



Government of **Western Australia**  
Department of **Training**  
and **Workforce Development**



# Skilling WA —

A workforce development plan for Western Australia

Second edition

## **Skilling WA partners**

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Department of Commerce  
Department of Education  
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Department of Finance  
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Tourism Western Australia  
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Industry Training Councils

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# MINISTER'S FOREWORD

In 2010, the State Government released *Skilling WA – A workforce development plan for Western Australia (Skilling WA)*. This whole of Government workforce planning and development framework was developed to build, attract and retain a skilled workforce that is flexible, diverse and responsive to changes in labour market, economic or social conditions.

Since the release of *Skilling WA* in 2010, considerable progress has been made in implementing each of the priority actions contained in the plan, with many initiatives now embedded in State Government operations.

The changing face of Australia's economic landscape poses challenges to the State of Western Australia which has been the powerhouse of the national economy for almost a decade.

As the construction phase for many of the State's major resource and infrastructure projects transition to the operational phase, there will be a corresponding change in the sector's skills requirements. In addition to these changes, challenges are emerging in other industries such as the health, education and community health sectors where a significant growth in demand is expected over the coming years.

In response to the emerging challenges, the State Government has produced *Skilling WA – A workforce development plan for Western Australia, second edition (Skilling WA, second edition)*. This document builds on the achievements and progress made over the past four years and positions the State to address current and future workforce planning and development challenges at a State, regional, industry and enterprise level.

I commend *Skilling WA, second edition* to you and encourage industry, government and community stakeholders to continue to collaborate on workforce planning and development initiatives, to ensure Western Australia remains positioned to take advantage of emerging economic opportunities.



Dr Kim Hames MLA  
Deputy Premier;  
Minister for Training and  
Workforce Development

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# DEPARTMENT OF TRAINING AND WORKFORCE DEVELOPMENT

The Department of Training and Workforce Development works with industry, community organisations and other government agencies to build a productive, inclusive, efficient and mobile workforce which meets the economic and community needs of Western Australia. This responsibility is articulated by our vision and mission.

## Our vision

All Western Australians can be part of a skilled workforce to meet the economic and community needs of Western Australia.

## Our mission

We work to build the Western Australian workforce to meet the State's economic and community needs.

The primary functions of the Department can be categorised into three broad categories:

- **Coordinating strategic workforce planning and development:** the Department implements the State Government's Future Skills WA initiative; coordinates the development and implementation of *Skilling WA – A workforce development plan for Western Australia* and the State's nine regional development plans in partnership with industry, community organisations and other government agencies; funds Western Australia's 10 industry training councils; promotes workforce planning and development practices to business and industry; advocates on behalf of Western Australia to maximise skilled migration outcomes; and provides data analysis and forecasting services to collate the *State priority occupation list*, *Priority industry qualification list* and the *Western Australian skilled migration occupation list*.
- **Delivering workforce development services:** the Department oversees the Western Australian apprenticeship and traineeship system through the ApprentiCentre; provides career development services through the Career Centre and workforce development centres; and promotes sustainable employment and training outcomes for Aboriginal and Torres Strait Islander people through Aboriginal Workforce Development Centres.
- **Managing funding and delivery of training:** the Department manages the public resources and infrastructure in the State's vocational education and training system, including State Training Providers. The Department also plans, funds and monitors publicly funded training provided by the State Training Providers, as well as private registered training organisations and group training organisations.

The Department has also taken a lead agency role in implementing a number of priority actions in *Skilling WA, second edition* across the above three categories. A summary of these priority actions can be accessed on the Department's website.

**“Building the workforce to meet the economic and community needs of Western Australia”**

## Message from the Chamber of Commerce and Industry of Western Australia

“ Western Australia’s economy has flourished in recent years, on the back of major investment in the resources sector and demand for key commodities. Our abundance of natural resources has meant that Western Australia has become one of the wealthiest places in the world, while more than 375 000 jobs have been created over the past decade.

However, the economy is in transition as resources investment peaks and major projects move into the operational phase. The drivers of the economy are changing, and so too will our labour force needs.

It is important that we take a long term approach to our skills needs. The future for Western Australian looks bright. Business needs access to a skilled workforce to take full advantage of this. We must be ready to capitalise on the opportunities presented by the emerging middle class in Asia in areas such as food and agriculture, niche manufacturing, consumer goods and services including health, education and tourism.

On behalf of the business community, the Chamber of Commerce and Industry of Western Australia (CCIWA) looks forward to continuing its work with the Department of Training and Workforce Development on its workforce plan for the State, *Skilling WA, second edition*. Working collaboratively will assist Western Australian business access to an appropriately skilled workforce and will maximise opportunities for Western Australians for many years to come.



Deidre Willmott  
Chief Executive  
Chamber of Commerce  
and Industry of  
Western Australia

**Deidre Willmott**  
Chief Executive  
Chamber of Commerce and Industry of Western Australia

## Message from the Chamber of Minerals and Energy of Western Australia

“ The Chamber of Minerals and Energy of Western Australia commends the Department of Training and Workforce Development and the State Government on the compilation of *Skilling WA, second edition*.

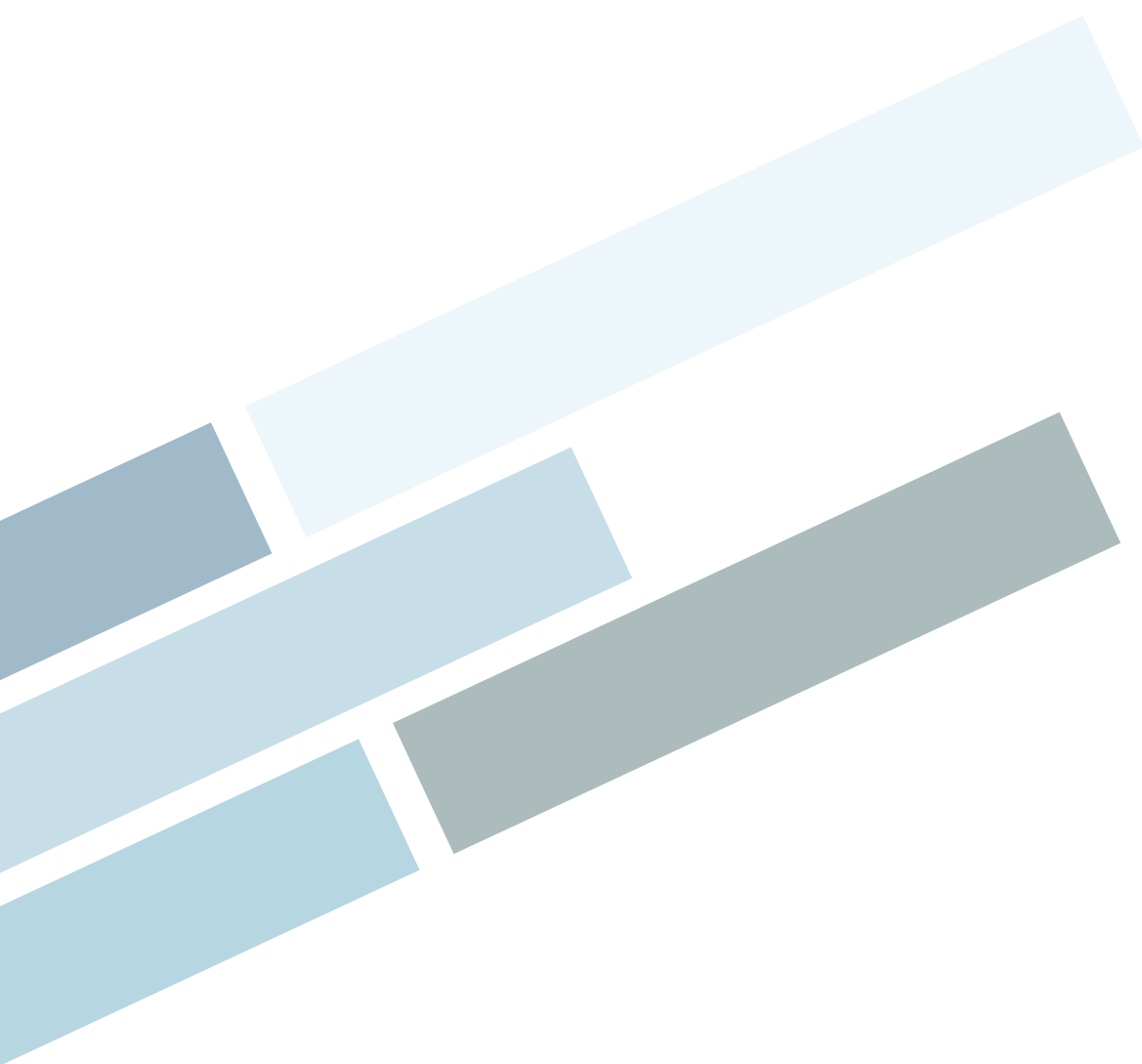
With the resources sector in transition from construction to operations and the continued influence of innovation and technology on our sector, the skill needs of the sector and indeed the State will be changing.

The second edition of *Skilling WA* will make a valuable contribution to understanding Western Australia’s workforce planning and development challenges and will articulate crucial strategies to ensure changing skill needs will be met. The Chamber looks forward to working with the Western Australian Government and all stakeholders in training the Western Australian workforce for the jobs of the future.



Reg Howard-Smith  
Chief Executive  
Chamber of Minerals  
and Energy of  
Western Australia

**Reg Howard-Smith**  
Chief Executive  
Chamber of Minerals and Energy of Western Australia



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# INTRODUCTION

*Skilling WA – A workforce development plan for Western Australia* (*Skilling WA*) is a workforce planning and development strategy developed to build, attract and retain a skilled workforce that is flexible, diverse and responsive to changes in labour market, economic or social conditions.

Since the release of *Skilling WA* in 2010, considerable progress has been made in implementing each of the 68 priority actions contained in the plan, with many initiatives now embedded in State Government operations<sup>1</sup>.

Further to this, the Western Australian economy continues to undergo structural change, with many resource sector construction projects now entering the operational phase, and non-resources sector industries (health, community services, education and scientific services) expected to experience significant employment growth over the next three years. This will bring with it new workforce challenges as the State's workforce adapts to these new demands<sup>2</sup>. Further information on the State's economic and labour market outlook can be found at Appendix 1.

In response to emerging challenges, the State Government has produced *Skilling WA – A workforce development plan for Western Australia, second edition* (*Skilling WA, second edition*).

*Skilling WA, second edition* will build on the work of the first edition by coordinating the efforts of State Government agencies, in collaboration with industry, community and Commonwealth Government stakeholders, to position the State to address current and future workforce planning and development challenges. Only through government, industry and employers collectively taking responsibility for workforce planning and development can the workforce be developed to meet the State's needs.

Consistent with the first edition of *Skilling WA*, this strategic directions document sets the framework for workforce planning and development in Western Australia and is aimed at building, attracting and retaining a skilled workforce to meet the economic needs of the State. The overarching objective of *Skilling WA*, to maximise the availability of skilled labour to meet the needs of employers, the community and the individual, will be pursued through directing efforts towards five strategic goals (see figure 1).

<sup>1</sup> A report on each of *Skilling WA*'s priority actions can be found in the *Skilling WA Final Report 2010 – 2014*, available from [dtwd.wa.gov.au](http://dtwd.wa.gov.au)

<sup>2</sup> A series of six discussion papers outlining contemporary workforce planning and development issues facing Western Australia can be found at [dtwd.wa.gov.au](http://dtwd.wa.gov.au)



Figure 1: Skilling WA, second edition: Strategic goals

Goal 1		Goal 2	Goal 3	Goal 4	Goal 5
Increase participation in the workforce particularly among the under-employed and disengaged, mature aged workers, Aboriginal and Torres Strait Islander and other under-represented groups.		Supplement the Western Australian workforce with skilled migrants to fill employment vacancies unable to be filled by the local workforce and address those factors which support a growing population.	Attract workers with the right skills to the Western Australian workforce and retain them by offering access to rewarding employment and a diverse and vibrant community and environment to live in.	Provide flexible, responsive and innovative education and training which enables people to develop and utilise the skills necessary for them to realise their potential and contribute to Western Australia's prosperity.	Plan and coordinate a strategic State Government response to workforce development issues in Western Australia.
Areas of strategic focus					
1.1	Industry and government leadership	2.1	3.1	4.1	5.1
		Demand driven and needs based immigration system	Infrastructure planning	Language literacy and numeracy	Workforce development planning model
1.2	Childcare services	2.2	3.2	4.2	5.2
		Responsive State nominated and regional sponsored migration programmes	Region building, attraction and retention	Pathways to work and further education and training	Stakeholder engagement
1.3	Youth			4.3	5.3
				Vocational Education and Training in Schools (VETiS)	Workforce development information
1.4	Aboriginal workforce development	2.3	3.3	4.4	5.4
		Migration settlement support	Affordable housing	Sustainable student centred training system	Regional workforce planning and development
1.5	Mature-aged worker participation	2.4	3.4	4.5	5.5
		Marketing Western Australia	Enterprise focus	Apprenticeships	Employer engagement
				4.6	
				Higher education and training pathways	
				4.7	
				Procurement framework	
<b>Priority actions implemented by lead and support agencies</b> For a complete list of current priority actions, visit <a href="http://dtwd.wa.gov.au">dtwd.wa.gov.au</a>					

A 2012-13 independent evaluation of *Skilling WA*'s framework found that the five strategic goals remained relevant and applicable to Western Australia's emerging workforce development challenges. This was further reinforced by industry, community and government stakeholders during the *Skilling WA* consultations.

Aligned to these strategic goals are 25 areas of strategic focus, each aimed at overcoming the key issues facing Western Australia's workforce and identified through comprehensive research and extensive stakeholder consultations.

These areas of strategic focus are supported by priority actions which detail the project, program or policy initiatives to be undertaken and will be published in the *Skilling WA* priority action register<sup>3</sup>.

Strong economic growth, coupled with *Skilling WA*'s coordinated approach to workforce development, has resulted in Western Australians being presented with more career opportunities than ever before. Similarly, Western Australian employers have access to a greater range of skilled workers and support to further develop their workforce.

Key challenges<sup>4</sup> still exist for government, employers and workers to achieving their (at times competing) goals. These include:

- a rapidly ageing population;
- natural attrition (retirement or withdrawal from the workforce);
- the need for higher level and differing skills as construction projects transition to the operational phase;
- the desire to improve participation rates, especially for those under-represented in the workforce;
- access to a diverse, appropriately skilled workforce (including skilled migrants) to meet the needs of employers in peak demand periods; and
- the importance of an integrated whole of government response to addressing workforce planning and development issues and barriers.

A further challenge for industry and the State Government is ensuring any policy and strategic response to these issues are appropriate in an environment of uncertainty due to the ever evolving economic and labour market. Responses need to be flexible to be able to adapt to these changes and minimise any workforce challenges that result.

To position Western Australia to be able to respond to this uncertainty, the State Government, through the State Training Board, commissioned the *Workforce scenarios and projections – Western Australia* project<sup>5</sup>. The project provides an indication of potential workforce challenges resulting from four alternative but plausible workforce futures for Western Australia to 2030.

The areas of strategic focus and the corresponding priority actions outlined in this document are commitments made by the State Government and its stakeholder partners to:

- improve both the quality and quantity of education and training outcomes;
- increase the participation of those traditionally under-represented in the workforce;
- maximise the benefits to the State from the National Migration Program; and
- make Western Australia and its employers a destination of choice for local and interstate workers, as well as overseas migrants.

The continued participation of industry, employers and the community in providing advice and intelligence on emerging labour market trends and issues and in developing projects to address these issues will be critical to the delivery of these commitments.

Through the Department of Training and Workforce Development, the State Government will continue to engage with industry, employers and the community to ensure that their participation is maximised and *Skilling WA*'s initiatives remain focussed on Western Australia's contemporary workforce development issues.

<sup>3</sup> Available at [dtwd.wa.gov.au](http://dtwd.wa.gov.au)

<sup>4</sup> Further discussion of these and other workforce development issues facing Western Australia can be found in a series of *Skilling WA* discussion papers available at [dtwd.wa.gov.au](http://dtwd.wa.gov.au)

<sup>5</sup> More information available within Appendix 1.



## THE WESTERN AUSTRALIAN LABOUR MARKET

Western Australia has been a major contributor to Australia's economic health and prosperity over the past decade, largely due to the record levels of resource related investment and development in the State.

The State's economy is now moving away from this investment phase, with many resource projects transitioning into their less labour intensive production phases which require a different mix of skills. The State is also facing a number of dynamic challenges. Continuing global economic uncertainty, falls in resource prices, moderating investment and softer consumer and business confidence have all combined to cause subdued labour market conditions over the past year.

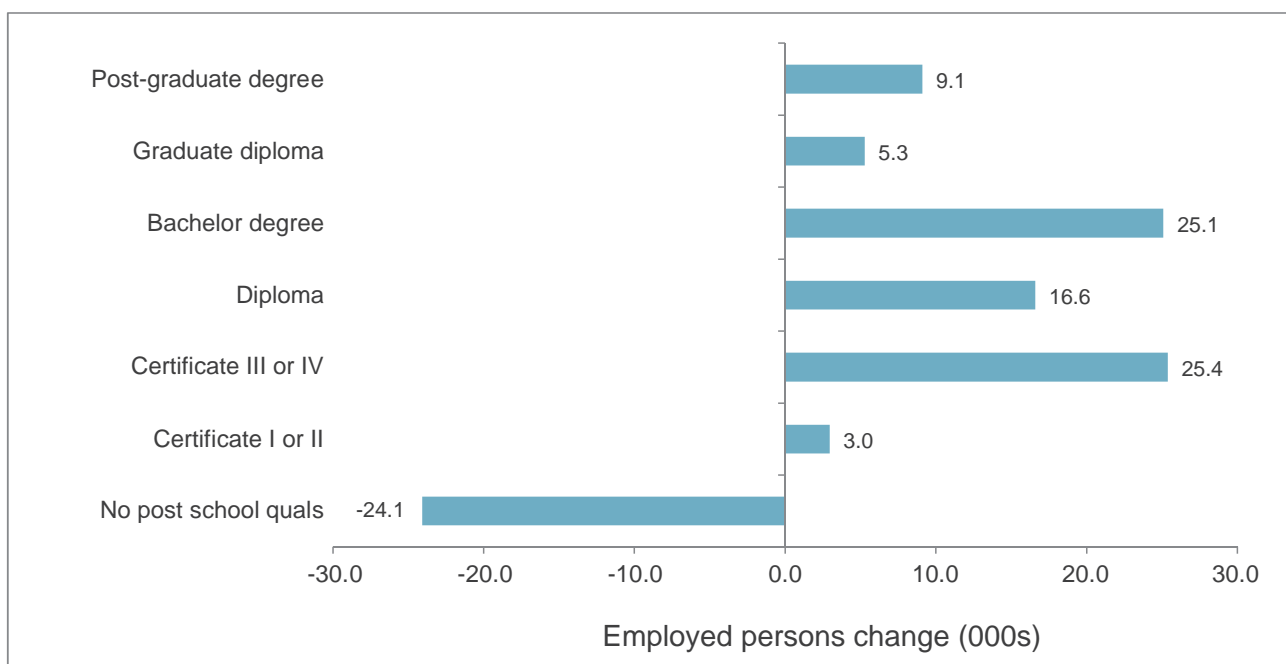
Despite this moderation, the State's unemployment rate has managed to stay lower than the national unemployment rate. While Western Australia's economic fundamentals remain broadly sound, the State's economy is forecast to expand at more modest rates over the next few years compared to recent history, with unemployment expected to remain relatively unchanged.

This changing nature of the State's economy, coupled with continued technological advancement, have led to forecasts indicating employers will increasingly look for applicants who hold some level of post school qualifications, and have higher skill levels (see figure 2).

While labour demand in the State is expected to remain moderate over the next few years, an expected slowing in working age population growth, driven by the State's ageing demographics, reinforces the importance of engaging and transitioning people into the workforce. In addition, the State's current level of unemployment, particularly for youth, suggests the supply of skills is still not suitably matching skills in demand.

These and the other dynamics described above reinforce the need for continued vigilance in planning for the development of the State's workforce. Only through the strategic development of the State's workforce will employers gain access to appropriately qualified workers and will individuals be able to maximise their participation in the workforce and reach their career aspirations.

Figure 2: Western Australian projected jobs growth by qualifications (2013–14 to 2017–18)



Source: Centre of Policy Studies, 2013



# AREAS OF STRATEGIC FOCUS

## Goal 1

Increase participation in the workforce particularly among the under-employed and disengaged, mature-aged workers, Aboriginal and Torres Strait Islander and other under-represented groups.

Increasing workforce participation is a major challenge for Western Australia where historically, the State's workforce participation rate has been one of the highest in the country, thanks to strong economic growth and labour demand.

Even more difficult is increasing the participation of those who are under-represented in the workforce. In periods of strong economic growth, traditional sources of labour become increasingly difficult to access. Therefore, increasing workforce participation levels amongst those under-represented in the workforce is essential in addressing the State's long term labour needs.

Many of the under-represented groups face unique challenges or barriers to employment. This will require a coordinated approach from government, industry and community stakeholders to address. Western Australia's youth, Aboriginal persons and those caring for children face considerable barriers in finding employment. At the time of the 2011 Census, the unemployment rate for young people (aged between 15 and 24) was twice that of the wider labour force, while only 42% of Aboriginal persons of working age were employed, compared to 61% of non-Aboriginal persons<sup>6</sup>.

6 ABS 2011, Census of Population and Housing, custom data request, employed and unemployed persons in Western Australia.



While Western Australia has one of the highest workforce participation rates in the country, there is a significant imbalance between the participation rate of males (76.4%) and females (60%)<sup>7</sup>. Part of this imbalance can be explained by a lack of access to child care services, with 24% of female respondents<sup>8</sup> to a recent Australian Bureau of Statistics survey indicating that the main reason for not working was that childcare was too expensive or not available<sup>9</sup>.

The planned increase to Australia's retirement age will necessitate a focus on improving the employment outcomes for mature-aged Western Australians. At the time of the last Census, Western Australia's labour force participation rate was 64%<sup>10</sup>. For those aged 60-64 the rate had dropped to 55%, and even further to 28% for those aged 65-69. Governments of all levels, industry and community stakeholders will need to work together to ensure that workers in these age groups continue to get the support they need to remain productive in the workforce.

Other groups traditionally under-represented in the workforce include:

- persons with limited language, literacy and numeracy skills;
- persons with dependents or wishing to return to work after a significant absence from the workforce;
- persons with disability or chronic illness;
- persons from culturally and linguistically diverse (CaLD) backgrounds; and
- persons who have been out of the workforce for a significant time (the long term unemployed) and those who are disengaged.

Barriers to entering the workforce for these groups vary widely, as do the levels of support and services required for people to become work ready. Therefore a focus on working with employers to encourage them to adopt flexible workplace arrangements, linking work with training programs, promoting access to childcare services, setting out clear pathways to employment for younger people, enhancing training and employment outcomes for Aboriginal people and reducing barriers for mature-aged workers remains vital.

To address these issues, the areas of strategic focus are:

### 1.1 Industry and Government leadership

The State Government will continue to work with industry training councils, peak employer groups, industry associations and public authorities to facilitate greater employment of people from under-represented groups.

### 1.2 Childcare services

The State Government will support the planning and delivery of childcare services in regional Western Australia to facilitate greater engagement of women and carers in the workforce.

### 1.3 Youth

The State Government will work with industry and other stakeholders to improve the engagement of young people in education and training, and in pathways to employment.

### 1.4 Aboriginal workforce development

The State Government will continue to enhance training and employment outcomes for Aboriginal people.

### 1.5 Mature-aged worker participation

The State Government will work with government, industry and community stakeholders to identify and address the barriers faced by mature-aged workers in remaining in or entering the workforce.

<sup>7</sup> ABS Cat. No. 6202.0, Table 08 (Seasonally adjusted figures), April 2014.

<sup>8</sup> Females with children less than 15 years old.

<sup>9</sup> ABS Cat. No 6239.0 Barriers and incentives to labour force participation, Australia, July 2012 to June 2013.

<sup>10</sup> ABS 2011, Census of Population and Housing, custom data request, labour force participation rates.



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## Goal 2

Supplement the Western Australian workforce with skilled migrants to fill employment vacancies unable to be filled by the local workforce and address those factors which support a growing population.

Western Australia has a long history of welcoming migrants to its shores with the promise of work and prosperity, and these migrants have been instrumental in shaping the State as we know it today. Whether it be technical expertise or specialist knowledge, many Western Australian employers and projects would not have flourished without migrants and their skills.

Access to the National Migration Program continues to be essential for employers to meet their skills needs when the local labour market cannot meet the demand. While the State Government's first workforce development priority is to train and skill local residents for the workforce, it must continue to advocate (with the Commonwealth Government) for flexibility in the national skilled migration system, (both temporary and permanent) so local employers can access the skills they are unable to recruit locally.

While managing the National Migration Program is primarily a role for the Commonwealth Government, the State also has a key role to play in both the State Nominated Migration Program and the Regional Sponsored Migration Scheme. Through nominating migrants for permanent residency and assessing employers' need for a permanent migrant worker, the State Government both facilitates access to essential skills that are in short supply and provides oversight to ensure that sufficiently skilled local workers are also given the opportunity to compete for employment vacancies. Through extensive labour market analysis and consultation with industry and community stakeholders, the State Government continues to implement policies which enable local employers to access these programs when local workers cannot be found.

The competition for overseas workers does not only exist between employers, but also between countries. As the barriers between geographical economies continue to be reduced through trade agreements, technology and increased mobility, competition for labour (especially amongst developed countries) will grow. Western Australia not only competes with other Australian states and territories for skills, but also with advanced economies such as the United States of America, Canada and the United Kingdom. Developing countries and those rich in resources are also highly competitive for technical skills, especially in the areas of resources, engineering and construction. Western Australia must continue to promote its opportunities and lifestyle to attract the highest quality skilled migrants to ensure the State's employers are equipped with both the quantity and quality of skills they need.

The historical inflow of migrants to Western Australia has resulted in a highly multicultural society, with almost a third of its residents born overseas. While this large proportion of overseas born residents in Western Australia provides many economic and social benefits, it also presents challenges for the State to facilitate their settlement into the Western Australian community.

While skilled migrants are vocationally prepared to enter the Western Australian workforce, they often encounter difficulties in settling into the community, which can have an adverse impact on their employment outcomes. Further, dependants of skilled migrants or those who enter Australia via other visa streams may also have aspirations to enter the workforce, but are hindered by barriers to them gaining access to housing, schooling, health care and other community and social services. The sooner these barriers can be overcome, the sooner these new Western Australians can join the workforce.

Government and community stakeholders will need to work together to provide information and services which welcome migrants into our community and enable migrants to maximise their social, community and workforce aspirations.

To address these issues, the areas of strategic focus are:

### **2.1 Demand driven and needs based immigration system**

The State Government will continue to advocate to the Commonwealth Government for an ongoing focus on a demand driven national skilled migration system which gives priority to the temporary and permanent employer nominated programs and those localities, industries and occupations identified as having the greatest need.

### **2.2 Responsive State nominated and regional sponsored migration programmes**

The State Government will monitor and manage the State Nominated Migration Program to ensure maximum flexibility to meet the needs of employers and the State's economic and labour market conditions.

### **2.3 Migration settlement support**

The State Government will develop targeted services in partnership with other stakeholders to facilitate permanent and temporary worker settlement in the Western Australian community and workplace.

### **2.4 Marketing Western Australia**

The State Government will promote Western Australia as a destination of choice for potential migrants through the provision of targeted information and marketing campaigns.

## Goal 3

Attract workers with the right skills to the Western Australian workforce and retain them by offering access to rewarding employment and a diverse and vibrant community and environment to live in.

The past decade has been a period of exceptional growth for the Western Australian economy, fuelled by strong demand for the State's resources. This growth in economic activity has seen a subsequent increase in the demand for workers, especially in the State's regional areas. This has created significant challenges for the State and its employers in providing the infrastructure necessary to both sustain the increase in population and also to provide the amenities and facilities to attract workers to settle in the State.

Western Australia's population growth continues to be one of the fastest in Australia. Between the 2006 Census and the 2011 Census, the State's population grew by 14.3%, compared to the rest of Australia which grew at 7.7%<sup>11</sup>. In comparison, the Pilbara region of Western Australia experienced population growth of 46% over the same period<sup>12</sup>. This growth has seen a demand for infrastructure and services unprecedented in the State's history. To address this, a strategic and integrated approach to planning has been adopted by the State Government. Partnering with private and non-government sectors has seen the delivery of key infrastructure in regional areas. Royalties for Regions, Pilbara Cities, and the planned SuperTowns will deliver accommodation and services for families closer to where many of the jobs are located. By investing in built and social infrastructure, the State Government will continue to build sustainable and diverse communities in regional Western Australia.

A key focus of the State's infrastructure program is the provision of affordable housing. Many services in regional Western Australia remain under-resourced due to the lack of available workers who can afford the above average housing costs. Through the continuation of the *Affordable Housing Strategy*,

the State will work with key partners to increase the availability of housing for low income earners, key service workers, those working with non-government organisations as well as assisting those seeking to transition into employment.

Catering for the infrastructure needs of such a growing population requires a coordinated response of a number of key State Government agencies and private sector stakeholders. This in turn requires integrated planning efforts between State Government agencies who are fully informed of the workforce needs of the State and its regions. Through the Western Australian Planning Commission, these State Government agencies will work together to consider the needs of the State's workforce and plan for the continued development of the State's regions to build liveable communities which will further attract and support workers.

Attracting workers to Western Australia and its regions however is only part of the solution. During periods of economic expansion the competition for skills and labour can lead to skill shortages which can directly impact on an organisation's productivity. Enterprise based workforce planning can help mitigate these negative impacts by informing managers of their future workforce needs and by guiding the planning and implementation of workforce development strategies.

In partnership with industry stakeholders, the State Government's *Workplace Essentials for Better Business* initiative has provided a suite of information and resources for small to medium enterprises to undertake workforce planning and development<sup>13</sup>. The State Government will build on this initiative to further support Western Australian employers gain access to workforce planning and development information.

11 ABS 2006 and 2011, *Census of Population and Housing, community profiles for Western Australia*.

12 ABS 2006 (SD) and 2011 (SAE3), *Census of Population and Housing, community profiles for the Pilbara*.

13 Project partners are the Chamber of Commerce and Industry WA, the Small Business Development Corporation, Small Business Centre Stirling, training councils.

To address these issues, the areas of strategic focus are:

### 3.1 Infrastructure planning

The State Government's infrastructure planning will take into account the future workforce needs of the State and be guided by the *State Planning Strategy* and the planning processes of the Western Australian Planning Commission.

### 3.2 Region building, attraction and retention

The State Government will continue to seek to leverage funding for physical and social infrastructure through the Commonwealth Government and the private sector which supports Western Australia's workforce needs. Funding will be used to support region building initiatives (including SuperTowns and Pilbara Cities) that deliver the amenities and measures required to encourage workers to both work and live in Western Australia.

### 3.3 Affordable housing

The State Government will continue to work with the private and non-government sectors to improve the supply of affordable housing to meet the State's workforce needs, including housing for service workers, non-government workers, students and those people moving into employment who require transitional housing.

### 3.4 Enterprise focus

The State Government will develop and implement a range of initiatives which provide assistance to small to medium enterprises to plan and develop their workforces.

## Goal 4

Provide flexible, responsive and innovative education and training which enables people to develop and utilise the skills necessary for them to realise their potential and contribute to Western Australia's prosperity.

As the Western Australian economy continues to grow and diversify, the employment outlook for those wanting to enter the workforce or explore new careers is constantly changing. At the same time, governments must respond to the changing economic environment by continually developing more flexible, adaptive and high quality education and training systems to meet the needs of both education and training seekers and employers.

This is compounded by the increasing global demand for higher level skills as developing nations seek to become more competitive, partly in response to their increasing industrialisation, which itself fuels the global demand for labour and skills. To address these issues, high quality education and training continues to be an imperative for Western Australia to maintain its regional comparative advantage.

Over the next three years, more jobs are expected to be created requiring a Bachelor degree than any other single qualification – some 21 000<sup>14</sup>. To cater for this increase, new infrastructure access models and training pathways will need to be developed to support students wanting to transition from education and training to higher education and those in regional areas wishing to gain a higher education qualification.

Forecasts for this period also suggest that over the next three years some 34 000 jobs will be created requiring workers with a Certificate III/IV or a Diploma qualification. During this period there will be a corresponding decline in employment for individuals without post school qualifications<sup>15</sup>. The 2011 Census determined that approximately 37% of Western Australians aged 25 to 64 years have a

post school educational attainment of less than Certificate III level<sup>16</sup>. A Certificate III is considered an entry level qualification for many industries<sup>17</sup>. The situation is worse for many under-represented groups.

Identifying the occupations in high demand or considered industry critical will be essential to preparing the State to meet the workforce challenges of tomorrow. Also, preparing Western Australians to take up these jobs that are, or will be, in high demand in Western Australia will be just as critical in sustaining business competitiveness and economic growth in Western Australia.

To address this, the State Government is investing in training through Future Skills WA. The Future Skills WA initiative guarantees training will be subsidised for eligible students in those courses considered to be a State priority, and where a training place is available.

While apprenticeships and traineeships will continue to be the foundation of the State's vocational education and training system, more work is required to improve completion rates and develop program settings to ensure apprentices and trainees better meet employer needs.

In addition, influencing the delivery of training remains a significant challenge to maximising training outcomes in priority areas and meeting industries' need for skilled workers. The Department of Training and Workforce Development's procurement framework and associated purchasing strategies will continue to support and promote the establishment of a flexible and responsive training market that aims to deliver appropriate numbers of highly skilled workers in priority occupations.

14 Centre of Policy Studies (CoPS). September 2013 forecasts. (Employment growth by ASCED attainment level, WA, '000 persons. 2012-3 to 2020-1).

15 Ibid.

16 ABS 2011, *Census of Population and Housing, Custom Data Request, Levels of post-school qualifications held for 25-64 year-olds (excluding non-respondents and inadequately completed)*.

17 Australian Workforce and Productivity Agency (AWPA), 2013. *Future Focus: 2013 National Workforce Development Strategy*, page 43.



A critical requirement for people to enter higher education and training or gain employment is an adequate level of language, literacy, numeracy and employability skills. In a 2011 Australian Bureau of Statistics study, 47%<sup>18</sup> of adults surveyed demonstrated a literacy ability below the level the Council of Australian Governments consider necessary to meet the complex demands of work and life in modern economies.<sup>19</sup> Further, 56% of respondents demonstrated numeracy below this same standard.

Australian businesses have reinforced this finding, advising that they are adversely affected by poor language, literacy and numeracy skills in the workforce. Raising the levels of language, literacy and numeracy has been identified as a national priority for skills and workforce development. The planned reforms to the Western Australian Certificate of Education are designed to directly contribute to addressing this issue and better prepare school leavers for employment and further education and training. Further, the Department of Training and Workforce Development's *Foundation Skills, Training and Equity Program* will continue to support job and training seekers to develop the language, literacy, numeracy and employability skills necessary to take advantage of future opportunities.

Vocational Education and Training in Schools (VETiS) has grown to become a significant and well subscribed pathway for senior secondary students. This substantial growth in demand for VETiS has led to a number of systemic and capacity issues, including concerns about the quality of training delivery and student outcomes, student access to industry standard training and work placements, and post school pathways to further training or employment. The State Government will continue to explore innovative strategies to expand the pathways available for students and job seekers to move towards higher level skills and qualifications and employment.

To make informed choices on career pathways, access to quality career guidance is essential. The State Government's metropolitan Career Centre and network of workforce development centres, including eight regional centres and two specialist providers, deliver high quality career development services from 29 sites throughout the State. Providing this information assists people to make informed decisions in relation to their education and training pathways and their choice of providers.

Education, vocational training and higher education are the cornerstones of developing global competitiveness in the State's industries. The State Government will continue to work with industry, training providers and universities to develop training and education pathways so that all Western Australians can pursue their career aspirations while also delivering a workforce with the skills, knowledge and experience required to meet employer's needs.

To address these issues, the areas of strategic focus are:

#### 4.1 Language literacy and numeracy

The State Government will raise the standards of language, literacy and numeracy in the education system, leveraging the reforms in relation to the Western Australian Certificate of Education (WACE).

#### 4.2 Pathways to work and further education and training

The State Government will work with stakeholders to strengthen the pathways to work and further education and training through guiding and supporting students to achieve either university entrance or a vocational qualification.

18 ABS Cat. No. 4228.0, Table 4 (Skill levels of persons by state or territory of usual residence, 2011-12), October 2013.

19 COAG Reform Council, 2010. *National agreement for skills and workforce development: performance report for 2009*, page 16.



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### **4.3 Vocational education and training in schools (VETiS)**

The State Government will provide vocational education and training in the school system which is targeted to meet the needs of students and industry.

### **4.4 Sustainable student centred training system**

The State Government will continue to develop a sustainable training system which provides students with a choice of high quality training and skills for jobs that are, and will be, in high demand in Western Australia. This includes giving priority to those courses which meet the current and future needs of Western Australia's labour market, particularly at the higher skill levels.

### **4.5 Apprenticeships**

The State Government will work with industry to streamline the apprenticeship system and ensure high quality outcomes which meet employer needs and positions the State to respond to changes in economic and labour market conditions.

### **4.6 Higher education and training pathways**

The State Government will continue to support the use of collaborative approaches between universities, training providers and industry to provide access and training pathways to higher education, particularly in regional and remote Western Australia.

### **4.7 Procurement framework**

The Department of Training and Workforce Development will implement a procurement framework and associated purchasing strategies that support and promote the establishment of a flexible and responsive training market that addresses skill shortages and meets the State's high priority training and workforce development needs.



## Goal 5

### Plan and coordinate a strategic State Government response to workforce development issues in Western Australia.

To guide the delivery of the State's strategic workforce planning and development objective, the Department of Training and Workforce Development has developed the *Western Australian Workforce planning and development model* (see figure 3). The model:

- embraces the concept of shared responsibility for building and developing the Western Australian workforce;
- acknowledges that all stakeholders have a crucial role to play in building and maintaining a skilled and responsive Western Australian workforce; and
- facilitates extensive and ongoing consultation and collaborative delivery partnerships with government agencies, non-government agencies, industry and enterprise.

The model is underpinned by a best practice framework and principles, developed in conjunction with other Australian state and territory governments, which outlines the processes undertaken by the State in its workforce planning efforts.

The *Skilling WA planning framework* contained within the model includes: regional workforce development plans for each of the State's nine regions; a dedicated Aboriginal workforce development plan *Training together – Working together*; industry workforce development plans that are developed and implemented by the State's 10 industry training councils; the *State Training Plan*; initiatives aimed at managing skilled migration to Western Australia; and enterprise level resources which are designed to assist small and medium enterprises to undertake workforce planning and development for their business.

This planning framework allows detailed consideration of the issues at the industry, region and state level while also providing for a focus on key elements such as workforce participation of Aboriginal Australians and the State's training system.

As set out in the initiatives in the *Skilling WA* priority action register<sup>20</sup>, workforce planning and development cannot occur in isolation, and must be integrated with the wider planning functions of the State Government. Direct links will continue to be developed between the planning functions of key State Government agencies such as the Department of Planning, the Department of Regional Development, and the Department of State Development, with the State Government Workforce Development Advisory Group providing a further forum for inter-agency consultation and engagement.

However, the successful implementation of *Skilling WA* also requires the close collaboration of the Commonwealth Government, industry training councils, regional workforce development alliances, peak industry associations, employers and community groups. It is only through the engagement of these stakeholders that emerging workforce development issues can be identified and addressed.

By integrating workforce planning and development with other State Government planning processes and establishing formal communication and engagement channels with industry and community stakeholders, economic and labour market data and intelligence will be able to be shared, further facilitating the identification of workforce development issues.

Workforce planning and development is a complex issue, impacted by national, state and regional government policy, variable economic conditions and the specific needs of industry sectors. To be successful, workforce planning and development must both serve the needs of a diverse range of stakeholders and be addressed by these same stakeholders. By taking an integrated and collaborative approach, *Skilling WA* will be best positioned to address workforce development issues in Western Australia.

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To address these issues, the areas of strategic focus are:

### **5.1 Workforce development planning model**

The State Government will implement an all of Government model led by the Department of Training and Workforce Development to address the workforce challenges of Western Australia and its regions. This will complement other State Government planning processes, and include nationally recognised best practice principles and the consideration of workforce scenarios to ensure the State is best positioned to deal with a range of possible futures.

### **5.2 Stakeholder engagement**

The State Government will work across governments and with its industry partners in the planning and coordination of responses to workforce development issues facing Western Australia.

### **5.3 Workforce development information**

The State Government, through the Department of Training and Workforce Development, will continue to work with its government and industry partners in providing a comprehensive range of labour market and workforce development intelligence and information.

### **5.4 Regional workforce planning and development**

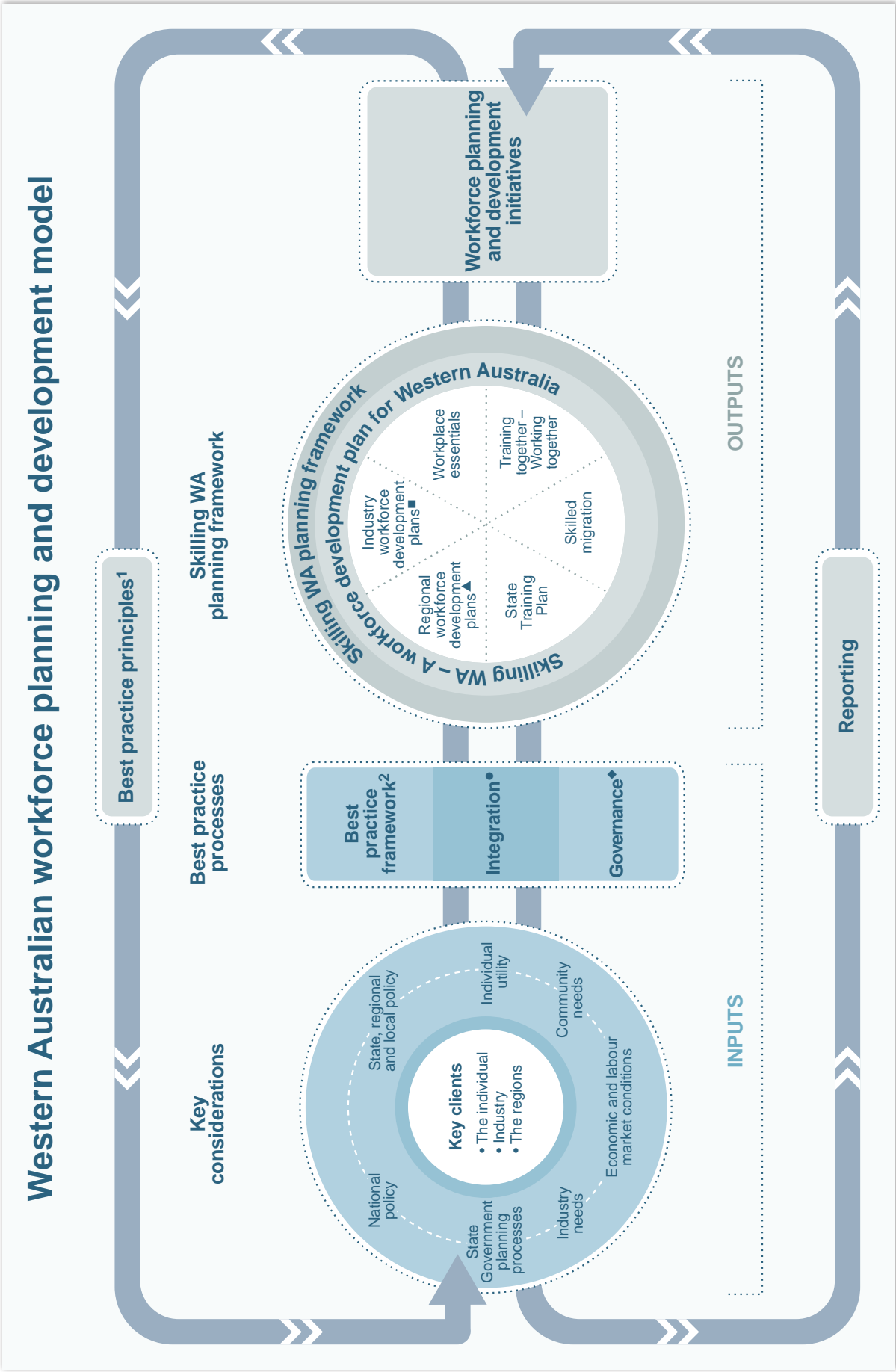
The State Government will take into account regional workforce needs identified in regional workforce development plans through its regional planning and implementation processes, including regional planning frameworks, regional investment blueprints and local government planning.

### **5.5 Employer engagement**

The State Government will engage directly with employers to review existing workforce planning and development strategies and identify workforce planning and development issues encountered in Western Australia.



Figure 3: the Western Australian workforce planning and development model



## <sup>1</sup>Best practice principles

### **Purpose:**

- Workforce plans should encompass a balance of activities. This includes but is not limited to, labour market programs and social amenities such as housing and transport.

### **Structure:**

- The division of geographic areas into workforce planning and development regions should be organised around commonly understood areas of economic and workforce activity.
- Workforce planning and development regions should be intertwined with other existing structures.

### **Alignment with other plans:**

- Workforce plans should set goals that are correlated with state and national workforce goals.
- Workforce planning and development should be integrated with other existing planning and development activities in a strategic, responsive and coordinated manner and be tailored to address the economic challenges of Western Australia.

### **Stakeholder involvement:**

- Workforce planning and development should be led by local stakeholders.
- Workforce planning and development should engage a broad cross section of stakeholders and be underpinned by open, transparent and effective two way communication.

### **Data:**

- Workforce planning networks and alliances should be resourced with data from a single contact point.
- Workforce planning should be evidence based and informed by contemporary practise and reliable, tailored data, including projections of future supply and demand.

### **Resourcing:**

- Workforce planning and development should be resourced adequately through investment by government, industry and community stakeholders.

### **Evaluation:**

- Workforce planning and development should be routinely monitored and evaluated to review both the effectiveness of the initiatives and the changing workforce challenges.

## <sup>2</sup>Best practice framework

1. Deduce a workforce development need.
2. Identify regional contribution.
3. Probe stakeholder investment.
4. Validate goals through analysis of data and modelling.
5. Refine the goals with stakeholder input.
6. Stocktake all current and recent workforce planning and development activities.
7. Identify solutions to goals not currently being addressed.
8. Implement solutions.
9. Evaluate initiatives and review workforce needs.



# THE EVOLUTION OF *SKILLING WA*

In 2012, the Department of Training and Workforce Development commissioned an independent evaluation of the *Skilling WA framework*. The evaluation focussed on the structure of the planning framework, including the consultation and engagement processes used to implement the framework<sup>21</sup>.

The evaluation report found that *Skilling WA*'s five strategic goals were highly relevant and remained appropriate for the future, with the objectives of *Skilling WA* supporting the development of a skilled and sustainable domestic workforce. As a result, these five goals have been retained in this second edition of *Skilling WA*.

Following the publication of five discussion papers and a background paper on the Western Australian economy and labour market in 2013, the Department of Training and Workforce Development undertook a consultation process designed to inform the development of *Skilling WA, second edition*.

## Consultation and ongoing engagement

The consultation process adopted by the Department of Training and Workforce Development in developing this second edition of *Skilling WA* was extensive, inclusive and transparent. The objective of the consultation process was to test whether *Skilling WA* continued to address the key concerns and issues relating to workforce planning and development in Western Australia.

Following extensive research and the publication of the discussion papers, stakeholders were invited to contribute to the consultation process via written submission, face to face meetings or participation in one of eight facilitated information sharing forums.

<sup>21</sup> The evaluation did not include the activities and outcomes from the implementation of *Skilling WA*'s 68 priority actions. Reporting on these priority actions is captured in the *Skilling WA* progress reports available from [dtwd.wa.gov.au](http://dtwd.wa.gov.au)



Targeted stakeholder groups included:

- State Training Board and industry training councils;
- small to medium enterprises;
- major employers;
- non-government and not for profit organisations;
- registered training providers;
- peak industry associations;
- State Government agencies; and
- Department of Training and Workforce Development internal stakeholders.

This methodology served three purposes:

- 1 to gather information and proposed solutions to workforce planning and development issues and actions;
- 2 to inform the new edition of *Skilling WA*; and
- 3 to inform the development of a new strategic plan for the Department of Training and Workforce Development.

Information gathered during this process formed the basis for further consultations with State Government agencies, peak industry associations and community groups to identify the possible responses to the issues raised and to develop the key actions required. During the *Skilling WA, second edition* development process, this consultation has been further supplemented through the *Workforce scenarios and projections – Western Australia* project<sup>22</sup>, undertaken by the State Training Board.

The scenarios project provides an indication of potential workforce challenges resulting from four alternative futures for Western Australia and involved extensive stakeholder consultation on potential strategies to address the identified challenges. With the release of this second edition of *Skilling WA*, the Department of Training and Workforce Development will continue to lead engagement with stakeholders to ensure that all sectors of the Western Australian economy and

community have the opportunity to shape the State's workforce planning and development agenda. Industry training councils, peak industry associations, community groups and government agencies are all encouraged to collaborate in identifying workforce issues and developing and implementing strategies to address these issues.

## Governance

Governance arrangements for *Skilling WA* were amended in late 2013. Strategic workforce development issues and progress on *Skilling WA* will be reported to the Executive Coordinating Committee (ECC) chaired by the Director General of the Department of the Premier and Cabinet.

In collaboration with the Public Sector Commissioner, the Department of Training and Workforce Development has established the State Government Workforce Development Advisory Group (the Advisory Group). The role of the Advisory Group, comprised of senior officers from a number of State Government agencies, is to provide leadership and strategic advice on workforce development challenges relating to Western Australia and identified in *Skilling WA, second edition*, regional workforce development plans or in response to other relevant State Government policies, services or initiatives. The Advisory Group will report to the ECC on as needed basis.

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22 For more information refer to Appendix 1.

## Reporting and priority action register

*Skilling WA, second edition* is part of a compendium of documents and resources<sup>23</sup> that articulate the State Government's vision and commitment to workforce planning and development in Western Australia. Other documents and resources (available from [dtwd.wa.gov.au](http://dtwd.wa.gov.au)) include:

- *Western Australian workforce planning and development model*;
- *Skilling WA* discussion papers:
  - *The Western Australian economy and labour market*;
  - *Participation in the Western Australian workforce*;
  - *Skilled Migration – A Western Australian perspective*;
  - *Attraction and retention of a skilled workforce*;
  - *Education and training*; and
  - *Workforce planning and coordination*.
- *Skilling WA final report, 2010-14*;
- *Information paper - State priority occupation list*;
- Workplace essentials for better business website<sup>24</sup>;
- *Employment trends and prospects*;
- Industry workforce development plans;
- Regional workforce development plans;
- *Training together — Working together, an Aboriginal workforce development strategy*; and
- *State Training Plan*.

*Skilling WA, second edition* priority actions are published in an online register<sup>25</sup>. This will allow new priority actions to be developed and published in response to emerging labour market issues.

Lead agencies tasked with implementing priority actions will report on the progress of their respective priority actions every six months. The Department of Training and Workforce Development will publish these reports via the online register and publish a highlights report to track implementation achievements.

23 Document and resources are available at [dtwd.wa.gov.au](http://dtwd.wa.gov.au)

24 Available at [workplace-essentials.dtwd.wa.gov.au](http://workplace-essentials.dtwd.wa.gov.au)

25 Available at [dtwd.wa.gov.au](http://dtwd.wa.gov.au)



## FUTURE SKILLS WA

Complementing *Skilling WA, second edition* is Future Skills WA<sup>26</sup>, introduced on 1 January 2014.

Future Skills WA is a new way in which the State Government is prioritising and funding training. Under Future Skills WA, eligible students are guaranteed a subsidised training place in more than 600 State priority qualifications, including over 500 apprenticeships and traineeships and over 80 qualifications on Western Australia's *Priority industry qualifications list*.

State priority qualifications align to skilled occupations that are considered critical to the State and/or have significant unmet demand. Students are encouraged to train for jobs in areas that will lead to employment, while at the same time helping to ensure industry has access to the skilled domestic workforce it requires today and into the future.

Under Future Skills WA, fees have been restructured to reflect the relative priority of qualifications, with State priority qualifications attracting very high rates of subsidy.

A range of fee assistance measures have also been introduced to assist eligible students. These include fee caps, fee maintenance, a continuation of concession arrangements and the availability of VET FEE-HELP loans for State funded Diploma, Advanced Diploma and selected Certificate IV qualifications with approved training providers. As per the National Partnership, the State will share the impairment costs associated to these loans with the Commonwealth Government.

26 More information on Future Skills WA can be found at [futureskillswa.wa.gov.au](http://futureskillswa.wa.gov.au)

# APPENDIX 1 – ECONOMIC AND LABOUR MARKET OUTLOOK

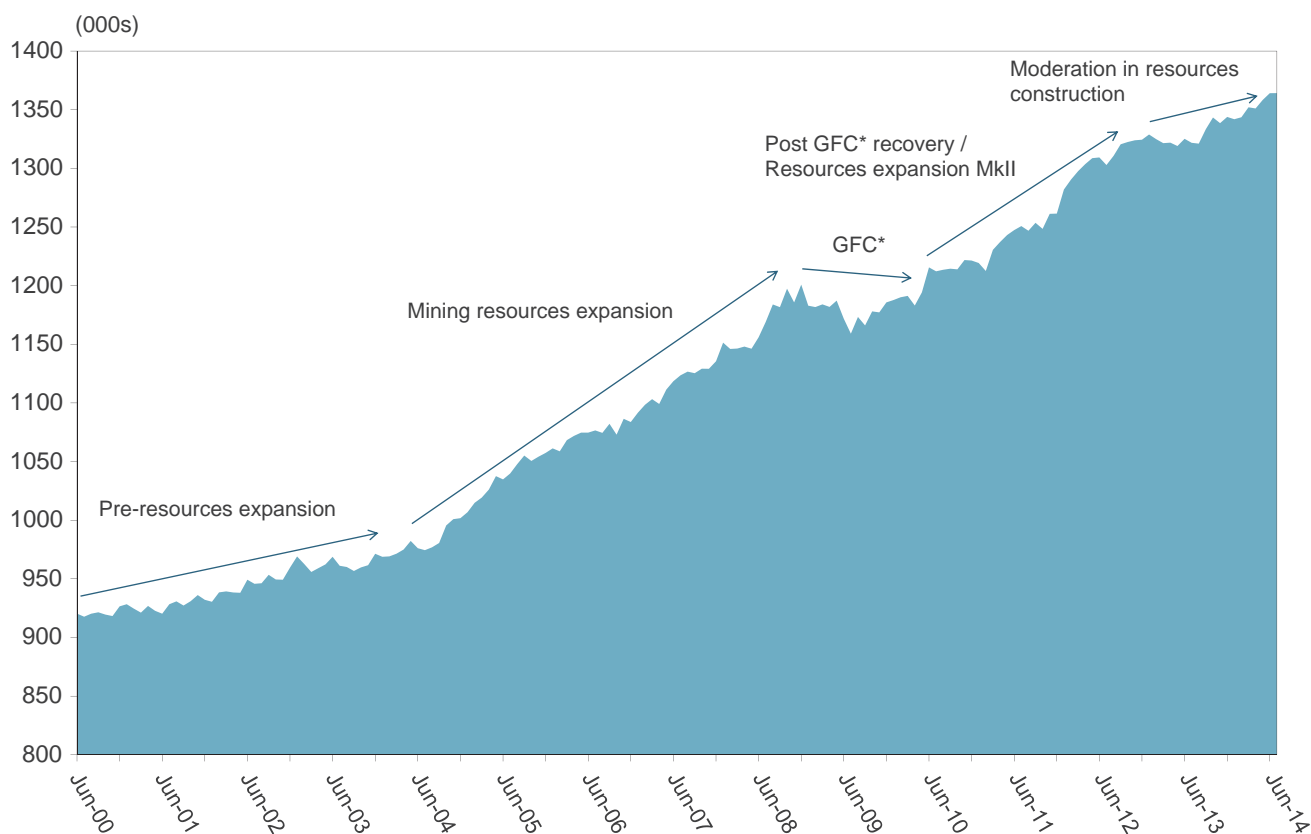
Since 2010, the State's labour market has seen strong growth followed by a more recent period of moderation. The Western Australian labour market recovered quickly from the global financial crisis and entered a phase of solid employment growth, fuelled to a large degree by capital investment into the resources sector and associated industries (see figure 1).

However, as these major resource sector projects progressed through their construction phase and the volume of newly approved major

resource projects began to decline, employment growth started to slow in late 2012, a trend which then continued to become the prevalent feature of the State's labour market in 2013.

While Western Australia's unemployment rate had for the most part remained at close to historic lows over this period, this was largely the result of declining levels of labour market participation, rather than strong growth in new jobs being created.

Figure 1: Western Australian employment levels 2000 –14 (000s)



Source: ABS, cat. 6202.0

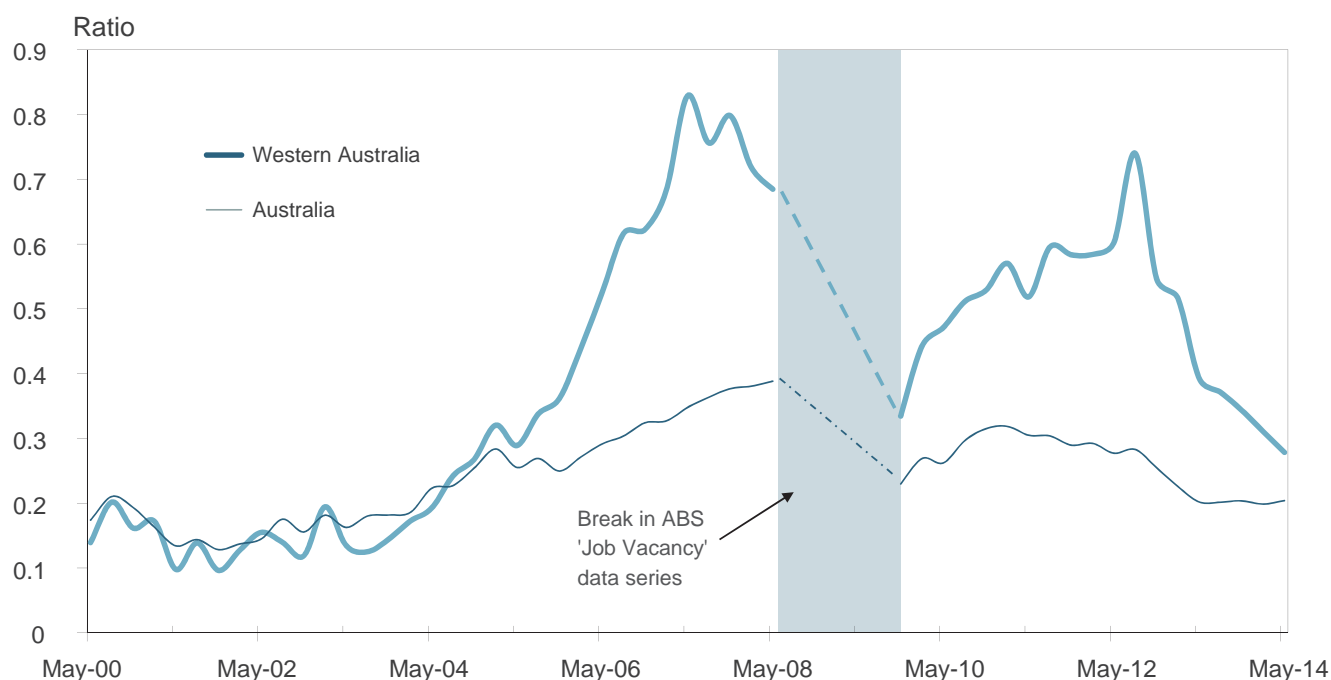
\* Global financial crisis

The outlook for the remainder of 2014 and into 2015 remains the same as the prevailing 2013 trend of below average employment growth. Leading indicators of labour demand, such as measures of job advertising levels, show that job creation growth remains subdued (as seen in figure 2 below). However, in conjunction with slow growth in jobs demand, the recent strong growth of people entering the State's labour market is also expected to moderate over the next year or so, which in turn will place less pressure on the State's job market.

Accordingly, most forecasters expect Western Australia's unemployment rate to remain around a band of 5% to 6% over this period. Underlying some of these recent and short term future trends is the mixed impact of economic conditions on the various industry sectors in the State.

In particular, as the impetus from the resources sector moves away from construction and investment driven growth, into less labour intensive operational phases, this will likely cause a sizeable shift in the size and composition of the skilled labour required to meet industry demands.

Figure 2: Ratio of job vacancies to unemployed



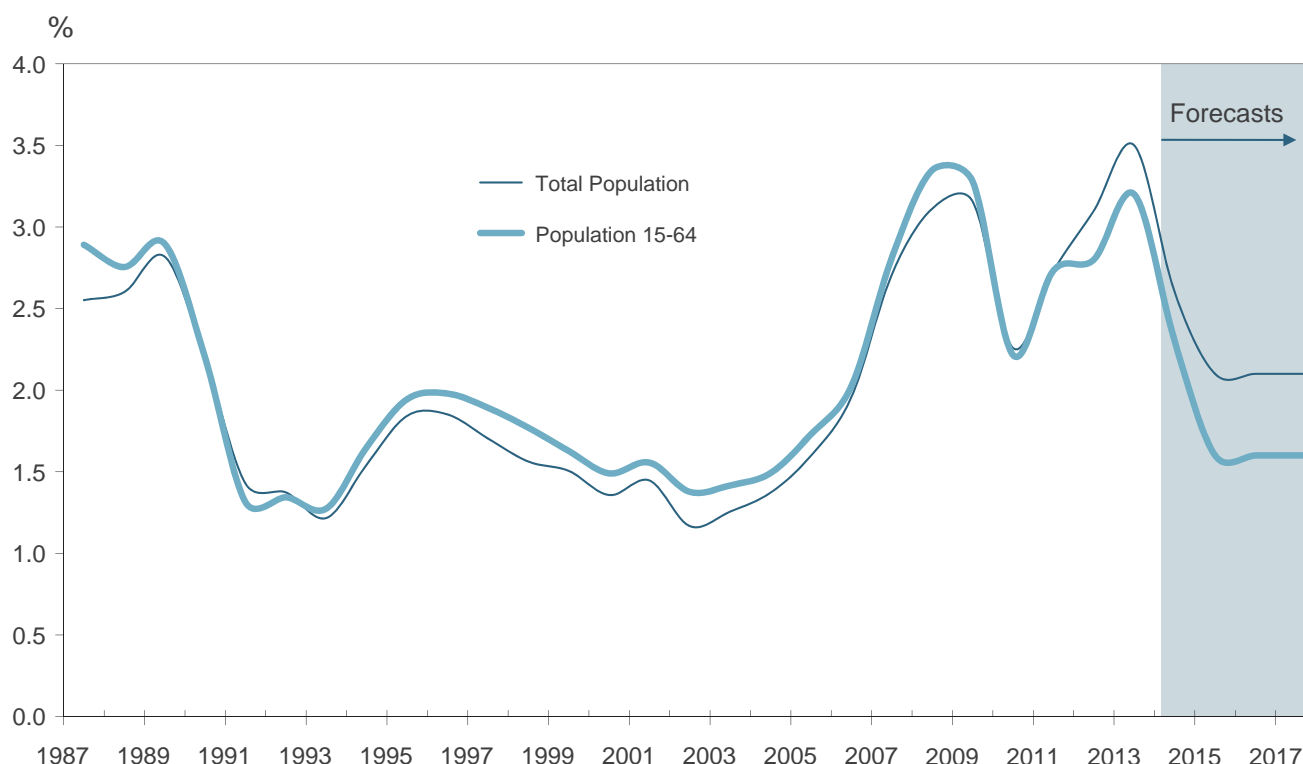
Source: ABS, cat 6202.0 and 6354.0

Other factors, such as the ageing of the State's working population, are also starting to cause longer term changes. Western Australian State Budget 2014–15 forecasts show a gradual easing of growth in the population, with growth in the key working age cohort of those aged 15–64 expected to soften at a greater rate than that expected for the State's total population (figure 3). While population ageing will act to slow the State's overall growth in labour supply, it is also expected to be a significant driver of labour demand in its own right, particularly in

respect to the additional requirements for skilled staff in health care and other related social services.

Though some drivers (such as an ageing population) can be predicted with some reasonable degree of certainty (at least in the short term), other economic factors that help predict the demand for labour are more difficult to forecast, and are more susceptible to sudden changes in markets, as well as international and political factors.

Figure 3: Western Australian historical and forecast population growth rates



Source: ABS, cat. 3101.0 for historical; WA Treasury for projections

## Employment growth by industry, 2008–09 to 2016–17

According to the Centre of Policy Studies (CoPS) projections for the four years to 2016–17 (see figure 4), the largest growth in employment levels is expected to occur in mining (13 300 additional jobs, at an annual average growth rate of 2.8%); manufacturing (7 200 jobs, at 1.9% annual average growth); retail trade (2 900 jobs, at 0.5%); and financial and insurance services (2 900 jobs, at 2.1%)<sup>1</sup>. Together, these four industries are projected to account for over half of all new jobs over the period.

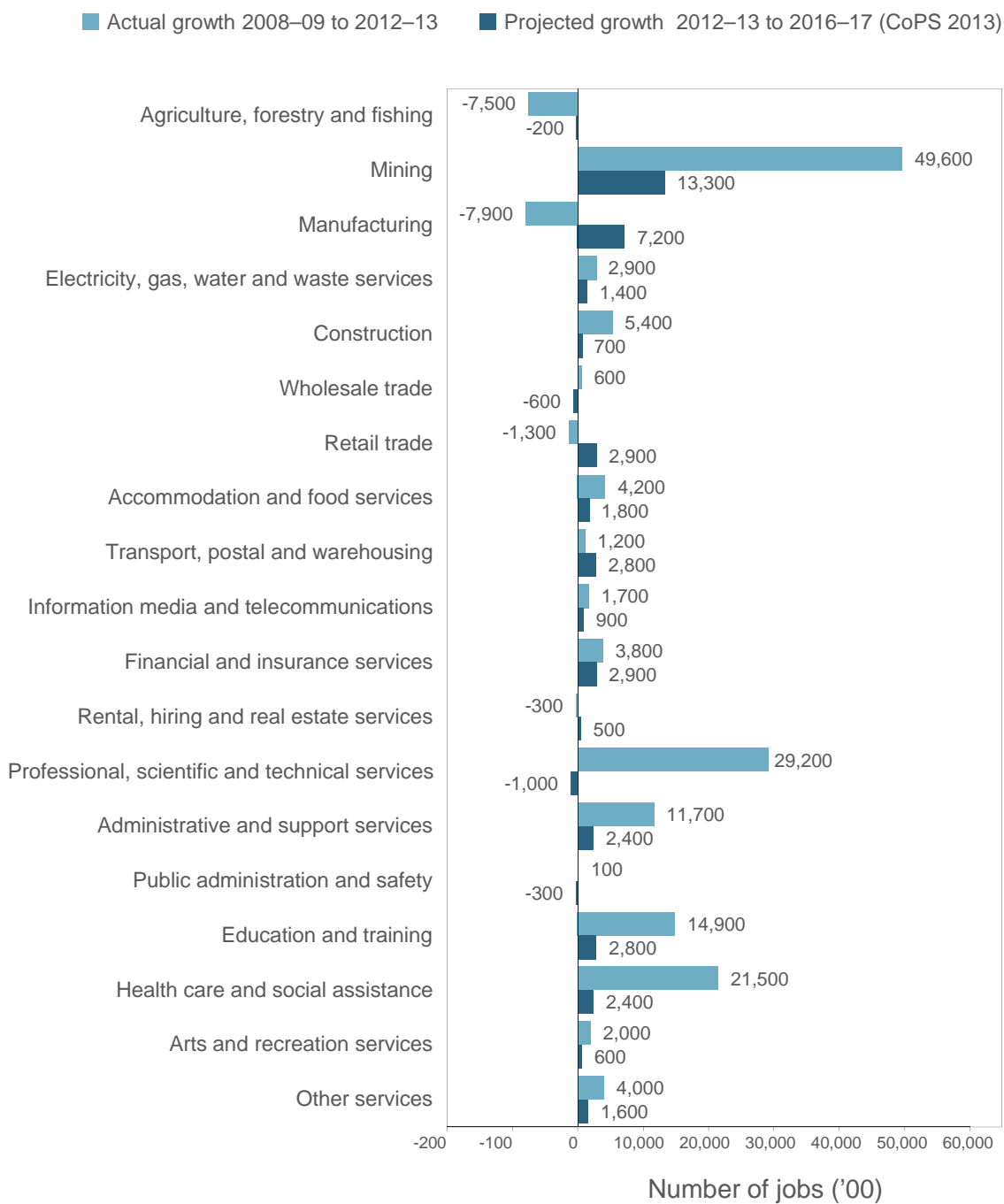
However, four industries are projected by CoPS to record decreases in employment over the forecast period to 2016–17 – professional, scientific and technical (1 000 less jobs); wholesale trade (600 less jobs); public administration and safety (300 less jobs); and agriculture, forestry and fishing (200 less jobs).

<sup>1</sup> It is cautioned that in the current changing economic environment, it is very difficult for forecasters to predict in detail specific movements in employment growth, particularly in the medium or longer term, as there are many uncertainties to be considered.

Care should therefore be exercised when interpreting forecast movements (particularly the detailed employment forecasts and especially the further out in time such forecasts go). The forecasts should be treated as an indicative picture of what the State's future labour market may look like given expected growth trajectories.



Figure 4: Western Australian employment growth by industry 2008–09 to 2016–17

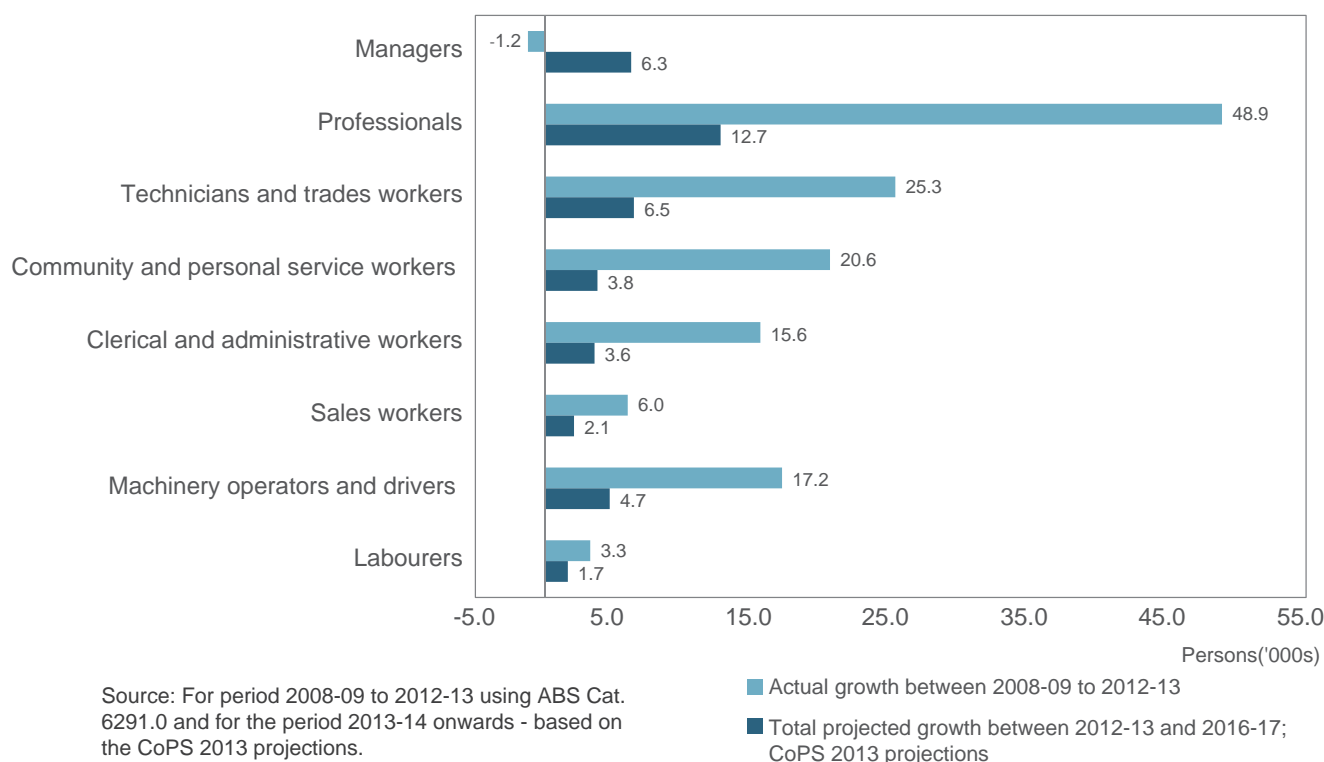


# Occupational employment growth

The graph below shows a comparison of employment growth across the main

occupational divisions in Western Australia for the period 2008–09 to 2012–13 (using historical Australian Bureau of Statistics (ABS) data) and 2012–13 to 2016–17 (using forecast employment data produced by the Centre of Policy Studies (CoPS) for 2013).

Figure 5: Western Australian employment growth by occupation\* (2008–09 to 2012–13) and (2012–13 to 2016–17)



\* Occupation is classified according to the Australian and New Zealand Standard Classification of Occupations (ANZSCO) 2006.

Generally, employment prospects are dependent on a number of factors including the general economic environment, opportunities within industries and occupations, and the level of employment demand for specific skills.

Between 2008–09 and 2012–13, professionals experienced the highest increase in the number of new jobs at 48 900. This was followed by technicians and trades workers with 25 300 new jobs, and community and personal service workers at 20 600.

Based on the CoPS projections, by 2016–17, professionals; technicians and trades workers; and managers are anticipated to collectively account for 61.6% of jobs growth in the State. Professional level occupations are anticipated to account for 30.7% of employment growth (12 700 additional jobs), followed by technicians and trade workers at 15.7% (6 500 additional jobs) and managers at 15.2% (6 300 additional jobs). Strong projections for employment growth for these occupation groups may be tied to an expectation of continued strong demand from the mining industry and industries across the board which employ many occupations from these higher skill level groups.

Projected growth for lesser skilled occupation groups like sales workers and labourers is expected to remain small. This indicates the importance of gaining skills via post school level education or training, either through a university or the Vocational Education and Training (VET) system, to improve a person's employment opportunities within the Western Australian labour market.

Based on the CoPS forecasts for the four years to 2016–17, persons with the following qualifications are expected to lead future jobs growth: bachelor degree (21 100 additional jobs, at an annual average growth rate of 2.2%); Certificate III or IV (20 600 jobs, at 1.7%); and Diploma (13 900 jobs, at 2.6%). Those people with no post school qualifications are projected to experience a decline in employment of 28 900 jobs.

## Workforce scenarios and projections – Western Australia

The Western Australian Government has adopted a scenarios-based approach to develop potential strategies and policies to address possible and plausible long term workforce futures for the State. In 2012, the Department of Training and Workforce Development commissioned Deloitte Access Economics (DAE) on behalf of the State Training Board to develop and model four plausible workforce scenarios for Western Australia for the period 2012–30.

The *Workforce scenarios and projections – Western Australia* (the scenarios report) is based on similar work completed by the former Australian Workforce Productivity Agency (AWPA) which included four alternative visions of the potential future. The scenarios are not meant to be projections of the future nor are they based on past trends. Rather, they help deal with the uncertainties and risks of the future as well as those developments we can be reasonably certain of. Modelling of the supply and demand for skills and qualifications has been developed on the basis of these scenarios.

The scenarios adopted in Western Australia were:

- **Long boom:** This scenario is largely based on the steady growth view of the Australian economy. It is generally characterised by a steady rate of economic and employment growth being achieved over the forecast horizon to 2030. Population growth in Western Australia is above the national average as is overall economic growth. There are strong job opportunities in the mining and associated industries.
- **Smart recovery:** This scenario assumes that the current difficulties facing the Australian and global economies live on for several more years. Australia follows a low growth path to 2016, but after that date the global economy improves and Australia's economic fortunes begin to make a turnaround and the Australian economy moves back towards its potential growth path. Indeed, the period of economic stagnation forms a trigger for greater take up of technology and improvement in productivity. Western Australia is hit harder than most states and territories in the years up to 2016 with commodity prices falling away and the pipeline of resource projects reducing significantly.
- **Terms of trade shock:** This scenario assumes that the global economy continues to grow at a healthy rate over time. However, compared with the long boom, the benefits to Western Australia of this growth are reduced because there is a more substantial reduction in commodity prices. The State's mining sector still enjoys a significant expansion in this scenario, but the returns on that expansion are far less than if the terms of trade had remained high.
- **Ring of fire:** This scenario combines a lower global growth path over time with significant volatility. Some years after the official end of the global financial crisis, the world economy remains in a state of flux, with low growth and high debt in developed countries a major concern. In this scenario the world economy is unnervingly volatile. Overall, new job opportunities are limited with employment growth staying at low levels over the long term.

## Summary of scenario findings

Common to all scenarios, the industries of health care and social assistance; education and training; professional, scientific and technical services; financial and insurance services; and public administration and safety are projected to have faster than average employment growth over the period 2012 to 2030. Slower than average growth rates are projected for agriculture; forestry; fishing and hunting; mining; manufacturing; electricity, gas, water and waste services; and retail trade.

For all scenarios, the occupations of managers, and community and personal services workers are projected to have the strongest employment growth. The employment growth of managers is driven by increasing economic sophistication over time, while growth in community and personal services workers reflects a steadily ageing population. Professionals have the next strongest employment growth, which reflects a combination of a cooling off in mining as well as growing demand in the State's service sectors. The growth of clerical and administrative workers is impacted adversely by increasing technological change and is projected to grow moderately or decline over the projection period under all scenarios.

Regional employment growth is strongest for Perth and Peel across all scenarios. These regions are the strongest in terms of labour supply growth, but also have slightly younger age profiles.

The modelling also includes comparisons of the flow of supply and demand projections for qualifications out to 2030. This provides an indication as to whether the additional skills required in the economy over time are projected to be met via 'traditional' means (i.e. a continuation of modelled trends in qualification completions, migration into the State etc.). These supply/demand comparisons are still helpful in providing a broad indication of skills deficits/surpluses. However, it should be noted that any shortfall to required skills may provide incentives for events to occur which bring these closer to balance (which are not considered as part of the modelled results).

These actions could include a change in relative wages, different demographic change, changes to migration levels, changes in the use of technology, changes in the depth of skill required for particular occupations, and changes in the pathways for post-school qualification.

For all scenarios, qualifications at the post graduate and undergraduate levels show the highest levels of demand exceeding supply, with the projections showing a shortage of these qualifications in all scenarios over time. VET level qualifications tend to show an excess of supply for Certificate I/II and III/IV level qualifications, while at the Diploma level there is a tendency towards a small excess of demand. However, these VET qualifications, in particular at the Certificate I/II level, play an important role in providing an entry point into further education and training. Such qualifications often represent pathways for students who may go on to study higher level qualifications, along with being a key mechanism in their own right for improving the foundation skills for some groups of students.

The stronger demand for higher level qualifications is in part due to the type of future employment growth expected across the Western Australian economy, as well as the projection for an increasing rate of skills deepening over time. This occurs at varying rates, but is seen across all scenarios.

The increasing labour market size associated with the long boom generates significant demand for qualifications, with further additional demand coming from retirements and skills deepening. For the other scenarios the replacement of those retiring becomes the largest individual component of demand as the employment growth rate slows.

Demographic changes impact strongly on the supply of qualifications. In particular, the State's youth cohort (aged 15–24) is projected to grow slowly up to 2020 and limit the supply of domestic graduates. A faster rate of growth for the youth age cohort is projected after 2020.

It should also be noted that migration varies strongly between the scenarios in attracting skilled employees to Western Australia. The projected supply of qualifications is impacted by migration acting as a swing variable to match the differing economic circumstances of each of the scenarios, ranging from high levels of migration in the long boom and to relatively low levels in the ring of fire scenario.

## APPENDIX 2 – AREAS OF STRATEGIC FOCUS (COMPLETE LIST)

### 1.1 Industry and Government leadership

The State Government will continue to work with industry training councils, peak employer groups, industry associations and public authorities to facilitate greater employment of people from under-represented groups.

### 1.2 Childcare services

The State Government will support the planning and delivery of childcare services in regional WA to facilitate greater engagement of women and carers in the workforce.

### 1.3 Youth

The State Government will work with industry and other stakeholders to improve the engagement of young people in education and training, and in pathways to employment.

### 1.4 Aboriginal workforce development

The State Government will continue to enhance training and employment outcomes for Aboriginal people.

### 1.5 Mature-aged worker participation

The State Government will work with government, industry and community stakeholders to identify and address the barriers faced by mature-aged workers in remaining in or entering the workforce.

### 2.1 Demand driven and needs based immigration system

The State Government will continue to advocate to the Commonwealth Government for an ongoing focus on a demand driven national skilled migration system which gives priority to the temporary and permanent employer nominated programs and those localities, industries and occupations identified as having the greatest need.

### 2.2 Responsive State nominated and regional sponsored migration programmes

The State Government will monitor and manage the State Nominated Migration Program to ensure maximum flexibility to meet the needs of employers and the State's economic and labour market conditions.

### 2.3 Migration settlement support

The State Government will develop targeted services in partnership with other stakeholders to facilitate permanent and temporary worker settlement in the Western Australian community and workplace.

### 2.4 Marketing Western Australia

The State Government will promote Western Australia as a destination of choice for potential migrants through the provision of targeted information and marketing campaigns.



### 3.1 Infrastructure planning

The State Government's infrastructure planning will take into account the future workforce needs of the State and be guided by the *State Planning Strategy* and the planning processes of the Western Australian Planning Commission.

### 3.2 Region building, attraction and retention

The State Government will continue to seek to leverage funding for physical and social infrastructure through the Commonwealth Government and the private sector which supports Western Australia's workforce needs. Funding will be used to support region building initiatives (including SuperTowns and Pilbara Cities) that deliver the amenities and measures required to encourage workers to both work and live in Western Australia.

### 3.3 Affordable housing

The State Government will continue to work with the private and non-government sectors to improve the supply of affordable housing to meet the State's workforce needs, including housing for service workers, non-government workers, students and those people moving into employment who require transitional housing.

### 3.4 Enterprise focus

The State Government will develop and implement a range of initiatives which provide assistance to small to medium enterprises to plan and develop their workforces.

### 4.1 Language literacy and numeracy

The State Government will raise the standards of language, literacy and numeracy in the education system, leveraging the reforms in relation to the Western Australian Certificate of Education (WACE).

### 4.2 Pathways to work and further education and training

The State Government will work with stakeholders to strengthen the pathways to work and further education and training through guiding and supporting students to achieve either university entrance or a vocational qualification.

### 4.3 Vocational education and training in schools (VETiS)

The State Government will provide vocational education and training in the school system which is targeted to meet the needs of students and industry.

### 4.4 Sustainable student centred training system

The State Government will continue to develop a sustainable training system which provides students with a choice of high quality training and skills for jobs that are, and will be, in high demand in Western Australia. This includes giving priority to those courses which meet the current and future needs of Western Australia's labour market, particularly at the higher skill levels.

### 4.5 Apprenticeships

The State Government will work with industry to streamline the apprenticeship system and ensure high quality outcomes which meet employer needs and positions the State to respond to changes in economic and labour market conditions.

### 4.6 Higher education and training pathways

The State Government will continue to support the use of collaborative approaches between universities, training providers and industry to provide access and training pathways to higher education, particularly in regional and remote Western Australia.

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## 4.7 Procurement framework

The Department of Training and Workforce Development will implement a procurement framework and associated purchasing strategies that support and promote the establishment of a flexible and responsive training market that addresses skill shortages and meets the State's high priority training and workforce development needs.

### 5.1 Workforce planning development model

The State Government will implement an all of Government model led by the Department of Training and Workforce Development to address the workforce challenges of Western Australia and its regions. This will complement other State Government planning processes, and include nationally recognised best practice principles and the consideration of workforce scenarios to ensure the State is best positioned to deal with a range of possible futures.

### 5.2 Stakeholder engagement

The State Government will work across governments and with its industry partners in the planning and coordination of responses to workforce development issues facing Western Australia.

## 5.3 Workforce development information

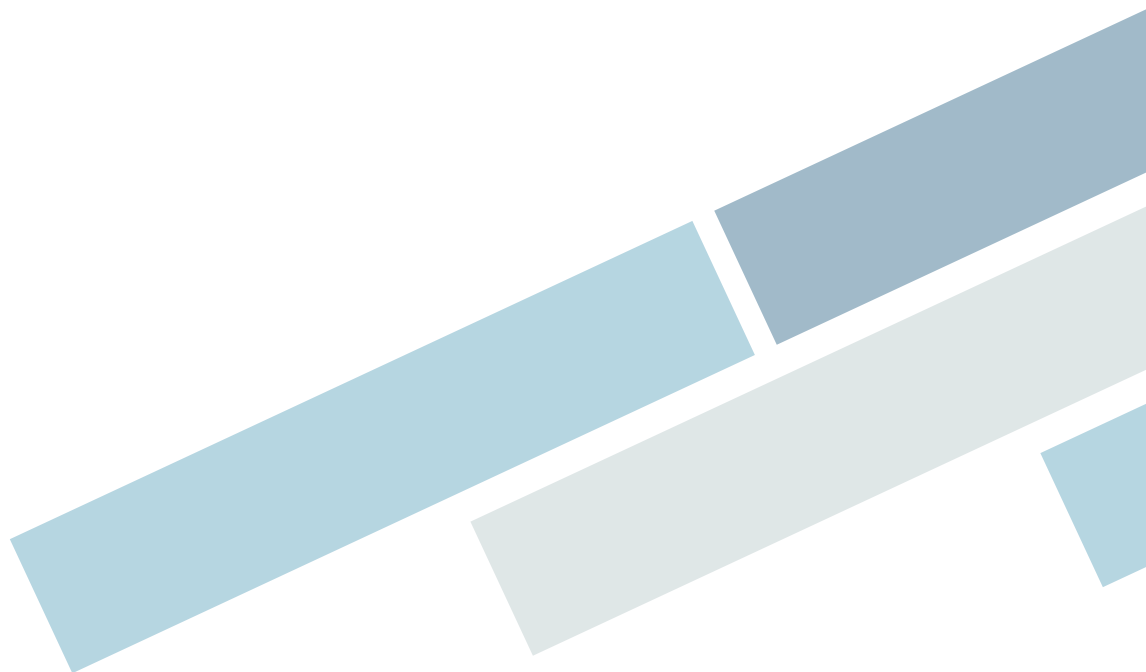
The State Government, through the Department of Training and Workforce Development, will continue to work with its government and industry partners in providing a comprehensive range of labour market and workforce development intelligence and information.

### 5.4 Regional workforce planning and development

The State Government will take into account regional workforce needs identified in regional workforce development plans through its regional planning and implementation processes, including regional planning frameworks, regional investment blueprints and local government planning.

### 5.5 Employer engagement

The State Government will engage directly with employers to review existing workforce planning and development strategies and identify workforce planning and development issues encountered in Western Australia.



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