

# Victorian Labour and Training Forecast

*An overview for Victorian business*



## Message from Minister Allan

The Victorian Government recognises that skills are the key to our future prosperity, and that business and individuals need to engage with training now more than ever given the current economic climate.

While we are not immune from global events, Australia is among the best prepared to confront the fallout of the global financial crisis. Australia will rely increasingly on skills to drive the economic growth and high incomes needed to sustain our current high living standards.

We are facing an ageing of the population and baby boomer retirements, global climate change, technology shifts and other economic challenges in the years ahead.

The Victorian Government recognises this, which is why our training agenda is essentially an agenda for economic growth, linked strongly to the health of our businesses.

This paper provides an overview of the economic and employment outlook in selected Victorian industries in 2009 and 2010 and

promotes discussion about some of the particular skills requirements of the Victorian economy.#

It responds to the commitment made by the Victorian Government last year, as part of *Securing Jobs for Your Future*, to monitor current and projected industry needs and training demands and make this information publicly available. From July 1 you will be able to access updated information about the Victorian labour market on the Skills Victoria website.

In addition, the Victorian Skills Commission will have a strengthened role to play to ensure industry views are part of policy and decision making at the highest level. It will continue to consult with industry and industry advisory bodies to monitor training activities to help determine current and projected industry needs. Advice from the Victorian Skills

Commission will ensure government invests in skills development in critical skill shortage areas.

Over the coming months the Commission and my Department will be engaging business and industry in further conversation about the planning we need to do to respond to our future skills challenges.

I invite you to start this dialogue by responding to the discussion questions below and also to take advantage of the changes to Victoria's VET system outlined at [www.skills.vic.gov.au](http://www.skills.vic.gov.au)

  
Jacinta Allan MP  
Minister for Skills &  
Workforce Participation

# Based on analysis by Skills Victoria of macroeconomic labour market data and industry and employment forecasts from sources including Access Economics and the Centre of Policy Studies MONASH.

## Questions for business

How are you planning to optimise your skills training to ensure you are ready for whatever the economic outlook is in your industry?

Do you have enough information about skills needs in your industry? How are you responding?

What additional intelligence if any would assist you to plan for your skills needs?

Do you know or would like more information about how skills reform can assist you?

Email your response  
or request for further  
information to  
[skills@diird.vic.gov.au](mailto:skills@diird.vic.gov.au)

# Employment Market Overview



As the effects of the recent global economic downturn ripple through the economy, national employment increased slightly by 1,800 persons in February. This was well above market expectations of a fall in employment of 20,000. Due to a rise in the participation rate (up 0.2 per cent), the unemployment rate nationally rose to 5.2 per cent.

Victoria's unemployment rate has also increased in 2009. In February, Victorian employment decreased by 0.3 per cent and the unemployment rate rose to 5.6 per cent – the highest since November 2004.

However, expectations are that the economic outlook will start to improve from the second half of 2010, which will gradually expand employment prospects.

Although the global economic downturn is having a negative effect on most industries, some industries and occupations are less sensitive than others. In general, people with higher skills and with multiple skill sets are more likely to find and remain in employment. With the recovery of the economy, demand for new skill sets will also emerge.

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In the following sections of this paper we analyse in more depth four key industry sectors that are likely to experience skills shortages in the next two years even taking into account the effects of the economic downturn:

	Share of Victoria's GSP (per cent)	Workforce Share (per cent)	Average Earnings Share (per cent)	Significance
Transport and Storage	3.9%	7.1%	6.6%	Critical to supply chains
Electricity, Gas and Water	2.6%	< 1%	< 1%	Essential services
Health and Community Services	5.8%	10.6%	10.0%	Viability of communities, supporting our ageing population
Agrifood	5.1%	5.6%	5.1%	Viability of communities, export markets

From July 1 2009, similar data and analyses will be available on the Skills Victoria website for other industries. These analyses reinforce the need for ongoing conversations about how we skill our future workforces to keep Victoria prosperous.

## Transport and storage

The transport and storage industry includes the transportation of freight by road, bus transportation, taxi and hire cars. It also includes toll, bridge and road operation; port and harbour services; and water and air transport.

### Training profile:

- > In 2007 more than 22,600 students enrolled in VET courses leading to transport storage qualifications.
- > This industry has been characterised by skill shortages, mostly for drivers in the transport sector and in high skill level (four and five) qualifications including transport logistics.

### Industry outlook:

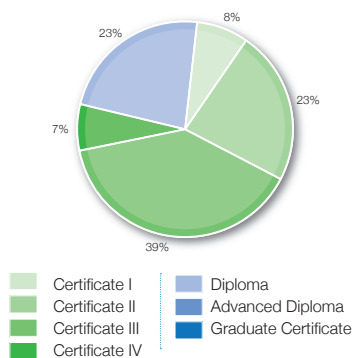
The industry contracted during the past quarter after a period of substantial growth. Negative flow-on effects are resulting from the economic downturn, but freight requirements are expected to increase dramatically in the longer term.

While demand from the private sector will ease, increased demand will result from large-scale government

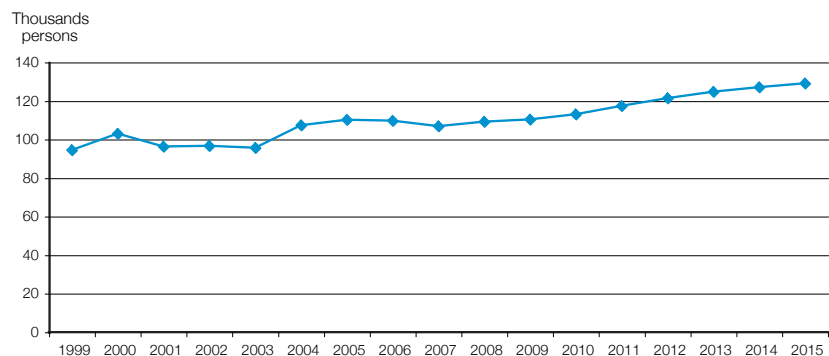
infrastructure and housing projects, including the recently announced Victorian Transport Plan, the Freight Futures Victorian Freight Strategy and the Federal Government's Carbon Pollution Reduction Scheme.

In the next decade, more truck delivery and freight train drivers will be needed, along with logistics staff who can optimise fuel consumption and apply new technologies.

Enrolments levels



Employment growth



## Electricity, gas and water

The electricity, gas and water sectors provide essential services and utilities for businesses and communities.

### Training profile:

- > In 2007, more than 20,000 students enrolled in VET courses leading to general trades qualifications.
- > 25 per cent of total enrolments included training in non-qualification courses.
- > Companies across the sector rely on traditional trades and qualifications, but most also have substantial in-house training to develop sector specific skills.

- > The sector has an ageing workforce, and some large employers import up to 50 per cent of employees.

to secure Victoria's water supply, including large-scale projects such as:

- > Food Bowl Project
- > Sugarloaf Pipeline
- > Desalination Plant

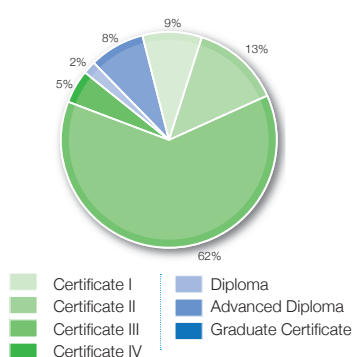
### Industry outlook:

The introduction of the Government's Carbon Pollution Reduction Scheme and related renewable energy projects will increase demand for skills and qualifications.

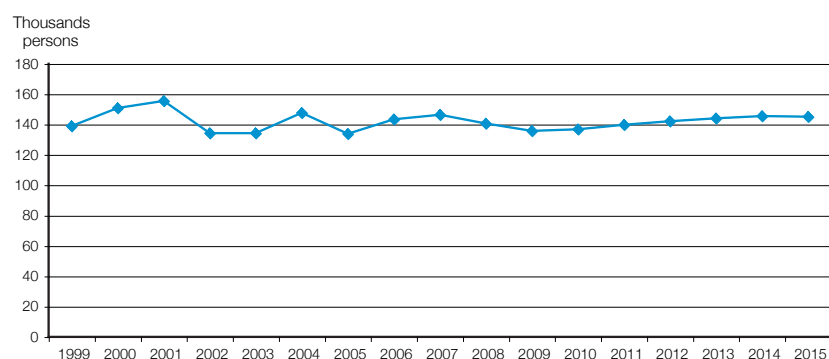
In the next decade, demand will remain for electrical lines people, testers, fitters, facilities managers, electricians, gas trainers, assessors and engineers.

A number of Victorian Government water projects are being implemented

Enrolments levels



Employment growth



## Health and community services

The health and community services industry includes hospitals and nursing homes, medical and dental services, pathology, optical and physiotherapy services, child and aged care services, and veterinary services.

### Training profile:

- > In 2007 more than 46,000 students enrolled in VET courses leading to health care and community services qualifications.
- > 38 per cent of total enrolments included training in non-qualification courses.
- > Staff turnover has dropped as employees seek job security in the current climate. Overall

employment has remained steady, and prospects are positive for the coming years.

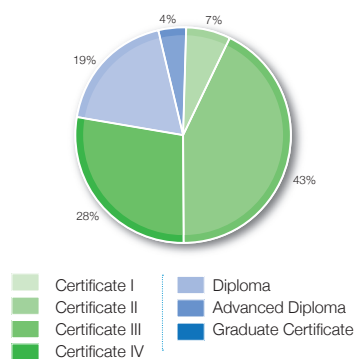
Heightened demand may occur as unemployment and financial stress increase, and fewer people can afford to stay home as carers.

### Industry outlook:

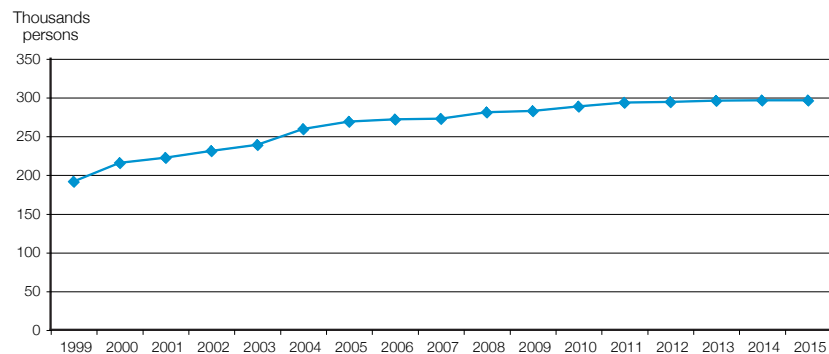
This sector is less likely to be affected by the economic downturn as it provides an essential service. Former employees may return and new employees may be attracted to this relatively stable environment.

Demographic changes predict growing demand, as Victoria's rapid population increase is expected to continue. The need for maternal health, childcare and aged care services will grow because of the ageing population and the recent spike in births.

Enrolments levels



Employment growth



## Agrifood

The agrifood industry is involved in the production and processing of food agriculturally. Industry sectors include crops, grain and feed, dairy, beverages, meat, seafood, conservation and land management and animal care and management.

### Training profile:

- > In 2007, nearly 31,000 students enrolled in courses leading to agrifood qualifications.
- > Six per cent of total enrolments included non-qualification courses.
- > Job roles are evolving across the sector, and food science and technology skills need to increase. Employees require further training so that they can take on broader and more complex roles.

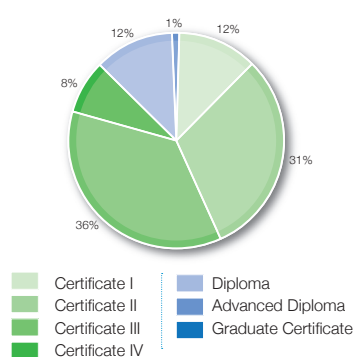
### Industry outlook:

Despite the economic downturn, expectations remain positive because of stable demand for basic food needs and the continuing growth in Victoria's population.

The sustained drought has caused substantial hardship, and climate change is expected to have further impacts. Dwindling water resources mean that better water management techniques and environmentally sustainable practices must be introduced. Along with greater skills in natural resource management, sustainable food production, water security, bio-security, regulatory compliance and risk management.

Food prices have increased on the global market because of concerns about food security, but the outlook for exports is mixed. Demand may drop significantly because of the economic downturn, but the weaker Australian dollar makes our exports more attractive.

Enrolments levels



Employment growth

