



National Local Government Workforce Development Conference

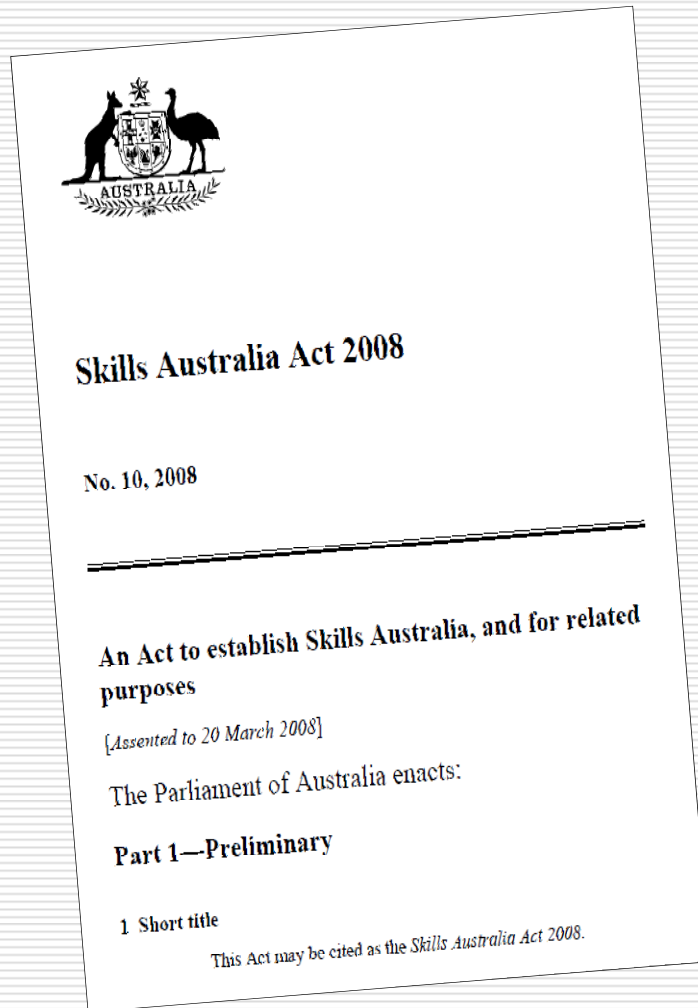
Australian Workforce Futures

Sue Beitz
Head of Secretariat, Skills Australia

23 March 2010



Skills Australia: focus on the future

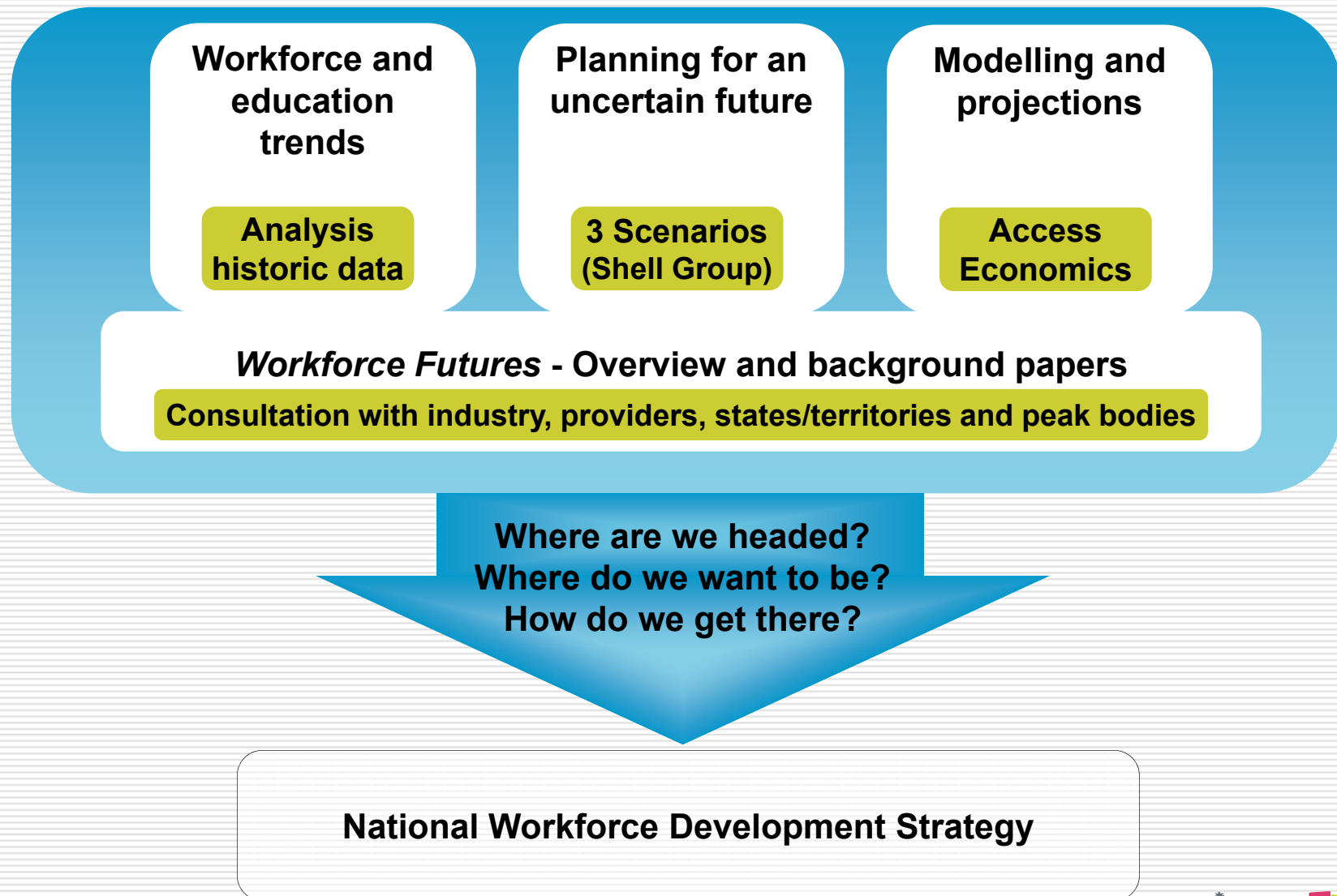


Expert Board



- ▶ industry
- ▶ education and training
- ▶ academia
- ▶ economics

Process for the development of Australian Workforce Futures



Scenarios projecting different futures

2009

Jan

Feb

Mar

April

May

Jun

Jul

Aug

Sept

Oct

Nov

Dec

“Shell uses scenarios to explore the future. Our scenarios are not mechanical forecasts. They reveal different possible futures that are plausible and challenging. Our latest ... scenarios look at the world in the next half century, linking the uncertainties we hold about the future to the decisions we must make today.”

http://www.shell.com/home/content/aboutshell/our_strategy/shell_global_scenarios/dir_global_scenarios_07112006.html

Skills Australia used the *Global Scenarios to 2025* developed by the Royal Dutch/Shell Group in 2005. These scenarios considered the possible future nature of Australian industries, organisations and the workplaces within them, as well as the possible future demand and supply of the skills.



OPEN DOORS



LOW TRUST GLOBALISATION



FLAGS



Economic modelling and taking an evidence-based approach

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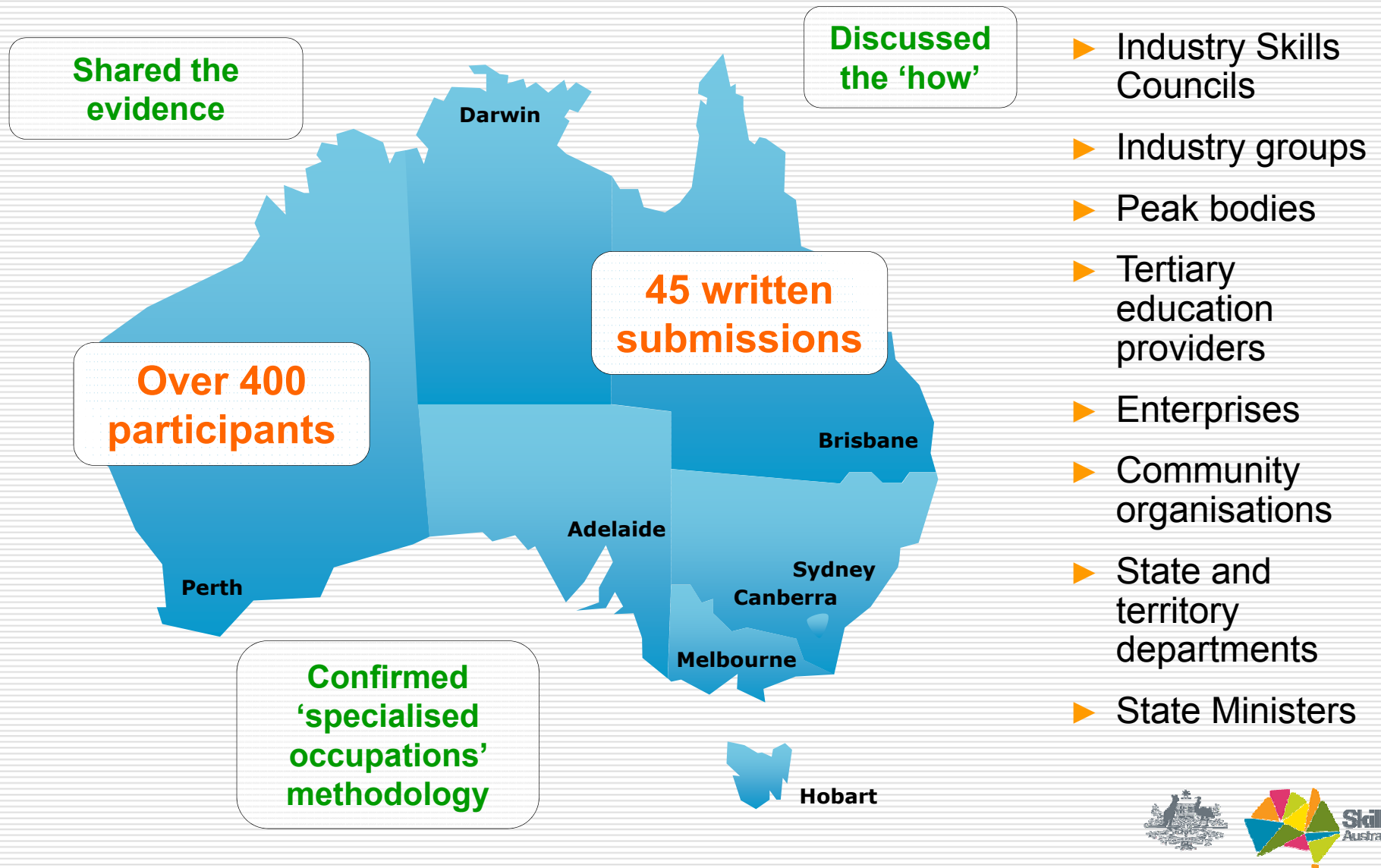
Skills Australia commissioned Access Economics to project the future demand for post-school skills and qualifications to 2025, examining both the future supply of skills and industry demand for skills.

Other sources and evidence including:

- ▶ ABS data and projections
- ▶ OECD data
- ▶ The Household, Income and Labour Dynamics in Australia (HILDA) Survey
- ▶ DEEWR research
- ▶ Intergenerational Reports
- ▶ International research and studies



Consultations nationwide

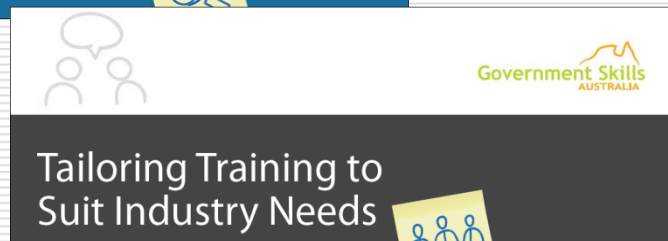
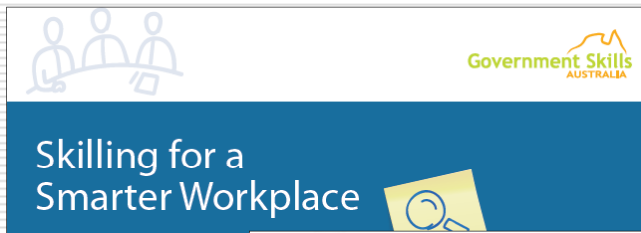
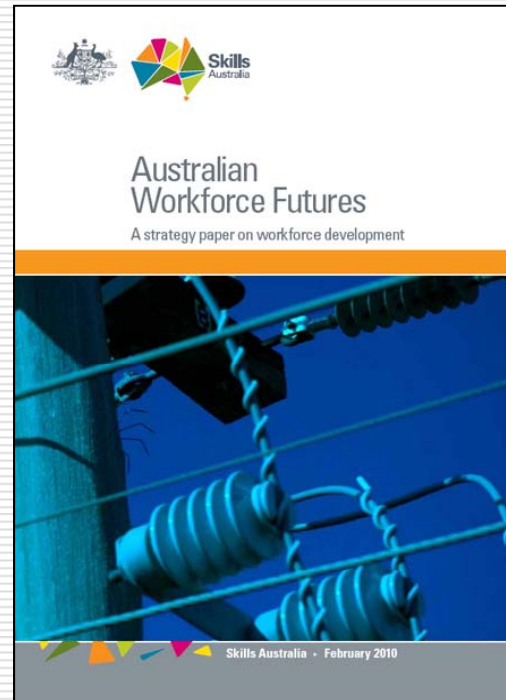


National, regional and industry plans linking together

“The *Australian Workforce Futures* Roundtable Consultation meeting and discussion papers (were) ... very valuable in framing some of our thinking on local government workforce issues.”

Department of Infrastructure, Transport,
Regional Development and Local
Government

6 November 2009



Strong government commitment



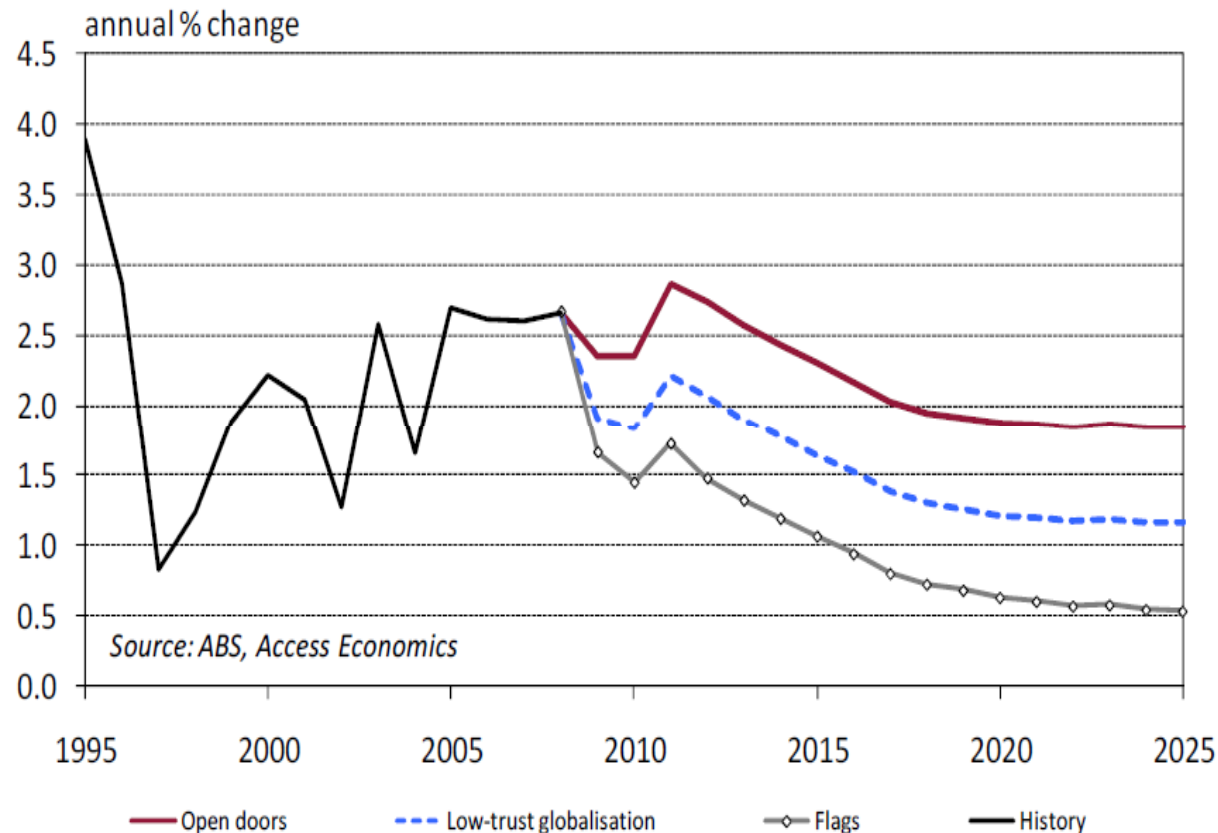
When it comes to skills we have a mismatch ... there are specific skills shortages with the potential to worsen due to demographic shifts and lower participation rates, but at the same time we also have unacceptably high youth unemployment.

Deputy Prime Minister, Julia Gillard
5 March 2010

Possible futures: workforce growth to 2025

Access Economics modelling

Projected total employment growth rates ¹



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**



1. Access Economics Pty Ltd for Skills Australia, *Economic modelling of skills demand* (Oct 2009)

Projected growth: selected industries

Access Economics modelling

Average annual employment growth 2010 to 2025 ¹

| | Open Doors | Low-trust Globalisation | Flags |
|--|-------------------|--------------------------------|--------------|
| Public Administration and Safety | 2.8% | 2.2% | 1.0% |
| Professional, Scientific and Technical Services | 3.1% | 2.5% | 1.3% |
| Administrative and Support Services | 2.7% | 2.1% | 1.0% |
| Health Care and Social Assistance | 2.9% | 2.4% | 1.3% |
| All industries 15 year average | 2.1 % | 1.5 % | 0.9 % |

Source:

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



Qualifications and skills shortfall

Access Economics modelling

The projected supply of qualifications less the projected labour market demand ¹

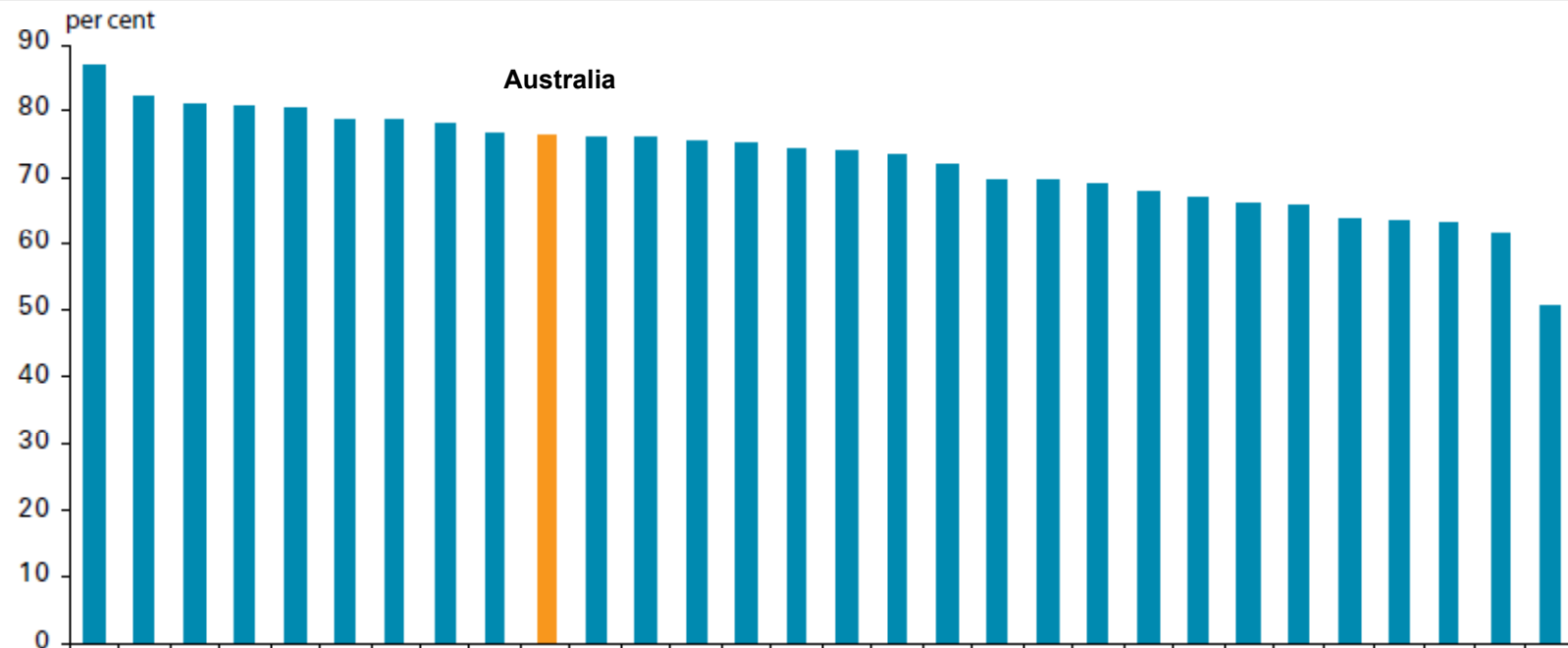
| | THE THREE SCENARIOS | | | | | |
|----------------|---------------------|-----------------|-------------------------|-----------------|----------------|-----------------|
| | Open Doors | | Low-trust Globalisation | | Flags | |
| By 2015 | Demand | 770 000 | Demand | 646 000 | Demand | 540 000 |
|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

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.



Workforce participation levels need to rise

Comparison of OECD countries: people aged 15+



Groups to target

- ▶ Men of prime working age (25 to 64 years) --- 10th lowest of OECD countries
- ▶ Women (aged 25 to 34 years) --- 10th lowest of OECD countries
- ▶ Older Australians (55 to 64) --- below NZ, Canada and the US

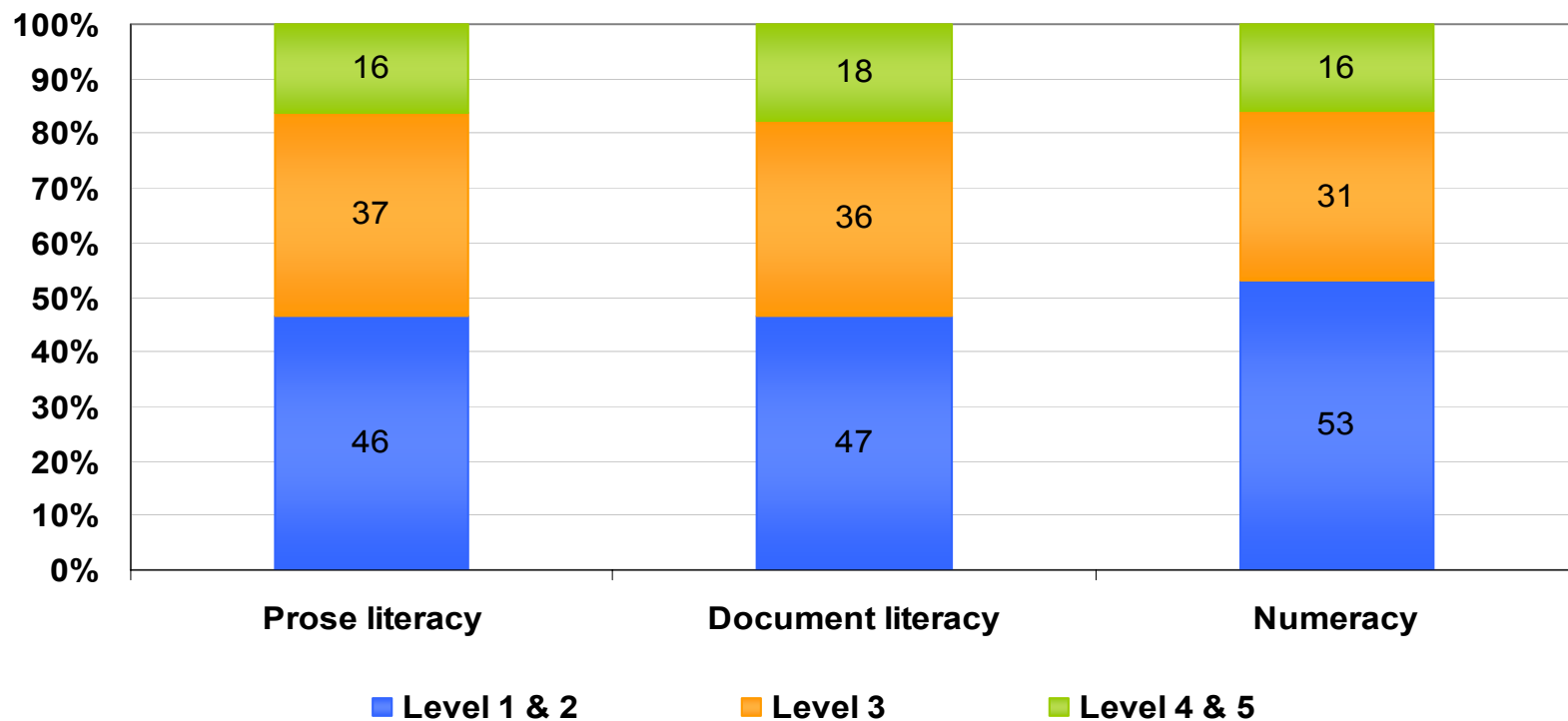
Source:

1 OECD, Online OECD employment data base statistics for 2008, people aged 15 and over (accessed Feb 2010)



Approx 50% with low literacy & numeracy ¹

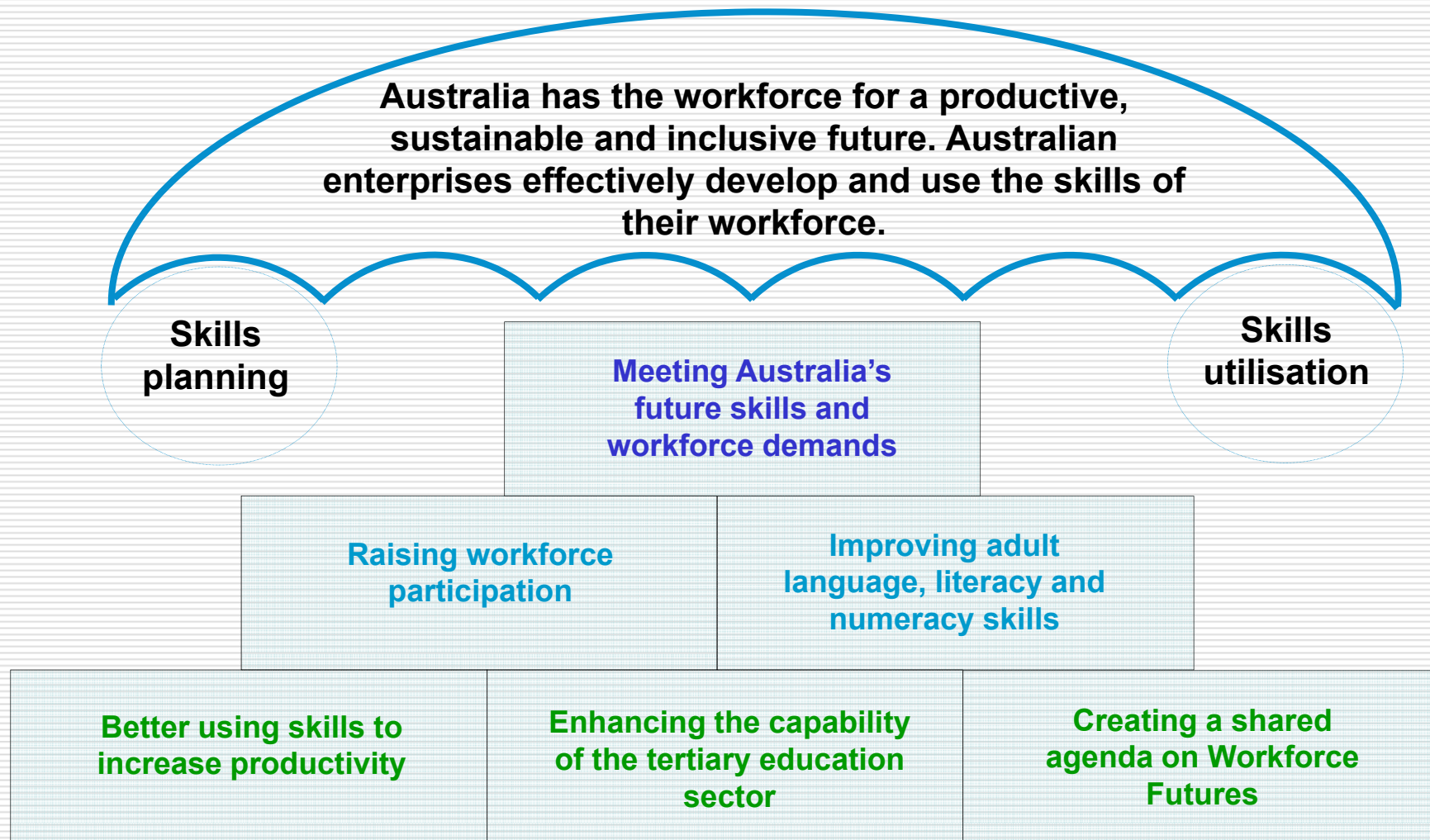
Low adult literacy/numeracy levels is a major workforce challenge



Source:

¹ ABS, 4228.0, *Adult Literacy and Life Skills Survey, Summary Results Australia* (2006)

Australian Workforce Futures our recommended approach



Governments, industry, education providers, individuals



Key findings

- ▶ Forecasting for all occupations is both impossible and impractical. Our focus should be on **'specialised occupations'** which we can and should plan for. The 80/20 rule applies.
- ▶ The current capacity of our **tertiary education system will need to increase by 3% p.a.**, to deliver the qualifications and skills Australia needs.
- ▶ **Workforce participation needs to rise from 65% to 69%** to provide the workers and skills we need plus improve social inclusion.
- ▶ **Numeracy and literacy are a major barrier** to increased participation and a national plan with targets and funding is needed.
- ▶ Enterprises need to **make better use of the skills** of their employees. While some employers are concerned about future skills shortages, at the same time 30% of workers say their skills are not being effectively utilised.

Creating a shared agenda

- ▶ An Australian Workforce Development Reform Agreement – endorsed by COAG, Ministerial Councils, and industry peak bodies
- ▶ Encourage a collaborative approach between government and industry to build adaptive capacity in the workforce, including the setting up of a ‘Workforce Development Observatory’





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