Australian Government

Jobs and Skills Australia

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Annual Report 2022-23

18 October 2023

Appendix G – Annual Report of Jobs and Skills Australia

This report provides information about the performance of the functions of Jobs and Skills Australia (JSA) under the *Jobs and Skills Australia Act 2022* (the JSA Act) and the exercise of the Interim Director's powers during 2022–23.

About Jobs and Skills Australia

On 16 November 2022, JSA was formally established, after legislation passed through parliament and received Royal Assent.

The main functions of JSA are to:

1. provide advice to the Minister and to the Secretary on Australia's current and emerging labour market (including workforce needs and priorities) and Australia's current, emerging and future skills and training needs and priorities (including in relation to apprenticeships)
2. provide reports on the labour market and workforce skills and training needs and priorities to assist with government policy development and program delivery.

In performing its functions, JSA must, where appropriate, consult and work with state and territory governments, relevant state and territory authorities, employers, unions, training providers and other industry stakeholders who contribute to the labour market.

Professor Peter Dawkins AO was appointed as the Interim Director of JSA with effect from 1 December 2022. Professor Dawkins is directly accountable to the Minister for Skills and Training, the Hon Brendan O'Connor.

JSA is a secondary statutory authority within the Department of Employment and Workplace Relations (DEWR). Formally, JSA is composed of the Director and staff made available by the Secretary of DEWR to assist the Director in delivering their legislative functions.

The Jobs and Skills Australia Amendment Bill 2023 was introduced to parliament on 22 March 2023. Its purpose is to:

1. provide for the permanent governance arrangements and functions of JSA
2. establish a Ministerial Advisory Board to advise in relation to the performance of the functions of JSA
3. provide for a review of the operation of the JSA Act.

Stakeholders

JSA's engagement with tripartite partners is central to delivering the legislated functions. This includes working with unions, employers, industry, state and territory governments and the Australian Government, education and training providers, and other key stakeholders in developing and providing advice on Australia's current and future skills needs. JSA's approach to engagement was outlined in its Engagement and Outreach Strategy, which was developed in consultation with tripartite and other key partners, as well as DEWR, and is expected to be published in July 2023.

JSA provides high-quality data, analysis and insights to better understand Australia's skills and labour shortages across the economy. Providing advice on the effectiveness of Australia's current vocational education and training, higher education and migration systems is a priority.

Extensive external stakeholder engagement has underpinned the development of all our work, in keeping with JSA's core mandate to consult with industry, unions, government and education providers. This includes launching core engagement forums with tripartite partners to shape JSA's establishment and ongoing direction through:

1. establishing the Jobs and Skills Australia Consultative Forum to oversee engagement with the tripartite partners. The forum includes representatives from business, unions, the education and training sector, and the Commonwealth and state and territory governments. Two meetings were held in 2022–23

2. creating a partnership with Jobs and Skills Councils that embeds 2-way collaboration. JSA facilitates this relationship with the support of a dedicated Jobs and Skills Councils Information and Advice team within the agency, as well as through establishment of a Jobs and Skills Councils CEO forum

3. deepening engagement with state and territory governments, including establishing the Jobs and Skills Australia State and Territory Partnership Forum with senior officials from all state and territory governments, and working groups to meet on specific issues and provide input into projects.

JSA has released 5 papers for public consultation and consideration and has provided extensive input into national policy discussions.

JSA Work Plan

In May 2023 JSA published the Jobs and Skills Australia 2022–23 Work Plan. In June 2023 we released a consultation paper on the process for developing forward work plans to ensure partner and stakeholder input into the work JSA does.

The 2022–23 Work Plan consists of 4 core elements. The first element is JSA's strategic advice and deliverables on the national skills system, including the Clean Energy Capacity Study; the National Study of Adult Literacy, Numeracy and Digital Skills; and other major in-depth studies. This also includes engagement with the Employment White Paper, the migration system review, the National Skills Agreement and the Universities Accord process.

JSA's extensive labour market and skills analysis forms the second element, including Nowcast of Employment by Region and Occupation (NERO); labour market dashboards at the national, state/territory and regional levels; employer recruitment insights; internet vacancy updates; examination of small area labour markets; exploration of the Australian labour market for migrants; development of the Skills Priority List; and 5-yearly employment projections. JSA is continually working to improve how labour market data and information is presented for a broad range of users.

The third level provides an expanded evidence base for JSA to inform labour market and skills analysis. This includes the development of a national skills supply and demand framework, and the development of outputs based on the VET National Data Asset (VNDA) to expand analysis around pathways into VET and pathways between VET and higher education.

Finally our enabling activities support the organisation to deepen our engagement and outreach with our partners, capturing our internal governance and data-sharing arrangements, as well as our externally facing digital structures.

Strategic advice and deliverables

JSA has engaged with stakeholders to effectively provide advice to government and inform decision-making on workforce needs, skills and training. The national skills system is a key focus of the Employment White Paper being led by the Treasury. Working with the Treasury, JSA has provided advice on the development of the Employment White Paper, with the inclusion of JSA's analysis, in line with agreed milestones and terms of reference.

JSA had extensive engagement with the migration system review panel and continues to have productive ongoing dialogue with the Department of Home Affairs in the context of the migration review and the government response to the expert review panel report. Continuing engagement on national policy issues, JSA has presented to the Universities Accord panel, exploring opportunities to better connect and strengthen the complementarity of the VET and higher education sectors. This work will help inform JSA as it works with DEWR on the National Skills Agreement. The new National Skills Agreement highlights Australia's need for a VET sector that provides high-quality, responsive and accessible education and training to boost productivity and support Australians to obtain the skills they need to participate and prosper in the modern economy.

JSA has made public submissions on matters of national significance to the skills system. In early March 2023 we made a written submission to the parliamentary inquiry into the perceptions and status of VET, appearing before the House of Representatives Standing Committee on Employment, Education and Training on 22 March and 21 June 2023. In April, Professor Dawkins delivered a presentation to the Council for International Education on the education and employment outcomes of international students in Australia. The presentation highlighted challenges international graduates face in securing a strong foothold in the labour market.

In January, JSA released the *Vocational Education and Training in Regional, Rural and Remote Australia* report. This was closely followed by the *Australian Labour Market for Migrants* report, released in January and updated in April. Regular labour market reports were released in February and May, and the *Skills Shortage Quarterly* report was published in March. Keeping a focus on disadvantaged and minority groups, JSA explored employers' experiences of First Nations job applicants, and published an analysis of First Nations people's employment and education outcomes in June.

JSA has been conducting its inaugural capacity study on clean energy, with the final report to be delivered in September 2023 to the Australian Government. The final report will examine the current clean energy workforce, the skills and training pathways, and future demand and supply for clean energy roles across Australia's regions over the next 10, 20 and 30 years as Australia transitions to net zero by 2050. Terms of reference were released for comment in January, and their establishment allowed for the release of a public discussion paper in May.

Similarly, JSA published a discussion paper to begin the design of the Foundation Skills Study, which seeks to provide up-to-date evidence on the level of literacy, numeracy and digital skills among Australian adults. Foundation skills – the ability to read, write, be numerate and engage with technology – are a critical foundation for meaningful work and active participation in the community. A lack of basic literacy or numeracy skills, or both, often results in exclusion from education, training and secure work, as well as difficulty engaging in society more broadly. Yet the data on the situation in Australia is over a decade old. The Foundation Skills Study consists of 3 elements:

1. a survey of Australian adults to assess their current skills levels

2. a feasibility study into how best to assess the literacy, numeracy and digital literacy levels of First Nations people

3. analysis of Commonwealth administrative and other data to 'drill down' into the results for priority groups.

The public consultation period for submissions on the Foundation Skills Study discussion paper opened on 4 April and closed on 24 April. The purpose of this discussion paper was to support JSA in developing and delivering the survey and feasibility study.

Labour market and skills analysis

JSA publishes a range of labour market data and analysis that provides insights into how the labour market is performing. This includes the quarterly *Labour Market Update*, a report that that provides information on issues affecting Australia's current and emerging labour market. The updates bring together a range of JSA and Australian Bureau of Statistics (ABS) data sources to analyse the state of the Australian labour market.

A key JSA product is the monthly *Internet Vacancy Index* (IVI). The IVI is the only publicly available source of detailed data on online vacancies, including for around 350 occupations (at all skill levels), as well as for all states and territories and 37 regions.

JSA also conducts the Recruitment Experiences and Outlook Survey (REOS) to learn about employers' recruitment needs and to better connect job seekers with employment opportunities. The monthly *Recruitment Insights Report* provides data on employers' recruitment activity, recruitment difficulty and expectations to hire staff in the future. Findings are published soon after being collected, providing an almost real-time view of business recruitment demand and confidence. REOS 'Spotlight' reports are also produced most months, featuring analysis on unique topics or themes.

JSA is providing regional estimates of unemployment and unemployment rates in the quarterly publication of small area labour markets estimates.

JSA continues to work on and develop data and analysis of the Australian labour market. NERO is an experimental dataset that provides timely information on employment in 355 occupations across 88 regions in Australia on a monthly basis. Previously this type of data was only readily available every 5 years as part of the ABS Census of Population and Housing. NERO can be combined with job advertisement data (from the IVI) to better understand regional labour markets (including providing insights on skills shortages at a regional level).

JSA also provides labour market insights and analysis for Australia's 51 employment regions to inform the department's Local Jobs Program, drawing on a range of JSA and ABS data.

For those considering moving to Australia for work, the *Australian Labour Market for Migrants* publication is released quarterly. It provides useful information on the Australian labour market for recent migrants to Australia, people interested in working in Australia on a temporary or permanent basis, and organisations providing services to migrants and potential visa applicants.

Expanding the evidence base

VNDA is an example of the types of products that JSA will use to build its evidence base. JSA presented early results to a working group of state and territory government representatives on 25 July 2023.

VNDA was initiated in 2021 and is a collaboration between JSA and the ABS. It links unit records from the Total VET Activity data collected by the National Centre for Vocational Education Research (NCVER) with government administrative data from the Australian Taxation Office, Department of Social Services, Department of Education and other sources. VNDA leverages the ABS's existing Multi-Agency Data Integration Project (MADIP) and Business Longitudinal Analysis Data Environment (BLADE) data assets.

VNDA provides the ability to examine a broad range of short-term and long-term outcomes following the completion of training. For example, it contains information on employee income, employment status, reliance on income support, and progression to further education and training. By using administrative data collected over multiple years, we can observe a range of measures in the years following training. This means it can greatly expand on the insights currently available through the NCVER Student Outcomes Survey.

The Skills Priority List (SPL) reflects JSA's annual assessment and publication of skills shortage analysis. The SPL provides a current point-in-time rating of whether an occupation is in shortage, including its future demand. The SPL covers over 900 occupations in the Australian and New Zealand Standard Classification of Occupations (ANZSCO) 2022 from skill levels 1 to 4. The list and insights produced, along with other analysis and intelligence produced by JSA, inform advice on targeting of policy initiatives.

A national skills supply and demand framework is in development and will map likely future demands on the education and training system and migration, combining enhanced 5-year employment projections and an economy-wide model of the labour force. This will be a unique model that will enable an estimate of the supply of labour and skills required to meet the demand outlined in the 5-yearly projections. The model is intended to bring together many of the innovative data products JSA has developed into an integrated assessment of the labour market. The model will be an important starting point for JSA's workforce planning function. It has the capacity to bring national consistency to the more detailed analysis of sectors, cohorts and regions that will be undertaken by JSA. Subject to passing proof of concept, it is expected that the first outputs of this model will be available by the end of the first quarter of 2023.

Enabling activities

JSA progressed development, in consultation with key stakeholders, of its stakeholder Engagement and Outreach Strategy and the principles-led approach to the way JSA embeds engagement within its work to reach and work with others. In 2022–23 JSA facilitated and participated in a wide range of engagement and outreach activities, including establishing a range of core engagement forums. Throughout the year JSA actively provided the public with information and released all its major reports and regular data releases on its website and publicised them via social media channels. The Interim Director and other subject-matter experts have also presented at a range of public conferences.

The JSA Data and Analytics Platform is composed of top-tier technologies for data analysis, data science and machine learning models. The platform underpins JSA's work to provide advice on current, emerging and future labour market and workforce skills and training needs by providing capability to bring together large and discrete datasets, allowing JSA economists and analysts to gain a more informed view of the labour market and national skills system.

Professor Peter Dawkins AO
Interim Director
Jobs and Skills Australia