Determining future demand, supply and skills gap for Australian and New Zealand rail workforce: 2022-2032

Purpose: To assess the impact of challenges to workforce capacity in the decade to FY32, replicating the methodology used in the ARA's 2018 Rail Capability Report.

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Key messages

- The lack of available rail-specific workforce data persists. Reports can only provide an indicator of workforce supply and demand. Capturing a true national picture is an ongoing challenge, and an opportunity for public and private sectors to solve together.

- A strong pipeline of major rail infrastructure projects is forecast to remain at elevated levels, though there is a downsize risk due to government budget constraints and rising costs.

- The rail workforce is growing but remains at capacity due to the unprecedented level of major projects across the nation, and slower than forecast rail labour market growth.

- Forecast for future skills labour demand remain high.

- Projected rail workforce gaps are forecast for another decade in design, engineering, construction, ICT, train control signalling, track plant operators and train driving.

Highlights

Size of rail workforce

- Since the ARA's last Rail Capability Study in 2018, the rail workforce in Australia has increased by 36.6% to 95,950.
- This growth is less than forecast in 2018 due to 5 percent slower growth in rail construction.
- However, relatively strong levels of rail construction activity are expected to continue.
- 90% of the rail workforce works on Australia's Eastern Seaboard.

10-year rail workforce gap forecast

- The 10-year forecast predicts rail will have a shortage of workers, particularly New South Wales, Queensland and South Australia.
- Workforce demand is expected to continue over a longer period than forecast in 2018, due to major projects delivery timeframes being extended.
- The rail workforce gap is expected to initially peak in FY26 at over 15,670 employees.
- This is expected to narrow from 2027 as some major projects move to completion, before increasing to 16,590 by FY32 as construction picks up again.

Economic outlook

- Labour markets are constrained with unemployment remaining low and settling at or slightly above 4% through to 2027.

10-year construction outlook

- Australia is expected to sustain transport construction activity at elevated levels in the medium term due to major passenger rail projects.
- Total construction is forecast to grow to a peak of $218 billion in FY24 before softening. A renewed cycle of activity in the second half of the decade is expected due to increased investment to $264 billion by FY32.

Rail outlook Australia

- The forecast anticipates a stronger for longer tide of work over the next 5-8 years.
- Rail construction levels are forecast to remain strong due to metro rapid transit projects with Australian investment growing to $12.9 billion by FY26.
- Rail maintenance activity has grown by 5.2% since FY14 to $3.2 billion in FY23 and is forecast to grow by 7.8% to $3.4 billion in FY32 as rail networks expand. Urban passenger rail maintenance is the strongest sub-sector due to new railway lines and tunnels in capital cities.