

# Labour Account – Module 6

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# Balancing approach

How did we go about balancing jobs?

6 Step process

# Step one – Balance each industry individually to the demand or supply side

- The following industries were balanced to the supply side:
  - Division L (Rental, Hiring and Real Estate Services);
  - Division M (Professional, Scientific and Technical Services); and
  - Division S (Other Services).
- For Division N (Administrative and Support Services), adjustments to filled jobs were made, such that while the level was consistent with the demand side, growth rates were consistent with the supply side.
- All other industries were balanced to the demand side.

# Step two – Adjustment for OMUEs (self-employed)



- Owner Managers of Unincorporated Enterprises were reallocated as follows:
  - Division D (Electricity, Gas and Water) – OMUEs were moved to Division E (Construction).
  - Division K (Financial and Insurance Services) – OMUEs were moved to Division M (Professional, Scientific and Technical Services).
  - Division O (Public Administration and Safety) – OMUEs were moved to Division M (Professional, Scientific and Technical Services).

# Step three – Minor adjustments for extrapolated year

- The most recent annual estimates, for most industries, are based on data which has been extrapolated from an annual benchmarked level from 2014-15.
- Some minor discretionary adjustments were made to 2014-15 and 2015-16 to bring growth rates in jobs more in line with other indicators, such as COE and GVA.

# Step four – Balance to supply at the total economy level



- This approach to balancing was taken for a number of reasons:
  - Supply side estimates of jobs predominantly come from a single source, the Labour Force Survey, unlike demand side estimates which are estimated from a variety of business collections.
  - The Labour Force Survey also provides the official estimate of employment in Australia, and is designed to measure employment levels which are internationally comparable in a consistent manner over time in accordance with recognised ILO definitions.
  - Movements in the numbers of filled jobs at the total economy level on the supply side were more coherent with other available indicators, such as COE and GVA.

# Step 5 – Further minor discretionary balancing adjustments

- After balancing the total economy to the supply side, some industries required further minor discretionary balancing adjustments.

## Step 6 – Moving hours paid across industries



- After the completion of Step five, some industries exhibited unusually high (e.g. Rental, Hiring and Real Estate) or unusually low (e.g. Administrative and Support Services) ratios of hours worked to hours paid for.
- To rectify this, as part of balancing some hours paid for were moved across industries. However, the total hours paid for at the total economy level was not changed.



# Balancing Adjustments from Jobs flow through to other quadrants

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	/	Hours actually worked / Hours actually paid = Ave. labour cost per hour worked / 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		

