



T H E M C K E L L I N S T I T U T E

**Policy Briefing: Assessing the Albanese Government's First Term
Employment Record**

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About the McKell Institute

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Acknowledgement of Country

This report was written on the lands of the Wurundjeri People of the Kulin Nation. The McKell Institute acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Owners of Country throughout Australia and their continuing connection to both their land and seas.

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Key points

- 1. The Albanese Labor Government has overseen one of the lowest average unemployment rates of any government in Australian history, averaging 3.8 per cent over its first term compared to a historical average of 6.3 per cent since 1972.**
- 2. This unemployment record has extended to cohorts traditionally left behind, with women, young Australians, those with less formal education, and Indigenous Australians all additionally seeing record low unemployment rates.**
- 3. Seven out of eight of Australia's states and territories have seen their lowest average unemployment rates under the Albanese Labor Government.**
- 4. Australia's participation rate has continued to climb and is now at its highest rate since recording began.** This is a unique achievement and compares with falling participation rates in the United States and stagnant participation rates in the United Kingdom.
- 5. Underutilisation is at sustained record lows** since data collection began in 2015.
- 6. Job search times remain near record lows** at just eight weeks in January 2025.
- 7. Workers are increasingly leaving jobs on their own terms.** For every worker dismissed or retrenched in February 2024, 2.1 workers left their job voluntarily.
- 8. Real wages are steadily being clawed back.** Australian wages were heavily eroded during the 2021–22 inflation burst but are now growing and net neutral over the Albanese Labor Government's term.
- 9. These employment outcomes have serious implications for individuals and societies.** They bring higher long-term incomes, better social and health outcomes for individuals, and drive key macroeconomic indicators such as consumption and productivity.

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Labour market outcomes are a crucial marker of economic performance

Most Australians are employees. In fact, 85 per cent of Australians who work do so under an employment arrangement.¹ Most of the remainder employ Australians from the labour market. Understandably then, the state of the labour market is a matter of national concern.

Headline figures like unemployment rates, participation rates, and hours worked all matter for individual households participating in the labour market, but they also reflect broader markers of national economic health and—consequently—are a good indicator of government management of the macroeconomy. It is little surprise that these indicators have traditionally been used as scorecards by voters at election time.

As the Albanese Labor Government nears the end of its first term in office, this Policy Briefing provides a broad assessment of its employment record, and where applicable compares it with the performance of earlier governments in modern Australian history.

The Albanese Government has overseen a sustained low unemployment rate

The headline unemployment rate is the most cited labour market indicator, though it offers an incomplete picture of the labour market. It does, however, provide a first glance into the state of the labour market.

The Albanese Labor Government has overseen the most sustained period of low unemployment in recent Australian history, averaging a mere 3.8 per cent over the term. This compares to an average of 6.3 per cent since early 1975.

This headline unemployment rate has been eclipsed only by the Whitlam Government at 3.2 per cent who—unlike the Albanese Labor Government—oversaw a much more volatile labour market, with record low unemployment at the beginning of its term, and sharply rising unemployment at the end of its term.

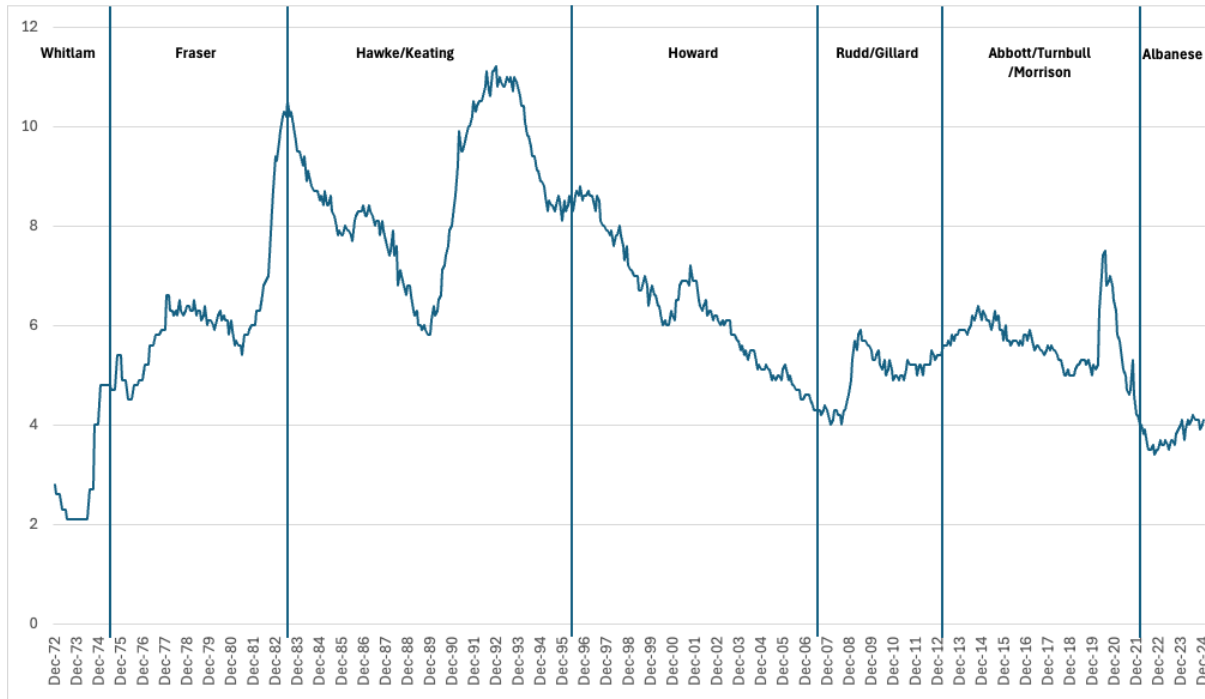


Figure 1: Headline Unemployment Rates of Australian Governments Since 1972²

	Whitlam	Fraser	Hawke/Keating	Howard
Average Unemployment Rate	3.17%	5.81%	8.68%	6.35%
	Rudd/Gillard	Abbott/Turnbull/Morrison	Albanese	<u>Average</u>
Average Unemployment Rate	5.13%	5.61%	3.79%	6.32%

Table 1: Average Unemployment Rates of Australian Governments Since 1972³

While the notion of ‘full employment’ is an elusive moving target, it is highly likely that Australia has been at or extremely close to its maximum employment capacity over the past three years.⁴

This trend extends to cohorts traditionally left behind in the labour market

Disaggregating the headline numbers into specific cohorts reveals that the Albanese Government’s employment record extends to those who have historically been left behind by the labour market such as women, young Australians, those with less formal education, and Indigenous Australians.



The Albanese Labor Government has overseen the lowest rate of female unemployment of any government since 1972, averaging just 3.7 per cent compared to the historical average of 6.7 per cent.

	Whitlam	Fraser	Hawke/Keating	Howard
Average Female Unemployment Rate	4.77%	7.72%	8.74%	6.26%
	Rudd/Gillard	Abbott/Turnbull/Morrison	Albanese	Average
Average Female Unemployment Rate	5.23%	5.62%	3.71%	6.65%

Table 2: Average Female Unemployment Rates of Australian Governments Since 1972⁵

It has also overseen the lowest sustained youth unemployment rate since data recording began in 1978, averaging just 8.7 per cent compared to the historical average of 13.1 per cent.

	Fraser (From 1978)	Hawke/Keating	Howard
Average Youth Unemployment Rate	12.86%	15.76%	12.54%
	Rudd/Gillard	Abbott/Turnbull/Morrison	Albanese
Average Youth Unemployment Rate	11.11%	12.48%	8.70%

Table 3: Average Youth (15–24) Unemployment Rates of Australian Governments Since 1978⁶

While data is only available from 2015, the tight labour market overseen by the Albanese Labor Government has continued to drag down the unemployment rate of Australians without formal tertiary qualifications. Indeed, the unemployment rates for Australians whose highest educational attainment is Year 10, 11 and/or 12 have continued to trend downward during the 47th Parliament.

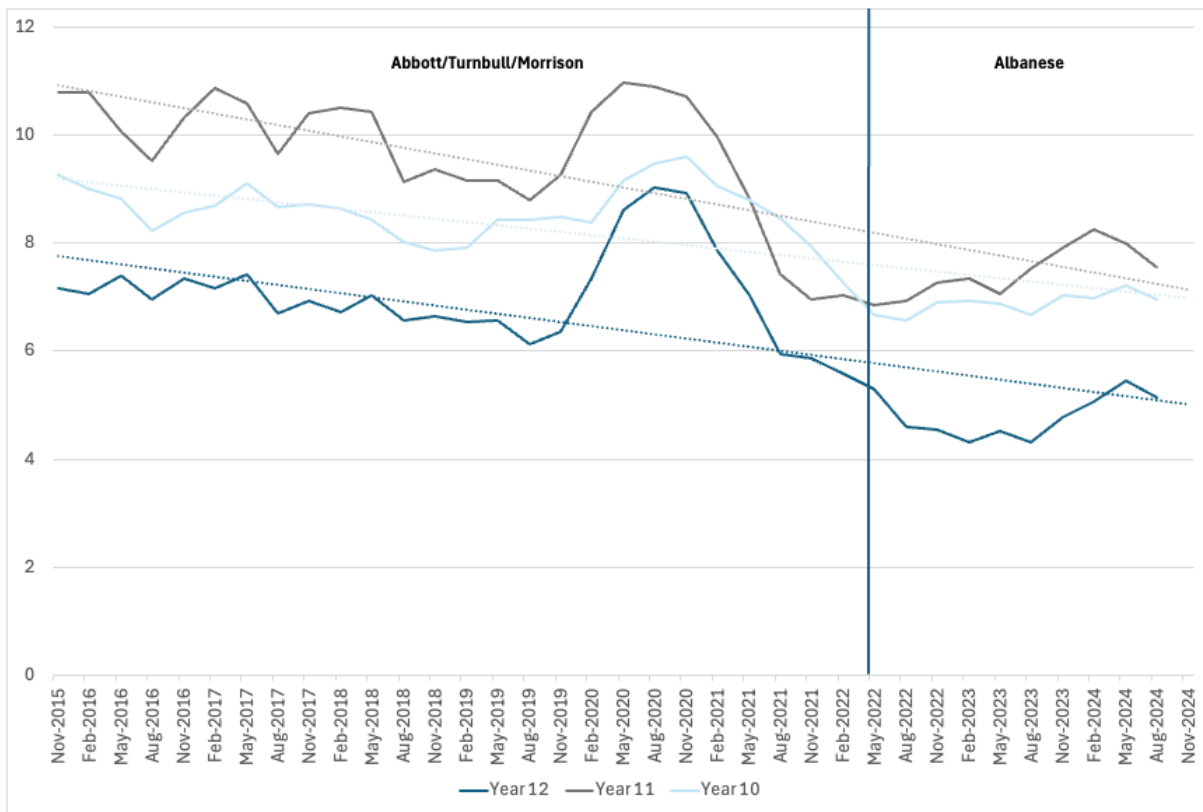


Figure 2: Unemployment Rate by Highest Level of Educational Attainment, 3-Quarter Moving Average, 2015 to 2025⁷

Finally, while the Australian Bureau of Statistics does not formally track unemployment of Indigenous Australians, extrapolation of Census differentials in unemployment rates suggests that it has also likely reached sustained lows throughout the Albanese Labor Government’s term.⁸

Employment gains have occurred nation-wide, leaving no state or territory behind

The Albanese Labor Government’s employment record has been beneficial to all states and territories. In fact, headline unemployment rates across all six states and the Australian Capital Territory have reached record average lows for any Australian government since 1978. The average Northern Territory unemployment rate was only slightly outperformed by the Rudd/Gillard Governments of 2007–13.

	Fraser (Since 1978)	Hawke/ Keating	Howard	Rudd/ Gillard	Abbott/Turnbull/ Morrison	Albanese
NSW	6.17%	8.68%	6.00%	5.29%	5.19%	3.58%
Vic	5.96%	8.22%	6.39%	5.27%	5.64%	4.01%
Qld	6.65%	9.26%	6.92%	5.22%	6.04%	3.92%
SA	7.79%	9.48%	7.09%	5.45%	6.39%	4.02%
WA	6.88%	8.51%	5.73%	4.21%	5.63%	3.63%
Tas	7.24%	10.10%	8.22%	5.80%	6.22%	4.11%
NT	5.15%	7.46%	5.11%	3.83%	5.11%	4.33%
ACT	6.65%	6.05%	4.87%	3.52%	3.99%	3.39%

Table 4: State and Territory Average Unemployment Rates by Commonwealth Government, 1978 to 2025⁹

This unemployment record has occurred alongside an increasing participation rate

Low unemployment rates can sometimes be misleading, especially when participation rates—meaning the proportion of people working and/or looking for work—are low or falling.

This has not been the case under the Albanese Labor Government, which has overseen the highest participation rates of any government in Australian history, recently peaking at 67.3 per cent in early 2025.

	Fraser	Hawke/Keating	Howard
Average Participation Rate	60.93%	62.30%	63.60%
	Rudd/Gillard	Abbott/Turnbull/Morrison	Albanese
Average Participation Rate	65.33%	65.13%	66.71%

Table 5: Average Participation Rates of Australian Governments Since 1978¹⁰

Australia's continuously climbing participation rate alongside record low unemployment is unique, especially if one takes an international perspective. For instance, while the United States maintains near-record low unemployment numbers, it has had a falling participation rate for the better part of 30 years. Similarly, the UK's participation rate has not improved since 1990.¹¹

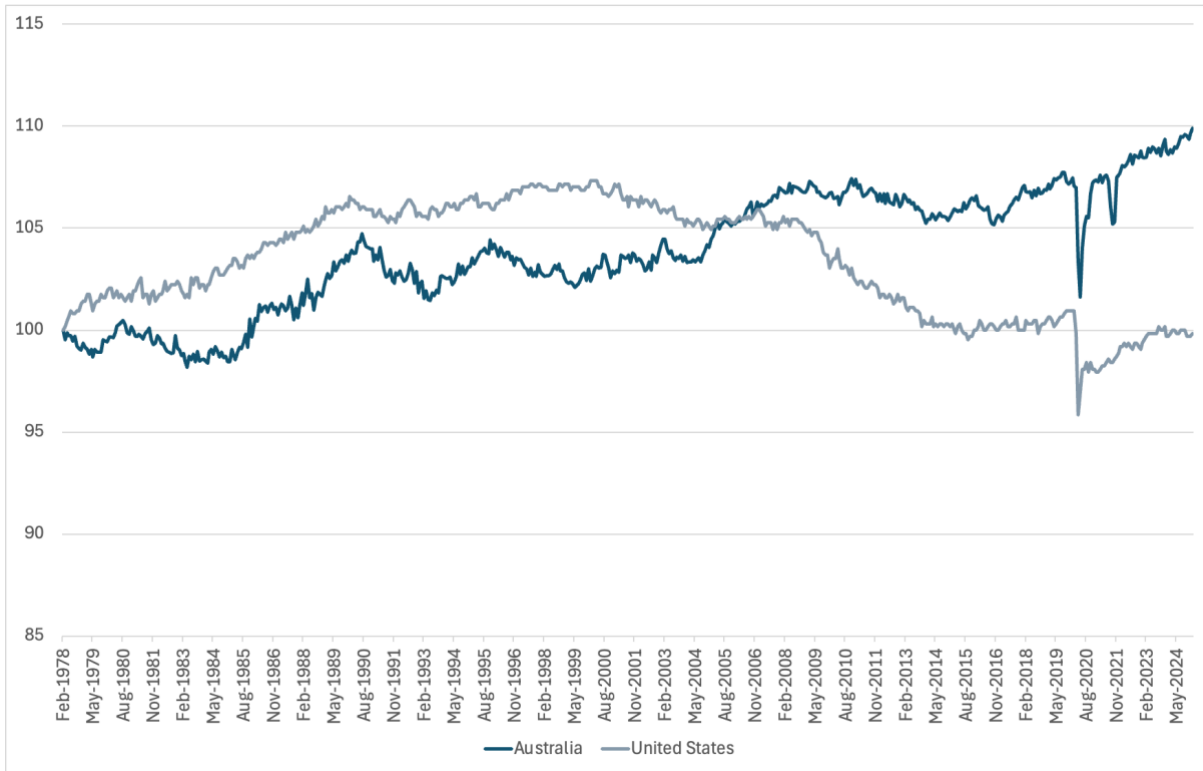


Figure 3: Australia and USA Comparative Relative Participation Rates, 1978 to 2025, 1978=100¹²

Underutilisation is at record lows

Another potential factor which the headline unemployment rate can occlude is underemployment. Individuals are considered employed by the ABS if they work merely one hour per week, even if they wish to work more.¹³ Rather, this cohort would be considered underemployed.

Again, however, under the Albanese Labor Government the underemployment rate remains at its lowest since recording began in January 2015. So too does the underutilisation rate, which is simply the sum of the underemployment rate and unemployment rate.



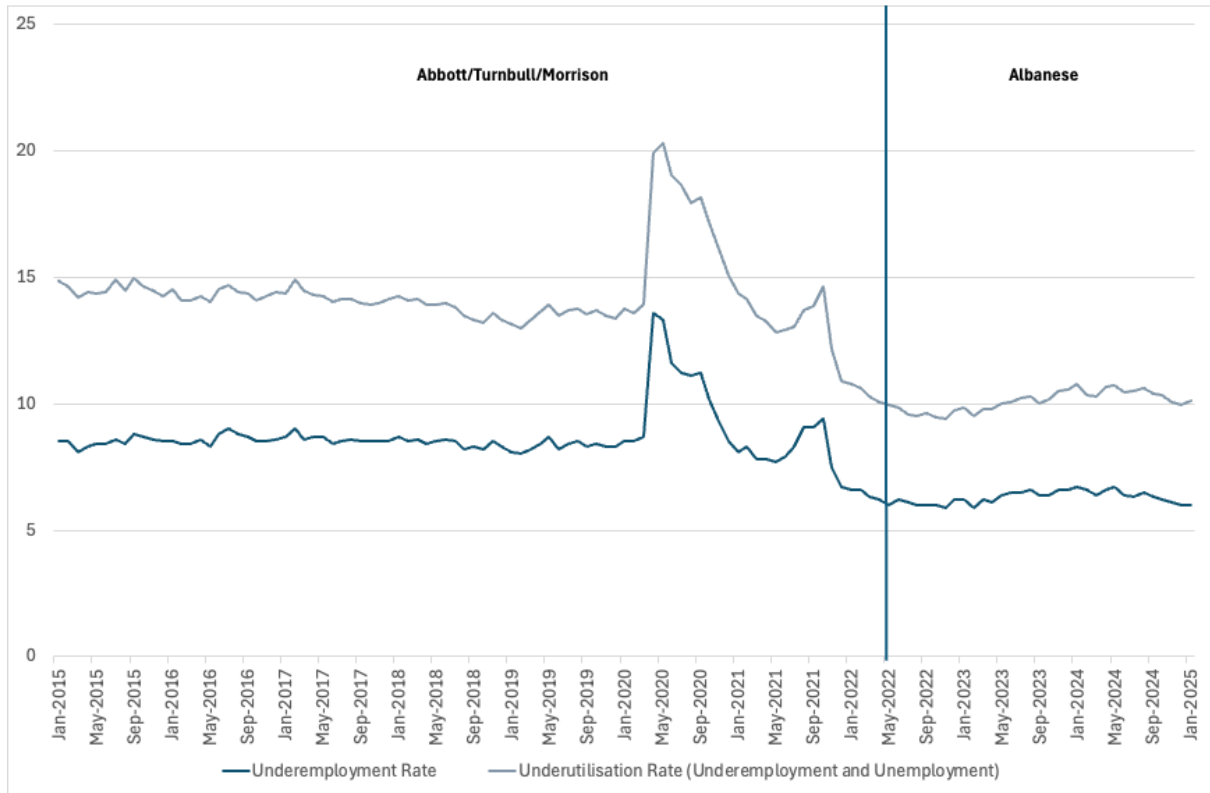


Figure 4: Underemployment and Underutilisation Rate, 2015 to 2025¹⁴

Other indicators paint a promising picture of the labour market

There is no single way to assess the health of the labour market, but there are various indicators which can contribute to a holistic analysis.

For example, job search time has continued its downward trend and is now near its record low at eight weeks.¹⁵ Additionally, the tight labour market means workers are increasingly changing jobs voluntarily, often for better pay, rather than due to dismissals or redundancies.

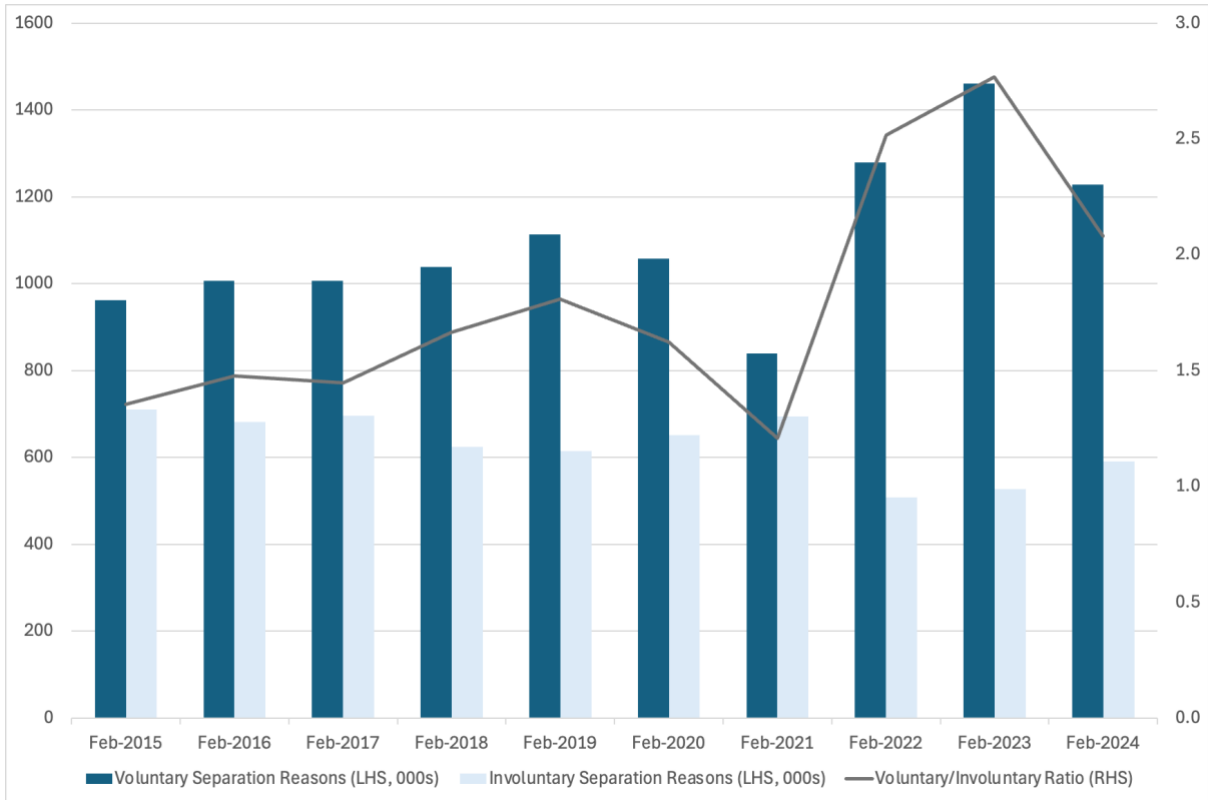


Figure 5: Voluntary and Involuntary Separations (000s, LHS), and Voluntary/Involuntary Ratio (RHS)¹⁶

In fact, by February 2023, for every one worker leaving a job for involuntary reasons, 2.8 were leaving for voluntary reasons. This has since moderated to 2.1 workers by February 2024 but remains far elevated compared to its pre-2022 levels.

While real wages have been hit, progress continues to be made

These conclusions do not discount the fact that Australian households have been doing it tough. Nominal wage rises did not keep pace with the global burst of inflation which took hold towards the end of 2021. The result has been a decline in workers’ real purchasing power since.



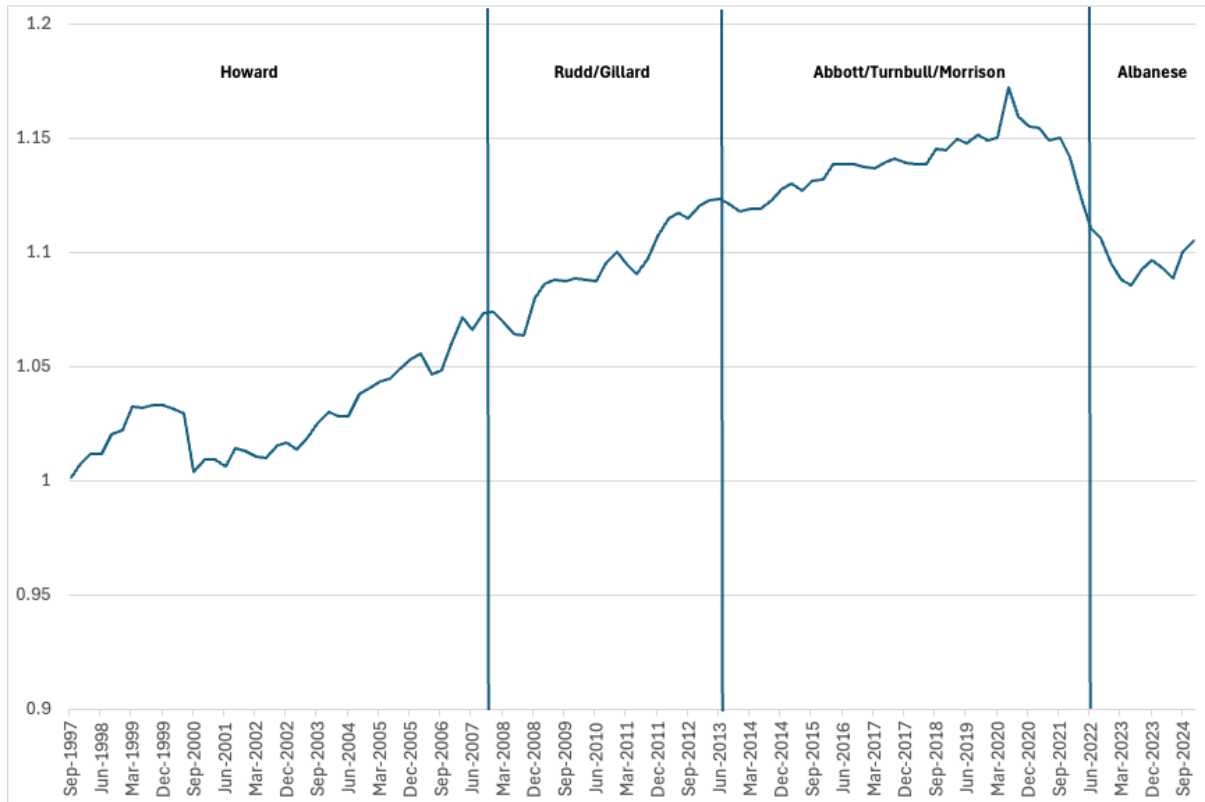


Figure 6: Wage Price Index / Consumer Price Index, Index Numbers, 1997 to 2025¹⁷

That said, there has been a considerable clawback in real wages under the Albanese Labor Government. This recovery has been so strong that wages in December 2024 are now roughly equal to those in June 2022, during the peak of the inflation burst. If Australia's tight labour market persists, we can only expect real wages to continue to climb.

The broad-based effects of a tight labour market should not be understated

Labour market outcomes are used as political scorecards for a reason: they matter for the prosperity of Australian households. Full employment is associated with myriad better outcomes, disproportionately so for the most vulnerable.

High unemployment brings persistent income loss and 'scars' younger workers; it imposes significant social, emotional and health costs on individuals; and it imposes heavier costs on less wealthy Australian households. It has knock-on effects for other drivers of economic growth, such as productivity, aggregate demand, and consumption. It also puts greater pressure on the Commonwealth budget. The Albanese Labor Government's unemployment record means that many of these costs are minimised or avoided altogether.

What is more, the tightness of the labour market means the vast majority of Australians both in and out of a job have more power to bargain for better conditions and—crucially—higher wages. This bargaining power will no doubt go a long way in recovering the real wage erosion attributable to the 2021–22 inflation burst.

The Albanese Government’s employment record is historically unique

The Albanese Labor Government has overseen the longest period of sustained lowest unemployment of any Australian government since Whitlam. This is true for the headline figure, and extends to vulnerable demographics such as women, young Australians, those with less formal education and Indigenous Australians.

Unlike other countries such as the United States and United Kingdom, this has occurred alongside a record high and climbing participation rate. Other indicators like underemployment, hours worked, job search times, and voluntary separations all indicate that the Australian labour market is the tightest it has been in a generation. Given that most Australians are workers, it’s hard not to see all of these indicators as a good thing.

While real wages were eroded throughout Australia’s 2021–22 inflation burst, this tightness in the market is now feeding through to real wage growth. It is also mitigating the fiscal, personal, social, macroeconomic and distributional costs of unemployment to individuals and societies.

Labour market outcomes are by no means everything, but they certainly matter. If Australian governments are to be assessed on their outcomes, then it’s hard to look past the Albanese Labor Government as having one of—if not the best—employment records in Australian history.

Endnotes

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² Australian Bureau of Statistics, *Labour Force, Australia, January 2025* (20 February 2025): Unemployment Rate. Australia, August 1966 to January <<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release>>.

³ Australian Bureau of Statistics, *Labour Force, Australia, January 2025* (20 February 2025): Unemployment Rate. Australia, August 1966 to January <<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release>>.

⁴ See, eg, Alexander Ballantyne, Avish Sharma and Tim Taylor, *Assessing Full Employment in Australia* (Reserve Bank of Australia Bulletin, 18 April 2024) <<https://www.rba.gov.au/publications/bulletin/2024/apr/pdf/assessing-full-employment-in-australia.pdf>>.

⁵ Australian Bureau of Statistics, *Labour Force, Australia, January 2025* (20 February 2025): Unemployment Rate, Australia, August 1966 to January <<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release>>.

⁶ Australian Bureau of Statistics, *Labour Force, Australia, January 2025* (20 February 2025): Table 13: Labour Force Status for 15–24 Year Olds by Sex – Trend, Seasonally Adjusted and Original <<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release>>.

⁷ Australian Bureau of Statistics, *Labour Force, Australia, Detailed, January 2025* (27 February 2025): Table 24a: Labour Force status by State, Territory and Level of highest education attainment (ASCED) <<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release>>.

⁸ This assumes that the Indigenous unemployment rate tracks the headline unemployment rate plus some constant which varies from census to census, and moves between censuses in a linear fashion towards its new constant.

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¹⁰ Australian Bureau of Statistics, *Labour Force, Australia, January 2025* (20 February 2025): Table 1: Labour Force Status by Sex, Australia – Trend, Seasonally Adjusted and Original <<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release>>.

¹¹ ‘Labor Force Participation Rate, Total (% of Total Population Ages 15+) (Modelled ILO Estimate) – United Kingdom’, *World Bank Group* (Web Page, 2025) <<https://data.worldbank.org/indicator/SL.TLF.CACT.ZS?locations=GB>>.

¹² Australian Bureau of Statistics, *Labour Force, Australia, January 2025* (20 February 2025): Table 1: Labour Force Status by Sex, Australia – Trend, Seasonally Adjusted and Original <<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release>>; Federal Reserve Economic Data, *Labor Force Participation Rate* (January 2025) <<https://fred.stlouisfed.org/series/CIVPART>>.

¹³ Australian Bureau of Statistics, *How Many People Work One Hour a Week?* (Web Page, 15 April 2021) <<https://www.abs.gov.au/articles/how-many-people-work-one-hour-week>>.

¹⁴ Australian Bureau of Statistics, *Labour Force, Australia, January 2025* (20 February 2025): Table 22: Underutilised Persons by Age and Sex – Trend, Seasonally Adjusted and Original <<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release>>.

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¹⁶ Australian Bureau of Statistics, *Job Mobility, February 2024* (9 July 2024): Voluntary reasons (left job); Persons and Involuntary reasons (lost job); Persons <<https://www.abs.gov.au/statistics/labour/jobs/job-mobility/latest-release>>.

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