



Australian Government



Jobs and Skills Australia

# Labour Market Update

December 2024

3 March 2025



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# Executive summary

There are ongoing signs of easing in the Australian labour market. However, the labour market remained resilient in the December quarter 2024, supported by strong population growth and ongoing demand, particularly in the health and education sectors. In the quarter, employment growth was sound, the unemployment rate remained stable at around 4.0% and the participation rate<sup>1</sup> was around the record high.

Over the past 12 months to the December quarter 2024, employment growth was driven by Skill Level 1 to 4 occupations, which typically require post-secondary qualifications. Almost two-thirds of the growth came from occupations with Vocational Education and Training (VET) pathways. Cohorts who were less likely to have these qualifications, such as youth and the long-term unemployed, experienced less favourable employment outcomes.

On softening conditions, partial forward indicators continued to suggest easing activity in labour market. Jobs and Skills Australia's Internet Vacancy Index (IVI) showed a decline in job advertisements and the Recruitment Experiences and Outlook Survey (REOS) indicated a decrease in the proportion of employers recruiting. The Survey of Employers who have Recently Advertised (SERA) showed that the job vacancy fill rate and suitability gap increased.<sup>2</sup>

Labour market conditions varied across regions and occupations. Recruitment activity, employer recruitment difficulty and job vacancy fill rates improved in both metropolitan and regional areas. However, shortage pressures were easing faster in metropolitan areas and vacancy fill rates remained relatively low for Skill Level 3 occupations, compared to other skill level occupation groups.

Employment rose in most jurisdictions. Queensland and New South Wales recorded the largest increase. The unemployment rate was lowest in the Australian Capital Territory and Western Australia. By industry, employment increased in 13 of 19 industries. The highest growth continued to occur in Health Care and Social Assistance, Education and Training, and Accommodation and Food Services. The largest decline in employment was recorded for Manufacturing and Financial and Insurance Services.

Analysis of the interactions of various labour market indicators showed that the vacancy rate and unemployment rate exhibit an inverse relationship. Periods of high unemployment are typically accompanied by lower vacancy rates. This suggests shortage pressures are likely to be lower during these times. The SERA vacancy fill rate and the suitability gap generally move along closely with the unemployment rate over time. The fill rate and suitability gap increased when the unemployment rate increased. That is, during softer labour market conditions, employers may be able to fill jobs more easily but practice greater scrutiny when recruiting due to more job seekers, relative to the number of vacant positions.

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<sup>1</sup> The participation rate is, for any group, the labour force [i.e. persons who are unemployed and employed] expressed as a percentage of the civilian population aged 15 years and over in the same group.

<sup>2</sup> The suitability gap is the difference between the average number of qualified applicants per vacancy and the average number of suitable applicants per vacancy. (That is an applicant may be qualified, but lack relevant experience and/or skills, and is therefore considered unsuitable).

# Labour market conditions

## Employment growth outpaced population growth

The Australian Bureau of Statistics (ABS) Labour Force Survey showed that seasonally adjusted employment increased by 97,000 (0.7%) over the December quarter 2024. This was lower than the 1.1% growth recorded in September quarter 2024 (Table 1).

**Table 1: Key labour market indicators, December 2024, and changes since September 2024<sup>3</sup>**

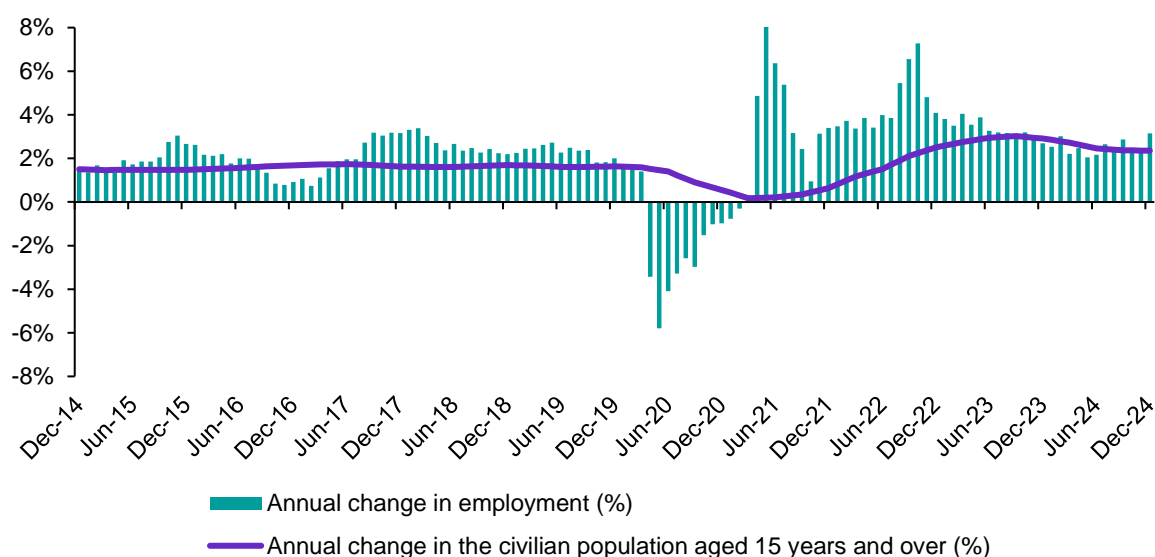
	December 2024	Change since Sep-24
Employment	14,584,400*	↑ 0.7%
Full-time employment	10,037,600	↑ 0.3%
Part-time employment	4,546,800*	↑ 1.4%
Million hours worked	1,976.1*	↑ 0.6%
Underemployment rate	6.0%	↓ 0.3ppt
Unemployment rate	4.0%	↓ 0.1ppt
Participation rate	67.1%**	0.0ppt

Source: Australian Bureau of Statistics (ABS), Labour Force, Australia, December 2024, seasonally adjusted data. \*Record high.

\*\*Equal record high.

On annual results, employment rose by 444,400 (3.1%) over the 12 months to December 2024 and remained above the decade average annual growth rate of 2.3%. This growth was still lower than the peak of 7.3% in the year to October 2022. The current annual pace of employment growth was also above the 2.4% annual growth rate in the civilian population aged 15 years and over (Figure 1).

**Figure 1: Annual change in the civilian population and employment, 2014 to 2024**



Source: ABS, Labour Force, Australia, December 2024, seasonally adjusted data for employment growth and original data for civilian population growth.

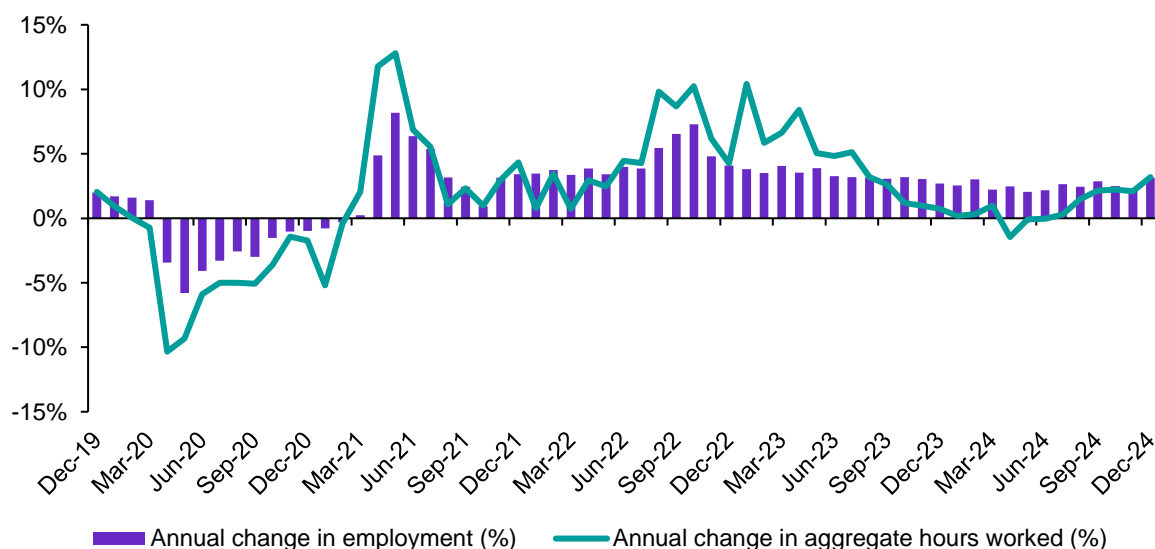
The majority (64.9%) of the employment growth in the quarter was due to high growth in part-time employment of 63,000 (1.4%). Full-time employment growth, however, was much

<sup>3</sup> In this report, 'December 2024' refers to monthly results.

lower and increased by 34,000 (0.3%). Over the year to December 2024, full-time employment growth still comprised a large share of total employment growth at 67.3%.

Aggregate hours worked increased by 12.3 million hours (0.6%) during the quarter and by 61.1 million hours (3.2%) over the year to the current quarter. This was up from the recent trough recorded in year to April 2024 (when hours declined by 1.5% over the year) and just above the current pace of annual employment growth (3.1%) (Figure 2).

**Figure 2: Annual change in employment and aggregate hours worked, 2019 to 2024**



Source: ABS, Labour Force, Australia, December 2024, seasonally adjusted data.

The unemployment rate decreased by 0.1 percentage points to 4.0% in December quarter 2024, while the participation rate at 67.1% remained around the high.

Labour market conditions for young people softened slightly over the quarter. The number of 15–24-year-olds in employment declined by 4,500 (0.2%). The fall in youth employment over the period was driven by a decrease in full-time employment (down 21,900 or 2.4%).

The youth unemployment rate, at 9.1%, was steady over the quarter, while the participation rate fell by 0.1 percentage points to 70.3%.

Reflecting the signs of softening labour market conditions, the number of long-term unemployed people increased by 4,600 (3.5%) in the quarter and by 29,200 (27.3%) over the year.

## Labour market conditions varied across jurisdictions

Employment rose in 6 of 8 states or territories (states) during the December quarter 2024. By employment level, the largest increase was recorded in Queensland, up by 45,200 (1.5%), followed by New South Wales, up by 41,900 (0.9%), and Western Australia, up by 24,200 (1.5%) (Table 2).

Four states recorded unemployment rates below 4.0% in December 2024. The Australian Capital Territory recorded the lowest rate (3.1%), while Victoria had the highest unemployment rate (4.4%).

In December 2024, the Northern Territory recorded the highest participation rate of any jurisdiction (72.2%) while Tasmania had the lowest rate (60.3%).

**Table 2: Key labour market indicators, state and territory, December 2024**

State	Employment			Unemployment rate		Participation rate	
	Dec-24	Change since Sep-24		Dec-24	Change since Sep-24	Dec-24	Change since Sep-24
	('000)	('000)	(%)	(%)	(ppt)	(%)	(ppt)
NSW	4,510.7*	41.9	0.9	3.8	-0.1	66.4	0.2
VIC	3,799.9	5.4	0.1	4.4	0.0	68.1	-0.3
QLD	3,002.4*	45.2	1.5	3.9	-0.2	67.5	0.5
SA	951.8	5.2	0.5	4.2	-0.1	63.1	0.1
WA	1,641.8*	24.2	1.5	3.3	-0.3	69.1	0.3
TAS	279.4	-1.8	-0.6	4.3	0.3	60.3	-0.3
NT	138.9	0.4	0.3	4.2	0.0	72.2	0.0
ACT	272.0	-0.5	-0.2	3.1	-0.2	72.1	-0.6
<b>Australia</b>	<b>14,584.4*</b>	<b>97.0</b>	<b>0.7</b>	<b>4.0</b>	<b>-0.1</b>	<b>67.1**</b>	<b>0.0</b>

Source: ABS, Labour Force, Australia, December 2024, seasonally adjusted data. \*Record high. \*\*Equal record high.

Employment rose by 186,100 (1.9%) in the capital cities and by 74,200 (1.7%) in the rest of state regions, during the quarter.

The unemployment rate in both the capital cities (3.9%) and the rest of state regions (3.5%) fell by 0.1 percentage points in December 2024. The participation rate increased by 0.7 percentage points to 69.3% in the capital cities and by 0.8 percentage points to 64.1% in the rest of state regions (Table 3).

**Table 3: Key labour market indicators, capital cities and rest of state regions, December 2024**

	Capital cities			Rest of state regions		
	Dec-24	Change since Sep-24		Dec-24	Change since Sep-24	
	('000)	('000)	(%)	('000)	('000)	(%)
Employment ('000)	10,244.2*	186.1	1.9	4,477.1*	74.2	1.7
Unemployment rate (%)	3.9	-	-0.1ppt	3.5	-	-0.1ppt
Participation rate (%)	69.3*	-	0.7ppt	64.1*	-	0.8ppt

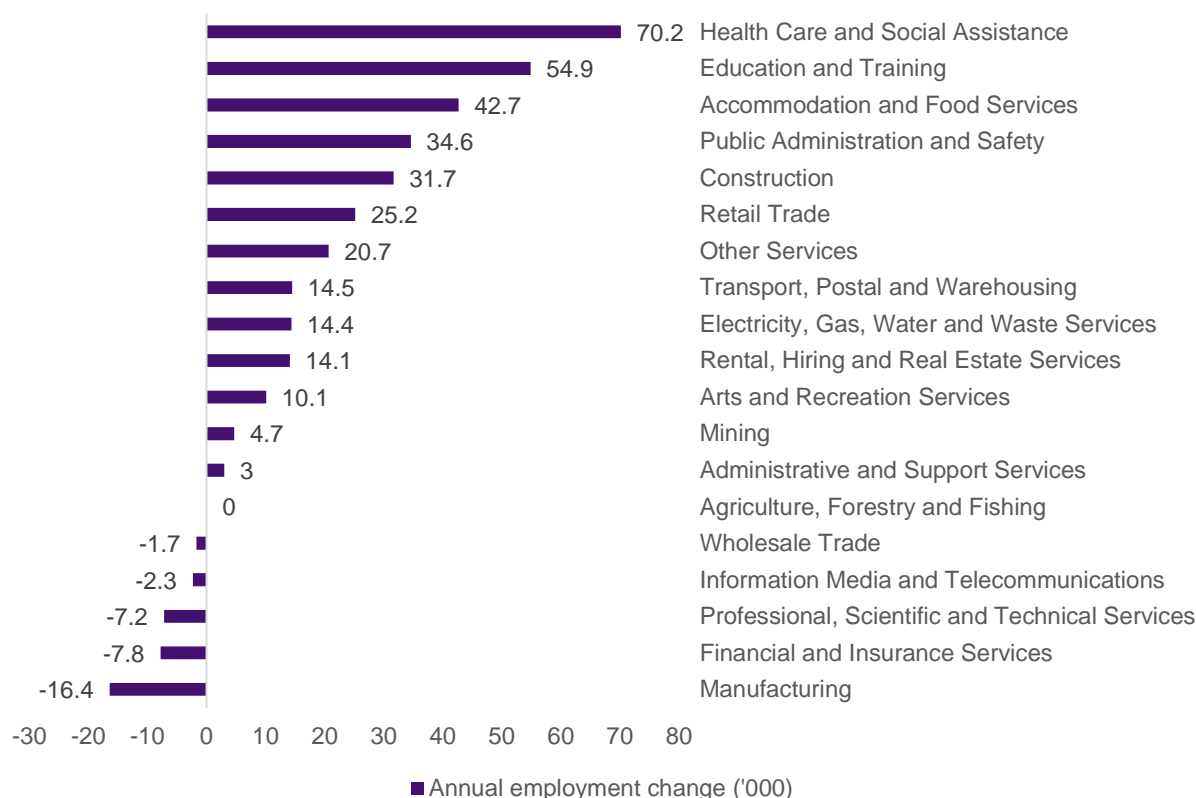
Source: ABS, Labour Force, Australia, Detailed, December 2024, table MRM1 – Modelled estimates of labour force status, by SA4. \*Record high.

## Health Care and Social Assistance led employment growth

Over the year to November 2024, employment increased in 13 of 19 industries and declined in 5 (Figure 3).<sup>4</sup> Health Care and Social Assistance, Education and Training, and Accommodation and Food Services remained the largest contributors to employment growth. The largest declines in employment were in Manufacturing, Financial and Insurance Services, and Professional, Scientific and Technical Services.

<sup>4</sup> The industry, occupation and skill level employment data in the analysis below are sourced from ABS, Labour Force, Australia, Detailed, November 2024 and trended by Jobs and Skills Australia, while total employment data have been trended by the ABS.

**Figure 3: Employment change by industry, November 2023 to November 2024**



Source: ABS, Labour Force, Australia, Detailed, November 2024, data trended by Jobs and Skills Australia.

## Higher-skilled occupations drove employment growth

Employment increased in all 8 major occupation groups over the year to November 2024 (Table 4). Professionals, up by 136,100 (3.6%); Community and Personal Services Workers, up by 60,100 (3.7%); and Technicians and Trades Workers, up by 45,200 (2.3%) recorded the largest increase in employment growth.

Analysing the data over a longer time span – 5 years to November 2024 – the largest increases in employment were also for Professionals, up by 711,100 (22.5%). This was followed by Managers, up by 293,100 (19.0%); and Community and Personal Service Workers, up by 270,700 (19.3%).

**Table 4: Employment by major occupation group<sup>5</sup>**

Occupation	Nov-24	Nov-23	Annual change to Nov-24		5-year change to Nov-24	
	('000)	('000)	('000)	(%)	('000)	(%)
Managers	1,837.8	1,833.6	4.3	0.2	293.1	19.0
Professionals	3,867.3	3,731.1	136.1	3.6	711.1	22.5
Technicians and Trades Workers	1,969.7	1,924.6	45.2	2.3	161.6	8.9
Community and Personal Service Workers	1,673.2	1,613.1	60.1	3.7	270.7	19.3
Clerical and Administrative Workers	1,886.9	1,860.3	26.6	1.4	120.4	6.8
Sales Workers	1,136.0	1,119.0	17.0	1.5	34.3	3.1
Machinery Operators and Drivers	916.5	905.4	11.1	1.2	63.7	7.5
Labourers	1,234.9	1,209.5	25.3	2.1	4.9	0.4
<b>Total employment</b>	<b>14,564.8</b>	<b>14,211.3</b>	<b>353.4</b>	<b>2.5</b>	<b>1,653.0</b>	<b>12.8</b>

Source: ABS, Labour Force, Australia, Detailed, November 2024, data trended by Jobs and Skills Australia.

Employment increased in Skill Level groups 1 to 4 over the year to November 2024 (Table 5). Skill Level 1 occupations recorded the largest increase, up by 123,900 (2.5%).<sup>6</sup> Skill Level 4 occupations saw the second largest increase, up by 123,000 (3.6%); followed by Skill Level 3 occupations, up by 73,800 (3.5%). Skill Level 5 occupations recorded a slight decrease, down by 3,400 (0.2%).

Net employment growth over the year was attributable to Skill Level 1 to 4 occupations – those typically associated with post-secondary qualifications. Almost two-thirds of this growth was in Skill Level 2 to 4 occupations, typically associated with a VET pathway. The shift towards higher skill levels is a long-term trend as the workforce becomes more educated, employment moves towards service-based industries and employers seek to implement technologies into their business processes to improve productivity.

As of November 2024, Skill Level 1 occupations accounted for 34.8% of total employment, an increase of 2.7 percentage points from November 2019. Over 5 years to November 2024, the share of total employment for Skill Level 2 to 5 occupations fell: Skill Level 5 recorded the largest fall of 1.8 percentage points to 13.7%.

<sup>5</sup> Occupation group data are trended by Jobs and Skills Australia. Total employment data are trended by the ABS. Jobs and Skills Australia and ABS use trending methodologies, and occupation group data do not sum to total employment figures.

<sup>6</sup> Skill level 1 occupations are commensurate with a Bachelor Degree or higher; Skill Level 2 occupations are commensurate with an Advanced Diploma or Diploma; Skill Level 3 occupations are commensurate with a Certificate IV or III; Skill Level 4 occupations are commensurate with a Certificate II or III; and skill level 5 are commensurate with a Certificate I or secondary education.



**Table 5: Employment by Skill Level<sup>7</sup>**

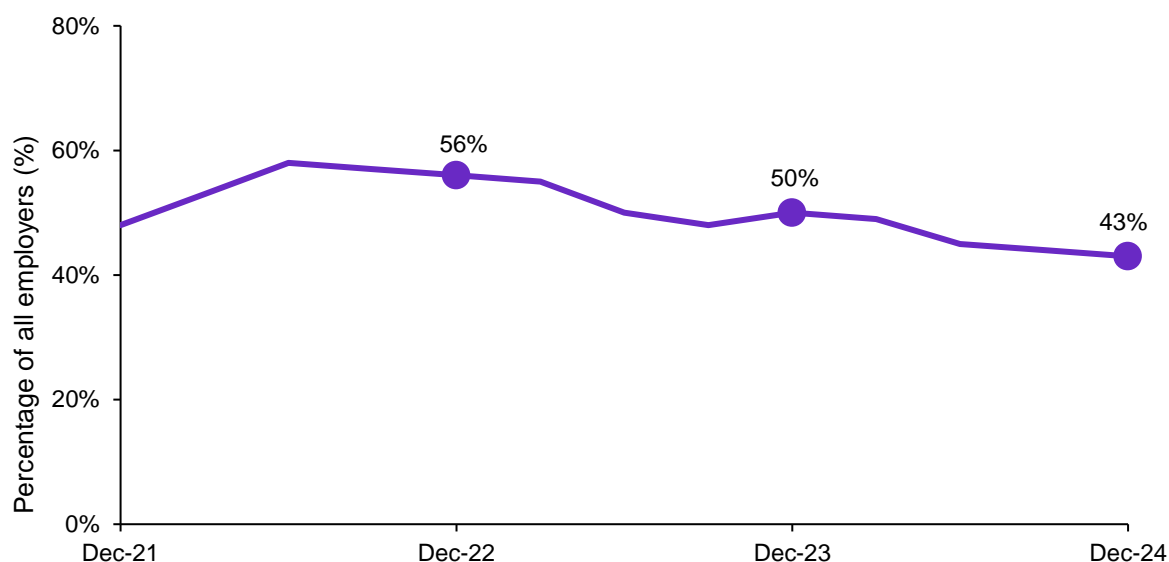
Occupations in Skill Level	Nov-24	Nov-23	Annual change to Nov-24		5-year change to Nov 24	
	('000)	('000)	('000)	(%)	('000)	(%)
Skill Level 1	5,065.2	4,941.3	123.9	2.5	929.3	22.5
Skill Level 2	1,771.9	1,736.1	35.8	2.1	185.4	11.7
Skill Level 3	2,166.1	2,092.3	73.8	3.5	196.0	10.0
Skill Level 4	3,563.4	3,440.4	123.0	3.6	390.0	12.3
Skill Level 5	1,995.4	1,998.8	-3.4	-0.2	-5.4	-0.3
Total employment	14,564.8	14,211.3	353.4	2.5	1,653.0	12.8

Source: ABS, Labour Force, Australia, Detailed, November 2024, data trended by Jobs and Skills Australia.

## Easing labour demand continues

Jobs and Skills Australia's December quarter 2024 REOS confirms that labour market conditions were softer than December quarter 2023. The REOS recruitment rate, an indicator of recruitment activity, provides a robust indication of demand for workers and employer confidence in business conditions.<sup>8</sup>

The December quarter 2024 recruitment rate (43%) was down 7 percentage points from 12 months ago (50%). The rate was 15 percentage points lower than the June quarter 2022 peak (58%) (Figure 4).

**Figure 4: Recruitment rate, December quarter 2021 to December quarter 2024**

Source: Jobs and Skills Australia, REOS, December quarter 2024.

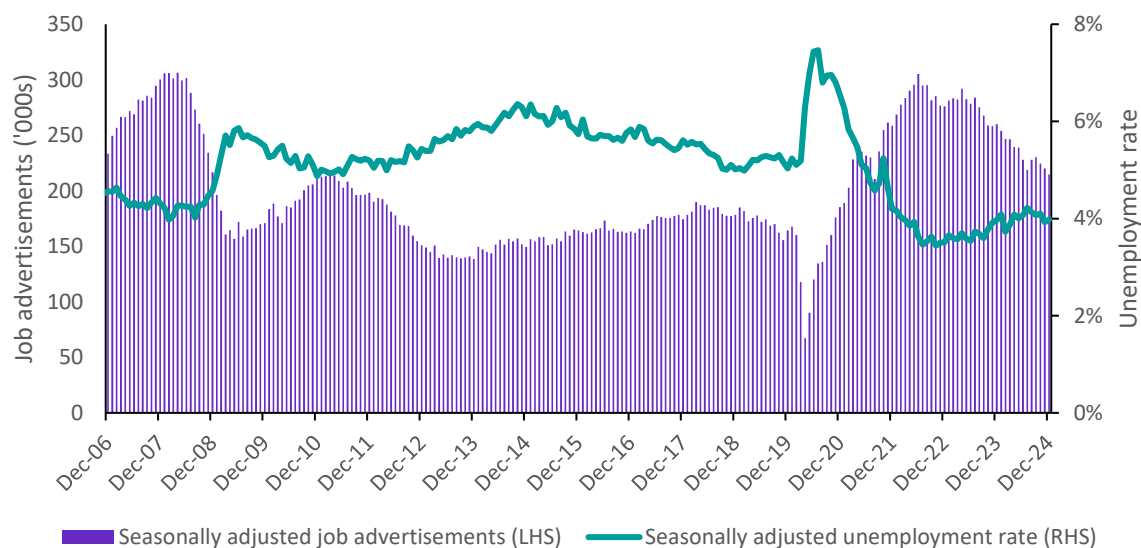
Jobs and Skills Australia's IVI showed that the number of monthly job advertisements continued to decline over the December quarter 2024 and remained below the mid-2022 peak. During the quarter, advertisements fell by 15,700 (6.8%); and, over the year to

<sup>7</sup> Skill Level data are trended by Jobs and Skills Australia. Total employment data are trended by the ABS. Jobs and Skills Australia and ABS use different trending methodologies, and Skill Level data do not sum to total employment figures.

<sup>8</sup> The proportion of employers currently recruiting or who recruited in the past month.

December 2024, decreased by 45,200 (17.4%) (Figure 5). The number of advertisements was still higher than pre-COVID levels.

**Figure 5: IVI job advertisements and unemployment rate, December 2006 to December 2024**

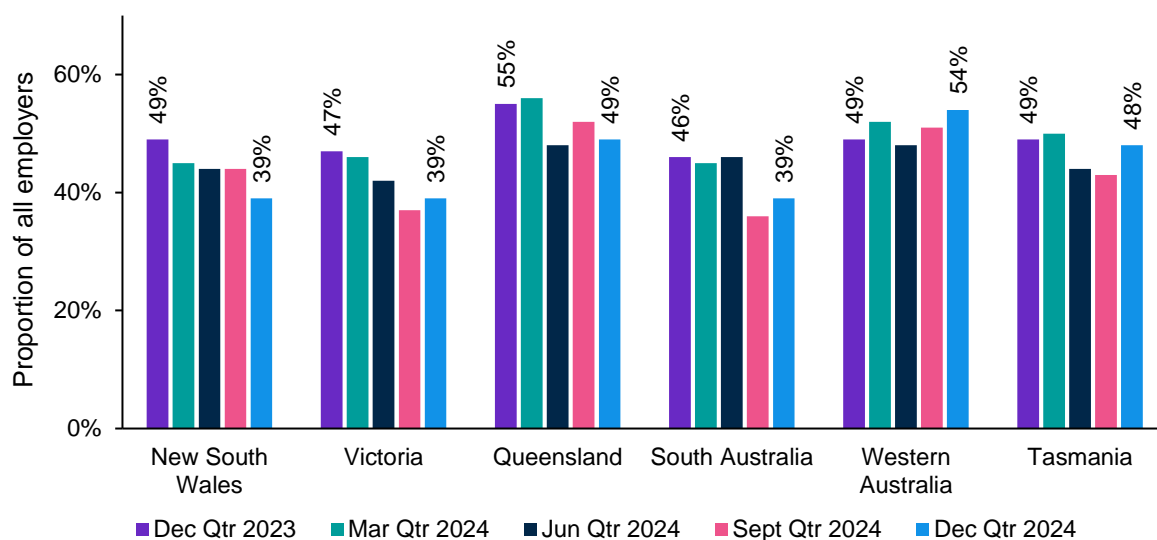


Source: ABS, Labour Force, Australia, seasonally adjusted data, December 2024; Jobs and Skills Australia, IVI, seasonally adjusted data, December 2024.

## Most employers are experiencing less difficulty recruiting

REOS shows that recruitment rates decreased in most states over the year to the December quarter 2024 (Figure 6).<sup>9</sup> Recruitment rates increased in Western Australia by 5 percentage points to 54% compared to a year ago.

**Figure 6: Recruitment rate, by state, December quarter 2023 to December quarter 2024**



Source: Jobs and Skills Australia, REOS, December 2024.

Note: Data for the ACT and the NT are not available on a quarterly basis, due to small sample sizes.

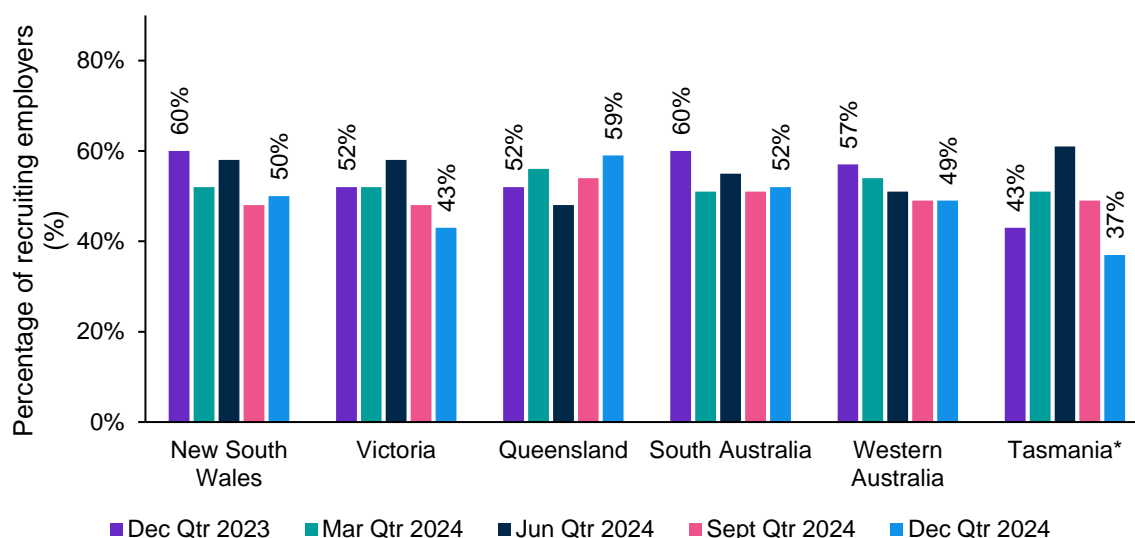
Of the 6 states, Western Australia recorded the highest recruitment rate in the quarter (54%). New South Wales recorded the largest annual fall in recruitment activity, down by 10

<sup>9</sup> The percentage of employers recruiting during, or in the month before, the survey.

percentage points to 39%, followed by Victoria, down by 8 percentage points to 39%, and South Australia, down by 7 percentage points to 39%.

With falling national recruitment activity, recruitment difficulty is 5 percentage points lower than it was a year ago and 22 percentage points below the September quarter 2022 high (72%) (Figure 7). Recruitment difficulty rates also decreased in all the states, except Queensland.<sup>10</sup> For Queensland, activity increased 7 percentage points to 59%. Queensland also recorded the highest recruitment difficulty rate (59%), followed by South Australia (52%) and New South Wales (50%).

**Figure 7: Recruitment difficulty rate by state, December quarter 2023 to December quarter 2024**



Source: Jobs and Skills Australia, REOS, December 2024.

Note: Data for the ACT and the NT are not available on a quarterly basis, due to small sample sizes. \*Interpret with caution due to low sample size.

In the December quarter 2024, the recruitment difficulty rate was higher for regions far from large population hubs. Outer Regional, Remote and Very Remote Australia had a recruitment difficulty rate of 58% compared to 48% for Australia's major cities. But these results represented a decline of 1 percentage point and 5 percentage points, respectively, over the year to the quarter. Inner Regional Australia recorded a middling level of recruitment difficulty during the quarter (51%).

In each remoteness area the percentage of employers expecting to increase their staffing levels in the next 3 months declined to 19% over the year to the current quarter.<sup>11</sup> Recruitment rates also declined over the year, in each area; Inner Regional Australia had the largest decline (falling from 57% to 46%).

By major group, during the quarter, Machinery Operators and Drivers had the highest recruitment difficulty rate (71%). Over the year, it was the only major group with an increase in recruitment difficulty. Technicians and Trades Workers had the highest percentage (64%) of recruiting employers that have vacancies which take longer than 1 month to fill. This major group recorded a large decrease in recruitment difficulty over the year, down by 9 percentage points to 64%. However, the largest decline was for Labourers, down by 14 percentage points to 39% (Table 6).

<sup>10</sup> The percentage of recruiting employers who report they found it difficult to fill a vacancy.

<sup>11</sup> Remoteness classifications from ABS, Remoteness Areas, Australian Statistical Geography Standard (ASGS) Edition 3.

**Table 6: Key REOS indicators by major occupation group, December quarter 2024**

Major group	Recruitment difficulty rate		Vacancies taking longer than 1 month to fill	
	% of recruiting employers	Annual change (ppt)	% of recruiting employers	Annual change (ppt)
Professionals	54.0*	-10.0*	53.0*	-13.0*
Technicians and Trades Workers	64.0	-9.0	64.0	-6.0
Community & Personal Service Workers	49.0	-1.0	46.0	-7.0
Clerical and Administrative Workers	33.0	-3.0	39.0*	6.0*
Sales Workers	40.0	-7.0	35.0	-4.0
Machinery Operators and Drivers	71.0*	11.0*	51.0*	7.0*
Labourers	39.0	-14.0	24.0	-14.0

Source: JSA, REOS, December quarter 2024

Note: Data for Managers are not available, due to small sample sizes. The proportion of recruiting employers unable to fill all their vacancies within a month excludes employers with unfilled vacancies who have been recruiting for less than a month. \*Interpret with caution due to low sample size.

In the current quarter, the Accommodation and Food Services industry continued to record the highest recruitment rate (63.0%), while Professional, Scientific and Technical Services recorded the lowest rate (31.0%) (Table 7). Recruitment difficulty remained elevated in the Construction (61.0%) and Manufacturing (59.0%) industries.

While recording the highest recruitment rate, the Accommodation and Food Services industry also reported the lowest recruitment difficulty rate of 27.0%. This was the lowest quarterly rate recorded amongst all reportable industries since December quarter 2020.

**Table 7: Key indicators by select industries, December quarter 2024**

	Recruitment rate		Recruitment difficulty rate		Expect to increase staff	
	% of employers	Annual change (ppt)	% of recruiting employers	Annual change (ppt)	% of employers	Annual change (ppt)
Manufacturing	39.0	-8.0	59.0	-9.0	16.0	-7.0
Construction	42.0	-9.0	61.0*	2.0*	19.0	0
Wholesale Trade	33.0	-9.0	54.0*	2.0*	15.0	-3.0
Retail Trade	41.0	-3.0	41.0	-6.0	17.0	0
Accommodation and Food Services	63.0	-7.0	27.0	-14.0	32.0	0
Professional, Scientific and Technical Services	31.0	-4.0	52.0*	-17.0*	18.0	2.0
Health Care and Social Assistance	51.0	-9.0	47.0	-9.0	16.0	-5.0

Source: Jobs and Skills Australia, REOS, December quarter 2024. \*Interpret with caution due to low sample size.

## Employers may have more choice when recruiting

Jobs and Skills Australia's SERA showed that the fill rates of advertised vacancies continued to improve, indicating that employers were filling vacancies with relatively more ease. The vacancy fill rate was 68.9% in the December quarter 2024, a rise of 0.8 percentage points over the quarter and 5.5 percentage points over the last 12 months to the current quarter (Table 8).<sup>12</sup> The result was supported by increases in the total number of applicants, qualified applicants and suitable applicants per vacancy in the quarter and the year.

**Table 8: National snapshot of recruitment experiences**

	December quarter 2024	Change over the quarter	Change over 12 months
Vacancy fill rate	68.9%	↑ 0.8ppt	↑ 5.5ppt
Applicants per vacancy (no.)	31.7	↑ 3.2	↑ 13.4
Qualified applicants per vacancy (no.)	9.5	↑ 0.8	↑ 3.4
Suitable applicants per vacancy (no.)	3.5	↑ 0.2	↑ 0.8
Suitability gap	63.4%	↑ 1.0ppt	↑ 6.8ppt

Source: Jobs and Skills Australia, SERA.

Note: The change from previous quarter refers to the change from September quarter 2024 to December quarter 2024. The change from the previous year refers to the change from December quarter 2023 to December quarter 2024.

Over the quarter, the suitability gap increased by 1.0 percentage point to 63.4%.<sup>13</sup> The gap increased from 56.6% to 63.4% over the 12 months to the quarter. The suitability gap captures the percentage of applicants who have the required qualifications but are deemed unsuitable by employers for the job advertised.<sup>14</sup> The rise in the suitability gap may indicate that employers have more choice and can scrutinise qualified applicants more when recruiting. During tighter labour market conditions last year, the suitability gap was much narrower.

## Vacancy fill rates are rising but are lower in regions

Metropolitan (metro) area fill rate increased by 0.9 percentage points to 70.6% over the quarter and 5.0 percentage points over the year (Table 9). This was supported by improvements in the total number of applicants, qualified applicants, and suitable applicants per vacancy, in the quarter and over the year.

In the current quarter, the suitability gap for metro areas increased by 0.8 percentage points to 65.2% and by 6.3 percentage points from 58.9% in December quarter 2023.

<sup>12</sup> The fill rate and other metrics in the table are based on using 12 months of data leading to the latest quarter. Using a rolling annual period, as opposed to the latest quarter itself, removes the impact of data volatility attributable to SERA sampling, where concentrations of sampling with respect to different occupational major groups can occur at different times of a year.

<sup>13</sup> The suitability gap is the difference between the number of qualified applicants per vacancy and suitable applicants per vacancy, as a percentage of the number of qualified applicants per vacancy.

<sup>14</sup> The metric has several interpretations. A wide or widening gap may indicate that qualifications of applicants may not be equipping them with all skills and experiences needed, including the need for greater work experience and/or other soft or hard skills. It could also suggest slack in the labour market, allowing employers greater scrutiny of candidates that apply for vacant roles.

**Table 9: Metropolitan snapshot**

	December quarter 2024	Change over the quarter	Change over 12 months
Vacancy fill rate	70.6%	↑ 0.9ppt	↑ 5.0ppt
Applicants per vacancy (no.)	37.1	↑ 4.1	↑ 15.7
Qualified applicants per vacancy (no.)	11.2	↑ 1.0	↑ 3.9
Suitable applicants per vacancy (no.)	3.9	↑ 0.3	↑ 0.9
Suitability gap	65.2%	↑ 0.8ppt	↑ 6.3ppt

Source: Jobs and Skills Australia, SERA.

The fill rate in regional areas increased by 1.0 percentage points to 63.9% in December quarter 2024 and by 5.0 percentage points compared to a year ago (Table 10). Total applicants, qualified applicants and suitable applicants also increased in regional areas. In the quarter, the suitability gap in regional areas increased by 0.8 percentage points to 56.1% and by 8.3 percentage points compared to a year ago.

**Table 10: Regional snapshot**

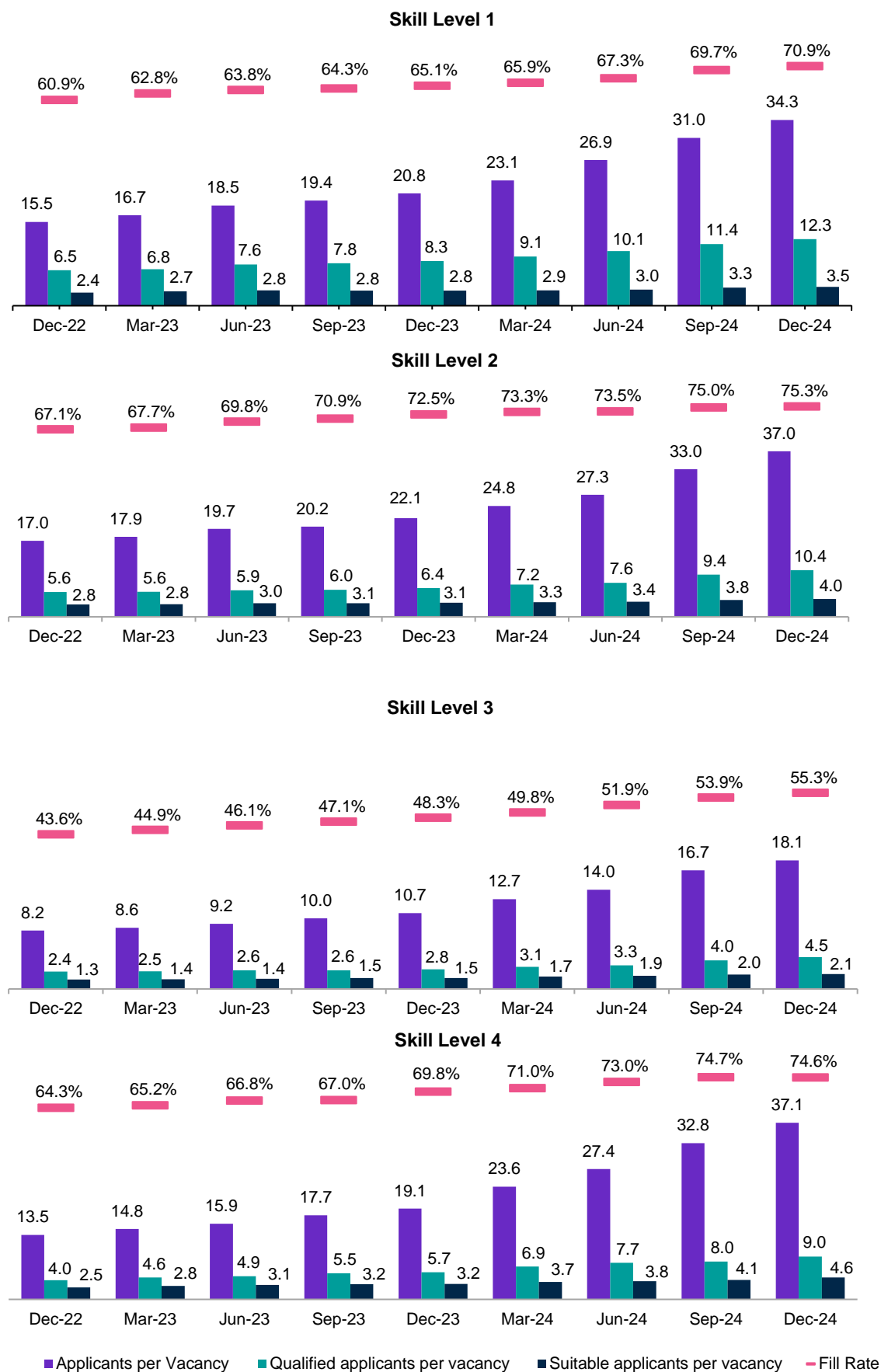
	December quarter 2024	Change over the quarter	Change over 12 months
Vacancy fill rate	63.9%	↑ 1.0ppt	↑ 5.0ppt
Applicants per vacancy (no.)	19.2	↑ 1.8	↑ 8.1
Qualified applicants per vacancy (no.)	5.7	↑ 0.4	↑ 2.1
Suitable applicants per vacancy (no.)	2.5	↑ 0.1	↑ 0.6
Suitability gap	56.1%	↑ 0.8ppt	↑ 8.3ppt

Source: Jobs and Skills Australia, SERA.

In the current quarter and over the past 12 months, fill rates improved for Skill Level 1 to 3 occupations (Figure 8). The result was supported by increases in all the applicants per vacancy metrics for all the occupation groups. Skill Level 3 occupations had the largest increase in fill rates (up 1.4 percentage points) over the quarter. However, compared to other Skill Level occupation groups, the rate remained very low at 55.3%. This suggests that shortage pressures remain higher for Skill Level 3 occupations.<sup>15</sup>

<sup>15</sup> Skill Level 3 occupations are generally those with Vocational Education and Training as the primary pathway to the labour market. These occupations typically require a Certificate III/IV.

Figure 8: Fill rate, by Skill Level, June 2022 to June 2024



Source: Jobs and Skills Australia, SERA

## **In focus: Understanding dynamics in the labour market**

Analysing the interactions between various labour market indicators reveal additional insights on labour market dynamics. Figure 9 displays the unemployment rate, IVI vacancy rate, SERA vacancy fill rate and suitability gap from 2014 to 2024.

The vacancy and unemployment rates exhibit an inverse relationship. Periods of high unemployment were typically accompanied by lower vacancy rates. This trend was particularly evident during the COVID-19 pandemic when economic disruptions led to a sharp increase in unemployment and a corresponding fall in vacancy rates. The pattern of movements in these metrics imply that shortage pressures may be lower during periods of high unemployment and low vacancy rates.

The SERA vacancy fill rate, which measures the level at which vacancies are filled – an indicator of shortage pressure, tends to follow movements in the unemployment rate. During the early pandemic, when the unemployment rate rose sharply, the fill rate increased rapidly from 58% in March 2020 to 65% in December 2020. This may be due to the larger of job seekers (as indicated by higher unemployment rates).

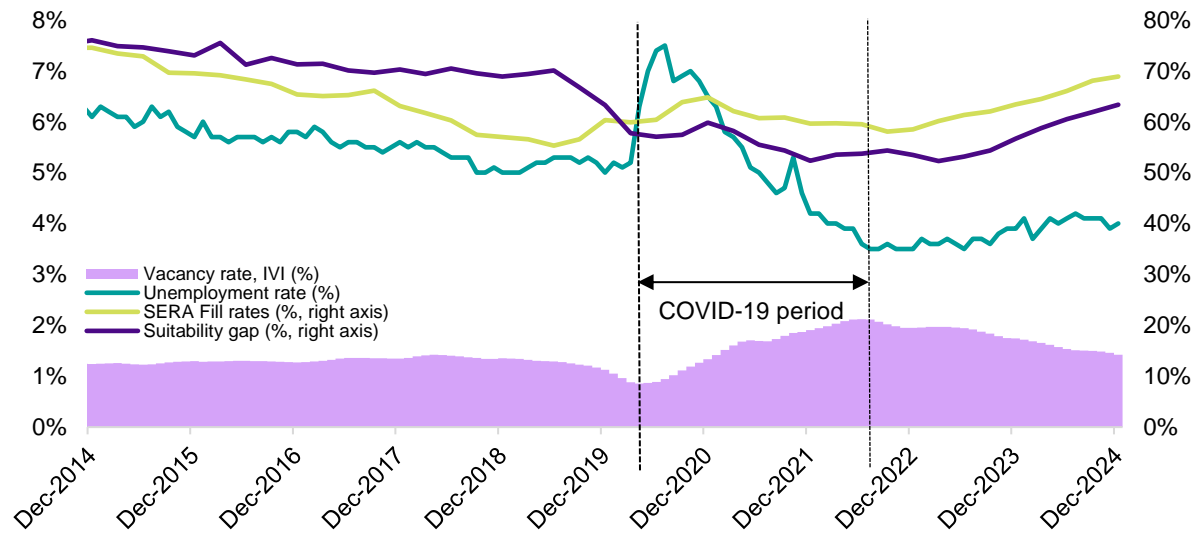
The gap between the unemployment and SERA fill rates appears to be growing wider in the post-COVID period. This may be due to a high labour force participation rate that occurred during tight labour market conditions – following the easing of COVID restrictions — that was particularly strong among young people and women entering or re-entering the labour market.

The suitability gap, which indicates the mismatch between job requirements and job seekers' skills, also tends to rise with the unemployment rate. Higher unemployment often reflects a lack of suitable skills among applicants, but it can also reflect challenges when recruiting. After the post-COVID period, during the period of high vacancy rates and low unemployment, the suitability gap reduced. This was due to service delivery backlogs from COVID-19, which increased labour demand and led employers to be less critical of job seekers, rather than improvements in workforce skill alignment.

In late 2023-2024, the labour market showed significant adjustment from the pandemic effects. The unemployment rate hovered between 3.6% and 4.2%, while job vacancy rates, elevated compared to the pre-COVID period, trended down. Under the softening labour market conditions, the fill rate increased and so did the suitability gap.



**Figure 9: Key labour market indicators (2014–24)**



Source: Jobs and Skills Australia, IVI, and SERA; ABS, Labour Force Statistics 2024.

# Jobs and Skills Australia resources

Key data, resources and reports can be found on the [Jobs and Skills Australia](#) website.

Resource	Publication notes
<a href="#">Internet Vacancy Index</a> The Internet Vacancy Index (IVI) is a monthly count of online job advertisements compiled by Jobs and Skills Australia.	The Vacancy Report is published on the third Wednesday of the month.
<a href="#">Recruitment Experiences and Outlook Survey</a> Survey of at least 1000 employers each month to find out about their experience when recruiting staff.	The Recruitment Insights Report is published on the third Tuesday of the month, while regular special topic Spotlight reports are also published monthly.
<a href="#">Occupation Shortages Analysis</a> Occupation shortage analysis including the annual Occupation Shortage List (OSL) and reports on occupation shortages.	The OSL (previously the Skills Priority List) is released annually (around September), while the Occupation Shortage Quarterly provides quarterly insights.
<a href="#">Small Area Labour Markets (SALM)</a> Estimates of unemployment and the unemployment rate at the Statistical Area Level 2 (SA2) and Local Government Area (LGA) level.	SALM data are released quarterly.
<a href="#">Jobs and Skills Atlas</a> Provides an overview of the labour market at national, state, and regional level by occupations, skills, and industries.	Atlas will be updated with the data for the previous month, by the last Friday of every month.
<a href="#">Employment Region Dashboards and Profile</a> Monthly Labour Market Dashboards, Recruitment Trends and Employer Needs Profiles, and Industry Profiles.	
<a href="#">Nowcast of Employment Region and Occupation (NERO)</a> Experimental dataset providing information on employment in 355 occupations across 88 regions in Australia.	NERO data will be updated monthly.
<a href="#">International Labour Market Update</a> Provides key labour market data for Australia and selected overseas countries and country groups.	The November 2024 report is currently available.