



The changing shape of the Australian labour market

Ai Group Research and Economics

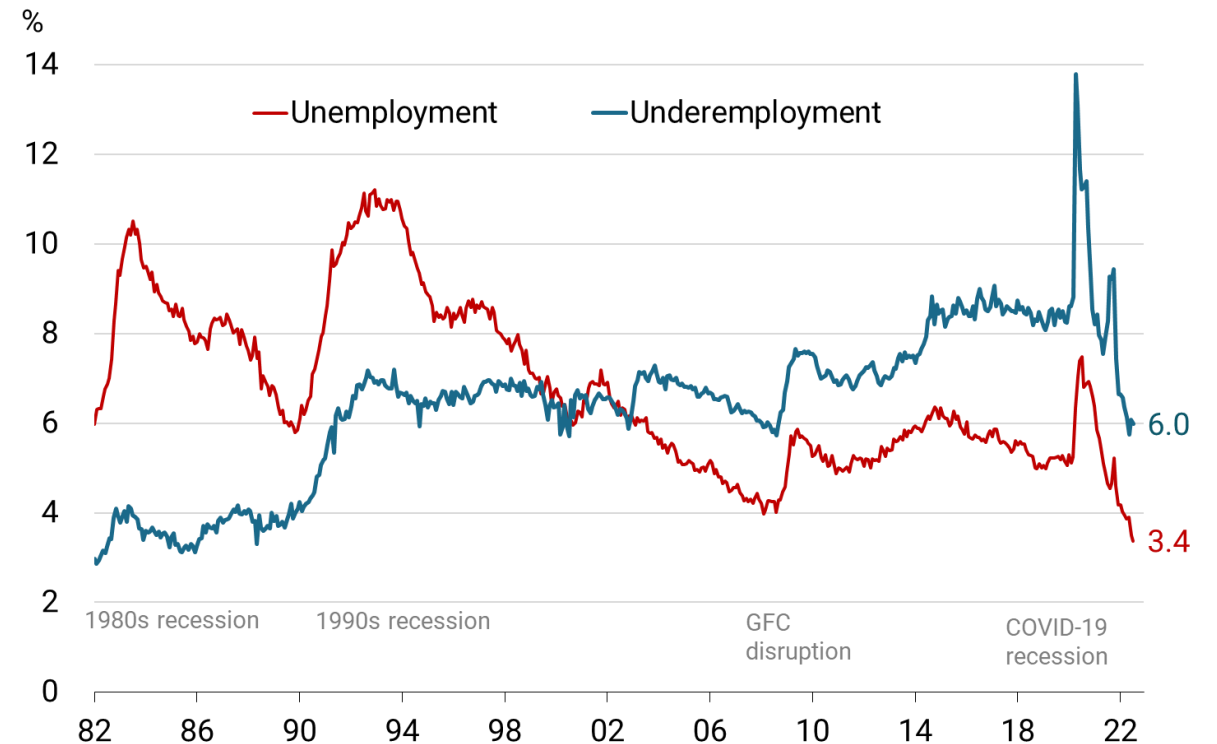
August 2022



Unemployment and underemployment

- The unemployment rate has fallen to record low levels with very tight labour markets.
- July 2022 figures of 3.4% unemployment are the lowest in a generation, well below 'full employment' estimates of 4-5%.
- Underemployment has also fallen to levels not seen since before the global financial crisis.
- Australia's closed borders – which stopped net inward migration for two years – combined with high growth since mid-2021 are the drivers.
- In its August Statement on Monetary Policy, the RBA forecasts unemployment to remain below 4% through to the end of 2024.

Unemployment and underemployment, to July 2022

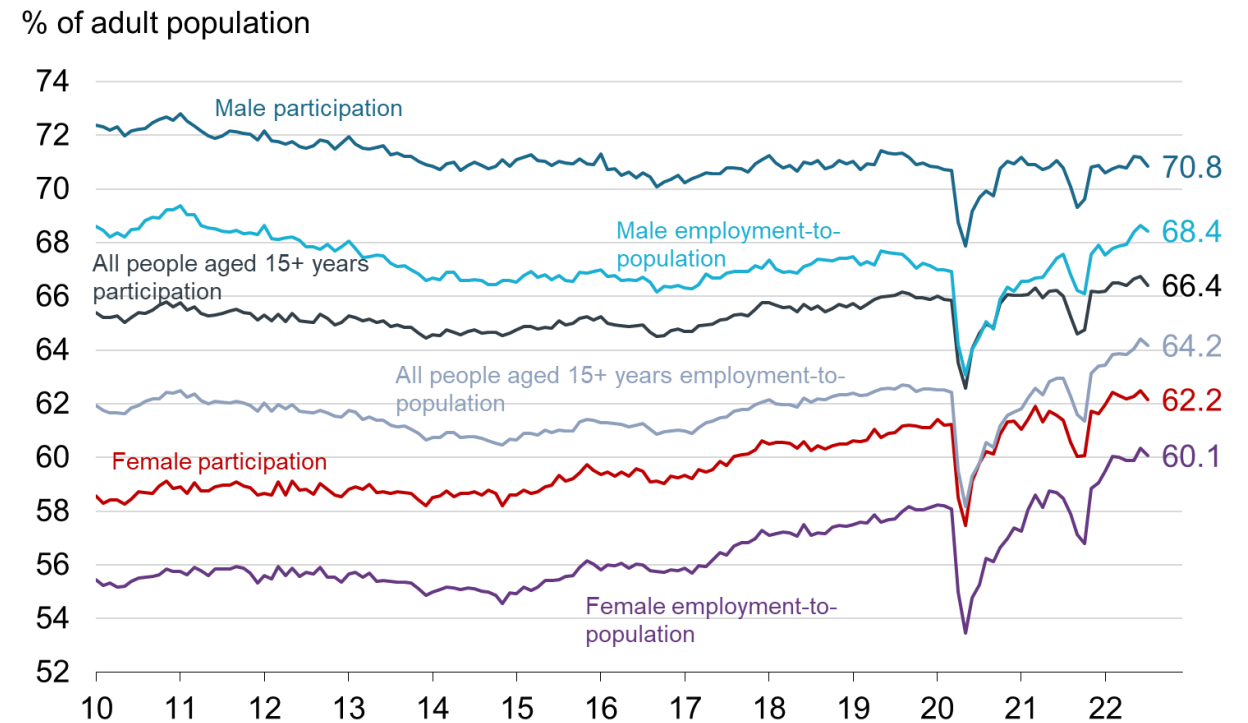


Source: ABS, Labour Force

Participation and employment-to-population

- With record low unemployment, labour market participation is at record high levels
- Labour market participation and the employment-to-population ratios both reached an all time high in June 2022.
- The increase in both measures was largely driven by rapidly increasing female engagement in the workplace since mid-2021.
- Male labour market participation remains similar to pre-pandemic levels.
- As a result, gender differences in labour market engagement have narrowed to their lowest recorded levels. The participation gap is only 8.6%, and employment-to-population gap 8.3%.

Participation rates and employment-to-population ratios, 2010 to July 2022, seasonally adjusted

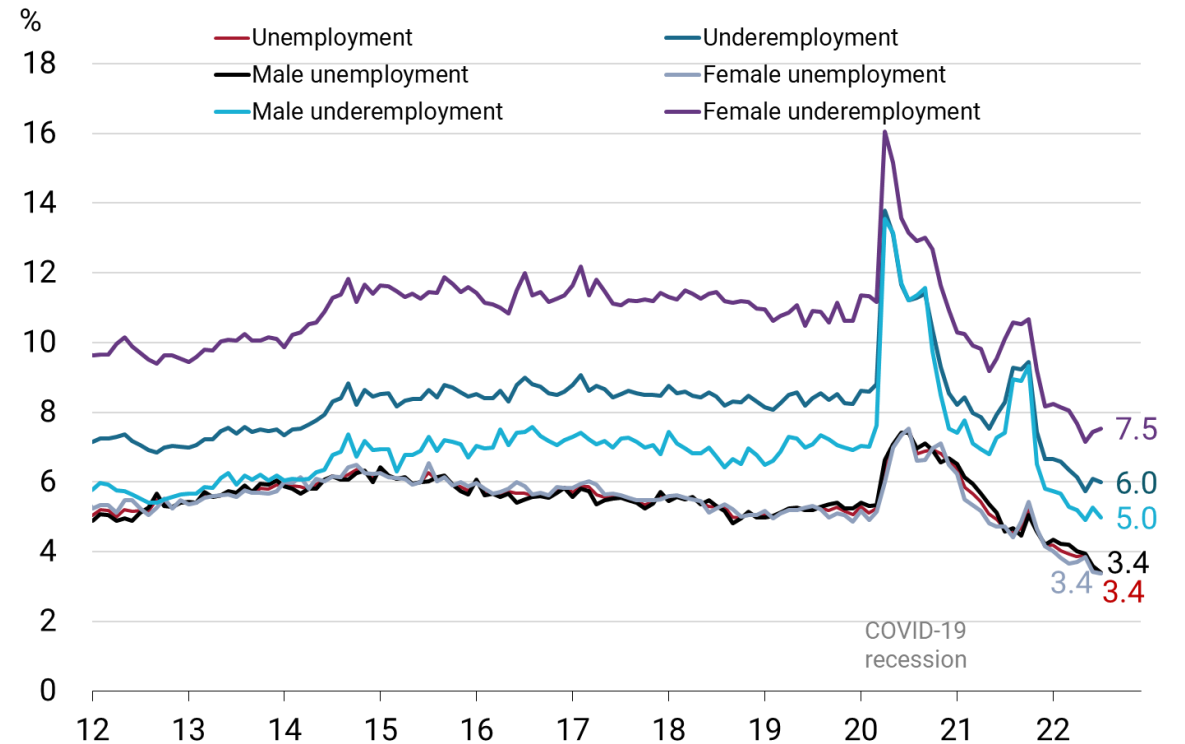


Source: ABS, Labour Force

Gender differences in unemployment and underemployment

- Increased female participation in the labour market has also narrowed gender gaps for unemployment and under-employment
- In July 2022, female and male unemployment rates were both identical (3.4%). Of the 473,600 unemployed persons, 47.5% were female and 52.5% male.
- Males are more likely to be unemployed both short term (under a year) and long-term (over a year) than women.
- The underemployment gap has also narrowed to 2.5%. This is lower than the typical figure over the last decade of around 4%.

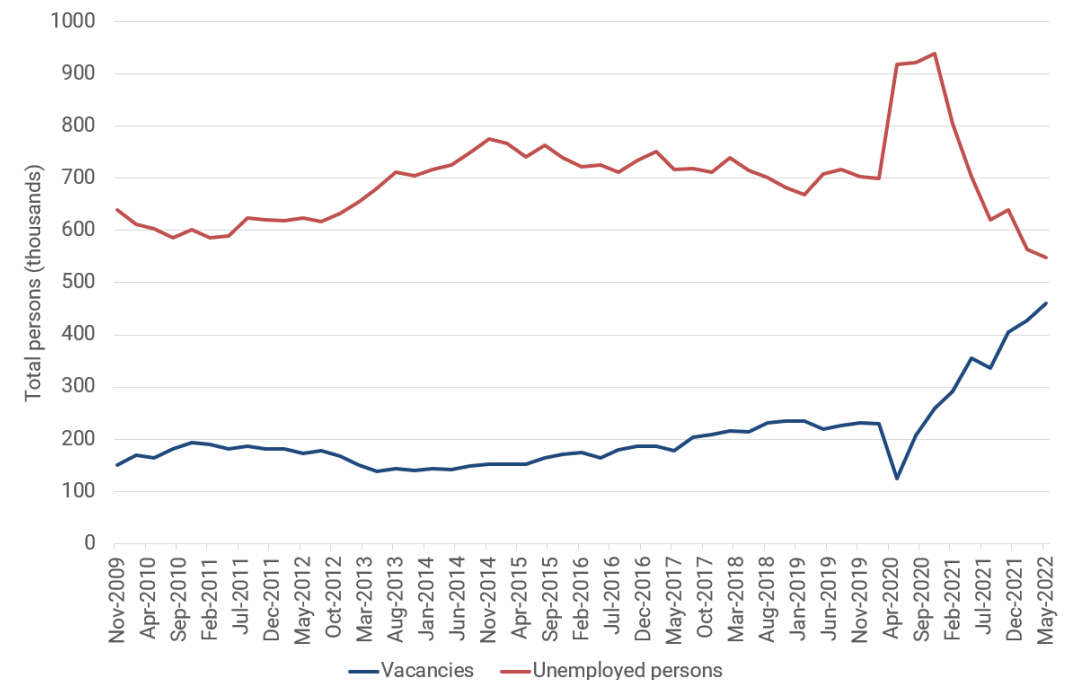
Unemployment and underemployment, to July 2022



Vacancies and unemployment

- As a result of tight labour markets, job vacancies have risen to record levels.
- Job vacancies began rising in the third quarter of 2020, and have since more than doubled to 480 thousand.
- This is more than twice the normal rate of vacancies in the Australian economy
- There is now 1.18 unemployed persons for every advertised vacancy. This compares to a 3.05 ratio prior to the pandemic in February 2020.

Job vacancies and unemployed persons, to May 2022

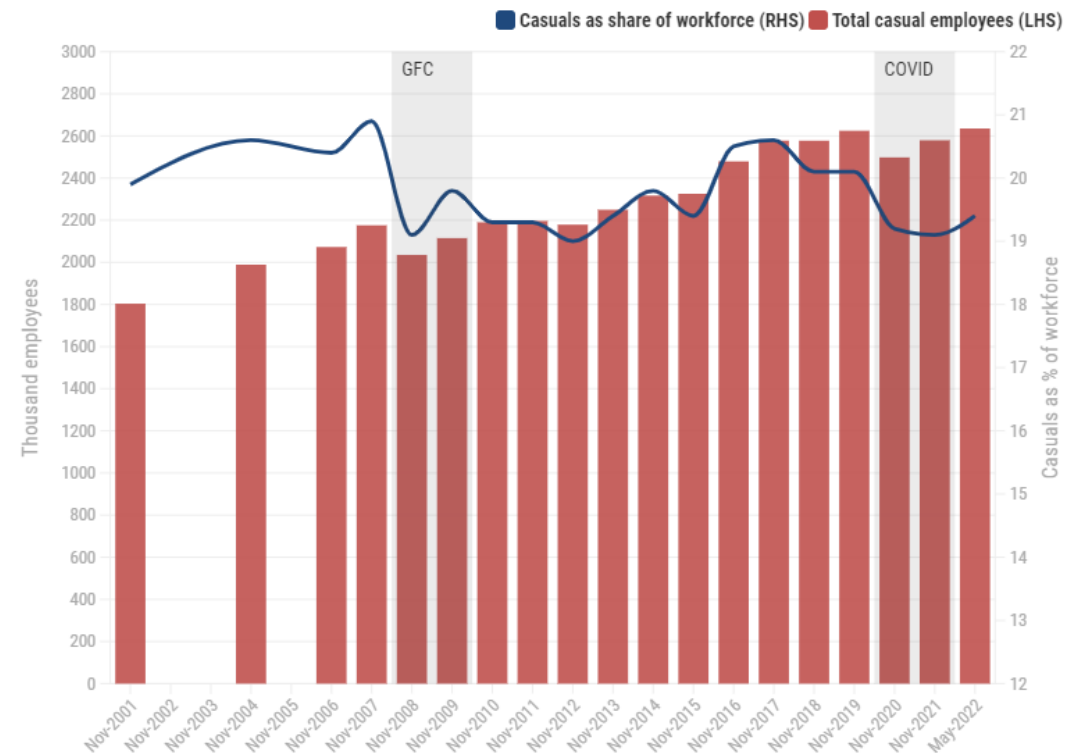


Source: ABS, Labour Force, detailed and Job Vacancies

Casual employees

- 19.4% of the Australian workforce – 2.6 million people – work on a casual basis.
- The number of casual workers has increased since 1998 in line with growth in Australia’s population.
- Total casual employment fell dramatically in the early months of the pandemic, but has since recovered to pre-pandemic levels.
- However, with a tight labour market and growing numbers of people in the workforce, the rate of casual work has fallen.
- Casual work now accounts for just over 19% of the workforce, 1.5% lower than before the pandemic.

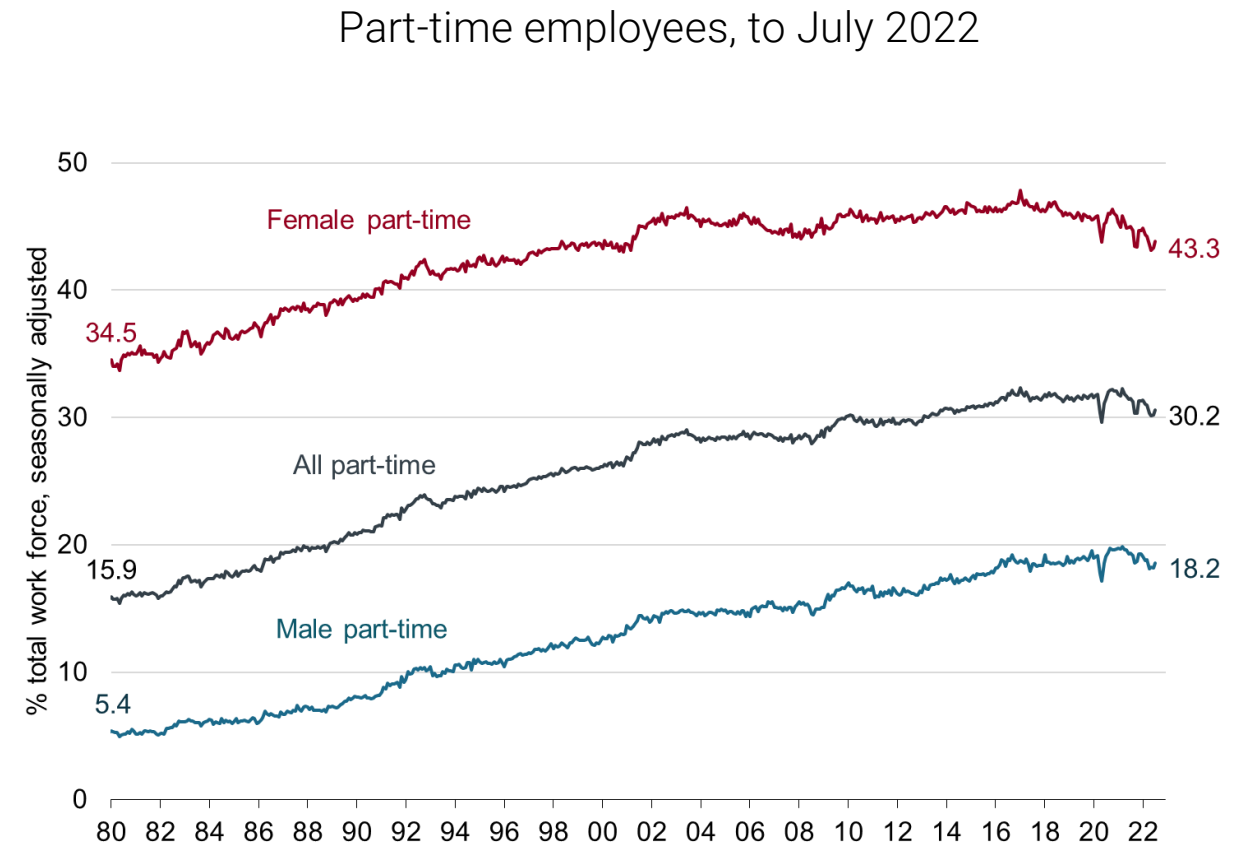
Casual employment in Australia, 2001-2021



Source: ABS, Labour Force, detailed

Part-time employment

- Part-time employment increased steadily from the 1980s to the mid 2010s. But since 2016 this trend has stabilised, and now sits in the low 30s%.
- Part-time employment is subject to strong gender differences. It accounts for 43.3% of all female employment, significantly higher than 18.2% for male employment.
- The gender gap in part-time employment has narrowed, as a result of increasing male part-time employment. The gap is currently 25.1%, lower than the 29.1% gap in 1980.
- Like casual employment, part-time employment declined during the early stages of the pandemic, and has yet to return to pre-pandemic levels.

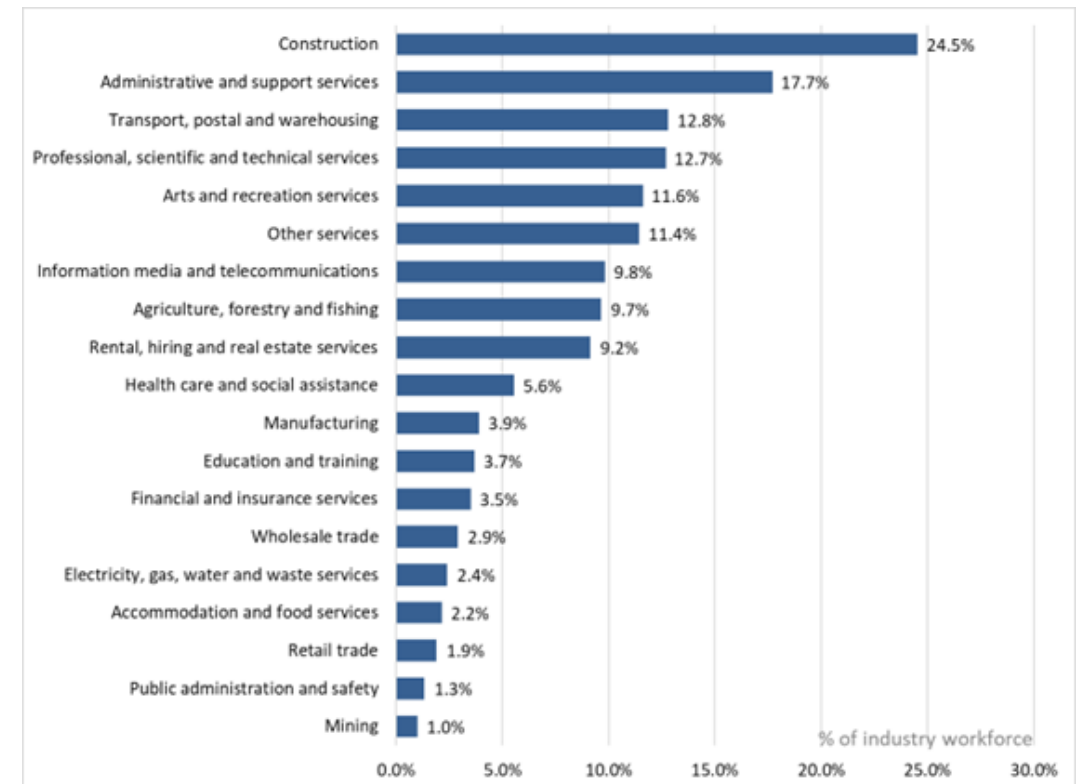


Source: ABS, Labour Force

Independent contractors and labour hire

- In August 2021, 1,003,000 individuals (7.8% of the workforce) were classified as independent contractors.
- Construction (24.5%) and administrative & support services had the highest proportions of independent contractors (17.7%).
- In August 2021, 339,000 employees (3.2% of all employees) were registered with a labour hire firm or employment agency. and 112,000 (1.1% of all employees) were paid by a labour hire firm or employment agency.
- Labour hire arrangements are concentrated in casual employment. 10% of all casual employees were registered with a labour hire or employment agency, compared to only 1% of all non-casual employees.

Independent contractors as a share of industry workforce, August 2021

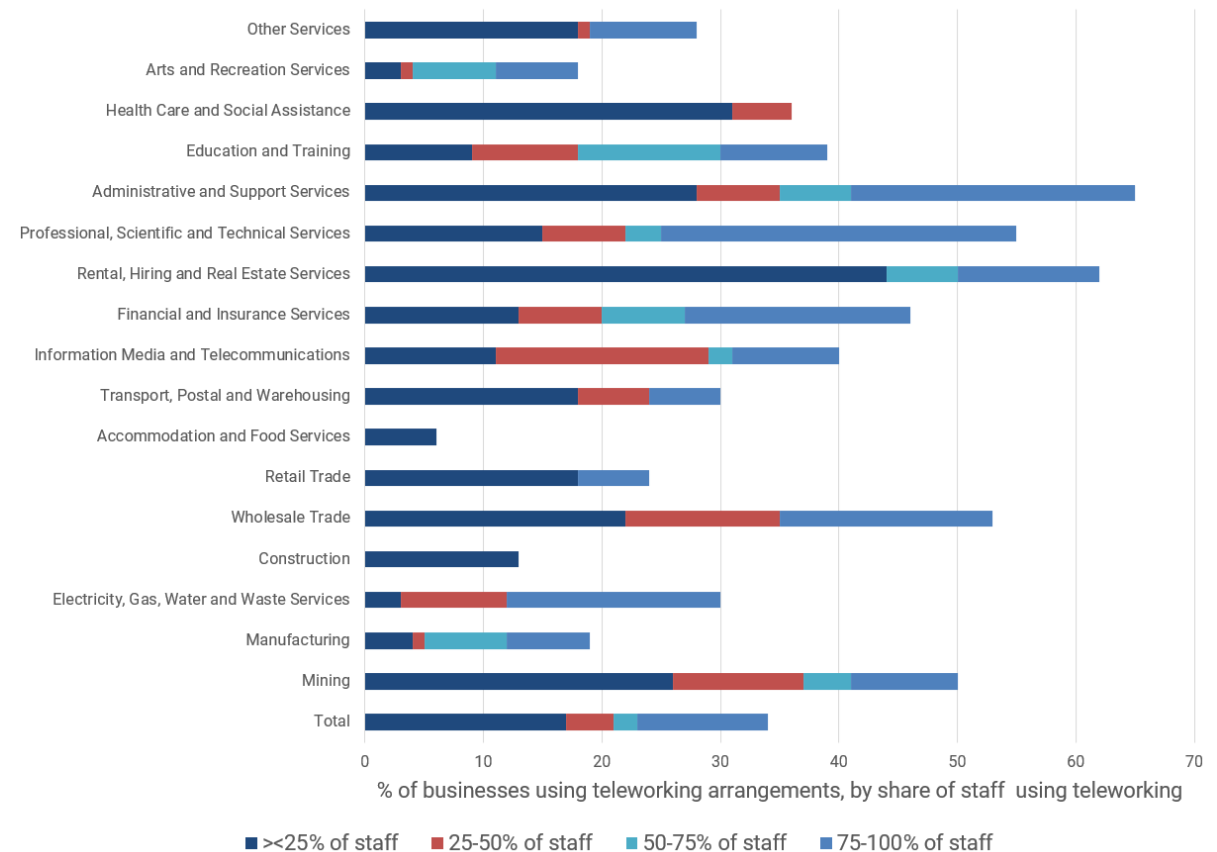


Source: ABS, Labour Force, detailed, characteristics of employment

Teleworking arrangements

- Teleworking is a core feature of contemporary Australian work patterns.
- 34% of all Australian businesses utilise teleworking arrangements for a portion of their workforce.
- 11% of businesses utilise teleworking for nearly all (75-100%) of their workforce
- While teleworking is used in all sectors, it shows strong sectoral patterns
- Teleworking is most common in knowledge-intensive sectors, such as education, administration, finance and professional services
- It is less prevalent in physical process sectors (construction, utilities and manufacturing) and in-person customer service (retail and hospitality).

Teleworking arrangements by sector, June 2022





About the Australian Industry Group

The Australian Industry Group (Ai Group®) is a peak employer organisation representing traditional, innovative and emerging industry sectors. We are a truly national organisation which has been supporting businesses across Australia for nearly 150 years. Our vision is for thriving industries and a prosperous community. We offer our membership strong advocacy and an effective voice at all levels of government underpinned by our respected position of policy leadership and political non-partisanship.

Contact for this report

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