

# The Debate Australia Has to Have

Each week seems to see a new response to the skill issues emerging around Australia. A few weeks ago it was migration visas for overseas apprentices, and more recently it has been incentives for the unemployed to move to areas of high job demand.

What these and other developments point to is that after 15 years of strong economic growth, the country's skills and training policies are being severely tested. This is evident across a number of dimensions:

- The number of domestic students enrolling in our universities has fallen by nearly 50,000 or 18 percent since 2002
- Many areas of the TAFE system are struggling with an ageing workforce and under-resourcing
- National Year 12 or equivalent completion rates remain static at around 80 percent, which is not especially high by international standards.

Governments do realise they are facing some serious issues, with education and training being one of the main agenda items at the Council of Australian Governments (COAG).

And the news is not all doom and gloom either. There are around 1.7 million Australians participating in vocational learning, and the number of trade apprenticeships is rising.

The real success story of the last decade however has been a phenomenal growth in the take-up of traineeships, typically one-year contracts of training in areas such as retailing, hospitality, administration and transport. Over the past 20 years more than 650,000 Australians have completed a traineeship and in 2003 alone 238,000 people commenced one.

Traineeships are especially popular with employers in service industries because they can tailor entry-level training and skills to their particular needs, and their own investment in training is offset to some extent by considerable public subsidies that are available. For people without university or formal TAFE qualifications, it represents an important way to develop recognised skills.

A new report though by Mark Cully of the National Centre for Vocational Education Research questions the current purpose of the traineeship program and its contribution to the skills development that Australia needs to achieve a high-wage, knowledge-based economy.

The demand for skills in Australia is changing. Our knowledge economy is being built around managerial, professional and trade skills, and these occupations have grown by more than 27 percent since 1996. The target occupations for traineeships by contrast grew at only half this rate. More than a quarter of all completed traineeships in the past decade have been in elementary and labouring occupations.

In addition, Cully estimates the growth of traineeships in these sectors has been six times what would have been reasonably expected.

The levels and patterns of growth appear to be influenced to some extent by reduced costs that employers can achieve through various forms of subsidies.

Over the past two decades the program has expanded to encompass all age groups, and first-time entrants to the workforce are no longer the prime targets. Indeed, about a third of people commencing a traineeship are understood to be existing workers being transferred from an employment to a training contract.

The program is a big part of Australia's training effort, and constitutes a large direct public investment by taxpayers in the well-being of the nation's employers.

Clearly however some re-thinking is required. The imbalance between the sectors where jobs are growing and where the bulk of apprenticeships are needs to be addressed. Significant research and action is needed to improve the program's dismal rate of actual completions compared to commencements.

The program has to be more dynamic and better positioned to meet the technical, para-professional and design skills now demanded in health, education, construction, environmental services and manufacturing.

Skill development remains a huge issue for employers and there is now a strong climate for governments to do more and to raise the bar on training standards and expectations. They want refinements to training to deliver high-level outcomes for the economy.

There is scope to use the program to better target training support to the disadvantaged, particularly those being brought under the welfare-to-work umbrella, older workers (especially those in internationally vulnerable industries), disengaged school leavers, and others.

Unless Australia gets smarter about its skill and training policies, and makes better use of existing resources, we will continue to rank in the middle rather than among the leadership group of the OECD.

Long-term thinking, careful planning and a deep commitment to maximising the talents and abilities of all Australians, rather than stop-gap, ad-hoc responses to skills shortages are required.

A reformed traineeship program represents a golden opportunity to address a number of the design, skills, and knowledge frontiers facing Australia. It is one important step in the renewed debate about skills and training that we have to have.

Dr John Spierings is the research strategist with the Dusseldorp Skills Forum. *Kirby Comes of Age: the birth, difficult adolescence, and future prospects of traineeships* by Mark Cully is available at [www.dsf.org.au](http://www.dsf.org.au)