



# Webinar: Jobs and Skills Australia Update

Thursday 15 June 2023

**MC:** David Turvey

**Presenters:** Professor Peter Dawkins, Dr Damian Oliver, Cliff Bingham

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*[Opening visual of slide with text saying 'Australian Government with Crest (logo)', 'Jobs and Skills Australia', 'Jobs and Skills Australia Update', '15 June 2023']*

*[The visuals during this webinar are of the presenter and panellists seated on stage (with Professor Peter Dawkins appearing via video on screen), speaking with reference to the content of a PowerPoint presentation being played on a large background screen]*

**David Turvey:**

Good afternoon and welcome to today's second Jobs and Skills Australia webinar. Thanks for joining us this afternoon. My name's David Turvey. I'm the First Assistant Secretary for Jobs and Skills Australia. Welcome. Thank you for joining us. And I'd like to pay my respects to the lands that we're meeting on, to the traditional owners of the lands we're meeting on today here in Canberra, the Ngunnawal people, and all the traditional owners of all the lands throughout Australia that people might be joining this webinar from. Thank you.

And just wanted to quickly run through the plan for this afternoon. So we have 3 speakers this afternoon. So firstly Professor Peter Dawkins, the Director of Jobs and Skills Australia will be giving an update on what's been happening over the last few months since we last did one of these webinars. And then we have Damian Oliver, the Assistant Secretary for Workforce Futures Branch who will talk about our Clean Energy Capacity Study and progress with that work. And then Cliff Bingham who's the Assistant Secretary for the Labour Market and Migration Branch will talk about the quarterly labour market report which came out a few weeks ago.

So we'll take questions as we go through the session. So please feed your questions through the online system. We'll take a little gap between each presentation and answer some questions and then we'll hopefully leave some time at the end to take some more questions and wrap up.

So with that I might hand to Peter.

**Professor Peter Dawkins:**

Well thanks very much David. And I'm joining you from the land of the Wurundjeri people in the Melbourne office and we can see you there in the theatre at the Canberra office. So yes I'm going to provide a bit of an update on how things are going at Jobs and Skills Australia. We commenced operations at the end of November last year and I started at the beginning of December charged with the task of leading the establishment of this new institution under interim legislation and now legislation is going through Parliament to set us up on a permanent basis. It has to go back into the Senate one more time either at the end of the current session or after the recess. So it won't be long before we're formally established on our ongoing legislation which is going to provide us an even bigger role than the one we had in the interim legislation.

And the core role is to advise the Government and all the key pillars of the national skills system on Australia's skills needs, short, medium and long term skills needs, and the adequacy of the skills system in meeting those needs. And I'm just going to take you through a few slides. If we go to the first one you'll see that we've got the national skills system on that slide. And if you can see it, which – there we go. So people supplying the skills in households, employers demanding skills in firms, industry comprising employers and unions and then jobs being the outcome in workplaces, people coming together from the supply side with employers on the demand side, people in those jobs in workplaces.

And so that's if you like the labour market and then the skills system is seeking to enhance the skills of the people in the labour market. And at the top of the diagram we've got the formal system, the VET and higher education system, schools transitioning young people into the VET and higher ed system, we've got the adult and community education system. Of course as well as the formal system there's the informal non-accredited training and on the job training inside those workplaces. There are other systems that interact with the skills system in the bottom right hand corner there, tax and transfer system, the employment system, the industrial relations system. And then coming from outside of Australia we've got people coming in through the migration system.

And so that's a sort of a schematic, simplistic view of the skills system but you can see it's got many kind of elements and our job is to both advise on the skill needs and how well this system is going in providing for those needs. And so we're in a unique position to be advising all parts of the skill system in VET, higher ed and migration in particular and the Act that's going through Parliament identifies us having a key role in advising VET and advising higher education and in advising the migration system with a view to them operating in harmony and achieving the skills needs for Australia in the future.

And so we have been working on the 2022-23 work program in order to progress that agenda and the next slide gives you an idea of the way we think about our work plan. And you'll see the 22-23 work plan on our website which describes the work we've been doing this year and we're currently developing the work plan for 23-24. And we will consult with Jobs and Skills Councils and with states and territories and with our consultative forum about that work plan. And we're also developing a method for consulting more widely as we go forward with all stakeholders and the broader community and there will be a discussion paper coming out soon about that process for consultation over the next year about the following year's work plan.

But the way we're thinking about our work plan is that it should be leading up to a national jobs and skills roadmap. So it should all come together with not only a definition of the skills needs of the future but a bit of a roadmap about how we're going to achieve those needs across the migration system, the VET system, the higher education system and so on. And if you go to the third layer of that pyramid diagram, labour market and skills analysis, then that was the core business of the National Skills Commission and remains a key plank of Jobs and Skills Australia. And a lot of analysis of labour markets, of skills using a whole range of different analytical tools and doing forecasts, developing the skills priority list, using the Australian Skills Classification, doing employment forecasts, analysis of skill shortages and so on. And so one of the things you're going to hear about later on is our quarterly labour market report which comes out of that part of our work and it's analysis of skill shortages.

Incidentally another very interesting piece of work that will be coming out shortly is a report on First Nations peoples' workforce which there's a further development of some work that was commenced under the National Skills Commission. So in the next week or so look out for our report on First Nations peoples workforce where we've used administrative data combining from various sources to provide a sort of richer stocktake of the First Nations workforce than I think has been possible before, both of their employment profile and their training profile. And we've been very fortunate to be able to consult with a new employment

and training alliance, Indigenous employment and training alliance that's being developed nationally as a sounding board for this kind of analysis and they're going to be a peak body that will help ensure that first peoples workforce planning and employment and training is well based in Indigenous communities. And they've given us very, very helpful feedback on that report. So look out for that one.

You'll hear from Cliff shortly about the quarterly labour market report and our analysis of skill shortages. If you go up to the next layer, strategic advice and deliverables, this is advice to the key pillars of the system, the VET system, the higher ed system, the migration system. And there's been the migration review and Government's starting to make announcements about how that's going to play out and identifying Jobs and Skills Australia as a key advisor into the migration system. There's the Higher Education Accord going on, the National Skills Agreement. And we expect to be playing a role in helping to provide analysis and advice to make those various reform agendas all work effectively for the benefit of the whole skills system.

Within that layer we've also got some major capacity studies. We've got the Clean Energy Capacity Study that you will hear about from Damian Oliver shortly. We've got a big study of foundation skills, literacy, numeracy, digital literacy, including looking at First Nations communities in that space as well. And this work is going to be increasingly done in partnership both with the states and territories who we've been doing a lot of work with, how we're going to work together with them, and the Jobs and Skills Councils, the ten Jobs and Skills Councils.

If we go to the next slide we've got the Annual Jobs and Skills Report which is our annual report which will morph into a roadmap ultimately. But this is something that will draw together work we're doing with the Jobs and Skills Councils and the states and territories at the sectoral level into pulling that together into a national story. So analysing skill shortages we've got on the left hand side there, then projections of labour demand and labour supply including for graduates of VET and higher ed, scenario analysis, and you'll hear from Damian about scenarios we're analysing in the clean energy workforce, and then analysis of implications for the national skills system including possible areas of reform, paying regard to the National Skills Agreement, the Higher Education Accord and the migration review.

And so as I say the idea is that this will develop into a national jobs and skills roadmap, working together with the Jobs and Skills Councils in their analysis of their industry sectors. And we had a great workshop with them a couple of weeks ago about how we're going to

support them and then how their work is going to feed into our national reports and also working with the states and territories.

So if we go to the next slide there are the ten Jobs and Skills Councils that are getting up and running now and I'm sure we've got many people involved with them in our webinar today. And you'll see that now that we've got ten sectors that cover virtually the whole economy by collaborating with them we can both get a richer understanding of each of their sectors and how they all fit together into a national story. And we'll be able to test our analysis, for example the work we're doing on clean energy at the moment, with for example the Energy, Gas and Renewables Jobs and Skills Council. The work we're doing on digital skills we can test with the Finance, Technology and Business Council. And of course they're all interested in digital skills. And that will ensure that we're grounded in the real world. And they're also getting the nice value out of our analytical work.

So I might stop there and David we've probably got a minute or two to take some questions about the progress of Jobs and Skills Australia to date.

**David Turvey:**

Thanks Peter. And just for those of you who might have joined a few minutes late Professor Peter Dawkins, the Director of Jobs and Skills Australia has just been giving us an update on progress. Now I've lost my screen. That's a disaster. I did have a question that I think I can remember while I get my screen back up. In the conceptual work plan Peter where do you see work around inequality and inequity in the labour market? How do you see that sort of shaping up in the work program?

**Professor Peter Dawkins:**

So it is true that in legislation we have been asked to pay particular attention to disadvantaged cohorts. And so issues to do with gender equality, issues to do with income inequality, issues to do with those really struggling to make progress in the labour market, in insecure work for example, as well as of course very important analysis of First Nations people is a very important plank of Jobs and Skills Australia. So the vision that we've been working on with our consultative forum is both about a more highly skilled and more high productivity economy but also one that's inclusive and has stronger equity outcomes in the labour market.

**David Turvey:**

So thank you. Can you just elaborate a little bit on how you see the JSCs – what work the JSCs might be doing in that space as well?

**Professor Peter Dawkins:**

Yeah. Look JSCs will be obviously focusing on their particular sectors and we're providing them with – and Damian might like to comment on this too – a lot of data and support to analyse their various sectors and also working on the development of national training packages as well as the workforce planning role to enhance the education and training in that space. So I think that one very good example of how we can make a difference to those more disadvantaged cohorts, they tend to be ones with less skill and often don't have those foundation skills, the literacy, numeracy and digital literacy, and the Jobs and Skills Councils are very engaged in that work. But others, you yourself David or Damian might like to comment on that.

**David Turvey:**

Yeah. And there's a follow up question which is just more generally the relationship between the JSCs. So you talked about what the JSCs will be doing. The question that's come in is around the relationship between the JSCs and JSA at a broader level. Do you want to elaborate a little bit on that one? Why don't you start and I'll follow up.

**Professor Peter Dawkins:**

Yeah. Indeed. Well it's no coincidence that we've both got very similar names, Jobs and Skills Australia, Jobs and Skills Councils. And it was made very clear to me in the setting up of JSA that we had to work hand in glove with the Jobs and Skills Councils. And they have a lot of knowledge and understanding of their particular sectors. They will be doing workforce planning for their particular sectors informed by a lot of the data that we are able to provide them and some of the analytical work that we're doing about employment projections, about skills analysis and so on. But then they will delve deeper into issues in their own sectors and also bring intelligence from their employers and unions about the big issues which will then feed back into our analysis to further enhance our work. So a very synergistic relationship between them. Regular meetings with them. And we may well have a subcommittee of our consultative forum that's devoted to working with the Jobs and Skills Councils.

**David Turvey:**

Thanks Peter. And just to add to that I guess there's no kind of formal governance relationship between JSA and the JSCs but we're both working towards the same objective. I think we have a national perspective and the JSCs have a sectors perspective. So I guess I think about our role as sort of helping to make sure that there's a sort of nationally consistent story that comes out of the work of the JSCs and that we're bringing that together. And part of that is making sure that they've all got access to good high quality data and they've got the same information to draw on and that we can provide sort of a common set of data and analytical tools for them to use to draw on.

Damian has been leading the engagement with the JSCs to date. Is there anything you wanted to add on that?

**Dr Damian Oliver:**

No. Look I think both you and Peter covered it off, that particularly in this set up phase we're really keen to support the Jobs and Skills Councils as much as we can, to provide them with not just data but data capability and data insights and to provide the mechanism for more collaboration between Jobs and Skills Councils than what we've seen in the past. And probably the other point goes to what Peter was saying before about our Jobs and Skills report. We're really keen to draw in the insights, the industry-based insights from Jobs and Skills Councils as part of our analysis as well. So it's definitely a two-way flow of information and analysis.

**David Turvey:**

Excellent. Thank you. All right. So I'm just looking at the questions. I've got a few questions here that have come through that I might just hold off because I think they might relate to later parts of the presentations. So I might just ask Peter one more question before we move on to Damian. Peter how have you found the last six months at JSA? Any key highlights?

**Professor Peter Dawkins:**

Look it's both exciting and challenging setting up a new institution. I think the motion of an institution into a tripartite body with deep engagement with business, unions and federal and state Governments is a big task but it's a very exciting one. And I'm finding it quite exhilarating actually working with all of these key players around the country, all the states and territories, all the Jobs and Skills Councils. So our two workshops, one with the states and territories, both the key departments and our counterpart bodies that they have state by

state, and then the workshop we had with the Jobs and Skills Councils gave me a great sense of us being able to work together with key parts of the economy both regionally through the states and by industry sectors in a way that means that we can join forces in a way that's probably never been done before which is challenging but very exciting.

And alongside that there's been a whole lot of policy work undertaken that we've been engaged with around reforming migration, reforming the higher ed system, reforming the VET system, where our analysis is being taken very seriously and where Government is actually saying they really do want a joined up approach between VET, higher education, migration and they want us to be key advisors into those key pillars of the system. So that's been exciting too to see those healthy developments, be involved in them and to see emerging sort of a joined up approach to the national skills system in achieving the objectives of all of the skills that we need for the future of Australia.

**David Turvey:**

Excellent. Thank you Peter. So we might just get you to stay on the line because there are a few more questions that we might come back to at the end of the session. So please keep feeding your questions through. I'll kind of collate them. Next we're going to hear from Damian Oliver who as I said before is the Assistant Secretary of Workforce Futures Branch. Damian's been leading the team conducting what's called the Clean Energy Capacity Study. So for those of you not as familiar with our work one of the key things we'll be doing – and in Peter's diagram this is the sort of second pier in the triangle diagram – are these sort of in-depth, deep dive studies into a particular sector or region or cohort, kind of really unpacking what's going on in a particular segment of the labour market. And the Clean Energy Capacity Study is the first of these. Obviously transition to net zero is a big issue for the country and so we're trying to contribute to the policy discussion by better understanding the workforce implications of that transition. And so Damian's going to tell us about what we've been doing with this work. And there is the clicker. I'm handing over the clicker.

**Dr Damian Oliver:**

You did the slides for Peter but not for me.

**David Turvey:**

No. That's right. You have to do your own now.



**Dr Damian Oliver:**

That's okay. So thanks David. The Australian Government at the Jobs and Skills Summit last year committed Jobs and Skills Australia to undertake the Clean Energy Capacity Study which was a bit cheeky of them because we didn't exist at that point. But once we got up and running in December we pretty rapidly got work underway. So as you'd all know the Australian Government has committed to achieve net zero emissions by 2050 with the interim target for 2030. And that's I guess on one hand a pretty long timeframe that we're looking at, the next 30 years, but there's also a lot to be done and a lot that's unknown about the skills and the jobs that are going to be needed for us to undertake what is a very dramatic transformation of our economic and industrial structure.

So what is a capacity study? A capacity study is where we look at a particular challenge and identify the workforce roles that are needed in order to undertake that work. So an understanding of the skills and the skills pathway that are then needed to supply them. So there's both a very heavy kind of quantitative aspect around identifying the number of roles but also understanding in a lot of detail what are the skills that are required, what's the skills mix and how do we generate those skills. What's the right combination of on the job training, VET, higher education and migration that's going to be needed for us to be able to meet those requirements.

Perhaps a bit different to different studies that have been undertaken such as even ones by the National Skills Commission in the past. This study has a dual aspect which is of course we're transitioning away from coal fired and fossil fuel powered energy solutions like power, electricity and transport. So that means that there will be industries undergoing transition and communities in particular that are more exposed to that transition. So another important aspect of our study is to look at workers in those industries to understand what are the opportunities for them as Australia makes the transition to net zero for them to be able to move into new employment opportunities.

And so we kicked off the study earlier in 2023 and we're working to deliver the report to Government later this year. We're very conscious that there is a lot of work already underway and indeed before we commenced the capacity study that external agencies, universities, research organisations and state and territories were doing a lot of work to prepare themselves for net zero. And so a key objective of the work that we're undertaking is to bring together the very good work that already exists across all those agencies and stakeholders so that we can identify the common story that has emerged out of that work but also to fill in the gaps so that we are better prepared as a country to make that transition.

We often get asked what's the connection between the Clean Energy Capacity Study and many of the other initiatives that are underway at the moment. And we're very conscious of weaving into our work and our report the key findings that are coming out from a number of other initiatives that are underway and the most I guess significant of those or the most prominent is the National Energy Workforce Strategy which is being led out of the Department of Climate Change, Energy, Environment and Water in conjunction with our state and territory departments. Likewise the Australian Energy Employment Report which the same group undertook for the first time as a pilot study earlier this year and whose findings will incorporate into our report as well. Also underway at the same time as the study has been work by the Net Zero Taskforce which was established out of the Department of Prime Minister and Cabinet. That's now resulted in the announcement that the Government will create a Net Zero Authority to support workers in emissions intensive sectors to access clean energy opportunities. And so our report and then our ongoing analysis once the report's concluded will be a really important source of information for that authority as it goes about its work.

And in the Department of Treasury they have also reinstated functions looking at climate modelling where they're looking at the impacts of climate change on the broader economy. And so we're working closely with our colleagues there to ensure that our two pieces of modelling talk to one another.

One of the really important aspects and exciting aspects about Jobs and Skills Australia and the way that we work as a tripartite body is the close involvement of stakeholders in all stages of our work. And so the Clean Energy Capacity Study is a great example of that. We are guided by a Project Steering Group. It's chaired by Peter Dawkins but there are 18 members from across Federal Government, industry peak bodies, unions, states and territories, universities, training providers and research bodies to provide a mixture of subject matter expertise and technical input into the study. And we're incredibly lucky to be able to draw on such a broad group of experts. And that's really one of the key mechanisms where we are able to ensure that we're bringing together the stories, the analysis and the insights from the other work that is happening across Government and among many other stakeholder agencies as well.

We have been very busy since we got underway looking for multiple ways in which we can engage with stakeholders on this very kind of critical issue. And so we produced a discussion paper which was published early in the year, in March and April I think, and so we were lucky to receive 34 incredibly valuable, insightful submissions from that discussion

paper from again a range of groups across universities, industry peak bodies, unions and training providers.

We've been holding a series of round tables where we deep dive into particular issues. We've held one with TAFEs and one with universities, union representatives. We've got one coming up tomorrow with clean energy firms and a couple of others in the works as we work through the key groups that we're looking to cover off.

So what will the study and the final report actually tell us? So the overall aim of the study is to provide that critical evidence that's going to support workforce planning, policy development and program design. So our final report will look at clarifying the jobs in the industries that make up the clean energy workforce. A bit of a hint. It's much broader than just electricity generation, supply and distribution. We'll be looking at different transition scenarios in terms of how we reach net zero and what that means for future workforce needs. A particular focus – and this goes I think to one of the questions from earlier – is looking at how we can use the clean energy transition as an opportunity to provide more employment opportunities that are shared across regions and priority cohorts, as well as really getting into the detail and understanding what the education, training and migration pathways into clean energy roles are and what are the gaps. What information do we need to be providing universities, Jobs and Skills Councils as training package developers and others so that they can start building the courses, designing the curriculum and offering students pathways into clean energy jobs.

And just to finish off I will say a bit about the modelling that we've got underway that Peter referred to. So we're working with Deloitte Access Economics to consider the total demand and total supply of clean energy workforce over the next 10, 20 and 30 years. We're doing that by looking at the recent Government commitments in terms of policy towards net zero but we're also going to explore what that transition looks like based on some different scenarios. So do we continue as we are? Do we reach net zero in line with the Government's commitments across a range of areas including renewable electricity but also fuel emission standards and things like the safeguard mechanism? And then finally we look to a kind of more ambitious future where we leverage the competitive advantage that Australia has in terms of renewable energy sources, in terms of endowments of critical minerals to really see this as our opportunity to build an even more prosperous nation off the back of the transition to net zero globally.

**David Turvey:**

Excellent. Thank you Damian. So got time for some questions. So I've got a couple of questions already but please feed your questions through and we'll try and cover as many of them as we can. I guess the first kind of question – these are out of order in the way they've come in but can you give us an insight into some of the key themes that are coming through in the engagements that you've been doing so far?

**Dr Damian Oliver:**

So one of the really exciting things with the engagements is you get to hear what work is already underway. And in lots of instances there is a lot that we can draw on. And so I'm thinking about the session that we had with universities where a lot have been very innovative in terms of the new courses that they've created around some of these blended renewable electricity pathways that take aspects of chemical engineering and electrical engineering, looking at things like the technology needed for fuel cells and so on. Similar stories in the TAFE sector particularly where there are collaborations with industry to overcome some of the barriers around high costs of capital and the need to develop curriculum quickly.

So there's lots of positives out there. Also when we talk to unions and their experience of the job roles that are required and the fact that there is a strong existing skills base in this country through the apprenticeship system and the trades that leaves us actually very well equipped to meet some of those challenges. What's coming up in terms of barriers is some of the things around really systemic issues actually that aren't unique to clean energy but are actually around the settings in our VET system, our higher education funding arrangements, the migration system. And so what's really exciting about the report is that within the terms of reference we do have that licence to point to some of those broader system settings as potential barriers and potential enablers for being able to really escalate the degree of training and the supply pipeline that's going to be needed for the expansion of these roles.

**David Turvey:**

Very good. There's a question about sort of scope. I mean obviously the transition to net zero is a big economy wide kind of set of changes. For the purposes of this study what's the sort of scope and how far are we going into kind of supporting industries?

**Dr Damian Oliver:**

Good question. So the short title is the Clean Energy Workforce Capacity Study but its remit is the workforce that's needed to support the transition to net zero. So that means that the scope is much broader. One of the things that we've done in our discussion paper which we published in April and which we're doing some follow up work on is to really try and break down into some more recognisable chunks the scope. And so we're talking about the core clean energy workforce which is about the generation of renewable electricity and sustainable fuels but also looking at sectors that we've called the clean energy enabling workforce and the clean energy contributing workforce. So the contributing workforce, the contributing segment are things like critical minerals processing that will go into batteries, the steel fabrication and more advanced manufacturing that can produce onshore wind turbines for example. And in terms of the enabling segment that's where we look at things like the critical role that will be played by the VET workforce and the higher education workforce which have their own challenges but which are critical to ensuring that we have the pipeline of engineers and electricians and the various many other specialist roles that are going to be needed for the transformation.

**David Turvey:**

Good. Thanks. I've got a couple of questions here that relate to the international kind of experience. Obviously this is a global effort and a couple of questions here asking to what extent are we kind of taking into account the thinking that's being done overseas?

**Dr Damian Oliver:**

I don't think I go to a single meeting without hearing about the Inflation Reduction Act in the US. So the global dynamics are a really important part of this. The direct answer to the question is that we're looking at different global responses as part of our scenarios in our modelling. So we know that as a small and exposed economy that Australia can't change the world and needs to be ready to adapt to different scenarios and that's something that we'll be doing in the report.

**David Turvey:**

Yep. Cool. And maybe just one more before we move onto Cliff. There's a question about how we relate to the new – actually I might blend two questions here. There is a question about how we relate to the new Net Zero Transition Authority and there was another question that related to the sort of regional distribution. I'm going to kind of wrap those up

because I know the new Authority has a very strong regional focus. Would you like to talk to us about how we relate to that new body and our thinking about the broader regional impacts?

**Dr Damian Oliver:**

Sure. So we've got a representative from the Net Zero Taskforce as it currently still is or agency as part of our Steering Group. So they've helped to direct the nature of the analysis so far. And we see once the Authority gets established that we'll be that important source of information and ongoing analysis for them. And helpfully we'll be providing a report just as they're getting started which will probably contain a bunch of recommendations for what they should be doing. So they've got a very specific remit in terms of engaging with – still subject to consultation but broadly they'll be engaging with communities and with employers, with industry to plan transitions. And so that's something that they'll be able to draw on our work for.

In terms of the regional dynamics of this I would say yes, the location of solar and wind installation is very significant and has a different regional profile to what we see at the moment with coal fired gas and other sort of fossil fuel sectors. So there is a very significant regional dimension to this. But one thing I think that the study will bear out is because the transformation to net zero will touch on many different areas including how we use energy as users both in the residential element and in the industrial sphere probably would also emphasise that there are aspects that will touch on metropolitan and regional Australia alike.

**David Turvey:**

Okay. Thank you very much. Thank you Damian. Very interesting work and I'm sure there will be – there's a few more questions here that we might come back to if there's time at the end. Just for everybody's benefit if we don't manage to answer your question today during this session we will do a sort of synthesis of all the questions that we've received and send that out after the session with our answers. So if we don't get to your question today we will send out something after the event.

I just wanted to give plenty of time for Cliff to run through his presentation before we come back to some further questions. So Cliff new quarterly labour market report came out a few weeks ago. This is our kind of general state of the labour market piece. It also talks about skill shortages. But in particular in this report we've done a little bit of a deep dive into some of our analysis of regional labour markets. So Cliff over to you.

**Cliff Bingham:**

Thanks David. As you've just touched on there one of the new things that we've done in our quarterly labour market report in the one that was recently released is a deep dive on some of the key labour market indicators that we hold and thinking about them from a regional dimension. And without being able to 100% answer the question of where are regional skill shortages the most pressing, because that's one that comes up a lot with stakeholders, how do we use the intel that we have to hand to be able to make some more subtle distinctions about where we see regional pressures that are perhaps a little bit more pressing than in other parts of the country.

So we really looked at four dimensions in the latest quarterly labour market report. One is variations in the recruitment methods that employers use. So across different states and territories in the country we'll see different use of internet job ads, we will see different use of social media, we will see different use of word of mouth and other vehicles. That changes a little bit depending on whether we're looking at capital cities or regions. Also changes a little bit depending on the skill level of the jobs. Generally speaking higher skill level jobs are a little bit more likely to use internet job boards. If you're thinking about lower skill level jobs perhaps out in rural and remote communities it might be a case of using word of mouth because putting it on an internet job board where you've got a rural town of say 100 people is not a particularly great use of time or money.

I'm going to talk particularly today around some of these comparisons of recruitment difficulty that we see. So we have a couple of different employer surveys that we run where we ask them about their recruitment activity, the level of difficulty they have when they go out to recruit, a sense of whether they fill roles or not, and also a little bit about the total pool of applicants that they get, how many of those applicants have the right formal training and then how many of those applicants are suitable at the end of the process. Because I think there are a couple of instructive things there that help us to get a sense of while regional skills pressures are often similar in a yes and no sense to those that we see in capital cities they tend to be a little bit sharper on average.

So the first chart that I'll show you here is a chart where we plot recruitment activity, so essentially the proportion of employers who are currently recruiting or have done so in the last month. So that's on the Y axis. The dots towards the top of the chart are the areas of the country where employers are recruiting more often. And then on the X axis we've got the rate of recruitment difficulty. So the more often employers find it difficult to recruit the further to the right hand side of the chart you'll see the dots appear.

A couple of key takeouts from this chart. Firstly there's a general trend from the bottom left towards the top right. So that feels intuitive to me because if you imagine employers in a given region if they're all trying to recruit at the one time they're going to be competing against each other quite heavily for a fairly fixed pool of potential workers and so they're going to find it more difficult as part of that increased competition. Whereas if there's only one employer in a region trying to recruit at a point in time they should have an easier time of being able to find a suitable applicant. The other thing to note here is that in the majority of cases you see the capital city dot, essentially the purple dot in this chart, and the relevant rest of state dot, the green one is usually up and to the right of that. So if I look at the bottom left of this chart and I look at greater Hobart and greater Adelaide, if I go to the right on the chart and a little bit up I see rest of Tasmania and rest of South Australia. And that trend is pretty true across the states and territories overall.

One of the things that regional employers tend to face that I think is really a function of smaller populations in regional towns and therefore smaller available labour force when compared to capital cities is simply a lower number of applicants per job. So on the left hand chart on this slide we see the average number of applicants per vacancy. We see pretty similar trends over time in terms of the relationship between capital city regions and regional areas. But we do see that regions are consistently lower in terms of total applicants per vacancy. That tends to flow through in a very similar way to the average number of qualified applicants, so those who have the right technical training. We do see those two lines get a little bit closer together when we start to think about suitable applicants though. So essentially the employer at the end of a process, if you imagine it in a public service context, who are the suitable people who might end up on a merit list. Those two lines do get closer together but we do tend to see that regional employers still have a slightly smaller suitable talent pool at the end of the process than their capital city counterparts. And that leads to the right hand chart which is essentially that regional employers have a slightly lower likelihood in a pretty consistent fashion of being able to fill their roles compared to capital cities. So again we see this slightly more challenging dimension to skill shortages in regional areas than we see in capital cities.

Now there are a whole range of reasons why employers are unable to fill roles and when they're unable to fill a role we ask them why. A couple of the key reasons that come up for both capital cities and regional employers are lack of suitable applicants or just lack of applicants in total. We tend to see that a little bit more often in technicians and trade worker roles where you'll often have a smaller number of applicants and particularly a smaller number of applicants with the right skills and experience and qualifications. One of the big



points of difference that we see though is that regional employers will cite location as one of the stumbling blocks for why they couldn't fill a role substantially more often than capital city employers. And that's what this chart looks at is the likelihood of an employer citing that as one of – not necessarily the only but one of the key reasons that they were unable to fill a vacancy.

A couple of key callouts here for mine are education professionals, ICT professionals and hospitality workers as three key examples where location is a far bigger deal and a far bigger stumbling block for regional employers than it is for capital city employers in trying to find suitable workers for the jobs they have on offer.

They're the three slides that I wanted to show you. I'll make mention of a couple of other things that don't work as well in slide format because they're quite detailed lists. We undertook some work in the last quarterly labour market report around essentially what is the level of job vacancy relative to employment for particular occupations and particular regions in the country. This is not a perfect match for regional skill shortage but if we see very high levels of job ads per 100 employed people that's usually a good sign to us that skill shortages and recruitment pressures are very high for employers in that occupation and in that region.

One of the things we did in the report was a case study on general practitioners and resident medical officers. We've seen a lot of public debate over the last six to 12 months in particular about skill shortages of GPs particularly in regions and so that was something that we wanted to test. To give you a sense of what normal looks like on an economy wide level we see in our internet vacancy index around about two job ads per 100 employed people. So we've got about 14 million people employed in the labour market, roughly 280,000 job ads, so it's about a 2% ratio. When we look at the same data for GPs we see that almost every region sits above 2% and that's consistent with seeing shortages nationally and in each state and territory for GPs. And when we split that up further what we see is capital cities tend to have vacancy rates that are around 3%, 4%, 5%. But there are a significant number of regions where that vacancy rate is more than 10% and in some cases it gets to around 20%. So we can really start to pinpoint particular regions such as Far West Orana, outback Queensland and the like where the challenge of actually getting workers into those roles is quite substantial.

We did that case study for all regions for GPs. We also provided some analysis in the report which I won't narrate in the interests of time but looking at really high similar vacancy rates across all regions and all occupations. And what we saw was a number of occupations in the

health sector, a number of occupations in the education sector appear in most regions. We saw mining engineers appear in a number of regions particularly in Western Australia and Queensland, and a number of technicians and trades roles that were pretty regular suspects across a range of regions and across a range of states and territories.

And I might end it there in the interest of getting to some questions.

**David Turvey:**

Excellent. Thank you Cliff. So got a couple of questions which are a little bit sort of definitional but I might kind of expand them a little bit if the questioner is happy for me to elaborate on their question. So we talk about sort of lack of suitable applicants. Maybe if you could just explain to us what the survey's actually doing here and how we use these results and how it feeds into the analysis of skill shortages.

**Cliff Bingham:**

Yep. So essentially when we think about suitable applicants we're really entrusting ourselves to the employer there. And ultimately it's their assessment at the end of a recruitment process as to who they would hire. So we ask them how many applicants did you get in total? We ask them to identify those who had the right formal qualifications. But like most recruitment processes whether you're thinking about applications or interviews or aptitude tests or however an employer chooses to run their recruitment process, at the end of it there will be one or more or in some cases no people that they say yes I'd be very happy to hire that person. And so when we talk about suitable applicants at the end of a process it's essentially the people that the employer would be very happy to hire. So it will vary a little bit from one employer to the next as to exactly how they define that but it's really those as I said that they either did hire or that they would be very happy to offer a job to.

**David Turvey:**

Thank you. There's a question here that goes to an issue that we've been debating in the official family with our friends at the Productivity Commission in particular which is how does wages show up in this discussion? You talk about shortages. Are you analysing wages and their role in maybe eliminating a shortage?

**Cliff Bingham:**

Yep. That's a fair point. So what we do as part of our definition is to think about the likelihood of filling roles at the current wages and conditions in the relevant location that the job is

advertised. Now one of the arguments the Productivity Commission makes in that context is that if labour markets worked in a perfectly efficient way whenever there's a shortage the employer would simply adjust the wages and working conditions to a point where a suitable worker would be interested in applying and then the job would get filled.

One of the challenges we see with that in reality is that employers sometimes take a while to make those sorts of decisions. So in previous skill shortage analysis we've done where employers don't fill the role they often try a whole range of techniques to be able to do so. They restructure the role, they think about different ways of restructuring their organisation, they'll sometimes describe the role differently, but it's only a very small percentage, around about 1%, who will actually go straight to changing the wages and working conditions.

Now if employers have a shortage for an extended period of time what we would hope to see is perhaps over a year or a couple of years employers move their wages and working conditions in such a way that they become more attractive, they become an employer of choice and those suitable applicants start to show up on their front door. So we agree that over time the Productivity Commission idea of the market should move is true but it's not an automatic process.

**David Turvey:**

Yep. Thanks. Very good Cliff. Thank you. So send in more questions. We've got a few more minutes left to go. I might run a couple of minutes over time because we started two minutes late. I've got a couple of questions back to the clean energy work Damian. I might again smooch a couple of different questions together. But there's a couple of interesting questions in here about kind of structural elements of the existing workforce, gender balance, skill type. What can we do to make sure as we transition from old to new technologies that we don't kind of continue to entrench those kind of structural imbalances and what can we do to help kind of iron them out as we go?

**Dr Damian Oliver:**

So there's a couple of elements to that that we're thinking through. So one key part is around the supply pipeline and what we can do there. And we're thinking particularly about that because one of the catalysts for the study in a very direct sense is the Government's new energy apprenticeships program. So that program is seeing a slightly higher proportion of women take part in those apprenticeships than is the case with traditional but certainly we'd like to see more. There are mechanisms around potentially the role of Government

procurement that can be looked at which is kind of consistent with this Government's kind of broader consideration of the Australian Skills Guarantee.

But one of the great things about the way that we're going about this study in terms of the conversations we're having is there are also really important workplace dynamics that we're not going to have a simple solution to but certainly the study can call out. And so some of those things are around the fact that full time employment in a lot of these sectors is over 90%. So that's a real barrier to a diverse workforce as well.

Just to say another element is around First Nations participation within the clean energy workforce. And here I think we've got the advantage that we're planning a much longer transition perhaps than we're used to with other structural adjustments. And so that's the opportunity to understand that if we're going to build a cohort of skilled tradespersons drawing on First Nations Australians then we need to ensure that they're well placed to be able to enter into apprenticeships which means looking at Year 12 completion, foundation skills and the kind of precursor conditions to being able to build a skilled workforce.

**David Turvey:**

Excellent. Very good. All right. I might just go to a question that touches on an issue that we haven't really talked about today but it's an area I know that Damian you've been thinking about which is around the actual education workforce itself. So skill shortages in the education and training sector. What do you think could be done in that space? I mean that's obviously a key enabling element to all of these things that we've been talking about today.

**Dr Damian Oliver:**

It is and it's kind of – we don't have a kind of study earmarked at this point for the education workforce but it's coming up in lots of different ways including in the Clean Energy Workforce Study, foundation skills work I'm sure as well, and as well as our kind of input into the VET workforce blueprint which the Department has underway.

It's a really indicative and kind of illustrative case study I think because it shows the importance of skilling of pipelines when you've got long times to trade. It's one that looks at the kind of workforce conditions and the contribution of things like casualisation and job security across both higher education and VET. And there's a really interesting demographic dynamic as well that we've been looking at. It's a workforce that is much older than the kind of Australian workforce average which means that there are in fact some kind of looming sort of demographic cliffs happening as well. Which is my kind of way of filibustering and saying

I'm not sure that we have the answer but it's definitely on our radar as something that is an important issue in and of itself and one that will impact on our ability to tackle skill shortages in other areas as well.

**David Turvey:**

Thanks. All right. I'm just going to ask one last question to Peter before we wrap up the webinar. So Peter hopefully you're still listening otherwise I'm going to have to answer this question myself which will be awkward. The question is how do you – I mean I'm asking you this one because I know this is an area you've done a lot of thinking about – how do you envisage traditional apprenticeships would likely need to change as a consequence of changing technologies and new and emerging industries?

**Professor Peter Dawkins:**

So look that's a big question. Incidentally I've been listening very attentively. Great presentations by Cliff and Damian. Look I think one of the important aspects of this is that we need to think about apprenticeships in a much broader way than we traditionally think about traditional trades as the focus of apprenticeships. I think the evidence that we've been finding about the importance of work experience in the development of skills means that we need to think about apprenticeship type models in a broader range of occupations. And this may apply in the clean energy sector with higher level degree apprenticeships and so on. And so some innovation in that space. Working with industry, VET and higher education system together is a key element of the way we should be thinking about apprenticeships for the future.

**David Turvey:**

Excellent. Thank you Peter. All right. Look I might wrap it up. There are still a few questions that we didn't get time to get to but we have now passed three o'clock so I should give you the rest of your day back. As I said before we will summarise the questions that we've received and do a little answer set and pop that up on the website. We'll also make a transcript of the video available. I'm just looking at Danny up the back and she's nodding at me. I'm allowed to say that we will publish the transcript to the video. So if you've got friends who said 'Gee I missed that webinar' let them know that that will be available to look at.

And we are going to try and do these webinars sort of roughly every three months or so so we will keep you posted on the next one in a couple of months' time. Thank you very much for joining us this afternoon.

(Applause)

*[Closing visual of slide with text saying 'Australian Government with Crest (logo)', 'Jobs and Skills Australia', 'Jobs and Skills Australia Update', '15 June 2023']*

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