



Skills
Australia

Workforce Futures:

Towards an Australian Workforce Development Strategy

Skills Australia would like to hear your views on *Workforce Futures* and welcomes your written submission by **6 November 2009**.

To assist with the analysis of submissions received, we request that feedback is provided using this template. Your co-operation is appreciated.

Submissions received may be published by Skills Australia or quoted. Please indicate in the space provided below if you would like your submission to remain confidential.

Please email submissions to secretariat@skillsaustralia.gov.au

Submission information

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Workforce Futures:

Background Paper One

What does the future hold? Meeting Australia's skill needs

The *Workforce Futures Overview* paper raised a number of questions relating to Skills Australia's proposed approach to developing an Australian Workforce Development Strategy. In this section, we seek your feedback on questions relevant to meeting Australia's skill needs. *Background Paper One* at www.skillsaustralia.gov.au/Publications_and_Resources highlights a number of issues for discussion which are relevant to your response.

Please provide feedback to these questions in the boxes below. A space has been provided at the end of the section to provide feedback on other issues you wish to raise.

Future skill needs and projections

Q1. Are Skills Australia's interpretations of our future skill needs reasonable? Is there other evidence or analyses that should be considered?

The work that Skills Australia has pursued and interrogated on planning for a skilled and capable workforce as the future unfolds is a valuable contribution to moving the VET debate forward.

The 'big picture' national view is important and the value is then in the testing of it at an industry level. Our response is therefore in the context of analysing the broad intervention approaches to our industry.

As with all framework proposals, testing and understanding their consequences is important in providing advice.

In then applying this to the forest, wood, paper and timber products industry we are concerned by:

- Reliance on ABS data which do not apply to our industry (our industry is not alone in this)
- The unclear reference to or understanding of how the industry environmental scan's were utilised for this work
- At best we may form part of the primary (as with agriculture, fisheries and forests) and manufacturing industry commentary however still much of our industry is not covered by using that data cut. Traditional ABS groups do not capture our industry

and this has been a challenge for some time.

- Limited recognition in the future scenarios of a future in a carbon constrained economy which will have a huge impact on jobs, employment, training and the nature of the world and trading relationships (climate change being identified primarily in the environment factor in the models, perhaps the scenario models were a little out of date in the current carbon debate)
- Using qualification supply proxy for skill supply, when qualifications held and skills held are very different measures to the extent that supply of qualifications may represent less than 20% of skill needs in any one industry and is a poor indicator of the capacity to meet skill demands.

At the broadest level and as means by which to consider scenarios the outcomes seem to:

- provide a means by which to consider or investigate how well our current approach would do in any of these scenarios
- From this, the directions of a shared framework, a shift to a wider workforce development from skills and training; inclusive approaches and finally, a conversation on the role of government (primarily) are successfully raised
- Demonstrate that broad forecasting and modelling are fraught when applied to a sector or specific occupation
- Have a bias in their presentation - the three scenarios could be read as a free market /good view to a interventionist model/ 'bad' view rather than as equally valid or equally considered approaches
- Do not take into account the potential for massive change as society shifts to a carbon constrained economy.

Other evidence or analyses could perhaps include tax or Centrelink sources of information that is currently not publically available – for example the numbers of people made redundant and what occupations or industries were they made redundant from?

The ISCs also provide annual scans which do provide currency on industry trends at industry, sectoral and occupation level. The ISC's are in place to be responsive to occupational skill standards as they arise. These scans should be used as source documents but do not appear to be relied upon to any significant degree within the papers developed.

One example of applying or reviewing the trends to a sector include, for instance in the overview paper, page 6 that 'almost half the workforce changes not only their employer but also their industry every three years'...is not reflective of a large proportion of people employed in the Forest, Wood, Paper and Timber Products Industry.

The majority of people are long term employees not only with a company but also the industry, so to a large degree this stability brings with it an analysis of workforce development different from the average. This information is available in our E Scan and

should be used.

This industry has considered using wood flow modelling as a means of determining likely future investments in new operations and identifying and planning for their employment and skill demands. This is currently being considered in a data project managed by DAFF. There are most probably similar analyses occurring across many other sectors.

A claim is made in the paper of local and regional training institutions having good data – whilst this may be the case it is often data restricted to their students and their training and will most likely not contain information about training efforts not under their direct control. This limited information often resides in an organisation and is not widely available (client confidentiality) or it may not be available for analysis or interrogated in a wider manner.

A risk-based approach

Q2. What is your response to our proposal that governments should adopt a risk-based approach to skills planning? What do you see as the respective roles of industry, governments, education and training organisations and individuals in planning?

The proposal of a risk based approach to skills planning in principle appears to allow for responsiveness to emerging or unpredicted demands. What is not clearly explored are other approaches and why they have been rejected over the risk based approach.

The elements of risk for this industry is that investment in skill development requires a model that supports critical skill shortages in low numbers and in thin markets at any point of the qualification pathway.

These emerging demands often occur when investment is attracted to the industry, such as the new pulp mill proposed in Tasmania but do not have a history of claiming training demand from the training sector so are often not responded to. This is likely to occur in the emerging but small bioenergy and bio waste developments.

The approach favoured requires us to have a flexible but not free market approach to be able to respond to significant shifts for skill demands even when shifts relate to low volume skills. The current shift from a skills shortage to a labour oversupply is one example of a huge shift in skill needs. Even in these large shifts of workforce development pressures, there is a danger that skill demands not 'under stress' lose the resources required to retain the expertise and infrastructure required for them.

The ISC role, should be retained and valued for its unique methodology to engage with industry and bring to discussions timely, knowledgeable, nuanced and detailed information at sector and occupation level. This paper does not attempt to do that or to

recommend that future approaches use this unique methodology and the information gained by it.

Investment to support workforce demands

Q3. How can we best use current investments to support our emerging workforce demands? What types of interventions may this require from governments, education and training organisations, industry and others?

Properly conducted workforce development needs a huge number of resources, most of which are supplied by an enterprise and very difficult to measure the cost and extent of the resources. The current system only measures funds applied by government via RTOs, in the main, TAFEs and has little capacity to recognise the efforts by enterprises and the employees themselves to develop the workforce. The current system resembles a group of people trying to steer an iceberg by tapping at the part exposed, while largely ignoring the vast bulk of the burg that lies beneath the surface or in this case within the enterprise.

A gap here needs to be filled between workforce development and individuals in the workplace is described below.

In a research project undertaken by ForestWorks with some 145 women in the industry identifying the current barriers to women's participation in the industry, a strong message was the promotion and access to training had to be ongoing – where the women did participate in training there was some 92% completion rate – an excellent return on investment. The investment interventions have to be practical and as close as possible between the learner and the learning environment.

Engagement with participants is critical and should not only be structured from a government perspective, so considering the role of employee/learner representatives is therefore critical.

It is of concern in the document that the qualification shortages described assume that a qualification is equal to a skilled and employed person – often this is not the case as we know a qualification is but one part of a what it takes to have a skilled employee and to meet the demand for skilled work.

Gauging demand by qualification repeats the iceberg analysis, the qualification is the tip, but below the waterline exists all the skills developed in workplaces and never measured or managed by the system as a whole. Critically these unmeasured skills are the actual skills that perform the productive tasks required and which will not show up in any

qualification review.

Investment must also reflect that delivery costs vary across the type of skill and qualifications— regional issues, cost of equipment, cost of consumables. It is quite unsophisticated that the system still has little scope to recognise, let alone measure the different costs in delivery different types of skills and to fund this development appropriately with consideration of the actual costs. This then leads to funds flowing towards the most cost effective skills to develop, which may not be the most needed skills in society or business. It appears as though the processes outlined in this new approach may be heading towards addressing this issue. If so this will represent a giant step forward in our skills system.

From our experience, investment must be able to respond more broadly than the training delivery or training place, to respond to workforce development demands.

Proposed actions

Q4. Do you have any comments about any of the specific actions suggested in Section 4.3 of Background Paper One?

No additional comment

Impact and ways to improve Skills Australia's proposed approach

Q5. How might our suggestions impact on your organisation/industry? Can you see advantages or disadvantages to our proposals? What could we do about it? What else should we be considering to make our future planning even better?

An understanding of the difference proposed between current activity and these proposals could be mapped to get a better understanding of the shift or changes – where these are to happen, especially in regard to funding. For this industry, already having to compete to get access to government resources with thin markets and costly delivery it is vital to understand the consequences of the shifts proposed.

ForestWorks recommends that impacts to the current system of what is being proposed are unidentified in the paper and should be considered for development.

Other comments

Q6. Do you have any other comments in relation to meeting Australia's skill needs or issues raised in *Background Paper One*?

In summary – the use of ABS as a singular data source is highly problematic for this industry and can be a distraction to the overall discussion as we try and apply the findings to a practical scenario.

Whilst we support intervention, this issue has to be considered and the criteria for directing government funding and support is valuable, the modelling needs time to be tested by many of the user groups and participants as we expand skills and training to consider more widely the workforce development issues.

Therefore we would support an incremental implementation across specific sectors in a number of industries.

We strongly support the widening up of the agenda and discussion from skills and training to workforce development.

The statement on page 18 that the modelling found relatively weak demand for Cert III and IV qualifications is not reflective in this industry.

Page 24 identified agriculture, forestry and fisheries as industries that showed weak recent growth – this may appear in the modelling on past ABS data but does not factor in future growth of these industries as they respond to and meet the climate change demands of local carbon footprints; food shortages, carbon capture and so on.



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Workforce Futures:

Background Paper Two

Powering the workplace Realising Australia's skill potential

The *Workforce Futures Overview* paper raised a number of questions relating to Skills Australia's proposed approach to developing an Australian Workforce Development Strategy. In this section, we seek your feedback on questions relevant to realising Australia's skill potential by powering the workplace. *Background Paper Two* at www.skillsaustralia.gov.au/Publications_and_Resources highlights a number of issues for discussion which are relevant to your response.

Please provide feedback to these questions in the boxes below. A space has been provided at the end of the section to provide feedback on other issues you wish to raise.

Time for the next step in progressing Australian workforce development?

Q7. Is it timely to adopt an innovative approach to skills that includes a focus on how skills are used and is linked to the way work is organised? How relevant do you find the definition of workforce development offered by Skills Australia (see Paper Two, Section 1.1)? How could it be improved?

The definition of workforce development is inclusive (point 1); supports gaining and applying skills (point 2) and that skills are linked to wider social demands of an individual and organisation (point 3).

If this encompasses understanding recruitment; reasons for exiting a job or workplace as well as retraining and upskilling opportunities then we have captured much of the influencing aspects as to what a person needs to get work and stay working.

Encouraging workforce participation and improving productivity

Q8. How can we link education and community-based strategies to build the level of workforce participation in Australia? How can we ensure our workplaces make effective use of people's skills and knowledge? What do you think are the pluses and minuses of localised, regional or industry-based approaches?

ForestWorks Skills and Employment Council has an Industry Skills Plan.

This plan recommends that all people recruited have a training plan. Whilst this may be aspirational, it is agreed to by enterprise and industry stakeholders –and ends up being a major part of the skills development officers role that we have in ForestWorks. The community, through the national organisation Timber Communities Australia provides input to this plan and is an ongoing contributor to our projects.

Understanding that recruitment is also often local and from regional areas influences the role of qualifications – again, in this industry, qualifications, or at least units of competency are both offered and gained in the workplace after recruitment. The pathway to the industry via institution based learning is for a very small number of occupations.

The importance to this industry of localised, regional or industry-based approaches is high – this strategy can meet resource and investment requirements and supports responsiveness where it is required. The relationship between industry understanding its role in providing a critical mass to RTOs is an ongoing issue in maintaining investment in resources in local areas. This has been extensively explored using auspicing and workplace based staff but continues to have its own cost structures and pressures.

A national approach

Q9. Do we need a shared national workforce development framework to link and coordinate the range of activities being undertaken across Australia? What elements should it contain? What might be a good outcome from having a shared framework?

A shared framework is supported in regard to planning, exchanging and building on good practice. Whether this framework requires an infrastructure to coordinate activities would be questioned as it may end up being an additional layer rather than a contributor to building capacity in skills. Any proposed framework would need to provide flexibility for the wide range of implementation in various industry sectors.

A good outcome of a shared framework would be:

- a mapped understanding of the respective roles
- the breadth of policy debate and implementation across workforce development

(currently not in play as economic development and innovation is often segregated from employment and education planning)

- and finally a wider relationship in identifying workforce development imperatives and appropriate and selected responses to these. That is – responses that are based on knowledge of the industry at sector, regional and enterprise levels to ensure critical skills are met and not lost to broad brush cross industry trends.

Impact of workforce development

Q10. What impact would a workforce development approach have for your organisation and/or industry? How might government support or facilitate change, thinking about both the productivity and the workforce participation aspects?

The impact of a workforce development approach would be welcomed as it would link and be part of economic development decisions – that skill development doesn't sit so far away from enterprise decision makers.

The approach could also bring to bear the recognition of non government funded industry effort in maintaining and retraining competent staff without adding a burden on industry to report beyond current practices.

Understanding the workforce development requirements of trainers and assessors becomes part of this discussion.

In responding to structural adjustment, this industry has developed a successful intervention model of providing assistance to workers being made redundant. This strategy keeps people 'at work' and engaged in seeking work or retraining with their co-workers – and the success has been in their short periods of job seeking.

It is this flexibility in response that is also required in investment – from industry and government.

Strategic priorities and leadership

Q11. What is your response to our proposed strategic priorities? What are the implications for your organisation/industry? Who might take leadership responsibility for these different elements?

The four strategic priorities are in essence supported – but their basis must be applied to:

- a carbon changed environment
- a different causal relationship from a skilled position equalling a qualification

- that ABS data does not capture sectors and occupations adequately in all sectors
- promoting higher skills (as per the government targets) must be able to move to promoting critical skills so that the skills delivered are the required by industry, not to fit a government view about what skills are required.

Whilst we support the development of higher skills, our economy needs skills to meet the tasks required of business today and over the next few months. If these skills are not delivered there will not be a future base on any level of skills.

Development must be progressive and incremental and drive productivity and innovation. Risk identification can be a means by which to intervene or critically analyse government, industry and community need to respond to emerging demands but diminishes value when it loses the ability to meet the diversity of skill and industry in this country.

Linking framework and funding

Q12. How can we strengthen the linkages between government agencies and organisations responsible for education and skills on the one hand, and business development and innovation on the other? Can you envisage different program arrangements or funding flows?

In June 2009 forest, wood, paper and timber products industry representatives met with three government departments –DEEWR, DAFF and DCC to discuss how industry could work with government as a climate change, carbon capturing industry with jobs and employment opportunities.

ForestWorks supports the work to consider whole of government or cross government responses. This is one of the challenges identified in the discussion documents.

Other comments

Q13. Do you have any other comments in relation to realising Australia's skill potential or issues raised in *Background Paper Two*?

The paper has provided a single location for a discussion about many national trends and directions. This information can be tested, validated, discussed with this industry via ForestWorks as a means to review the trends for participation, investment, modelling and so on. This represents a useful approach that is supported by our industry

What advice is taken from these papers and the national consultations and conveyed to COAG is unclear at this stage and we look forward to the ISC involvement in this ongoing process.

