



ManpowerGroup

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## **AUSTRALIA'S JOB OUTLOOK REMAINS BUOYANT DESPITE WIDENING GAPS BETWEEN KEY SECTORS**

*ManpowerGroup Employment Outlook Survey Q2 2017*

**AUSTRALIA (EMBARGOED UNTIL 14 MARCH 2017):** Australian employers remain cautiously optimistic about the second quarter of 2017 despite the slowed economic and business growth that marked the end of 2016, according to the latest ManpowerGroup Employment Outlook Survey, released today. The survey shows that while 15% of the interviewed employers intend to increase their headcount in Q2 2017, the majority (78%) are planning no changes in the coming quarter.

The resulting national Net Employment Outlook (NEO)<sup>1</sup> is +9%, unchanged since last quarter. While relatively stable quarter-over-quarter, this is the largest NEO growth compared to global counterparts, with a year-over-year growth of five percentage points.

Richard Fischer, Managing Director, ManpowerGroup Australia and New Zealand, said that Australia is experiencing its best year-over-year growth in Outlook in five years when comparing Q2 2017 with Q2 2016. This result is bolstered by positive signs from the Mining & Construction sector where Western Australia in particular appears to be emerging from a protracted downturn, with employers there reporting an NEO of +6%, an increase of 21 percentage points year-over-year.

Overall a moderate hiring pace is forecast to continue nationally in Q2 2017 with some clear growth industries and states set to lead the charge. Mr Fischer also noted that while large businesses posted a strong NEO – up 12 percentage points year-over-year – this masked a more stagnant forecast for small to medium businesses.

“While the Australian labour market is relatively stable, businesses across the board are focused on two key hiring considerations – cost reduction and bolstering IT capabilities. A surprise lift in GDP figures coupled with the latest round of results reporting showing an uptick in company profits, along with a fall in unemployment from 5.8% to 5.7% may give cause for further optimism if these trends continue,” said Mr Fischer.

“Meanwhile, digital transformation is a key priority for both private and public sector organisations, driving a renewed focus on sourcing the right IT talent in what remains a skills-short market. The majority of businesses are extremely concerned about whether their organisational workforce has the skills required to keep pace with the Skills Revolution taking place globally as well as the digital advancement currently dominating the Australian market,” he explained.

This focus on digital is evidenced by the fact that the Services sector is the strongest of all those surveyed, with an overall NEO of +15%. The quarterly outlook has seen a rise of three percentage points since Q1 2017 and an overall jump of seven percentage points year-over-year.

Elsewhere, the Mining & Construction sector recorded its strongest NEO in nearly five years, at +12%. On the east coast this has been driven by the property boom which led to increased construction rates. On the west coast growth has been linked to a renewed boom in resources and rising commodity prices.

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<sup>1</sup> The Net Employment Outlook is calculated by subtracting the percentage of employers anticipating a decrease in hiring activity from the percentage of employers anticipating an increase in employment. Seasonal adjustment is then applied to the data.

“The construction industry, particularly on the eastern seaboard, has been experiencing strong employment growth in recent years, thanks in large part to falling interest rates and a rise in residential spending since 2014. However, there are concerns that this thriving sector is set to decline throughout 2017.

“The property booms in New South Wales and Victoria have seemingly reached a tipping point. With house prices at an untenable level for many, and a decrease in building approvals year-on-year, it is likely that job seekers in these two states in particular will start to feel the effects of a tightening market towards the end of 2017. The impact may already be noticeable in Victoria, which saw the biggest decrease in hiring intentions of all the states, dropping three percentage points since Q1 2017 and two percentage points year-over-year.

“It’s notable that, while the Construction sector may be facing a slowdown, the Mining sector experienced a surprising upturn in commodity prices throughout 2016, with a positive knock-on effect to the labour market and investor sentiment. Looking to 2017, we are currently seeing large mining companies moving towards high-volume labour hires across Queensland and Western Australia, which is effectively decreasing permanent hiring and increasing contract labour within the mining sector,” Mr Fischer said.

Wholesale Trade & Retail Trade sector employers reported the weakest of the eight sector Outlooks, standing at +5%. Hiring intentions remained relatively stable quarter-over-quarter and improved by five percentage points when compared with Q2 2016. The Finance, Insurance & Real Estate sector is at its weakest since Q3 2009, with a NEO of +7%; dropping four percentage points since Q1 2017 and six percentage points year-over-year.

Looking to other industries, Manufacturing hiring intentions have improved 4 percentage points since Q1 2017 and an increase of 5 percentage points year-over-year. Meanwhile employer outlook in the Public Administration sector has seen a drop of two percentage points from last quarter, to an overall NEO of +7%.

Employers in New South Wales and the Australian Capital Territory report the strongest regional Outlooks at +14%. In New South Wales, hiring prospects strengthened by three and five percentage points quarter-over-quarter and year-over-year, respectively. Employers in the Australian Capital Territory reported an increase of four percentage points when compared with the previous quarter and an improvement of five percentage points year-over-year.

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**Table 1. Net Employment Outlook Comparison by Region**

	Q2 2017	Quarter-on-Quarter Change	Year-on-Year Change
<b>NATIONAL</b>	<b>+9%</b>	- (-/+0%)	↑ (+5%)
<b>SA</b>	+7%	↓ (-1%)	↑ (+4%)
<b>QLD</b>	+9%	↑ (+5%)	↑ (+6%)
<b>TAS</b>	+11%	↑ (+5%)	↑ (+9%)
<b>VIC</b>	+10%	↓ (-3%)	↓ (-2%)
<b>NT</b>	+7%	↓ (-1%)	↑ (+10%)
<b>WA</b>	+6%	↑ (+2%)	↑ (+21%)
<b>NSW</b>	+14%	↑ (+3%)	↑ (+5%)
<b>ACT</b>	+14%	↑ (+4%)	↑ (+5%)

**Table 2. Net Employment Outlook Comparison by Sector**

	Q2 2017	Quarter-on-Quarter Change	Year-on-Year Change
Finance, Insurance & Real Estate	+7%	↓ (-4%)	↓ (-6%)
Manufacturing	+8%	↑ (+4%)	↑ (+5%)
Mining & Construction	+12%	↑ (+4%)	↑ (+18%)
Public Administration	+7%	↓ (-2%)	↑ (+2%)
Services	+15%	↑ (+3%)	↑ (+7%)
Transportation & Utilities	+12%	↑ (+4%)	↑ (+2%)
Wholesale Trade & Retail Trade	+5%	↓ (-1%)	↑ (+5%)

**Table 3. Net Employment Outlook Comparison by Organisation size**

	Q2 2017	Quarter-on-Quarter Change	Year-on-Year Change
Micro (<10)	+4%	↑ (+1%)	↑ (+1%)
Small (10-49)	+7%	↓ (-4%)	- (-/+0%)
Medium (50-249)	+9%	↓ (-4%)	- (-/+0%)
Large (>250)	+17%	↓ (-2%)	↑ (+2%)

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