



Employment Outlook to November 2018

Based on the Department of Employment's 2014 employment projections

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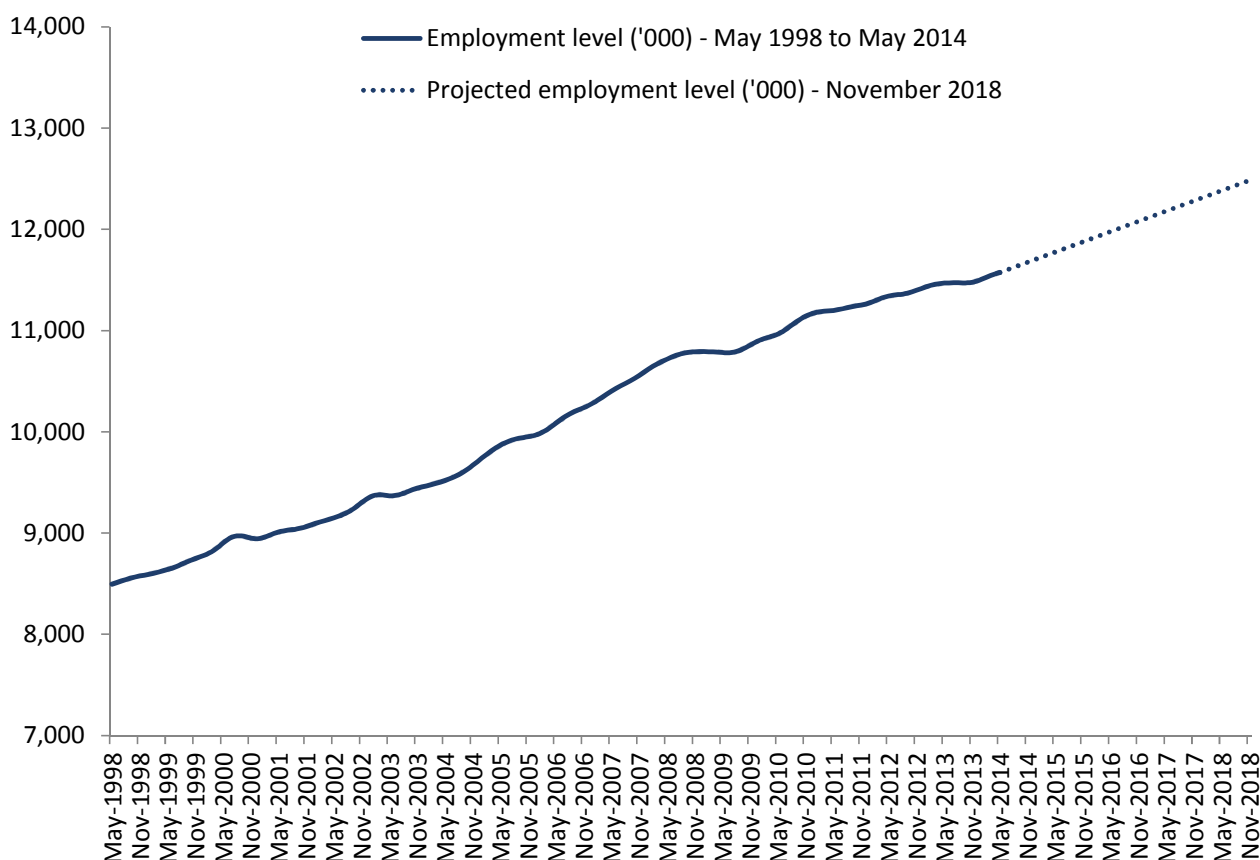
Introduction

Employment growth in Australia has remained relatively subdued compared with the robust labour market conditions leading up to the onset of the Global Financial Crisis. Employment has increased by 791,000 (7.3 per cent) over the five years to May 2014, well below the growth of 1,263,700 (or 13.3 per cent) recorded over the five years to May 2009¹. Over the past five years, employment growth in the Australian economy has been spread across a number of industries and occupational groups, with a handful of services (particularly Health Care and Social Assistance) as well as Mining having made particularly substantial contributions to employment growth. That said, employment growth has been offset by falls in employment in Manufacturing (down by 64,200 or 6.4 per cent) and Agriculture, Forestry and Fishing (23,100 or 6.6 per cent).

Based on the employment forecasts and projections published in the December 2013 Mid-Year Economic and Fiscal Outlook (MYEFO), total employment is projected to increase by 838,100 (or 7.2 per cent)² over the five years to November 2018 to reach 12,442,700. However, the distribution of this growth is projected to vary across industries, occupations, skill levels, states and territories, and regions. This report outlines the employment outlook across these categories, based on employment projections produced by the Department of Employment for the period November 2013 to November 2018.

- Please note that the forecasts and projections for total employment contained in the May 2014 Budget are for stronger future employment growth than the growth rates published in the December 2013 MYEFO.

Figure 1: Employment level, past and projected growth to November 2018, Australia ('000)



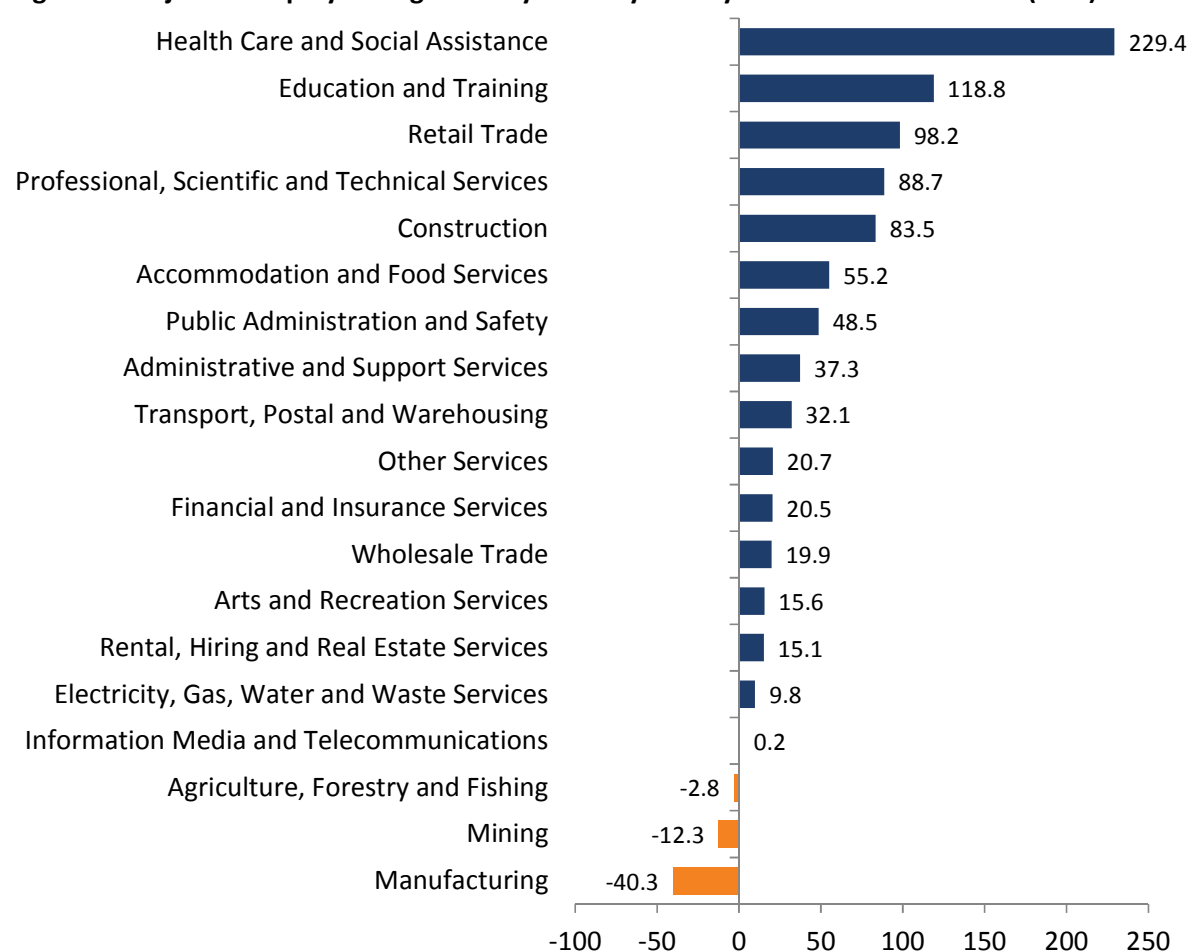
¹ All employment figures used in this analysis are trend series from ABS *Labour Force Survey, Australia* (Catalogue No. 6202.0 and 6291.0) unless otherwise stated. Latest available data on employment by industry and occupation are for May 2014.

² All employment projections used in this analysis are Department of Employment Projections to November 2018.

Projected employment growth by industry

Over the five years to November 2018, employment is projected to increase in 16 of the 19 broad industry groups, with declines in employment projected for Manufacturing, Mining and Agriculture, Forestry and Fishing. Health Care and Social Assistance is projected to make the largest contribution to employment growth (up by 229,400 or 16.3 per cent), followed by Education and Training (118,800 or 13.3 per cent), Retail Trade (98,200 or 7.8 per cent), Professional, Scientific and Technical Services (88,700 or 9.9 per cent) and Construction (83,500 or 8.0 per cent). Together, these five industries are projected to provide more than two thirds of the employment growth to November 2018. By contrast, employment in Manufacturing is projected to decline by 40,300 (or 4.3 per cent) over the five years to November 2018, in line with long term structural change in the labour market and the announced plant closures by Ford, Holden and Toyota. Similarly, the projected decline in Agriculture, Forestry and Fishing (down by 2800 or 0.9 per cent) is a continuation of the industry's long-term decline in employment share, as well as continued investment by the industry in labour-saving plant and equipment. Employment in Mining is projected to decline by 12,300 (or 4.5 per cent) over the five years to November 2018, against the backdrop of an expected peak in capital expenditure and the transition of new mines from a construction phase to a less labour intensive operational phase.

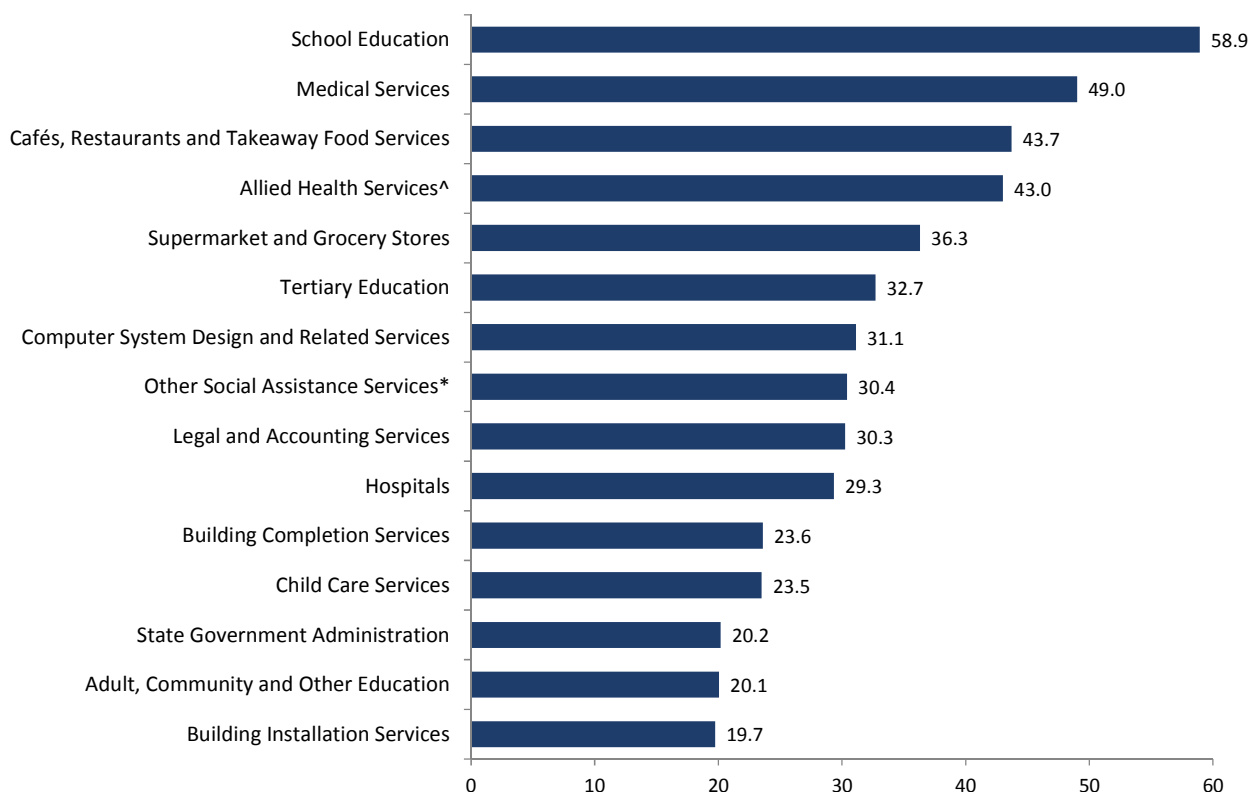
Figure 2: Projected employment growth by industry – five years to November 2018 ('000)



At the more detailed sector level, the top 20 projected growth sectors generally reflect the projections at the broader industry level, with sectors in Health Care and Social Assistance and Education and Training particularly prevalent. Employment in School Education is projected to record the largest increase of all industry sectors (up by 58,900 or 12.2 per cent), supported by above average growth in the school aged population and continuing growth in part-time workers in the sector and non-teaching staff. Meanwhile,

against the backdrop of the implementation of the National Disability Insurance Scheme and Australia's ageing population, large increases in employment are also projected for Medical Services (up by 49,000 or 34.7 per cent) and Allied Health Services³ (43,000 or 24.9 per cent). Australia's largest employing industry sector - Cafés, Restaurants and Takeaway Food Services - is also projected to make a large contribution to employment growth over the five years to November 2018 (up by 43,700), although the projected *rate* of employment growth in this sector is only moderate (8.5 per cent).

Figure 3: Top 15 industry sectors – ranked by projected growth to November 2018 ('000)



[^]Allied Health Services includes Dental Services, Optometry and Optical Dispensing, Physiotherapy Services and Chiropractic and Osteopathic Services. ^{*}Other Social Assistance Services includes Aged Care Assistance Services, Disabilities Assistance Services, Youth Welfare Services and Welfare Counselling Services.

A number of industry sectors are projected to record a decline in employment over the five years to November 2018. Motor Vehicle and Motor Vehicle Part Manufacturing is projected to record the largest decline in employment over the period (down by 25,300 or 53.3 per cent), following the announced plant closures by Ford, Holden and Toyota. Large falls are also projected for a number of Mining related sectors, including Heavy and Civil Engineering Construction (down by 8800 or 9.8 per cent), Metal Ore Mining (6200 or 6.9 per cent), and Mining Exploration (5400 or 15.0 per cent). Employment is also projected to decline in Civic, Professional and Other Interest Group Services (down by 5600 or 9.4 per cent) and Central Government Administration (5100 or 3.8 per cent).

³ Allied Health Services includes Dental Services, Optometry and Optical Dispensing, Physiotherapy Services and Chiropractic and Osteopathic Services.

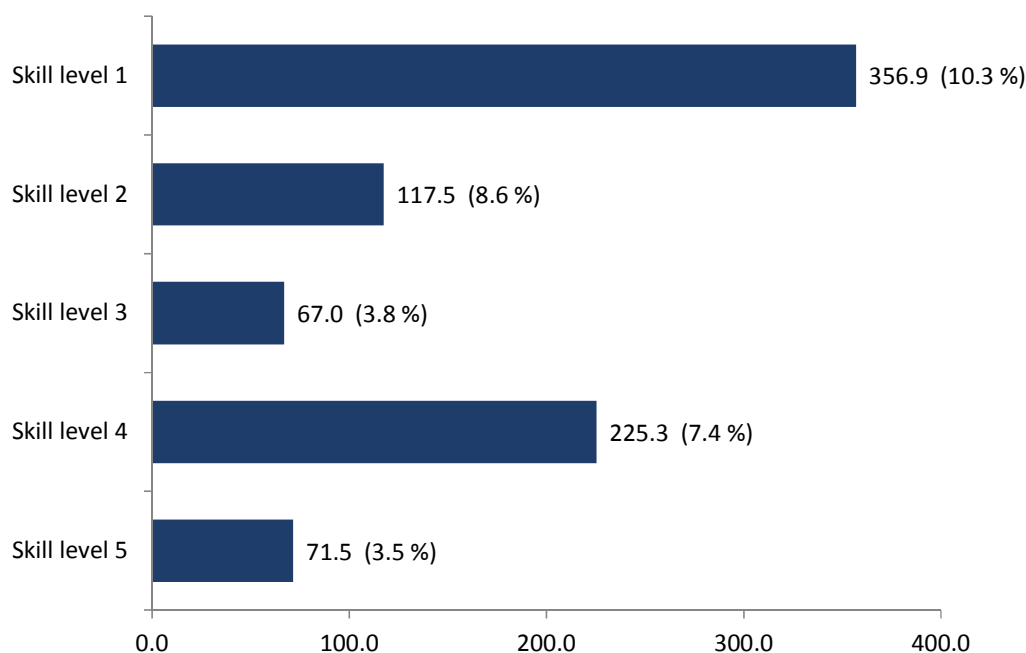
Projected employment growth by skill level

The Australian Bureau of Statistics (ABS) classifies occupations according to five skill levels commensurate with the following qualification(s)⁴:

- Skill level 1: Bachelor degree or higher qualification
- Skill level 2: Advanced Diploma or Diploma
- Skill level 3: Certificate IV or III (including at least two years on-the-job training)
- Skill level 4: Certificate II or III
- Skill level 5: Certificate I or secondary education

The attainment of educational qualifications remains important given the strong past and projected growth of higher skilled occupations, as well as the lower unemployment rates recorded for people with higher qualifications. Over the past few decades, the Australian economy has continued to shift away from lower skilled jobs towards a higher skilled, service based economy. Looking ahead, the evolution of the labour market towards higher skilled occupations looks set to continue over the five years to November 2018, with employment growth projected to be strongest, in percentage terms, among the two highest skill levels. This highlights the importance of educational attainment not only for those in the workforce looking for career advancement, but also for potential first time labour market entrants looking to improve their employment prospects. Employment for skill level 1 is projected to increase strongly by 356,900 (or 10.3 per cent) over the five years to November 2018, while skill level 2 is also projected to grow by 117,500 (or 8.6 per cent). By contrast, employment growth is projected to be weaker for skill level 5 (up by 71,500 or 3.5 per cent) and skill level 3 (67,000 or just 3.8 per cent), in line with their declining shares of total employment. Employment for skill level 4 is projected to increase by 225,300 (or 7.4 per cent) over the five years to November 2018, providing lower skilled opportunities for job seekers.

Figure 4: Projected employment growth to November 2018 ('000), by skill level



⁴ Please note, in some cases relevant work experience may be a substitute for formal qualifications, or relevant work experience and/or on-the-job training may be required in addition to formal qualifications and training.

Projected employment growth by occupation

Employment is projected to increase in all eight of the occupational groups over the five years to November 2018. In particular, recent strong employment growth is projected to continue for Professionals (up by 270,800 or 10.5 per cent) and Community and Personal Service Workers (166,200 or 14.4 per cent). Together, these two occupational groups are expected to account for more than half of the total growth in employment over the next five years, while employment of Managers is also projected to grow at an above average rate (up by 131,800 or 8.8 per cent). By contrast, employment growth is projected to be more subdued across the other occupational groups. Employment growth is projected to be particularly weak for Labourers (up by just 10,800 or 1.0 per cent) and Machinery Operators and Drivers (25,800 or 3.3 per cent), while below average growth is also projected for Clerical and Administrative Workers (69,400 or 4.1 per cent), Technicians and Trades Workers (90,300 or 5.3 per cent) and Sales Workers (73,000 or 6.7 per cent).

Figure 5: Projected employment growth by occupational group – five years to November 2018 ('000)

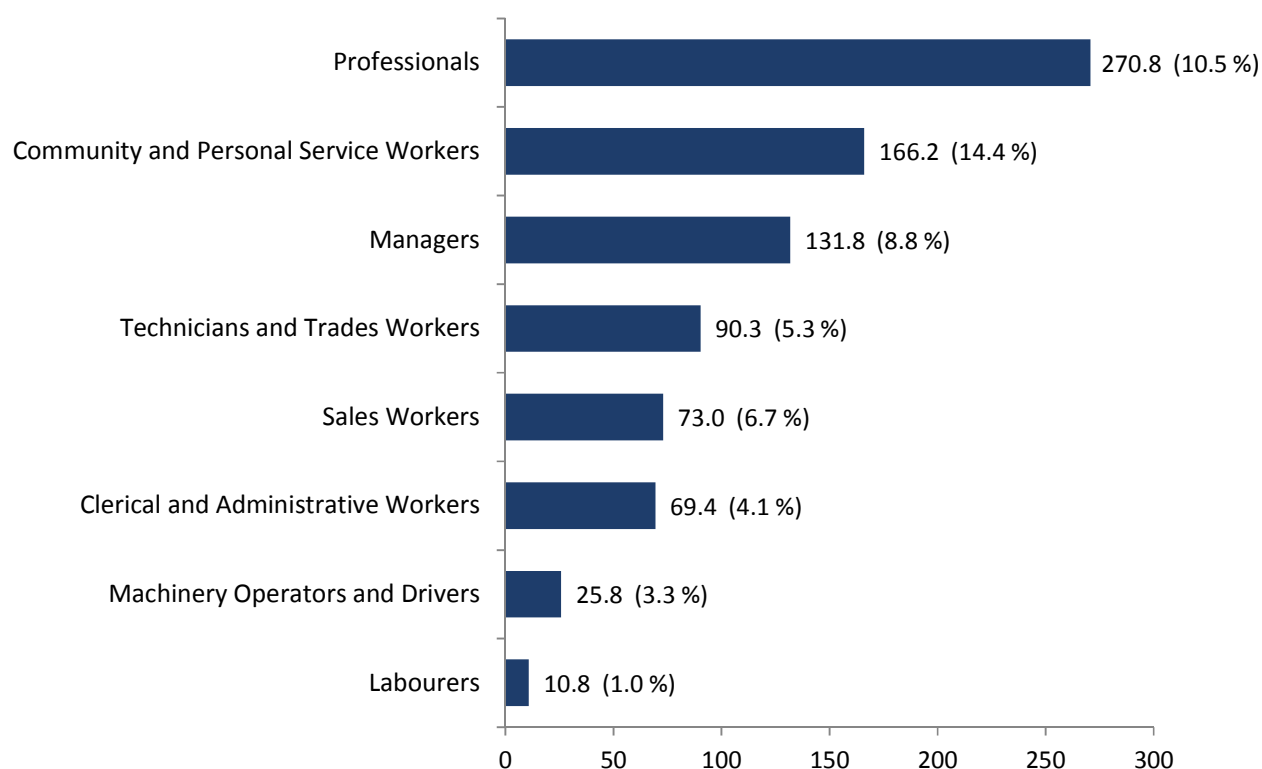
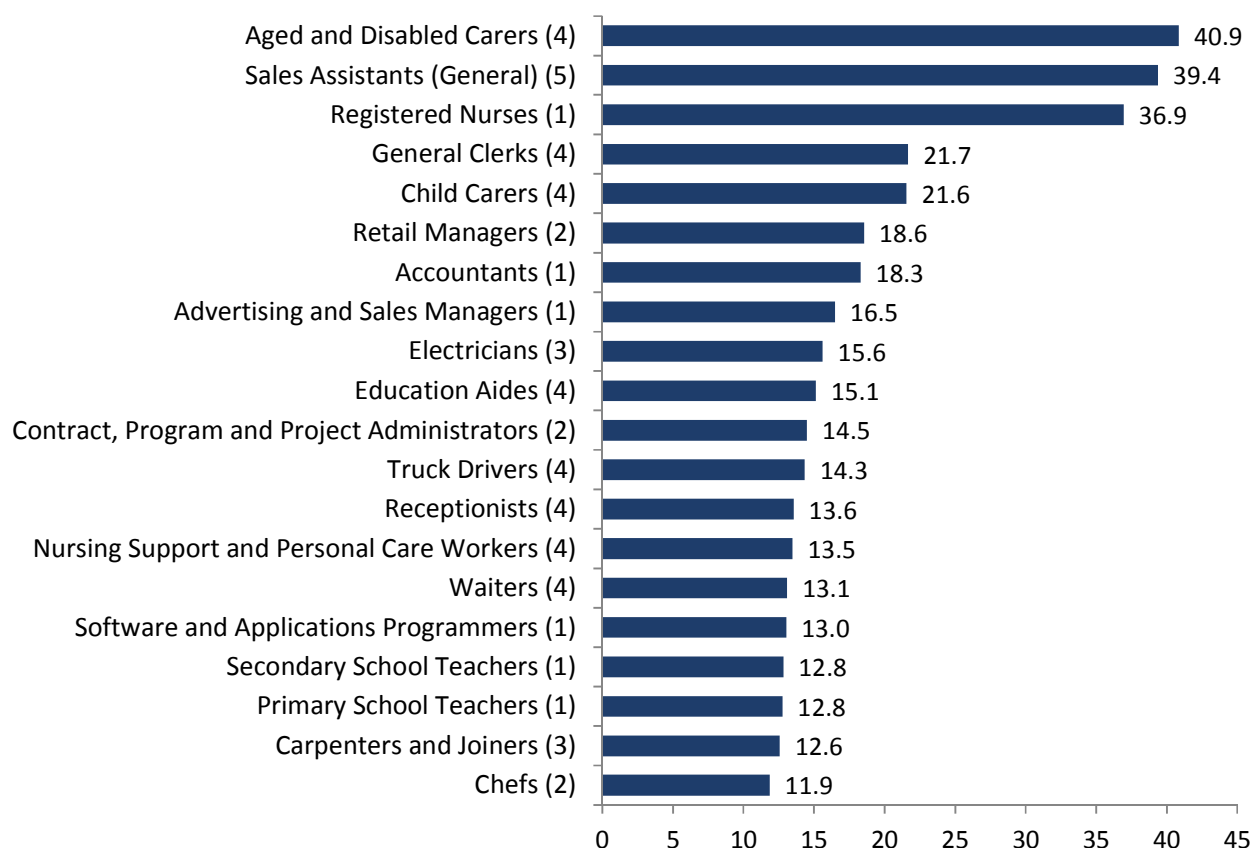


Figure 5, on the next page, shows the 20 detailed occupations that are projected to contribute the most to employment growth over the five years to November 2018. Aged and Disabled Carers is projected to record the largest increase in employment over the five years to November 2018 of any occupation (up by 40,900 or 32.2 per cent), with growth expected to be supported by the ageing population, higher demand for community and home based care services and, in particular, the implementation the National Disability Insurance Scheme. Strong growth is also projected for other skill level 4 occupations, including General Clerks (up by 21,700 or 9.8 per cent) and Child Carers (21,600 or 16.8 per cent), as well as the higher skilled occupations of Registered Nurses (36,900 or 15.4 per cent), Retail Managers (18,600 or 7.4 per cent), Accountants (18,300 or 10.6 per cent) and Advertising and Sales Managers (16,500 or 12.4 per cent). Sales Assistants (General) is the only skill level 5 occupation in the top 20 growth occupations to November 2018, with employment in the occupation projected to increase by 39,400 (or 7.5 per cent), slightly above the national average (7.2 per cent).

Figure 6: Top 20 occupations (Skill level) – ranked by projected growth to November 2018 ('000)

A number of occupations are projected to record a decline in employment, including Keyboard Operators (down by 10,900 or 15.9 per cent), Secretaries (6700 or 10.3 per cent) and Product Assemblers (5700 or 20.8 per cent), in line with the long term downward trend evident in these occupations. Overall, the majority of the occupations projected to decline fall within the lowest skill levels, with 11 of the bottom 15 occupations either skill level 4 or 5, and just one occupation from the bottom 15 being skill level 1 (Mixed Crop and Livestock Farmers).

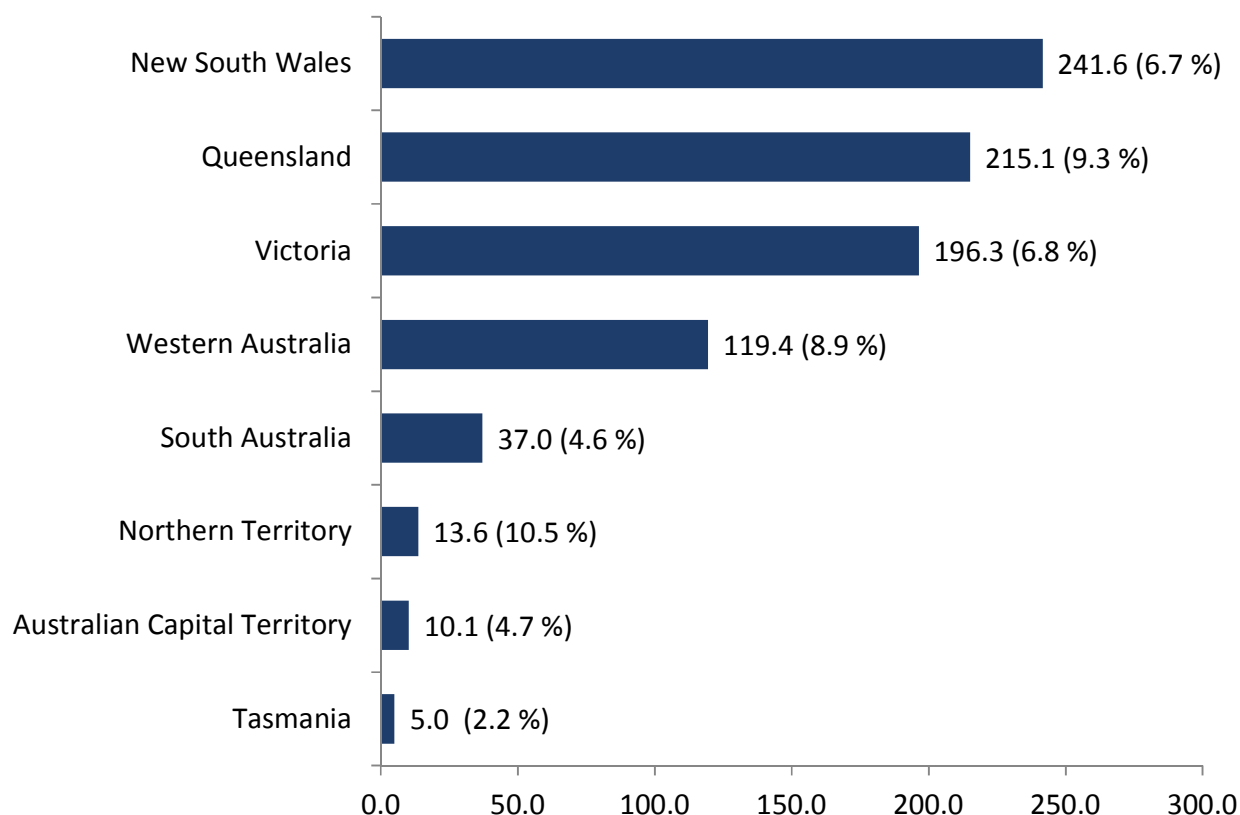
Projected employment growth by state and territory

Over the five years to November 2018, employment is projected to increase in all states and territories. Against the backdrop of an expected decrease in Mining investment, employment growth in Western Australia and the Northern Territory is expected to slow from the rates recorded over the past five years. That said, employment growth is nonetheless expected to remain comparatively strong, increasing by 13,600 (or 10.5 per cent) in the Northern Territory, and 119,400 (or 8.9 per cent) in Western Australia, with growth also projected to be strong in Queensland (up by 215,100 or 9.3 per cent).

New South Wales and Victoria are also projected to make large contributions to employment growth over the five years to November 2018, with employment projected to increase by 241,600 (or 6.7 per cent) in New South Wales, and 196,300 (or 6.8 per cent) in Victoria. That said, the rate of growth in these states is projected to be slightly below the national average (7.2 per cent), with employment growth in these states offset by large projected falls in Manufacturing (down by 19,800 in Victoria, and 12,100 in New South Wales).

Employment growth is projected to be subdued in Tasmania (up by 5000 or 2.2 per cent) and South Australia (37,000 or 4.6 per cent) over the five years to November 2018, in line with the persistence of soft labour market conditions in these states. The Australian Capital Territory (up by 10,100 or 4.7 per cent) is also projected to record a below average rate of growth, constrained by a projected slower rate of growth in Public Administration and Safety.

Figure 7: Projected employment growth by state/territory – five years to November 2018 ('000)

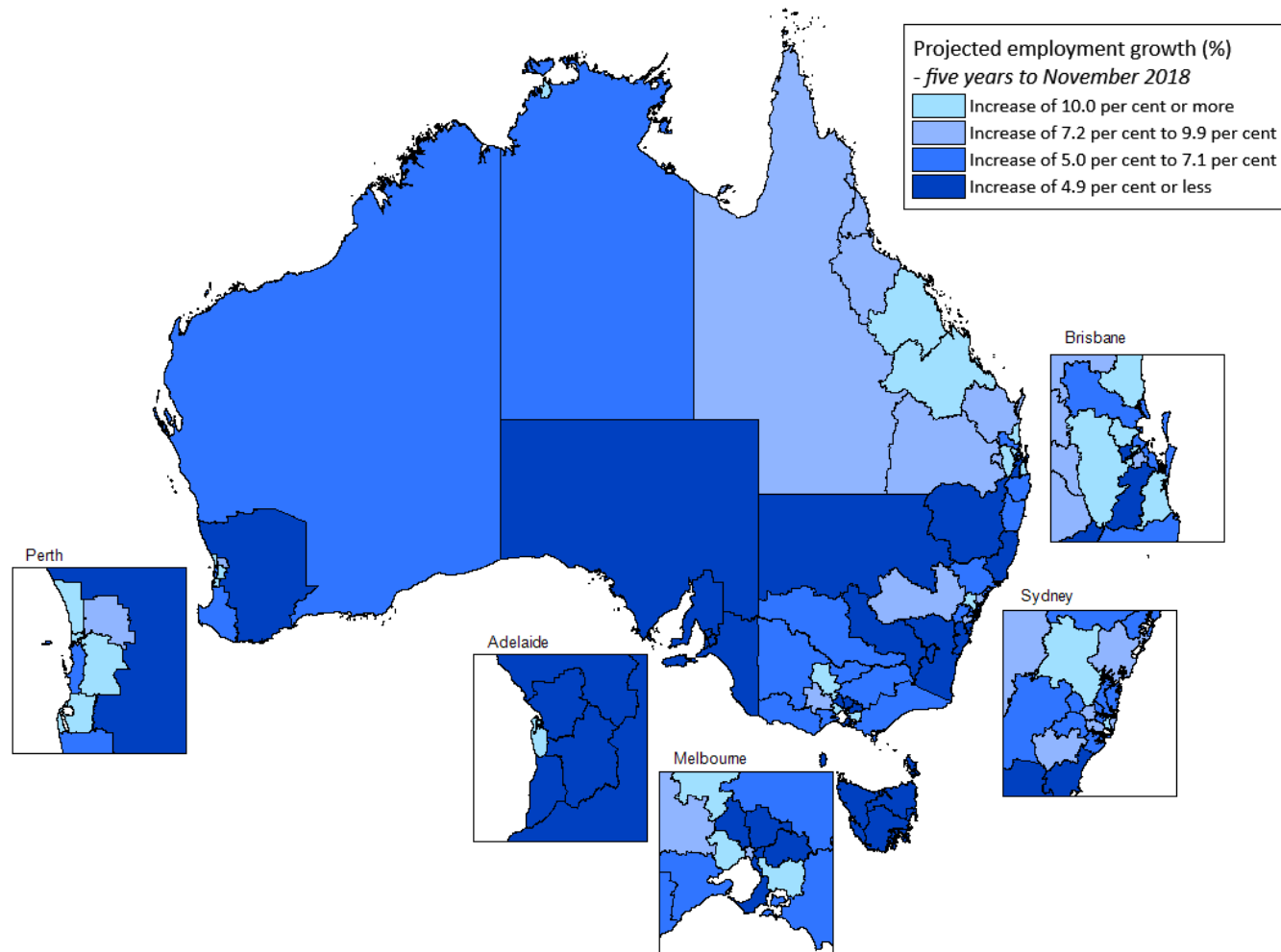


Projected employment growth by region

Employment is projected to increase in all of the ABS SA4 Regions over the five years to November 2018. Employment in metropolitan areas is projected to increase by 7.6 per cent over the period, stronger than the growth of 6.7 per cent projected for regional Australia. Of the metropolitan areas, employment growth is projected to be particularly strong in Darwin (up by 10,800 or 13.9 per cent) and Greater Perth (up by 104,300 or 9.8 per cent), although strong growth is also projected for Regional Queensland (up by 120,200 or 10.2 per cent). By contrast, employment growth is projected to be subdued in Regional Tasmania (up by just 1800 or 1.4 per cent) and Regional South Australia (up by 3600 or 2.1 per cent).

At the more detailed regional level, employment growth is projected to be strongest (in percentage terms) in Sydney City and Inner South (up by 29,400 or 15.5 per cent) and Fitzroy in Queensland (up by 16,200 or 13.9 per cent), while the largest projected increase in employment (in thousands) is for West Melbourne (up by 42,500 or 12.4 per cent). By contrast, employment growth is projected to be slowest, in percentage terms, in West and North West Tasmania (up by 300 or 0.6 per cent), Barossa, York and Mid North South Australia (up by 300 or 0.7 per cent) and Western Australia - Wheat Belt (up by 500 or 0.8 per cent).

Figure 8: Projected employment growth by region– five years to November 2018 (%)



Background and methodology

Each year, the Department of Employment produces employment projections by industry, occupation, skill level and region for the following five years, the latest being the five years to November 2018. These projections are designed to provide a guide to the future direction of the labour market. However, like all such exercises, they are subject to an inherent degree of uncertainty. While all efforts have been made to ensure these projections are as accurate as possible, due to the volatile nature of the data and the large number of very small series, caution should be exercised when using these projections.

The projections have been derived from best practice time series models that summarise the information that is in a time series and convert it into a forecast. The projections are made by combining forecasts from autoregressive integrated moving average (ARIMA) and exponential smoothing with damped trend (ESWDT) models, with some adjustments made to take account of research undertaken by the Department of Employment and known future regional and industry developments. These projections are produced using detailed data from the Australian Bureau of Statistics (ABS) Labour Force Survey, and do not reflect labour market developments since November 2013, the month of data upon which the projections are based.

The projection for total employment growth is consistent with the Government's forecasts and projections for total employment growth, as published in the latest Mid-Year Economic and Fiscal Outlook (MYEFO). As such, they may not fully take account of the Government's policies to boost employment growth, including reducing red tape costs, lowering the company tax rate and abolishing the carbon and mining taxes. Accordingly, these projections may understate employment growth over the five years to November 2018.

The projections for total employment by state and territory are not directly comparable with the forecasts and projections published in state and territory budgets, which typically have shorter forecast horizons and different base periods. The Department of Employment's projections are also medium term and point-in-time projections, and are thus not indicative of expected employment growth in the short term.

Further information on Department of Employment's projections, including downloadable spreadsheets, can be found at: <http://lmip.gov.au/default.aspx?LMIP/EmploymentProjections>

Additional labour market information can be obtained from the following links:

- Job Outlook (joboutlook.gov.au)
- Labour Market Information Portal (LMIP) (<http://lmip.gov.au>)
- Australian Jobs 2014 (employment.gov.au/australian-jobs-publication)

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