Transcript

Department of Employment and Workplace Relations

Job and Skills Australia Update

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 **Presented by:**

**Panellists:**

David Turvey
First Assistant Secretary
Jobs and Skills Australia

Professor Peter Dawkins
Director
Jobs and Skills Australia

Rayeed Rahman
Acting Assistant Secretary, Labour Market and Migration Branch
Jobs and Skills Australia

Joanna Reeve
Acting Assistant Secretary, Strategic Advice and Engagement Branch
Jobs and Skills Australia

[*Opening visual of slide with text saying 'Australian Government, Jobs and Skills Australia (with logo)', 'Jobs and Skills Australia Update', '6 March 2023'*]

[The visuals during this webinar are of the panellists seated on stage, speaking with reference to the content of a PowerPoint presentation being played on a large background screen]

**David Turvey:**

Good afternoon everybody and welcome to the very first Jobs and Skills Australia open public webinar. Thank you very much for joining us this afternoon. My name's David Turvey. I'm the First Assistant Secretary for Jobs and Skills Australia.

Before we get underway I'd just like to acknowledge the Traditional Owners of the lands that we're meeting on around Australia today and pay my respects to Elders past, present and emerging. And particularly say thanks to the Ngunnawal people here in Canberra for looking after the land here for thousands of years.

So we have a huge audience here in the theatre in Canberra and a much bigger one online as well. So thank you very much for joining us this afternoon.

What we're going to do today is - so I should introduce the panel that I have with me on the stage here. Professor Peter Dawkins, the Director of Jobs and Skills Australia. We also have Joanna Reeve who is the Acting Assistant Secretary of Strategic Advice and Engagement Branch and Rayeed Rahman who is the Acting Assistant Secretary of the Labour Market and Migration Branch.

So the plan this afternoon is I'm going to ask Peter to start us off by talking a bit about the establishment of Jobs and Skills Australia and what our priorities are and how we'll be operating and then we'll take some questions. And then I'll hand to Rayeed who will present our quarterly labour market update report which was released last week and then take some questions on that. And then we'll hand to Jo who'll talk a little bit about our approach to stakeholder engagement.

So that's the plan. So plenty of opportunities to take some questions as we go. For those of you online send the questions through the chat function and they'll come up to me and I'll facilitate them from here.

So I think with that I'll ask Peter to give us an update on the establishment of JSA.

**Professor Peter Dawkins:**

Well thanks very much David. And it's great to have such a large audience joining us today for our first webinar. And look the first thing I'd like to say is I think the establishment of Jobs and Skills Australia is a very exciting development in the history of Australia really and it's an honour to be at the helm in this establishment phase as the director.

If we go back to last September of course there was the Jobs and Skills Summit which was a very significant event and highlighted some big issues that the Australian economy faces. And Jobs and Skills Australia was established in the aftermath of that summit at the end of November. I started at the beginning of December. So we've been up and running now for, what, just over three months.

And when I say it was a very significant moment in the history of Australia, skills shortages of course were a major focus at that Jobs and Skills Summit. We were now at historically very low levels of unemployment, a tighter labour market than we've seen really since the early 1970s. So unemployment down at 3.5% which is a wonderful thing and that brings more and more people into employment, long-term unemployed getting into jobs but of course it brings with it more skills shortages than we've had for a long time.

And so the big question was can we maintain full employment - well I suppose one question was are we actually at full employment yet because we haven't been getting much wage inflation. So could we actually get unemployment down lower and at the same time deal with this problem of skills shortages?

And so Jobs and Skills Australia was established to advise government on Australia's skill needs. And that is partly of course an analysis of where there are skills shortages and where they have to be filled. And it's also partly advice about how we need to continually upgrade the skills in the Australian workforce to raise productivity. Because that was another issue of course at the Jobs and Skills Summit is that we've had very sluggish productivity growth in Australia in recent years. So skills shortages, sluggish productivity growth. Jobs and Skills Australia set up to advise government on meeting skills shortages and enhancing the skills profile in the Australian economy. So I think this is a really hot topic. It will continue to be a hot topic, especially if we avoid a recession, and it's a very exciting thing setting up Jobs and Skills Australia to do this.

Now I'm going to just share a few slides with our audience today. So that's my name and that's what I'm talking about, where we are and where we're going. And there's our core role that I mentioned earlier, to provide evidence-based advice on Australian skill needs and the adequacy of the skills system in meeting those needs. We're a secondary statutory authority attached to Department of Employment and Workplace Relations but I as the JSA Director am directly accountable to the Minister for Skills and Training on that issue of what are Australia's skills needs and how adequate is the skills system in meeting those needs.

And our analysis that we undertake in Jobs and Skills Australia is both of the current labour market, it's of the immediate future, the medium term and the long term. So this full span from how are we going at the moment, what are the big, long-term issues.

And the other I think - I mentioned it was an historic thing setting up Jobs and Skills Australia at this point in history. The other big thing about the way Jobs and Skills Australia is being set up which is I think different from our predecessor, the National Skills Commission, is that the Albanese Government is very committed to the concept of tripartism. That is to say government, federal and state, working together with business and unions, with industry to confront the economic challenges, the challenge of skills shortage, the challenge of insufficient productivity growth.

And so we've been - with the fantastic capability that Jobs and Skills Australia inherited from the National Skills Commission, fantastic firepower in our analytical work which we're further expanding by growing Jobs and Skills Australia with our broader remit that we've got but also doing it in collaboration with business, unions, federal and state governments and with education and training providers. And so we have a consultative forum. We have to work closely with jobs and skills councils that are set up on a tripartite basis in undertaking this role.

So I mentioned we do short, medium and long term analysis. And today we're going to - when Rayeed speaks in a little while he's going to focus on the current labour market, the short term, the current conditions. I mentioned we got unemployment down to 3.5%. It's now starting to creep up again but by historical standards still a very strong labour market. Beginning to ease a little bit. So our job vacancy index of course over the last six months or so has been showing signs of some easing and that's now beginning to show up in the employment and unemployment data but still a strong labour market, still extensive skills shortages. And Rayeed will take us through some of that analysis of the current labour market.

And then particularly he'll be focusing on skills shortages. And of course the number of occupations where we've identified there being significant skills shortages has grown significantly over the last year as the labour market has got tighter. And he's going to particularly focus on the top 20, the top 20 areas of skills need in Australia with strong employment growth and some problems in filling those areas.

And one of the things he's going to talk about is what's the cause of these skills shortages. It's not just where are they but are they caused by lack of skilled trainees coming out of the training system? Are they caused by a mismatch between what's provided in the labour market and what employers actually want? Are they caused by the fact there's big churn going on in these occupations, that they aren't attractive occupations, perhaps the jobs need redesigning in order to hold onto workers for longer? And I think that is symptomatic of the kind of analysis that we have to do to help government be successful in solving the skills shortage problems.

So there's a slide of the National Skills System. So I mentioned that our task is partly to advise on the adequacy of the National Skills System.

What do we mean by the National Skills System? Well we've had a go in this fairly simple diagram to give you a bit of a helicopter view of the National Skills System. So you can see the whole population there, people supplying skills. So the whole population have got skills of various kinds and we've got to think of the Australian Skills Classification that defines all of the skills that Australia needs and that these people might have to meet those needs. Then on the employer side the demand for those skills. And then when you bring supply and demand together that creates jobs in workplaces, hopefully with the right skills, the right qualifications and people matched to the jobs that they want to do.

But then there's a whole lot of very important players in this process, not just the employers but also the unions. And we've got industry there being the combination of employers and unions. And then we've got the education and training providers, both VET and higher education. And of course some training is provided on the job informally, as well as through the formal system in the workplaces. And then you've got the migration system on the right-hand side of that diagram bringing more people into the population with more skills.

So that's a bit of an overview of the National Skills System that we're monitoring and advising government on whether it's adequate in meeting the skills needs. And one of the things that jumps out at you in there is do we need to increase migration, do we need to increase the throughput of the education system, does it need to be VET, does it need to be higher ed? So part of our role is to try and make sure that all the different parts of this system are working together synergistically to solve Australia's skills problems.

In so doing we're doing it in this tripartite way. We've got our consultative forum that's met once. We'll be meeting again in April. That's got business employer organisations, unions, states and territories represented with two representatives. And working closely with the states and territories in the federation is critically important, particularly in the VET system where states have a very important role. And then we have Universities Australia represented on our consultative forum and the TAFE Directors' Association. So the key stakeholders. And our chair or convenor, John Azarias, has been a member of the Migration Review Team for the government. So that brings a migration perspective as well. So that's our tripartite body that is our sounding board for our overall strategy.

And then these jobs and skills councils have been created, 10 of them representing different sectors of the economy that we have to work hand in glove with in anticipating the skill needs and planning for the skills that Australia needs. And they've each been asked to develop plans for their various sectors. And what we can provide is the glue that makes that all hang together I guess and a plan for Australia as a whole. Bringing together all of the plans of the various skills councils into a national plan that anticipates the skill needs of Australia and makes sure that our higher education system, our vocational education system and our migration system is up to the task of achieving this kind of synergistic operation of the various components of the skills system to meet our skill needs, to keep unemployment down, to get good matching of the population to the jobs and to grow productivity.

And I've mentioned the fact we're going to be focusing on the current labour market particularly in this webinar. We're also concerned with big, long-term issues. And here's one example, the Clean Energy Capacity Study. That's a major project that the government's asked us to do this year in which we're asked to analyse you can see on the lefthand side there the future demand for clean energy workers and the impact on employment in high-emitting sectors undergoing transition, analyse future supply of clean energy workers, what are the skills, where do the skills exist, what are the education and training pathways.

And we're going to do this analysis over the next 10, 20, 30 years. So it's not just the current labour market short-term planning. It's big, long-term issues. And of course the government is quite focused on developing a clean energy strategy for the economy. They've been talking about Australia becoming a clean energy superpower. And our task is to work out what are the skills needs under various scenarios as we decarbonise the economy in achieving these different scenarios. So that study is underway. And we're just forming a steering group which will also be tripartite as well as having experts on it. And it will be reporting around about July or August this year and there's huge interest in that from a wide range of parties.

Another big study that we're doing is of foundation skills of the adult population. Ten years ago there was a study conducted by the ABS as part of an international program to analyse how well we were set up in literacy, numeracy and digital skills in our adult population and found that there was significant issues for about 3 million of our population of workforce age not having those kind of foundation skills that were needed for them to participate successfully in the labour market. And so we're now doing another stocktake of where do we sit in that area, another study that's eagerly anticipated.

So that gives you a bit of a picture of all the things we're doing. A very exciting agenda, a very important agenda and at a very important time in Australia's history as we try and meet the challenge of skills shortages and try and create a world-class National Skills System that will help productivity to grow and the wellbeing of Australians to grow in the years ahead.

So that's an overview. And I think David we're now going to go onto the labour market update.

**David Turvey:**

Well we're going to make you answer some questions first.

**Professor Peter Dawkins:**

I'm going to answer some questions first ...

**David Turvey:**

Yeah. That's right. So I've already got a few questions coming in from online. So if you have questions that you'd like to ask of Peter send them through in the chat function or put your hand up for the huge audience in the room here.

Just quickly I've got a couple of questions that relate to gender and the gender biases in the labour market.

Q: So the questions essentially go to what is Jobs and Skills Australia's role in helping to address those sort of embedded gender segregation issues in the labour market?

**Professor Peter Dawkins:**

Yeah. Look I think it's important. So I mentioned we're focused on the efficiency of the labour market and matching skills to jobs but I think equity and efficiency actually go hand in glove in analysing the labour market. And we want to achieve a successful outcome for all Australians and gender equity and other forms of equity are a very important part of a successful National Skills System.

So I had a very good meeting with the group who are focused on women in vocational education - I think WAVE is the acronym for that - soon after I started in which we had a good discussion about what does gender equity mean in our training system. And we discussed a number of examples of that.

One that's very front of mind in my mind is one of the major skills shortage challenges Australia faces is in the traditional trades and the building trades for example which are male dominated, very male dominated. And the National Skills Commission in its later stages in one of the reports that I read as I was becoming Director of Jobs and Skills Australia pointed out that this is a priori evidence that if we can confront that equity issue and get more women into those male-dominated occupations and get more men into the female-dominated occupations that could do a lot to solve the skills shortage issue as well as improve equity in the labour market and equity in the Australian population. Now there are other important issues in gender equity but that's a good one and an important one and it's something that we are very focused on in Jobs and Skills Australia.

**David Turvey:**

Excellent. Thank you Peter. So just a kind of related question I guess.

Q: The question goes to the participation in the labour market, so people with disability, other people that might have disadvantage who may be well qualified. So what do you think our role is, JSA's role, in helping to increase labour force participation?

**Professor Peter Dawkins:**

Yeah. Well there are a number of factors that affect labour force participation. And one of the good things about being at full employment or close to it is that it has brought more people into being an effective part of the labour supply. Because when you've got significant amounts of unemployment you tend to get these job queues at which people who have challenges in the labour market get overlooked for people who don't face the same challenges. And so we're finding long-term unemployed starting to get more and more engaged in employment.

Now the thing about people with disabilities of course is that many of them are actually extremely able in the labour market and may be more able in some respects than able-bodied people. So what's very important in this whole area of disability is to get the focus on abilities rather than on disabilities. And that's one area for example where our Australian Skills Classification I think is really important. So it defines the skills that people really need, whether it be interpersonal skills, whether it be digital skills, and many people with disabilities have these skills in abundance. The more we can focus on abilities rather than disabilities and how to further develop and nurture them through our skills system the more help we can give to those people to be successful in the labour market.

**David Turvey:**

Excellent. Thank you. So we've got a couple more questions here coming in thick and fast.

Q: So there's a question about what we can say about skills shortages in specific regions?

Do you want to have a crack at that or should I park that one for Rayeed to deal with?

**Professor Peter Dawkins:**

I think Rayeed is touching on skills shortages in regions. But it's certainly true that some regions are quite significantly challenged and in certain particular areas. But why don't we get Rayeed to come up with a bit more detail in that. And regional analysis is certainly a priority of Jobs and Skills Australia and we've set up a branch that is doing particularly intensive work on regional analysis. And of course we're collaborating with the states and territories in this who have a lot of expertise about particular regions and particular parts of Australia.

**David Turvey:**

Thank you. So questions around recommendations.

Q: So bodies like JSA in the past have kind of just done analytical work but not necessarily made recommendations. What's your view on whether JSA will be making recommendations to government?

**Professor Peter Dawkins:**

So I think the answer to that is that we've been asked to provide advice to government. So it's not just analysis. It's advice. And the advice is about the adequacy of the skills system in meeting Australia's skills needs. And that can be advice in relation to the VET system, it can be advice in relation to the higher education system, it can be advice in relation to the migration system. And very often you know advice does take the form of recommendations. And so I think it's quite likely we will be making recommendations.

And you may have noticed that I think it was about 10 days ago the Minister for Home Affairs, Minister O'Neil, made a speech about the future of the migration system and she's now either just about to or may have just received the recommendations of the Migration Review Panel. But she made it clear in that speech - and she spoke to us at Jobs and Skills Australia - that she was seeing our advice and our evidence on the priorities of the migration system as being a key part of the decision-making process in the migration system. That's just one example. So I think that's likely to be replicated in decision making in the VET system, decision making in the higher education system. That our evidence-based analysis will lead to advice that influences decisions about how to enhance the skills system.

**David Turvey:**

Thank you. So we've got a question that picks up on that sort of migration element but it also goes to the policy process that's underway at the moment and the governance of JSA. And it's a longish question.

Q: But I might just ask you if you could say just a few words about the government's plans for the future of JSA given that this is an interim structure?

**Professor Peter Dawkins:**

Yes. So there's been a consultation process around what form the legislation should take for establishing Jobs and Skills Australia on an ongoing basis. So we have the interim legislation that led to its creation in November. It's now being further developed into ongoing legislation. And we'll see soon I guess what form that takes as it is taken into Parliament.

But I think in this establishment phase the way to think about it is that we're a sort of prototype. And we have a consultative forum and that will become an advisory board. We have a director that is likely to become a Commissioner. So we are in a sense prototyping what this thing is going to be. There will undoubtedly be some tweaks to the legislation resulting from this consultation. But are there specific aspects that the questions were about?

**David Turvey:**

No. I think that ...

**Professor Peter Dawkins:**

Does that answer the question?

**David Turvey:**

Yeah. Look I think for the purposes of the audience, a bit of bureaucracy here, the policy work around the design of JSA's ongoing arrangements is being dealt with by the Department of Employment and Workplace Relations.

**Professor Peter Dawkins:**

Yeah. That's not our role. But we're here to try and make this thing work. We're making it work in this interim way and then it will evolve into its ongoing form once that legislation's passed.

**David Turvey:**

I've got a couple more questions but I'm kind of running out of time before I want to pass to Rayeed. But a question about stakeholder engagement.

Q: So obviously states and territories you mentioned are very important stakeholders for us. Some of the states and territories have their own similar kind of entities. How do you see JSA working with the states and territories going forward?

**Professor Peter Dawkins:**

Yeah. Well this is extremely important. I think Jo's going to say something about stakeholder engagement later on. But we have met with states and territories. I had a meeting with the senior officials in the skills portfolios of the states and territories in Brisbane a few weeks ago. We're planning to meet with our counterpart organisations like the Victorian Skills Authority, like Jobs Queensland. And each state has its own version of bodies that do analysis of skills needs in their states. And they also of course will be seeking to have a relationship with jobs and skills councils.

So the aim is that hopefully over the next month we'll get together again with the senior officials in the states and with our counterpart bodies and make sure that this adds up to a coherent and congruent picture and that we all play our part. And so far the signs I think are extremely positive. So all the discussions I've had with the industry, the jobs and skills councils, with counterpart organisations in the states and with the senior officials is there's a very strong intent to make sure that this jigsaw all comes together in a coherent way. And we're going to be very deliberate about making that happen.

**David Turvey:**

Awesome. Thank you.

I've got a few other questions here that I haven't had time to get to yet but if I can keep the other pair on time we'll hopefully have time at the end to come back to answer a few of those.

But for now I will get Rayeed to run us through JSA's quarterly labour market update. As I said before this is a publication we intend to do on a quarterly basis and it covers the kind of current labour market conditions and skills shortages as we see them now. And Rayeed's got a few slides he'd like to talk us through.

**Rayeed Rahman:**

Great.

I'll just grab the clicker.

Thank you.

Yeah. So as David mentioned I'll talk about the analysis and the content in the labour market update report that we released recently but I'll focus mostly on the skills challenges that we talk about in the report.

Before going onto that it's always good to give an overview about the labour market because it sort of sets the picture pertaining to the skills challenges that we're currently seeing.

As most of you will have already heard or read or now are aware, the Australian labour market is actually quite - well it's growing very strongly I think. The term that seems to be very popular is robust. But the labour market's very strong and we can see that in employment growth, we can see that in the participation rate, unemployment rate being very low and hours worked increasing. And there are lots of positives to that. As Peter mentioned previously lots of people who were previously underemployed now working more, lots of people who were unemployed and very long-term unemployed are now working more and earning a living. But it does present challenges and those challenges pertain to skills shortages.

Now I did mention that the labour market was tight but more recently there's been some easing. And we can gauge that from the data products and analysis of Jobs and Skills Australia.

If you were to look at job ads as measured by the Internet Vacancy Index that we produce, they've started easing especially from its peak of the middle of 2022. Now in resonance to that the challenges that employers are experiencing when looking to hire has also started coming down from its peak. And the vacancies or the employers' ability to fill vacancies have actually started to rise, or as we call it the fill rate, the occupational vacancy fill rate.

Now this doesn't necessarily mean that everything is going to unwind, especially when you look at the context of same time last year, so if we were to look at December 2021. The challenges that employers experience when recruiting are still very much elevated. Labour demand as measured by the Internet Vacancy Index is still very high compared to a year prior and compared to the post-pandemic as well - prior to the pandemic sorry. And the fill rates are still very low compared to what we're used to seeing in past years.

Now these challenges obviously have a geospatial dimension to it and we can see that when we look at what's happening in metro, capital city labour markets versus regional labour markets. And what we tend to see is that the easing that I mentioned in the previous slide, the slight easing are mostly manifesting in our metro labour markets or metro locations.

So the first chart in this slide shows that the fill rate of occupations, the percentage of vacancies that are actually filled are starting to rise in our metro locations but not so much in regional. They still are pretty - they're hardly unchanged. And if we were to look at the number of applicants and applicants per vacancies, again they are improving in our metro locations but not so much in regional locations.

So there are lots of pressures present in our regional labour markets. And one thing that we actually demonstrated in the labour market update was that regional areas actually had incredibly high vacancy rates compared to the capital cities for lots of important occupations like registered nurses for example.

So we've presented the macro picture, we've presented the geospatial picture of the skills challenges but there's obviously an occupational dimension to the skill challenges and we talk about that in the labour market update report.

So this chart shows you the top 20 occupations in demand in Australia. And the way we actually came up with this list is to combine the outputs in the skills priority list which shows you the occupations that are currently in shortage in the labour market, we've combined that with the Internet Vacancy Index, as well as give it a forward-looking aspect to occupation shortage by combining it with employment projections.

So this list is essentially an index so to speak of what are the current shortages, what are the current jobs, occupations that have lots of job advertisements or vacancies, as well as what are those occupations which are likely to have high growth going forward. Now when you combine all of that you get this picture of occupations that are most in demand in Australia at the moment. And so it gives you a bit of a dynamic feel to where the challenges are likely to be persistent.

So if you were to look at this list, topping this list are registered nurses but what you might notice is that there are lots of care-based occupations, lots of high-skilled occupations, so skill level 1 occupations, those that require a Bachelor degree or higher. But also lots of trade-based occupations, so those requiring Certificate III, advanced diplomas, Certificate IV.

Now this has implications for our training system. In fact in the report we actually show that most of the employment growth has actually occurred for those occupations that are skill level 1 and also those that have a VET pathway, so your higher education occupations with higher education pathways and those with the VET pathways. And so what this means is that our training system actually plays a pretty important role in trying to address the challenges that we're currently seeing in the labour market in Australia at the moment.

We've tried to go beyond just presenting a list of occupations which are in high demand. We've actually tried to make the analysis a bit more grounded and categorised the occupations into different levels of shortage.

Now this classification of shortages was actually done by Sue Richardson of the National Centre of Vocational Education Research. I think I said that correctly. So she's come up with a classification for grouping shortages. So you have level 1 shortage, level 2, a skills mismatch and a quality gap.

So your level 1 shortages are basically targeting those with a few essential technical skills that an employer is looking for who are not already using them but that actually have a very long lead training time. So for example if you were to look at mining engineers which require three to four years of university education, doctors, medical professionals again at least five years of university training required before they can enter the job market.

Now level 2 - so that's what level 1 shortage is referring to. Level 2 shortages are essentially similar to level 1 but the training lead time is much shorter. So for example it could be a Certificate III qualification where you might be able to complete that within 18 months.

Then you have a skills mismatch where there actually are people in the labour market with the requisite technical skills but they're not willing to apply for vacancies under the current wages or under the current conditions.

And then we have a quality gap where you actually do have the people with the necessary qualifications and technical skills but not the complete set of skills and experience that an employer might be looking for.

And then finally we have yet to be determined where we just need to do some further deep dives and analysis before we can accurately group those occupations into the various classifications.

So that's the different categories of shortage. And so we've developed a bit of a criteria for actually how to group the top 20 occupations in demand into those various skill level shortage groupings.

So what we've done is we've looked at well what are the occupations in that top 20 where you actually have very few qualified applicants per vacancy but actually require at least a Bachelor's degree and we've grouped them as your level 1 shortage. And then similarly with level 2 what are those that require not quite a university-level education but can be trained through the VET system. The quality gap are basically you have many qualified applicants but you actually have very few suitably qualified applicants as deemed by the employer. And the skills mismatch are basically those occupations which actually have an above-average job churn rate reinforced by the fact that you have low numbers of new applicants per vacancy.

So using that criteria we actually group those top 20 occupations in demand in Australia. And what you'll actually find is that there are quite a few that actually fall into level 1 shortage and level 2 shortage. And that actually means that again our training system plays a really important role. So both higher ed and VET plays a really important role in equipping the workers with the requisite technical skills to I guess enter the labour market and supply the labour market and employers with its skills needs.

Now with quality gap I'll go into that in a bit more detail in the next slide. But what you'll find in the quality gap is there are actually lots of skill level 1 professional-based occupations within that.

So this chart actually explains that quality gap in a bit more detail. So if we were to assume that qualifications that you earn through university and VET perfectly equipped you with all the skills necessary that an employer's looking for, what you'll find is those dots that represent an occupation fall would quite nicely in that blue line. But you'll notice that they don’t in fact. They actually fall far short. So qualifications aren't necessarily translating into all the skills that an employer's looking for.

And what our analysis has uncovered is that in fact employers are seeking experience and skills beyond those provided by - or skills beyond the technical. And so a lot of that could be project management, communication, teamwork, client focused. And again this presents a really important role for our training system, both higher ed and VET. Is can we - a greater collaboration between our training system and the labour market might actually lead to better flow of workers that are job ready.

Now going forward we do aim to update this work. This was a first cut. It is preliminary. But as David and Peter both mentioned we'll be releasing this product quarterly and so we'll be looking to provide updates but also new insights on skills challenges in Australia.

**David Turvey:**

Excellent. Thank you Rayeed. So we've had quite a lot of questions come through but they're at this stage mostly about a general JSA update.

Encouraging us to cut our data with a gender lens, that's a good suggestion which we should take up.

Q: Also a question about whether or not the slides will be available.

We are actually planning to make a recording of this webinar available and I'm sure the slides as well.

Q: A question about the link between skills shortages and salaries, wages.

Rayeed do you want to have a go at that? Or Peter do you want to talk about ...

**Professor Peter Dawkins:**

So I mean I'm happy to comment on that and Rayeed might like to add some remarks. So of course sort of a traditional, neoclassical view that economists have of the labour market is if there are skills shortages then wages will rise and clear the labour market. So wages rise and people are attracted into the occupation in question and so that solves the skills problem.

Now I guess there are two kind of issues with that. One is the wage system doesn't always work perfectly and wages are a bit more sticky and don't respond as much to those market conditions as they might. And I think that relates a little bit to what Rayeed was talking about with some of those occupations - I think you called it the skills mismatch category - where in some of those occupations the conditions of employment, the nature of work may not be that attractive. If there's a skills shortage you might expect wages and conditions to improve. And there's some attempt to do that I think at the moment in for example the aged care sector but this has taken time and it hasn't yet solved the problem. So meanwhile we've got to find some way of dealing with the skills shortage.

I mean the other issue of course is that there are lead times involved in people coming forward with the skills. So if you've got a significant shortage of a very highly skilled occupation where it takes several years to train the workforce then wages may go up but it may take some time for wages to clear the market.

So I think in our analysis we're very interested to see how well wages do help solve the problem but we're very cognisant that they don't always do the job. So in the model we're building of supply and demand for skills in the labour market we're not assuming that wages will adjust and we're analysing supply and demand separately and not just assuming that wages will solve the problem but of course they're one potential solution if the market works sufficiently. I don't know Rayeed did you want to add anything to that?

**Rayeed Rahman:**

I'll basically say that one of the advantages of the skills priority list especially going forward is we'll have multiple years of this product and that will actually allow us to assess how skills shortages are changing with changes in wages. As Peter mentioned wages are sticky. They don't change in the short term but can change over time. And so multiple years of the skills priority list will actually allow us to make that assessment as to how short is the change as wages are changing.

But the other thing I'll add is that both our research and analysis and that undertaken by the RBA shows that employers don’t necessarily - their first option isn't necessarily to increase wages to find the workers that they need. They'll often look for other methods to fill the roles. Yeah. That's just the one short thing I thought I'd add.

**David Turvey:**

Thanks Rayeed.

One more quick one before I hand over to Jo. We've just had a couple of questions about the regional analysis.

Q: So anything further you'd like to add about the regional story around skills shortages?

**Rayeed Rahman:**

Yeah.

Sure.

So as I mentioned briefly compared to your metro and capital city labour markets there are added challenges in your regional labour markets. One you have fewer applicants that are actually applying for vacancies. You have fewer suitable applicants applying for those vacancies. But the other thing which is actually probably a bit more macro is that your capital cities tend to actually attract most of your skilled, your best workers and that's because businesses tend to concentrate there, investment tends to concentrate there, wealth tends to concentrate in capital and metro locations. So that's actually probably one of the underlying drivers of why regional markets tends to experience more acute challenges when it comes to finding workers and workers equipped with the right skills compared to your metro and capital locations.

**David Turvey:**

Awesome. Thank you. All right. So I want to pass to Jo to talk a little bit about the way we've been thinking about engagement and outreach. We are hoping to leave some time for questions at the end. So please continue to send me through questions as Jo's talking. But Jo tell us about our thinking about stakeholder engagement.

**Joanna Reeve:**

Yeah. Thanks David. And good afternoon everyone. I have the privilege of leading Jobs and Skills Australia's Strategic Advice and Engagement Team. And I'd like to attach myself to David's acknowledgement of country and respectfully acknowledge Elders past and present and First Nations people joining us today.

This is our first external streamed Jobs and Skills Australia webinar. And we are looking forward to bringing you many more events like this that showcase the great work, analysis and research being undertaken across our teams in Jobs and Skills Australia. And I hope you agree that Rayeed's presentation and the quarterly labour market report have been incredibly informative with lots of great insights. So well done to the team.

And throughout this year you can expect to see events like this pop up in your inbox and social media feeds. So a plug. If you haven't already please subscribe to our newsletter and follow us on LinkedIn and Twitter.

While events like this will form an important component of the way that we share information and insights, at Jobs and Skills Australia we recognise and value that our workers enhance through deep, two-way engagement with our partners and stakeholders. And we are incredibly excited by the opportunities that lay ahead as we develop and embed our core commitment to tripartite engagement, consultative and collaborative.

And we are taking a partnership approach with industry, business and unions, states and territories, training and education providers and jobs and skills councils. Partnerships that bring together our whole-of-economy wide data and analysis with the on-the-ground experience and expertise of our partners to provide powerful insights into Australia's current, emerging and future skills needs.

Importantly our engagement approach extends beyond our tripartite partners and includes a commitment to undertaking our work inclusive of diverse perspectives. While in no way exhaustive this includes the perspectives of regional, rural and remote Australia, the experience of First Nations people, people with disability and others who have historically experienced labour market disadvantage and exclusion, as well as those focused on achieving gender equity across education and training and in the labour market.

Engagement will be a key feature of all that Jobs and Skills Australia does, from how we develop our work plan and the way we undertake our flagship studies, to our contributions to policy processes and the way we collaborate and partner alongside others to enhance the skills system and improve labour market outcomes.

We are fortunate to have a range of partners already working with us, providing valuable insights and advice. And Peter has already highlighted the role of the JSA consultative forum whose tripartite members are providing strategic advice to us in this interim phase of Jobs and Skills Australia's establishment.

We're also excited to have commenced engagement with jobs and skills councils. And the Clean Energy Capacity Study will be supported by a project steering group comprised of tripartite partners and experts from a range of backgrounds. And this represents just one aspect of the model that we anticipate rolling out across all our flagship studies alongside discussion papers and other project-specific engagement.

And building on these engagements is a key priority for us. And behind the scenes we are working through the full range of engagement options with a view to having a really robust, fit-for-purpose, inclusive and transparent approach to engagement that has multiple, clear and easy touchpoints for partners and stakeholders.

Over the coming months you'll be hearing more from us and the upcoming opportunities to come together through a variety of different mechanisms for meaningful dialogue around Australia's current, emerging and future skills needs. So stay tuned for details.

And we'd also love to hear from you. Your thoughts on how you'd like our engagement to look, what you're interested in hearing from us about and what issues you'd like to partner with us on. While I can't promise that we'll be able to do it all, we do want to hear your perspectives and what's important to you. So get in touch.

**David Turvey:**

Excellent. Thank you very much Jo.

So we've got a whole stack of questions here. I'm having trouble a little bit sort of negotiating all of them. I'm not sure I'm going to be able to get to all of them but we'll do our best to answer as many as we can.

Q: There was a question earlier on about the foundation skills study that Peter mentioned and when those results might be available.

So that's a piece of work that's just in its early stages now. We'll be coming out to talk to people about the design of that study in the next little while. I think we're looking at results starting to come through by the end of 2024 ...

**Professor Peter Dawkins:**

Yes. The survey is a 2024 survey as I understand it which isn't that far away for such a big project. But meanwhile I know Angela Hope and her team working on this are looking at producing some interim papers on the subject so that we have a wholesome discussion about this big issue, as well as collecting data. And I know it's one that the stakeholders I speak to think is incredibly important. So you won't have to wait until 2024 to be able to get involved in discussions about it with some of our discussion papers and so on but the actual data will take that time to collect.

**David Turvey:**

Very good. Thank you.

There's a couple of questions that have come through about international students. I know this is something you've been thinking about a little bit lately Peter.

Q: How international students are faring in the labour market and what we can do to help?

**Professor Peter Dawkins:**

Yeah. Well this is quite a significant issue. And we've got the migration review has been underway and a review of higher education through the higher education accord and they've both been interested in this issue.

That many international students come to Australia in the hope that they will ultimately become permanent migrants and be successful in the Australian labour market. And unfortunately the evidence is that graduates haven't been doing that well in the Australian labour market and quite a lot have decided not to progress on through the migration system to permanent migration.

And there are a number of factors at play here. One is a thing that Rayeed was talking about earlier in his analysis of skills shortages. So quite a lot of these international student graduates are in areas like civil engineering and ICT, two of the areas that Rayeed mentioned in that quality gap category. And what has been found in our research is that quite a lot of the graduates who are qualified for employment in those fields are not deemed to be suitable by employers and that would include quite a lot of international student graduates. And employers are looking for experience and they're looking for those employability skills that Rayeed talked about like teamwork and communication skills and so on.

Now this is an issue for domestic graduates as well as international ones but on balance in those occupations the international students aren't doing quite as well as the domestic ones. The domestic ones are still having challenges because of lack of experience and some of those generic skills. So we need to work with both domestic and international but international is struggling a little bit more. And that may have something to do with the visa system as well because the pathway to permanent migration is uncertain. And so both the students themselves and potential employers have some doubts about their long-run status in the labour market.

So there's a combination of things to work on there. Rayeed's point about industry working more closely with the universities to develop those employability skills, to give greater work experience to these international students and domestic students while they're developing their skills. And I think the Minister for Home Affairs has also flagged that she sees some tweaking of the migration system to help support them. So yeah it's a big issue.

**David Turvey:**

Yeah. And I guess it sort of ties back. There's a couple of other questions that have picked up on the wages theme. And I guess the analysis that Rayeed showed is really trying to get behind the different types of skills shortages and the different drivers of them and that kind of issue around it's not necessarily always the formal quals, it could be job design.

Q: Any other thoughts on what else employers can be doing to make their jobs more attractive I guess?

**Professor Peter Dawkins:**

So I mean there are various levers to pull to make - do you want to come in on that Rayeed? So I mean I think Rayeed made the point that wages aren't the only things that they attend to.

So I think going back to the issue of the international students, supporting graduates to develop those skills that are needed. In a tighter labour market employers do have to modify their hiring standards. And we're in a new world now where they are showing an interest in working with education training organisations to try and help get newly qualified people more suitable to jobs, but of course working conditions as well as wages.

So if you think about the example we talked about with the traditional trades which are male dominated, one of the reasons that women may not be attracted to some of those jobs may be to do with the working conditions, may be to do with the work culture. And so I know last week when we were speaking to the jobs and skills councils I was being told that in truck driving for example there's been quite a lot of success in getting women into that industry and it's been by changing the culture and changing the working conditions. And that has to happen in more of the building trades areas as well. So those are just a few examples.

Any other suggestions Rayeed or Jo?

**Rayeed Rahman:**

Yeah. So that's right. So wages aren't necessarily the only thing that employers use to try and attract workers. So changing working conditions. But as I mentioned they might also look to restructure the organisation. And I think that links in quite nicely to what you're hearing about what businesses are focusing on these days to attract people but also attract investment. And that's the whole idea about ethical business, environmental sustainability. I think businesses are very much promoting the fact that their operations and methods of working are environmentally sustainable and I think that goes to basically using non-wage options to try and find people who are now interested in this space. So that's just another thing that employers are seeking to do.

**David Turvey:**

Excellent. All right. Well look we're almost out of time. There are a few questions here that I'm going to try and really quickly kind of cover off as we wrap up.

Q: There's a few questions that people have posted through about the ongoing operation of JSA.

The second-stage legislation process is underway. We touched on that a little bit before. So I just encourage people that have got questions about that to get in touch with the Department of Employment and Workplace Relations. They're leading the policy work. So if you've got thoughts on the ongoing structure that's the place to send those to.

There are a number of comments about some of the analysis we've provided including the classification frameworks and the data we're using. We very much welcome the feedback. So please get in touch if you've got thoughts or questions or comments about the way the work's being done. Part of the point of doing these webinars is to get the material out and get your feedback and reactions to it. So for those people that have made suggestions about the work, thank you. We'll take those on board. And get in touch with us to discuss those more.

Q: And including questions about ANZSCO.

Yes. ANZSCO is out of date. We need the tool to be updated. I'm very much aware of that issue.

And finally just to reinforce Jo's comments about the engagement piece. There are a lot of people that are interested in our work and we're doing our best to try and talk to as many people as we can, trying to have as many doors open as we can so that people can get in touch with us. And obviously we'll be attempting to proactively engage with as many people as we can.

So I think on that note I will wrap us up for today. Thank you very much for joining us. We are hoping to run a webinar like this probably once every couple of months, possibly around the release of the quarterly labour market update. But again interested in your views about how best you would like to work with us. So please feel free to make suggestions about how frequently we should do webinars. But thanks very much for your time today and we look forward to seeing you again next time.

[*Closing visual of slide with text saying 'Australian Government, Jobs and Skills Australia (with logo)', 'Jobs and Skills Australia Update', '6 March 2023'*]

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