MONASH University

MONASH BUSINESS SCHOOL

Forecasting the age structure of the scientific workforce in Australia

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Australian Academy of Science

Ideal labour force model

$$P_{x+1,t+1} = P_{x,t} - D_{x,t} - R_{x,t} + G_{x,t} - C_{x,t} + N_{x,t}$$

x = Age
t = Year

$P_{x,t}$ = number of equivalent full-time workers

$D_{x,t}$ = number of deaths

$R_{x,t}$ = number of retirements

$G_{x,t}$ = number of graduates who work in science

$C_{x,t}$ = net number of people who have a career change

$N_{x,t}$ = net number of migrants

Pragmatic labour force model

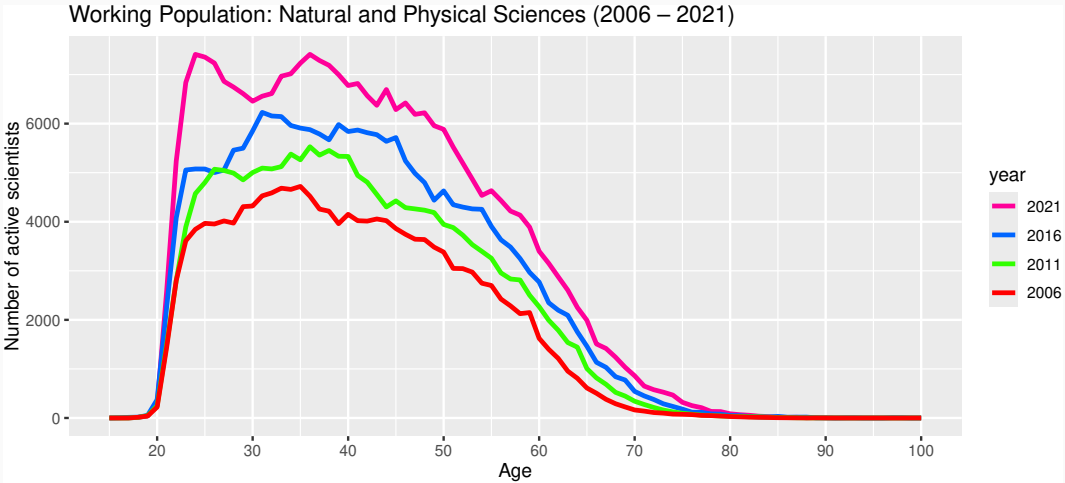
$$P_{x+1,t+1} = P_{x,t}(1 - m_{x,t} - r_x) + g_x G_t + E_{x,t}$$

x = Age
t = Year

$P_{x,t}$ = number of equivalent full-time workers
$m_{x,t}$ = probability of death
r_x = probability of retirement
g_x = proportion of graduates by age
G_t = total number of graduates in science
$E_{x,t}$ = remainder

Working population: $P_{x,t}$

$$P_{x+1,t+1} = P_{x,t}(1 - m_{x,t} - r_x) + g_x G_t + E_{x,t}$$



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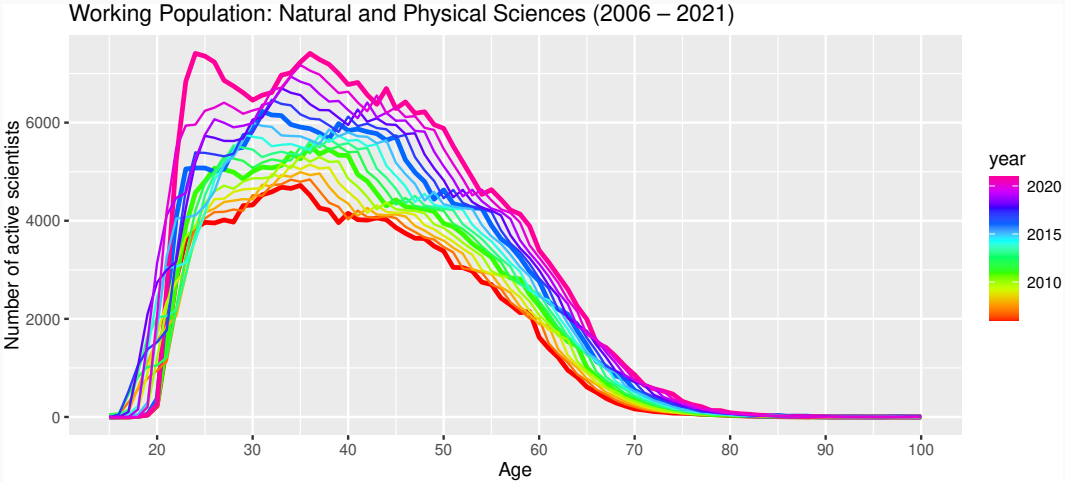
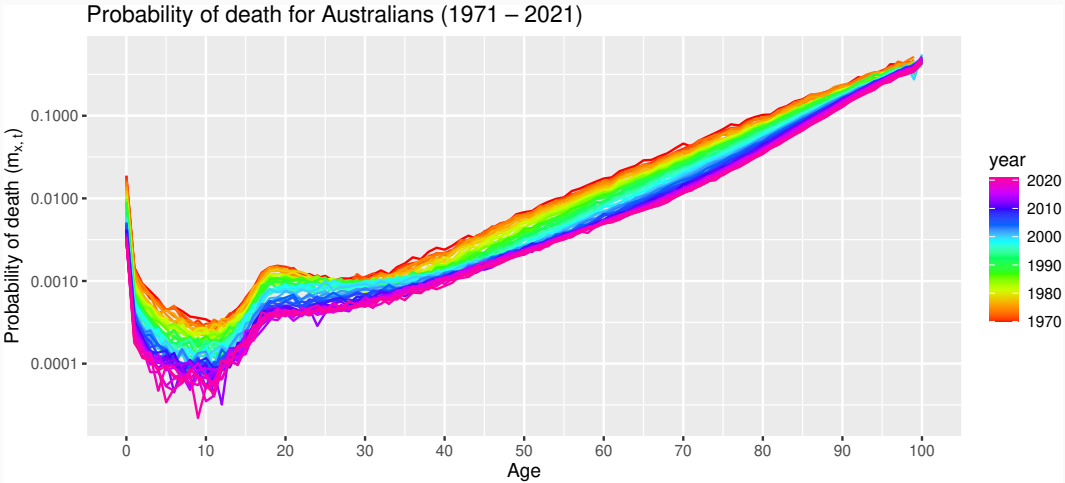


Death rates: $m_{x,t}$

$$P_{x+1,t+1} = P_{x,t}(1 - m_{x,t} - r_x) + g_x G_t + E_{x,t}$$



Retirement rates: r_x

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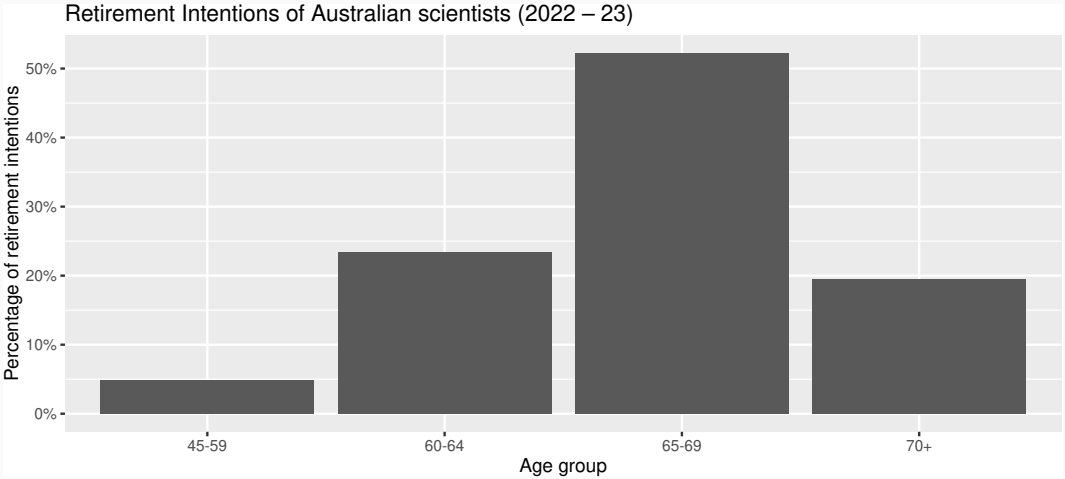

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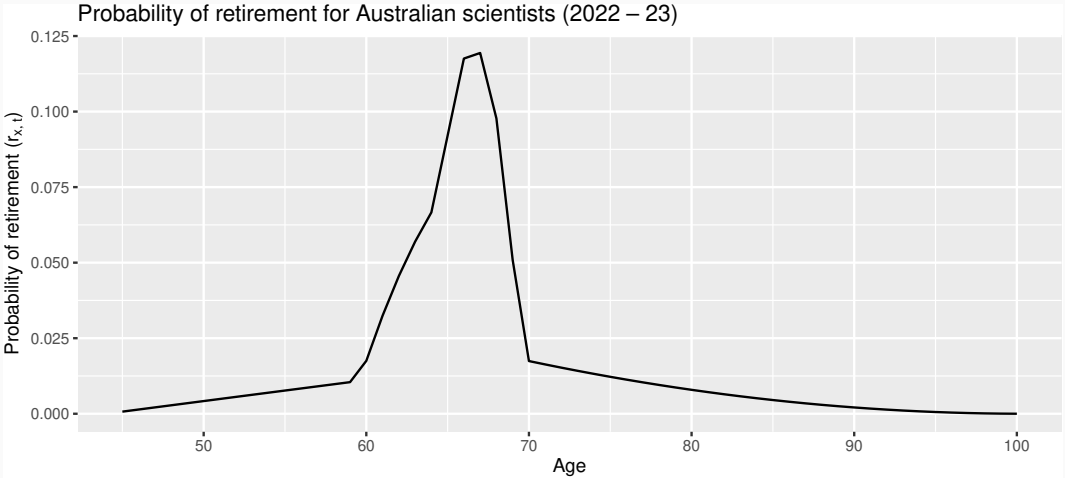
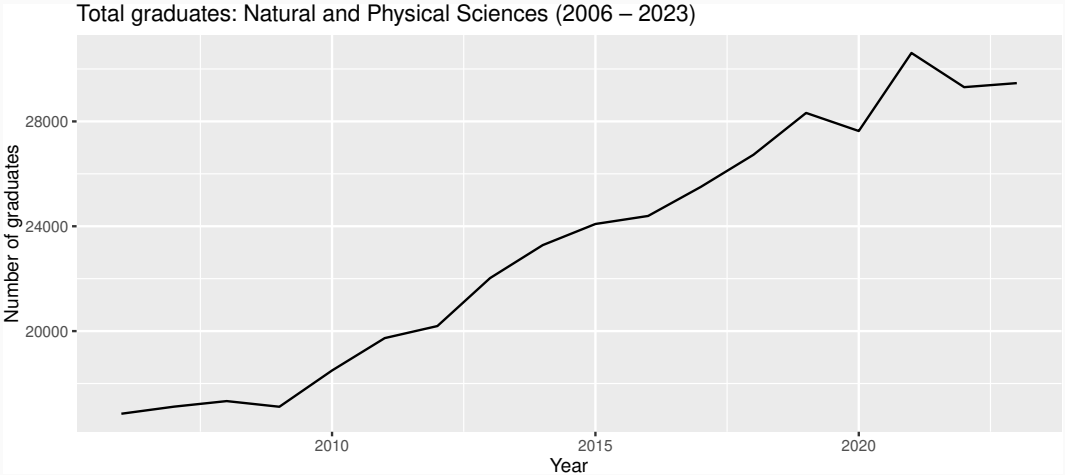


Graduate completions: G_t

$$P_{x+1,t+1} = P_{x,t}(1 - m_{x,t} - r_x) + g_x G_t + E_{x,t}$$



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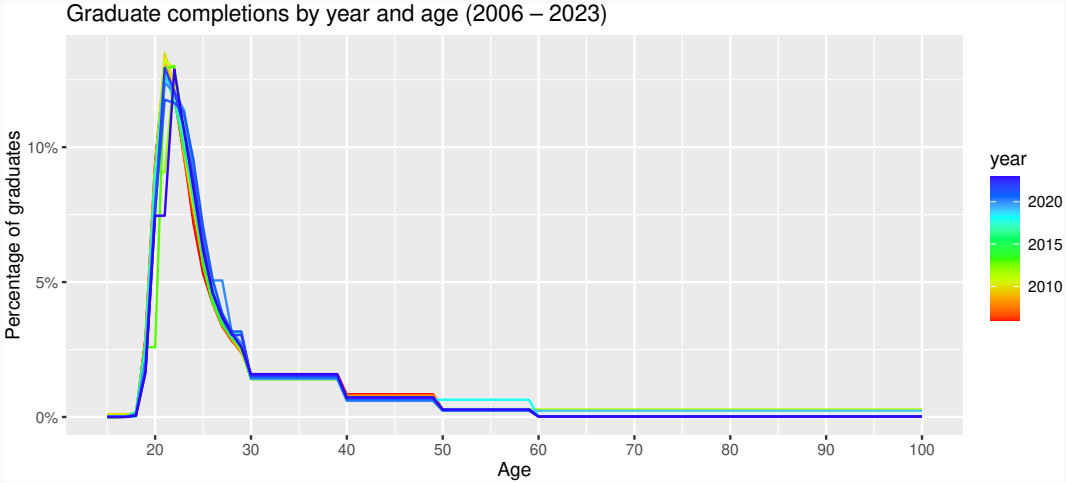

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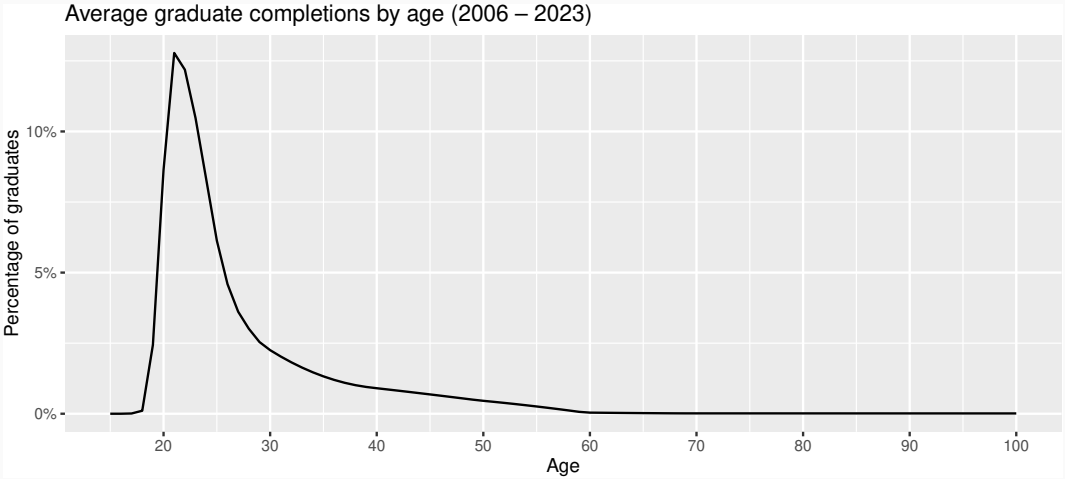


Remainder: $E_{x,t}$

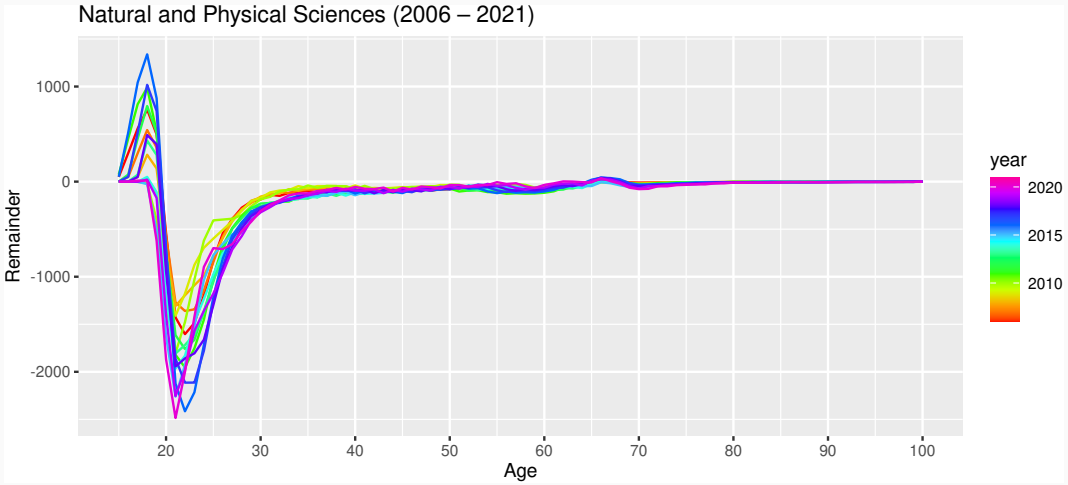
$$P_{x+1,t+1} = P_{x,t}(1 - m_{x,t} - r_x) + g_x G_t + E_{x,t}$$

Remainder: $E_{x,t}$

$$E_{x,t} = P_{x+1,t+1} - P_{x,t}(1 - m_{x,t} - r_x) - g_x G_t$$

Remainder: $E_{x,t}$

$$E_{x,t} = P_{x+1,t+1} - P_{x,t}(1 - m_{x,t} - r_x) - g_x G_t$$



Forecasting models

$$P_{x+1,t+1} = P_{x,t}(1 - m_{x,t} - r_x) + g_x G_t + E_{x,t}$$

G_t	ARIMA model of total graduates by year
$m_{x,t}$	functional time series model
$E_{x,t}$	functional time series model

Forecasting models

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- Future sample paths of all components simulated to obtain probabilistic forecasts of $P_{x,t}$