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State of Skills 2024

Workforce Skills Survey

**SKILLS
BUSINESS**

December 2024

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Level 7, 8 Chifley Square, Sydney, NSW 2000
Tel 13 26 96 | contact@businessnsw.com | businessnsw.com
ABN 63 000 014 504

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Foreword



Skills have been a central concern for Business NSW for many years. Our organisation is close to 200 years old. For much of that time, the skills needs of our members have been of paramount concern. Our members have been generous with their time in responding to this survey. Their contribution has been invaluable in providing a clearer picture of the challenges NSW employers face, and the strategies they are employing in meeting their skills needs both now and in the future.

This survey report reflects the diversity of businesses across our state. From manufacturing to professional services, hospitality and aged care, one thing is clear: employers are doing everything they can to sustain their businesses in a very challenging environment. Narrowing margins mean many employers struggle to meet their skills needs while also investing in the future. Yet they do. They do this because they know if they don't then the challenges they are facing now are only going to get worse.

Employers across NSW are innovating and investing in training and recruitment. They are adapting pay and conditions to meet the needs of current and future employees. They are focussing on the workplace health and wellbeing. They are building communities – both within and outside their own organisation.

The 2024 *Workforce Skills Survey* has provided an opportunity to hear directly from employers. It offers valuable insights into labour market conditions across NSW. It provides a unique opportunity to gain a broader understanding of the state's evolving skills ecosystem. Employers are now taking the lead in responding to skills shortages. Our advice to State and Federal Governments is to take a greater role in helping to ease the pressure on businesses, and to help them to build resilience and sustainability for the longer term. Employers across NSW have also shared invaluable insights regarding their engagement with Australia's skilled migration program, in supporting apprenticeships and traineeships, and in partnering with providers of education and training. These are themes we look forward to exploring in future reports informed by findings from this survey.

Dan Hunter

Dan Hunter
CEO, Business NSW



About Business NSW

Business NSW is the state's peak business organisation, with close to 50,000 member businesses. Tracing our heritage back to the Sydney Chamber of Commerce established in 1825, we work with businesses spanning all industry sectors, the majority of which are small or medium enterprises. Business NSW advocates for the interests and needs of business at a Local, State and Federal level.

ECTARC Early Childhood Education | NSW Illawarra | Member since 2012

Contents

Foreword	3
Summary	6
Recommendations	8
Skills in demand	11
The 2024 Workforce Skills Survey	11
Skills shortages	12
Shortage impact	13
Commercial challenges	16
Recruitment challenges	17
Skills gaps	18
Workplace impact	20
Impact on smaller employers	20
Impact on quality, innovation and sustainability	22
Location-based challenges	22
Meeting skills needs	25
Programs and initiatives for meeting skills needs	25
Improving pay and conditions	28
Investing in training and development	29
Widening participation	31
Looking ahead	33
Appendix I: Outcomes from the NSW VET Review	34

Summary

Findings outlined in this report highlight the challenges NSW employers face in meeting their skills needs. They underscore the broader impact of skills shortages, not just on day-to-day operations, but also on the activities and initiatives that drive growth and innovation across the NSW economy. They touch on a broader range of issues, including recruitment, training, workplace culture, workforce participation and access to affordable housing and early learning. This report shows how NSW employers are adapting and responding in the face of these challenges, the strategies and initiatives they are embracing in meeting their skills needs.

Skills shortages look set to remain a feature of the NSW economy in the near term. The 2024 *Workforce Skills Survey* found that many NSW employers continue to be experiencing significant challenges in meeting their skills needs. Of the 425 employers who responded to the 2024 survey:

77%

reported they had considerable difficulty in recruiting, or were unable to recruit the people they need;

This figure was

81%

for employers of five or more staff;

More than

80%

of employers in the Hunter, Western NSW, Western Sydney and Riverina Murray regions continue to experience significant difficulty in meeting their skills needs; and

Sectors experiencing ongoing recruitment challenges include manufacturing, health, hospitality, construction and technical services industries, with shortages in these industries being particularly acute in regional areas.

Protracted skills shortages are having a corrosive effect on many businesses. Responses to the 2024 *Workforce Skills Survey* show how increased costs and declining margins have led some business to scale down, move operations to a different State, or even close their business entirely in the face of skills shortages:

75%

of employers experiencing a skills shortage reported an increase in the workload being carried by existing staff, with many business owners having to 'get back on the tools' in order to keep the business running;

38%

of employers anticipate significant negative impacts for their business if these challenges continue; and

4%

fear their business may not survive if they are unable to meet their skills needs.

Skills shortages have direct commercial consequences for employers. Findings from the 2024 *Workforce Skills Survey* reflect the variety of challenges employers face when they are unable to recruit the workers they need. Of those experiencing a skills shortage:

42%

reported a reduction in the range of products or services being offered;

37%

indicated difficulties in keeping pace with demand for their products or services;

36%

have had to defer the expansion of their business; and

27%

reported loss of business to competitors through being unable to recruit the people they need.

Skills shortages are also an impediment to quality and innovation, and are a significant constraint when it comes to planning for the future. Of NSW employers facing a skills shortage:

61%

encountered difficulties in meeting service objectives;

44%

indicated they had difficulty maintaining quality standards;

29%

have had to delay the implementation of new workplace practices;

22%

have had to delay the implementation of new workplace technologies; and

16%

have delayed or deferred research and development activity.

Almost a quarter of employers facing a skills shortage (23%) indicated they lacked the additional capacity needed to supervise and train staff - a finding that has serious implications for sustaining a skilled economy, and providing for future skilled workforce needs.

Measures taken in responding to these challenges include adapting pay and conditions, investing in training and development, investing in workplace culture and employing both younger and older workers. Over the last 12 months:

80%

of employers, and 86% of employers experiencing a skills shortage had made improvements to pay or conditions in meeting their skills needs;

56%

had invested in training and development; and

53%

had employed young people or recent graduates.

Many employers also reported employing older workers, including retirees, in helping to meet their skills needs. All of these employers highlighted the benefits of doing so, in terms of their contribution to productivity, in enhancing their training efforts, and in their broader contribution to the workplace.

NSW Employers are far from complacent in the face of the challenges described in this report. They are proving agile and adaptive regarding pay and conditions. They are adopting positive measures in response to state's housing crisis. They are embracing workplace innovation in a variety of ways. Findings from this survey show how resilient and adaptive NSW employers are in responding to skills shortages in an increasingly challenging economic environment. However, there are also warning signs. The combined effect of protracted skills shortages, cost pressures and narrowing margins has hampered the ability of employers to invest in resilience and provide for the future. There is a clear awareness among employers that we cannot succeed through simply making-do. Employers need to be able to invest now in the skills needs of the future. The following recommendations represent a guide for action informed by findings from this survey and feedback received from employers across NSW.

Recommendations

Strengthening investment in vocational education and training (VET)

Substantial investment in vocational education will be essential if we are to meet the challenges outlined in this report, and if NSW is to sustain a skilled workforce in the longer term. Opportunities for doing so include:



Recommendation 1

The NSW Government should ensure TAFE NSW serves as the gold standard for VET, ensuring quality, consistency, and industry relevance, in line with recommendations 1, 2 and 3 of the NSW VET Review. Strategic investment in facilities will also be essential in ensuring TAFE remains at the heart of regional communities, in line with recommendation 21 of the NSW VET Review.¹



Recommendation 2

That the NSW and Federal Governments ensure funding growth for vocational education and training in real terms for the life of the National Skills Agreement.

Ensuring industry engagement

There remains substantial scope for employers to play a greater role in informing the strategic direction of education and training across the state. This includes informing both current and future skills needs over a 2-5 year time horizon. Opportunities for doing so include:



Recommendation 3

The NSW Government should proceed with implementing recommendation 7 of the NSW VET Review through supporting the development of centralised, publicly available data assets in partnership with industry. Business NSW is also keen to support the establishment of industry-specific and place-based Compacts with the aim of helping employers across NSW meet their skills needs, as described in recommendation 8 of the NSW VET Review.

Widening participation in education and work

The NSW labour market still has tremendous un-tapped potential. This remains underutilised due to structural constraints both State and Federal. Reforming policies that restrict workforce participation will help unlock a valuable labour resource that is readily available. Opportunities for boosting workforce participation include:



Recommendation 4

That the Federal Government double the current Work Bonus program limit for the age pension to allow senior and retired workers greater flexibility making an invaluable contribution to the labour force.



Recommendation 5

State and Federal Governments should continue to invest in childcare funding to make more places available to help parents re-enter the workforce, with retention strategies and learning pathways to build and retain the skilled workforce needed to support families and children in their early years.

¹A summary of outcomes from this review is included in Appendix I

Enhance skilled migration pathways

Skilled migration has long been a key pathway for employers to meet their workforce needs, and will remain so, especially in regional NSW. However, there remain features of Australia's skilled migration program that deter employers from making greater use of it. Opportunities for improvement include:



Recommendation 6

The Federal Government should improve the timeliness of procedural aspects to Australia's skilled migration program, including responses to inquiries and visa processing times, through ensuring that 75 per cent of skilled visa applications are processed within 120 days, and 90 per cent of Working and Holiday Visa applications processed within 90 days. The Federal Government should also proceed with improvements to the employer experience of skilled migration processes in line with commitments outlined in the 2023 *Migration Strategy*.



Recommendation 7

That the Federal Government increase the NSW allocation of regional skilled visas (subclass 491) from 2,000 to 3,000 places to assist regional employers in meeting their skills needs in areas of critical shortage.



Recommendation 8

The Federal Government should implement the widespread adoption of *The Innovation and Early Careers Skills Exchange* and the *Skills Development Exchange* pilot initiatives currently underway as part of Australia's free trade agreements with the UK and Indonesia by 2026.

Meeting regional skills needs

Employers in regional NSW are facing particular challenges in meeting their skills needs. These include challenges in recruitment, access to affordable housing and access to relevant education and training opportunities. Opportunities for improvement include:



Recommendation 9

The Federal Government should investigate the introduction of Fringe Benefits Tax concessions for employer-provided housing in areas of acute skills shortage.



Recommendation 10

The NSW Government should ensure vocational education and training opportunities are available across the state by proceeding with recommendation 9 of the NSW VET Review through implementing a new *Student Access and Training Commitment* to improve access to training that is both local and relevant (as part of the TAFE NSW Charter). These efforts should be supported through implementation of the new *Regional Skills Fund* incentivising innovation, collaboration and the development of local solutions that are fit for purpose.



TrendPac | NSW Central Coast | Member since 1969

Skills in demand

This report describes the challenges NSW employers face in meeting their skills needs. It considers the impact of those challenges, and how employers are responding in an increasingly difficult economic environment.

The 2024 *Workforce Skills Survey* found that skills shortages were particularly acute in regional areas, where employers face unique challenges in attracting and retaining skilled workers. Many of these challenges are enduring ones. They also touch on a broader range of issues, including recruitment, training, workplace culture, workforce participation and access to affordable housing and early learning. Responding to these challenges will require a coordinated approach. Recent efforts dedicated to improvement include investment in a new national architecture for skills governance, ongoing commitments through the National Skills Agreement, and consideration of related issues through the recent review of NSW's vocational education and training system.

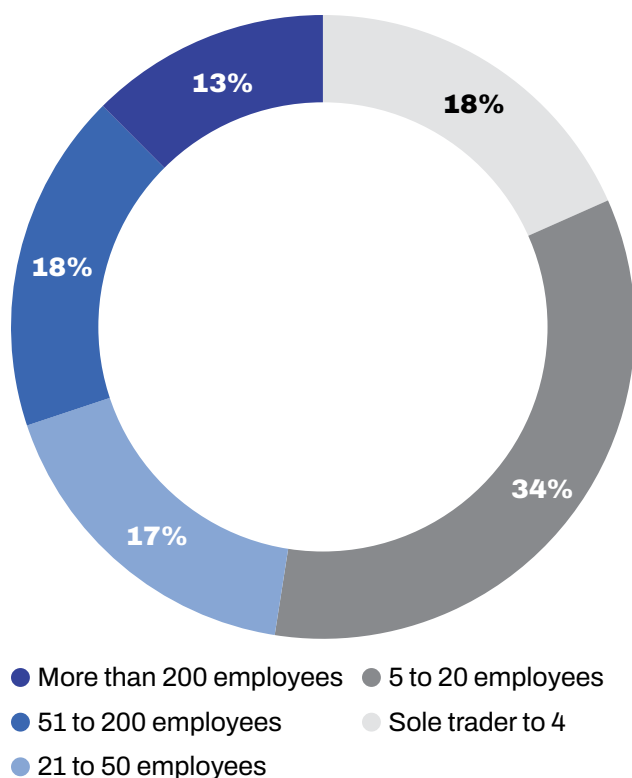
The Business NSW 2024 *Workforce Skills Survey* provides insights into the labour market circumstances of businesses across NSW. Findings outlined in this report highlight the challenges NSW employers face in meeting their skills needs. They underscore the broader impact of skills shortages, and how employers are adapting and responding in the face of these challenges. Protracted skills shortages have a corrosive effect. They are an impediment to growth, and are a barrier to doing business. Skills shortages are associated with a variety of related challenges, including commercial pressures, difficulties in recruitment and other difficulties arising from a constrained labour market. They have an adverse impact on quality and the capacity to innovate. They have a detrimental impact on the ability of businesses to sustain themselves, build resilience and invest for the future. They also have a detrimental impact on the workplace overall, with follow-on implications for local communities.

² Sole traders comprised 4% of respondents to the 2024 *Workforce Skills Survey*, and are included with employers of less than five employees in Figure 1 above.

The 2024 Workforce Skills Survey

The *Workforce Skills Survey* was launched in 2017, and subsequently run in 2019 and again 2022. Respondents to the 2024 survey included 425 NSW employers of all sizes, as shown in Figure 1 below. Survey responses were supplemented by short interviews with employers regarding their skills needs. Employers shared invaluable insights regarding the challenges they are facing in meeting their skills needs, the impact of those challenges, and strategies employed in response.

Figure 1: 2024 *Workforce Skills Survey* respondents by number of employees (n=425)²



Skills shortages

Skills shortages remain a feature of the NSW economy. The 2022 *Workforce Skills Survey* previously found that 93% of NSW employers struggled to meet their skills needs. This was up from 51% in 2019, and well above the level of 39% in 2017, as shown in Table 1 below.

The 2024 survey found that many NSW employers continue to experience a skills shortage, with 77% of survey respondents reporting they had considerable difficulty in recruiting, or were unable to recruit the people they need. This figure was

81% for employers of five or more staff. Shortages were particularly acute in sectors such as healthcare, manufacturing, hospitality, and across the skilled trades. More than 80% of employers in the Hunter, Western NSW, Western Sydney and Riverina Murray regions continue to experience significant difficulty in meeting their skills needs. The incidence of employers facing a skills shortage in the Mid North Coast, Riverina Murray, New England and North-Western NSW was 10% higher for firms with five or more employees, as shown in Table 2 below.

Table 1: NSW Employers experiencing a skills shortage³

Business in shortage	2017	2019	2022	2024
Yes	39%	51%	93%	77%
No	61%	49%	7%	23%

* Percentages are of all survey respondents (n=801; 1,259; 644; 425).

Table 2: Skills availability across NSW in 2024*

NSW Region	% in shortage	% 5+ in shortage	Example industries in shortage
Riverina Murray	88%	97%	Manufacturing
Western Sydney	86%	86%	Manufacturing
Hunter	81%	81%	Hospitality
Western NSW	80%	84%	Hospitality
Illawarra	77%	83%	Education and training
New England / North-West	74%	84%	Technical services
Mid North Coast	74%	85%	Health care
Northern Rivers	74%	76%	Technical services
Far South Coast	73%	75%	Hospitality
Sydney	71%	71%	Manuf./Health/Hospitality
Central Coast	67%	67%	Manufacturing
Overall	77%	81%	

* Percentages are of all survey respondents (N=425) and of employers facing a skills shortage (n=326).

³ Employers were asked if they currently had considerable difficulty in recruiting or were unable to recruit people with the right skills for available roles. Percentages shown in Table 1 are of total survey responses for each year.

Labour market conditions in some sectors appear to be easing. While this may be a welcome sign in sectors that have been enduring a protracted shortage in skills, it may also be an early sign of challenging times to come. A decline in demand for skilled labour also reflects conditions in the NSW economy more broadly. Findings from the 2024 *Workforce Skills Survey* point to the emergence of a 'multi speed economy', with smaller businesses coping with shrinking margins amid tightening economic conditions. While demand-side pressures may be easing for some employers, responses to the 2024 *Workforce Skills Survey* also show increased costs and declining margins are having an impact.

Shortage impact

Ongoing skills shortages continue to have an impact on employers across NSW. The 2022 *Workforce Skills Survey* saw 51% of NSW employers facing significant negative impacts, up from only 19% in 2019. Of greater concern were the 10% of employers across NSW indicating in 2022 that their business may not survive if they could not meet their skills needs, up from only 2% in 2019, as shown in Table 3 below.

The 2024 *Workforce Skills Survey* found that 38% of NSW employers anticipated significant negative impacts through being unable to meet their skills needs. A further 4% of respondents to the 2024 survey indicated their business may not survive if current circumstances continue. This is down from 10% in 2022, and closer to the 2% of respondents in 2019. These findings reflect the commercial challenges businesses face in skills shortages: challenges in service delivery, increased operating costs, increased workloads for existing staff and a variety of other operational challenges that combine to put a tremendous strain on business. While labour market conditions appear to be easing in some sectors, many of the associated challenges that NSW businesses face still remain.

Table 3: Impact on employers unable to meet their skills needs*

Impact	2019	2022	2024
No impact	10%	<1%	1%
Can manage, presents difficulties	69%	39%	57%
Significant negative impact	19%	51%	38%
Won't survive if can't resolve	2%	10%	4%

* Percentages are of employers facing a skills shortage (n=640; 597; 326).

Investing in workplace culture



“

Small businesses solve their own problems. They're not going to wait for someone else to solve their problem for them. We don't have that luxury.”

Kari Esplin, Recycling Technologies Group
NSW South Coast | Member since 2014



BG Accountants | NSW Northern Rivers | Member since 2007

A healthy workplace culture has become more than a 'nice-to-have'. For many firms, it has become a central part of their business. A healthy workplace culture goes a long way toward sustaining productivity and helping to ensure success in the longer term. In a competitive labour market, a positive workplace culture can make the difference between simply keeping pace with demand and working toward sustainable long-term growth.

Investing in workplace culture may seem like an unconventional response to skills shortages, but employers report a variety of benefit through doing so, including improved retention, reduced turnover, enhanced productivity and an improved 'value proposition' in recruitment.

“

Many organisations have worked to create a better and more flexible work environment following COVID. That was definitely needed. We sometimes find this a challenge as a small business, but we do what we can. Smaller employers don't have the same resources to be flexible. We try to have two people in the office the whole time, for safety reasons. We have to put the safety of our staff first. This has meant us working a four-day week for the time being.”

Bev Georg, BG Accountants

Commercial challenges

Protracted skills shortages are having a corrosive effect on businesses across NSW. Responses to the 2024 *Workforce Skills Survey* show how increased costs and declining margins have led some business to scale down, move operations to a different state, or even close their business entirely in the face of skills shortages.

Commercial pressures feature among the challenges NSW employers face in meeting their skills needs in a tight labour market, as shown in Table 4 below. Consequences for employers

facing a skills shortage include increased operating costs (53%), a reduction in the range of products or services offered (42%), difficulty keeping pace with demand (36%) and, in many cases, the loss of business to competitors through being unable to do so (27%). Individual responses to the 2024 *Workforce Skills Survey* describe how increased costs and declining margins have led some businesses to substantially limit or even cease operations entirely in the face of skills shortages.

Table 4: Commercial challenges faced by employers facing a skills shortage*

Challenges	2019	2022	2024
Increased operating costs	24%	37%	53%
Reduction in products or services offered	14%	33%	42%
Difficulties keeping pace with business expansion	29%	46%	36%
Loss of business to competitors	25%	45%	27%

* *Multi-select items. Percentages are of employers facing a skills shortage (n=640; 597; 326).*



You can't build your business assuming the people you need are just out there waiting to be hired. If you just post a job ad and think you are going to get the candidates you want, you're dreaming."

Gareth Jones, Marley Flow Control

Recruitment challenges

Many of the employers responding to the 2024 *Workforce Skills Survey* indicated significant recruitment challenges in meeting their workforce needs. Seventy two percent of NSW employers surveyed had unsuccessfully attempted to recruit for a role in the last 12 months, as illustrated in Figure 2 below. Of these, more than two thirds (68%) had attempted to recruit for the same role three or more times. More than a quarter of employers (28%) reported that they had made five or more attempts to recruit for a given role in the last 12 months. Close to a quarter (23% of all employers, and 27% of those facing a skills shortage) found suitable applicants had been hired by another employer during the recruitment process, emphasising high demand for skilled workers in a competitive labour market.

Factors underlying difficulties in recruitment included keeping pace with salary expectations, staff turnover, a lack of interest in available roles and location-based challenges. Around half of all employers surveyed indicated they struggled to keep pace with wage or salary expectations (47% of all employers, and 52% of those facing a skills shortage). This is up from 26-28% of employers facing a skills shortage responding to the 2017, 2019 and 2022 Business NSW surveys, as shown in Table 5 below.

More than a third of NSW employers (37%) indicated a lack of interest in available roles, with 43% of employers in shortage finding this a particular challenge in meeting their skills needs. This is consistent with the labour market circumstances of NSW employers in 2022 (41% of employers facing a skills shortage)

but well above pre-COVID levels of 18% of employers facing a skill shortage in 2019. Over a third (34% of all employers and 37% of those facing a skills shortage) identified staff turnover as a challenge. This is down marginally from 45% of respondents facing a skills shortage in 2022, but still well above pre-COVID levels of 28% in 2019.

Figure 2: Repeated attempts to recruit for roles in the last 12 months (n=305)

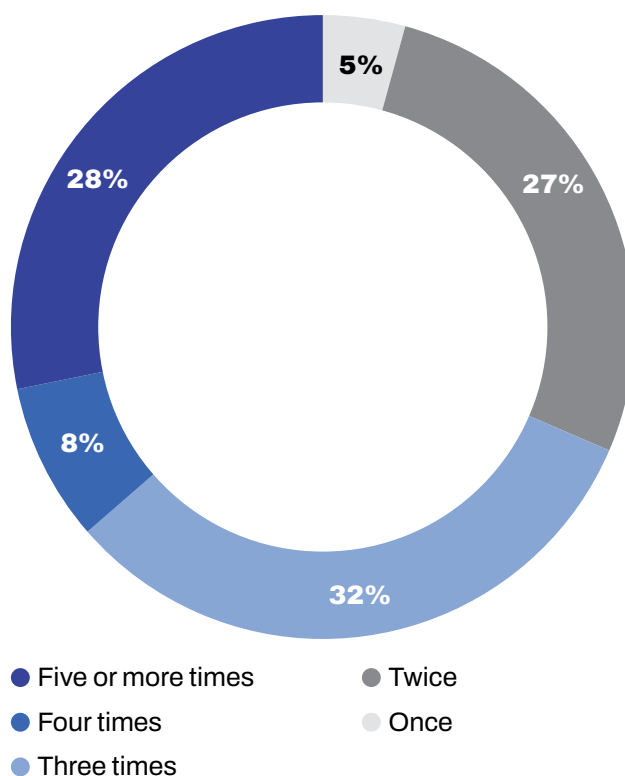


Table 5: Labour market challenges faced by employers facing a skills shortage*

Challenges	2017	2019	2022	2024
Unable to meet wage or salary expectations	28%	26%	28%	52%
Lack of interest in available roles		18%	41%	43%
Staff turnover	34%	28%	45%	37%
Suitable applicants hired by other employers during recruitment		8%	20%	27%

* Multi-select items. Percentages are of employers in shortage (n=310; 640; 597; 326).

Skills gaps

More than half of NSW employers responding to the 2024 *Workforce Skills Survey* struggled to recruit people with the right mix qualifications and experience. Relevant industry experience was by far the most desirable attribute employers were looking for, with 59% of NSW employers and 64% of employers experiencing a skills shortage identifying this as a recruitment challenge in the last twelve months. This was closely followed by the ability to recruit people with the qualifications, certification or registration needed for work in their field, with 50% of NSW employers and 59% of those experiencing a skills shortage indicating this was a common challenge, as shown in Table 6 below.

Employers were also invited to indicate the specific capabilities they had trouble recruiting for. Informed by findings from previous surveys, The 2024 *Workforce Skills Survey* included specific options distinguishing advanced technical and digital expertise from generic workplace capabilities and specific attributes commonly described as ‘soft skills’. The survey found that while some of these continue to be in high demand, others appear to be ‘nice to have’ rather than ‘have to have’. While digital capabilities are widely recognised as a prerequisite for the contemporary world of work, both basic and advanced digital skills ranked below other capabilities when it comes to common skills gaps.

Roughly 10% of NSW employers included digital capabilities among the skills gaps they had encountered in the last twelve months, ranking below inter-personal communication skills (29%), leadership skills (24%), team-work skills (22%), written communication skills (21%) and quantitative skills (12%). Advanced technical skills continue to be in high demand, with 32% of NSW employers and 36% of employers experiencing a skills shortage highlighting these as a particular challenge in meeting their skills needs.

General workplace capabilities featured among those skills in most demand, with 35% of NSW employers and 38% of employers in shortage indicating this has been a particular recruitment challenge in the last twelve months. This finding was supported by comments in response to this and previous surveys indicating that employers place a premium on the ability to navigate the contemporary workplace. General workplace capabilities in this sense captures the basic requirements for the contemporary world of work, including punctuality, reliability, initiative, motivation and a problem-solving orientation. Employer comments to this and previous iterations of the *Workforce Skills Survey* indicate strong demand for the capacity for ‘learning how to learn’ as well as the ability to navigate the contemporary workplace both reliably and safely.

Table 6: Skills gaps encountered in the last 12 months

Skills gaps	% of all	% of employers in shortage
Relevant industry experience	58.6%	63.8%
Appropriate qualifications, certification or registration	50.4%	58.9%
General workplace capabilities	35.1%	38.3%
Advanced technical skills	32.5%	36.5%
Inter-personal communication skills	28.7%	27.3%
Leadership skills	24.2%	25.5%
Team-work skills	22.4%	22.7%
Written communication skills	20.9%	21.5%
Quantitative skills / numeracy	12.0%	12.9%
Basic digital capabilities	11.3%	11.0%
Advanced digital capabilities	9.6%	9.8%

** Multi-select items. Percentages are of all respondents to the 2024 survey (n=425) and employers facing a skills shortage (n=326).*

Employing older workers



Sapphire Coast Community Aged Care | NSW South Coast | Member since 2014

A number of employers responding to the 2024 *Workforce Skills Survey* highlighted the value in employing older workers. In some cases, this meant re-employing previous staff, some of whom had recently retired. Other employers actively sought out older workers as both a means of sustaining productivity and as a valuable resource in training and development.

Older workers bring a wealth of experience to the workplace. Embracing age diversity – both young and old – is proving a successful strategy for employers looking to sustain their training and development activities with narrowing margins in a constrained labour market. Several employers responding to the 2024 *Workforce Skills Survey* highlighted the benefits older workers bring to training younger staff, highlighting that training demands can present a challenge for mid-career workers focussed on productivity, and who may still be in the process of refining their own skill base.



There are a lot of amazing retired tradespeople who are happy to work. We have found employing them to be a big winner for us. You also get a double-benefit employing older workers. You're able to bring on extra capacity, while at the same time getting access to a wealth of skills and expertise. They are also a great training resource for our newer staff. You can really see an accelerated path, particularly for apprentices. It turns out to be really rewarding for everyone involved."

Jamie Condon, SierraTek

Workplace impact

Ongoing skills shortages are having a significant negative impact on the workplace. Seventy five percent of businesses facing a skills shortage reported an increase in the workload being carried by existing staff, with many business owners having to 'get back on the tools' in order to keep their business running. Some employers pointed to this as a significant source of workplace stress. Increased workloads have consistently featured among the most prominent skills shortage impacts since the *Workforce Skills Survey* first ran in 2017, as shown in Table 7 below.

Many employers are out-sourcing to meet their skills needs, with 36% of employers facing a skills shortage relying on contractors and external service providers as a means to bridging the gap. Findings from the 2024 *Workforce Skills Survey* also point to greater reliance on remote workers. In some cases this has meant employers moving certain business activities or support services offshore. While this may help fill gaps, it is not the preferred solution for businesses looking to invest locally in their current and future workforce.

Impact on smaller employers

Just over half of the respondents to the 2024 *Workforce Skills Survey* had 20 or fewer employees. Survey responses from smaller employers were for the most part in line with those received from larger employers. However, employers with fewer employees tended to describe their skills needs more as requirements that might be shared across a number of individuals, rather than as specific skill sets that can be met through a single job role. In other words, staff with smaller firms tend to 'wear more hats', with business owners also likely to be involved in daily operations. Smaller employers also tend to have fewer resources to invest in training, workforce development or workplace flexibility, particularly in industries requiring customer-facing roles. Considerations around managing and sustaining business growth were particularly salient for smaller firms mindful of the costs associated with expansion in the face of narrowing margins and difficulties in recruitment. In some cases, expansion was entirely dependent on skills needs being met by subcontractors and external service providers rather than through direct recruitment. Several employers responding to the survey indicated they were turning down business due to rising cost pressures and ongoing challenges in recruitment.

Table 7: Workplace impact on employers facing a skills shortage*

Impact	2017	2019	2022	2024
Increased workload for existing staff	80%	75%	84%	75%
Increased out-sourcing of work or greater reliance on contractors/subcontractors	46%	21%	17%	36%
Increased reliance on short-term or casual staff	26%	25%	31%	33%

* *Multi-select items. Percentages are of employers facing a skills shortage (n=310; 640; 597; 326).*

Investing in training and recruitment



Marley Flow Control | NSW Western Sydney | Member since 2022

Over half of employers participating in the 2024 *Workforce Skills Survey* indicated they had invested in training and development in the last 12 months. The benefits of doing so emerged as a clear theme in the employer feedback received as part of the survey.

Rather than relying on recruitment alone in meeting their workforce needs, many employers are making a substantial investment in their current workforce to keep pace with evolving demands. This investment feeds back into recruitment efforts, building on the value proposition for prospective employees. This investment also pays dividends in terms of retention, along with making a positive contribution to workplace culture. Done well, investment in training and development has the potential to pay for itself in the longer term, reducing the costs associated with staff turnover and recruitment, while also enhancing productivity.

“

Your training and your recruitment both have to go together. We might go out there looking for four mechanical fitters. We may be able to hire one that might be ready to go, with the other three being trainable. We always look at new employees with a long-term view to skilling them up.”

Gareth Jones, Marley Flow Control

Impact on quality, innovation and sustainability

Skills shortages have a detrimental impact on quality, and are a significant constraint when it comes to planning for the future. The majority of employers facing a skills shortage (61%) encountered difficulties in meeting service objectives, with 44% indicating they had difficulty maintaining quality standards. Skills shortages are also an impediment to innovation. More than a third of NSW employers facing a skills shortage (36%) have had to defer the expansion of their business and cancel or delay the introduction of new products or services. Twenty two percent have delayed the implementation of new workplace technologies, with 29% delaying the implementation of new workplace practices, and 16% delaying or deferring research and development activity.

Longitudinal trends reflected in responses to the *Workforce Skills Survey* shown in Table 8 above suggest a cumulative effect when it comes to the impact of skills shortages on innovation, efforts to enhance quality and investment in future needs. These trends also point to a tendency for skills shortages to perpetuate themselves, with 23% of employers facing a skills shortage indicating they lacked the additional capacity needed to supervise and train staff. These findings have serious implications for innovation, productivity, sustaining a skilled workforce and providing for future skills needs.

Location-based challenges

NSW employers face significant location-based challenges that impact on their ability to meet skills needs. This is particularly the case in regional NSW. Geographical location itself posed a challenge for 27% of NSW employers (29% of those facing a skills shortage), with many struggling to attract workers to regional locations. Access to affordable housing also emerged as a recruitment challenge for 28% of employers across the state (and for 30% of those facing a skills shortage). Difficulty accessing relevant local training opportunities also remained a challenge for 17% of employers. These challenges are accompanied by a range of follow-on impacts for regional communities, with longer wait times for essential products and services, and difficulties in sustaining regional economies through supporting pathways to local employment. Employers also found it difficult to attract workers to remote locations, putting even greater pressure on existing staff challenged with maintaining service standards across regional NSW.

Table 8: Impact on quality and innovation for employers facing a skills shortage*

Impact	2019	2022	2024
Difficulties meeting services objectives	35%	52%	61%
Difficulties maintaining quality standards	29%	27%	44%
Delay of new products or services	24%	31%	36%
Delay implementing new workplace practices	14%	28%	29%

* *Multi-select items. Percentages are of employers facing a skills shortage (n=640; 597; 326).*

Investing in housing



SierraTek Global | NSW New England / North West | Member since 2024

Access to housing remains a barrier to attracting and retaining skilled labour, especially in regional NSW. Business NSW is a founding member of HousingNow!, a multi-organisation initiative that advocates for policies to mitigate the state's housing shortfalls.⁴ Opportunities for improvement in line with this initiative include:

- The introduction of Fringe Benefits Tax concessions for employer-provided housing in areas of acute skills shortage;
- Dedicated funds to support regional pilot initiatives for innovative solutions to the state's housing crisis; and
- Initiatives to help local manufacturing businesses play their role in responding to the state's housing crisis through innovative improvements to housing supply capacity and efficiency.

Prefabricated housing can significantly reduce construction costs and improve speed of delivery. When combined with offsite construction and related manufacturing facilities, modular housing initiatives have the potential to yield substantial benefits for the regional economy across NSW.

⁴ Details of this initiative are available at www.housingnow.com.au.

“

Towns and regions have a serious lack of housing. We just can't bring people in – even if we can hire them, there's nowhere to put them. Rentals are full. We've had to set people up in hotels. It's simply not sustainable. One of the biggest things I see choking recovery is access to affordable housing.”

Jamie Condon, SierraTek

“

Access to childcare is an essential part of the employment infrastructure. It is the right of every child to have access to education and it supports participation in the workforce. This is equally the case in both regional areas and metro centres. Childcare is still the largest barrier to women’s participation in the workforce, impacting on economic growth, gender equity and other societal outcomes.”

Anita Kumar, ECTARC. NSW Illawarra | Member since 2012



Meeting skills needs

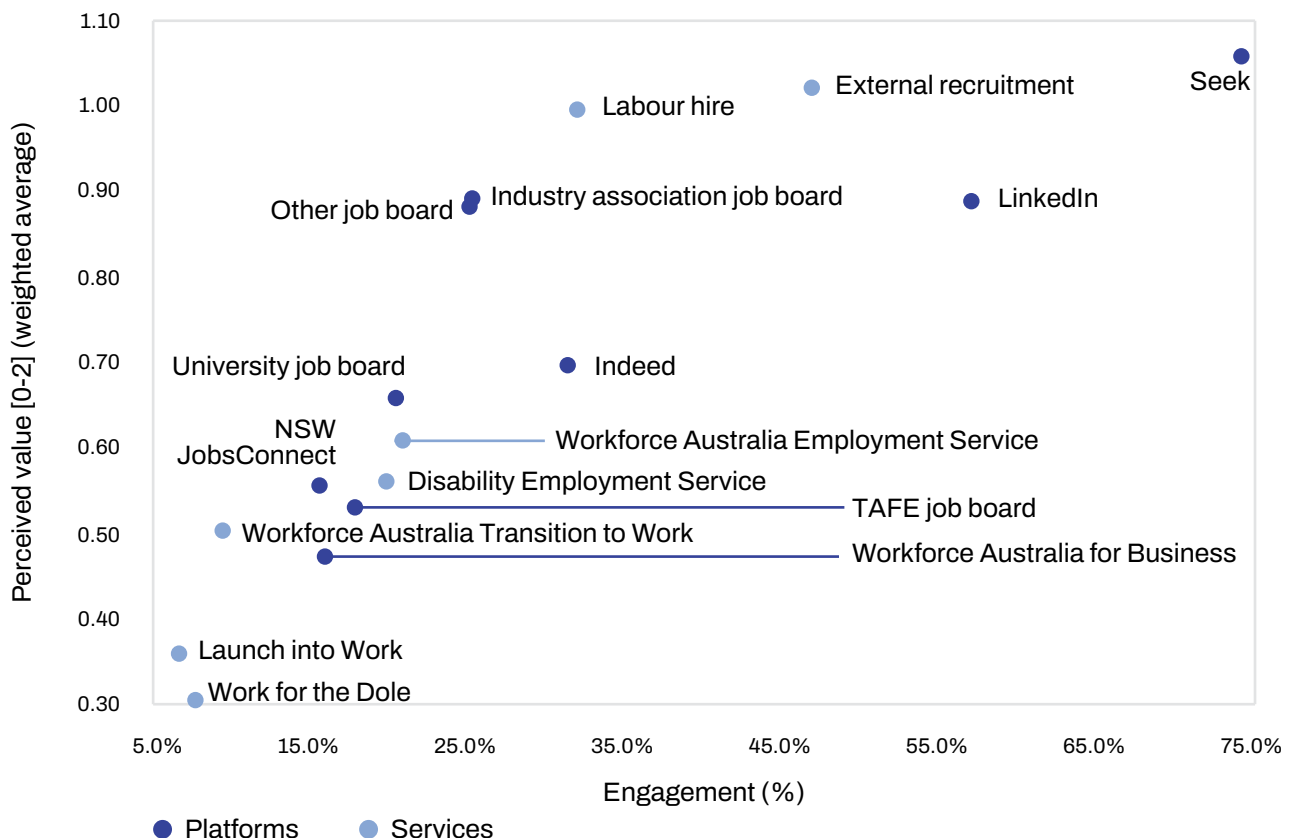
Meeting skills needs in a dynamic environment requires a combination of strategies, including flexibility, innovation and investment in pay, conditions, training opportunities and recruitment strategies. These are enhanced when complemented by strategies for widening participation in education and work.

NSW employers have implemented a range of strategies in meeting their skills needs over the last 12 months. These include increasing wages, salaries, bonuses and benefits for staff, and introducing more flexible working arrangements. They include innovative approaches to training, development and recruitment along with investment in workplace culture and staff wellbeing. These efforts are supported by programs and initiatives aimed at helping employers meet their skills needs. These include the employment services and job platforms that combine to support a diversity of pathways to participation.

Programs and initiatives for meeting skills needs

Employers responding to the 2024 *Workforce Skills Survey* were invited to indicate which programs or initiatives they had made use of over the last twelve months, and how valuable they had been. Programs or initiatives included for consideration were those dedicated to supporting recruitment efforts, workforce development programs and targeted workplace participation initiatives supported at both the state and federal level. Findings from the 2024

Figure 3: Employer engagement with employment platforms and services



survey pointed to widespread use and high perceived value of web-based job platforms, recruitment services and labour hire firms, with declining engagement and diminishing perceived value for more targeted initiatives, as shown in Figure 3.

The 2024 *Workforce Skills Survey* found Seek to be the most popular recruitment tool for NSW employers over the last twelve months, with 74% of survey respondents indicating they had used their services, followed by LinkedIn at 57%. External recruitment and labour hire services both remained popular, being used by 47% and 32% of employers respectively over the last twelve months. Purpose-specific job boards and those supported by industry associations were both relied upon by 25% of survey respondents. All of these were highly valued by employers, achieving a weighted average score on perceived value (with a minimum of 0 and a maximum possible score of 2) from 0.88 in the case of industry job boards, purpose-specific job boards and LinkedIn, through to 0.99, 1.02 and 1.05 for labour hire firms, recruitment agencies and Seek respectively.



We do our best to retain older workers. They really have a talent for mentoring. We do what we can to keep them because of the benefits of having them work alongside our young people. You need that experience – experience you can't get without good mentors.”

Julie Evans, Sapphire Coast Community Aged Care

Other programs and services showed similar levels of engagement and value among NSW employers. Job boards maintained by education providers, Indeed, NSW JobsConnect, Workforce Australia for Business and Disability Employment Services showed comparable levels of engagement among employers in the range of 16-20%, with perceived value for these services ranging from 0.47 in the case of Workforce Australia for Business through to 0.69 in the case of Indeed. Launch into Work and Work for the Dole showed the lowest levels of engagement and perceived value, with 6.6% and 7.8% of employers using these programs, and a perceived value score of 0.36 and 0.3 respectively (from a minimum score of 0 and a maximum possible score of 2).

Findings from the 2024 *Workforce Skills Survey* show that online job platforms, labour hire and recruitment services remain both popular and highly valued by employers, with purpose-specific job boards also proving an effective and useful means of meeting skills needs. Government programs and services aimed at helping employers meet their skills needs show good levels of engagement and offer reasonable value for many employers, with the notable exception of Launch into Work and Work for the Dole. Comments from employers responding to the survey confirm these findings, highlighting the value and utility of both web-based jobs platforms and social media in supporting recruitment efforts. Many employers also emphasised the value of networking and word-of-mouth in meeting skills needs, along with participation in skills fairs and jobs expos. Several employers described how use of bonus schemes for employee referrals had also proven to be a successful strategy, along with implementing collaborative workforce initiatives with other industry partners.

Investing in automation



Recycling Technologies Group | NSW South Coast | Member since 2014

Several respondents to the 2024 *Workforce Skills Survey* indicated an increased reliance on automation in meeting their skills needs. Employers are exploring opportunities for adopting automation in the workplace in response to skills shortages, with advances in technology making these opportunities more accessible and affordable for smaller businesses. Opportunities for introducing workplace automation vary by industry, ranging from inventory management, customer service functions, payroll processes and other business activities that can be automated with the help of relatively low-cost solutions. Workplace automation can also help businesses struggling to meet their skills needs to do more with fewer staff, with added benefits including enhancing productivity and improving safety.

While automation opportunities may bring benefits, there are also challenges. While there is an appetite for innovations of this kind among many NSW employers, SMEs often struggle to invest the time and resources required to keep pace with new and emerging technologies and put them into practice.



We now place a much greater emphasis on automation. We look for processes that can be done more safely and more cost-effectively that way. It's not about removing people from the workplace – far from it. It's about removing unnecessary tasks and focussing on value. It's about freeing people up to be more productive."

Wayne Dicks, TrendPac

Improving pay and conditions

The proportion of employers responding to the *Workforce Skills Survey* indicating they have increased wages, salaries or bonuses in meeting their skills needs has seen a gradual increase from 23% in 2017 through to 30% in 2019, before showing a dramatic increase to 49% in 2022 in the wake of the COVID-19 pandemic, as shown in Table 9 below.

This trend has continued, with 73% of employers facing a skills shortage (and 68% of all survey respondents) increasing wages, bonuses or other benefits in the last 12 months, with 62% of employers facing a skills shortage (and 57% of all survey respondents) introducing more flexible working arrangements. Overall, 86% of employers facing a skills shortage (and 80% of all survey respondents) indicated they had made improvements to either pay or conditions in the last twelve months. In doing so, many NSW employers are paying a premium to meet their skills needs, but are clearly willing to invest, as shown in Table 10 below.

Findings from the 2024 Workforce Skills Survey clearly show the impact of skills shortages on the bottom line. They also reflect the willingness of employers to innovate in meeting their skills needs, despite narrowing margins and mounting cost pressures in other areas. The 2024 survey also found significant emphasis being given to training and development, workplace culture, and staff wellbeing as part of a combination of strategies embraced by employers in attracting and retaining the people they need.



Our staff value proposition is central for us. We are thinking about that a lot."

Julie Evans, Sapphire Coast Community Aged Care

Table 9: Strategies used by employers facing a skills shortage in the previous 12 months*

Strategy	2017	2019	2022	2024
Increased wages, salaries or bonuses for staff	23%	30%	49%	73%
Internal (on-the-job) staff training	39%	33%	15%	49%
External staff training	24%	19%	9%	33%

* Multi-select items. Percentages are of employers facing a skills shortage (n=310; 640; 597; 326).

Table 10: Strategies for pay and conditions used by employers in the last 12 months*

Strategy	% of all	% of employers in shortage
Improved pay or conditions	80%	86%
Increased wages, salaries, bonuses or benefits for existing staff	68%	73%
Introduced more flexible working arrangements	57%	62%

* Multi-select items. Percentages are of all respondents to the 2024 survey (n=425) and employers facing a skills shortage (n=326).

Investing in training and development

NSW employers have implemented a variety of strategies to help ensure their businesses continue to operate effectively in the face of ongoing skills shortages. These include substantial investment in training and development. Over half of respondents to the 2024 *Workforce Skills Survey* (56%) invested in training and development in the last 12 months to address skills gaps, with 49% of employers investing in internal training, and 33% supporting external training opportunities. Survey respondents also described upskilling current employees for more senior roles, with others opting to re-employ staff they had worked with previously.

Many employers responding to the 2024 *Workforce Skills Survey* described how their investment in training and development fed into their recruitment and workforce development efforts. These included supporting work-integrated learning opportunities and taking on students on a part-time basis, with a view to cultivating both skills and recruitment prospects for the medium and longer term. Others highlighted the value of ongoing engagement with education providers, across schools, VET, TAFE and higher education.

Table 11: Training and development strategies used by employers in the last 12 months*

Strategy	% of all
Invested in training and development	56%
Increased internal training for existing staff	49%
Increased external training for existing staff	33%

* *Multi-select items. Percentages are of all respondents to the 2024 survey (n=425).*



We always need staff. If it gets to the point where it gets too difficult, and its possible for that process to be automated, then we look at how we can do that.”

Kari Esplin, Recycling Technologies Group



Competing on salary alone is a losing battle. You have to think about the whole value proposition for employees. This includes pay, conditions and your whole workplace culture. As a business, we are also very much focussed on building resilience, both in our organisation and in our people. We are very active in supporting workplace health and individual wellbeing. Some of these initiatives take significant time and effort to implement. But they are worth it. Ensuring a positive approach to mental health is an important part of what we do.”

Wayne Dicks, TrendPac



“

Skills shortages are suffocating regional businesses. We're being forced to turn away repair work because we can't get the skilled people we need.”

Ron Arthur, Nowra Truck and Tractor
NSW Illawarra | Member since 2009

“

You have to think about the value proposition in training. We have made a substantial investment in our own training and development. We are committed to investing in our own skills, developing them in-house, and to 'growing our own'. “We are actually seeing an increase in the number of people applying for roles at the moment. They may not have exactly the skills we need, but we aim to meet them half-way. Our investment in training helps us to do that.”

Wayne Dicks, TrendPac

Widening participation

Many employers are recruiting former staff and older workers in meeting their skills needs. This emerged as a clear trend in the 2024 *Workforce Skills Survey*. They highlighted a range of benefits that follow from recruiting more experienced staff, from enhancing productivity to facilitating workplace training and enhancing workplace culture. Strategies used by NSW employers in the last 12 months in meeting their skills needs include employing young people or recent graduates (53% of employers and 56% of those facing a skills shortage), employing an apprentice or trainee (29% of employers and 33% of those facing a skills shortage), and offering more entry-level roles (26% of employers, and 29% of those facing a skills shortage), as shown in Table 12 below.

A number of employers responding to the 2024 *Workforce Skills Survey* highlighted the value in employing older workers. In some cases, this meant re-employing previous staff, some of whom had recently retired. In other cases, employers actively sought out older workers as both a means of sustaining productivity and as a valuable resource in training and development. Several employers noted

the benefits older workers bring to training younger staff, highlighting that training demands can present a challenge for mid-career workers focussed on productivity, and who may still be in the process of refining their own skill base. Several employers also pointed to the value of supporting the participation of parents in the workplace, highlighting the untapped potential available through better support for childcare and early learning.



Staff need access to affordable child care. It's that simple."

Bev Georg, BG Accountants

Table 12: Strategies used by employers in the last 12 months in meeting their skills needs*

Strategy	% of all	% of employers in shortage
Employed young people or recent graduates	53%	56%
Employed an apprentice or trainee	29%	33%
Employed more entry-level roles	26%	29%
Employed a recent graduate	27%	29%
Employed a person aged 24 or under (not including apprentices or trainees)	29%	29%

** Multi-select items. Percentages are of all respondents to the 2024 survey (n=425) and employers facing a skills shortage (n=326).*



Recycling Technologies Group | NSW South Coast | Member since 2023

Looking ahead

NSW Employers are far from complacent in the face of these challenges. Employers are innovating in response to a shortage of skills. They are adapting and responding in a dynamic and changing environment.

They are proving agile and adaptive on pay and conditions. They are adopting positive measures in response to state's housing crisis. They are embracing workplace innovation in a variety of ways. The *2024 Workforce Skills Survey* has provided a valuable opportunity to hear directly from employers on the challenges they currently face in meeting their skills needs. The survey offers valuable insights into the skills and training needs of employers across NSW. Findings will inform improvements to policy and programs that help employers meet their skills needs and keep pace with a dynamic and changing labour market.

The recent review of NSW's VET system found substantial scope for improvement in helping employers meet their skills needs (a summary of recommendations from this review are included as Appendix I). The Review emphasised the value of place-based training initiatives in ensuring regional communities have access to the education and resources they need. It recommended the establishment of industry compacts as part of the *NSW Skills Plan*, along with strategic incentives workforce development, regional delivery and industry engagement. These compacts would see local employers, training providers, and community organisations working together on collaborative programs and initiatives in meeting skills needs. The Review also recommended the establishment of a *Regional Skills Fund* for incentivising innovation, collaboration and the development of local solutions.

Findings from the *2024 Workforce Skills Survey* reflect the broader challenges facing NSW's economy, including ongoing skills shortages, especially in regional areas, and the need for more responsive and flexible training programs. The NSW VET Review affirmed the value of evidence-based decision-making at both the state and local level. The *2024 Workforce Skills Survey* provides invaluable insights into the challenges employers face in meeting their skills needs, and have the potential to inform future improvements.

The challenges and opportunities described in this report touch on a range of related issues. There remains scope for more detailed analysis and targeted action informed by findings from this survey. These include employer engagement with skilled migration, in pathways to learning, and support for apprentices and trainees. Each of these are a vital component of the overall NSW skills ecosystem. As such, each will feature as the subject of future reports informed by findings from the 2024 survey in the lead-up to the launch of the 2025 Workforce Skills Survey in the middle of the year..



No textbook has been written to help us navigate this environment. It's volatile. Everyone's margins are being squeezed. Meeting our skills needs is definitely getting more expensive. We just have to absorb those costs. We keep finding new risks to manage. That looks unlikely to change."

Wayne Dicks, TrendPac

Appendix I: Outcomes from the NSW VET Review

The NSW government has recently conducted a comprehensive review of vocational education and training across the state. An Interim Report, outlining a preliminary findings and recommendations, was released in March 2024. The Final Report from the review was released in June 2024. Together, these two reports outline opportunities for an enhanced and more integrated VET system for NSW. Outcomes from the Interim Report include development of a TAFE NSW Charter and updates to TAFE NSW's operating model to ensure it is responsive to local communities and industry needs. The Final Report from the Review is more comprehensive, describing opportunities for alignment, integration and investment, as outlined below:

- The alignment of government programs under a stewardship model, informed by regular stakeholder feedback (R.1, R.2 and R.3);
- An independent review of pricing and fees to inform the introduction of a needs-based funding model, and re-alignment of current funding arrangements (R.4 and R.5);
- Performance-based contracts offering greater certainty for providers, along with incentivising capacity building, innovation and responsiveness to student needs (R.6);
- Compacts for industry engagement as part of the NSW Skills Plan, along with a Performance Outcomes Framework describing system-level outcomes for student (including underrepresented groups), workforce development, regional delivery and industry engagement (R.7 and R.8);
- A new Student Access and Training Commitment for regional delivery (as part of the TAFE NSW Charter), and a Regional Skills Fund incentivising innovation, collaboration and the development of local solutions (R.9);

The Final Report identified opportunities for student support, VET for secondary students, apprenticeships, traineeships and pathways to learning.

These include:

- Increased access to wrap-around support for under-represented groups, supported by partnership arrangements to improve the availability of support services (R.10 and R.11).
- Guidelines for the integration of training models with Centres of Excellence, Institutes of Applied Technologies, and potential integration with dual-sector universities in NSW (R.12);
- New credit transfer arrangements in key occupations and industries (R.13);
- Better support for careers advice and the delivery of VET in schools (R.14, R.15 and R.16);
- Addressing inefficiencies in policies and regulation governing apprenticeships and traineeships, and affirming government support for apprentices and trainees (R.17 and R.18);

Underpinning the VET system through improvements to the physical and digital infrastructure for vocational education and training and the workforce that will be central in achieving the aims outlined in the report. Opportunities here include:

- Capacity building initiatives for the VET teaching workforce (R.19 and R.20);
- A capital investment model for physical and digital infrastructure, accompanied by a public benefit framework governing resource use (R.21);

The NSW VET Review concluded the transformation of NSW's VET system will be essential if we are to keep pace with the state's evolving skills needs. The Final Report described a network of high-quality training providers attuned to industry needs, with students at the centre of the VET system. It called for new ways of working with stakeholders, including providers and industry, emphasising the value of collaboration between government, industry, and providers in ensuring a resilient and responsive VET system.





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CONTACT

David Harding
Executive Director,
Business NSW
David.Harding@businessnsw.com



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