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**TITLE: For the love of profits: Australia's skills shortage**

**AUTHOR: Dr Richard Denniss**

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Wouldn't it be great if rising demand on the health system led to an automatic increase in the health budget? Wouldn't it be great if an increase in demand for peak-hour trains led directly to governments providing more of them? Wouldn't it be great if governments responded to citizens need for services in the same way they respond to employers demands for more immigration.

Australia has, we are told, a skills shortage. Presumably developing countries have much better education systems than ours as they, it seems, have a skills surplus. Does it seem a little bit weird that so many people from the rest of the world want to come to Australia for an education but, at the same time, so many Australian employers would prefer to employ people with skills obtained overseas?

Does it seem strange that developing countries are better able to train doctors than a country like Australia? This does not mean that doctors from other countries should not be free to come to Australia if they wish to, but the idea that we have a shortage of doctors and other countries have a surplus is just absurd. The reality is that Australian governments have decided it is cheaper to let other countries invest in training and for us to poach them.

There is another way to describe a skills shortage. It's a bit old fashioned but it is time someone dug up the old chestnut. A skills shortage can also be called a pay shortage. When demand for waterfront properties rises so too does the price. When demand for hotels increases during school holidays so too does the price. But when demand for skilled labour rises don't mention the price of that labour.

There are, of course, exceptions to this rule. High paid executives, for example, have had to suffer from quite a bit of wage inflation in recent years. Their talents are, we are told, in short supply. And who can forget the mining boom in which workers' pay has risen steadily - but you don't hear many people arguing that high wages have killed the mining boom. On the contrary, high wages are the main benefit Australians are said to have received from the boom.

Employers will no doubt be appalled at the suggestion that the response to the 'skills shortage' might be for them to pay higher wages or, god forbid, invest in some training of their own. "It will cause inflation," they will say, or "it will make us

uncompetitive". There is of course something they won't say: "it will reduce my profits".

Profits have been rising steadily in Australia for decades. Indeed, the share of GDP that goes to corporate profits has risen from 16 per cent to 24 per cent since the mid 1970s. At the same time, the share of national income going into the pockets of employees has fallen from 58 per cent to 48 per cent.

The incessant calls for an increase in skilled migration have drowned out genuine debate about the causes of any so-called 'skills shortages' and the range of policy options available to address them. Employers could do what they used to do and invest directly in the training of young apprentices. Governments could once again employ and train tens of thousands of apprentices themselves and then release them into the labour market. Or higher wages for skills that are in short supply could be used to encourage more young people to invest their own time and money in acquiring the skills that are paying a high return.

But rather than have a genuine debate about whether industry or government could be doing more to invest in the training of our young we are simply told there is no alternative but to import those skills from overseas. Rather than have a debate about whether the wages we pay for aged care workers and nurses is high enough we are simply told that it would be uncompetitive to pay them more.

Australia is a country of immigrants. We have always been, and should always be open to new citizens. We should be particularly welcoming of those who seek to enter our country because they have been forced to flee their own. But support for openness to immigration should not come at the price of having to remain silent about the size of our population.

Unlike the demands for more immigration from big business, Australian governments, state and federal, have found it easy to resist the demands for more hospitals, more nursing homes and more public transport.

Big business loves rapid population growth for the simple reason that they profit from having more potential customers. Governments seem to love rapid population growth because they benefit from having more taxpayers. But neither big business nor government wants to invest in the essential infrastructure that all those extra customers and taxpayers require. While the 'benefits' of a big population accrue in the form of profits and budget surpluses, the costs are borne by those stuck waiting in traffic, waiting for a hospital bed or waiting for a seat on the train.

The fans of rapid population growth are effectively saying that if lots of people come then we can build the infrastructure after they get here. I would take them more seriously if they said that they were so keen to have more people come that they were willing to build the infrastructure first.

**Dr Richard Denniss is executive director of the Australia Institute, a Canberra-based think tank. [www.tai.org.au](http://www.tai.org.au)**