Overview of the Melbourne Labour Market
21 November 2012

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Labour Market Research and Analysis Branch
Melbourne labour market profile:
Source: ABS Labour Force, Electronic Delivery, cat. no. 6291.0.55.001, October 2012 three month averages of original data.

Total employment in Melbourne increased by 0.3% (or 6,122 people), slightly lower than Australia (0.5% or 61,360 people).

The unemployment rate has remained at 5.3% in the 12 months to October 2012. Similarly, Australia increased by only 0.1% pts to 5.2%. The unemployment rate for the Remainder of Victoria has increased by 0.9% in the 12 months to October 2012.

Labour market participation decreased in Melbourne, the Remainder of Victoria and Australia (decreases of 0.6% pts, 0.3% pts and 0.4% pts respectively).
**Regional Disparity**


This table shows the regional disparity between areas of Melbourne. Despite strong employment growth there are still areas of disadvantage with high unemployment rates and lower participation rates.
**Full-time jobs in decline:**

Source: ABS Labour Force, Electronic Delivery, cat. no. 6291.0.55.001, October 2012 3 month averages of original data.

Over the 12 months to October 2012, employment in Victoria has increased by 4,700. However, full-time employment has decreased by 19,500 and part-time employment has increased by 24,300. The decrease in full-time employment was highest in the Remainder of Victoria (-14,000).
Impact not evenly felt:

Source: ABS Labour Force, Electronic Delivery, cat. no. 6291.0.55.001, October 2012 3 month averages of original data.
Internet vacancies:

*Source: DEEWR, Vacancy Report, September 2012.*

The number of internet job ads in Victoria halved between February 2008 (90,000) and June 2009 (45,000).

There was a slight recovery in 2010 and early 2011, but vacancy numbers have now fallen back to levels below that of June 2009 (currently 41,000).
Increase in dismissals since GFC
Source: ABS Labour Force, Electronic Delivery, cat. no. 6291.0.55.003, October 2012; 4 quarter averages of original data.

Over the last 10 years, there have been more unemployed males who involuntarily lost their jobs in Victoria than females. However, with the onset of the GFC, there was a rapid increase for males that was not matched by females, with a similar situation also occurring over the past 12 months.
### Long-term Unemployment

Source: ABS Labour Force Data, October 2012, 12 month averages of original data.

Long-term unemployed are those who have been unemployed and looking for work for at least 52 weeks.

The proportion of unemployed persons who were long-term unemployed in Melbourne (16.1%) was below both the Remainder of Victoria (20.1%) and Australia (18.7%).

The average duration of unemployment in the Remainder of Victoria (43 weeks) was much higher than Melbourne (31 weeks) and Australia (37 weeks).

<table>
<thead>
<tr>
<th>Region</th>
<th>Long-term unemployed (52 weeks or more)</th>
<th>Average duration of unemployment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Persons ('000)</td>
<td>Per cent of all unemployed</td>
</tr>
<tr>
<td>Melbourne</td>
<td>19.8</td>
<td>16.1%</td>
</tr>
<tr>
<td>Remainder of Victoria</td>
<td>8.6</td>
<td>20.1%</td>
</tr>
<tr>
<td>Australia</td>
<td>118.4</td>
<td>18.7%</td>
</tr>
</tbody>
</table>
Jobless Families
with children under 15

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of jobless families</th>
<th>Proportion of all families who are jobless</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Eastern Melbourne LFR</td>
<td>7,880</td>
<td>15%</td>
</tr>
<tr>
<td>Inner Eastern Melbourne LFR</td>
<td>3,915</td>
<td>7%</td>
</tr>
<tr>
<td>Melbourne</td>
<td>46,136</td>
<td>12%</td>
</tr>
<tr>
<td>Remainder of Victoria</td>
<td>20,583</td>
<td>15%</td>
</tr>
<tr>
<td>Australia</td>
<td>294,874</td>
<td>14%</td>
</tr>
</tbody>
</table>

One in eight families with children under 15 in Melbourne are jobless.
• 1 in 19 couple families
• Almost one in 2 lone parent families


Jobless Families:

Jobless families are families where no parent is employed (ABS 2006 Census of Population and Housing).

The proportion of families with children under 15 years in Melbourne who are jobless (12%) is slightly below both the State (13%) and Australia (14%).
Disengaged Youth:

This chart shows persons aged 16-24 years in Melbourne who are neither working nor studying.
Educational Attainment: 25-34 years of age

Source: ABS 2011 Census of Population and Housing

Year 12 completion rates for people aged 25-34 years old are considerably higher in Melbourne (83%) than both the Remainder of Victoria (64%) and Australia (75%). However, results vary across the city, with 91% of 25-34 year olds in the Inner Eastern Melbourne LFR having a Year 12 Certificate or equivalent compared with 72% for those in the South Eastern Melbourne LFR.

A similar result can be seen for the proportion of people aged 25-34 years old that have attained a Bachelor Degree or higher.
Mixed school results by area:

**Source:** Myschool website.

This slide shows the proportion of Year 9 students at a selected government high school in the South Eastern Melbourne LFR and North Eastern Melbourne LFR who did not meet minimum standards for Persuasive Writing, Spelling and Grammar in 2011, compared with the proportions of Year 9 students who did not meet minimum standards for Persuasive Writing, Spelling and Grammar in Victoria and nationally.

While the selected government school’s data are not necessarily representative of all Year 9 students in the regions identified, it demonstrates that there are some pockets of disadvantage.

### South Eastern Melbourne LFR

- **Selected School:** Hampton Park Secondary College
- **Other Local Schools:** Cranbourne Secondary College
  - Fountain Gate Secondary College

### North Eastern Melbourne LFR

- **Selected School:** Diamond Valley College
- **Other Local Schools:** Warrandyte High School
  - St Helena Secondary College

<table>
<thead>
<tr>
<th>% of Yr 9 government students who did not meet the minimum standards in:</th>
<th>South Eastern Melbourne LFR</th>
<th>North Eastern Melbourne LFR</th>
<th>Victoria</th>
<th>Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persuasive Writing</td>
<td>28%</td>
<td>15%</td>
<td>11%</td>
<td>14%</td>
</tr>
<tr>
<td>Spelling</td>
<td>15%</td>
<td>9%</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>Grammar</td>
<td>19%</td>
<td>8%</td>
<td>6%</td>
<td>9%</td>
</tr>
</tbody>
</table>
Importance of education to labour market outcomes:


This slide illustrates the correlation between education and labour market outcomes in Melbourne, with higher labour force participation rates and lower unemployment rates for those with higher levels of educational attainment. This reflects the pattern seen across Australia and demonstrates the importance of continuing education to help job seekers obtain employment and participate in the labour market.
**Migrant arrivals in last 5 years:**
*Source: Department of Immigration settlement reporting facility www.immi.gov.au.*

In the five years to September 2012, there were 233,735 migrant arrivals in Victoria:
- 206,898 (89%) went to Melbourne
- 26,837 (11%) went to the Remainder of Victoria.

Migrants of working age made up 7% of the working age population of Melbourne.
## OTMESC Labour Market Outcomes

Migrants born in an Other Than Main English Speaking Country

**Source:** ABS 2011 Census of Population and Housing

<table>
<thead>
<tr>
<th>Region</th>
<th>OTMESC proportion of working age population</th>
<th>Unemployment Rate</th>
<th>Participation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>OTMESC</td>
<td>Non-OTMESC</td>
<td>OTMESC</td>
</tr>
<tr>
<td>Melbourne</td>
<td>32%</td>
<td>7.8%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Remainder of Victoria</td>
<td>11%</td>
<td>7.8%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Australia</td>
<td>24%</td>
<td>7.7%</td>
<td>5.3%</td>
</tr>
</tbody>
</table>

### OTMESC Labour Market Outcomes:

*Source: ABS 2011 Census of Population and Housing*

This table compares labour market outcomes for those people born in an Other than Main English Speaking Country (OTMESC) compared with the remaining (Non-OTMESC) population. Non-OTMESC countries include Australia, Canada, Ireland, New Zealand, South Africa, United Kingdom and the United States of America.

At the time of the 2011 Census, 32% of the working age population in Melbourne were born in an OTMESC, higher than both Victoria (27%) and Australia (24%).

People born in an OTMESC have a higher unemployment rate and lower participation rate when compared with those born in a non-OTMESC.
OTMESC have a higher unemployment rate and are more vulnerable to downturns...

Over the last 30 years, migrants from an other than main English speaking country have had a higher unemployment rate compared with all Victorians. Importantly, the increase in the unemployment rate for OTMESC migrants during economic downturns is greater than for the population as a whole.
Recent arrivals are more vulnerable

Source: ABS Labour Force, Electronic Delivery, cat. no. 6291.0.55.001, October 2012; 12 month averages of original data.

Recent OTMESC migrants consistently have a higher unemployment rate than those who have been in Australia for longer. OTMESC migrants who have been in Australia for 10 years or more have unemployment rates very similar to those who were born in Australia.

Additionally, economic downturns often have a larger negative impact on recent OTMESC migrants compared with those who have been in Australia longer, as demonstrated by the increase in unemployment rate between 1990 and 1995.
Most common occupations for recent OTMESC migrants in Melbourne:


This slide lists the most common occupations for recent OTMESC migrants in Melbourne, which includes many of the fastest growing occupations in Australia.
Migrant Underutilisation:


This chart illustrates migrant underutilisation by comparing labour market participation of those with a Bachelor Degree or higher by whether or not they were a migrant from an Other Than Main English Speaking Country.

Lower Skilled Occupation refers to those in the Machinery Operators and Drivers, Sales Workers and Labourers occupation groups.

Overall, 34 per cent of the working age population in Melbourne born in an OTMESC have obtained a Bachelor Degree or higher qualification, compared with 27 per cent for the Non-OTMESC population.

Of the working age population, there was a lower level of labour market participation for highly qualified OTMESC persons compared with the Non-OTMESC population. For both male and females, a higher proportion of the OTMESC population with a Bachelor Degree or higher were either not in the labour force, unemployed or employed in a lower skilled occupation.
Importance of English Proficiency to Labour Market Outcomes in Melbourne:

There is a clear correlation between English language proficiency and labour market outcomes. Among those who reported lower levels of proficiency in spoken English, unemployment rates were higher and participation rates lower.

This data is from the 2011 Census of Population and Housing, which asked for the English proficiency of those who primarily spoke a language other than English at home.
Essential - English proficiency:
Source: Seek Advertisements (Accessed 8 November 2012).

This slide illustrates the importance of English language proficiency for jobs at all skill levels.
Employer Survey Results - Melbourne

- Recruitment activity easing slightly on 2011 levels
  - 1 in 9 jobs became vacant in last six months
- Recruitment difficulty also easing since 2011
  - But just over half recruiting employers had difficulty filling a vacancy in the last six months
  - Fewer lower skilled job opportunities
  - Unfilled vacancies persistently high for Technicians and Trades Workers occupations


Employer Survey Results - Melbourne:


Survey of Employers in Capital cities, March/April 2012.
- 3,295 responses
- Follows 2011 survey
### Summary of recruitment conditions in each capital city

<table>
<thead>
<tr>
<th>City</th>
<th>Recruitment Activity</th>
<th>Recruitment Difficulty</th>
<th>Recruitment Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>SYDNEY</td>
<td>MODERATE</td>
<td>MILD</td>
<td>WEAKENING</td>
</tr>
<tr>
<td>MELBOURNE</td>
<td>MODERATE</td>
<td>MODERATE</td>
<td>WEAKENING</td>
</tr>
<tr>
<td>BRISBANE</td>
<td>MODERATE</td>
<td>MODERATE</td>
<td>STEADY</td>
</tr>
<tr>
<td>ADELAIDE</td>
<td>MODERATE</td>
<td>MODERATE</td>
<td>WEAKENING</td>
</tr>
<tr>
<td>PERTH</td>
<td>HIGH</td>
<td>HIGH</td>
<td>STRONG</td>
</tr>
<tr>
<td>HOBART</td>
<td>SUBDUED</td>
<td>MILD</td>
<td>SUBDUED</td>
</tr>
<tr>
<td>DARWIN</td>
<td>HIGH</td>
<td>VERY HIGH</td>
<td>VERY STRONG</td>
</tr>
<tr>
<td>CANBERRA</td>
<td>MODERATE</td>
<td>HIGH</td>
<td>STEADY</td>
</tr>
</tbody>
</table>

**Summary of recruitment conditions in each capital city:**


- Summary results were derived by considering a range of indicators collected in the survey.
- Recruitment outlook was for the six months following the survey.
Fewer unfilled vacancies for lower skilled jobs – Time Series:


Over the last three years, the proportion of lower skilled vacancies that remained unfilled has fallen, and was 1.4% in 2012. By contrast, the proportion of vacancies remaining unfilled for Technicians and Trades Workers has increased to 15.8% in 2012 from 13.3% in 2011.
Varying success in filling vacancies:


Employers in Melbourne were generally successful in filling vacancies for lower skilled occupations, with only 1.4% remaining unfilled. By contrast, much higher proportions of vacancies remained unfilled for Technicians and Trades Workers and Managers occupation groups (15.8% and 14.3% respectively).
Many vacancies filled with staff requiring development:

A significantly lower proportion of employers in Melbourne (6%) filled their vacancy with staff lacking the required skills or capabilities, compared with 13% for all capital cities.

Almost one in ten (9%) of Sales Workers vacancies were filled with a worker requiring development compared with only 2% of vacancies for Community and Personal Service Workers.
Employability skills a must:

This graph shows the importance of applicants having employability skills as well as job specific skills.
One in nine recently recruited staff did not have the desired capabilities for the position.

Employers are more willing to hire an applicant who is lacking in Job Specific Skills than one lacking in Employability Skills.
Occupation Based Classifications – Higher Skilled Occupation Categories:

This table shows high skilled occupations by level of difficulty in all capital cities March 2012

**Red** = the majority of employers reported the occupation was difficult to recruit for or a relatively high number of vacancies remained unfilled or both.

**Yellow** = employers often reported it being difficult to recruit for or employers often recruited a worker who did not have the desired skills or capabilities or both.

**Green** = few or no indicators of difficulty recruiting for the occupation.

However, other indicators, such as the suitability of staff hired, the number of applicants and whether the employer extended the recruitment process, were also used when categorising each occupation.

<table>
<thead>
<tr>
<th>Professionals and Managers</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitality, Retail and Service Managers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Teachers</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>ICT Professionals</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Registered Nurses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Technicians and Trades Workers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive Electricians and Mechanics</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mechanical Engineering Trades Workers</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Food Trades Workers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structural Steel and Welding Trades Workers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Occupation Based Classifications – Lower Skilled Occupation Categories:


This table shows lower skilled occupations by level of difficulty in all capital cities March 2012.

Red = the majority of employers reported the occupation was difficult to recruit for or a relatively high number of vacancies remained unfilled or both.

Yellow = employers often reported it being difficult to recruit for or employers often recruited a worker who did not have the desired skills or capabilities or both.

Green = few or no indicators of difficulty recruiting for the occupation.

However, other indicators, such as the suitability of staff hired, the number of applicants and whether the employer extended the recruitment process, were also used when categorising each occupation.
Renewed concern about the economy and future demand:


43% per cent of employers reported Demand/Economy as their single greatest concern in the six months following the survey.

However, there was some variability across industries.

• 37% of employers in the Health Care and Social Assistance industry reported Recruitment/Retention Difficulty as their greatest concern in the six months following the survey compared with only 19% of employers citing Demand/Economy.
Melbourne labour market relatively strong with low unemployment rate, but...
- Employment growth has stalled, with full-time job losses across the state
- Declining vacancies
- Considerable variation across the city

Disadvantaged groups:
- Lower educated, disengaged youth, long-term unemployed
- Unemployment and underutilisation of migrants

Considerable opportunities still exist
- Melbourne has a large and diverse labour market
- Many higher skilled occupations remain difficult to recruit for and in demand
- Melbourne continues to have many vacancies for lower skilled and entry level positions
- Growth industries including Health Care and Social Assistance & Professional, Scientific and Technical Services

Job seekers need to be job ready
- Training / apprenticeships, work experience
- Employability skills, positive attitudes
- English proficiency

Stakeholders need to work together: providers, educational institutions, employers and job seekers
If you have any questions about the presentation please contact the Regional and Industry Employer Surveys Section on 1800 059 439 or email recruitmentsurveys@deewr.gov.au