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Skills shortage fed by weakness in vocational education



Tim Mead, CEO of Mead Con, a building company working on a cement factory in Railton, northern Tasmania. "There just aren't enough skilled workers coming out of the VET sector." **Brodie Weeding**

by **Robert Bolton**

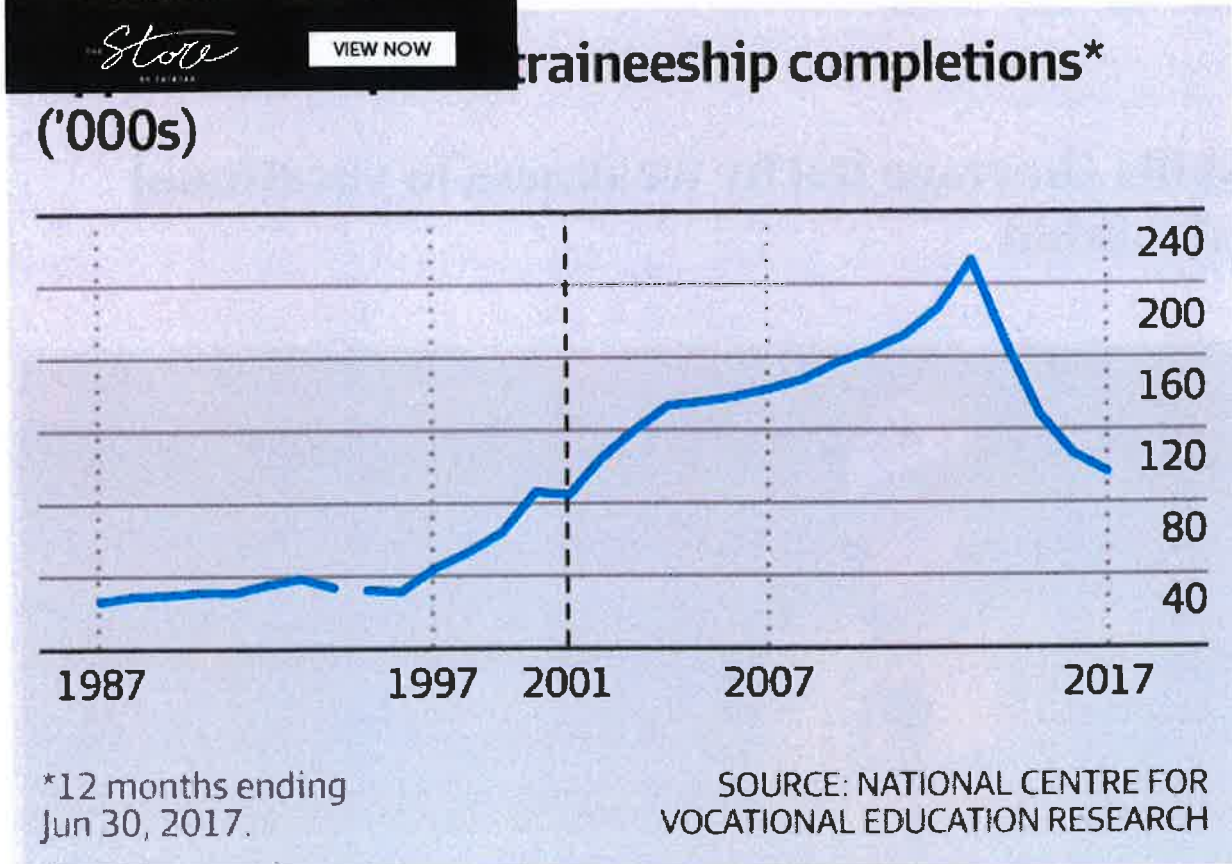
Tim Mead is [chief executive of a construction company](#) in northern Tasmania, and he can't get enough qualified employees to do the work.

Mead's issue is echoed all over the country, as high school students opt for university degrees over trades and the TAFE sector struggles, leading to a national shortfall of workers in many industries - which are also on the verge of wage breakouts.



and harder to find trained workers. The construction s. We don't need the good old-fashioned labourer any

2017) reveals a national shortfall of trained workers in n architects and surveyors to plasterers. There are otive, hospitality and telecommunications training.



"I blame the Vocational Education and Training sector," says Mead. "The VET sector needs to work with industry but they're going off at a tangent. And unfortunately there's massive disincentive at high school to go into TAFE. Everyone says 'why be a plasterer or a carpenter? Why wouldn't you go to university?'"

Mead is also chairman of the Education and Training Committee of Master Builders Australia. The organisation is so frustrated by the shortage of skilled workers it's set up its own training schools, which replicate building sites.

"We're doing that in place of VET. VET is built on giving a kid a certificate. We give them a taste of what it's actually like to be a brick layer, carpenter and a plumber."

But what Mead is describing is just the tip of a problem that runs far back and has deep structural problems that cannot be rectified by one-off industry training projects.

The [February Vacancy Report](#) shows an 11.7 per cent increase in vacancies for machinery operators and drivers compared with the year before and a 16.1 per cent rise in vacancies for trades workers and technicians. There were 11,800 vacancies for ICT professionals alone.

Largest growing occupations, vacancy report, Feb 2018

Occupation	Index (Jan06=100)	Annual change	Change (% YoY)	Numbers of vacancies
ICT professionals	101.3	+2350	+25.0	11,800
Automotive /engineering trades workers	112.6	+1490	+26.7	7,100
Clerks, call centre workers, receptionists	73.4	+1060	+8.3	13,800
Engineers	94.2	+1010	+30.2	4,400
Construction/production/distribution managers	119.4	+850	+16.8	5,900

SOURCE: DEPARTMENT OF JOBS AND SMALL BUSINESS

A wage breakout is just around the corner, according to the Australian Chamber of Commerce and Industry. ACCI director of employment, education and training Jenny Lambert says they're already seeing wages that are above the award.

'Anywhere there's a boom you will see wages growth'

According to ANZ Research the biggest wage rises are in the health sector - which has been supercharged by the National Disability and Insurance Scheme.

But sectors with skill shortages will follow. "Anywhere there's a boom you will see wages growth," says Lambert. "You want a labor market that is robust to demand and pays reasonable rates. But without putting pressure on employers with wage breakouts."





"You want a labor market that is robust to demand and pays reasonable rates. But without putting pressure on employers with wage breakouts." Jenny Lambert, director of employment, education and training at ACCI. **Louise Kennerley**

Lambert also pins the blame on the VET sector. "Skill shortages have emerged because funding is a mess and training has been a mess," she said.

This touches on the long and sorry decline of training and apprenticeships, which includes a debacle in state-federal relations, withdrawal of employer incentives, badly managed fee help for students and sharp wage increases for apprentices.

It was Labor that started withdrawing employer incentives for low level TAFE certificate courses in 2011. In 2012 this was extended to higher-level diploma courses and part-time apprenticeships. And in the dying days of the Rudd government of 2013 employer incentives for a wider group of apprentices were wiped out.

And it was 2013 when the Fair Work Commission increased wages for first year apprentices from 42 per cent of the adult wage rate to 55 per cent.



"It's a massive struggle. It's getting harder and harder to find trained workers. The construction industry is poaching from other industries." Tim Mead, Mead Con. **Supplied**

In 2014 Liberal Treasurer Joe Hockey removed the tool allowance, which disincentivised apprentices themselves.

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About this time VET-FEE Help, which had been created by Labor in 2009 to encourage students into TAFE began to fall apart. The scheme was wide open to rorting by private education providers and had to be closed down – but not before it had disillusioned a generation of VET students.

Apprenticeships and traineeships have been in free fall since the Fair Work Commission decision of 2013. By September 2017 the number of completions had fallen to the same rate as 2001.

'It's an inhibitor'



There are national shortages of workers with automotive, hospitality and telecommunications training Jim Rice

Dr Ruth Schubert, Senior Fellow at the LH Martin Institute at Melbourne university points to other weaknesses in the VET sector.

TAFE curriculums are underpinned by training packages that are meant to set the industry standard for what is taught. But the process of creating and modifying packages is cumbersome. "It's bureaucratic, it's an inhibitor, it doesn't allow the provider and the educator to be innovative and responsive."

In one case a competent educator was designing assessment tasks for a 10 hour occupational health subject. To meet the training package requirements the educator had to design 5 assessment tasks. "You can't do 5 assessments tasks in 10 hours, let alone do the study," she said.

She also said teachers are undervalued in the VET sector. This shows up in the low thresholds required to teach. You can teach a VET course when holding only a certificate four VET qualification. "You need a bachelor degree to be a teacher at primary school, but only certificate four at TAFE or private provider. The only other requirement is the VET teacher has to have an industry qualification one level higher than the level they are teaching.

"We've lost a lot of senior teachers who had in depth understanding of education."

But the biggest problem with TAFE relates to state and Federal relations. As with schools, states take responsibility for providing the service and use state and Federal money to do it. Dr Schubert says distrust between political parties at the different levels of government, combined with national / state rivalry means there is no sustainable vision for vocational education in this country, and we are rapidly falling behind other systems.

Ms Lambert says the biggest single reason for the collapse in VET is the poor allocation of responsibility.

"There is a lot of push back amongst the Canberra bureaucracy over the extent to which the feds should be funding VET. They say it is constitutionally the states' responsibility. But the feds have been putting more and more money into these sectors."



Builder Tim Mead says there's another group that needs to be persuaded about the value of VET: the parents. **Brodie Weeding**

'It's not simply about money'

The education minister, Senator Simon Birmingham, has shown a strong wish for the federal government to have more say over school and university outcomes – given the amount of money Canberra pours into those sectors.

The assistant minister for education and skills, Karen Andrews, is trying to sell the Skilling Australians Fund, a \$1.5 billion pot of money for VET, contingent on the states coming up with specific programs and matching the money dollar for dollar. It was outlined in May of last year and is meant to be underpinned by a National Partnership Agreement, pulling state and Federal objectives together.

So far no state has signed up, although the new South Australian government made signing on within 30 days of election part of its platform.

"The past relationship between Canberra and the states and territories is one of funding," Ms Andrews said, The Skilling Australians Fund has the potential to re-engineer the relationship. It's not simply about money, it's about working together to identify projects that will address the decline."

Mr Mead says there's another group that need to be persuaded about the value of VET: the parents. Years of building up the university sector through the generous demand-driven system has made a university degree the favoured option for any promising school kid - and their parents. Technical trades are looked down on, he says.

"The construction industry is well paid. You get paid to do an apprenticeship. There are opportunities you can go on to: architecture, project management. But kids need to see that and so do their parents."



Back to school with job training



Don't be so sure that going to university is the best way to get a good job, writes **Ross Gittins**.

If you had a youngster leaving school, what would you encourage them to do? Get a job, go to university, or see if there was some trade that might interest them? For a growing number of parents, that's a no-brainer: off to uni with you. But maybe there should be more engaging of brains.

It's widely assumed that, these days, any reasonably secure, decently paid career must start with a university degree. Don't be so sure.

The latest projections by the federal Department of Employment (since renamed by Malcolm Turnbull's spin doctors as the Department of Jobs and Small Business) are for total employment to grow by 950,000 over the five years to 2022.

The department projects that fewer than 100,000 of those extra jobs – less than 10 per cent – will be for people with no post-school qualifications.

More than 410,000 of the jobs – 43 per cent – will be for people with a bachelor degree or higher qualification. But that leaves more than 440,000 of the jobs – 47 per cent – for people with the diplomas or certificates (particularly the "cert III" going to trades people) that come from TAFE.

Now, even the Department of Jobs possesses no crystal ball. But these educated guesses should be enough to disabuse you of the notion there'll be no decent jobs for people who haven't gone to university. But graduate jobs are better paid, right? Yes, but not by as much as you may think.

Figures issued by the Australian Bureau of Statistics on Monday show that, in August last year, the median (middle) pre-tax earnings of employees with a bachelor degree were \$1280 a week, whereas for employees with a cert III or IV trade qualification it was \$1035 a week.

And my guess is, if we keep stuffing things up the way we have been – taking in too many uni entrants and too few TAFE entrants – that gap will narrow, with certificate-holders' wages growing faster than graduates' wages.

While we were engrossed watching

the Barnaby show, Labor's shadow education minister, Tanya Plibersek, was announcing the party's election policy to conduct a "once-in-a-generation" review of post-school education, with a view to establishing a single, integrated tertiary education system, putting universities and TAFE on an equal footing.

Her announcement was welcomed by the ACTU and the Business Council. Both sides know well how badly we've stuffed up young people's choice between uni and TAFE.

Plibersek was hardly going to admit it, but the problem goes back to missteps by the sainted Julia Gillard when education minister, made worse by state governments of both colours.

In 2010 she replaced the system where the feds set the number of new undergraduate places they were prepared to fund, and the numbers in the various degree categories, introducing a system where uni entry numbers were "demand-driven".

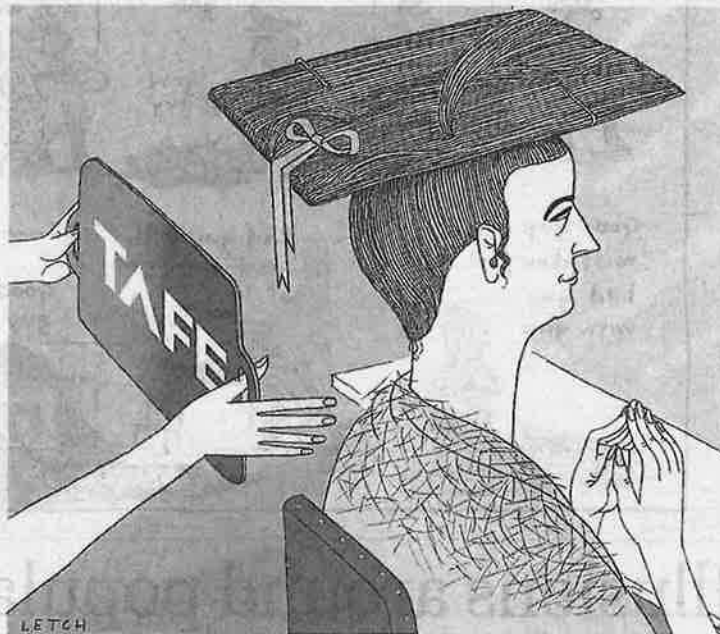
After decades in which their federal funding had been squeezed, the vice-chancellors couldn't believe their luck. Particularly those at regional and outer suburban unis went crazy, lowering their admission standards and admitting hugely increased numbers. Did they employ a lot more academics to teach this influx of less-qualified students? Not so much.

It's likely many of these extra students will struggle to reach university standards – unless, of course, exams have been made easier to accommodate them.

Those who abandon their studies may find themselves lumbered with HECS-HELP debt without much to show for it. Many would have done better going to TAFE.

Meanwhile, TAFE was being hit by sharp cuts in federal funding (no doubt to help cover the extra money for unis) and subjected to the disastrous VET experiment.

The problem was that parts of the



Many of these extra students will struggle.

states' union-dominated TAFE systems had become outdated and inflexible, tending to teach what it suited the staff to teach rather than the newer skills employers required and students needed to be attractive to potential employers.

Rather than reform TAFE directly, however, someone who'd read no further than chapter one of an economics textbook got the bright idea of forcing TAFE to shape up by exposing it to cleansing competition from private providers of "vocational education and training".

To attract and accommodate the new, more entrepreneurial for-profit training providers, the feds extended to the VET sector a version of the uni system of deferred loans to cover tuition fees.

State governments happily played their part in this cost-saving magic answer to their TAFE problem.

The result was to attract a host of fly-by-night rip-off merchants, tricking naive youngsters into signing up for courses of dubious relevance or

even existence, so the supposed trainers could get paid *upfront* by a federal bureaucracy that took an age to realise it was being done over. Eventually, however, having finally woken up, the present government overreacted. Now it's much harder to get federal help with TAFE fees than uni fees.

Far too little is being done to get TAFE training properly back in business after most of the for-profit providers have faded into the night. The Turnbull government surely knows more must be done to ensure all those who should be training for technical careers are able to do so.

In last year's budget it established an (inadequate) Skilling Australians Fund, and more recently suspended the demand-driven uni funding system. It would be better if it joined Labor in supporting a thoroughgoing review of our malfunctioning post-school education arrangements.

Ross Gittins is the *Herald's* economics editor.