

RACE TO THE TOP RACE TO THE TOP RACE TO THE TOP RACE TO THE TOP

Findings and recommendations
from *Race to the Top*

Jobs and Skills Summit

AUGUST 2022

Committee for



INTRODUCTION

Amid global and national competition for workers, Australia is struggling to overcome a skills shortage. A reliance on a 'just-in-time workforce' where employers compete for workers to meet growing demand for skills has led to crowding out and delayed production, with some businesses not taking on new opportunities. As with previous periods of economic boom, how to position the workforce to meet the future skills demand remains critical.

Our *Race to the Top* report released in August 2022 brings together publicly available research and on-the-ground information from stakeholders to provide an overview of the current situation. It explores solutions to addressing the pressing issues faced by employers in their search for workers, and the challenges some groups experience in education and workforce participation. It highlights that skilling the workforce requires extensive collaboration from all participants—individuals (including local and overseas workers); education sectors (schools, higher education, and VET); employers; unions; community service providers; and governments—to get it right.

The reports key findings and recommendations can be broadly used across the Nation to plan for Australia's workforce of the future.

The key to meeting future skills demand is ensuring that national education and training deliver skills that address industry needs and contribute to a knowledge economy.

Policy makers and employers should not discard the skills obtained from certain

fields of study simply because they are not STEM-related. Rather, understanding how skills can be used and transferred across occupations and industries will help create an agile and skilled workforce to meet future skills demand.

Meeting future skills demand requires employers to understand how workers' expectations have changed over time. Attraction and retention of workers involves more than a monetary wage offer. For example, employers need to offer flexible working arrangements (e.g. hybrid working arrangements and hours of work) and mentoring/training, and take steps to address social (e.g. inclusiveness and diversity) and environmental issues. Creative recruitment processes can help access workers who are not typical recruits for an organisation. For example, marginalised workers (e.g. the unemployed, underemployed or workers with disability) have often been forgotten by policy makers and businesses in previous periods of economic boom.

However, since the Nation is struggling to meet the demand for skills, attention has turned to these workers to fill the gaps. There are challenges to accessing marginalised or a latent pool of workers. Certain groups (e.g. people with disability; low SES; women; migrants; and older workers) face challenges to enter the workforce. These challenges include a lack of support; low-level digital literacy; work experience and educational attainment; language barriers; and societal biases, to name a few. Therefore, wraparound services are critical to prepare individuals for work, particularly those without previous work experience. It is vital that no one is left

behind in the quest for economic growth.

How do we prepare our workforce to meet future skills demand without leaving anyone behind? Ensuring that children have the opportunity and access to preschool education can help prepare them for the rest of their schooling years.

As human capital investment is a lifelong journey, steps taken to target 'at risk' children to remain in school and continue to post-school education are essential to alleviating economic and social disadvantages. There is potential to build partnerships between schools, parents and students throughout a child's school years. During a student's secondary school journey, having clear pathways from school to post-school education will enable students to make informed decisions about their future and career options.

There is an urgent need to link all levels of education to provide a cohesive transition from education to work and lifelong learning. In this regard, building partnerships between schools and post-school education providers will enable parents and students to seek post-school options. Building partnerships between post-school education providers and industry can link postschool study to future skills needs and develop a holistic workforce strategy that is robust over time. While there are partnerships between industry and post-school education providers, this is not coordinated across the VET and higher education sectors.

Notwithstanding that the funding responsibility for higher education lies with the Federal Government, labour

supply is sourced from the VET and higher education sectors. Hence, it is important that policy makers engage with both sectors to address future skills demand. Several states, such as NSW, Queensland and Victoria, have adopted a holistic approach to workforce planning where the importance of partnerships between industry, government and post-school education providers is recognised and steps have been taken to develop a holistic workforce strategy involving all participants. WA, along with the other States and Territories, have an opportunity to leverage best practices from these models.

Australia is a multicultural country that has welcomed settlers from diverse backgrounds. The importance of overseas migration to the population growth and labour supply cannot be underestimated. Coming out of the COVID-19 pandemic restrictions, this is an opportune time to re-engage with the rest of the world and to raise the profiles of Australia and its States and Territories, to attract the best and brightest and take advantage of cultural diversity.

Key findings and recommendations cover four of the five broad themes of the Jobs and Skills Summit:

- Maintaining full employment and growing productivity.
- Lifting participation and reducing barriers to employment.
- Delivering a high-quality labour force through skills, training and migration.
- Maximising opportunities in the industries on the future.

KEY CHALLENGES IDENTIFIED

1

Skill and labour shortages loom large and accessing the latent labour supply of workers will help.

While the COVID-19 pandemic accentuated skills and labour shortages, there has also been an underlying pattern of growing demand over the past decade, in particular for professionals; technicians and trades; and community and personal service workers. Accessing a latent labour supply will help alleviate some of the pressures on demand. Sources of latent labour supply include underemployed workers wanting to work more hours; those not in the labour market but who have the potential to engage; jobseekers with previous experience in occupations and industries that are experiencing skill shortages; and recently arrived migrants.

Challenges for individuals finding work:

Challenges	Unemployed	Underemployed	Not in labour force	People with disability	Migrants	Retirees
Too many applicants for the job	✓	✓				
Lack of skill, education, training	✓	✓	✓	✓	✓	✓
Insufficient work experience	✓	✓	✓			
No vacancies at all, no vacancies in line of work	✓	✓	✓	✓		
Distance and transport problem	✓	✓	✓		✓	
Ill health or disability	✓	✓	✓	✓	✓	✓
No jobs with suitable hours, conditions or arrangements	✓	✓	✓			✓
Difficulties with childcare or other family considerations	✓	✓	✓			
Care-giving responsibilities						✓
Ageism	✓	✓	✓			✓
Poor networking opportunities	✓		✓		✓	
Access to disability support/aged pension may be affected				✓		✓
Discriminatory attitudes and behaviour during recruitment				✓	✓	✓
Lack of assistance in finding/securing/maintaining employment				✓		
Difficulty accessing skills training and education				✓		✓
Difficulty in negotiating reasonable adjustments/accommodation in the workplace				✓		
Insufficient Australian work experience					✓	
Lack of services to support employment transitions					✓	
Non-recognition of prior skills/qualifications/experience					✓	
No local references in Australia to use when applying for jobs					✓	
Visa restrictions					✓	
Registration and licensing requirements		✓	✓		✓	✓
Language difficulties					✓	
Meeting physical fitness requirement						✓
Keeping up with technological change						✓

Source: Committee for Perth analysis based on ABS (2020a, 2021d, 2021f, 2021g); Australian Human Rights Commission (2022); Parliament of Victoria (2020); Romanis (2021)

Challenges for employers accessing the latent workforce:

Challenges	Unemployed	Underemployed	Not in the labour force	People with disability	Migrants	Retirees
Target and attract workers by promoting vibrant company culture, offering creative perks and benefits	✓	✓	✓	✓	✓	✓
Flexibility - location and working hours	✓	✓	✓	✓	✓	✓
Business constraints and financial considerations - limit capacity to provide sustainable employment to disadvantaged jobseekers	✓		✓	✓	✓	
Capacity to offer education, and training	✓	✓	✓	✓	✓	✓
Capacity to offer work placements, traineeships, apprenticeships	✓	✓	✓	✓	✓	
Capacity to offer wraparound services	✓		✓	✓	✓	
Unconscious bias and stigmatisation in recruitment	✓	✓	✓	✓	✓	✓
Difficulties ensuring access and flexibility for workers with disability				✓		
Difficulties complying with multiple laws and regulations related to anti-discrimination/employment/health/work/safety/workers compensation and insurance				✓		
Lack of knowledge or confidence to offer support to people with disability				✓		
Capacity to support workers from diverse culture					✓	
Capacity to offer settlement services					✓	

Source: Committee for Perth analysis based on Australian Human Rights Commission (2022); Parliament of Victoria (2020); Romanis (2021); Temple et al. (2011)

2

A concerning skills mismatch is evident among recent graduates.

A skills mismatch is prevalent among recent graduates, particularly in those with a generalist degree that has no education-to-work transition pathway. Skills underutilisation diminishes with time in the workforce. Nonetheless, there remains a sizeable proportion of the labour market working in jobs that do not match their skills and education. While employers are satisfied with graduates' broad attributes, they reported that qualifications could better prepare graduates in technical and professional skills, and employability and enterprise skills. There is a need for industry to collaborate with education providers and students to better prepare graduates for the workforce.

3

Understanding the mechanisms of skills transferability and labour mobility can address future labour demand.

Transferable skills are core competencies, general ('soft') skills and specific technical ('hard') skills. Most occupations require intermediate-level core competencies. The core competencies most common among professionals, technicians and trades workers, and community and personal service workers include learning; oral communication; problem solving; writing; and reading. Skills that are specific to an occupation, and where an individual spends a reasonable proportion of their time performing that function, are less transferable. Better understanding of the mechanisms of skills transferability and labour mobility can help workers to pivot across occupations and industries, and employers to use their workforce in a different capacity and recruit from a wider pool of workers.



Spatial and gender differences in the labour market have implications for future labour supply.

Geographical differences can be apparent in the concentration of workers across industries and occupations in Australia.

Western Australia's example:

Employment in Perth-inner is concentrated in health care and social assistance and professional, scientific and technical services industries. Meanwhile, Mandurah is characterised by high concentrations of employment in areas such as mining; retail trade; health care and social assistance; and construction. The occupational distribution of workers in Perth-inner is different from that in Mandurah. Residents of Perth-inner are employed as professionals and managers. Residents of Mandurah are employed as machinery operators and drivers, and technicians and trades workers. This suggests that future growth in employment demand is likely to be met by residents in specific geographical areas.

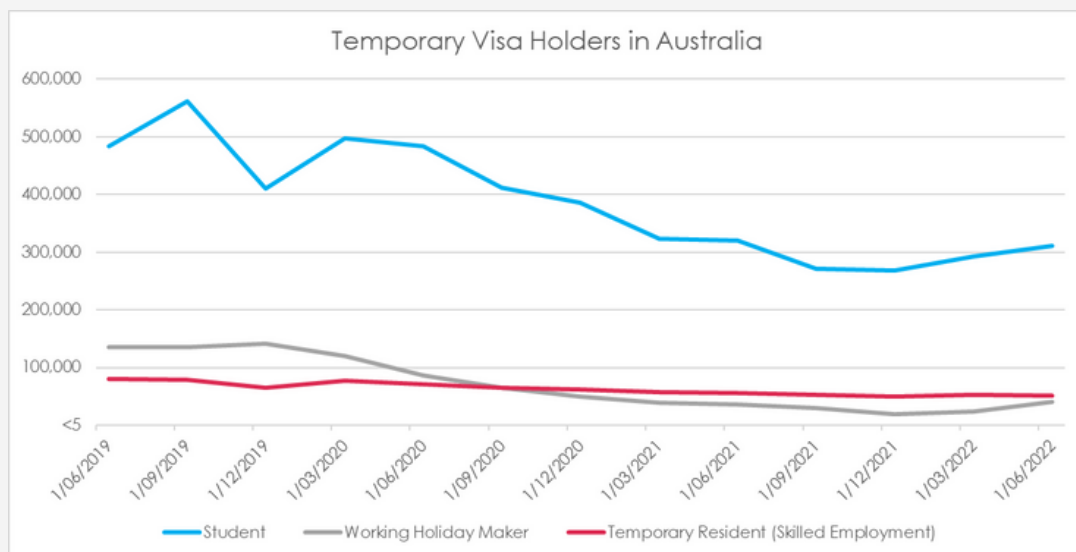
There are also gender-based differences in industries and occupations in WA. Industries dominated by men include mining, professional, scientific and technical services. Industries dominated by women include health care and social assistance, and education and training. Men are more likely to be employed as managers; technicians and trades workers; machinery operators; and labourers. Women are more likely to be employed as community and personal service workers; educators and trainers; and clerical and administrative workers. Predictions show that gender-based differences in the workforce are likely to continue. This is because post-school study enrolments are gender-based, with more men enrolling in engineering and technology-related studies than women. In comparison, there are more women enrolled in health and education degrees than men. The gender concentration in certain industries and occupations can reduce an organisation's ability to harness the benefits from diverse views and innovation and introduce flexibility in working arrangements. An over reliance on a single gender to fill positions can also reduce WA's ability to meet future skill needs.



5

Migration has been, and will continue to be, important in filling the gaps in the labour market.

International and national border closures have restricted employers' access to overseas workers and have contributed to the skills and labour shortage. While training and employing locals remains the priority, migration will continue to be an important source of labour supply. Therefore, the role of migration and how it fits with population planning is important for preparing the future workforce. This is especially relevant when there are ageing workforce problems, and the effect is more severe in certain industries.



Data from the Department of Home Affairs shows that between June 2019 and June 2022, there has been a significant decline in the number of primary visa holders in Australia:

- 35.5% fall in the number of international students
- 35.3% fall in the number of employer-sponsored skilled visa holders
- 69.8% fall in the number of Working Holiday Maker visa holders

6

Investment in data is needed to inform workforce planning and labour mobility.

There are data gaps and a lack of understanding about the links between school, post-school education, entry into the workforce and labour mobility. This limits future workforce planning since we do not know what is in the pipeline for the success or failure of post-school education and transferability across occupations, industry and geographical boundaries. In addition, it is difficult to predict labour mobility and the capacity to meet future labour demand without data.

EMBEDDED PRINCIPLES

- Move from a just-in-time workforce philosophy
- Local and overseas labour supply
- Improve utilisation of skilled resources
- Build data and modelling capability
- Leave no one behind

RECOMMENDATIONS

01 **Reduce visa processing time**

Enable employers to quickly access overseas workers.

02 **Temporary suspension of labour market testing**

Remove barriers to employer sponsorship of overseas workers while there is chronic skill shortages.

03 **Skills and qualification recognition for migrants**

Assist migrants into jobs that match their skills and qualifications.

04 **Enable retirees and pensioners to re-enter the workforce**

Remove barriers for Age Pension recipients wanting to re-enter the workforce.

05 **Develop an employment transition program**

Encourage welfare/pension recipients to participate in work or increase their working hours without fear of losing Government assistance.

06 **Develop best practice for workplace inclusiveness**

Improve diversity and inclusion in the workplace.

07 **Reduce employment and occupational bias**

Increase understanding of education pathways and career options to reduce biases.

08 **Develop a migration advocacy strategy**

Develop a unified voice to better advocate on migration issues that are reflective of industry, unions and the State and Federal Governments.

11 **Build partnerships between education providers and industry**

Provide clear pathways between education and work to ensure education and training meet future skill needs.

09 **Build the profiles of Australia and its States and Territories**

Promote Australia and its States and Territories to attract interstate and overseas workers.

12 **Build a one-stop-shop online platform**

Provide information on education-to-work pathways and career advice that is accessible to everyone.

10 **Pathway to permanent residency**

Retain skilled migrants and enable Australia to compete with other countries.

13 **Engage in lifelong learning**

Individuals to be responsible for their skills development.

SPECIFIC TO WA

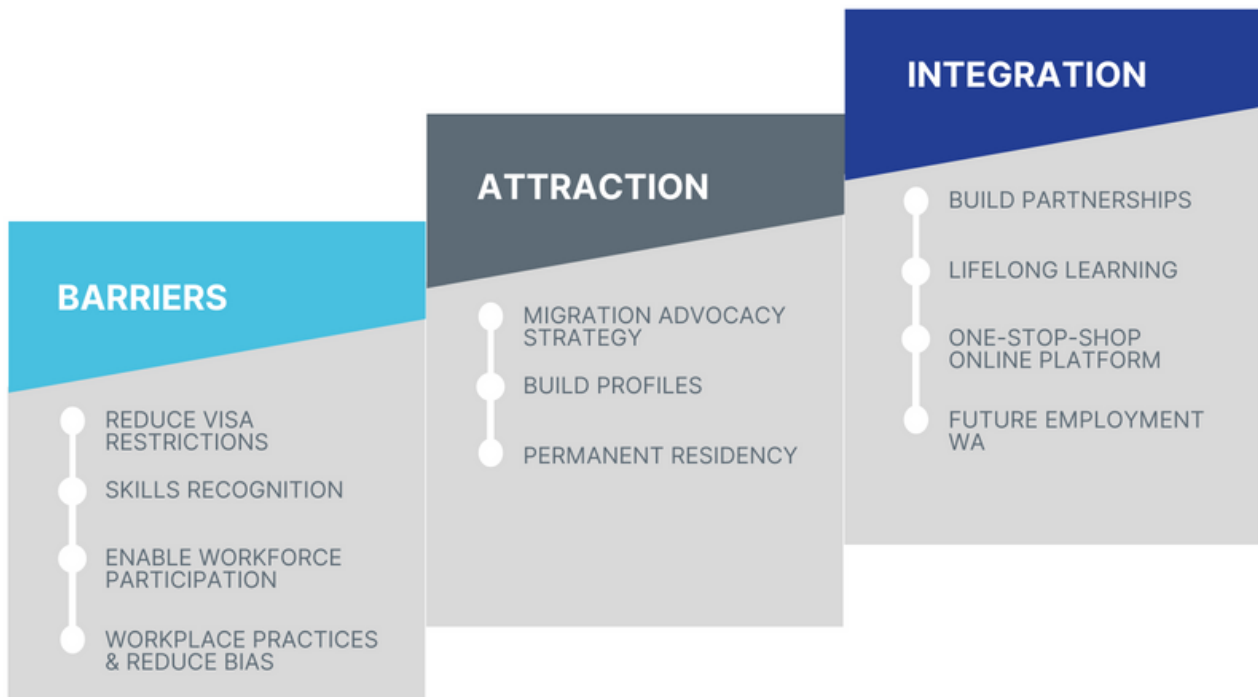
14 **Establish Future Employment WA**

Future Employment WA (FEWA) will leverage expertise from industry, government agencies, unions and education providers to provide advice and recommendations regarding building the capability to take advantage of future opportunities and growth.

The objectives of the FEWA are to:

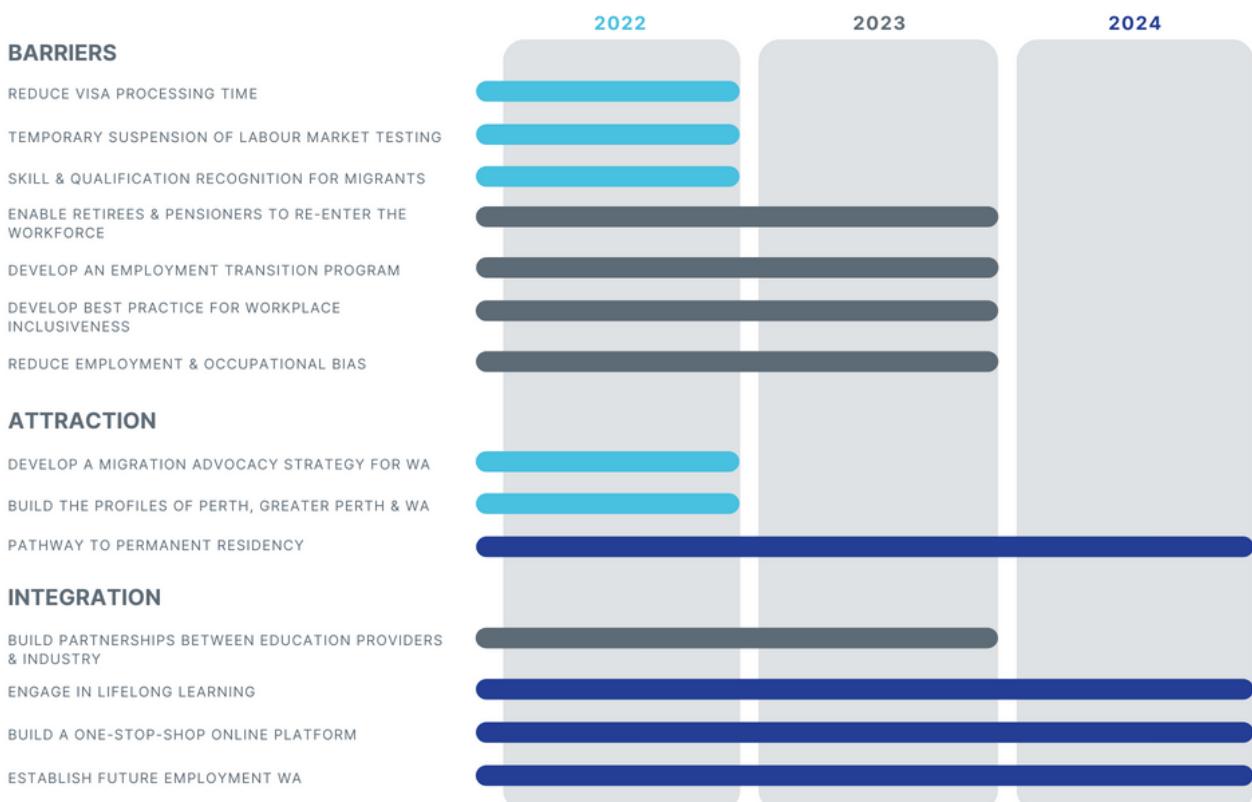
- Adopt a holistic approach to skilling the future workforce by integrating workforce planning and migration.
- Oversee the engagement and partnerships between schools, post-school education providers, Local and State Governments, unions, and industry as part of the strategy to build workforce capability, and to promote social/cultural opportunities and inclusiveness.
- Build data and modelling capability to provide timely evidence-based information for industry and government to plan for future skill needs.

RECOMMENDATIONS: AT A GLANCE



3-YEAR ROADMAP

We make 14 recommendations to address immediate skill needs and build the workforce to meet future demand.





MORE INFORMATION

The Committee for Perth is a future-focused and apolitical think tank that seeks to positively influence debate and policy through our unbiased fact-based research.

As a collaborative organisation, we engage with our members in over 40 sectors to develop actionable recommendations to ensure Perth is renowned as a global city of choice to live, work, invest, study and visit.

More information about the Committee for Perth and our work, including our knowledge bank of more than 150 pieces of research, can be found at committeeforperth.com.au.

For more information on our *Race to the Top* project, or to download the full report, visit:

committeeforperth.com.au/research-advocacy/projects/race-to-the-top

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