

# Qualifications and skills shortfall

## Access Economics modelling

The projected supply of qualifications less the projected labour market demand <sup>1</sup>

	THE THREE SCENARIOS					
	Open Doors		Low-trust Globalisation		Flags	
<b>By 2015</b>	Demand	770 000	Demand	646 000	Demand	540 000
	Supply	533 000	Supply	524 000	Supply	506 000
	<b>BALANCE</b>	<b>-237 000</b>	<b>BALANCE</b>	<b>-122 000</b>	<b>BALANCE</b>	<b>- 34 000</b>
<b>By 2025</b>	Demand	828 000	Demand	645 000	Demand	500 000
	Supply	659 000	Supply	620 000	Supply	556 000
	<b>BALANCE</b>	<b>-169 000</b>	<b>BALANCE</b>	<b>-25 000</b>	<b>BALANCE</b>	<b>+56 000</b>

However, skilled migration plays a significant role in supplementing the supply of qualifications, and if it remains at current levels, these deficits may be made up through Australia's skilled migrant intake.



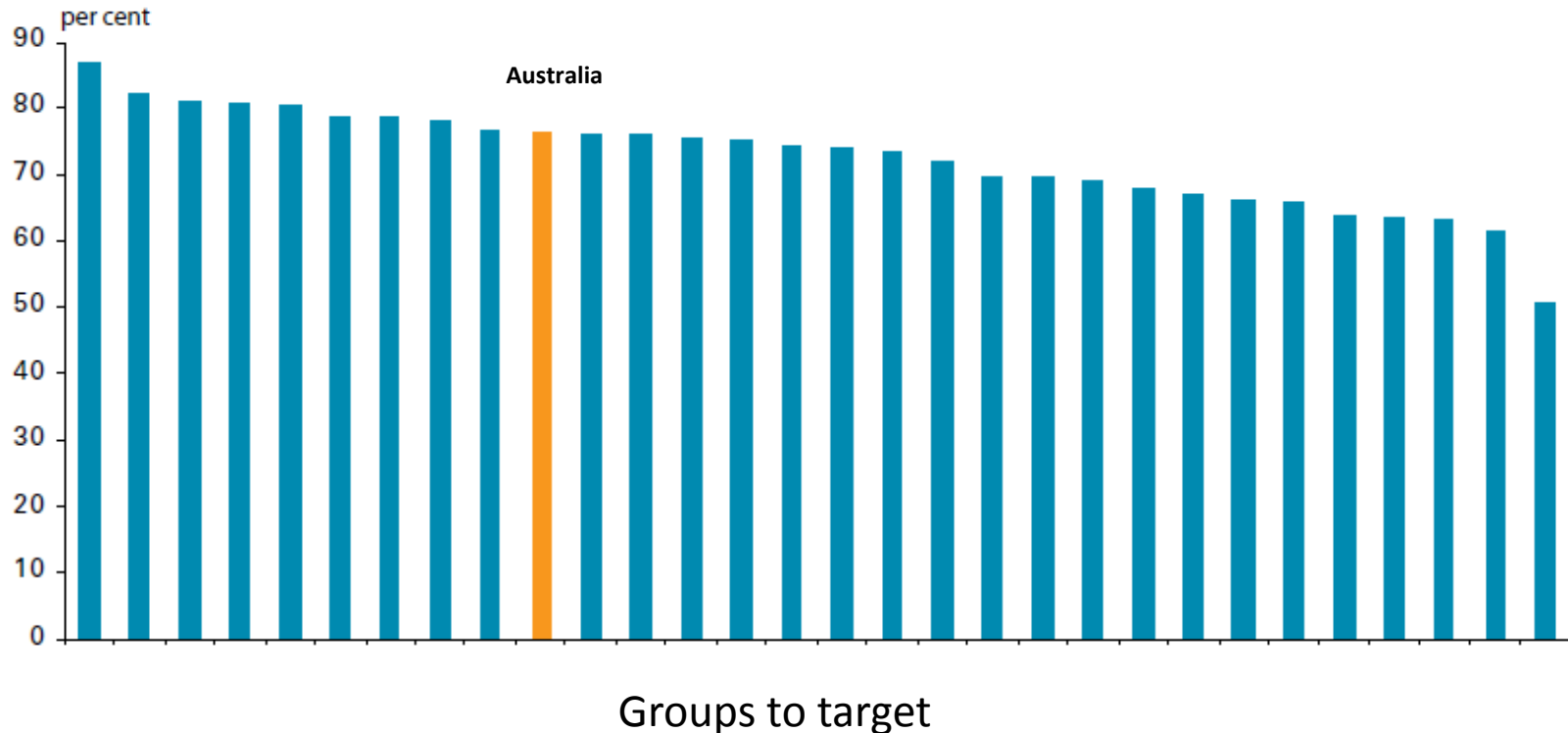
# Key findings & Recommendations

- ▶ The current capacity of our **tertiary education system will need to increase by 3% p.a.**, to deliver the qualifications and skills Australia needs.
- ▶ **Workforce participation needs to rise from 65% to 69%** to provide the workers and skills we need plus improve social inclusion.
- ▶ **Numeracy and literacy are a major barrier** to increased participation and a national plan with targets and funding is needed.
- ▶ A **collaborative approach** between government and industry to build adaptive capacity in the workforce - agreement national Workforce Development strategy.
- ▶ The recommendations such as **making better use of the skills, planning for specialised occupations** and the **tertiary education workforce** may best form part of the future agenda or dealt with through other fora.



# Workforce participation levels

Comparison of OECD countries: people aged 15+



- ▶ Men of prime working age (25 to 64 years) --- 10<sup>th</sup> lowest of OECD countries
  - ▶ Women (aged 25 to 34 years) --- 10<sup>th</sup> lowest of OECD countries
  - ▶ Older Australians (55 to 64) --- below NZ, Canada and the US

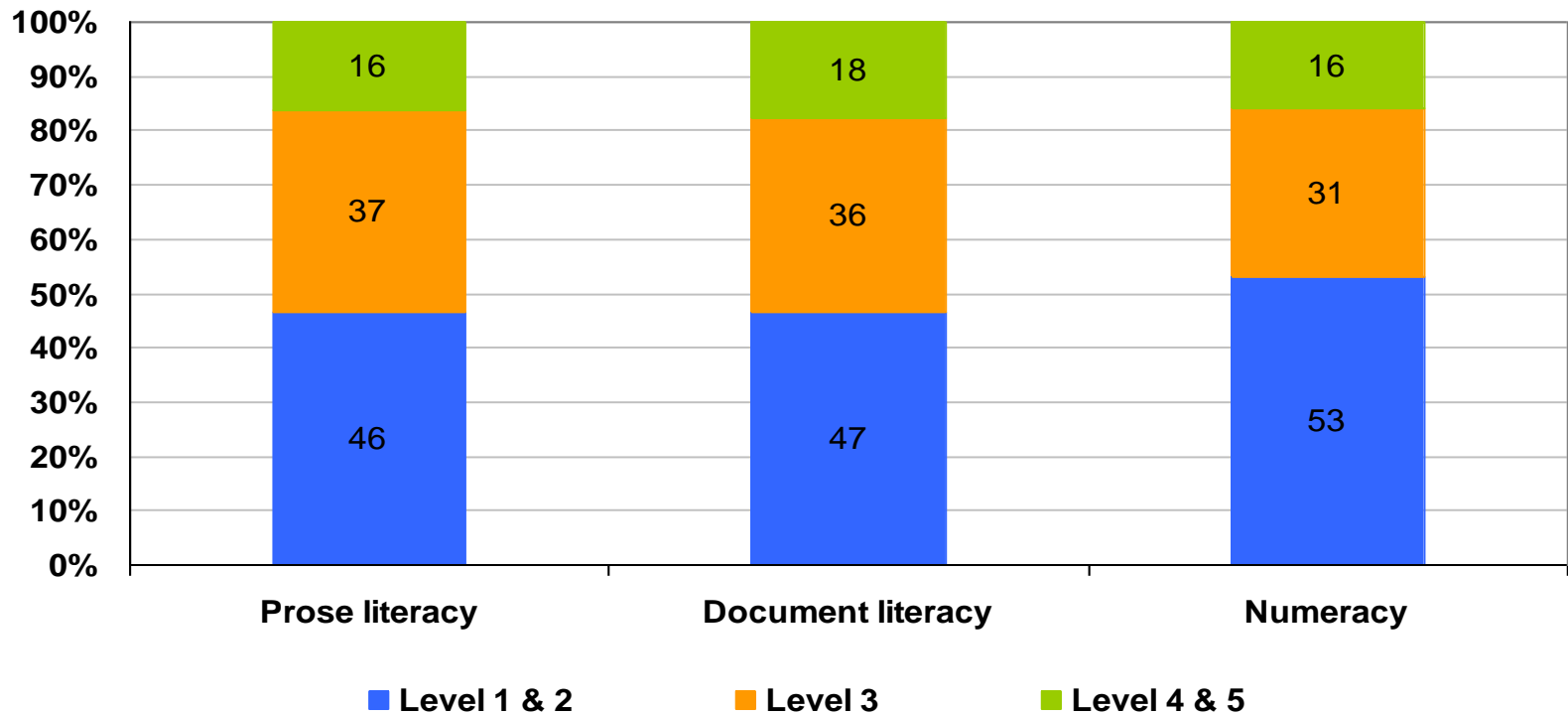
# Future skills needs challenges

- ▶ > 1.5 million Australians under & unemployed
- ▶ > 1 million not in the workforce but want to work
- ▶ Regional disparities: labour force participation ranges from 61% to 73% across Australia
- ▶ Vulnerable groups face profound barriers, eg Indigenous Australians (48% employment in 2006)



# Approx 50% with low literacy & numeracy <sup>1</sup>

Low adult literacy/numeracy levels is a major workforce challenge



Source:  
1 ABS, 4228.0, *Adult Literacy and Life Skills Survey, Summary Results Australia* (2006)



# Recent outcomes impacting on skills development

- ▶ Federal Budget 2010/11 - \$661 million investment for ***Skills for Sustainable Growth*** strategy for next 4 years
- ▶ COAG targets for youth, education and skills
- ▶ Federal Election 2010
  - ▶ Agreement with Independents to form minority government
  - ▶ Focus on regional Australia - \$500 million earmarked for regional round of Education Investment Fund
  - ▶ Specific regional education and skills plans in 2011
  - ▶ \$1.4 billion Regional Infrastructure investment
- ▶ Major infrastructure and resources projects like National Broadband network about to commence



# EE-Oz industries: issues and opportunities



**“For almost two decades, the ElectroComms and EnergyUtilities industries have suffered skills shortages at trade level ... industry intelligence indicates that a further 23,000 tradespeople will be required across all sectors of the energy industries”**

EE-Oz Training Standards 2010 Environmental Scan

## Industry overview:

- ▶ Employing approx **540,000** workers
- ▶ 40% of employees have VET qualification (labour force average 22%)
- ▶ below average proportion of low skilled workers
- ▶ 45-50% of workforce in Electrotechnology industry sectors will retire in next 5 years (TITAB, 2009)

## Major challenges and trends:

- ▶ Demand for knowledge and skills
- ▶ Skills shortages across all EE-Oz industries
- ▶ The ageing workforce – loss of expertise
- ▶ New and emerging technologies
- ▶ Managing increased demand within regulatory requirements



# Work of Industry Skills Councils



- ▶ ISCs help create the vision and leadership for the future of workforce development and skills in Australia
- ▶ ISCs provide an independent and “honest” broker view and intermediary in a complex and contested sector
- ▶ ISCs have specific contracted responsibilities eg
  - ▶ E-scans
  - ▶ National training packages
- ▶ ISCs and Skills Australia enjoy a strong supportive relationship supported by legislation and MOU.





# Using Skills Productively 2010 conference

Register now:  
[www.skillsaustralia.gov.au](http://www.skillsaustralia.gov.au)

The Hilton Hotel, Sydney  
6-7 September 2010

## Conference Outcomes:

- ▶ Develop a shared agenda and recognition of the challenges and benefits of enhanced skills utilisation
- ▶ Influence Government policy to achieve balance between skills supply and skills use
- ▶ Enterprises better able to adopt longer term acquisition, development and utilisation strategies
- ▶ Education/skills providers balance course delivery with partnering and skills development, responding to enterprise needs
- ▶ Very successful conference with over 300 attendees including many ISC representatives
- ▶ Involvement from ISCs in planning and development of conference program and workshops preparation
- ▶ Important outcomes that Skills Australia will work with ISCs to implement



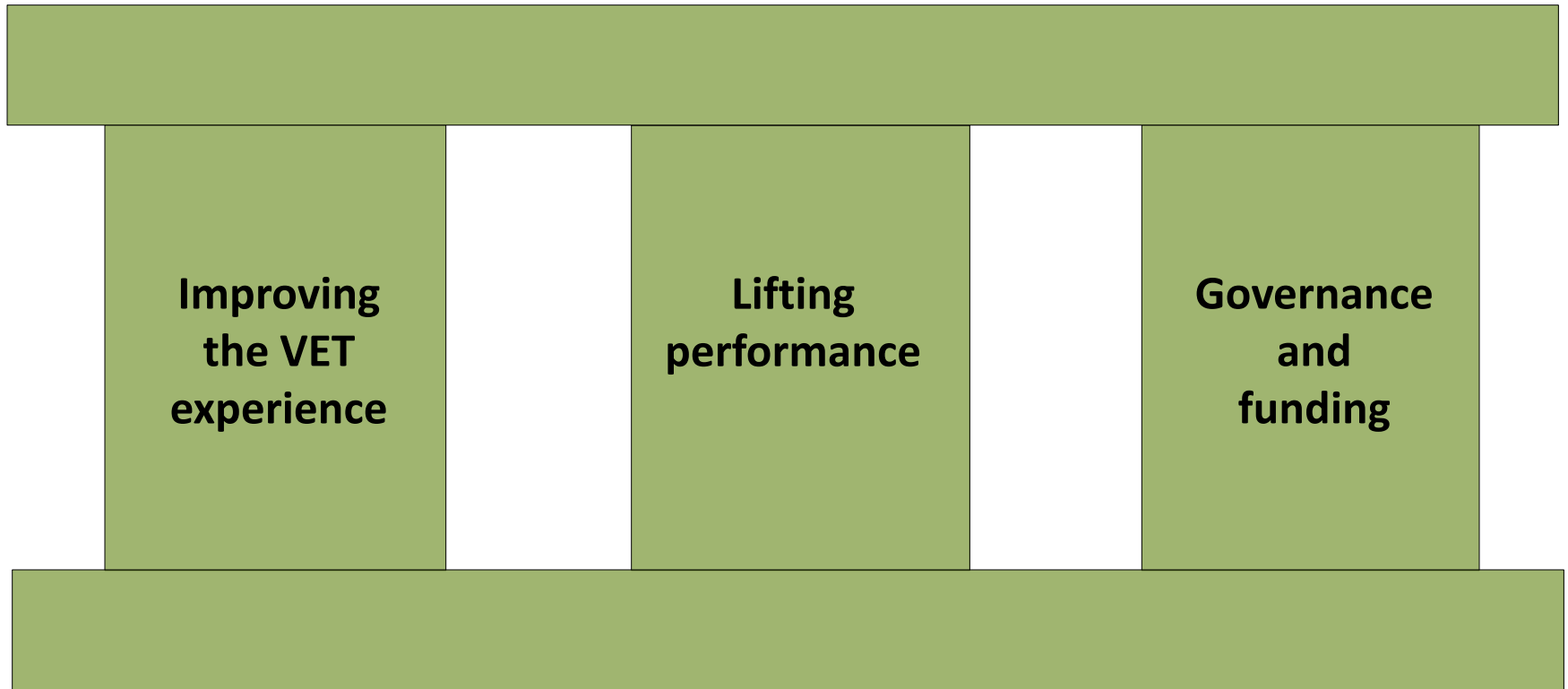
# Creating a future direction for VET in Australia

## Some of the Challenges:

- ▶ To provide the quantum and quality of skills needed to continue to drive the economy
- ▶ While we have areas of excellence there is room for improvement:
  - ▶ quality of delivery and outcome
  - ▶ completion rates
  - ▶ meeting changing demands of industry
- ▶ Overall funding is below required to meet skill requirements
- ▶ Who will pay for the increased demand; individuals, industry or governments?
- ▶ What is the role of VET in the new world?



# Creating a future direction for VET: three pillars –



- ▶ What needs to change (urgent v important)
- ▶ How should this occur (policy/funding/industry etc)



# Creating a future direction for VET: nationwide consultations

Reframe the  
questions

Discuss the  
'how'



Share the  
evidence

Fresh thinking

- ▶ Industry Skills Councils & Industry groups
- ▶ Students
- ▶ Peak bodies
- ▶ Tertiary education providers
- ▶ Enterprises
- ▶ Community organisations
- ▶ State and territory departments



# The way forward

***“Change is exhilarating when you are the architect but threatening when it is done to you”***

*Linda Nicholls, Using Skills Productively Conference, September 2010*



## EE-Oz Training Standards Annual Conference 2010

# Thank you

Philip Bullock  
Chair, Skills Australia





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