

News Release

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Australia's services dependent economy and ageing population could cause skilled labour shortage by 2030

ANZ today released a report predicting a significant skilled labour shortage across Australia by 2030, caused by services making up an even greater portion of the Australian economy and a shift in demographics.

Report highlights – key shifts by 2030

- Services sector to make up an even greater proportion of the economy growing by 5% to 77.3%
- Likely skilled labour shortages – with one in five Australians over the age of 65 the fight to retain talent will intensify
- Demand for labour will rise at 1.6% per year over the next 15 years
- Labour's share of income will rise after a multi-decade decline – currently wage share of GDP is 60% - it's forecast this will rise above 65%
- Health, education and professional services industries to experience most growth at 6% per year
- Education will be more crucial than ever – growth areas such as health and professional services require higher levels of education

The 'Servicing Australia's Future' report found Australia's next phase of economic evolution will see workers in strong demand for the first time in several generations, with the labour market's share of income to rise after a multi-decade decline and income disparity to fall.

Acting ANZ Chief Economist Richard Yetsenga said: "We've been fearful jobs are under threat because of automation but in reality it's likely we'll see a qualified labour shortage. The technology argument hasn't considered the implications of an economy shifting from producing goods to producing services, increased health spending to support an ageing population and new services export opportunities in Asia. These forces will create substantial change in the Australian labour market."

The health, education and professional services industries are expected to have the strongest growth prospects expanding at 6 per cent per year to 2030. The report argues that as these industries are more labour-intensive than traditional goods industries, there will be even greater demand for skilled workers. These workers will require higher levels of education which means education will grow in importance for Australia's workforce.

"As education demand grows a major challenge will be tertiary funding. Securing private sector investment will be vital with partnerships between business and universities more important than ever to ensure we develop a workforce fit for a services driven economy.

"The shift from goods to services means business and the financial sector will have to adapt to a world less capital intensive. Projects associated with the mining boom required significant investment but with many projects now complete and commodity prices falling, we expect investment will be redirected to fund development of services companies and areas such a computer software and research, " said Mr Yetsenga.

Importantly, the report noted these signs of change to Australia's economy are already evident today.

"There has been much discussion on how we reconcile strong GDP growth, weak investment and falling inflation with strong employment numbers but in our view the economy is adapting to a new set of drivers where goods industries like mining are being overtaken by large employers of skilled labour," said Mr Yetsenga.

To download the report from ANZ Live visit <http://anz.co/ECC7301q59W>

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