



Australian Government



Jobs and Skills Australia

Jobs and Skills report 2025

Better matching and the skills system



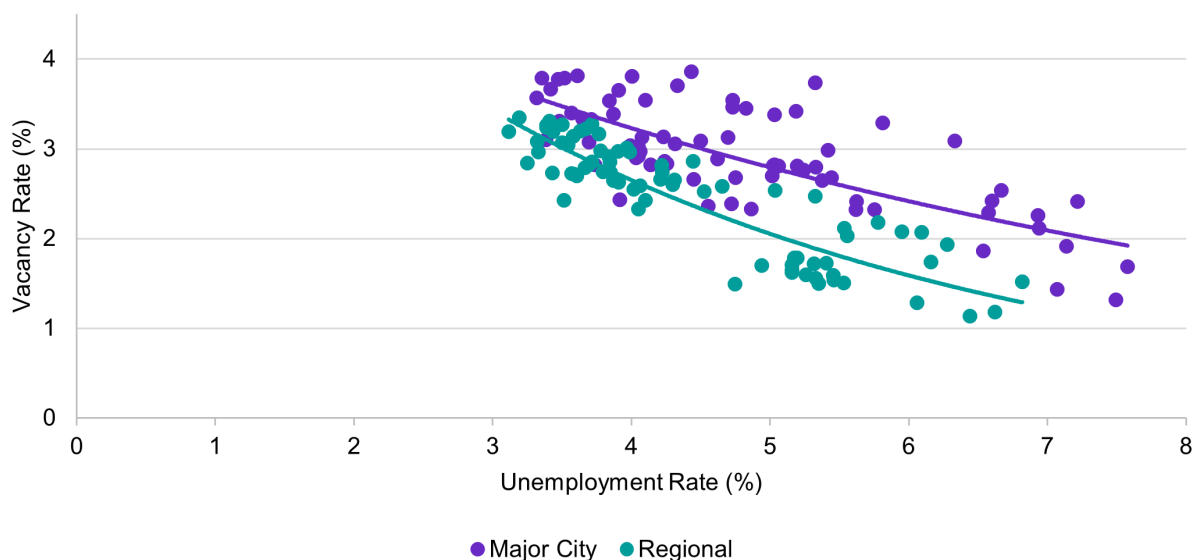
A connected and responsive national skills system is key to better labour market matching. JSA supports this through data-driven insights and reform-enabling projects.

By aligning education, migration, and workforce planning, JSA contributes to building coherent pathways, supporting inclusive participation, and preparing Australia's workforce for future challenges.

How efficient is matching between people and jobs in the Australian labour market?

Labour economists use various analytical tools to examine how well people are being matched. For example, they can consider the relationship between the unemployment rate and the vacancy rate (the number of job vacancies as a proportion of total employment) using what is known as a Beveridge Curve.

JSA considered data from 2019 to 2025 to produce Beveridge curves for labour markets in Regional Australia and for Australian Major City Areas. It showed that on average, labour markets in Regional Australia may have been more efficient over this time period, because they often had a lower combination of the unemployment rate and the vacancy rate than was the case in the major cities.



There is a strong unmet demand for labour in Regional Australia, with many jobs in chronic long-term shortage. Employers may be more willing to fill jobs with available candidates, be more flexible about job and qualification requirements or more willing to use on-the-job training as a replacement for formal qualifications where possible. This work-based training and support can often enhance the productivity of the employee over time.

Improved Matching of Jobs and Skills as an Enabler

For people to be engaged in quality work and share in the benefits of participation, they need the right skills to succeed in today's jobs and the jobs of the future. When individuals are in roles that align with their skills, capabilities, interests, and aspirations, they are more likely to experience job satisfaction, perform effectively, and remain engaged in the labour market.

Improved matching:

- **will lift the level of productivity in Australia.** In the long term, a key driver of productivity growth is innovation, so making sure the workforce has the skills to develop and apply new innovations is key to matching people and jobs in the long term.
- **is necessary to help raise participation and make it more inclusive.** Including the full range of skills and abilities in the labour market is an economic imperative as well as a social one.
- **supports lowering the rate of unemployment that would still be consistent with stable inflation.** Improved matching of people and jobs will help lower unemployment and increase productivity without creating upward pressure on inflation.
- **requires a joined up and cohesive national skills system.** Key partners need to align efforts more closely, and there needs to be a rebalancing of the Australian tertiary education system to help meet the skills challenges of the future.

JSA contributes to improved matching efforts by providing insights and analysis that:

