

**Submission  
No 7**

## **SKILL SHORTAGES IN NSW**

**Organisation:** Australian Workforce and Productivity Agency  
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**Position:** Chair  
**Date Received:** 4/06/2013



Australian Workforce  
and Productivity Agency

The Hon David Elliott MP  
Chair  
Committee on Economic Development  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

Dear Committee Chair

Thank you for the invitation to make a submission to the inquiry into skills shortages in NSW.

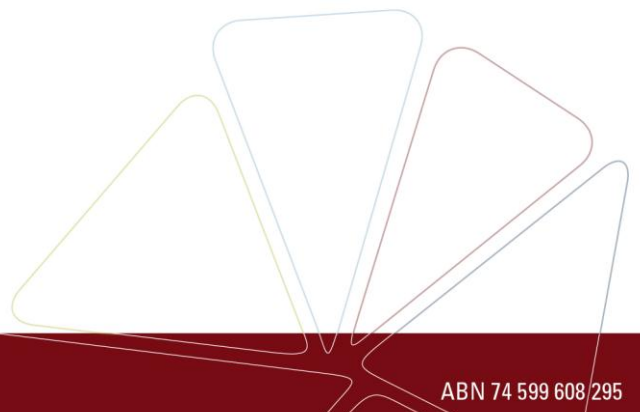
The Australian Workforce and Productivity Agency (AWPA) is an independent statutory body established to provide advice to the Australian Government on current, emerging and future skills and workforce development needs. AWPA provides advice on a broad range of areas that affect national demand, supply and use of skills. The agency also provides strategic management of the National Workforce Development Fund (NWDF).

AWPA produces a national workforce development strategy on a three year cycle. Our second strategy, *Future focus*, was released in March 2013. The strategy demonstrates how a workforce development framework can help Australia to realise its growth potential through a highly skilled and adaptable workforce. To do this, skills must be used effectively to meet the increasingly complex needs of industry and individuals. The strategy was developed through a collaborative process, with input from colleagues in industry, the education and training sector, government departments, enterprises and not-for-profit organisations.

AWPA commissioned Deloitte Access Economics to provide scenario-based economic modelling to support the strategy. The modelling projects longer term demand and supply of skills and qualifications and incorporates several macroeconomic assumptions adjusted according to the characteristics of each scenario. Net national migration assumptions input into our modelling range from 128,000 persons under a protectionist, low-growth future, to 235,000 persons under an open, high-growth future. These figures reflect the potential for migration to act as a 'swing variable' in the supply of qualifications.

The modelling allows us to make projections of employment and qualifications by industry and occupation. Across the higher-growth scenarios, industries with the largest projected employment increases to 2025 are:

- Health Care and Social Assistance (estimated increase in employment of between 643,800 and 798,600)
- Professional, Scientific and Technical Services (estimated increase in employment of between 353,900 and 583,000)
- Education and training (estimated increase in employment of between 462,600 and 503,700).



Occupations predicted to have the strongest growth to 2025 across the high growth scenarios are:

- Professionals (estimated increase in employment of between 993,500 and 1.36 million)
- Managers (estimated increase in employment of between 508,000 and 641,500)
- Community and Personal Service Workers (estimated increase in employment of between 470,500 and 551,100).

Achieving a post-school qualification brings social and economic benefits to both the individual and the Australian labour market. Australian Bureau of Statistics data show that persons aged 25–64 holding a qualification are nearly 20 per cent more likely to be in the labour force than those without qualifications. Our modelling predicts that industry demand for total qualifications will increase at an annual rate of between 3 and 3.9 per cent in the three higher growth scenarios. Achieving the projected expansion in qualifications and lift in workforce participation will require greater participation in tertiary education and the labour market from less advantaged sectors of the population. Additional funding is needed to expand wraparound services to support people who are disadvantaged to participate in training and employment. The increase in the proportion of the population with qualifications projected in our main scenarios will support a lift in labour force participation close to 69 per cent.

Building language, literacy and numeracy skills will be critical to expanding labour force participation and transitioning lower skilled workers to jobs requiring higher level skills, but around 50 per cent of Australians have been assessed as having literacy and/or numeracy scores below the minimum standard needed to manage the complex demands of life and work. We believe that this is a critical issue, and we call for greater public awareness of the magnitude of the problem. For example, we recommend that Australia conduct a five-yearly national survey to assess language, literacy and numeracy levels and support a network of 'Workplace Champions' who would help address the problem nationally.

The future is uncertain, but it is clear technology, globalisation, the emerging knowledge economy and the opportunities of the Asian century are changing the way we work and learn. There is little doubt Australia will need a larger, more highly skilled and qualified workforce if our economic growth and prosperity is to be sustained.

Further details on projected industry and occupation growth, and the modelling more broadly, can be found in Appendix 1 of *Future focus* and the *Deloitte Access Economics: Economic modelling of skills demand and supply* report. Both documents are available on our website [www.awpa.gov.au](http://www.awpa.gov.au). Disaggregated modelling data at the state/territory level to assist workforce development planning at the jurisdiction level is also available. Should you require detailed modelling data or wish to meet to discuss the findings of *Future focus*, please contact AWPA directly at [REDACTED].

Yours sincerely

[REDACTED]

Philip Bullock  
Chair  
Australian Workforce and Productivity Agency  
4 June 2013