



Half Yearly Outlook

December 2005



Australian Capital Territory
EDUCATION AND TRAINING

ACT Vocational Education and Training



building our city
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ACT Government

The ACT

Vocational Education and Training

Half Yearly Outlook

December 2005



**ACT Department of Education and Training
Training and Adult Education**

Level 5
40 Allara Street
Canberra City

PO Box 985
Civic Square ACT 2608

<http://www.det.act.gov.au/services/training.htm>

Phone: Andrew Ford
02 6205 8455

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December 2005 Half-Yearly Outlook*

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1. INTRODUCTION

This edition of the Half Yearly Outlook updates the more comprehensive edition published in July 2005. Information on Skills Shortages and Priority Training areas have not been repeated.

The purpose of the *December 2005 Half Yearly Outlook* is to assist stakeholders in the training sector to gain an understanding of the factors that will affect vocational education and training (VET) in the ACT over the next six months.

The Half Yearly Outlook presents:

- A synopsis of government VET priorities
- An economic and labour market outlook for the ACT
- Political & economic factors affecting demand for VET in the ACT
- VET planning & purchasing driven by skill shortages & priority training areas.

Executive summary

The ACT has a strong commitment to vocational education and training as a means of providing appropriate skills and qualifications for citizens to contribute to the economic, social and cultural well being of the ACT.

The ACT can be proud of its achievements in VET. In 2004, total VET activity continued the upward growth trend of recent years. This follows record numbers in New Apprenticeships in 2003. Preliminary estimates indicate that this growth has stabilised in 2005.

The final statistics released in July 2005 by the National Centre for Vocational Education Research (NCVER) indicate in 2004 the ACT achieved:

- A 2.2% rise in VET student numbers compared to a national decline of 7.1%
- A 5.8% rise in VET subject enrolments compared to a national decline of 4.9%
- A 4.4% rise in total hours of delivery compared to a national decline of 2.6%
- A 5% rise in the number of New Apprentices in training (as at 31 December) compared to a national decline of 2%
- An increase in Certificate IV enrolments from 2,300 to 3,300
- An increase in Indigenous VET students from 300 to 500
- An increase in people with a disability undertaking VET courses from 1,200 to 1,300.

The ACT continues to maintain high levels of activity in New Apprenticeships. NCVER data for new Apprenticeships in the ACT shows that over the 12 months to June 30 2005, commencements fell slightly whilst completions rose. The number of New Apprentices in training remained basically level.

The ACT remains the only state or territory in which female participation in vocational education and training is higher than that of males.

These outcomes have been achieved in the context of the narrowest vocational education and training market in Australia and in an economic setting that is very different from other jurisdictions.

Characteristic features of the ACT economy are:

- A population of 324,000 representing 1.7% of the total for Australia occupying a small geographical area
- Government activities dominate the economy
- Government administration and Defence account for approximately 26% of Total Factor Income and 25% of total employment
- Essentially no primary industry, mining or manufacturing exists in the ACT
- The occupational structure is heavily weighted towards white-collar jobs and the more highly skilled end of the occupational spectrum
- The private sector is dominated by small business with fewer than 20 employees.

ACT Treasury is the primary source of economic advice for this report. Based on economic indicators, ACT Treasury forecasts that the economy is likely to record solid growth in the foreseeable future, albeit at rates slightly lower than the national average. ACT Gross State Product grew 3.0% in real terms in 2004-05, surpassing Australia's Gross Domestic Product growth of 2.3%.

The ACT labour market will remain tight with low levels of unemployment and a high labour force participation rate. In October 2005, the number of persons unemployed in the ACT rose by 1,700 from 5,700 to 7,400 and the unemployment rate rose from 3.1% to 4.0%. The participation rate rose from 71.3% to 71.9%. Nationally, the unemployment rate rose from 5.1% to 5.2%ⁱ. The national participation rate remained steady at 64.4%.

The ACT Industry Training Advisory Association is the primary source of industry advice used in the preparation of the December Half Yearly Outlook. The latest analysis of each Industry Group is presented in the *Strategic Review of Industry and Vocational Education and Training in the ACT, October 2005* and extracts are published here in Section 6.

2. ACT CONTEXT

Government funded vocational education and training in the ACT

In 2005-2006, the ACT Government's budget for vocational education and training, including funding for the Canberra Institute of Technology, is \$79.648 million. This represents an increase of \$5.9 million over 2004-2005 that includes \$1.5 million targeted at skills shortages. The ACT Government provides approximately three quarters of total public funding for the delivery of vocational education and training in the ACT.

The remaining funds will be provided through the Australian Government's *Skilling Australia's Workforce Agreement*. This Agreement will confirm Commonwealth funding for the period 2006-2008. The Agreement commits the ACT to:

- I. Increasing New Apprenticeships in Certificates III and IV in traditional trades skills shortage areas
- II. Increasing training places in other skills shortage areas
- III. Up skilling or re-skilling mature aged people over 40 years and increasing youth participation in vocational education and training
- IV. Improving outcomes for people with disabilities
- V. Improving outcomes for Indigenous Australians.

The Department of Education and Training administers all government funded vocational education and training programs in the ACT. The major programs funded through the current budget are:

- I. **Planning and Funding Agreement with the Canberra Institute of Technology (CIT)** (approximately \$57.9m). The Department and CIT negotiate the delivery of vocational education and training across a broad range of skills areas and at all levels from Certificate I to Advanced Diploma. All such training is available to the general public through an open enrolment process.
- II. **New Apprenticeships through User Choice** (approximately \$11m). A market driven program through which employers are able to engage an apprentice or trainee and have their training delivered by a Registered Training Organisation of their choice, through a contract of training.
- III. **Strategic Priorities Program** (\$2.5m). A program designed to address issues of social inclusion enabling access to VET for persons in equity and target groups. The program also funds innovative approaches to achieve training outcomes for these groups and priority industry areas.

Satisfaction with vocational education and training in the ACT

To ensure that these programs are meeting the needs of employers and employees, annual surveys are conducted to determine levels of satisfaction with the administration, quality, delivery and outcomes of vocational education and training in the ACT.

The Training and Adult Education Employer, and Trainee and Apprentice Survey for April 2005 showed an overall satisfaction rate of 84% from trainees and apprentices and an overall satisfaction rate of 83% from employers. This maintains the high satisfaction ratings of recent years.

2005 Student Outcomes Survey

NCVER national survey reference results released in November reveal that:

- 93% of graduates in the ACT were employed or in further study after their training, higher than the level achieved for Australia (89%)
- 85% of graduates were satisfied with the overall quality of their training
- 86% of graduates achieved their main reason for undertaking the training.

3. POLICY DRIVERS FOR VOCATIONAL EDUCATION

The major policy drivers for vocational education and training in the ACT in 2005-2006 are:

1. ACT economic and labour market advice
2. The Canberra Plan
3. The ACT Vocational Education and Training Strategic Plan 2005-2009
4. ACT and National strategies to address equity and disadvantage
5. The requirements of the *Skilling Australia's Workforce Agreement*.

1. ACT economy and labour market advice.

The Department considers ACT Treasury advice about the Territory's economic and labour market conditions that may influence achieving vocational education and training targets.

The Treasury forecasts positive economic and employment growth, driven by \$3 billion in public and private construction work. Employment grew by 2.1% for the 12 months to August 2005, well below the national average of 3.2%. The ACT's unemployment rate rose from a historical low of 3.1% to 4.0% compared to a national unemployment rate of 5.2%.

However, the ACT labour market remains tight. Employment growth is expected to ease to just 1% over 2005-06, as the continuing strong national labour market lures ACT workers interstate. The ACT's potential labour supply is also limited by an already historically high participation rate at around 71.9% compared to 64.4% nationally.

Recent ACT business surveys indicate record high levels of confidence with over 46% planning to hire new staff over the next 12 months. However high oil prices may increase business costs, reduce discretionary spending and dampen firms' intentions and ability to engage new employees.

ACT population and industry demographics tend to impede the further up-take of New Apprenticeships under User Choice because of a high proportion of professionals in the labour force (over 30%) as well as a low utilisation of accredited training in government administration and defence which represents 25% of employment.

2. The Canberra Plan

The Canberra Plan, released in March 2004, sets out the long-term vision for the ACT. As a strategic planning framework for government and the community, it provides the direction for Canberra's future growth and development. The ACT Government remains committed to the implementation of the major components of the Canberra Plan including economic growth and social inclusion.

3. ACT Vocational Education & Training Strategic Plan 2005-2009

The *ACT Vocational Education and Training Strategic Plan 2005-2009* was launched in February 2005. This five-year strategic plan sets out a high-level vision and purpose for the sector. Annual action plans developed in consultation with stakeholders will ensure that the VET sector remains flexible and responsive to its environment.

It has been designed to meet the objectives of the *National Strategy for Vocational Education and Training 2004-2010, the Canberra Plan*, Commonwealth and ACT legislation. The plan is available at: <http://www.det.act.gov.au/services/training.htm>

4. Equity Strategies

The strategic plan gives priority to meeting the needs of people in equity and target groups. Programs aim to achieve equitable outcomes by addressing disadvantage in training delivery across all industry areas.

Equity advisory committees, comprising community, business and stakeholder representatives, meet regularly throughout the year to provide policy advice to the Department and to develop and implement appropriate strategies and action plans.

Further information on strategies to support people from equity groups can be found at the above website.

5. The *Skilling Australia's Workforce Agreement*

The ACT Governments accepted the Australian Government's funding offer outlined in the *Skilling Australia's Workforce Agreement* on 20 December 2005. The Australian Government, through this funding agreement, requires an increase nationally in the number of training places available in skills shortage areas over the life of the Agreement (2005 to 2008). The Agreement also has a strong emphasis on increasing training for Indigenous Australians, people with disabilities, youth and mature aged people.

The ACT's contribution, based on working age population is:

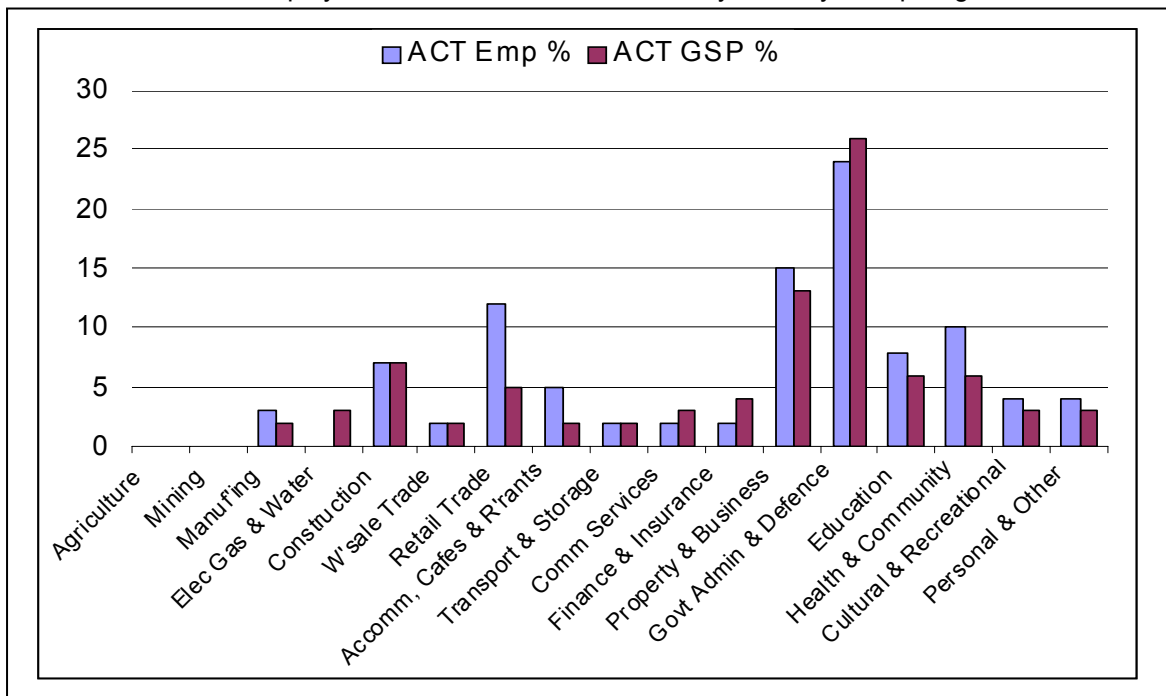
- 171 additional places for New Apprentice commencements in skills shortages in traditional trade qualificationsⁱⁱ (AQF III and IV)
- 171 additional places for VET commencements in other skills shortage areas, eg: Childcare and Aged care
- 443 additional places for youth aged 15-24 and mature aged people aged over 40 years
- 171 additional places for people with a disability
- 20 additional places at Certificate III and higher for Indigenous Australians.

4. ACT INDUSTRY AND VET

The ACT has a distinctly different economy from other states and territories, with a unique industry profile. Figure 1 below presents an overview of industry contribution to GSP and employment as at August 2005. The significance of *Government Administration and Defence, Property and Business Services* and *Retail* to the ACT economy is clearly seen.

Figure 1 ACT Industry Profile

Contribution to ACT Employment and Gross State Product by Industry Group August 2005



Source: ABS Cat No. 5220.0 and ABS Cat No. 6291.0.55.001, August 2005.

Measuring vocational education and training

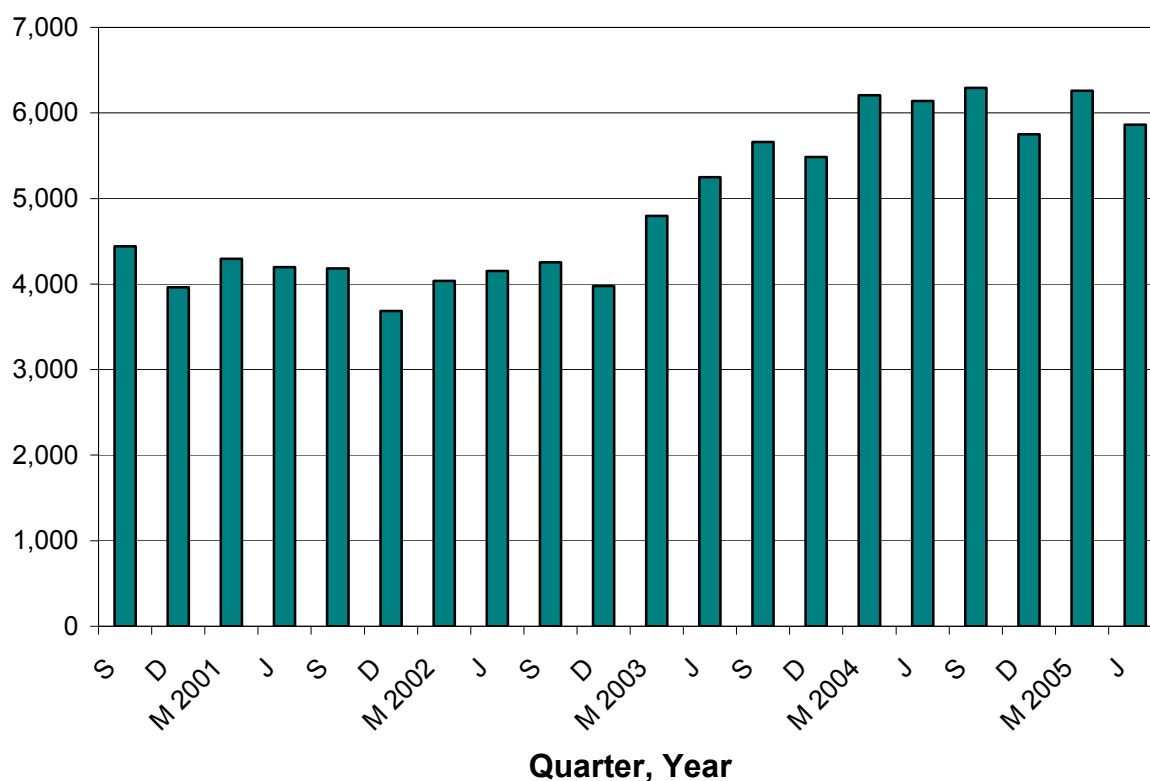
A New Apprenticeship contract of training can range from a one-year traineeship in an area such as business to a four-year traditional apprenticeship in a trade area such as electrical. Because a New Apprenticeship qualification is competency based, it can be completed in a shorter or longer period.

For New Apprenticeships, three standard measures are used nationally for reporting purposes – *commencements* and *completions* over a period of time and *in training* at a point in time.

Figures 2 and 3 below show the latest published NCVER data for New Apprenticeships in the ACT. Over the 12 months to 30 June 2005 the overall trend remained essentially steady.

Figure 2 New Apprentices in Training

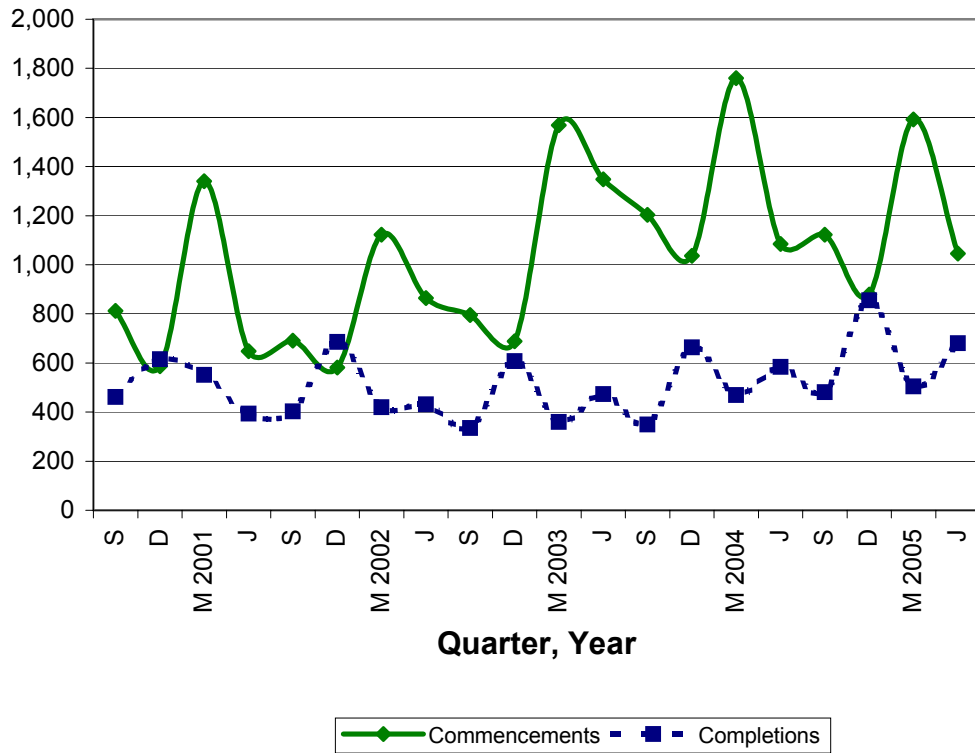
New Apprentices in training (last day of quarter), Dec 1999 – June 2005.



Source: NCVER Australian Vocational Education and Training Statistics, Apprentices and Trainees, June Quarter 2005.

Figure 3 New Apprenticeships Commencements and Completions

New Apprenticeships commencements & completions (during quarter), Dec 1999 – June 2005.



Source: NCVER Australian Vocational Education and Training Statistics, Apprentices and Trainees, June Quarter 2005.

5. INDUSTRY TRAINING ADVICE

The majority of this advice is provided by the ACT Industry Training Advisory Association (ACTITAA) in its *Strategic Review of Industry and VET in the ACT October 2005*. The full text of this report is available from: www.det.act.gov.au/services/ITAB.htm

Other stakeholder input is incorporated where available.

Skills shortages

ACTITAA has identified skills shortages existing in the automotive, business services, building and construction, electrotechnology and utilities, community services and health, information technology (specialist niche qualifications), communications, finance and hospitality industries.

ACTITAA advice also highlights the need for:

- Continued support for initiatives to address skills shortages, such as targeted training programs, VET in Schools programs and general promotion of training opportunities
- Encouragement for ACT employers to take on apprentices and trainees. In many instances enough suitable candidates exist but training positions are not being made available despite the existence of skills shortages within the industry
- Addressing issues of Apprentice 'poaching'. Apprentice poaching is not only a waste of valuable training resources, it reduces the will and commitment of employers (who have traditionally employed new apprentices/trainees) to continue to support the training system; a factor which will ultimately affect the ongoing viability of ACT industry as a whole, particularly in the current climate of severe skills shortages across many sectors.

Shortage of VET trainers

The local and national VET systems are suffering significant shortages in VET trainers. To obtain the Certificate IV in Training and Assessment is only one requirement. Trainers also require relevant industry experience.

Access to appropriate training

The business services, construction, arts and community services advice identified the need for implementation of altered training arrangements, including the delivery of short courses and higher qualifications. This is consistent with the national agenda as articulated through National Skills Councils. There is considerable demand at present for the delivery of a suite of units of competency, leading to statements of attainment, rather than full qualifications, and for the delivery of these programs in short course format, rather than through traditional protracted delivery methods. The ACT Government has contracted ACTITAA, under the present service level agreement, to more fully investigate the possibilities in this area.

Similarly, there is a need for provision of generic skills training in information technology and e-communication, governance, business, project management, human resources, risk and financial management principles for arts, recreation, and community organisations, and small businesses.

There is also a need across industries for a larger number of personnel with qualifications in occupational health and safety and in training and assessment. Priority should be given to those actively engaged in these areas in their workplaces.

RTOs have highlighted the problem of low literacy and numeracy levels reducing or preventing effective engagement of some students with training.

Technology

New technologies are continuing to impact on the way industry conducts its day-to-day business. Business, government and the construction industry report skills shortages and the need for training programs to assist operatives to keep pace with new and emerging products and technologies entering the workplace. Industry reports the need for upskilling, short courses and information packages and activities to address these needs.

E-commerce and renewable/sustainable energy technologies are also areas of growing industry demand for training.

VET in Schools

VET in Schools and School-based New Apprenticeships (SNAPs) are continuing in the ACT, with a number of new programs commencing in 2006 (eg: data communications, data warehousing). There is also considerable activity in the development of programs for youth-at-risk.

However, industry remains concerned about the quality of delivery and assessment in the school sector.

ACTITAA Recommendations

1. Continue to conduct national training package promotion and implementation forums/activities to assist industry to come to terms with:
 - New training packages
 - Revised training packages.
2. Develop a simple marketing campaign to identify to *potential* industry members, in real terms (ie: wages, cars, homes), the benefits of a career in the traditional trades. Similarly, develop a campaign to identify to current industry members the career paths available to them within the industries. Thirdly, increase promotion of the benefits of apprenticeships to employers, with a view to encouraging increased apprentice employment.

Quality learning for a better future and a stronger community

An overall improvement is required in the community's perception of the traditional trades and realisation of the often-demanding academic rigour of trade-level VET programs.

3. Assist industries to implement relevant higher level national training package qualifications (Certificate IV to Advanced Diploma) and altered training arrangements where necessary. Innovative cadetships and programs are required.
4. Investigate suitable arrangements for the provision of generic skills training in information technology, governance, business (including e-business), project management, human resources and financial management principles for small business. Delivery of clusters of competencies, rather than full qualifications, delivered in a short course format, rather than one-day-per-week for a number of months, has been identified as an industry preferred arrangement. The outcomes of the current ACTITAA research will provide further direction in this regard.
5. Facilitate training in occupational health and safety and in training and assessment across industry sectors. Ensure priority is given to personnel actively engaged in these areas in their workplace.

Short course programs may be required in areas such as product and chemical handling and asbestos awareness.

Additionally, industry practitioners will increasingly require specific technical training in areas relevant to general and industry-specific legislation, regulation and/or insurance arrangements.

6. Assist industry to maintain pace with new and emerging technologies through the provision of relevant and timely training programs and/or information packages/activities. This may include implementation of innovative, flexible delivery models and short courses.

Due to the merging of occupations, technologies and an increasingly mobile workforce, cross-industry programs utilising suites of competencies, rather than full qualifications are required in many areas.

7. Continue to support the development and delivery of Certificate I and II level VET in Schools programs, provided all necessary partnership and industrial requirements are satisfied.

Effort should be directed to implementing programs that lead to real employment opportunities particularly in areas of current skills shortages.

8. Seek initiatives to encourage more suitably experienced, qualified and enthusiastic industry personnel to become VET trainers under full or part-time employment arrangements.

6. INDUSTRY GROUP ACTIVITY

Each ANTA Industry Group represents a collection of allied industries under which training is currently classified. Each Industry Group summary that follows contains industry data and advice relevant to vocational education and training in that group. All ANTA Industry Group categories are listed in Table 1 for reference.

Table 1 ANTA Industry Groups

ANTA Group Number	ANTA Group Title
1	Arts, Entertainment, Sports and Recreation
2	Automotive
3	Building and Construction
4	Community Services, Health and Education
5	Finance, Banking and Insurance
6	Food Processing
7	Textiles, Clothing, Footwear and Furnishings
8	Communications
9	Engineering and Mining
10	Primary Industry
11	Manufacturing
12	Sales and Personal Services
13	Tourism and Hospitality
14	Transport and Storage
15	Utilities
16	Business and Clerical
17	Computing
18	Science, Technical and Other
19	General Education and Training

Two ANTA groups, Manufacturing (group 11) and General Education & Training (group 19), have not been included in the summaries, due to very limited numbers of New Apprentices undertaking training under these classifications in the ACT.

Total 2004 vocational education and training course enrolments are reported from NCVET audited data. New Apprenticeships data has been drawn from Departmental information sources and represents the best estimate of activity as at the date of preparation.

1 Arts, Entertainment, Sports and Recreation

Industry Sectors

Arts and Entertainment
Sport and Recreation

Total Training Activity

All VET Course Enrolments 2004 1,045

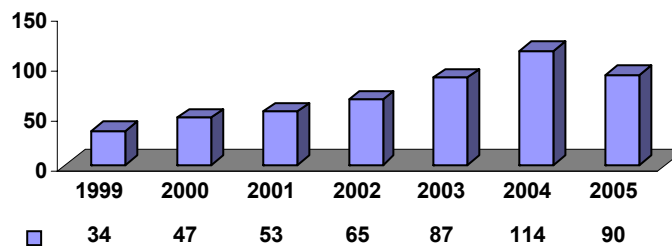
New Apprenticeships Training Activity

New Apprenticeships Commencements Annual Average 1999 To 2004 75

New Apprenticeships Commencements 2004 89

New Apprenticeships Commencements 1/1/2005 To 31/10/2005 67

New Apprentices in training as at 30 September each year



Industry Advice

The Arts sector has embraced digital media to portray the diversity and vitality of visual arts and contemporary craft and design. Skills shortages have been identified in several areas of design. This sector has significantly engaged with online communication to achieve business outcomes, research, advocacy and promotion in a global marketplace.

Community arts organisations and individual artists need to operate as small businesses in order to remain viable and sustainable in today's economic climate. There is a significant need for these enterprises and individuals to have access to training in governance, business administration and financial management. Increases to insurance premiums in the film and advertising sector have highlighted the ongoing need for specific OH&S technical training to ensure safety during film, TV, and advertising production. Skills shortages in project management and visual merchandising have been identified.

A big issue for the sport sector has been the extremely steep rise in insurance premiums that has threatened the survival of some sports organisations. Sporting organisations must be able to demonstrate to insurers that management practices address risk exposure. Short training courses that deal with the issues facing sport including risk management, insurance, GST and tax, HR and Industrial relations are needed.

2 Automotive

Industry Sector Automotive

Total Training Activity

All VET Course Enrolments 2004 433

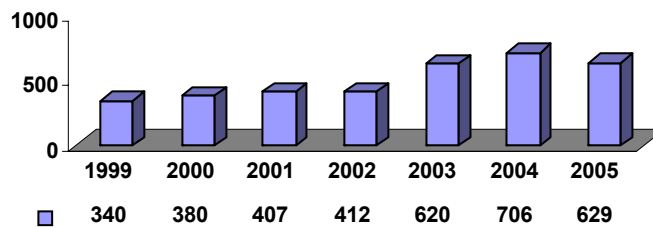
New Apprenticeship Training Activity

New Apprenticeships Commencements Annual Average 1999 To 2004 296

New Apprenticeships Commencements 2004 342

New Apprenticeships Commencements 1/1/2005 To 31/10/2005 232

New Apprentices in training as at 30 September each year



Industry Advice

Predictions of strong growth in manufacturing and sales of motor vehicles and components will put even more pressure on an industry already suffering from skill shortages. This will be reflected in the ACT's Retail Service & Repair sector where the usual four trades (motor mechanic, auto electrician, panel beater and spray painter) are already in short supply.

Employers and RTOs have stated a preference for pre-vocational training programs as a way of addressing the skills shortage. These programs have always had very high job placement rates and provide the employee with enough skills and knowledge to be able to make a worthwhile contribution in the workplace on commencement of an apprenticeship.

There is a need among auto businesses for training and assistance to better understand the many new developments and requirements in OH&S, which at present are confusing to industry and acting as a brake on recruitment of apprentices and trainees.

3 Building and Construction

Industry Sectors

Building and Construction
Gas Industry

Total Training Activity

All VET Course Enrolments 2004 1,144

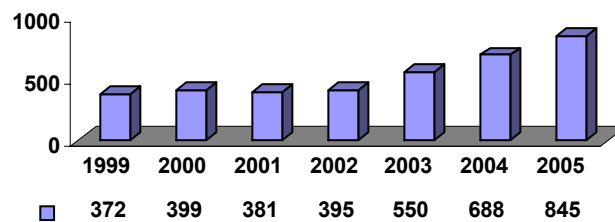
New Apprenticeships Activity

New Apprenticeships Commencements Annual Average 1999 To 2004 287

New Apprenticeships Commencements 2004 429

New Apprenticeships Commencements 1/1/2005 To 31/10/2005 455

New Apprentices in training as at 30 September each year



Industry Advice

Despite an increase in training in the construction industry, the ACT continues to suffer severe skills shortages. In 2005 The ACT Building & Construction Industry Training Fund Board subsidised industry initiatives through incentives in the following trades: Solid Plastering, Wall & Floor Tiling, Wall & Ceiling Lining and Bricklaying. Other identified skills shortages are in professional and para-professional areas such as quantity surveying, project management and design. Several RTOs have begun delivery of higher level qualifications, up to advanced diploma, to address these needs. The need for specialised training for working at height has been addressed with development of a short course.

The industry continues to be unable to find enough employers to take on apprentices in some trades. Lack of flexibility in the current industrial award structures with regard to qualifications requirements continues to be an impediment to recruitment.

4 Community Services, Health and Education

Industry Sectors

Health and Community Services
 Corrective Services
 Education
 Museum, Library & Information

Total Training Activity

All VET Course Enrolments 2004 2,774

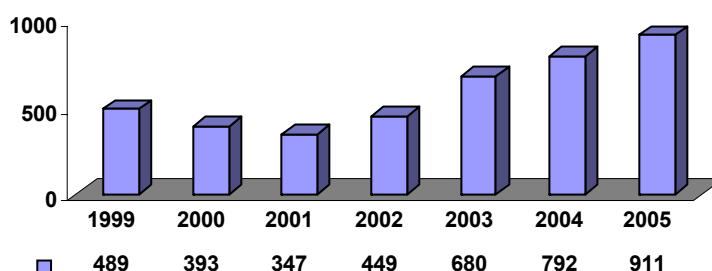
New Apprenticeships Training

New Apprenticeships Commencements Annual Average 1999 To 2004 564

New Apprenticeships Commencements 2004 812

New Apprenticeships Commencements 1/1/2005 To 31/10/2005 666

New Apprentices in training as at 30 September each year



Industry Advice

In the Community Services sector issues identified include:

- Shortages of support workers across aged care and disability sectors continue
- Targeted training for existing workers in Employment Services and full qualifications for new workers across Jobs Network agencies remain priority areas
- Children's Services and Out of School Hours Care remain priorities. The need for blended qualifications that target special needs and Outdoor Recreation qualifications continues
- Higher level qualifications are needed in Youth Work
- In consultation with industry and the ITAB, training providers are developing short training programs, many of which will have cross-industry application.

Issues in the Health Services and Health Support sector include:

- All health services qualifications are mid to high priority. Some low volume qualifications may be delivered from interstate but where critical to industry, some travel or other assistance may be desirable (eg: Clinical Coders)
- Allied health assistants are very high priority
- Enrolled Nursing remains a high priority. Enrolled Nursing medication training is a partial course that is essential in the ACT
- There are currently few, if any, theatre technicians, anaesthetic technicians, assistants in nursing, or nursing aides in the ACT compared to other States. This is an essential area for local training for hospitals. Skills shortages have also been identified for podiatry and for technicians in radiation therapy, physiotherapy, occupational therapy, and speech therapy
- Often partial qualifications suffice for industry needs and so priority could be shifted to clusters of units. Eg: Supervisors need to have mentoring skills, requiring a few training units not the full

Quality learning for a better future and a stronger community

- Certificate IV in Training and Assessment that may be required of an educator/trainer
- Currently there are difficulties in accessing training for employees who have multiple employers
- This industry employs a high proportion of casual and mature aged staff and has low retention rates. Training for casuals is poor, especially in the mature aged workforce, and may require funded short programs that build qualifications in stages or address gaps in knowledge.

There are national priority initiatives for recognition, gap training and up-skilling for existing workers in this industry.

As the models change for service delivery and service funding, there exists a need to monitor the future needs of industry and the workforce. Extended hospital stays are being replaced with day surgery and after care services. This has increased demands on community care.

The inevitable ramifications of these changes is an increasing number of clients with complex health and personal care needs being met through a diverse range of contexts, settings and funding programs. Pressure on enterprises/industry to meet the needs of their clients demands flexible, multi-skilled workers who will require a new mix of skill-sets across qualifications and training packages.

A critical shortage of clinical placements for Enrolled Nurses and Allied Health Assistants/Technicians is one of the key blockages preventing an increase in the number of training places in these areas in the ACT and Region.

5 Finance, Banking and Insurance

Industry Sectors Finance, Banking, Insurance
Security

Total Training Activity

All VET Course Enrolments 2004 1,069

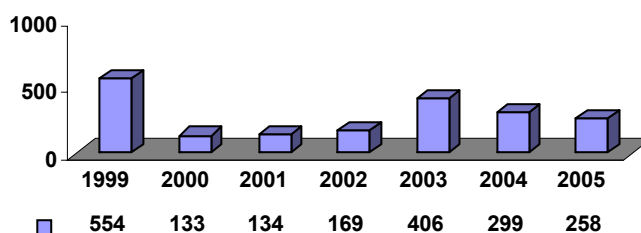
New Apprenticeships Training

New Apprenticeships Commencements Annual Average 1999 To 2004 367

New Apprenticeships Commencements 2004 378

New Apprenticeships Commencements 1/1/2005 To 31/10/2005 219

New Apprentices in training as at 30 September each year



Industry Advice

The Financial Services Reform Act, administered by the Australian Securities and Investment Commission, requires that a person giving financial advice be appropriately qualified. This has resulted in a corresponding increase in demand for recognised training. Some experience in the industry is also required.

Entry into the finance industry is generally at AQF diploma level or higher. The revised national training package was endorsed in October 2004 and its release promises to provide more flexible and relevant training across industry.

A major challenge for the developers of the Financial Services Training Package has been member perception of qualifications not being directly related to a specific industry area (ie: Insurance, Financial Planning). The developers of the training package accepted this and the package was consequently upgraded to acknowledge the different pathways. More work is required to ensure financial institutions are aware of the current national training package and its linkages to the new legislative requirements.

Industry in the ACT is currently suffering from a lack of skilled Bookkeepers, Accountants, Financial Controllers, Credit Professionals and Financial Management personnel. In regard to Bookkeepers and Accountants, the National Institute of Accountants has acknowledged the current shortages and is working with a local RTO to encourage more accredited training and membership of the Association of Accounting Technicians.

6 Food Processing

Industry Sector

Food Manufacturing

Total Training Activity

All VET Course Enrolments 2004 108

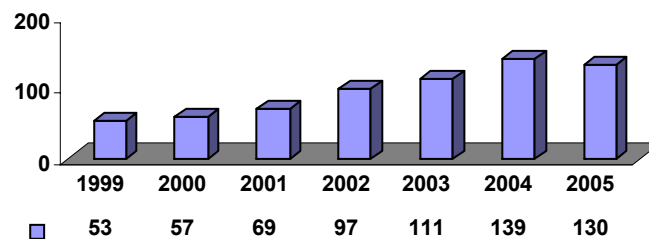
New Apprenticeships Training

New Apprenticeships Commencements Annual Average 1999 To 2004 63

New Apprenticeships Commencements 2004 87

New Apprenticeships Commencements 1/1/2005 To 31/10/2005 49

New Apprentices in training as at 30 September each year



Industry Advice

Winetac, the peak body for learning and skill development in the Australian grape and wine industry has recently released a report titled *An assessment of the accessibility, relevance, responsiveness and quality of VET solutions within the Australian grape wine industry*. The report includes responses from industry members within the ACT and region. It identifies that the main factors impacting on the industry in the next five years will be increases in:

- The use of technology
- The necessity to comply with regulations and standards
- Competition.

The report forecasts that these factors are expected to impact on future training by:

- Increasing the demand for more specialised training
- Increasing the need for up-skilling of existing staff
- Increasing the skill and knowledge requirements prior to employment.

7 Textiles, Clothing, Footwear and Furnishings

Industry Sectors: Textiles, Clothing, Footwear
Furnishings

Total Training Activity

All VET Course Enrolments 2004 416

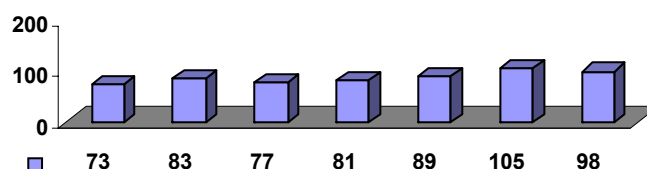
New Apprenticeships Training

New Apprenticeships Commencements Annual Average 1999 To 2004 55

New Apprenticeships Commencements 2004 75

New Apprenticeships Commencements 1/1/2005 To 31/10/2005 32

New Apprentices in training as at 30 September each year



Industry Advice

Not all sectors of the Textiles, Clothing, Footwear (TCF) and Furnishings industries are represented in the ACT. The ACT and its surrounding region does, however, have relatively strong, albeit small, furniture manufacturing, soft furnishing, interior decoration and design, blind and awning, floor covering and fine wood sectors. Furniture design has been identified as a skills shortage area.

Promotion of the range of qualifications available within the revised TCF and Furnishings national training packages and RPL/RCC of existing workers against the revised Training Package qualifications will become a priority following completion of the Training Package reviews. Due to the small number of industry outlets in the ACT, enterprise-specific training needs should also continue to be addressed.

In addition to promoting the suite of technical qualifications available through the national training packages, there is a need for generic small business-orientated training amongst TCF and Furnishings Industries in the ACT. This includes, but is not restricted to: information technology, customer relations, business management, financial management, contract administration and front-line management.

8 Communications

Industry Sectors

Journalism and Communications
 Printing and Graphic Arts
 Telecommunications

Total Training Activity

All VET Course Enrolments 2004 491

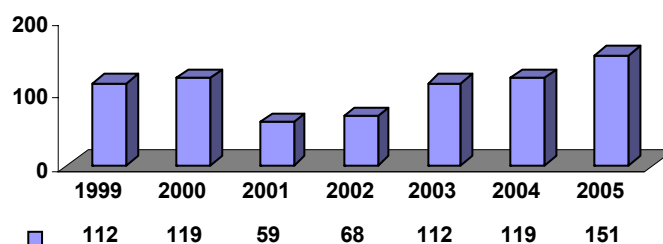
New Apprenticeships Training

New Apprenticeships Commencements Annual Average 1999 To 2004 108

New Apprenticeships Commencements 2004 181

New Apprenticeships Commencements 1/1/2005 To 31/10/2005 195

New Apprentices in training as at 30 September each year



Industry Advice

The use of e-commerce is expected to grow significantly in the next few years, creating increasing demand for training in e-commerce knowledge and skills in all industry sectors.

The areas of significant Communications industry change and growth include wireless technology, mobile phone repairs, digital interactivity, voice-over-internet, web-based skills, e-security, new ICT certification skills and cross-industry shared and new technologies.

The printing industry is experiencing difficulty in finding Printing Machinists, Binders and Finishers. The technical sectors of the Communications industry require network managers, data communication specialists, data cabling and cable-jointers, customer support and service personnel and telecommunications software specialists. Skills shortages also exist in security applications.

There is particular demand for IT user support personnel with specialist business knowledge, with IT personnel who have worked in the retail banking being in especially high demand. Similarly, despite heavy promotion, more personnel with OH&S and workplace trainer and assessor qualifications are still required across the industries.

Fashion Journalism has been identified as specialisation suffering from a skills shortage.

9 Engineering and Mining

Industry Sectors Extractive, Metals, Engineering

Total Training Activity

All VET Course Enrolments 2004 344

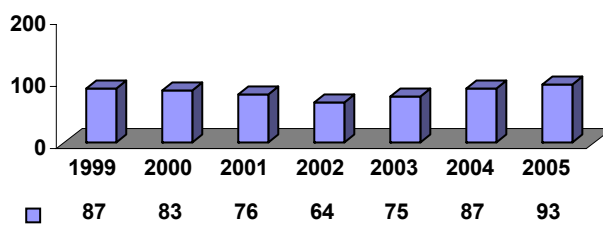
New Apprenticeships Training

New Apprenticeships Commencements Annual Average 1999 To 2004 34

New Apprenticeships Commencements 2004 52

New Apprenticeships Commencements 1/1/2005 To 15/7/2005 38

New Apprentices in training as at 30 September each year



Industry Advice

The engineering construction sector is expected to remain strong until at least the end of the decade.

The review of the Metal and Engineering Training Package is now complete. Units of competency and supporting documentation have been produced and are available on the web.

Due to the lack of industry presence in the ACT, ACT ITAA has undertaken no research or activity for the Mining Industry. Certificate II and Certificate III in Extractive Industries Operations from the Mining national training package have been implemented in the ACT to accommodate the training needs of the ACT's quarry sector.

10 Primary Industry

Industry Sectors: Agriculture, Horticulture, Veterinary

Total Training Activity

All VET Course Enrolments 2004 615

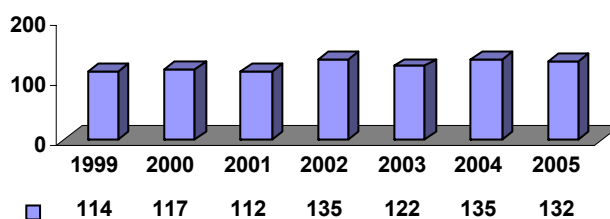
New Apprenticeships Training

New Apprenticeships Commencements Annual Average 1999 To 2004 72

New Apprenticeships Commencements 2004 86

New Apprenticeships Commencements 1/1/2005 To 31/10/2005 48

New Apprentices in training as at 30 September each year



Industry Advice

Up until the end of 2003, the Rural Studies Centre of the Canberra Institute of Technology delivered training for the industry. The Centre has since been dissolved and CIT has not renewed its accreditation in this area.

Significant shortages of skilled tradespeople (eg: shearers) continue to affect the industry.

Greater promotion of career opportunities available in the industry is required. This includes promotion of the 'e' side of agricultural business, including the need for people with skills and knowledge in e-business, globalisation and marketing.

Industry practitioners require training to comply with relevant legislative changes.

12 Sales and Personal Services

Industry Sectors

Retail and Wholesale Trade, Floristry
 Personal Services including:
 Video Hire Outlets, Laundries and Dry Cleaners,
 Gardening Services, Hairdressing Services,
 Police Services, Corrective Centres, Fire Brigade
 Services and Waste Disposal Services.

Total Training Activity

All VET Course Enrolments 2004 1,449

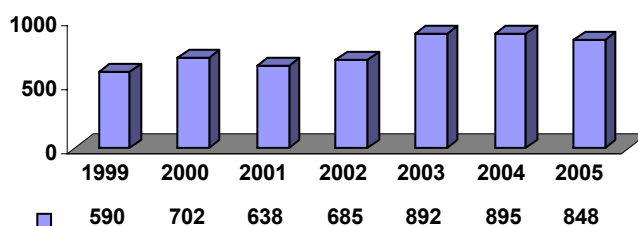
New Apprenticeships Training

New Apprenticeships Commencements Annual Average 1999 To 2004 781

New Apprenticeships Commencements 2004 799

New Apprenticeships Commencements 1/1/2005 To 31/10/2005 511

New Apprentices in training as at 30 September each year



Industry Advice

Due to high staff turnover in the retail sector there are shortages of store managers, hairdressers and florists, bakers and pastry chefs. Shortages of dry cleaners, spotters and processors in the dry cleaning sector are increasing.

For the future, technical training and training in Occupational Health and Safety, stock control and movement, minimising waste and information technology relevant to the Sales and Personal Services sector have been identified as priority areas. RPL/RCC and the up-skilling of existing workers are also important.

Small markets are affecting the amount of training being delivered, as many sectors simply do not have sufficient numbers to be attractive to training providers. For instance, the ACT Funerals Industry is predominantly small businesses with low staff turnover, so the number of individuals requiring training in Funeral Services is small.

13 Tourism and Hospitality

Industry Sectors:

Hospitality
Tourism

Total Training Activity

All VET Course Enrolments 2004 1,678

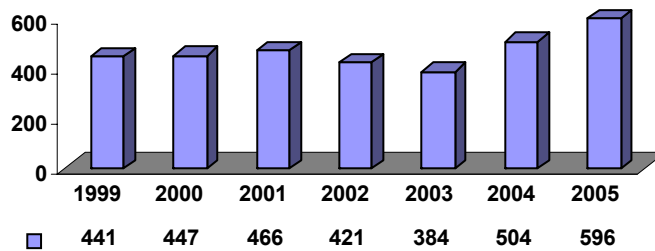
New Apprenticeships Training

New Apprenticeships Commencements Annual Average 1999 To 2004 463

New Apprenticeships Commencements 2004 521

New Apprenticeships Commencements 1/1/2005 To 31/10/2005 402

New Apprentices in training as at 30 September each year



Industry Advice

Industry recommendations include:

- Continued ACT Government support for the shortened Chefs Apprenticeship
- Increased numbers of introductory or refresher courses aimed at mature aged workers and those returning to the workforce
- Marketing of the Tourism & Hospitality Industries to attract unskilled workers as well as skilled workers
- Investigation of customer service requirements to determine the training that is needed.

Issues that will impact on VET in the ACT in the next 6-12 months include the shortening of apprenticeships for cooks and chefs, the new Casino Games Traineeship, and any changes to the Tourism & Hospitality Training Packages as a result of the current reviews.

14 Transport and Distribution

Industry Sectors

Transport
Warehousing and Distribution

Total Training Activity

All VET Course Enrolments 2004 145

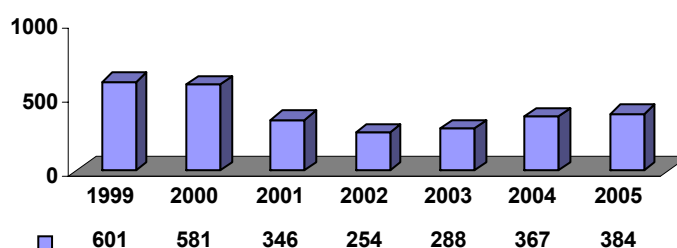
New Apprenticeships Training

New Apprenticeships Commencements Annual Average 1999 To 2004 403

New Apprenticeships Commencements 2004 297

New Apprenticeships Commencements 1/1/2005 To 31/10/2005 213

New Apprentices in training as at 30 September each year



Industry Advice

Traditionally vocational education and training has not been a high priority in the road transport sector. Until recently the industry had quite a poor training culture, with training being predominately to meet regulatory authority requirements (ie: heavy vehicles, dangerous goods, forklift licensing, OH&S and fatigue management).

Priority areas for the industry and its vocational education and training are as follows:

- Development of a training culture
- Recruitment through New Apprenticeships
- Driver training in other industries (eg: taxis).

At the ACT regional level, Transport Training ACT has concentrated on developing a training culture and has focused its efforts on the following sectors:

- General freight – mixed freight, general goods and non-hazardous loads
- Specialised freight – livestock, fuel, dangerous cargo, chemicals etc
- Furniture removal and storage
- Public transport – government and private buses and coaches
- Taxis and Hire cars – including disabled, protected persons etc.

The implementation of the training package has delivered a better training culture to this sector. Industrial acceptance of New Apprentices has enabled the payment of full adult wages to trainees, and the extension of New Apprenticeships to cover existing workers.

The Transport Industry is one of the largest employers of mature-aged male workers in Australia. The industry's age demographic has been, and will continue to be, difficult to alter, due to high insurance premiums and regulations regarding the operation of heavy vehicles by young people.

Quality learning for a better future and a stronger community

Due to licensing and other regulatory requirements, there is restricted opportunity for VET in Schools programs in the Transport industry. The ACT ITAB has, however, recently secured DEST support for the development and piloting of a VET in Schools program in Warehousing. The program will utilise the Certificate II Warehousing qualification from the national training package and incorporate business administration competencies. Delivery will be through a 'practice firm' and competencies will be developed in consultation and cooperation with the major industry operator, TOLL. The ACT ITAB is currently in discussion with ACT secondary colleges and anticipates commencement of the program in first semester 2006.

15 Utilities

Industry Sectors

Electro-Technology, Water Industry

Total Training Activity

All VET Course Enrolments 2004 649

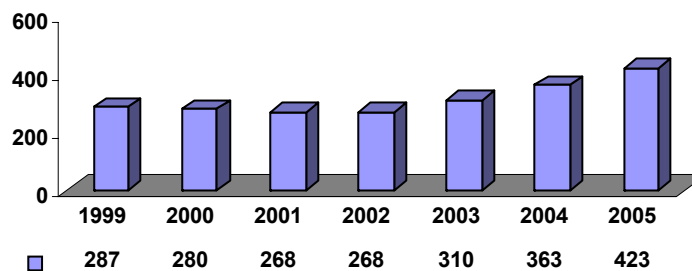
New Apprenticeships Training

New Apprenticeships Commencements Annual Average 1999 To 2004 138

New Apprenticeships Commencements 2004 179

New Apprenticeships Commencements 1/1/2005 To 31/10/2005 181

New Apprentices in training as at 30 September each year



Industry Advice

The ITAB and key RTOs are involved in initiatives to promote training in support of new and emerging technologies, such as renewable and sustainable energy systems, within the ACT.

Skill shortages currently exist in:

- Electricity Supply Industry – Line workers, Cable jointers
- Electrotechnology Industry – Electricians, Air conditioning & Refrigeration mechanics
- Electrotechnology Industry – Data communications technicians (Cert III)
- Electrotechnology Industry – Assembly and servicing technicians.

In the ACT, industry has been reluctant to employ large numbers of apprentices. Recent industry information indicates that strategies to address shortages will require time to take effect.

An emerging area of concern for the safety of Electro-technology personnel is the increasing frequency of operatives encountering asbestos-based products that were used in the past. Training in appropriate handling procedures is a high priority for both entry-level and existing workers.

ElectroComms & EnergyUtilities Industry Skills Council Report May 2005

The rate of technological change within the sector has never been greater. The use of “smart” technology, such as home automation and the integration of systems, including voice and data, is now becoming commonplace.

Workers must develop increasingly sophisticated technical skills and problem solving abilities. Apprentices and skilled operatives require high levels of competency, innovation, and flexibility across a wide range of equipment, technologies, processes and procedures and be prepared for continuous development of their knowledge and skills.

16 Business and Clerical

Industry Sectors

Business Services
Public Services

Total Training Activity

All VET Course Enrolments 2004 4,840

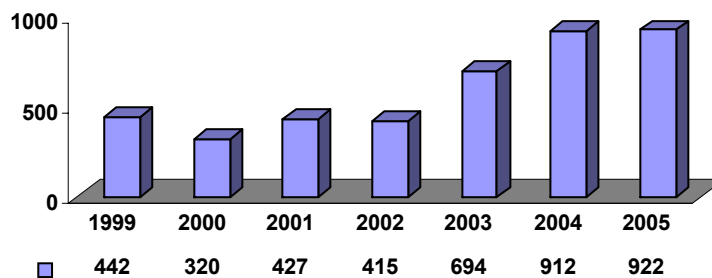
New Apprenticeships Training

New Apprenticeships Commencements Annual Average 1999 To 2004 681

New Apprenticeships Commencements 2004 815

New Apprenticeships Commencements 1/1/2005 To 31/10/2005 647

New Apprentices in training as at 30 September each year



Industry Advice

Business Services training is very important to the ongoing development of the ACT's growing Small and Medium Enterprise (SME) sector. Many SMEs are more interested in unit based training than full qualifications and in the delivery of training in short, sharp bursts to meet immediate training needs, rather than prolonged training over a number of months or years. Statements of Attainment are being developed as a way of meeting this industry training need.

There has always been a strong uptake in generic Certificates II, III & IV in Business & Business Administration. Other popular qualifications include those in Sales, Legal Administration & Frontline Management. With the release of the latest version of the Business Services training package in late November 2004, RTOs are increasingly offering the full suite of units to meet the needs of industry. E-business is a growth area. There has been an increase in Frontline Management training over the past six months. More RTOs are applying for an extension of scope in this area. RTOs are also preparing comments and input for stage 1 of the review of the training package, in January or February 2006.

The opening up of New Apprenticeships at higher qualification levels is expected to bring about increased uptake of training, particularly in the areas of business development and management. Procurement and contract management training, particularly in the government sector, is also a potential growth area.

During 2005 there was an increase of the number of colleges delivering the Certificate II in Business Services.

17 Computing

Industry Sector: Information Technology

Total Training Activity

All VET Course Enrolments 2004 1,613

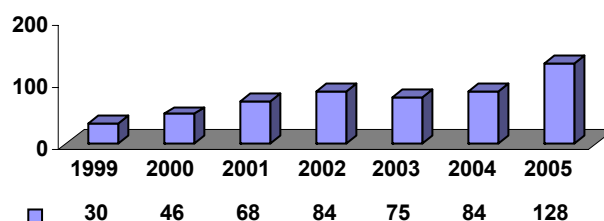
New Apprenticeships Training

New Apprenticeships Commencements Annual Average 1999 To 2004 75

New Apprenticeships Commencements 2004 128

New Apprenticeships Commencements 1/1/2005 To 31/10/2005 83

New Apprentices in training as at 30 September each year



Industry Advice

The fastest growing areas of the ICT business activity in the ACT over the next five years are forecast to be in Broadband and Internet services and support, Multimedia content development, ICT services consulting, wireless technology and VOIP (voice over internet protocol). Demand for e-business skills will increase.

The ICT training package was reviewed and endorsement was received in October 2005. 45% of workers are over the age of 45 and as these skilled people retire they will need to be replaced with new entrants. Upskilling of these existing staff may also enable and inspire them to defer retirement.

There is a need for proper identification of job functions and roles in the telecommunications industry to update competencies and identify new and emerging skills and competencies. RTOs are already actively working to meet stated industry needs for training to be offered in skills sets rather than always in full certificates.

More assistance is needed for employers who train and assess in the workplace. Off the job training is not always effective within this industry sector.

There is scope for further implementation of the IT training package in the ACT's public sector. Despite heavy promotion of training packages, the uptake has not been as strong as it could be.

18 Science, Technical and Other

Industry Sectors: Asset Maintenance
Laboratory Operations
Research & Development

Total Training Activity

All VET Course Enrolments 2004 1,033

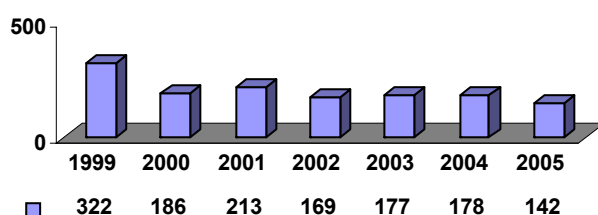
New Apprenticeships Training

New Apprenticeships Commencements Annual Average 1999 To 2004 242

New Apprenticeships Commencements 2004 224

New Apprenticeships Commencements 1/1/2005 To 31/10/2005 101

New Apprentices in training as at 30 September each year



Industry Advice

Delivery of a Certificate IV and Statement of Attainment in renewable and sustainable energy technologies has begun.

Asset maintenance training should begin to increase, as a direct result of 80% of cleaning contractors/employers in the ACT having signed the Liquor Hospitality & Miscellaneous Union Code of Good Employment practice, thereby agreeing to mandatory training of all employees to a Certificate II or III in Asset Maintenance (Cleaning Operations) and continued training for supervisors.

7. VET AND THE ACT ECONOMY

The ACT Government continues to expect the ACT economy to record solid rather than stellar growth over the next few years. This expectation reflects the fact that the ACT does not benefit to the same extent as the national economy from the forecast global economic growth. This is due to the type and the size of industries in the ACTⁱⁱⁱ.

The Economic Indicators

The following section provides an overview of the major economic indicators^{iv} for the ACT and Australia. Figure 4 summarises recent levels and changes in these key indicators.

Figure 4 Movements in Key Economic Indicators (seasonally adjusted data)

Indicator	Frequency	Latest Period	Australian Capital Territory			Australia		
			Latest value	Change Since Last Period	Change Since Last Year	Latest value	Change Since Last Period	Change Since Last Year
Gross State Product ^{ad}	Annual	2004-05	\$17,829m	3.0%		\$857,765m	2.3%	
State Final Demand ^{ad}	Quarterly	Jun-05	\$6,100m	1.0%	2.4%	\$220,269m	1.9%	4.2%
Employment ^{da}	Monthly	Oct-05	179,100	0.0%	2.5%	10,005,400	-0.2%	3.2%
Unemployment ^{da}	Monthly	Oct-05	7,400	31.2%	-9.3%	549,000	+1.5%	-6.8%
Unemployment Rate	Monthly	Oct-05	4.0%	0.9pts	0.1pts	5.2%	0.1pts	-0.1pts
ANZ Job Ads	Monthly	Oct-05	766	6.5%	5.6%	21,008	1.6%	-1.8%
Retail Trade ^{ae}	Monthly	Sep-05	\$322.7m	0.6%	2.3%	\$17,148m	-0.3%	3.3%
Consumer Price Index ^b	Quarterly	Sep-05	149.7	1.3%	2.9%	149.8	0.9%	3.0%
Housing Finance (No.) ^c	Monthly	Sep-05	630	0.8%	-7.1%	56,005	0.7%	3.4%
Housing Finance (Value) ^{ce}	Monthly	Sep-05	\$142m	-1.6%	-2.9%	\$12,121m	1.1%	10.9%
Residential Approvals ^c	Monthly	Sep-05	124	-6.1%	-41.6%	12,242	-2.0%	-11.0%
Sensis Business Index ^b	Quarterly	Aug-05 (Nov-05?)	58%	0.0pts	-9.0pts	55%	3.0pts	-12.0pts

^a Change in aggregate for the 12 months ended over the previous 12 months

^b Original data

^c Trend data

^d Value is in chain volume measure (i.e. real) terms.

^e Value is in current price (i.e. nominal) terms.

Source: ACT Treasury, Summary of Economic Indicators, ACT and Australia – November 2005, ABS Cat No. 5609.0.

Gross State Product

Growth in the ACT's Gross State Product (GSP) has historically been volatile compared to Australia's Gross Domestic Product (GDP) due to the relative narrowness of the ACT economic base. Gross State Product in the ACT grew 3.0% in real terms in 2004-05, surpassing Australia's Gross Domestic Product growth of 2.3%^v.

Government Administration and Defence continues to be the largest industry in the ACT with a percentage contribution to total factor income of 26.4%. Property and Business Services are also a large component of the value added by the ACT's economy with a share of 13.4%. The contribution to total factor income from

ownership of dwellings, from 7.6% in 1999-00 to 8.7% in 2004-05, reflects the strong investment in housing in recent years.

Figure 5 Industry contributions to Gross State Product at Factor Cost 2004-05 (a)

ANZIC Industry Group	ACT		AUS	
	\$m	%	\$m	%
All industries	16 977	100	790 368	100
Agriculture	10	—	26 000	3
Mining	2	—	42 834	5
Manufacturing	382	2	98 311	12
Electricity, gas and water	423	3	19 472	2
Construction	1 185	7	54 410	7
Wholesale trade	316	2	39 404	5
Retail trade	892	5	51 682	7
Accommodation, cafes and restaurants	397	2	19 157	2
Transport and storage	392	2	34 212	4
Communication services	499	3	23 962	3
Finance and insurance	609	4	59 268	7
Property and business services	2 281	13	101 161	13
Government administration and Defence	4 488	26	28 791	4
Education	962	6	33 653	4
Health and community services	1037	6	50 201	6
Cultural and recreational services	437	3	11 124	1
Personal and other services	453	3	14 823	2
Ownership of dwellings	1 469	9	65 872	8
General government (b)	743	4	15 648	2

(a) Components may not add to total due to rounding.

(b) This refers to consumption of fixed capital by governments. Details for general government gross operating surplus by industry are not available.

Source: ABS, 9 November 2005. *Australian National Accounts: State Accounts 2004–05* (Cat. No. 5220.0), pages 50-53.

The 3.0% growth in the ACT's Gross State Product reflects strong growth in factor income (i.e. wages and profits) by the Government Administration and Defence, and Construction industries, as well as a strong increase in the value of Ownership of Dwellings.

ACT Gross State Product is forecast to grow by 1.8% in 2005-06. The actual value of growth will be announced by the Australian Bureau of Statistics (ABS) in November 2006.

State Final Demand

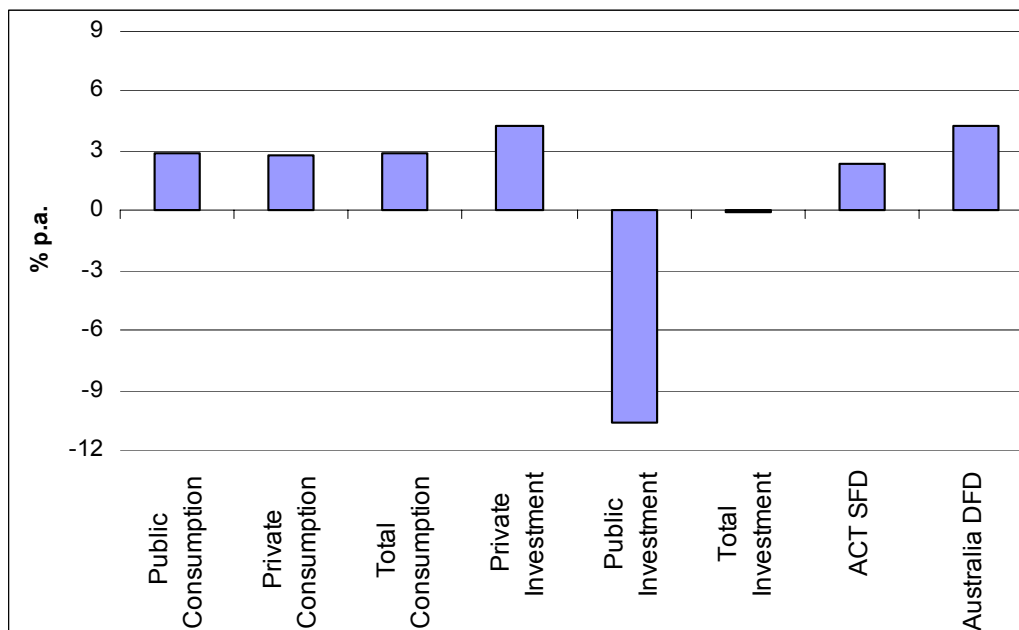
In chain volume terms (i.e. real terms), during the June quarter 2005 State Final Demand (SFD) in the ACT rose 1.0% to \$6,100 million^{vi}. The 1.0% growth in SFD reflects positive contributions from public consumption (+1.1 ppts), private investment (+0.7ppts), and private consumption (+0.2ppts). These positive contributions were partly offset by a negative contribution from public investment (-0.9 ppts). Compared to the year ending the June quarter 2004, ACT State Final Demand was 2.4% higher in the year ending the June quarter 2005.

Nationally, Domestic Final Demand (DFD) rose 1.9% to \$220,269 million in the June quarter 2005^{vii}. Compared to the year ending the June quarter 2004, DFD was 4.2% higher in the year ending the June quarter 2005.

In the June quarter 2005, growth in ACT SFD (1.0%) was lower than the growth in national DFD (1.9%) largely due to weaker growth in public investment in the ACT

(-26.5% compared to 1.8% nationally), and slightly weaker private consumption (0.5% compared to 0.7% nationally). However, the ACT's machinery and equipment growth rate for the June quarter 2005 (19.0%) was much stronger than the national rate (7.1%), as were the ACT's dwellings and non-dwelling construction growth rates (+6.0% and +14.5% respectively, nationally 3.3% and 8.4% respectively). The ACT Budget forecast for State Final Demand growth in 2005-06 is 3.3% in year average terms.

Figure 6 Year-on-Year Growth in ACT State Final Demand Components and Australia Domestic Final Demand, June 2004 to June 2005 (Seasonally Adjusted, Quarterly Data)



Source: ABS Cat No. 5206.0, ACT Treasury

Employment

In seasonally adjusted terms, employment in the ACT during October 2005 was unchanged at 179,100. Employment for the year ending October 2005 is 2.5% above employment for the year ending October 2004. Nationally, employment fell 0.2% in October 2005 and was up 3.2% for the 12 months ending October 2005.

In October 2005, the number of persons unemployed in the ACT rose by 1,700 from 5,700 to 7,400 and the unemployment rate rose from 3.1% to 4.0%. The participation rate rose from 71.3% to 71.9%. Nationally, the unemployment rate rose from 5.1% to 5.2%^{viii}. The national participation rate fell from 64.5% to 64.4%^{ix}.

Figure 7 presents a summary of the changes in employment by sector for the year to August 2005. Further analysis of these sectors is contained in the ANTA Group Summary section.

Figure 7 ACT Employment by Industry (a)

ANZIC Industry Group	August 2004		August 2005	
	'000	%	'000	%
Total employed	175.5	100	180.3	100
Agriculture, forestry and fishing	0.5	—	0.9	—
Mining	0.1	—	0.1	—
Manufacturing	5.6	3	5.0	3
Electricity, gas and water supply	1.2	1	0.9	—
Construction	9.8	6	11.8	7
Wholesale trade	2.8	1	3.1	2
Retail trade	21.8	12	21.9	12
Accommodation, cafes and restaurants	9.5	5	9.1	5
Transport and storage	4.5	3	3.8	2
Communication services	2.4	1	2.9	2
Finance and insurance	2.6	1	3.8	2
Property and business services	24.8	14	26.3	15
Government administration and Defence	45.0	26	43.6	24
Education	15.9	9	14.8	8
Health and community services	15.0	9	17.4	10
Cultural and recreational services	6.4	4	7.2	4
Personal and other services	7.7	4	7.8	4

(a) Annual average, year ending August 2004 and year ending August 2005. Industry percentages may not add to total due to rounding.

Source: ABS, 15 September 2005. *Labour Force, Australia - Detailed August 2005 (Cat. No. 6291.0.55.001)*.

Figure 8 shows changes in employment for the same sectors at a national level. A comparison of the movement in the ACT against the movement nationally is contained in the ANTA Group Summary section.

Figure 8 Australian Employment by Industry (a)

ANZIC Industry Group	August 2004		August 2005	
	'000	%	'000	%
Total employed	9 573.4	100	9 717.8	100
Agriculture, forestry and fishing	369.5	4	367.0	4
Mining	100.3	1	113.4	1
Manufacturing	1 077.3	11	1 071.2	11
Electricity, gas and water supply	72.7	1	78.9	1
Construction	786.8	8	853.1	9
Wholesale trade	446.0	5	439.9	4
Retail trade	1 436.9	15	1 513.2	15
Accommodation, cafes and restaurants	477.5	5	503.0	5
Transport and storage	439.0	5	455.5	5
Communication services	173.8	2	183.5	2
Finance and insurance	347.3	4	366.3	4
Property and business services	1 113.2	12	1 153.1	12
Government administration and Defence	446.1	5	457.0	5
Education	696.3	7	682.6	7
Health and community services	971.9	10	1 004.4	10
Cultural and recreational services	240.5	3	270.7	3
Personal and other services	378.2	4	386.9	4

(a) Annual average, year ending August 2004 and August 2005. Industry percentages may not add to total due to rounding.

Source: ABS, 15 September 2005. *Labour Force, Australia — Detailed August 2005 (Cat. No. 6291.0.55.001)*.

Figure 9 presents an overview of industry contribution to GSP and employment. The significance of sectors such as *Government Administration and Defence*, *Property and Business Services* and *Retail* to the ACT economy is clear.

Figure 9 ACT Industry Contributions to GSP and Employment

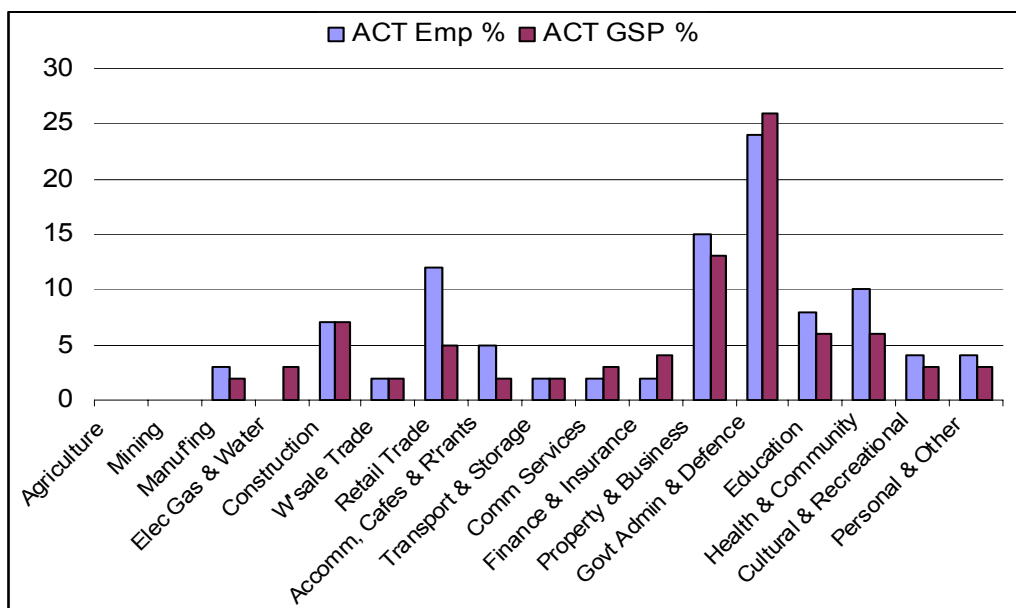
ANZIC Industry Group	Contribution to GSP at factor cost 2004-05		Employment August 2005	
	\$m	%	'000	%
All industries	16 977	100	180.3	100
Agriculture	10	—	0.9	—
Mining	2	—	0.1	—
Manufacturing	382	2	5.0	3
Electricity, gas and water	423	3	0.9	—
Construction	1 185	7	11.8	7
Wholesale trade	316	2	3.1	2
Retail trade	892	5	21.9	12
Accommodation, cafes and restaurants	397	2	9.1	5
Transport and storage	392	2	3.8	2
Communication services	499	3	2.9	2
Finance and insurance	609	4	3.8	2
Property and business services	2 281	13	26.3	15
Government administration and Defence	4 488	26	43.6	24
Education	962	6	14.8	8
Health and community services	1 037	6	17.4	10
Cultural and recreational services	437	3	7.2	4
Personal and other services	453	3	7.8	4
Ownership of dwellings	1 469	9	N/A	N/A
General government (b)	743	4	N/A	N/A

Source: ABS, 9 November 2005. *Australian National Accounts: State Accounts 2004–05 (Cat. No. 5220.0)*, pages 49-50. ABS, 15 September 2005. *Labour Force, Australia — Detailed August 2005 (Cat. No. 6291.0.55.001)*.

Australian Bureau of Statistics employment by industry estimates show the annual average employment for the year ending August 2005 for the five major industries were:

- Government Administration and Defence – 43,600 (24% of total ACT employed)
- Property and Business Services – 26,300 (15%)
- Retail Trade – 21,900 (12%)
- Education – 14,800 (8%)
- Health and Community Services – 17,400 (10%).

Figure 10 Contributions to ACT Employment and Factor Income by Industry Group



Source: ABS Cat No. 5220.0 and ABS Cat No. 6291.0.55.001

ACT teenage unemployment

In October 2005, the number of 15 to 19 year old persons in the ACT who were not attending full-time education was 5,100 (22.1% of the population in that age group). Of these:

- 2,900 were employed full-time (12.6% of population age group)
- 1,500 were employed part-time (6.5%)
- 400 were not in the labour force (1.7%)
- 300 were unemployed (1.3%)

Estimates of youth unemployment are highly volatile and should be used with caution. The Australian Bureau of Statistics warns that these estimates are subject to sampling variability too high for most practical uses.

ANZ Job Advertisements

There is a relationship between annual growth in the ANZ Job Advertisements series and growth in employment with a downturn in job advertisements being reflected in a downturn in employment, with a lag of around three months. In the ACT, in recent months the gap between growth in ACT trend job advertisements and trend employment has widened, suggesting that labour shortages in the ACT will persist in the short term.

ACT trend job advertisements recorded five consecutive months of growth from June 2005 to October 2005, with trend job advertisements reaching a record high in October 2005. However, the growth in trend job advertisements has not yet been reflected in trend employment, which trended downwards from April 2005 to October 2005. This indicates that growth in trend employment is likely to rise in the coming months, to meet the historically high level of labour demand as indicated by job advertisements.

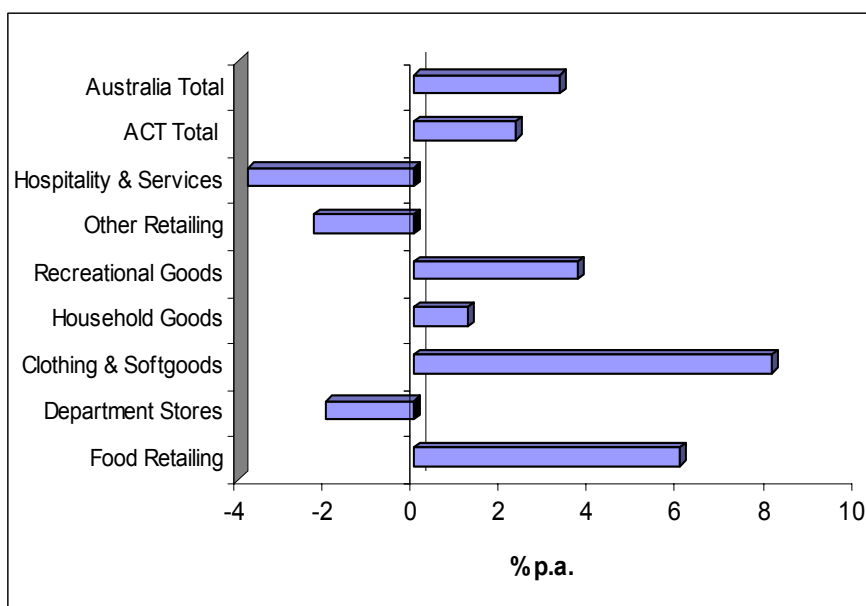
Retail trade

In current price terms, ACT retail trade rose 0.6% during September 2005 to \$322.7m^x and was 2.3% higher than for the year ending September 2004. At the national level, retail trade fell 0.3%^{xi} over the month, however retail trade rose 3.3% compared to the year ending September 2004.

During September 2005 the sector recording the largest rise in retail trade was the Clothing and Softgoods sector (9.1%) followed by Household Goods (0.7%). The sectors to record declines for the month were Other Retailing (down 1.4%), Hospitality and Services (down 1.3%) and Department Stores (down 0.3%). Food Retailing (2.0ppts) and Clothing and Softgoods (0.5ppts) were the largest positive contributors to retail activity in the ACT during September 2005, while Hospitality and Service (-0.2ppts) was the largest negative contributor.

Compared with the year ending September 2004, the strongest growth was in the Clothing and Softgoods sector (8.1%) followed by the Food Retailing sector (6.0%). The sector recording the largest fall was the Hospitality and Services sector (down 3.8%) (Figure 11).

Figure 11 Year-on-Year Growth in ACT Retail Components and Australian Retail, September 2004 to September 2005 (Adjusted Monthly Data)



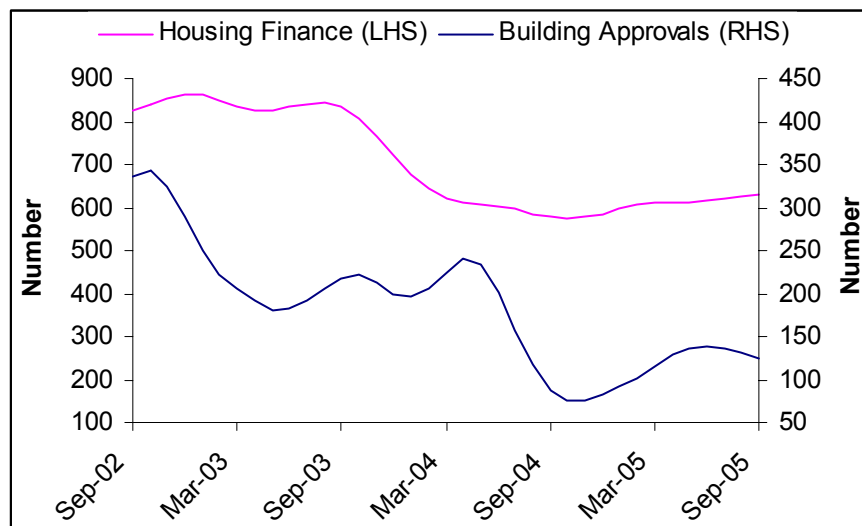
Source: ABS Cat No. 8501.0

Building approvals and housing finance

During September 2005, the monthly number of trend ACT residential approvals fell 6.1%^{xii}. Nationally they fell 2.0%^{xiii}. The number of residential approvals in the ACT for the year ending September 2005 was 41.6% lower than for the year ending September 2004. The decrease in approvals in September 2005 was the third consecutive monthly decrease in trend terms with the number of housing finance commitments for owner occupation in the ACT rising 0.8% from 625 in August to 630 in September 2005^{xiv}, the eleventh consecutive monthly rise. The value of commitments rose 0.7% from \$140.7m to \$141.6m^{xv}.

The number of trend finance commitments in the ACT was 7.1% lower for the year ending September 2005 while the value of commitments was 2.2% lower for the year ending September 2005.

Figure 12 ACT Residential Building Approvals and Housing Finance for Owner Occupation Commitments (Trend, Monthly Data)



Source: ABS Cat No. 5609.0 and 8731.0

Consumer Price Index

The Consumer Price Index for Canberra rose 1.3% over the September quarter 2005 and recorded an annual increase of 2.9% in the year to the September quarter 2005^{xvi}. The largest positive contributions to the 1.3% rise in the Canberra Consumer Price Index during the September quarter 2005 came from price increases for automotive fuel, property rates and charges, and domestic holiday travel and accommodation, while the largest negative contribution was from pharmaceuticals^{xvii}. Nationally, the Consumer Price Index rose 0.9% in the September quarter 2005 and grew 3.0% over the year^{xviii}.

Interest rates

Following its 1 November Board meeting, the Reserve Bank of Australia (RBA) decided to maintain the official cash interest rate target at 5.5 per cent. The decision to leave the cash rate unchanged was made despite inflation in the year to the September quarter 2005 reaching the top end of the RBA's target band (i.e. 3.0%). In its 7 November *Statement on Monetary Policy* the RBA stated that:

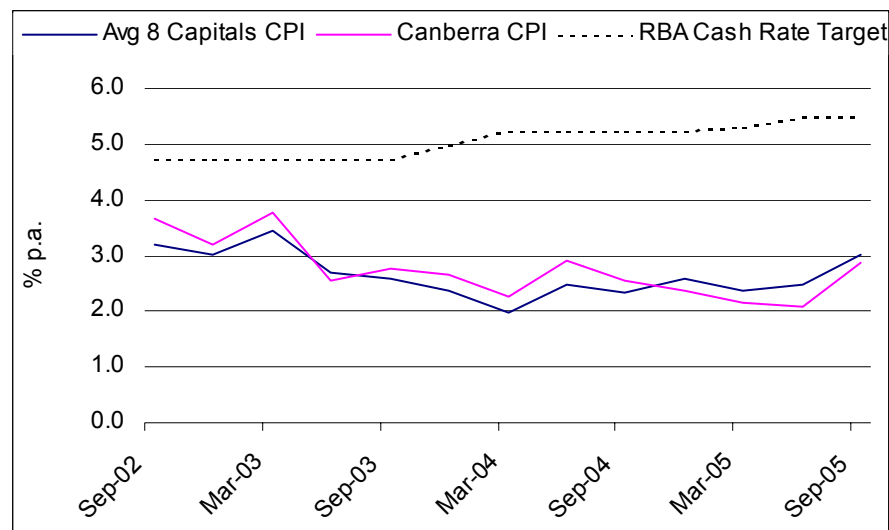
"...inflationary trends overall were expected to remain consistent with the [RBA's official inflation] target ...the September quarter inflation data did not significantly change that expectation"^{xix}

The RBA considers the current cash rate of 5.5%, following the March tightening, to be at a level that is broadly in line with its average over the low-inflation period since the early 1990s^{xx}.

While the RBA remains comfortable with current annual inflation growth, it has also stated that:

“...with inflation likely to be close to 3 per cent for some time, policy will need to be responsive to any sign that demand and inflation pressures are stronger than currently expected^{xxi}.”

Figure 13 Annual Growth in Canberra and Average of 8 Capitals Consumer Price Index, and Reserve Bank of Australia Official Cash Interest Rate Target
(Original, Quarterly Data)



Source: ABS Cat No. 6401.0, Reserve Bank of Australia

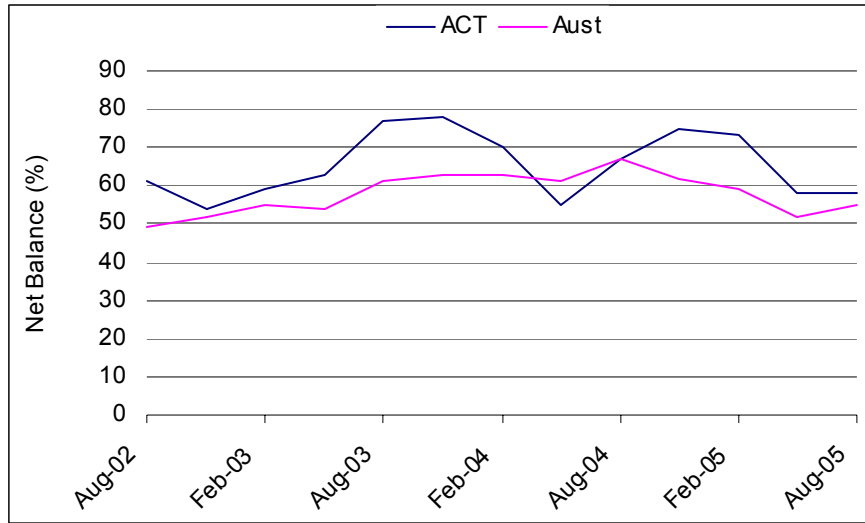
Business Confidence

According to the August 2005 Sensis Business Index, a net balance of 58% of Small to Medium Business Enterprises (SMEs) in the ACT are confident about their business prospects over the next 12 months (72% were positive and 14% negative)^{xxii}. This is unchanged from the net balance recorded in May 2005.

At the national level, a net balance of 55% of SMEs were confident about their business prospects over the next 12 months (69% were positive and 14% negative)^{xxiii}. This is a rise of 3.0 percentage points from May 2005.

In the ACT in August 2005 a net balance of 15% of businesses are expecting to increase the size of their workforce over the next three months — a rise of three percentage points from the 12% reported in May 2005^{xxiv}. This survey result suggests that demand for labour in the ACT may rise slightly in the coming months, an indication consistent with the increase in the trend ANZ Job Advertisement series to a record high in October 2005.

Figure 14 Sensis Business Confidence



Source: Sensis

8. GLOSSARY

ABS	Australian Bureau of Statistics
ACTITAA	ACT Industry Training Advisory Association, provides considered, repetitive and professional advice to the Department on vocational education and training issues
ANTA	The Australian National Training Authority was abolished on 1 July 2005 and its function transferred to the Department of Education, Science and Technology.
AQF	Australian Qualifications Framework
CIT	Canberra Institute of Technology
DEST	Department of Education, Science and Technology
DET	ACT Department of Education and Training
Graduate	For Student Outcome Survey purposes, a graduate is a student who has completed a vocational education and training qualification within the survey period
Gross State Product (GSP)	An income-based measure of economic activity derived by summing household income, business profits and indirect taxes less subsidies.
ITAB	Industry Training Advisory Board
Mature Aged	The national definition of Mature Aged is a person aged 40 and over
NCVER	National Centre for Vocational Education Research
New Apprenticeship	An umbrella term for apprenticeship and traineeship arrangements. The main characteristics of New Apprenticeships include a contract of training between employer and apprentice or trainee, public funding and support for employers, choice of training provider and competency based training using national training packages.
RBA	Reserve Bank of Australia
RCC	Recognition of Current Competencies - the acknowledgement of competencies currently held by a person, acquired through training, work or life experience. More commonly known as recognition of prior learning.
Recognition	Recognition the formal approval of training organisations, products and services operating within the vocational education and training sector (as defined by State and Territory legislation).
RPL	Recognition of Prior Learning - the acknowledgement of a person's skills and knowledge acquired through previous training, work or life experience, which may be used to grant status or credit in a subject or module.
RTO	Registered Training Organisation
SFD	State Final Demand
Skilling Australia's Workforce Agreement	The funding accord between the Australian, State and Territory Governments, a commitment by government to work in partnership with industry to increase participation of Australians in an integrated national VET system that allows for local diversity. The Agreement provides the mechanism to allow the Australian Government to allocate VET funds to the States and Territories. The <i>Skilling Australia's Workforce Agreement</i> has been developed for 2005-2008 and replaces the ANTA Agreement.
Skills shortage	A skills shortage occurs when the demand for workers for a particular occupation is greater than the supply of workers who are; qualified, available and willing to work under existing market

Quality learning for a better future and a stronger community

	conditions. If the supply is greater than demand then there is a surplus.
SOS	Student Outcome Survey
Total Factor income	A term used in economics, defined as the cost of producing the gross domestic product, which consists of gross payments to factors of production (labour and capital). It represents the value added by these factors in the process of production and is equivalent to gross domestic product less taxes plus subsidies on production and imports (Source: ABS cat no 5220.0, State Accounts 2001-02, Glossary, p.80).
Training and Adult Education	Training and Adult Education branch of the Department of Education and Training
Training Package	An integrated set of nationally endorsed standards, guidelines and qualifications for training, assessing and recognising people's skills, developed by industry to meet the training needs of an industry or group of industries. Training packages consist of core endorsed components of competency standards, assessment guidelines and qualifications, and optional non-endorsed components of support materials such as learning strategies, assessment resources and professional development materials.
User Choice	A funding model for achieving client-responsive training in New Apprenticeships, in which the employer and apprentice or trainee can choose the Registered Training Organisation that will deliver the training.
VET	Vocational Education and Training
Youth	The national definition of Youth is a person aged 15 to 24

END NOTES

- ⁱ ABS, 10 November 2005. Labour Force, Australia October 2005 (Cat. No. 6202.0), page 7.
- ⁱⁱ The ACT and the Australian Governments will determine the traditional trade areas to be targeted as part of the bilateral negotiations under the Skilling Australia's Workforce Agreement.
- ⁱⁱⁱ Quote from the ACT Treasurer's presentation of the 2004-2005 Budget.
- ^{iv} The data used in the November 2005 Half-Yearly Outlook were assembled by ACT Treasury, and are the most current available at the time of publication.
- ^v ABS, 9 November 2005. Australian National Accounts, State Accounts 2004-05 (Cat. No. 5220.0), page 12.
- ^{vi} ABS, 7 September 2005. Australian National Accounts: National Income, Expenditure and Product June quarter 2005 (Cat No. 5206.0), page 49.
- ^{vii} ABS, 7 September 2005. Australian National Accounts: National Income, Expenditure and Product June quarter 2005 (Cat No. 5206.0), page 24.
- ^{viii} ABS, 10 November 2005. Labour Force, Australia October 2005 (Cat. No. 6202.0), page 7.
- ^{ix} ABS, 10 November 2005. Labour Force, Australia October 2005 (Cat. No. 6202.0), page 7.
- ^x ABS, 3 November 2005. Retail Trade, Australia September 2005 (Cat No. 8501.0), page 12.
- ^{xi} ABS, 3 November 2005. Retail Trade, Australia September 2005 (Cat No. 8501.0), page 9.
- ^{xii} ABS, 2 November 2005. Building Approvals, Australia September 2005 (Cat. No. 8731.0), page 5.
- ^{xiii} ABS, 2 November 2005. Building Approvals, Australia September 2005 (Cat. No. 8731.0), page 5.
- ^{xiv} ABS, 9 November 2005. Housing Finance, Australia September 2005 (Cat. No. 5609.0), page 13.
- ^{xv} ABS, 9 November 2005. Housing Finance, Australia September 2005 (Cat. No. 5609.0), page 15.
- ^{xvi} ABS, 26 October 2005. Consumer Price Index, Australia September 2005 (Cat. No. 6401.0), page 9.
- ^{xvii} ABS, 26 October 2005. Consumer Price Index, Australia September 2005 (Cat. No. 6401.0), page 17-19.
- ^{xviii} ABS, 26 October 2005. Consumer Price Index, Australia September 2005 (Cat. No. 6401.0), page 9.
- ^{xix} RBA 7 November 2005. Statement on Monetary Policy 7 November 2005, page 3.
- ^{xx} RBA, 6 May 2005. Statement on Monetary Policy 6 May 2005, page 3.
- ^{xxi} RBA 7 November 2005. Statement on Monetary Policy 7 November 2005, page 3.
- ^{xxii} Sensis, August 2005. August 2005 Sensis Business Index – Small and Medium Enterprises, page 29.
- ^{xxiii} Sensis, August 2005. August 2005 Sensis Business Index – Small and Medium Enterprises, page 21.
- ^{xxiv} Sensis, May 2005. May 2005 Sensis Business Index – Small and Medium Enterprises, page 29.