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Australian Government
Department of Employment and
Workplace Relations

Skill Shortages, Myth or Reality?

Employment profiles of the Gold Coast and Tweed Regions

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Labour Market Conditions - Australia

- Labour market conditions have been strong over the last decade:
 - A record high of 10.5 million people are currently employed
 - Unemployment rate down to 4.3%
 - Participation rate has increased to a record high of 65.1%

Source: ABS Seasonally Adjusted Labour Force data, August 2007

The Australian labour market has strengthened over the last ten years. Employment has increased by 2 106 700 (or 25%) over the decade to stand at 10 513 300 in August 2007, a record high.

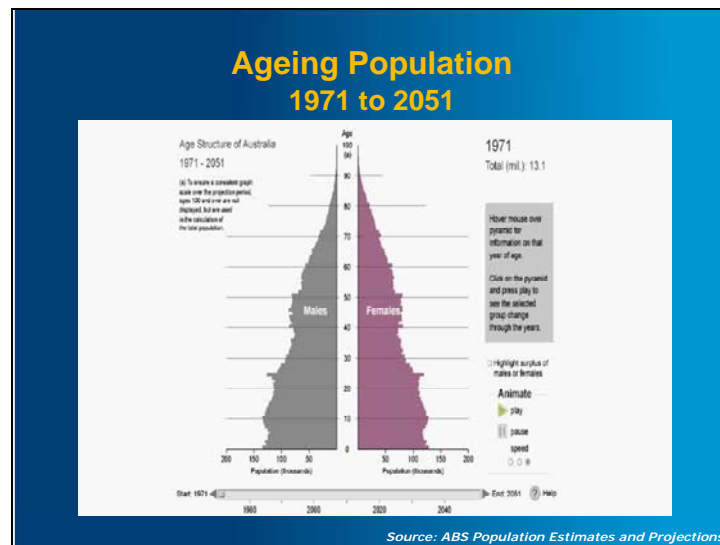
Against the backdrop of strong employment growth, the unemployment rate has fallen substantially, from 8.3% in August 1997 to currently stand at just 4.3% in August 2007.

The fall in the unemployment rate over the decade has been accompanied by a 2.2 percentage point rise in the participation rate, to a record high of 65.1% in August 2007.

The employment rate for the Australian working age (15 to 64 years) population has also increased significantly over the past 10 years, up by 6.0 percentage points to stand at 73% in August 2007.

<Source: ABS Seasonally adjusted data to August 2007>

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This slide effectively illustrates the ageing of Australia's population (1971- 2051):

(See ABS website for image of changing age structure)

Most evident is the large group of baby boomers moving through the graph.

The ageing of the population presents major risks for businesses as the baby boomers move to retirement. The first cohort of baby boomers (i.e. those born in 1946) will reach the age of 65 in 2011.

(Source: ABS Animated population pyramid. 1971 to 2006 are population estimates. 2007 to 2051 are population projections - B Series)

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Ageing Workforce - Australia

- 38% of the Australian workforce are aged 45 years or over
 - Average age of intended retirement = 62 years
- Estimated shortfall of 195 000 workers over the next 5 years as a result of the ageing population
- High proportion of mature age workers employed in:
 - Agriculture, Forestry and Fishing
 - Education
 - Health and Community Services

Source: ABS Labour Force Survey August 2007, ABS Retirement and Retirement Intentions, 2004-05, DEWR Workforce Tomorrow

At August 2007, 38% of employed people in Australia were aged 45 years or over. The proportion of the workforce aged 45+ has increased by 7.1 percentage points over the past decade, which reflects the gradual ageing of Australia's population.

(Source: ABS Labour Force Survey data, three month averages to August 1997 and August 2007)

The average age people intend to retire is 62 years (note: average excludes people who did not know what age they would retire, which represents about half of the people who intend to retire).

(Source: ABS Retirement and Retirement Intentions, 2004-05)

To project the impact of population ageing on the supply of labour as well as its impact on the available workforce for each industry, region and occupation for the period 2005 to 2010, the Department has published a report titled *Workforce Tomorrow*. Over the next five years the estimated impact of population ageing in Australia is equivalent to a shortfall of 195 000 workers.

(Source: DEWR Workforce Tomorrow, 2005-2010)

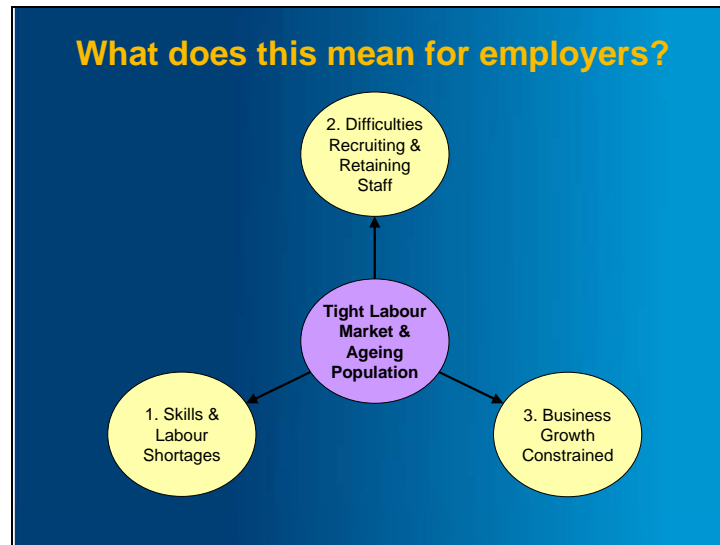
While every industry will be affected by demographic change in the coming decades, those with a high proportion of workers aged 45 years and over are likely to face the most disruption from population ageing. Currently, there is a very high proportion of mature age workers employed in the Agriculture, Forestry and Fishing (54%), Education (49%) and Health and Community Services (46%) industries. Employers in these industries may need to consider ways of retaining mature age workers in their business for longer through strategies like part-time work and job sharing rather than losing them through retirement.

(Source: ABS Labour Force Survey data, four quarter averages to August 2007)

The DEWR Workforce Tomorrow report has forecast that the largest shortfalls of workers in the next few years across Australia, will be in the Manufacturing (45 400) and Retail Trade (22 100) industries. Large shortfalls have also been forecast for the Professional (38 300), Intermediate Clerical, Sales and Service Worker (39 300), and Tradesperson (28 900) occupations.

In the Moreton region (which includes the Gold Coast) there is a forecast shortfall of 7010 worker in the next few years as a result of the ageing population. In the Richmond-Tweed area the shortfall is forecast to be around 1470 workers.

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This coupling of the tight labour market and ageing of the population has an enormous impact on employers including:

1. Skills and Labour Shortages
2. Difficulties recruiting and retaining staff
3. Constrained Business Growth.

At a national level, research is showing that there is a wide range of skilled occupations that are in shortage, including – Health Professionals (e.g. Registered Nurses, Dentists and Physiotherapists), Engineers and Surveyors (e.g. Chemical Engineers, Civil Engineers and Surveyors), Tradespersons (e.g. Motor Mechanics, Panel Beaters, Electricians, Cooks and Carpenters), Chefs and Child Care Workers.

Our regional skills in demand research, which has collected information from more than 10 000 employers (over the 12 months to March 2007) found that 9% of vacancies remained unfilled in the last 12 months. This included occupations at all skill levels.

The extent of the impact of the ageing population and the tightening labour market will vary across regions of Australia, with some areas

harder hit than others (e.g. those areas with very low unemployment, a high proportion of mature age workers and a booming economy).

(Source: Migration Occupations in Demand List, September 2006)

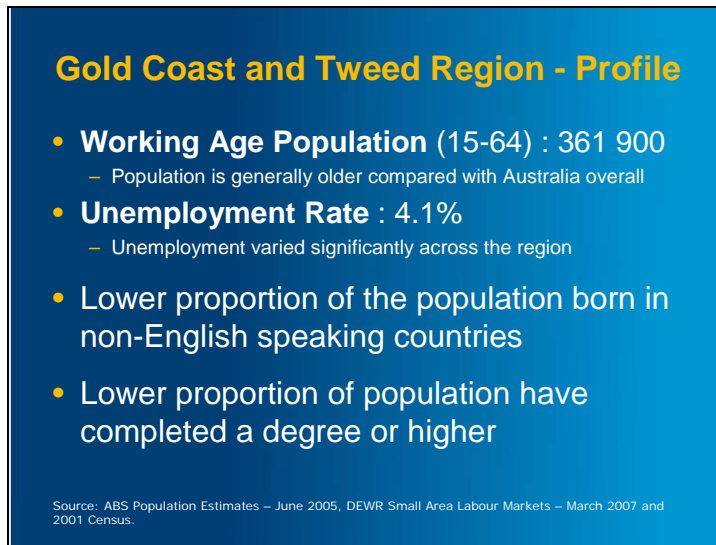
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So lets look at what is going on in the Gold Coast and Tweed labour market.

This map shows the Employment Service Areas (ESAs) of Gold Coast and Tweed.

The information on skills in demand focuses on both of the ESAs.



Gold Coast and Tweed Region - Profile

- **Working Age Population (15-64) : 361 900**
 - Population is generally older compared with Australia overall
- **Unemployment Rate : 4.1%**
 - Unemployment varied significantly across the region
- Lower proportion of the population born in non-English speaking countries
- Lower proportion of population have completed a degree or higher

Source: ABS Population Estimates – June 2005, DEWR Small Area Labour Markets – March 2007 and 2001 Census.

Overview of Gold Coast and Tweed Region

Working Age Population (15-64)

In June 2005, the working age population (aged between 15 to 64 years) in the Gold Coast and Tweed Region was 361 900, of which:

- Gold Coast comprised 87 per cent;
- Tweed comprised 13 per cent.

In general, the age profile of the Gold Coast and Tweed region is slightly older than Australia. For example, half of the adult population is aged 45 years and over compared with 47 per cent recorded for Australia. In addition, the proportion of the working age population approaching retirement (i.e. aged 45-64) is 39 per cent for Gold Coast and Tweed compared with 36 per cent for Australia.

Older population is particularly high in Tweed.

(Source: ABS 2005, Population Estimates)

Unemployment Rate

Unemployment in the Gold Coast Tweed region has declined significantly over the last 5 years, down from 9.0 per cent at March 2002 to 4.1 per cent at March 2007, which is lower than the comparable national average (4.7 per cent).

The level of unemployment varies across this region, with the Stephens SLA recording a very high unemployment rate of 10.2 per cent in the 12 months to March 2007, while the Oxenford SLA recorded the lowest unemployment rate of 1.9 per cent over the same period.

- The unemployment rate for the Gold Coast ESA stood at 3.9 per cent in the 12 months to March 2007.
- The unemployment rate for the Tweed ESA stood at 6.4 per cent in the 12 months to March 2007.

(Source: DEWR Small Area Labour Markets – March 2007)

Diversity

At the time of the 2001 Census, 22 per cent of both the Gold Coast and Tweed region's population were born overseas (which is in line with the national average).

Around 8 per cent of the Gold Coast and Tweed population were born in non-English speaking countries compared with 13 per cent for Australia.

Education

In 2001, a smaller proportion of the population in the Gold Coast and Tweed region had post school qualifications (32 per cent) than for Australia (35 per cent).

Also at this time, a smaller proportion of the population in the Gold Coast and Tweed region had completed a degree or higher (9 per cent) than for Australia (13 per cent).

Indigenous

At the time of the 2001 Census, less than 1 per cent of the Gold Coast and Tweed population identified themselves as being Indigenous.

Over the same period, the Indigenous unemployment rate was 22 per cent, which was more than double the non-Indigenous unemployment rate (10 per cent).

Also at this time, the Indigenous participation rate stood at 61 per cent, which was in line with the non-Indigenous participation rate (60 per cent).

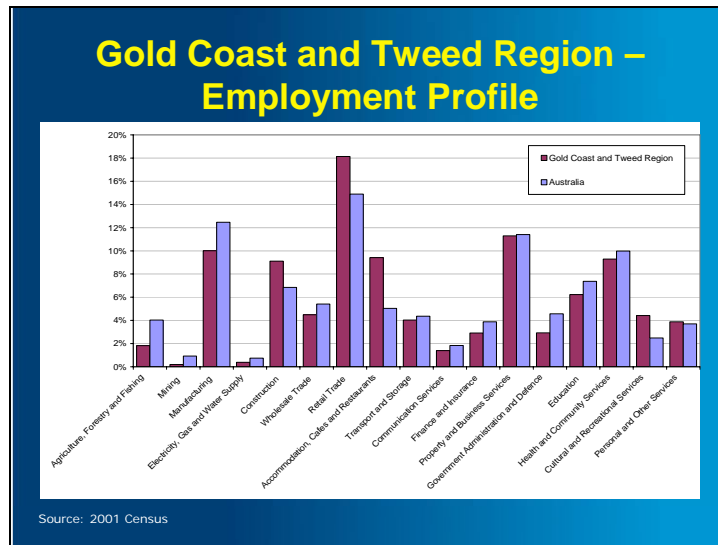
SLAs	Unemployment rate (%)	Labour force ('000)	Unemployment ('000)
Beaudesert (S) - Pt A	4.7	17587	819
Arundel	2.8	5193	147
Ashmore	2.9	7241	208
Benowa	2.6	4348	115
Biggera Waters	3.8	3259	124
Bilinga	7.3	794	58
Broadbeach	5.2	2765	144
Broadbeach Waters	3.6	4815	173
Bundall	2.4	2826	68
Burleigh Heads	4.9	4610	224
Burleigh Waters	3.4	7508	252
Carrara-Merrimac	3.5	9533	337
Coolangatta	9.7	2386	232
Coombabah	3.7	5041	188
Coomera-Cedar Creek	6.3	7143	452
Currumbin	2.8	1866	52
Currumbin Waters	3.2	5676	179
Elanora	4.0	6620	263
Ernest-Molendinar	2.9	2173	62
Guanaba-Currumbin Valley	2.5	16450	411
Helensvale	2.3	8141	190
Hollywell	3.5	1563	54
Hope Island	2.7	2326	62
Labrador	6.7	8808	591
Main Beach-Broadwater	3.5	2653	92
Mermaid Beach	3.5	4157	145
Mermaid Wtrs-Clear Is. Wtrs	3.4	8517	286

SLAs	Unemployment rate (%)	Labour force ('000)	Unemployment ('000)
Miami	3.7	3816	141
Mudgeeraba	2.4	6017	145
Nerang	3.9	13672	532
Oxenford	1.9	5695	111
Palm Beach	4.4	7857	344
Paradise Point	3.6	2306	83
Parkwood	2.8	6010	167
Robina	2.5	11515	289
Runaway Bay	3.4	5084	175
Southport	6.9	13892	959
Stephens	10.2	3011	308
Surfers Paradise	5.0	10362	514
Tugun	4.6	2886	132
Worongary-Tallai	2.5	6035	148
Beaudesert (S) - Pt B	3.2	15593	503
Tweed (A) - Pt A	6.2	20111	1243
Tweed (A) - Pt B	6.8	12943	881

Please note that even though the unemployment rate for the Stephens SLA was very high, the population of the labour force in the SLA is comparably small when compared with other SLAs in the Gold Coast and Tweed region. The SLAs which have higher unemployment rates coupled with a larger labour force are therefore:

Southport SLA – down from 7.6 per cent in the 12 months to March 2006 to stand at 6.9 per cent in the 12 months to March 2007; and Tweed (A) – Part B – down from 8.3 per cent in the 12 months to March 2006 to stand at 6.8 per cent in the 12 months to March 2007.

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Industry Distribution

Another important part of the profile of the Gold Coast and Tweed Region is the distribution of employment across industries.

At the time of the 2001 Census, Retail Trade was the largest employing industry in the Gold Coast and Tweed area, comprising 18 per cent of total employment.

Retail Trade is the largest employing industry for both ESAs – making up 18 per cent of employment in the Gold Coast ESA and 19 per cent in the Tweed ESA.

Other important industries include Property and Business Services (11 per cent) and Manufacturing (10 per cent).

In general, the distribution of employment across most industries in the Gold Coast and Tweed region is similar to that of Australia, however, differences do exist. For instance, Retail Trade, Accommodation, Cafes and Restaurants and Construction employs a larger proportion

of the population in the Gold Coast and Tweed region than for Australia as a whole.

Please note that Agriculture, Forestry and Fishing comprises 5 per cent of total employment in the Tweed ESA compared with 1 per cent for the Gold Coast.

We can gain more insights into how industry compositions may have changed in the Gold Coast Region over the five years since August 2002 by analysing the industry change that has occurred in the South and East Moreton Labour Force Region, of which approximately 80 per cent of the Gold Coast region falls within.

Importantly, employment in the South and East Moreton LFR has significantly increased over this time, up by 27 per cent. Employment growth has been the strongest in the Construction industry, up by 58 per cent. This was closely followed by the Manufacturing (up by 36 per cent) and the Property and Business Services (up by 31 per cent) industries.

In contrast, there has been a decline in the Agriculture, Forestry and Fishing (down by 58 per cent) and Wholesale Trade (down by 12 per cent) industries.

(Source: ABS Labour Force Survey – Four Quarter Averages to August Quarter 2002 and 2007, original data)



**Gold Coast and Tweed Region –
Recruitment Experiences**

- 424 employers surveyed
- 67% of surveyed employers had recruited or attempted to recruit
 - 2783 vacancies
 - 7% of vacancies remained unfilled
 - 17% of employers had one or more unfilled vacancies in their business
- 66% of employers reported that recruitment was difficult

Source: DEWR, Gold Coast and Tweed Region Survey of Employers' Recruitment Experiences – September 2007

Next we look at skills in demand in the Gold Coast and Tweed Region.

To gain a greater understanding of the recruitment experiences of employers in the Gold Coast and Tweed region, DEWR conducted a telephone survey of local employers in September 2007. Findings from the survey provide a good indication of the extent and nature of recruitment difficulties that local employers face.

The Survey of Employers' Recruitment Experiences collected information from 424 businesses across 8 key industries.

Overall the survey found that:

67 per cent of employers surveyed had recruited or attempted to recruit in the past 12 months, which is a high level of recruitment activity when compared with other regions surveyed to date (50 per cent). Recruitment in the last 12 months varied by industry, with high activity in the Manufacturing (75 per cent) and Retail Trade (71 per cent) industries and lower activity in the Transport and Storage and Property and Business Services industries (both 59 per cent).

Recruiting employers attempted to fill 2783 vacancies in the past year and of these 7 per cent (or 201 vacancies) remained unfilled (this is slightly lower than the 9 per cent unfill rate recorded for other regions surveyed to date). Importantly, there were certain industries that encountered greater difficulty when recruiting and subsequently filled a smaller proportion of vacancies than others. Surveyed employers from the Transport and Storage and Construction industries reported the highest proportion of vacancies unfilled (26 per cent and 13 per cent respectively). On the other hand, employers from the Personal and Other Services (1 per cent unfilled) and Accommodation, Cafés and Restaurants (3 per cent) industries filled most of their vacancies.

The proportion of unfilled vacancies is indicative of the depth of recruitment difficulties in the region or industries. Another indicator of recruitment difficulty is the number of employers who experienced unfilled vacancies over the last 12 months. Overall, 17 per cent of employers who had attempted to recruit reported one or more unfilled vacancies. Not surprising, this proportion was highest in the Construction (31 per cent) and Transport and Storage (25 per cent) industries.

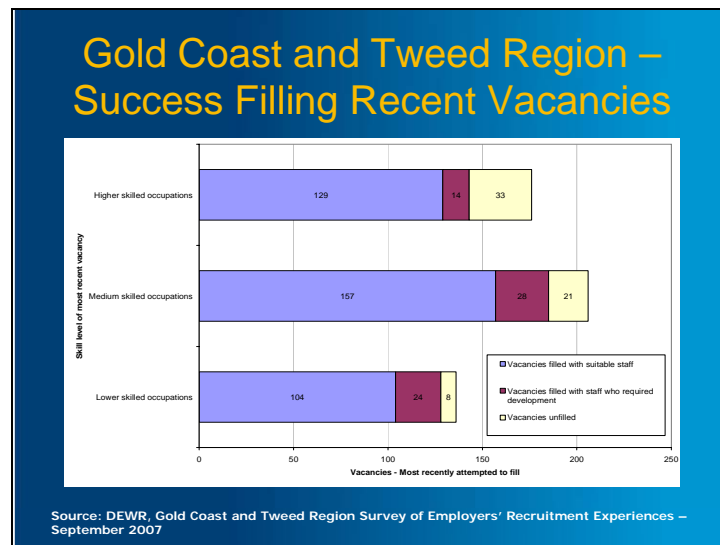
Of the employers who had attempted to recruit in the last 12 months, two thirds reported that recruitment had been difficult. These difficulties were most prominent for employers in the Transport and Storage and Health and Community Services (both 81 per cent respectively) industries. In contrast, a lower proportion of employers in the Property and Business Services (47 per cent) industry reported difficulty filling vacancies.

Key Industries – number of employers surveyed, vacancies, unfill rate

Manufacturing	60	470	4%
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Construction	37	154	13%
Retail Trade	93	457	5%
Accommodation, Cafés and Restaurants	55	451	3%
Transport and Storage	27	108	26%
Property and Business Services	58	694	11%
Health and Community Services	25	168	1%
Other Industries Surveyed			
Mining	1	3	33%
Wholesale Trade	9	21	0%
Education	1	2	0%
Cultural and Recreation Services	2	10	0%
Total	424	2783	7.2%

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Recruitment difficulties can be attributed to a number of causes. While many of these reasons relate to aspects of the employer, industry or region, such as location or availability of local labour supply, other causes of difficulty can stem from the type of occupation that an employer is attempting to fill.

One of the key indicators to measure recruitment difficulties in an occupation is the degree of success that employers have had in filling vacancies with suitable job seekers.

This chart shows the number of vacancies that were reported by employers in the Gold Coast and Tweed area as their most recent vacancy. Additionally, the chart is broken down by skill level and whether the employer filled the vacancy with suitable staff (blue section), whether the employer filled the vacancy with staff requiring development (red section) or whether the vacancy was not filled (yellow section).

Higher skilled vacancies

As we can see from this chart, employers seeking to fill higher skilled vacancies reported the most unfilled vacancies – overall 33 out of these 176 vacancies (19 per cent) were not filled. In addition, 14 vacancies (or 8 per cent) were filled by staff who required development. Difficulties were most prominent among employers with Associate Professional and Tradesperson vacancies (21 per cent and 20 per cent remained unfilled respectively).

Unfilled vacancies were concentrated among Building, Architectural and Surveying Associate Professional, Registered Nurse and Structural Steel and Welding Tradesperson positions.

Medium skilled vacancies

Employers seeking to fill medium skilled vacancies reported that 10 per cent (or 21) of vacancies remained unfilled, and an additional 14 per cent of vacancies (or 28) were filled with staff who required further development. Vacancies for Intermediate Production and Transport workers were particularly difficult to fill with 17 per cent of total vacancies remaining unfilled (largely for Mobile Construction Plant Operator, Truck Driver and Storeperson positions).

Lower skilled vacancies

Employers filling lower skilled occupations overall encountered the least amount of recruitment difficulty, with 6 per cent of vacancies remaining unfilled. Notably, most of the unfilled vacancies in this skill group were for Labourer and Related Worker positions. We can also see in this chart that despite the high success in filling lower skilled vacancies, a relatively high proportion (18 per cent) were filled by staff who required development.

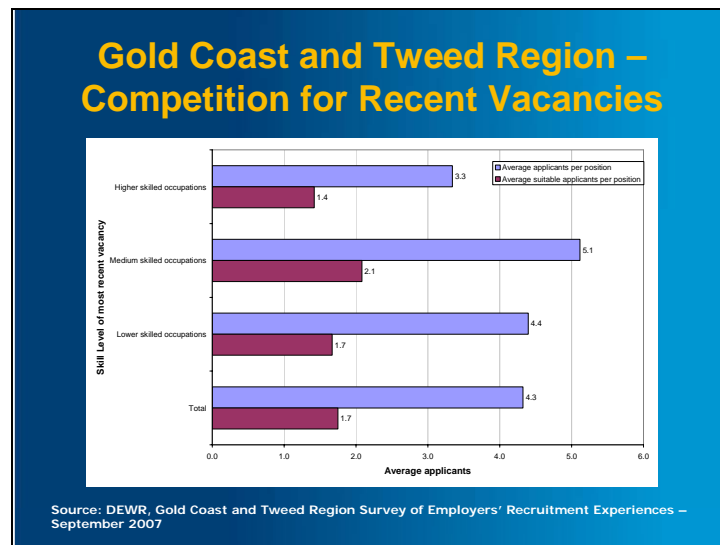
Skill levels

Highly skilled includes: Managers and Administrators; Professionals; Associate Professionals; and Tradespersons and Related Workers.

Medium skilled includes: Advanced Clerical and Service Workers; Intermediate Clerical, Sales and Service Workers; and Intermediate Production and Transport Workers.

Lower skilled includes: Elementary Clerical, Sales and Service Workers; and Labourers and Related Workers.

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The recruitment success of employers illustrates the second indicator of recruitment difficulty, that is, the degree of competition for vacancies and the quality of applicants.

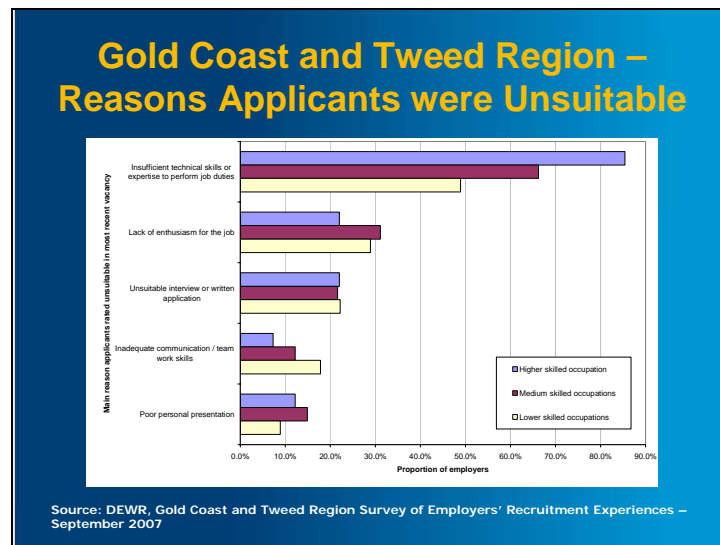
This chart shows the average number of people who applied for vacancies (most recent only) and the average number of applicants who were considered suitable for the job for which they had applied.

Overall, the results of the survey indicate that there is a considerable level of competition for vacancies in the Gold Coast and Tweed region, with an average of 4.3 applicants per vacancy. Of these, an average of only 1.7 applicants were rated as suitable, indicating that employers had limited options when selecting an applicant for employment.

The level of competition for vacancies is also closely related to the type and skill level of an occupation. In the Gold Coast and Tweed region, competition for vacancies was relatively evenly spread amongst all three occupational groups, with medium skilled occupations attracting an average of 5.1 applicants per vacancy, followed by lower skilled occupations, attracting an average of 4.4

applicants per vacancy, and higher skilled occupations attracting the lowest average of 3.3 applicants per vacancy.

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This chart shows why surveyed employers found one or more applicants to be unsuitable for the position for which they had applied, by the skill level of the occupation.

Across all most recently advertised vacancies, employers most commonly found one or more applicants to be unsuitable because they did not have the appropriate skills or expertise to perform job duties (66 per cent). This was reported by the majority of employers who were attempting to fill higher skilled occupations (85 per cent).

Many employers reported a lack of enthusiasm for the job (28 per cent) as another reason why they found applicants to be unsuitable. Again this proportion varied depending on the skill level of the job. This was most commonly reported by employers recruiting for medium skilled occupations (31 per cent compared with 29 per cent for lower skilled occupations and 22 per cent for higher skilled occupations). What these results emphasise is the importance of improving the job readiness of job seekers. Survey results suggest that the quality of applicants can be directly improved by addressing issues relating to

the enthusiasm of applicants, work experience, as well as how applicants perform during the selection process.

This chart also indicates that a relatively high proportion of employers (across all occupations) found applicants to be unsuitable due to poor interview or written applications (22 per cent) and inadequate communication or team work skills (13 per cent).

**Gold Coast and Tweed Region –
Difficult to Fill Occupations**

Higher skilled occupations	Medium and lower skilled occupations
<ul style="list-style-type: none">• Building, Architectural and Surveying Associate Professionals• Chefs• Marketing and Advertising Professionals• Registered Nurses• Specialist Medical Practitioners• Structural Steel and Welding Tradespersons• Motor Mechanics	<ul style="list-style-type: none">• Child Care Workers• Dental Assistants• General Clerks• Hairdressers• Sales Assistants• Storepersons• Truck Drivers• Waiters

Source: DEWR, Gold Coast and Tweed Region Survey of Employers' Recruitment Experiences – September 2007

As is evident from the list, recruitment difficulties exist across the range of skill levels, including occupations such as:

Building, Architectural and Surveying Associate Professionals

Chefs

Marketing and Advertising Professionals

Children's Care Workers

Dental Assistants

General Clerks

Hairdressers

Greatest difficulty has been determined by multiple employers in the region reporting recruitment difficulty for that occupation and did not necessarily translate into unfilled vacancies.

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56 per cent of surveyed employers expect to recruit in the coming 12 months. This is slightly above the average for regions surveyed to date (52 per cent). Employers in the Manufacturing (67 per cent) and Construction (60 per cent) industries were the most likely to recruit staff in the next 12 months.

Almost two thirds of employers who expect to recruit anticipate staff turnover in their business over the next 12 months. Employers in the Accommodation, Cafés and Restaurants (78 per cent), Health and Community Services and Retail Trade (both 73 per cent respectively) industries were the most likely to anticipate staff turnover in their businesses.

Around 57 per cent of employers who expect to recruit anticipate employment growth in the next 12 months, with the Property and Business Services (71 per cent) and Manufacturing (65 per cent) industries most likely to expect growth in their business.

59 per cent of employers who expect to recruit in the next 12 months expect difficulty when doing so. Employers in the Transport and

Storage (73 per cent) and Manufacturing (68 per cent) industries were by far the most likely to report that they expect recruitment to be more difficult in the next 12 months.

Encouragingly, 64 per cent of employers who expected to recruit would provide job seeker development opportunities such as Apprenticeships/Traineeships and provide work experience to unemployed persons, with employers from the Construction (73 per cent) industry most willing.



What can we do?

- Migration
- Look beyond the traditional sources of labour:
 - Parents
 - People with disabilities
 - Mature age workers
- Understand your workforce and respond to risks:
 - Take an age audit
 - Develop an action plan to manage the risks of an ageing workforce

Migration

Migration is also part of the answer to the skills shortages issue. As we saw earlier in the presentation, it also plays a major role in sustaining Australia's workforce numbers.

The skilled stream is currently the largest component of Australia's Migration Program, and is playing a large role in addressing skills shortages. Targeting of the General Skilled Migration categories of the Skill Stream to the Australian labour market is achieved through the Migration Occupations in Demand List (MODL) – produced by DEWR – which identifies occupations and specialisations that are in national demand and for which there are good employment prospects.

However, it is important to keep in mind that Australia is competing with other countries such as England, New Zealand and much of Europe for skilled labour. Migration is therefore likely to be only one component of the answer to meeting employer's labour and skill requirements.

Looking beyond traditional sources of labour

International comparisons of labour force participation rates indicate that it is possible to catch up with the best performing countries by increasing participation among welfare recipients, mature age workers and women with families.

Centrelink

At June 2007, around 17% of the working age population in the Gold Coast and Tweed region were in receipt of a Centrelink payment. Most prominent were the high numbers of Centrelink recipients on Disability Support Pension (28 per cent), Parenting Payment Single (19 per cent) and Newstart Allowance (18 per cent).

Understand your workforce and respond to risks

Difficulties in recruiting and retaining staff are set to become significantly worse unless employers take action today:

Get to know your workforce - take an age audit, so that you can be prepared for what impact the ageing population will have on your business.

Develop an action plan which addresses such issues e.g. how can we improve our workplace flexibility.



Improving Workplace Flexibility

- Innovative responses some employers are making include:
 - Phased retirement
 - Increasing education and training
 - Increasing access to flexible working hours
 - Job sharing
 - Improving the work/family balance
 - Providing childcare facilities
 - Apprenticeships / Traineeships
 - Recruiting lower skilled workers and training them up

One of the keys to attracting and retaining workers is to improve **workplace flexibility**.

Some innovative responses that employers are already making include:

- Retaining mature-aged employees through strategies such as phased retirement and age-awareness training;
- Increasing education and training for existing employees (both on and off the job);
- Increasing access to flexible working hours;
- Job sharing;
- Improving the work/family balance for their employees;
- Providing child care facilities in or near the workplace to retain workers who are carers for young children;
- Modifying the workplace and tasks so that they can be performed by employees with various levels of disability;
- Offering Apprenticeships/Traineeships; and
- Recruiting people at the lower skill level and training them to perform the job.