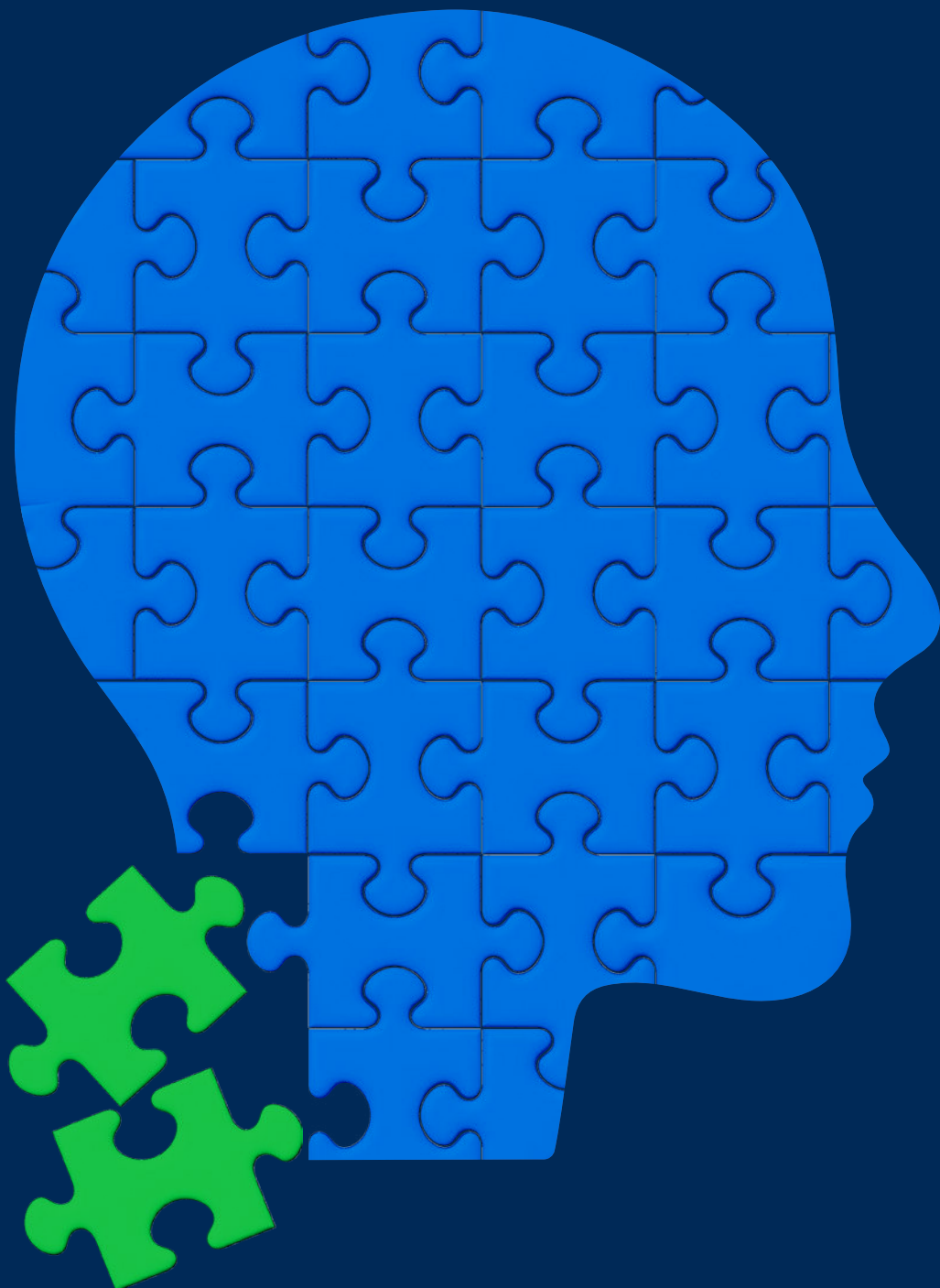


# The Evolving Skills Landscape

Anticipating current and future requirements



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# Introduction

The evolving skills landscape in Australia presents both challenges and opportunities for employers. As organisations adapt to technological advancements and shifting market demands, the need for ongoing investment to upskill and reskill the workforce has never been more critical. This report explores the current state of skills in the Australian labour market, offering an analysis of skills gaps/shortages and the strategies employers are adopting to address them. It aims to serve as a resource for understanding skills requirements and provides actionable insights for building a future-ready workforce.

## Report Objectives

The primary objectives of this report are to:

1. Identify current skills gaps to understand where the most significant skills shortages exist.
2. Examine investment in skill development to assess how employers are prioritising and investing in skill development to bridge these gaps.
3. Explore talent pipeline strategies to highlight effective approaches for developing a continuous supply of skilled workers.
4. Evaluate the role of migration to analyse the impact of migration on skill acquisition and how it complements domestic workforce development.
5. Advocate for a skills-based approach to promote a shift towards skills-based recruitment and development, emphasising the value of skills over qualifications.
6. Present case studies to provide real-world examples of how different organisations are addressing skills challenges and preparing for the future.

Throughout the report, several key themes highlight the challenges and strategies in addressing the evolving skills landscape. Many organisations face skills gaps and shortages, particularly in technical and specialised roles, due to insufficient investment in training, evolving business needs, and recruitment challenges. Employers are increasingly investing in skill development, focusing on upskilling and reskilling current employees in both technical and leadership skills, and using skills development as a core retention tool. Developing a sustainable talent pipeline through partnerships with educational institutions, apprenticeships, internships, and targeted outreach is also a priority. Migration continues to play a role in addressing skills shortages, with employers streamlining the recruitment process for overseas workers and integrating them effectively. Lastly, adopting a skills-based approach to recruitment and development enables organisations to focus on specific competencies rather than traditional qualifications, creating a more inclusive and adaptable workforce.

## Methodology

This report presents findings based on a survey, which included responses from 607 senior business decision-makers across a range of sectors and organisation sizes. The survey was carried out online between April 5 and 11, 2024.

The sample was weighted to reflect the latest ABS Industry Employment estimates, ensuring a representative cross-section of the Australian workforce.

Additionally, ten in-depth interviews were conducted to gain qualitative insights into the challenges and strategies related to skills development and workforce planning. These interviews provide valuable context and examples that complement the quantitative data from the survey.

### Breakdown of the sample, by number of employees per organisation

EMPLOYER SIZE BAND	RESPONDENT COUNT
2-19	171
20-199	182
200+	254
Total	607

### Breakdown of the sample, by sector

SECTOR	RESPONDENT COUNT
Private	493
Public	106
Not-for-profit	8
Total	607

This report combines statistical analysis with qualitative insights to paint a picture of the skills landscape in Australia, offering practical recommendations for HR to address current and future skills needs.

# Employer perspectives on current and future skills needs



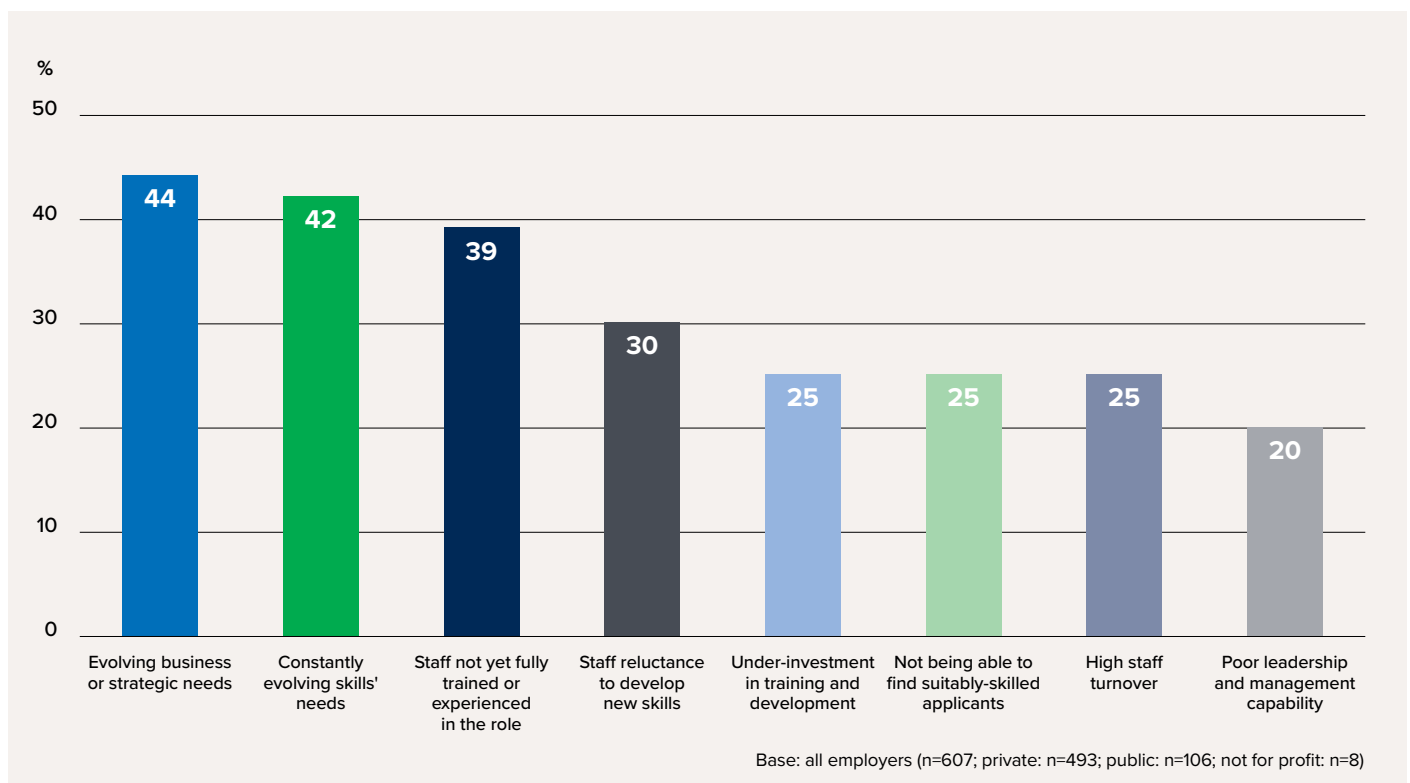
# 1. Identifying Current Skills Gaps

When employers were asked about internal skills challenges, nearly one in five (19%) employees were perceived as not proficient in their roles. This issue is more pronounced in the public sector, where 24% of employees are not fully proficient, compared to 18% in the private sector. The impact of these skills gaps is considerable, with 57% of employers reporting moderate or significant negative effects on their organisation's productivity. A Chief People Officer from an education organisation underscores the impact of skills shortages on their ability to accept new enrolments, leading to increased workloads for existing employees and, in some cases, capping centre occupancy.

Employers identify a range of causes for these skills gaps, reflecting the dynamic nature of skills requirements in the modern workplace. Figure 1 shows that evolving business or strategic needs are cited by 44% of employers, while 42% point to the constantly evolving skills landscape as a significant factor. Additionally, 39% of organisations

highlight that employees not being fully trained or experienced in their roles contributes to these gaps. Recruitment difficulties, high employee turnover, and poor leadership and management capability further exacerbate the issue. A Director of Workforce Strategy & Planning from a public sector organisation points out the critical gap in basic employability skills among new graduates, which universities often overlook in favour of developing problem-solving and critical thinking skills. They explain that they expect graduates to have a "set of employability skills around teamwork, creativity, and analytical skills. Being able to operate in an office environment, even being able to use the standard office package... but the universities say that's not their role to develop these skills." Proficiency in data and digital capabilities, cybersecurity, and STEM-related skills are also in short supply according to a Director of Workforce Strategy & Planning in Federal Government. An HR and Safety Manager within Infrastructure agrees, there is a need for cross-skilling in IT to handle fast-moving technological advancements.

Figure 1: Employer perceptions of the eight most common causes of skills gaps



The density of skills gaps varies significantly across different occupational groups. Professional occupations have the highest density of skills gaps at 39%, followed by managers at 36%, clerical and administrative workers at 33%, and sales workers at 32%. On the other hand, lower-skilled occupations tend to have lower densities of skills gaps, with labourers at 19%, machinery operators and drivers at 20%, and community and personal service workers at 22%. This variation highlights the need for targeted interventions that address the specific skills challenges within each occupational group.

A Chief People Officer in the veterinary sector highlights the dual challenge of a talent shortage of vets and nurses, compounded by the high qualifications required and the demanding nature of the job. They note, “We are relying on a lot on vets to be great all-round commercial operators, and it’s quite rare.” Similarly, a Chief People Officer within the education sector shares: “We are experiencing a staff shortage. We’re looking for qualified Early childhood teachers and struggle to find enough of those in the market who have a bachelor’s in early childhood education.” Difficulty in recruiting for specialised roles like town planners and building inspectors is also a problem. According to a Local Council People and Culture Manager “There is a real problem there. The legislation around what happens for you to qualify around town planning and building inspectors has shifted.”

## Practical Actions for HR Practitioners

1. Conduct skills assessments within your organisation to identify gaps through both observation and testing. Utilise performance reviews, on the job shadowing and competency assessments to understand where skills gaps exist. Regular assessments can pinpoint skills required due to evolving business needs, inadequate training, or recruitment challenges.
2. Develop and deploy targeted surveys and feedback mechanisms to gather detailed information on skills gaps from employees and managers. This data-driven approach can provide a clearer picture of the proficiency levels across different departments and roles.

## Reflective Questions for HR Practitioners:

1. How can your organisation better identify and address skills gaps within the workforce?
2. What specific skills are most lacking in your organisation, and how can you prioritise training to address these gaps?
3. How can you improve the proficiency of new graduates and other employees who may lack essential employability skills?
4. How can your organisation create a more effective onboarding process to quickly bring new hires up to speed?
5. How can your organisation leverage technology to identify and bridge skills gaps within the workforce, to enhance employee development and performance?

## 2. Investment in Skill Development

Employers were surveyed about their intention to train their current workforce over the next 12 months. Overall, 37% of organisations planned to increase their training investment, compared with 6% that reported plans to cut their training budget. Around half (51%) of employers report that training and development expenditure will remain the same in the year ahead.

There is considerable variation across sectors, with more than half (53%) of public sector employers saying that skills investment will increase at their organisation compared with 34% of private sector firms. Additionally, more than half (52%) of large organisations (with greater than 200 employees) plan to increase their training and development budget in the year ahead. This compares with 40% of medium-sized organisations (that have between 20 and 199 employees) and just 17% of small organisations (with between two and nineteen employees) that plan to increase skills investment during the same period.

A Chief People Officer from a large public sector organisation emphasised the importance of increasing skills investment, stating, “Our ability to meet future challenges relies heavily on our investment in upskilling our workforce. We are focusing on enhancing technical skills and leadership capabilities to prepare for the evolving demands of our sector.” This focus on technical skills and leadership capabilities highlights the dual approach needed in modern skill development strategies. Technical skills ensure operational efficiency, while leadership capabilities are essential for driving change and managing teams. This dual investment not only prepares the workforce for current demands but also enhances long-term organisational agility and resilience. Interestingly a People and Culture Manager from a Local Council believes “it’s not so much the skill needs that will change, but the approach that will change. So, it’s about how you use those skills rather than the skills themselves.” Some organisations pointed to the positive impact upskilling initiatives have on employee turnover, which in turn helps ease recruitment difficulties. A Chief People Officer in the education sector shared, “We have found that our investment in upskilling has significantly reduced our turnover rates. Employees feel valued and are more likely to stay with the organisation when they

see clear opportunities for career development.” Similarly, a Chief People Officer in the health sector emphasised the importance of training programs: “Our comprehensive training programs not only address current skills gaps but also play a crucial role in retaining our staff. By focusing on both clinical and leadership skills, we’ve managed to keep our turnover rates low.” These examples highlight how targeted investment in employee development can enhance retention and alleviate recruitment challenges.

Employers were asked to identify where they plan to prioritise their training spend in the next 12 months. It is perhaps no surprise that technical and practical skills, which are specific skills required to perform the specific functions of a job role, will see the highest level of investment over the course of the next year. The employer interviews conducted for this report indicated that technical and practical skills are a pivotal cause of recruitment difficulties in their workplaces. More than a quarter (26%) of employers say that they are going to prioritise investment in the technical and practical skills of their workforce over the next 12 months. In terms of size of organisation, training investment in technical and practical skills is particularly high among small employers (organisations with fewer than 20 employees). A senior leader from an Infrastructure company highlighted, “We have identified technical skills as a critical area for investment. Our industry is rapidly evolving, and staying ahead requires continuous upskilling of our employees in new technologies and practices.” A Director, Organisational Development & Workforce Strategy from a healthcare organisation explained, “We have seen a substantial increase in the need for advanced technical skills. Our strategic plan includes significant investment in continuous professional development to keep our team at the forefront of industry advancements.”

Fewer organisations are going to prioritise management and leadership skills. Fourteen percent of employers say that they are going to focus on leadership and management training. Leadership and management training is more likely to be prioritised in the public sector, where almost a fifth (19%) of those surveyed plan to focus their training investment in this area. A veterinary employer has developed a suite of clinical and behavioural leadership training programs aimed at



developing practice managers, clinical leads, and nurses. This strategy not only helps to address current skills gaps but also supports the long-term development and retention of skilled employees. Leadership development is not only seen as essential for building managerial capabilities but also for managing change and supporting employee well-being: “We invest heavily in leadership development in terms of the fundamentals as a manager, but also to build leadership capabilities to manage change, support staff well-being, and lead with vision. We rely on that leadership development to help support our workers, so there is also a major focus on soft skill development of our leaders.” Director, Organisational Development & Workforce Strategy, Healthcare. A Head of People Experience and Development within Retail expressed: “The future is human. As technology automates many roles, human skills will become an ongoing focus. Critical thinking, initiative, and the ability to work autonomously, especially in hybrid working environments, are key skills we will focus on. The ability to deal with change and ambiguity will also become more critical.”

Whilst there may be consistency in the need for skills investment there is a reality that may not accommodate it. A Chief People Officer within the education sector shared that in order for employees to “work on their professional development, we have to roster them off the floor. And when you’ve got a centre with staff shortages, illness or situations happening with children or families that need support. Generally, the first thing to go is that professional development. So that’s an ongoing challenge for us.” Another barrier identified by a Leadership and Training Consultant is “there are a lot of operational leaders that have a significant portion of their work doing the operations still and leadership becomes an added thing on their shoulders that they don’t have time for ....Organisations could do well to alleviate that from people leaders so they have time to coach and do all those things that would have a far bigger impact on performance.” A large global retailer appears to have done just that: ““Through our investment in development, we have an 85% internal fill rate. We’ve achieved this by ensuring we have ready talent and relying on our managers to nurture and prepare that talent. It’s not just about emotional intelligence but also about the skills around developing people and unlocking their potential.” Shares their Head of People Experience and Development when prompted to share how they’ve

overcome the time barrier they shared: “Time is the biggest pressure. Unlocking the time of the leaders to spend with their people is why there’s been such a focus on efficiency. It’s about prioritising and protecting that time with their team rather than filling it with operational tasks.”

## Practical Actions for HR Practitioners

1. Prioritise the development of technical and practical skills to address specific functional gaps. Ensure that training programs are tailored to meet the precise needs of various roles within the organisation.
2. Prioritise leadership and management training to enhance the capabilities of your leadership team. Effective leadership is crucial for identifying and managing underperformance, managing change, supporting employee well-being, and improving retention rates.
3. Encourage a culture of continuous learning by providing employees with regular opportunities for professional development. This approach helps to keep skills current and relevant in a rapidly changing work environment.

## Reflective Questions for HR Practitioners

1. How does your organisation currently prioritise its training and development investment?
2. What technical and practical skills are most critical for your organisation’s future success, and how can you ensure these areas are adequately funded?
3. How effective are your current leadership and management training programs in supporting organisational goals?
4. How can your organisation foster a culture of continuous learning to keep skills current and relevant?

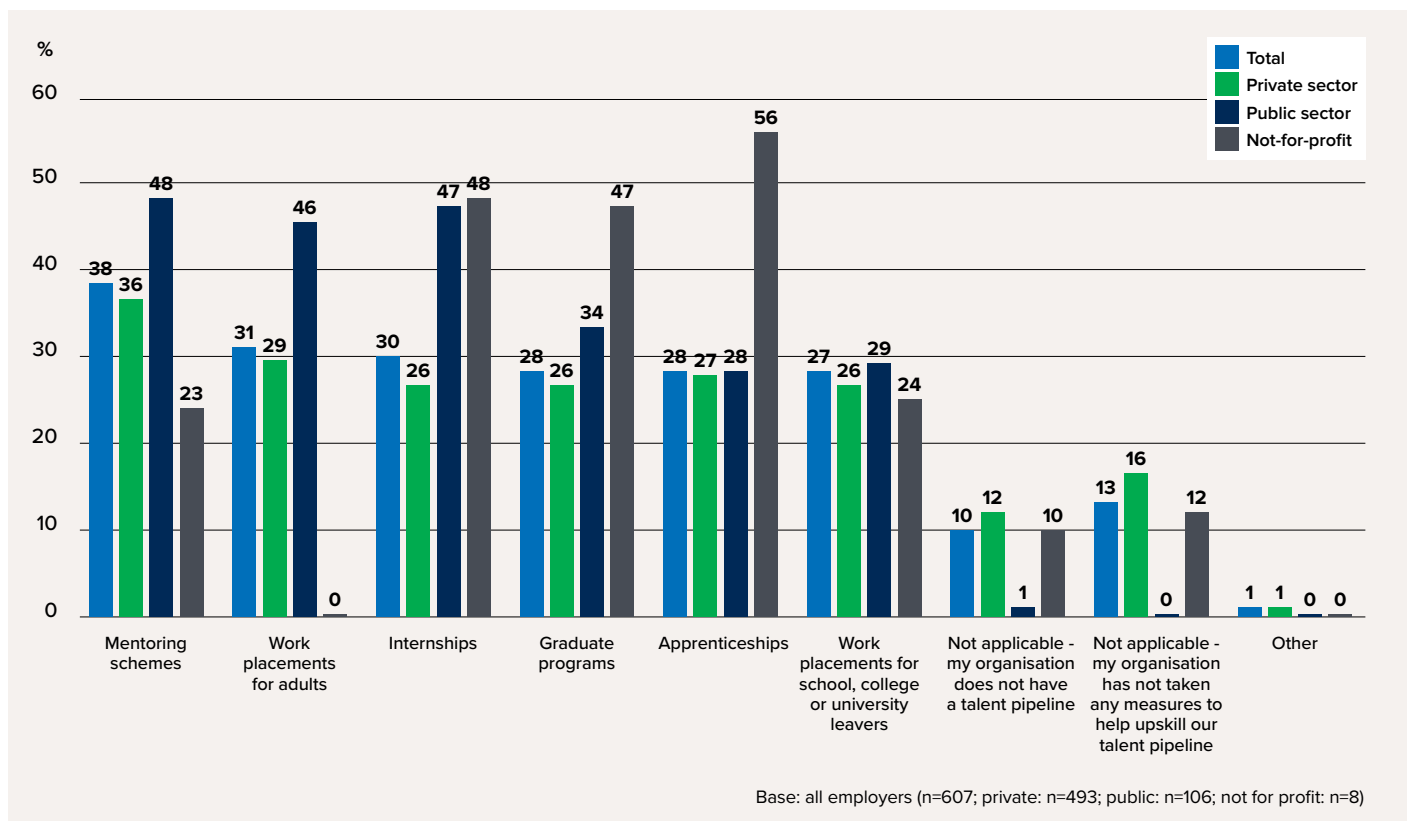
# 3. Building a Robust Talent Pipeline

Encouragingly, the survey data shows that upskilling is at the forefront of organisations' approaches to developing their talent pipeline. More than three-quarters (77%) of organisations report taking measures to upskill their workforce (See Figure 6 below). The most common initiatives include mentoring schemes (38%), work placements for adults (31%), internships (30%), graduate programs (28%), and apprenticeships (28%). Public sector organisations are particularly proactive, adopting mentoring schemes, work placements for adults, and internships at higher rates than the overall average.

A senior executive in the public sector emphasised, "We rely heavily on mentoring schemes and internships to develop our talent pipeline. These initiatives not only help in upskilling but also in retaining talent by providing clear career pathways." Similarly, an HR and Safety Manager within the infrastructure sector shared, "We do internal applications before we go out to market because our

GM of IT is very, extremely passionate about training up internal staff. They call the contact centre 'the nursery,' because a lot of people will come from said nursery into different roles in different departments." The Head of People and Development at a large global retailer highlighted their focus on internal development: "We focus on internal development with a concept called zigzag, which is about how you zigzag your way through the organisation, picking up experiences, skills, and knowledge along the way. We believe in unlocking the potential of our existing team because they have the relationships and cultural context." Additionally, they seek external talent through university partnerships: "We have relationships with universities like RMIT, where we run internship programs for our product roles. This involves students working on project challenges for their qualifications, providing us with fresh ideas and the opportunity to see upcoming talent."

Figure 2: Measures taken by organisations to improve talent pipeline



Employers also showed high enthusiasm for apprenticeships due to their low cost, high retention rates, and effectiveness in addressing skills shortages. An executive from a large service organisation noted, “We are using apprenticeships or other non-graduate-entry programs for school-leavers. They complement the graduate programs really well, especially in filling entry-level roles. We are now broadening the scope, using them for occupations where there is a skills shortage, such as data analysts.” The positive reception of apprenticeships underscores their value in creating a sustainable talent pipeline. Apprenticeships provide a cost-effective means of developing skilled workers who are more likely to stay with the organisation, thus reducing turnover and recruitment costs. By expanding these programs, organisations can ensure a steady flow of skilled employees tailored to their specific needs.

Partnerships with schools, TAFEs, and universities are excellent ways to build a robust talent pipeline. An industry-focused employer shared, “We have alliances with various institutes and TAFEs, bringing people into our organisation. Our customers often pick out trainees and apprentices, leading to a stable talent pipeline within the industry.” A senior leader in the education sector noted, “We target year nine students for early engagement in career paths through partnerships with professional bodies. This early intervention is crucial in shaping their career interests and building a future talent pipeline.” Additionally, a healthcare organisation has partnered with universities to ensure a steady flow of qualified professionals. This approach includes assistant roles to augment the capacity of qualified professionals and provide clear career pathways.

## Practical Actions for HR Practitioners

1. Develop a succession plan to ensure your organisation is investing in its internal talent pool and retaining employee knowledge.
2. Tailor mentoring schemes, work placements, graduate programs, internships, and apprenticeships to your organisation’s needs. These programs can help bridge skills gaps and provide clear career development paths for employees.
3. Collaborate with universities, TAFEs, and professional bodies to create talent pipelines. Initiatives like career days, school holiday programs, and targeted recruitment drives can be particularly effective.
4. Engage with students early in their education journey to build interest in your industry. Use apprenticeships to fill entry-level roles and address skills shortages in specific occupations, as they offer a cost-effective way to develop skilled workers who are more likely to remain with the organisation.

## Reflective Questions for HR Practitioners

1. How does your organisation currently support the development of a talent pipeline through upskilling initiatives?
2. What specific upskilling programs could be implemented or expanded to better meet your organisation’s needs?
3. How can your organisation strengthen partnerships with educational institutions to ensure a steady flow of qualified candidates?
4. What early engagement strategies can be adopted to attract young talent to your industry?

# 4. Leveraging Migration for Skill Acquisition

More than four in ten (41%) Australian employers report employing overseas nationals. This practice is particularly prevalent in the public sector, with 60% of public sector employers hiring overseas workers, compared to 37% in the private sector.

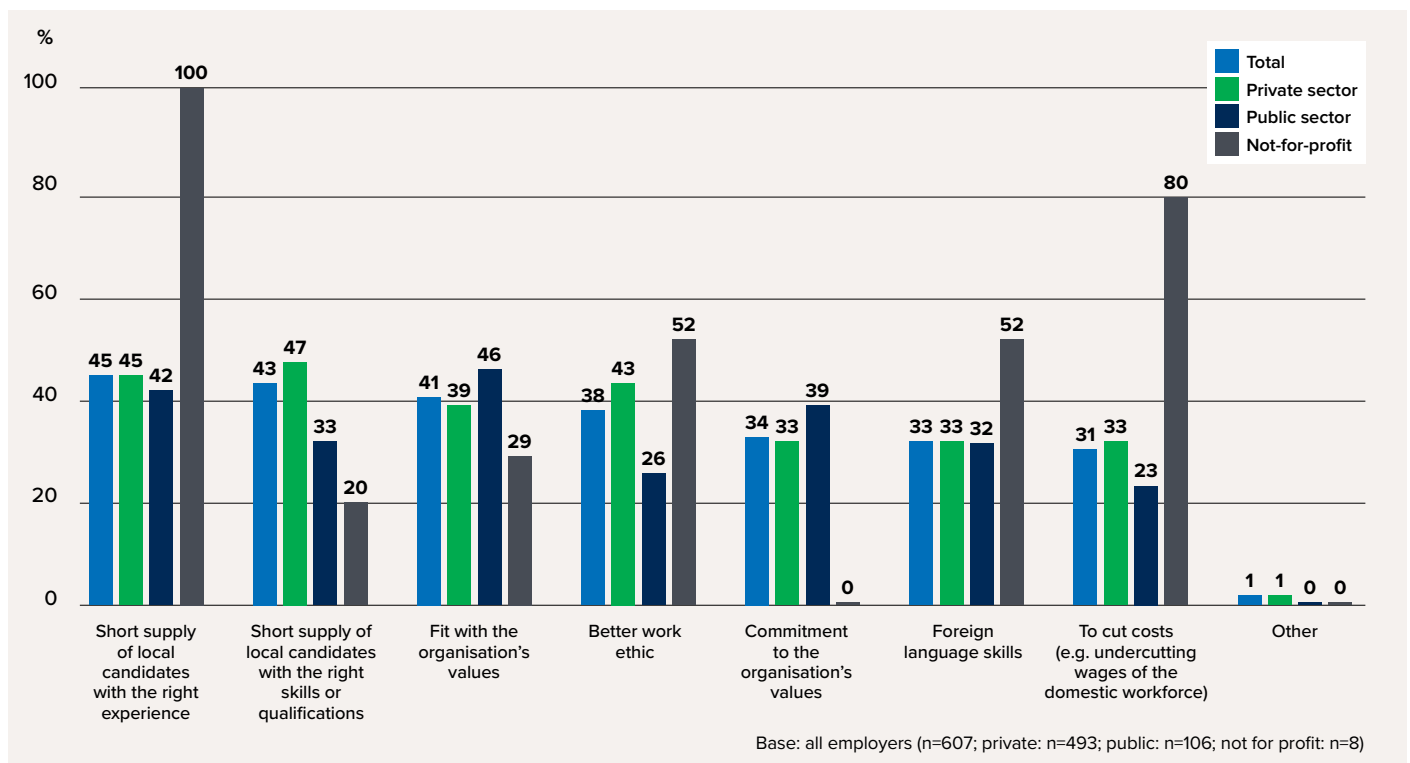
Employers increasingly rely on migration to meet their recruitment needs. An employer in the education sector stated, “We rely on sponsorship immigration. We hire trainees and fund their qualifications, provide incentive training.” Looking ahead, more than a third (37%) of employers plan to increase efforts to hire workers from overseas in the next 12 months. This demand is especially high in the public sector, where more than half (58%) of employers report plans to increase overseas hiring.

The primary reason for employing overseas workers is the inadequate supply of experienced local candidates. Almost half (45%) of employers cite a ‘short supply of local candidates with the right experience,’ and a similar proportion (43%) note the lack of applicants with the necessary skills or qualifications from the domestic workforce (refer to Figure 3). A Chief People Officer from the veterinary sector explained, “We have a special relationship with the Department of Immigration where we

will say we need a vet from overseas and we need them immediately. So, they will actually push through visas for vets very quickly for us. Vets are on the skills migration list, but also senior nurses.” This reliance on migration highlights the global nature of today’s talent market. Organisations must adopt a global perspective in their recruitment strategies, ensuring they are competitive in attracting international talent. Effective integration and support for overseas workers are crucial to retaining this talent and maximising their contributions to the organisation.

Other reasons for hiring overseas workers include alignment with organisational values (41%) and a better work ethic (38%). Additionally, just under a third (31%) of employers are increasingly turning to hiring migrant workers as a solution to address the challenge of local candidates’ high wage expectations, which are driven by intense industry competition and elevated remuneration standards. Some organisations benefit from the availability of domestic workers due to increased migration. As a Director of Workforce Strategy and Planning in the Federal Government noted, “An increased volume of migration doesn’t directly benefit us. However, it decreases labour market pressures, allowing other employers to draw from that pool, which leaves the larger domestic pool for us.”

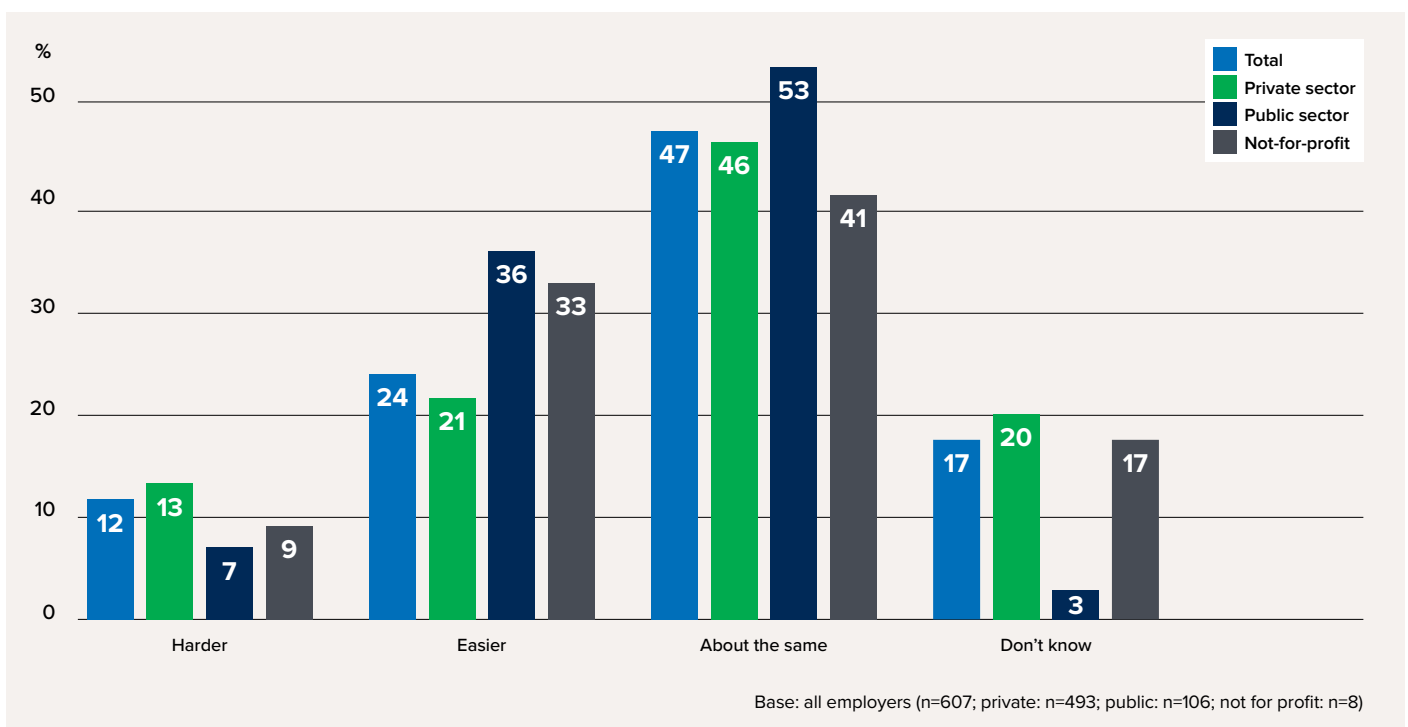
**Figure 3: Most popular reasons for employing overseas workers**



The survey data also indicates that the process for hiring workers from overseas has become easier compared with three years ago (Figure 4). Almost a quarter (24%) of organisations say that it has become easier to recruit overseas workers, compared to 12% who say it has become harder. The most popular reason cited for this improvement is that Australia is now a more attractive country to live and work in (54%). Other reasons include increased mobility for overseas workers (43%), a loosening of visa eligibility (39%), and an easier-to-understand immigration system (35%). A Chief People Officer in the veterinary sector highlighted the improvements in the immigration process: “It was very slow. It was uncomfortably slow. It was like four months to get a vet, and that’s just unacceptable for our business... that was internal processes too. We are much smarter about going overseas to conferences and so forth. We do a lot of marketing overseas. We do a lot of market mapping to the UK and Ireland where vet registrations are in synchronicity.”

However, not everyone agrees that the process has improved. A Manufacturing Recruitment Manager in WA shared, “I think the complexity of the process is really a barrier in terms of applying for visas... it’s just too confusing.”

**Figure 4: Employer attitudes towards employing overseas workers compared with three years ago**



## Practical Actions for HR Practitioners

1. Stay informed about changes in immigration policies and adapt your recruitment strategies accordingly. Understanding visa eligibility and regulatory changes will help ensure a smooth hiring process for overseas workers.
2. Invest in marketing campaigns and recruitment drives in countries with compatible qualifications and skills. Attending international job fairs and conferences can help attract qualified candidates from overseas.
3. Develop support systems to help overseas employees integrate into the organisation and the local community. This can include relocation assistance, cultural orientation programs, and language training.

## Reflective Questions for HR Practitioners

1. How can your organisation leverage immigration to address skills shortages effectively?
2. What partnerships can you establish or strengthen with immigration authorities to streamline the hiring process for overseas workers?
3. How can you improve your marketing and recruitment efforts to attract skilled workers from overseas?
4. What support systems can be implemented to help overseas employees integrate successfully into your organisation and community?

# Looking Forward to a Skills Based Approach



Adopting a skills-based approach enables organisations to build a more inclusive and effective workforce, better equipped to meet current and future demands. This method focuses on identifying, developing, and utilising specific skills rather than relying solely on traditional qualifications or job titles. As a result, it enhances organisational agility and responsiveness to the rapidly changing demands of the modern workforce.

Organisations looking to adopt a skills-based approach should begin by mapping out the specific skills required for each role, including both technical and interpersonal skills necessary for success. Understanding the skills landscape allows for the creation of more flexible roles that can be adapted based on the availability and strengths of the workforce.

An extensive skills audit can help identify which positions may no longer strictly require formal qualifications or prior experience. This can open up opportunities for a broader range of candidates who possess the necessary skills but may not have traditional credentials. An HR Leader from Infrastructure mentioned, “Our skills audit revealed that we could fill many roles with candidates who possess the right skills but lack traditional qualifications.”

An interviewee from the public sector highlighted the importance of on-the-job training: “We don’t need new hires to have all the required skills from the start. We take them through a process where they study and work at the same time, ensuring they gain the necessary skills on the job.” Technology plays a critical role in implementing a skills-based approach. Cloud-based systems and other technological tools help organisations maintain a database of employee skills and match these skills with current and future job requirements, ensuring a more dynamic and responsive approach to workforce planning.

Creating clear, skills-based career pathways for employees enhances retention and engagement. This involves identifying transferable skills and providing training programs to help employees transition into new roles within the organisation. As a Chief People Officer from the healthcare sector noted, “Mapping out potential future roles for employees and discussing areas of interest can guide the development of tailored training programs.”

Focusing on skills rather than traditional qualifications removes barriers that may prevent talented individuals from being considered for roles. This includes removing degree requirements and instead validating skills

through assessments, practical tasks, and performance in similar roles. This approach allows employers to tap into a more diverse talent pool and reduce recruitment challenges. A skills-based approach requires ongoing investment in employee development. Offering regular training programs, mentorship opportunities, and access to resources helps employees build new skills relevant to their roles and career aspirations.

## Practical Actions for HR Practitioners

1. Regularly conduct skills audits to identify gaps and opportunities within the workforce. Use insights to adjust job requirements and create more flexible roles.
2. Invest in cloud-based systems and other technologies that can help match employee skills with job requirements dynamically.
3. Develop clear career pathways based on skills progression. Provide training and development programs to help employees move into new roles within the organisation.
4. Shift focus from traditional qualifications to skills validation through practical assessments and real-world performance metrics.

## Reflective Questions for HR Practitioners

1. How can your organisation implement a skills-based approach to better identify and utilise the skills of your workforce?
2. What steps can you take to conduct a skills audit and adjust job requirements accordingly?
3. How can technology be leveraged to enhance skills matching and workforce planning?
4. What training programs can you develop to support skills-based career pathways within your organisation?



# Case Studies



## Case Study 1

One of the largest veterinary hospital groups in Australia and New Zealand, with over 267 clinics and 5,000 staff. They focus primarily on companion animals and face competition from local clinics and other corporate operators. The Chief People Officer oversees Human Resources, Talent Acquisition, Talent and Succession Development, Safety and Wellness, Diversity and Inclusion, Leadership Capability, Communications, HR Operations, Payroll, and HR Business Partnership.

### 1. Identifying Current Skills Gaps

The organisation, along with the industry, faces a persistent skill shortage of vets and vet nurses. For vets, this is due to the formal qualifications needed to fulfill the high skill requirements of the role and challenging work conditions. For nurses, similar challenges exist along with award rates of pay. As the Chief People Officer, explains:

“The award rate for [vet] nurses is mostly less than that of retail casuals. So, there is less attraction for a nurse to remain in the vet industry. And in terms of being a vet, the attraction of working with animals needs to outweigh the reality of the job, which is to deal with varied client expectations of animal health and the costs of patient care.”

The work intensity required to work as a vet is increasing due to a growing demand for commercial, communication, and leadership skills. This is primarily due to the challenging economic environment and rising client abuse. As a result, the Chief People Officer comments that vets now need to be “great all-round commercial operators, which can be an extra layer of accountability.” Subsequently, burnout rates in the vet profession are relatively high, especially for those with between five and ten years of experience. Labour turnover and a preference for flexible working are therefore key factors behind the skill shortages.

### 2. Investment in Skill Development

The organisation has adopted a series of tactics to help offset the skill shortage, including:

- A Vet Training Centre, a Leadership Academy, and a Graduate Academy to provide clinical and professional development for vets at different stages of their careers.
- A suite of clinical and behavioural leadership training programmes aimed at developing practice managers, clinical leads, and nurses.
- A working holiday programme, allowing vet employees to work in the UK, Canada, and Europe and return to their employment in Australia/New Zealand.
- Career pathways in its general practices and specialty hospitals.

### 3. Building a Robust Talent Pipeline

Because the work is highly specialised and the training lengthy, the organisation has sought to improve labour supply with a special focus on education institutions. For instance, the organisation runs student placement programmes featuring formal mentoring and guaranteed employment. The organisation has also developed a careers brochure to generate more interest in the profession in schools.

With labour turnover an issue, the organisation is also placing a particular focus on leadership skills to give employees greater job control, resilience, and mental health to help retain employees. As the Chief People Officer explains:

“We are proud of our suite of career pathways programs including an emerging clinical leaders’ programme called Accelerate. The regional manager will assess a vet using a leadership attributes profile as part of the assessment along with commercial and team acumen. But to be honest, if you have a desire and the regional manager believes in your behaviour you have strong opportunities to grow ... It’s a shame when vets decide to leave the profession after all of the effort taken to do six years of study. We’re trying to support resilience and mental health as well as other benefits to give vets and nurses options for their careers.”

The organisation continues to adopt a traditional approach to recruitment, focusing on the position description and the experience and qualifications required for the role. However, looking ahead, the organisation is considering the idea of a talent hub. This would be an important step away from the more traditional approach to skills and position descriptions and towards a skills-based operation, especially for specialisation in general practice and/or for career pathways within its specialty hospitals.

### 4. Leveraging Migration for Skill Acquisition

Underlining the skill shortages in the sector, vets and vet nurses are listed on the Government’s Skills Priority List, which the organisation has used extensively. For instance, of the 260 vets that the organisation hired last year, 50 were hired directly from overseas. The organisation is complimentary about the visa process for hiring vets and senior nurses from overseas, which has become more streamlined and a lot quicker in terms of access to migrant workers. According to the Chief People Officer, the organisation enjoys “a strong and transparent relationship” with the Department of Home Affairs and markets itself overseas to attract talent in alignment with domestic vets, especially in the UK, Ireland, Canada, and France.

By leveraging a combination of innovative training programs, strategic partnerships, and effective use of migration, the organisation aims to build a resilient and skilled workforce capable of meeting the evolving demands of the veterinary sector.

## Case Study 2

This private sector firm is a large and diverse infrastructure company that provides services to various industries and clients. According to the General Manager of People and Capability, the firm mainly operates in four sectors: defence, infrastructure services, telecommunications, and transport. They employ around 16,000 permanent workers and 1,500 subcontractors.

### 1. Identifying Current Skills Gaps

The organisation faces skill shortages in many of its roles and locations. The main hard-to-fill vacancies include mechanics, electricians, mechanical fitters, boiler makers, and riggers. According to the General Manager of People and Capability, competition over a limited pool of talent is fierce with their competition. The skill shortage is largely due to external factors, mainly successive governments' failure to invest in the skills of the skilled trade profession. "There's been such a focus on only a small slice of skills that we have needed. There is a lot of funding and a lot of support for growing STEM across the country, and that's right and important. But governments are not investing in or haven't invested enough rather, in the sort of trades and labour that is required to build infrastructure. This country is in its largest infrastructure build phase of its entire life. Yet we're not investing enough in TAFEs. We're not subsidising enough in technical skills; we're not incentivising and motivating people to go and do apprenticeships."

Additionally, the General Manager of People and Capability highlights a lack of good leaders and managers within the organisation. This is attributed to the phenomenon where employees are promoted to leadership positions based on technical ability rather than managerial skills. Consequently, the organisation is often forced to recruit managers and leaders from outside, which involves paying a wage premium.

To better understand and address these gaps, the organisation is currently in the process of mapping the labour market to identify future skills needs. They are partnering with a data consultancy firm to analyse census and recruitment platform data to map labour market trends and demand for various roles.

### 2. Investment in Skill Development

The organisation is implementing tactics to address its skills needs and workforce planning. Key objectives include reducing reliance on overseas workers through initiatives such as:

- Establishing a talent mobility scheme to help develop the internal skills pipeline.
- Creating a registered training organisation run by the firm.

The organisation also sees the potential to use AI and automation to improve productivity and reduce the demand for labour. The General Manager of People and Capability emphasised the importance of a systematic approach to developing leadership capabilities, mentioning that many leaders are promoted based on technical skills rather than leadership potential. This highlights the need for targeted leadership development programs within the organisation to ensure that those in managerial positions possess the necessary skills to lead effectively.

### 3. Building a Robust Talent Pipeline

According to the General Manager of People and Capability, skills shortages are directly linked to the failure of successive governments to invest in the skills of trade professions.

Looking ahead, the General Manager calls for more investment in TAFE and greater incentives for employers to invest in apprenticeships to make them more attractive.

The organisation's focus on community outreach and partnerships with educational institutions aims to create a sustainable talent pipeline, ensuring that future generations are well-equipped to meet the demands of the infrastructure sector. This includes targeting early education to inspire interest in trade professions and providing clear career pathways through apprenticeships and training programs. Key initiatives include implementing apprenticeships, including a specific programme targeted at Aboriginal and Torres Strait Islander communities, and launching a community outreach programme targeting primary schools, secondary schools, and TAFEs, with formal alliances developed with some of these institutions.

### 4. Leveraging Migration for Skill Acquisition

The organisation has no alternative other than to recruit from overseas because they cannot find workers from the domestic workforce. However, this approach has several drawbacks. As the General Manager of People and Capability explains: "Not all our overseas workers sourced from overseas are fully qualified or meet the quality and certification levels of Australia. So, they must go through a bridging process that takes time and money. However, this is more attractive than the alternative option, which is to build from within as part of a workplace planning strategy. Building some of that skill capability takes time. To build an electrician who can work on a high voltage line takes 10 years, so if there's a gap today, you should have filled it 10 years ago."

Overall, the firm's strategic initiatives and partnerships are aimed at addressing current skill shortages while building a sustainable and skilled workforce for the future.

## Case Study 3

This organisation is one of the largest public sector employers in Australia. The Director of Workforce Strategy & Planning at the organisation takes a longer-term strategic workforce development and workforce planning view for the federal arm of government. Key accountabilities include identifying specific workforce planning, future skills, and workforce transformation pathways.

### 1. Identifying Current Skills Gaps

The government's domestic commitments, international goals, and future changes to regulatory systems are key drivers behind the workforce planning strategy. The government's target to achieve net zero by 2050 is the biggest driver of skills demand in the organisation. Gap analysis is the main tool used by the organisation to assess the current and future skills needs. This involves comparing the existing skills with the desired skills and identifying the gaps that need to be addressed. To complement this, the organisation seeks to plan for the future skills profile through a mapping process conducted by combining desk research and interviews with leaders and managers, designed to anticipate future changes in occupational groupings.

### 2. Investment in Skill Development

The organisation has identified recruitment and retention as key potential causes of the skills gap and shortage. To increase the pool of labour supply and help preserve the skills of the existing workforce, the organisation has employed a variety of tactics including:

- Implementing a DEI strategy covering five dimensions: age, LGBTQIA+, race, gender, and disability. A new DEI strategy is currently being crafted to remove systemic barriers at each stage of the talent life cycle.
- Establishing a working group dedicated to First Nations people and creating a Reconciliation Action Plan.
- Removing barriers to hiring under-represented groups, including leveraging AI.
- Promoting an inclusive culture with policies on menopause, gender affirmation, gender-neutral parental leave, pay and bonus gap reporting, domestic family violence support, and the expansion of cultural holidays.

### 3. Building a Robust Talent Pipeline

The organisation is very proactive in targeting young people with several initiatives funded through the Strategic Capability Fund:

- Partnerships with higher education institutions.
- Establishing micro-credentials in key strategic capability areas, such as data analytics.
- Internships and apprenticeships to augment graduate programs.
- Funding PhDs to allow employees to combine study and work at the same salary level.
- Targeting year-9 school pupils with school holiday programs.

Additionally, the Director highlights the development of academy campuses as a significant initiative designed to make full use of innate talent. Reflecting the organisation's nuanced approach, candidates are assessed on having the right mindset and other attributes rather than just skills.

### 4. Leveraging Migration for Skill Acquisition

According to the organisation, migration has a limited direct impact on labour supply because newly arrived migrants need to live and work in Australia for four years before becoming eligible to work for the organisation. However, the Director states that the organisation benefits indirectly because "an increased volume of migration, in particular in areas where we're seeing skills gaps, decreases labour market pressures." This allows other employers to draw from the pool of new migrants, easing the competition for domestic talent.

Through strategic planning and proactive initiatives, the organisation is positioning itself to meet future demands while supporting its current workforce and fostering an inclusive culture.

## Case Study 4

The Chief People Officer at a prominent early education and care provider oversees a workforce of around 6,000 employees. The organisation has been in operation for around 11 years.

### 1. Identifying Current Skills Gaps

The organisation faces persistent skill shortages, particularly in qualified early childhood teachers, centre directors, and educators, with these issues being more acute in regional and remote areas. These shortages impact their ability to enrol new children, maintain quality standards, and compete with other sectors. As a result, some centres have had to cap occupancy, which can prevent parents from returning to the workforce. Additionally, the increased duties for current staff due to these shortages lead to higher work intensity and a lack of support for centre managers.

### 2. Investment in Skill Development

The organisation has adopted several tactics to address the skill shortages:

- Upskilling existing employees by providing financial incentives for training and offering scholarships for existing and new employees to study towards their Bachelor of Early Education.
- Actively promoting from within to fill leadership positions.
- Despite these initiatives, the Chief People Officer reports ongoing challenges in both recruiting and retaining talent. The professional development of staff is often the first to be cut during periods of staff shortages or high demand, further exacerbating the issue.

### 3. Building a Robust Talent Pipeline

The organisation predicts that the demand for higher-level skills will increase in the future. They actively invest in talent mapping and succession planning, assessing competencies and creating development plans to monitor and support employee growth. To address the future demand for higher-level skills, the organisation is also looking externally which includes:

- Partnerships with higher education institutions developing relationships to attract students.
- Establishing micro-credentials in key strategic capability areas such as data analytics.
- Providing practical placements and paid internships to convert students into long-term employees.
- Targeting year-9 school pupils including school holiday programs to promote early interest in the sector.

The Chief People Officer emphasises the need for higher-level vocational qualifications to bridge the gap between vocationally qualified educators and those with tertiary qualifications. This approach could help reduce dropout rates and increase the number of qualified teachers.

### 4. Leveraging Migration for Skill Acquisition

Migration is essential to meeting the organisation's recruitment needs, especially as many vacancies are on the Skills Priority List. The immigration system is considered user-friendly, particularly for filling roles in regional centres where additional incentives are offered. These initiatives by the government have been effective in attracting international talent to the sector.

In summary, the organisation's approach to addressing skill shortages through upskilling, promoting internal talent, and leveraging migration, combined with strong partnerships with educational institutions, positions it well to meet future workforce demands in the early education and care sector.

# Conclusion

The evolving skills landscape in Australia is a multifaceted challenge that demands strategic and proactive responses from employers across all sectors. This report has highlighted the pressing skills gaps and the various strategies employed by organisations to bridge these gaps, ensuring they remain competitive in an increasingly dynamic market.

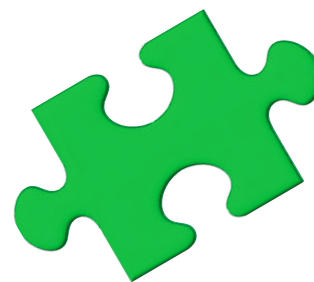
The key findings from our survey and interviews underscore the critical importance of investing in skill development. Employers are recognising the need to not only address current skills shortages but also anticipate future requirements. This forward-thinking approach involves a combination of upskilling existing employees, developing robust talent pipelines, and leveraging migration to supplement the domestic workforce.

One of the most promising strategies identified is the shift towards a skills-based approach. By focusing on specific competencies rather than traditional qualifications, organisations can create a more inclusive and adaptable workforce. This approach not only helps in meeting immediate skills needs but also enhances long-term organisational agility.

The case studies presented in this report provide practical examples of how various organisations are successfully navigating the skills landscape. From healthcare to education, and from public sector to private enterprise, these examples illustrate that there is no one-size-fits-all solution. However, they also highlight common themes such as the importance of leadership development, cultural initiatives, and strategic partnerships with educational institutions.

Looking ahead, the need for continuous investment in skills development, both technical and soft skills, is paramount. Employers must remain vigilant and adaptable, ready to embrace new technologies and methodologies that can support their workforce's growth. At the same time, policymakers must ensure that immigration policies and educational frameworks align with the evolving needs of the labour market.

In conclusion, addressing the skills gaps and preparing for future demands is not just about filling vacancies but about building a resilient and dynamic workforce capable of driving innovation and growth. By adopting a comprehensive and inclusive approach to skills development, Australia can unlock the full potential of its workforce, ensuring sustained economic prosperity and a competitive edge on the global stage.





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