

# Industry Employment Projections

## 2018 Report



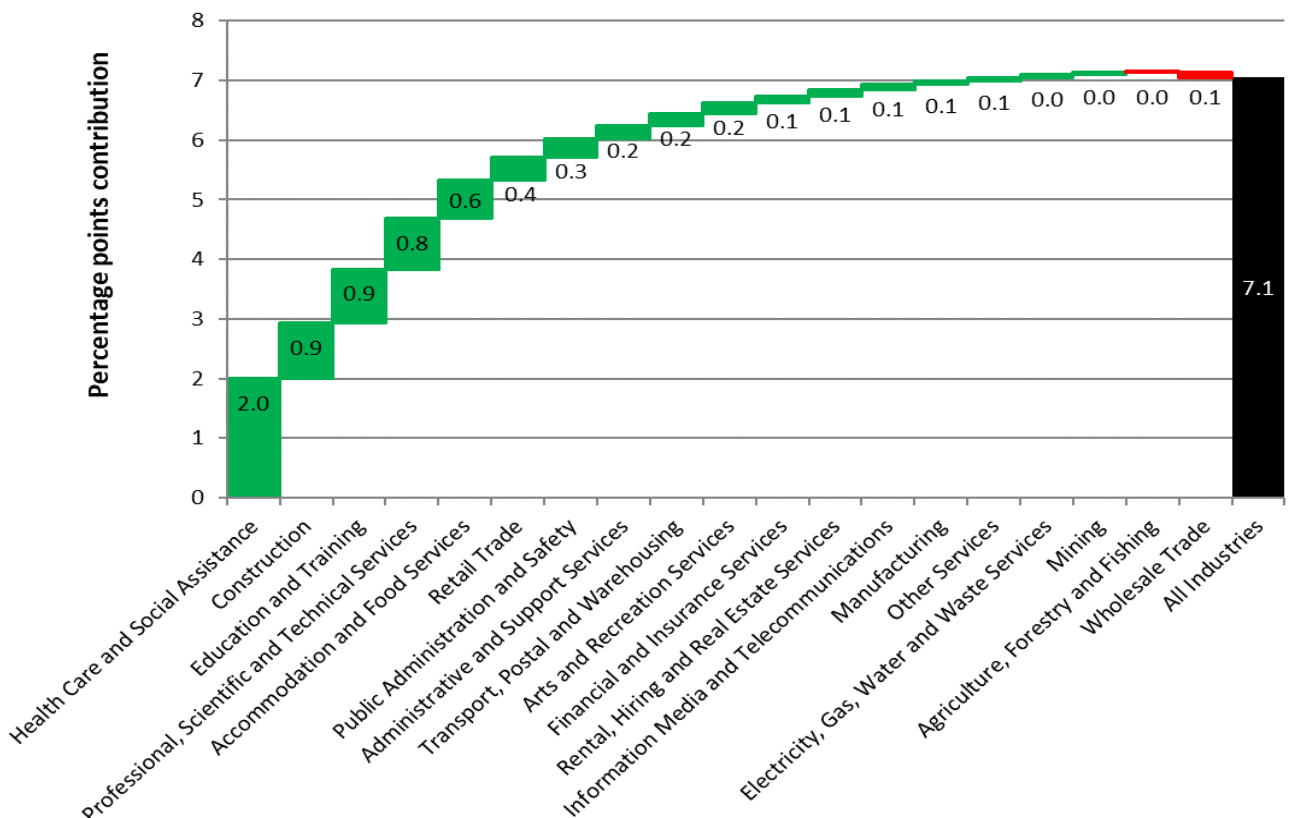
Australian Government  
Department of Jobs and Small Business

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The Department of Jobs and Small Business projects that total employment will increase by 886,100 (or 7.1 per cent) over the five years to May 2023. It should be noted that there are far more job opportunities created for job seekers through job turnover than through net employment growth, with ABS data showing there are around 4 to 5 million movements into, and out of, employment every year.<sup>1</sup> The 2018 employment projections are based on the forecasted and projected total employment growth rates published in the 2018-19 Budget, the Labour Force Survey (LFS) data (June 2018) for total employment, and the detailed quarterly LFS data (May 2018) for industry employment data.

- Employment is projected to increase in 17 of the 19 broad industries over the five years to May 2023, with declines in employment projected for **Wholesale Trade and Agriculture, Forestry and Fishing**.
- The long term structural shift in employment towards services industries is projected to continue over the coming five years. **Health Care and Social Assistance** is projected to make the largest contribution to employment growth (increasing by 250,300), followed by **Construction** (118,800), **Education and Training** (113,000) and **Professional, Scientific and Technical Services** (106,600). Together, these four industries are projected to provide almost two-thirds (or 66.4 per cent) of total employment growth over the five years to May 2023.

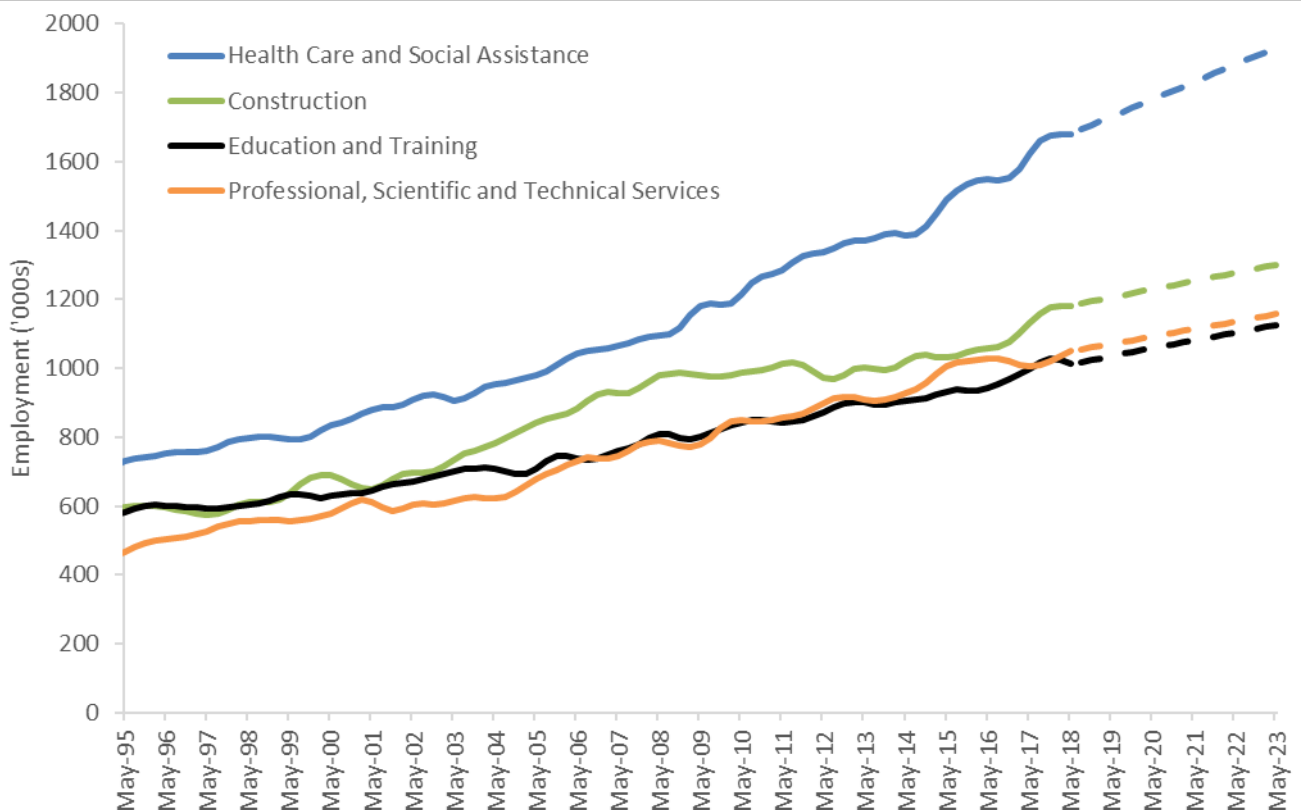
### Industry contribution to projected employment for the five years to May 2023



<sup>1</sup> Source: Department of Jobs and Small Business calculation from ABS, Labour Force, Australia (Cat. No. 6202.0), 12 months of original estimates.

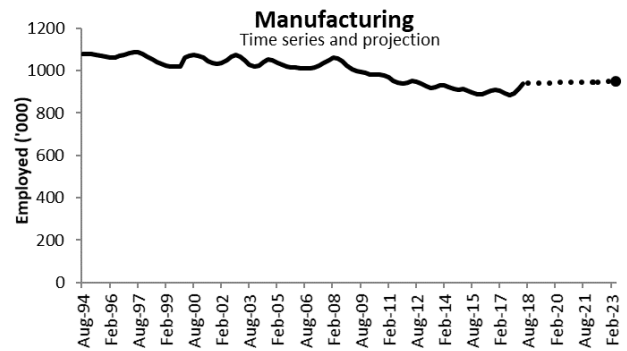
## Industry commentary

- Employment in **Health Care and Social Assistance**, the primary provider of new jobs in the Australian labour market since the 1990s, is projected to increase by 250,300 (or 14.9 per cent) over the next five years. While the resulting increase in this industry's share of total projected employment growth will be largely due to the full implementation of the National Disability Insurance Scheme (scheduled for 2019-20), Australia's ageing population and increasing demand for childcare and home-based care services also contribute to this strong projected growth.
- **Construction** industry employment is projected to grow by 118,800 (or 10.0 per cent) over the five years to May 2023. Employment growth in the engineering construction sector, supported by continued infrastructure investment, is expected to be stronger than that in Residential construction, which is expected to grow at a pace more in line with population growth.
- Employment in **Education and Training** is projected to increase by 113,000 (or 11.2 per cent) over the five years to May 2023. This growth is expected to be supported by growth in the school aged population, continued strength in the international education sector, growing demand for adult and community education and continuing growth in part-time workers and non-teaching staff in the industry.
- Employment in **Professional, Scientific and Technical Services** is projected to increase by 106,600 (or 10.2 per cent) over the five years to May 2023, reflecting ongoing strength in demand for the services of qualified and highly educated workers throughout the economy.
  - Although their employment growth is expected to moderate compared to the past five years, major contributions to the industry's employment growth are expected to come from the Computer System Design and Related Services sector, which is projected to grow by 37,700, from the Legal and Accounting Services sector, with employment projected to grow by 24,300, and from the Management and Related Consulting Services sector, where employment is projected to grow by 16,300. Trade-exposed firms are expected to be favoured by the Australian dollar remaining at levels similar to those prevailing over 2017.



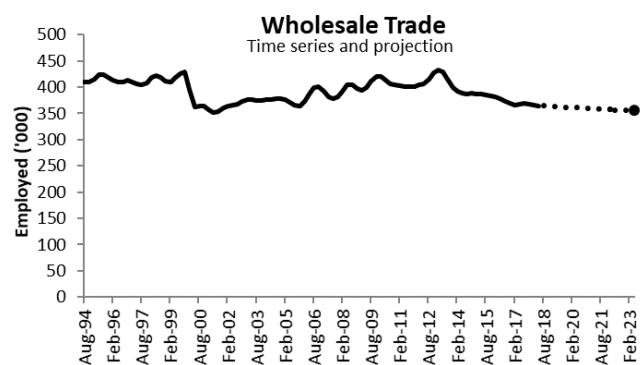
- The leisure economy is moving strongly in Australia with strong growth projected over the five years to May 2023.
  - **Accommodation and Food Services** employment is projected to increase by 81,400 (or 9.1 per cent), supported by a burgeoning Australian café society and strength in both domestic and international tourism as a result of the lower Australian dollar and an expanding middle class in Asia.
  - Employment in the **Arts and Recreation Services** industry is projected to increase by 22,000 (or 8.7 per cent) off the back of strong involvement in sport at all levels, and as the population becomes progressively more health conscious supporting growth in personal fitness and gyms.

- The long-term decline in **Manufacturing** employment is expected to abate over the five years to May 2023, with employment in the industry projected to grow by 8500 (or 0.9 per cent). Notwithstanding the long-term trend of falling employment in many sectors of the industry, this glimmer of hope reflects the increased competitiveness provided by the lower Australian dollar combined with an increased focus on adding value in global supply chains rather than in basic manufacturing.



- It is also, in part, that there is no longer a drain on employment growth from the Motor Vehicle and Motor Vehicle Part Manufacturing sector since the Ford, Holden and Toyota closures have been finalised. Government expenditure on defence has also supported other manufacturing sectors, particularly Other Transport Equipment Manufacture.

- **Wholesale Trade** employment is projected to fall by 9700 (or 2.7 per cent). Employment in the industry has fallen since reaching its peak of 433,100 in February 2013 off the back of the Mining boom. This decline reflects the passing of those favourable conditions combined with increasing automation and competitive pressures within and outside of the industry. In addition, the lines between Wholesale Trade and Retail Trade have blurred as retailers internalise wholesaling, and streamlined distribution processes, such as automation and online marketplaces, have increased labour productivity in the industry.



- The bulk of this decline in employment is projected to occur in Machinery and Equipment Wholesaling (down by 8100 or 9.3 per cent) as Mining investment continues to fall. Smaller declines are projected in Basic Material Wholesaling and Motor Vehicle and Motor Vehicle Parts Wholesaling.
- By contrast, employment in the Grocery, Liquor and Tobacco Product Wholesaling and the Other Goods Wholesaling sectors are projected to remain close to their current levels.

## Department of Jobs and Small Business Industry Projections – five years to May 2023

Industry	Projected employment growth – five years to May 2023	
	('000)	(%)
Agriculture, Forestry and Fishing	-1.4	-0.4
Mining	5.6	2.4
Manufacturing	8.5	0.9
Electricity, Gas, Water and Waste Services	6.1	4.1
Construction	118.8	10.0
Wholesale Trade	-9.7	-2.7
Retail Trade	47.6	3.7
Accommodation and Food Services	81.4	9.1
Transport, Postal and Warehousing	26.9	4.3
Information Media and Telecommunications	10.8	4.7
Financial and Insurance Services	14.2	3.2
Rental, Hiring and Real Estate Services	13.1	5.9
Professional, Scientific and Technical Services	106.6	10.2
Administrative and Support Services	27.9	6.6
Public Administration and Safety	37.7	5.0
Education and Training	113.0	11.2
Health Care and Social Assistance	250.3	14.9
Arts and Recreation Services	22.0	8.7
Other Services	6.9	1.4
<b>All Industries</b>	<b>886.1</b>	<b>7.1</b>

### Background and methodology

Each year, the Department of Jobs and Small Business produces employment projections by industry, occupation and region for the following five years, the latest being the five years to May 2023. These projections are produced using detailed data from the ABS Labour Force Survey.

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 Jobs and Small Business and known future industry developments. The projection for total employment growth is consistent with employment growth for the month of June 2018 and the Government's forecasts and projections for total employment growth from 2018-19 onwards, as published in the 2018-19 Budget.

The projections to May 2023 will be available on the Department's Labour Market Information Portal at <http://lmip.gov.au/default.aspx?LMIP/EmploymentProjections>. Occupational and regional projections for the five years to May 2023 are expected to be released in the coming months.

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