



SKILLS CRISIS BOTTLENECKING SUPPLY CHAINS

40-year low unemployment is a skills crisis.

Labour hire in higher demand

+43% YoY

Early Payment Demand from labour hire suppliers

ABS data from June shows the most significant factor preventing more than 400,000 vacancies from being filled is a lack of applicants with adequate skills and experience.

The outlook is bleak for businesses needing higher skilled employees to drive growth initiatives. Negative net migration, as a major contributor, has a backlog of 16,400 unresolved skilled worker visas, the majority of which have been in processing for nearly two years.

During the pandemic, the highest barriers to innovation for businesses were lack of access to additional funds (20%), lack of skilled persons within the business (16%), and lack of skilled persons within the labour market (16%), none of which have improved.

In June, the OECD proclaimed Australia's skills crisis to be the second worst of any developed economy, with Canada coming in last.

Double-edged sword for corporates

It's a double-edged sword for corporates, who are not only unable to fill their own high skilled vacancies, but will have supply chains lacking in talent and skill to navigate the transition into a higher cost environment.

Compounding the issues of more work being concentrated with medium and large businesses in the supply chain, those same medium (62%) and large businesses (66%) are also more likely to report difficulties in finding suitable talent, compared to small businesses (29%).

As corporate buyers lean more on labour hire firms to plug skills and resource gaps, the labour suppliers are turning to early payments to support their payroll-heavy operations, with their Early Payment Demand jumping 43% YoY.

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+100K new workers needed within 12 months to deliver record infrastructure pipeline

Whole-of-supply-chain solutions for generational skills development

The construction sector has a track record of considering skills at the sector supply chain level and continues to do so with initiatives such as Constructionarium Australia which aims to help build generational talent needed to deliver complex megaprojects.

In NSW, the state government's latest budget also announced \$20 million to triple the number of women in construction where women make-up just 5% of the workforce compared to 13% nationally.

Mirvac, Scentre Group, Icon and Roberts Co are among high profile players offering incentives such as better paid parental leave and 5-day work weeks to widen the pool of prospective talent in the industry.

However, for the past two years, one third of businesses in construction still reported difficulty finding suitable employees, according to an ABS survey.

As the record infrastructure pipeline reaches its peak, the Australian Constructors Association estimates 105,000 additional workers will be needed within 12 months, including highly specialised engineers and trades to deliver complex multi-billion dollar megaprojects.

Although the federal government has announced a jobs and skills summit in September, the skills crisis does not appear to have any simple fixes, but will require multiple private and public levers and whole-of-supply-chain thinking, including diversity and inclusion initiatives designed to broaden pools of talent for key sectors.

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About Earlytrade

Earlytrade helps corporate buyers address their biggest challenges through their supply chains by creating a more valuable and more productive use of liquidity.

Earlytrade's verticalised liquidity marketplace solutions empower subcontractors and suppliers with on-demand payments, and give large buyers the tools to drive sustainability outcomes in their businesses and in their supply chains.

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