Annual Australian External Supply Report

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Executive summary

Companies of today operate in constantly shifting environments, where the challenges of precarious economic and labour markets necessitate the close monitoring of external trends and their implications for organisations. To lead a successful and effective business into the immediate and coming years, organisations and managers need to develop new skills and focus efforts on planning for radically altered and dynamic future workforces. Shifting age profiles, life cycle and social structures, advanced technologies, and female participation, as well as significant alterations to 'normal' working arrangements centred around a focus on work-life balance and integration, are dictating that organisations fundamentally alter their workforce strategies.

Employment trends

Changes occurring in the economic and employment landscapes have meant that many organisations have been faced with a number of labour force challenges. However, Australia has dealt with these relatively well. In 2010, employer confidence has increased rapidly and national employment figures are steadily improving. An unemployment rate of 5.2% has boosted confidence that Australia's economy is back on track. Australian workplaces are continuing to see overseas skilled migration and an increase in the number of retirees re-entering the workplace. The past two decades have seen more flexible working conditions introduced, with a peak in the number of part-time, temporary, and contract positions, and a steady progression to non-conventional working modes such as home and mobile working.

Demographic trends

The population is ageing, and although workers may be delaying retirement and re-entering the workforce, the volume of people from younger generations coming into the labour market is not making up for the rate of attrition of older workers. The demand for employees with critical skills remains high, meaning that competition for key talent has been sustained throughout the economic downturn. Although labour market conditions have softened in recent months, the need to engage and retain key workers remains a vital challenge for organisations.

Social structures

Shifting social attitudes over the past 30 years have further impacted the labour market structure and employment relationships between organisations and workers. Rising rates of divorce, children born outside of marriage, and single parent households have necessitated increased access to flexible working options. Part time and other forms of flexible work are now a key lever to help attract and retain skilled staff who value the ability to tailor workplace arrangements to suit their needs. As a result, Australia is seeing more flexibility in the workplace in terms of career paths, starting and finishing times, length of the working week, and the location of the workplace.

Education trends

The labour market is currently experiencing incongruence between workforce needs and student education choices. This will have profound implications on the long-term skills shortage, as employers will have a limited labour pool to recruit from. Whilst there are numerous factors which influence career choice, initiatives are being introduced to encourage and assist students to study in areas which are most critical. Furthermore, the number of post-graduate enrolments has increased, with many aiming to up-skill to enhance employability.

Population forecast

Australia's resident population will continue to increase with natural increase and net overseas migration contributing 40% and 60% of growth during the 12 months ended 31 March 2010. Australia's population is expected to grow by up to 65% by the year 2050. At the state and territory level, all states and territories experienced positive population growth in the year ended 31 March 2010, with variation in numbers. For interstate migration, Queensland experienced the highest positive net interstate migration.

Introduction

In 2010 and beyond, organisations' attitudes and approach to their workforce will need to adapt to a constantly changing external environment. This report covers areas of research and analysis deemed applicable to the generic workforce sector and gives a better understanding of the skills, attitudes and potential of an organisation's current workforce and into the future. The report includes current employment trends and implications in the Australian labour market and economy. The report also highlights population trends and forecasts, changing age and social structures, and trends in employment relating to the employee life cycle. Educational issues impacting skills shortage will also be covered.

1. Employment trends

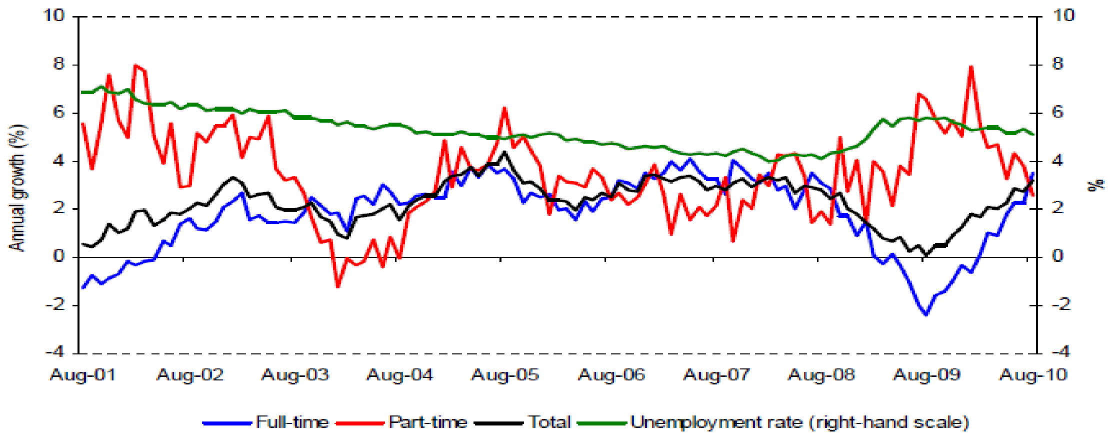
1.1 Current trends

The employment landscape in Australia has effectively spun 360 degrees in the last 12 months and despite the global financial crisis (GFC), talent shortages are once again a serious risk for Australian businesses. In 2010, many organisations are now faced with the challenge of rebuilding an effective and efficient workforce that can achieve future growth targets in a competitive employment environment. Organisations will have to prepare for the impact of an ageing workforce, as they attempt to rebuild their workforce and talent pipeline to deliver on future business growth strategies.[1]

Employer confidence has increased rapidly as signs of a steady recovery in economic growth continue, and is now 3.4 percentage points higher than reported last quarter, and well above the record low in June 2009. As outlined in the most recent Hudson report, a net 34.9% of employers have indicated an intention to increase their permanent staff levels during the July to September 2010 period which is the highest level of confidence reported since June 2008.[2] As a result, national employment figures are improving. The unemployment rate at August 2010 was 5.2%[3], which although significantly higher than the 4.3% recorded in December 2008, is a considerable reduction on the 5.8% recorded in June 2008 and 5.4% recorded in January 2010.

In August 2010, seasonally adjusted employment rose 0.3% in August, up from 0.2% in July. There was an increase in full-time annual employment, up 53,070 people to 7.9 million, indicating employers are willing to employ additional staff and that business outlook and confidence has improved. Part-time employment fell by 22,134 people to 3.4 million. This pattern was reversed only a year ago, when there was a lack of full-time opportunities and growing part-time employment.

Figure 1.1: Australian employment growth 2001- 2010[4]



[1] Workplace 2012: Road to Recovery, Mercer, 2009
[2] The Hudson Report: Employment and HR trends, July- September 2010, Hudson
[3] 'Labour Force, Australia' *Australian Bureau of Statistics 6202.0*, August 2010
[4] Labour Force- August 2010: Economic Alert, Australian Industry Group, August 2010

1.2 Unemployment

The Labour Force, Australia, 2010 August figures released by the Australian Bureau of Statistics (ABS) reported that the national unemployment rate is currently at 5.2%. This unemployment rate is a seventeen month low, and along with the creation of more full-time jobs, has boosted confidence that the economy's recovery is back on track. Notably, part-time employment figures have decreased, while full-time employment has increased as employer confidence rise.[5]

Figure 1.2: Employed persons and unemployment rate [6]

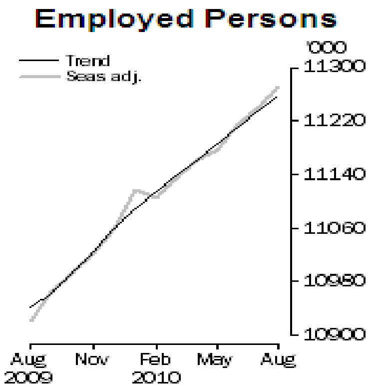


Figure 1.3: Unemployment by duration (weeks) [7]

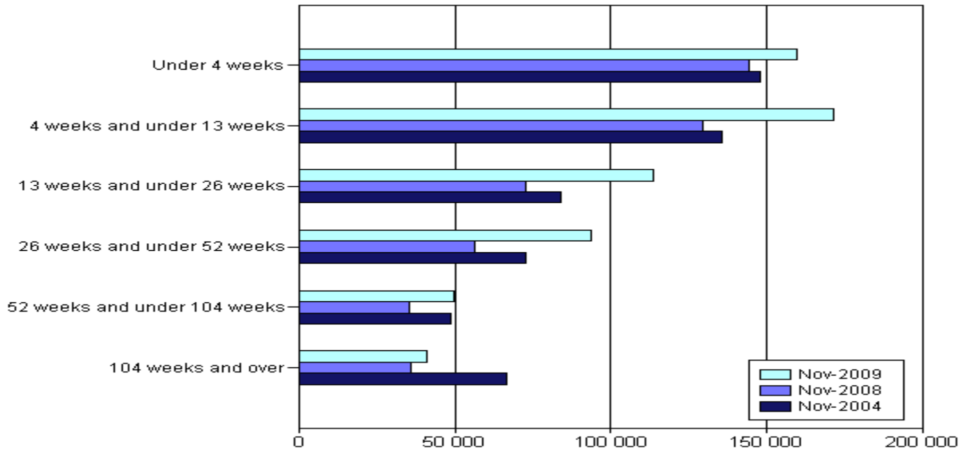


Figure 1.3 shows that it is most common for unemployed persons to remain unemployed for less than 13 weeks. The chart also shows that in comparison to 2004, fewer people are staying unemployed for longer periods of time (greater than 104 weeks).

[5] 'Labour Force, Australia', *Australian Bureau of Statistics 6202.0*, August 2010
[6] http://www.workplace.gov.au/lmip/LabourForceData?cid=LabourForceSurveyUEDurationState|LFRHome|National|LFR|anon|Labour%20Market
[7] http://www.workplace.gov.au/lmip/LabourForceData?cid=LabourForceSurveyUEDurationState|LFRHome|National|LFR|anon|Labour%20Market

1.3 Job advertisements

New job ads placed with SEEK fell slightly in August, according to the SEEK Employment Indicators for August 2010. On a seasonally adjusted basis, new job advertisements placed with SEEK rose by only 1.2% in August. This needs to be seen in the context of the rapid growth in the previous three months – new job ads rose by 10.1% in the three months to July 2010 – and of the fact that they remain 41% higher than a year earlier. Thus the figure for August is more likely to be a statistical reaction to the rapid growth in July (5.2% for the month) than a major change in trend.

Figure 1.4: Growth in SEEK New Job Ads and SEEK Employment Index in the recovery phase (3-monthly moving average, seasonally adjusted; September 2009 to August 2010) [8]

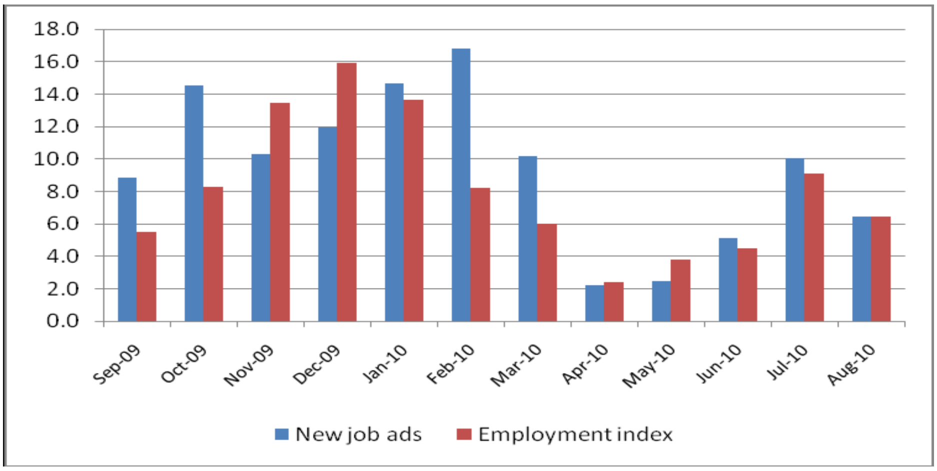
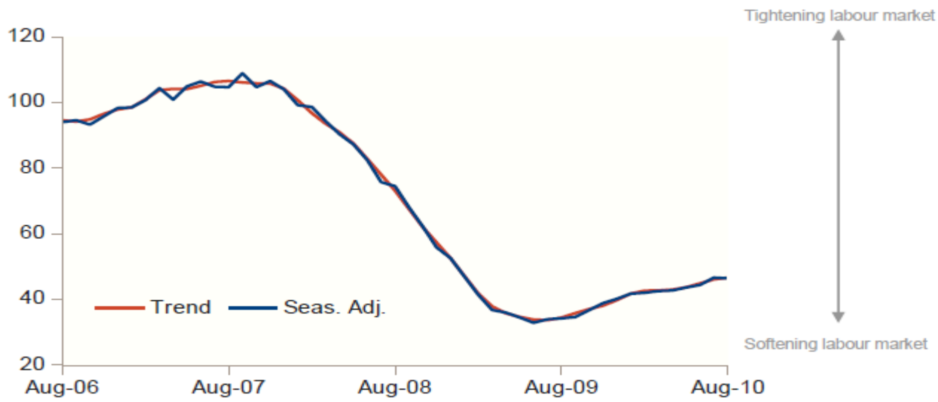


Figure 1.5: SEEK Employment Index (average 2002-04 = 100), seasonally adjusted [9]



The SEEK Employment Index (SEI) is a measure of the national balance between supply and demand in the Australian labour market. It is the ratio of new job ads placed with SEEK during the month to the number of applications within the SEEK system for those jobs In August, the seasonally adjusted SEI increased fell 0.5%, the first montly fall since June 2009. The SEI stands 35.6% higher than in July last year. The latest increase was mainly due to a decline in new job ads growth.

[8] 'SEEK Employment Index', August 2010

[9] 'SEEK Employment Index', August 2010

The SEI fall was particularly evident in Victoria (-1.6%) and Queensland (-2.1%). Against the national trend, the SEI rose in New South Wales (1%) and Western Australia (0.2%). The seasonally adjusted series of *new* job advertisements posted on the SEEK website in August 2010 have decreased by 1.2%, following a strong job ads growth of 5.2% in the previous month. On a yearly basis, these new job advertisements are 40.6% higher compared to the same period last year. At the regional level, fall in new job advertisements was particularly evident in Victoria (-3.7%) and South Australia (-3.7%) and less so in Western Australia (-1.5%).

1.4 Skilled migration

Over the last 10-15 years, Australian migration policies have increasingly focused on attracting skilled migrants. While the GFC has had some impact, for example, there was a reduction in the skilled migration intake for 2008-09, the size of skilled migration still increased by 5.7% from the previous financial year to 114,777 places and was the largest outcome on record. The aim of these policies is to bring in skilled migrants with recognised skills who are able to fill particular positions required in Australia.

The occupation group with the highest proportion of skilled migrants was 'Professionals' (36%). 'Professionals' is a broad occupation grouping, which incorporates many fields such as: Arts and Media; Business, Human Resource and Marketing; Design, Engineering, Science and Transport; Education; Health; Information and Communication Technology; and Legal, Social and Welfare Professionals. The second most popular occupation groups amongst skilled migrant workers were 'Technicians and trades workers' (13%) and 'Clerical and administrative workers' (13%). The most commonly reported industries of skilled migrants' employment included: 'Professional, Scientific and Technical Services' (12%), 'Health Care and Social Assistance' (12%) and 'Manufacturing'[10]

1.5 Retirees re-entering the workforce

Australian workplace trends are seeing an increase in the number of retirees re-entering the workforce. Nearly 40,000 Australians who had planned to retire in 2009 have been forced into part-time work as the economic downturn eroded the value of their homes and savings. Approximately 2.3 million retirees were 20% poorer in 2009 than they were the year before. Many of those who retired in 2007 and 2008 are now looking to re-enter the workforce, either in a part-time or full-time capacity.[11]

Australian organisations are already seeing an increase in the number of retirees re-entering the workforce. Reasons for returning to work range from financial (e.g. insufficient savings for retirement and inadequate pension income - particularly common with today's economy) to personal reasons (e.g. preference and/or physical ability to remain actively engaged in the workforce rather than in leisure activities). Engagement of former employees under different arrangements such as temporary, casual, or contract work is therefore becoming more common as people's attitudes to retirement and/or their financial circumstances change.[12]

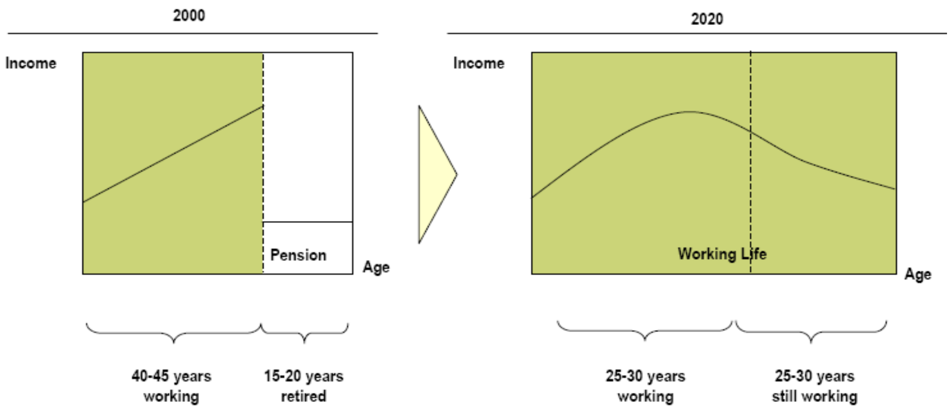
[10] Perspectives on migrants, ABS, June 2010
[11] 40,000 retirees forced to keep working because of economic downtown', *The Australian,* January 2009
[12] 'Experience Pays: Re-entering the Workforce', *Queensland Government, Department of Employment and Industrial Relations*, 2009

Employees who have re-entered the workforce have an average age of 61, with 54% working full-time, 36% working part-time, and the remaining 10% still looking for work. Research indicates that most re-entered employees enter into a position requiring at least the same skill and experience levels as their prior position.[13] Men are more likely to return from retirement to a job with duties that are less demanding than their last job before retirement. Women are more likely to return to a job with more flexibility or more control over the hours they worked.

1.6 The new retirement

Over the past 30 to 40 years, Australians' expectations of work-life balance have shifted. Individuals now anticipate working later in their life than any preceding generation. A decade ago, many would have hoped for, or even assumed, retirement at 55 or soon after. However, in practice, older workers are now working longer than in the past. Many neither want, nor are financially prepared to retire at 55, 60, or even 65. Indeed, many will have longer careers than their parents, contrary to all expectations. As a result, we are witnessing a new 'shape' to the careers of older workers.

Figure 1.6: The new working life profile



For businesses competing for skills, there is clear value in retaining capable and experienced staff for longer, and in smoothing management transitions. As the Boomer bulge continues to represent a very large group of customers, companies may also benefit from ensuring the profile of their frontline staff broadly aligns with that of their customer base.

Higher numbers of older workers pose a number of executive challenges. How are roles to be re-defined to suit older workers? How should they be paid relative to younger employees? In what ways can age and experience be respected and rewarded? What obligation do older workers have to refresh their skills and to learn new products, approaches, and techniques? How do younger executives learn to manage older workers, including potentially their own predecessors or ex-managers, who may remain with a company in less demanding roles? In regards of the arrangements that are adopted, post retirement age Boomers are likely to be a sizeable element of the workforce by the end of the next decade or so.

[13] *Putnam Study Shows Many Retirees Re-entering Workforce*. Putnam Investments. December 8, 2005

1.7 Changing work trends

There has been a steady progression to different forms of work over the past 20 years. Most medium-sized and larger workplaces now use 'open plan', which has begun to replace the privacy of the small office with shared, dedicated spaces for individual employees. The concept of shared spaces often called 'hot-desking' has emerged. This is where certain desks are used by anyone on an 'as-needed' basis. The conventional workplace as a centre for employment is being chipped away as space at home, in the hotel and during travel has begun to rival space in the office. Substantial improvements in IT have enabled growth in full-time and part-time home working and can assist parents to juggle the needs of children with the demands of the job.

The expansion of mobile work is likely to remain the fastest growing form of off-site employment. The number of employees spending most of their time off-site with customers or clients has grown and the considerable number employing this method of work (in particular managerial and professional staff) indicates that the trend is not towards home-working, but to more mobile forms of work. Mobile work and home working will not replace the office, however, as the conventional workplace will retain its advantages. As is the case now, it will enable organisations to pass on tacit knowledge, foster good relationships between workers, and encourage creativity and innovation through informal contacts. Firms often cluster near others in a similar business, which underscores the importance of 'physical presence' in many jobs. The conventional workplace will far from disappear. However, for many employees, it will become one of several locations for work.

Many businesses and other organisations are experimenting with new office design ideas. Meetings in cafe style areas, combined learning centres, thinking spaces and private carrel areas are being implemented. It is predicted there will be a move towards smart, flexible, green but highly productive office locations and large head office structures will be broken down and move to more flexible and spatially distributed sets of central hubs, regional spokes, and customer service centres that are powerful 'shops' connected and driven by various IT platforms.[14]

1.8 Australian Employer Outlook

The Manpower Employment Outlook Survey for the fourth quarter, 2010 was conducted by interviewing a representative sample of 2,253 employers in Australia. All survey participants were asked, "How do you anticipate total employment at your location to change in the three months to the end of December 2010 as compared to the current quarter?"

Australian employers forecast upbeat hiring plans in Quarter 4, 2010 with 27% of employers anticipating an increase in total employment, 7% predicting a decrease and 66% expecting no change. The Net Employment Outlook is an upbeat +20%. When compared with the previous quarter, the Outlook remains relatively stable, but for year-over-year, hiring prospects have improved considerably, and the Outlook is 11 percentage points stronger

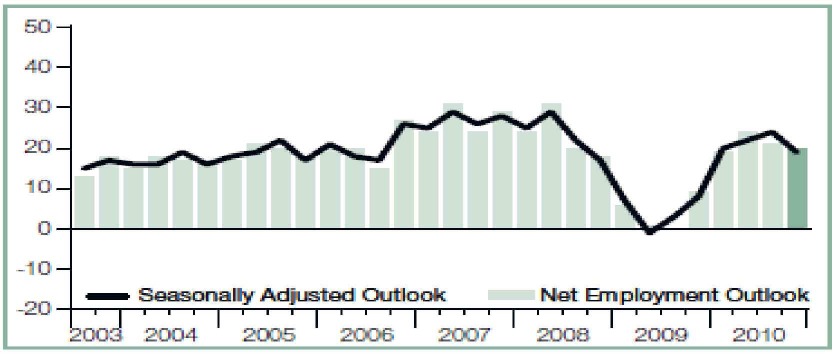
[14] White paper – people@work/2020, AHRI, 2010

Once the figures are adjusted to account for seasonal variation, the outlook is +19%. This is a moderate decline of 5 percentage points quarter-over-quarter but an increase of 21 percentage points year-over-year.

Table 1.1: Employment outlook quarterly[15]

	Increase	Decrease	No Change	Don't Know	Net Employment Outlook	Seasonally Adjusted
	%	%	%	%	%	%
Oct-Dec 2010	**27**	**7**	**66**	**0**	**20**	**19**
July-Sep 2010	27	6	66	1	21	24
Apr-June 2010	30	6	63	1	24	21
Jan-Mar 2010	26	7	66	1	19	20
Oct-Dec 2009	18	9	72	1	9	8

Figure 1.7: Employment outlook 2003-2010[16]

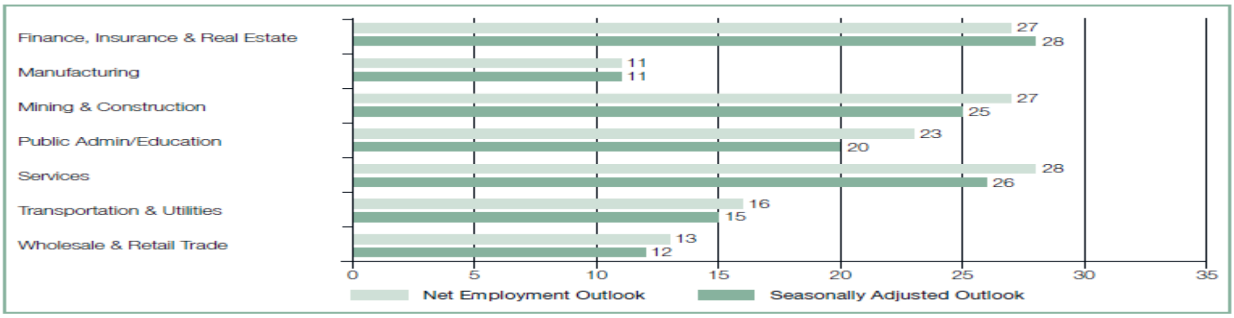


No bar indicates Net Employment Outlook of zero.

In regards to regional comparisons, employers in all seven regions where seasonally adjusted data is available forecast positive hiring activity in Quarter 4 2010. Western Australia, Tasmania and Northern Territory reported the highest net employment outlooks.

By sector comparison, employers in all seven industry sectors forecast headcount gains during Quarter 4 2010. The Finance, Insurance & Real Estate sector, the Services sector and the Mining & Construction sector reported the highest net employment outlooks.

Figure 1.8: Employment outlook by industry sector[17]



15 Manpower employment outlook survey Australia Q4 2010, Manpower, 2010

16 Manpower employment outlook survey Australia Q4 2010, Manpower, 2010

17 Manpower employment outlook survey Australia Q4 2010, Manpower, 2010

2. Demographic trends

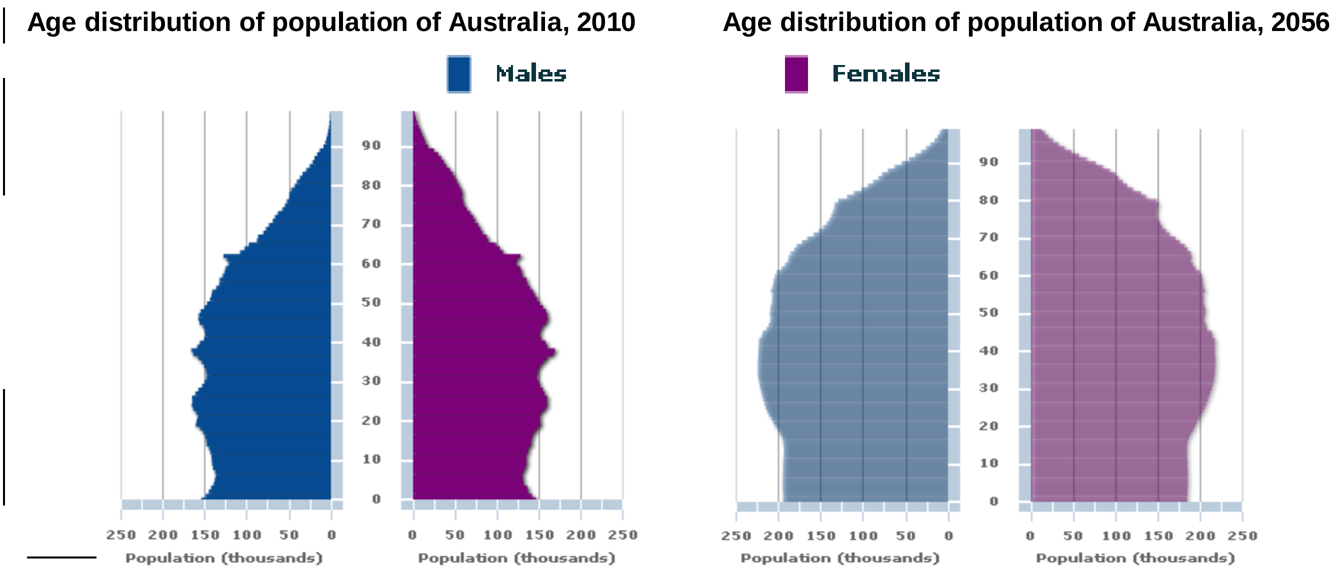
2.1 Ageing

In addition to the increasing size of the population, the most profound change that is projected to occur is the ageing of the population, characterised by an upward shift in the age structure of the Australian population.[18] This is the result of sustained low levels of fertility combined with increasing life expectancy at birth. Significant changes to the age structure of the population is expected, particularly over the next 50 years. The median age of Australia's population remained steady at 36.9 years between June 2008 and 2009, but is projected to increase to between 38.7 years and 40.7 years in 2026, and to between 41.9 years and 45.2 years in 2056.[19]

In the next ten years, 18% of the labour force (1.7 million workers) will reach the age of 65 years. While the population is predicted to increase by 16%, the number of people in the workforce will only increase by 11%. The proportion of people outside the workforce will exceed 50% of those in the workforce. It will be the first time that those over 65 years of age will outnumber those under 15 years of age.[20] It is predicted that there will be 3.8 million retirements in the period to 2025, and 3.5 million jobs that will need a much greater depth of skill than is the case today. In total, it is estimated that 4.6 million additional qualifications will be needed.[21]

Another growing issue concerned with the ageing population is the increased dependency of elder members on the younger population. The dependency ratio is defined as the ratio of the economically dependent part of the population, namely children (0-14 years) and the elderly (65+ years), to the working age population (15-65 years). As the number of elderly Australians increases, the dependency ratios are projected to continue to rise.

Figure 2.1: Age distribution of population of Australia - 2010 and projected age distribution of population of Australia - 2051 [22]



[18] 'Future population growth and ageing', ABS, 2009
[19] ABS 3222.0 - Population Projections, Australia, 2006 to 2101
[20] 'Ageing Workforce Impact', *HR Coach*, 2009
[21] White paper – people@work/2020, AHRI, 2010
[22] ABS Animated Population Pyramids, 2010

2.2 Physical decline

The ageing workforce brings with it another potential challenge pertaining to the decline in physical working capacity of individuals once they reach the age of 45 to 50 years. However, work methods and strategies utilised by older workers, which are a result of their varied experiences, may in fact strengthen their degree of effectiveness to a level beyond that of their younger working years. Information processing abilities remain largely unchanged over time, and some cognitive functions like language, and complex problem solving and comprehension improve with age. Speed and precision tends to decline with age, yet can be compensated with higher motivation, experience, and expertise.[23]

Research has shown that this higher level of motivation is central to learning and succeeding as a mature aged worker. It has been found that the brain maintains its plasticity throughout the adult years, indicating that learning should be a continual life-long commitment. Without accessing this learning, however, older workers are more susceptible to a break down in cognitive capacity, which causes them to lose new skills. This vulnerability is one of the potentially adverse implications being faced by the ageing workforce, especially if they have been overlooked in organisational learning agendas.[24]

2.3 Care-taking responsibilities

Coupled with the ageing population, increasing numbers of elderly people in Australia are living alone, leading to rising care-giving responsibilities for younger generations. Despite an increased presence and role of women in society and the workforce, attitudes towards who should assume these responsibilities remains largely unchanged. Research conducted by the Harvard Business Review into women in management found that two thirds cite family responsibilities as a barrier to them advancing in their profession. So although the previous two decades have seen an increasing number of women join the labour force, the growing need for care-takers as well as the rising number of single parent households may reverse this trend.[25]

While there has been an increase in the proportion of women employed in the last 25 years, there have been many social changes that impact on women's ability to balance work with other responsibilities. During this period, the nature of families has changed. Women are having fewer children, and at later ages. There has also been a rise in the number of lone parents and people living alone. In addition, older children tend to remain at home longer. With women having children at a later age, they may be still caring for their own children as well as ageing parents.[26]

2.4 Generational issues

One particular demographic change that is providing numerous challenges to organisations today derives from the increasing proportion of the workforce comprised of Generation Y. With an employment outlook and expectations shaped primarily by advanced technologies, the Internet, rapid communication, information overload, and workaholic Baby Boomer parents, HR professionals claim

[23] 'Population Ageing and the Economy', Access Economics, 2001
[24] '20:20 Australia Series', *Hudson*, August 2004
[25] 'Managing Tomorrow's People', *PricewaterhouseCoopers*, 2007
[26] 'ABS 4102.0 Australian Social Trends, 2008

that this generation of workers is demanding more flexibility and meaning in their roles, higher rewards, freedom to advance their professional learning and development opportunities, quicker succession, and better work-life balance than older employees. The age cohort that comprises Generation Y has also grown up during an economically prosperous period and has only ever known the employment conditions of a tight labour market. The difficulty in retaining workers from this generation has led to a perception that they are substantially harder to manage than any previous generation.[27] However, since the economic downturn, the power is increasingly in the hands of the employer, with fewer graduate opportunities and a softer labour market. The key concern also appears to no longer just be finding the right job, but finding a job at all.

Amid the many other challenges facing organisations in the current global economic environment, recruiting and retaining the best workers of Generation Y is vital to supporting growth initiatives today and in the future. The kinds of career and development opportunities that Generation Y is asking for are going to require significant re-thinking and re-tooling of how organisations are set up, how work is designed, and how people are managed and rewarded. Organisations need to act now.[28]

2.4.1 Generational issues- motivational factors

With an ageing population and large portions of the workforce retiring simultaneously, employers are urged to become more attuned to the motivational factors of the younger generation now required to fill the skills shortage. Generations X and Y are no longer motivated simply by wages and benefits. The Baby Boomers and Generation X seek management and reporting responsibilities, with a higher drive for power and an ability to influence and exercise authority over others. These traits are likely to be a result of the career stages of Baby Boomers and Generation X. Generation Y, who are relatively new to the workforce, are motivated by career progression and advancement, with a need for achievement.

Being fairly young, Generation Ys are likely to be at a stage of life when social networks are particularly important. Being at the lower end of the hierarchy, networking with others and building up contacts within the organisation are particularly valued.[29] As Generations X and Y fill the gap left by Baby Boomers finalising their working careers, employers are encouraged to facilitate an elite workforce by investing in employee autonomy, employee involvement in decision-making, information sharing, and rewards for performance.[30] The need to provide younger workers with challenges remains important. Above all, whilst generations are stereotyped for particular traits, to attract and retain a high performing workforce in current labour markets, employers are encouraged to pay attention to individual needs and motivations, rather than cohort stereotypes.[31]

[27] 'Making Talent a Strategic Priority', *The McKinsey Quarterly*, 21 January 2008
[28] Deloitte Report
[29] Byrne (2009). Managing the Generation Gap for X and Y. Vodafone
[30] Poltenson (2008). Skills gap growing, but solutions are in the works. *The Business Journal.* 22 (50) p.8
[31] Wong, Gardiner, Lang, & Coulon (2007). Generational Differences in Personality and Motivation: Do They Exist and what are the Implications for the Workplace?

3. Shifting social structures

3.1 Key trends over the past 30 years

The structure of Australian families and households has experienced a significant shift over the past 30 years. This presents a challenge to organisations in terms of the need to provide more flexible working options for an employee group increasingly affected by divorce and lone parenting. Shifting family and household structures also have implications for the social experience of employees at work. With increasing numbers of one-person households, individuals are seeking social interaction and support at work more than ever before. The following provides a summary of the key changes over this period.

- Changing family structures within Australia have largely been shaped by decreases in marriage rates and increases in divorce rates.
- Increases in the proportions of babies being born outside registered marriages and increases in cohabitation provide evidence that registered marriage as the traditional social institution for family formation is declining.
- The trend towards older age at marriage has continued. The increase in the median age for marriage can be attributed to the rising incidence of de facto relationships and young people staying in education longer.
- The number of couple families without children, comprising couples who have not yet had children and also those couples whose children have left home ('empty-nesters'), increased by 22%, from 1.6 million families in 1996 to 1.9 million families in 2006. One-parent families also increased, from 649,000 in 1996 to 800,000 in 2006, an increase of 23%.
- Couple families without children are projected to experience the largest and fastest increases of all family types in Australia. As a result, couple families without children are projected to outnumber couple families with children by 2010. This growth is primarily related to the ageing of the population, with Baby Boomers becoming 'empty nesters', and to a lesser extent to delayed family formation and declining fertility of younger couples.
- Over the last 100 years, the number of households increased on average by 2.6% per year, compared with an average household population increase of 1.9% per year. Average household size is projected to continue decreasing to 2.3 people per household in 2026. Much of this decline can be attributed to reductions in complete family size and the increase in one-person and two-person households.[32]
- In 2009, there were around two million people aged 15 years and over who were living alone.[33] The number of one-person households has grown, largely as a result of population ageing combined with delayed partnering, divorce and separation, as well as lower fertility rates, and a decline in extended families. Living alone becomes more common as people age, particularly for women who tend to outlive their husbands.

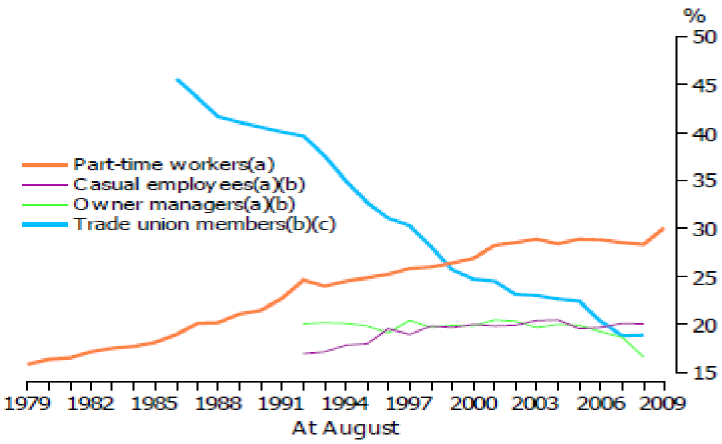
3.2 Workforce flexibility

In the last decade, the workplace has been transformed by an increasingly large proportion of part-time roles. The proportion of all employed people who were working part-time almost doubled between August 1979 (16%) and August 2009 (30%). The proportion of the workforce employed

[32] 2008 Year Book Australia', *ABS*, 2008
[33] 'Australian Social Trends', ABS, 2009

casually also increased between August 1992 (17%) and August 1996 (20%), but has since remained steady. For some people, the availability of jobs which allow them to work at night or on the weekend, or which offer flexible working hours, enable them to obtain and retain paid work. Many are unable or unwilling to work a 'traditional' full-time, Monday to Friday job that has fixed and regular daytime start and finish times. However, for others, the ability to plan and commit to family and social and leisure activities is adversely affected by working at night or on the weekend, or by working at irregular and unpredictable times.[34]

Figure 3.1: Trends in selected working arrangements and types of jobs over time, 1979-2009[35]



3.3 Time scarcity

The modern family is increasingly comprised of dual career adults and when children are part of the equation, these adults are being forced to work divergent shift and work schedules. This can complicate their ability to progress professionally and compromise their efforts to build sustainable work-life patterns. Time scarcity is an issue challenging most Australian working families as they endeavour to balance their working, educational, and personal lives. The increasing rate of divorce and subsequent rise in single-parent households with dependent children is further complicating this issue.[36]

3.4 Women in the workforce

Changing social attitudes and smaller families have contributed to changes in women's employment. Greater proportions of women now have higher education qualifications. Education appears to draw women into the workforce by instilling in them more career oriented attitudes and by enhancing their potential wages in the labour market. Paid work also provides women with opportunities for social interaction and job satisfaction.

However, it is still women who continue to carry the greater responsibility for caring and other unpaid work such as household duties, effectively placing them under increased time pressures. The economic value of these domestic duties in 2005, according to economists' estimates, is more than

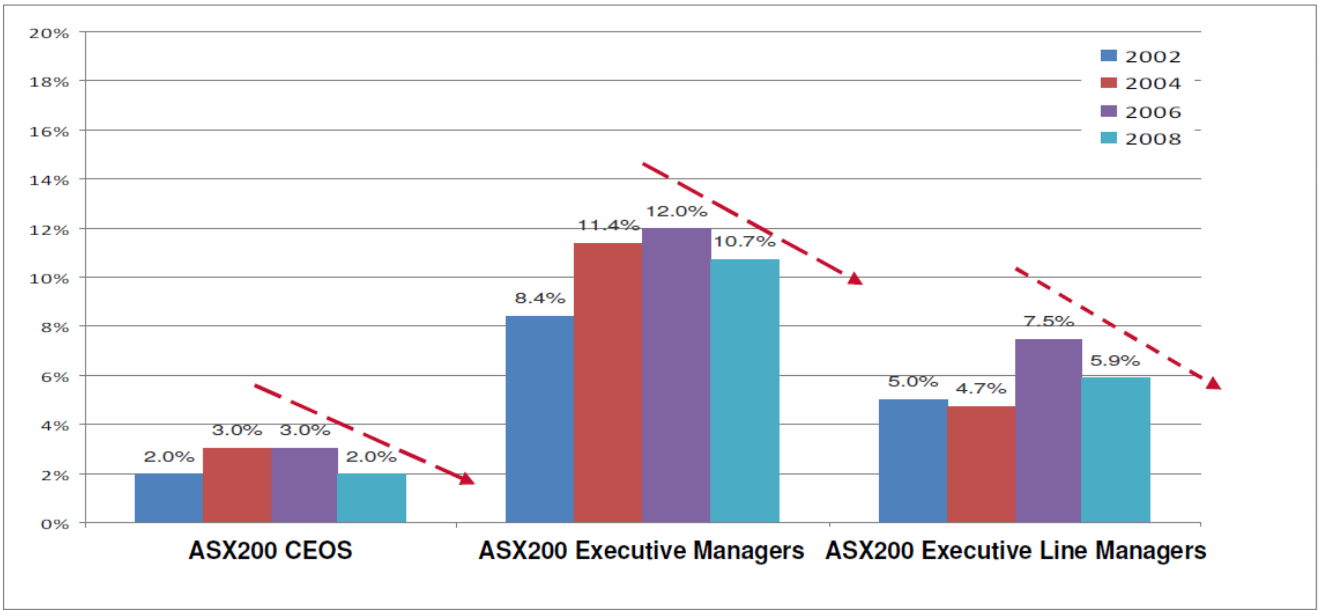
[34] 'Australian Social Trends', ABS, 2009
[35] 'Australian Social Trends', ABS, 2009
[36] '20:20 Australia Series', *Hudson*, August 2004

$410 billion a year.[37] Women's working patterns may impact on their ability to balance work with other responsibilities. Due to this, the growth in employment for women has been mainly in part-time employment, which can provide opportunities to combine work and other commitments.[38]

A change in social attitudes to women in employment, a greater preference by women for paid employment as well as strong increases in part-time work opportunities offered by employers are the driving factors behind the increasing participation of women in the labour force. Over the last 20 years, the participation rate for females has increased by 8.8 percentage points to stand at 57.7%. Significantly, females have accounted for 63.7% of part-time employment growth over the last 20 years, which is not surprising, given that many women choose to balance work and family responsibilities and have a greater preference for part-time work. Indeed, 44.8% of all employed women work part-time (compared with just 15.1% of men) and women working part-time are less likely to want to work full-time (only 4.9% of women working part-time are actively seeking and available for full-time work).[39]

The number of women in senior managerial roles is still far fewer than men. In the federal government, although total number of women in the Commonwealth Public Service is higher than men (57.6% to 42.4%), women at senior executive level and executive level only accounts for 37% and 45% respectively. In ASX200 companies, women in senior level positions are far less than in the public sector and has decreased since 2006.

Figure 3.2: Women in Corporate Leadership, 2002-2008[40]



[37] Sociology Australia, Allen & Unwin, 2007

[38] 'Trends in women's employment', ABS, 2006

[39] 'Australian Jobs 2007', *DEWR*, 2007

[40] Barriers to full workforce participation – the story of age and sex discrimination in our workplaces, AHRI, 2010

4. Education

4.1 Potential mismatch between student choice and workforce needs

Notwithstanding the recent GFC and recurring variations in industry demand, it has been viewed that Australia will have insufficient number of qualified people to meet its medium- and long-term workforce needs. The Australian labour market has experienced persistent skill shortages in a number of important occupations. This threatens the long-term capacity of the country to maintain and enhance global competitiveness and prosperity.

The current system provides very little labour market information to help reduce the risk of mismatch between student choice of fields of study and the requirements of the workforce. An effective demand-driven funding system requires that all students are able to make informed choices about what, where, and when to study. There are also other, more effective mechanisms available to help align student choice with labour market needs than the blunt instrument of student load planning. These could include the targeted purchase of student places on a fee-for-service basis by the Commonwealth, a state government or any other employer or agency to ensure that a course is available in a specific location or to meet a priority workforce need. The government could introduce particular incentives for students to enter and remain in occupations in demand.

Higher education providers operating under current funding levels and arrangements may be unable to increase supply adequately to meet the predicted level of demand for people with higher education qualifications without seriously jeopardising the quality of educational outcomes. This is a risk Australia cannot afford to take. More specifically, to meet forecast labour demand, Australia needs to increase the number of students who enter the system, return to study, and complete qualifications. Australia needs to harness the potential of all capable students to contribute to society and the economy. Actively encouraging and facilitating entry into higher education for people from groups who are currently under-represented is vital. [41] In addition, encouraging people who are already in the workforce to upgrade their skills and qualifications is imperative.

4.2 Current market

The skills shortage present in Australia means that the choice of university education becomes more crucial. Over the last number of years the government has pushed trades because there has been a severe labour shortage, and as a result, the number of enrolments in university has dropped across Australia. Employers now are having difficulties in recruiting the people with appropriate tertiary qualifications into professional jobs.

The government has announced future structural reforms for the higher education sector, which focus on a student-centred, demand driven system to try to attract students to the areas where skill shortages exist. From 2012, universities will be funded on the basis of student demand. This means the Government will fund a Commonwealth supported place for all domestic students accepted into an eligible, accredited higher education course at a recognised public higher education provider.

[41] http://www.deewr.gov.au/HigherEducation/Review/Documents/PDF/Higher%20Education%20Review_one%20document_02.pdf

From 2010, the current cap on over enrolment will be raised from 5 to 10 percent and removed completely in 2012 to prevent institutions growing too quickly at the expense of providing quality education and will allow a managed transition into the new system.[42]

4.3 Applications and enrolments

Demand for domestic, undergraduate university places as indicated by applicants received through the state Tertiary Admission Centres (TACs) has increased substantially. When the 2008-09 end of year admissions cycle was complete (31 March) there were a total of 249,743 applicants. This is an increase of 5.6% (or 13,311 applicants) in 2008 and is the biggest percentage increase in applicants since 2002. In 2009, 191,068 applicants received an offer. This is an increase of 1.7% (or 3,275 applicants) compared to 2008. Despite this increase in the number of offers, the proportion of applicants who received an offer declined to 76.5% , a fall of 3.1 percentage points on last year. This also reflects a growing demand with an increase in number of applications to university.[43]

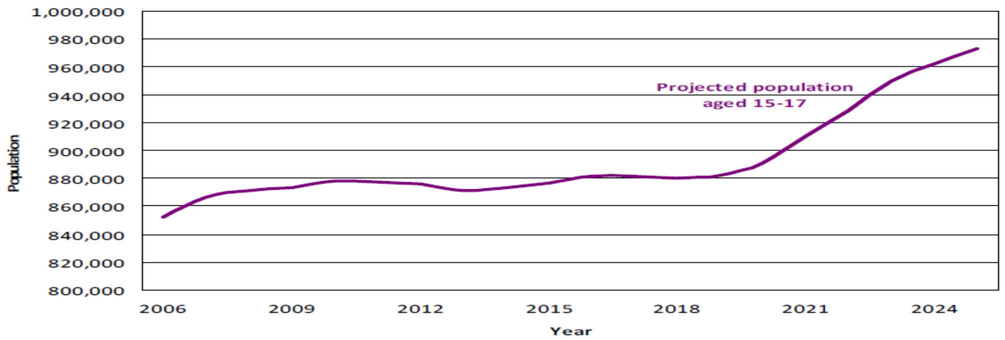
4.4 Year Twelve retention and university enrolments

A variety of factors influence the demand for university places in Australia. These include:

- Labour market outcomes for graduates.
- Strength of the labour market.
- Availability of alternative training opportunities.
- Post- compulsory schooling pathways and retention rates.
- Values, attitudes, and aspirations.
- Underlying demographics.

The main feeder group to universities is people of school leaving age. As Figure 4.1 illustrates, the 15-17 year old age cohort is expected to peak in 2010, remain unchanged until about 2018 and then increase sharply between 2018 and 2025.[44]

Figure 4.1: Projected population of school aged cohort (15-17 year olds), 2006- 2025 [45]



[42] Future directions for tertiary education, DEEWR, 2010
[43] http://www.deewr.gov.au/HigherEducation/Review/Documents/PDF/Higher%20Education%20Review_one%20document_02.pdf
[44] Department of Education, Employment and Workplace Relations. *Undergraduate Applications, Offers And Acceptances 2008*
[45] Undergraduate Applications, Offers and Acceptances 2009, DEEWR, 2009

If national Year 12 retention rates remain at the present levels of 74.3%, varied by gender at 68.8% (males) and 80.1% (females), the size of the school leaving age cohort able to apply for university on the basis of their Year 12 results will move in response to the changes in the 15-17 year old age cohort. Future demand for undergraduate university places by Year 12 applicants will also reflect these cohort changes. It is unclear whether demand from mature age applicants is likely to increase in the future. This will be dependent on factors such as labour market conditions, and the steady increase in the working age population who have already completed undergraduate study.

4.5 Postgraduate enrolments

The economic downturn resulted in record rises in postgraduate courses, with many professionals heading back to university. People are looking to increase their qualifications in a more competitive employment market, or postpone applying for jobs and study as they sit out the recession. In 2008 in Australia there was a total of 135,836 students commencing a postgraduate course. This represented 31.6% of all commencing university students and was an increase of 5.5% from 2007.

Enrolling in an MBA is perceived as a way for workers to change course and diversify risk during economic slowdowns.[46] A recent survey indicated that the top six reasons for seeking an MBA qualification were: improving career prospects, learning new skills, building a professional network, facilitating career change, earning a larger salary, and enabling students to start their own business. During recessions, however, significant career changes become difficult and an MBA is more likely to be simply a route to career progression.[47] Furthermore, undergraduate applicants are putting off going into the workplace and wanting to become more qualified to stand out. Students are applying in greater numbers for more vocational programs such as science, engineering, and business.[48]

4.6 Course completion

In 2008, 258,802 students in Australia (both domestic and international) completed a university course; an increase of 4.6% since 2007. Of these students, 114,109 were male, 144,693 were female, and 1,397 were Indigenous. The number of students completing a bachelor degree in 2008 increased by 2.5% to 133,250 students. The largest age group completing courses in 2008 were 20-24 year olds. The three disciplines with the highest proportion of students completing courses were management and commerce, society and culture, and health.[49]

4.7 Upskilling

Encouraging people who are already in the workforce to upgrade their skills and qualifications is important in countering skills shortages. However, the 2009 Australian Work and Life Index (AWALI) report has found that Australian workers are constrained by time to take on further education and training. The challenge employers and training providers will have is developing learning and development strategies for participation that enable workers to manage all of their work, life and family commitments. Reducing work hours is not likely to be sufficient, especially for women,

[46] Downturn fuels postgraduate enrolments. Management Blog. 9 December 2008
[47] Credit crunch refugees fuel record demand for MBA's. *The Times*. November 16, 2008
[48] Huge increase in demand for postgraduate degree courses. Guardian.co.uk. 17 February 2009
[49] Award course completions: selected higher education statistics tables, DEEWR, 2008

because nearly 70 per cent of part-time women say they don't have time for study. Learning and development opportunities such as paid study leave or integrating education and training into paid work time need to be given serious consideration by employers who wish to encourage and support the education and training of their employees.[50]

[50] Aussie workers too busy to upskill, unisa.edu.au, 27 July 2009

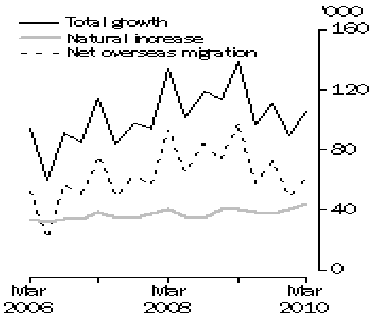
5. Australian population forecast

5.1 Resident population

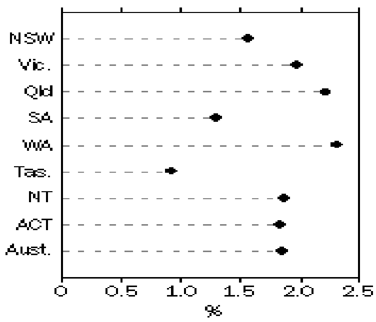
The preliminary estimated resident population (ERP) of Australia at 31 March 2010 was 22,272,000 persons. This was an increase of 403,100 persons (1.8%) since 31 March 2009 and 106,400 persons since 31 December 2009. The preliminary natural increase recorded for the year ended 31 March 2010 (161,700) was 7% (or 10,600 persons) higher than the natural increase recorded for the year ended 31 March 2009 (151,100). Preliminary net overseas migration recorded for the year ended 31 March 2010 was 241,400 persons.[51]

Figure 5.1: Population growth [52]

Population growth



Population growth rate, year ended current **quarter**



5.1.1 Population growth rate

Australia's population grew by 1.8% during the 12 months ended 31 March 2010. Natural increase and net overseas migration contributed 40% and 60% respectively to this total population growth. All states and territories experienced positive population growth over the 12 months ended 31 March 2010. Western Australia recorded the largest percentage gain (2.3%), and Tasmania the smallest (0.9%).

The yearly growth rate of 1.8% is the fastest pace of any of the advanced economies, and is the highest since the 1950's and 1960's when levels of more than 2% a year were driven by post-war immigration. Australia's population is expected to grow by up to 65% by the year 2050. This is a sharp contrast to countries like Japan and Germany where populations are expected to shrink.

5.2 Projected population of Australia

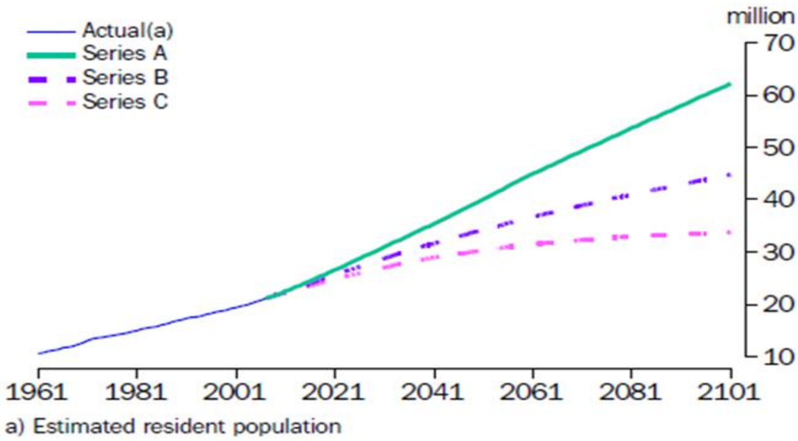
The below projections span the period 2008 to 2101 for Australia. The base population for the projections is the estimated resident population at 30 June 2007. Population projections are not predictions or forecasts. They simply show what would happen to Australia's population if a particular set of assumptions about future levels of fertility, mortality, and net overseas migration and, for states

51 ABS 3101.0 'Australian Demographic Statistics', ABS, March 2010

52 ABS 3101.0 'Australian Demographic Statistics', ABS, March 2010

and territories, net internal migration, were to hold for the next 50 to 100 years. The assumptions are based on demographic trends, current debate, and possible future scenarios arising from research in Australia and elsewhere. For simplicity, most analysis presented in this article is limited to three main series, which cover three sets of possible future population growth outcomes; high (Series A), medium (Series B), and low (Series C).

Figure 5.2: Projected population of Australia [53]



As previously discussed, the Australian population, and thus its workforce, is ageing, and immigration is recognised as vital component to assist in easing further future skills shortages.

5.3 Australian state and territory population breakdown

All states and territories experienced positive population growth over the 12 months ended 31 March 2010. Western Australia recorded the largest percentage gain (2.3%) and Tasmania the smallest (0.9%). Queensland (2.2%) and Victoria (2.0%) also experienced strong growth. [54]

Table 5.1: Australian state and territory population figures, March 2010 [55]

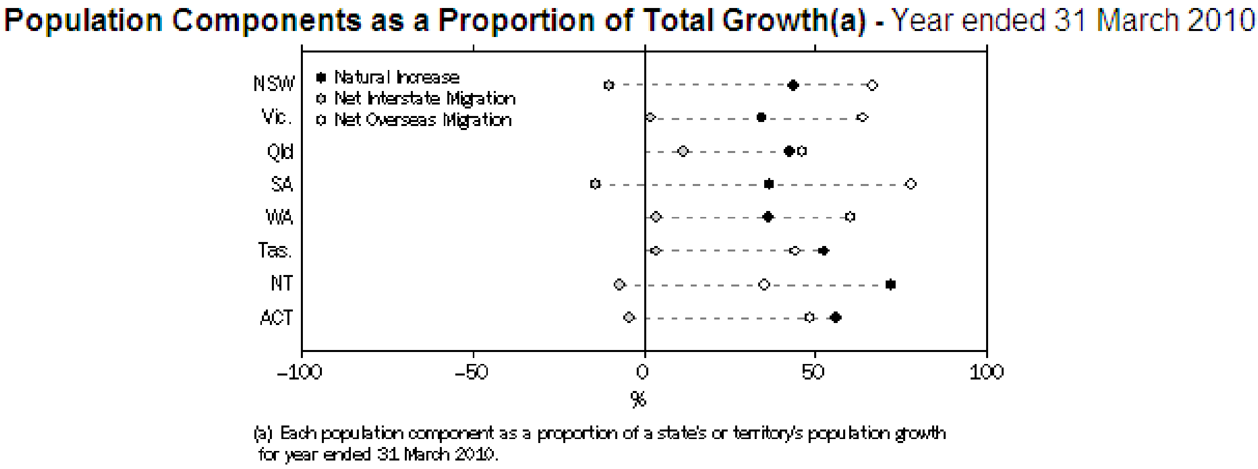
PRELIMINARY DATA	Population at end Mar qtr 2010 '000	Change over previous year '000	Change over previous year %
New South Wales	7 221.0	111.3	1.6
Victoria	5 529.4	106.8	2.0
Queensland	4 498.9	97.1	2.2
South Australia	1 640.7	21.0	1.3
Western Australia	2 286.1	51.6	2.3
Tasmania	507.1	4.6	0.9
Northern Territory	228.5	4.2	1.9
Australian Capital Territory	357.7	6.4	1.8
Australia(a)	**22 271.9**	**403.1**	**1.8**

(a) Includes Other Territories comprising Jervis Bay Territory, Christmas Island and the Cocos (Keeling) Islands.

[53] 'ABS 3222.0 'Population Projections 2006-2101', *ABS*, 2008
[54] ABS 3101.0 'Australian Demographic Statistics', ABS, March 2010
[55] ABS 3101.0 'Australian Demographic Statistics', ABS, March 2010

5.4 Net migration by state

Figure 5.3: Population components, proportion of total growth (a) – Year ended 31 March 2010[56]



At the state and territory level, population growth has three components: natural increase, net overseas migration and net interstate migration. Although all states and territories experienced positive population growth in the year ended 31 March 2010, the proportion that each of these components contributed to population growth varied between the states and territories. Natural increase was the major component of population growth in the Northern Territory at 72% (3,000 persons), the Australian Capital Territory at 56% (3,600 persons) for the year ended 31 March 2010.

The contribution of net overseas migration, as illustrated in the above graph, was the major component of population growth in South Australia at 78% (16,400 persons) for the year ended 31 March 2010, followed by New South Wales at 67% (74,300 persons). This was followed by Victoria at 64% (68,200 persons), Western Australia at 60% (31,100 persons) and Queensland at 46% (44,800).

5.5 Interstate migration

For the year ended 31 March 2010, Queensland experienced the highest positive net interstate migration with a gain of 11,000 persons. Other states and territories which experienced positive net interstate migration were Victoria (2,000 persons), Western Australia (1,700 persons), and Tasmania (160 persons). the Northern Territory (750 persons), and Tasmania (670). Net losses from interstate migration were recorded in New South Wales (-11,300 persons) and South Australia (-3,000 persons). Small net losses were estimated for the Northern Territory and the Australian Capital Territory (both -300 persons).[57]

[56] 'ABS 3101.0 - Australian Demographic Statistics', March 2010
[57] 'ABS 3101.0 - Australian Demographic Statistics', March 2010

6. Conclusion

Although Australia is recovering well from the global financial crisis with unemployment falling, full-time work increasing, and employer confidence rising, key workforce issues still remain. Critical skill shortages, retaining high performers, planning ahead for Australia's ageing workforce, and more flexible working options should be at the forefront of an organisation's workforce strategy. Attention must also be paid to the impact higher education will have on the future for both employers and employees. As Australia's population continues to expand, organisations will have to address supply and demand issues relevant to their workforc