

FACING UP TO AUSTRALIA'S SKILLS CHALLENGE

SETTING PRIORITIES AND DELIVERING RESULTS



NATIONAL SKILLS POLICY COLLABORATION:

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INTRODUCTION

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The Australian Government has identified improving the skills of the Australian workforce as a key priority area for the 2007-10 term of office. It has indicated that addressing Australia's skills challenges is pivotal to its overall economic strategy and a key part of the 'education revolution'.

There is a rising demand for increased quality of skills and increased numbers of skilled workers across the economy. Due to structural and occupational shifts the demand for an increasing proportion of workers with post-school qualifications is growing. Strong employment growth is forecast in high-skill occupations over the next ten years. In coming years Australia's international competitiveness will derive in large part from the skills and ingenuity of its people, notwithstanding the richness of its natural resources.

The Government is right to be concerned about our capacity to meet these challenges. There are at least six compelling reasons for it to act early on these issues.

First, Australia faces a significant shortfall in the supply of workers with the required vocational qualifications. Currently 87 percent of available jobs require post-school qualifications, but 50 percent of the workforce lacks these qualifications. The best estimate is that if the supply of people with VET qualifications remains at the same level as in 2005, a shortfall of 240,000 can be expected over the ten years to 2016. To meet the shortfall, net completions will need to increase by 1.9 percent per year for the next decade.

Second, Australia faces a significant shortfall in the supply of people with the necessary high-level technical vocational and tertiary qualifications. In recent years, the highest levels of employment growth have occurred in associate professional (e.g. engineering, building, medical, technology) and professional occupations. A serious skills shortage exists in the sciences and mathematics, with an estimated shortfall of 19,000 scientists and engineers by 2012.

Third, Australia is struggling to lift school completion rates. Other OECD countries have managed to progressively improve school completion rates, but these rates have barely shifted in Australia over the past 15 years. A dimension of this is reflected in the fact that among 25-34 year olds, Australia now ranks 20th among the OECD countries in terms of school completion.

Fourth, the ABS recently estimated that 46 percent of adults – or seven million Australians - had poor or very poor skills across one or more of the five skill domains of prose literacy, document literacy, numeracy, problem-solving and health literacy. This means they did not attain the skill levels regarded by most experts as a suitable minimum for coping with the increasing and complex demands of modern life and work. Early school leavers are especially likely to have lower levels of literacy and numeracy.

Fifth, Australia's total public spending on education at 4.8 percent of GDP is below the OECD average (5.4 percent), and well below the Scandinavian countries, France, New Zealand, the UK and the USA.

Sixth, more than a decade of sustained economic growth and prosperity has provided the country with an unprecedented opportunity to seriously tackle educational exclusion and disengagement, and to do so in ways that can deliver greater social equity. It is imperative that all Australians have these opportunities in order to lead productive and fulfilling lives.

The Government has come to power with a wide-ranging platform to tackle these issues. Many of the proposals are welcome.

The purpose of this statement, however, is not to dwell on the implementation and administration of these proposals. Rather, we have identified ten overarching priorities that represent

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clear, tangible, reforming goals. They are based on our collective experience and knowledge of Australia's education and training system. We believe these points could be used to inform and measure how successfully Australia's skills challenges are tackled. If achieved they would constitute real and lasting progress for Australia.

Long-term lifts in productivity and participation require education and training to be more effectively linked to future individual, enterprise, industry and social needs. The task in education is to equip students to be active participants in society as well as in the economy. Broadly

based qualifications and approaches that help shape an adaptable workforce and develop a truly innovative Australian enterprise culture capable of sustaining a high wage, high value-add economy are needed. Customisation and making education and training more responsive to the needs, interests and aspirations of individual learners are key goals. Supporting teachers, trainers and their leaders to improve their qualifications and knowledge will be a key element in this. Education reform must be an enriching endeavour that results in a more productive, inclusive and innovative Australian society.

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1. A focus on improving the quality and increasing the number of Australians with VET qualifications which meet future industry and workforce needs.

Australia must achieve the development of skills required by individuals and industry for the long term prosperity of the economy. This will require vocational learning that offers robust and high quality intellectual and social outcomes and their rewards. Australia's training system must deliver a diversity of outcomes to a wide range of audiences and stakeholders. In general terms, the quality of the system will be judged by the extent to which

- Individuals have learning experiences of depth and substance that enable them to embark on positive pathways in employment, further education and in society;
- Industry engages in an adaptable system that aspires to international best practice, and that meets its short, medium and long-term skill needs;
- Qualifications are accessible, delivered using a rich and engaging pedagogy, and achieve high rates of completion;
- Australian skills performance is actively benchmarked by and measured against the OECD leaders and best in the Asia Pacific region. By 2010 Australia should be able to readily assess its skills performance against these international standards.

2. The centrality of industry.

Industry - broadly defined to include business owners and employers, unions and workers and their peak bodies - is pivotal to the success of the vocational education

and training system. Skills Australia and the Industry Skills Councils in particular should be key drivers in the development of partnerships between stakeholders in the broader community, including community organisations, other education sectors and non-government organisations. Growing and strengthening school-industry partnerships to enhance workplace learning, and aspiring to international best practice in this arena, is a key task for educators, industry and government.

3. Improved youth engagement and attainment.

All students must have access to multiple pathways and curriculum choices from year 10 through to year 12. Lifting the rate of Indigenous school completion and participation in VET should be a central objective. A system better focused on the needs and opportunities of disabled young Australians is an equal priority. All young Australians should be entitled to publicly-funded education up to Year 12 or a Certificate III vocational qualification, and to a range of services to assist them to make the transition through school, and from school to employment or further education and training. Consideration should be given to legislating for a right to education for all young Australians to achieve Year 12 or a Certificate III vocational equivalent.

4. A crucial role for student support and for intermediaries.

Linking, brokerage, guidance, advice and intermediary roles will be critical for students to be truly at the centre of learning. They can help turn large and impersonal systems into accessible networks. Done well, these roles represent a powerful way of enabling learners to build self-reliance and to

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undertake the informed decision-making necessary to ensure that learning is better accessed and work is well negotiated. In particular, intermediaries like Group Training organisations and the proposed new One-Stop Shops have the potential to be a critical juncture through which students can link between school, training, TAFE, industry, and employment.

5. National workforce development and existing worker strategies.

Workforce development and the needs of existing and emerging industries should be a key focus of a reformed and cooperative federal model for vocational education and training. A national workforce development strategy for current workers should be established, and the additional training places available through the Industry Skills Councils provide a potential platform for this to be developed. The assessment of future skills needs, and better recognition of existing skills and training that contribute to national qualifications, should be key elements of the strategy. Alternative skill pathways should be developed. The strategy should pro-actively engage enterprises and their workforce, industry and unions, through the Industry Skills Council managed processes.

6. Genuine competency-based progression & improved apprenticeship completions.

The system of subsidies and the administration of the apprenticeship system from sign up to completion should be more strongly focused and upgraded so as to achieve higher rates of completion and improved quality of learning and work experience. Support and mentoring for apprentices, trainees and employers must be at the heart of this approach. Closer attention must be given to recruitment strategies and the valuable role of pre-vocational and pre-apprenticeship programs in the selection process. First and second year traditional apprenticeships should, in all respects, be sufficiently attractive so as to encourage increasing numbers of young people into the trades.

7. A review of traineeships.

It is timely to review the contribution that traineeships make to the development of a high wage, high value-add and innovative economy. There is now a very considerable public and industry investment in traineeships. This review should include an analysis of whether traineeships continue to serve the needs of the cohort for whom they were originally designed. For people without university or formal TAFE qualifications, traineeships – typically one or two-year

contracts of training in areas such as retailing, hospitality, administration and transport - represent an important way to develop recognised skills. However the scope, scale and focus of traineeships have undergone major changes as has industry structure, educational outcomes and employment levels, warranting such a review.

8. A public and industry investment strategy for vocational education and training.

A long-term strategy to improve the level of Australia's investment in education and training is needed. Continuity and sustainability of funding is necessary to underpin the quality and quantity of vocational education and training required now and into the future. Australia will benefit from dynamic investment partnerships between government, industry, TAFE and other sectors that deliver efficiency and real synergies of effort. Future investment strategies need to be grounded in better knowledge of the current state of Australia's training infrastructure, and the existing profile and future prospects of its VET workforce. A national strategy to re-invigorate the country's VET workforce is urgently required.

9. A clear vision for flexible and responsive vocational education providers, and for the future of TAFE in particular.

The landscape of post-school education is changing as universities and VET providers respond to changing skill demands in the economy. Strong partnerships between these sectors to better link skills, knowledge and on the job training are required. Public and private providers of skills education are an essential component of Australia's training effort. As the major public provider TAFE has a particularly important role to play in addressing Australia's current and future skill needs. A national vision and consensus about TAFE's potential to meet existing and emerging skills demands in the economy, and the broader learning needs of Australians, must develop.

10. A focus on the skills needed for a low carbon economy.

Moving to a more environmentally sustainable economy challenges existing work practices and demands a new intersection of disciplines, trades and professions. Australia's training system needs to move up a gear to adapt to this challenge and to take advantage of the emerging business opportunities. The development of a national program to up-skill and re-skill workers to underpin the transition to a low carbon, energy and water efficient economy is required.

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