

# Australia's industry structure

## A National overview to the employment region industry profiles

### Structural change in Australia

Over the past century, Australia's industry structure has undergone fundamental changes, moving from an economy that was highly dependent on manufactured goods and agricultural produce, to today's economy in which service-based industries employ the vast majority of Australians.

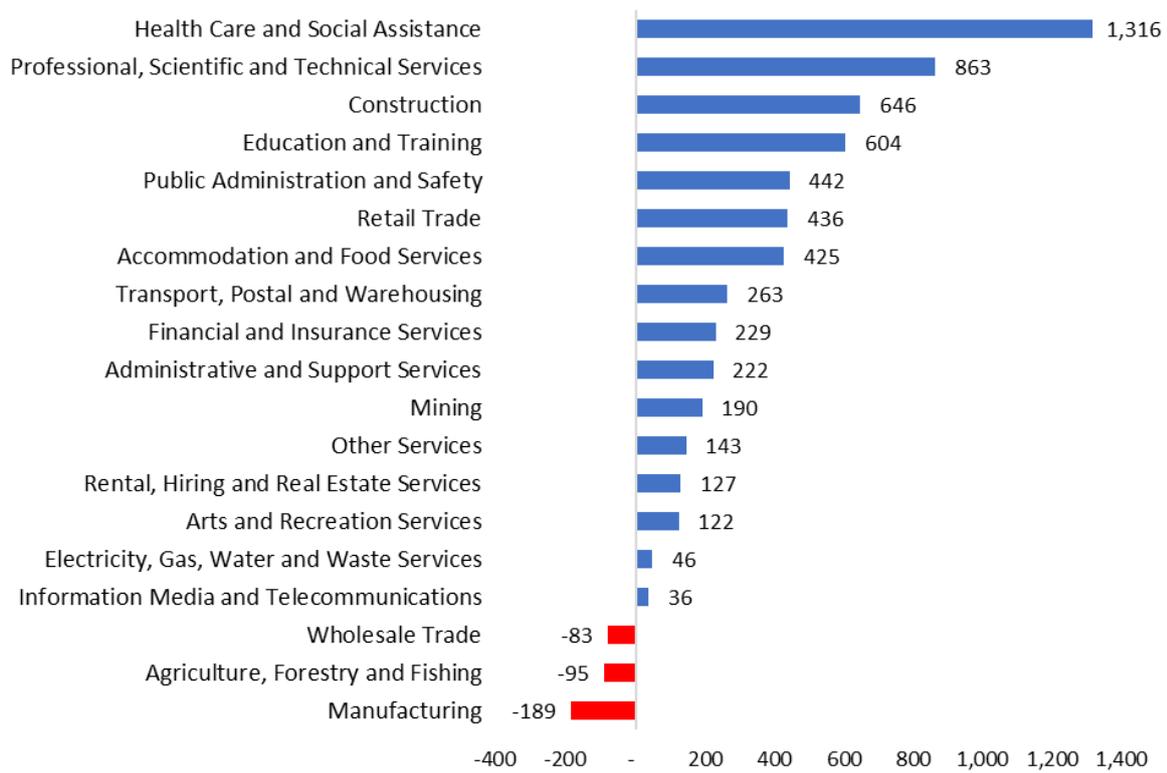
Three decades ago, Manufacturing was the largest employing industry in Australia, accounting for 14% of total employment. Today, it is the eight largest and accounts for 6% of total employment. The decline in Manufacturing has been caused by many factors, including increased competition from overseas manufacturers, who often have lower production costs.

People are also less likely to be employed in Agriculture, Forestry and Fishing than they were 30 years ago. In February 1992, 5% of the workforce was employed in this industry, compared with 2% in February 2022. This has been due to a combination of factors, including technology and automation.

The importance of the services sector to the economy has expanded rapidly in recent years, offsetting the falls in other industries. Today, around four in every five Australian workers are employed in a service industry. Service industries include all industries besides Manufacturing; Construction; Agriculture, Forestry and Fishing; Mining; and Electricity, Gas, Water and Waste Services, although, even within these industries, there are service components.

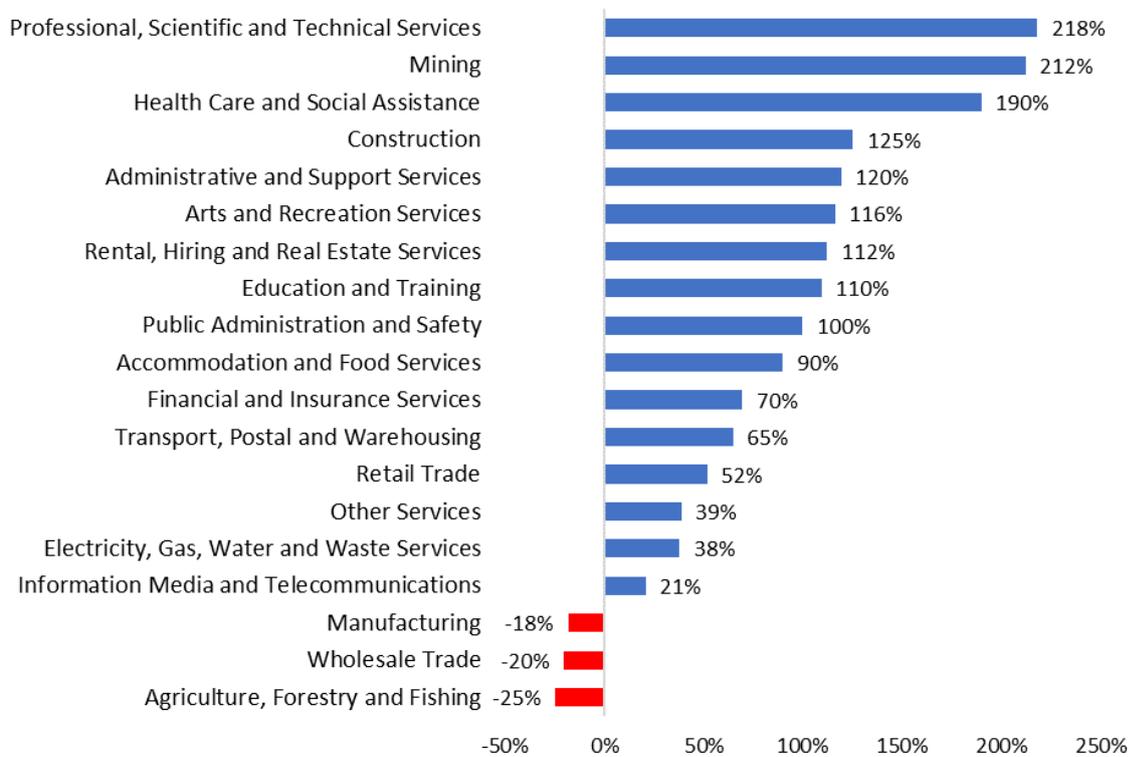
Much of the increase in the services sector has been driven by growth in Health Care and Social Assistance. This industry has had strong employment growth (up 32% over the past five years), and with Australia's ageing population, this is likely to continue. Professional, Scientific and Technical Services has also recorded strong employment growth, tripling the level of employment over the past 30 years.

**Figure 1: Change in employment by industry between February 1992 and February 2022 ('000)**



Source: ABS, Labour Force, Australia, Detailed, seasonally adjusted

**Figure 2: Change in employment by industry between February 1992 and February 2022 (%)**



Source: ABS, Labour Force, Australia, Detailed, seasonally adjusted

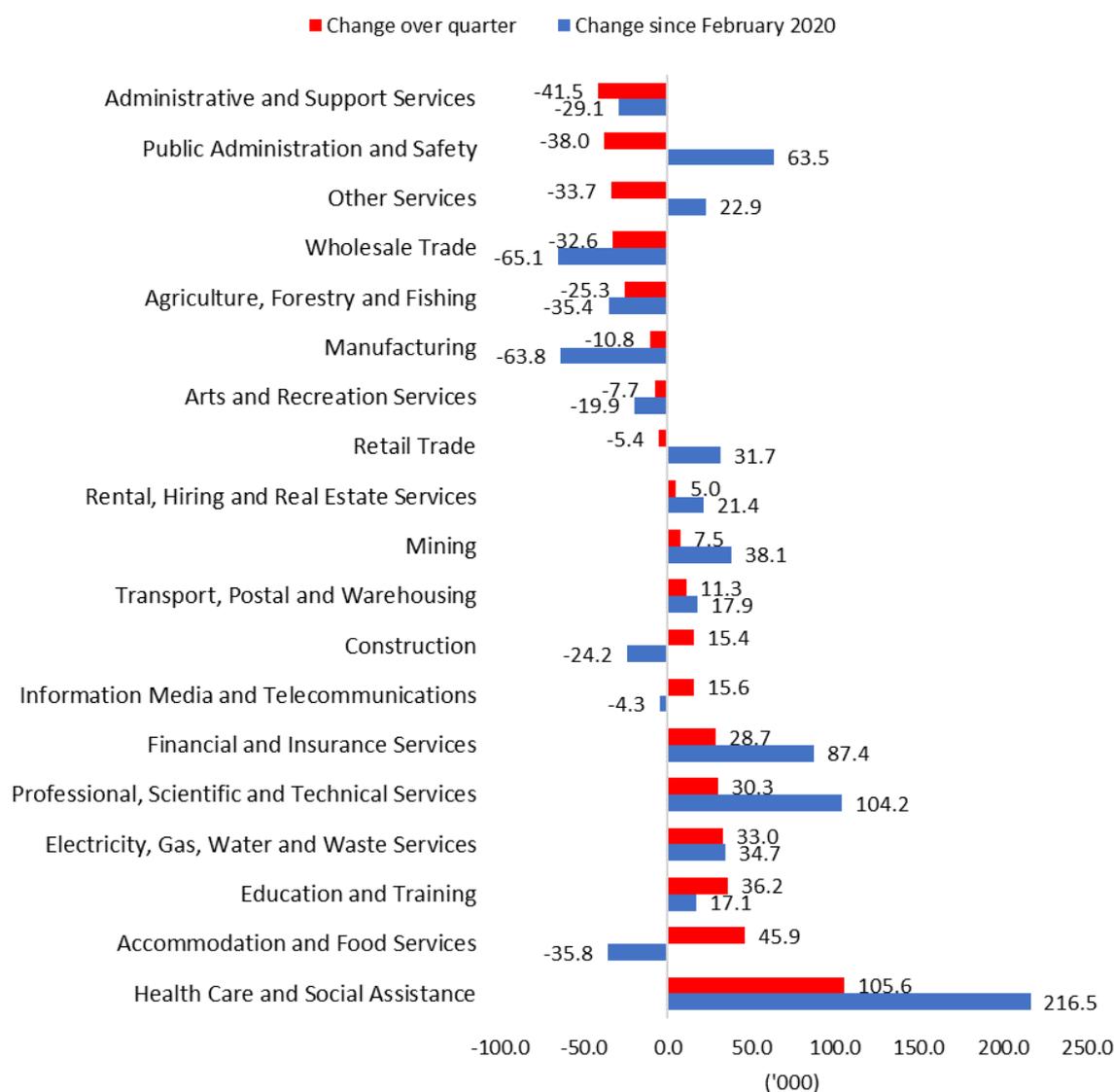
## Recent developments in employment by industry

ABS Labour Force Survey data for February 2022 show that employment has increased in 11 of the 19 broad industry groups between February 2020 (pre-COVID-19) and February 2022. Similarly, latest payroll jobs data indicate that between 14 March 2020 and 12 March 2022, thirteen of the 19 industries recorded increases in employee jobs.

Since the February quarter 2020, the largest gains in employment were in Health Care and Social Assistance (up by 216,500, or 12.1%), Professional, Scientific and Technical Services (up by 104,200, or 9.0%), Financial and Insurance Services (up by 87,400, or 18.6%) and Public Administration and Safety (up by 63,500, or 7.7%).

The largest falls were in Wholesale Trade (down by 65,100, or 16.6%), Manufacturing (down by 63,800, or 6.9%), Accommodation and Food Services (down by 35,800, or 3.8%) and Agriculture, Forestry and Fishing (down by 35,400, or 10.8%).

**Figure 3: Employment growth by industry ('000) February 2022**



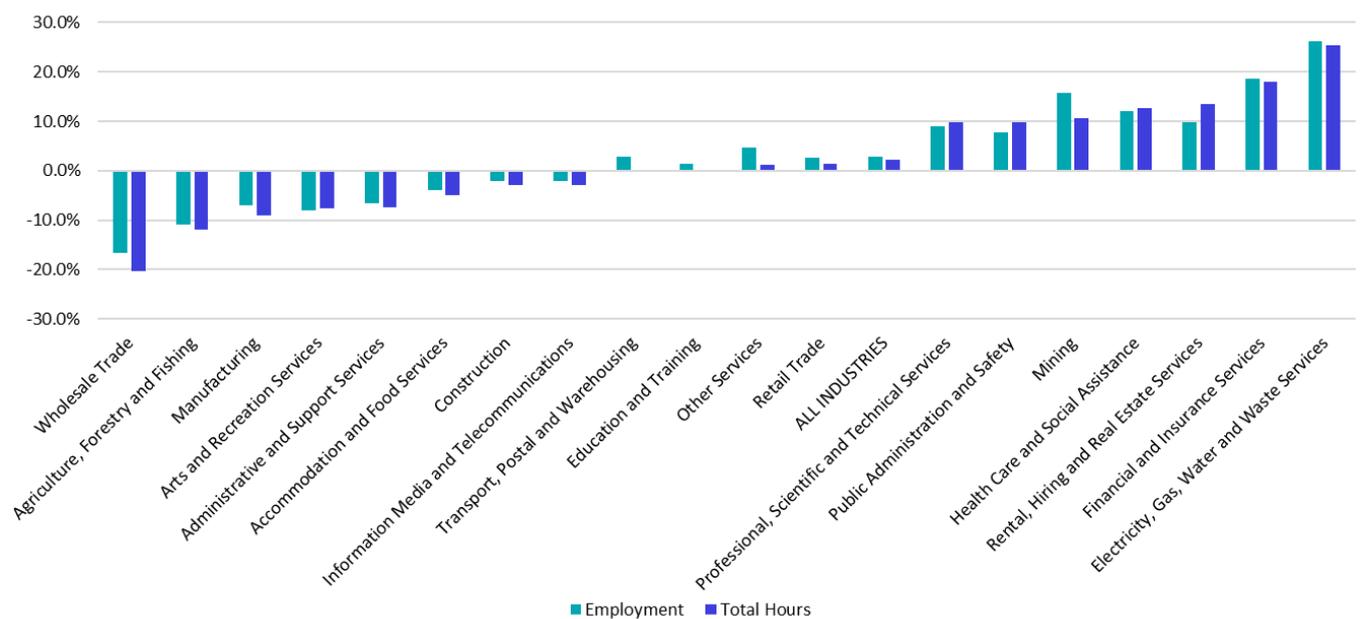
Source: ABS, Labour Force, Australia, Detailed, seasonally adjusted

## Hours worked by industry

Businesses often reduce staff hours as an initial response to a downturn (as well as lockdowns associated with COVID-19 restrictions), rather than laying off staff, particularly if there is considerable uncertainty about the duration of the decline in activity. There have been several points through the pandemic, and more recently with the impact of floods on some regional labour markets, where hours worked have fallen more sharply than employment, before recovering as restrictions or challenging conditions ease.

Since the onset of COVID-19 to February 2022, there has been an increase in both hours worked (up by 2.1%) and employment (up by 2.9%). This reduced disparity between employment and hours worked is encouraging and figure 4 further shows the difference has reduced across industries. For example, in the Accommodation and Food Services industry, employment recorded a fall of 3.8% compared to a fall of 4.9% in hours worked since the February quarter 2020. However, during the August quarter 2021, this disparity between employment and hours worked was very significant, with employment recording a fall 12.3% since the February quarter 2020, compared with a 29.8% fall in hours worked.

**Figure 4: Percentage change in employment and hours worked over February 2020 to February 2022**



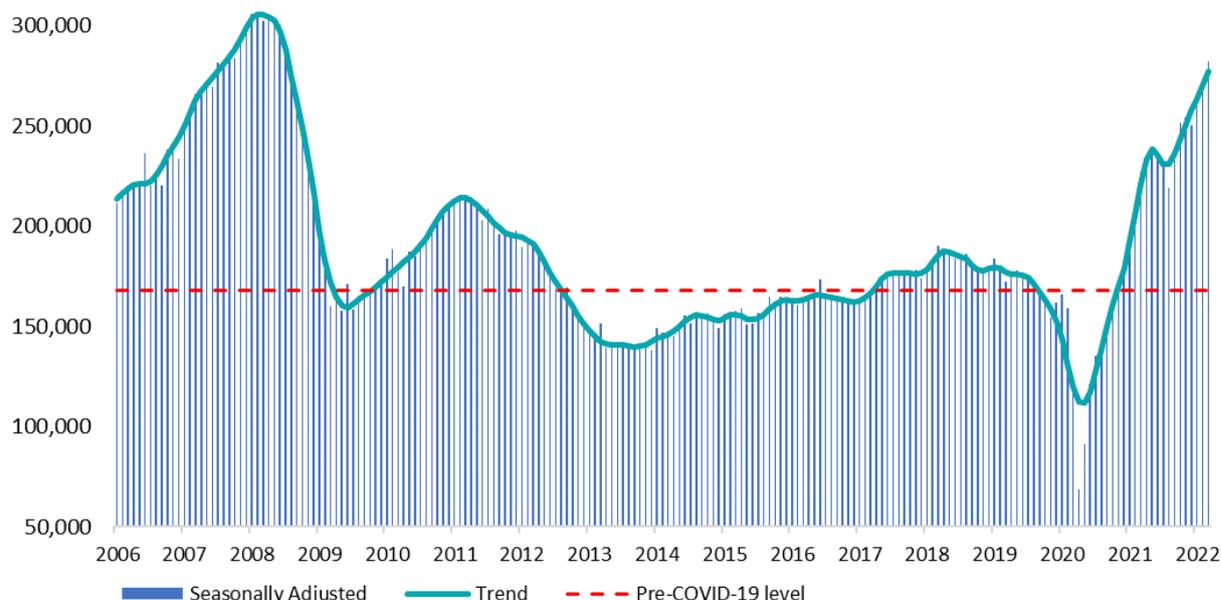
Source: ABS, Labour Force, Australia, Detailed, National Skills Commission seasonally adjusted

## Job advertisements

Job advertisements increased by 3.7% (or 10,200 ads) in March 2022 to stand at 282,400. The strong increase in recruitment activity growth saw job advertisements reach their highest level since July 2008 (prior to the impact of the 2007/8 Global Financial Crisis) (see figure 5).

Recruitment activity increased across all states and territories during March 2022. The strongest growth was recorded in the Northern Territory, up by 9.1% (260 job ads), followed by Queensland, up by 5.6% (3,000 job ads), the ACT, up by 5.2% (or 400 job ads) and Victoria, up by 4.4% (3,200 job ads).

**Figure 5: Internet Vacancy Index, January 2006 to March 2022**



Source: National Skills Commission, Internet Vacancy Index, seasonally adjusted and trend data

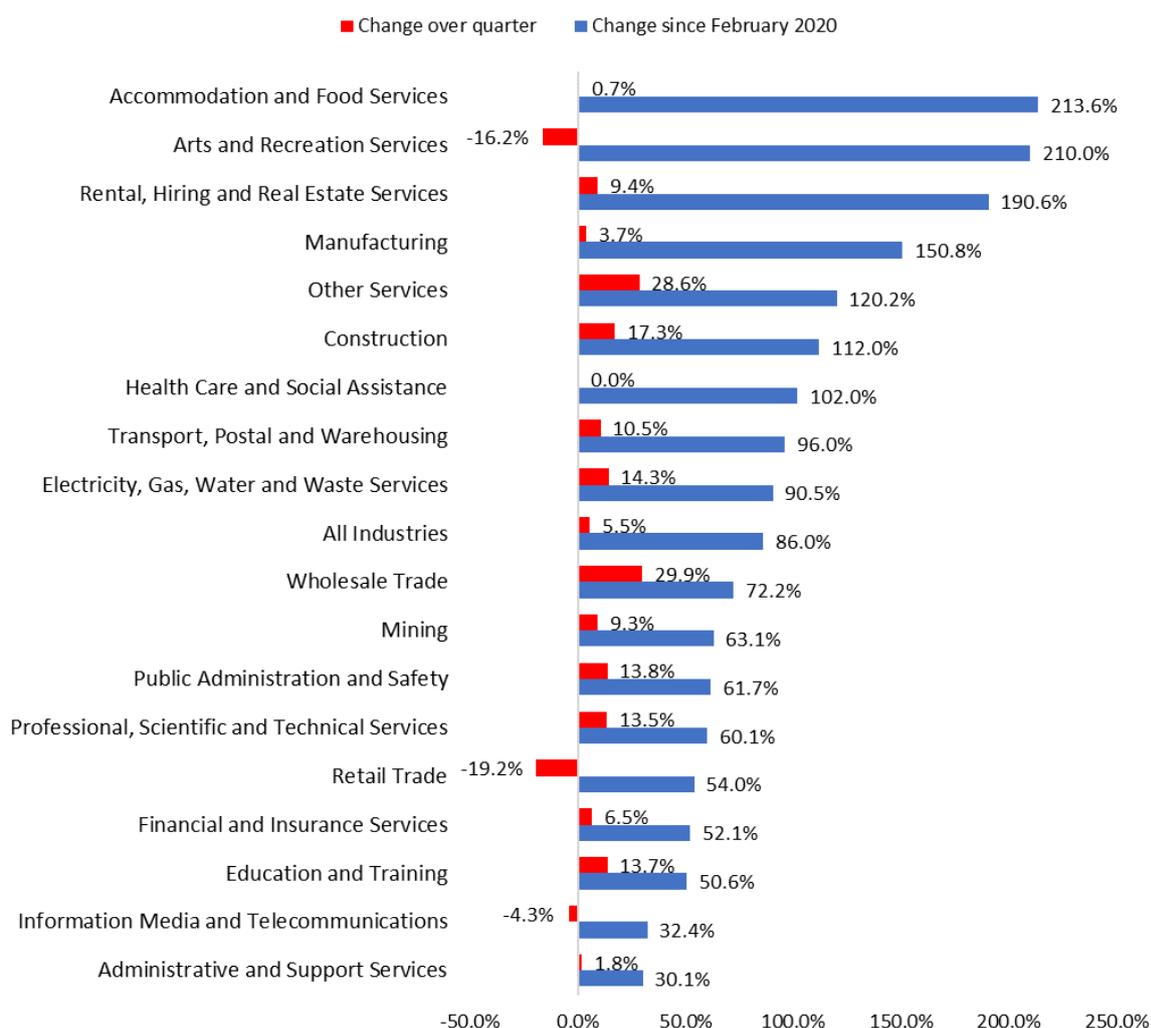
## ABS Job Vacancies

Congruent with the Internet Vacancy Index, ABS Job Vacancies data continue to reflect a sustained resurgence following the pandemic.

In seasonally adjusted terms, the Job Vacancy Survey recorded 423,500 job vacancies in the February 2022 quarter. This represents a rise of 6.9% or 27,300 job vacancies over the quarter and an increase of 46.6% or 134,700 job vacancies over the year. There are around 200,000 more job vacancies than February 2020.

Job vacancies are significantly higher than before the pandemic across all industries. The industries with the highest growth in vacancies over the past two years were Accommodation and Food Services up by 213.6% (31,400 job vacancies), Arts and Recreation Services up by 210.0% (4,200 job vacancies), and Rental, Hiring and Real Estate Services up by 190.6% (6,100 job vacancies) – all of which are customer-facing industries for which employment and hours have been particularly impacted during the pandemic (figure 6).

**Figure 6: Job vacancies by industry (%) February 2022**



Source: Job Vacancies, Australia, original

## Future growth

Each year the National Skills Commission produces employment projections by industry, occupation, skill level for the following five years, the latest being the five years to November 2026. These projections are designed to provide a guide to the future direction of the labour market.

Reflecting a diverse and resilient labour market, employment is projected to increase in all 19 broad industries over the five years to November 2026 (Figures 7 and 8). In February 2022, employment exceeded pre-COVID-19 levels in 11 of these industries, and is projected to exceed this level in a further five industries at the end point of the five year projections period.

The long-term structural shift in employment towards services industries is projected to continue with four services industries – Health Care and Social Assistance (increasing by 301,000), Professional, Scientific and Technical Services (increasing by 206,600), Education and Training (increasing 149,600), and Accommodation and Food Services (increasing 112,400) – expected to generate almost two-thirds (or 65.4 per cent) of the total projected employment growth.

Please note, due to the impact of COVID-19 on the labour market, the ABS ceased the publication of trend estimates in March 2020. Seasonally adjusted data, which are more volatile, have been used instead. This ongoing uncertainty and volatility in the labour market and the cessation of the ABS

trend series introduces more uncertainty to the employment projections than existed in previous years.

**Figure 7: Industry Employment Projections – five years to November 2026**

Industry	Projected employment growth - five years to November 2026	
	('000)	(%)
Agriculture, Forestry and Fishing	16.2	5.1
Mining	15.9	5.9
Manufacturing	23.1	2.7
Electricity, Gas, Water and Waste Services	2.6	1.9
Construction	66.4	5.8
Wholesale Trade	6.6	1.8
Retail Trade	55.1	4.3
Accommodation and Food Services	112.4	13.2
Transport, Postal and Warehousing	39.9	6.1
Information Media and Telecommunications	0.7	0.4
Financial and Insurance Services	33.2	6.3
Rental, Hiring and Real Estate Services	14.9	6.3
Professional, Scientific and Technical Services	206.6	16.8
Administrative and Support Services	28.8	6.4
Public Administration and Safety	59.2	6.4
Education and Training	149.6	13.4
Health Care and Social Assistance	301.0	15.8
Arts and Recreation Services	23.7	10.1
Other Services	20.3	3.7
<b>All Industries</b>	<b>1176.2</b>	<b>9.1</b>

**Figure 8: Industry Employment Projections: by size of projected growth**

