

Labour Account – Module 5.1

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- Handout – quadrants relationships diagram

JOBS			PERSONS		
Filled Jobs	=	Number of Main Jobs + Number of Secondary Jobs	Employed Persons	=	Number of Main Jobs (Total Economy Level)
+			+		
Job Vacancies			Unemployed Persons	+	Underemployed Persons = Underutilised Persons
=			=		
Total Jobs			Labour Force		
VOLUME			PAYMENTS		
Hours Actually Worked	+	Hours Sought but not Worked = Available Hours of Labour Supply	Total Labour Cost	/	$\frac{\text{Hours actually worked}}{\text{Hours actually paid}} = \frac{\text{Ave. labour cost per hour worked}}{\text{Ave. labour cost per hour paid}}$
		=	=		
Hours Paid For		Hours Sought by Unemployed	Compensation of Employees	+	Labour Income from Self-Employment = Total Labour Income
=		+	+		/
Ordinary time Hours Paid for		Additional Hours Sought by Underemployed	Employment Related Costs		Employed Persons
+			+		=
Overtime Hours Paid for		Filled Jobs	Payroll Tax		Average Labour Income per Employed Person
		=	-		
		Average Hours worked per Job	Employment Subsidies		

Four quadrants

Jobs



- The Jobs quadrant describes the number of jobs, both filled and vacant.

Persons



- The Persons quadrant provides statistics on persons employed, persons looking and available for employment and persons with potential for further employment.

Labour
Volume



- The Labour Volume quadrant describes the relationship between the hours of labour that are supplied by individuals and the hours of labour that are used or demanded by businesses

Labour
Payments



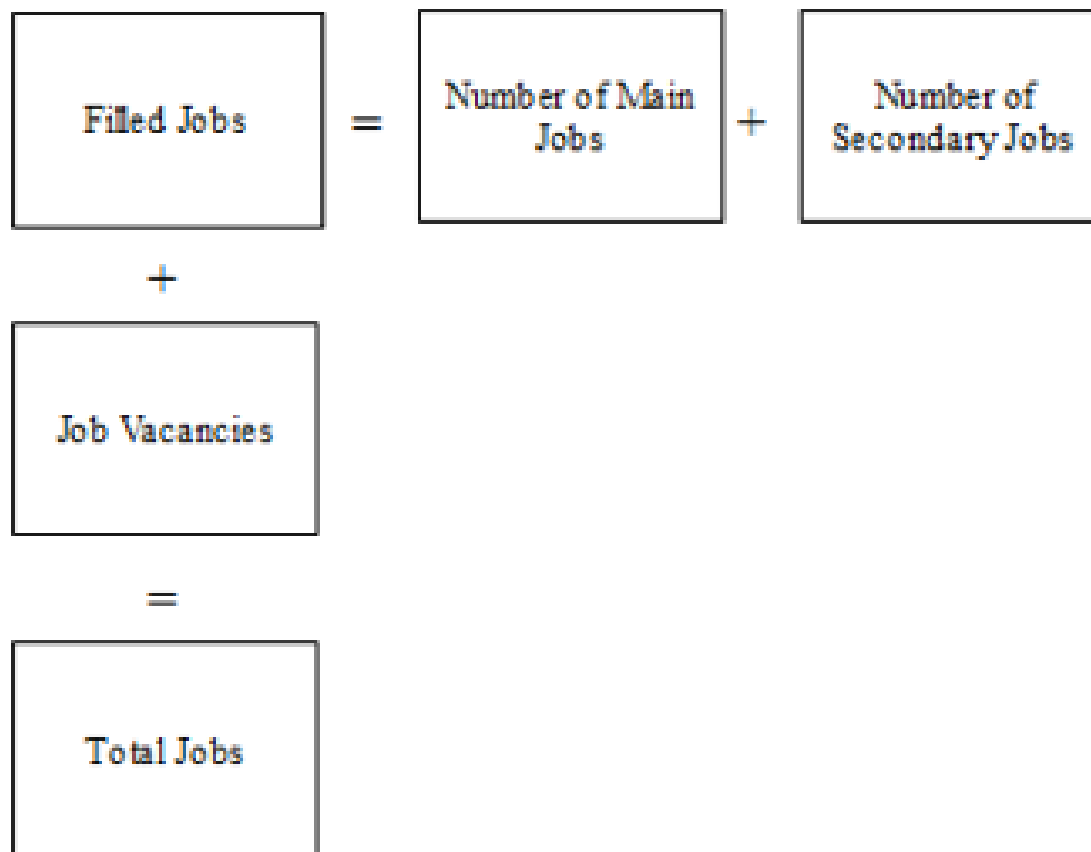
- The Labour Payments quadrant describes the relationship between the incomes paid by business to households and the incomes received by households from employment.



JOBS QUADRANT



JOBS



- In the context of the Australian Labour Account, a job is a set of production related tasks that can be assigned to and undertaken by a person, and for which they are usually, but not necessarily, remunerated either in money or in kind.



Table 7.2: Jobs included in and excluded from the Australian Labour Account

Jobs in scope	Jobs out of scope
Paid employment with formal work agreements – i.e. an employer/employee relationship.	Positions which are purely voluntary and no remuneration is received, either in cash or in kind.
Owner managers of businesses – i.e. self-employed persons.	Activities relating to the production of unpaid domestic services.
Unpaid contributions of labour to a family business or farm – i.e. contributing family workers.	Activities and positions outside of Australia's economic territory.
Activities relating to the production of goods for own consumption.	Activities relating to unreported illegal transactions.



Labour Account main job

Labour Account main job is the main activity carried out by an employed person. In the Australian context, this is the job in which most hours are usually worked. An employed person can only have one main job.

Labour Account secondary job

Labour Account secondary job is any job held by an employed person, other than their main job. A person can have multiple secondary jobs.

Job Vacancies

A job vacancy is an unfilled job that an employer intends to fill either immediately or in the near future. A job vacancy is considered to exist if an employer has taken concrete steps to find a suitable person to carry out a specific set of tasks and would have recruited (entered into a job contract with) such a person if she/he had been available.

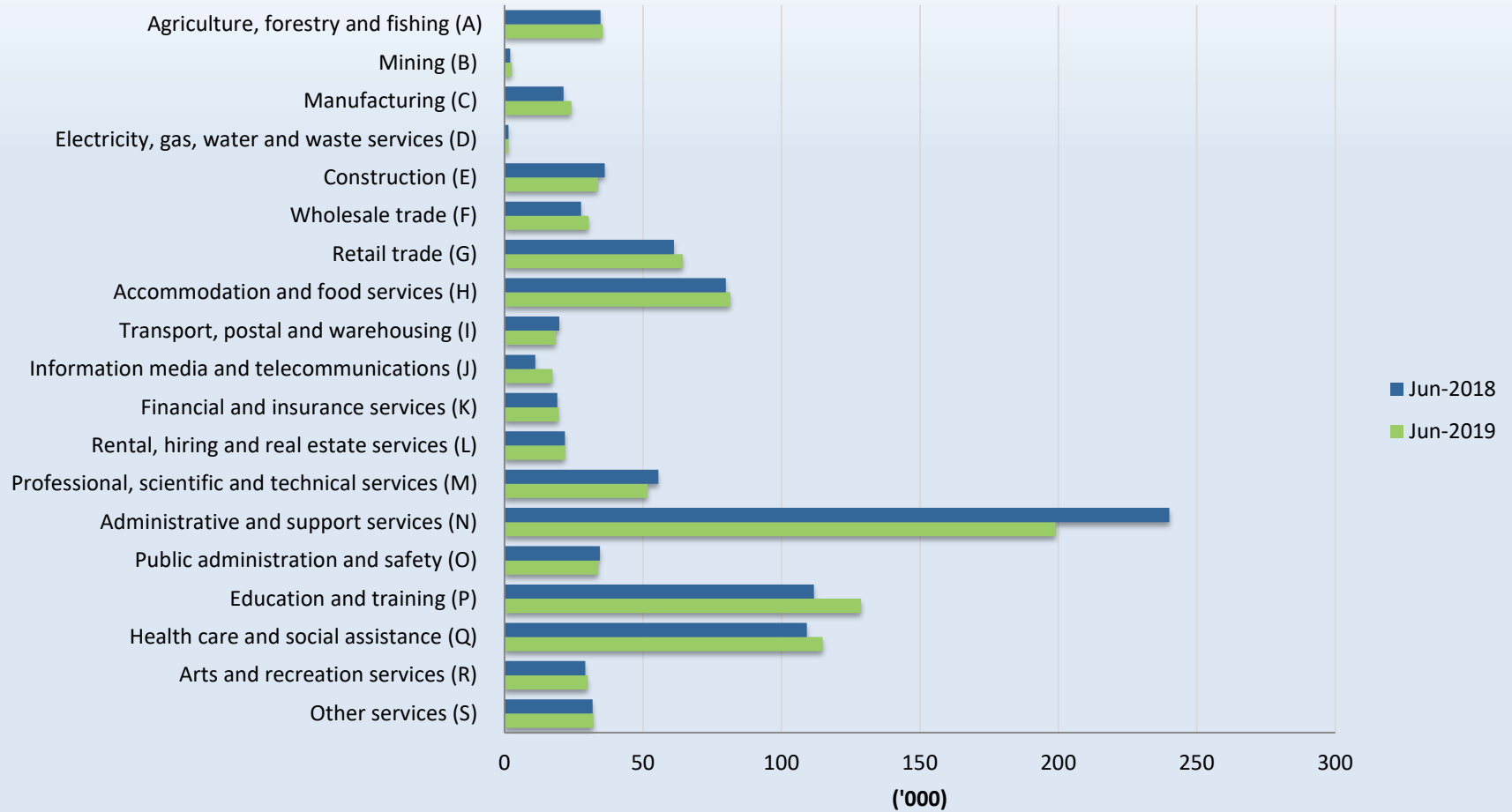
Total Jobs


Total Jobs is the sum of Filled Jobs plus Job Vacancies.

Secondary Jobs



SECONDARY JOBS, BY INDUSTRY, JUN QTR 2018 AND JUN QTR 2019



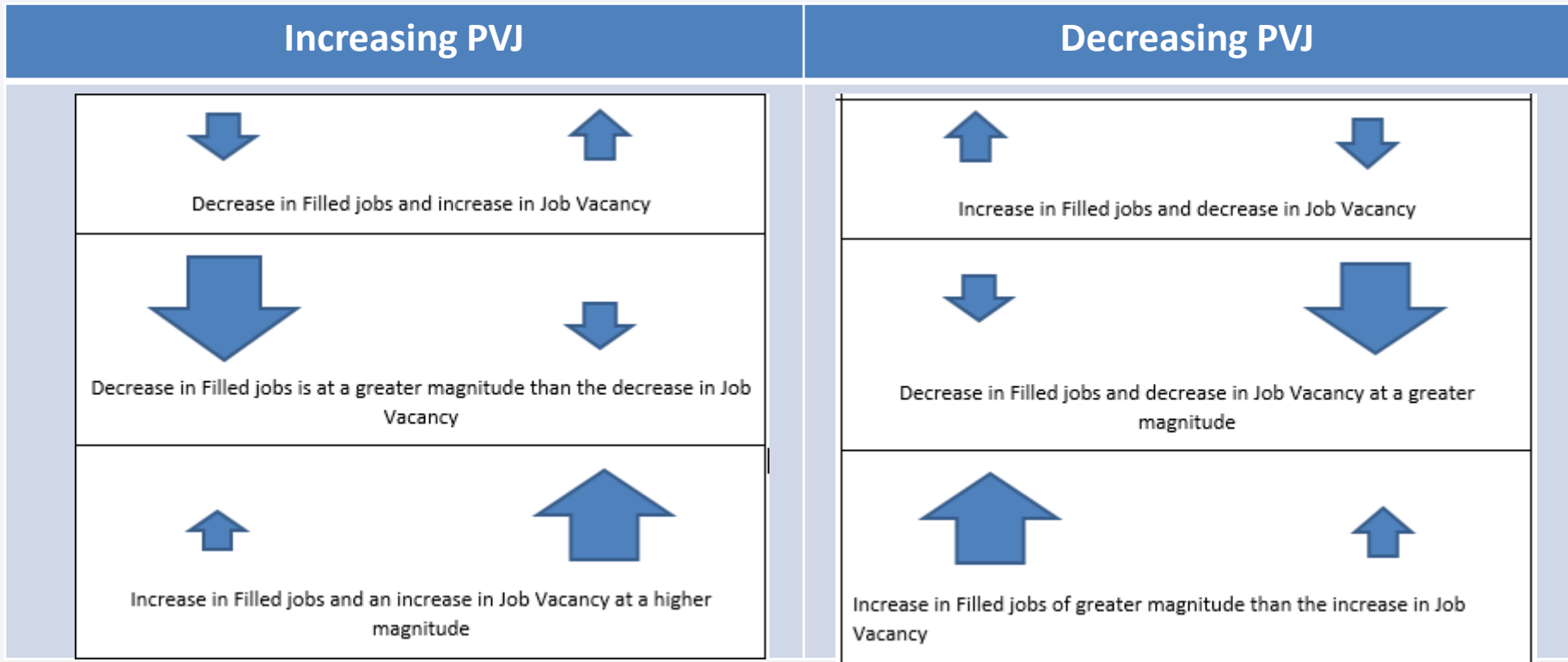


Allows us to measure Proportion of
Vacant Jobs (PVJ)

- The Proportion of Vacant Jobs (PVJ) brings together two separate indicators:
 - The number of job vacancies
 - The total number of jobs

$$\text{Proportion of Vacant Jobs} = \left(\frac{\text{Job Vacancies}}{\text{Total Jobs}} \right) = \left(\frac{1}{1 + \frac{\text{Filled Jobs}}{\text{Job Vacancies}}} \right)$$

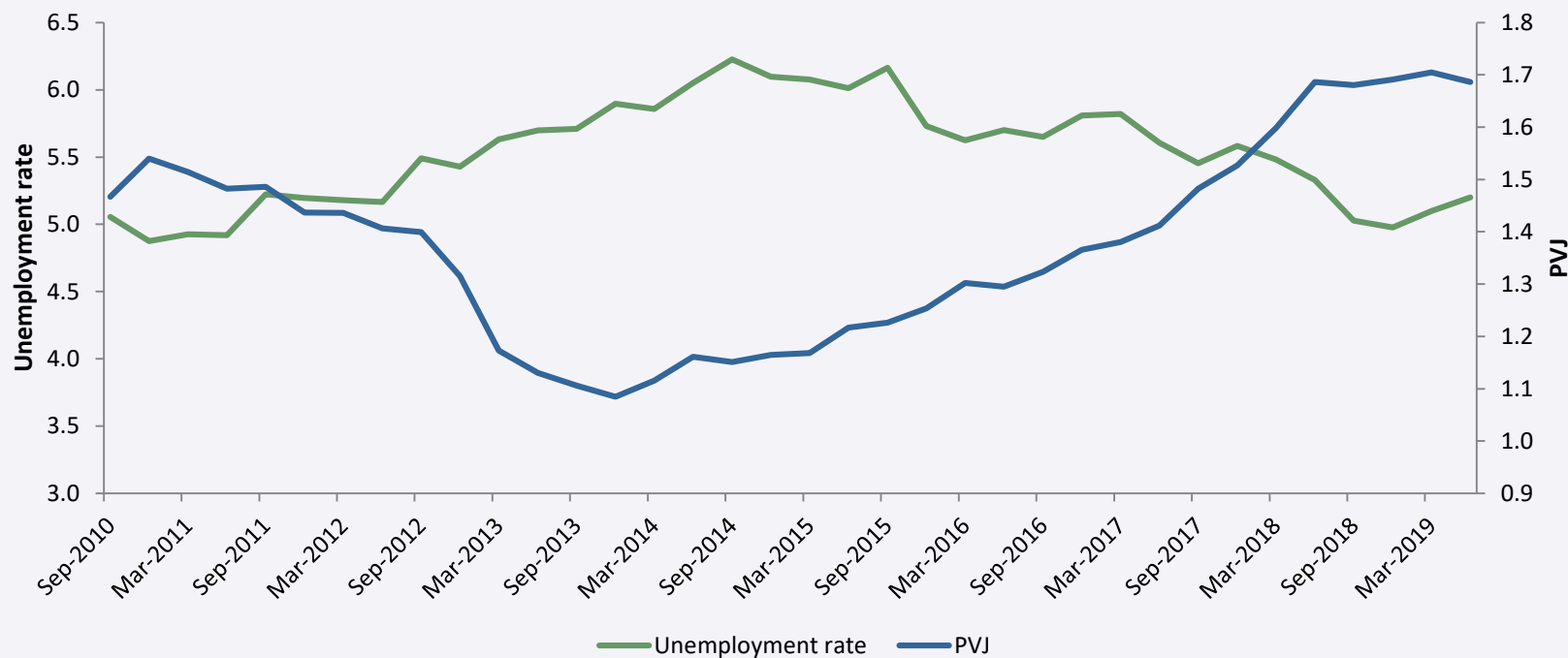
What can drive changes in PVJ?



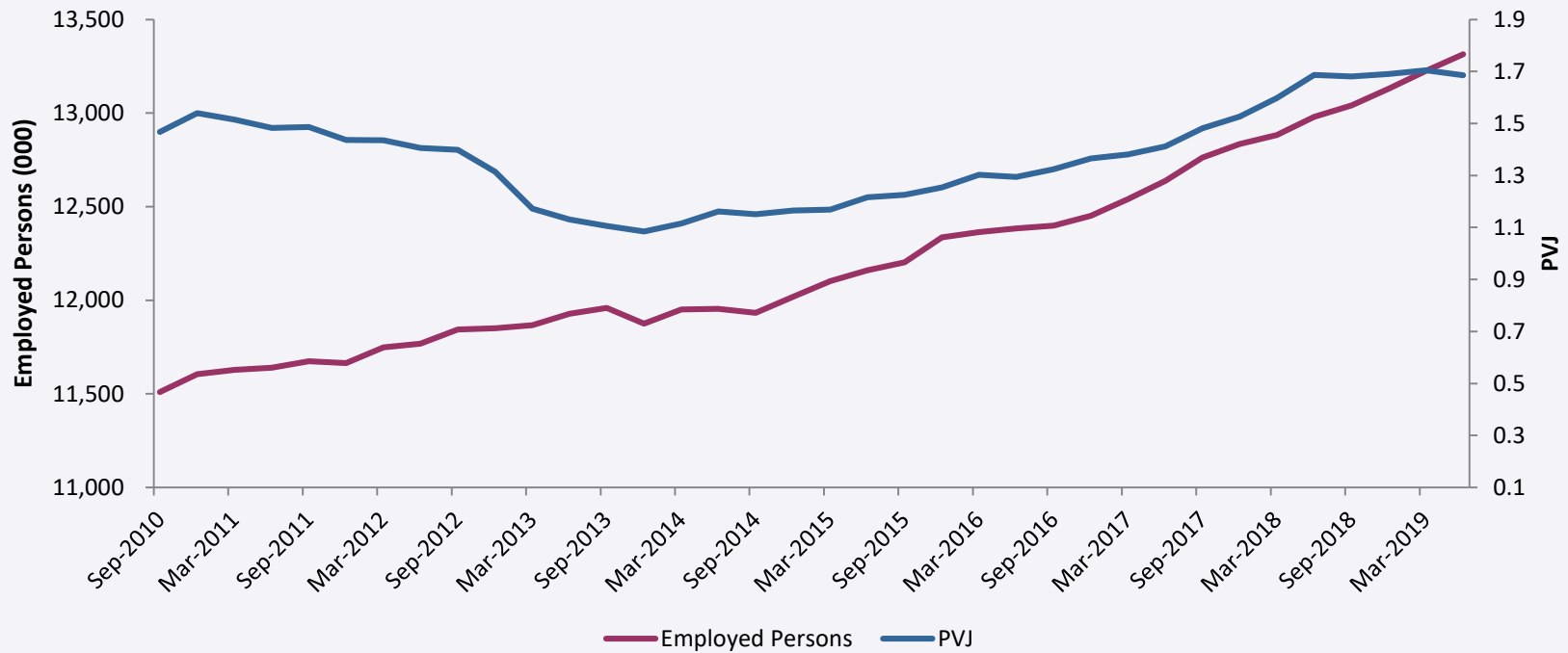


- Job churn – the industry may not be maintaining long term employment, resulting in a high number of job vacancies without long term growth in employment;
- Skill mismatch – current availability of skills may not be able to satisfy employer requirements, resulting in an extended search for appropriately skilled staff;
- Changing employment conditions or arrangements - the industry may be transitioning from full-time to part-time roles, or a greater use of contractors or use of labour hire firms.
- Changing employment capacity – there may be indications that the industry is nearing its full employment potential or, conversely, that there is the possibility of future employment growth;

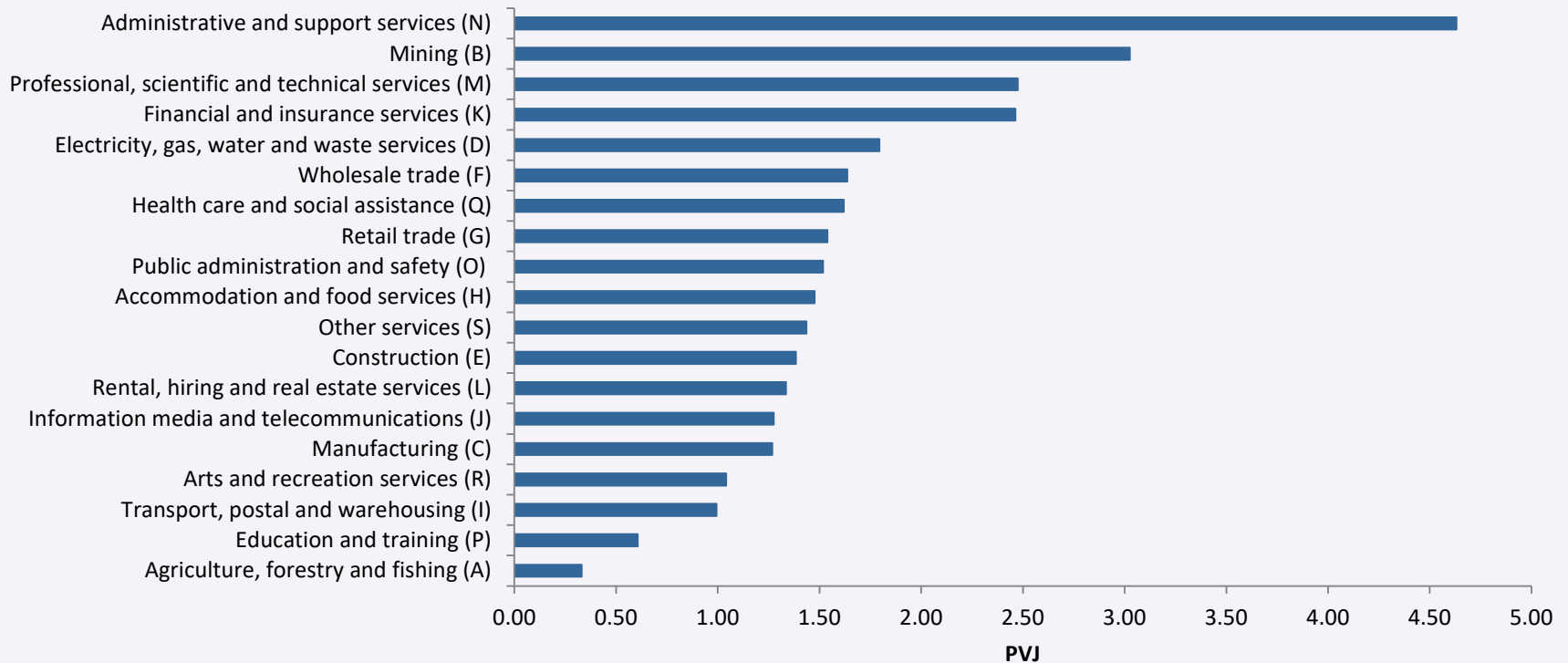
PVJ and Unemployment rate (Seasonally Adjusted)



PVJ and Employed Persons (Seasonally Adjusted)



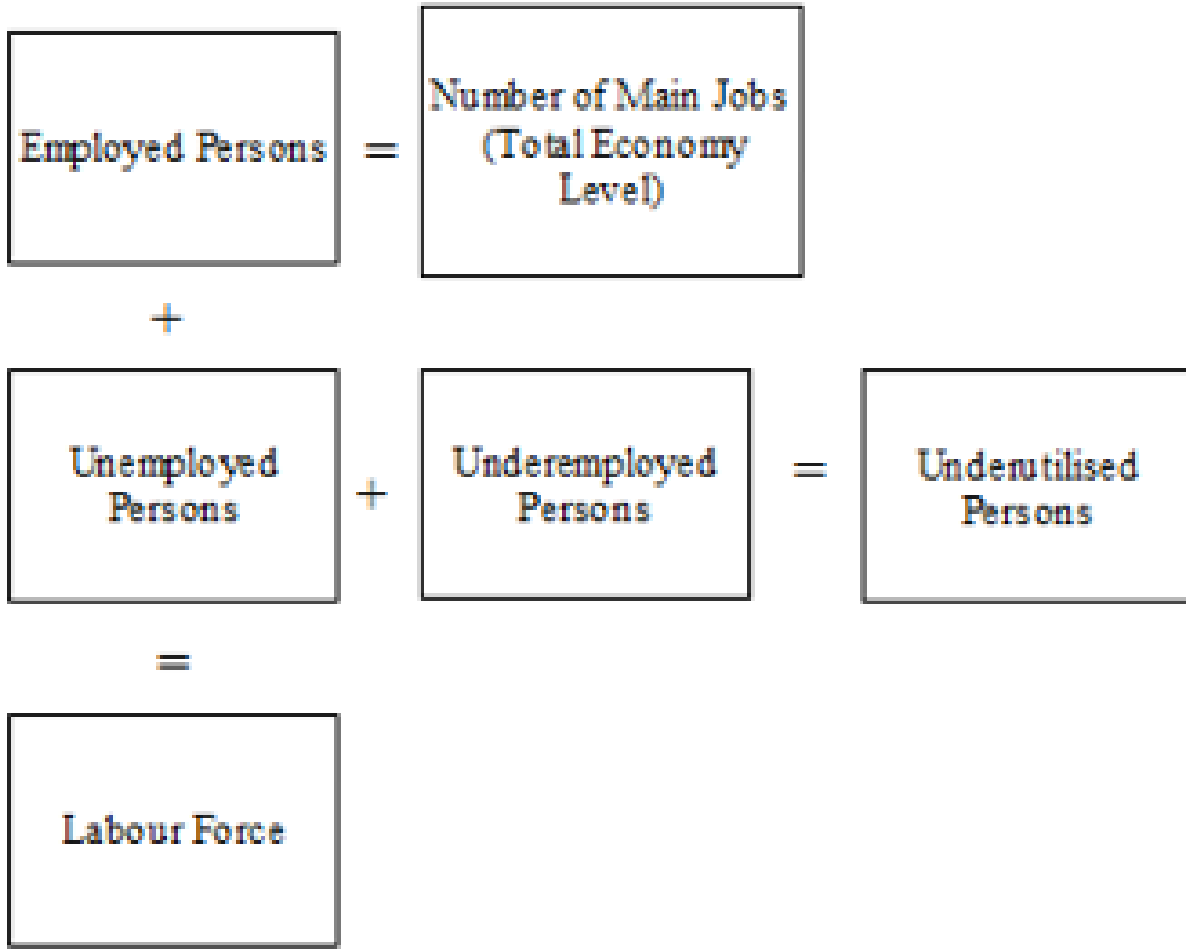
PVJ by Industry June Qtr 2019 (Seasonally Adjusted)






PERSONS QUADRANT

PERSONS



But we want the Labour Account
production boundary



We adjust the employed persons estimate from the Labour Force Survey to align with SNA production and residency concepts.

These include calculating estimates for:

- permanent defence force personnel;
- employed persons under 15 years of age (child workers);
- non-residents employed in Australia by Australian businesses; and
- Australian residents living in Australia employed by overseas companies/business entities.

- We do include estimates for unemployed and underutilised but these estimates at this stage do not have the expanded SNA coverage and are currently consistent with the published LFS.

VOLUMES QUADRANT



VOLUME

$$\begin{array}{|c|} \hline \text{Hours Actually Worked} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Hours Sought But Not Worked} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Available Hours of Labour Supply} \\ \hline \end{array}$$

$$\begin{array}{|c|} \hline \text{Hours Paid For} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Hours Sought by Unemployed} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Hours Actually Worked} \\ \hline \end{array}$$

$$\begin{array}{|c|} \hline \text{Ordinary Time Hours Paid For} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Additional Hours Sought by Underemployed} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Filled Jobs} \\ \hline \end{array}$$

$$\begin{array}{|c|} \hline \text{Overtime Hours Paid For} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Average Hours Worked Per Job} \\ \hline \end{array}$$

- Hours Usually Worked
- Hours Actually Worked
- Hours Sought

Figure 9.2: Usual hours worked and actual hours worked

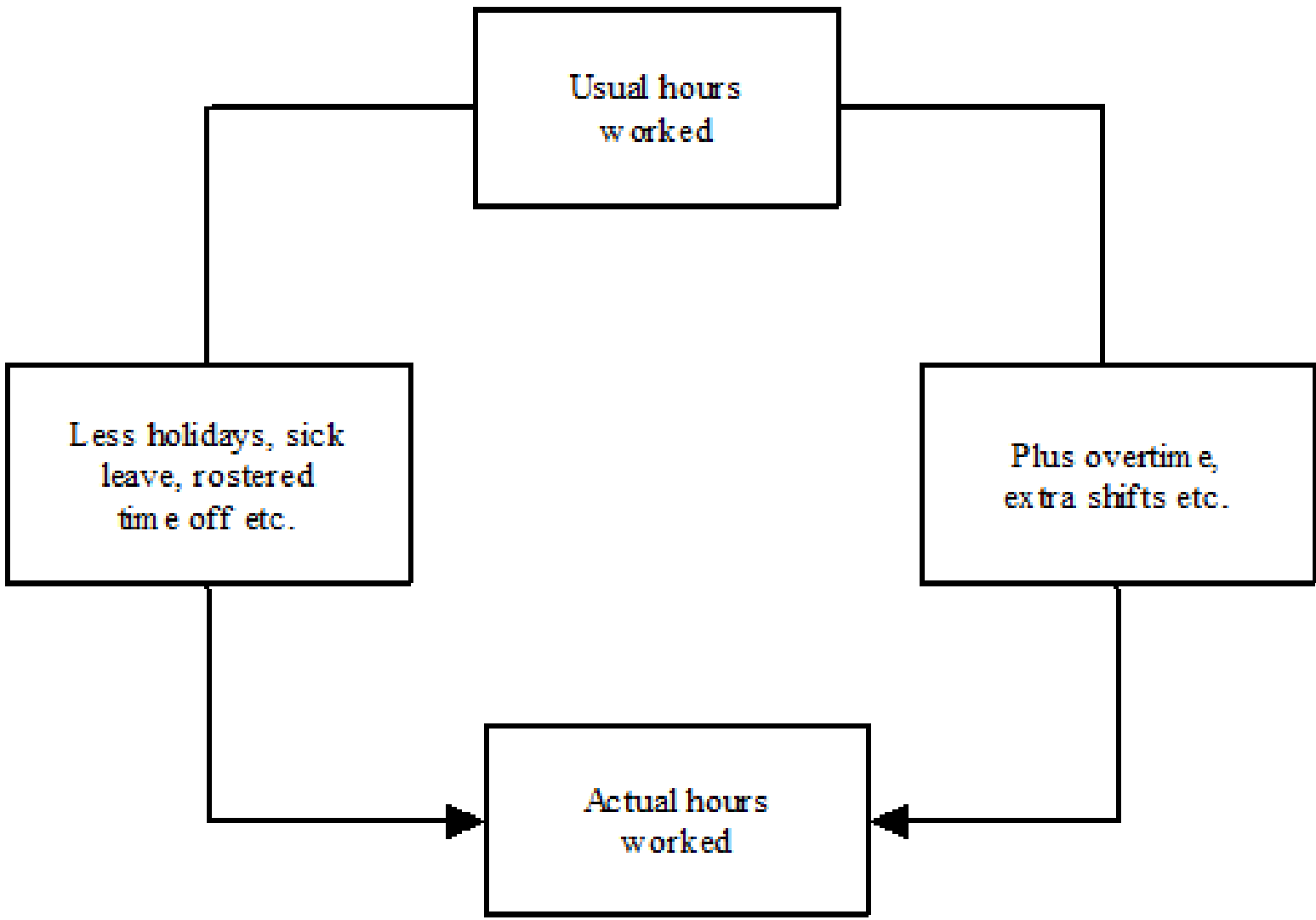
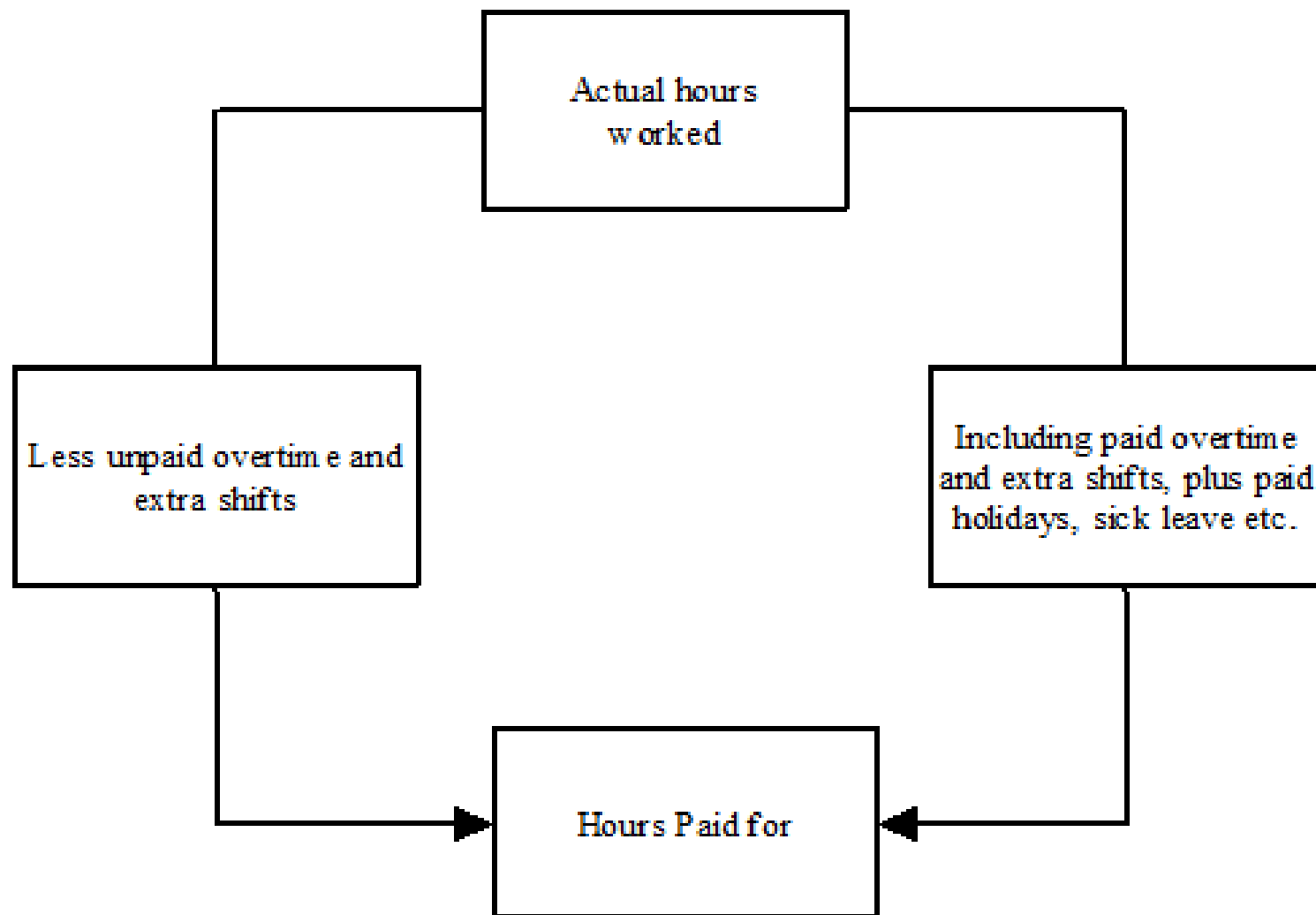


Figure 9.4: Actual hours worked and hours paid for





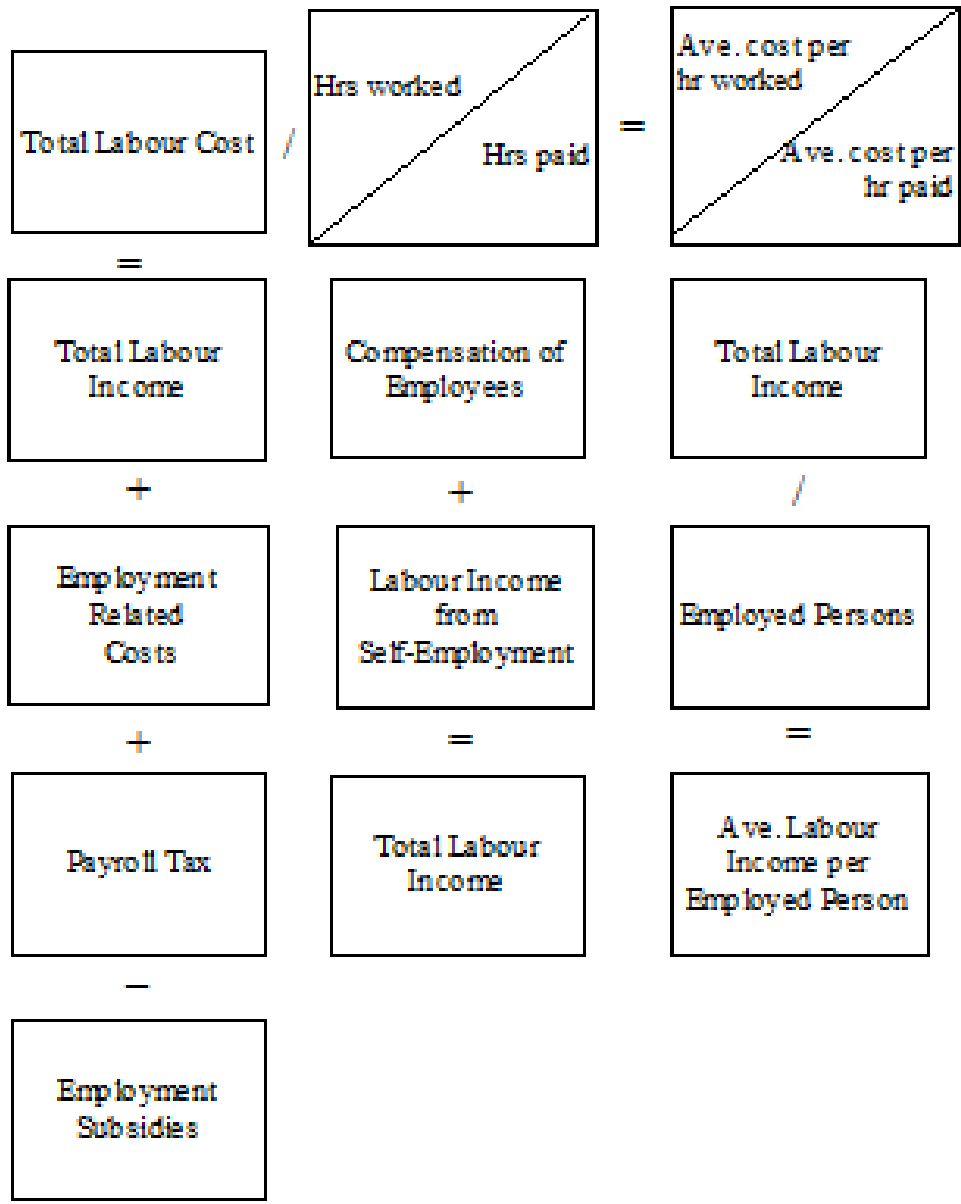
- Conceptually there is not a statistical discrepancy in this quadrant
- Hours Paid for DOES NOT equal Hours Worked



PAYMENTS QUADRANT



PAYMENTS



- Total Labour Costs
- Wages and Salaries
- Employer Social Contribution
- Self-employed labour income



Figure 10.2: Australian conceptual framework for measures of employee remuneration

