

Australia's looming skills shortage

Australian industry is facing a severe skill shortage in the coming years – largely as a result of an ageing industry workforce and a decline in the proportion of apprentices in training – at a cost of up to \$9 billion in lost output over the next decade.

The ACTU estimates that up to 170,000 tradespeople will leave industry in the next five years with only 40,000 new entrants over the same period. In Victoria alone, over the next decade there will be a shortfall of around 67,000 tradespeople at a cost of \$2.4 billion.

Government figures show that job vacancies in the traditional trades have already risen 20 per cent in the past year and are now at their highest level for 15 years. These same figures indicate that there are severe skill shortages in country and regional towns as well as in suburban metropolitan areas. (DEWR in SMH, 22/7/04)

All of these factors have resulted in an estimated annual shortfall of 26,000 apprentices, while the training rate of traditional apprentices has declined by an average of 15 per cent since 1987: the worst hit trades being printing, metal and electrical.

The lack of openings in traditional trades has also meant a corresponding reduction in the youth labour market of 20,000 fewer full time jobs available every year.

In comparison to a decade ago, many young people are not taking up apprenticeships. Official Government training statistics show that close to a third of those joining the Commonwealth Government's New Apprenticeships program are 25 years and older. In NSW more than 16 per cent of apprentices and trainees are over 45.

Fewer options for young people

Some of the reasons for this shortage appear to be the current bias in the education system towards the university sector, which is also reflected in parental and community attitudes. Many young people are now staying on to complete their secondary schooling and hoping to go to university, which they equate with financial and social success. Yet this pathway is only open to less than one-third of secondary school leavers and is becoming even more elusive with increased fees and costs.

For those apprentices in training, many drop out because of low wages and poor working conditions. For example, the starting wage for an 18

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year old taking on a four year apprenticeship in manufacturing is around \$235 per week. In comparison, school leavers who enter retail, for example, will earn around \$330 per week on commencement of a twelve month traineeship.

However, the relatively low pay also hides the longer-term benefits. When an apprenticeship is completed, a skilled tradesperson can earn up to \$70,000 conservatively in addition to good working conditions, hours and leave arrangements – well above that earned by many university graduates.

Another issue of concern is the ongoing maintenance of TAFE and industry infrastructure to support traditional trade training. The current system openly favours lower cost training delivery and is biased against trade based training.



Photo: Courtesy CEPU

There also appears to be an agenda emerging from some ranks of employers, supported by the Federal Government, that training time in apprenticeships should be dramatically reduced as an initiative to address skill shortages.

For the record, the ACTU is not opposed to shorter training times – we are a strong advocate of competency-based training and assessment. However, one should question the motivation behind this move when the system is already set up to deliver competency based – not time based training. Whether apprenticeships are four years, three or two is neither the issue nor the answer.

The question to be asked of any organisation attempting to reduce training time across the board is: will the training outcomes continue to meet the same minimum quality trade standards required by industry and expected by consumers?

The benchmark should be accommodating more workplace-based assessment in the funding system and facilitating sign off around actual achievement of competency, linked to competency based wage arrangements. In those instances where there may be some room for a nominal reduction in actual training time, this should be a matter for the individual industry players to determine on a bipartite and agreed basis.



Jacqueline King

Moving forward

The current approaches to addressing training for apprentices and skills shortages are clearly failing. Simply hoping that the market will resolve the problem and expecting individual businesses to step in and train people when they can't find enough skilled recruits will not help. Many firms rely on others to train for their needs, while there are increasing additional skills and resources required, particularly in Queensland and Western Australia, to assist in major project and infrastructure developments.

Relying on skilled immigration will only assist at the fringes and unless Australian politicians of all creeds are prepared to engage in a major change to current policy approaches there will be no 'Snowy River' solution.

A first step in the right direction is for governments to own up to the real problem and stop playing games with the figures. As at March 2004, there were 416,800 apprentices and trainees in training. Only 32% of these are traditional trades apprentices – 133,376 apprentices – and these figures have not kept pace with the growth in the overall workforce.

There needs to be a fundamental rethink of how VET and university are promoted within the education sector. The current bias towards a purist academic stream needs to be addressed as totally unrealistic. Schools need to promote both pathways in a realistic sense and create more integrated programs and links with local industries.

Apprentice wages should be supplemented and increased over the longer term for both young people and mature age workers as an incentive to attract them into training. Scholarships or similar programs targeting existing workers into trade

areas should be made a real option. Proper funding for TAFE, including support for joint ventures with industry, should be provided to assist in maintaining and renewing infrastructure required for training in skill shortage areas. Governments also need urgently to invest in retraining of their workforces to alleviate their own ageing workforces.

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Governments at all levels can immediately start to directly employ more apprentices and ensure government tenders also require contractors to create additional structured training places.

Governments should also encourage partnership initiatives to be established within enterprises or groups of enterprises to encourage and support the uptake of structured industry training. These should include additional apprenticeship pathways for young people and for mature aged workers in skill shortage areas.

This approach should replace the current individualist incentive program

for New Apprenticeships, which should be overhauled along with removing the bias towards shorter-term training contracts, to ensure that longer-term traditional trades are properly rewarded.

The current crisis we are facing will only be addressed when there is a proper tripartite approach to addressing these issues with all levels of government, business and unions working cooperatively together.

Jacqueline King is the Assistant Director ACTU Organising Centre. Source information has been taken from work collated by Ian Wilson, Media Officer for the ACTU.

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