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# AUSTRALIA'S PUBLIC SECTOR SURGE

Labour market analysis of the public  
and private sectors: 2014 to 2024

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# Executive summary

Public sector jobs make up an increasing share of the total workforce:

- Between August 2014 and August 2024, the share of the workforce employed in the public sector increased from 12.5 per cent to 17.9 per cent.

The vast majority of new jobs in Australia post-Covid are in the public sector:

- Between August 2014 and August 2022, 76.5 per cent of new persons employed were in the private sector.
- Between August 2022 and August 2024, 82.1 per cent of new persons employed were in the public sector.
- The total number of new public sector jobs created since August 2022 has already outstripped the number created from August 2014 to August 2022 by approximately 40 per cent, with 475,800 public sector jobs created from August 2014 to August 2022, compared with 658,600 created since August 2022.

The surge in public sector jobs has occurred across every state:

- **NSW:** From August 2014 to August 2022 only 13.7 per cent of new jobs were in the public sector; since August 2022 all new jobs, on net, were in the public sector, with private sector jobs dropping by 25,000.

- **Victoria:** From August 2014 to August 2022 only 19.5 per cent of new jobs were in the public sector; since August 2022 almost 70 per cent of all new jobs, on net, were in the public sector.

- **Queensland:** From August 2014 to August 2022 29.3 per cent of new jobs were in the public sector; since August 2022 70 per cent of all new jobs, on net, were in the public sector.

- **South Australia:** From August 2014 to August 2022 31.3 per cent of new jobs were in the public sector; since August 2022 72.1 per cent of all new jobs, on net, were in the public sector.

- **Western Australia:** From August 2014 to August 2022 40.8 per cent of new jobs were in the public sector; since August 2022 51.1 per cent of all new jobs, on net, were in the public sector. Also, since 2022 Western Australia has been the only jurisdiction to experience a similar number of additional employees across both the private and public sectors.

- **Tasmania:** From August 2014 to August 2022, 41.4 per cent of new jobs were in the public sector; since August 2022, all new jobs, on net, were in the public sector, with private sector jobs dropping by 7,000.

# Introduction

Analysing data and trends in labour markets can be a useful tool to discern how well an economy is performing. Unfortunately, many of the commonly reported labour market metrics are broad in scope and lack detail, meaning they do not accurately reflect how the Australian labour market is performing.

To illustrate this, Australia's headline estimates for employment presently indicate that Australia's labour market—and therefore the underlying strength of the Australian economy—is alive and well. In October, the unemployment rate was at a historically low rate of 4.1 per cent, the participation at a near record high of 67.2 per cent, and the total number of people employed had risen consecutively for the sixth consecutive month.<sup>1</sup> At face value, these appear to be indicative of a well performing economy.

Yet before arriving at this conclusion, it is important to establish and understand the types of new jobs that are being created, and chiefly, whether the newly created jobs are in the private or public sectors. There is a significant difference between a private and a public sector job: private sector jobs are productive, as they are goods producing, service providing jobs, which are paid for by income generating businesses. When there are an increasing number of people being employed in the private sector, this is a sign that the economy is performing well, as businesses are expanding, investing, and hiring more workers.

Conversely, public sector jobs are either involved in the provision of public services, which may be inefficient, or may be counterproductive—such as those employed in creating, imposing, and administering rules and regulations—which restricts, rather than expands, economic output. Public sector jobs are paid for from taxation revenue or additional public debt, so an increasing number of public sector jobs imposes a growing burden on taxpayers.

The analysis in this paper, using the Australian Bureau of Statistics' quarterly *Labour Force, Detailed* data,<sup>2</sup> demonstrates Australia has experienced a significant change to its labour market over the past two years. Between 2014 and 2022, most new jobs created were in the private sector. In contrast, almost all the new jobs created since August 2022 have been in the public sector.

This is a cause for concern: in a healthy and well performing economy most new jobs being created are in the economically productive private sector, not the public sector. This analysis indicates therefore that Australia's labour market, and thus the broader economy, is much weaker than the headline employment estimates suggest.

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1 Australian Bureau of Statistics, *Labour Force* (October 2024): <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/oct-2024>.

2 Australian Bureau of Statistics, *Labour Force Detailed* (October 2024): <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/oct-2024>.

# The vast majority of new jobs post-Covid are in the public sector

One way to assess the changing dynamics of the Australian labour market is to determine the share of new jobs which were created by either the public or private sector, and to analyse how this has changed over time.

In doing so, it becomes clear that historically, most of the new jobs which were created and added to the economy were private sector jobs, but that recently,

most of the new jobs created have been public sector jobs. This trend has been observed nationally, and also across all states and territories (excluding NT).

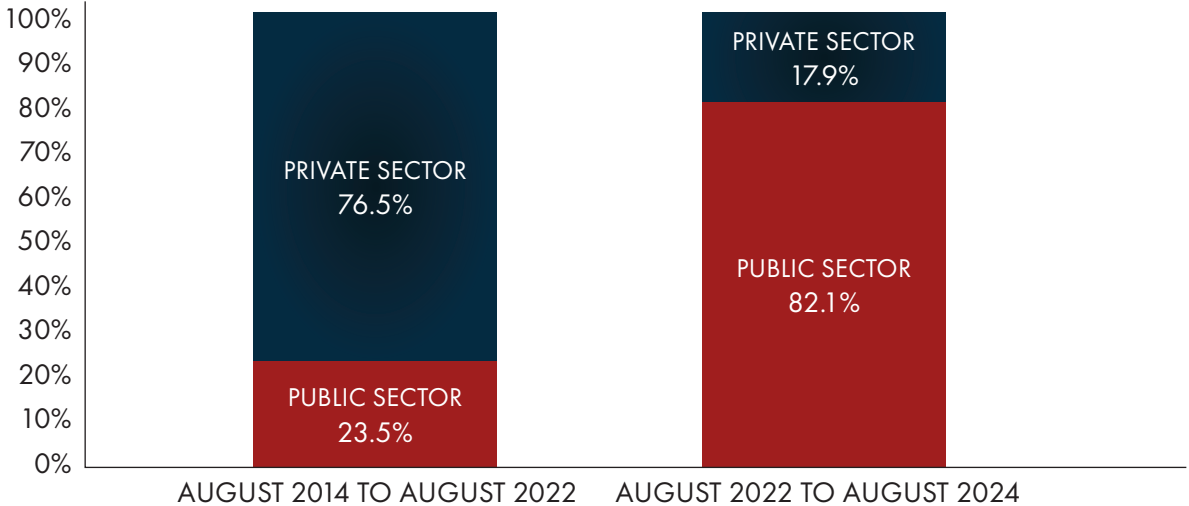
At the national level, between August 2022 and August 2024, 82.1 per cent of new persons employed were in the public sector, whereas between August 2014 and August 2022, 76.5 per cent of new persons employed were in the private sector.

**TABLE 1: SHARE OF ADDITIONAL EMPLOYED PERSONS BY SECTOR**

	AUGUST 2014 TO AUGUST 2022		AUGUST 2022 TO AUGUST 2024	
	Public sector	Private sector	Public sector	Private sector
New South Wales	13.7%	86.3%	100.0%*	0.0%*
Victoria	19.5%	80.5%	69.8%	30.2%
Queensland	29.3%	70.7%	70.0%	30.0%
South Australia	31.3%	68.7%	72.1%	27.9%
Western Australia	40.8%	59.2%	51.1%	48.9%
Tasmania	41.4%	58.6%	100.0%*	0.0%*
Northern Territory	100.0%*	0.0%*	100.0%*	0.0%*
Australian Capital Territory	32.3%	67.7%	100.0%*	0.0%*
<b>Australia</b>	<b>23.5%</b>	<b>76.5%</b>	<b>82.1%</b>	<b>17.9%</b>

Source: ABS, Labour Force, Detailed | Note: Private sector employment declined in New South Wales, Tasmania, the NT, and the ACT between August 2022 and August 2024, and also in the NT between August 2014 to August 2022, making the public sector responsible for all (100 per cent) of net new jobs in the periods

**CHART 1: SHARE OF ADDITIONAL EMPLOYED PERSONS BY SECTOR, AUSTRALIA**

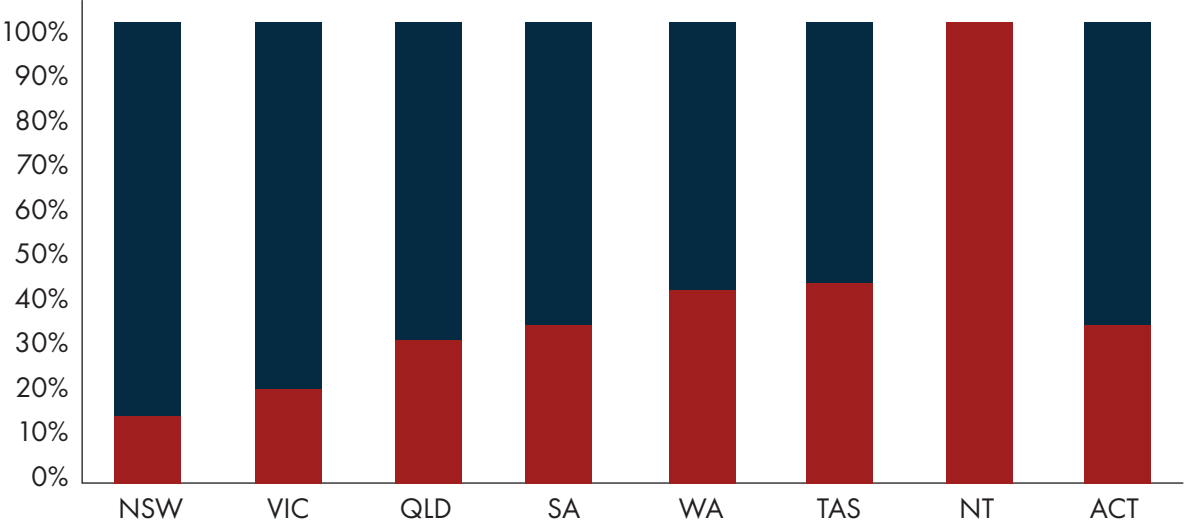


Source: ABS, Labour Force, Detailed

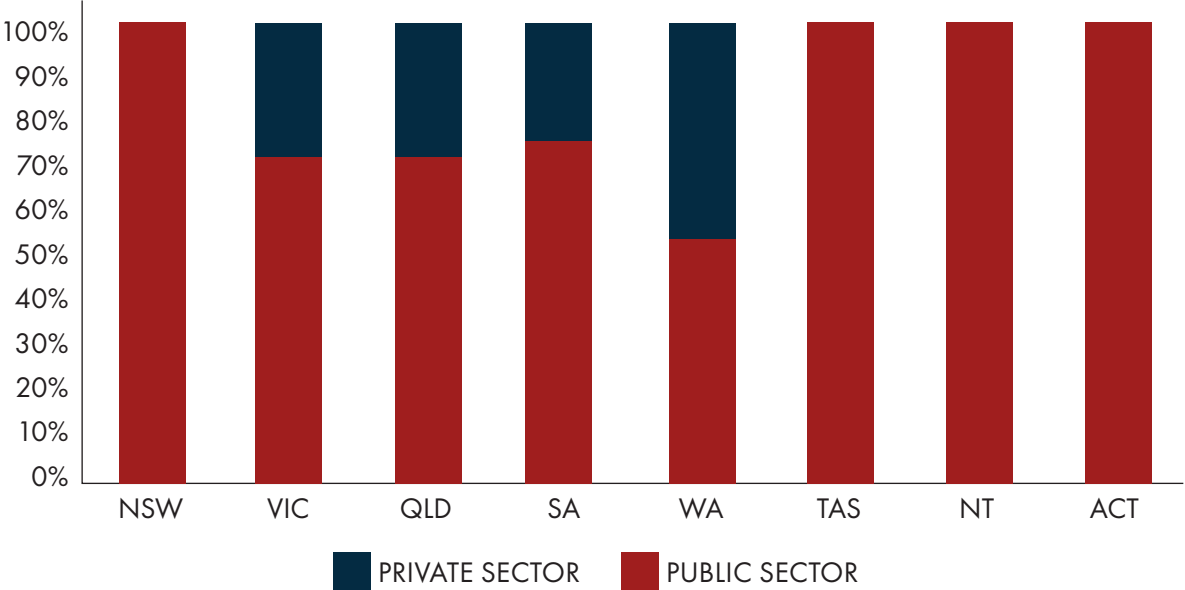
At a state level, most new employment between 2014 and 2022 occurred in the private sector. Over that period, more than 50 per cent of new persons employed in each state, and the ACT, was in the private sector, including 86.3 per cent in New South Wales and 80.5 per cent in Victoria. This trend reversed between 2022 and 2024, with net new employment in the private sector not exceeding 50 per cent in any state or territory.

Notably, over the last two years New South Wales, Tasmania, NT, and ACT have even experienced a decline in the number of people employed within the private sector—meaning that the entirety of the jobs growth which these states and territories experienced has been from increases in the number of people employed in the public sector.

**CHART 2: SHARE OF ADDITIONAL EMPLOYED PERSONS BY SECTOR, AUGUST 2014 TO AUGUST 2022**



**CHART 3: SHARE OF ADDITIONAL EMPLOYED PERSONS BY SECTOR, AUGUST 2022 TO AUGUST 2024**



■ PRIVATE SECTOR ■ PUBLIC SECTOR

Source: ABS, Labour Force, Detailed



Furthermore, by analysing changes in the total number of people employed within the public and private sectors, it again becomes clear that Australia’s labour market has shifted from being a labour market which was historically driven mostly by private sector jobs growth, to a market which is now overwhelmingly driven by public sector jobs growth.

At the national level the public sector workforce has boomed: there has been more additional people employed in the public sector in the previous two years, than there was in the previous eight years. Between August 2022 and August 2024, there was 658,600 additional public sector workers, whereas between August 2014 and August 2022, there was 475,800 additional public sector workers.

Between August 2014 and August 2022, there was an additional 475,800 public sector employees, and an additional 1,546,100 private sector employees, meaning in this period there were roughly three times as many new jobs created in the private sector than the public sector. In contrast, between August 2022 and August 2024, there was an additional 658,600 public sector employees, and an additional 143,500 private sector employees, meaning in this period

there was roughly four times as many new jobs created in the public sector than the private sector.

Between August 2014 and August 2022, every state and territory (excluding NT) had significantly more new private sector employees compared to new public sector employees, however, over the previous two years—between August 2022 and August 2024—this trend was reversed, with most jurisdictions experiencing significantly more new public sector employees than new private sector employees. This trend was most pronounced in New South Wales, Victoria and Queensland. Notably, over the past two years Western Australia was an outlier, as it was the only jurisdiction to experience a similar number of additional employees across both the private and public sectors.

Furthermore, between August 2022 and August 2024, New South Wales, Tasmania, ACT and the Northern Territory experienced a decline in the number of private sector employees, meaning that all the new jobs created over that period were derived from the public sector.

**TABLE 2: TOTAL PERSONS EMPLOYED IN THE PUBLIC AND PRIVATE SECTOR**

	EMPLOYED PERSONS: PUBLIC SECTOR			EMPLOYED PERSONS: PRIVATE SECTOR		
	August 2014	August 2022	August 2024	August 2014	August 2022	August 2024
	000’s	000’s	000’s	000’s	000’s	000’s
NSW	447	529.6	774.3	3176.2	3698.6	3673.4
VIC	315	428.1	618.8	2598	3064.7	3147.4
QLD	294.4	424.4	536.7	2041.9	2356.4	2404.6
SA	99	131.4	152.8	709.8	780.7	789
WA	138	219.2	271.7	1174.9	1292.7	1343.1
TAS	39.1	55.5	63	198.6	221.8	214.7
NT	32.6	37.9	43.6	98.3	98.1	95.6
ACT	77.4	92.2	116.1	132.4	163.4	152.2
<b>AUS</b>	<b>1,442.5</b>	<b>1,918.3</b>	<b>2,576.9</b>	<b>10,130.3</b>	<b>11,676.4</b>	<b>11,819.9</b>

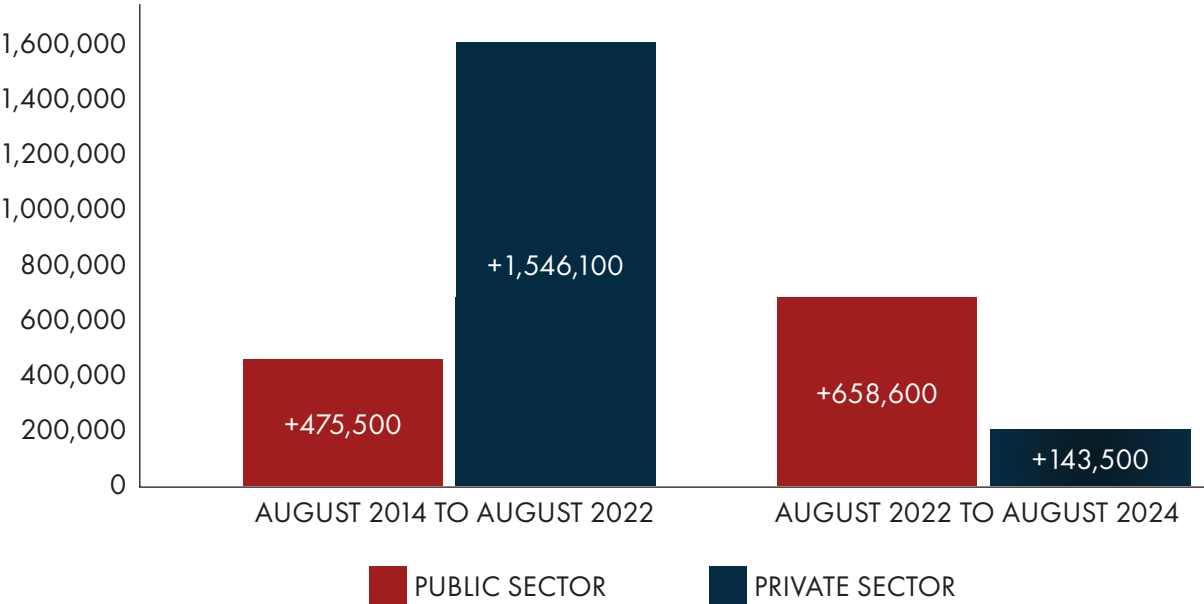
Source: ABS, Labour Force, Detailed

**TABLE 3: ADDITIONAL NUMBER OF PEOPLE EMPLOYED, BY SECTOR, AUGUST 2014 TO AUGUST 2022, AND AUGUST 2022 TO AUGUST 2024**

	AUGUST 2014 - AUGUST 2022		AUGUST 2022 - AUGUST 2024	
	Public sector	Private sector	Public sector	Private sector
	000's	000's	000's	000's
New South Wales	82.6	522.3	244.7	-25.2
Victoria	113.1	466.7	190.7	82.6
Queensland	130.1	314.5	112.2	48.1
South Australia	32.4	70.9	21.4	8.3
Western Australia	81.1	117.8	52.5	50.4
Tasmania	16.4	23.1	7.6	-7.1
Northern Territory	5.3	-0.3	5.6	-2.4
Australian Capital Territory	14.8	31	23.9	-11.2
<b>Australia</b>	<b>475.8</b>	<b>1546.1</b>	<b>658.6</b>	<b>143.5</b>

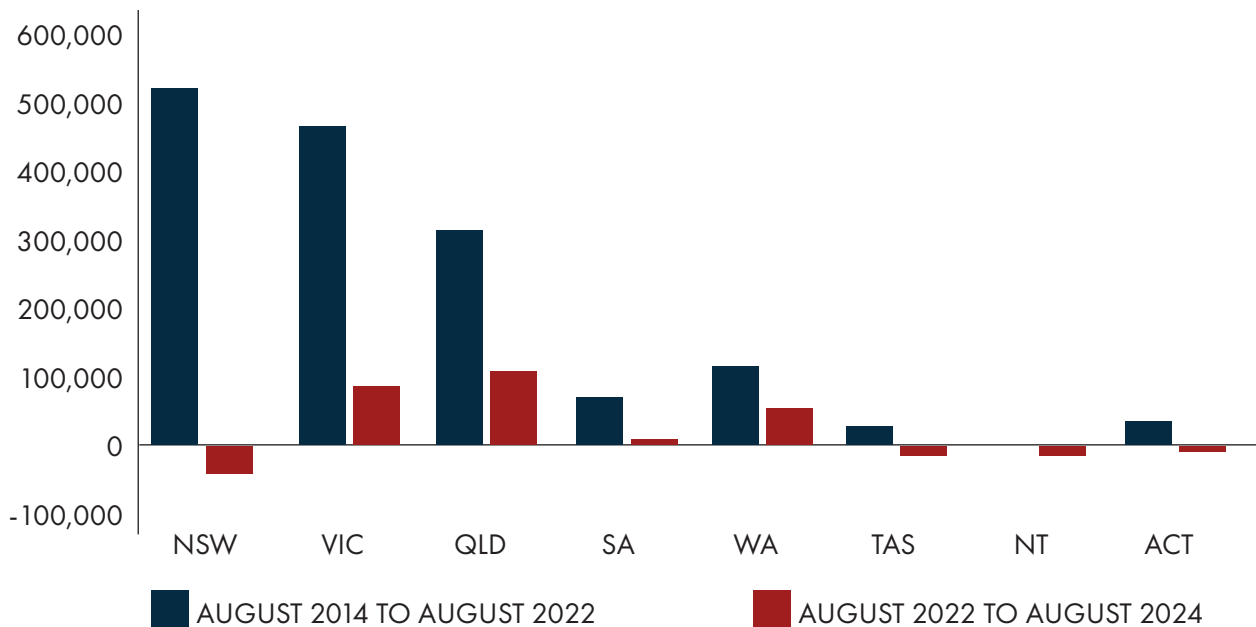
Source: ABS, Labour Force, Detailed

**CHART 4: ADDITIONAL NUMBER OF PEOPLE EMPLOYED IN AUSTRALIA, BY SECTOR**



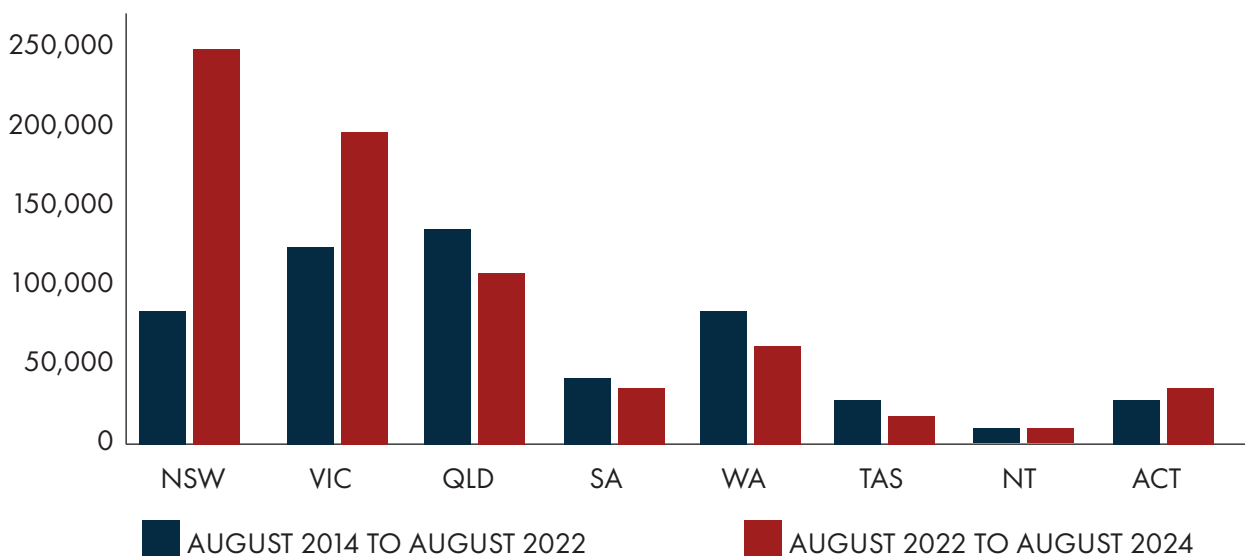
Source: ABS, Labour Force, Detailed

**CHART 5: ADDITIONAL NUMBER OF PEOPLE EMPLOYED WITHIN THE PRIVATE SECTOR, AUSTRALIA**



Source: ABS, Labour Force, Detailed

**CHART 6: ADDITIONAL NUMBER OF PEOPLE EMPLOYED WITHIN THE PUBLIC SECTOR, AUSTRALIA**



Source: ABS, Labour Force, Detailed

# Public sector jobs make up an increasing share of the total workforce

As a consequence of the post-Covid employment trends, the public sector workforce has become a larger proportion of the overall workforce. This trend has been observed nationally and also across all states and territories.

In August 2014 the public sector made up 12.5 per cent of the total national labour force. By August 2024, public sector employees in the labour force

had increased to 17.9 per cent, an increase of 5.4 percentage points in the space of a decade.

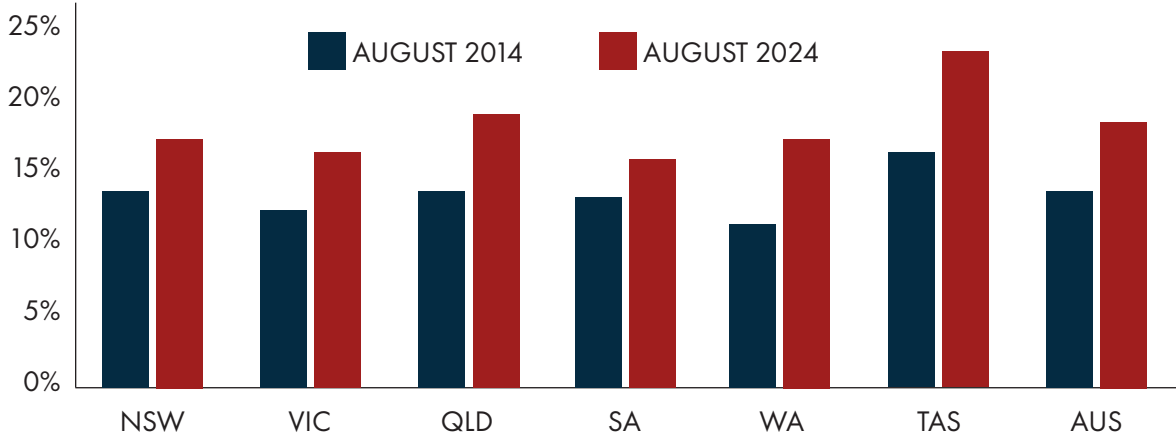
Among the states, Tasmania’s workforce is most heavily dominated by public sector workers, and the increase in public sector workers between August 2014 and August 2024 of 6.3 percentage points was equal with Western Australia as highest among the states.

**TABLE 4: PROPORTION OF ALL PERSONS EMPLOYED THAT ARE WITHIN THE PUBLIC SECTOR**

	AUGUST 2014			AUGUST 2024		
	Persons employed in public sector	Total persons employed	Public sector % of total	Persons employed in public sector	Total persons employed	Public sector % of total
	000’s	000’s	000’s	000’s	000’s	000’s
NSW	447	3,623.2	12.3%	774.3	4,447.6	17.4%
VIC	315	2,913.0	10.8%	618.8	3,766.2	16.4%
QLD	294.4	2,336.3	12.6%	536.7	2,941.3	18.2%
SA	99	808.8	12.2%	152.8	941.7	16.2%
WA	138	1,313.0	10.5%	271.7	1,614.9	16.8%
TAS	39.1	237.8	16.4%	63	277.7	22.7%
NT	32.6	130.9	24.9%	43.6	139.2	31.3%
ACT	77.4	209.8	36.9%	116.1	268.3	43.3%
<b>AUS</b>	<b>1,442.5</b>	<b>11,572.8</b>	<b>12.5%</b>	<b>2,576.9</b>	<b>14,396.8</b>	<b>17.9%</b>

Source: ABS, Labour Force, Detailed

**CHART 7: PUBLIC SECTOR EMPLOYMENT AS A PERCENTAGE OF ALL JOBS, 2014 VS 2024**



Source: ABS, Labour Force, Detailed

Note: NT and ACT excluded to better highlight state-by-state data. Data for the territories are available in Table 1.2

# The number of public sector workers has increased in all industry divisions over the past decade

Over the past decade, there has been growth in public sector employment across all industries in the Australian economy. The ten industries with the largest number of public sector employees all had more public sector employees in August 2024, compared with August 2014.

The majority of the public sector workforce is contained in the following three industry divisions: Public Administration and Safety, Education and Training, Health Care and Social Assistance.

- The largest employing subdivisions in Public Administration and Safety are Public Administration, and Regulatory Services. This means that most public sector jobs within this industry would be related to government administration.
- The largest employing subdivisions in the Education and Training industry were Preschool and School Education, Tertiary Education, and Adult, Community and Other Education. This means that most public sector jobs within this industry would relate to teaching.
- The largest subdivisions in the Health Care and Social Assistance industry were Social Assistance Services, Medical and Other Health Care Services, and Hospitals. This means that most of the public sector jobs within this industry would be related to government provided health and social services.<sup>3</sup>

In August 2014, these three industries divisions represented 88 per cent of the public sector workforce. Even though these three industries all experienced large increases in public sector workforce size over the past decade, by August 2024, their share of the total public sector had fallen to 84 per cent, underscoring the fact that over the last decade, there has been a large increase in the public sector workforce across all industries in the Australian economy.

The industries which experienced the largest increases in their public sector workforce over the past decade were Health and Aged Care (adding 340,100 public sector employees), Public Administration and Safety (adding 282,600 public sector employees), and Education and Training (adding 275,500 public sector employees).

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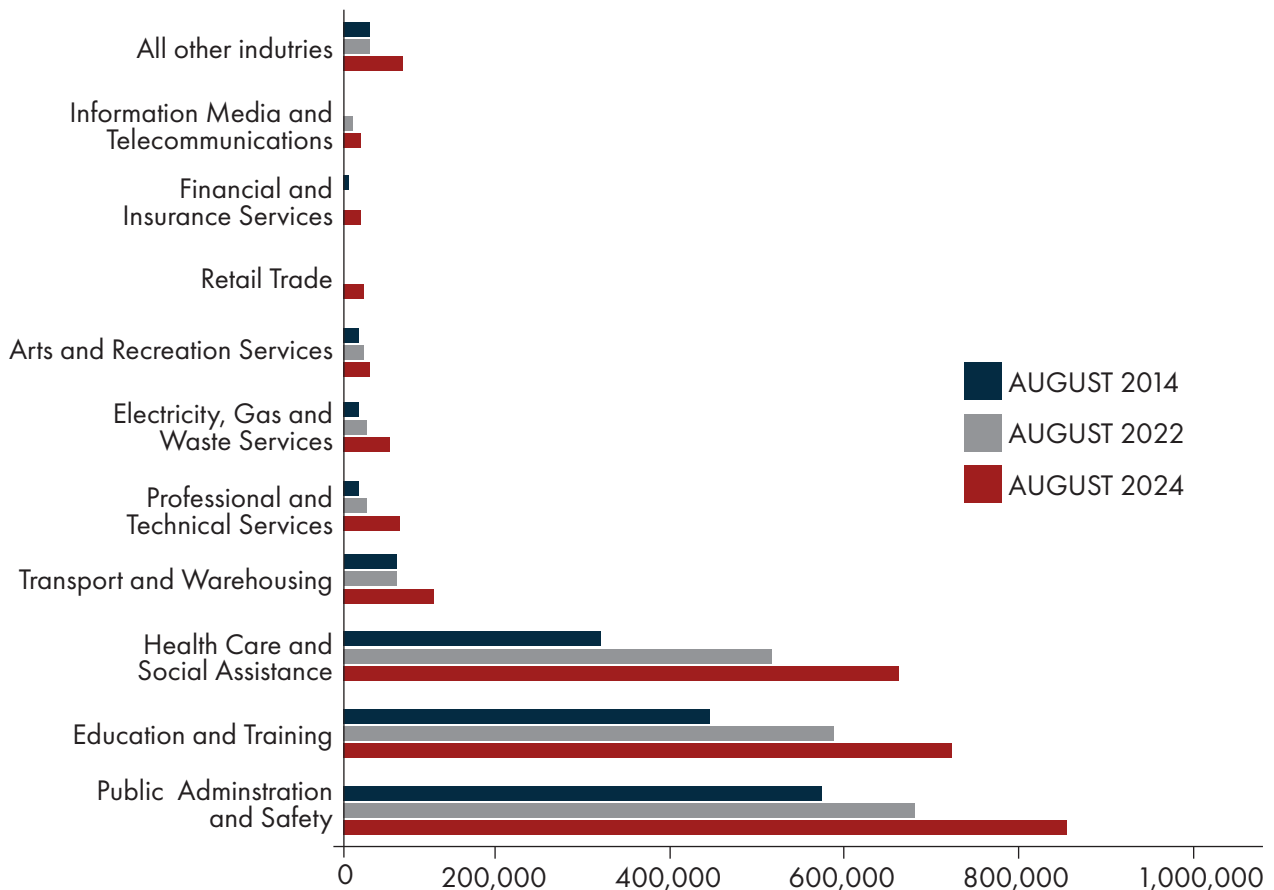
<sup>3</sup> Australian Bureau of Statistics, *Labour Force Detailed* (October 2024): <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release#data-downloads>.

**TABLE 5: PUBLIC SECTOR EMPLOYEES BY INDUSTRY**

	AUGUST 2014		AUGUST 2022		AUGUST 2024	
	Employed persons	Share of public sector	Employed persons	Share of public sector	Employed persons	Share of public sector
	000's	%	000's	%	000's	%
Public Administration and Safety	547.6	38.0%	653.9	34.1%	830.2	32.2%
Education and Training	418.2	29.0%	559.2	29.2%	693.7	26.9%
Health Care and Social Assistance	296.1	20.5%	491.0	25.6%	636.2	24.7%
Transport, Postal and Warehousing	62.5	4.3%	64.5	3.4%	104.6	4.1%
Professional, Scientific and Technical Services	21.7	1.5%	31.9	1.7%	67.0	2.6%
Electricity, Gas, Water and Waste Services	22.1	1.5%	30.4	1.6%	57.9	2.2%
Arts and Recreation Services	19.9	1.4%	27.6	1.4%	36.4	1.4%
Retail Trade	1.9	0.1%	3.0	0.2%	28.3	1.1%
Financial and Insurance Services	9.9	0.7%	1.7	0.1%	24.2	0.9%
Information Media and Telecommunications	8.0	0.6%	18.6	1.0%	23.2	0.9%
All other sectors	34.7	2.4%	36.5	1.9%	75.3	2.9%
<b>Total</b>	<b>1,442.5</b>	<b>100%</b>	<b>1,918.3</b>	<b>100%</b>	<b>2,576.9</b>	<b>100%</b>

Source: ABS, Labour Force, Detailed

**CHART 8: TOTAL NUMBER OF PUBLIC SECTOR EMPLOYEES BY INDUSTRY**



Source: ABS, Labour Force, Detailed

Between August 2014 and August 2022, the industry which made the largest contribution to the increasing public sector workforce was Health and Social Assistance, which added 194,900 public sector employees. Education and Training added 141,000 public sector employees, and the Public Administration and Safety added 106,400 public sector employees. Over this period, the remaining industries experienced relatively modest increases in public sector employment levels.

Conversely, between August 2022 and August 2024, the industry which made the largest contribution to the increasing public sector workforce was the public administration and safety industry, which added 176,200 public sector employees. Health and Social Assistance added 145,100 public sector employees, and Education and Training added 134,500 public sector employees. Notably, all other industries experienced a significantly larger increase in their public sector workforce in the latter period (2022 to 2024) compared to the previous period (2014-2022).

**TABLE 6: ADDITIONAL PUBLIC SECTOR JOBS BY INDUSTRY**

INDUSTRY	CHANGE FROM AUGUST 2014 TO AUGUST 2022	CHANGE FROM AUGUST 2022 TO AUGUST 2024
	000's	000's
Public Administration and Safety	106.4	176.2
Health and Social Assistance	194.9	145.1
Education and Training	141.0	134.5
Transport and Warehousing	2.0	40.1
Professional and Technical Services	10.2	35.1
Electricity, Gas and Water	8.3	27.5
Retail Trade	1.0	25.4
Financial and Insurance Services	-8.2	22.5
Other Services	1.3	10.3
Construction	0.9	8.9
All other industries	18.0	32.9
<b>Total</b>	<b>475.8</b>	<b>658.6</b>

Source: ABS, Labour Force, Detailed



# Appendix

Most of the recent growth in public sector employment occurred in the August 2024 quarter. There were an additional 658,600 more public sector employees in August 2024, compared to August 2022. This growth was largely attributable to a significant increase in the number of public sector employees in the August 2024 quarter alone.

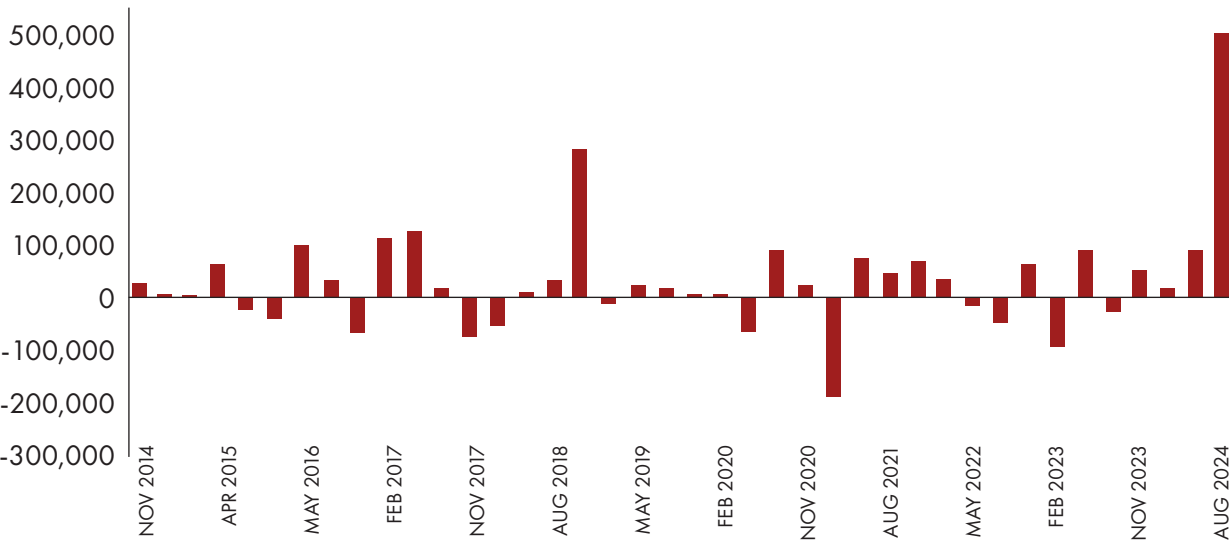
Between June and August 2024, there were an additional 499,000 people employed in the public sector. This was the largest intake of new public sector employees over a three-month period in the past decade, far exceeding the previous record set in the November 2018 quarter of 275,000 new public sector employees.

**TABLE 7: QUARTERLY CHANGE IN PUBLIC SECTOR WORKFORCE SINCE AUGUST 2022**

QUARTER	TOTAL PERSONS EMPLOYED IN THE PUBLIC SECTOR	NET QUARTERLY CHANGE	CUMULATIVE NET QUARTERLY CHANGE FROM AUGUST 2022
	000's	000's	000's
August 2022	1,918.3	-	-
November 2022	1,975.6	57.3	57.3
February 2023	1,883.0	-92.6	-35.3
May 2023	1,969.9	86.9	51.6
August 2023	1,937.9	-32.0	19.6
November 2023	1,980.8	42.9	62.5
February 2024	1,994.7	13.8	76.3
May 2024	2,077.9	83.3	159.6
August 2024	2,576.9	499.0	658.6

Source: ABS, Labour Force, Detailed

**CHART 9: QUARTERLY CHANGE IN PUBLIC SECTOR WORKFORCE SINCE AUGUST 2014**



Source: ABS, Labour Force, Detailed



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The IPA supports the free market of ideas, the free flow of capital, a limited and efficient government, evidence-based public policy, the rule of law, and representative democracy. Throughout human history, these ideas have proven themselves to be the most dynamic, liberating and exciting. Our researchers apply these ideas to the public policy questions which matter today.

## About the author

**Lachlan Clark** is a Research Fellow at the Institute of Public Affairs.

Lachlan has a Bachelor of Business from the Royal Melbourne Institute of Technology majoring in Economics and Finance.

It was Lachlan's passion for learning and his love for the Australian way of life that motivated him to join the Institute of Public Affairs.

Prior to the IPA, Lachlan worked for one of the big four banks with a focus on commercial banking.

He is most interested in researching areas relating to economics, geopolitics, anthropology, and history. Lachlan enjoys spending time in the outdoors and loves exploring new places, camping, hiking and four-wheel driving.

