Economic outlook for specific Victorian industries

30 April 2010

Report by Access Economics Pty Limited for

Skills Victoria

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Executive Summary

Skills Victoria commissioned Access Economics to provide an outlook for the Victorian labour market in 2010, and to incorporate into this report information gathered during consultations from the 16 Industry Training Advisory Bodies (ITABs) conducted in December 2009.

The past year has been a challenging one for most industries in Victoria, with the year starting amid the depths of the global financial crisis, but with that crisis generally easing through the year. At the start of 2010 some industries (or components of industries) continue to face low demand, while others are concerned about widespread skill shortages re-emerging.

What are the key issues which have affected ITABs over the past year and/or are seen as important over the coming years?

Through the report Access Economics attempts to split 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 number of industries include the following:

- The ongoing effects of **globalisation** which in some cases mean ongoing industry consolidation and rationalisation. The automotive industry is an area where significant global restructuring and consolidation is occurring, which in some cases affects local operations. In business services there is a continued trend towards greater outsourcing of services.
- Continuing fallout from the global financial crisis, including **the strength of the $A**, as the Australian economy performed far better through the crisis than most other developed economies. That means more intense pressure from imported products in some sectors. For example, Victorian forestry exports are now much less competitive, as are manufactured chemical products. However in the case of furnishing, the lower cost of imported components provided some significant opportunities for local businesses.
- A greater focus on **environment and sustainability issues**, with some sectors looking for greater opportunities to work with sustainable materials, along with greater consideration of environmental sustainability when designing new facilities. The movement towards lean manufacturing is also resulting in greater sustainability as companies look to reduce energy and water usage, and waste. For primary industries, increased variability of climatic conditions along with declining water security and quality are major issues which may fundamentally affect what the sector can produce.
- A range of **government policies** are influencing how industries perform and how training occurs. In transport and storage, proposed reforms to the graduated licensing system to meet the increased demand for drivers is seen as risking under-skilled drivers being licensed. For sport and recreation, additional training needs flow from duty of care obligations for the responsible service of alcohol, while further training needs also flow from encouraging a greater awareness of health and wellbeing in sport. The National

Broadband Network (NBN) rollout is likely to result in shortages of skilled telecommunications workers.

- Changes to the way businesses operate due to **technology**. A greater prevalence of online booking systems for retailers and the tourism sector mean skills and training are required in e-communications and web management skills. The culture and recreation sector has had to adapt to the introduction of digital television and radio, while companies in the metals and engineering sector have been investing significantly in production equipment upgrades and e-commerce to improve efficiency.
- The **ageing of Australia's population** remains a slow burner of an issue, but one which sees some sectors concerned about how they will obtain sufficient staff once baby boomers start to retire in greater numbers. The community services and health industry faces the additional consequence of increased demand for its services due to an ageing population.
- The availability of appropriate **infrastructure**, with the transport sector seeing frequent bottlenecks. Upgrades to the rail network and ports over time are likely to affect the mode of goods distribution.

Key demand side issues

Key demand side issues affecting a number of industries include the following:

- The ongoing **fallout from the global financial crisis (GFC)** remains a key short term cyclical issue affecting the demand for goods and services. Underlying consumer and business demand was weak at the start of 2009 but has improved, while government support worked the other way through 2009. The culture and recreation sector suffered from reduced discretionary spending, though government stimulus spending boosted spending on sporting and recreation infrastructure and benefited the home entertainment and digital media industries. In forestry the global financial crisis threatened the viability of a number of forestry investment vehicles, but as the economy improves a notable pickup in housing activity may pose problems at the other end of the sector. Plans for new mining activity suffered as commodity prices tumbled, but a rebound in commodity prices suggests mining activity and new investment again have some powerful support.
- A greater emphasis on **sustainability** which has brought about greater demand for green products. In business services and manufacturing environmental sustainability is required in day-to-day operations to remain competitive. This is leading to demand for skills and training in sustainable development, corporate social responsibility, triple bottom line, and environmental social governance. Minimum energy ratings for new homes are likely to drive change in the types of skills required in the furnishing sector, along with greater demand for electricians with 'green skills'.
- **Changing demographics with an ageing population** is changing the types of goods and services being demanded in some sectors. More rapid overall population growth of late and the corresponding growth in demand for new housing are expected to flow through to increased demand for Victorian timber products.
- More broadly, **social trends** are also producing changes in demand for some goods and services. Factors affecting the food processing industry include the increased prominence of healthy eating. There has been growth in product labelling information

such as the Daily Intake Guide labelling in the past three years, lifting information requirements and increased need for accountability in the food product design and production process.

Occupations in demand

Occupations in demand were generally specific to the coverage of the respective ITABs. However there was some commonality across areas, including:

- Mention was made by nearly all ITABs of the need for **emerging green occupations** which will be required in the future, including skills in measuring and reducing carbon pollution, skills to reduce waste (particularly in the manufacturing process), and skills to install energy saving devices.
- A rapidly growing and **ageing population** is seeing demand for certain occupations increase, from construction workers (to build the required housing) to aged care and health workers.

Some skills are still in critical shortage, despite a surge in training. Reasons for this include demand continuing to outstrip supply or people not entering the workforce in relevant occupations once they have completed training. The latter in some cases includes international students who go on to work in different areas after completing training and then gaining permanent residence.

The content and in some cases quality of training provided by registered training organisations (RTOs) was a common theme among consultations with ITABs. The ITABs reported that employers are often unwilling to undertake necessary training because there is a mismatch between the skills required and those provided within training courses. That is, the courses available do not contain all the elements required for their staff, or alternatively contains content that is not relevant. In some cases it was felt that the training did not include relevant updated technology and processes which are required in today's provision of services and products. Many ITABs are working with the RTOs to try to tailor courses specifically for individual employer's requirements, which is expected to result in increased uptake of training by many employers.

Prospects for job growth

The advice from ITABs on skill needs is couched within this document in the context of Access Economics' labour market forecasts. There are two sets of employment forecasts. The first are forecasts by broad Australian and New Zealand Standard Industry Classification (ANZSIC) industry, and are presented at the regional and metropolitan level, as well as for total Victoria. The forecasts for specific ITABs have been created by taking ABS ANZSIC employment data at a detailed level and aggregating these categories to broadly match the ITAB coverage. A detailed list of which ANZSIC classifications map to each ITAB can be found in Appendix A. Note that the sum of the ITAB employment numbers do not equal total employment for Victoria, as some classifications are not included in any ITAB.

Access Economics' forecasts of industry output and employment growth over time include elements of 'structural change', where some industries gain importance in their share of the economy's output or employment over time while others decline. Structural change is a continuous process across any economy. Structural change can result from both market influences (including technological advances and changes in consumer tastes/spending patterns and trade) and government-related influences (microeconomic reforms applying to different industries.

The key structural change for Australia as a whole over the past two decades has been the decline in the relative sizes of the manufacturing and agricultural sectors, and the considerable expansion in the share of output contributed by the services sector. Industries such as mining and construction have been more cyclical over time, responding to changes in global and domestic economic conditions respectively.

Those structural changes which are leading to the services sectors becoming a larger share of the economy will continue over time, as will productivity growth which tends to limit job gains in sectors such as farming, manufacturing and utilities.

Beyond those however there is a strong cyclical rebound underway in the Victorian labour market. The muted impact of the GFC in Australia saw the unemployment rate peak at a far lower level than had been feared, and the closing months of 2009 saw a significant number of new jobs created.

Access Economics' forecasts are for jobs growth in Victoria of 3.8% in 2010, followed by 3.3% growth in 2011 and 1.7% growth in 2012. The short term profile is notably stronger than allowed for in last year's Treasury mid-year update, which in large part reflects the very rapid pace of jobs growth towards the end of 2009, which notably exceeded expectations.

Access Economics believes that the state has emerged from the crisis in good shape and recovery looks set to continue. The greatest short term risk is to manufacturers who are still battling tough conditions, amid a return to a higher exchange rate and climbing interest rates. Strong population gains in Victoria will drive employment onward, as well as encouraging demand in the already healthier than average housing construction sector.

Beyond short term cyclical effects, the strongest prospects for jobs growth over the coming years remain in key community services sectors such as public administration and safety, education and training, and health care and social assistance.

Note that jobs growth is only one of the key elements which drives training demand. There is also training of new entrants who replace those who retire, as well as training associated with other job turnover as people switch between jobs.

Many occupations require an upgrading of skills over time for existing employees (including due to many of the broader economic and social factors identified in this document). Indeed, an upgrading of skills for current employees forms a key focus of the specific training recommendations provided by ITABs in this report.

Access Economics
30 April 2010

1 Introduction

Skills Victoria commissioned Access Economics to provide an outlook for the Victorian labour market in 2010, and to incorporate into this report information gathered during consultations from the 16 Industry Training Advisory Bodies (ITABs) conducted in December 2009.

This report presents Access Economics' views of the economic and employment outlook in 16 Victorian industries, with forecasts by industry and metro/regional split (at the one digit ANZSIC level) given in the following chapter. The discussion of the outlook for each industry which then follows takes into account the individual advice offered by the sixteen ITABs, and in some cases reproduces advice gathered from the ITABs (for example, the lists of qualification shortages have been provided by the ITABs).

More specifically, this report contains:

- a synthesis of Access Economics analysis of each industry with the ITAB advice (ITAB advice is presented under the heading "Summary of ITAB advice and consultation", while Access Economics' general view on the industry is contained under the heading "Industry outlook";
- the labour market outlook for 2010 and beyond for each industry;
- occupations in demand for 2010 for each industry;
- a brief assessment of the soundness of the advice provided by the ITABs on the skills and training needs of their industries where necessary.

In general the advice presented by each ITAB is indeed sound. Each ITAB appears to have consulted widely with industry participants (if not at the time of consultation, in the months following) so as to obtain guidance on specific issues faced and the expected outlook for the future.

Access Economics has, in the main, restricted comments about the specific ITAB advice to comments regarding the economic conditions facing each industry.

The discussion for each industry which follows starts by noting:

- **Coverage:** The occupations covered by each industry.
- **Specific industry and business cycle drivers:** the factors of particular importance to the industry and overall economic factors to watch out for.
- **Recent relative sectoral performance rating:** with past rates of job growth rated as Low, Below Average, Average, Above Average, or High. These ratings are compared to all other ITABs. It should be noted that total ITAB employment does not equal total Victorian employment.
- **Forecast relative sectoral performance rating:** presents Access Economics' assessment of future rates of job growth as Low, Below Average, Average, Above Average or High over 2010 and 2011. Again, these ratings are compared to all other ITABs.

2 Industry forecasts

Access Economics' forecasts for employment growth in Victoria are presented in this chapter. Forecasts are shown for employment by industry at the 1 digit ANZSIC level, firstly for Victoria as a whole and then separately for metropolitan and regional Victoria. A table showing the concordance between the ITAB industries and the matching Australian Bureau of Statistics (ABS) industry classification is shown in Appendix A.

Table 2.1 presents employment forecasts for the state from Access Economics and the Victorian Department of Treasury and Finance. The Victorian 2009-10 Budget Update released on 26 November 2009 shows a relatively modest recovery in employment was expected at that time. Access Economics' latest forecasts for jobs growth are somewhat stronger over 2009-10 and 2010-11. In part this is due to Access Economics' forecasts being more recent, taking into account the very rapid pace of jobs growth towards the end of 2009, which notably exceeded expectations.

Table 2.1: Total employment forecasts – Victoria

	2009-10	2010-11	2011-12	2012-13
Access Economics	2.3%	3.4%	2.1%	1.0%
Department of Treasury and Finance, Victoria	0.25%	1.25%	1.75%	1.75%

Source: Access Economics, Department of Treasury and Finance

Access Economics believes that the state has emerged from the crisis in good shape and recovery looks set to continue. The greatest short term risk is to manufacturers who are still battling tough conditions, amid a return to a higher exchange rate and climbing interest rates. Strong population gains in Victoria will drive employment onward, as well as encouraging demand in the already healthier than average housing construction sector.

The following tables show the employment level for each major industry in 2009, followed by expected employment growth over the next three years. The projections are shown for Victoria as a whole, and then split into metropolitan Victoria (Melbourne) and regional Victoria.

Overall, the manufacturing industry in Victoria employs the greatest number of people in total, including those working in the metals and engineering, TCF&L, food, beverage and tobacco, and wood pulp and paper sectors. The manufacturing industry is not expected to emerge from the downturn until 2011, due to a combination of factors such as reduced demand for output, commodity prices and exchange rates. Overall, we expect manufacturing employment to continue to decline over time (consistent with the historic trend) as technology helps deliver strong productivity gains.

On the other hand, financial and insurance services is expected to record a turnaround in fortunes in 2010 with the strongest rate of jobs growth expected, following job losses in 2008 and 2009. As one the hardest hit industries through the global financial crisis, jobs are seen as returning in line with improving business confidence. Employment in the mining industry may improve in the short term on the back of promising oil and gas prospects as commodity prices rebound. Beyond short term cyclical effects in 2010, the strongest prospects for jobs growth over the coming years remain in key community services sector such as public administration and safety, education and training, and health care and social assistance.

Table 2.2: Employment forecasts by industry – Victoria

Industry	2009 level	2010 % change	2011 % change	2012 % change
Agriculture, Forestry and Fishing	77,357	4.0	1.5	-2.2
Mining	10,230	11.8	1.2	-2.6
Manufacturing	272,312	-0.1	0.6	-1.2
Electricity, Gas, Water and Waste Services	27,797	-3.2	4.1	2.7
Construction	201,210	1.4	4.0	1.4
Wholesale Trade	103,115	2.3	1.8	0.7
Retail Trade	260,569	5.4	2.3	1.1
Accommodation and Food Services	157,200	3.7	4.0	2.8
Transport, Postal and Warehousing	127,075	-0.2	3.8	1.9
Information Media and Telecommunications	59,085	1.3	1.8	0.8
Financial and Insurance Services	91,989	13.6	2.7	1.7
Rental, Hiring and Real Estate Services	34,044	0.8	4.6	1.9
Professional, Scientific and Technical Services	185,617	7.6	4.0	2.6
Administrative and Support Services	83,380	8.5	3.7	2.4
Public Administration and Safety	108,254	-1.2	4.8	3.1
Education and Training	186,424	5.3	4.5	3.1
Health Care and Social Assistance	264,788	6.4	4.7	3.3
Arts and Recreation Services	57,269	4.1	4.1	1.9
Other Services	93,792	1.0	3.1	1.8
Blue collar	731,212	2.6	3.0	0.5
White collar	1,670,302	4.3	3.4	2.1
Total	2,401,514	3.8	3.3	1.7

Source: Access Economics, ABS

Employment forecasts for metropolitan and regional Victoria are provided in Table 2.3 and Table 2.4. On average, regional Victoria represents a quarter of total employment.

Prospects for jobs growth remain stronger for Melbourne than they do for regional Victoria as a whole as migration and business consolidation favour the capital. Melbourne receives most of the benefit of expansion of business services, while ongoing infrastructure development and population growth is also stronger in the capital.

Table 2.3: Employment forecasts by industry – metropolitan Victoria

Industry	2009 level	2010 % change	2011 % change	2012 % change
Agriculture, Forestry and Fishing	11,991	5.8	1.7	-1.6
Mining	5,180	11.7	1.7	-2.5
Manufacturing	202,692	0.4	0.6	-1.0
Electricity, Gas, Water and Waste Services	16,523	-1.7	3.4	3.0
Construction	148,504	2.1	3.8	1.6
Wholesale Trade	85,806	3.0	1.6	0.8
Retail Trade	189,165	5.4	2.7	1.2
Accommodation and Food Services	116,316	3.5	4.5	2.9
Transport, Postal and Warehousing	98,698	-0.2	4.2	2.1
Information Media and Telecommunications	48,518	1.0	2.2	0.8
Financial and Insurance Services	81,454	13.6	2.8	1.7
Rental, Hiring and Real Estate Services	27,397	0.9	4.8	2.0
Professional, Scientific and Technical Services	159,121	7.9	3.9	2.7
Administrative and Support Services	65,955	8.9	3.7	2.5
Public Administration and Safety	80,586	-0.9	4.9	3.3
Education and Training	139,697	5.0	4.9	3.1
Health Care and Social Assistance	189,761	6.1	5.3	3.4
Arts and Recreation Services	44,750	5.0	3.9	2.1
Other Services	69,657	0.2	4.0	1.9
Blue collar	482,290	3.3	3.1	0.9
White collar	1,299,492	4.3	3.6	2.2
Total	1,781,782	4.0	3.5	1.9

Source: Access Economics, ABS

Table 2.4: Employment forecasts by industry – regional Victoria

Industry	2009 level	2010 % change	2011 % change	2012 % change
Agriculture, Forestry and Fishing	65,366	3.6	1.5	-2.3
Mining	5,049	12.0	0.7	-2.7
Manufacturing	69,620	-1.5	0.4	-1.8
Electricity, Gas, Water and Waste Services	11,273	-5.4	5.2	2.3
Construction	52,705	-0.8	4.5	0.8
Wholesale Trade	17,308	-1.1	3.0	-0.1
Retail Trade	71,403	5.4	1.4	0.8
Accommodation and Food Services	40,883	4.2	2.7	2.4
Transport, Postal and Warehousing	28,376	0.1	2.4	1.5
Information Media and Telecommunications	10,566	2.4	0.0	0.4
Financial and Insurance Services	10,534	13.6	1.6	1.3
Rental, Hiring and Real Estate Services	6,647	0.5	3.8	1.4
Professional, Scientific and Technical Services	26,495	5.8	4.3	2.1
Administrative and Support Services	17,425	6.7	3.8	1.8
Public Administration and Safety	27,667	-1.9	4.3	2.7
Education and Training	46,727	6.3	3.1	2.9
Health Care and Social Assistance	75,027	7.3	3.3	3.1
Arts and Recreation Services	12,519	1.1	5.1	1.1
Other Services	24,134	3.1	0.8	1.8
Blue collar	248,922	1.2	2.8	-0.2
White collar	370,810	4.4	2.3	1.8
Total	619,731	3.1	2.5	1.0

Source: Access Economics, ABS

3 Business Services

Coverage: Accounting, Business Administration, Business Management, Cleaning and Waste Management, Finance, Human Resources, Insurance, Legal Administration, Marketing and Sales, Real Estate, Security, Shared – Business Services.

Specific industry and business cycle drivers: Credit growth, interest rates, corporate profits (this trio affects demand across the sector), housing and commercial construction cycles (which affects demand for real estate agents and architects).

Recent relative sectoral performance rating: Average

Expected relative sectoral performance rating: High

Summary of ITAB advice and consultation

Business Skills Victoria (BSV) is the largest ITAB in Victoria, covering 42 industry sectors and more than 100 occupations. It encompasses three broad areas - business services and related industries, finance, and property services - and is responsible for the training needs of 27% of Victoria's workforce.

BSV sees three key change drivers it believes will affect the industry going forward:

- Globalisation (supply side)
- Economically induced industry restructuring (supply side)
- Environmental sustainability (supply side)

These drivers have been in place for some time for the business services sector, but now include an enhanced focus on environmental and financial management in response to the need for skills in sustainability reporting.

On the supply side, **globalisation** affects industry skill needs through the interdependency of global markets with flow on effects between sectors. It affects the business services sector through a rise in business outsourcing and expansion in the range of activities defined as business services. Implications for skills and training are therefore geared towards development of generic business skills with a focus on strategic planning and negotiation in an international business environment. Generic skill implications for the finance industry involve communication training and 'relationship management' skills to maintain competitiveness. There is potential in property services to improve training and qualifications to meet global standards, particularly in the waste management and security sectors. The Finance sector will see growing need for finance training for non-finance officers due to the focus on sound governance and sound financial management. It is through that behavioural finance skills (which entails analysing the information throughout the economy and translating it into public signals) will become increasingly important.

BSV sees recent economic conditions as having a significant effect in inducing **industry restructuring**, with associated implications for skills and training needs. In particular, the areas of sustainability, supply chain management, information access, IT and e-commerce training were highlighted in the business services industry. The finance industry sees a need to respond to changes through training in superannuation, financial planning skills and auditing. business ethics and corporate governance. Regulation will continue to maintain the focus on formal qualifications for bookkeeping and other paraprofessional finance occupations. Property services plan to reduce employment turnover through training in financial management and accountability.

The third key change driver, **environmental sustainability**, is no longer just a niche market but its incorporation is required in day-to-day operations to remain competitive – several companies such as Crown Casino discussed measures taken, such as the reduction of water usage by 20%. Likewise, the response through skills and training is to be embedded throughout existing training courses, with the possibility of introducing new carbon emissions training. It is expected that this new way of doing business will have flow on effects to further training needs in a range of occupations. There will be a need to develop tools to measure emissions, leading to demand for skills and training in sustainable development, corporate social responsibility, triple bottom line, and environmental social governance. Finance sectors will require training in environmental reporting systems - for example there will be an increase in the provision of audit and assurance services, and a greater need to verify environmental emissions figures for businesses. Property services will have need for training in sustainability, waste reduction and energy efficiency. The emphasis needs to be on integrating these issues with business performance.

The issue of an ageing population, which has previously been identified as a major change driver, also remains a key challenge for the industry.

The **demand for training** identified to address these change drivers broadly involve a back to basics approach for generic business training and financial management, as well as skill development in aspects of economically sustainable development and consideration of the triple bottom line. Greater focus on OH&S and environmentally safe practices were identified, however overall training needs were not seen to differ much from those reported in 2009 as much of the skill needs were the same as previously experienced.

In the BSV report, the three key change drivers were all reported as high priority for the business, finance and property services industries. The issue of an ageing population and demographics was included as a driver of change across the three broad sectors and technology, regulation and terrorism threats were noted to be of particular importance to the property services sector in terms of skill needs.

Employer consultations conducted by BSV found that most employers thought the global financial crisis had minimal impact on their business. Most of the employers interviewed discussed the need for specific skills training, however generic skills such as communication, interpersonal, problem solving, teamwork also remain very important. Some employers discussed the need for middle management training. With regard to training delivery, most employers interviewed regarded on-the- job training to be the most effective type of training, although many acknowledged that a combination of formal and on the job training was useful. Some employers interviewed noted that they conducted in-house training needs assessments and found that they had a ‘skill need’ rather than a ‘qualification need’.

Industry outlook

Although Australia had a small downturn in 2009 relative to the rest of the world, that was not true of the finance sector, where much of the initial shock was concentrated, which in turn had a flow on impact to business services. BSV advice however reported that while job losses were reported in the business, finance and property services industries, they were modest. Employer interviews conducted by BSV reported minimal impact of the GFC on businesses. The industries have performed above average through the downturn and BSV expects that job growth and occupations in demand will improve in line with the wider economy.

The global financial crisis however did lead to a series of **supply side** developments, particularly a hollowing out of middle tier finance firms. In many countries, this reflected large banks' greater access to capital at competitive prices during the crisis and their enjoying the protection afforded by their 'too big to fail' status. In Australia, a number of the larger regional banks were either absorbed by the major banks or amalgamated: St George is now owned by Westpac and BankWest by the Commonwealth Bank of Australia, while Bendigo Bank absorbed the Bank of Adelaide and Suncorp withdrew from commercial lending.

The initial Federal Government response spoke in terms of the need to change financial regulation, while there are also reviews underway looking at tax (the Henry Review) and superannuation and financial advice (the Cooper Review). These regulatory responses have the potential to affect training demands on these sectors.

Turning to the **demand** outlook for the component parts of this sector, **finance and insurance** is recovering because the wider Australian economy is recovering. The pace of home loan growth withered in the crisis, but will soon lift notably to finance a much-needed increase in housing construction. And although there is pressure on commercial construction (on the demand side) and foreign owned banks operating here (on the supply side), that should not stop the recovery which has already begun.

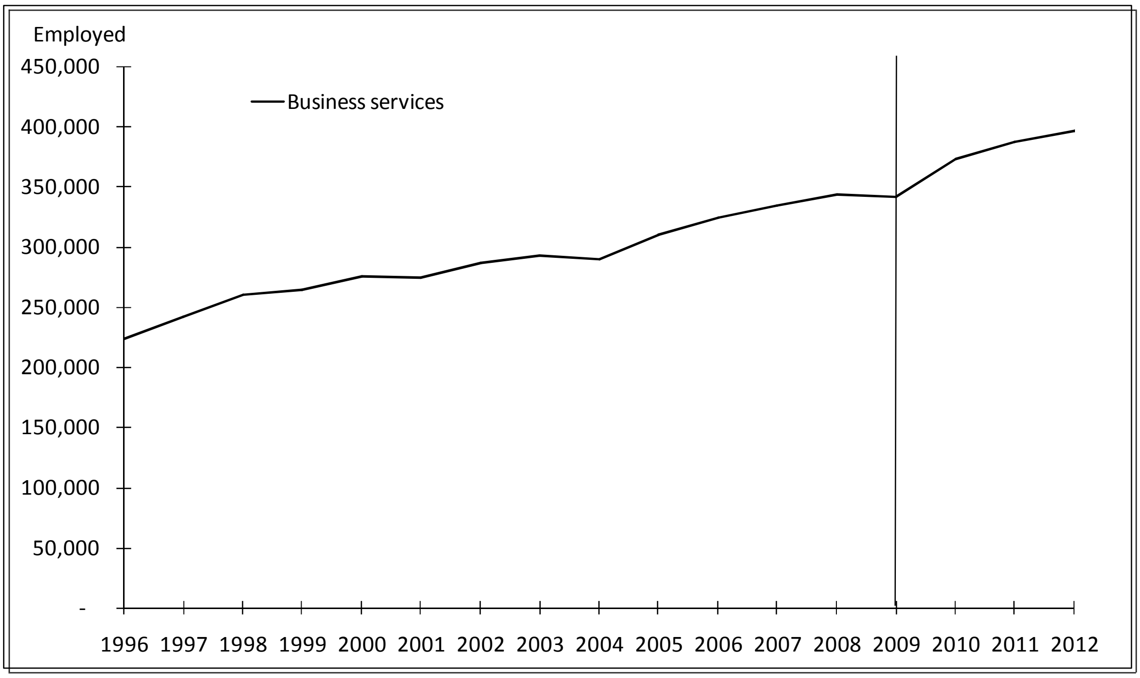
Yet this is not a sector which is going to bounce back to its boom-time past. Although Australian credit demand will lift from current lows, there are excellent reasons to doubt that credit growth will return to the rates it hit as recently as 2008. And if credit growth remains subdued compared to times past, then so too will growth in the overall finance sector.

The ABS estimates that the **property services** sector hit a cyclical low in 2006-07 and has been on a recovery track since then. Access Economics' sense is that the sector had a very tough 2008-09, given its dependence on asset prices and hence on cheap finance put it on the wrong side of the global financial crisis. Equally, however, the signs are strong that the property services sector in Australia is increasingly returning to good health as the pursestrings of global and local credit become less tight than they have been. Housing prices are rising, and some of the pressures seen on commercial property assets evident through 2008-09 have lessened more recently. With housing construction expected to lift sharply over the next couple of years, and with the pace of commercial construction merely stepping back rather than falling back more notably, the property services sector is expected to continue to see a recovery in its demand growth over the next three years.

Although deregulation led to a marked increase in business services in the 1990s, the **business services** sector has closely tracked growth in the wider Australian economy since then. That has been bad news over the past 18 months as accountants and lawyers have found demand for their services easing back, dropping to almost stagnant levels through much of 2008-09 as the global financial crisis affected their customers, who therefore wound back demand for professional services in response to their own belt tightening. Demand for marketing and advertising has also eased. However, merger activity – often a leading indicator for this sector's demand – rose rapidly as 2009 unfolded. Further gains in the pace of growth in the business services sector are expected to become increasingly evident over the next few years.

Business services comprises many different ANZSIC categories, which have been used to create the forecasts seen in Chart 3.1 - the largest of which include legal and accounting services, computer system design and related services, depository financial intermediation and building cleaning, pest control and gardening services. For a complete list of ANZSIC sectors included in this industry, please see Appendix A. Employment in the business services is expected to increase strongly over the next couple of years, driven in 2010 by a recovery in the financial sector, and further out by an increase in commercial and housing construction rates, which will boost the property services sector.

Chart 3.1: Total employment in business services – Victoria



Source: Access Economics, ABS

Occupations in demand

Employment demand across the industry is likely to strengthen in 2010. A lift in the number of housing starts is good news for real estate agents and architects, as well as associated occupations, while the demand for accountants and lawyers is also starting to pick up pace.

A return to the resource boom over the next couple of years should see demand strengthen further, due to merger and acquisition activity, auditing, tax returns and other legal work.

The advice from BSV is that occupations in demand over the next year will be:

- Bookkeeping
- Accounting
- Customer contact centre workers
- Managers
- Administration officers
- Project managers
- Waste management drivers
- Waste management operators
- Sustainability assessors
- Real estate agents
- Facility managers

Critical skills shortages

The advice from BSV is that occupations experiencing a critical skills shortage are in:

- Accounting
- Waste management drivers
- Sustainability assessors
- Waste management operators

Qualifications required

The following qualifications are required for the occupations identified as being in high demand:

Accounting:

- FNS40604 Certificate IV In Financial Services (Accounting)
- FNS50204 Diploma of Accounting
- FNS60204 Advanced Diploma of Accounting

Bookkeeping:

- FNS40207 Certificate IV in Financial Services (Bookkeeping)

Managers:

- BSB40807 Certificate IV in Frontline Management
- BSB50207 Diploma of Business
- BSB51107 Diploma of Management
- BSB60207 Advanced Diploma of Business
- BSB60407 Advanced Diploma of Management
- BSB41007 Certificate IV in Human Resources
- BSB50607 Diploma of Human Resources Management

- BSB60907 Advanced Diploma of Management (Human Resources)
- BSB41107 Certificate IV in International Trade
- BSB50807 Diploma of International Business
- BSB50907 Diploma of International Education Services

Project Managers:

- BSB41507 Certificate IV in Project Management
- BSB51407 Diploma of Project Management
- BSB60707 Advanced Diploma of Project Management

Administration Officers:

- BSB30107 Certificate III In Business
- BSB30407 Certificate III in Business Administration
- BSB31007 Certificate III in Business Administration (Legal)
- BSB31107 Certificate III in Business Administration (Medical)
- BSB41207 Certificate IV in Legal Studies
- Victorian State Accredited Diplomas and Advanced Diplomas in Legal Administration or paraprofessional qualifications
- BSB40807 Certificate IV in Frontline Management
- BSB41107 Certificate IV in International Trade

Customer contact centre workers:

- BSB30207 Certificate III in Customer Contact
- BSB40307 Certificate IV in Customer Contact
- BSB50307 Diploma of Customer Contact
- BSB60307 Advanced Diploma of Customer Contact

Facility Managers:

- CPP40609 Certificate IV in Property Services (Operations)
- CPP50509 Diploma of Property Services (Asset and Facility Management)

Drivers in the Waste management industry and Waste management operations:

- PRM30504 Certificate III in Asset Maintenance (Waste Management)
- PRM40504 Certificate IV in Asset Maintenance (Waste Management)

Real Estate Agents:

- CPP40307 Certificate IV in Property Services (Real Estate)

Sustainability Assessors:

- PRM30504 Certificate III in Asset Maintenance (Waste Management)
- PRM40504 Certificate IV in Asset Maintenance (Waste Management)
- New qualifications that are not yet endorsed are being developed in this field

Emerging green skills

- Business services will increasingly demand skills in measuring emissions, sustainable development, corporate social responsibility, triple bottom line, environmental safety and environmental social governance.
- Finance sectors will require training in environmental reporting systems
- Property services will have need for training in sustainability, waste reduction and energy efficiency.

Appendix A: Industry concordance

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

ITAB Industry	ANZSIC Industry
Automotive	Motor Vehicle and Motor Vehicle Part Manufacturing
	Other Transport Equipment Manufacturing
	Motor Vehicle and Motor Vehicle Parts Wholesaling
	Motor Vehicle Retailing
	Motor Vehicle Parts and Tyre Retailing
	Automotive Repair and Maintenance
Building and construction	
	Residential Building Construction
	Non-Residential Building Construction
	Heavy and Civil Engineering Construction
	Land Development and Site Preparation Services
	Building Structure Services
	Building Installation Services
	Building Completion Services
	Other Construction Services
Business services	
	Waste Collection Services
	Waste Treatment, Disposal and Remediation Services
	Central Banking
	Depository Financial Intermediation
	Non-Depository Financing
	Financial Asset Investing
	Life Insurance
	Health and General Insurance
	Superannuation Funds
	Auxiliary Finance and Investment Services
	Auxiliary Insurance Services
	Motor Vehicle and Transport Equipment Rental and Hiring
	Farm Animal and Bloodstock Leasing
	Other Goods and Equipment Rental and Hiring
	Non-Financial Intangible Assets (Except Copyrights) Leasing
	Property Operators

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

ITAB Industry	ANZSIC Industry
	Electricity Distribution
	On Selling Electricity and Electricity Market Operation
	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
Food	
	Food, Beverage and Tobacco Product Manufacturing
Forestry	
	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
	Specialised Machinery and Equipment Manufacturing
	Other Machinery and Equipment Manufacturing
	Architectural, Engineering and Technical Services
	Machinery and Equipment Repair and Maintenance

ITAB Industry	ANZSIC Industry
Primary industry	
	Nursery and Floriculture Production
	Mushroom and Vegetable Growing
	Fruit and Tree Nut Growing
	Sheep, Beef Cattle and Grain Farming
	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

ITAB Industry	ANZSIC Industry
	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
	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, distribution & logistics	
	Transport, Postal and Warehousing
Water	
	Water Supply, Sewerage and Drainage Services

Appendix B: Industry consultation

This appendix has been provided in confidence to Skills Victoria.

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*