
SKILLS AND JOBS FOR MELBOURNE'S WEST

**‘Skill Needs in the West’
1st Report**

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Acknowledgement of Country

This research was conducted at Victoria University which acknowledges, recognises and respects the Ancestors, Elders and families of the Bunurong/Boonwurrung, Wadawurrung and Wurundjeri/Woiwurrung of the Kulin who are the traditional owners of University land in Victoria.

As we share our own knowledge practices, may we pay respect to the deep knowledge embedded within the Aboriginal community and their ownership of Country. The Wurundjeri people were the custodians of the land in the Port Phillip Bay region, including the West of Melbourne area which is the focus of this project, for over 40,000 years before European settlement.

The West of Melbourne lies within the area occupied by the clans of other groups who occupied land in the area including the Kurung-Jang-Balluk Marin-Balluk, YalukitWillam and Marpeang-Bulluk clans of the Woiwurrung (Wurundjeri) who form part of the larger Kulin Nation.

We acknowledge that the land on which we meet is a place of age old ceremonies of celebration, initiation and renewal and that the Kulin people's living culture has a unique role in the life of this region.

PROJECT REFERENCE GROUP CHAIR NOTE

We know COVID-19 has disproportionately impacted the health and economic wellbeing of residents in the West of Melbourne, who were already experiencing disadvantage compared to the rest of Melbourne.

In response, Skills and Jobs for Melbourne's West has mapped urban skills and investigated the future jobs needs of employers in four focus industry sectors – Infrastructure, Digital Economy, Social Services and Care, and Manufacturing.

This place-based research focuses on treating the area as a 'city region'. Within this 'city region' there are important interactions between macroeconomic policies and the microeconomic actions taken by organisations and businesses. The research involved data and documentary analysis, surveys and interviews with national stakeholders and selected survey respondents.

This report details the findings from the first pillar of the Skills and Jobs for Melbourne's West project. This project is part of a broader initiative called the Victoria University 'Recover, Innovate, Sustain and Evolve' (VU RISE) funded by the Victorian Higher Education State Investment Fund (VHESIF).

The Skills and Jobs for Melbourne's West project is focused on the area covered by the following six Councils : Brimbank, Hobsons Bay, Maribyrnong, Melton, Moonee Valley, and Wyndham.

The research was supported by economic modelling by the Victoria University Centre of Policy Studies (CoPS) to increase understanding of the economic outlook in the West of Melbourne. The CoPS analysis projected employment outcomes over the period 2021 to 2031, under a base case and three scenarios. The base case is covered further in this report.

We gratefully acknowledge the support of the Victorian State Government. The West of Melbourne Economic Development Alliance (WoMEDA) of which I am the Chair, is a proud project partner.

Professor Peter Dawkins AO

Chair, WoMEDA; Chair, Skills and Jobs for Melbourne's West Project Reference Group

EXECUTIVE SUMMARY

The first stage of the Skills and Jobs for Melbourne's West project has identified there will be marked growth in the West of Melbourne working age population over the coming decade, when compared to the rest of Australia.

Strong levels of employment are required to support this population. However, the jobs worked in by West of Melbourne residents will increasingly be outside the West and be predominantly in Inner Melbourne. Increasing levels of commuting has a large social and economic cost.

Despite the outward movement of West of Melbourne residents for work, two thirds of respondents to an employer survey said they are facing a skills gap 'now' or foresee they will struggle to hire skilled staff 'in the future'.

The challenges faced by employers in the West of Melbourne are not only a lack of skilled people: there are issues in staff retention, career development, progression and building employees' skills. A related challenge is that only a third of employers responding to the survey had links with education and training providers, impeding their ability to use training to overcome some of these challenges.

This paradox of large scale commuting to work outside the West of Melbourne, alongside a local skills shortage, is largely due to a mismatch of skills. The skills currently needed within the West of Melbourne do not closely align with the skills possessed by the West of Melbourne population.

There is a need to increase local employment opportunities for West of Melbourne residents, and to ensure these residents have the specific skills local employers are seeking. This includes fostering effective linkages between employees, employers, training providers and government.

Key Findings

- ◆ Most employers in the West of Melbourne report a skills gap in the local labour force
- ◆ The local labour force in the West of Melbourne serves some industries well but often in lower skilled occupations
- ◆ Many residents in the West of Melbourne commute out of the area for work and this will worsen in the future
- ◆ Employers reported additional problems in staff recruitment, retention, career development, progression and building up employees' skills
- ◆ Only a third of employers have active links with training providers.

01 CONTEXT

Several questions are posed in the project:

- ◆ **What is the employment outlook for residents of the West of Melbourne, and where do they work?**
- ◆ **Will there be a skills gap in the West of Melbourne?**
- ◆ **What networks exist between training providers and employers?**

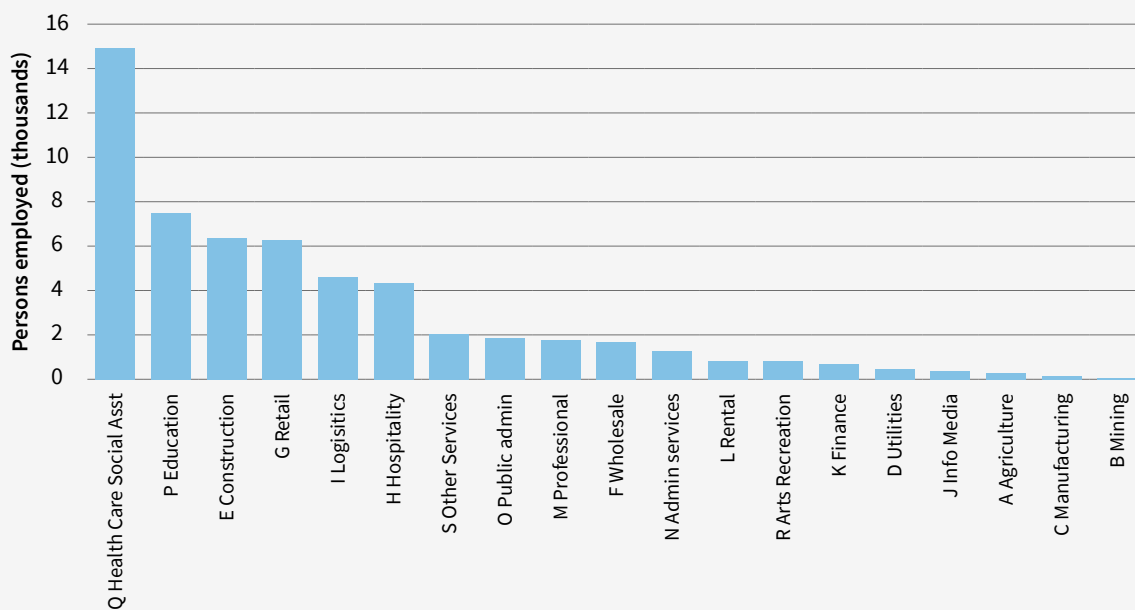
The West of Melbourne has traditionally been an area with long lasting pockets of social and economic disadvantage in most local government areas. Over the years economic development policy has aimed at increasing local employment. There are currently several economic activity streams in the West of Melbourne, and this includes each local Council's economic development department as well as Lead West, West of Melbourne Economic Development Alliance (WoMEDA), the Victorian State Department of Transport and the Department of Jobs, Precincts and Regions.

There are various plans for the West of Melbourne to be developed in local clusters as a productive ecosystem. There is also a growing recognition that transport connectivity and community health impact the economic development of the West of Melbourne. Government driven stimulus through infrastructure projects and departmental relocation has been a positive long-term goal in the West.

The demographics and labour markets in the West of Melbourne mean that the pandemic has been experienced very differently to other areas of the city:

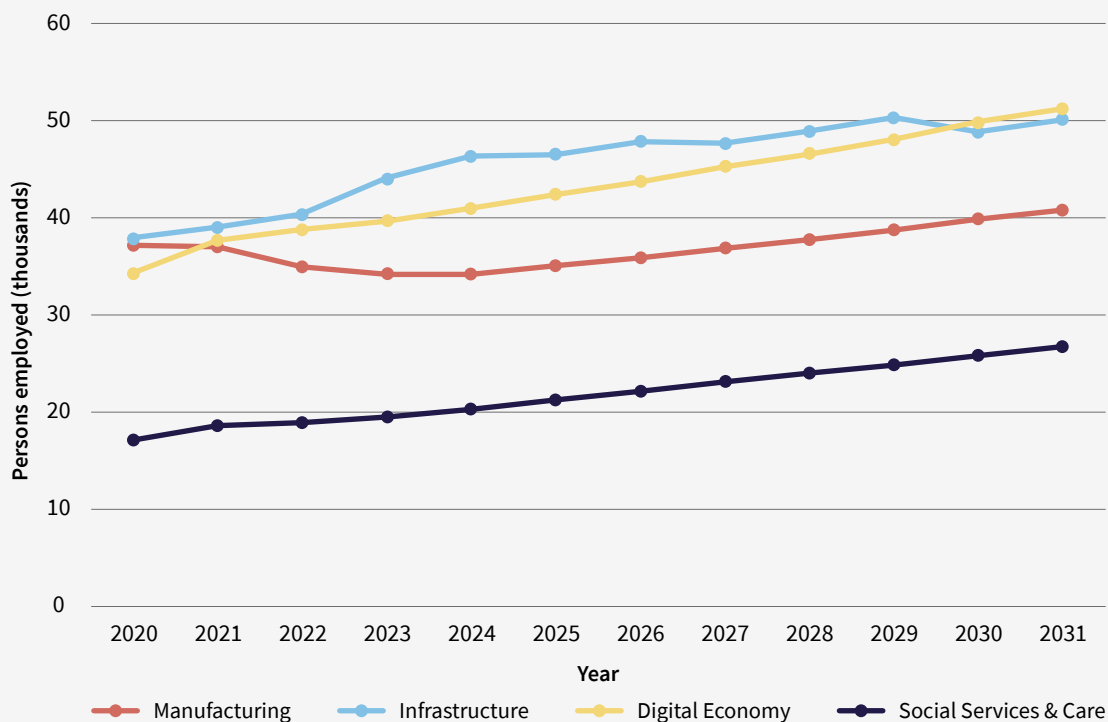
- ◆ new migrants and refugees often settle in the West of Melbourne, producing highly mobile, culturally diverse communities.
- ◆ there are structural inequalities in the labour market, including large numbers of workers in face-to-face and casualised roles.
- ◆ as a consequence, the move to online work and learning as necessitated by the COVID-19 pandemic has had profound impacts on local communities in the West of Melbourne.

Some of these challenges are outlined in the following sections focusing upon four focus industry sectors—Infrastructure, Digital Economy, Social Services and Care, and Manufacturing. The report findings are generated from document analysis, key stakeholder consultation through our eminent Project Reference Group, over 700 responses to our employer survey and more than twenty interviews with policy stakeholders and local employers. Interview data is reported in this report without attribution, with pseudonyms used.



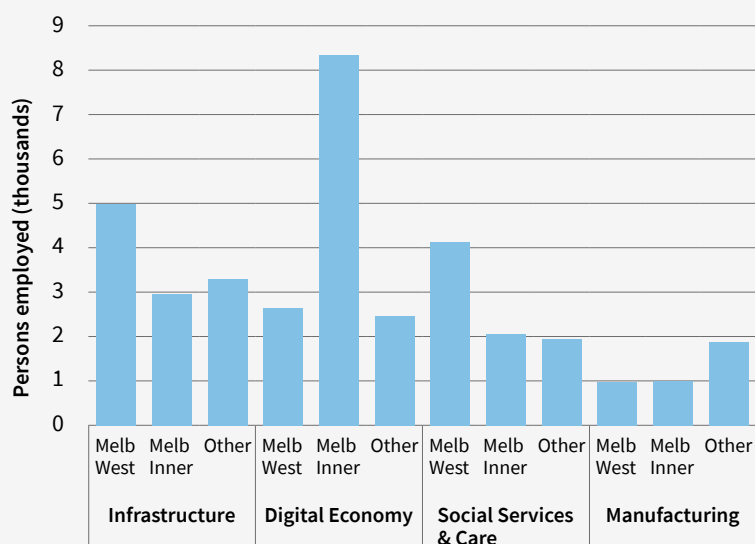
Change in employment (headcount), West of Melbourne, 2021-31

Modelling undertaken by the Centre of Policy Studies (CoPS) at Victoria University estimates that over the period 2021-31, employment within the West of Melbourne will increase by 56,000 jobs. Just over a quarter of this growth (15,000 jobs) will be in the Health Care and Social Assistance sector. Around 6,000 jobs will be added in each of Construction and Retail, and 7,500 jobs in Education.



Employment of West of Melbourne residents in focus industries, 2021-31

Employment across Melbourne and regional Victoria of West of Melbourne residents within the focus industry sectors is expected to grow by 37,000 jobs over the period 2021 to 2031. The fastest growing focus sector is expected to be Digital Economy with 17,000 jobs, followed by Infrastructure with 12,000 jobs. Manufacturing is expected to only have modest growth of 4,000 jobs, largely due to the growing role of automation in this sector.



Location of employment growth, West of Melbourne residents, working in focus industry sectors 2021-31

Increasing local employment of West of Melbourne residents is challenging as much of the growth of their employment is in jobs located in other parts of Melbourne. This is highlighted by the Digital Economy sector, where the dominant location of jobs held by West of Melbourne residents is in Inner Melbourne, accounting for growth of 8,000 jobs between 2021 and 2031.



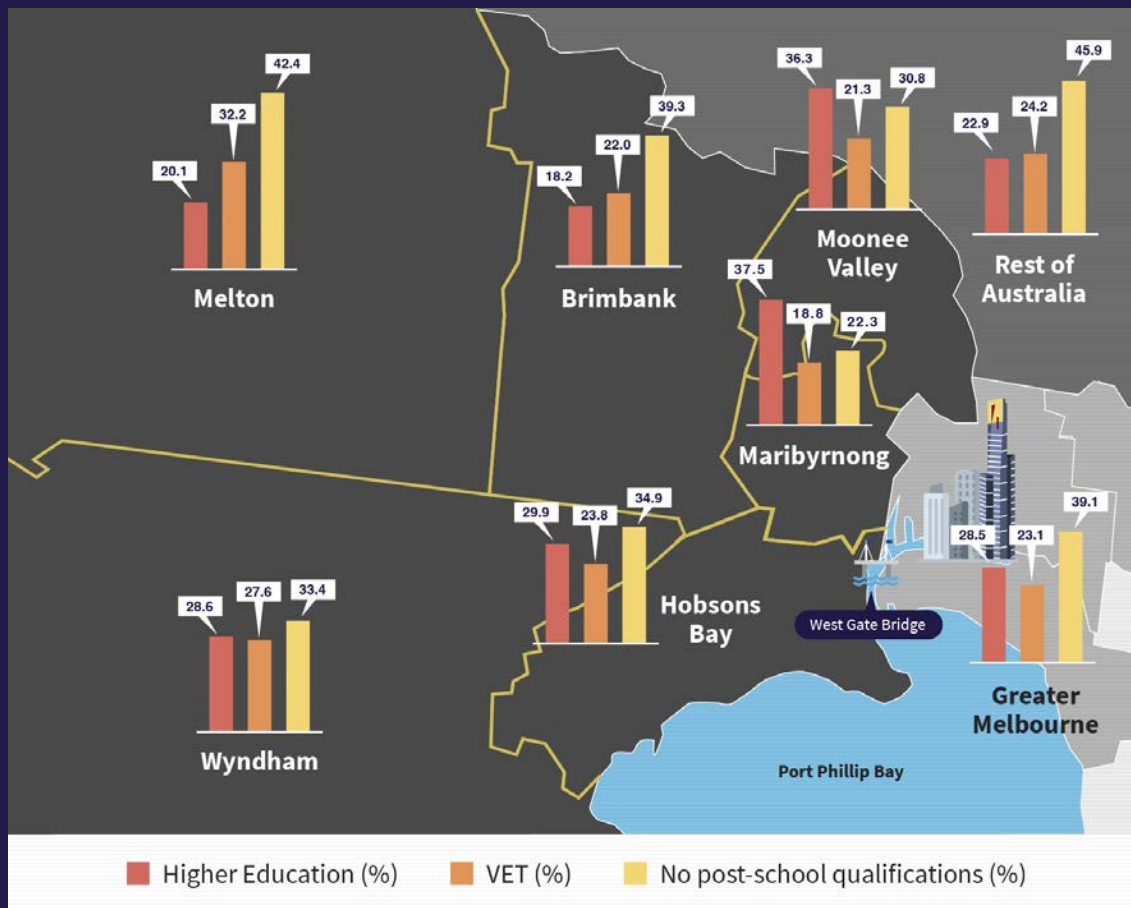
02 HIGHEST EDUCATION PARTICIPATION IN WEST OF MELBOURNE

Educational provision and attainment in the West of Melbourne is impacted by a number of local structural features including the age profile of residents and the provision of education and training which is different to other areas of Melbourne.

One way of understanding how provision of post-school educational attainment plays out is to look at the Australian Census derived highest level of educational attainment (HEAP) within local government areas (LGA).

HEAP vary considerably when considering the Inner West (Hobsons Bay, Maribyrnong, Moonee Valley) and Outer West (Brimbank, Melton, and Wyndham) LGAs. Relatively similar rates are observed between Greater Melbourne and Inner West LGAs when considering HEAP at most levels such as Advanced Diploma and Diploma, Certificates III and IV, as well as Secondary Years 10 and above. In contrast, higher levels of bachelor's degree and postgraduate degrees are found in the Inner West LGAs.

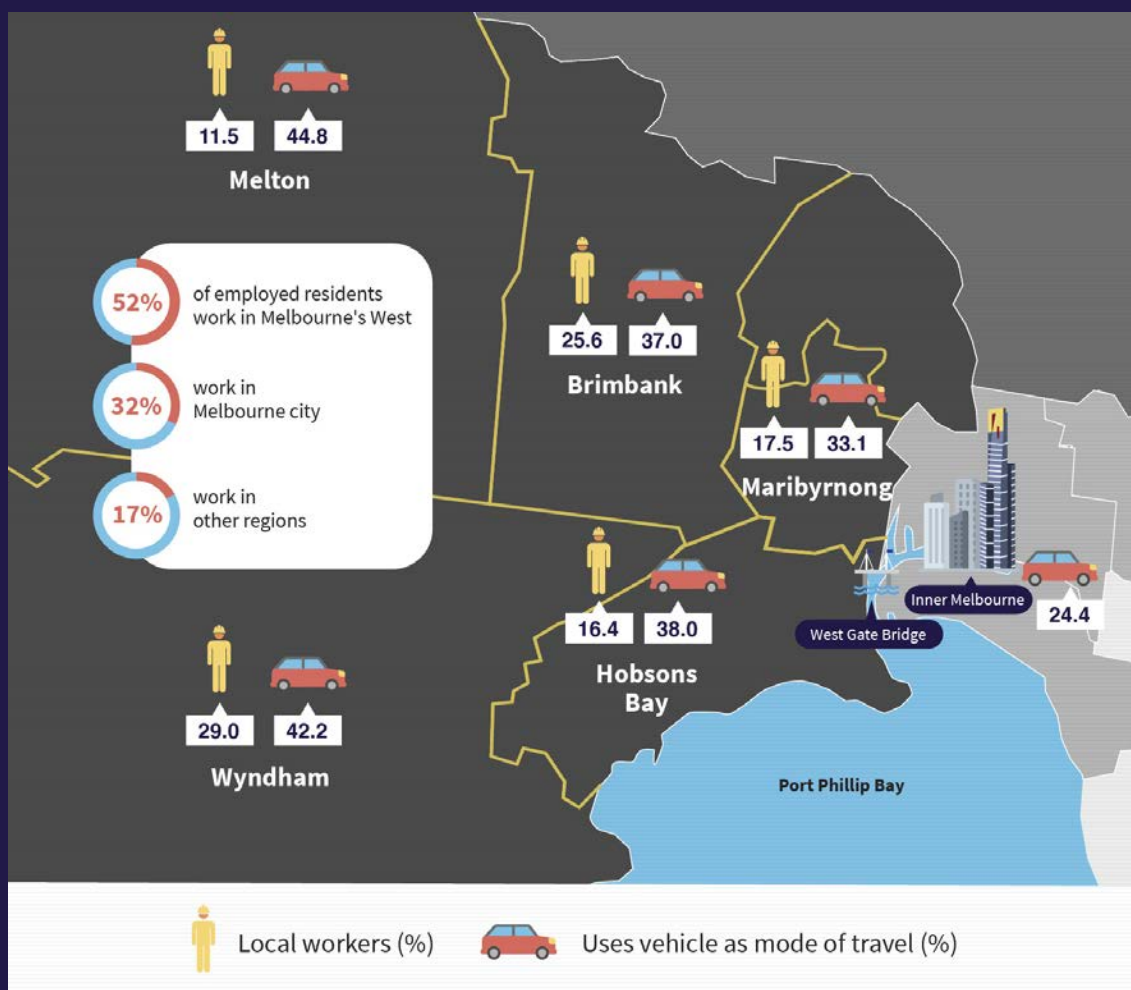
Variation In Population Highest Qualification Attainment



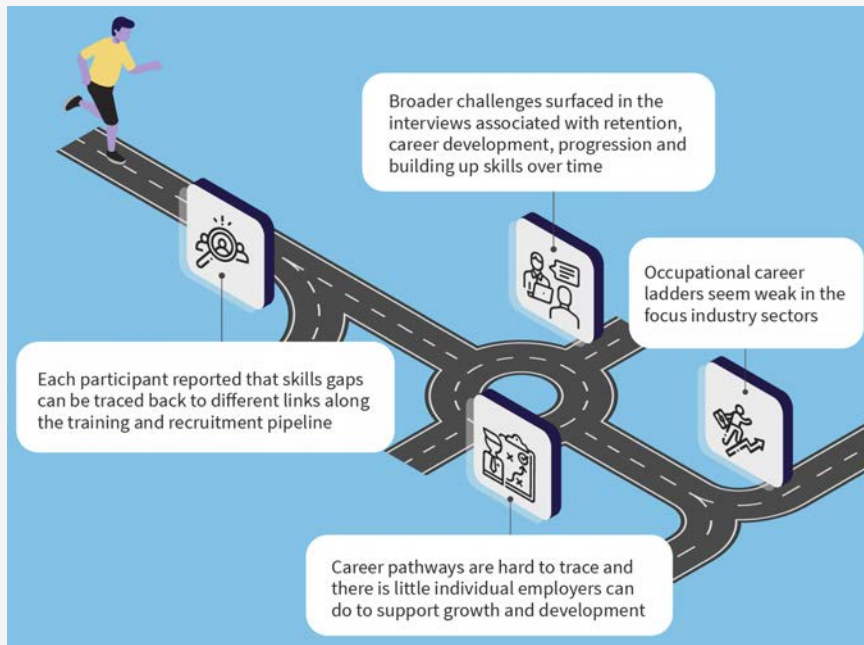
03 COMMUTING IN WEST OF MELBOURNE

Many residents in the West of Melbourne commute out of the area for work. There are also many employees from outside the West of Melbourne who come in. There is scope to reduce the export of employees in focus industries by boosting local employment opportunities, and potentially reducing reliance on imported employees. Commuting is predicted to remain a major part of the working lives for people in the West. In 2021, it is estimated that just over half (52 per cent) of West of Melbourne residents worked in the region, with a further 32 per cent working in Inner Melbourne and the remainder working in North-West Melbourne and other parts of Victoria and Australia. Without any change, by 2031 the percentage of West of Melbourne residents working in the West of Melbourne is expected to decline to 48 per cent.

Commuting In Melbourne's West

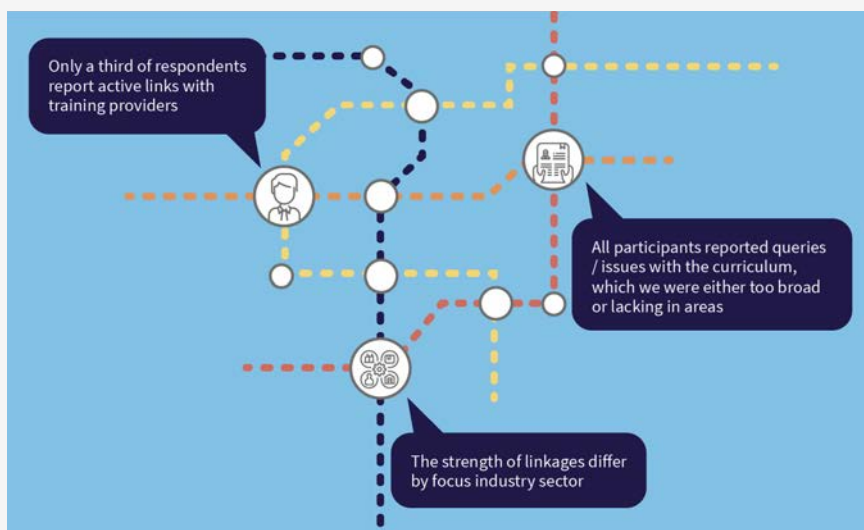


Many Detours to Skill Development



The skills challenges faced by West of Melbourne employers can be characterised as ‘detours’ on the road to workforce skill development. Barriers to skills development included staff recruitment issues, training barriers and career development challenges. These ‘detours’ impacted all stages of recruitment and training. Concerns were raised about a dearth of progression opportunities in some West of Melbourne industries—both progression and promotion within specific occupations, and the lack of a strong local career ladder within industries more generally. Progression opportunities were found to be particularly weak in the focus industry sectors, particularly in Infrastructure and Social Services and Care.

Fragile Networks Between Industry and Training Providers



Skills gaps are exacerbated by the presence of fragile networks between local training providers and employers in West of Melbourne. These fragile networks are represented by dotted lines in the above diagram. Although most employers have some relationships with training providers in the West of Melbourne, the project survey found that only a third have active links. All local employer interview participants reported some issues with the training curriculum available in the West of Melbourne, indicating that the curriculum was either too broad or lacking in some areas. This is a key issue for investigation in the second stage of the project.

04 FOCUS INDUSTRY SECTOR

Infrastructure

Infrastructure faces the greatest skill shortages, mainly related to higher-level professional or technical positions such as engineers, supervisors, licensed and experienced trades.

Of the respondents...



44%

Said that they lacked the skills needed today



20%

Suggested concerns with skill shortages in the next 12 months



31%

In other focus industry sectors lack skills today

There is no shortage of [low] skilled labour. There are plenty of people, but because of the lack of planning, you don't have the skills that [workers] can transfer across... to other jobs. A lot of organizations have not committed to formal training.

West of Melbourne infrastructure employer, Mr C.

The Infrastructure sector comprises elements of the construction sector, alongside electricity and gas supply. In 2021, 39,000 (9.0%) of the jobs worked in by West of Melbourne residents were in this sector, which is slightly less than the proportion of employment in this sector for Victoria and Australia as a whole. Employment of West of Melbourne residents in this sector is expected to grow by 11,200 jobs (29%) over the period 2021 to 2031. Employers in this sector display a high level of awareness of their skill needs, awareness of the staff recruitment and development issues in the complex sector, and report established connections with training providers. The Infrastructure sector participants indicated they are facing urgent challenges in meeting their current skill needs. More than two-fifths of survey respondents from the sector reported that they lacked skilled workers needed today, which is higher than that of both other focus industry sectors and non-focus industries. One-fifth of participants also suggested concerns with skill shortages in the next 12 months. Participants suggested specific skill and occupational shortages including “hands-on construction experiences”, “construction project skills and knowledge”, and “qualified cable jointers”.

Infrastructure - Key areas for investigation

- ◆ Are there any ways to combat the industry's lower level of satisfaction with the preparedness of graduates in the Infrastructure sector?
- ◆ What can be done to support connectedness of the Infrastructure sector to training providers?
- ◆ Are there appropriate mappings of skill shortages and what information would be most useful to local employers and training providers?

05 FOCUS INDUSTRY SECTOR

Digital Economy



50% of employees based in the West
(and of these, just over 53% have a locally based workforce)

There is a very low representation of local workforce for this industry compared to the other target industries which have **71%** of local workforce (where more than half live in the West).



The survey results show that participants from the DE sector displayed a **high-level of understanding** of the current and future skill needs of their business. However, less confidence is observed in their understanding of connections with training providers.



Only **1/5** respondents from the sector agreed that they understand how to connect with training providers to support the skill needs of their business.

There's a massive need for dramatic shift in how our government thinks about training for the future. So [I] take a lot of students fresh from university, train them up and give them real world experience, There's not much else, I can do, unfortunately.

West of Melbourne digital economy employer, Mr C.

The Digital Economy sector—comprising digital economy industries and occupations—makes up 38,000 (8.7%) of the jobs worked in by residents of the West of Melbourne in 2021. This represents a greater proportion of total employment than in Victoria or Australia as a whole. Employment in this industry sector is expected to increase by 36 per cent (14,000 jobs) between 2021 and 2031. In 2021, over 26,000 (70%) of those living in the West of Melbourne that work in the Digital Economy sector, commuted to outside the region. This is expected to increase to 73 per cent by 2031. This means that a challenge facing the West of Melbourne is that although this is a growing sector, much of the employment growth is within Inner Melbourne, requiring employees to commute for employment. This growth in commuting puts pressure on transport networks and has implications for quality of life.

Approximately 80 per cent of the jobs worked in by West of Melbourne residents commuting outside the region to work in the Digital Economy sector are professional occupations, compared to 70 per cent among the Digital Economy jobs that are in the West of Melbourne.

Digital Economy – Key areas for investigation

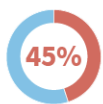
- ◆ What approaches have employers tested to overcome barriers to employing recent graduates in the Digital Economy sector?
- ◆ How has the pandemic and working from home impacted the Digital Economy sector?

06 FOCUS INDUSTRY SECTOR

Social Services & Care

Businesses in the sector are reporting relatively less skills shortages in comparison to other target and non-target focus industry sectors.

Of the respondents from the sector...



Indicated that they had skills needed for today and for the next 12 months, which is more than, the other sectors (around 32%)

[COVID-19] has impacted on staff availability right across the sector in every area. So it's not necessarily any different skill gap, it's just people gaps.

West of Melbourne Social Services and Care employer, Mrs B.



The Social Services and Care sector comprises Residential Care, and Social Assistance services, along with a range of associated occupations. In 2021, this sector comprised 18,600 (4.3%) of jobs worked in by residents of the West of Melbourne, with this expected to increase to 26,700 by 2031 (4.7%). This represents an increase of 44 per cent and is the largest increase of the four focus sectors. This increase largely reflects the growing demand for employees due to the ageing population. This estimated growth does not reflect any potential increase in demand for employees in response to policy change, such as implementation of recommendations made by the Royal Commission into Aged Care Quality and Safety. Many West of Melbourne residents working within this sector commute—in 2021, an estimated 45 per cent of residents in this West of Melbourne working in this sector commuted to work outside the region, with a small increase to 46 per cent expected by 2031.

Social Services & Care – Key areas for investigation

- ◆ How are employers in the Social Services and Care sector combatting skill shortages including in new areas of demand since the pandemic?
- ◆ Is there a mechanism for employers in the Social Services and Care sector to raise emerging skill needs?
- ◆ Are there promising practices that can be shared about scaffolding the occupational career ladder within Social Services and Care?

07 FOCUS INDUSTRY SECTOR

Manufacturing

Manufacturing had the highest level of satisfaction with trainees, apprentices and graduates but nearly **40%** of manufacturing employer respondents lacked the skills they need today.



Compared to other target industries, the manufacturing sector is relatively less impacted by COVID-19. The pandemic has mainly disrupted the supply chain for the sector, which resulted in a shortage of raw materials.

When the skills are generic across industries, we'll use external [registered training organisations] RTOs. When the skills are specific to our industry, we do it in house through "face to face discussions" between operators, engineers and supervisors.

West of Melbourne manufacturing employer, Mr A.

In 2021, the Manufacturing sector accounted for approximately 37,000 (8.5%) of jobs held by residents of the West of Melbourne. This number is expected to increase to 41,000 by 2031, but decline as a proportion of total employment to 7 per cent. This modest growth and declining share of total employment reflects how this sector is competing with imports from overseas, and is increasingly capital intensive. The capital intensiveness of this sector means that output can often be increased without an increase in employment. The Manufacturing sector represents a higher proportion of jobs for West of Melbourne residents than at the Victorian and Australian level. A high proportion of West of Melbourne residents working in this sector commute for their work. In 2021, 43 per cent of those working in the sector commuted to outside the West of Melbourne for their work, with this increasing to 46 per cent by 2031.

08 PROJECT TIMELINE



Publication of Strategies for the West of Melbourne July 2022

In 2022 the next stages of the project ‘Pillar 2’ will be to co-design strategies for the West of Melbourne. Local government, industry connections and other key stakeholders will be consulted and asked for feedback, culminating in the co-design of strategies to support skills and jobs recovery in the West of Melbourne.

CONSULTATION PHASE

These questions will underpin the Second Pillar of the project – ‘ground truthing’ consultation activities.

What are innovative approaches to addressing industry skills needs in the West of Melbourne to better prepare the workforce for the future?

- ◆ What skills will be increasingly needed in the future in the West of Melbourne?
 - ◆ How can communication on skills between key stakeholders such as employers, employees, education and training providers and students be improved?
 - ◆ How can the education system better develop the required skills in students?
 - ◆ How can upskilling ‘on the job’ be made easier?

How could educational partnerships in the West of Melbourne function more effectively in the future?

- ◆ How would you assess the effectiveness of your current partnerships with education and training providers in the West of Melbourne?
- ◆ What are other key contributing factors to a successful education–industry partnership?
- ◆ Can you identify any ways that these factors could be better supported in the West of Melbourne?
- ◆ What, if any, barriers need to be overcome to support developing or improving education–industry partnerships?

What features do successful engagements between industry and educational partners in the West of Melbourne have?

- ◆ What are critical features of enduring partnerships between industry and education in the West of Melbourne?
- ◆ From your perspective, how can these successful features be used more widely?
- ◆ Could these successful features be adapted to different contexts (e.g. in different industry settings)?



CONTACT DETAILS

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