



FACT SHEET



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 the following system failures:

- failure of government planning and investment
- failure of business planning and investment
- decline in apprentices employed in private sector
- 'mean and lean' strategies of some employers
- competitive pressures on small and medium enterprises
- current industry strategies focused on niche specialisation
- privatisation, commercialisation and contracting out in public sector
- changes to the industrial relations system – lower wages and casualisation encourages workers to leave
- casualisation and work intensification have contributed to the decline in investment in the training of existing workers and erosion of the skills basis

Skills shortages are also affected by problems with the existing apprenticeship and traineeship system:

- wages structures in traditional apprenticeships and low rates of pay in some industries affected by shortages
- lack of protection/compensation for apprentices affected by an abuse of system (non-delivery of training)
- collapsing of apprenticeships and traineeships in publicity material and statistical collections disguised emerging skills shortages
- government subsidies provide no incentive/compensation for employers taking on apprentices in traditional trades/skills shortages areas
- use of training subsidy by employers to employ cheap labour
- attrition rates in some traditional trade areas where apprenticeship completion rates average about 70-80% and up to 50% of trade qualified work outside the profession
- salary, working conditions and the physical demands of the job
- changing social and educational trends – a perceived decline in the size and quality and applicants at a time when the skill requirements of most trades are increasing
- poor images of trades
- increased school retention rates – later entry to the workforce – increasing concern about low wage rates

The Howard government and business have offered only simplistic solutions to skills shortages:

- reduction in length of traditional apprenticeships
- boys to leave early to go to apprenticeships
- Australian Technical Colleges
- Increase the influence of business
- Import skilled labour from overseas