

Ai GROUP SURVEY

Listening to Australian businesses on workforce
and skills 2024

Skills for a clean economy

JUNE 2024

Ai Group's Centre for Education and Training surveys a cross section of Australian businesses every two years to learn more about skills and workforce challenges across the economy.

This comprehensive, future-facing survey asks companies about the external and internal factors driving their skills and workforce needs now and into the future. It also asks where the skills challenges or shortages are, and the steps businesses plan to take to develop or acquire the skills and capabilities they consider they need to succeed.

The survey asked businesses about their skills needs in relation to the transition to the clean economy for the first time in 2022. This year we asked the same questions to see what's changed and find out more about the skills and capabilities companies are looking for as they navigate this transition.



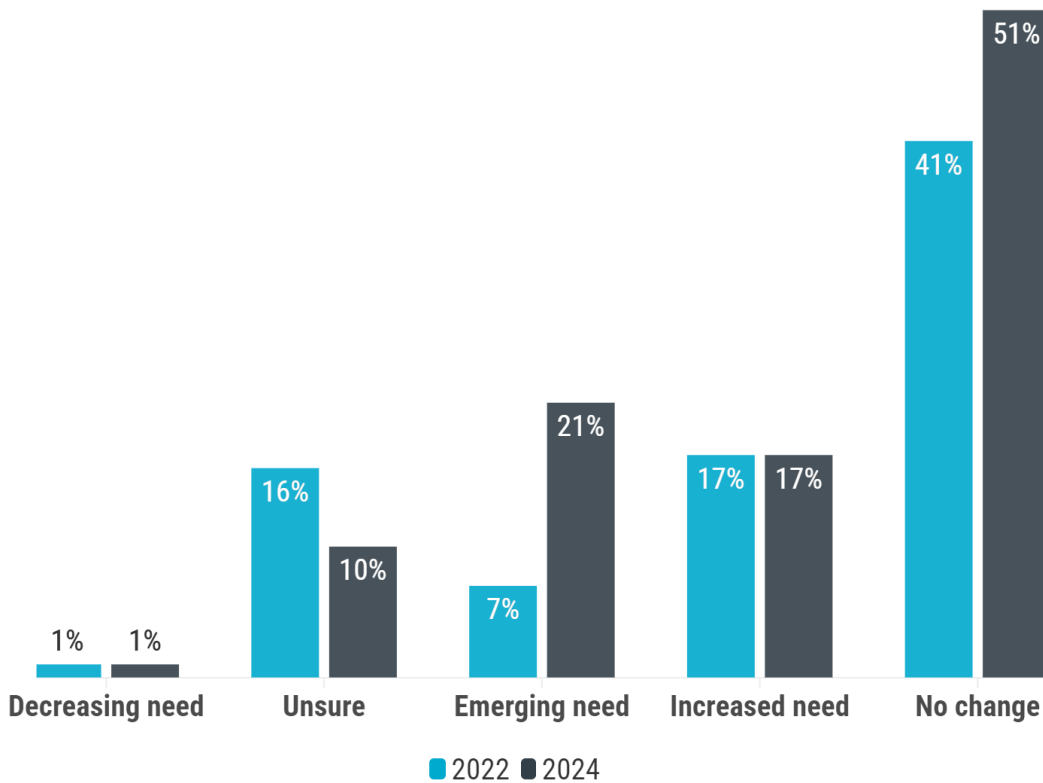
1 in 5

businesses report an emerging need for new skills due to the clean economy transition

This year, 21% of businesses surveyed reported an **'emerging need'** for new skills over the last 12 months due to the clean economy transition. This was up significantly from 7% in 2022.

The proportion of businesses reporting an **increased skills need** as a result of the transition remained significant – 17% of businesses in both 2022 and 2024.

How has the transition to a clean economy affected your skill needs over the past 12 months?



This year over half (51%) of the businesses surveyed said the clean economy transition had had no effect on their skills needs over the last 12 months. This was up from 41% in 2022.

This could mean these businesses haven't yet thought about their skills needs in relation to this significant economy wide transition. Or, more likely, more respondents are feeling more confident about navigating the changing consumer demands and policy landscape associated with the transition

to a clean economy and feel that their current workforce has the skills and capabilities they need to succeed.

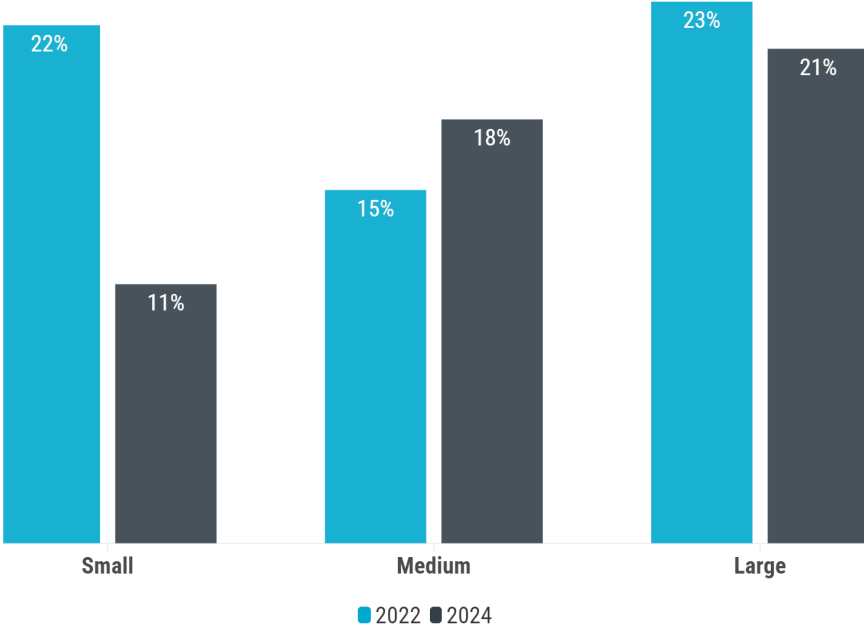
This is also reflected in businesses' increased certainty about their clean economy skilling needs. The number of respondents reporting that they were 'unsure' about the transition's impact on their skills dropped from 16% in 2022 to 10% this year.

More medium and large businesses report increased skill needs due to the clean economy transition

In 2024, **21% of large businesses** and **18% of medium businesses** reported that the transition to a clean economy had driven an **increased need** for skills over the last 12 months. For large businesses, this was slightly down from 2022.

The proportion of surveyed small businesses reporting an increased skill need as a result of the clean economy transition dropped from 22% in 2022 to only 11% in 2024.

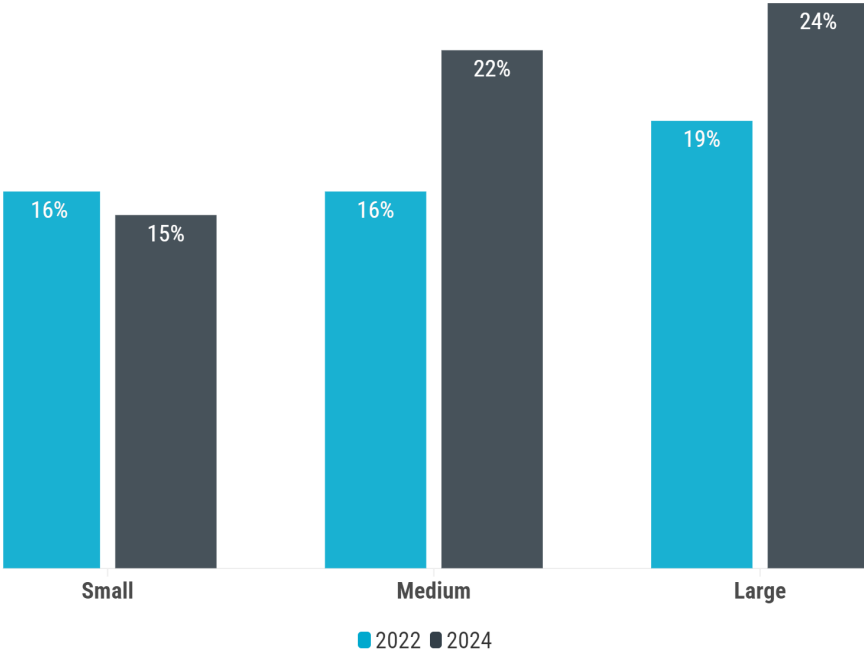
Increasing need for skills due to the clean economy transition – by business size



Around a quarter of large businesses reported emerging need for new skills

24% of large business and 22% of medium businesses surveyed reported 'emerging' skills needs as a result of the clean economy transition over the last 12 months, up from 19% and 16% respectively in 2022.

Emerging need for skills due to the clean economy transition - by business size



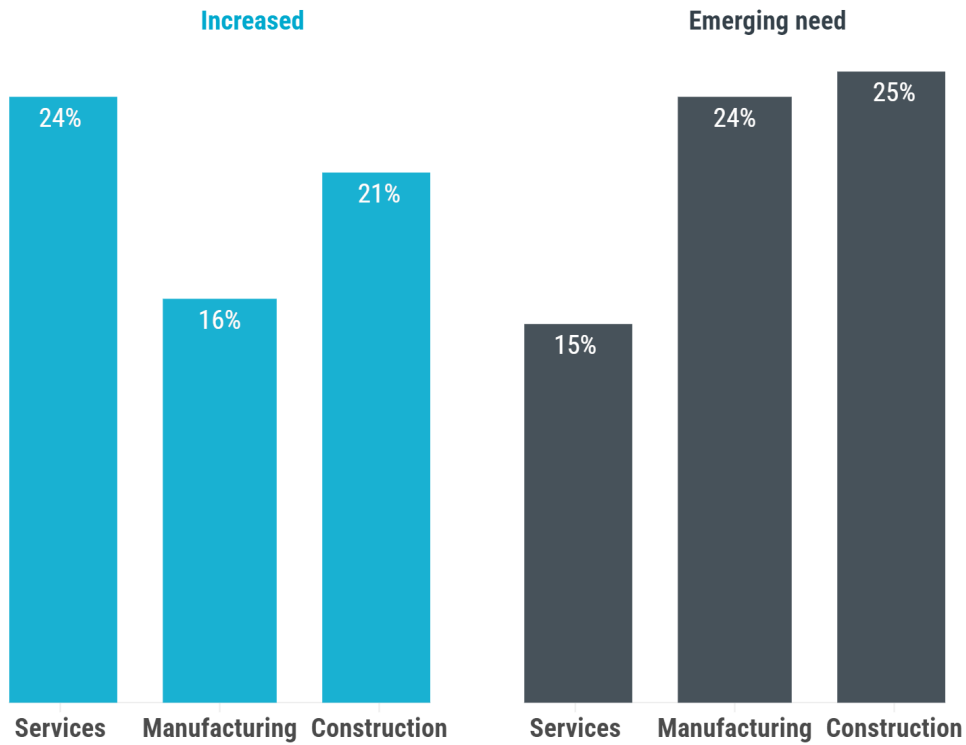
The number of small businesses reporting emerging skills needs as a result of the clean economy transition was more consistent from 2022 to 2024.

Looking closely at key sectors: Services reports strongest increased skills need, emerging need strongest in Manufacturing and Construction

Many businesses in the Services sector are already reporting their skills needs have changed as a result of the clean economy transition. In this most recent survey, 24% of the Services businesses reported an **increased skills need** as a result. This was also the case for 21% of businesses in the Manufacturing sector and 16% in Construction.

Construction and Manufacturing businesses were the most likely to report an **emerging need** for new skills – **25% in Construction** and **24% in Manufacturing**.

Key sectors - increased and emerging skills needs as a result of the clean economy transition in 2024



This may reflect an economy where Services sector businesses are already feeling the effects of changing consumer demands for greater sustainability and environmental responsibility in service offerings. These pressures may then be moving through the economy, resulting in Construction and Manufacturing businesses seeing an emerging need for new clean economy skills.

Three quarters of businesses plan to develop and upskill existing workforce

When asked about the actions they planned to take to find or develop the skills they needed in relation to the clean economy transition, 57% said they planned to employ experienced people.

75% of businesses surveyed said they planned to **reskill existing staff on the job**

Employing skilled migrants, university graduates or casuals/contractors were less popular strategies.



Actions businesses intend to take to meet their clean economy skilling need 2024

Re-skill existing staff on the job

75%

Employ experienced people

57%

Employ skilled migrants

28%

Employ university graduates and interns

26%

Engage casuals / contractors

19%

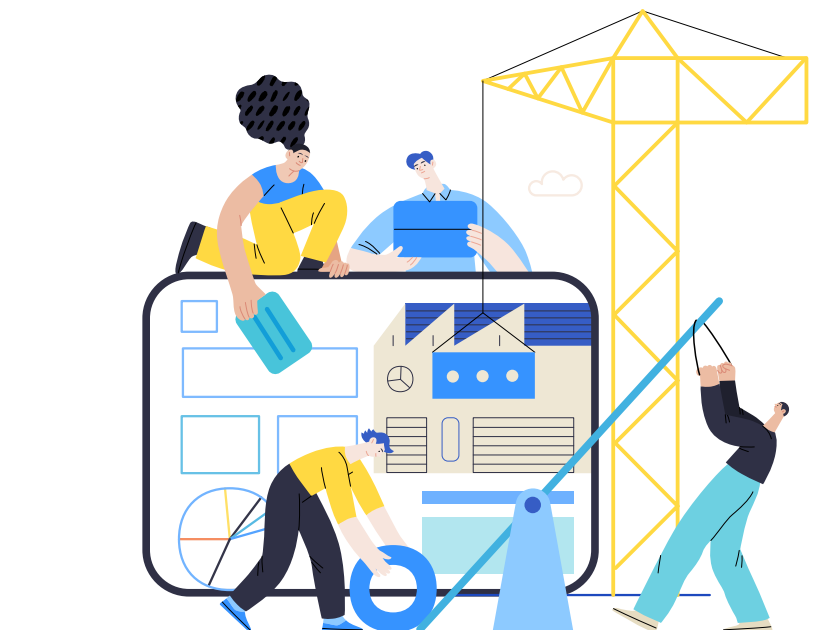
Other

3%

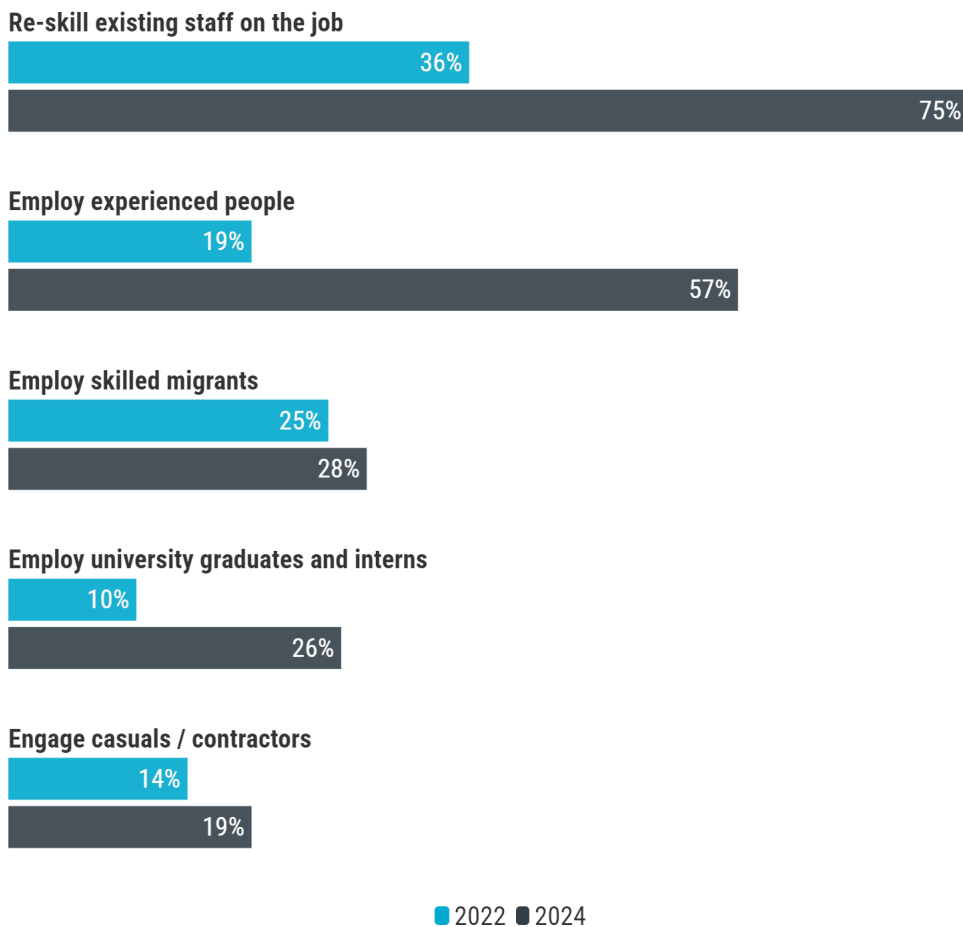
This year more businesses planning to employ experienced people to fill clean economy skills gaps

When we compare the trend over the last two years the proportion of businesses looking to the market to meet their clean economy skills needs is on the rise.

In 2024, 57% of the businesses surveyed were looking to employ experienced people to gain the skills and capabilities they need to tackle the clean economy transition - up significantly from 19% two years ago.



Actions businesses intend to take to meet their clean economy skilling need 2022 and 2024



The proportion looking to reskill existing staff also rose significantly over the last two years, from 36% in 2022 to 75% in 2024.

Moving towards a cleaner economy no longer a great unknown – businesses feeling more confident about the skills they need

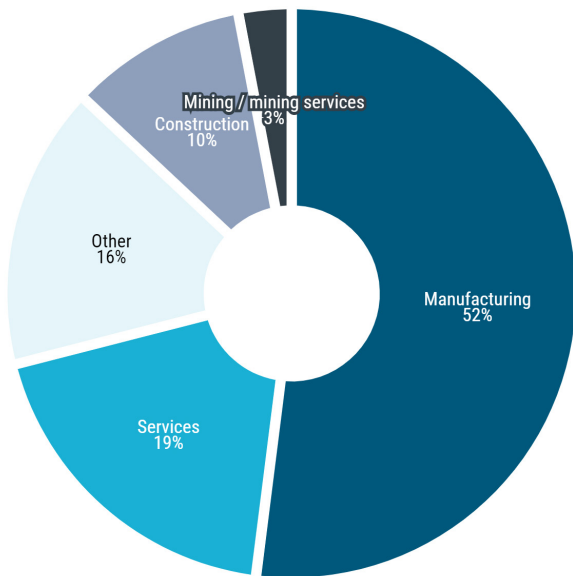
Survey responses this year appear to indicate that many Australian businesses are feeling more certain about the clean economy transition, and the types of skills and capabilities they might need to successfully navigate it in the near term.

Many, particularly medium-large businesses, report increased skills needs as result, or see new skills needs emerging. Yet a significant proportion plan to meet these changing needs through upskilling and developing their current workforce.

This implies that many of the businesses we heard from can see the directions in which they need to adapt, and understand the skills and capabilities they need to get there. Some industry sectors are further down the road than others, but overall it appears that many Australian businesses are working to develop or acquire the skills they need and getting on with it.

The businesses we surveyed

We heard from businesses across a range of industry sectors



A total of **251**

Australian businesses completed our survey in the first quarter of 2024, employing a total of

291,232

Full Time Equivalent (FTE) employees.

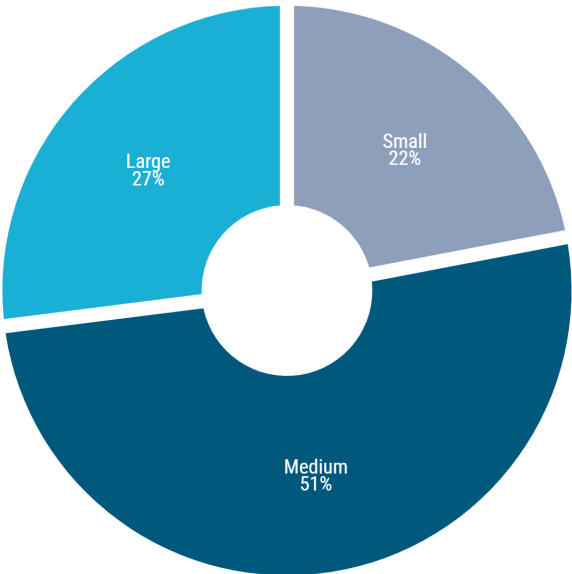
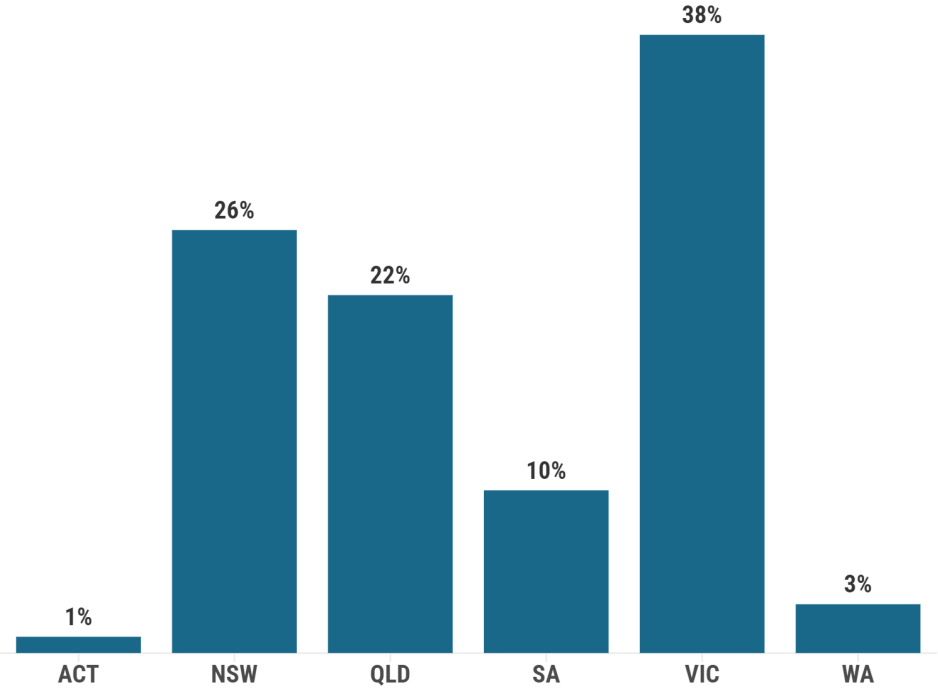
52% of the respondents reported being part of the manufacturing sector. This included a diverse range of manufacturers, including those making food, beverages, chemicals, equipment, building materials, metals, textiles and furniture.

19% came from the services sector, and a further 10% from construction. Respondents selecting 'other' were diverse and included defence/aerospace, aviation, recyclers and not-for-profit community organisations. The remaining 3% reported being from the mining/mining services sector.



We heard from businesses right around the country

38% of the businesses we heard from were based in Victoria, 26% in New South Wales and 22% in Queensland. 10% were from South Australia, with the remaining 4% located in Western Australia and the ACT.



We heard from businesses of all sizes

22% of the businesses we surveyed were small (between 0-19 employees), 51% were medium sized (between 20 and 199 employees) and 27% were large (200 or more employees).

Respondents provided their best estimate of their full-time equivalent headcount active in the business. Using these estimates, the responses have been grouped according to the Australian Bureau of Statistics categories of small, medium and large businesses.

Ai Group Centre for Education and Training
Level 5, 441 St Kilda Road, Melbourne VIC 3004 Australia
Email: cet@aigroup.com.au www.cet.aigroup.com.au

