

# THE CHANGING STRUCTURE OF ECONOMIC ACTIVITY AND EMPLOYMENT IN QUEENSLAND

PRESENTATION TO THE QUEENSLAND JOBS GROWTH SUMMIT

HOSTED BY THE AUSTRALIA INSTITUTE

PARLIAMENT HOUSE, BRISBANE - 26<sup>TH</sup> APRIL 2016

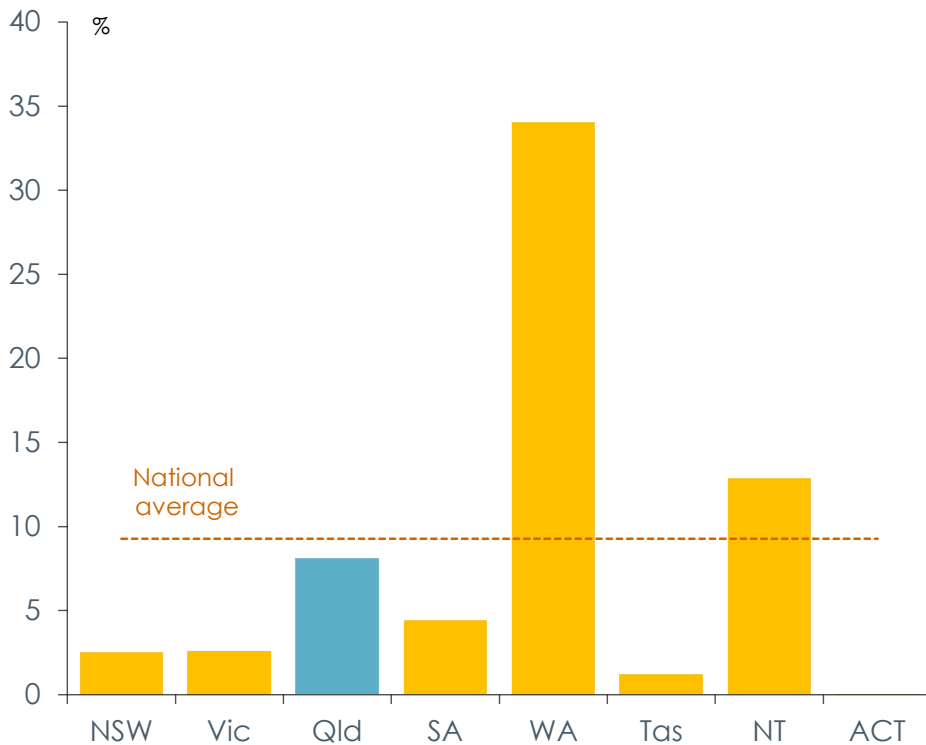
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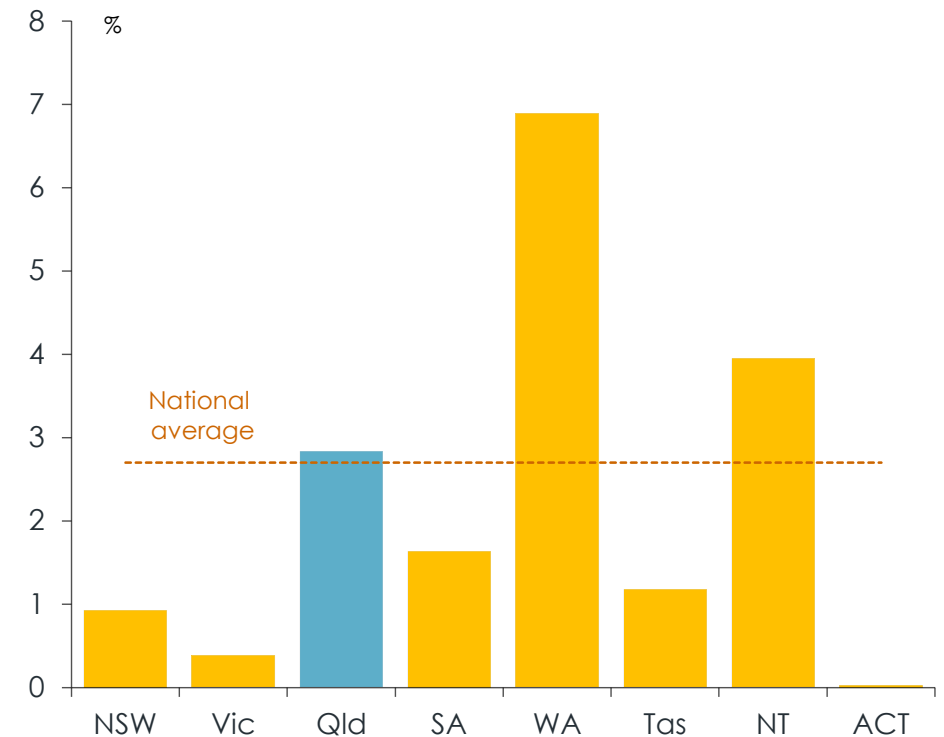
**SAUL ESLAKE**

# Queensland is often portrayed – wrongly – as a ‘mining State’

## Mining as a proportion of industry gross value added (GVA), by State & Territory



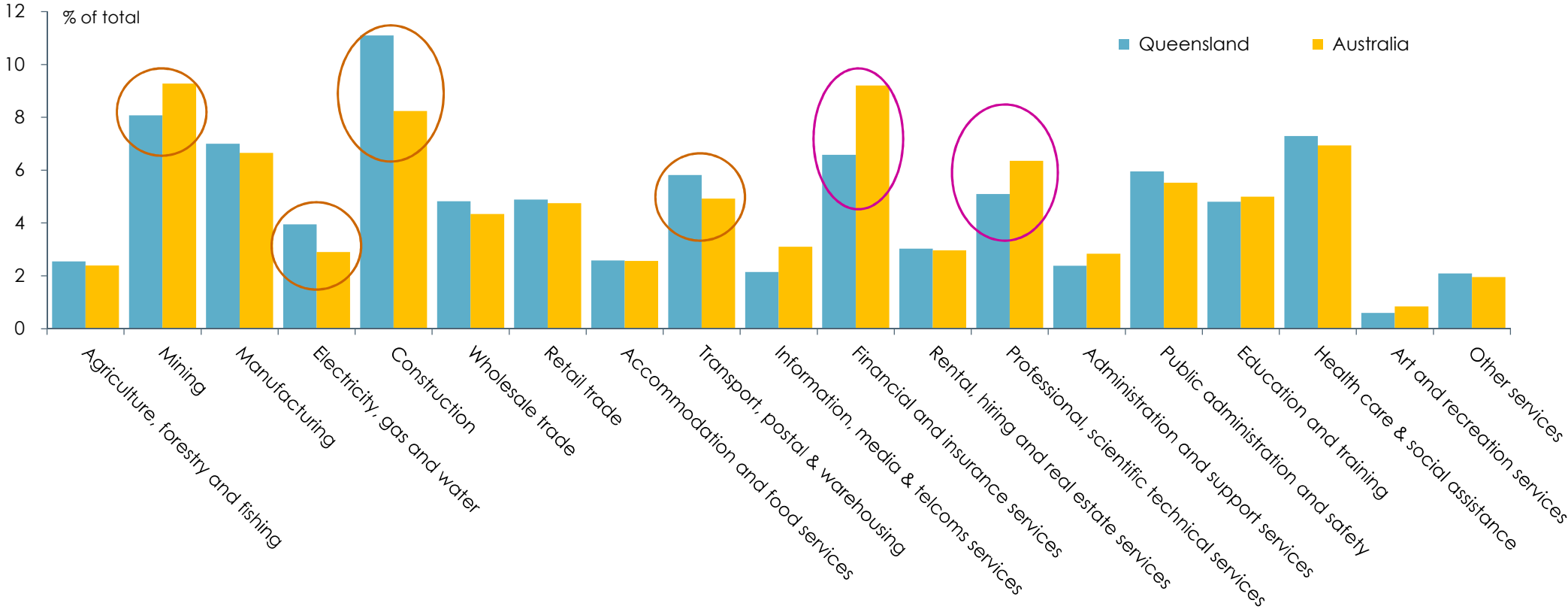
## Mining as a proportion of total employment, by State & Territory



Note: 'Industry gross value added' excludes value added in 'ownership of dwellings'.  
Sources: ABS 5220.0 and 6291.0.

# Mining actually represents a smaller share of Queensland's GDP than that of Australia as a whole

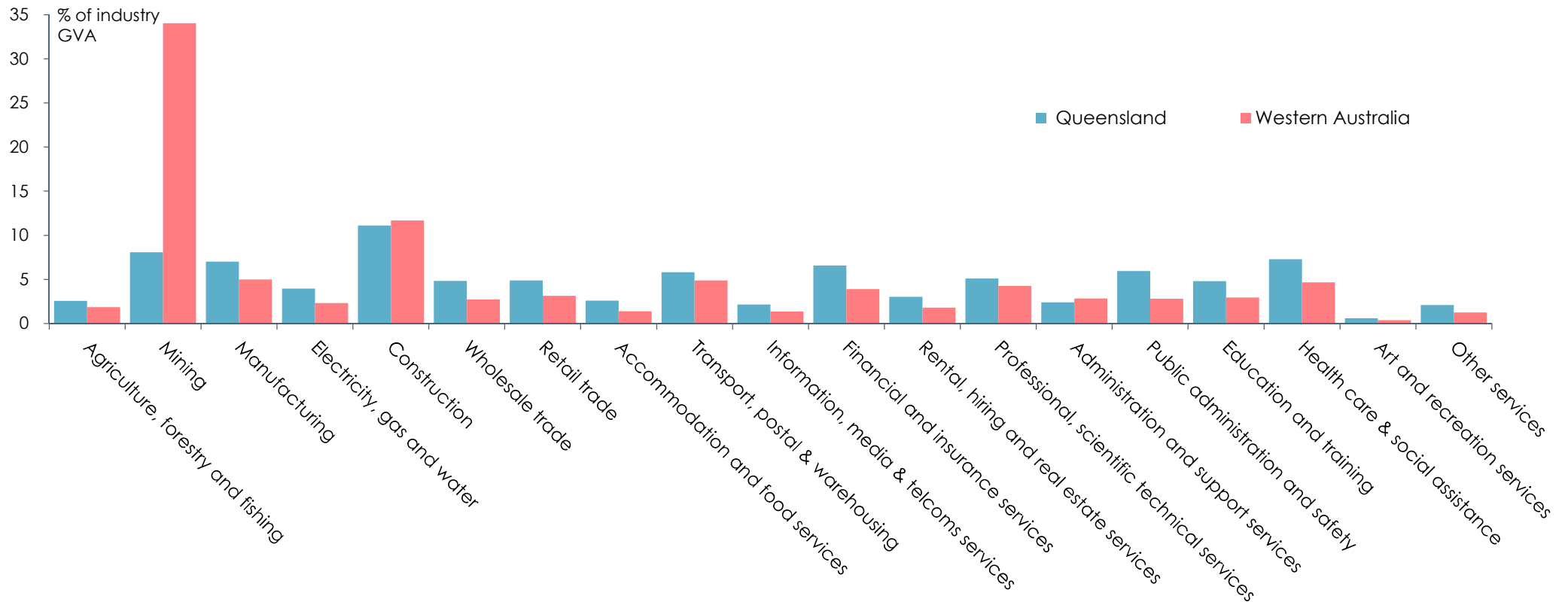
Industry composition of gross value added (GVA), Queensland and Australia, 2014-15



Note: 'Industry gross value added' excludes value added in 'ownership of dwellings'.  
 Source: ABS 5220.

# Western Australia is a mining State

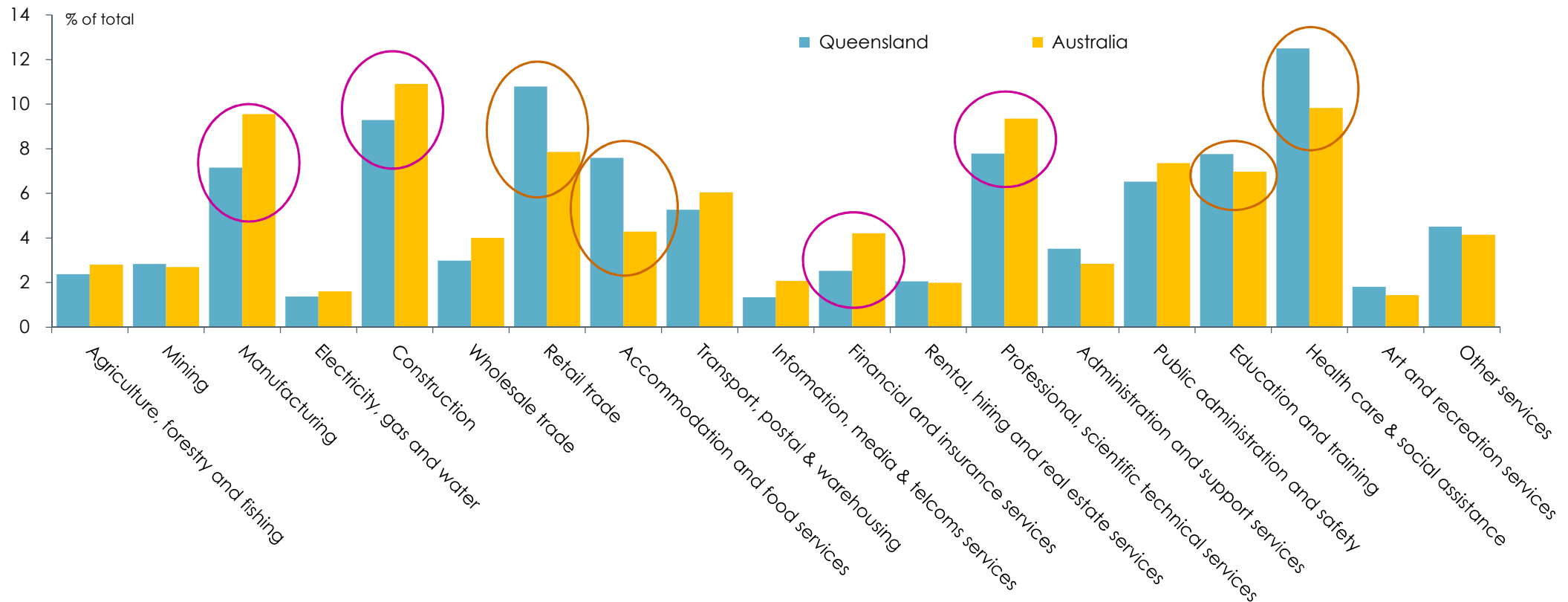
## Industry composition of gross value added (GVA), Queensland & Western Australia, 2014-15



Note: 'Industry gross value added' excludes value added in 'ownership of dwellings'.  
Source: ABS 5220.

# Mining accounts for a much smaller share of employment than it does of gross domestic or gross state product

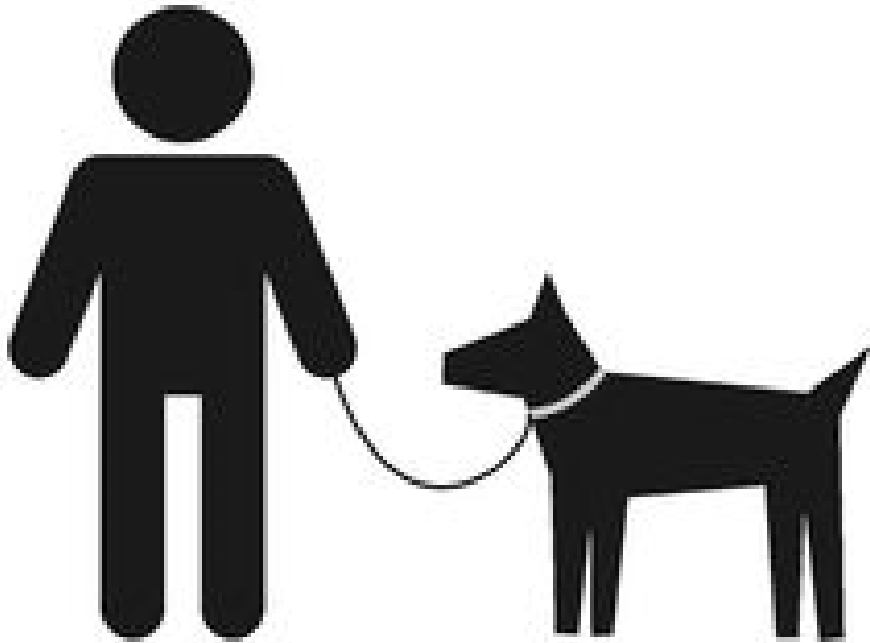
## Industry composition of employment, Queensland and Australia, 2014-15



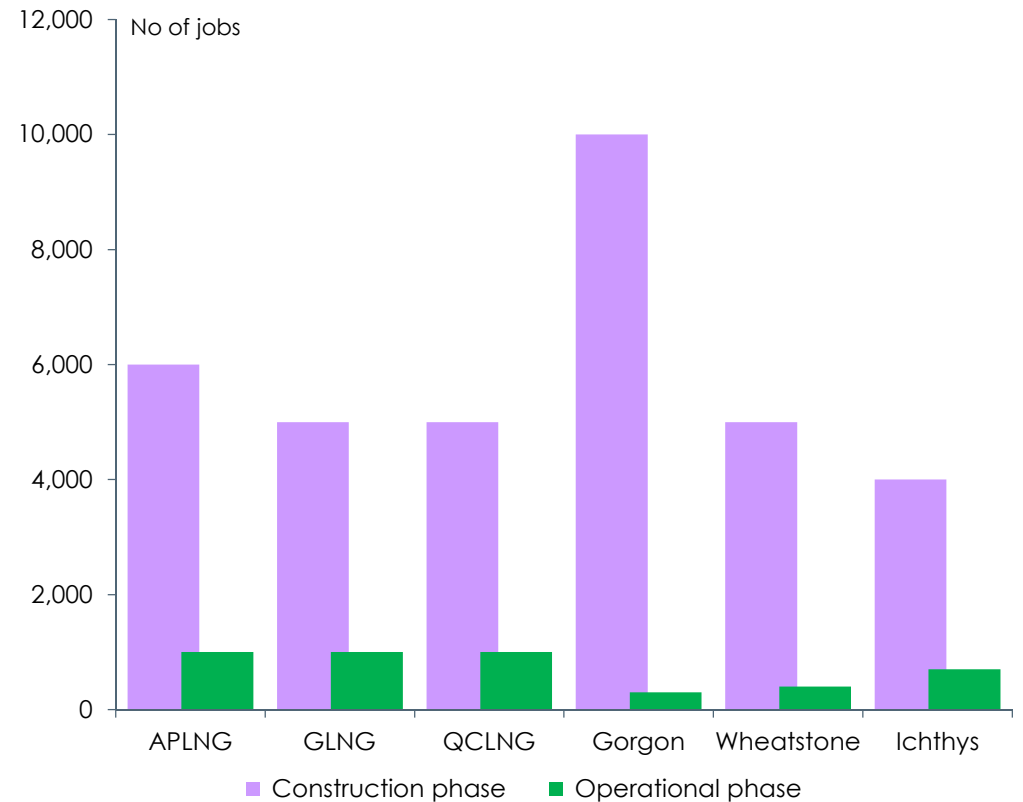
Source: ABS 6291.0

# Queensland's three LNG plants will employ just 3,000 people once they are all fully operational

## The employment profile of an LNG plant in its operating phase



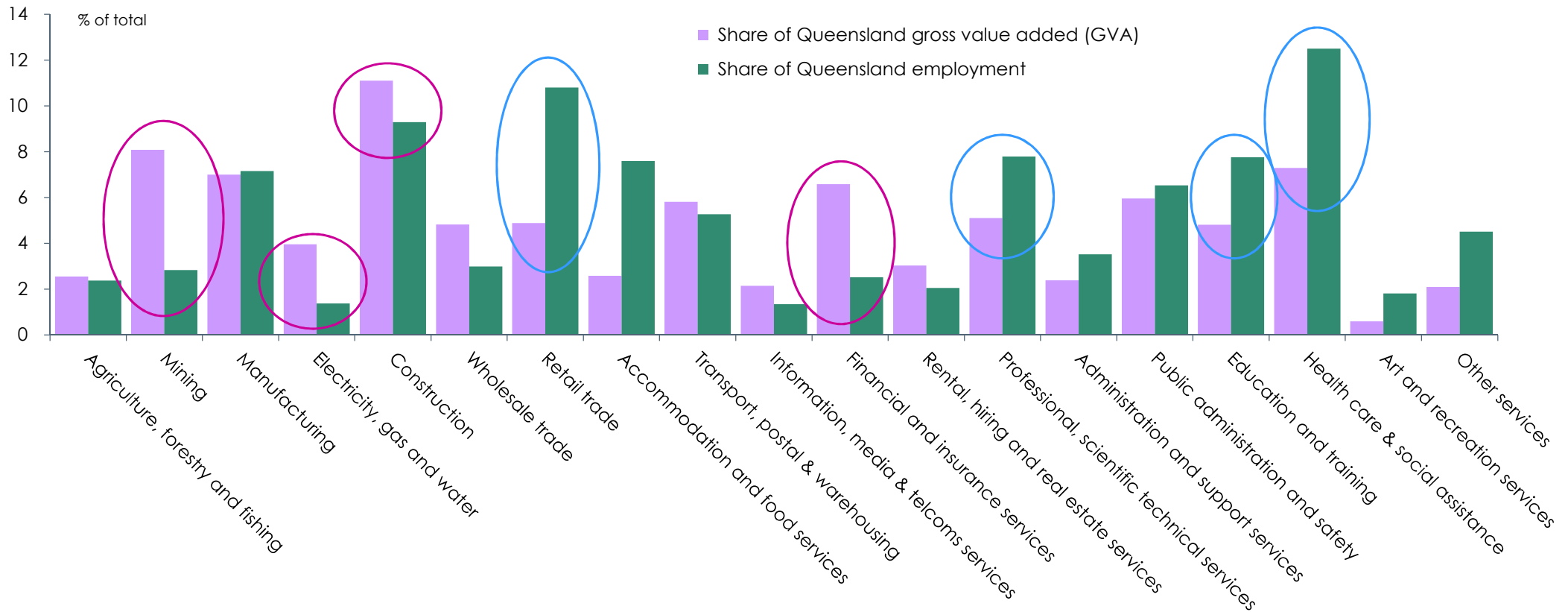
## Employment at Australian LNG plants



Sources: Dreamstime.com; Office of the Chief Economist, Australian Department of Industry, Innovation and Science, *Resources and Energy Major Projects*, October 2015.

# Employment in Queensland is dominated by labour-intensive services sectors

Industry shares of Queensland gross value added and employment compared, 2014-15

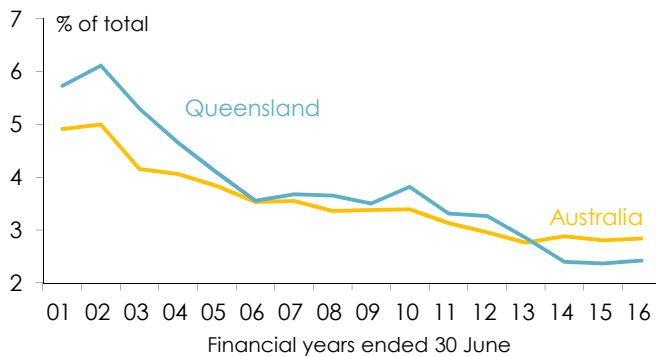


Sources: ABS 5220.0 & 6291.0

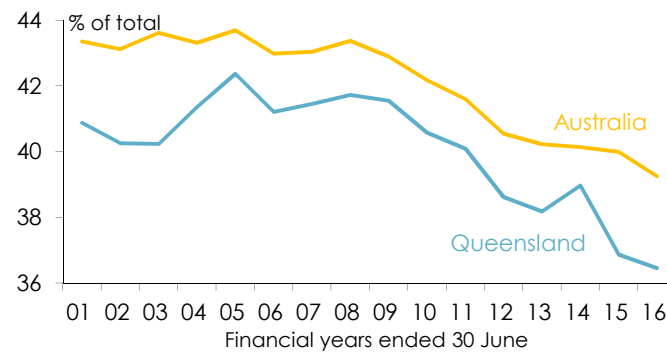
# In Queensland as for Australia as a whole, services sectors have been accounting for a steadily rising share of total employment

## Industry shares of total employment, Queensland and Australia, 2000-01 to 2015-16

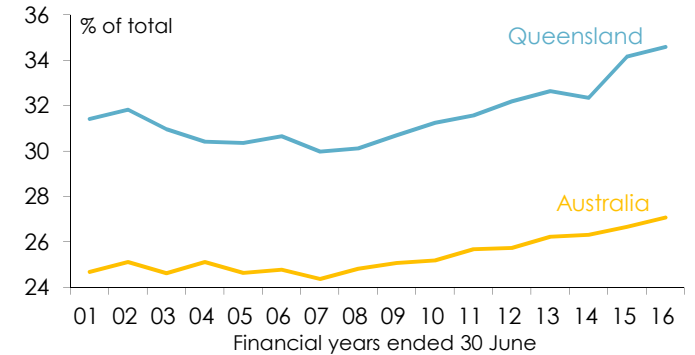
### Agriculture, forestry & fishing



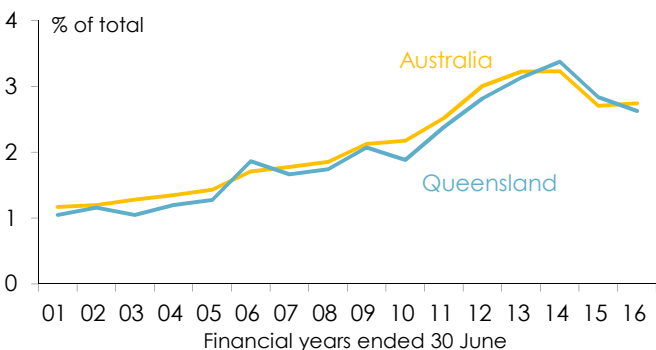
### Other goods



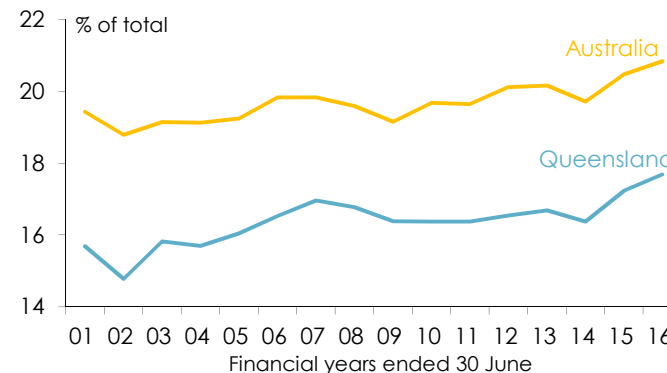
### Household services



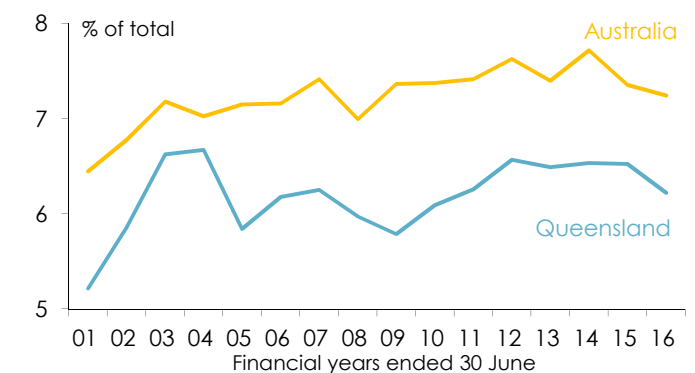
### Mining



### Business services



### Public administration & safety

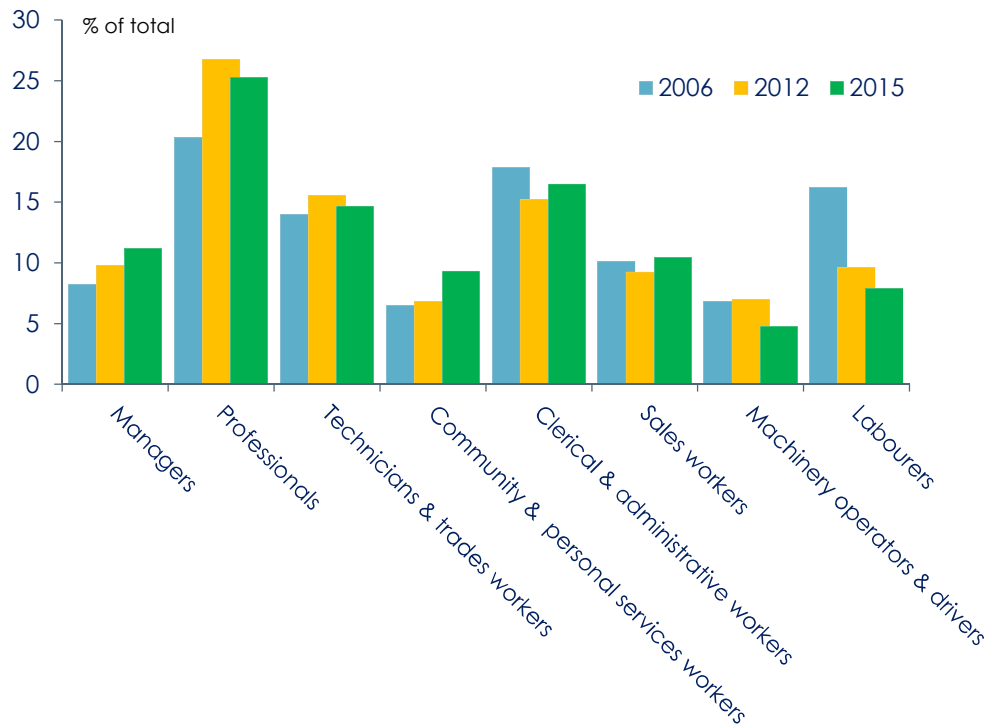


Note: 'Other goods' sector includes manufacturing; electricity, gas, water & waste services; construction; transport, postal & warehousing; wholesale trade; and retail trade. 'Business services' includes professional, scientific & technical services; finance & insurance; administration & support services; rental hiring and real estate services; and information, media & telecommunications. 'Household services' includes accommodation & food services; education & training; health care & social services; arts & recreation; & other services. Source: ABS, 6291.0

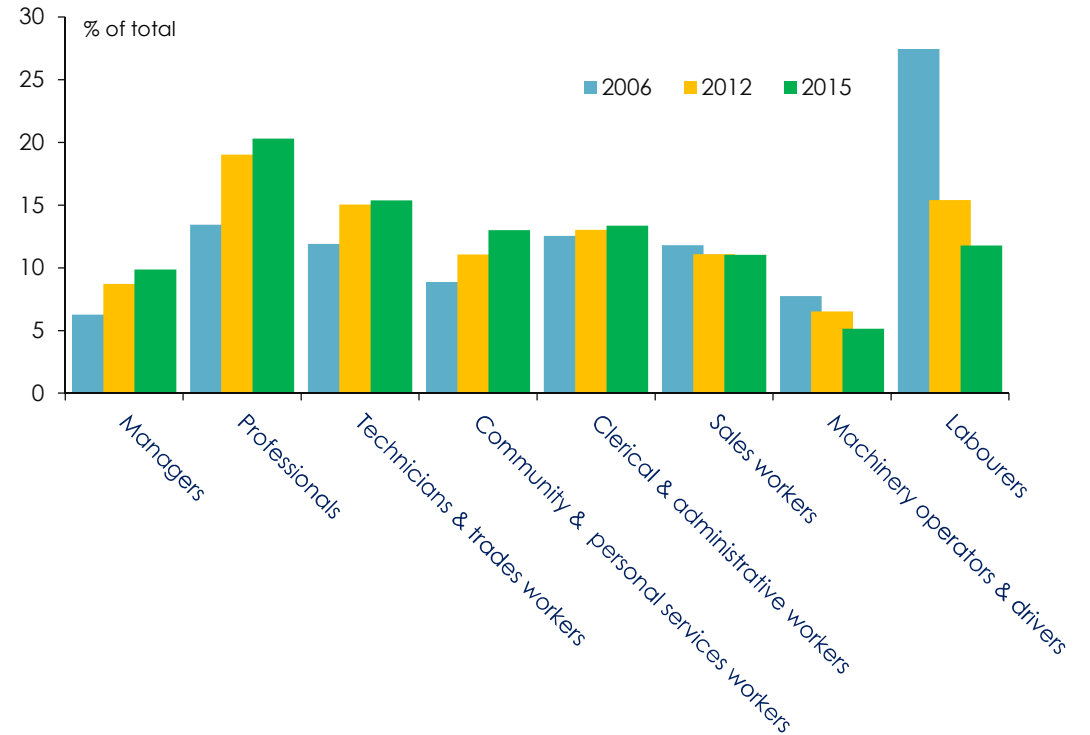


# An increasing proportion of job vacancies call for higher qualifications or skill levels

## Job vacancies by occupational category, Queensland



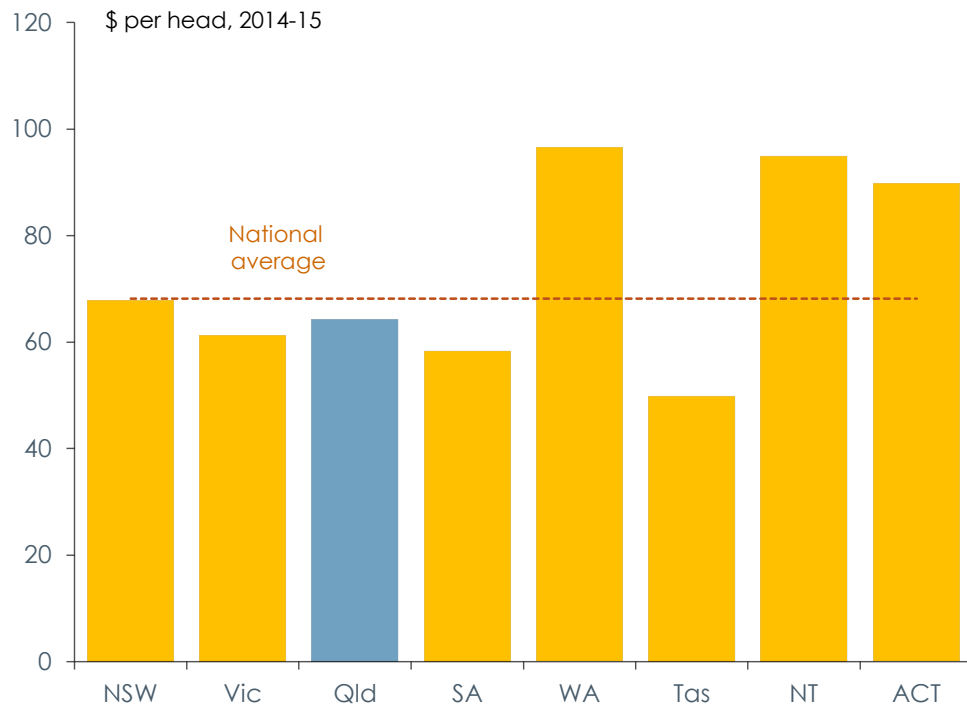
## Job vacancies by occupational category, Australia



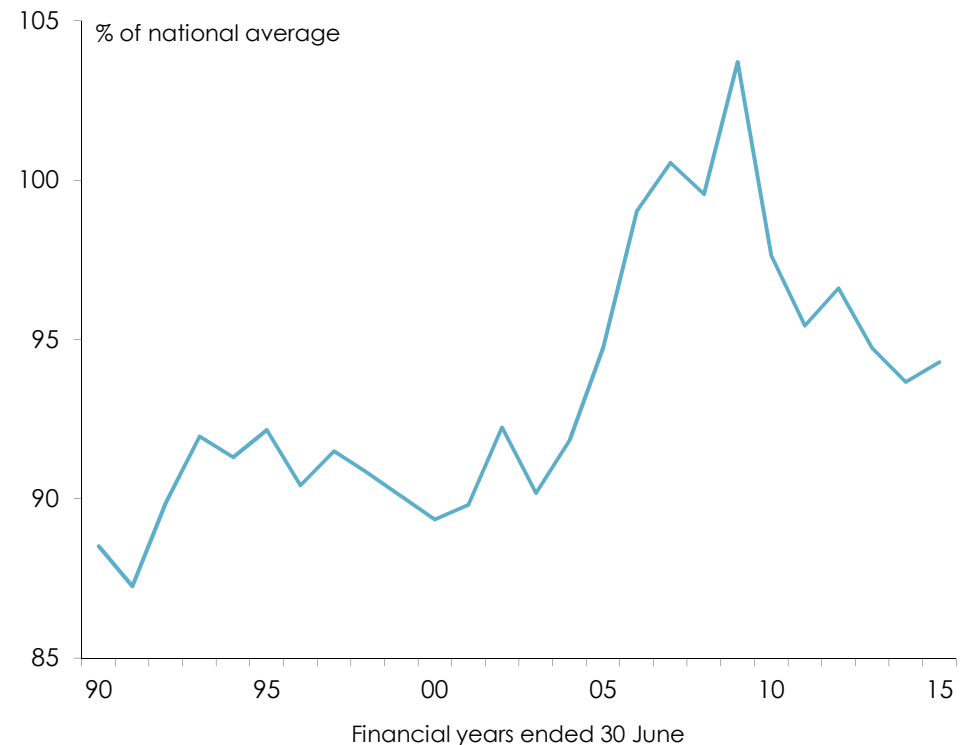
Source: Department of Employment *Internet Vacancy Index*.

# Queensland's per capita output and income is almost 6% below the national average - down from 4% above the national average in 2008-09

## Per capita gross State product (GSP), States & Territories, 2014-15



## Queensland's per capita GSP as a pc of national average, 1989-90 to 2014-15



Source: ABS 5220.

## How to think about differences in per capita gross State product

$$\frac{\text{gross State product}}{\text{population}} = \frac{\text{employment}}{\text{population}} \times \frac{\text{total hours worked}}{\text{employment}} = \frac{\text{gross State product}}{\text{population}}$$

The diagram illustrates the decomposition of per capita gross state product into its components. The first fraction shows the overall ratio. The second fraction breaks it down into the ratio of employment to population, multiplied by the ratio of total hours worked to employment. The third fraction shows the final simplified result, which is the original ratio of gross state product to population. Red and blue diagonal lines are drawn through the intermediate terms to show their cancellation.

## How to think about differences in per capita gross State product

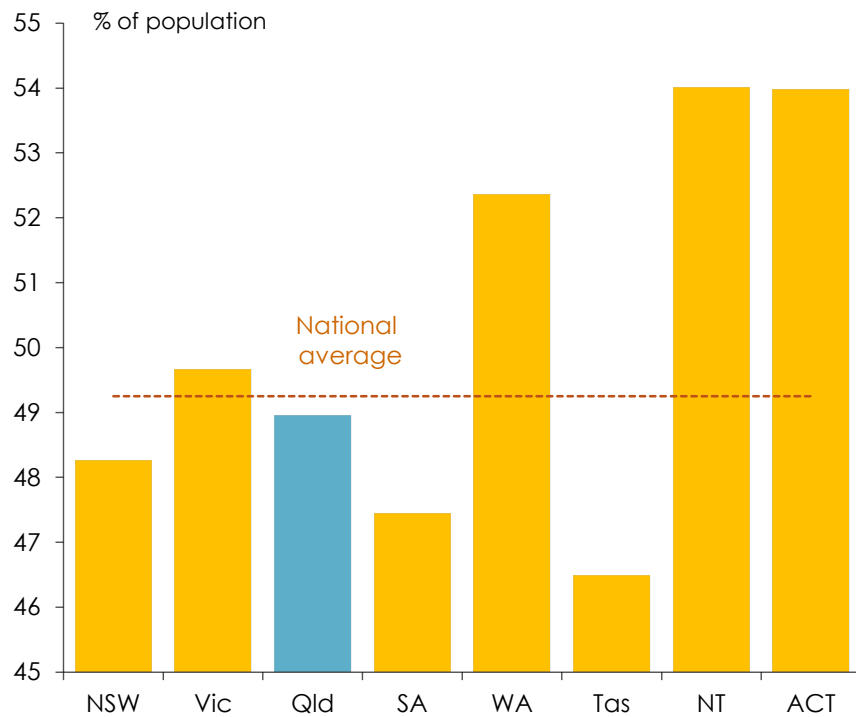
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$$\frac{\text{gross State product}}{\text{population}} = \frac{\text{employment}}{\text{population}} \times \frac{\text{total hours worked}}{\text{employment}} = \frac{\text{participation rate}}{\times} \times \frac{\text{average hours worked}}{\times} \times \frac{\text{labour productivity}}{\times}$$

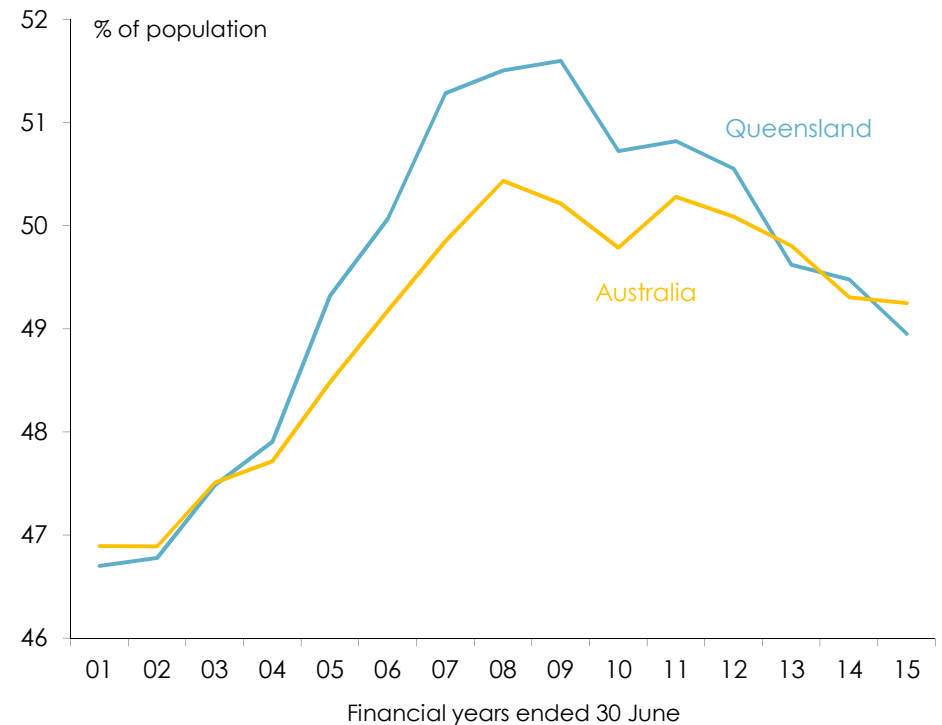
The diagram illustrates the decomposition of per capita gross State product into three components: participation rate, average hours worked, and labour productivity. The first equation shows that per capita gross State product is equal to the ratio of employment to population multiplied by the ratio of total hours worked to employment. The second equation shows that this is equal to the participation rate multiplied by average hours worked multiplied by labour productivity.

# Slightly-below-average employment participation cost Queensland \$1.8bn (\$385 per head) of GSP relative to national average in 2014-15

## Employment as a pc of population, States & Territories, 2014-15



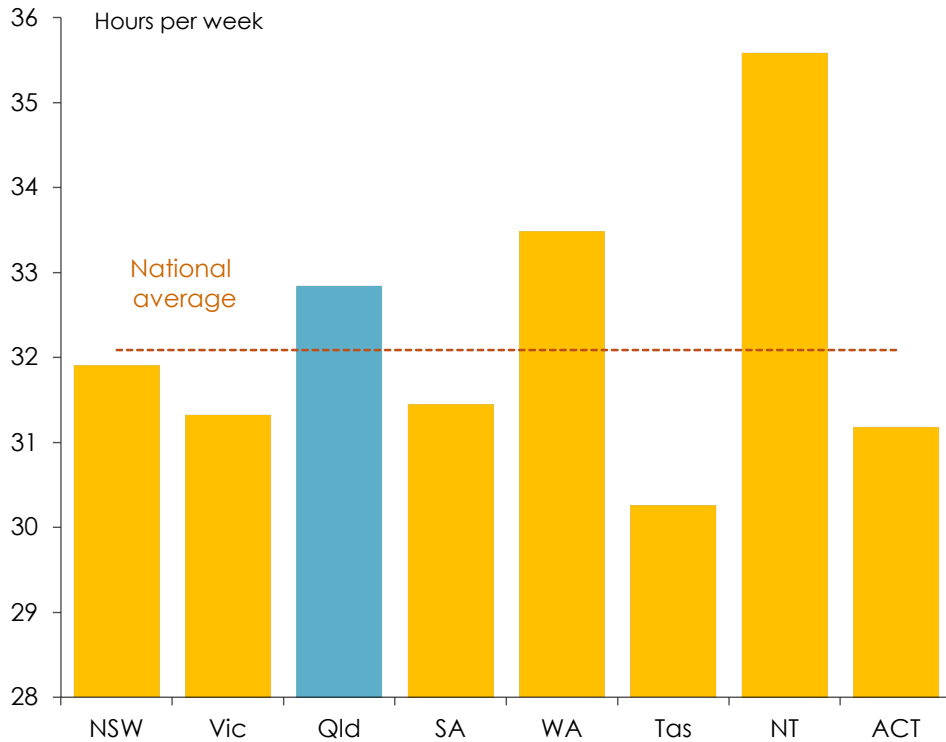
## Employment as a pc of population: Queensland & Australia, 1989-90 to 2014-15



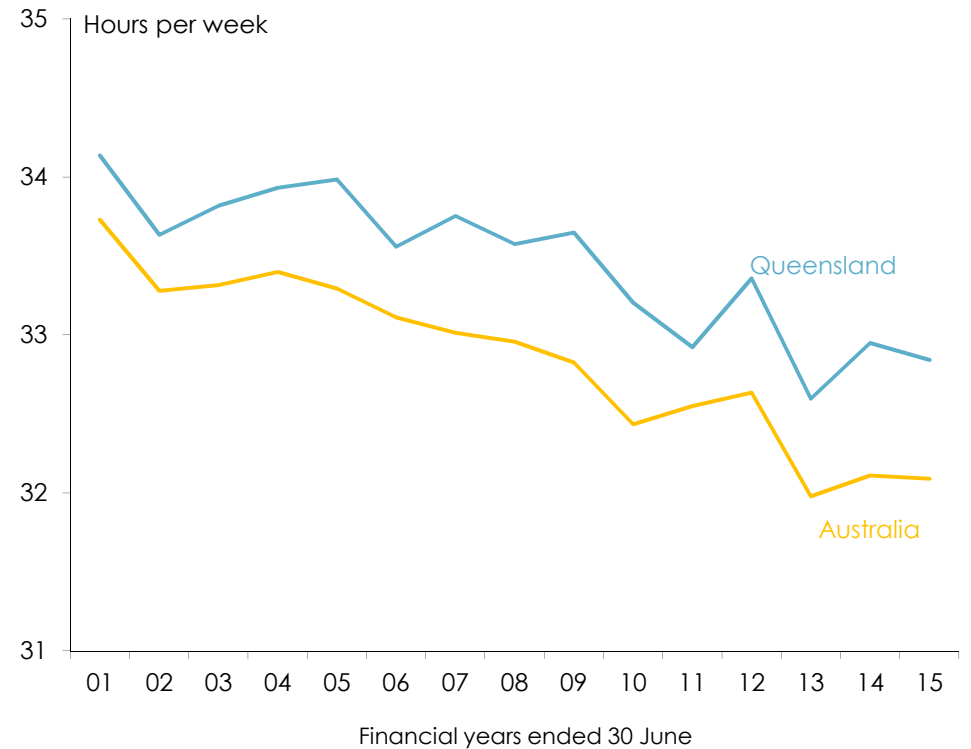
Note: Participation rates in these charts are calculated as employment divided by the total population, rather than the working-age (15+) population.  
Sources: ABS 6201.0; 5220.0

# Employed Queenslanders work about 0.8 hours more per week than the national average, boosting GSP by \$6.8bn (\$1,440 per head) in 2014-15

## Average weekly hours worked, States & Territories, 2014-15



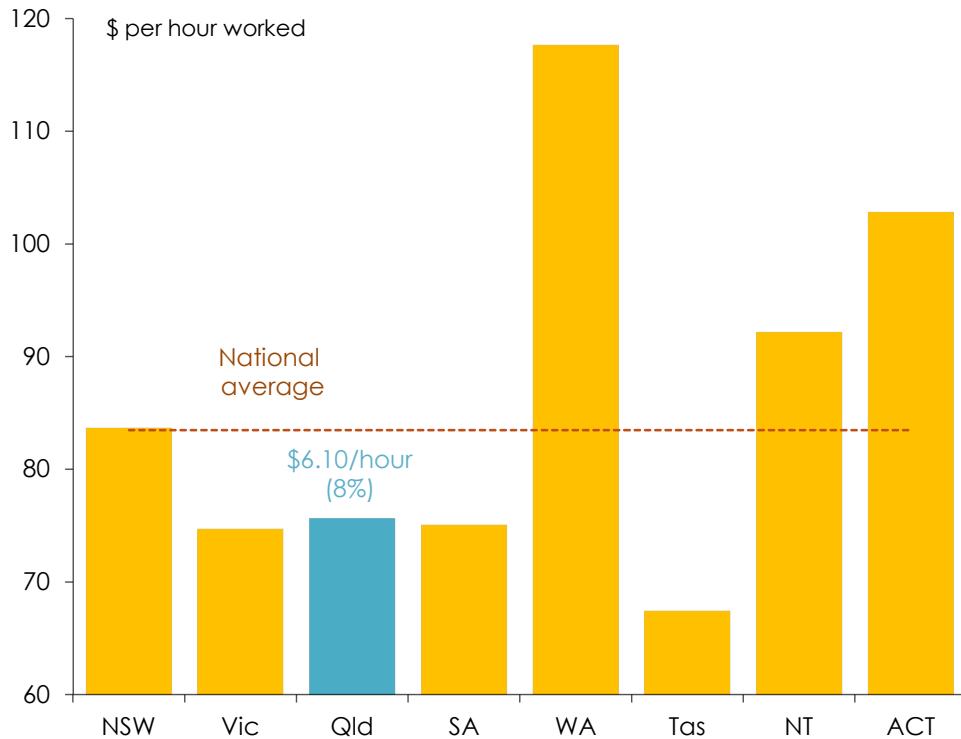
## Average weekly hours worked, Queensland & Australia, 1989-90 to 2014-15



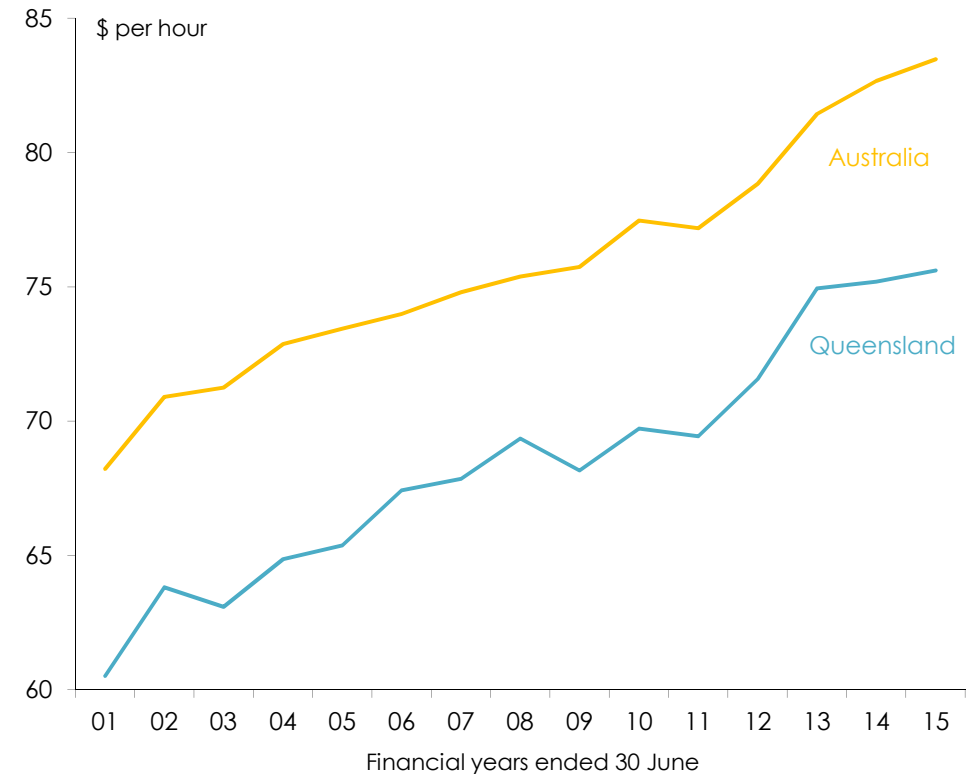
Sources: ABS 6201.0; 5220.0

# Below-average labour productivity cost the Queensland economy \$23.5bn (almost \$5,000 per head) of GSP in 2014-15

## Gross product per hour worked, States & Territories, 2014-15



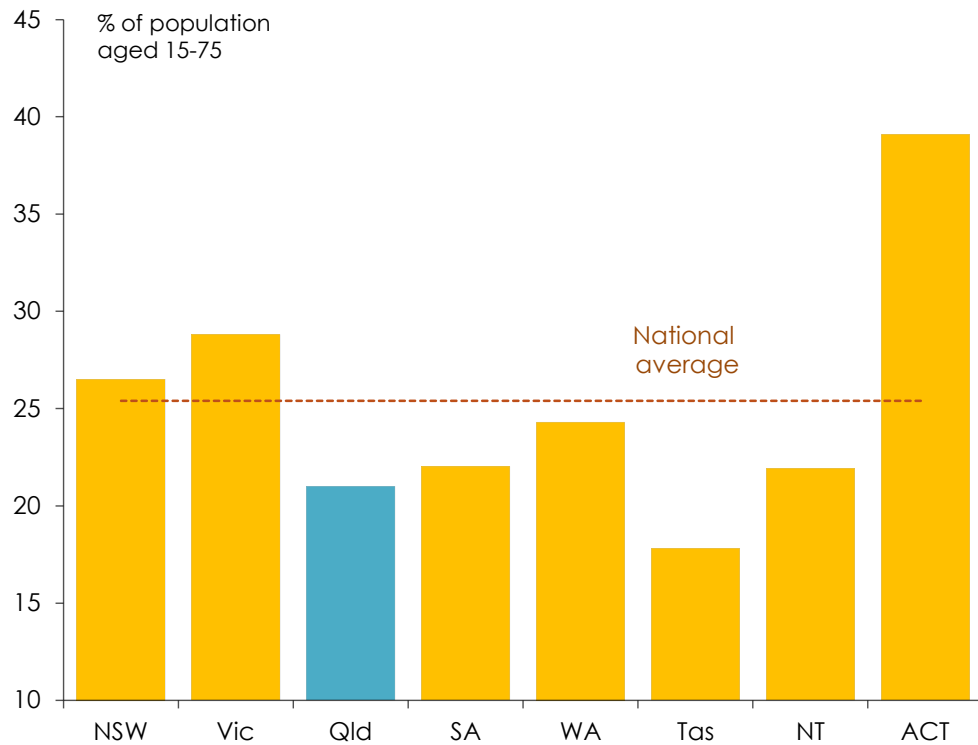
## Gross product per hour worked, Queensland & Australia, 1989-90 to 2014-15



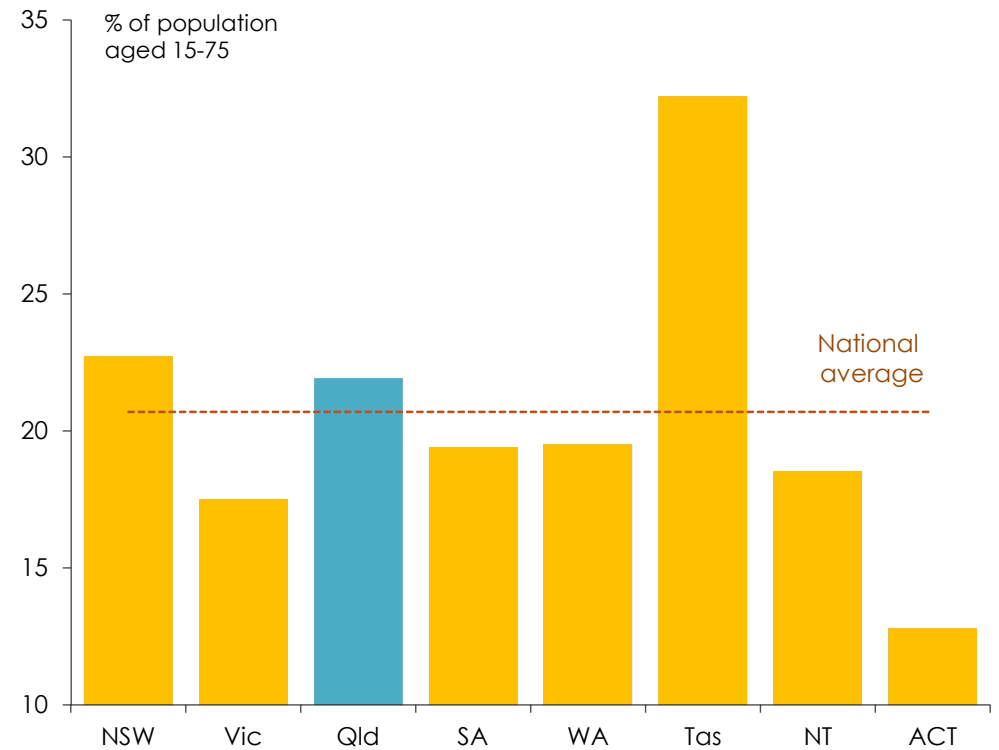
Sources: ABS 5220.0; 6201.0; 6291.0.

# Below-average levels of educational attainment may be one reason for Queensland's below-average level of labour productivity

## Proportion of population with bachelor's degree or higher, May 2015



## Proportion of population with no qualification beyond Year 10 of high school, May 2015



Source: ABS 6227.0.



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