

# RESPONDING TO Skills Shortages

IMAGE: PHOTOS.COM



Pat Forward

During the 2004 election campaign, skills shortages emerged as a major issue. In July the ACTU estimated a shortfall of 130,000 skilled workers over the next five years (ACTU 2004). AiG (2004) released a report in September in which it claimed there were national skills shortages of about 21,000 workers.

A Dusseldorp Skills Forum report noted that the rate at which industry in the traditional trades replenished skills through taking on apprentices had declined by 16% since the early 1990s. Since 1997 the proportion of teenage starts in traditional apprenticeships fell from 40% to 33% (Toner 2003).

As the warnings of an impending skills crisis reached a crescendo late in the year, with ACCI arguing that skills shortages had replaced tax complaints as their biggest concern, the Coalition announced a series of initiatives to address the issue of skills shortages. These included funding for toolboxes, an Institute of Trade Skills Excellence and the Australian Technical Colleges. Weeks after the election, the Howard Government announced the abolition of ANTA and a complete overhaul of the national training system.

The Skills at Work report, an evaluation of New Apprenticeships released by the Howard Government in March 2005, showed that the number of people commencing a trade apprenticeship declined by 2300 in 2000-03 and the overall number of trade apprentices increased by only 13,000 between 1996 and 2003. The report also shows that since 1998, the government spent \$1.8 billion in new apprenticeships employer subsidies, with traineeships in retail, rather than traditional trades, being the largest beneficiaries. Relatively generous employer subsidies have failed to address the skills shortages.

## What causes skills shortages?

Skills shortages are caused by a range of different and often interrelated issues, and emerge over a period of time. In the Australian context, skills shortages are affected by system failures including the failure of government planning and investment. The failure of business planning and investment, a decline in apprentices employed in

the private sector and the competitive pressures on small and medium enterprises are factors. Privatisation, commercialisation and contracting out in the public sector have played a significant role.

Skills shortages are also affected by problems with the existing apprenticeship and traineeship system. These include low wages and use of subsidies to employ cheap labour. Government subsidies provide no additional incentive for employers taking on apprentices in traditional trades. Attrition rates in some trade areas are high. Changing social and educational trends and the poor images of trades are also factors.

The Howard Government and business have offered only simplistic solutions to skills shortages. At the same time, the drive to give control of VET to business has combined with calls for greater efficiency and an imperative to privatise under the banner of User Choice. Since 1997, Commonwealth funding for VET funding has declined by 10.9% in CPI adjusted terms.

## Trade union response

The ACTU has developed a plan around six principles to address the skills crisis.

### 1. Industry Plans

Collaborative development of a specific plan to consider changes to the structure of traditional apprenticeships developed between employers and unions in those industries where skills shortages have been identified.

### 2. Funding

Additional funding from government:

- For 20,000 additional TAFE places in the traditional trades
- For pre-vocational/pre-apprenticeship training and school-based apprentices
- To implement program of matching apprentices with employers
- For improved pathways and for RCC and RPL programs

### 3. Additional incentives for industry

Additional incentives to employers for longer duration training and in critical industry areas of skill shortages

**'The Howard Government and business have offered only simplistic solutions to skills shortages.'**

## 4. Skilled Migrant Workers

The union movement will oppose the use of skilled migrant labour to fill shortages caused by government incompetence or employer neglect. However, skilled migration can be used in areas of genuine skills shortages to overcome immediate crisis under certain agreed conditions.

## 5. Integrity of Traineeship and Apprenticeship System

Defend the integrity of traineeship/apprenticeship system through establishment of an office/ombudsman in each state/territory to deal confidentially with apprenticeship/traineeship issues, greater regulation re training plans, an end to fully on the job training and trainees/apprentices to be employed under appropriate industrial agreements.

## 6. Role of Government/s

Governments at all levels to take a lead role in investment in skilling workforce:

- Supply of goods and services to Commonwealth and States contingent on companies' meeting training responsibility
- Audit of use of trainees and apprentices and programs to re-establish trainee and apprenticeship stream with the government sector as a model employer. ❖

## References

- ACTU, 2004, Background Paper Australia's Looming Skills Shortage  
AiG, 2004, Australia's Skill Gap – Costly, Wasteful and Widespread  
Toner, P., 2003, Declining Apprentice Training Rates: Causes, Consequences and Solutions, Dusseldorp Skills Forum.

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