

Economics Weekly

This week's economic highlights

- **Internet advertised job vacancies** declined marginally in July but remain elevated compared to normal levels. Vacancies particularly eased in the hospitality industry and for skill level 5 (certificate I or secondary education) occupations.
- The **ABS Counts of Australian Businesses** indicates there were 2.6 million active businesses in Australia, up by 7% from one year earlier. This was driven largely by 'non-employing' businesses (such as sole traders), whose number grew by 9.9%.
- Women's **employment** continues to improve and now accounts for 48% of total employment. 61% of full-time employees are male and 39% are female.

Latest Australian economic data

The National Skills Commission's monthly **internet job vacancies index decreased by 3.8%** to 288,500 in July 2022 (see chart 1). Job ads fell across all skill level groups, with the largest decline in skill level 5 occupations (certificate I or secondary education). All 48 detailed occupation groups compiled by the NSC during July 2022 remained above their pre-COVID-19 level of recruitment activity. The NSC notes that *"job advertisements in capital cities recorded an increase of 63.9% compared to pre-COVID levels. By contrast, job advertisements in regional areas increased by 104.5%"*.

Job advertisement levels fell in all states and territories in July 2022. Month-on-month decline in recruitment activity was most significant in Northern Territory (-8.2% m/m), Victoria (-7.8% m/m) and the Australian Capital Territory (-6.0% m/m) (see chart 2).

Detailed occupational data from the NSC's Internet Vacancy Index (IVI) indicate that the occupations with the biggest decreases in job ads in July were (see chart 3):

- hospitality workers (-31.6% m/m),
- food trades workers (-18.4% m/m),
- food preparation assistants (-36.4% m/m),
- general-inquiry clerks, call centre workers and receptionists (-3.7% m/m) and
- ICT professionals (-4.4% m/m).

Across **skill level groups**, the NSC's IVI data indicate that job ads changed in July 2022 as follows:

- skill level 1 – bachelor degree or higher (-4.0% or - 4,200 vacancies),
- skill level 2 – advanced diploma or diploma (-3.5% or - 1,100 vacancies),

- skill level 3 – certificate IV or III¹ (skilled VET) (-4.0% or – 1,700 vacancies),
- skill level 4 – certificate II or III (-3.7% or – 2,900 vacancies),
- skill level 5 – certificate I or secondary education (-4.1% or – 1,700 vacancies).

The **ABS Counts of Australian Businesses** indicate that as of June 2022:

- There were 2.6 million actively trading businesses in Australia, up by 167,646 (+7.0%) from one year earlier. In June 2022, 1.55 million businesses had no employees, up by 140,102 (+9.9%) from one year earlier. 1.02 million businesses had at least 1 employee. The change in active businesses over the year included 472,731 new businesses and 305,085 exiting businesses.
- Most active Australian businesses had no employees (60% of all businesses). They include self-employed, sole proprietor and trading only businesses. 955,861 small businesses (1-19 employees) accounted for 37% of all businesses and 94% of employing businesses. 59,355 medium-sized businesses (20-199 employees) represented 2% of all businesses and 6% of employing businesses. Just 4,533 large businesses (200+ employees) represented 0.2% of all businesses and 0.4% of employing businesses.
- In 2021-22, the number of employing businesses increased by 2.8% (+27,544) from one year earlier. This growth is lower than the increase of 13.6% recorded in 2020-21. Small businesses grew by 24,070 (+3%) and medium-sized employing businesses increased by 3,309 businesses (+6%). Compared to 2020-21 when non-employing businesses fell but small businesses grew, in 2021-22 non-employing businesses grew while small businesses fell. More than 66,000 surviving employing businesses became non-employers, almost double the rate reported last year. That is, the business continued to exist but had shed all its employees.
- The industries with the largest net increase in businesses were construction (up by 33,452), professional services (up by 16,595) and transport (up by 16,530). Of the businesses that had been operating in 2018, 65% were still operating in 2021-22. Agriculture recorded the highest survival rate (75.5%) over this period, followed by health care (74.5%) and property services (73.6%). The lowest survival rates between 2017-18 and 2021-22 were recorded in public administration (55.0%) and 'transport, post and storage' (50.0%).

Australian labour market data

The monthly and quarterly **ABS Labour Force Survey** showed that across gender:

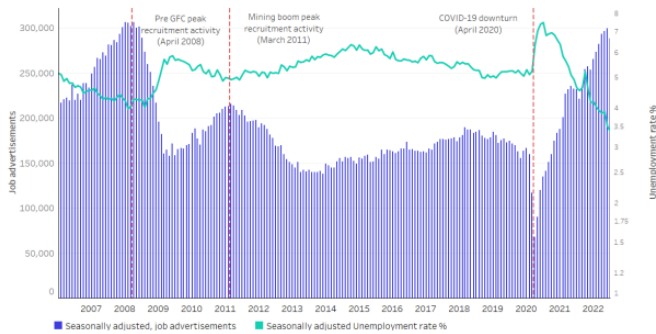
- **Employment:** Women's employment has steadily improved and now accounts for 48% of total employment in July 2022. However, women already account for half of youth employment (aged 15 to 24 years). Men had a higher employment-to-population ratio (68.4%) than women (60.1%) in July 2022. The male and female participation rates eased to 70.8% and 62.2% respectively in July 2022 (Chart 7).
- **Full vs part time employment:** Part-time employment now accounts for only 30.6% of total employment, lower than it was at the start of the pandemic. Of the 9,409,400 full-time employees, 61% were male and 39% were female. On the other hand, only 32% of part-time workers were male while 68% were female. For males, 81% work full-time while 19% work part-time. For females, 56% work full-time, with 44% part-time.

¹ Includes at least two years on-the-job training.

- **Unemployment:** With unemployment at record low, female and male unemployment was 3.4% in July 2022 (Chart 8). Of the 473,600 unemployed persons as of July 2022, 47.5% were women and 52.5% men. Men are also more likely to be unemployed for a short term (under a year) and long-term (over a year).
- **Industries:** The industries with women as the largest share of the workforce are health care (76%), education & training (73%), administrative services (57%), and hospitality (56%). Men dominate construction (87%), mining (81%), utilities (80%), transport & warehousing (76%) and manufacturing (72%) in May 2022. For more details see our [Factsheet](#).

Chart 1: The National Skills Commission’s monthly **internet job vacancies index decreased by 3.8%** (11,200 job ads) to 288,500 in July 2022. Job ads decline was strongest for skill level 5 occupations (certificate I or secondary education).

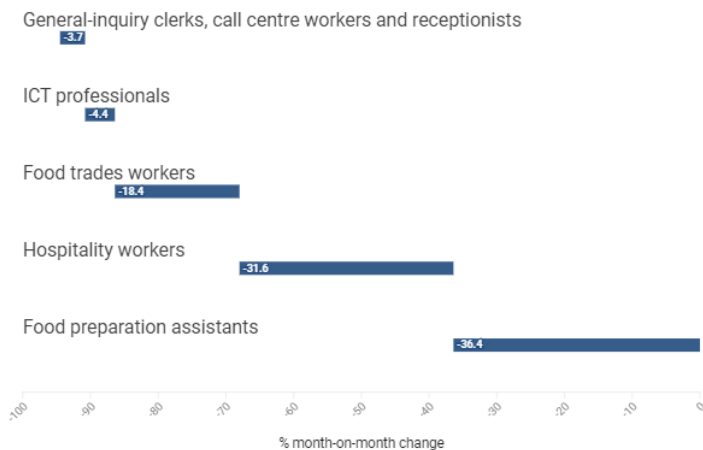
Online job ad volumes – January 2006 to July 2022



Source: National Skills Commission, *Vacancy Report*, Jul 2022

Chart 3: Detailed occupational data from the NSC’s Internet Vacancy Index indicate that the **occupations with the biggest decreases in job ads** in July were food preparation assistants and hospitality workers.

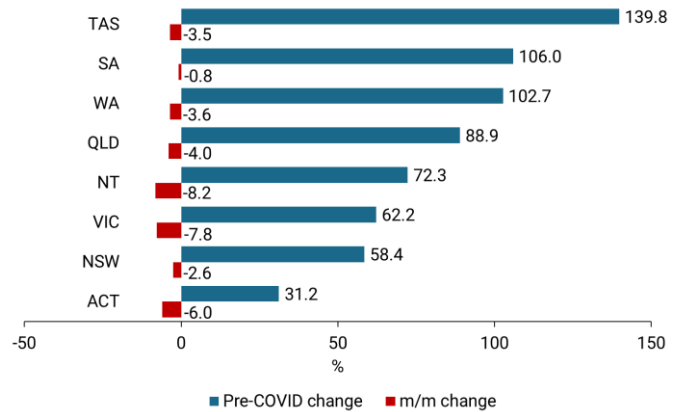
Largest decline across detailed occupations, July 2022



Source: National Skills Commission, *Vacancy Report*, Jul 2022

Chart 2: The number of **job vacancies advertised online** fell in July 2022 in all states and territories. Job ads fell most prominently in the NT, Vic and the ACT. All states had more job ads in July 2022 than prior to COVID.

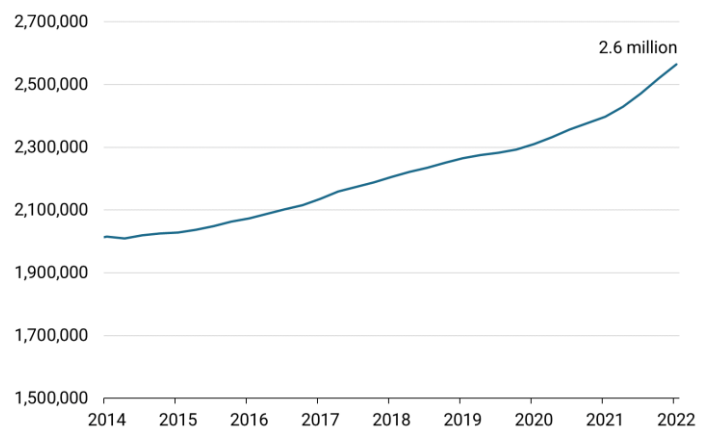
Online job ads growth, by state and territory, July 2022



Source: National Skills Commission, *Vacancy Report*, Jul 2022

Chart 4: There were **2.6 million actively trading businesses** in Australia in June 2022, up by 7.0% from one year earlier. 1.55 million businesses had no employees,

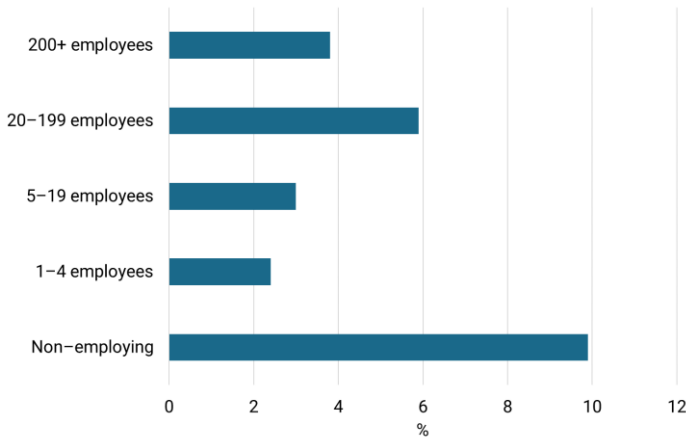
Count of total Australian businesses, June 2022



Source: ABS, *Counts of Australian Businesses, including Entries and Exits*, Jun 2022

Chart 5: The number of employing businesses increased by 2.8% (+27,544) from one year earlier. Small businesses (1-19 employees) grew by 24,070 (+3%) and medium-sized employing businesses increased by 3,309 businesses (+6%).

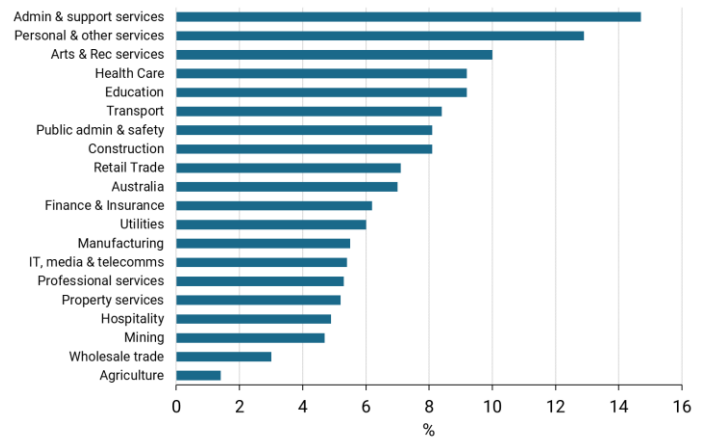
Annual change in businesses by employment size, 2021-22



Source: ABS, *Counts of Australian Businesses, including Entries and Exits*, Jun 2022

Chart 6: The industries with the largest net increase in businesses were construction (+33,452) and professional services (+16,595). Administrative & support services (+14.7%) and personal & other services (+12.9%) had the largest percentage growth in businesses.

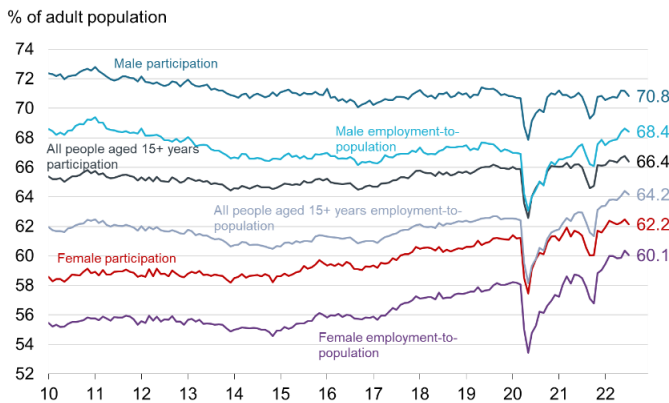
Annual change in businesses by industry, 2021-22



Source: ABS, *Counts of Australian Businesses, including Entries and Exits*, Jun 2022

Chart 7: Men had a higher employment-to-population ratio (68.4%) than women (60.1%) in July 2022. The male and female participation rates eased to 70.8% and 62.2%.

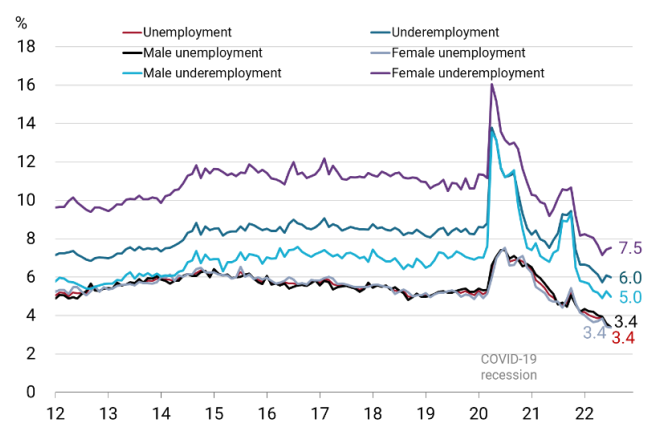
Participation rates and employment-to-population ratios by sex, 2010 to July 2022



Source: ABS, *Labour Force*, Jul 2022

Chart 8: Female and male unemployment was 3.4% in July 2022. Men are more likely to be unemployed both short term and long term (over a year).

Unemployment and underemployment rates by sex, 1982 to July 2022



Source: ABS, *Labour Force*, Jul 2022

This week's data and events 22 Aug – 26 Aug 2022

Day	Date	Data/event	Data period
Wed	24 Aug	NSC, Internet Vacancy Index	July 2022
Thu	25 Aug	ABS, Labour Force Detailed	July 2022
Thu	25 Aug	ABS, Counts of Australian Businesses, Entries and Exits	June 2021-22

Next week's data and events 29 Aug – 02 Sep 2022

Day	Date	Data/event	Data period
Mon	29 Aug	ABS, Retail Trade	July 2022
Tue	30 Aug	ABS, Building Approvals	July 2022
Wed	31 Aug	ABS, Construction Work Done, Australia, Preliminary	June 2022
Thu	01 Sep	ABS, Private New Capital Expenditure and Expected Expenditure	June 2022
Thu	01 Sep	ABS, Lending Indicators	July 2022
Thu	01 Sep	Ai Group, Performance of Manufacturing	August 2022

Ai Group Industry Performance Indicators

Australian Performance of Manufacturing Index®	July 2022	52.5 ▼
Australian Performance of Construction Index®	July 2022	45.3 ▼
Australian Performance of Services Index®	July 2022	51.7 ▲

Seasonally adjusted. Arrows represent direction of movement relative to last observation. Source: Ai Group.

Australian economy: latest annual growth rates and RBA forecasts (as of Aug 2022)

% change over the year	Dec 2021	Jun 2022	Dec 2022	Jun 2023	Dec 2023	Jun 2024	Dec 2024
Gross domestic product (GDP)	4.2	3.5	3.2	2.3	1.8	1.8	1.7
Household consumption	3.5	4.6	4.9	2.8	2.4	2.3	2.2
Dwelling investment	5.3	-1.7	1.7	2.5	-0.1	-2.6	-4.8
Business investment	6.4	1.6	4.9	5.9	6.6	5.7	4.6
Public demand	5.1	6.3	3.6	-0.5	-0.7	0.8	1.8
Gross national expenditure	5.0	4.1	3.7	1.5	1.5	1.8	1.9
Imports	1.0	5.0	11.4	6.2	4.0	3.0	2.9
Exports	-2.6	2.3	8.6	9.8	5.1	2.8	2.2
Terms of trade	10.3	6.8	2.6	-14.6	-8.9	-4.4	-1.6
Real household disposable income	3.7	3.9	-0.9	-3.1	-0.9	0.9	1.5
Unemployment rate (qtr average, %)	4.2	3.8	3.4	3.4	3.5	3.7	4.0
Employment	2.1	3.2	4.4	2.2	1.4	1.1	0.9
Average wage rates (WPI)	2.3	2.6	3.0	3.4	3.6	3.8	3.9
Trimmed mean inflation (CPI)	2.6	4.9	6.0	5.0	3.8	3.3	3.0
Headline inflation (CPI)	3.5	6.1	7.8	6.2	4.3	3.5	3.0

■ = actual. □ = forecast. Sources: ABS, various data; RBA 'baseline scenario' in *Statement on Monetary Policy*, August 2022.

Forecasts 3 August. Forecasts are conditioned on a path for the cash rate broadly in line with expectations derived from surveys of professional economists and financial market pricing. Other forecast assumptions: TWI at 63, A\$ at US\$0.69 and Brent crude oil price at US\$94bbl. Assumed rate of population growth is broadly in line with the profile set out in the Aus Gov 2022/23 Budget.

Ai Group Research and Economics Team

Dr Jeffrey Wilson
Director of Research
and Economics

Colleen Dowling
Senior Research Analyst
& Team Leader

Dr Nike Adeoye
Economist

Dr Aneeq Sarwar
Senior Economist

Adiba Mohammed
Research Assistant

economics@aigroup.com.au