

AUSTRALIA'S SKILLS SHORTAGE

And How Savvy Employers Are Overcoming It

Abstract

A guide for HR professionals and SMEs struggling to hire skilled workers in Australia. An overview of the Australian skills landscape, and practical advice on how to locate, attract and retain the best talent in the current highly competitive labour marketplace.



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1 INTRODUCTION:

The global economy is changing at a rate faster than ever before.

In the past two decades, traditional industries like retail and transport have been turned on their heads. Millions of traditional jobs have disappeared, replaced by opportunities in the new economy, which ten - or even five - years ago existed only in the imagination.

The large-scale shake up of industries like transportation (Uber, Tesla and Google), Hotels (AirBnB) and of course retail (Amazon and Alibaba) has created a rapid need for new technical skills.

Australia, closely connected with the global economy, is acutely feeling the impacts of these changes. A huge number of new opportunities have been created, however, Australian governments are not responding quickly enough to train new kinds of skilled workers that our companies need, in order to take advantage.

This is especially the case in STEM (Science, Technology, Engineering and Mathematics) roles. In these skilled industries, workers are needed immediately – but a trainee commencing today won't be industry ready for up to five years.

Faced with a shortage of valuable workers in Australia, companies are now having to seek out talent wherever it exists.

For HR managers, even in smaller companies, this has resulted in having to compete with international companies for the best employees. At the same time, it has meant dealing with a complicated and restrictive Federal government scheme for sponsoring skilled workers to come to Australia.

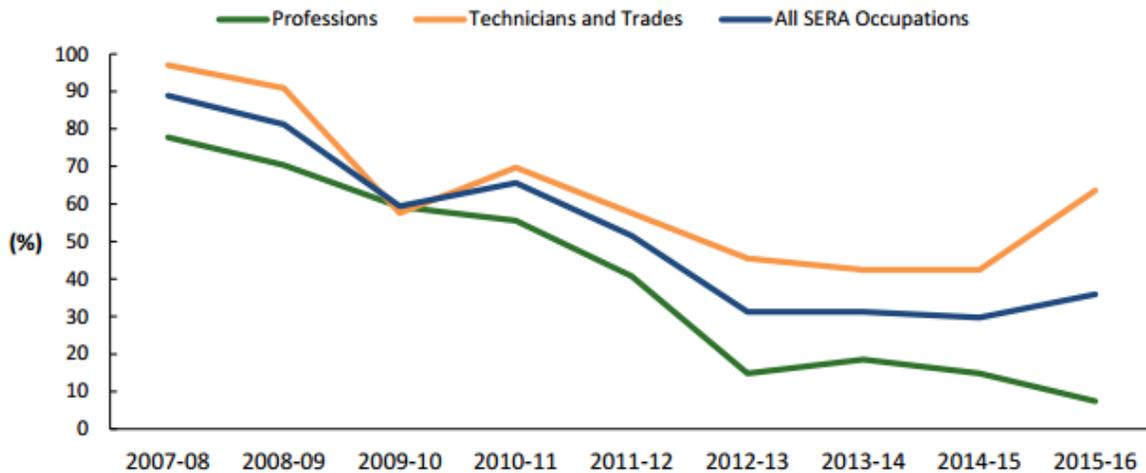
Understanding the system and how to identify and attract the best talent in the global skills market will be key to success and growth over the coming decades. Companies that fail to adapt will suffer, while those that know how to play the game - and use the rules to their advantage - will thrive over their competitors.

2 WHICH WORKERS DO AUSTRALIAN EMPLOYERS NEED?

According to the Australian Government, the overwhelming majority of occupations suffering serious skills shortages are the trades, with 22 trades identified as experiencing problems attracting skilled staff, as opposed to only three professions - all in the health sciences.

After a fairly consistent decline as the mining boom faded from view, since 2014 demand for skilled workers in the trades has shot up sharply, while demand in the professions continued to decline, as students have abandoned traditional vocational pathways in favour of university courses:

Proportion of assessed occupations in shortage, Australia, 2007-08 to 2015-16 (%)



Based on a set of consistently assessed occupations

Source: Department of Employment; Skills Shortages – Statistical Summary 2015-16¹

Indeed, in the five years to 2015, domestic university enrolments increased almost a quarter - from approximately 850,000 to over 1 million.² Over the same five-year period, domestic Vocational Education and Training (VET) enrolments remained flat.³

Since 2015, the number of students enrolled in VET has crashed out dramatically - and growth in university enrolments continues, as more and more domestic students are turned off vocational training.

There are three main reasons for this trend:

- Decisions by various Governments - Federal and State - to reduce funding to the VET system, which has resulted in fewer subsidised places for students, and more variance in the quality of qualifications being delivered.
- The VET system has been tarnished in recent years by 'cowboy' operators of training providers, who enter the market to make some quick money and leave, letting their colleges collapse with tens of thousands of VET students being left out in the cold with no qualifications, no refunds and a lot of wasted time.

- The Federal Government’s decision in 2012 to introduce the ‘demand driven’ model for university places, which for the first time allowed universities to enrol as many students in their programs as they like.

The result of this policy is that the Government is no longer able to apportion students to programs in response to economic needs (e.g. by subsidising more courses in IT or the sciences - where huge demand exists for new workers - and less in psychology and history, where it does not).

Negative impacts of “education policies, such as limiting government subsidised places under skilling programs and the lifting of the caps on university places” have led to students turning their backs on vocational training.

- Dr Mette Creaser, National Manager - Statistics and Analytics, NCVET ⁴

There is not yet any evidence of Australian students returning to VET - indeed, it is likely to take a very long time for student numbers to return to their 2014-15 levels.⁵

Which occupations are suffering from shortages the most?

Professions:

According to the Department of Employment, three professional occupations are currently in national shortage. These are: Optometry, Sonography and Audiology⁶.

In addition, employers are having difficulty recruiting staff in a range of professions, from veterinary medicine to tax accountants and web developers.

According to a 2015 report by the Australian Computer Society and Deloitte Access Economics,⁷ Australia can expect a shortfall of 100,000 skilled ICT professionals by 2020, which is not being helped by continued falling rates of enrolment in ICT courses.

Trades:

The shortfall of suitable employees in the trades is a tremendous problem. Australia currently has enormous unmet demand for workers from chefs and hairdressers to arborists and butchers to the automotive trades and a wide range of construction roles.

These shortfalls are seriously hampering local industry’s ability to grow and succeed, artificially driving up labour costs. And despite this, enrolments in relevant vocational courses continue to fall.

The effect of this is not only to prevent the growth and success of individual small and medium businesses, but to dramatically crimp Australia’s economic growth - and that affects all Australians.

3 WHERE ARE THE SKILLED WORKERS?

Unfortunately, the demand for new workers by Australian businesses is not being met by Australia's education and training systems. For employers, this leaves them three options:

- Invest large amounts of time and money in upskilling their own workers (which then have to be replaced)
- Accept a slower than desired rate of growth in their business, or
- Find suitable workers overseas and sponsor them to work in Australia.

Increasingly, employers are deciding that the best option for them, to ensure their businesses are able to enjoy continued success, is to take the third option.

While sponsoring a worker to come to Australia does entail some administrative work, the benefits to Australian businesses include:

- Accessing highly-trained and experienced staff, who are ready to step into the job on day one
- Not having to compete for limited workers within Australia's small talent pool
- Accessing more specialised staff from a much broader employment marketplace
- Engaging employees that are hard-working and keen to impress
- Infusing their business with international experience and perspectives
- Increased certainty - as an employee must remain employed with a sponsor organisation in order to remain in Australia
- Comparable Speed - once their application is lodged, the new employee will have their feet under the desk in just 2-3 months. This compares favourably with the average 68 days it takes to fill a role domestically.⁸

There is a huge global supply of skilled workers, who are increasingly looking abroad for opportunities to grow. Between 2001 and 2011, the number of tertiary-educated migrants in OECD countries increased by 70 per cent to 35 million.⁹

On June 30 2016, there were 94,890 temporary skilled sponsored workers in Australia. Of these, 5.2% were chefs - the most popular job category. The second most popular category was Developer/Programmer; 4.7% of the total.¹⁰

The top three origin countries for sponsored workers were:

- India (24.8%)
- UK (17.2%)
- China (6.3%)

The average salary for sponsored workers, by industry, ranged from \$58,000 (Accommodation and Food Services) to \$171,400 (mining).

4 HOW CAN EMPLOYERS TARGET AND ATTRACT SKILLED WORKERS?

The below guide brings together tips and suggestions from a range of sources including Governments, think tanks and industry bodies¹¹, on how to identify, recruit and retain the best staff from overseas.

Step One: Research

In order to ensure that your offering is going to connect with an overseas audience, it's important to answer "some/ a few" simple questions:

- Is the job title the same overseas as in Australia? If they can't understand what the job is, you might miss the perfect candidate.
- What are the required qualifications overseas, and will they translate to Australia? Skilled sponsored visas include skills requirements, so if in doubt check with your relevant industry body early.
- Where are the most qualified candidates likely to be? If you want a chef for your French restaurant, it makes sense to limit your search to France. But if you are looking for a systems engineer, where are the best candidates likely to be?
- Are there international recruitment agencies that can help you? Sometimes, all you need to do is peruse their website in order to get your first leads.
- Which employment sites have the greatest reach overseas? Where are these candidates searching for jobs?

Step Two: Public Face

The first place a potential candidate will look if they're interested in working with you is your website or job ad. Does your recruitment page make clear that you will accept applicants from outside Australia? If so, you may find the perfect candidate comes to you. Ensure you make it clear what support will be given to the right candidate, including your willingness to sponsor them for a skilled visa.

Make sure you infuse your recruitment ads with your corporate personality – being true to your company's culture is the best way to attract employees who will be a good fit.

Cross-cultural hiring can be a challenge. Recruitment practices common in Australia are not necessarily standard in other countries, so it's important to be sensitive to local preferences and be up-front about the process so candidates understand what to expect.

Step Three: Connect

Now that you're confident you'll keep a prospect's interest with your online offerings, it's time to find them.

Advertising your vacancy on a recruitment website is likely the easiest and most efficient way of getting the word out about your vacancy. It may seem counter-intuitive, but it is likely that people who are interested in moving to Australia to work will already be searching Australian employment websites.

Taking it up a level, recruiting directly in overseas markets - typically through the most popular job portals - is a way to specifically target people in your preferred locations, but who may not have yet thought about moving to Australia. In either case, it is important to address factors that will be

important to potential applicants – including the support that is available for them and their families in making a major international move.

Finally, think laterally about where your ideal candidate is spending their time - perhaps if they're a restaurant manager, they're on social media sharing beautiful pictures of their current restaurant. If they're a web developer, perhaps they're on GitHub or Angel List.

If they're an engineer, maybe they're in a specialist forum. If you're the only employer in a pool of possible candidates, you're going to be in very good shape.

Step Four: Value Proposition

While it is of course crucial to spell out what assistance your prospect and their family can expect from your company (in terms of visa sponsorship, relocation and integration assistance, etc.), don't forget that when they make the decision to come you aren't the only thing they're buying - they're also buying a new life in Australia.

So don't be shy in emphasising the virtues of this amazing country and all it has to offer for them and their family. If you are looking for resources, there is plenty available from the Government's tourism portal: Australia.gov.au.

Sell the new life they're going to be beginning, not just the job. Get them excited about the move, and you will be guaranteed to have a loyal, motivated, happy worker arrive on your doorstep.

Step Five: Keep Adding Value

Once your new employee starts with your company, you have a fantastic opportunity to build that relationship and ensure you continue to add value to each other for years to come. After all, you have already both made a significant investment in getting to this point!

Help them start their new life in Australia smoothly by thinking through the following points:

- Your company is probably very different from their past experience. In order to ensure you both get the most out of their engagement, a proper and well-planned induction is essential.
- To help your worker and their family settle into a new environment, a mentor or buddy can be really useful to make sure that the transition is smooth.
- Are your current employees ready and keen for the new arrival? Do they know what to expect? Are they ready to provide support and assistance?
- Are your human resources processes able to accommodate a worker from overseas?
- Can you provide assistance in finding accommodation and schools?
- Find out some personal information about your worker and their family. What sports or other social groups are they interested in? Research some starting points for them when they arrive.
- Provide a 'Welcome Pack' for your new employee. This could include things like:
 - public transport maps and timetables
 - information about services and facilities in both the area they will live and work (banks, schools, medical centres, cinemas, shopping centres, etc.)
 - a list of public holidays

- information about setting up the administrative aspects of life (bank accounts, tax file numbers, Medicare, driving licences etc.), and
- a list of links to useful websites (local news, entertainment sites, sporting groups, etc.).

If you do your planning and recruit carefully, you will be well set up for a strong, positive relationship with your new employee. This will not only strengthen your business, but establish a framework for future successful hires.

5 ABOUT THE AUTHOR:



Migration Edge specialises in helping Australian employers seamlessly import talent from around the world to grow and strengthen their businesses.

Experts in not only skilled and semi-skilled visa matters, but also the needs of employers and the broader skills market in Australia, we understand your needs and take care of all the details to ensure your business is not disrupted by delays or complications in the process.

Commitment to Social Justice:

As Migration Agents and lawyers, we are in a uniquely privileged position to help those that really need it – refugees – in their hour of need.

We have long been deeply committed to contributing and dedicate a large proportion of our office time to providing free advice, advocacy and assistance for humanitarian clients.

Find out more at our website:

www.migrationedge.com.au

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