



RESERVE BANK OF AUSTRALIA

# Teacher Immersion Event 2024

H.C. Coombs Centre, Kirribilli  
19 July 2024

Education



RESERVE BANK OF AUSTRALIA

# The Labour Market and Full Employment

Alexander Ballantyne

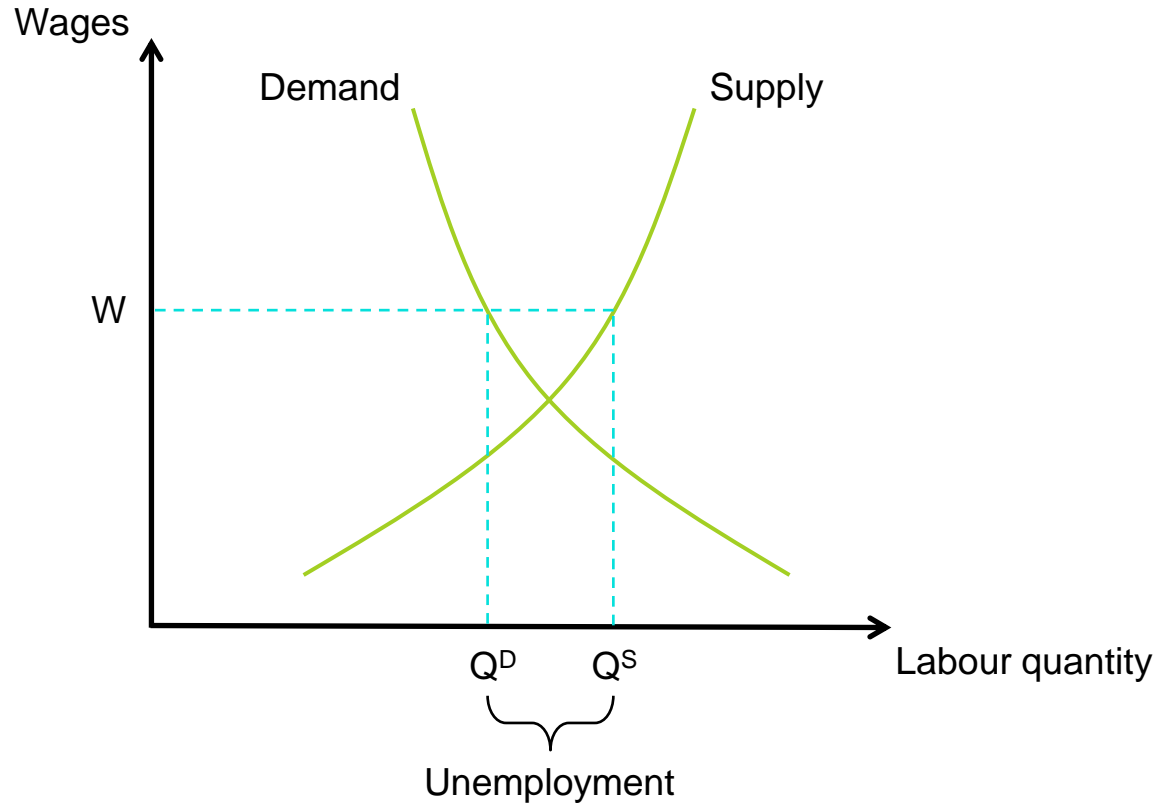
(Economic Analysis Department)

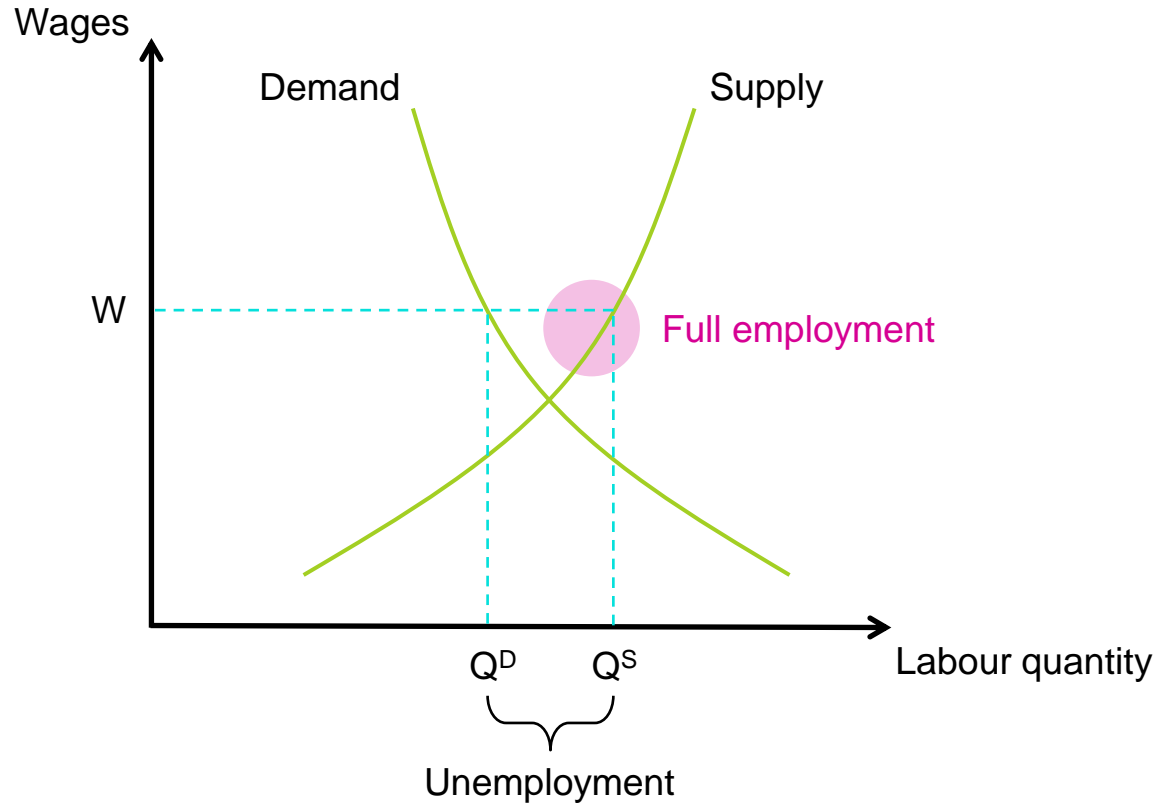
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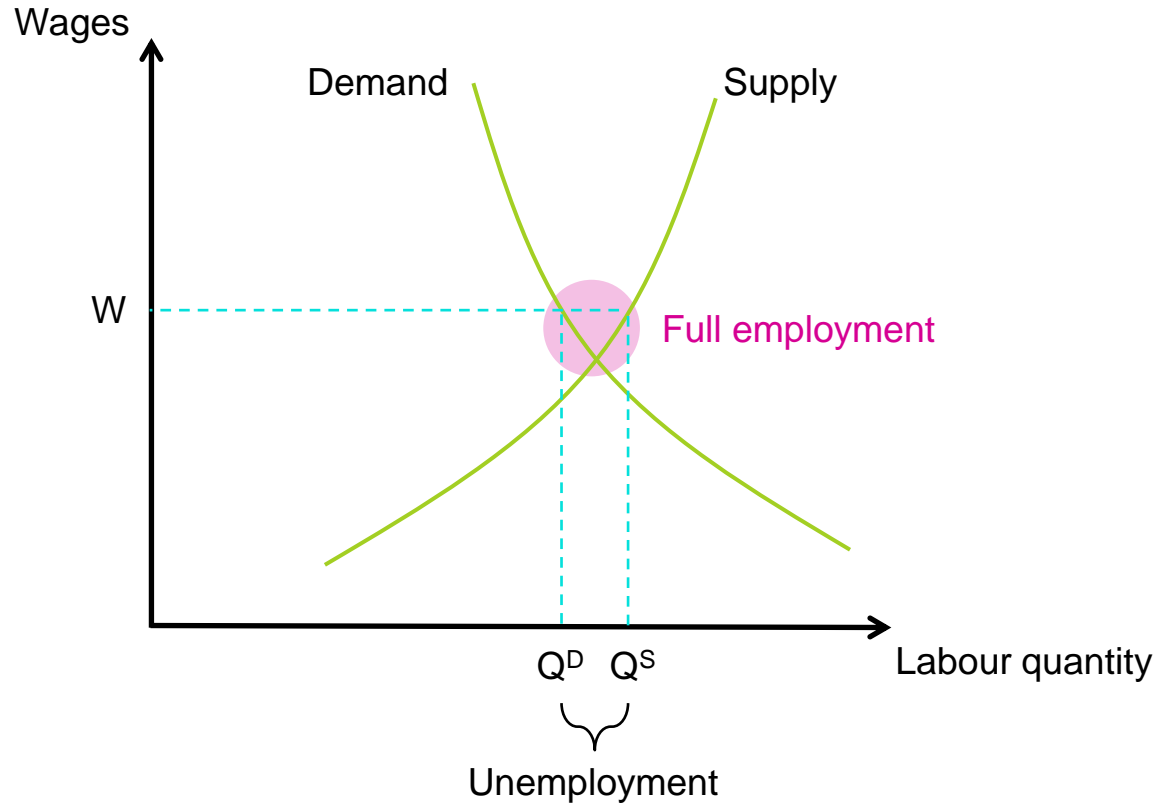


# Outline

- What is full employment and how do we achieve it?
  - The long and short of the labour market
  - Cyclical, structural and frictional unemployment
  - The role of government and the RBA
- Assessing the state of the labour market
  - Labour market indicators
  - Models of labour market spare capacity



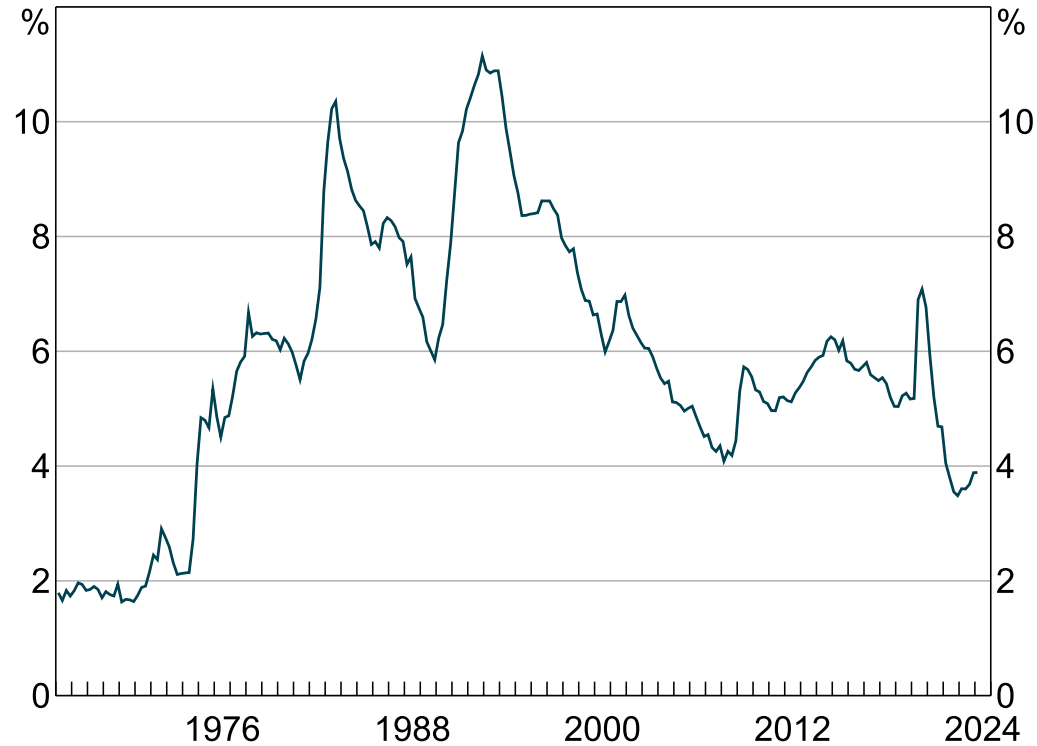






# Unemployment rate

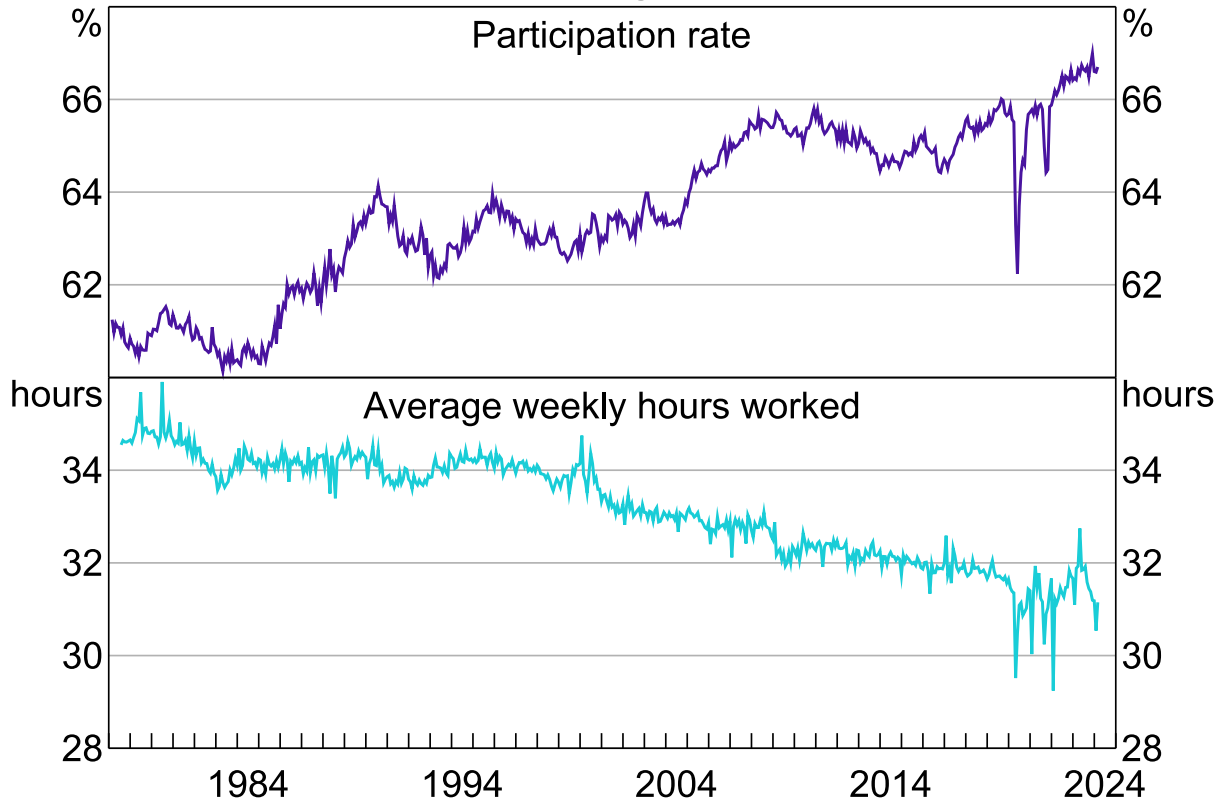
Per cent of labour force



Sources: ABS; RBA.



# Labour Supply Indicators



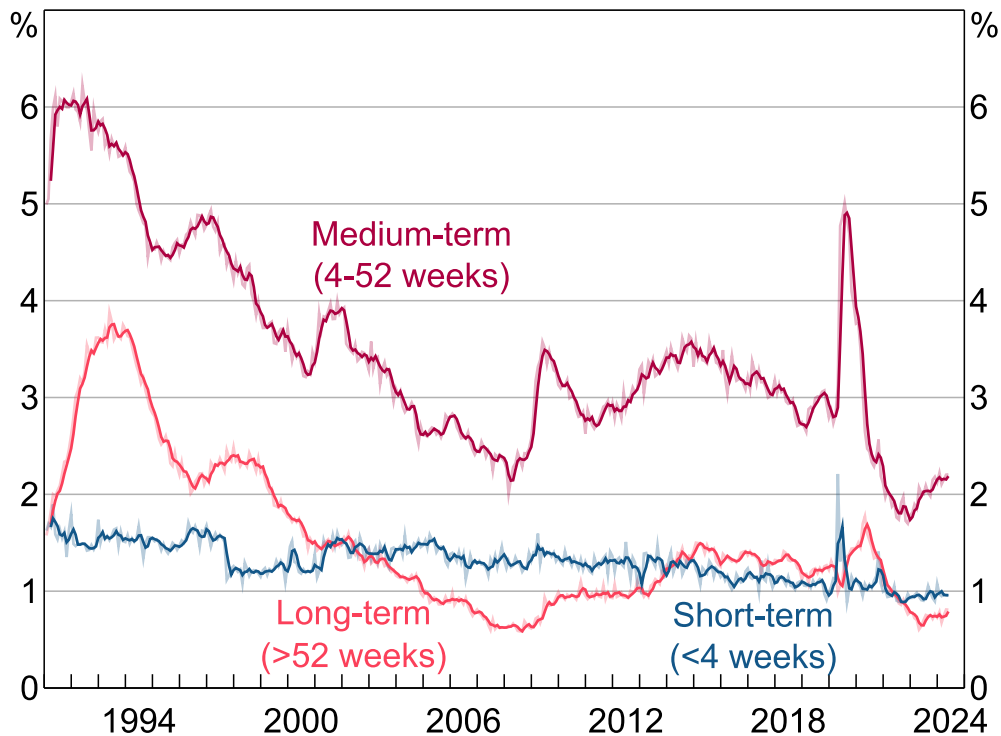
Sources: ABS; RBA.





# Unemployment by Duration\*

Per cent of labour force



\* Darker lines are 3-month moving averages.

Sources: ABS; RBA.



# 1945 White Paper: Full Employment in Australia

*Full employment can be maintained only as long as total expenditure provides a market for all the goods and services turned out by Australian men and women, working with available equipment and materials, and fully employed after allowing for the need for leisure.*



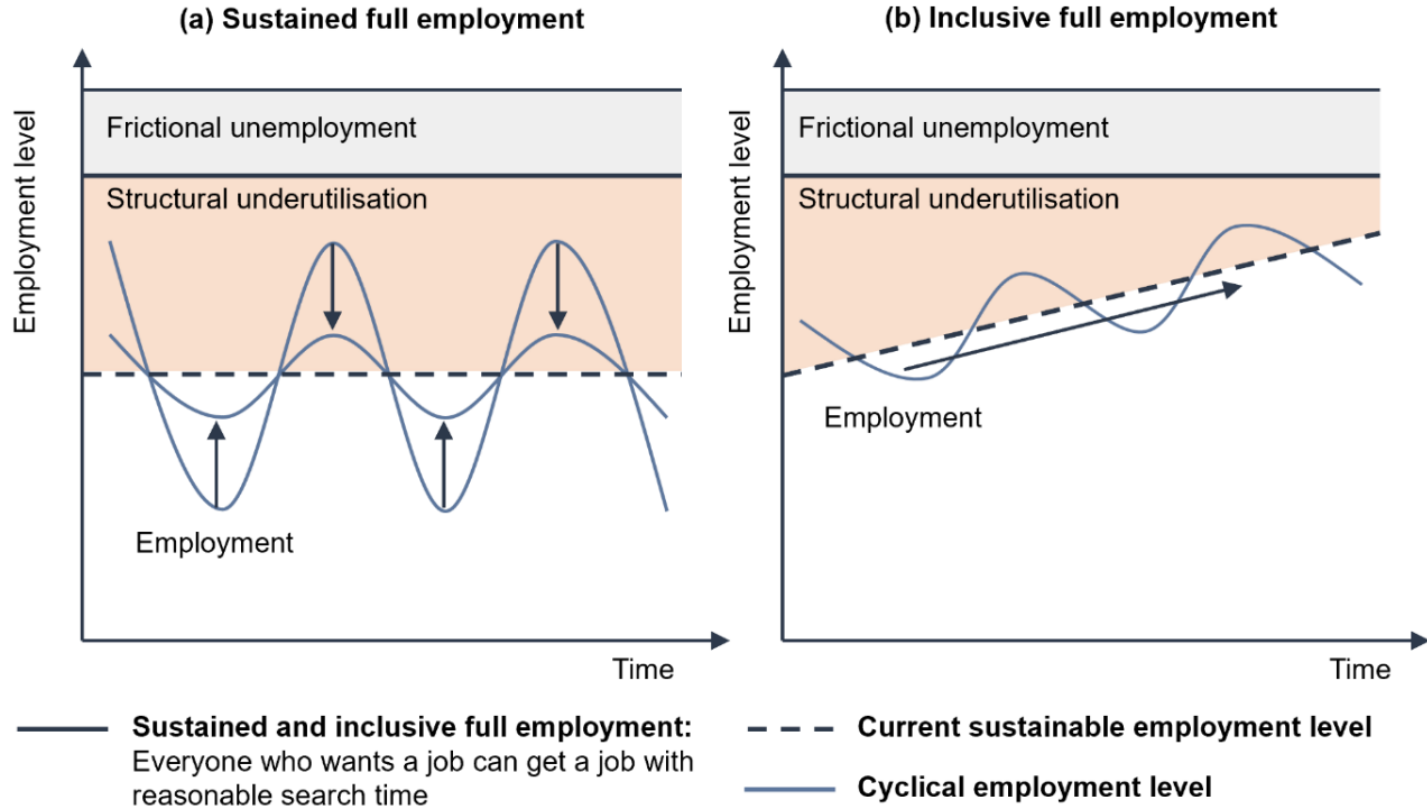
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## Assessing Full Employment in Australia

18 April 2024

**Alexander Ballantyne, Avish Sharma and Tim Taylor** [\[\\*\]](#)

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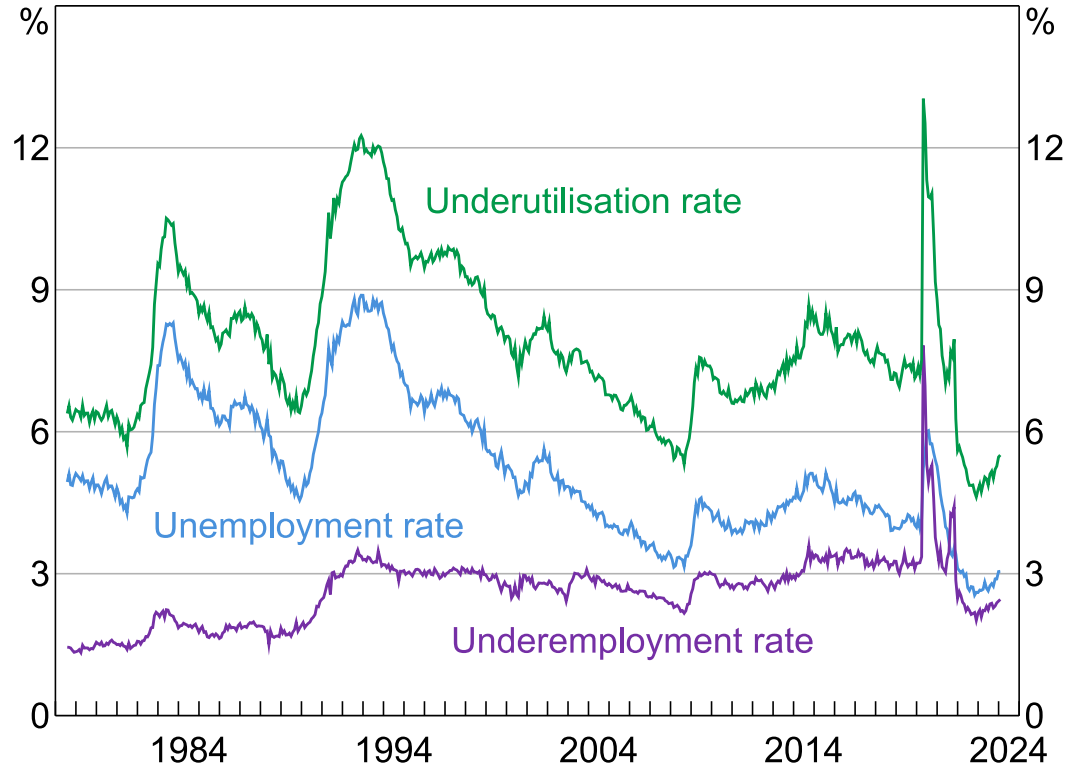


Photo: Orbon Alija – Getty Images



# Labour Underutilisation

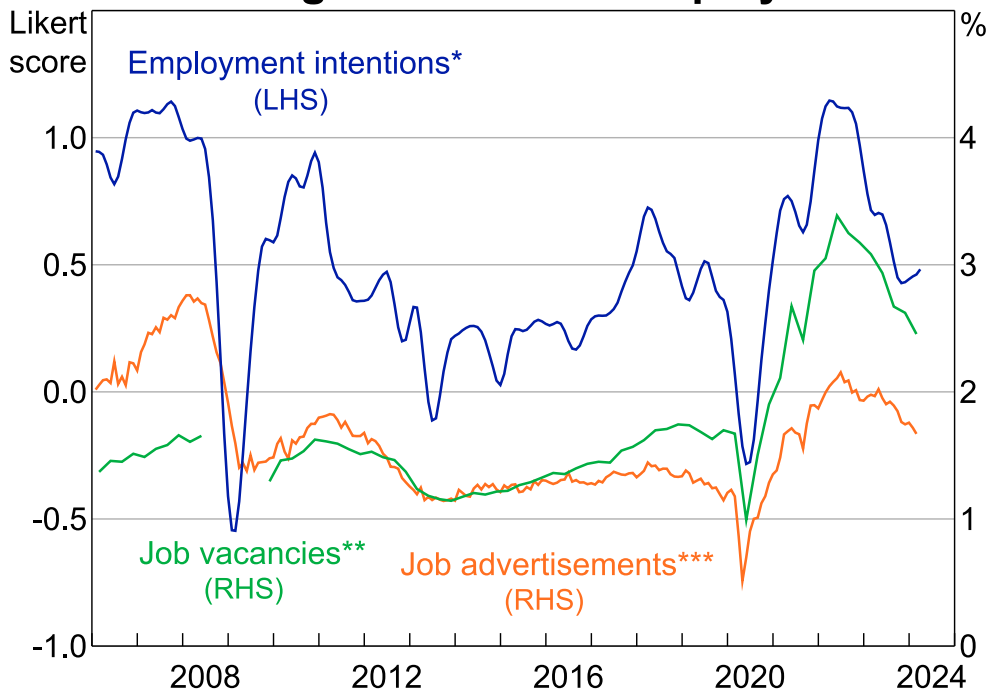
Hours-based



Sources: ABS; RBA.



## Leading Indicators of Employment



\* Over the year ahead; smoothed using a 13-month Henderson trend.

\*\* As a share of the labour force; this survey was suspended between May 2008 and November 2009.

\*\*\* As a share of the labour force.

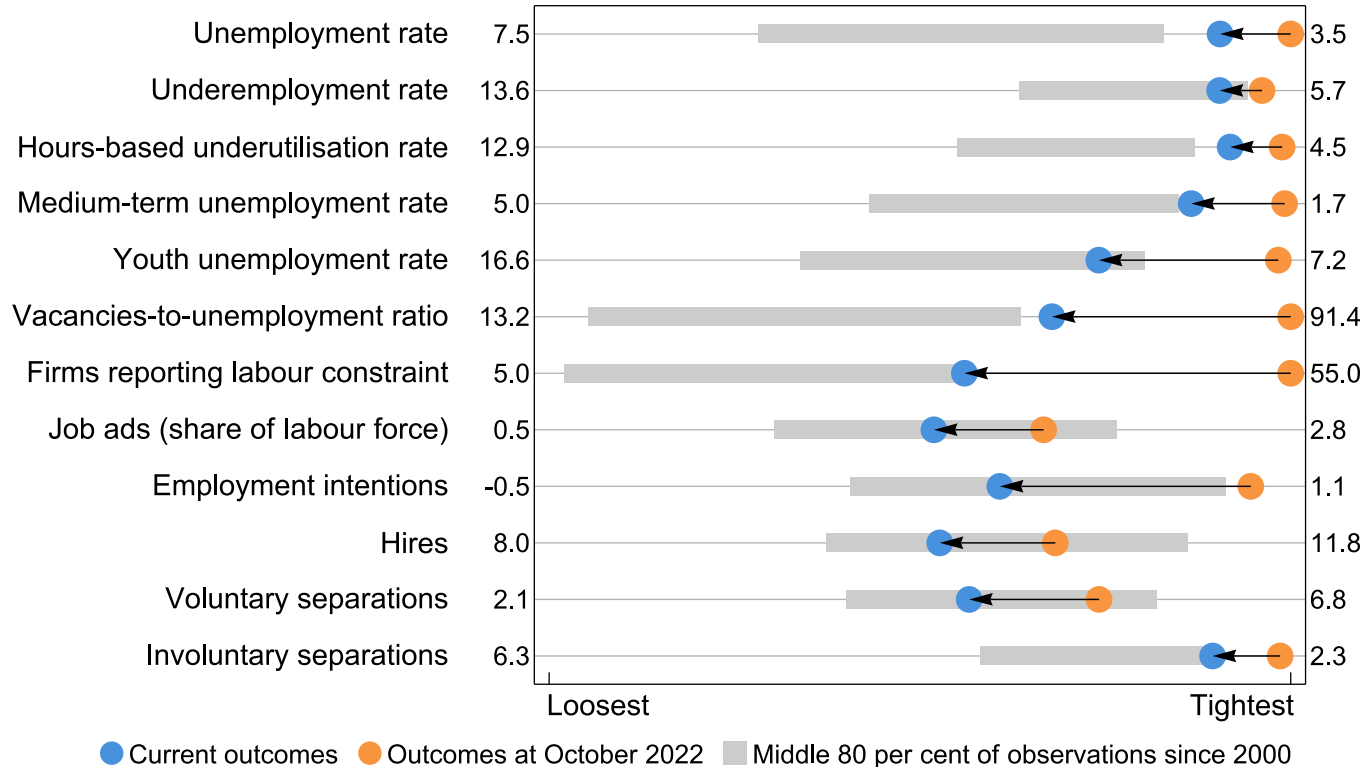
Sources: ABS; JSA; RBA.

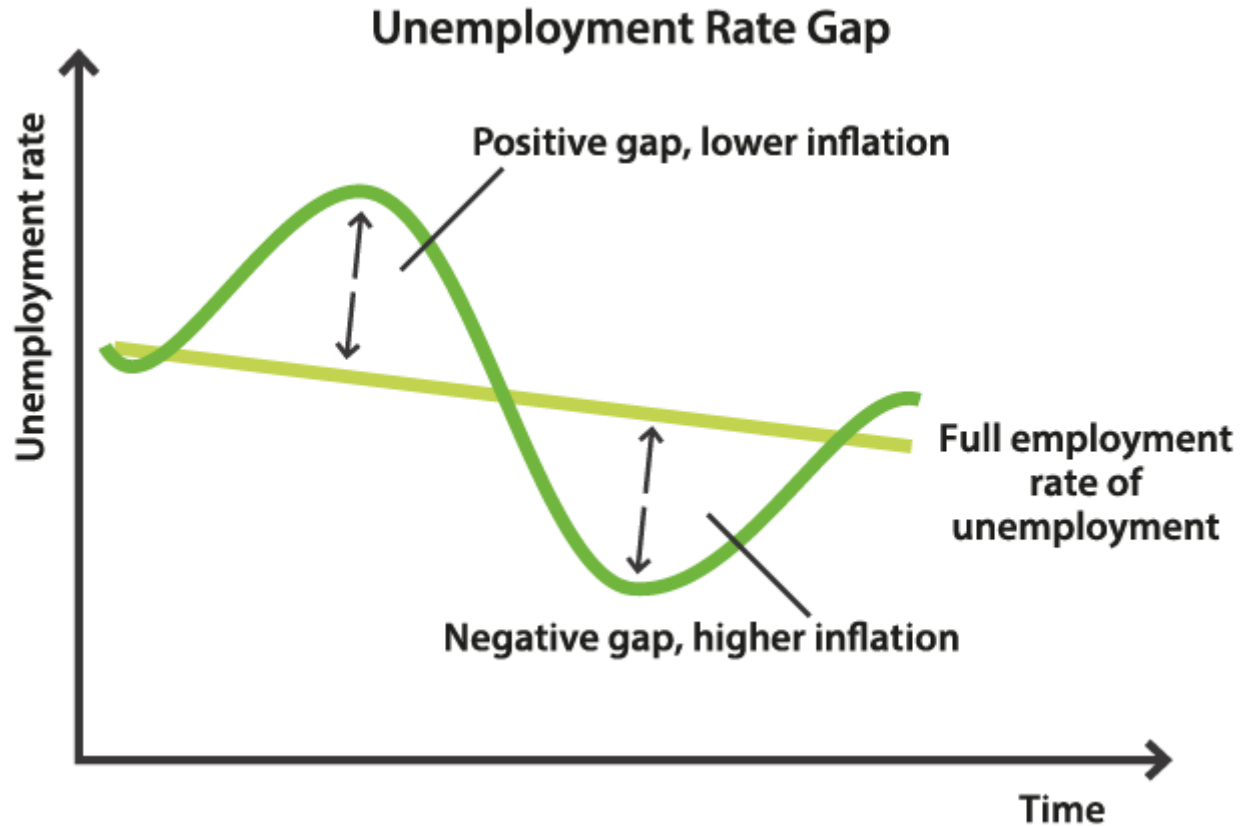




## Full Employment Indicators

Current conditions relative to 2000–2024 range

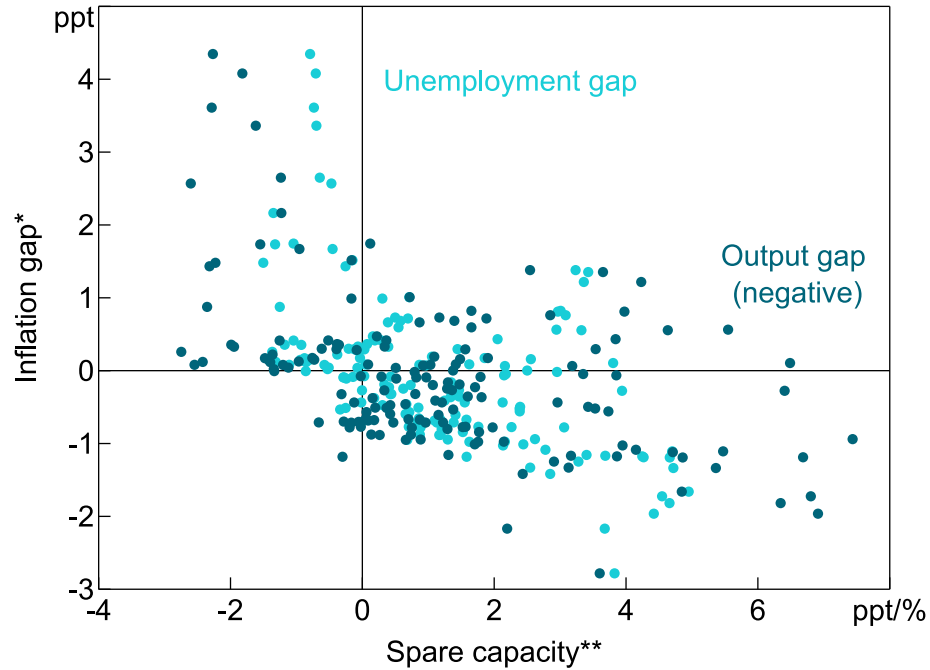






# Phillips Curve

1985–2023



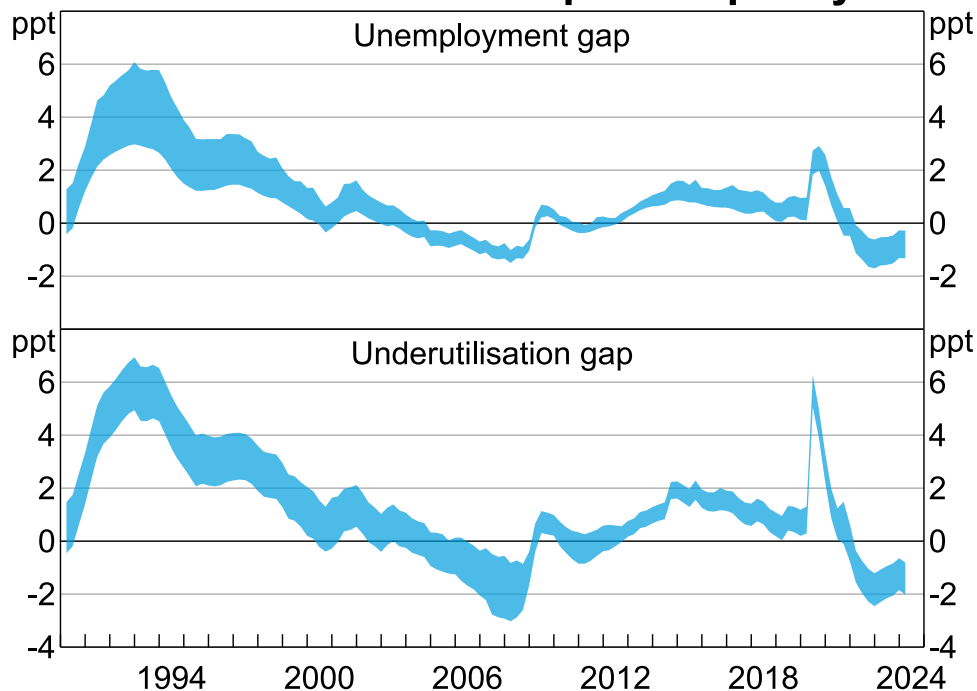
\* Trimmed mean inflation minus trend inflation expectations.

\*\* Unemployment gap (ppt) or negative output gap (%) estimates.

Sources: ABS; RBA.



## Model Estimates of Spare Capacity\*



\* Blue-shaded region shows illustrative range of central gap estimates from a selection of models; March quarter 2024 values are partial estimates; estimates are subject to substantial uncertainty, as well as revision due to data and model refinements.

Sources: ABS; RBA; Ruberl et al (2021).