



Australian Government



Jobs and Skills Australia

# RLMI Results – March 2024

*Jobs and Skills Australia's Regional Labour Market Indicator (RLMI), combines key indicators of spare labour market capacity, from both an employee and employer perspective, into a single, and easy to interpret, summary measure (with regions grouped into distinct categories of overall labour market performance, ranging from 'poor' to 'strong') which provides an accurate and reliable view of labour market performance, relative to the national average. A strong labour market, that is characterised by a high rate of employment, where employment opportunities are extended to all who want them, is central to a strong economy and prosperous and inclusive society.*

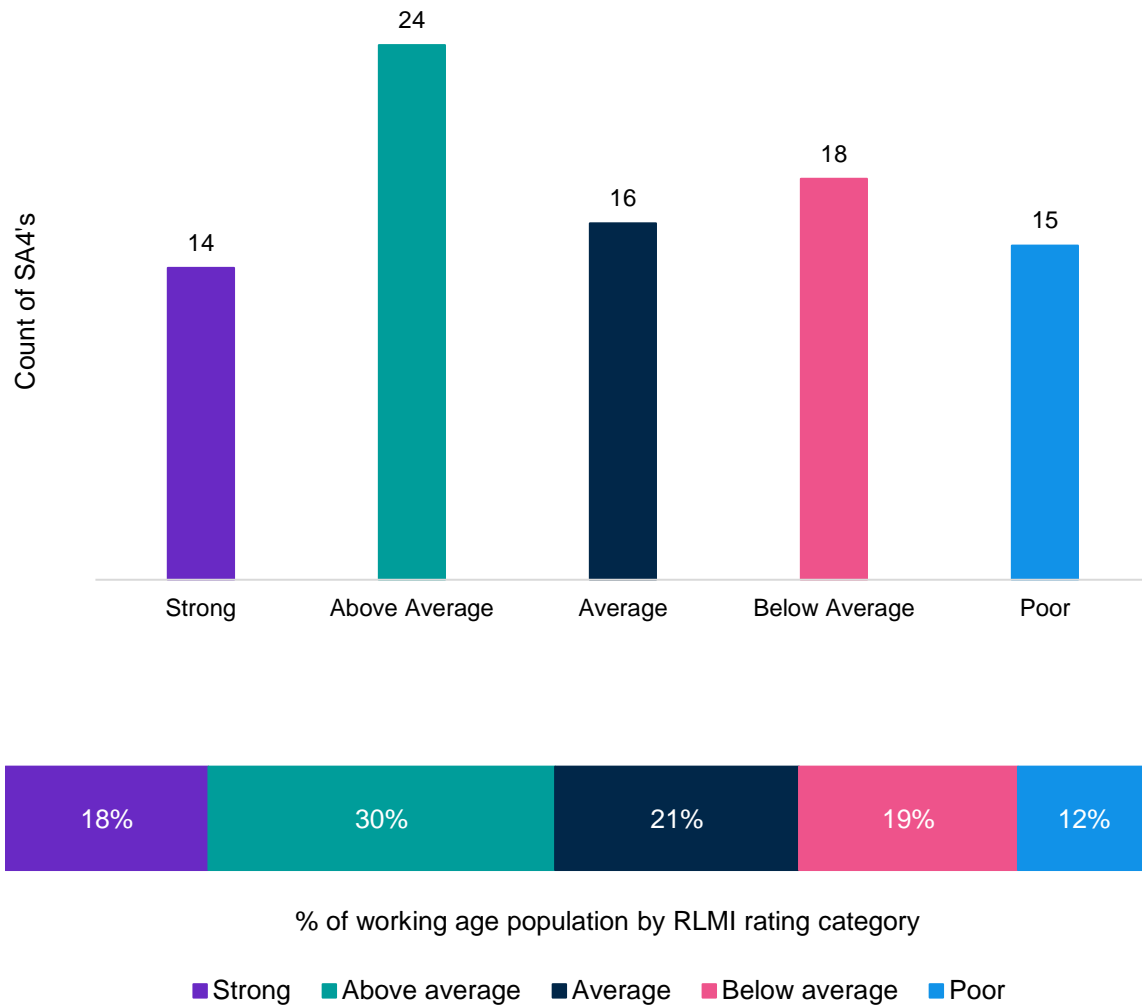
## Key Findings

While most regions have benefited from recent strong labour market conditions, there remains considerable variation between regions. Stronger-performing regions tend to have larger populations, that are concentrated in major cities. Highlighting the strength of many metropolitan regions are the current strong conditions in Greater Sydney. By contrast, poorer-performing regions tend to be located in regional and remote areas and are generally characterised by persistently high relative unemployment that is exacerbated by limited employment opportunities and a mismatch between potential workers and available work.

### Labour market conditions vary considerably between regions

In March 2024, around 44% of regions (or 38 of 87 SA4's) were rated either 'strong' or 'above average' (relative to the national average), accounting for almost half (48%) of the working age (15-64 years) population (see Chart 1, below). By comparison, around 38% of regions (or 33 SA4's) were rated 'below average' or 'poor' in March 2024. Poorer-performing SA4s tend to have relatively smaller populations, with these 33 SA4's comprising just 31% of the working age population.

**Chart 1: RLMI ratings of relative labour market performance, March 2024**



Source: JSA, *Regional Labour Market Indicator (RLMI)*, March 2024

### Regions in focus

To cite an example of how a poorly performing region is rated, the SA4 of Wide Bay (in Queensland) has a low working age employment rate, a high unemployment rate and a high JobSeeker income support rate. This combined with a low vacancy fill rate and a high underemployment rate contributed to a combined index score of -6.5 for the region, which resulted in an overall rating of ‘poor’ (see Table 1, below).

By contrast, the high working age employment rate, low unemployment rate and low JobSeeker income support rate in the SA4 of Sydney – Northern Beaches gave the region a combined index score of 6.7, which resulted in a ‘strong’ rating for the region.

**Table 1: Selected ‘strong’ and ‘poor’ regions and the factors that contribute to the ratings, March 2024**

	Combined index score*	Working age employment rate (%)	Unemployment rate (%)	JobSeeker income support rate (%)	Vacancy fill rate (%)	Underemployment rate (%)
<b>Regions rated ‘strong’</b>						
Sydney - Northern Beaches (NSW)	6.7	84.3	1.9	1.5	60.9	6.1
Perth – Inner (WA)	5.2	82.7	2.4	2.8	68.3	6.1
Australian Capital Territory (ACT)	3.8	81.0	3.7	2.6	63.8	4.9
<b>‘strong’ average</b>		<b>81.1</b>	<b>3.0</b>	<b>2.5</b>	<b>62.7</b>	<b>6.2</b>
<b>Regions rated ‘poor’</b>						
Adelaide - North (SA)	-3.6	72.8	4.8	7.9	66.9	7.3
Wide Bay (Qld.)	-6.5	69.1	4.8	10.1	60.5	7.0
Northern Territory - Outback (NT)	-13.3	70.0	5.9	24.9	52.1	3.2
<b>‘poor’ average</b>		<b>70.2</b>	<b>4.6</b>	<b>10.0</b>	<b>57.0</b>	<b>6.5</b>

\*Broadly speaking, regions with a high overall combined index score have relatively stronger labour market conditions than regions with a low overall combined index score.

Source: ABS, Labour Force, Australia, Detailed, March 2024, 12-month averages of original estimates. Services Australia Administrative Data, March 2024. ABS, Labour Force, Australia, Detailed, March 2024, monthly original data. Jobs and Skills Australia, Survey of Employers who have Recently Advertised (SERA), February 2024 and ABS, Labour Force, Australia, DataLab, March 2024, 12-month averages of original estimates.

### Most regions have benefited from recent strong labour market conditions

The recent strength in the Australian labour market has enabled more opportunities for people to find work, including for those regions where labour market challenges are more pronounced.

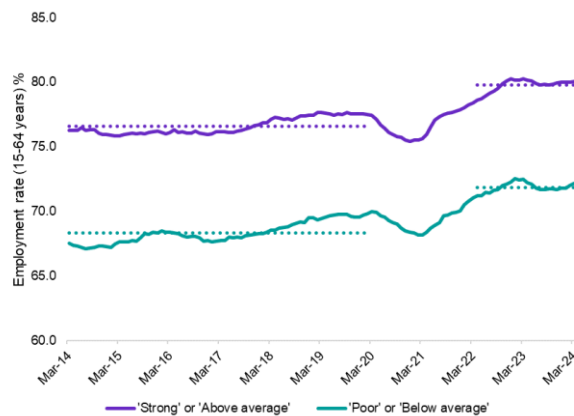
- For instance, the working age employment rate for regions rated ‘poor’ or ‘below average’ has increased considerably in recent years and remains well above the long-term average recorded prior to the onset of COVID-19 (see Chart 2, below). Indeed, 79 SA4’s (or 91%) recorded an employment rate of more than 70% in March 2024, well above the 53 SA4’s (or 61%) recorded a decade ago.
- Similarly, the unemployment rate for regions rated ‘poor’ or ‘below average’ has fallen sharply in recent years and remains well below the long-term average recorded prior to the onset of COVID-19 (see Chart 3, below). For instance, 82 SA4’s (or 94%) recorded an unemployment rate of less than 5% in March 2024, well above the 24 (or 28%) recorded a decade ago.

While these findings illustrate how conditions for many regions have improved in recent years, relative to their historical performance, they also highlight the persistent disparity that exists between the stronger and poorer-performing regions. Indeed, poorer-performing regions are generally characterised by persistently high relative unemployment that is exacerbated by limited employment opportunities and a mismatch between potential workers and available work.

- For instance, the average working age employment rate for regions rated ‘strong’ was 81.1% in March 2024, well above the 70.2% recorded for regions rated ‘poor’ (see Table 1, above). Similarly, the unemployment rate for regions rated ‘strong’ was 3.0% in March 2024, well below the 4.6% recorded for regions rated ‘poor’.

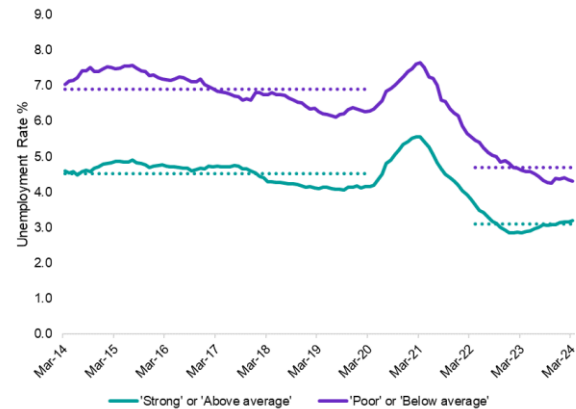
Narrowing the spread of outcomes across regions will require a nuanced approach to addressing structural sources of underutilisation that increase the risk of disadvantage becoming entrenched.

**Chart 2: Employment rate (15-64 years) by RLMI rating category, March 2014 to March 2024**



Source: ABS, Labour Force, Australia, Detailed, March 2024, 12-month averages of original estimates.

**Chart 3: Unemployment rate by RLMI rating category, March 2014 to March 2024**



Source: ABS, Labour Force, Australia, Detailed, March 2024, 12-month averages of original estimates.

## Labour market challenges are more pronounced in many regional areas

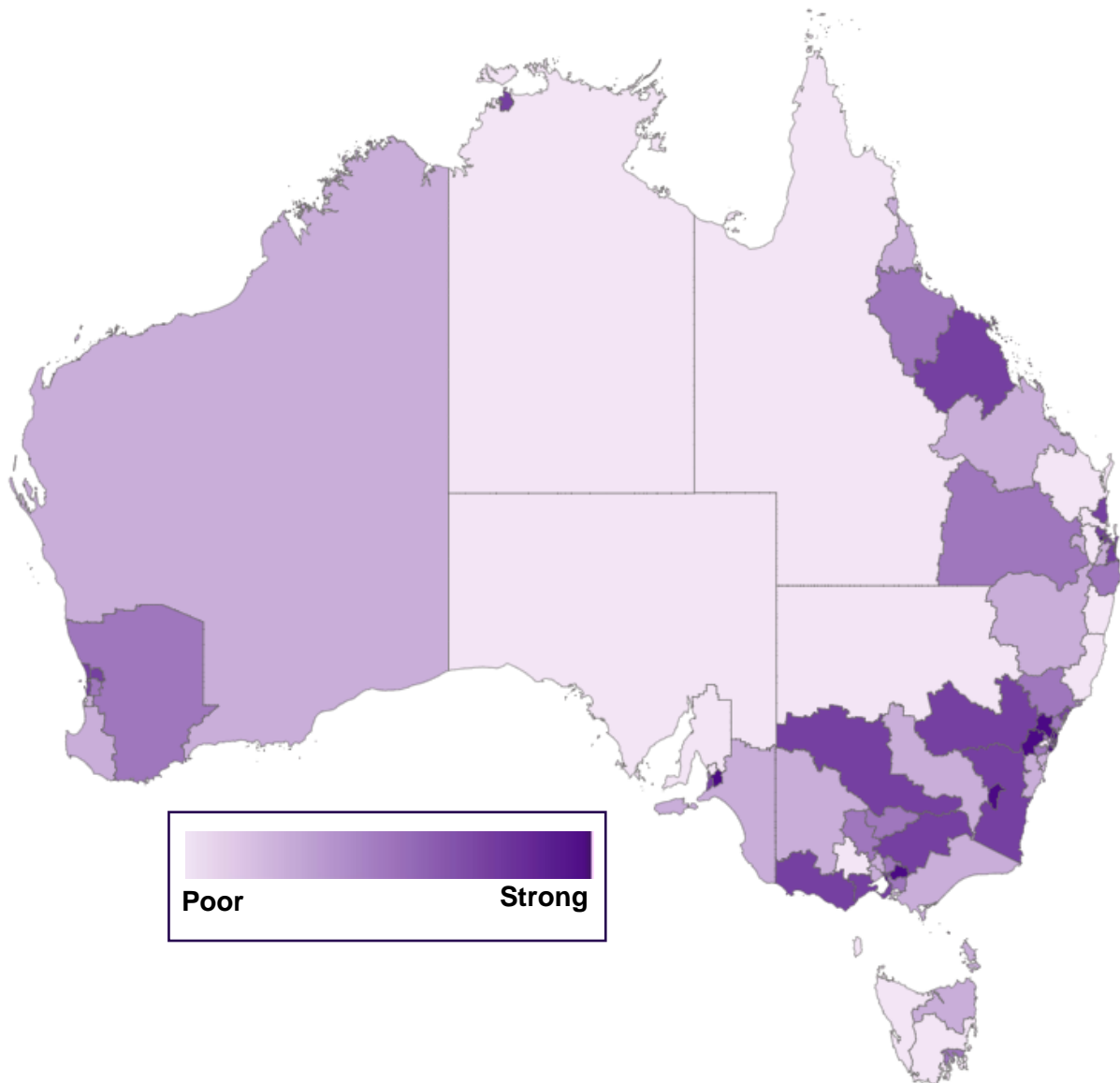
A region’s location plays a crucial role in understanding regional labour market variation. Indeed, proximity to markets, access to services and a region’s amenities (such as physical and cultural attractiveness), amongst other things, can impact labour market performance.

Generally, labour markets in regions located in major cities or larger regional cities perform better due to their larger population bases, greater accessibility to other regions and markets, wider array of job opportunities and higher and more diverse skill and education levels. On the other hand, regional and remote areas, particularly those with limited access to services and infrastructure, face challenges such as limited job opportunities, lower wages and educational attainment levels and difficulties in attracting suitable workers, which often results in weaker labour market conditions.

- JSA analysis shows that recruitment challenges are more pronounced for employers in regional and remote areas, who historically face greater difficulties in recruitment and more acute skills pressures for critical roles, particularly for higher skilled roles. In many non-metropolitan regions employers cite ‘location’, e.g. remote or regional, as a reason for recruitment difficulty.

The March 2024 RLMI results confirm that regional and remote regions are more likely to experience weaker labour market conditions than their capital city counterparts, highlighting the additional challenges faced in many regional areas by both employers and jobseekers (see Chart 4, below).

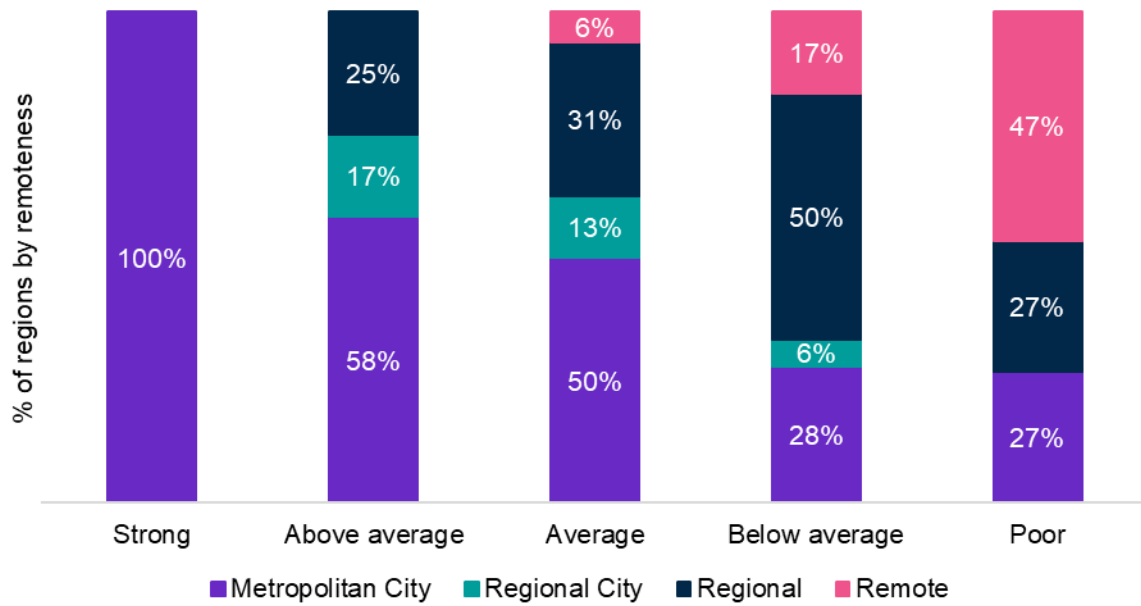
**Chart 4: RLMI ratings of relative labour market performance, March 2024**



Source: JSA, *Regional Labour Market Indicator (RLMI)*, March 2024

Indeed, 28 of the 38 SA4's (or 74%) that were rated either 'strong' or 'above average' in March 2024 were located in metropolitan cities (see Chart 5, below). By contrast, 23 of the 33 SA4's (or 70%) that were rated either 'below average' or 'poor' in March 2024 were located in regional or remote areas.

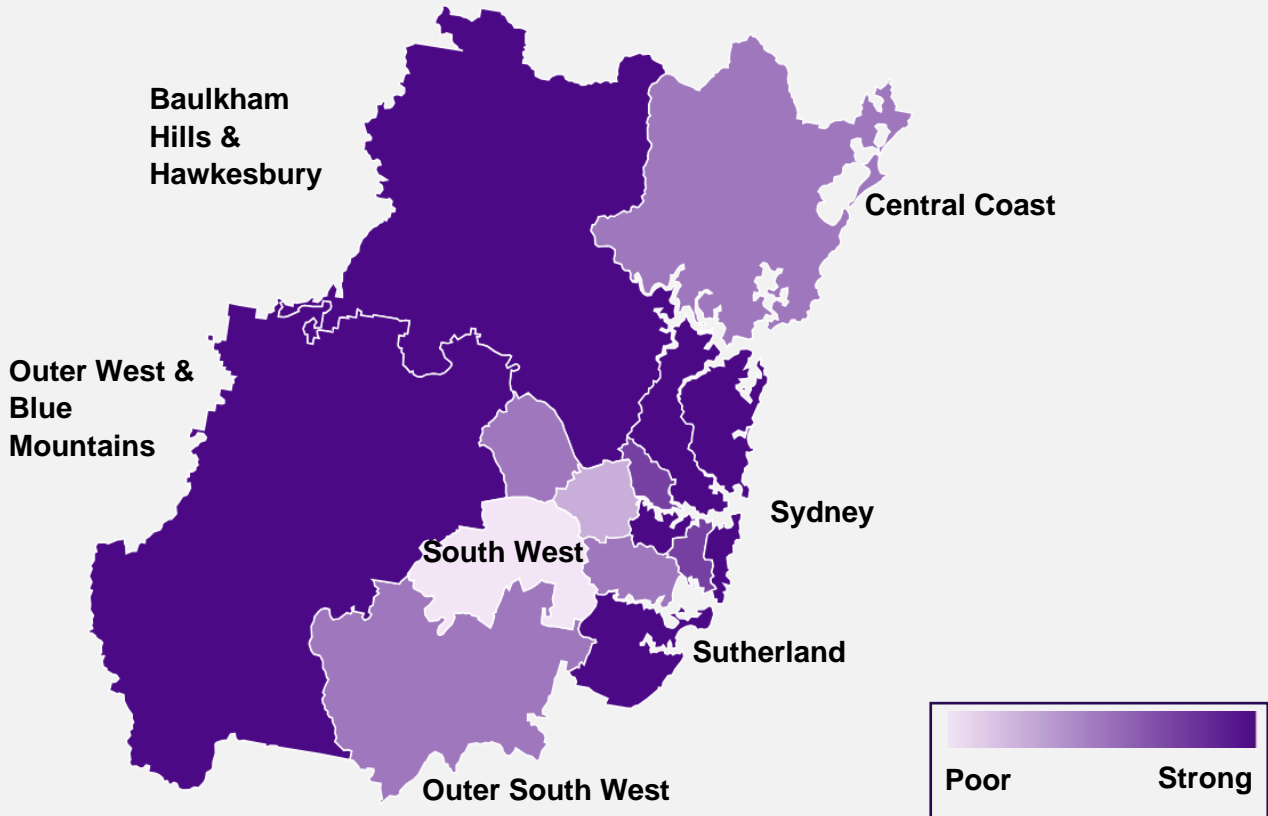
Chart 5: RLMI ratings by remoteness category, March 2024



Source: JSA, *Regional Labour Market Indicator (RLMI)*, March 2024

## In focus: Greater Sydney

Highlighting the strength of many metropolitan regions are the current strong conditions in Greater Sydney. Of the 14 SA4's rated 'strong' across Australia, 7 were located in Greater Sydney. By contrast, only 2 SA4's (out of 15) in Greater Sydney were rated either 'below average' or 'poor'.



# RLMI Explanatory Notes

## Purpose

Gaining an understanding of the trends that are associated with regional labour market performance will help better inform policy development and assist in ensuring Australia has the necessary pre-requisites to build a better-skilled and more adaptable workforce to position the Australian labour market for the future.

Central to this effort is to measure labour market performance across regions. Doing so, however, is a complex task. For instance, while the unemployment rate is a useful indicator of labour market tightness, it is only one of a number of labour market indicators and identifying common trends across separate indicators can be challenging, particularly at the regional level where labour market indicators are inherently volatile due to poor data quality.

To overcome these challenges, the Regional Labour Market Indicator (RLMI) combines key indicators of spare labour market capacity, from both an employee and employer perspective, into a single, and easy to interpret, summary measure (with regions grouped into distinct categories of overall labour market performance, ranging from 'poor' to 'strong') which provides an accurate and reliable view of labour market performance, relative to the national average. A strong labour market, that is characterised by a high rate of employment, where employment opportunities are extended to all who want them, is central to a strong economy and prosperous and inclusive society.

Importantly, the RLMI's purpose aligns closely with the Australian Government's approach to consider a broader range of labour market indicators, including of labour market utilisation, to measure progress towards sustained and inclusive full employment, as outlined in *Working Future: The Australian Government's White paper on Jobs and Opportunities*.

## Factors used to assess labour market performance

The **working age (15-64 years) employment rate** is one of the most commonly used indicators for understanding conditions in the labour market and is a key measure of performance. It provides an insight into the extent to which available labour (some individual's personal circumstances may prevent them from participating in the labour market) is being used and is unaffected by voluntary changes in labour force participation.

Along with the employment rate, the **unemployment rate** is one of the most commonly used indicators for understanding conditions in the labour market and is a key measure of spare capacity. It provides insights into the availability of unused labour that is willing and available for work.

The **JobSeeker income support rate** is a reliable measure of spare capacity in the labour market and is an important complement to other measures of spare capacity. It is a combination of the JobSeeker payment and Youth Allowance (other) payment, measured as a proportion of the working age population. These payments are designed to provide financial assistance to support those looking for working, including those who may be working part-time.

The **underemployment rate** takes a broad view of underutilisation by measuring the share of the labour force that is employed, but not fully utilised in terms of the amount of work people would like. It is an important complement to the unemployment rate in assessing how much spare capacity could be called upon in adapting to labour market strength and weakness.

The **vacancy fill rate** is a key measure of unmet demand for labour. A low fill rate indicates that the demand for labour is not matched by the supply of labour from workers. This may be due to a lack of suitable applicants or high search costs that reduce labour market matching efficiency. Poorer-performing regions experience more difficulty filling vacant positions, despite having a higher availability of unused labour willing and available to work.

## **Methodology**

*Please refer to the RLMI Methodology Paper for more information on the RLMI, including its purpose and factor selection.*

## **Referencing this report**

Data in this release should be referenced as: *Jobs and Skills Australia, RLMI, March 2024*

## **Contact us**

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