

Slide 1

The slide features the Australian Government logo at the top center, with the text 'Australian Government' and 'Department of Education, Employment and Workplace Relations' below it. The main title 'Future Labour Market Trends and Implications For Training' is centered in a large blue font. Below the title is a decorative horizontal bar with six colored segments: brown, yellow, olive green, green, blue, and purple. At the bottom, a dark blue gradient box contains the text 'HTAN CONFERENCE – 17 September 2010', 'Presenter: Ivan Neville', and 'Branch Manager, Labour Market Research and Analysis Branch' in white.

Australian Government
Department of Education, Employment and Workplace Relations

Future Labour Market Trends and Implications For Training

HTAN CONFERENCE – 17 September 2010
Presenter: Ivan Neville
Branch Manager, Labour Market
Research and Analysis Branch

- This presentation was prepared for the Hunter Trainers and Assessors Network (HTAN). The presentation is titled *Future Labour Market Trends and Implications for Training*.
- HTAN Conference – 17 September 2010
- Presenter: Ivan Neville, Branch Manager, Labour Market Research and Analysis Branch

Australian Labour Market

- **The Global Recession had an adverse effect on Australian labour market conditions. Between Sept 2008 and June 2009 the:**
 - Unemployment rate increased from 4.3 to 5.8 per cent
 - Employment decreased by 11 000
 - Number of people receiving unemployment benefits increased by 29%
- **Since then, the Australian labour market has recovered**
 - Unemployment rate has decreased by 0.7 percentage points
 - Employment increased by 330 400



Source: ABS Labour Force, Australia, August 2010 (cat no. 6202.0), seasonally adjusted data; Centrelink beneficiaries, DEEWR Administrative Data, June 2009

Australian Labour Market

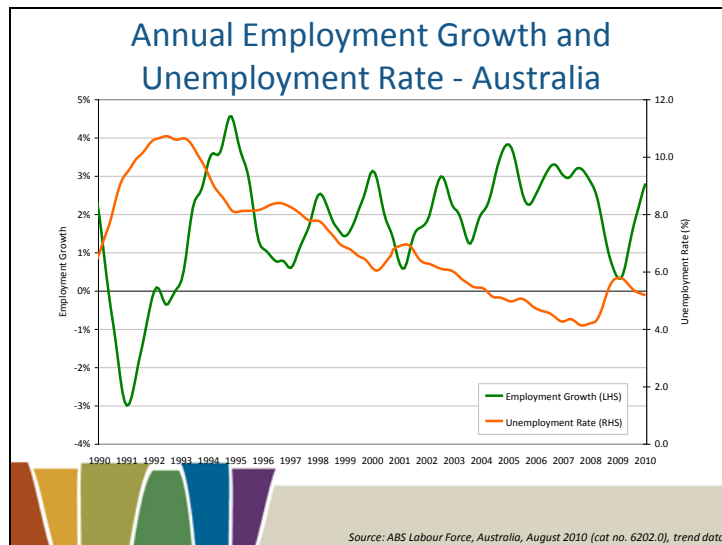
*Source: ABS, Labour Force, Australia, August 2010, cat. no. 6202.0, seasonally adjusted data
Centrelink Beneficiaries, DEEWR Administrative Data, Sept 08 and June 09*

What was the effect of the Global Recession on the Australian labour market?

- Unemployment rate in Australia increased by 1.5 percentage points, from 4.3 per cent at Sept 2008 to 5.8 per cent at June 2009;
- Over the same period employment decreased by 11 000; and
- The number of people receiving unemployment benefits increased by 29%.

Since June 2009, the Australian labour market has recovered.

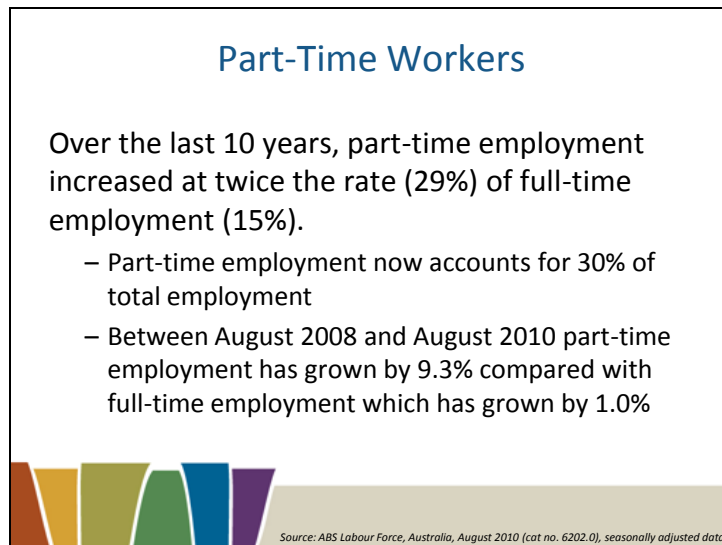
- Unemployment rate has decreased 0.5 percentage points; and
- Employment increased by 334 500.



Annual Employment Growth and Unemployment Rate - Australia

Source: Source: ABS, Labour Force, Australia, August 2010, cat. no. 6202.0. Trend Data.

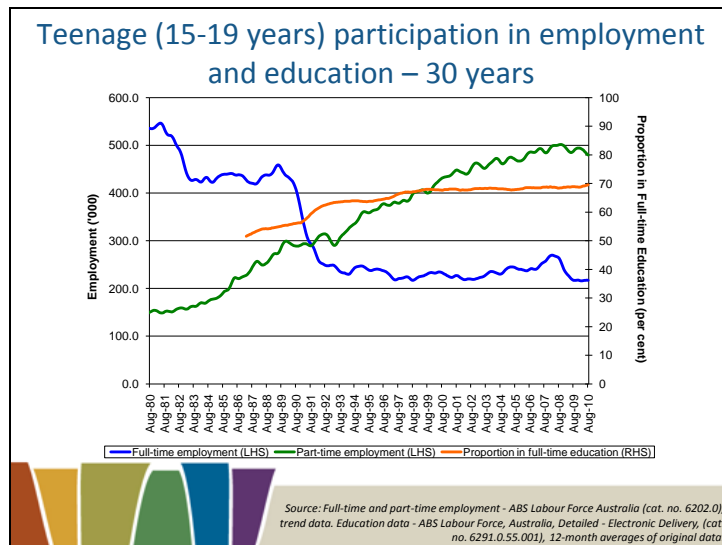
- There was a sharp decline in annual employment growth during 2008-9 (i.e. due to the Global Recession);
- Recently the economic downturn has eased and annual employment growth has started to rise;
- Compared with the 1990's recession, the effect on employment has not been as severe; and
- The labour market is now showing signs of recovery.



Part Time Workers

Source: ABS, Labour Force, Australia, August 2009 (cat no. 6202.0), seasonally adjusted data

- Over the last 10 years, part-time employment increased at twice the rate of full-time employment (29% compared with 15%).
- Part-time employment now accounts for 30% of total employment.
- Between August 2008 and August 2010 part-time employment has grown by 9.3% compared with full-time employment which has grown by 1.0%.

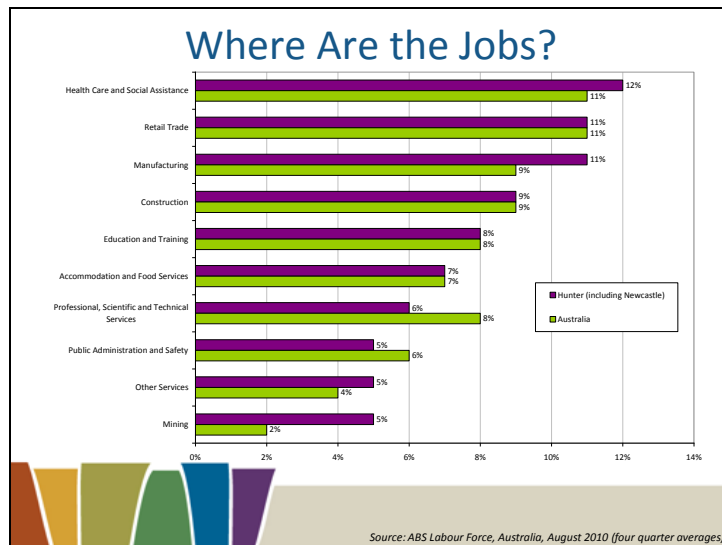


Teenage (15-19 years) participation in employment and education over the last 30 years

Source: Full-time and part-time employment - ABS Labour Force Australia (cat. no. 6202.0), trend data. Education data - ABS Labour Force, Australia, Detailed - Electronic Delivery, (cat. no. 6291.0.55.001), 12-month averages of original data.

Overall, the activities undertaken by people in the 15–19 age cohort over the last few decades show:

- There has been a long-term decline in full-time employment, although recent years have shown some increase (notwithstanding the decline in full-time employment recorded as a result of the global recession);
- An increase in part-time employment; and
- A small rise in participation in full-time education over the last decade, following a large rise between 1986 and 1998.

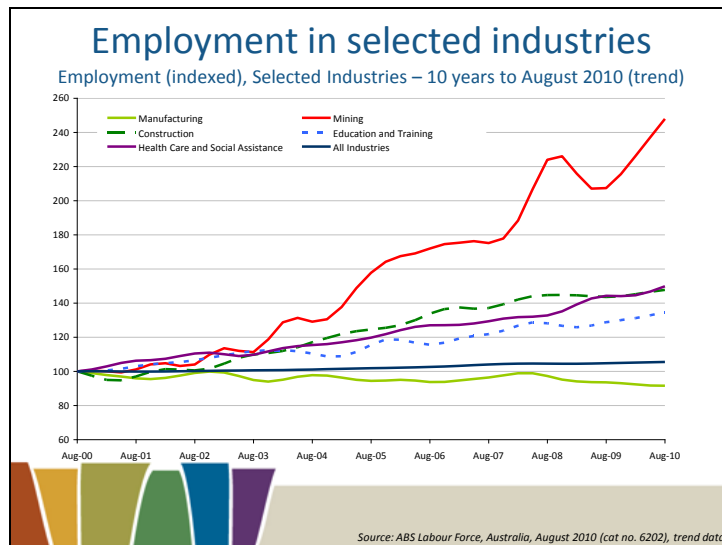


Where are the jobs?

Source: ABS Labour Force, Australia, August 2010 (four quarter averages)

- The top three employing industries in the Hunter and Newcastle Labour Force Regions are Health Care and Social Assistance, Retail Trade and Manufacturing.
- Together, one in three persons (34 per cent) are employed in these industries.
- The Hunter and Newcastle region has a higher proportion of persons employed in the Mining industry when compared with Australia (5% compared with 2%).

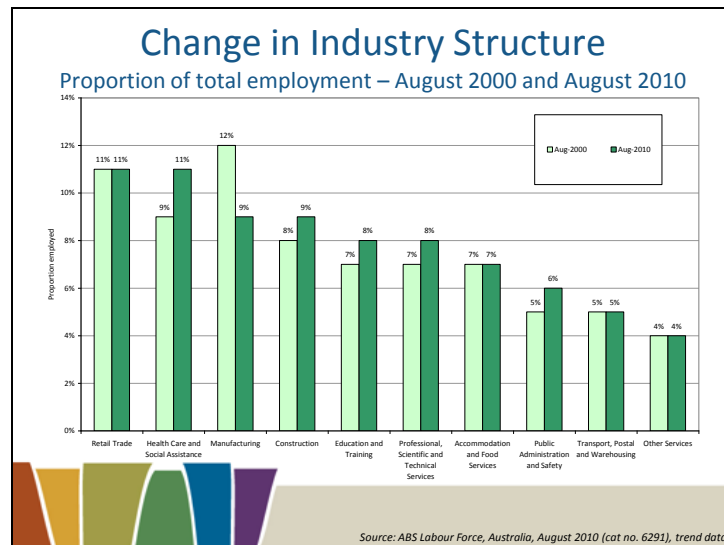
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Employment in selected industries: Employment (indexed), Selected Industries – 10 years to August 2010 (trend)

Source: ABS Labour Force, Australia, August 2010 (cat no. 6202), trend data

- The Health Care and Social Assistance and Construction industries (both large employing industries in the Hunter and Newcastle area) have shown a steady increase in employment over the last decade.
- Employment in Mining has risen sharply over the same period while employment in Manufacturing has decreased.

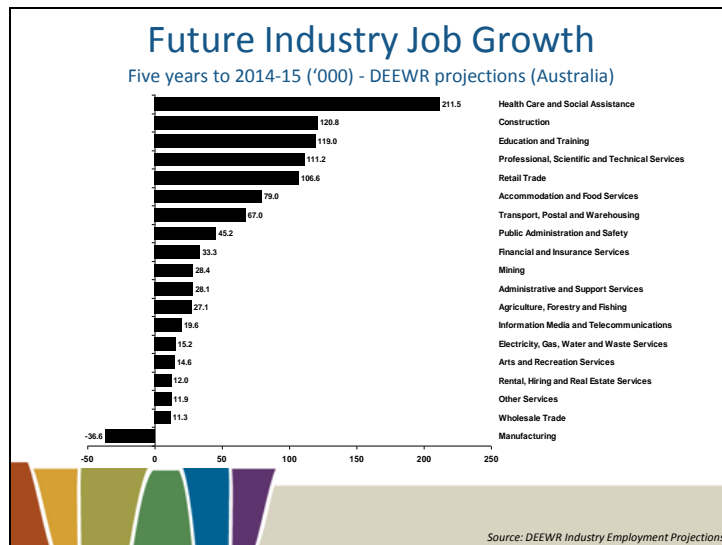


Change in Industry Structure: Proportion of total employment – August 2000 and August 2010

Source: ABS Labour Force, Australia, August 2010 (Cat No. 6291), trend data

This slide shows the difference in industry structure in Australia by proportion of total employment for August 2000 and August 2010.

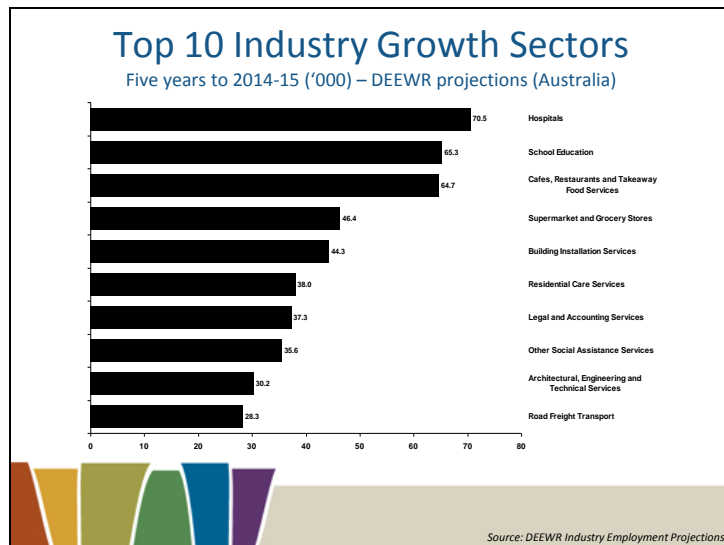
- Most noticeable is that Manufacturing now accounts for a smaller proportion of total employment in Australia (9% in August 2010 compared with 12% in August 2000).
- In contrast, employment in the Health Care and Social Assistance industry has increased (11% in August 2010 compared with 9% in August 2000).



Future Industry Job Growth

Source: DEEWR Industry Employment Projections

- Over the five years to 2014-15, employment in Health Care and Social Assistance is expected to increase by 211 500 persons.
- Over the same period, the Manufacturing industry is expected to decline, with employment decreasing by 36 600 persons.



Top 10 Industry Growth Sectors

Source: DEEWR Industry Employment Projections

- Across Australia, Hospitals, School Education and Cafes, Restaurants and Takeaway Food Services are expected to be the top three industry growth sectors over the five years to 2014-15. Together they are expected to generate an additional 200 500 employed persons.

Internet Vacancy Index (IVI)

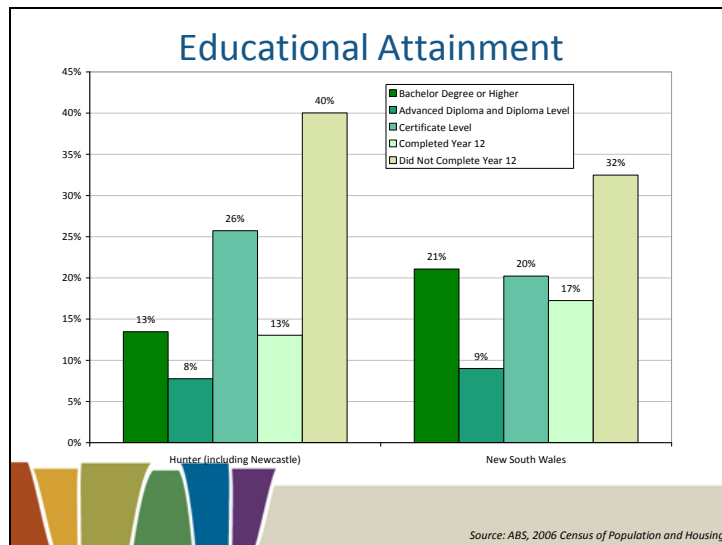
August 2010	Annual change		Number of vacancies
	Per cent	Number	
New South Wales	16.8	11,441	79,724
Managers	6.2	591	10,171
Professionals	16.1	3,375	24,287
Technicians and Trades Workers	28.8	2036	9096
Community and Personal Service Workers	13.4	537	4536
Clerical and Administrative Workers	29.6	3,519	15,424
Sales Workers	2.9	227	8149
Machinery Operators and Drivers	24.9	576	2892
Labourers	12.6	580	5169

Source: DEEWR, Internet Vacancies Index, August 2010

Internet Vacancy Index

Source: DEEWR, Internet Vacancies Index, August 2010

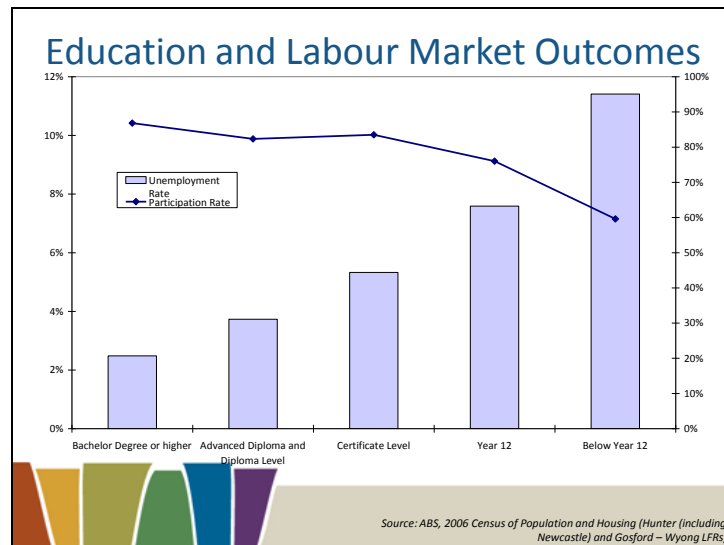
- During August 2010 there were 79,724 new job vacancies in New South Wales. The lower skilled occupation groups of Sales Workers, Machinery Operators and Drivers and Labourers accounted for 16,210 of these vacancies.
- These data are from the Internet Vacancies Index, which is based on vacancies newly lodged on four online recruitment websites - SEEK, CareerOne, MyCareer and Australian JobSearch.



Educational Attainment – Highest Qualification (2006)

Source: ABS, Census of Population and Housing, 2006

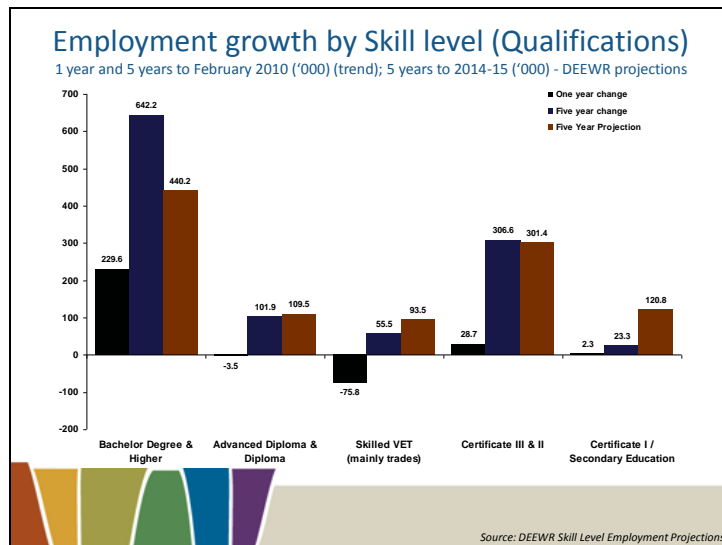
- A smaller proportion of completed a Bachelor Degree or higher compared with New South Wales (13% for Newcastle and Hunter compared with 21% for Australia);
- A larger proportion of the population in the Newcastle and Hunter regions completed Certificate Level qualification (26 per cent) compared with New South Wales and Australia (20%).



Education and Labour Market Outcomes

Source: ABS, 2006 Census of Population and Housing

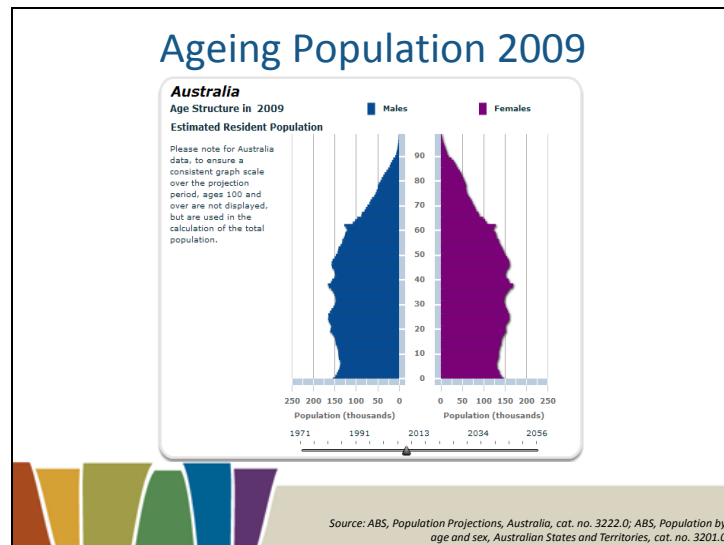
- There is a strong relationship between educational attainment and employment outcomes. For those of working age (15-64) who did not complete year 12 in the Hunter (including Newcastle) and Gosford-Wyong area, the unemployment rate was 11% at the time of the 2006 Census, while for those who had a Bachelor degree or higher, the unemployment rate was 2%.
- While it would be unrealistic for many jobseekers to complete a Bachelor degree, further training such as apprenticeships and other Certificate training could improve job seekers' engagement in the labour force. The unemployment rate for people who completed a Certificate level qualification was 5% compared with 11% for those who did not complete year 12. In addition, the participation rate was 84% for those who completed a Certificate level qualification compared with 60% for those who did not complete year 12.
- Around three quarters of future jobs growth is expected to be in jobs which require education and training (DEEWR, New Jobs – Employment trends and prospects for Australian industries, November 2008) – this is a global trend.



Employment growth by Skill level

Source: DEEWR Skill Level Employment Projections

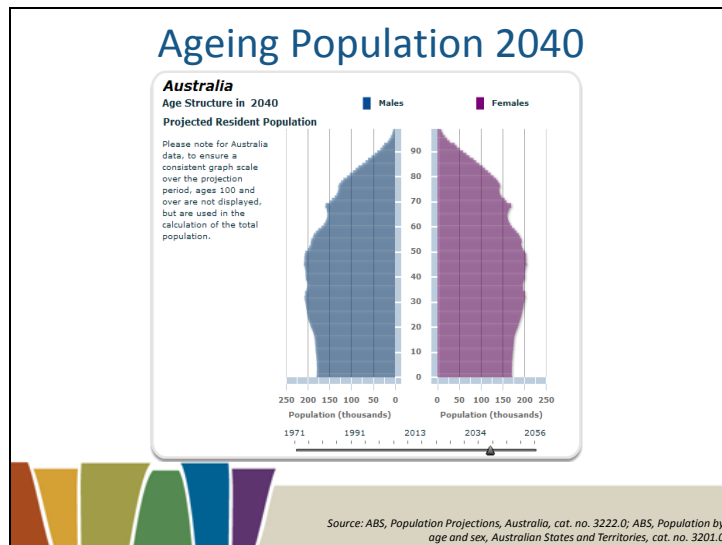
- Over the five years to February 2010, employment has grown by 642 200 persons for occupations that require a Bachelor Degree or Higher qualification. In the next 5 years, occupations that require a bachelor degree or higher are expected to grow by another 440 200 persons.
- The five year projection for occupations that require a Skilled VET qualification is 93 500.
- The five year projection for occupations that require a Certificate II & III is reasonably high, with an expected growth of 301 400 persons.



Ageing Population 2009

Source: ABS, Population Projections, Australia, cat. no. 3222.0; ABS, Population by age and sex, Australian States and Territories, cat. no. 3201.0

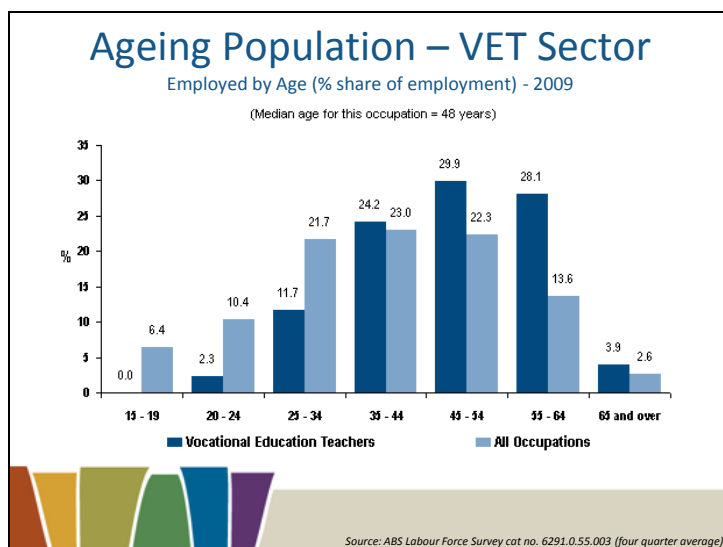
- This slide shows the age profile of the Australian population in 2009. As time progresses, there has been and will continue to be an increasing proportion of older Australians in the population.
- The animation upon which this slide is based can be accessed on the ABS website: ABS Population Pyramid for Australia (<http://www.abs.gov.au/websitedbs/d3310114.nsf/home/Population%20Pyramid%20-%20Australia>)



Ageing Population 2040

Source: ABS, Population Projections, Australia, cat. no. 3222.0; ABS, Population by age and sex, Australian States and Territories, cat. no. 3201.0

- This slide shows the age profile of the Australian population in 2040. It can be seen that there is expected to be a notable increase in the proportion of older Australians compared with the previous slide.



Ageing Population – Vocational Education and Training Sector

Source: ABS Labour Force Survey cat no. 6291.0.55.003 (four quarter average)

- The ageing of the workforce is evident in Vocational Education Teachers. The median age of this occupation is 48 years compared with 39 years for all occupations. Compared with all occupations, the age profile of Vocational Education Teachers is skewed towards workers aged 45 years and over (61.9 per cent compared with 38.5 per cent for all occupations). By contrast, the share of workers aged 15-19, 20-24, and 25-34, is below the average for all occupations (14.0 per cent compared with 38.5 per cent).

Occupations Difficult to Fill

Bachelor Degree or Higher VET Qualifications		
Architectural, Building and Surveying Technicians	Metal Fitters and Machinists	Sheetmetal Trades Workers
Electricians	Chefs	Structural Steel and Welding Trades Workers
Bricklayers	Carpenters	Plumbers
Other Occupations		
Sales Assistants	General Clerk	
Dental Assistants	Building and Plumbing Labourers	

Source: DEEWR, Survey of Employers' Recruitment Experiences, Hunter – Central Coast, July 2010; DEEWR Skill Shortage Research 2010

Occupations Difficult to Fill

Source: DEEWR, Survey of Employers' Recruitment Experiences, Hunter – Central Coast, July 2010; DEEWR Skill Shortage Research 2010

- This slide shows the vacancies across Hunter – Central Coast region that employers considered difficult to fill by occupation. As you can see, these occupations fall across a range of skill levels and a range of industries and included Sales Assistants, Chefs, Dental Assistantants and Metal Fitters and Machinists.


Note: Construction trades are being affected by Building the Education Revolution expenditure.

Reasons Applicants Unsuitable

➤ 59% of employers received applications from job seekers who they regarded as unsuitable

Reasons applicants were considered unsuitable include:

- Insufficient experience to perform job duties
- Insufficient qualifications or training
- Limited interest in the job
- Employability skills



Source: DEEWR, Survey of Employers' Recruitment Experiences, Hunter – Central Coast, July 2010

Reasons applicants unsuitable

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- 59% of employers received applications from job seekers who they regarded as unsuitable.
- Reasons employers considered applicants unsuitable included:
 - Insufficient experience to perform job duties;
 - Insufficient qualifications or training;
 - Limited interest in the job; and
 - Lacking basic employability skills.



Basic Employability Skills

Source: DEEWR, Survey of Employers' Recruitment Experiences, Hunter – Central Coast, July 2010

- Employers in the Hunter – Central Coast area were asked when recruiting, whether they placed more importance on the applicant's personal traits and qualities or on their technical skills and experience.
- 38% of employers surveyed in the Hunter – Central Coast area thought that both technical skills and experience and basic employability skills (such as personal traits and qualities) were equally important. A further 32% of employers considered personal traits and qualities were more important whilst 29% rated technical skill and experience as more important.
- These survey results indicate that in today's labour market, jobs seekers need to have both technical or job-specific skills and employability skills.

Apprentices and Trainees

Industry / Region	Currently employs an Apprentice or Trainee	Will recruit an apprentice or trainee in the next 12 months
Manufacturing	47%	24%
Construction	49%	40%
Retail Trade	40%	18%
Accommodation and Food Services	38%	22%
Professional, Scientific and Technical Services	19%	6%
Health Care and Social Assistance	38%	41%
Hunter – Central Coast (July 2010)	37%	24%

Source: DEEWR, Survey of Employers' Recruitment Experiences, Hunter – Central Coast, July 2010

Apprentices and Trainees

Source: DEEWR, Survey of Employers' Recruitment Experiences, Hunter – Central Coast, July 2010

- A higher proportion of employers in the Manufacturing (47%) and Construction (49%) industries stated that they currently employed an apprentice or trainee when compared with all employers in the Hunter – Central Coast area (37%).
- Many employers in the Health Care and Social Assistance industry and in the Construction industry expect to recruit an apprentice or trainee in the 12 months following the survey (41% and 40% respectively).

Challenges Experienced When Employing an Apprentice or Trainee

58% of employers in the Hunter – Central Coast area who employed an apprentice or trainee experienced challenges with their employment

Types of challenges include:

- General work readiness
- Soft skills (communication, etc.)
- Don't complete / stay long enough
- Cost of apprenticeship / day-to-day time requirements
- Selection process time consuming / difficult
- Lack of suitable staff to train / supervise



Source: DEEWR, Survey of Employers' Recruitment Experiences, Hunter – Central Coast, July 2010

Challenges Experienced When Employing an Apprentice or Trainee

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- Types of challenges employers mentioned included:
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Training and Development

Industry / Region	Had employees undertake recognised training in the last 12 months	Commercial or enterprise training provider	TAFE	Industry body
Manufacturing	24%	50%	25%	17%
Construction	53%	43%	27%	47%
Retail Trade	39%	27%	27%	36%
Accommodation and Food Services	43%	31%	31%	25%
Professional, Scientific and Technical Services	65%	40%	15%	55%
Health Care and Social Assistance	63%	40%	25%	25%
Hunter – Central Coast (July 2010)	47%	40%	23%	38%

Source: DEEWR, Survey of Employers' Recruitment Experiences, Hunter – Central Coast, July 2010

Training and Development

Source: DEEWR, Survey of Employers' Recruitment Experiences, Hunter – Central Coast, July 2010


- In the Hunter – Central Coast region, 47% of employers reported that they had employees undertake recognised training in the last 12 months, however, there was considerable variation by industry.
- Only 24% of employers in Manufacturing had employees who undertook training in the last 12 months.
- A high proportion of employers in Health Care and Social Assistance had employees undertake training (63%).

Challenges to Providing Training

26% of employers in the Hunter – Central Coast area encountered challenges to providing training

Types of challenges include:

- High cost of training
- Too many hours of training per week
- Timing of the training



Source: DEEWR, Survey of Employers' Recruitment Experiences, Hunter – Central Coast, July 2010

Challenges to Providing Training

Source: DEEWR, Survey of Employers' Recruitment Experiences, Hunter – Central Coast, July 2010

- 26% of employers in the Hunter – Central Coast area encountered challenges to providing training
- Types of challenges mentioned included:
 - High cost of training;
 - Too many hours of training per week; and
 - Timing of the training.

Recruitment Expectations 12 months following the survey

Industry / Region	Employers who will recruit	Will recruit due to business growth	Will recruit due to staff turnover	Anticipates difficulty recruiting
Manufacturing	39%	58%	79%	68%
Construction	51%	86%	72%	38%
Retail Trade	46%	73%	58%	19%
Accommodation and Food Services	51%	47%	68%	26%
Professional, Scientific and Technical Services	29%	56%	67%	44%
Health Care and Social Assistance	50%	44%	88%	25%
Hunter – Central Coast (July 2010)	46%	68%	68%	33%
Hunter – Central Coast (November 2009)	40%	70%	47%	39%
All regions surveyed in the 12 months to June 2010	43%	60%	63%	37%

Source: DEEWR, Survey of Employers' Recruitment Experiences, Hunter – Central Coast, July 2010

Future Recruitment Expectations – 12 months following the survey

Source: DEEWR, Survey of Employers' Recruitment Experiences, Hunter – Central Coast, July 2010

- Nearly half (46%) of employers expect to recruit in the 12 months following the survey.
- 51% of employers in the Construction industry expect to recruit. Of these, 86% anticipate they will recruit due to business growth and 38% expect difficulty recruiting.
- Only 39% of employers in Manufacturing expect to recruit. A large proportion of employers anticipated recruiting due to turnover (79%) and many anticipate difficulty recruiting (68%).

Education and Training Benefits

Individuals


- Increases income / high return on investment
- Increases employment options
- Reduces chance of redundancy / unemployment

Employers

- Increases retention / reduces turnover
- Increases workplace productivity
- Increases workplace flexibility

Community

- Increases income = increased local spending
- Availability of skilled workers attracts employers to the area
- Increases diversity of employment in the area and resistance to boom / bust cycle.




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Conclusion

- What are the implications for training?
- Demand for your services will increase
 - Will be continued demand for Advanced Diploma, Diploma, Certificate II and III, and an increased demand for skilled VET (mainly trades)
- Increasing demand in growth industries: Health Care and Social Assistance, Construction, Education and Training, and Mining
- Low unemployment = more part-time students
- Ageing training workforce: retention becomes an issue (i.e. training new staff)
- Importance of work experience elements in training
- Training in soft skills



Conclusion

- What are the implications for training?
- Demand for your services will increase.
 - Will be continued demand for Advanced Diploma, Diploma, Certificate II and III, and an increased demand for skilled VET (mainly trades).
- Increasing demand in growth industries: Health Care and Social Assistance, Construction, Education and Training, and Mining.
- Low unemployment = more part-time students.
- There is an ageing training workforce: retention becomes an issue (i.e. training new staff).
- The importance of incorporating work experience elements in training is increasing.
- Training in soft skills is also important.

Further Information

- www.deewr.gov.au/lmip
- www.deewr.gov.au/skillshortages
- www.deewr.gov.au/Regionalreports
- www.deewr.gov.au/AustralianJobs
- www.joboutlook.gov.au
- www.skillsinfo.gov.au



Further Information

More information on labour market conditions and other research on small areas can be found on these web sites.

- www.deewr.gov.au/lmip
- www.workplace.gov.au/skillshortages
- www.deewr.gov.au/Regionalreports
- www.joboutlook.gov.au
- www.skillsinfo.gov.au
- www.deewr.gov.au/australianjobs

Thank you.

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Department of Education, Employment and Workplace Relations