

# FUTURES MARKET

As baby boomers exit the workforce in droves over the next decade, the resulting skills gaps will need to be plugged, reveals KPMG's recent *Future Focus* report.



Bernard Salt,  
KPMG Partner

**S**tart charting your upskilling and succession plans, because by 2020, the biggest migraine for businesses will be the skills chasm. That's an out-take of the *Future Focus* report, a collaboration between KPMG and Ipsos based on interviews with CEOs of leading companies and community focus groups that canvasses attitudes to an envisioned Australia in 2020.

Retirement of baby boomers will create an ever-deepening skills and labour shortage and, as demographer and report author Bernard Salt warns, this needs to be addressed by businesses now, not 10 years down the track. "Succession planning must be a part of any business plan in the coming decade, as must retaining selected skills of the baby boomers," says Salt.

"The tricky bit will be letting go of some baby boomers and retaining others – for example, a mentoring role two days a week."

Skills shortages never rely on a single cure: increased migration is one response but so, too, is improved and better-targeted training. As Salt points out, business can conduct a demographic audit of its staff and determine which skills have the weakest pipeline; training and recruitment might be needed to consolidate some parts of the business.

Disparate views emerged in the report from businesses based in rural areas as opposed to those in the 'big smoke'. "Rural and regional communities tend to support population growth; there's the view that they are under-populated and towns often measure their success by how fast they are growing," says Salt. "But the view from big cities is different: even Adelaideans think their city is way too big."

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and it's predicted that Sydney, Melbourne and South-East Queensland will each add about half a million residents over this time frame.

This rise, predicts Salt, will play out in a tense debate about the merits of a 'big' versus a 'small' Australia and it will also play out in the need to shore up the corporate memory with the sudden exiting from the workforce of the baby boomers. As a result, the issue of planning for additional training and skills development will come to the fore.

Salt also foresees a seismic shift occurring in the Australian economy as we head towards 2020. "Tourism, retail, manufacturing and possibly agriculture are shrinking as employment generators. We're seeing the emergence of a new Australia tied more closely to Asia and to the needs of the new century: education, health and resources." **bv:**

## KEY THREADS: FUTURE FOCUS REPORT

- By 2020, the Australian population will rise to about 25 million. In the next decade, we'll have a 'baby bust' – a 15-year period when the baby boomers exit the workforce and take with them their skills and their sizeable contribution to the tax base.
- Finding highly skilled and capable people is going to be a bigger issue in the future.
- Business needs to get better at training than at recruiting.
- Improving productivity is a broad-based concern, as is the rise of increasingly competitive markets, domestically and globally.
- Discuss and address the need to develop more sophisticated approaches to public/private partnerships for infrastructure projects, given lack of capacity by state governments to fund these.
- Business leaders generally believe the mining sector will continue to fuel Australia's growth in the medium term.

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