

# Report warns of skills shortage

Dan Harrison *The Sydney Morning Herald* May 4, 2011

THE federal government's skills advisory body has called for a shake-up of the vocational education and training system to meet looming skill shortages.

A report released yesterday by Skills Australia warned Australia risked squandering the economic opportunities of the resources boom unless it addressed unmet demand for skills. And it warned greater investment in skills was vital to address the "structural mismatch" between job growth and stubborn levels of unemployment and underemployment.

It is estimated the nation will need an additional 2.4 million skilled workers by 2015, and the number of extra workers needed will grow to 5.2 million by 2025.

The body says this will require funding for the sector to grow at 3 per cent a year, starting with \$310 million in extra funding in 2012-13, growing to \$12 billion in additional funding by 2020.

As universities prepare to move to student-centred funding arrangements from next year, Skills Australia advocates funding for vocational education and training be allocated to individual students and enterprises rather than educational institutions.

But it argues greater competition must be accompanied by rigorous regulation and quality assurance. It says state and territory governments should continue to provide core funding to TAFE colleges as they fulfilled a "public good" role not achievable through market forces.

The report argues Commonwealth funding for higher education places should be extended to training providers offering specialist degrees with a vocational emphasis.

To lift course completion rates, which range between 20 and 35 per cent, it argues for a funding model more focused on outcomes, and it calls for greater incentives to train disadvantaged students. It proposes rolling a number of programs into an "Enterprise Skills Investment Fund" which would support identified training priorities.

Launching the report, the Minister for Tertiary Education and Skills, Chris Evans, said vocational education was at the "front line" of the challenge of lifting workforce participation. He said the government would consider the report before negotiations with states and territories on a new skills funding agreement.

The chief executive of TAFE Directors Australia, Martin Riordan, said he supported the

recommendations that training providers be required to meet quality standards before being eligible for public funding and that special arrangements should apply to TAFE because of its higher costs.