

Overview of demand for trades skills Tasmania – December 2008

Total employment in Tasmania grew by 30,800 between November 2003 and November 2008, an increase of 14.7 per cent. This increase compares with an overall national increase in employment of 12.8 per cent, over the same period. The unemployment rate in Tasmania fell from 6.8 per cent to 3.9 per cent over the last five years, suggesting that the pool of available labour which employers have to recruit from has reduced significantly, creating particular difficulties in recruiting skilled labour. Other labour market indicators have also been generally positive. The ANZ Vacancy series for Tasmania grew by 35.5 per cent between November 2003 and November 2008. However, over the 12 months to November 2008, the series declined by 4.8 per cent. The Department of Education, Employment and Workplace Relations (DEEWR) Skilled Vacancy Survey index has increased by 59.1 per cent over the five years, to November 2008, but again, declined over the 12 months to November 2008 by 11.4 per cent. The decline in the vacancy series' over the last 12 months suggests a slow down in demand for labour, which is expected to continue into 2009.

According to Australian Bureau of Statistics' (ABS) quarterly employment by occupation data, the number of employed tradespersons and related workers increased by 25.5 per cent between November 2003 and November 2008. This increase is significantly higher than the rate of growth in total employment described above.

Other industries that are particularly important in creating demand for trades people in Tasmania include the construction industry. Building approvals in Tasmania have increased by 6.1 per cent over the five years to October 2008. The Australian Industry Group-Price Waterhouse Cooper's *Performance of Manufacturing Index* for December 2008 showed that nationally, manufacturing activity fell for the seventh month in a row. This decline in manufacturing activity is beginning to show in the numbers of people employed in the industry. In November 2008 the manufacturing workforce in Tasmanian was 12.1 per cent lower than it was five years ago. This suggests a long-term downward trend for the manufacturing industry in Tasmania, which will likely continue given the current global financial crisis and therefore may result in a moderating of demand for skilled tradespeople in that sector over the next 12 months or so. Feedback from employers in the construction industry indicated that there has been little impact so far on that sector. Many employers indicated that orders were still increasing, and many suggested they had enough work already secured to see them through at least the next 12 months.

There are a number of developments proposed for the State that are likely to have an impact on labour demand across both the construction and manufacturing industries, as well as flow on effects for industries such as retail, and transport. A \$1.4 billion pulp mill has been approved for northern Tasmania, which is likely to create demand for a range of occupations, including most trades during the construction phase. Demand for both skilled and semi-skilled labour will be ongoing, although in smaller numbers, once the mill becomes operational. Although most approval process for the mill have been completed, there is speculation that the mill may be either delayed, or not proceed at all due to the difficulty in obtaining finance in the current economic environment. The proponents of the mill have expressed confidence, through the media, that the mill will go ahead, however.

Engineering Trades

The number of mechanical and fabrication engineering tradespersons increased by 4.6 per cent between November 2003 and November 2008, according to the ABS labour force survey data. In the five years to 2007, there had been a 42.2 per cent increase, so demand for engineering trades appears to have slowed significantly from 2007 to 2008. Demand for engineering trades in Tasmania depends largely on trends in the metal manufacturing industries, and non-residential construction industry. The value of engineering construction activity in Tasmania increased by 73.7 per cent (chain volume measure) between June 2003 and June 2008, suggesting that demand for skilled tradespeople has increased significantly over the same period. However, over the last 12 months, between June 2007 and June 2008 the value of engineering construction has declined by 18.4 per cent, which is further evidence that demand for metal tradespeople is likely to moderate over the next 12 months.

Automotive Trades

Key determinants of demand in the automotive trades include the number of vehicle registrations, the stock and age of motor vehicles, the number of vehicle accidents and consumer expenditure on automotive services. Some factors have moderated demand in recent years including technological developments which mean that new vehicles require less frequent mechanical and electrical repair and the increased use of plastics and modular components which have reduced labour-intensive repair work. Pressure to cut the cost and time taken for repair work has also resulted in some rationalisation in the industry. The total number of motor vehicles in Tasmania increased by 12.6 per cent between 2003 and 2007. In addition, Tasmania has the second highest number of total motor vehicles per 1,000 population, after Western Australia. (*ABS Motor Vehicle Census, Cat. No. 9309.0, March 31, 2007*) Tasmania also had the oldest average age of passenger vehicles over the last 10 years at 11.8 years old, compared to a national average of 10 years old. State government data also shows that the number of serious accidents in Tasmania has been falling steadily over the last 10 years or so.

Electrical and Electronics Trades

Electrical trades researched in late 2008 included general electricians, and refrigeration and air conditioning mechanics. Electronic trades included electronic equipment trades worker, and communications trades.

Demand for the electrical trades is also closely linked to activity in the construction and manufacturing industries. As noted above, indicators for both the construction and manufacturing industries have been generally positive over the last five years, although there is strong evidence of a slowdown in the manufacturing industry over 2008. The total number of electrical and electronic tradespeople employed in Tasmania increased by 21.4 per cent between November 2003 and November 2008. Much of this growth is likely to have been generated by increased construction activity, particularly for electrical trades. Electronic trades are subject to different demand factors, such as trends in consumer buying patterns of electrical or electronic goods, and changes within the telecommunications industry. One area of declining demand is repair of electronic consumer goods such as CD or DVD players, televisions, and stereos due to the cost of repairing them, compared to the cost of replacing them. Off-setting this trend however, is the growth in popularity and affordability of LCD and plasma screen televisions DVD recorders, and digital video cameras. The price of these items means that repairing them is worthwhile, but the technology involved also means that they are less likely to break down and require repairs. If they do breakdown it is often a matter of simply replacing whole panels, which often does not require a high degree of skill.

Electronic trades tend to be characterised by their small size, which is in itself an indication of low demand. Under these circumstances vacancies may not occur very often, but tend to be difficult to fill when they do occur. In addition, electronic trades' people often work for small businesses that are not able to invest much time or money in training, thereby exacerbating recruitment difficulties. For example according to ABS data, over 60 per cent of household appliance repair businesses do not employ anybody, with a further 38 per cent which employ fewer than 20 people. (ABS, *Counts of Australian Businesses, Cat No. 8165.0, June 2007*)

Construction Trades

As mentioned above, the number of building approvals in Tasmania has moderated over the past 12 months or so, following five years of significant growth. Despite this levelling out of residential construction, commercial and industrial activity remains steady, and demand for construction trades remains high. ABS labour force survey data show that employment of construction tradespeople increased by 97.7 per cent between November 2003 and November 2008. At an estimated 8,500 in November 2008, the number of construction tradespeople in employment was at its highest level since the current ABS series began in August 1996. If the construction of the pulp mill in the north of the State, does proceed, it is likely that demand for construction trades will increase further in 2009, although how much labour will be sourced locally, and how much will be brought in from other States is unknown at this stage.

Food Trades (not assessed at state level)

Demand for food trades is largely dependant on levels of food retail expenditure. In light of other recent economic indicators, food retail spending has surprisingly experienced relatively strong expenditure. ABS figures show that spending in food retailing increased, albeit at a slower rate than seen in recent years, through the year to November 2008 by 6 per cent.

ABS Labour Force Survey data show in the year to November 2008 employment growth in food trades was varied. Employment of Butchers and Smallgoods Makers increased by 7 per cent, Chefs and Cooks remained fairly stable and employment of Bakers and Pastrycooks decreased by 9 per cent.

The DEEWR Skilled Vacancy Index shows a steady decline since December 2006 in the number of vacancies for food trades with the count at December 2008 being the lowest it has been in approximately seven years.

Research conducted by DEEWR through a survey of employers who had recently advertised showed shortages exist across all occupations in food trades. Employers recruiting these occupations reported being able to fill approximately half advertised vacancies within four weeks of advertising. Employers commented that lack of qualifications, specialised or extensive experience and staff retention were the main problems associated with attracting staff.

Horticultural Trades (Not assessed at State level)

Demand for horticultural services and products in Australia depends on a number of factors including the general level of economic activity, the level of disposable income, consumer expenditure, activity in wholesale and retail trade and weather conditions.

In the year to November 2008, employment across the horticultural trades has been varied. Employment of Gardeners (which includes general and landscape gardeners and arborists) decreased slightly, down 3 per cent, While employment of Greenkeepers increased by 3 per cent. Employment of Nurserypersons decreased by 26 per cent.

Surveyed employers indicated the continuing drought and consequent water restrictions in most of Australia are impacting on demand for horticultural services and products. Despite this, following a survey of employers who had recently advertised, DEEWR research shows there to be no shortages of Greenkeepers and General Gardeners, with both occupations filling more than 60 per cent of vacancies within four weeks of advertising. For both occupations employers received approximately 3 suitable applicants per vacancy. Employers advertising for Nurserypersons had mixed results with recruitment difficulties evident in regional areas but no shortages in metropolitan areas. Both Arborist and Landscape Gardener were found to be in shortage, with employers filling less than half of their vacancies within four weeks. A number of vacancies did not attract any applications at all, with wages and working conditions thought by employers to be the reasons for existing recruitment difficulties.

In general, employer's comments suggest that the main difficulties which exist in recruiting for these trades are finding qualified staff, finding staff with specialist or extensive knowledge and experience, an ageing workforce, comparatively poor wages and conditions compared to other trades and staff retention. Several employers also suggested these trades are over-serviced.