

Victorian skill needs in  
2011: *A summary of  
industry intelligence*

Skills Victoria

31 March 2011

# Contents

Glossary .....	i
Executive Summary .....	i
1 Introduction .....	3
2 Industry employment forecasts.....	5
3 Automotive .....	8
4 Building and Construction.....	14
5 Business Services .....	20
6 Community Services and Health.....	25
7 Culture and Recreation .....	32
8 Electro-technology and Communications.....	38
9 Food Processing .....	43
10 Forestry .....	48
11 Furnishing.....	54
12 Manufacturing and Engineering .....	60
13 Primary Industries.....	66
14 Racing.....	74
15 Services .....	78
16 Textiles, Clothing, Footwear and Leather .....	83
17 Transport and Storage .....	88
18 Water .....	92
Appendix A : Industry concordance .....	95
Appendix B : Industry consultation .....	100
Appendix C : Australian Apprenticeships – National Skills Needs List, January 2010.....	101
Limitation of our work.....	102

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## Charts

Chart 2.1 : Industry employment growth in Victoria – 2011 (ITAB structure).....	6
Chart 3.1 : Employment outlook – Victorian automotive industry.....	11
Chart 3.2 : Skilled Vacancy Index – Victorian automotive industry .....	11
Chart 4.1 : Employment outlook – Victorian building and construction industry .....	17
Chart 4.2 : Skilled Vacancy Index – Victorian building and construction industry.....	18
Chart 5.1 : Employment outlook – Victorian business services industry .....	22
Chart 5.2 : Skilled Vacancy Index – Victorian business services industry .....	23
Chart 6.1 : Employment outlook – Victorian community services and health industry .....	28
Chart 6.2 : Skilled Vacancy Index – Victorian community services and health industry.....	29
Chart 7.1 : Employment outlook – Victorian culture and recreation industry .....	36
Chart 8.1 : Employment outlook – Victorian electro-technology and communications industry.....	40
Chart 8.2 : Skilled Vacancy Index – Victorian electro-technology and communications industry ...	41
Chart 9.1 : Employment outlook – Victorian food processing industry .....	46
Chart 9.2 : Skilled Vacancy Index – Victorian food processing industry .....	47
Chart 10.1 : Employment outlook – Victorian forestry industry.....	51
Chart 11.1 : Employment outlook – Victorian furnishings industry.....	57
Chart 11.2 : Skilled Vacancy Index – Victorian furnishing industry.....	57
Chart 12.1 : Employment outlook – Victorian manufacturing and engineering industry.....	62
Chart 12.2 : Skilled Vacancy Index – Victorian manufacturing and engineering industry .....	63
Chart 13.1 : Employment outlook – Victorian primary industry.....	69
Chart 14.1 : Employment outlook – Victorian racing industry.....	76
Chart 15.1 : Employment outlook – Victorian services industry.....	81
Chart 16.1 : Employment outlook – Victorian textile, clothing and footwear industry.....	86
Chart 17.1 : Employment outlook – Victorian transport and storage industry .....	90
Chart 18.1 : Employment outlook – Victorian water industry .....	94

## Tables

Table 2.1 : Annual industry employment growth – Victoria (ITAB industry structure) .....	6
Table 2.2 : Annual industry employment growth – Victoria (ANZSIC industry structure) .....	7
Table A.1 : Concordance between ITAB industry structure and ABS ANZSIC classification.....	95

# Glossary

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¥A	Australian dollar
ABS	Australian Bureau of Statistics
AQF	Australian Qualifications Framework
AQIS	Australian Quarantine Inspection Service
ANZSIC	Australian and New Zealand Standard Industry Classification
BICCIAB	Building Industry Consultative Council Industry Advisory Body
BSV	Business Skills Victoria
CAD	computer aided design
CBA	Commonwealth Bank of Australia
CBC	Competency Based Completions
TFIA	Council of Textile and Fashion Industries of Australia
COAG	Council of Australian Governments
CS&HITB	Community Services and Health Industry Training Body
DEEWR	(Commonwealth)
EPICITB	Electrotechnology, Printing, Information Technology and Communications Industry Training Board
GFC	Global Financial Crisis
ISNR	Industry Skill Needs Report
ITAB	Industry Training Advisory Body
MESAB	Manufacturing and Engineering Skills Advisory Board
NBN	National Broadband Network
OH&S	Occupational Health and Safety
RPL	Recognition of Prior Learning
RTO	Registered Training Organisation
SSV	Service Skills Victoria
TAFE	Technical and Further Education
TCF&L	Textiles, Clothing, Footwear and Leather
TCFUA	Textiles, Clothing and Footwear Union of Australia
VET	Vocational Education and Training
VFITB	Victorian Food Industry Training Body
VTG	Victorian Training Guarantee

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# Executive Summary

Skills Victoria commissioned Deloitte Access Economics to provide an outlook for the Victorian labour market in 2011, including analysis of occupations in demand and experiencing critical skill shortages. The purpose of this report is to assist Skills Victoria in the publication of industry intelligence to individuals and businesses, with the aim of stimulating training demand in skill shortage areas.

This report incorporates Deloitte Access Economics' views, along with a summary of industry intelligence gathered from the 16 Victorian Industry Training Advisory Bodies (ITABs). Their advice was provided to Deloitte Access Economics during meetings and other correspondence in late 2010 and early 2011. The industry advice presented in this report has also been informed by consultations held with representatives of various Victorian government agencies.

ITABs were asked to identify the key issues that are expected to influence industry performance and the demand for skills over the coming year. Deloitte Access Economics has broken these into supply side issues (developments which affect the structure of the industry or how it produces goods and services) and demand side issues (developments which affect the quantum or type of goods and services demanded from the sector).

## Key supply side issues

Key supply side issues affecting a broad range of industries include the following:

- **Regulatory changes and other government policies** were cited as a key supply side issue. These relate directly to the supply of training and skills – such as the specific programs and policies funding the Victorian VET sector – along with wider economic and social policies. The latter includes, for example, the rollout of the National Broadband Network, health funding programs, the eventual introduction of a carbon pricing mechanism in Australia, and a range of various industry-specific policies.
- **Technological changes**, including the use of new materials and the introduction of enhanced business processes, is an emerging supply side issue across a number of industries, partially as a response to an increasingly competitive business environment. The introduction of new technology increases demand for technical skills within the industry, but can also reduce the need for labour in some areas as production becomes more capital intensive. That can mean the need for redeployment or retraining into other emerging areas.
- **Environmental and sustainability** issues remain on the agenda. Across many industries, sustainability is becoming increasingly embedded within standard business practices, underpinning demand for workers to have a broad understanding of sustainable processes. Lean manufacturing and other practices aimed at efficiency are an important component of improving sustainability across many firms. A need for workers to have a solid understanding of sustainability within existing business operations is seen, in a number of industries, as a more practical short term outcome of growing environmental trends compared with the emergence of new sectors and technologies.
- The **ageing of Australia's population** remains an issue for a number of industries. In particular, concerns regarding the increased number of retirements over the coming years are centred on the loss of skills and experience in key occupations, and the resultant 'skills gap' which is expected to occur.

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## Key demand side issues

Key demand side issues having a general impact on Victorian industries include the following:

- Australia's **elevated exchange rate** is adding to competitive pressure on industries which rely on exports or compete with imported products in the domestic market. Industries such as automotive, food, forestry, manufacturing and services (through the tourism industry) are all feeling the impact of the higher \$A. The strength of the currency does also provide some important benefits in some areas, such as through cheaper inputs sourced from overseas.
- **Demographics trends** are influencing the volume and types of products being produced across a number of industries. The ageing population is influencing demand for health services, and is also expected to alter consumption patterns more generally. The rate of population growth is also expected to slow in 2011 as a result of less international migration. That may have some impact on the demand for housing and household products.
- A change in **consumer** demands is also expected to influence production and skill needs. A growing number of consumers are choosing to purchase sustainable and ethical products (which is of particular relevance for the food industry), while the corporate sector more generally is recognising the need to incorporate sustainability and social responsibility into business practices in order to meet consumer expectations. There is also a growing trend toward online shopping and rising demand for digital interactive media to provide greater experience of products and services.
- More broadly, **economic trends and conditions** were also noted as an important demand side issue. While the Victorian economy is growing solidly, the re-emergence of the mining boom in other States and weaker consumer spending growth are influencing industry output and skill needs.

The submission of written advice and the industry consultation process was completed by Deloitte Access Economics in December 2010. As such, the advice reflected in this report does not explicitly incorporate the impact of the Victorian floods, which took place in mid-to late-January 2011.

## Prospects for employment growth

The Victorian economy has produced strong employment growth over the past year. More than 89,000 new jobs were created in Victoria through 2010, and total employment has risen by almost 200,000 since mid 2009. Going forward, Deloitte Access Economics expects that strong performance to continue in 2011. The Victorian economy has been one of Australia's steadiest performers over the past decade, and the same is expected to be true over the next year. Consumer spending is stronger in Victoria than the national average, and the pipeline of business investment is solid. Although population growth will weaken, the remaining spare capacity in the Victorian labour market and pace of economic growth provide the potential for good job gains in 2011.

Deloitte Access Economics expects Victoria to record employment growth of 4.4% in 2011, with that growth projected to be led by industries such as utilities, health and education, finance and business services, and construction.

**Deloitte Access Economics**  
**31 March 2011**

# 1 Introduction

Skills Victoria commissioned Deloitte Access Economics to provide an outlook for the Victorian labour market in 2011, including analysis of occupations in demand and experiencing critical skill shortages. The purpose of this report is to assist Skills Victoria in the publication of industry intelligence to individuals and businesses, with the aim of stimulating training demand in skill shortage areas.

As such, this report incorporates Deloitte Access Economics' views, along with a summary of industry intelligence gathered from the 16 Victorian Industry Training Advisory Bodies (ITABs). The ITAB advice was provided to Deloitte Access Economics during meetings and through other correspondence in late 2010 and early 2011. The industry advice presented in this report has also been informed by consultations held with representatives of various Victorian government agencies.

In defining the lists of occupations in demand and experiencing critical skill shortages, ITABs were required to apply criteria developed by Skills Victoria. The criteria are based on definitions used by Skills Australia and the Commonwealth Department of Education, Employment and Workplace Relations. The definition used to identify an occupation in demand is as follows:

*An occupation is in demand when employers are unable to fill or have considerable difficulty filling vacancies for the occupation, or significant specialised skill needs within that occupation over an extended time period, at market rates of remuneration and standard conditions of employment, and in reasonably accessible locations.*

Of those occupations listed as in demand, occupations were also considered to be experiencing a critical skill shortage if they met the following four criteria:

- **Long lead time:** Occupations that require skills which are highly specialised and require extended learning and preparation time over several years.
- **High use:** Where there is a high incidence of those undertaking formal training for a qualification subsequently taking up employment in the corresponding occupation.
- **High risk:** Occupations where the disruption caused by the skills being in short supply imposes a significant risk to the Australian economy and/or community.
- **High information:** Where the quality of information about the occupation is adequate to the task of assessing future demand and evaluating the first three criteria.

In addition to the industry discussion and occupation lists, this report also includes forecasts of Victorian employment by industry. These forecasts have been completed according to two industry structures:

- The Australian and New Zealand Standard Industry Classification (ANZSIC) published by the Australian Bureau of Statistics (ABS). Deloitte Access Economics has included forecasts completed at the one-digit ANZSIC level.
- An industry structure which is representative of the industry coverage of each ITAB.

A concordance between the ANZSIC and ITAB industry structures which has been developed by Deloitte Access Economics is included at Appendix A. Deloitte Access Economics cautions that this concordance will not always provide an accurate reflection of the employment base covered by each ITAB. Some more information on the limitations of the concordance is provided in the following chapter.

In Deloitte Access Economics' opinion the advice provided by the ITABs is generally sound. Each ITAB appears to have consulted widely with industry participants in formulating their advice. They each presented a balanced and informed view of expected industry developments in 2011 and the occupations which are likely to be in demand or experiencing critical skill shortages.

The submission of written advice and the industry consultation process was completed by Deloitte Access Economics in December 2010. As such, the advice reflected in this report does not explicitly incorporate the impact of the Victorian floods, which took place in mid-to late-January 2011. Similarly, any potential economic consequences of other recent natural disasters such as the Queensland floods and earthquakes in New Zealand and Japan are not captured within this report.

The following chapter provides Deloitte Access Economics' industry employment forecasts. Each subsequent chapter is dedicated to providing advice relevant to a particular industry. Where data is available, these industry chapters include data on vacancies, drawn from Skilled Vacancy Index published by the Commonwealth Department of Education, Employment and Workplace Relations (DEEWR). There are some shortcomings to using this data. For example, the index is based on the number of advertised vacancies and is not a detailed measure of unmet demand. In this report, the vacancy data is presented as an index, with the number of vacancies in 2000 set equal to 100.

Each industry chapter begins with a brief overview of the industry, as described in the box below.

**Coverage:** *The occupations covered by the industry.*

**Specific industry and business cycle drivers:** *Specific factors of particular importance to the industry and relevant economic factors.*

**Recent relative employment performance rating:** *A ranking of the industry's employment growth performance over the three years to 2010. The ranking – rated as Low, Below Average, Average, Above Average and High – is relative to the employment performance of the other industries examined in this report.*

**Expected relative employment performance rating:** *A ranking of the industry's expected employment growth performance over the three years from 2010.*

## 2 Industry employment forecasts

The following charts and tables provide a brief snapshot of the Victorian economy, along with key economic and employment forecasts derived by Deloitte Access Economics. The employment forecasts are provided for the ITAB industry structure, along with the ANZSIC industry structure.

As noted above, there are some limitations of using the ANZSIC industry structure to assess employment prospects across ITAB industries. For example, the rise of part-time farmers means that the Victorian primary industry often provides a secondary source of income for individuals. The implication is that counts of those employed in primary industry may not fully capture the industry coverage in aggregate. Imperfect alignment between the coverage of each ITAB industry and the ANZSIC industry categories may also give rise to some discrepancies in estimating the employment coverage of some ITABs. Moreover, the activities covered by some ITABs (particularly across creative, leisure and 'emerging' industries) may not be adequately captured within the ANZSIC categories for the purpose of making an accurate comparison with the coverage of the relevant ITAB.

These definitional issues should be considered when examining the forecasts presented in this chapter. A concordance between the ANZSIC and ITAB industry structures which has been developed by Deloitte Access Economics is included at Appendix A.

### Snapshot of the Victorian economy

- **Gross State Product (real)**  
\$293.3 billion  
GSP per capita: \$53,193 (2009-10 est.)
- **Population**  
5.51 million (2009-10 est.)
- **Labour force**  
3.03 million  
Unemployment rate: 5.1% (January 2011)
- **Key merchandise trade partners**  
China 18.4%, United States 10.6%, Japan 9.2%, New Zealand 5.9%, Germany 5.1% (2010)

#### Key forecasts

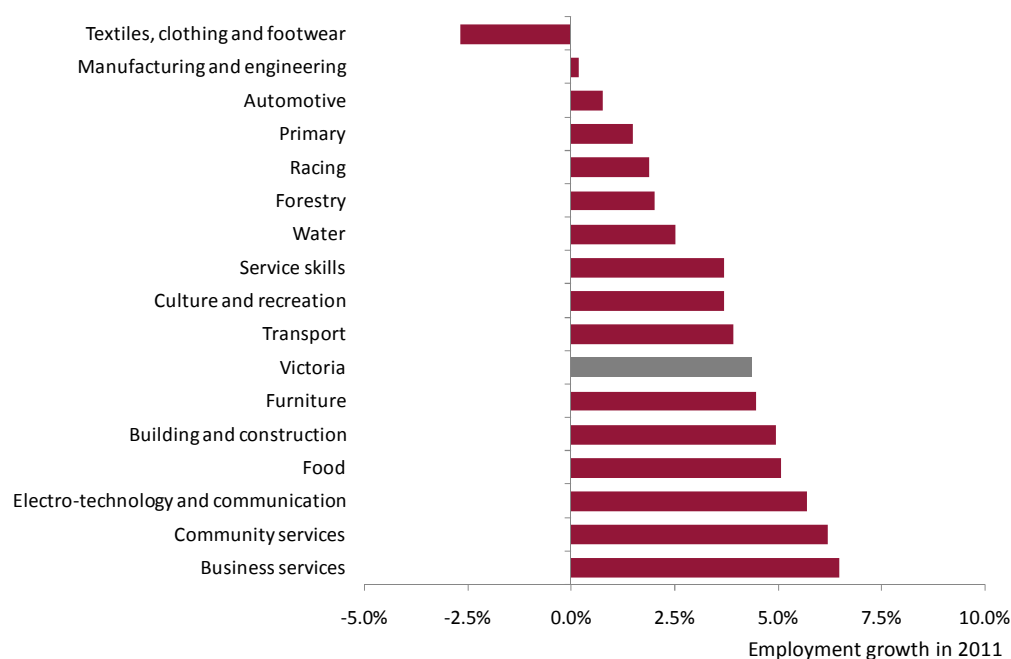
Annual % change except where noted *	History		Forecast		
	2008	2009	2010	2011	2012
Real gross state product	2.3%	0.6%	2.7%	2.8%	3.2%
Business investment	5.1%	-5.9%	0.3%	6.2%	3.5%
Private consumption	1.4%	1.0%	3.2%	3.4%	3.4%
Employment	2.2%	1.0%	3.7%	4.4%	2.0%
Unemployment rate *	4.3%	5.8%	5.4%	4.4%	4.5%
Total population	2.1%	2.2%	1.8%	1.6%	1.5%
Consumer Price Index	4.2%	1.4%	3.0%	3.1%	2.9%

Source: Deloitte Access Economics, Australian Bureau of Statistics. Note: Business investment excludes intangibles.

**Table 2.1: Annual industry employment growth – Victoria (ITAB industry structure)**

	Employment level in 2009	History	Forecast		
		2010	2011	2012	2013
Automotive	140,952	0.2%	0.8%	0.6%	-0.6%
Building and construction	228,776	9.9%	5.0%	2.7%	3.4%
Business services	393,901	5.1%	6.5%	3.0%	2.2%
Community services and health	298,364	5.1%	6.2%	3.9%	2.9%
Cultural and recreation	61,831	-12.9%	3.7%	1.6%	3.2%
Electro-technology and communication	79,647	0.2%	5.7%	1.4%	-0.6%
Food	72,374	-1.0%	5.1%	0.3%	1.7%
Forestry	23,515	-2.7%	2.0%	0.6%	-3.0%
Furniture	12,729	2.5%	4.5%	-3.4%	-3.4%
Manufacturing and engineering	285,760	0.6%	0.2%	-0.3%	-1.3%
Primary	93,945	-4.2%	1.5%	-1.1%	0.7%
Racing	5,123	2.4%	1.9%	1.6%	4.7%
Services	623,590	5.4%	3.7%	1.6%	1.4%
Textiles, clothing and footwear	21,663	-4.6%	-2.7%	-6.6%	-4.4%
Transport	143,355	-5.0%	3.9%	1.6%	1.9%
Water	8,332	19.5%	2.5%	1.4%	-0.1%

Source: Deloitte Access Economics, Australian Bureau of Statistics

**Chart 2.1: Industry employment growth in Victoria – 2011 (ITAB structure)**

Source: Deloitte Access Economics

As shown in Table 2.2 below, Deloitte Access Economics expects the Victorian economy to record strong employment growth in 2011. The expected gain of 4.4% would be the fastest pace of job growth since the mid-1990s, building on the State's solid recovery since the slowdown of 2008-09. That employment growth is expected to see the unemployment rate fall to 4.4%.

By industry, health and education are expected to record the strongest employment growth in 2011, with finance and construction also projected to see employment levels increase solidly. In contrast, employment growth in accommodation and food services, arts and recreation, manufacturing and agriculture may be relatively weak.

Table 2.1, shown on the previous page, shows how these projections translate into employment forecasts at the ITAB level, with business services and community services leading the way, while textiles, clothing and footwear may record a fall in employment in 2011.

**Table 2.2: Annual industry employment growth – Victoria (ANZSIC industry structure)**

	Employment level in 2009	History	Forecast		
		2010	2011	2012	2013
Agriculture, Forestry and Fishing	86,813	-4.8%	1.4%	-1.4%	0.2%
Mining	11,596	-4.5%	2.6%	3.2%	0.3%
Manufacturing	309,520	-1.3%	2.1%	-0.8%	-1.5%
<i>Food, Beverage and Tobacco</i>	72,374	-1.0%	5.1%	0.3%	1.7%
<i>Textile, Leather, Clothing and Other</i>	39,837	-2.2%	-3.0%	-4.6%	-3.3%
<i>Wood, Pulp and Paper</i>	20,774	-1.1%	6.9%	-3.3%	-3.6%
<i>Printing and Recorded Media</i>	14,322	29.7%	4.6%	2.5%	-1.2%
<i>Petroleum, Coal, Chemical and Polymers</i>	35,452	-8.0%	8.8%	-1.1%	-3.2%
<i>Non-Metallic Minerals</i>	11,897	-18.4%	0.1%	0.2%	-0.2%
<i>Primary and Fabricated Metals</i>	41,091	-4.8%	0.0%	-0.5%	-2.6%
<i>Transport and machinery equipment</i>	73,774	0.8%	4.0%	1.0%	-1.7%
Electricity, Gas, Water and Waste	31,510	0.9%	2.9%	0.2%	0.3%
Construction	228,776	9.9%	5.0%	2.7%	3.4%
Wholesale Trade	116,425	0.8%	4.6%	1.3%	0.6%
Retail Trade	295,745	7.2%	6.0%	1.8%	1.5%
Accommodation and Food Services	178,637	5.3%	1.2%	2.3%	1.3%
Transport, Postal and Warehousing	143,355	-5.0%	3.9%	1.6%	1.9%
Info. Media and Telecommunications	66,434	-3.2%	4.9%	1.6%	0.4%
Financial and Insurance Services	103,687	9.3%	5.7%	3.8%	1.7%
Rental, Hiring and Real Estate Services	38,066	5.8%	3.3%	1.0%	1.3%
Professional, Scientific and Technical	209,546	6.6%	4.9%	1.8%	2.2%
Administrative and Support Services	93,846	9.1%	3.4%	2.9%	2.1%
Public Administration and Safety	122,841	6.6%	4.7%	4.1%	2.2%
Education and Training	210,233	5.0%	6.0%	4.6%	2.8%
Health Care and Social Assistance	298,364	5.1%	6.2%	3.9%	2.9%
Arts and Recreation Services	64,329	-12.2%	2.5%	1.6%	4.8%
Other Services	106,242	4.4%	3.8%	-0.1%	1.3%
<b>Victoria</b>	<b>2,715,964</b>	<b>3.7%</b>	<b>4.4%</b>	<b>2.1%</b>	<b>1.7%</b>

Source: Deloitte Access Economics, Australian Bureau of Statistics

## 15 Services

**Coverage:** Cookery, Hospitality, Holiday parks, Tourism, Hospitality and events, Beauty Services, Floristry, Funeral, Hairdressing, Other Personal Services, Retail and Wholesale.

**Specific industry and business cycle drivers:** Population growth, ageing population, overseas tourist arrivals, \$A, petrol prices, interest rates, employment growth and consumer confidence.

**Recent relative sectoral performance rating:** Above average

**Expected relative sectoral performance rating:** Average

### Summary of ITAB advice and consultation

Service Skills Victoria (SSV) identified several drivers of change and development on the supply side for the industry, while drivers of change on the demand side were related either to economic conditions, demographic trends or changing consumer habits:

- Strong Australian dollar (demand side)
- Rising interest rates (demand side)
- Victorian population growth (demand side)
- An ageing population (demand side)
- Lifestyle changes (demand side)
- A growing awareness of ethical and sustainability issues among consumers (demand side)
- Issues with staff attraction and retention (supply side)
- Changes to hairdresser training requirements (supply side)
- Changes in technology (supply side)

A supply side issue for the services industry relates to its workforce as the industry finds it **difficult to attract and retain staff**. SSV attributed this challenge to negative, and partly misinformed, public perceptions of career opportunities in the industry. In general, these challenges for the industry could be addressed by the promotion of attractive potential careers and career pathways as well as through training in higher level qualifications that allow career progression through training in business or management skills. The newly developed vocational graduate certificates, which are expected to become available this year, are examples of qualifications that will help to facilitate career progression in the industry.

In addition to higher level skills development, there is also a need for more structured training for entry-level staff in the industry. It has been reported to SSV that staff qualified at Certificate II and III level are not adequately job-ready and lack critical customer service and presentation skills. This gap in entry-level skills may be another factor contributing to the difficulty of retaining staff in the industry. This problem is particularly acute for the hairdressing sector, where **changes to hairdresser training requirements**, have resulted in

a lack of industry-ready entry-level trained staff. This is reported as being due to fewer hours of required industry training as part of hairdresser training. Further hours of industry training are required in order to address this skills gap.

**Technological developments** are affecting the way firms in the services industry conduct their business, with myriad implications for skill needs. This is particularly the case for the retail and wholesale sectors. Through an increased reliance on the online world, consumers are changing the way they approach their purchasing decisions. Many people now rely on the internet as part of their shopping experience, either by directly purchasing goods online or by conducting online research before making a purchasing decision.

As a result of this changing consumer behaviour, businesses need to understand multi-channelling, online booking systems and other marketing strategies. Equipped with these skills, retail and hospitality businesses will be better able to identify a strategy that will work best for them in targeting their customer base. Retail florists were identified as being under particular stress in this regard, as they often have not been trained with the management skills required to remain competitive in a tight market. The shift towards online transactions is also affecting the landscape for business to business transactions as online ordering becomes a more prominent feature of conducting business.

The growing role of the internet in the services industry, and particularly in retail, is creating a greater need for training in marketing and management skills for staff in the industry, particularly in e-marketing, IT, e-communications and web management. These skills can be delivered as marketing or IT electives as part of service industry qualifications.

There are several broad demand-side trends affecting skills required in services industries in 2011. **The recent strong Australian dollar** is putting pressure on the industry, particularly on sectors that benefit from inbound and domestic travel. However, the positive effect of a strong exchange rate on outbound tourism has been a boon for travel agencies. Contrary to the perception that the internet has encroached on the business of travel agencies, a demand for more niche 'experiential' travel means that people still require the services of travel agents for advice. This is reflected in a recent increase in enquiries about the qualifications required to become a travel agent.

**Rising interest rates** are putting pressure on many sectors within the services industry as consumers cut back on their discretionary spending. The retail sector is being squeezed and businesses are constantly in 'sale mode' as they try to attract a consumer who is seeking better value. Businesses in the hospitality sector have been facing pressure on their margins, leading them to cut expenditure on areas seen to be expendable. As a result, investment in training has suffered. SSV suggests that promotion of the value of training is vital to ensure a skilled workforce is available when demand resurges.

The services industry also needs to respond to changing consumer demands as a result of **lifestyle changes** and a **greater consumer awareness of ethical and sustainability issues**. Attitudes towards lifestyle are shifting from a focus on reaction to prevention, particularly among the ageing population. This is driving demand for training in specialisations, especially within the spa sector. The recent increased demand for the Diploma of Beauty Therapy is a reflection of this trend, as is the development of a Masters of Wellness by RMIT. New occupational roles are also creating demand for staff with combined skills, as such flexibility in delivering training is required as specific skill sets, rather than entire qualifications, may be in demand.

Businesses in the services industry increasingly need to respond to consumers' concerns about ethical and sustainability issues and this is reflected in new product offerings such as eco-tourism, locally sourced produce and fair trade goods. As with the implications of technological development, this is creating demand for management skills and marketing skills as businesses seek to communicate with their customers. Service Skills Australia is currently reviewing the relevant training packages in order to embed the requisite skills in qualifications for the services industry.

In most industries, the **ageing population** is resulting in emerging adverse impacts on the workforce. However it is having an unusual impact on the funeral services sector within the services industry, due to increased demand for funerals and related services. Cemeteries and crematoria are having trouble finding RTOs who will deliver their training requirements in order to meet this increased demand. SSV recommends that incentives are used for RTOs to add funeral qualifications to their scope.

Some training in the use of **green technologies** may also result from this trend. In the funeral services sector a new technology called resomation has been developed. The method, an alternative to cremation, uses pressure instead of heat and uses less water and energy, and has lower CO<sub>2</sub> emissions. As demand for this technology increases, training in its use will be required.

The ageing population is also placing new demands on the skills sets required by pharmacy and dispensary assistants. More health options are required at the frontline of service delivery in community pharmacies, such as blood pressure and blood glucose checks. Bulk dispensation for retirement homes is also an expanding area of demand. Health electives in community pharmacy qualifications would help to address these skill needs.

Overall, the services industry tends to expand in line with **population growth**. Hence, as a result of the growing population in Victoria there is a need to deliver more training for the services industry. This is felt more acutely in **regional areas**, where less access to RTOs and other infrastructure, such as access to transport, inhibit access to local training.

## Industry outlook

The services industry represents a wide range of sectors<sup>7</sup>, and has recorded a relatively steady share of Victorian employment over the past two decades.

The **retail sector** is an important component of the Victorian services industry. While retailers have been through a difficult phase in the post-GFC period (as the stimulus from cash handouts fades and as interest rates are on an upward path), the Victorian retail sector has weathered the storm better than in most other States. That said, broad retail turnover growth has been soft in recent months, despite strong employment growth.

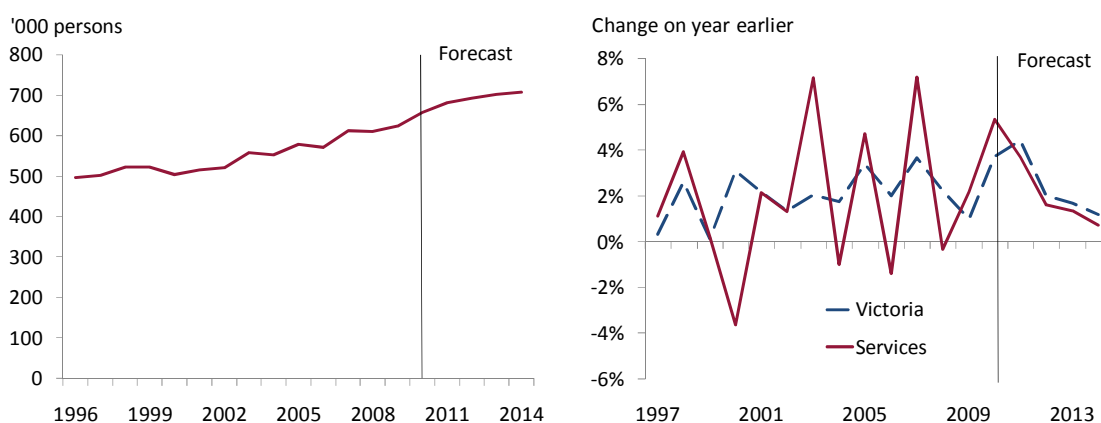
Retail sales growth still remains below longer term trends given interest rate rises and consumer caution. However, the sheer pace of jobs growth seen in Victoria over the past year suggests retail sales growth may lift in 2011, and therefore spur demand for additional employment.

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<sup>7</sup> For the purpose of employment forecasts, the services industry is defined to comprise a range of ANZSIC categories, the largest of which are accommodation and food services, and supermarket and grocery stores. Tourism activity, which is included in this ITAB, does not have its own ANZSIC category. However, most tourism trade is captured through ANZSIC categories such as accommodation and travel agency services.

Looking further ahead, the retail environment in the next decade will be shaped by changes to the market structure, with new players entering the market and current participants perhaps changing their focus. There is the potential for overseas supermarkets to provide greater domestic competition, while existing operators are increasingly looking to expand their product range. That increase in competition and expansion of services may be a positive for retail employment overall.

**Chart 15.1: Employment outlook – Victorian services industry**



Source: Deloitte Access Economics, Australian Bureau of Statistics

Turning to the Victorian **tourism market**, 2009 marked the first time Victoria welcomed one million international visitors to the State in a single year – a doubling in arrivals in just 15 years. Arrivals have continued to rise across 2010, although the high \$A is starting to sap those gains. The medium term outlook sees a fall in line with the rest of the country across 2011 before a period of slower than national growth rates.

Broader tourism measures such as room nights occupied have been weaker as the domestic market has seen trip lengths decline. Thanks to the rises in international visitors to the State this year, room nights are projected to grow in 2010 before an \$A-related fall in 2011. Growth is projected to return beyond 2012.

Indeed, the tourism industry is particularly vulnerable to the high exchange rate, particularly where international visitors are involved. The strength of the Australian dollar makes other alternatives relatively cheaper by comparison and will increase international competition for the sector.

Further ahead, a number of important opportunities for the industry are emerging. The growing middle classes in developing economies provide key demand for tourism, which Victoria is well positioned to absorb. As discretionary spending increases, so too does demand for services such as tourism. Additionally, demand for higher education services in Victoria will have flow on implications for tourism as students often travel while in Australia.

The retirement of the baby boomer generation will also present opportunities, and the market may expand for tourism targeted at this age cohort. Services which cater to the demands of this generation and the experiences they seek may well see growth in the coming decade.

The charts above show that Deloitte Access Economics is expecting employment growth in the sector broadly in line with that in the wider Victorian economy. That will see employment levels continue on an upward trend over the medium term.

## Occupations in demand and critical skills shortages

The table below summarises advice provided by Service Skills Victoria on occupations which it expects will be in high demand over the next year and those which will experience critical skill shortages.

### Occupations in demand and experiencing critical skill shortages

#### Occupations in demand

Hairdressers  
 Beauty therapists  
 Chefs  
 Pharmacy assistants  
 Dispensary assistants  
 Florists  
 Spa therapists  
 Waiters  
 Cooks  
 Housekeepers  
 International travel consultants  
 Retail store managers  
 Restaurant managers

#### Occupations experiencing a critical skills shortage

Chefs  
 Retail store managers  
 Restaurant managers

The table below outlines qualifications which are required for occupations experiencing a critical skills shortage.

### Qualifications required for occupations experiencing critical skill shortages

Occupation	Qualification
Chefs	Certificate III – Hospitality (Commercial Cookery) Certificate IV – Hospitality (Commercial Cookery) Diploma – Hospitality (Commercial Cookery) Advance Diploma – Hospitality (Commercial Cookery)
Regional retail store managers	Certificate IV – Retail Management Diploma – Retail Management
Restaurant managers	Certificate II – Hospitality Certificate III – Hospitality Diploma – Hospitality

# Appendix A: Industry concordance

**Table A.1: Concordance between ITAB industry structure and ABS ANZSIC classification**

ITAB Industry	ANZSIC Industry
Automotive	<ul style="list-style-type: none"> <li>Motor Vehicle and Motor Vehicle Part Manufacturing</li> <li>Other Transport Equipment Manufacturing</li> <li>Motor Vehicle and Motor Vehicle Parts Wholesaling</li> <li>Motor Vehicle Retailing</li> <li>Motor Vehicle Parts and Tyre Retailing</li> <li>Automotive Repair and Maintenance</li> </ul>
Building and construction	<ul style="list-style-type: none"> <li>Residential Building Construction</li> <li>Non-Residential Building Construction</li> <li>Heavy and Civil Engineering Construction</li> <li>Land Development and Site Preparation Services</li> <li>Building Structure Services</li> <li>Building Installation Services</li> <li>Building Completion Services</li> <li>Other Construction Services</li> </ul>
Business services	<ul style="list-style-type: none"> <li>Waste Collection Services</li> <li>Waste Treatment, Disposal and Remediation Services</li> <li>Central Banking</li> <li>Depository Financial Intermediation</li> <li>Non-Depository Financing</li> <li>Financial Asset Investing</li> <li>Life Insurance</li> <li>Health and General Insurance</li> <li>Superannuation Funds</li> <li>Auxiliary Finance and Investment Services</li> <li>Auxiliary Insurance Services</li> <li>Motor Vehicle and Transport Equipment Rental and Hiring</li> <li>Farm Animal and Bloodstock Leasing</li> <li>Other Goods and Equipment Rental and Hiring</li> <li>Non-Financial Intangible Assets (Except Copyrights) Leasing</li> <li>Property Operators</li> </ul>

ITAB Industry	ANZSIC Industry
	Real Estate Services
	Scientific Research Services
	Legal and Accounting Services
	Advertising Services
	Market Research and Statistical Services
	Management and Related Consulting Services
	Other Professional, Scientific and Technical Services
	Computer System Design and Related Services
	Employment Services
	Other Administrative Services
	Building Cleaning, Pest Control and Gardening Services
	Packaging Services
Community services & health	
	Hospitals
	Medical Services
	Pathology and Diagnostic Imaging Services
	Allied Health Services
	Other Health Care Services
	Residential Care Services
	Child Care Services
	Other Social Assistance Services
Cultural & recreation	
	Motion Picture and Video Activities
	Sound Recording and Music Publishing
	Radio Broadcasting
	Television Broadcasting
	Libraries and Archives
	Museum Operation
	Creative and Performing Arts Activities
	Sports and Physical Recreation Activities
	Amusement and Other Recreation Activities
Electro-technology & communication	
	Printing and Printing Support Services
	Reproduction of Recorded Media
	Electricity Generation
	Electricity Transmission
	Electricity Distribution
	On Selling Electricity and Electricity Market Operation

ITAB Industry	ANZSIC Industry
Food	Gas Supply Newspaper, Periodical, Book and Directory Publishing Software Publishing Internet Publishing and Broadcasting Telecommunications Services Internet Service Providers and Web Search Portals Data Processing, Web Hosting and Electronic Information Storage Services Other Information Services
Forestry	Food, Beverage and Tobacco Product Manufacturing  Forestry and Logging Forestry Support Services Log Sawmilling and Timber Dressing Other Wood Product Manufacturing Pulp, Paper and Paperboard Manufacturing Converted Paper Product Manufacturing
Furniture	Furniture Manufacturing
Manufacturing and engineering	Mining Other Manufacturing Petroleum, Coal, Chemical, Polymer and Rubber Product Manufacturing Non-Metallic Mineral Product Manufacturing Primary Metal and Fabricated Metal Product Manufacturing Professional and Scientific Equipment Manufacturing Computer and Electronic Equipment Manufacturing Electrical Equipment Manufacturing Domestic Appliance Manufacturing Pump, Compressor, Heating and Ventilation Equipment Manufacturing Specialised Machinery and Equipment Manufacturing Other Machinery and Equipment Manufacturing Architectural, Engineering and Technical Services Machinery and Equipment Repair and Maintenance
Primary industry	Nursery and Floriculture Production Mushroom and Vegetable Growing Fruit and Tree Nut Growing Sheep, Beef Cattle and Grain Farming

ITAB Industry	ANZSIC Industry
	Other Crop Growing
	Dairy Cattle Farming
	Poultry Farming
	Deer Farming
	Other Livestock Farming
	Aquaculture
	Fishing
	Hunting and Trapping
	Agriculture and Fishing Support Services
	Parks and Gardens Operations
	Veterinary Services
Racing	Horse and Dog Racing Activities
Service Industries	Agricultural Product Wholesaling
	Mineral, Metal and Chemical Wholesaling
	Timber and Hardware Goods Wholesaling
	Specialised Industrial Machinery and Equipment Wholesaling
	Other Machinery and Equipment Wholesaling
	Grocery, Liquor and Tobacco Product Wholesaling
	Textile, Clothing and Footwear Wholesaling
	Pharmaceutical and Toiletry Goods Wholesaling
	Furniture, Floor Covering and Other Goods Wholesaling
	Commission-Based Wholesaling
	Motor Vehicle Parts and Tyre Retailing
	Fuel Retailing
	Supermarket and Grocery Stores
	Specialised Food Retailing
	Furniture, Floor Coverings, Houseware and Textile Goods Retailing
	Electrical and Electronic Goods Retailing
	Hardware, Building and Garden Supplies Retailing
	Recreational Goods Retailing
	Clothing, Footwear and Personal Accessory Retailing
	Department Stores
	Pharmaceutical and Other Store-Based Retailing
	Non-Store Retailing
	Retail Commission-Based Buying and/or Selling
	Accommodation and Food Services
	Travel Agency and Tour Arrangement Services

ITAB Industry	ANZSIC Industry
	Gambling Activities
	Personal Care Services
	Funeral, Crematorium and Cemetery Services
	Other Personal Services
Textile, clothing & footwear	Textile Manufacturing
	Leather Tanning, Fur Dressing and Leather Product Manufacturing
	Textile Product Manufacturing
	Knitted Product Manufacturing
	Clothing and Footwear Manufacturing
Transport and storage	Transport, Postal and Warehousing
Water	Water Supply, Sewerage and Drainage Services

## **Appendix B: Industry consultation**

This appendix has been provided to Skills Victoria in confidence.

# Appendix C: Australian Apprenticeships – National Skills Needs List, January 2010

This regularly updated list includes trades which are experiencing persistent skills shortage on a national level, based on DEEWR labour market research. The Federal Government offers incentives for employers to take on apprentices in these fields, as well as benefits for the apprentices themselves. These include the Support for Adult Australian Apprentices payment, Tools For Your Trade payment, Rural and Regional Skills Shortage incentive and the Securing Australian Apprenticeships initiative.

The trades included on the January 2010 list are shown in the table below, grouped by each ITAB.

ITAB	Trades needed
Automotive	Automotive electrician, Panel beater, Motor mechanic, Vehicle body maker, Vehicle painter, Vehicle trimmer
Building and construction	Bricklayer, Carpenter, Carpenter and joiner, Drainer, Fibrous plasterer, Gasfitter, General plumber, Mechanical services and air-conditioning plumber, Painter and decorator, Roof plumber, Roof slater and tiler, Solid plasterer, Stonemason, Wall and floor tiler
Business services	n/a
Community services and health	n/a
Culture and rec	n/a
Electro-tech and comms	Binder and finisher, Communications Linesperson, Electrical powerline tradesperson, Electrician (Special class), Electronic equipment tradesperson, General Communications Tradesperson, Printing Machinist, Screen printer
Food processing	Baker, Butcher (including smallgoods producers), Pastry cook
Forestry	Wood machinist (A-grade)
Furnishing	Binder and finisher, Fitter, Floor finisher, Furniture finisher, Furniture upholsterer, Landscape Gardener, Painter and decorator, Picture framer
Metals and engineering	Aircraft maintenance engineer (Avionics), Aircraft maintenance engineer (Mechanical), Boat builder and repairer, Electronic equipment tradesperson, Fitter, Flat glass tradesperson, Locksmith, Metal fabricator, Optical mechanic, Pressure welder, Refrigeration and air-conditioning mechanic, Sheetmetal worker (First class), Toolmaker, Welder (First class)
Primary	Tree surgeon
Racing	n/a
TCF	n/a
Water	n/a
Wholesale/retail/tourism/hosp	Cook, Hairdresser

Source: [www.australianapprenticeships.gov.au](http://www.australianapprenticeships.gov.au)

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