lower rates of unemployment and rising job vacancies.
- The increase in employment levels in December did not directly translate into a rise in aggregate monthly hours worked in the month, however, which fell slightly.
- It remains unclear at this stage whether the improvement in labour market conditions observed in the final quarter of 2009 will continue into 2010, or whether forecast below-trend growth in economic activity and easing of the impact of policy stimulus will ultimately cause the unemployment rate to drift upward beyond 6 per cent.
- Nevertheless, today's labour force numbers are likely to cement a decision by the Reserve Bank to lift the official cash rate when it next meets on Tuesday 2 February.