

# employment market trends

September Quarter, 2023

So far 2023 has been the year of the job market “leveling out” when compared to the recovery 2022 boom. Job ad volumes recorded another incremental decline in September, falling 1.8%. Despite this downward trend when compared to 2022, job adverts are still higher than the levels before COVID-19, with volumes being 17.1% higher than in September 2019. Applications per job advert continue to rise, although the rate has slowed. This change in pace may be an indication that application activity is stabilising or reaching a plateau after several months of significant growth. Economic conditions, shifts in remote work practices, and evolving labour market dynamics could also be influencing factors.

The December quarter is expected to bring the traditional seasonal surges in retail, customer service, warehouse, digital, and e-commerce positions. However, it’s likely that the impact of the shortage of skilled workers in the finance sector will still persist.

Source: \*SEEK Sept report 2023

## SEEK Advertised Salary Index



## Market insight:

While the RBA kept interest rates unchanged from July to September, many people were still adjusting to the increased cost of living. The cascading impact of the rising cost of living has been observed throughout the business sector, prompting many leaders to anticipate shifts in customer and client purchasing behaviours. In August, the economy added 65,000 jobs, surpassing expectations and raising the chance of more interest rate hikes in a bid to combat inflation and economic risks.\* NSW recorded a second big jump in the jobless rate in as many months. After boasting a 2.9% rate in June, it has now increased 0.7% points to 3.6% however, workforce participation remains historically high at 67%\*.

## Projected growth:

At mme, we observed a heightened demand for accountancy skills across entry, mid and senior positions, encompassing both short-term contracts and permanent roles during the September quarter. We are anticipating this need will be carried forward in the December quarter along with seasonal spikes across Supply Chain, Customer Service and eComm roles. According to the Australian Skills Commission, health and care skills are expected to experience the most significant growth in terms of hours worked, followed by business operations and the financial sector\*\*. Interestingly, the ABS has reported that 91% of total employment growth is in occupations that typically require post-school qualifications. Salaries continued an upward trend, with SEEK’s report indicating a 1.5% quarterly increase during the September quarter. Remuneration 2024 forecasts suggest salary increases will range from 3.5% to 5.0% \*\*\*compared to 2023.

Source: \*ABS Sept 2023 \*\*ASC, Years ahead 2023 \*\*\*Mercer Remuneration trends

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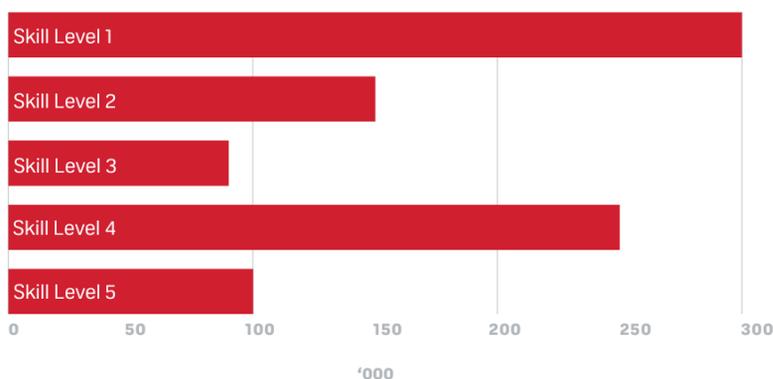
## Trends:

As the economy gradually cools, economic experts foresee a slow increase in the unemployment rate, reaching 4.7%\* by the end of 2024. Nevertheless, there is a silver lining, as this rate remains below the pre-COVID levels. In the upcoming 12 months, it may become easier for employers to seek out and hire talent given the slight changes in unemployment. What will truly distinguish employers and enhance overall productivity are their retention strategies. The responsibility still rests with hiring managers to provide attractive incentives and competitive compensation packages to differentiate themselves from competing offers and entice top talent to stay or to join their ranks.

An interesting emerging trend is a prediction that 90% of new job opportunities in the next five years will demand post-school education. Anticipated job growth in Skill Level 1 positions, which typically mandate a Bachelor's degree or higher, is expected to contribute to over 50% of the overall employment growth forecast until November 2026. Similarly, Skill Level 4 occupations, which usually require a Certificate II or III, also exhibit robust growth prospects.

## PROJECTED EMPLOYMENT GROWTH BY SKILL LEVEL

Nov 2021 - Nov 2026



\*ABS Labour Force Sept 2023 Graph Source: National Skills Commission



## The Job Seeker profile:

Today's job seekers have a well-defined set of priorities. They seek clarity on a hiring company's purpose, impact, and values, with a strong desire for a workplace that aligns with their own principles. Their top priorities are:

**Stability:** Security within both the company and the industry it operates in is high up the value chain.

**Growth Pathways:** They desire opportunities for career growth and a clearly defined path for advancement.

**Transparency and Trust:** Guarantees of transparency and trust within the working environment are crucial. Where open communication and a positive atmosphere is fostered.

**Negotiating Salaries:** Job seekers are increasingly negotiating hard on salaries to secure fair compensation that reflects their skills and contributions.

## Expert Opinion:

Locally, with the tight labour supply putting upward pressure on salaries, it's time for employers to lower their hiring expectations if they can't lift salaries. **Employers using under-experienced candidates and investing in training are taking their pick of the talent.** Offering things like apprenticeships and traineeships is allowing them to not only meet their budgets, but to develop future talent pipelines. If entry-level hiring is off the table then **it's time to get creative with non-monetary benefits.** Alternatives like remote work, flextime, compressed workweeks, as well as tuition reimbursement or conference attendance are having real impact for the job seeker, without the annual price-tag for employers.



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