



Australian Government



Jobs and Skills Australia

# National Industry Overview

27 October 2023



# 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.

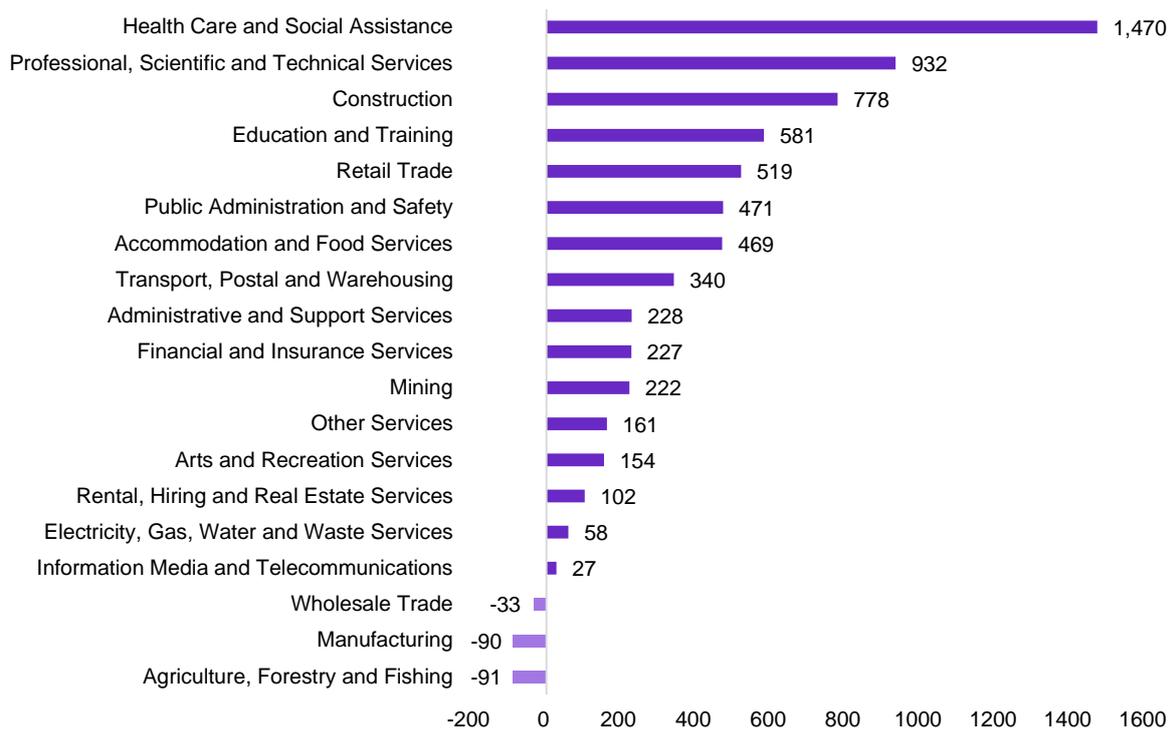
Three decades ago, Manufacturing was the largest employing industry in Australia, accounting for 13.5% of total employment. Today, it is the seventh largest and accounts for 6.7% of total employment. The decline in Manufacturing has been caused by many factors, including increased competition from overseas 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 August 1993, 5.2% of the workforce was employed in this industry, compared with 2.1% in August 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.

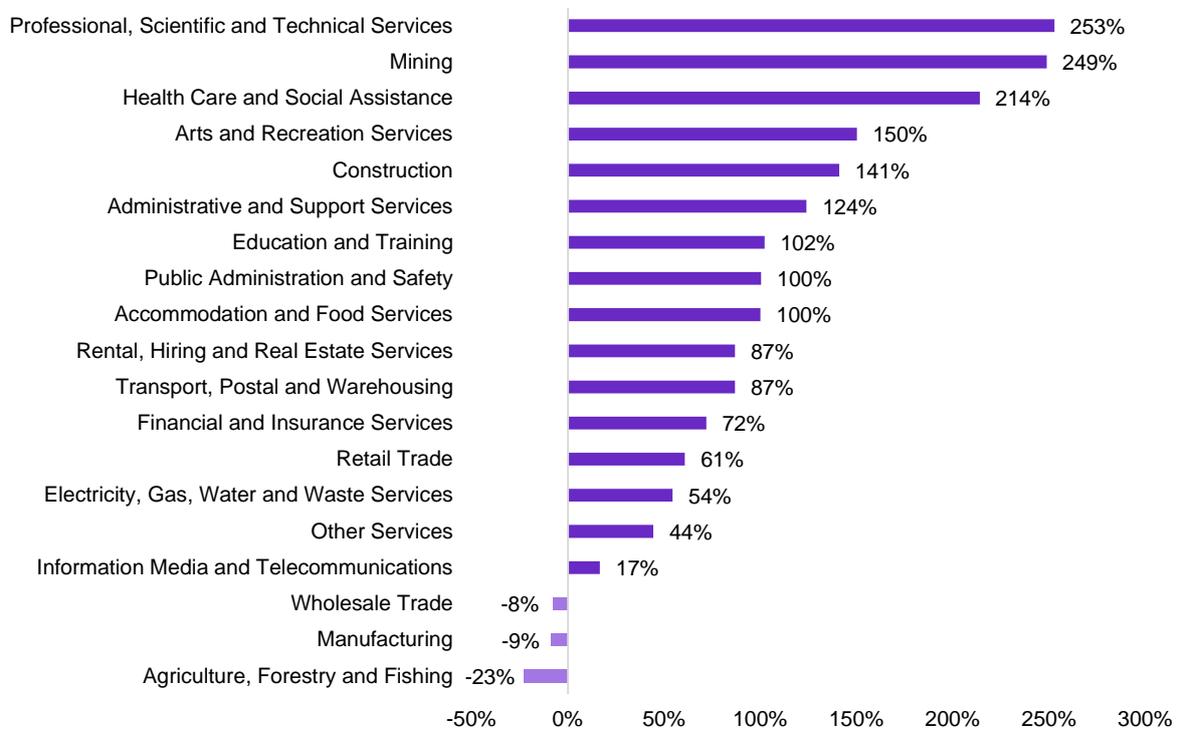
Much of the increase in the services sector has been driven by growth in Health Care and Social Assistance. This industry has had strong employment growth, with 28.8% growth over the past five years and growth of 214.1% over the 30 years to August 2023. With Australia's ageing population, the Health 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 252.8% employment growth over the past 30 years and 22.2% over the past five years.

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



Source: ABS, Labour Force, Detailed, August 2023, data trended by the ABS.

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



Source: ABS, Labour Force, Detailed, August 2023, data trended by the ABS.

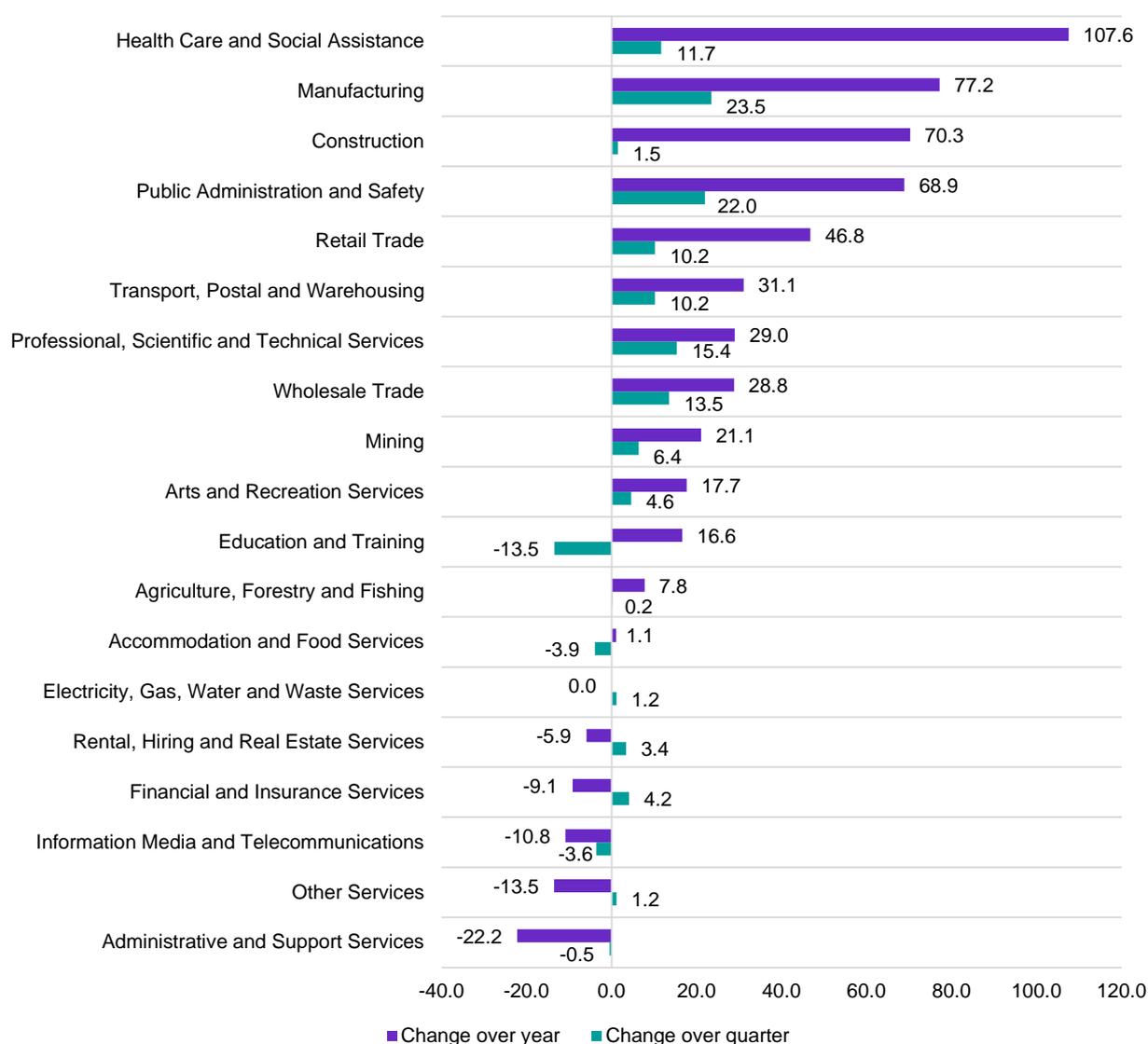
## Recent developments in employment by industry

Reflecting a diverse, strong labour market, ABS Labour Force Survey data for August 2023 shows that employment has increased in 13 of the 19 broad industry groups between August 2022 and August 2023. The latest payroll jobs data indicate that between 17 September 2022 and 16 September 2023, 9 of the 19 industries recorded increases in employee jobs<sup>1</sup>.

Since the August quarter 2022, the largest gains in employment were in Health Care and Social Assistance (up by 107,600, or 5.2%), Manufacturing (up by 77,200, or 8.9%), Construction (up by 70,300, or 5.6%) and Public Administration and Safety (up by 68,900, or 7.9%).

The largest falls over the year to August 2023 were in Administrative and Support Services (down by 22,200, or 5.1%), Other Services (down by 13,500, or 2.5%), Information Media and Telecommunications (down by 10,800, or 5.4%) and Financial and Insurance Services (down by 9,100, or 1.7%).

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



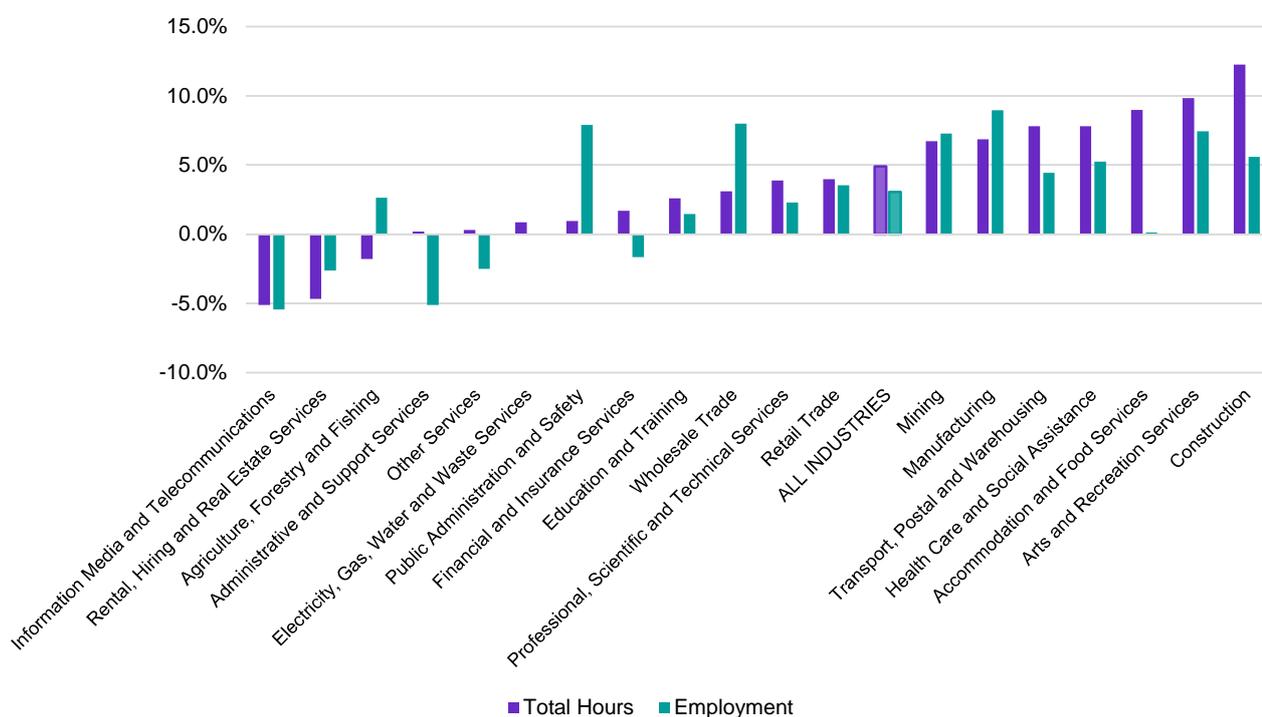
Source: ABS, Labour Force, Detailed, August 2023, data trended by the ABS.

<sup>1</sup> ABS, Weekly Payroll Jobs and Wages in Australia, Detailed, week ending 16<sup>th</sup> September 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 August 2022 to August 2023, there has been an increase in both overall hours worked (up by 4.9%) and total employment (up by 3.1%). 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 August 2023. For example, in the Construction industry, hours worked grew by 12.3% while employment grew by 5.6% over the year to August 2023.

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



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

## Job advertisements

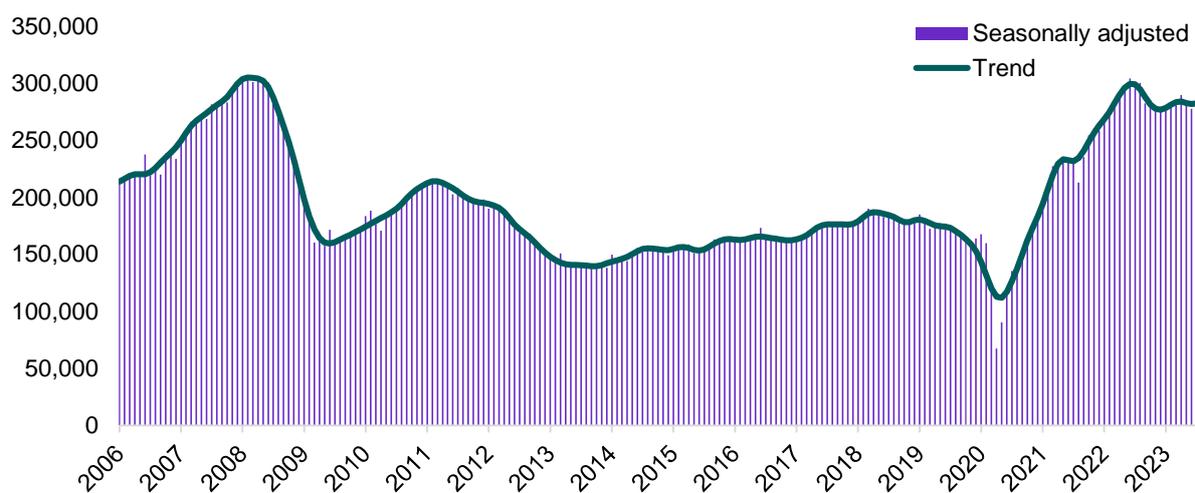
Online job advertisements have followed a mild downward trajectory since a peak in recruitment activity in mid-2022, marking a robust recovery from the COVID-19 pandemic. In recent months, though, vacancy numbers have slowed with this trend appearing in both the ABS Job Vacancies series and the Jobs and Skills Australia's Internet Vacancy Index.

In August 2023, job advertisements decreased by 0.4% (or 1,300 ads) to stand at 282,400. Over the last twelve months, job advertisements decreased by 6.0% (or 18,100). Vacancy numbers, though, are at high levels historically, with this decline coming from a near series peak recorded in June 2022 (see figure 5).

Recruitment activity increased across four states and territories in August 2023. The strongest growth over the month was recorded in the Australian Capital Territory, where recruitment activity grew by 4.5% (or 350 job ads), followed by Victoria (up 1.8% of 1,300) and the Northern Territory (up 1.0% or 30). The strongest decline in job advertisements was recorded in Tasmania (down 4.1% or 540).

Over the twelve months to August 2023, growth in recruitment activity has been observed in some smaller economies; particularly the Northern Territory (up 10.6% or 330 job ads) and the Australian Capital Territory (up 4.4% or 350). Recruitment activity, though, has softened across the rest of Australia, with job advertisements decreasing in Victoria (down 10.2% or 8,300), New South Wales (7.7% or 7,300) and South Australia (down 7.1% or 1,100).

**Figure 5: Internet Vacancy Index, January 2006 to August 2023**



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

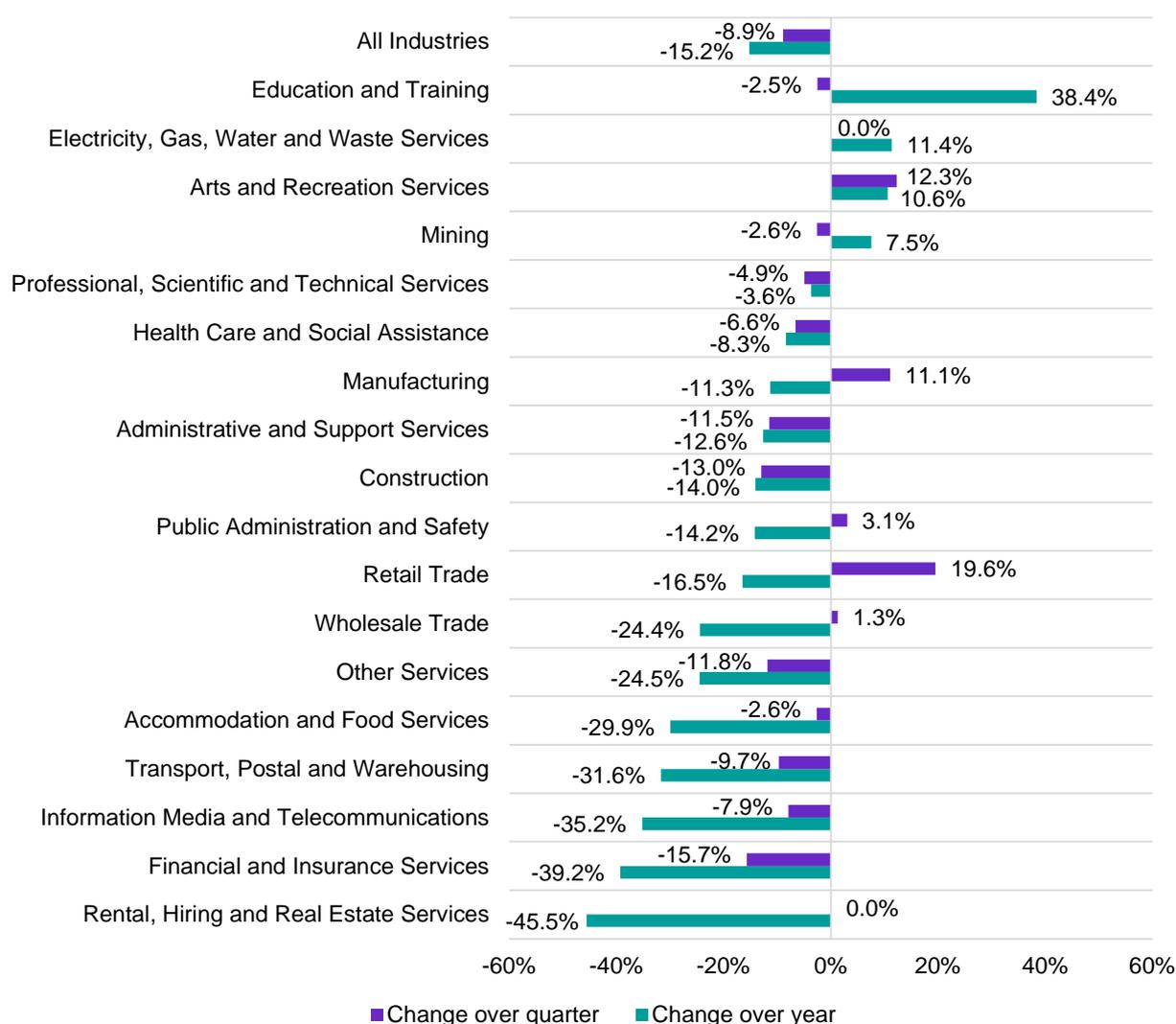
## ABS Job Vacancies

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

In seasonally adjusted terms, the Job Vacancy Survey recorded 390,400 job vacancies in the August 2023 quarter. This represents a fall of 8.9% or 37,900 job vacancies over the quarter and a decrease of 15.2% or 70,000 vacancies over the year. Vacancy numbers, though, are at high levels historically, with this decline coming from the series peak recorded in May 2022.

Figure 6 presents the annual and quarterly percentage change in vacancies by industry. There has been considerable easing in vacancies over the last year across most industries; reflecting the series high recorded in May 2022. Over the quarter, though, vacancies increased in Retail Trade (19.6%), Arts and Recreation Services (12.3%) and Manufacturing (11.1%).

Figure 6: Job vacancies by industry (%) August 2023<sup>2</sup>



Source: Australian Bureau of Statistics (August 2023), Job Vacancies, Australia.

<sup>2</sup> Industry level values are calculated based on original estimates whereas the *All Industries* figure is based on seasonally adjusted values.