

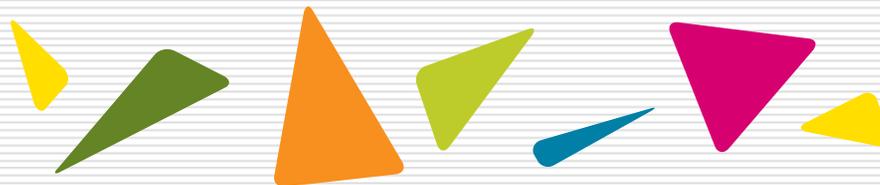


# Workforce challenges 2010-2025

2009 Economic and Social Outlook Conference

6 November 2009

Philip Bullock  
Chair, Skills Australia



# Overview

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- ◆ Skills Australia: focus on the future
- ◆ Our changing society and economy
- ◆ Workforce development – is it relevant?
- ◆ Planning for the future
- ◆ ‘Specialised’ occupations
- ◆ It’s not just skills, it’s whether they’re utilised
- ◆ Feedback to date?
- ◆ Where to next?

# Skills Australia: expert board



***Skills Australia will provide the Government with recommendations on current and future skills needs (and) inform Australia's workforce development needs ...***<sup>1</sup>

Julia Gillard, Second Reading Speech, Skills Australia Bill 2008

## Skills Australia Act 2008

No. 10, 2008

**An Act to establish Skills Australia, and for related purposes**

[Assented to 20 March 2008]

The Parliament of Australia enacts:

### Part 1—Preliminary

1 Short title

This Act may be cited as the *Skills Australia Act 2008*.

- ◆ Professor Gerald Burke
- ◆ Sharan Burrow
- ◆ Dr Michael Keating AC
- ◆ Marie Persson
- ◆ Heather Ridout
- ◆ Keith Spence

Source:

<sup>1</sup> Julia Gillard, *Second Reading Speech - Skills Australia Bill 2008* (14 Feb 2008)



# Drivers of change



**2000+**

**Beyond**

“Me” ——— **SOCIAL** ———> “Community”

“Flat world” ——— **TECHNOLOGY** ———> “Smart planet”

Emerging ——— **CLIMATE CHANGE** ———> Central theme

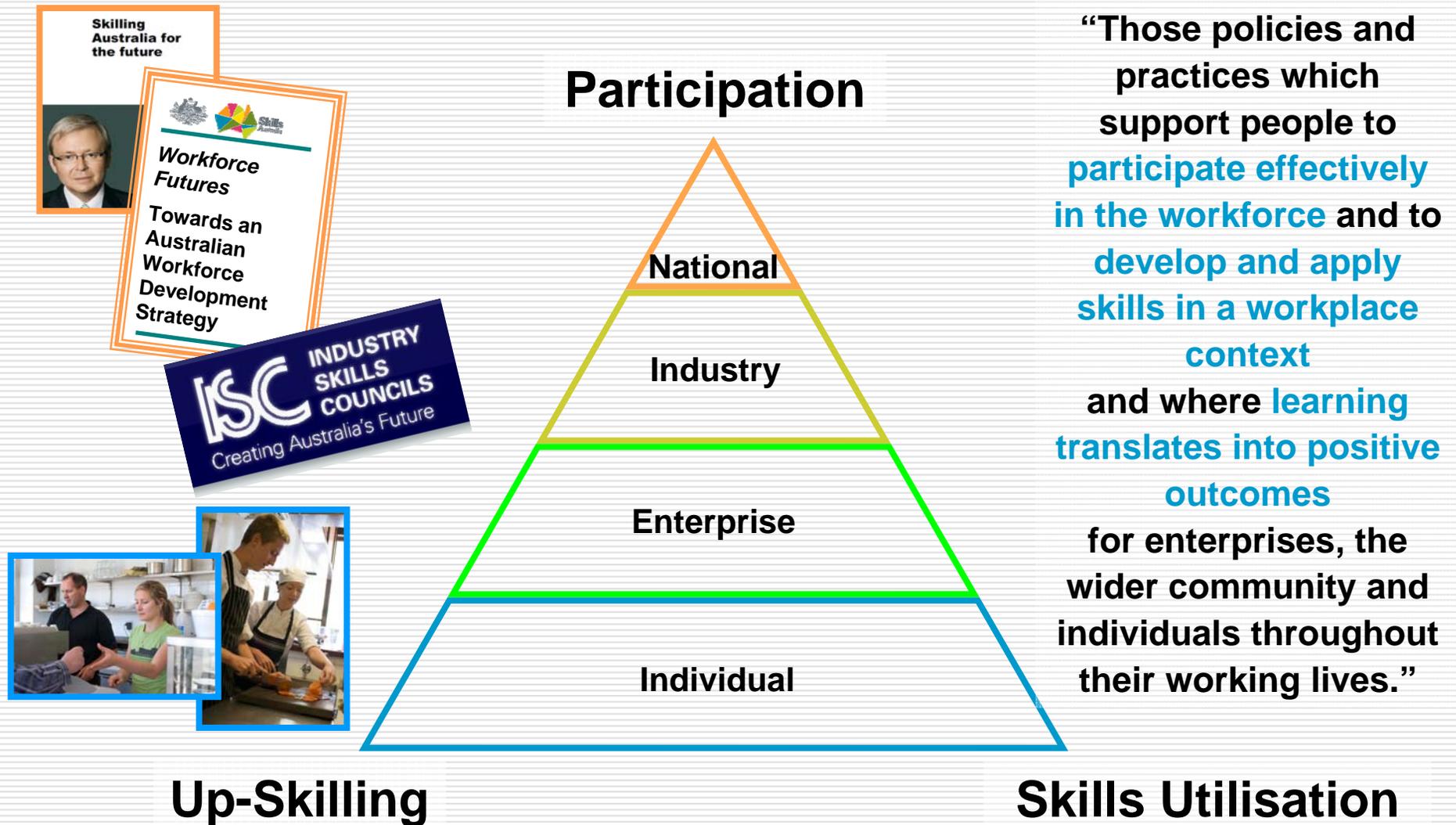
Growth / GFC ——— **ECONOMY** ———> Global /  
Asia dependent

Culturally diverse /  
European influence ——— **DEMOGRAPHY** ———> Ageing pop /  
Asian influence

Light touch /  
Stable ——— **POLITICAL** ———> Intervention /  
Stable



# Workforce development must address multiple dimensions



# Planning for the future ...

**Workforce and  
education  
trends**

**Analysis  
historic data**

**Planning for an  
uncertain future**

**3 Scenarios  
(Shell Group)**

**Modelling and  
projections**

**Access  
Economics**

***Workforce Futures* - Overview and background papers**

**Consultation with industry, providers, states/territories and peak bodies**

**Where are we headed?  
Where do we want to be?  
How do we get there?**

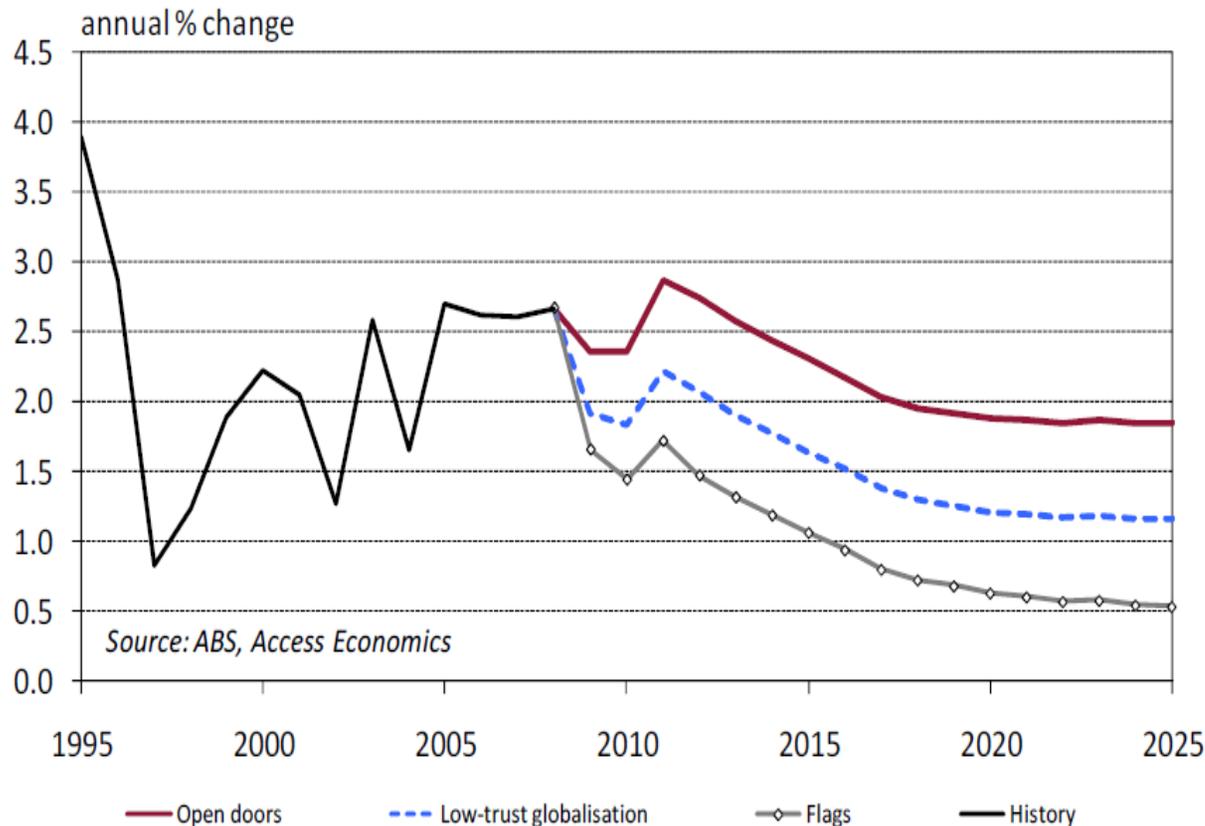
**Australian Workforce Development Strategy**



# Possible futures: workforce growth to 2025

Access Economics modelling

## Projected total employment growth rates <sup>1</sup>



**Number of people in the Australian workforce in 2025 (based on the three scenarios):**

**Open Doors:  
15.3 million**

**Low-trust  
globalisation:  
13.7 million**

**Flags:  
12.5 million**

**Source:**

<sup>1</sup> Access Economics Pty Ltd for Skills Australia, *Economic modelling of skills demand* (Oct 2009)



# Supply and demand

## Access Economics modelling

The projected supply of students less the projected labour market demand <sup>1</sup>

	THE THREE SCENARIOS					
	Open Doors		Low-trust Globalisation		Flags	
<b>By 2015</b>	Demand	770 000	Demand	646 000	Demand	540 000
	Supply	533 000	Supply	524 000	Supply	506 000
	<b>BALANCE</b>	<b>-237 000</b>	<b>BALANCE</b>	<b>-122 000</b>	<b>BALANCE</b>	<b>- 34 000</b>
<b>By 2025</b>	Demand	828 000	Demand	645 000	Demand	500 000
	Supply	659 000	Supply	620 000	Supply	556 000
	<b>BALANCE</b>	<b>-169 000</b>	<b>BALANCE</b>	<b>-25 000</b>	<b>BALANCE</b>	<b>+56 000</b>

However, skilled migration plays a significant role in supplementing the supply of qualifications, and if it remains at current levels, these deficits may be made up through Australia's skilled migrant intake.

Source:

<sup>1</sup> Access Economics Pty Ltd for Skills Australia, *Economic modelling of skills demand* (Oct 2009)



# Planning for 'specialised' occupations

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## PROPOSED CRITERIA

- ◆ **Long lead time** – those skills which are highly specialised and require extended learning and preparation time
  - ◆ 4 years or more for HE courses; 3 years or more to achieve VET qualification
- ◆ **High use** – those skills which are deployed for the uses intended (that is, there is a good occupational 'fit')
  - ◆ There is a more than 50% match between the training and the destination occupation
- ◆ **Significant disruption** – where the opportunity cost of the skills being in short supply is high (eg registered nurse or doctor)
- ◆ **High information** – where the quality of information about the occupation is adequate

## What are we finding?

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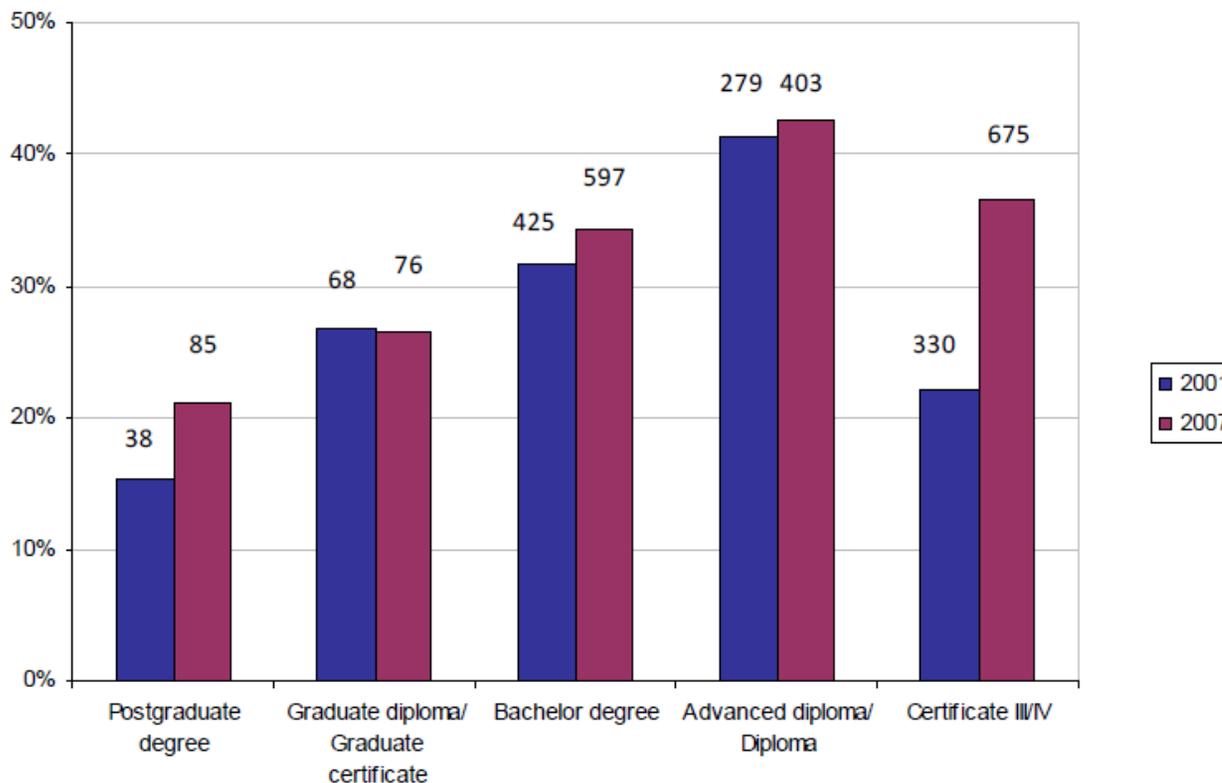
### Examples of some of the 23 'specialist' occupational groups identified ...

- ◆ **Natural and physical science professionals**
- ◆ **All of the health professions including health diagnostic and promotion professionals, health therapy professionals, medical practitioners, midwifery and nursing professionals**
- ◆ **Social and welfare professionals**
- ◆ **Mechanical engineering trades workers**
- ◆ **Plumbers**
- ◆ **Electricians**



# It's not just skills: it's whether they're utilised

People (numbers in '000 and %) with a non-school qualification employed at a lower level <sup>1</sup>



In 2005 and 2007, 37 per cent and 40 per cent of employers respectively reported that the current skill level of their staff was above what was required in terms of organisational needs. <sup>1</sup>

Source:

<sup>1</sup> Skills Australia, *Workforce Futures Background Paper Two* (Oct 2009)



## Feedback to date

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- ◆ Support for national approach to workforce development – but **not** centralised control. (Flexibility must be allowed at the regional, state, industry and enterprise level)
- ◆ Encourage holistic, multi-faceted action (eg training, stimulus, tax incentives, infrastructure, etc)
- ◆ Greater role clarity is needed – ie the role of national government, state/territory governments, industry, providers, etc
- ◆ Improve numeracy, literacy and generic core skills in the workplace
- ◆ Special focus on SMEs to provide extra support
- ◆ Government needs to lead a communications strategy to help change ‘culture’
- ◆ Encourage more effective HE/VET/industry linkages

*“A good approach, but how do we prepare for industries, jobs and skills that do not exist yet?”*



# Where to next?

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- ◆ Complete stakeholder consultations (Nov 2009)
- ◆ Publish findings and recommendations (early 2010)
- ◆ Some possible areas of focus ...
  - ◆ Overall skills/qualifications capacity (and role of migration)
  - ◆ ‘Whole of Governments’ action
    - It’s not just about training, eg ‘Keep Australia Working’
  - ◆ Support for new jobs and new industries
    - ‘Green’ skills, technological changes
  - ◆ Ongoing targeted focus on participation
    - eg men of prime working age, Indigenous Australians
  - ◆ Strengthened literacy and numeracy programs
    - Special focus on existing workforce
- ◆ Underpinned by **QUALITY** providers





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