

## FactCheck: what are the facts on jobs and growth in Australia?

Written by The Conversation

---

There have been a lot of jobs created this year. The economy is actually not going too badly in comparison particularly to other OECD countries, we have the highest growth rate in the G7 so we are getting some things right and I think 2017 is a year to be looking forward to. –

**Christopher Pyne, minister for defence industries,**

[speaking on radio 5AA Adelaide](#)

, **December 7, 2016. (Listen from 6.30.)**

The government's half-year budget update, the [Mid-Year Economic and Fiscal Outlook \(MYEFO\)](#), includes some sobering projections about Australia's future. The budget deficit is [expected to deepen](#), sparking fears about Australia's AAA rating.

In the lead-up to the MYEFO release, minister for defence industries Christopher Pyne said that a lot of jobs were created in 2016 and Australia has the highest growth rate in the G7. Is that true?

### Checking the source

The Conversation asked Christopher Pyne's spokesperson for sources to support his statement but did not hear back before deadline.

Nevertheless, there are a range of credible sources against which his assertion can be checked.

### Does Australia have the highest growth rate in the G7?

To begin with, it's worth noting that Australia is an OECD country, but not part of the Group of 7 ( [G7](#) ). The G7 consists of the United Kingdom, the United States, Canada, France, Germany, Italy and Japan. This is the group the International Monetary Fund (IMF) describes as the world's seven major advanced economies.

## FactCheck: what are the facts on jobs and growth in Australia?

Written by The Conversation

---

We can compare Australia's economic performance with the G7 countries using international data sources, including the IMF's [World Economic Outlook database](#) and the [OECD Statistics database](#).

When Pyne said Australia has "the highest growth rate in the G7", he was talking about economic growth. A standard way to measure growth or contraction in an economy is to measure the rate of change in a country's Gross Domestic Product (GDP).

The table below shows the annual rate of growth of GDP in 2015, 2016 and 2017 for Australia, the G7 countries and country aggregates.

According to the [IMF World Economic Outlook data](#), Australia's GDP grew faster than six of the seven G7 countries in 2015. Australia's GDP growth was second only to the United States last year.

The data for 2016, charted below, may appear at first blush to support Pyne's statement.

However, the figures for 2016 are *estimates*. The *actual* data for 2016 is available only until the third quarter (Q3). The table below shows OECD data for the first three quarters of 2016.

The OECD data shows Australia's performance has worsened over the course of 2016, with growth turning negative in the third quarter (Q3). In fact, in Q3 Australia performed well below any G7 country and well below the OECD average.

The cumulative growth rate – the sum of the three quarters – shows that Australia is performing in line with the G7 and slightly worse than the OECD average.

Therefore, for Pyne to say that Australia has the highest growth rate in the G7 is an overstatement.

## Were ‘a lot of jobs created this year’?

The table below shows the rate of employment growth and the rate of unemployment in Australia and G7 countries in 2015 and 2016. The data for 2016 is based on end-of-year estimates.

Employment growth in Australia was higher than all the G7 countries in 2015. Based on end-of-year estimates, Australia will also record higher employment growth than the G7 countries in 2016.

The story is different when it comes to unemployment. Australia’s unemployment rate is estimated to have improved by 0.4% between 2015 and 2016, but unemployment in Australia is still higher than unemployment in four of the seven G7 countries.

## Growth in part-time employment

The Australian Bureau of Statistics (ABS) [data](#) , between January and November 2016, employment in Australia grew by almost 88,000 (using the seasonally adjusted figures).

However, full-time employment fell by about 3,800 (using seasonally adjusted figures). This tells us that there was an increase in part-time employment. The increase in part-time employment and corresponding decline in full-time employment might reflect a change in the preferences of Australian workers. But it could also reflect a progressive loss of job security.

## Verdict

Christopher Pyne has overstated how well Australia is performing on jobs and growth compared to other major economies.

IMF *estimates* for 2016 on GDP growth had put Australia ahead of the G7 countries. But the latest available data – which are actual figures as of the third quarter of 2016, not estimates – show that Australia’s cumulative growth in 2016 so far is at the level of the G7 and not higher. So Australia is performing in line with the G7 and slightly worse than the OECD average.

## FactCheck: what are the facts on jobs and growth in Australia?

Written by The Conversation

---

As for jobs, it's estimated that Australia will record higher employment growth than the G7 countries in 2016, as we did in 2015. Between January and November 2016, employment in Australia grew by almost 88,000 – but *full-time* employment fell by about 3,800. This tells us that there was an increase in part-time employment, while the full-time job market did not improve.

– **Fabrizio Carmignani**

---

## Review

The author is correct in saying that the claim Australia has the highest growth in the G7 is an overstatement. However, it is also worth noting that temporary factors contributed to the fall in GDP in the September quarter. For example, the ABS noted that the [wet weather hampered residential building](#). A more general issue is whether simply comparing GDP growth rates across countries is that informative about their relative economic performance. For example, Australia's population growth is considerably stronger than most European countries, so its trend output growth should also be higher, all else being equal.

The author is correct to point out that employment growth in Australia this year has been in part-time employment. In addition to comparing unemployment rates across countries, it's also useful to look at the employment to population ratio, as the participation rate can vary across countries. For example, in Australia the participation rate currently is [64.6%](#), whereas for the US is 62.7%. So even though the US currently has a lower unemployment rate, a higher share of Australia's population currently is employed ([61%](#), compared to [59.7%](#)).

– **Tim Robinson**

---

Have you ever seen a “fact” worth checking? The Conversation's FactCheck asks academic experts to test claims and see how true they are. We then ask a second academic to review an anonymous copy of the article. You can request a check at [checkit@theconversation.edu.au](mailto:checkit@theconversation.edu.au). Please include the statement you would like us to check, the date it was made, and a link if possible.

*Fabrizio Carmignani receives funding from the Australian Research Council for a project on the estimation of the piecewise linear continuous model and its applications in macroeconomics.*

## FactCheck: what are the facts on jobs and growth in Australia?

Written by The Conversation

---

*Tim Robinson receives funding from the Australian Research Council.*

**Read more** <http://theconversation.com/factcheck-what-are-the-facts-on-jobs-and-growth-in-australia-70114>