

## Skills shortage

The Australian steel industry is facing a severe labor crisis driven by an aging workforce, declining apprentice numbers, and a shrinking pool of skilled tradespeople. With the average age of workers approaching 50, the sector faces shortages in key roles, impacting production capabilities and causing high wage pressures.

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### Key Aspects of the Crisis


- **Aging Workforce & Skills Shortage:** A decade-long decline in apprentices and an aging workforce (average age near 50) have created a significant gap in skilled labor.
- **Recruitment Challenges:** The industry struggles to attract younger workers due to perceptions of the work being hard, dirty, and physically demanding, say [Impact Machinery](#).
- **Technological Shift & Productivity:** Low and stagnant productivity levels, coupled with inconsistent adoption of automation and data, have intensified the crisis, [notes Infrastructure Australia](#).
- **Impact on Production:** The shortage of skilled staff, combined with competition from imports, has resulted in significant production declines, with some businesses operating at reduced capacity.
- **Government Intervention:** Due to the risk of structural failure in regional areas, governments have provided, and in some cases continue to provide, bailouts and support packages.

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### Long-Term Implications

- **Wage Pressures:** The high demand for specialized skills, far outweighs supply, is driving up wages, reports Impact Machinery.
- **Safety and Quality Risks:** Lack of experienced workers increases the risk of mistakes, accidents, and quality failures, [says Fabricator Insurance HQ](#).
- **Industry Transformation:** The industry is being pushed to pivot towards adopting automation and digital tools to mitigate the labor shortfall, as highlighted in studies on [the Northern Territory steel sector](#).

The crisis is not merely a short-term issue but a long-term challenge requiring the industry to adapt to new technologies to remain viable, as suggested by Impact Machinery.

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