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Could a more even gender and age composition of a workforce help with skill shortages?

Using data from the 2022 Skills Priority List and 2021 ABS Census



Today's presentation

AIM:

- Outline how skills shortages analysis is undertaken and highlight key findings for 2022 (via the Skills Priority List)
- Use 2021 ABS Census to assess the gender and age distribution of the workforce for occupations found to have a current skills shortage
- A skewed workforce may be constraining labour supply, increasing the likelihood of a skills shortage



Skills Priority List (SPL)

- The SPL provides a current labour market rating and a future demand rating for occupations.
- The SPL helps inform advice on targeting of policy initiatives (such as skilled migration and training funding incentives) - but it is not the sole input to such policies.

Inputs

Labour market data & analysis

- Analysis of occupation shortages via regression model
- Analysis of labour market conditions

Employer recruitment surveys

- Survey to see if employers are filling advertised vacancies, and reasons why vacancies weren't filled

Stakeholder input

- Input from federal and state & territory governments
- Annual peak body & major employer surveys
- Year round meetings with stakeholders

Outputs

Current labour market ratings and future demand for assessed occupations

Key Findings Report

SPL – definition of shortage (part 1)



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- An occupation is considered to be in shortage when employers are:
 - unable to fill or have considerable difficulty filling vacancies for an occupation or cannot meet significant specialised skill needs within that occupation;
 - at current levels of remuneration and conditions of employment; and in reasonably accessible locations.

Productivity Commission (PC) critique of this definition

- *“An overarching issue with this definition is that it presumes that supply should meet demand at any prevailing wage. This is in contradiction to the concept of an efficient labour market that allows offers of wages and conditions to adjust in order to attract workers, based on the value those workers bring to the business (i.e. their marginal productivity).”*

SPL – definition of shortage (part 2)



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Wages and working conditions do adjust, but.....

- Wages don't typically change quickly. Our surveys shows that firms are more likely to change recruitment methods, restructure the organisation, change position requirements or even turn down work, than change remuneration.
- One of the key benefits of the SPL in the future will be the ability to analyse skill shortages across multiple years, and better understand the impact of wage adjustments.
- We expect (consistent with the PC's view) that over a sufficient period of time, wages and conditions should adjust, as occupations currently in shortage seek to provide more attractive wages and conditions, in order to improve their recruitment and/ or retention to the point where they are no longer in shortage.

SPL – 2022 key findings (part 1)



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Professionals

- 39% of occupations in the Professionals group were in national shortage in 2022, up from 19% in 2021.
- For Health Professionals, suitable applicants per vacancy almost halved between 2021 and 2022.

Technician and Trades Workers

- Almost half (47%) of all Technician and Trades Worker occupations were in national shortage in 2022.
- Many shortages are persistent over time. Employers typically receive a small pool of applicants, with many lacking experience requirements and found to be unsuitable.

SPL – 2022 key findings (part 2)



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Occupations in shortage by skill level

- Skill Level 3 occupations, those generally needing a Certificate III or IV, recorded the highest share of occupations in national shortage (46% in 2022, up from 38% in 2021).
- The largest increase in the share of occupations in national shortage was for skill level 1 occupations (35% in 2022, up from 19% in 2021), which are those generally needing a bachelor degree or higher.



Can a gender or age skew in a workforce have an impact on skills shortages?

- A heavily skewed (by gender, age, etc) workforce may artificially constrain its potential labour supply – increasing the likelihood of a skills shortage.
- While national employment by gender is almost even (52% male, 48% female), significant workforce gender skews exist for some occupations.
- Similarly, while around 20% of employed persons are aged 55 and above, this can vary significantly between occupations.
- 2021 ABS Census data on workforce demographics can be mapped to the occupations found to be in shortage in the 2022 SPL, to assess their workforce composition.

Occupations in shortage are more likely to have a highly gendered workforce



Based on the occupations assessed in the 2022 SPL:

- 65% of occupations in national shortage have a gender skew of 80/20 (or more) in their workforce
 - For more than half of occupations in shortage, women make up less than 20% of their total workforce
 - For 14% of occupations in shortage, men make up less than 20% of their total workforce
- Only 33% of occupations not in national shortage have a gender skew of 80/20 (or more) in their workforce
 - For 23% of occupations not in shortage, women make up less than 20% of their total workforce
 - For 11% of occupations not in shortage, men make up less than 20% of their total workforce

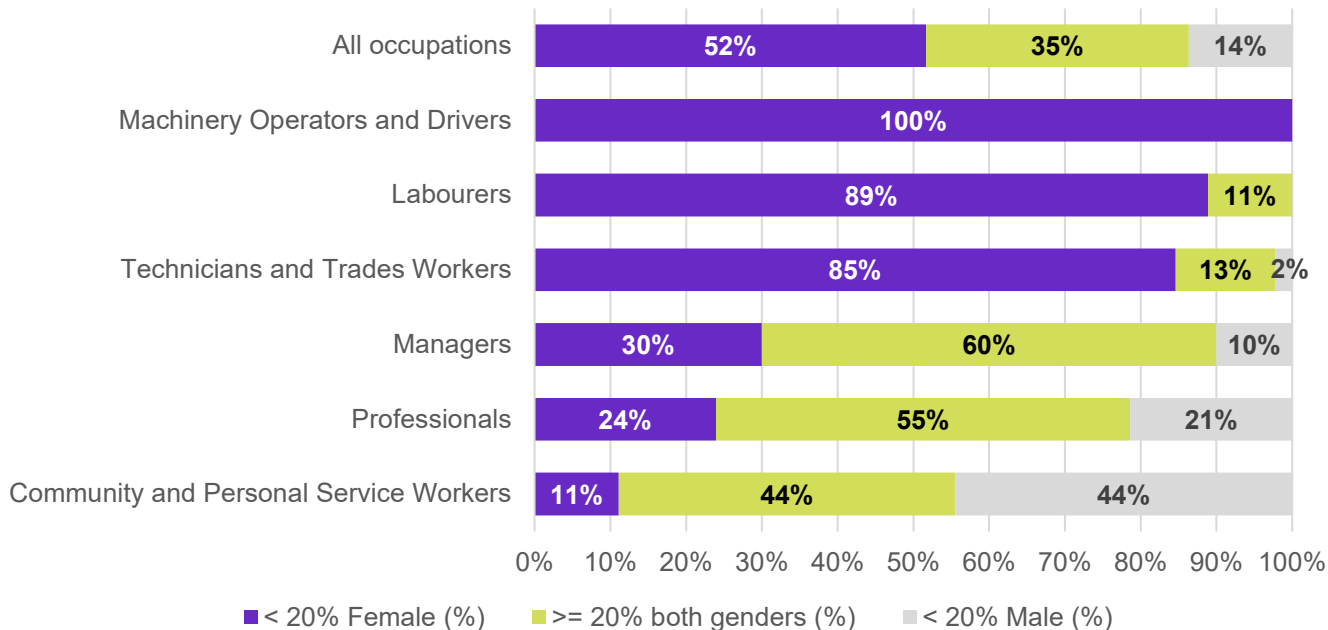
	Workforce is less than 20% Female (% of occupations)	Workforce has 20% or more of both genders (% of occupations)	Workforce is less than 20% Male (% of occupations)
Occupations in national shortage	52%	35%	14%
Occupations <u>not</u> in national shortage	23%	67%	11%

Please note: Changes to ANZSCO were made in late 2021 (after the Census), which impacts the way in which demographic Census data is mapped to occupations assessed in 2022 SPL. Numbers may not add to 100% due to rounding effects.



Occupations in shortage – gender composition of their workforces

% of occupations in national shortage –by gender composition



Occupations in shortage have a large gender skew:

- towards men for:
Machinery Operators and Drivers; Labourers; and Technicians and Trade Workers
- towards women for
Community and Personal Service Workers

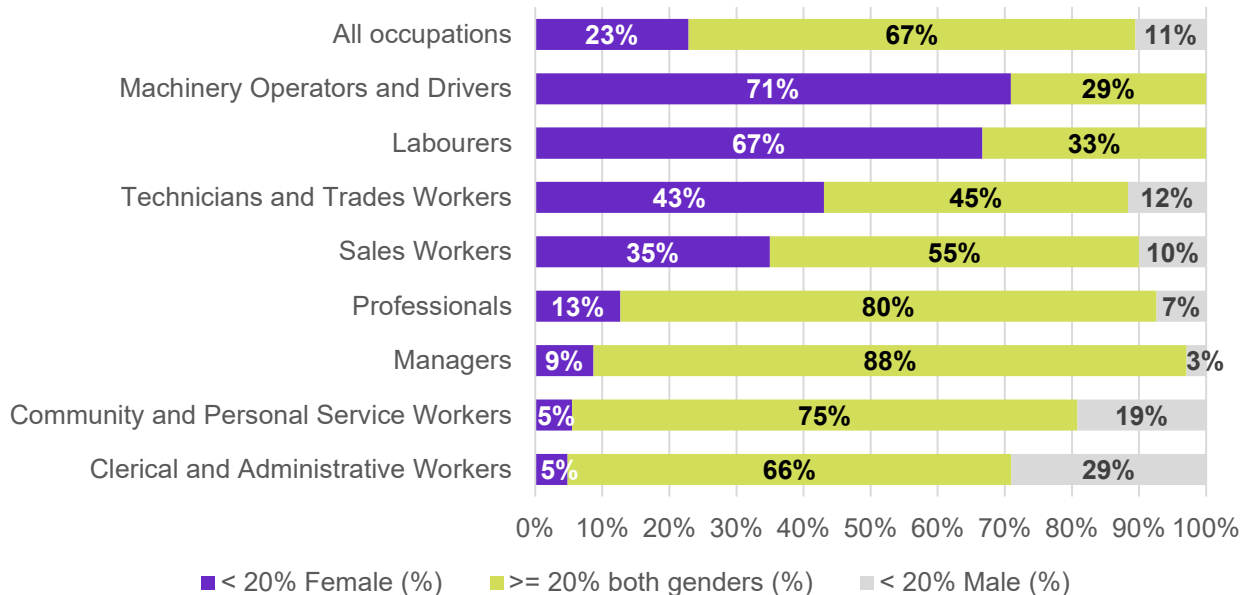
Occupations in shortage have less systemic gender skews for Managers and for Professionals

Please note: Changes to ANZSCO were made in late 2021 (after the Census), which impacts the way in which demographic Census data is mapped to occupations assessed in 2022 SPL. Numbers may not add to 100% due to rounding effects. Two major occupational groups (Sales Workers; and Clerical and Administrative Workers) are omitted from this chart due to the small number of occupations in shortage.



Occupations not in shortage – gender composition of their workforces

% of occupations not in national shortage – by gender composition



Occupations that are not in shortage are more likely to have a workforce that is at least 20% of both genders, compared to occupations that are in shortage.

Please note: Changes to ANZSCO were made in late 2021 (after the Census), which impacts the way in which demographic Census data is mapped to occupations assessed in 2022 SPL. Numbers may not add to 100% due to rounding effects.

Some occupations in shortage have a highly skewed age profile



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While around 20% of employed persons are aged 55 and above, based on the occupations assessed in the 2022 SPL:

- For 10% of occupations in shortage, persons aged 55 and above make up less than 10% of their workforce.
 - A significantly lower than average reliance on workers in this age group may be artificially constraining labour supply and increasing the likelihood of a skills shortage.
- For 17% of occupations in shortage, persons aged 55 and above make up more than 30% of their workforce.
 - A significantly higher than average reliance on workers in this age group places them at greater risk of future shortages caused by workers entering retirement.

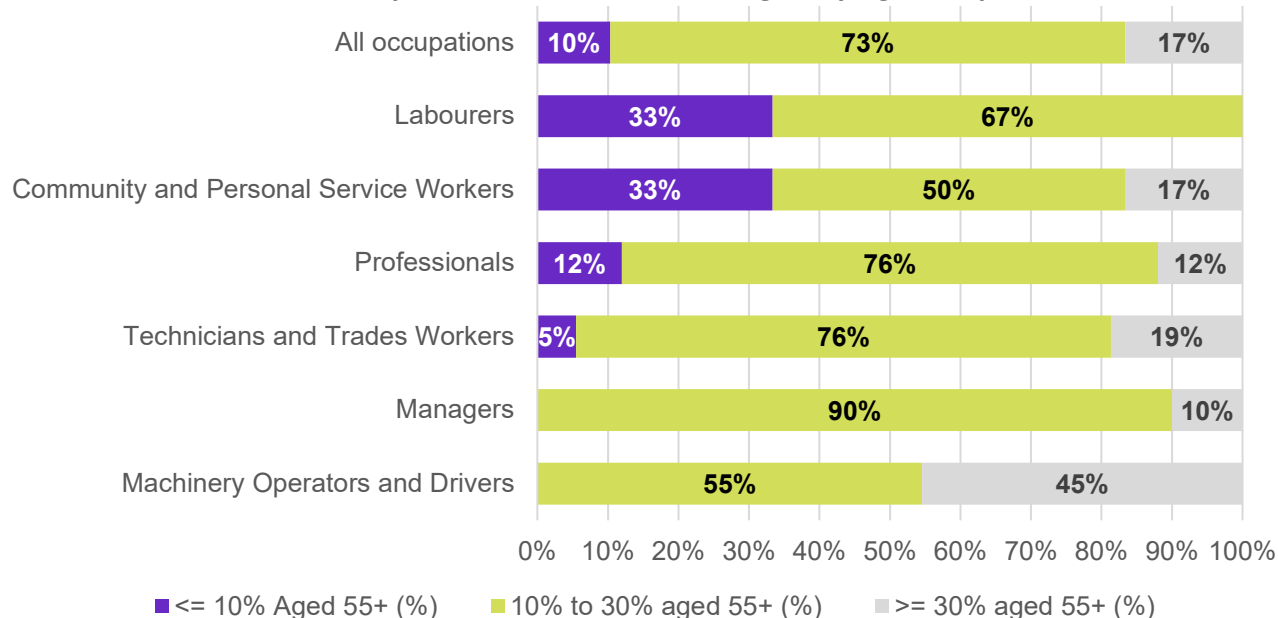
Please note: Changes to ANZSCO were made in late 2021 (after the Census), which impacts the way in which demographic Census data is mapped to occupations assessed in 2022 SPL.

Source: ABS, 2021 *Census of Population and Housing*; NSC, *Skills Priority List*, 2022



Occupations in shortage – age composition of their workforces

% of occupations in national shortage –by age composition



The majority of occupations have a workforce that is between 10% and 30% aged 55 and above (compared to around 20% of the national workforce being in this age range).

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Conclusions

- The majority of occupations in shortage have a substantially-gendered workforce – most are male-dominated occupations.
- Occupations not in shortage are much less likely to have a substantially-gendered workforce.
- There is less evidence of skewed age profiles (with respect to workers aged 55 and above) for occupations in shortage.
- In addition to the potential for improved wages and working conditions (over time) to help address current skills shortages, opportunities also exist to expand the potential labour supply for these occupations by increasing workforce diversity.



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Questions

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