

SEPTEMBER 2023

Australian Employment Trends

WE
GET
PEOPLE



Chandler Macleod

Employment trends

September 2023



“ Businesses continue to witness a profound shift in talent trends with employees prioritising flexibility, work-life balance, and career development. The continuous cycle of resignations and job-hopping are reshaping the talent landscape, compelling organisations to adapt and recalibrate their strategies to attract and retain top talent.

Whilst we have seen a decline in demand in certain sectors, with a return to temporary assignments and less overtime, in other areas permanent hiring holds steady. At this stage, it is crucial for businesses to stay agile, embrace digital transformation, and prioritise employee wellbeing to thrive in the current market and beyond.

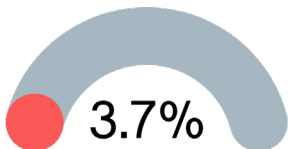
Nick Gabrieldis, Executive General Manager



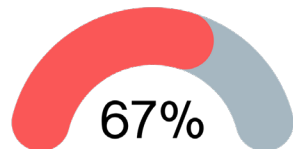
The data



Unemployment Rate – remained at



Participation rate increased to

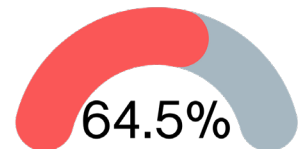


(Increased to 71.6% men and remained at 62.5% women)

Employment increased to 14,096,100



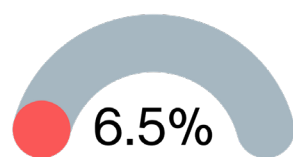
Employment to population ratio remained at



People employed full time increased by



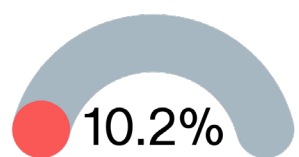
Underemployment rate increased 0.1% to



Monthly hours worked in all jobs increased by



Underutilisation rate increased 0.1% to



“ Change is the only constant”... “the more things change the more they stay the same...” “Ch-ch-ch-ch-Changes”. Quotes from 2,500 BCE, 1849 and 1971. I never thought I would reference Heraclitus, Jean-Baptiste Alphonse Karr and the inimitable Davie Bowie in one sentence but there you have it. This quarter’s employment trends update is a mixed bag of changes...

Both sides of the supply and demand equation continue to ebb and flow but we remain in the midst of a near perfect talent storm, and it does not look set to make landfall any time soon...

Gary Whittaker, Director – Sales & Marketing



Supply



On the supply side of the ledger; whilst we have seen a statistically significant uptick in unemployment since last quarter (3.4% to 3.7%), we need to keep in mind that at 3.7%, it is still some 300 basis points lower than the 44-year trend unemployment rate of 6.74%. Whilst headline unemployment varies from state to state, only Queensland and Tasmania have a headline rate starting with a '4' (at 4.1 and 4.4% respectively). For further context, many economists consider an unemployment rate of 5% or lower to be full employment. Other economists define full employment as the rate at which inflation does not continuously increase.

Seasonally adjusted workforce participation continues to scale unprecedented heights breaching 67.0% for the first time since record keeping began in 1966!

Underutilisation rate which amalgamates unemployment and underemployment measures (the latter defined as people within the economy who are 'forced' to work in lower-skill roles, despite holding higher skill qualifications or competencies; or those only working part-time when they want full-time employment) is still around 10% - prior to 2022 such a utilisation rate had barely been contemplated.

Job mobility continues to be significant; with 9.5% or around 1.3 million Australians changing employers in the 12-months to February. February 2021 for context, was 7.5%

Annual data released by the ABS in February showed the lowest ever annual retrenchment rate of just 1.4% for the trailing 12-month period. Our Career Transition practice has seen a fairly significant increase in enquiries and engagements since January, which would suggest some of the broader economic headwinds have started to bite, but the proportion of impacted workers provides little impact on supply constraints.

Similarly, Australian Insolvency statistics have been trending upwards since significant lows of FY21 and FY22, with FY23 returning to the FY17 to FY20 average. FY24 has started poorly with July and August individually and collectively posting the highest level of new company entries of external administration. With rising costs and deteriorating trading conditions for some sectors of the economy, if this trend continues, it may start to have a more significant bearing on talent supply.

Demand



The Internet Vacancy Index provides a decent approximation of the demand side of the equation; especially when considering the trend as opposed to individual data points. Vacancy rates across the 5 skill levels defined by the ABS (1. - Bachelor's degree or higher, 2. Advanced Diploma or Diploma, 3. Cert IV or III* (includes at least 2 years on-the-job training, and Skilled VET), 4. Certificate II or III, and 5. Certificate I or secondary education).

Skill Level	AUG-23	Aug-22	Aug-21	Aug-20
1	37%	35%	37%	40%
2	11%	10%	10%	11%
3	15%	14%	15%	14%
4	26%	27%	26%	25%
5	12%	13%	12%	10%

As Australia, like most developed countries, prioritises its knowledge based economic growth, we expect to see larger proportionate demand for Professional and Skilled resources. Whilst the overall data does not entirely support this, we have certainly seen a distinct increase in professional and technical disciplines, not to mention an enormous increase in appetite for graduate and emerging talent in these disciplines.

A massive proportion of Chandler Macleod and broader RGF Staffing APEJ customers are experiencing skill shortages. We operate across all sectors of the economy from raw materials to finished goods, across all elements of the services sector and the public and non-profit sectors. Whilst customers reporting severe talent shortages is most pronounced in areas like engineering, banking, technology and health & aged care, it is safe to say, no sector is immune

Competition for talent remains fierce – from analogous competitors, from function / role specific talent competitors that operate in disparate industries and from overseas and interstate.



Employee expectations



Aside from hygiene factors like safe working conditions, being valued and rewarded appropriately and having appropriate tools of trade; talent continues to prioritise and be attracted to organisations that tap into other extrinsic and intrinsic motivations like wellbeing, balance, autonomy, connection, belonging, development and learning.

Whilst the market appears to be softening slightly, and this trend may continue in coming months, as skilled immigration increases, a differentiated offering, strong career brand, broader employee value proposition and leadership capability can really help organisations tap into the very best talent.

It is also worth noting that Australian talent still has a strong preference for working from home; at least some of the time. Job posts mentioning 'work from home', 'hybrid working', or similar phrases remain at record highs.

Wages growth



The relationship between the Consumer Price Index (CPI) and Wage Price Index (WPI) has been highly divergent since 2021 leading to the much publicised negative real wage growth. i.e. when cost of living increases faster than your income, you are relatively poorer than you were previously.

The WPI has been increasing since bottoming out in September 2020. For the June quarter all sector wage growth was 0.8% and 3.6% for the trailing 12 month period. With most increases to modern awards kicking in from July, expect to see this increase further when September quarter is released in November.

With CPI starting to come off its December 2022 peak growth rate of 7.8%. When we see a sustained period of demand out-stripping supply, we expect to see higher than trend wages growth until a new equilibrium is set. Holding all else constant we expect to see a slightly more convergent picture next quarter.

Annual wage growth in the public sector outstripped that of the private sector between December 2013 March 2021 but since June 2021 the private sector has reversed this trend, a trend which will likely continue for the foreseeable.

Wage growth was reasonably consistent across private industries sectors with most increasing between 3.2 and 4.1% for June 2023 quarter versus prior comparative period.

Pay transparency in role advertising is making salary surveys and wage guides somewhat more dynamic. Our own salary surveys will be released in October 2023.

Changes to the Fair Work Act – what does the closing loopholes bill mean for employers?



Recently the Albanese Government introduced the much anticipated 'Closing Loopholes Bill' to amend the Fair Work Act. The Bill represents a major legislative change to workplaces, with significant and at times complex changes. It is important to note that the Bill is yet to be passed into law, and we anticipate further changes (some of which may be significant) before the Bill is passed. However, below is a summary of the Bill as it stands today:

Changes to Casual Employment

- A new definition of "casual employee" and further pathways for casual employees to convert to permanent
- The introduction of an anti-avoidance provisions that make it unlawful to enter arrangements aimed at circumventing the 'Closing Labour Hire Loopholes' provisions
- An 'employee choice' framework
- Increased access to smalls claim jurisdiction

Definition of Employment

- A fluid statutory definition of "employee" and "employer", which has the potential to impact many independent contractors and businesses

Sham contracting arrangement / 'Sham casual' prohibitions

- Impose penalties on employers for misrepresenting to non-casual employees that their contract is for casual employment
- New protections against unfair contracts, with the FWC now able to hear disputes relating to independent contractors.

The 'Same Job Same Pay' scheme renamed as 'Closing Labour Hire Loopholes'

- Gives the Fair Work Commission (FWC) the power to issue orders that a labour hire employer pay its employees the 'full rate of pay' from the host's enterprise agreement

Workplace delegates rights

- New requirements on employers to allow workplace delegates paid time to attend training and provision of reasonable time and facilities at the workplace to communicate with employees who are current or prospective union members.

Strengthening protections against discrimination

- Stronger protections against discrimination for employees who have been, or continue to be subjected to family and/or domestic violence

Underpayments compliance and enforcement

- A federal wage theft offence for deliberate underpayments,
- Penalties of up to 10 years' imprisonment , along with large increases in civil penalties for non-deliberate underpayments
- Lowering the bar for what constitutes 'serious contravention
- Allowing snap rights of entry for underpayments

Enterprise bargaining changes

- Empowering FWC to determine certain' model terms for enterprise agreements
- Changes to the multi-employer bargaining system to allow employers a limited pathway to exit from an existing multi-employer agreement

Workplace health and Safety

- The introduction of a federal industrial manslaughter offence
- Increasing maximum penalties
- Increasing the focus on silica related diseases
- Enabling first responders suffering PTSD easier access to workers' compensation

How this Bill will effect the talent market remains to be seen. Concessions may be needed in the Upper house in order to enshrine the Bill in legislations but we are anticipating some pretty profound effects on all elements of talent supply demand and cost in the medium term.

Observations from the frontline

Based on extensive experience across diverse industries we have acquired valuable insights into the ever-evolving talent acquisition landscape. Here, our leadership team shares some of their recent observations.

Prioritising Wellbeing and Career Growth: Candidates are increasingly valuing flexibility, work-life balance, and opportunities for career development when considering job offers.



Businesses should prioritise investment in training programs, cultivate a culture of perpetual learning, particularly focused on skills, as AI augments various aspects of every employee's role. Simultaneously, they should bolster their employer branding by enriching their Employee Value Proposition (EVP).

Nick Gabrielidis, Executive General Manager

Sector-Specific Shifts: Some sectors are experiencing a decline, leading to a resurgence in temporary assignments and reduced overtime in those areas.

Employee Wellbeing is Paramount: To thrive in the current market, it's crucial for organisations to prioritise the wellbeing of their employees, recognising its direct impact on productivity and retention. Communicating these values as part of your EVP is essential.

Retention Over Job-Hopping: Candidates are increasingly receptive to remaining with their current employer, provided that wages, benefits and other hygiene factors keep pace with, often driven by the desire for improved living conditions and stability. Value your current staff by investing in development and measuring employee advocacy regularly. Pay loyal staff their market value rather than forcing them to change employers to gain pay rises.

Steady Permanent Hiring: Permanent hiring remains pretty stable, indicating a sustained demand for full-time talent despite previous predictions. Obviously, this is industry and state specific, but the overall outlook remains positive.

Seasonal Temp Hiring: Temporary hiring is on the rise, influenced by seasonal fluctuations in workforce requirements. Our sister company, Indeed, the world's largest job board, reported a 40% increase year on year in August's candidate searches referencing Christmas work... If you have haven't already started thinking about your Christmas hiring, now is the time!



While clients are displaying heightened price sensitivity in certain areas, the paramount focus remains on candidate quality. Clients are increasingly valuing comprehensive solutions that offer a broader spectrum of expertise. Permanent hiring remains steadfast, while temporary hiring is on the upswing.

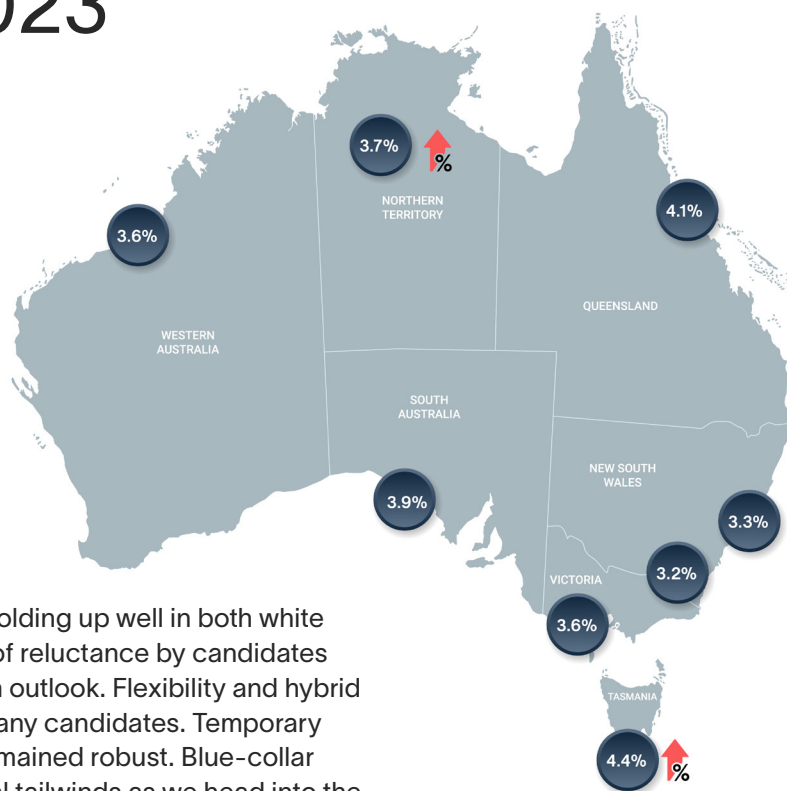
Brett Johnson, General Manager VIC/SA

Growing Confidence: Australian business confidence and indeed confidence in the local job market is increasing, albeit at a conservative level. Many businesses and leaders remain pretty upbeat, hoping for, and in the most part, expecting the best whilst still devoting 10% of their time to their contingency plans.

Hybrid and remote working to remain: Not only is this high on the priority list of candidates, but the [Unispace Global Workplace Insights report](#) highlights that mandating a return to the office results in a higher level of employee attrition and leads to difficulty in recruitment.

These trends reflect the dynamic nature of talent acquisition and underscore the importance of adaptability for businesses and candidates alike.

National unemployment rate August 2023



Victoria and South Australia

Permanent hiring demand appears to be holding up well in both white and blue-collar sectors despite a degree of reluctance by candidates for changing roles created by an uncertain outlook. Flexibility and hybrid work models remain highly important to many candidates. Temporary hiring, outside of government roles, has remained robust. Blue-collar hiring is beginning to benefit from seasonal tailwinds as we head into the busy period of the year. – **Brett Johnson, General Manager VIC/SA**

Queensland

The ongoing cost of living increase, coupled with Queensland's extremely low unemployment rate, which is holding steady at 4.1% (trend rate), has created a unique employment market. Employers face the challenge of attracting and retaining top talent in a market with a severe skills shortage while simultaneously maintaining a cost-centric approach. Although there has been a decrease in vacancies in 2023 compared to the same period last year, the market remains highly competitive, with significant demand in sectors such as Mining, Engineering & Technical, and Accounting & Finance. According to the Anticipating Future Skills Report, Healthcare & Social Assistance, Construction, and Professional Services are expected to experience the greatest demand over the next five years. – **Karl Smart, General Manager Queensland**

New South Wales/Australian Capital Territory

In New South Wales (NSW) and the Australian Capital Territory (ACT), we are witnessing a resurgence of candidates re-entering the job market, marking a positive shift from the previously tight candidate market. Several factors have contributed to this influx of available talent, including a rise in visa approvals and candidates seeking higher salaries due to inflation, which has eroded the real value of wages. Despite indications of salary plateauing and, in some instances, decreasing, a significant number of candidates are still opting to resign from their current positions in favour of roles offering higher remuneration. – **Margo Shand, General Manager NSW/ACT**

Western Australia

WA continues to experience a tight but resilient labour market and relatively stable employment conditions. The states job market continues to recover from the economic disruptions of previous years with unemployment remaining low and unchanged from last month. We've noticed an uptick in available labour due to skilled migration with key industries such as tourism and hospitality starting to drive hiring for the peak season. Overall the market remains tight but with a positive outlook and demand remains high. – **Jon Pettingill, General Manager WA**



Optimising your talent pipeline

The success of any organisation hinges on its ability to attract and retain top talent. As employment ebbs and flows, it becomes increasingly important for businesses to adapt their strategies for recruiting, nurturing, and harnessing the potential of their workforce.

Embrace diversity and inclusion

In today's interconnected world, diversity and inclusion are not just buzzwords; they are essential components of a thriving workforce. Companies that embrace diversity enjoy a multitude of benefits, including increased innovation, improved problem-solving capabilities, and broader market appeal. To optimise your talent pool, make diversity and inclusion integral to your recruitment efforts. Foster an inclusive workplace culture where all employees feel valued and can bring their unique perspectives to the table. This approach not only attracts top talent but also encourages them to stay and grow within your organisation.



In the domain of talent acquisition, we confront an array of hurdles. These encompass the search for ideal candidates, the necessity to readjust expectations as the market stabilises following the post-pandemic boom and recruitment rush, the requirement to adapt to hybrid work models, and the ongoing effort to bridge the skills gap in emerging technologies.

Nick Gabrielidis, Executive General Manager

Focus on employee development

The best talent is always a precious commodity; and when supply is especially limited, as is the case right now; prioritising the engagement and nurturing the commitment of your current employees is not just a smart move, it is imperative to your ongoing success.

Invest in the growth and advancement of your existing workforce to give your business a competitive edge in the future. Not only will you increase the skills of your workforce, but you will also demonstrate a commitment to employee wellbeing and career progression.



I've noticed that hybrid and flexible work arrangements have been increasingly favoured, at least from the candidates' viewpoint. The pandemic undeniably transformed how businesses function, and many have recognised the advantages of these models. Now, the emphasis lies in re-establishing high-performance cultures and promoting knowledge sharing through team gatherings.

Nick Gabrielidis, Executive General Manager

Leverage technology and data analytics

In the digital age, data-driven decision-making is paramount. To optimise your talent management practices, leverage technology and data analytics. Utilise applicant tracking systems to streamline recruitment processes, predict workforce trends, and identify potential gaps in your talent pipeline. These insights can inform your hiring strategy and help you make informed decisions to attract, retain, and develop the right talent.



Finding recruitment partners who understand your business needs and can provide value adding solutions to your talent strategies. If hiring continues to slow, then recruitment partners who can effectively build long term relationships with your business, deeply understand your needs and provide value adding solutions will be an invaluable resource.

Brett Johnson, General Manager VIC/SA

Cultivate a strong employer brand

A compelling employee value proposition (EVP) can be a powerful magnet for top talent. Your reputation as an employer significantly influences candidates' perceptions and decisions. To optimise talent acquisition, cultivate a strong employer brand by showcasing your company's values, culture, and commitment to employee wellbeing. Connect with recruitment partners who share and can communicate your vision.

Prioritise employee wellbeing

The wellbeing of your employees is intrinsically linked to their performance and longevity within your organisation. Recognise the importance of work-life balance, mental health support, and stress management. By prioritising employee wellbeing, you not only optimise talent retention but also foster a more engaged and productive workforce.

By embracing diversity and inclusion, focusing on employee growth, adapting to evolving work arrangements, leveraging technology and data, cultivating a strong employer brand, and prioritising employee wellbeing, your organisation can position itself as a top destination for talent in an ever-evolving world of work. These strategies will not only attract the best and brightest but also ensure they thrive within your organisation, contributing to its long-term success.

This report is based on [ABS Trend Estimates](#)

"The ABS considers that trend estimates provide a more reliable guide to the underlying direction of the data, and are more suitable than either the seasonally adjusted or original estimates for most business decisions and policy advice."

About us

Chandler Macleod is one of the region's largest recruitment agencies, so we know quite a bit about what it takes to recruit, select, and retain the best people.

With almost 1000 staff across 25 offices, Chandler Macleod supports more than 3,500 clients through blue- and white-collar recruitment, labour hire and managed solutions (MSP & RPO).

We're in the business of understanding how people tick because we've been digging deep into people's needs and motivations since 1959. We uncover the 'BestFit™' for employers and job hunters alike by looking beyond the CV's and JD's. This allows us to match candidates to jobs that bring out their best and discover people that can make businesses boom. We're a team of flexible thinkers and detail obsessors, who believe that the right fit can lead to a happier life. Because when you really get people, you really open up a world of opportunity.

Locations



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