



Australia's industry structure

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.

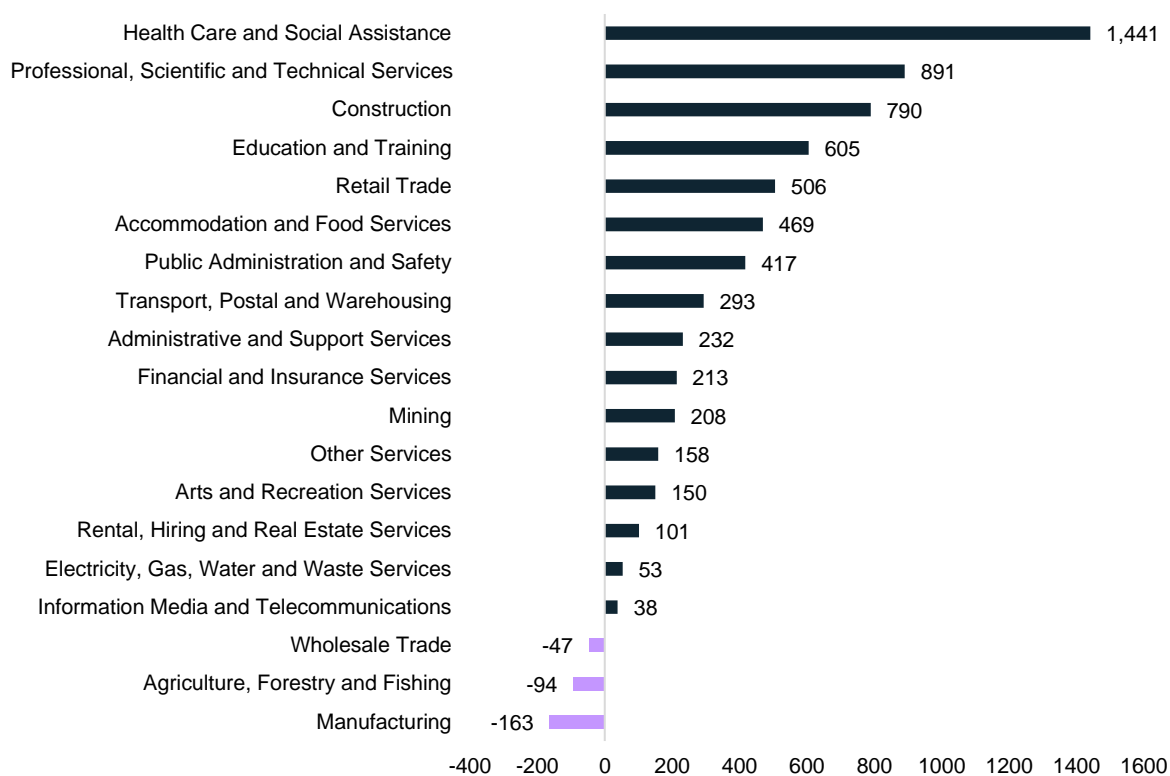
Three decades ago, Manufacturing was the largest employing industry in Australia, accounting for 13.7% of total employment. Today, it is the eighth largest and accounts for 6.3% of total employment. The decline in Manufacturing has been caused by many factors, including increased competition from overseas 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 1993, 5.2% of the workforce was employed in this industry, compared with 2.2% in February 2023. 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.

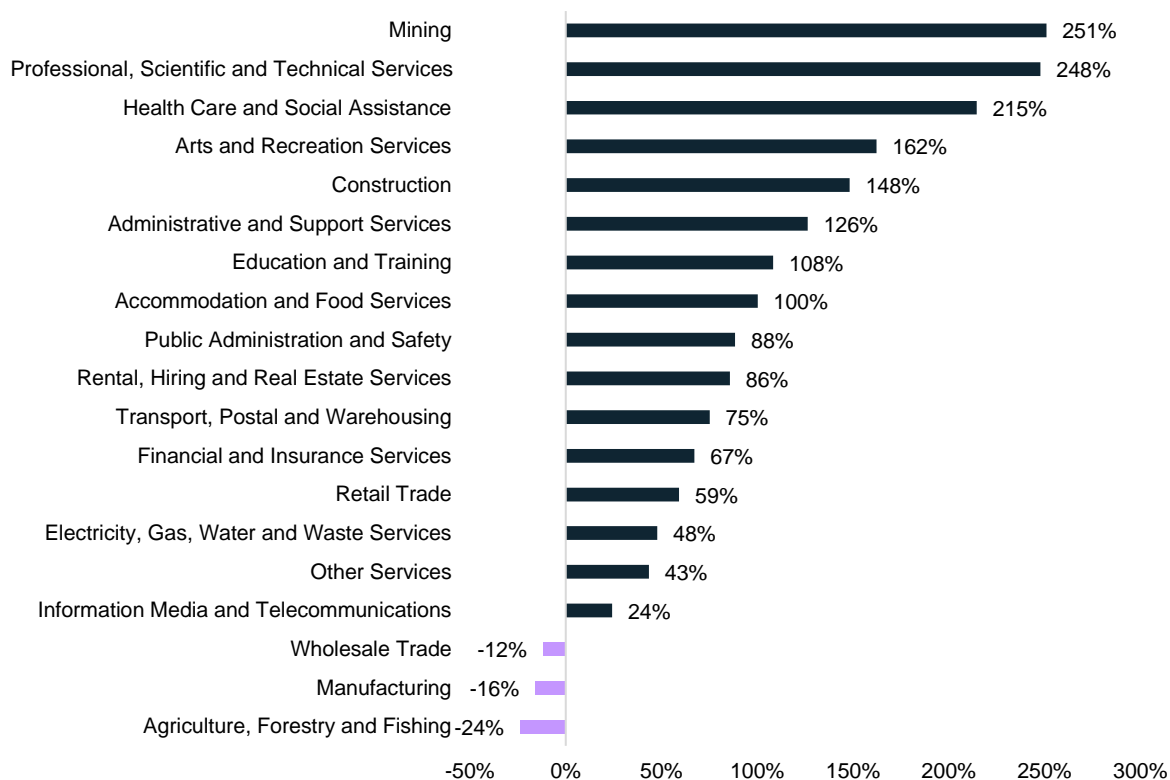
Much of the increase in the services sector has been driven by growth in Health Care and Social Assistance. This industry has had strong employment growth, with 25.8% growth over the past five years and growth of 214.6% over the 30 years to February 2023. With Australia's ageing population, the Health Care and Social Assistance industry is likely to continue experiencing growth in the coming years. Professional, Scientific and Technical Services has also recorded strong employment growth, experiencing 247.9% employment growth over the past 30 years and 23.1% over the past five years.

Figure 1: Change in employment by industry between February 1993 and February 2023 ('000)



Source: ABS, Labour Force, Detailed, February 2023, data seasonally adjusted by the ABS.

Figure 2: Change in employment by industry between February 1993 and February 2023 (%)



Source: ABS, Labour Force, Detailed, February 2023, data seasonally adjusted by the ABS.

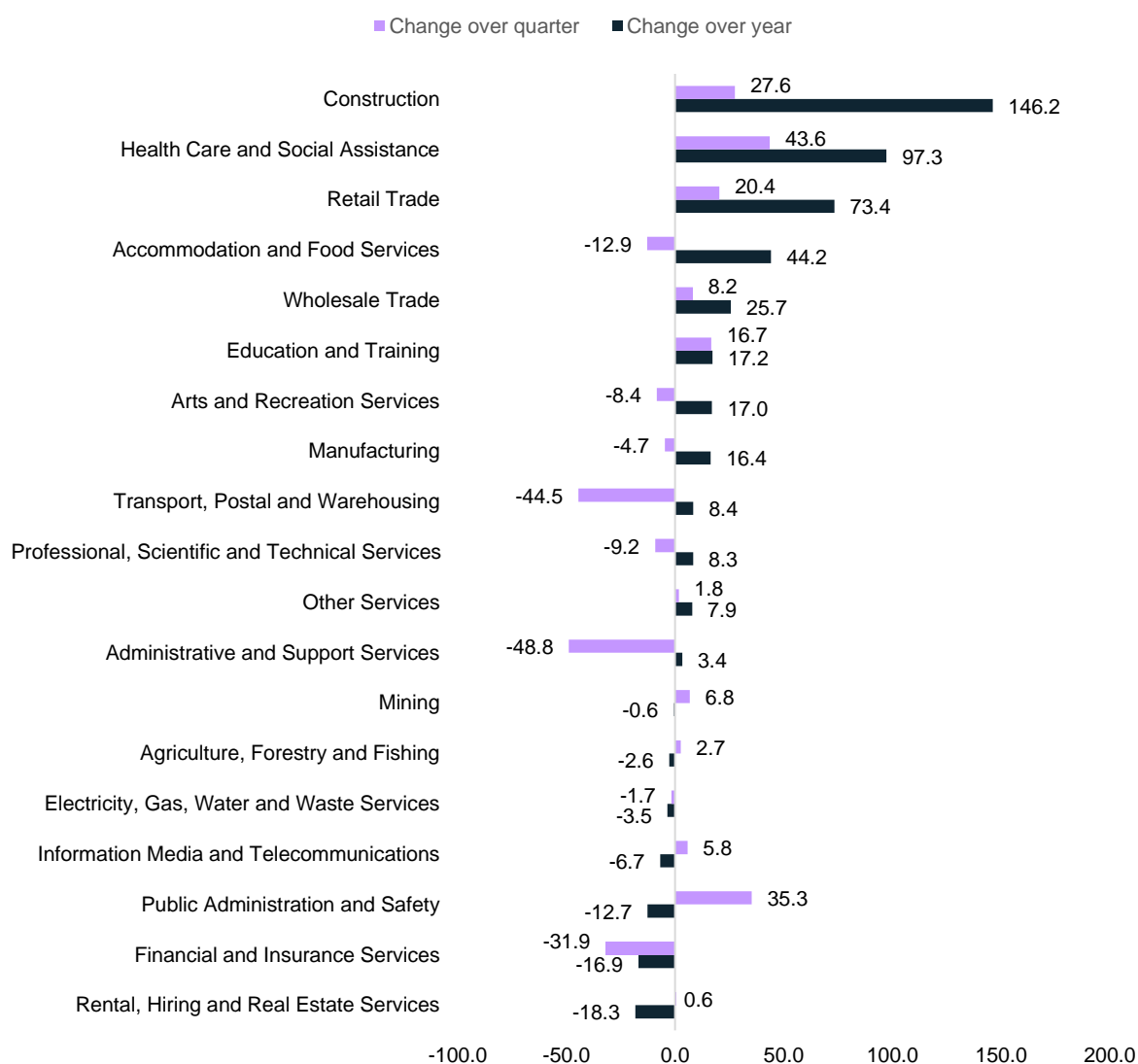
Recent developments in employment by industry

Reflecting a diverse, strong labour market, ABS Labour Force Survey data for February 2023 shows that employment has increased in 12 of the 19 broad industry groups between February 2022 and February 2023. Similarly, the latest payroll jobs data indicate that between 12 March 2022 and 11 March 2023, 15 of the 19 industries recorded increases in employee jobs¹.

Since the February quarter 2022, the largest gains in employment were in Construction (up by 146,200, or 12.4%), Health Care and Social Assistance (up by 97,300, or 4.8%), Retail Trade (up by 73,400, or 5.7%) and Accommodation and Food Services (up by 44,200, or 4.9%).

The largest falls over the year to February 2023 were in Rental, Hiring and Real Estate Services (down by 18,300, or 7.7%), Financial and Insurance Services (down by 16,900, or 3.1%), Public Administration and Safety (down by 12,700, or 1.4%) and Information Media and Telecommunications (down by 6,700, or 3.3%).

Figure 3: Employment growth by industry ('000) February 2023



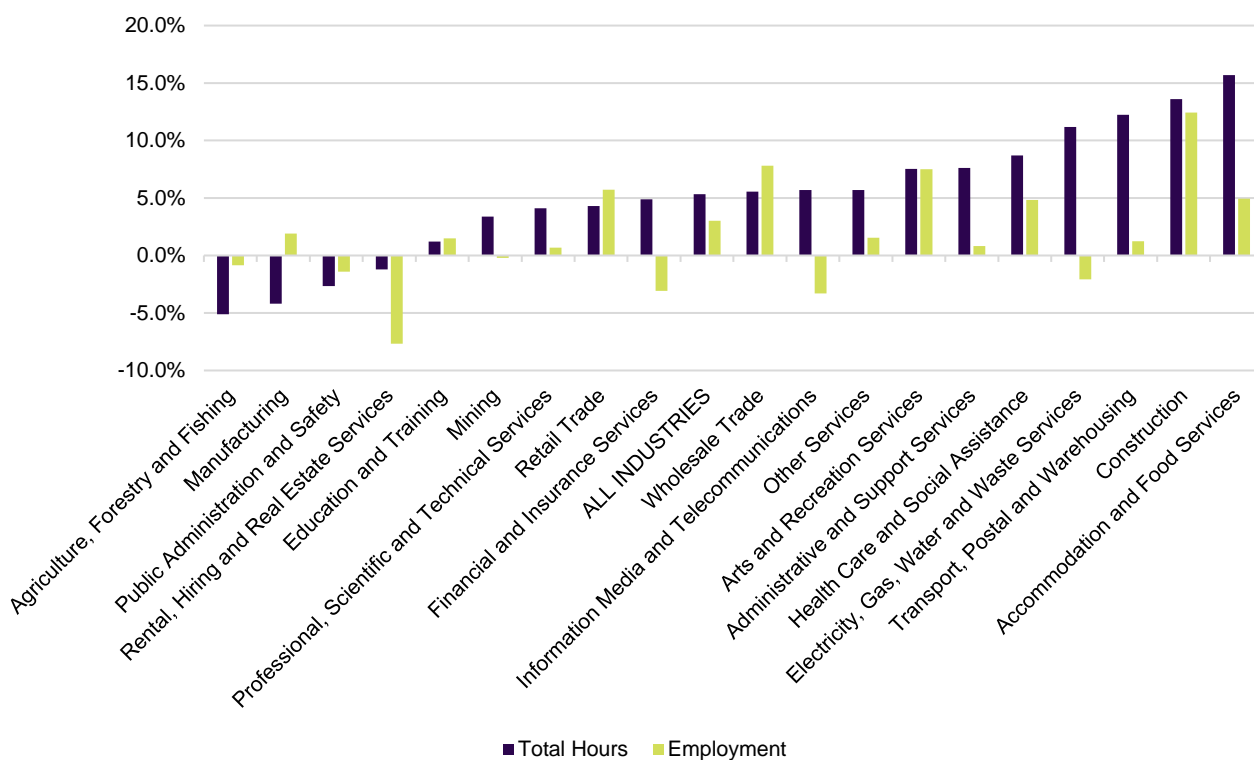
Source: ABS, *Labour Force, Detailed, February 2023*, data seasonally adjusted by the ABS.

¹ ABS, *Weekly Payroll Jobs and Wages in Australia, Detailed, 11th March 2023*.

Hours worked by industry

Following the decline in hours worked in recent years due to the COVID-19 restrictions and flooding across Eastern Australia and South Queensland, there has been a recovery in hours worked and in employment levels. From February 2022 to February 2023, there has been an increase in both overall hours worked (up by 5.3%) and total employment (up by 3.0%). In response to the increase in economic activity following the end of COVID-19 restrictions, businesses have opted to increase staff hours as well as hire new staff to make full use of their labour capacity. The percentage growth in hours worked is greater than the percentage growth in employment for 13 of the 19 broad industry groups for the year to February 2023. For example, in the Construction industry, hours grew by 13.6% while employment grew by 12.4% over the year to February 2023

Figure 4: Percentage change in employment and hours worked over February 2022 to February 2023



Source: ABS, Labour Force, Detailed, February 2023, employment data seasonally adjusted by the ABS; hours worked data is four-quarter average.

Job advertisements

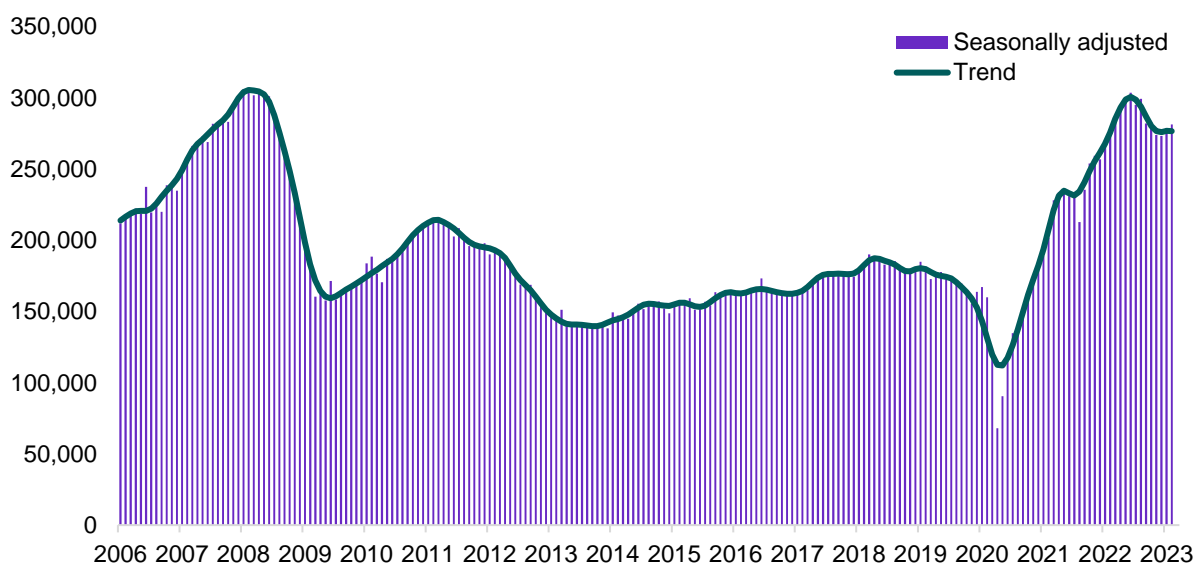
Online job advertisements have followed a mild downward trajectory since a peak in recruitment activity in mid-2022, marking a robust recovery from the COVID-19 pandemic. Recent months have seen relatively stable figures from Jobs and Skills Australia's Internet Vacancy Index.

In February 2023, job advertisements increased by 0.8% (or 2,300 ads) to stand at 281,200. Over the last twelve months, job advertisements have increased by 2.0% (or 5,400 job ads) (see figure 5).

Recruitment activity increased across five states and territories in February 2023. The strongest growth over the month was recorded in the Northern Territory, where recruitment activity grew by 8.2% (or 250 job advertisements), followed by Tasmania (up 5.1% or 200 job advertisements) and Western Australia (up 3.3% or 1,000 job advertisements). The strongest decline in job advertisements was recorded in the Australian Capital Territory (down 3.2% or 250 job advertisements).

Over the twelve months to February 2023, strong growth in recruitment activity has been observed in the smaller state and territory economies; particularly Tasmania (up 21.7% or 730 job advertisements) and the Northern Territory (up 19.4% or 540 job advertisements). While other states have also shown notable growth in job advertisements, recruitment activity in New South Wales and Victoria has decreased from the level observed twelve months ago by 2.9% and 3.1% respectively.

Figure 5: Internet Vacancy Index, January 2006 to February 2023



Source: Jobs and Skills Australia, Internet Vacancy Index, seasonally adjusted and trend data, February 2023.

ABS Job Vacancies

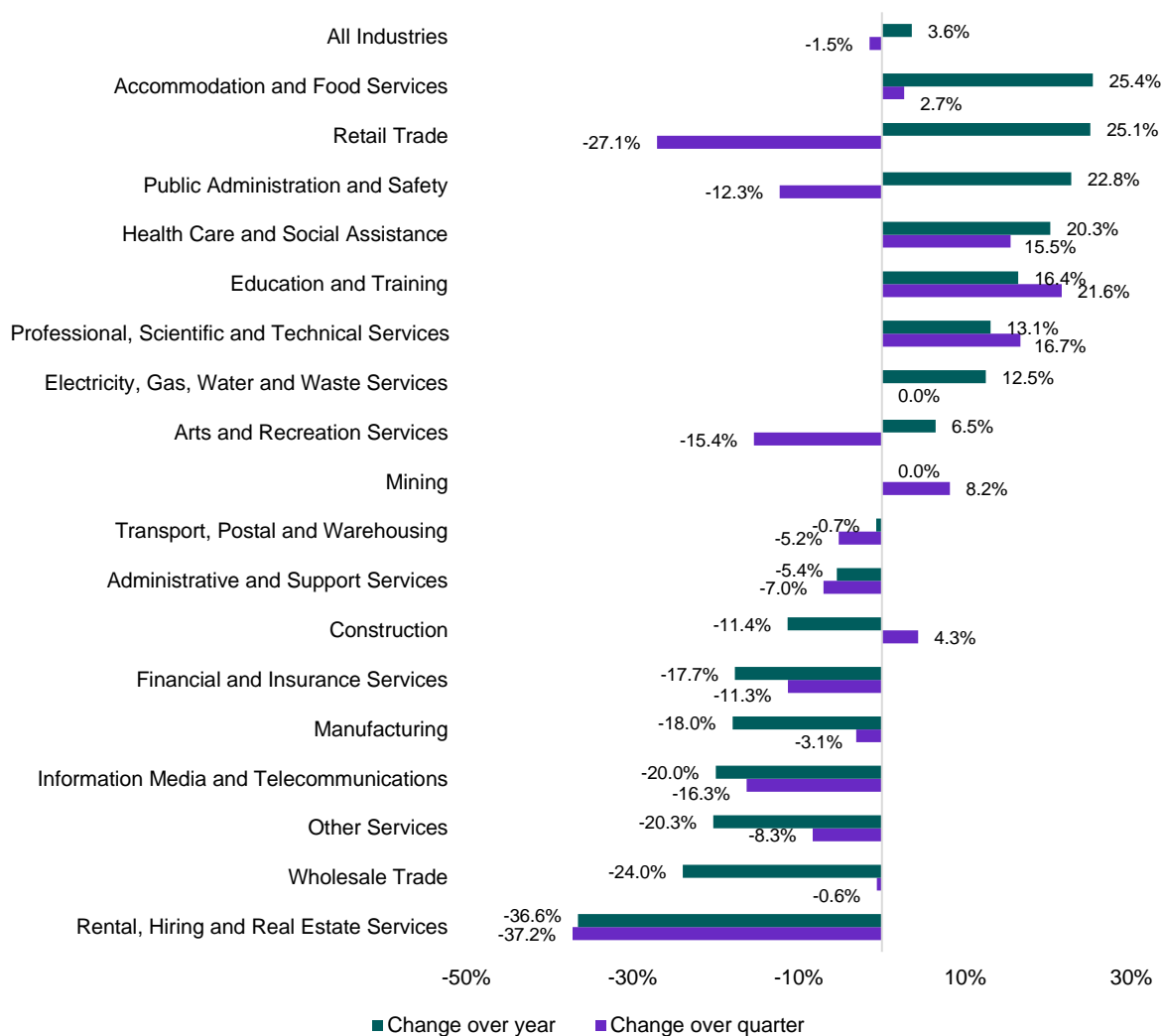
Congruent with the Internet Vacancy Index, ABS Job Vacancies data indicate a mild decline in recruitment activity after a sustained resurgence following the pandemic.

In seasonally adjusted terms, the Job Vacancy Survey recorded 438,500 job vacancies in the February 2023 quarter. This represents a fall of 1.5% or 6,600 job vacancies over the

quarter and an increase of 3.6% or 15,200 job vacancies over the year. There are around 210,600 more job vacancies than in February 2020.

Job vacancies are higher than twelve months ago across eight industries. The industries with the highest growth in vacancies over the year to February 2023 were Accommodation and Food Services, up by 25.4% (11,700 job vacancies), Retail Trade, up by 25.1% (7,300 job vacancies), and Public Administration and Safety, up by 22.8% (4,900 job vacancies). The Rental, Hiring and Real Estate Services industry recorded the largest decline in vacancies after a particularly strong resurgence following the pandemic (figure 6).

Figure 6: Job vacancies by industry (%) February 2023¹



Source: Australian Bureau of Statistics (February 2023), [Job Vacancies, Australia](#).

¹ Industry level values are calculated based on original estimates whereas the All Industries figure is based on seasonally adjusted values.

Future growth

Each year Jobs and Skills Australia produces employment projections by industry, occupation, and skill level for the following five years, the latest being the five years from November 2021 to November 2026. These projections are designed to provide a guide to the future direction of the labour market.

Employment is projected to increase in all 19 broad industries over the five years to November 2026 (Figure 7).

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 by 149,600), and Accommodation and Food Services (increasing by 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 there is more uncertainty with the employment projections than existed in previous years.

Table 1: Industry Employment Projections – five years from November 2021 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
All Industries	1176.2	9.1

Figure 7: Industry Employment Projections: by size of projected growth

