



# SKILLED LABOUR MIGRATION

## WILL IT HELP SOLVE SHORTAGE?

By John Heselwood

Australia's marine industry employs more than 30,000 people and has a turnover of around \$5.5 billion per year. Parts of the industry are highly export focused with exports valued at over \$400 million in 2003-04, a figure that is continually increasing.

Boating industry figures also show monumental growth in recreational boating over the last ten years, with boat registrations outstripping population. However, left unchecked, nation-wide skilled labour shortages have the capacity to take the wind out of the industry's sails.

The shortage of skilled workers is one of Australia's most pressing economic issues. Very rarely do problems emerge overnight and this shortage began some time ago. It was not just driven by the decline in manufacturing back in the 1980s when skilled tradesmen exited the sector and apprenticeships dried up as employers became increasingly reluctant to carry the costs of apprentices through the hard times, it happened just as the IT industry began to explode and universities expanded. This caused a growth of office and other knowledge service work and a general decline in the status of blue collar workers resulted.

Skill shortages hamper not only the potential of businesses to grow and expand, but also the capacity of government to provide essential infrastructure and services. Simply stated, a skill shortage exists whenever employers cannot find sufficiently skilled workers to meet their needs. Typically, skill shortages become more prominent in growth periods as the expansion of the economy stretches on its current skills pool. These shortages can lead to a blow out in wages as employers try to attract workers, and possibly spark a rise in inflation.

The skills and occupations needed in the marine industry are greatly varied and include the most obvious ones like general boatbuilding skills, and fibreglass workers, to less obviously related professions like plumbers and cabinet makers.

Some economists and the federal government have highlighted a national skills shortage across a number of professions and most trades. Australian Bureau of Statistics figures show an under-use of Australia's potential workforce and a mismatch between skills in demand and the potential workforce of people with low education and skill levels.



Many economists are warning that Australia's skilled labour shortage may get significantly worse in the decades ahead. New figures showing job vacancies at record high levels are an indicator of this problem and could be an early indication of what may become a long-term problem. The government believes the skilled labour shortage is a result of Australia's strong run of economic growth and the government wants to boost the labour supply to fill job vacancies.

They responded to industry concerns about skilled job vacancies by announcing that the 2005-2006 Migration Program has been increased to include an additional 20,000 skilled migration places. However, increased competition from other countries means recruiting skilled migrants is not as easy as it once was, say in the 1960s.

The federal Treasurer, Peter Costello, raised a number of other possible policies for consideration and believes that young Australians need to be encouraged to obtain skills, particularly in the areas where there are shortages.

He said the government wants to encourage more people to move off welfare and into jobs, which is part of the welfare reforms. The government also believes that more should be done to improve labour mobility and to encourage people to broaden the areas they look for work, suggesting that if people can't find work in their existing location, they should be encouraged to look for work in areas of labour shortage.

Another factor in the shortage of skilled labour is that of an ageing population. The federal government introduced changes to the superannuation system to encourage people to stay longer in the workforce. They want to lift labour force participation rates by allowing people over 55 to withdraw money from their superannuation as a pension while continuing to work part-time. The idea is to replace the concepts of early retirement and full-time retirement with part-time retirement.

While the government is planning to boost Australia's skilled migration intake to overcome these skills shortages in the short-term, some of the nation's leading

migration experts are urging caution when it comes to these plans. They say that it is important for the government to recognise that migration alone isn't the answer.

Academics say that at first glance the plan has some merit, but problems may start to emerge when putting the plan into practice. For example, if they increase the general skill migration, very few of those migrants are likely to fill the positions in question, because there is no targeting. By far the biggest single occupation category coming into Australia at present, is computing professionals, and we've already got enough of those. Actual workers currently in greatest demand include doctors, many types of trades people, pharmacists and accountants.

The rapidly changing needs of the workforce would create problems for a large-scale migration boost. The skills which are in demand today may not be the skills which are in demand by the time people actually get to Australia, and also it is very difficult to identify the specific skills which are required. While the plan to boost skilled migration has some merit, it's important not to see it as a lasting solution. Government and industry have to look towards improving training systems to produce more people in the areas which are needed.

Australian Bureau of Statistics figures show a massive under-use of Australia's potential workforce, with 18 percent of all people who want to work, either not working, or unable to find as much work as they want. Australia has two million potential workers who are willing and able to work but are unemployed, underemployed, not looking for work or 'discouraged job seekers'. Research contradicts the government's claim that the country is running out of workers and needs a large boost of skilled migrants to fill job vacancies. Rather, it appears that there is a mismatch between the skills in demand and the potential workforce of people with low education and skill levels who are unemployed, underemployed, on disability benefits, or in early retirement.