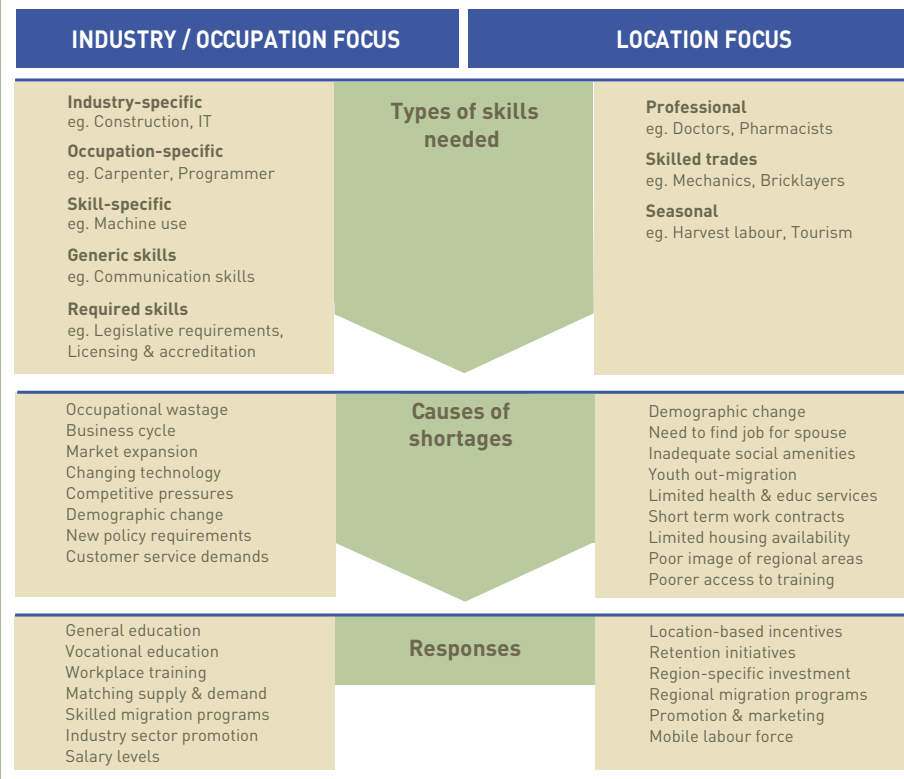


Skills shortages

Framework for understanding skills shortages¹



Defining skills shortages

- Skill shortages** exist when employers are unable to fill or have considerable difficulty in filling vacancies for an occupation at current levels of pay and employment conditions.
- Skill gaps** exist when existing employees lack the required qualifications, experience and/or specialised skills to meet the firm's skill needs for an occupation.
- Labour shortages** can occur where seasonal labour needs are high, for example, harvest labour in horticultural regions.

Where do shortages occur?

Skills shortages may occur in areas experiencing population growth, for example where demand for services is growing rapidly but the supply for new labour skills is lagging. In areas like western Victoria, there is economic growth but population decline. This can create particular problems for recruiting skilled labour as new needs are arising economically, but the low population base may prove unattractive in terms of providing a range of social and cultural services demanded by skilled professionals.

Availability of suitably qualified employees, Australia²

Ranking of "availability of suitably qualified employees" as a constraint on investment as reported by employers to Australian Chamber of Commerce and Industry, 1999-2005



Skills in high demand³

regional Victoria as at July 2005

Boilermaker	Welder
Motor mechanic	Carpenter & joiner
Roof slater & tiler	Bricklayer
Solid plasterer	Cabinet maker
Hospital pharmacist	Retail pharmacist
Physiotherapist	Medical radiographer
Speech pathologist	Urban & regional planner
Nursery person	especially in: Swan Hill, Shepparton, Wood Wood, Robinvale, Mildura, Nyah, Boundary Bend
Production horticulture	

Importance of skills shortages

Surveys of businesses undertaken by the Australian Chambers of Commerce and Industry (ACCI) show that concern over the issue of skills availability has risen since 2002. In September 2002 the issue ranked ninth but by the beginning of 2004, the availability of suitable qualified employees was reported as the second most important constraint on business investment by Australian business and has remained the number 1 or 2 rank since that time.²

Sources ¹McKenzie 2004 "Understanding regional skills shortages" ²ACCI "Survey of Investor Confidence" ³Victorian Government 2005 "Skills in Demand"