



Australian Government



National  
Skills  
Commission

# Labour Market Update

Data current as at 23 November 2021

## Overview

While the Australian labour market has weathered the impact of the global pandemic reasonably well, the outbreak of the Delta variant across a number of jurisdictions and the associated lockdowns had a significant, negative impact.

However, the recent easing of restrictions in New South Wales, Victoria and the Australian Capital Territory, together with the current, rapid uptake of COVID-19 vaccines, augurs well for a pick-up in labour market activity over coming months. Indeed, the NSC's survey of internet job vacancies has recovered strongly over recent months to be at its highest level in 13 years.

In this regard, the RBA's latest *Statement on Monetary Policy* notes that, 'the temporary effects of recent lockdowns on the labour market are already receding and employment and participation are forecast to have fully recovered to their pre-Delta levels by the end of 2021.' The RBA's central scenario forecasts are for employment to grow strongly, by 2¼% over the year to the December quarter 2021, while the unemployment rate is expected to be a little below 5% by the end of the year, before declining to 4% by the end of 2023.

Of course, there remains a degree of uncertainty about the outlook.

## ABS Labour Force Survey data

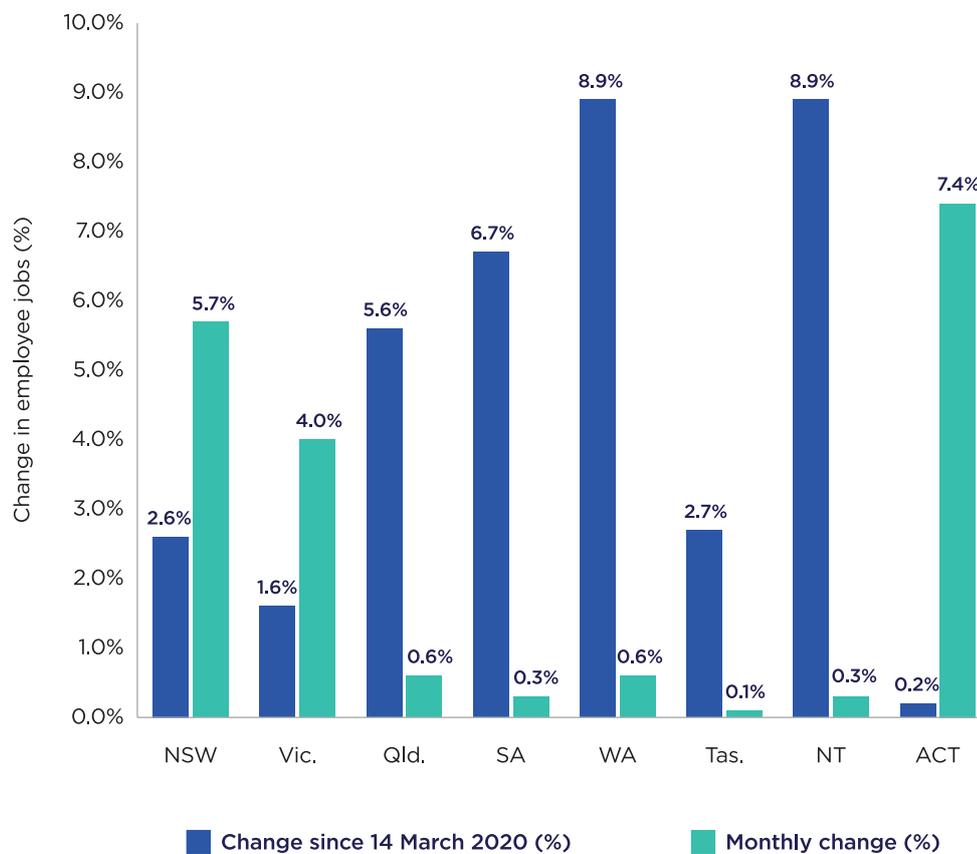
The latest available *Labour Force Survey* figures show that the level of employment decreased by 46,300 (or 0.4%) over the month, to stand at 12,835,200 in October 2021, and is now 160,300 (or 1.2%) below the level recorded in March 2020 (the month that Australia recorded its 100th COVID-19 case). The unemployment rate rose by 0.6 percentage points over the month, to 5.2% in October 2021, but remains below the 5.3% recorded in March 2020.

- The rise in the unemployment rate in October, however, should be viewed in the context of the 35,500 people who entered the labour force over the month, which pushed the participation rate up, from 64.5% in September 2021, to 64.7% in October 2021, reflecting some nascent signs of labour market recovery, as Delta restrictions eased and confidence returned.

More recent data from the ABS's Weekly Payroll Jobs and Wages publication<sup>1</sup> suggests there may have been a pick-up in the labour market after the October labour force survey was conducted. Over the month to 30 October 2021 employee jobs increased by 3.1% as various COVID-19 restrictions lifted. All states and territories recorded an increase in employee jobs over this period, with the Australian Capital Territory recording the largest increase (up by 7.4%), followed by New South Wales (up by 5.7%) and Victoria (up by 4.0%). Tasmania recorded the smallest increase in employee jobs over the period (up by 0.1%), followed by South Australia and the Northern Territory (both up by 0.3%).

As a result, the Weekly Payroll Jobs and Wages publication is showing that between 14 March 2020 and 30 October 2021, all states and territories recorded an increase in employee jobs (Figure 1).

**Figure 1: Percentage change in employee jobs by state/territory to 30 October 2021**



**Source:** ABS, *Weekly Payroll Jobs and Wages in Australia, Interim*, week ending 30 October 2021, original data.

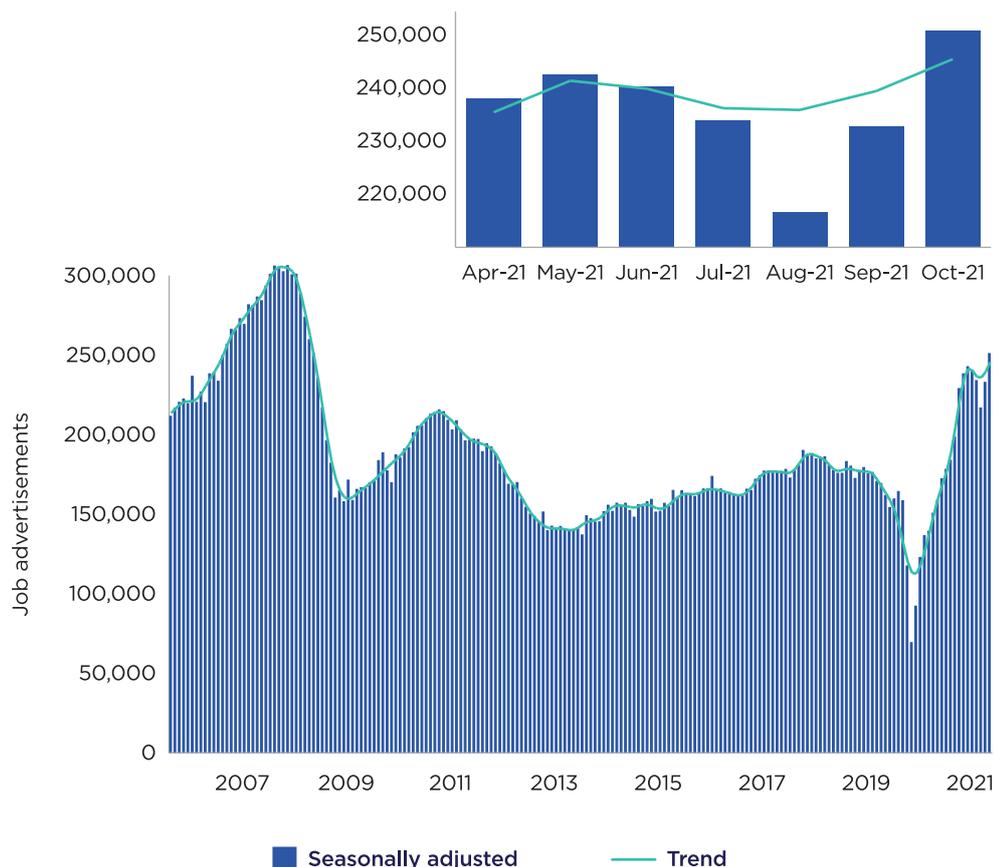
<sup>1</sup> It should be noted that the Weekly Payroll Jobs and Wages in Australia data are only available in original terms (i.e. have not been adjusted to take account of seasonal factors) and are therefore subject to considerable statistical variability. In addition, the Weekly Payroll Jobs and Wages in Australia publication presents percentage changes in the number of 'employee jobs', not the total number of employed persons. As a result, the Weekly Payroll Jobs and Wages data are not directly comparable with Australia's official employment and unemployment estimates from the ABS' Labour Force Survey (LFS).

## Job advertisements

Figure 2 shows that job advertisements have increased by 15.8% (34,200 job advertisements) over the two months to October 2021 to stand at 250,900, the highest level of recruitment activity recorded by the IVI in 13 years.

The level of recruitment activity remains significantly elevated compared to pre-COVID levels<sup>2</sup>, with job advertisements now 49.2% (or 82,700 job advertisements) above pre-COVID levels.

**Figure 2: Internet Vacancy Index, January 2006 to October 2021**



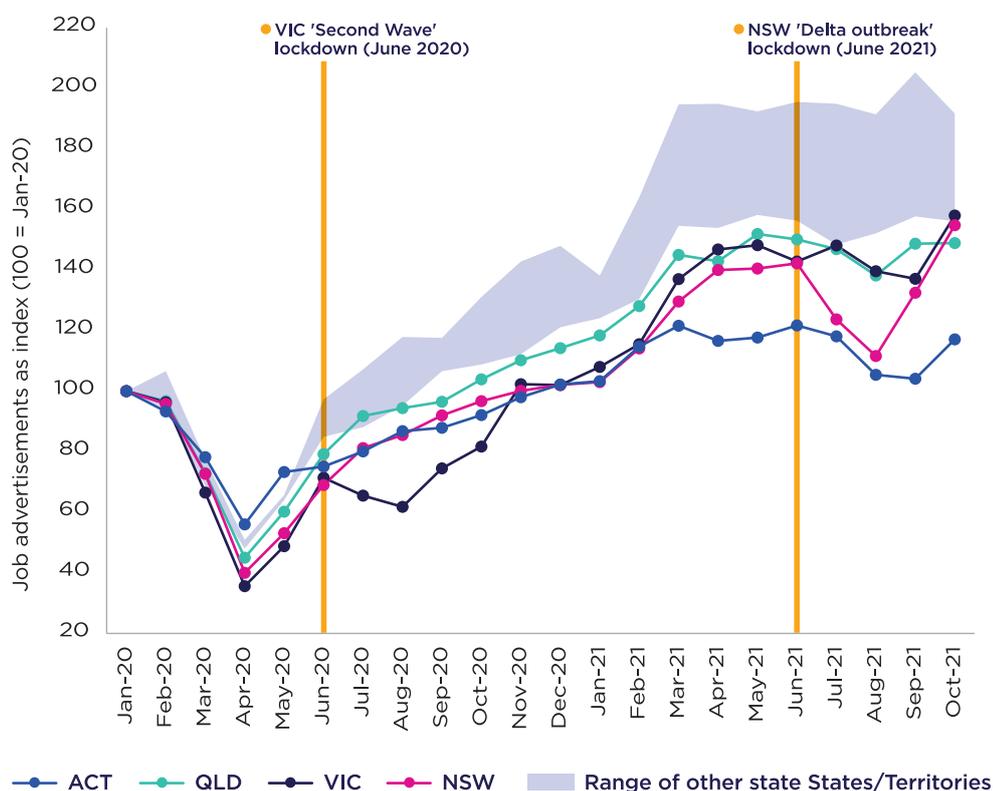
**Source:** NSC, *Internet Vacancy Index*, October 2021.

Lockdown restrictions were lifted or progressively eased in New South Wales, Victoria and the ACT during October 2021 in line with vaccine target achievements. As a result, strong recovery in recruitment activity was recorded across these three jurisdictions during October 2021 with New South Wales recording the strongest increase (up by 16.9%, or 12,600 job advertisements), followed by Victoria (up by 15.2%, or 9,000 job advertisements) and the ACT (up by 12.5%, or 760 job advertisements).

<sup>2</sup> Pre-COVID-19 job advertisement levels are defined as the 12-month average in the seasonally adjusted IVI series to February 2020.

Figure 3 shows that during Victoria's 'second wave' of COVID-19 infections, beginning in June 2020, recruitment activity in the state fell 14.8% (or 4,500 job advertisements) over the two months to August 2020, before growing strongly in the next three months to November 2020. Similarly, the Delta outbreak in New South Wales resulted in a 21.7% (or 17,200 job advertisements) fall in recruitment activity in the state over the two months to August 2021, before strong growth in both September and October.

**Figure 3: COVID-19 recovery comparison – impact of subsequent lockdown periods**



Source: NSC, *Internet Vacancy Index*, October 2021.

Recent trends in ABS Job Vacancies data reflect similar movements to the IVI data. The most recent ABS data recorded 333,700 job vacancies in the August 2021 quarter<sup>3</sup>, representing a fall of 36,200 job vacancies (or 9.8%) over the quarter. Over the same period (May 2021 to August 2021), the IVI recorded a fall of 9.6% in job advertisements.

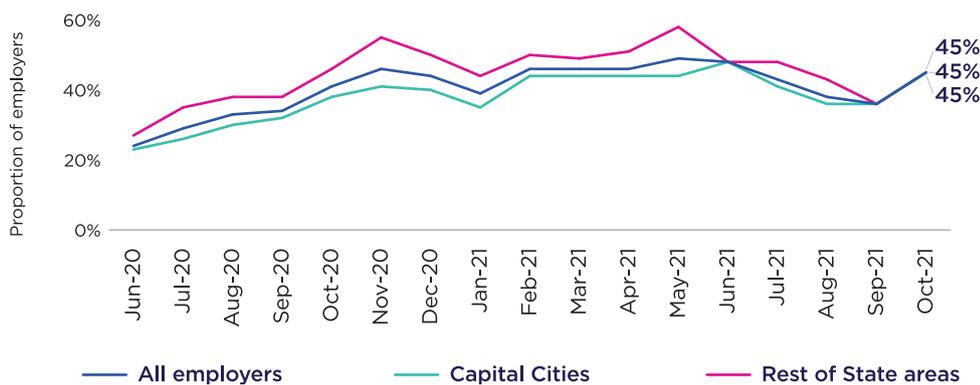
<sup>3</sup> ABS, *Job Vacancies, Australia*, August 2021, seasonally adjusted data.

## Employer surveys

Recent results from the NSC's Recruitment Experiences and Outlook Survey show that recruitment activity increased in October 2021, consistent with trends in Internet Vacancy Index (IVI) data. In fact, expectations to increase staff are at their highest level since the series commenced in April 2020. The pick-up in labour market conditions has, however, seen recruitment difficulty become more common in Rest of State areas.

Figure 4 shows that in October 2021, 45% of employers were recruiting or had recruited in the past month, which is 9 percentage points higher than September 2021 (36%). This is the same result for both Capital Cities and Rest of State areas.

**Figure 4: Proportion of employers currently recruiting or who recruited in the past month**



Source: NSC, Recruitment Experiences and Outlook Survey, October 2021

Figure 5 shows that the recruitment difficulty rate increased by 2 percentage points over the month to stand at 54%. In Rest of State areas, the difficulty rate increased sharply from 50% to 62%, while in Capital Cities it fell from 54% to 50%.

**Figure 5: Proportion of employers currently recruiting or who recruited in the past month experiencing difficulty, by region type**



Source: NSC, Recruitment Experiences and Outlook Survey, October 2021

The proportion of employers expecting to increase staff over the next three months has grown recently. In October 2021, 28% of employers expected to increase their staffing levels over the next 3 months, 5 percentage points higher than in September 2021, and the highest rate recorded since the series commenced in April 2020.

For more information, see  
*The state of Australia's skills 2021: now and into the future*  
in full at

**[nationalskillscommission.gov.au](https://nationalskillscommission.gov.au)**