



Australian Government
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Manager
Media Unit
The Treasury
Langton Crescent
Parkes ACT 2600
Email: media@treasury.gov.au

In the spirit of reconciliation, the Treasury acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples.

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Foreword

Steven Kennedy

Broader indicators of labour market spare capacity are needed to measure progress towards sustained and inclusive employment. Nearly 3 million people want to work, or to work more hours than they do. The articles in this edition of the Round Up explore 4 aspects that are central to addressing structural barriers in Australia's labour market and meeting long-term labour market objectives: geographical barriers, the net zero transformation, migration, and incentives.

As Australia faces changing skills needs across regions, improving job matching efficiency can support greater economic output for a given level of labour supply and demand for workers. 'Labour market matching across skills and regions in Australia' shows that matching efficiency has improved in recent years, but that variations across labour market regions and skills can result in different labour market outcomes across the country.

The net zero transformation is generating significant shifts across Australia's economy and its regions. The article 'Exploring Community Resilience in Australia' outlines the importance of resilience to recover from and adapt to shocks. Not surprisingly, communities closer to major cities and regional centres have higher levels of resilience compared to more remote communities.

The article 'Employment behaviour of firms reliant on temporary migrants' discusses how businesses reliant on temporary migrants responded to Australia's international border closure. The article finds that businesses with higher temporary migrant workforces experienced greater job losses than businesses less reliant on temporary migration. Businesses sought to find alternative labour sources and to use labour more intensively. Observed increases in monthly average pay were likely driven by increases in hours worked, and potentially due to increased hourly wages. Once borders reopened, businesses responded by hiring more temporary migrants, with average pay of domestic workers increasing by more than temporary migrants.

The final article is my address to the inaugural Treasury Policy Research Conference, which supported the development of the 2023 Employment White Paper. The speech, 'Incentives for secondary earners and income support recipients', finds that the tax-transfer system can shape decisions to participate in the labour market, including decisions about how many hours to work. Secondary earners and income support recipients may face reduced incentives to participate in the labour market as fully as they may wish to. There are trade-offs between adequacy of government payments, cost to taxpayers, and incentives to participate – all of which are important considerations in the context of expanding labour market opportunities.