



An Australian Government Initiative



Regional
Development
Australia

RDA Illawarra

Skills Shortages in the Illawarra

Key Findings from Survey

Presented by Alex Spillett

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Welcome

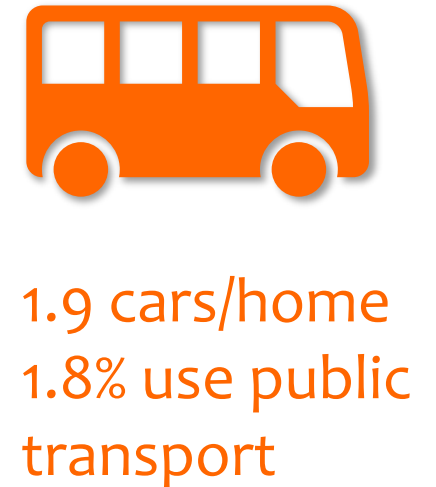
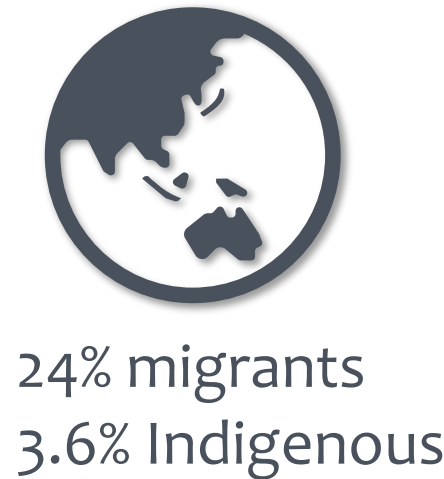
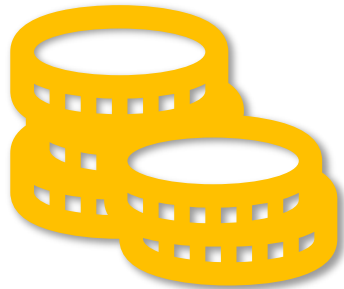
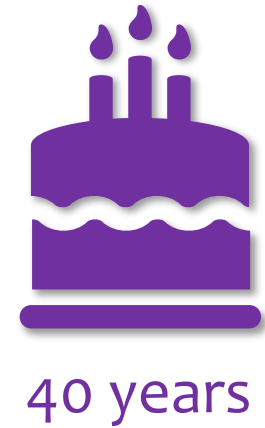
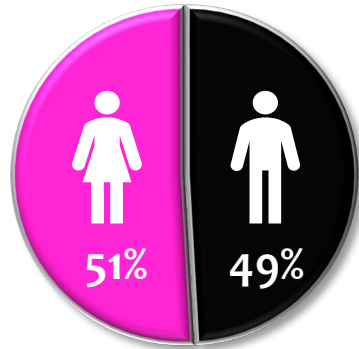
I would like to pay my respects to the Dharawal people, the Traditional Custodians of the land on which we meet today – and to their elders past, present and emerging.

I extend that respect and welcome to any First Nations people who are with us here today.

Agenda

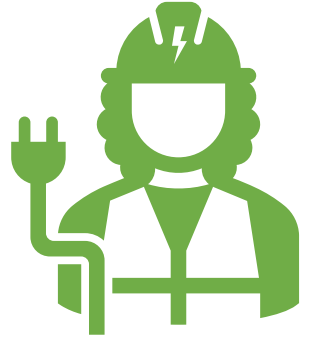
- ▶ Illawarra Context
- ▶ Skill Demand Research
 - In-Depth interviews
 - Business Survey (Quantitative)
- ▶ Key Findings
- ▶ Future Perspectives
- ▶ **BIG** Questions – Group Activity
- ▶ What Next?

Illawarra Population (2021 Census)



Source: ABS 2021 Census QuickStats – Illawarra (SA4), CoreLogic, SQM

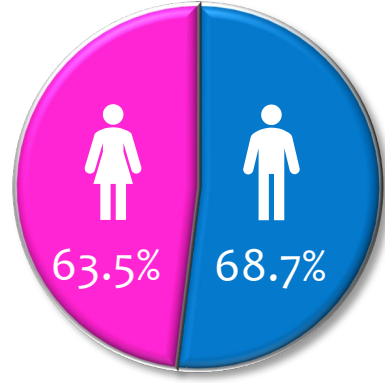
Background of the Illawarra economy



175,500 workers



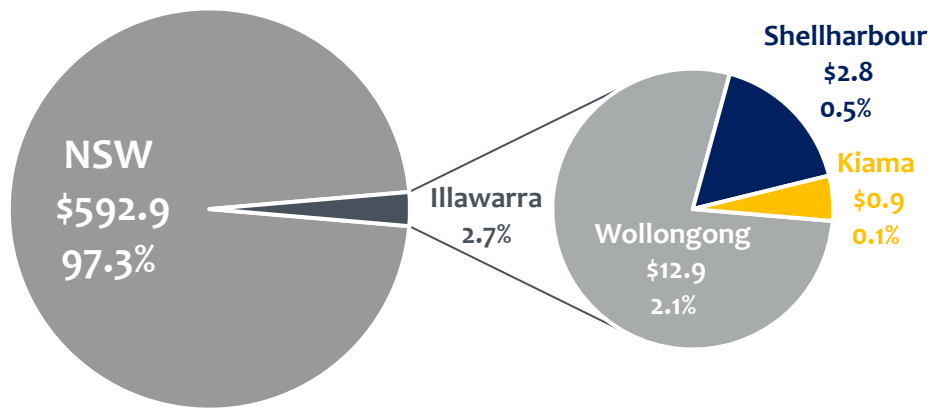
2.8% unemployed



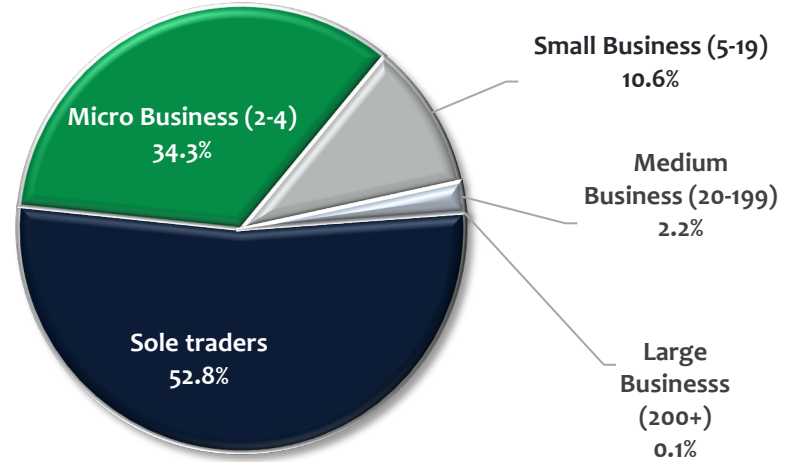
66% participation



4.2% youth unemployment



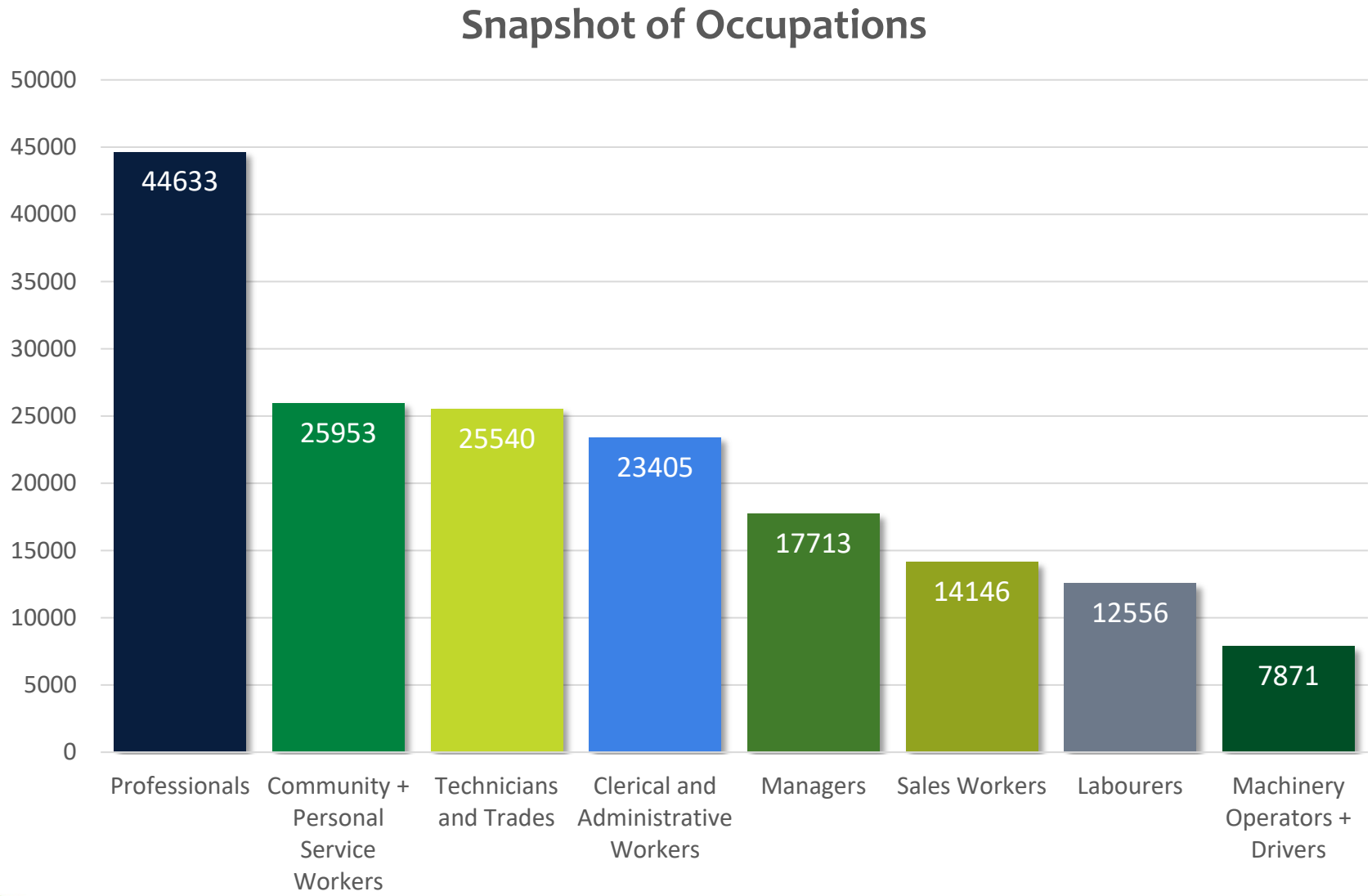
\$16.5Bn Gross Value-Add



Business Size
(No. Employees, n=21,412)

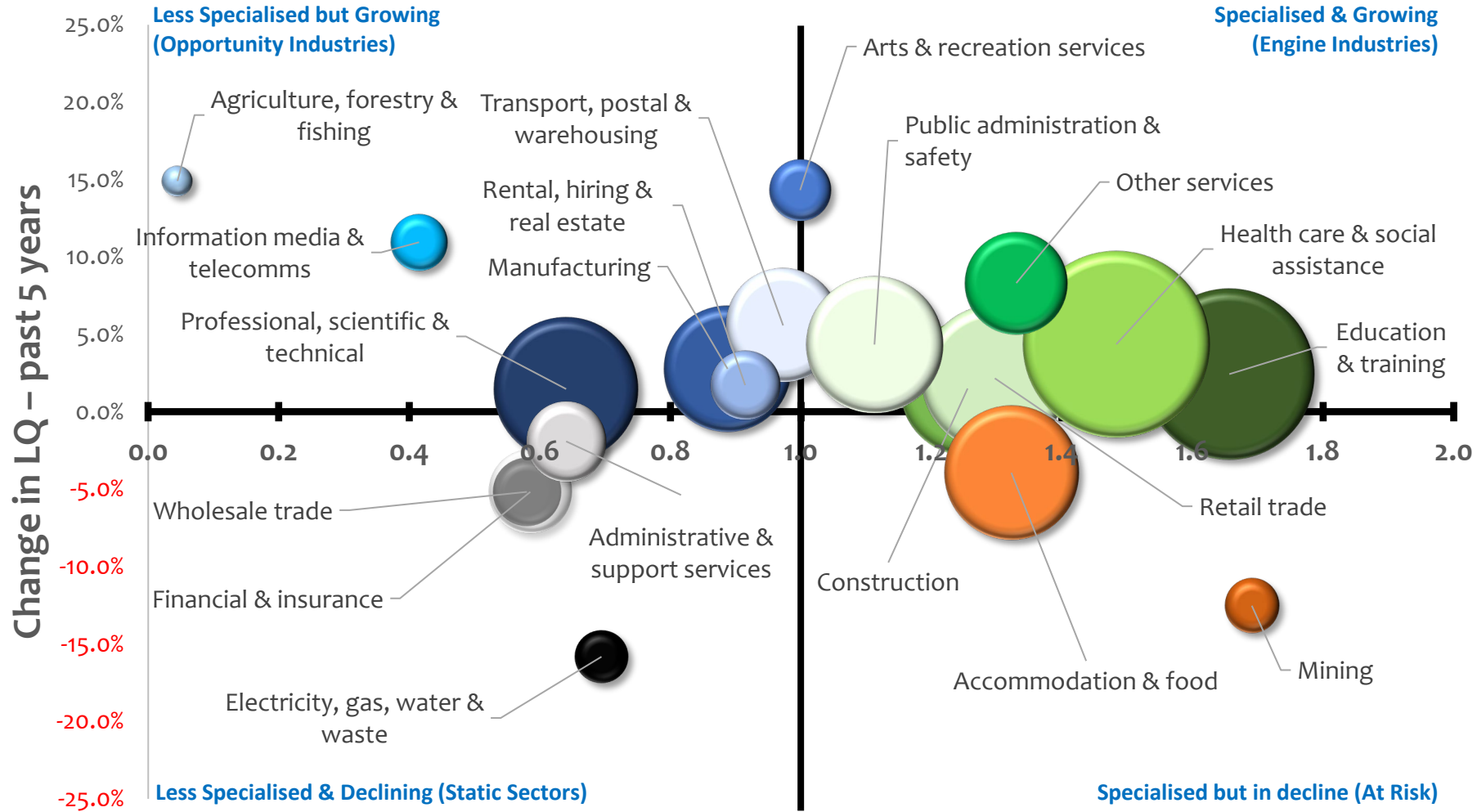
Source: DataAU (AEC) datasets. ABS 6291.0.55.001 - RM1 & RQ1 & Table 16b Feb 2023 data.

Snapshot of current Illawarra occupations



Our Industry profile is changing

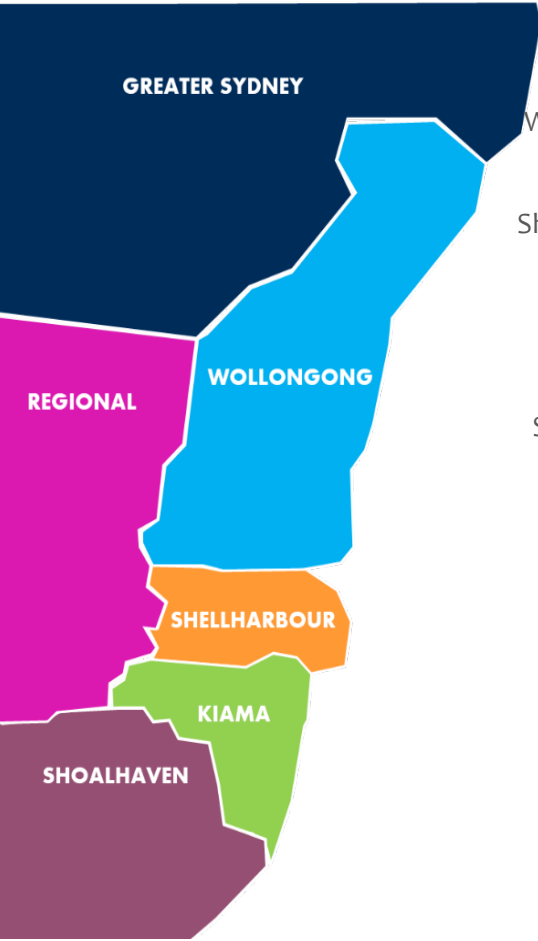
Location Quotient (GRP) – Illawarra vs. NSW
(Bubble Size = No. Illawarra Employees)



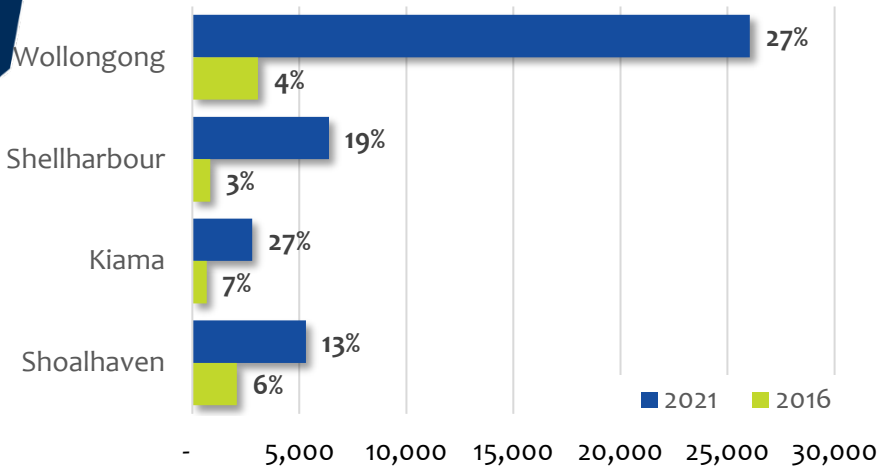
Source:
AEC – GRP by LGA
ABS Catalogue 6291.0.55.001 - RQ1
RDA analysis

Our patterns of work are changing

More are choosing to work from home at least some of the week

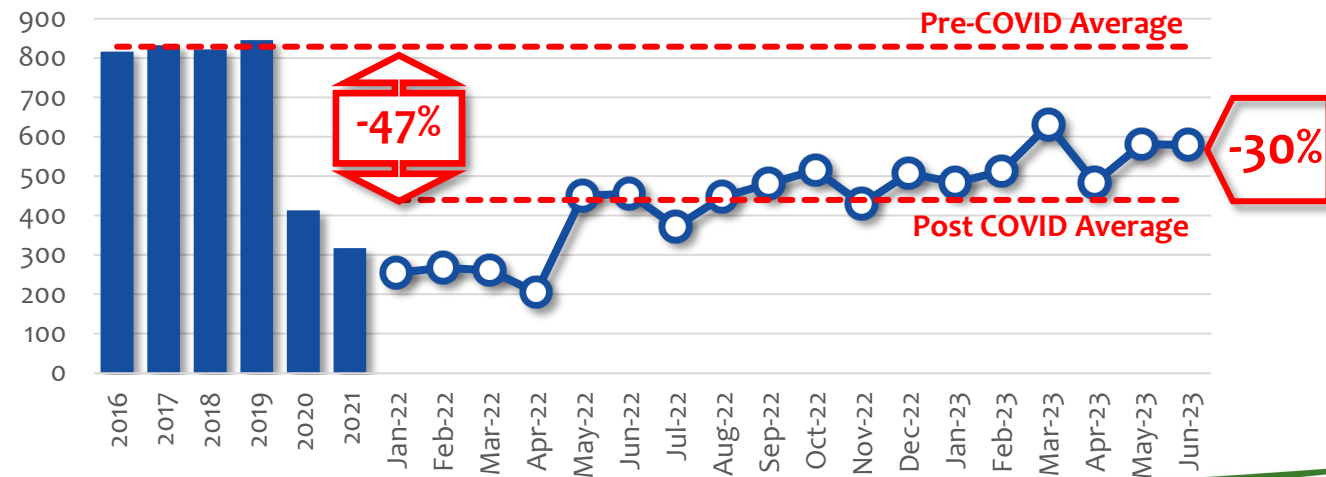


Working from Home - by LGA



Rail Commuter History – South Coast Line

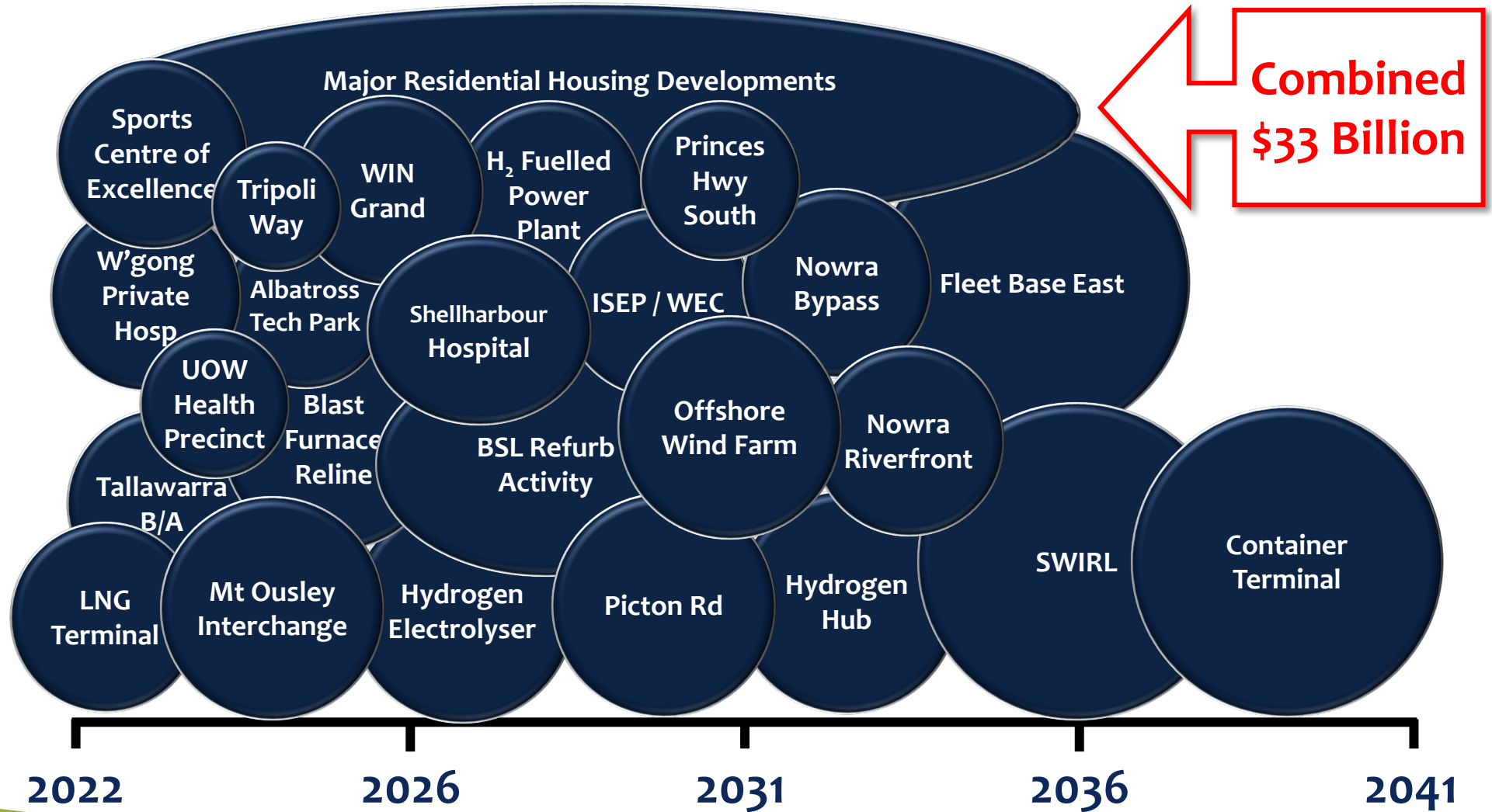
(Monthly Averages & Actual, 000's)



Source: Australian Bureau of Statistics, Census of Population and Housing 2021
Transport for NSW, Train Patronage data.

Unprecedented project pipeline

By 2041, an extraordinary level of transformative major projects are planned for the region...



For some context

The scale of investment is equivalent to...

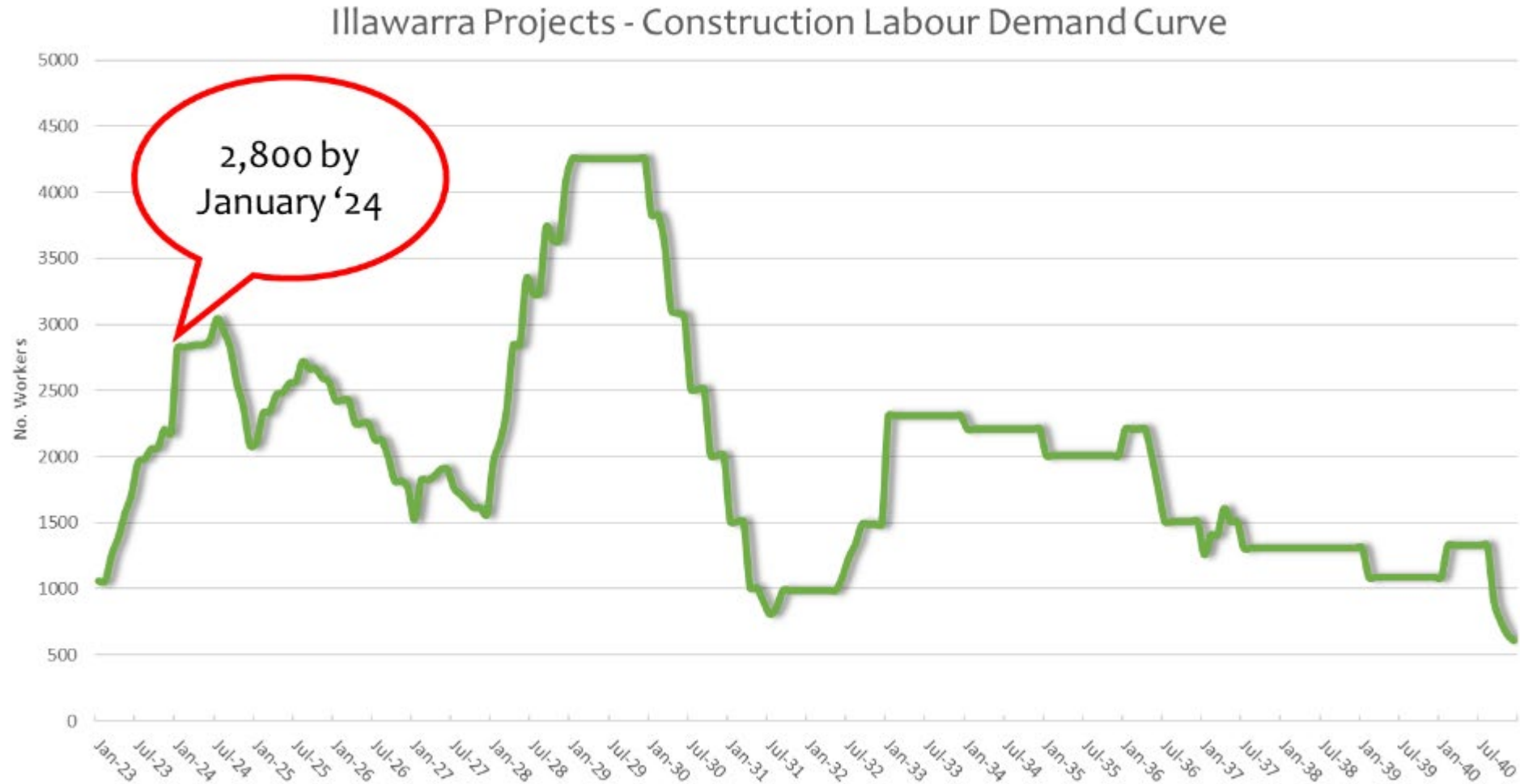
- **Six** Western Sydney Airports
- **Four** Snowy Hydro Schemes[#]
- **Two** entire Inland Rail Projects^{*}



[#] - Escalated at CPI since 1974 completion
^{*} - Estimated cost of incomplete project

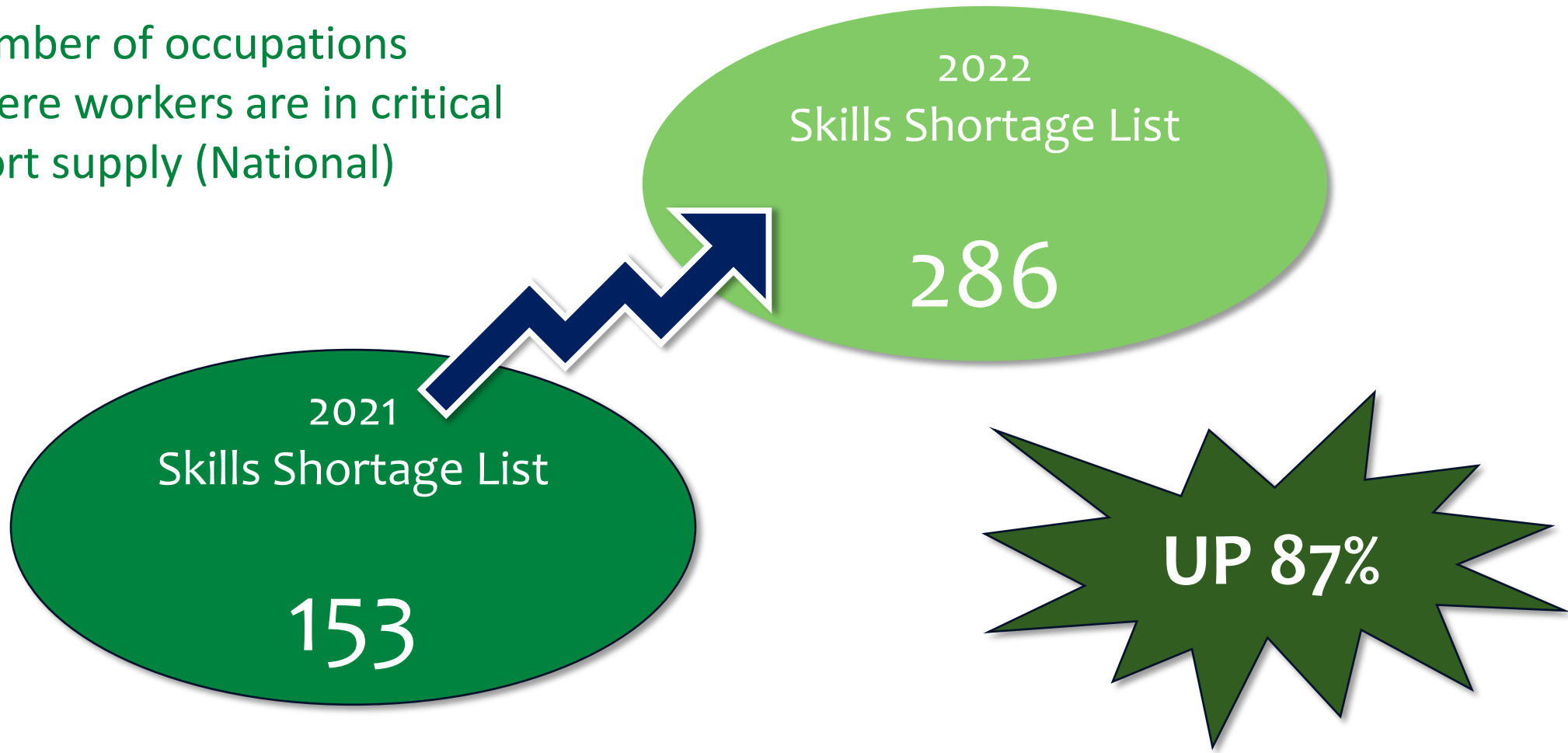
It will require significant labour for planning & construction

Planned projects see a peak labour demand of over 4,250 workers for construction *alone*



At a time when there is a globally competitive market for skills

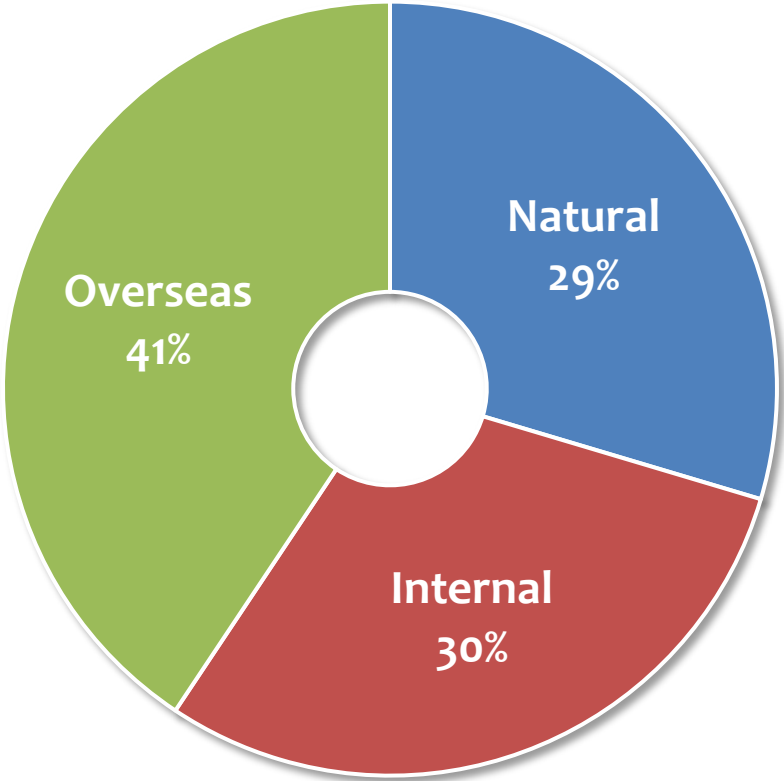
Number of occupations
where workers are in critical
short supply (National)



Overseas Migrants are Vital

>40% of region's future population comes from overseas

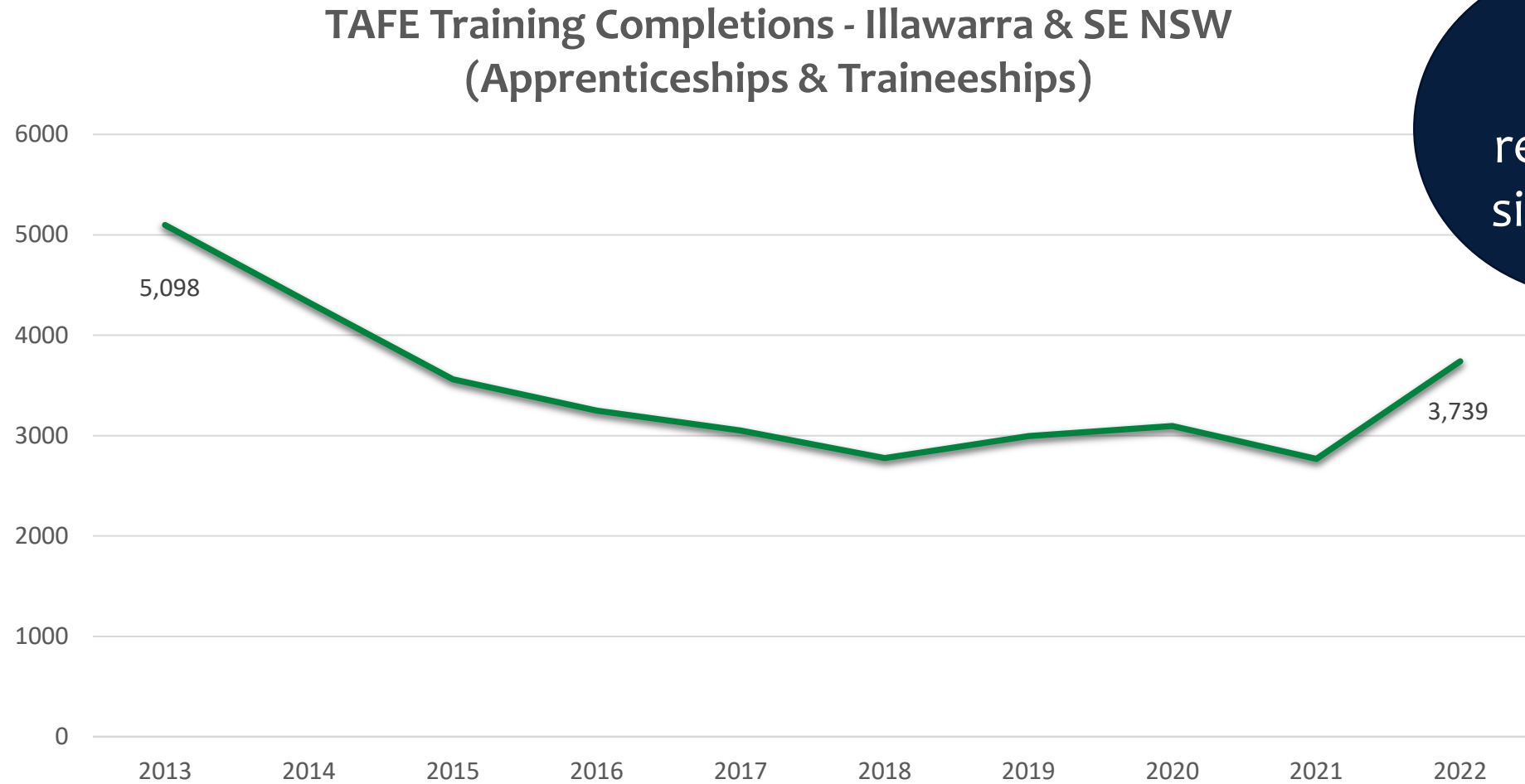
Illawarra Estimated Population Growth by Source 2022-2041



Source: 2022 NSW Common Planning Assumption Projections

Training is crucial

Diminishing completion levels in Trades indicates training needs more support



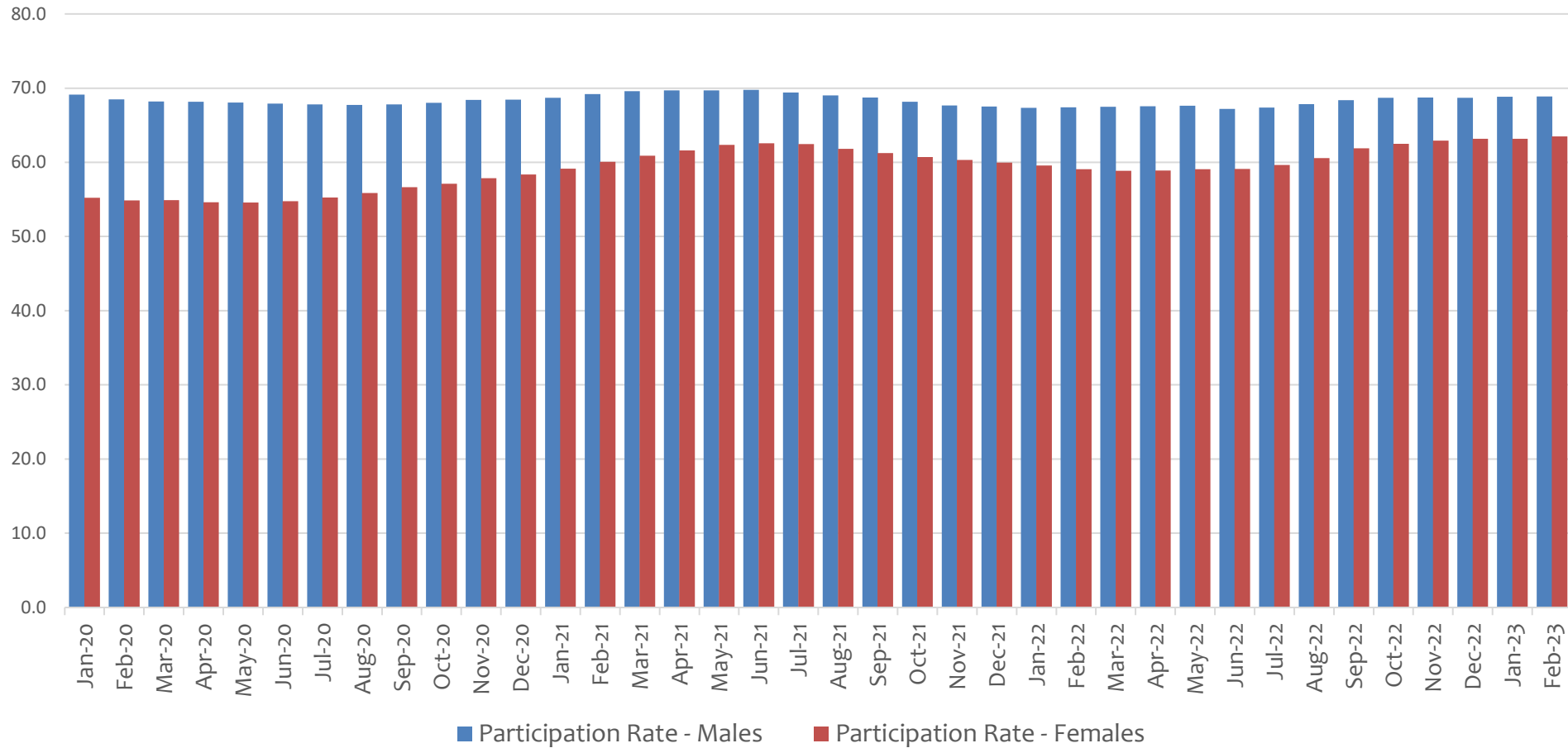
27%
reduction
since 2013

Source: NSW Dept Education – Vocational Training Statistics

Fewer women participate

Workforce participation gap has narrowed post-COVID, but women are still underrepresented

Participation Rates by Gender



Source: 6291.0.55.001 Labour Force, Australia, Detailed Table 16. Labour force status by Labour market region (ASGS) and Sex

All things being equal...

...if participation rate for women was the same as men in February 2023



*...and they
already live
here...*



**+6,900 workers
in the Illawarra...**

**Don't require a single
additional house!**

A similar picture exists with people of pension age

New Zealand – 25% work

Australia – 3% work

“In New Zealand workforce participation among pensioners is a whopping 25 per cent. Here it is less than 3 per cent.”

National Seniors Chief Advocate Ian Henschke.



“If just 5 per cent more [retirees] chose to work, that would be an army of 130,000 additional workers.”

In the Illawarra, achieving 25% employment for those aged 65-70 would deliver a further **4,400** workers.

2-year Research Project launched

EMRS engaged as research partner



Why invest in the research?

1. Demand (and supply) data for skills is neither timely nor specific to our region
 - Develop an on-going source of contemporary, regional data based on local industry input
2. Define the specific skills that are in demand now AND in the near future
 - Inform decision-making around skilled migration
 - Assist education and training sector in course selection and design – based on industry demand
3. Examine the challenge faced by employers and investors to develop existing and new opportunities in the region
 - Potential for coordination of project delivery and pooling of resources
4. Share best practice strategies among employers and educators/training organisations

The Research Approach



Purpose

- The research undertaken by EMRS was to provide robust, bottom-up evidence for RDA Illawarra's **Illawarra Skills Demand Evaluation + Tracking Program**
- The research captured opportunities for **economic and social development** within the Illawarra

Research period

- 17 April – 23 May 2023

Sample

- 185 Illawarra businesses
- Sole traders to multi-national organisations
- Phone and on-line survey collection

Margin of Error

- $\pm 7.2\%$ @95% confidence level

The Research Objectives

Objectives

- Identify **current skills shortages** of employers **in the Illawarra** across all industry sectors, and by size (employees, FTE)
- Identify **specific challenges, solutions and opportunities**
- Assess **impact of current skills shortages** on employers in the Illawarra
- **Record actions employers** are taking to address current skills shortages
- Estimate **future skills demand**

Phase one: In-Depth Interviews (Qualitative Survey)

Senior Managers of eleven Local Organisations provided valuable insights for survey design

Who was involved in the interviews?

- Peak Bodies (member-based organisations)
- Recruitment professionals
- Professional Services (Financial & Legal)
- Mining
- Manufacturing
- ICT
- Hospitality
- Aged Care

In-Depth Interviews

Key Findings

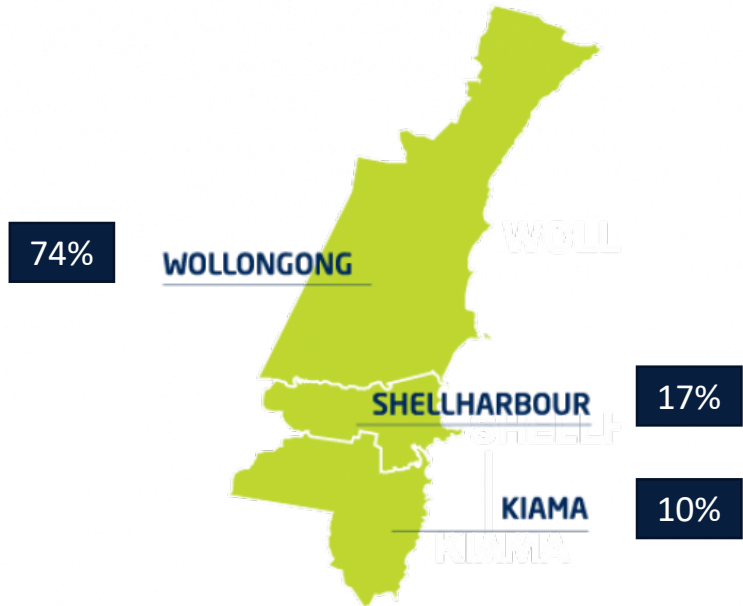
- There is an opportunity for more engagement with TAFE and UOW
- Workers moving into the region have high salary expectations
- There is a lack of affordable or available housing
- Illawarra labour market conditions are more closely aligned to the Sydney market
- Lack of labour is creating constraints on major project delivery
- Heavy industry trades require specialised experience and importing trades from light manufacturing is not a ready-made solution
- The Illawarra lifestyle is a key attraction.

Phase Two: Quantitative Survey

185 Organisations interviewed:

- 90% phone interviews
- 10 % online surveys

70% of Organisations had fewer than 10 employees



Industry Representation (ANZSIC codes)

Industry	%
Construction	19
Professional, Scientific & Technical	12
Retail Trade	11
Manufacturing	9
Health care & Social Assistance	9
Education & Training	8
Accommodation & Food Services	8
Administrative & Support Services	3
Arts and Recreation	3
Information, Media & Telecommunication	2
Rental, Hiring & Real Estate	2
Public Administration & Safety	2
Mining	1
Wholesale Trade	1
Finance & Insurance	1
Other services	10

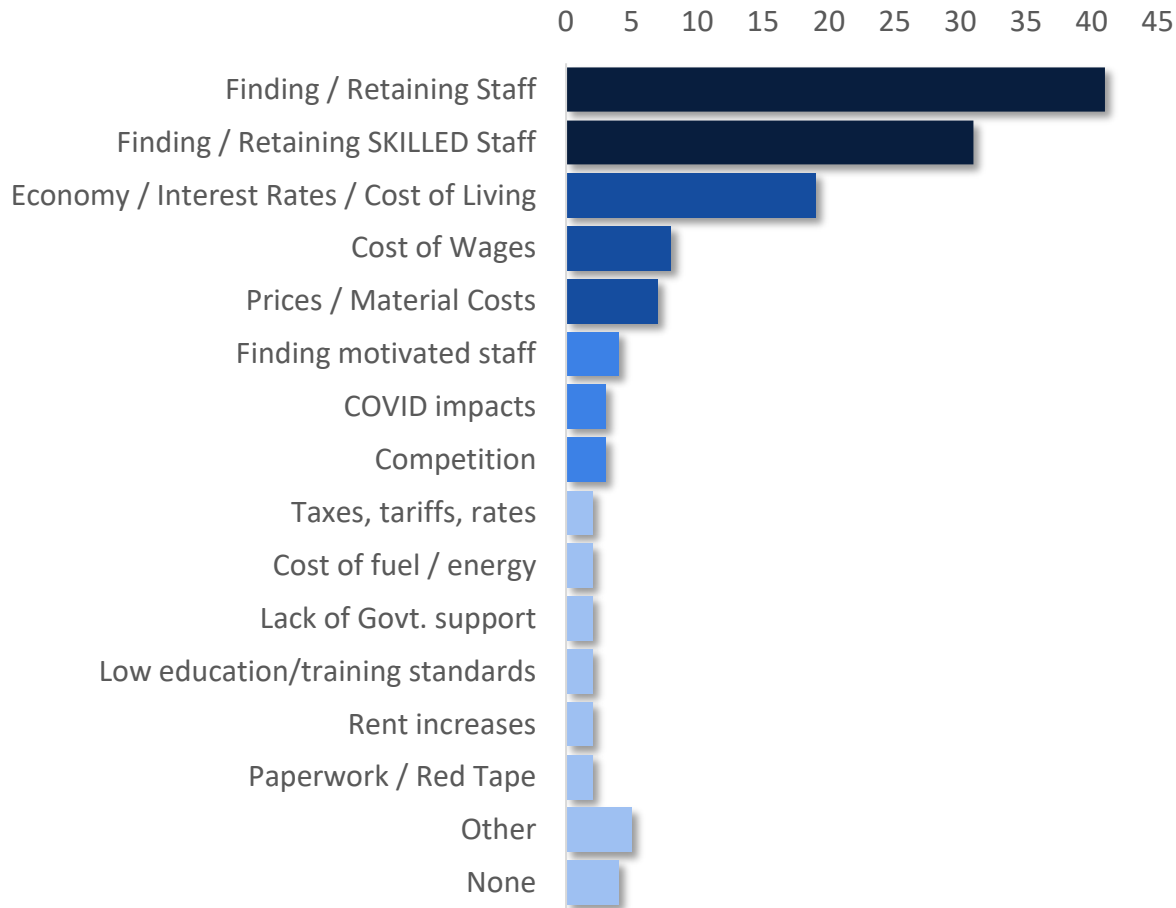
Key Insights

1. Finding or retaining staff is the biggest challenge
2. Finding and retaining *skilled* staff is a particular problem
3. Financial considerations are driving skills shortages
4. Skills shortages are negatively impacting Illawarra businesses
5. Shellharbour businesses experience skills shortage challenges more than Wollongong & Kiama
6. Organisations with 20+ employees report more pronounced difficulty in finding/retaining staff
7. Employers have a negative outlook regarding skills shortages
8. Illawarra businesses are prioritising training and upskilling of their existing employees

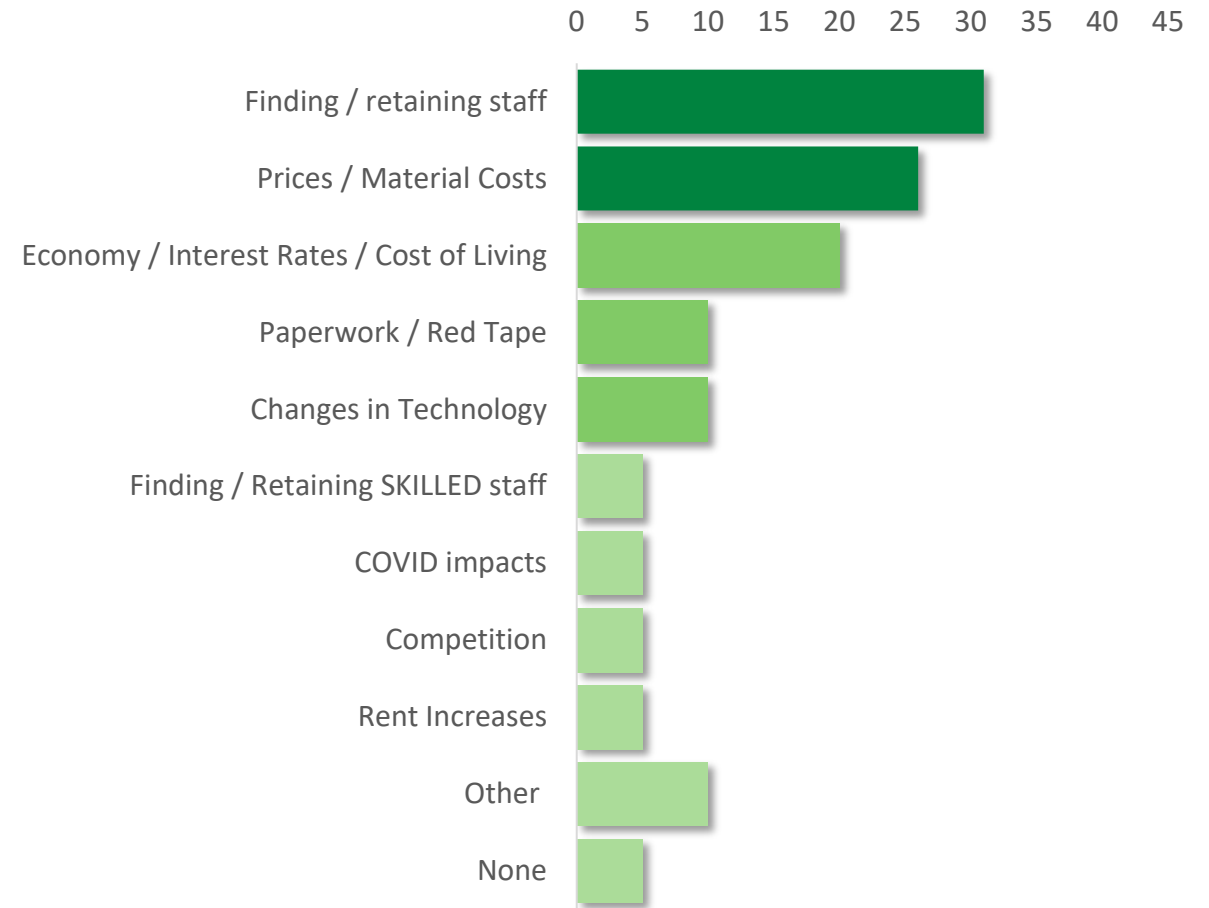
Skills shortages are a regional issue for all respondents regardless of business size, location or industry

Perceptions of Main Issues and Challenges

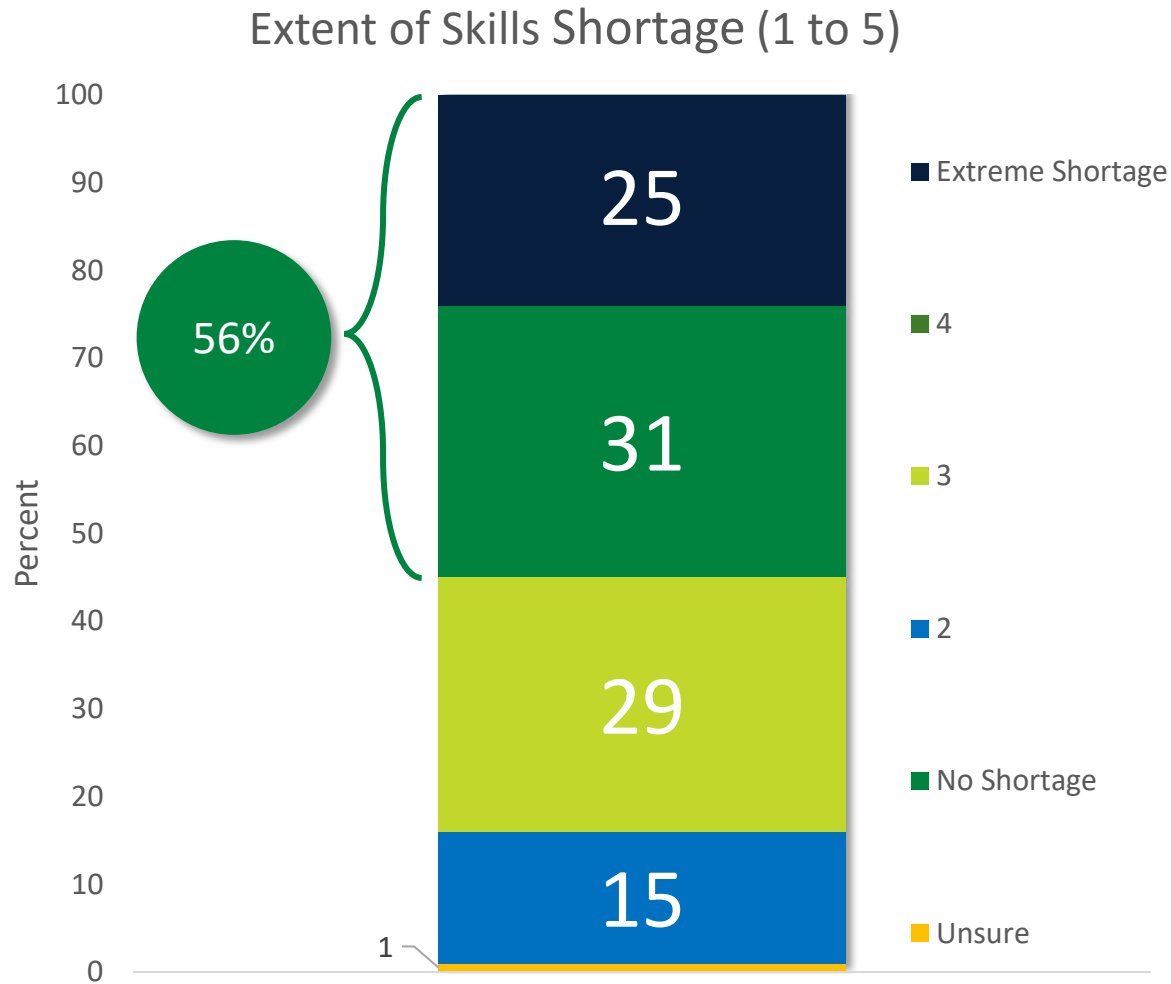
Non-sole traders (% reporting)



Sole Traders (% reporting)



Extent of Skills Shortages as reported by individual businesses

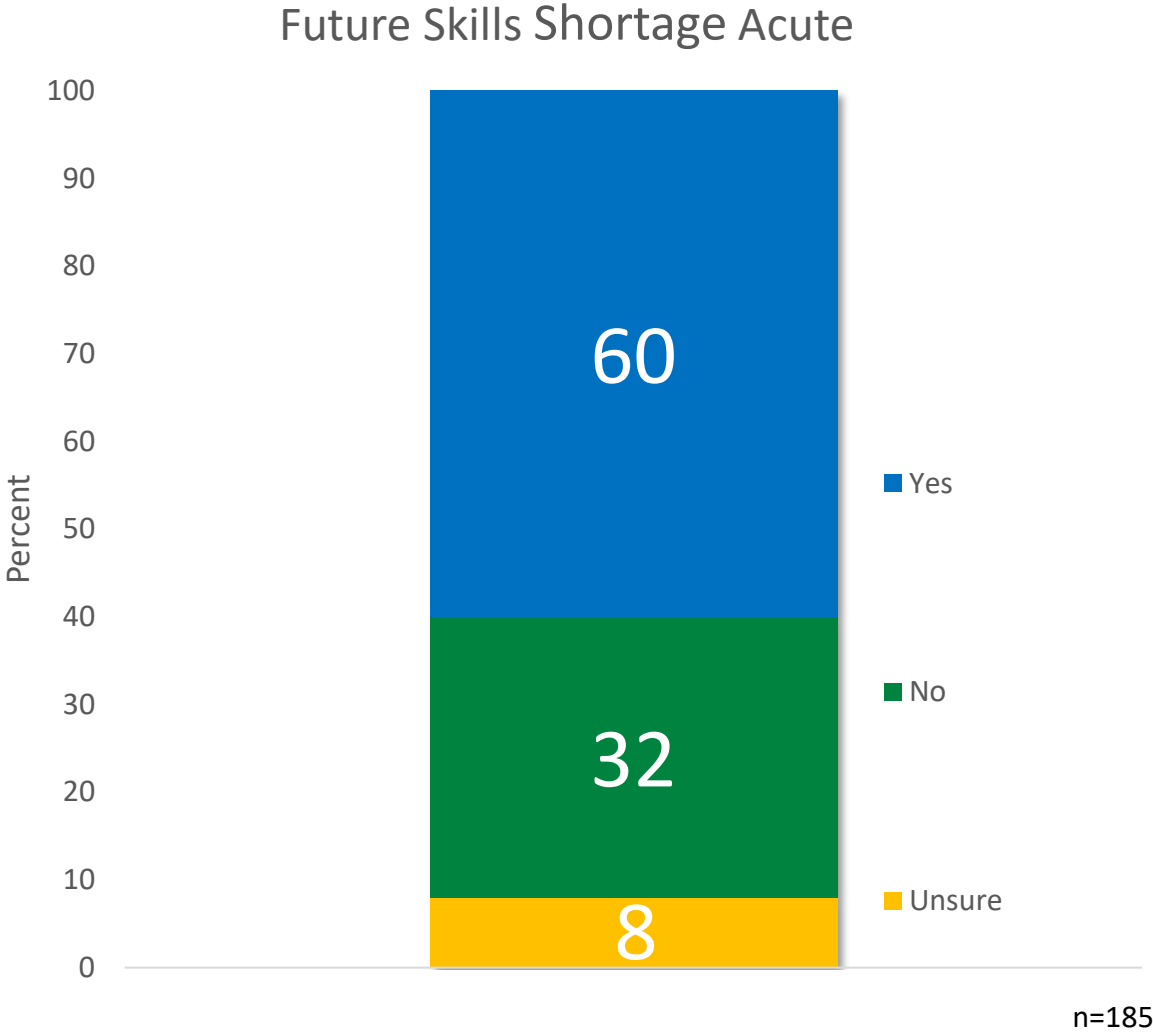


- 56% of businesses rated level of skills shortages as 'High' (31%) or 'Extreme' (25%)
- Employers in Shellharbour more likely to rate shortage as 'High' or 'Extreme' (77%)

n=185

Perception of Future Skills Shortages

60% of businesses rated skills shortages as 'Acute' in the foreseeable future



Perception of Skill Shortages in the Region

64%

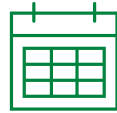


...of respondents believe skill shortages were **acute** in the Illawarra region



91% thought this was a **wider problem, state-wide or national**

76%



...of respondents believe skill shortages **negatively impacted their business growth + planning**

54%



...of respondents believe **employees choosing jobs with better pay and conditions (“switching”)** was a consideration driving skill shortages



53% thought **Illawarra salaries are uncompetitive**

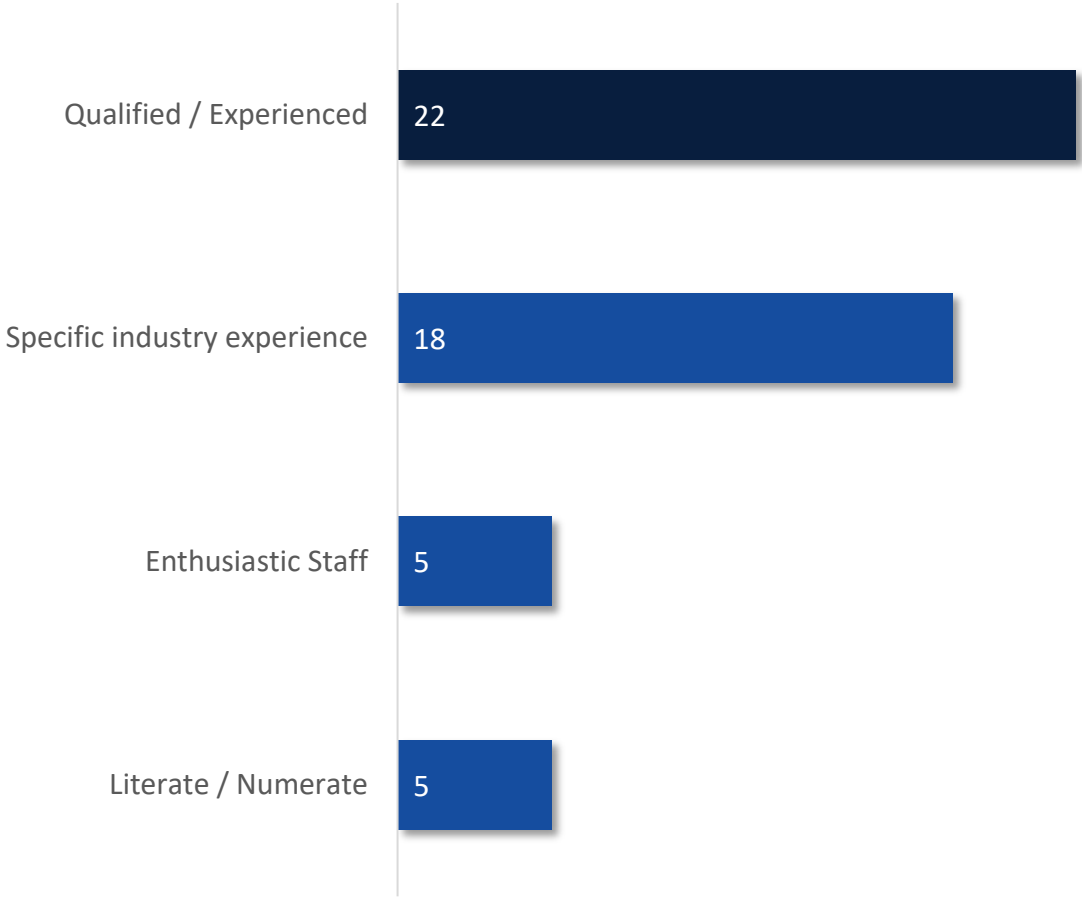
85%



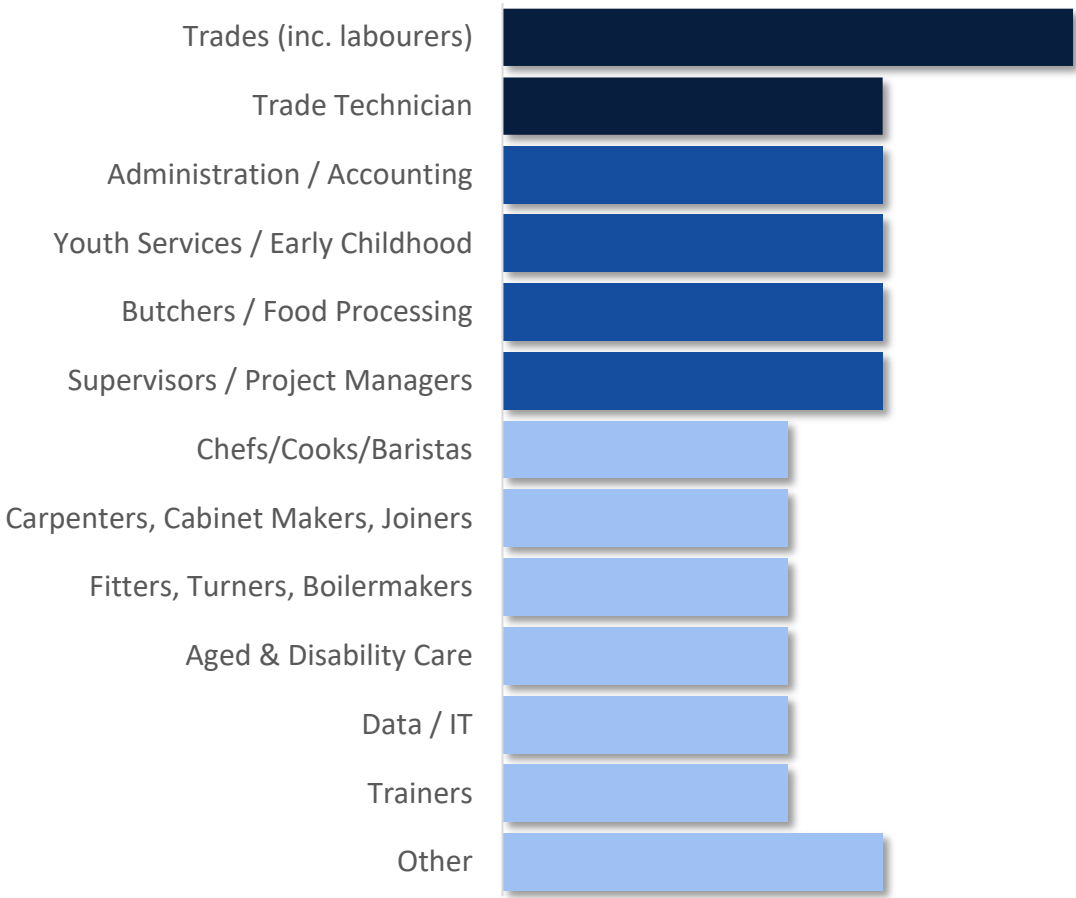
...of respondents said finding staff with the **appropriate experience** was particularly difficult

Skills and Occupations in Acute Shortage NOW

Skills in Demand



Occupations in Demand



Impacts of Skill Shortages

Business



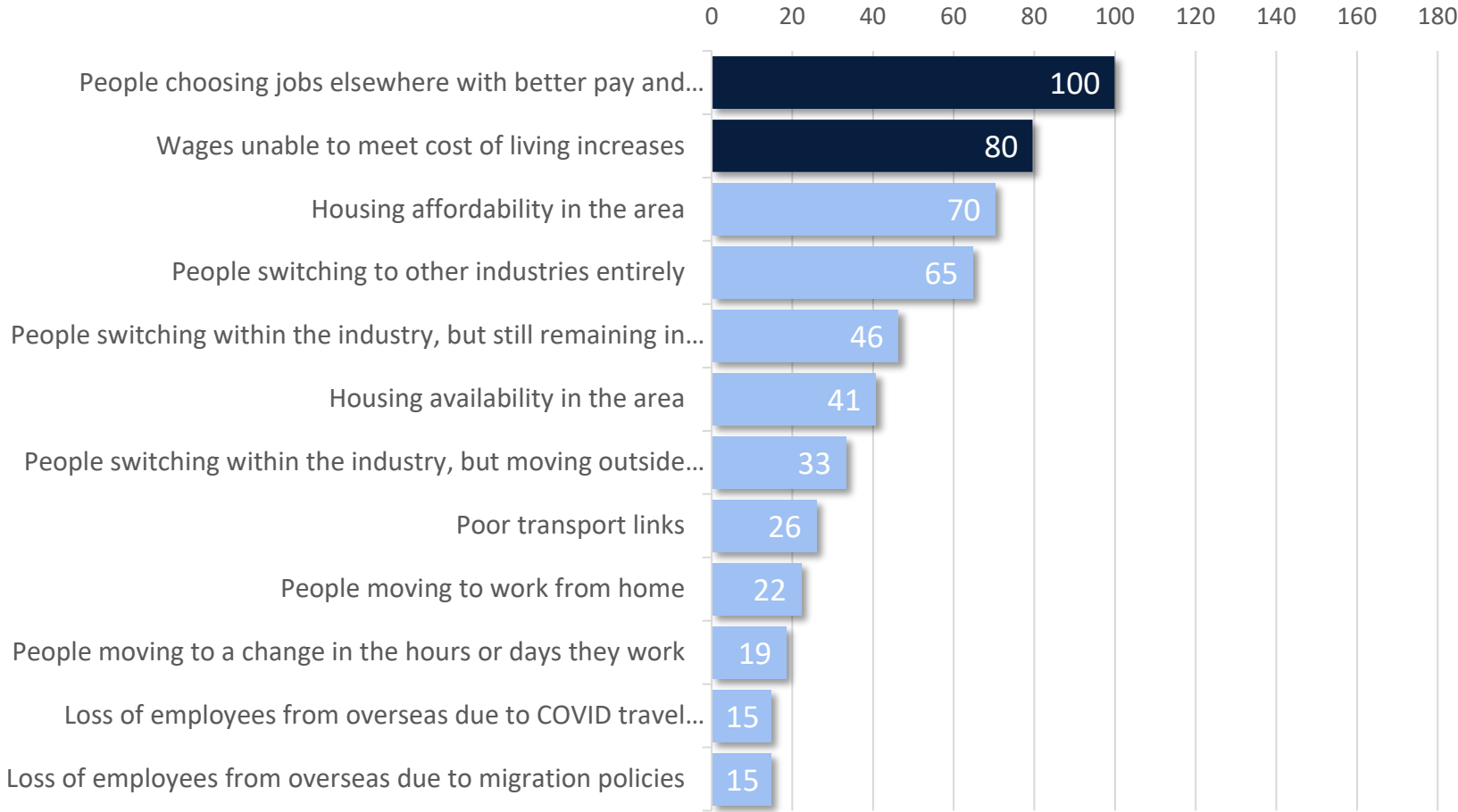
People

- Growth & Planning **76%**
- Capacity to deliver product/service **68%**
- Profitability **67%**
- Capacity to deliver quality & timely work **62%**
- Sustainability of business in current location **49%**

- Employees overworked/more pressure **64%**
- Increased fatigue or mental health issues **59%**
- Retention of your current employees **51%**
- Increased absenteeism **31%**
- Increased risks to safety **23%**

Perceived Cause of Skill Shortages

Possible Causes of Skills Shortage (n=185)



Key Themes:



Seeking Better Wages + Conditions



Switching - Occupation or Industry Change



Housing Affordability + Availability



Poor Transport Links

Causes of Skill Shortages

Impact of Transport

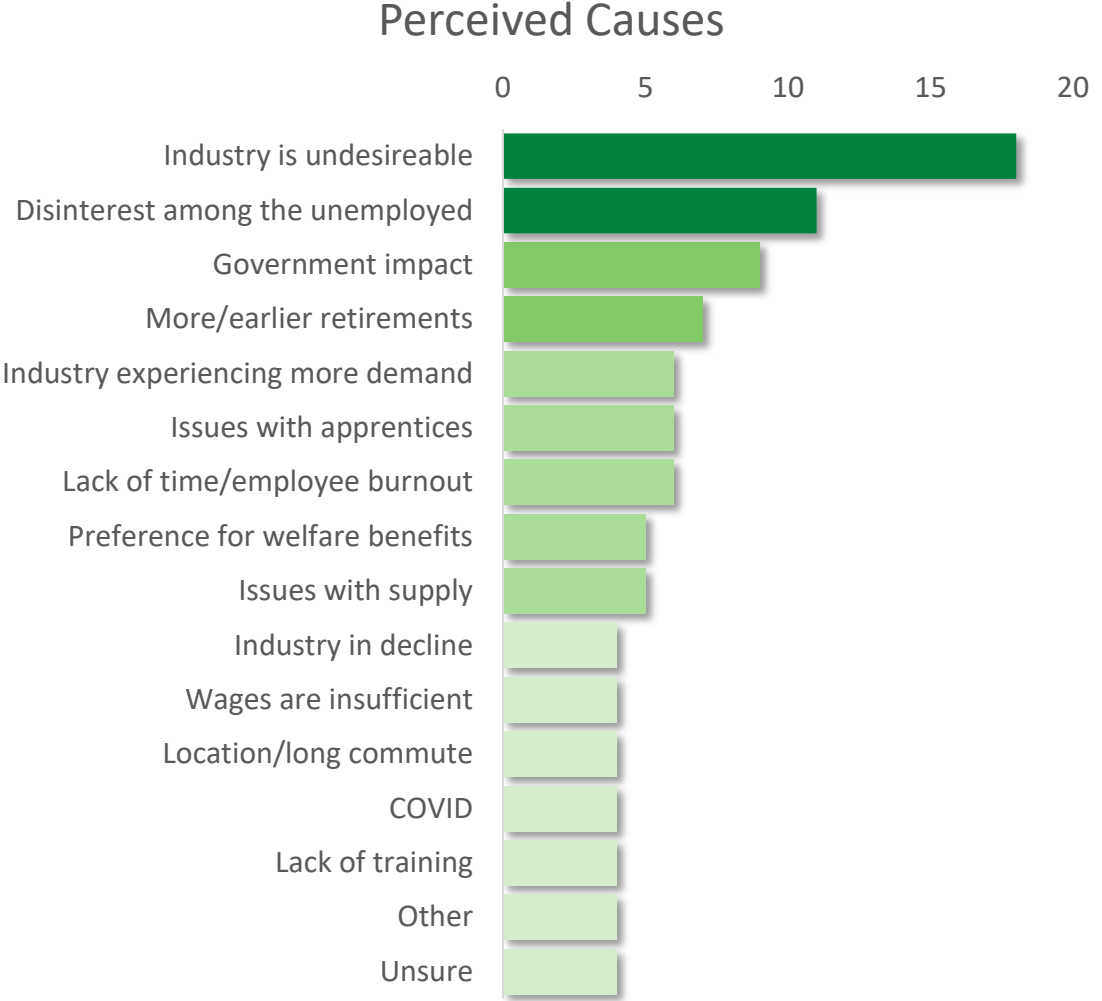
- **Poor transport** only perceived as a contributing factor to skills shortage by **14%** (n=26) of respondents
- Employers in Kiama were **more likely** to say **poor transport was a major issue (39%)**



Other Causes of Skill Shortages

Key 'other' causes...

- 1** Industry is undesirable **18%**
- 2** Disinterest amongst unemployed **11%**
- 3** Government impact (not specified) **9%**



n=46

Reasons for Skill Shortages

Why is it difficult to find people?

Skills



Experience

Training **77%**

Qualifications **79%**

Equipment + Machinery **52%**

Information + comms technology **57%**

Appropriate Experience **85%**

Work independently **72%**

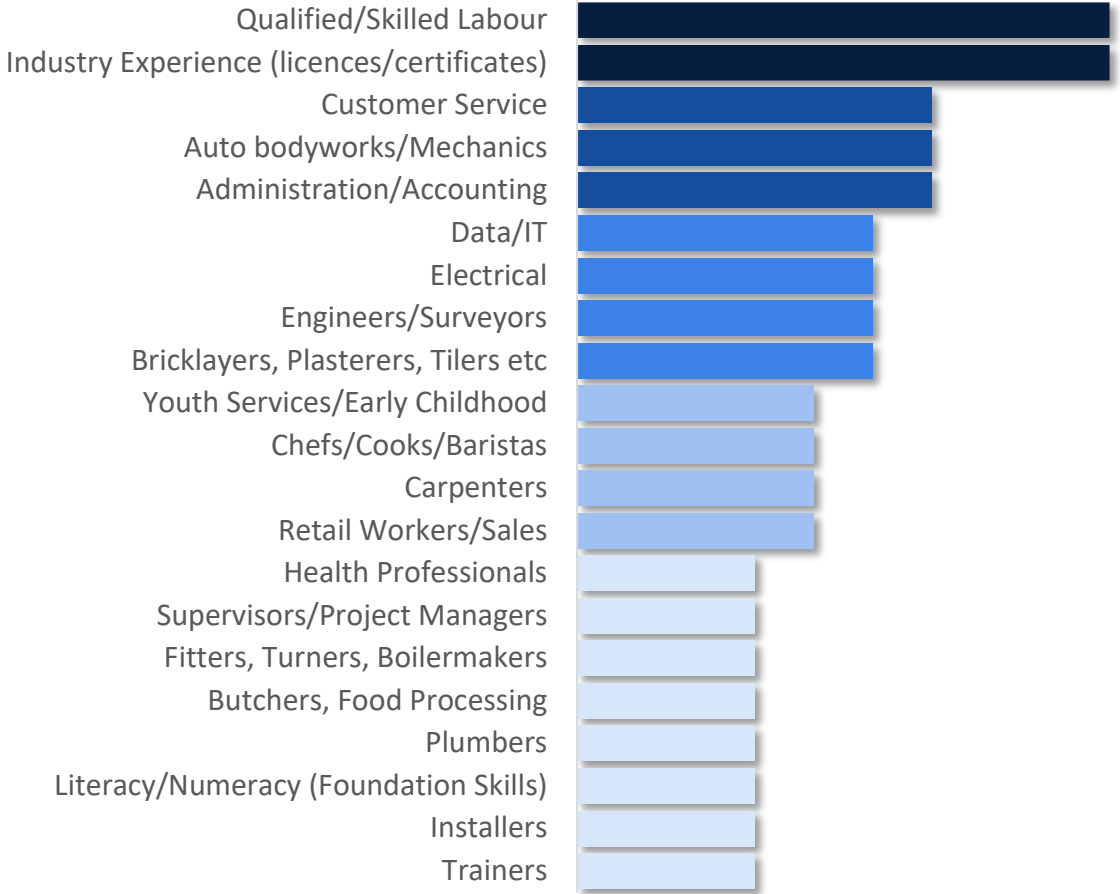
Customer Service **59%**

Client Liaison **53%**

Working in a team **53%**

Skills + Occupations for the Future

Key Skills & Occupations for the near future



n=185

Highest emerging in-demand occupations:

- Auto bodywork/Mechanics
- Administration/Accounting
- Data/IT
- Practical Trades

Lead skills/competencies:

- Qualifications
- Industry experience/training
- Literacy/Numeracy

Strategies for the Future

How are we addressing skills shortages?

40%

Training + upskilling existing employees

18%

Paying premium wages

22%

Increase recruitment efforts including expanding into new markets

Employers with 10+ employees were significantly more likely to say training/upskilling existing employees

Strategies being used to address skill shortages



n=185

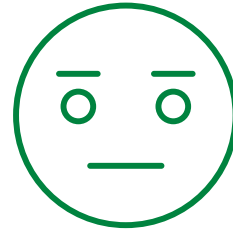
Overall outlook

Overall outlook on skills shortages in the Illawarra?



23%

38%



37%

The current outlook of Illawarra employers regarding available skilled workers was **broadly negative**, though many people are 'neutral' on the issue.

What employers told us.....

“I want to be able to employ the right project managers equipped with the right skills to manage larger projects. So that’s the challenge that we’re looking at over the next few years.”

“Basic literacy & numeracy – younger staff are barely competent at either. Also, everybody is always bloody sick.”

“There are not many people to employ.”

“Restricting growth...not taking on new clients. Medium term to exit in next five years”

“We haven’t got any other employees except one that is good enough. You have to close the business down for holidays.”

“Not enough consultants in the local area with the appropriate skills.”

Five Big Questions - Group Activity

Each Group discuss and decide actions to address

- 1) Training/Upskilling is the #1 strategy to address skill shortages.
What do employers need to turn this from a tactic into concerted action across key industries?
- 2) 'Full' employment is causing employers recruitment challenges.
What actions will help you to expand your recruitment efforts and successfully hire new employees?
- 3) The impacts of skill shortages affect both businesses (growth/profitability/delivery) and employees (overworked/fatigue/mental health/retention/absenteeism).
What can others do (service providers/government/collaborations) to help address these impacts?
- 4) The answer may be more than training and higher wages.
Other than pay and training, what can employers do to make their workplace a 'workplace of choice'?
- 5) Participation rates for women and people of retirement age are low.
What can be done to encourage/support greater workplace participation by these two cohorts?

Where to from here?

What is our future research approach?

1

Three more waves of research:

- October 2023
- April 2024
- October 2024

2

Dashboard published
- November 2023

3

Looking for support from
Employers for future research

What do we need from you?

Employers engage in future
research – have your say!



Thank You

Debra Murphy (RDA Illawarra)

Alex Spillett (RDA Illawarra)

Peter Watts (EMRS)

August 2023