

No. 1 risk to economic growth: skills shortages

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A shortage of skilled workers could dampen Australia's renascent economic expansion, a new survey says.

The Australian Industry (Ai) Group/Deloitte survey of more than 400 chief executives found 34.7 per cent of businesses believed there was at least a high risk that a skills shortages would have an adverse effect on operations this year.

The level of concern rose to 47.5 per cent of all companies for 2015, according to the report, Skill Shortages: A high risk business, which was released today.

Ai Group chief executive, Heather Ridout, said the lack of skilled employees was set to increase, which would be the number one danger to Australia's economic growth.

"Of particular concern is that shortages are intensifying in occupations associated with manufacturing, construction and engineering, which are pivotal to the Australian economy," Mrs Ridout said. "These occupations are based on skills which have a long development lead time, are in high use across the economy and whose absence puts industry at high risk."

Deloitte Consulting Asia Pacific regional managing partner, Gerhard Vorster, said businesses could not remain idle despite the lack of skilled workers.

"CEOs committed to driving growth need to win the race for talent or risk being overtaken by the competition," Mr Vorster said.

Mr Vorster said Australia's education and training providers were collaborating with business to increase the number of skilled workers.

"While addressing the supply of talent, employers must also address their own demand," he said. "Those that fail to innovate around processes, systems and working practices are going to face a very bleak future."

The occupations employers have difficulty in filling were metal fitters and machinists (59.6 per cent unfilled vacancies), engineering professionals (51.7 per cent), metal casting, forging and finishing trades persons (36.7 per cent), structural steel and welding trades workers (32.9 per cent) and business administration managers (36.7 per cent).

Respondents said the government should have a large input in fixing the skills shortage, the report said. Reforms suggested include extra financial incentives for small business, tax breaks for training spending and supporting trades apprenticeships.

AAP