

## Maintaining a commitment to skills funding & meeting Australia's skill shortages

### Objective:

- 1. Meeting the skill development needs of industry in critical industries**
- 2. Maximising opportunities for workforce development in regional Australia**

TAFE Directors Australia (TDA) argues that extensive Federal Budget cuts to employer incentives for the employment of apprentices and trainees have caused considerable concern about the future supply of core technical skills in Australia. Steep declines in apprenticeship commencements and completions indicate an approaching crisis without any clear commitment by the Commonwealth to long-term funding across major skill occupations.

The Australian Workforce and Productivity Agency (AWPA) has published detailed research demonstrating chronic skill shortages in community and allied health services, most notably the ageing and disability sectors, the information, communication and technologies (ICT) industries, and the traditional trades. These shortages will persist into the future.

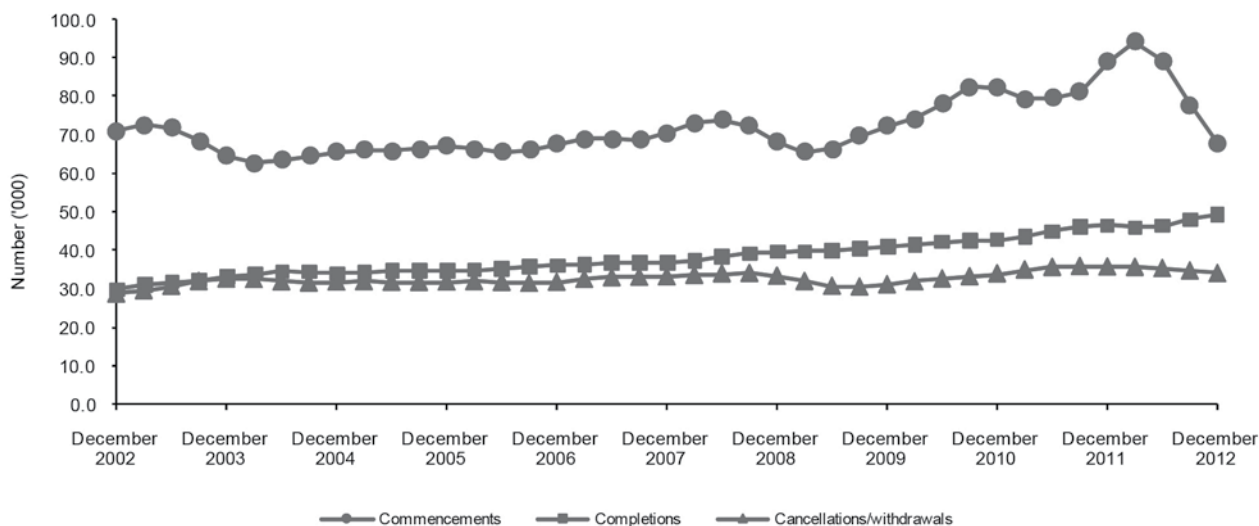
Regional Development Australia (RDA) and AWPA have separately identified substantial underinvestment in regional areas, particularly in technical and vocational education as a key resource for improving workforce participation. A related issue for regional areas is the ageing of communities which will require additional health and disability services into the future.

## Reduced financial support for employers hits apprentices and trainees numbers

Data released by the *National Centre for Vocational Education and Research (NCVER)* has confirmed a continuing decline in commencements and completions for apprentices and trainees. NCVER noted that this decline is aligned with

extensive Commonwealth budget cuts to employer skills incentive payments in 2012 and 2013 and is set to continue into 2014, as outlined in the Commonwealth Expenditure Statement (August 2013).

**Figure 1 Quarterly commencements, completions and cancellations/withdrawals, seasonally adjusted, 2002–12 ('000)**



Reference: NCVER (2012)

## Reduction in funding for skills development

The *Australian Workforce and Productivity Agency (AWPA)* recently published comparative data tracking Commonwealth, State and Territory recurrent expenditure on technical and vocational education from 1999 to 2011. The AWPA survey shows that the sector has been severely impacted with budget cuts almost every year since 2000, in contrast to funding increases for primary and secondary schools and universities.

**Figure 2 Commonwealth and state government recurrent expenditure, funding per full-time equivalent students (schools and higher education) an per annual hour (VET) indexed to 1999 (1999=100)**

Year	Primary government schools	Secondary government schools	Vocational education and training	Higher education
1999	100	100	100	100
2000	108	103	94	99
2001	113	105	89	92
2002	113	108	92	89
2003	117	113	94	89
2004	124	117	94	93
2005	124	118	91	101
2006	127	116	89	102
2007	128	116	86	102
2008	129	115	82	103
2009	128	115	80	99
2010	130	122	75	108
2011	131	120	75	103

Future Focus – 2013 National Workforce Development Strategy

In this table, indexed figures are based on schools, higher education and VET data which has been estimated using the ABS Chain Price Deflator for GDP at 2010–11 prices. More weight can be given to differences in the growth rates than to comparisons at a point in time.

## Balance in funding for tertiary education

Currently, most students studying higher education in TAFE are required to pay full fees. This contrasts with universities, where the Commonwealth Supported Place (CSP) funding scheme substantially subsidises students to study undergraduate qualifications. To counter funding inconsistencies, TDA seeks commitment by the Commonwealth government for a balance in tertiary funding

as recommended by **AWPA** in 2013 and the **Australian Industry Group (AiG)**. A funding balance was a further recommendation in the Review of Higher Education, led by Professor Denise Bradley AO (2008).

TDA calls for access for non-university providers including TAFE Institutes to Commonwealth Supported Places for students, with preference for areas of skills shortages.

## Critical industry investment – health, ageing, disability & ICT

*Skills Australia* (2011–12) joined with the *Community Services and Health Industry Skills Council* in nominating Australia's health services and ageing and disability care industries as major areas requiring investment to address skills shortages into the future.

TAFE is a dominant provider of training across these industry sectors delivering the bulk of ageing, disability and health care technical and vocational education qualifications. However, to date little additional funds have been advanced by the Commonwealth for these specialist areas of training. This is in contrast to additional funding allocated for training in the early childhood sector which alleviated looming skill shortages.

Australia's ICT sector is projected to grow by 33,200 workers, or 7.1%, between 2012 and 2017. A high proportion of current ICT professionals are between 25 and 44 years of age (67.8% compared with 45.5% of all occupations). AWPA commissioned research, undertaken by the consulting firm IDC, indicates investment in education by the Australian ICT industry lags behind the market average and falls well behind its spending on software. IDC forecasts that training expenditure will continue to decline to 2015 (*AWPA, ICT Workforce Needs 2013*). This predicted decline raises short and longer term concerns regarding the sector's capability to leverage Australia's investment in the National Broadband Network (NBN) and how well Australia will keep pace with international benchmarks in industry innovation and export capacity.

## Foundation Skills & linkages with Career Services

Both the *AIG (2012)* and *Skills Australia (2012)* have reported deepening concerns about literacy, numeracy and technology skills in the workforce – often referred to as 'foundation skills'.

Adequate funding for the development of foundation skills in the workforce is an important issue for Australia's future productivity and competitiveness. However, this issue was a missing link in the National Partnership Agreement on Skills and workforce development (Canberra, 2012) driving

'market reforms' and the phasing in of a National Entitlement to Training.

The role of Australia's public provider (TAFE) network is key to developing foundation skills in the workforce, particularly for learners from equity groups and those referred from Job Network training and other organisations.

TDA argues that a commitment to funding for foundation skills is an important reform which requires a new focus for a newly elected Commonwealth government.

## Regional Australia

TAFE delivers the majority of technical and further education programs across regional and remote areas of Australia. More than 50% of the 61 Australian TAFE Institutes are located in regional and rural locations and extend their reach and access for learners with outreach centres and mobile and e-learning facilities.

TAFE Institutes have nominated 8 Principles requiring reform, under Regional Australia initiatives. These are listed in our special publication, *TAFE's strategic leadership role in Regional Australia*. [www.tda.edu.au](http://www.tda.edu.au)

TDA maintains that governments need to ensure adequate and nationally consistent funding for TAFE to meet the costs of provision in remote and regional areas and ensure equality in access to vocational and tertiary education across Australia.

Providing infrastructure funding for TAFE under the Education Investment Fund (EIF) is a key element in ensuring equity and access and the continuation of high quality TAFE delivery in regional Australia.

## Our case

The major parties have nominated skills as a priority in the 2013 election. TDA maintains that funding for critical skills, from apprenticeships to higher qualifications, should be provided to meet the needs of students and employers. In particular, TDA calls for the maintenance of funding for employers to ensure growth in apprenticeships and traineeships into the future. TDA also calls for Commonwealth Supported Places funding to support higher education qualifications delivered by non-university providers.

Along with funding to allay future skills shortages in the health, ageing, disability and ICT industries, and in regional areas, these funding commitments remain critical to Australia's productivity.

## Recommendations

TDA recommends that, in the national interest, a Commonwealth government commits to:

- 1** Retaining incentives for employers of apprentices and trainees along with reward payments for completions;
- 2** Funding the development of critical skills in the health services, ageing, disability, ICT and related sectors;
- 3** Funding TAFE in regional Australia as a special area for support. This includes allocations for infrastructure under the Education Investment Fund (EIF);
- 4** Specific funding for the development of foundation skills in technical and further education. This is essential to support workforce participation, and increase equity and access in tertiary education; and
- 5** Making Commonwealth Supported Places available to students who wish to study higher education qualifications in non-university providers.