

Preface

The title ‘Bridging the Skills Divide’ encapsulates the main messages of this report. Employers, unions and educators agree that Australia is currently facing some serious skills shortfalls which are set to worsen over the next decade without appropriate action.

Cuts to public and private sector investment in skills formation, in pursuit of productivity and efficiency gains, have seriously eroded the skills base in many industries and occupations of strategic economic and social significance. Across a wide front, from manufacturing to areas of science and engineering and segments of the medical and education workforce, the corps of skilled people falls far short of that needed to replace age retirements over the next decade. In other areas, such as aged care, the challenge is to fund the training needed to meet growing demand and more rigorous regulatory standards. And the training needs of all areas of the workforce will intensify as the pace of technological and business process change accelerates.

At the same time, demographic developments mean that there will be far fewer younger people on which to build a new skills base.

Australia’s productivity gains over the past two decades, stimulated by economic and labour market restructuring, are well known. Less well recognised till now is the price that we have paid as a result of reduced funding of skills formation. The message to this inquiry was that the next wave of productivity gains will need to be founded on a new skills formation strategy. This will require increased public and private sector investment, targeting areas of highest economic and social priority, as well as policy settings and a training delivery framework that support new and more effective approaches to skills formation. In effect, Australia needs a new policy agenda for skills formation, supported by an improved information base.

The agenda will need to achieve a more balanced approach to skills formation to counteract the current trends towards polarisation into high skills, high reward and low skill, low reward occupations. This calls for stronger recognition of the role of intermediate skills, including the traditional trades and other skilled vocational careers, in founding a skills pool that is both wide and deep. A broader base of skills will not only provide industry with a more sustainable skills pool, it will also provide more satisfying and economically rewarding career opportunities, in line with the diverse talents and aspirations of our community. To achieve this we need, among other things, to restore a sense of pride in the valuable contribution of skilled vocational pathways such as the traditional trades. This is an important challenge for governments, industry and the community. This report suggests a number of measures to accelerate the process.

Senator George Campbell
Chair

