



Australian Government



Jobs and Skills Australia

Jobs and Skills report 2025

Barriers to productivity and participation



Australia's labour market is changing due to shifts in economy, technology and our population demographic. These changes bring new opportunities, but also highlight persistent challenge such as skill shortages and unequal access to jobs. Many people, businesses and regions are not able to fully benefit from economic growth because of how skills are developed and connected to jobs.

Occupation Shortages

The Australian economy experiences occupation shortages across a range of different sectors. These shortages are caused by many different factors, including short or long training gaps, suitability gaps or retention gaps.

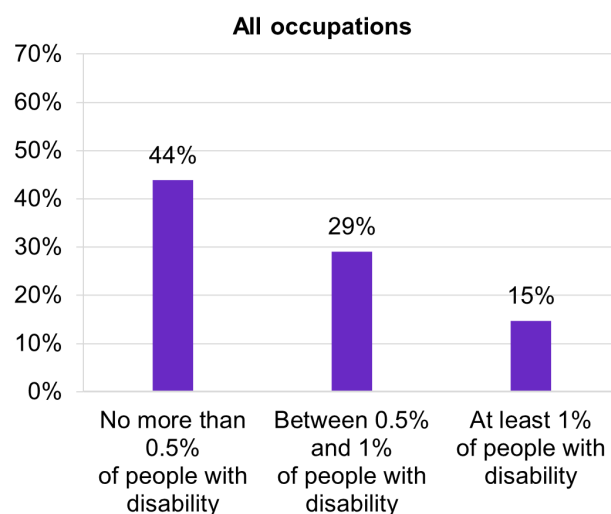
Persistent shortages (lasting 5 or more years) are concentrated in trades and professional roles, especially in health, education and construction. These shortages in sectors where we also see lower productivity, especially in construction and health care industries.

The Occupation Shortage List (OSL) provides a clear picture of where pressures may be most acute, including identifying drivers for occupational shortage.

Diversity in the workplace

People with disability continue to face challenges in finding and keeping work, reflected in lower employment rates and a higher risk of underemployment.

Notably, workplaces with fewer employees identifying as a person with disability are more likely to experience skill shortages. 58% of Professionals occupations and 44% of all occupations with no greater than 0.5% share of people with disability are in shortage. In contrast, only 15% of occupations with at least 1% representation face similar shortages.



This suggests that more inclusive and diverse workplaces, particularly in high-skilled professions, may contribute to reducing workforce shortages while simultaneously alleviating barriers faced by people with disability.

Employer Perspective

Employer Retention Challenges

To gain a better understanding of employers' retention issues, and the resulting impacts, JSA included a module on the topic as part of the REOS. 3,300 responses were received.

- 24% indicating that they typically replace some of their staff at least every six months
- 41% of employers replace at least one staff member every 6 months or more
- Just over 1/3 of employers reporting that they do not often replace staff for their occupation, or that retention is not an issue

The impacts of replacing staff consistently include:

- High recruitment and training/retraining costs.
- Staff workload implications.
- Reduced productivity and revenue.

These impacts were particularly pronounced in industries like Construction, where project continuity depends heavily on workforce stability, and in Retail Trade, where staff turnover can disrupt operations and place pressure on remaining employees

Strategies used to retain staff

In response to retention challenges:

- Nearly 1/3 of employers with medium or high replacement rates reported offering higher wages or other incentives to retain staff.
- 15% offered flexible or secure work arrangements.
- 13% offered upskilling opportunities.

Employers in Health Care and Social Assistance were the most proactive, using a combination of financial incentives, flexible/secure working arrangements, and improvements to workplace culture. In contrast, employers in Accommodation and Food Services were less likely to offer higher wages, instead favouring staff discounts and flexible scheduling.

By occupation, employers replacing Technicians and Trades Workers were most likely to offer financial incentives, while those replacing Community and Personal Service Workers leaned towards flexible arrangements more so than employers replacing other occupations. Employers replacing Labourers were least likely to offer training, possibly reflecting limited scope for upskilling in those roles.

