



**Presentation to
FUTURENOW-CREATIVE AND LEISURE
INDUSTRIES TRAINING COUNCIL
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***Skilling WA – A workforce development
plan for Western Australia***

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Recruiters hunt talent offshore

Sam McKeith

Recruitment firms are targeting expatriates as a growing shortage of locally skilled workers puts upward pressure on salaries.

Many firms in the banking and finance sectors have been unable to source workers domestically, and so are luring experts from overseas or hiring foreign workers for crucial roles.

Robert Half director Andrew Bushfield said strong demand for senior roles in risk management and corporate compliance was exposing skill shortages and forcing firms to recruit from the UK and Europe.

"Skill shortages have definitely become worse over the last six months and so we are seeing more movement of candidates coming here," Mr Bushfield said. "Companies did get rid of people last year but are now looking to replace them because of a lack of extra confidence. Maybe not in the same role, moaning a few together, but it's happening."

He said candidates gunning for niche roles in risk and finance reporting were commanding pay rates of up to 8 per cent because of the supply shortfall. "The expectation is that next year will be even worse."

More than half of all employers are battling skill shortages caused by a stronger economy and a talent shortage in many sectors, including banking, regulation, law and engineering.

A survey of 1609 firms by recruitment firm Hudson showed 57 per cent of businesses were having difficulty finding skilled workers, up from 44 per cent last year.

But this was still lower than before the global financial crisis, when 77 per cent of businesses could not find enough skilled staff.

Recruiters said the shortfall in local labour was pushing up salaries and recruitment costs by forcing firms to look overseas.

Randomised operations director Jason Cartwright said risk and compliance roles were "white hot" at the moment, with many banks and financial services firms tussling to secure staff with the right skills.

"Risk is a skill set that just doesn't exist in Australia in the volume that's needed," Mr Cartwright said. "There's a massive raft of re-regulation from the banks following the Henry tax review and the Cooper review which has seen organisations reassessing their risk landscape, especially in the wake of last year."

He said firms were having to look offshore for employees, particularly to expatriate Australians and New Zealanders.

she said. "We used to bring in tradespeople from the Philippines that we couldn't find locally, now it's at a senior management level."

Jobs growth outpaced forecasts in June. A total of 45,900 jobs were added, comprising 18,400 full-time and 27,500 part-time jobs. Economists had predicted an increase of just 15,000 jobs.

The unemployment rate is now 5.1 per cent, with May's unemployment rate having been revised down to 5.1 per cent, from 5.2 per cent.

The federal Treasury forecasts the unemployment rate will drop to 5 per cent by mid-2011 and 4.75 per cent in 2011-12, putting further pressure on labour supply.

Ambition Finance managing director Gavin Houshell said multinational firms were struggling to compete with domestic competitors because of overseas restrictions on salaries.

"They're saying, 'We want to increase salaries by 5 per cent, but that's not going to happen. We're only going to allow 2 per cent because that's what we can get across globally,'" Mr Houshell said.

Demand for labour to drive wages

Michael Dwyer

Companies are facing tighter labour costs as Australia's stronger-than-expected employment growth pushes up wage bills.

Labour costs jumped by a record 2.2 per cent in quarter terms last month, following a 0.8 per cent increase in June, according to the Australian Bureau of Statistics.

"Despite slowing trading and profitability levels in July, labour costs are up in the survey's core market due to the survey's core market levels," said NAB chief economist Alan Oster. "While the survey's core market is leading the increase, it is not surprising that the increase was broad-based."

Australia's mining boom has driven demand for labour, particularly in the construction and infrastructure sectors.

Employment Report

August 28, 2010

WANTED 488,000 workers

... to join the WA workforce within the next decade to keep the State leaping ahead

Talent war will drive wages up. P2
Shortage of medical workers. P6

Skill shortages keep recruiters busy, push up pay

Sam McKeith

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New banking regulations are creating high demand for candidates with risk and compliance skills. PHOTO: PETER BRAG

our banking clients are telling us the cost of doing nothing and not having these checks and balances in place is great," Mr Cartwright said.

Labour shortages were also frustrating engineering firms, Blastone Recruitment spokesperson Anita Radtke said.

She said mechanical engineers, civil engineers and electrical engineers were "just not available in adequate numbers, now the market has picked up", giving employees more power when negotiating pay.

"There is a minimum 20k gap in what the employee wants and what

want those top candidates," she said. A recent study of 1300 firms by Hay Group showed that 44 per cent of local companies planned to boost employee pay this year, compared with 39 per cent globally and 51 per cent in Asia.

Last month 23,500 part-time jobs were created and 4200 full-time jobs were lost, with the unemployment rate rising marginally from 5.1 to 5.3 per cent.

But Treasury forecasts the unemployment rate will drop to 5 per cent by mid-2011 and 4.75 per cent in 2011-12, putting further pressure on labour supply.

places over five years and introduce a \$2.5 billion training centre program to boost the number of skilled workers nationwide.

Hays director Grahame Doyle said law firms were paying more for corporate specialists as the legal labour pool dried up.

"We are just under the pump at the moment trying to find people in mergers and acquisitions, banking and financial services, funds lawyers and in-house in commercial law," Mr Doyle said. "There's no question that there's

In demand

Pay rise expectations by industry

Technology	66% expect pay increase of 4%
Banking and finance	43% expect a pay increase of 5-10%
Construction	46% expect a pay increase of 5-10%
Legal and consulting	77% expect pay increase of 4%
Education and training	52% expect an increase of 4%
Public sector	77% expect pay increase of 4%

SOURCE: HUDSON SURVEY OF 1609 EMPLOYERS

Hudson chief executive Mark Steyn said layoffs made last year were compounding problems for many firms.

"During the downturn many organisations 'cut the fat' but these results suggest that many also cut into the muscle," he said.

The Hudson survey found 62 per cent of employees were actively looking to change jobs, and 93 per cent planned to be in a new role within 18 months.

Recruitment firm FutureStep said 36 per cent of its clients were experi-

The Australian Financial Review
www.afr.com • Wednesday 4 August 2010

Farmers warn of shortages

Farmers have warned that Coalition plans to reduce the migrant intake could leave them short-stuffed just as demand for labour in agriculture rises as production improves following drought.

The strongest concerns have been voiced by those sectors, such as horticulture, that rely heavily on foreign grants to boost their labour force around harvest time.

The National Farmers Federation spokeswoman Daniela Wawu said Coalition's approach to migration needs to be consulted.

"We employ quite a lot of people on student visas during picking season. Fortunately, their holidays fall in harvest season and they are a seasonal staff," she said.

Ms Wawu said hundreds of foreign students assisted with the harvest in the region around Swan Hill and it could be hard to replace them.

She said there also had to be changes to existing visa regimes so foreign students studying production horticulture could then be hired under the Regional Sponsored Migration Scheme.

Cotton Australia chief executive Adam Kay said growers and processors also relied on migrant labour for seasonal work and arbitrary cuts in the intake, without consultation with industry, would be of concern.

"It's about getting it right. We also need to have to expand again," Mr Kay said. "We would welcome discussions with us about getting it right. We also need to have to expand again."

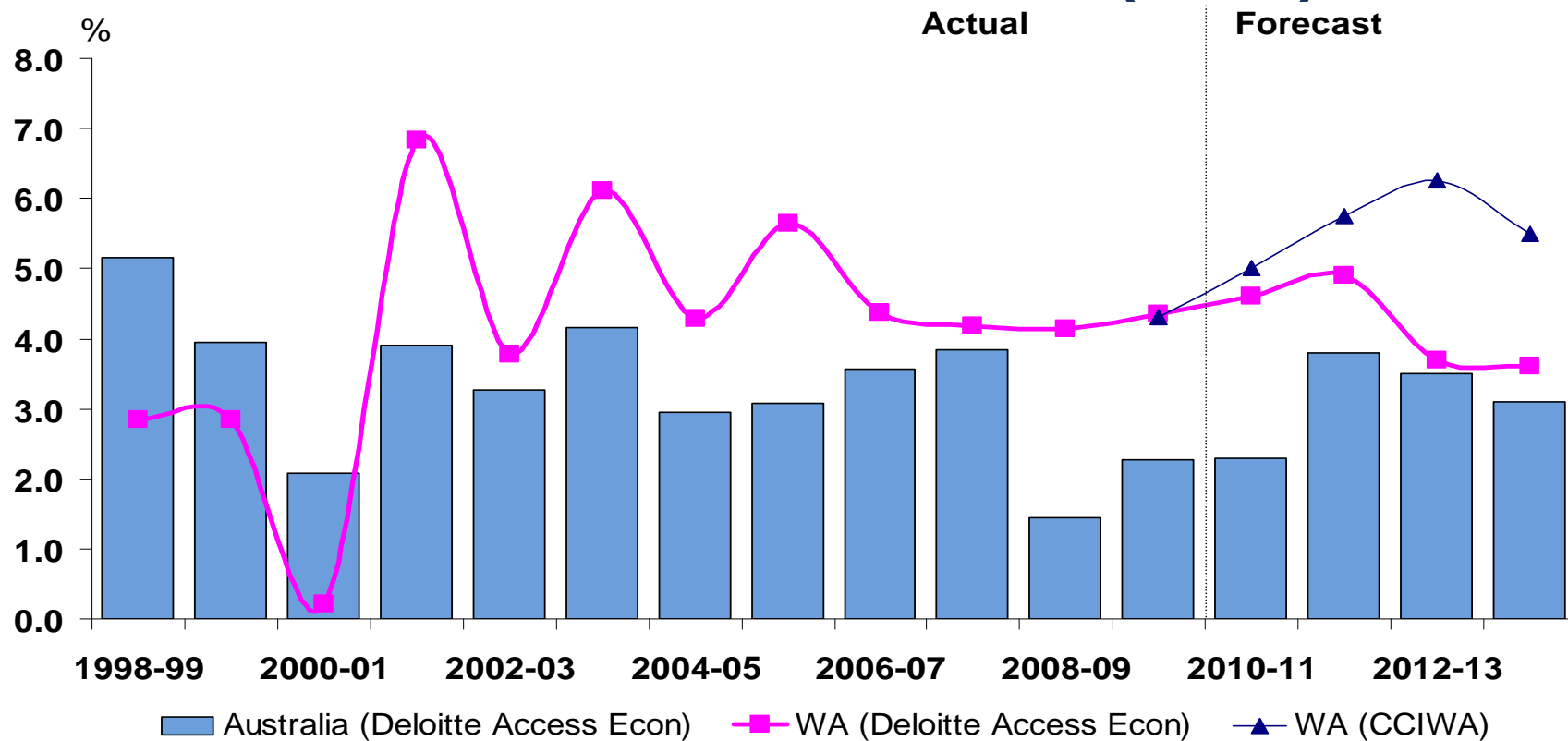
Ms Wawu said farm lobby groups already raised concerns in Labor's 457 visas, which removed 1000 visas for regional employers staff on the skilled temporary opportunity industry has also warned it would cause a shortage of labour.

KEY POINTS

- The National Farmers Federation has expressed concern at the Coalition's migrant intake policy.
- The hospitality industry has also urged the Coalition's proposed cuts to migrant numbers.



Economic growth-real GDP compared with WA's real Gross State Product (GSP)



Source: Deloitte Access Economics March 2011, CCIWA Outlook March 2011



Western Australian economy

- \$95 billion worth of economic infrastructure projects under construction or committed (Deloitte Access Economics, March 2011)
- Over 70% of Australia's advanced minerals and energy projects (ABARE, October 2010)
- 45% of Australian merchandise exports (ABS, 2011)
- 16.1% growth to 2017-18 (Monash 2011)
 - Health and social assistance 35.0%
 - Education and training 33.9%
 - Communications 26.3%



Labour projections for Western Australia:

Requirements:

239,000

New jobs created

186,000

Replacement workers (e.g. retirement)

425, 000

New workers by 2017

Supply:

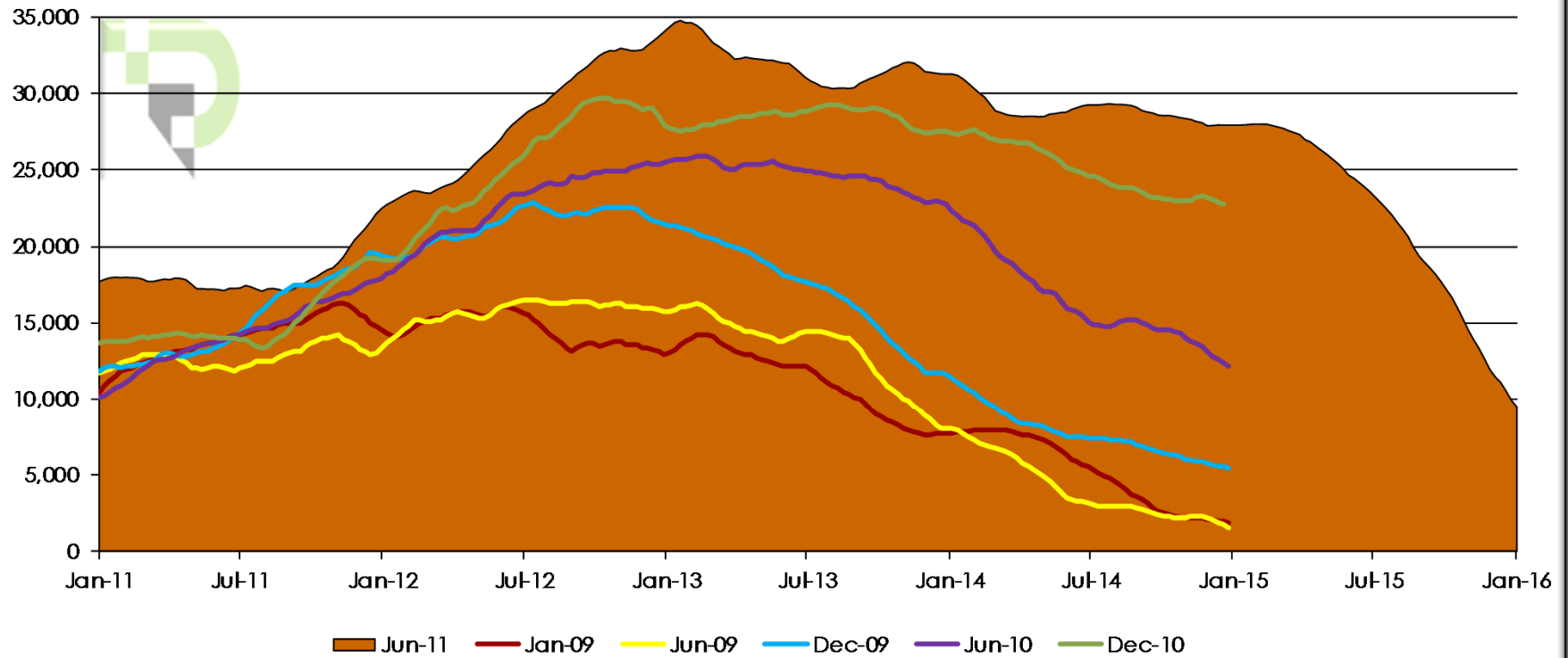
275,000

Natural population growth/migration

= Potential deficit of 150,000 worker by 2017



Forecast Total Construction Labour Demand for WA - June 2011





June 2010 Construction Labour Demand and Availability Summary With origin in WA

ANZSCO Category	2010 May Quarter	2010 Aug Quarter	2010 Nov Quarter	2011 Feb Quarter	2011 May Quarter	2011 Aug Quarter	2011 Nov Quarter	2012 Feb Quarter	2012 May Quarter	2012 Aug Quarter	2012 Nov Quarter	2013 Feb Quarter	2013 May Quarter	2013 Aug Quarter	2013 Nov Quarter	2014 Feb Quarter	2014 May Quarter	2014 Aug Quarter
3223 Structural Steel and Welding Trades Workers	Yellow	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Yellow	Orange	Orange	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green
3232 Fitters	Yellow	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Yellow	Orange	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green
3411 Electricians	Yellow	Yellow	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Yellow	Orange	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green
7212 Earthmoving Plant Operators	Yellow	Light Green	Light Green	Light Green	Yellow	Orange	Orange	Light Green	Light Green	Red	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green
8217 Structural Steel Construction Workers	Yellow	Light Green	Light Green	Light Green	Light Green	Yellow	Yellow	Yellow	Orange	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Yellow	Yellow
3212 Motor Mechanics	Yellow	Yellow	Light Green	Light Green	Yellow	Yellow	Orange	Orange	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green
7121 Crane, Lift & Hoist Operators	Yellow	Orange	Yellow	Yellow	Orange	Light Green	Light Green	Light Green	Light Green	Red	Red	Red	Red	Light Green	Light Green	Light Green	Light Green	Light Green
3312 Carpenters & Joiners	Yellow	Light Green	Yellow	Yellow	Light Green	Light Green	Light Green	Red	Red	Red	Red	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green
8212 Concreters	Yellow	Yellow	Orange	Orange	Light Green	Red	Red	Red	Red	Red	Red	Red	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green
8219 Other Construction & Mining Labourers	Yellow	Yellow	Light Green	Light Green	Light Green	Light Green	Yellow	Yellow	Orange	Orange	Light Green	Light Green	Red	Red	Light Green	Light Green	Light Green	Light Green

Good Availability (Forecast demand = 20% < Availability)
 Some Availability (Forecast Demand = 10% to 20% < Availability)
 About Level (Forecast Demand = + or - 10% Availability)




Moderate Shortage (Forecast Demand = 10% to 20% > Availability)
 High Shortage (Forecast Demand = 20% to 50% > Availability)
 Acute Shortage (Forecast Demand = 50% > Availability)





Construction Labour Demand and Availability Summary – with origin in WA

December 2010

ANZSCO Category	2010 Nov Quarter	2011 Feb Quarter	2011 May Quarter	2011 Aug Quarter	2011 Nov Quarter	2012 Feb Quarter	2012 May Quarter	2012 Aug Quarter	2012 Nov Quarter	2013 Feb Quarter	2013 May Quarter	2013 Aug Quarter	2013 Nov Quarter	2014 Feb Quarter	2014 May Quarter	2014 Aug Quarter	2014 Nov Quarter
3223 Structural Steel and Welding Trades Workers	About level	About level	Some availability	Some availability	Some availability	About level	Moderate shortage	High shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	High shortage	High shortage	High shortage	High shortage
3232 Fitters	About level	About level	Some availability	Some availability	Some availability	About level	Moderate shortage	High shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage
3411 Electricians	About level	About level	About level	Some availability	Some availability	Some availability	Some availability	Some availability	Moderate shortage	Moderate shortage	Moderate shortage	High shortage	High shortage	High shortage	High shortage	High shortage	High shortage
7212 Earthmoving Plant Operators	About level	About level	About level	About level	High shortage	High shortage	Acute shortage	Acute shortage	Acute shortage	High shortage	High shortage	High shortage	High shortage	Moderate shortage	About level	Some availability	Some availability
8217 Structural Steel Construction Workers	About level	About level	About level	About level	Moderate shortage	Moderate shortage	High shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	High shortage	High shortage
3212 Motor Mechanics	About level	Some availability	Some availability	About level	Moderate shortage	High shortage	High shortage	Acute shortage	Acute shortage	High shortage	High shortage	High shortage	High shortage	High shortage	Moderate shortage	Moderate shortage	About level
7121 Crane, Lift & Hoist Operators	About level	About level	Some availability	About level	Moderate shortage	Moderate shortage	High shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	High shortage	High shortage	Moderate shortage	Moderate shortage
3312 Carpenters & Joiners	About level	About level	Moderate shortage	Moderate shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	High shortage	Moderate shortage	Some availability	Some availability
8212 Concreters	About level	Some availability	About level	Moderate shortage	High shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Acute shortage	Moderate shortage	Some availability	Some availability
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Skilling WA —

A workforce development plan
for Western Australia





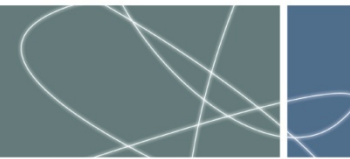
Skilling WA - an integrated approach





Strategic goals of *Skilling WA – A workforce development plan for Western Australia*

1. Growing the workforce – participation
2. Growing the workforce – migration and population
3. Attraction and retention of skilled workers
4. Skills development and utilisation
5. Planning and coordination



Skilling WA: Implementation

- Dedicated resources for workforce planning
- Implementation Plan
- Ministerial Taskforce on Approvals, Development and Sustainability
- Infrastructure Coordinating Committee
- Workforce Development Officers Group
- Stakeholder working groups



Goals and results

Growing the workforce — participation

- Expanded career advisory services through the Career Development Centre and 14 Workforce Development Centres across the State
- Established Aboriginal Workforce Development Centres in Perth, Broome, Kalgoorlie, Geraldton and Bunbury
- Department of Commerce is developing a ‘tool kit’ to assist State agencies employ additional workers from groups under-represented in the workforce
- Reframing training allocations to target groups under-represented in the workforce
- Targeted pre-apprenticeships



Goals and results

Growing the workforce — migration and population

- Launch of *Western Australian skilled migration strategy* in 2011
- Development of the *Western Australian Skilled Migration Occupation List (WASMOL)*
- Establishment of Skilled Migration WA and online application process
- Nine skilled migration forums held throughout the State
- Development of the Skilled Migration Portal
- Advocating to the Australian Government
- Minister leading an industry delegation in the UK and Ireland



Goals and results

Attraction and retention of skilled workers

- Regional development workforce alliances commissioned to develop regional workforce development plans
- Training Councils working with their industry stakeholders to facilitate and promote attraction and retention strategies
- Focus on the provision of affordable housing through the *Affordable Housing Strategy 2010–2020*
- Active involvement in the National Resources Sector Employment Taskforce (NRSET) report and implementation



Goals and results

Skills development and utilisation

- \$33.4 million in the 2011/12 budget to provide an additional 12 000 training places during 2011 which is targeted to priority skills and increasing participation in the workforce
- \$110.6 million over four years through the Royalties for Regions program to develop skills and training facilities in the regions
- Responsive Trade Training initiative
- Development of the *Priority Qualifications List (PQL)* to inform funding of training
- Record number of VET places, with over 140 000 enrolments in 2010
- Record number of apprentices and trainees, with over 40 000 currently in training



Goals and results

Planning and coordination

- *Skilling WA* cross-government work plan endorsed and six month acquittal completed
- Accountability through the Ministerial Taskforce on Approvals, Development and Sustainability
- State Government Workforce Development Officers Group established
- Development of the *State Priority Occupation List (SPOL)*
- Industry specific workforce development plans developed through the industry training council network



Industry Specific Challenges

1. Attraction, retention and churn
2. Training linkages (RPL, nationally accredited training, training portability)
3. Data provision
4. Advocacy
5. Cross industry liaison