



SKILLING AUSTRALIA FOR THE FUTURE

INTRODUCTION

The Australian Chamber of Commerce and Industry (ACCI) is pleased to provide a response to the questions raised in the paper, *Skilling Australia for the Future*.

ACCI presents a robust and independent voice in the national skills arena that stems from the depth and breadth of ACCI's membership base which covers all sectors of the Australian economy.

ACCI is Australia's largest and most representative employer organisation. It is a federated structure comprising 35 organisations that covers all State and Territory Chambers of Commerce and Industry/ equivalents and all major industry groups. It is the only employer organisation to have Australia wide coverage and to penetrate all industry sectors. Our network of organisations represents 350,000 employers who employ 4 million employees.

Business and industry in Australia need a skilled, flexible and motivated workforce that further contributes to productivity growth and drives further economic development. It is essential that Skills Australia and the Productivity Places Program work to ensure the effective transfer of skills to boost the skills base of the Australian population, increase workforce participation and satisfy the labour needs of Australian industry.

ACCI recognises the potential for Skills Australia and the Productivity Places Program might bring to growing the supply of skilled labour. Much will depend on the way in which these initiatives are implemented. ACCI welcomes the opportunity to provide the following responses.

How should Skills Australia interact with industry groups to ensure that it has access to the most appropriate and up to date data?

ACCI understands that Skills Australia will commission research and will draw on a range of advice in formulating its advice to the Minister. Currently there is no central coordination of various data sources including those from the Australian Bureau of Statistics, the Department of Education, Employment and Workplace Relations, Careers Advice Australia, the National Centre for Vocational Education Research, State and Territory agencies, Industry Skills Councils (ISCs), Business and Industry Groups and other institutions.

In formulating advice, it will be essential that the final data produced is value adding to the existing pool, that the process for determining the data sets is transparent, that there is broad coverage of small and medium firms as well as large firms and that it can be used at regional level and where appropriate, at a local level. To enable these needs of industry to be met it will be critical that Skills Australia does not "pick fruit from the lowest hanging tree". Engagement with business and industry groups will need to be integrated into the Skills Australia structure. Similarly, research commissioned by Skills Australia will require the same caveats.

ACCI recommends the establishment of an Industry Advisory Committee to work with Skills Australia to assist in the collation and cross validation of data, to disseminate data and information to industry stakeholders and to advise on skills needs across the breadth of Australian industry. The Industry Advisory Committee would need to have suitable and sufficient representation to ensure adequate representation of small and medium enterprises (SMEs) across a range of industry sectors as well as representation from relevant employee bodies.

While members of Skills Australia have been appointed as individuals, there is a need for engagement with representative bodies as well as individuals for the value add contribution to be made. Business and industry representative groups are able to ascertain the needs of firms collectively, to identify which needs are common to a group and not just an individual and forecast emerging issues and trends. Their collective intelligence adds to process of developing robust data and provides a vehicle for market testing and cross validation.

Data collected and utilised by Skills Australia will need to undergo a validation process to ensure that it is reflective of the needs of SMEs across the breadth of industry to ensure relevance, currency and accuracy.

Business and industry groups would be able to assist in validating data collected by industry ISCs, government agencies and other bodies to ensure that all data collected and presented to Skills Australia is reflective of the skills and labour needs of industry. In particular, better use of business group networks could assist ISCs in this process.

The Industry Advisory Committee would also serve to validate the Environmental Scans submitted by the ISCs to Skills Australia. ACCI firmly believes that greater engagement will ensure that the voice of Australian industry resonates throughout the ISCs Environmental Scans and Training Package products.

To this end, ACCI has held an initial meeting with ISC CEOs and plans to hold similar meetings on an ongoing basis to discuss high level issues which will enable better use of the ACCI network of organisations in this process around data collection, analysis and usage.

What sources of data on skills shortages should Skills Australia access?

ACCI believes that there should be no limitations on the data and research made available to or commissioned by Skills Australia. ACCI believes that the collection of data and the commissioning of research will need to follow open and transparent processes that provide full coverage to the breadth of Australian business and industry.

ACCI advises that in the initial phase of Skills Australia it would be necessary to conduct a desktop scan of the available sources of information and to make this scan available to stakeholders.

ACCI would suggest the need for an operational engagement between existing agencies and organisations that commission and collate data pertinent to the skills

formation and labour supply, to ensure the reduction of wastage and the prevention of duplication.

Existing industry networks, such as the Education and Training Advisers, Regional Industry Careers Advisers and the National Industry Careers Specialists are well poised to contribute accurate and current industry specific data to Skills Australia in addition to ISCs.

How will ISCs ensure that their environmental scans take full account of workforce issues in their areas of industry coverage?

Due to the constantly evolving nature of the Australian economy, rapid diagnosis of emerging skills shortages at a regional level will be needed to ensure that training and skilling solutions directly meet the needs of employers.

It is essential the ISCs establish and maintain a system whereby the gathering and presentation of industry intelligence ensures the currency and accuracy of the information and allows government and industry to respond quickly to identified areas of need. To this end, ISCs could conduct sector specific environmental scans on a twice a year basis to ensure the accuracy and currency of their intelligence.

Ideally, in the consultation processes the ISC in developing Environmental Scans and Training Package products would follow the following process:

- The ISC would notify the Industry Advisory Committee of the impending Environmental Scan or Training Package review;
- The Industry Advisory Committee would utilise their networks of relevant industry associations, peak bodies and employer and employee associations to identify suitable individuals to act as industry leaders in the work;
- The ISC would form a steering committee to oversee the work drawn from recommended industry contacts and other stakeholders;
- Industry contacts would chair the steering committee and provide direction to ISC personnel and other stakeholders such as RTO representatives in the work to be undertaken;
- Feedback on training implementation issues could be gleaned from RTOs and other interested bodies to be considered by the steering committee.

The Industry Advisory Committee would provide a coordinating mechanism to ensure industry engagement between Skills Australia and the ISCs. It would provide a quality assurance mechanism at an operational level.

In addition, ISCs, where appropriate, should provide environmental scans at a more detailed level for specific industry groups where natural synergies exist, such as for hospitality and tourism to provide meaningful contextual data for industry planning.

What is the best way to ensure that state based industry advisory bodies are engaged in the model without duplication of roles?

ACCI believes that there is considerable duplication of agencies, programs and resources between the Commonwealth and State / Territory jurisdictions. This duplication often leads to over bureaucratisation that acts as a barrier to effective engagement by employers with the national training system.

There is a strong need for a stocktake of existing agencies and programs to identify whether they:

- could be enhanced or better integrated to support the Skills Australia and the allocation of training places under the Productivity Places Program;
- already complement the allocation of training places and proposed target groups; and
- undermine or contradict the allocation of training places and Skills Australia's approach to workforce development.

A number of States / Territories have either ceased funding Industry Training Advisory Boards (ITABs) or reduced their operational capacity to a minimum. ITABs can play an effective role in the provision of industry training specific information to ISCs.

ACCI member organisations have identified that the quality of data from ITABs is not always consistent and sometimes contradictory to the data collected and collated by other agencies.

In some cases, the same businesses consulted by State ITABs and a national ISC will produce different skills intelligence. Frustration is felt equally by State ITABs and national ISCs, who believe the integrity of their data to be superior to that of the other.

Effective validation and marketing testing quality assurance processes with business and industry groups could help overcome this problem. This issue could be referred to the Industry Advisory Committee for advice and policy development.

How can ISCs encourage and highlight responsive Registered Training Organisations delivering high quality training for their industry?

ISCs would need to complete comprehensive research into the capacity of RTOs falling within their coverage areas to assess their capability to deliver quality outcomes in line with the direct needs of local employers. RTOs with a quality committed or excellence committed rating under the AQTF 2007 Excellence Criteria could be given preference. There is also some support for the transfer of ITSE Star Rating System to be maintained and transferred to ISCs.

RTOs evaluated under the existing Star Rating system have provided feedback that the process of satisfying the industry developed criteria has been challenging and rewarding and has helped improve the quality of their operations. While Skills Australia would not have a direct role in identifying highly responsive RTOs, a complementary role could be undertaken by ISCs or other industry arrangements. The RTO is free to use the branding and marketing associated with achieving excellence under both schemes and it would be up to the RTO to demonstrate their responsiveness through such achievements.

While the ITSE Star Rating System is currently used in trade areas, expansion of the system across a broader range of occupations could be established under a transition arrangement.

A direct relationship with industry groups should underpin any system for the recognition of responsiveness.

QUALIFICATION LEVELS FOR THE PRODUCTIVITY PLACEMENT PROGRAM

The allocation of training places by ISCs must follow transparent and accountable funding procedures that build quality relationships between government, ISCs, RTOs and enterprises that reflect the principle of achieving growth through efficiencies in the system.

ISCs need to establish cooperative relationships with Skills and Training Information Centres, Australian Apprenticeship Centres and Employment Service Providers to ensure quality applicants are sourced and they have the requisite employability and LLN skills to achieve a sustainable employment outcome.

While qualifications have intrinsic and extrinsic value, from an employer perspective, qualifications and skill sets can act as a signal of greater potential for further learning and skills acquisition, as a signal of immediate competence and to assist in recruitment decisions.

The idea of qualifications as a proxy for skills is acceptable in a broad context and as a generalisation in approaches to modelling. However, its use can use a supply side lense and not reflect what the true needs of all industries are.

Employers still regard the qualification necessary for basic entry into industry as a qualified tradesperson as Certificate III. In many cases a Certificate II qualification provides a valid entry point to specific industries and building blocks to further skills development. Diplomas and Advanced Diplomas are relevant to some industries such as building and construction and manufacturing where technician level work applies but are not seen as relevant in other industries such as those in some parts of the services sector.

Further, students who are encouraged to undertake a Diploma or Advanced Diploma may have unrealistic expectations of the level they should be employed at when entering the industry or have a conflated view about the level of their skills.

“Just in time” training responses and the enormous amount of non-formal training undertaken by employers is testament to the fact that employers will enter the training market that is specific to their individual business needs, not what will be of best benefit for the individual although these benefits could occur.

There is a risk of disengagement from the formal training system and a growing tendency to by-pass it to obtain increased skill levels for business needs. ACCI recommends that the qualifications obtained through productivity places reflect the needs of individual enterprises and be considered as “contributing towards a higher level qualification”. In this way the integrity of increasing productivity is maintained but there is a better match for some individuals and some industry sectors where the pathway to a higher level qualification is not always direct.

There is some evidence already that employers are not taking advantage of incentives for higher level qualifications and some RTOs are expressing surprise there is not a greater take-up. Making a full range of qualifications available under the productivity places program, suitable to the needs of employers and their industry could be of real benefit in raising the amount of formal training in the workplace.

As well, emerging evidence from fast track training approaches has identified that individuals are more likely to engage with training where the qualifications are “chunked” and where each qualification step is discrete. This boosts the individual’s self esteem and can reflect back to them their ability to be a successful learner. It also makes the achievement of higher level qualifications seem possible and less daunting if what can be achieved in shorter timeframes is successful.

The latter point is particularly important in mobilising the unemployed and other disadvantaged groups into training.

It is not sufficient to achieve an enrolment for an individual. This is not a success. It is highly desirable they complete a qualification and ultimately achieve an employment outcome. Although there are overall benefits to society from increasing any level of education and training, there is little point for the individual in completing a qualification without obtaining an employment outcome.

What can be done to ensure that the training outcomes for individuals and enterprises translate into appropriate employment outcomes?

The fundamental aims of the Productivity Placement Program must be to:

- equip those outside the workforce effectively for the world of work and to achieve employment outcomes;
- upskill existing workers in line with the skills requirements of their employers;
- enhance workforce mobility in the labour market;
- overcome the skill development and recognition problems for target groups outside the workforce;
- provide maximum value for public expenditure;
- increase industry engagement with the National Training System; and
- ensure that recognition of existing skills, training and assessment is driven by the identified needs of enterprises, industry and its workforce.

For individuals and enterprises to achieve employment outcomes, there must be a good match with the needs of industry.

For this to occur, individuals need the support of quality career information, advice, support and products. An integrated approach with career development is required.

As well, better matching with the individual traits and characteristics and industry type of work can limit the consequences of poor choices and should be encouraged. Some industry groups make tools available to potential students to assist them in this process, while others provide direct mentoring to develop this process.

Linkages need to be made to regional economic development plans so students have a realistic picture of which options will provide them with good employment prospects. Different entry points via a variety of vocational pathways should be encouraged and quality training available to them, funded by true User Choice options.

In supporting employers to engage in the Productivity Placement Program, ISCs and RTOs will need to ensure that all training provided has an appropriate level of flexible delivery options to not be overly burdensome on the employer in terms of productivity or time constraints.

ISCs and RTOs will need to ensure that all training provided has the appropriate level of flexibility and responsiveness to the needs of employers and employees / jobseekers.

The provision of appropriate levels of support to participants is also an essential component to ensuring the success of the initiative. Adequate access to childcare, subsidising the purchase of clothing and equipment for new employees and providing post placement support and pastoral care to those who have been away from the workplace for some time will be necessary to ensuring long term employment outcomes for participant trained under the program.

In many cases, those who have been outside the workforce for extended periods may need foundational training to ensure that they have the requisite skills base to allow them to participate effectively in further training. Upskilling in language, literacy and numeracy (LLN) will be needed for many participants returning to the workforce. Also, a concentration on the development of generic employability skills through pre-vocational training and general employment access courses will be needed to allow a smooth transition into the workforce for many participants.

ISCs, RTOs and Job Network Agencies will need to work closely with employer and industry associations to ensure a direct fit of individual jobseekers with employers. Pre-training assessment of employability skills and LLN ability along with attitudinal profiling may be necessary before individuals are recommended for further training and employment within specific industry sectors.

How can this program be managed to best meet the needs of employers?

The management of this program to best meet the needs of employers is twofold.

Firstly, the program will be most effective where employers, especially those in small and medium enterprises, are supported to identify a workforce development strategy and individual training plan. Employer groups can identify suitable businesses within their membership to ISCs.

For example, an employer will not necessarily have a place for an unemployed person who has achieved a productivity program qualification.

If, however, the employer is able to upskill an existing worker to meet the needs of his or her business, then a vacancy can be created. The existing worker would achieve a higher level qualification.

If the employer can identify which training the unemployed person is to undertake to meet their business needs and a qualification relevant to the needs of that entry level position, the employer is more likely to provide that person with employment rather than if they turn up with a qualification seeking employment.

This requires skills needs identification within the business and careful planning to make transitions to the new structures. Support for the employer to assist in this process may involve practical measures such as ensuring the previously unemployed person turns up to work at the appointed time for an initial time period, or that other life-skills are cultivated in the individual.

ACCI strongly believes that there needs to be established pathways to higher level skills training for employers. In a number of industry sectors, there is a need for pathways between VET and Higher Education to allow skilled and para-professional employees to move into higher skilled or management roles. The upward movement of employees through reskilling at higher levels will also serve to open up lower skilled and semi-skilled roles to new employees and jobseekers.

Secondly, an effective marketing and awareness of the Productivity Places Program and the benefits of increasing the skills base of a workforce must be undertaken to encourage the uptake of training positions for existing workers.

Business and industry groups, who have the confidence and trust of their members are ideally suited to undertake the marketing and can work with Industry Skills Information Centres to ensure a coordinated approach.

CONCLUSION

Business and industry in Australia need access to a strong pool of skilled labour to drive productivity growth and further economic development. Skills and labour shortages are having a significant effect on all sectors of the Australian economy and the supply of skilled labour has been identified as the greatest constraint to business growth in seven consecutive ACCI Surveys of Employer Confidence.

Australian industry needs to play a central role in identifying skills needs and working with government to effectively build the skills base of the labour pool and increase overall participation in the workforce to meet immediate and future labour demands of industry in Australia.