

It's time to take a big leap to boost skills training

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Skills and labour shortages are near the top of the political agenda right now for very good reason. They are acting as a major constraint on productivity and economic growth.

Without skilled people, the economic wheels cannot turn. Machines can only do so much.

Ai Group spoke to employers in a survey that covered businesses across the economy. Their responses paint an alarming picture of multiple and widespread skills challenges across the board.

The skills needs of Australian businesses are increasing and changing, driven by digitalisation, the transition to a clean economy and evolving global markets and supply chains. Job applicants lack basic digital skills and foundation skills such as literacy and numeracy, and employers are having trouble recruiting the skills they need just to keep the wheels turning and doors open.

Another key message we can't ignore: businesses are telling us there's a widespread and acute shortage of technicians and trades workers, the mainstays of many enterprises and a bedrock of our economy overall. Well over half the businesses report that their skills needs have increased in relation to technicians and trades workers in the past year, and 71 per cent reported difficulties meeting their needs when it came to these vital workers.

This finding alone should ring alarm bells. Technicians and trades workers construct and maintain our buildings, roads and infrastructure, build and run our essential services, telecommunications, transport and logistics networks, and manufacture our goods. They take years to train and, quite simply, we cannot function without them.

Another startling and consistent response from employers is the number of businesses reporting a lack of basic digital skills and describing improving basic digital skills as their No.1 priority.

When businesses were asked which workers would be the focus for digital training and upskilling, the answer again was technicians and trades workers.

This should be low-hanging fruit for policymakers. Focusing on improving basic digital skills across the workforce could drive significant productivity uplifts, as more of us learn to work with and harness available technologies more effectively.

Australian businesses are also feeling the effects of the transition to a clean economy, with about a quarter reporting either emerging or increased skill needs as a result.

And while some things change, some stay the same. Foundation skills – like literacy and

numeracy – remain a perennial issue for businesses. Three out of four employers said they were affected in some way by low levels of literacy and numeracy. Nearly one in five said they were highly affected.

What's more, the factors driving these skill challenges are likely here to stay.

When businesses were asked what they considered to be driving skill shortages, 68 per cent cited "growth in demand" and 35 per cent attributed it to supply chain challenges or disruptions.

Both factors speak of playing catch up or pivoting to deal with uncertain and dynamic markets.

As we all seem to be learning in 2022, this uncertainty is the new normal.

So, what are businesses planning to do? There was very strong support for training and development, with 82 per cent of businesses intending to either maintain or increase the amount they spend on staff training in the next 12 months. The proportion of businesses intending to employ skilled migrants also rose sharply, from 7 per cent in 2021 to 44 per cent in 2022, evidence of a widespread intention to make strong use of skilled migration channels as we emerge from Covid-19-induced restrictions.

Ai Group's survey reinforces what all the other economic indicators and analysts are telling us: we need to focus on skills like never before. Yes, skilled migration is an important part of the solution, but it's far from the whole story. We don't want to just plug the gaps. We should be aiming higher – to step up and create the workforce we need to confidently tackle new problems and new frontiers.

The recent Jobs and Skills Summit highlighted the scale and size of the challenge we're facing and created the shared goodwill and momentum to enable real change. The way we learn is changing rapidly, as are career paths, ways of working and organisational and management structures. There's a wind blowing through the boardrooms and offices of Australian businesses and the corridors in Canberra and our state capitals – a realisation that plodding along with more of the status quo isn't going to cut it.

The Snowy Mountains Scheme, floating the dollar and reducing barriers to trade – sometimes it's just time to take a big leap forward. That moment has come for education and training in Australia.

We need an education and training system that is itself flexible, agile and capable enough to deliver the workers Australia needs. Yes, it's hard, and complex, and messy, but the stakes are too high to aim low.

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