

**Senate Economics Legislation Committee**  
ANSWERS TO QUESTIONS ON NOTICE  
Industry, Tourism and Resources Portfolio  
Additional Estimates 2005-2006, 16 February 2006

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**AGENCY/DEPARTMENT:** DEPARTMENT OF INDUSTRY, TOURISM AND RESOURCES  
**TOPIC:** SKILLS DEVELOPMENT  
**REFERENCE:** WRITTEN QUESTIONS

**QUESTION No.AI-25**

**Senator Campbell** asked:

Can the Department please describe exactly what the phrase "increase industry influence over the skills formation process" (as stated as one of the strategic priorities in the strategic review) is intended to mean?

**ANSWER**

The skills formation process is a function of both the supply and the demand for skills. The phrase 'increase industry influence' simply refers to the fact that the Department is focused on ensuring that the demand side has adequate voice in the process.

**QUESTION No.AI-26**

**Senator Campbell** asked:

What is the Department's current understanding of the skills issues that face business?

**ANSWER**

Australia is experiencing ongoing changes in its required skill mix due to the economic and social impact of developments in the economy and the way work is organised in firms. The demand for skills has been influenced by changes in the labour market due to globalisation, technological developments, demographic changes and changes in the nature of work, including growth in part time and casual employment. These changes have resulted in an increase in demand for higher level, more specialised and more service-oriented skills.

Strong growth in the economy generally has also recently given rise to high vacancy rates. However, recent data indicate that, overall, the skilled vacancy situation may be easing. The DEWR Skilled Vacancies Index (released 22 March 2006) is 7.2 per cent lower than in March 2005. At a disaggregated level over the same period, several areas have experienced sharp falls. For example vacancy indexes for automotive occupations have fallen by 18 per cent, metal trades by 26 per cent and printing by 35 per cent. Nevertheless, there is some evidence of skill shortages in certain areas.

**QUESTION No.AI-27**

**Senator Campbell** asked:

What work will the Department actually be engaging in with the Department of Education, Science and Training (DEST) and the Department of Employment and Workplace Relations (DEWR)?

**ANSWER**

The Department's work engages directly with DEST and DEWR through participation on a range of committees and related decision-making bodies associated with strategic initiatives.

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National Skills Shortage Strategy (NSSS)

The mining industry sub-group of the NSSS is a joint project between DEST and the Australian minerals industry represented by the Minerals Council of Australia and the Chamber of Minerals and Energy of Western Australia. DITR participates in this group.

The group commissioned a study, *Prospecting for Skills: Current and Future Skill Needs for the Minerals Sector*. The report was completed in May 2005 and the mining industry sub-group is using the information in carrying out additional research. In particular, three research projects are being conducted as part of the NSSS. These projects are Barriers to Apprenticeships, Labour Force Forecasts 2015 and Skilled Migration Looking Forward to 2015.

Action Agendas

Action Agendas are a central element of the Government's industry strategy. Their primary purpose is to foster industry leadership and they have succeeded in helping industries develop strategies for growth, agree on priorities and make commitments to change. The focus of Action Agendas is on the actions industry itself can take to achieve its objectives, including initiatives to address skills issues and challenges.

The Department has responsibility for coordinating the whole of government Action Agenda process. Action Agendas are championed by a Minister or Parliamentary Secretary. Ministers from a number of portfolios including DEST and DEWR are engaged in developing Action Agendas.

Almost all Action Agendas place a strong emphasis on improving workforce skills. Officers from DEST and the Industry Skills Council typically attend Action Agenda working group meetings on skills and directly provide input to industry on ways these issues can be resolved.

An example of interaction between DITR and DEST was a meeting held last year to discuss vocational education and training, higher education, innovation and science issues raised by Action Agendas and to see how the two agencies could work together to share relevant information on these issues.

The Department also convened a workshop on 31 January 2006 between representatives of the tourism and hospitality sectors and Government, to discuss initiatives from the various portfolios in relation to labour force issues. Officials from DEWR and DEST took part in this workshop.

Skills Outlook Working Group

DEWR is the contact agency for this working group, which informs Ministers in respect of skills shortage issues and strategies. The group also focuses on guiding the development of an Australian skills website (Skills Australia).

The Department provides input on relevant industry issues.

Inter-Departmental Committee (IDC) on Annual Migration and Humanitarian Programs

The Department, DEWR and DEST are involved with this IDC, which provides feedback to the Department of Immigration and Multicultural Affairs on various immigration programs in relation to existing skills shortages in various industries.

The Department also undertakes research on issues related to demographics, ageing and labour supply that directly and indirectly relate to skills issues. For example, a submission was made in 2004 to the Productivity Commission for their commissioned study, 'Economic Implications of an Ageing Australia' that explored some labour market challenges facing Australian industries as a result of demographic trends and the capacity of Australian industry to meet these challenges.

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**QUESTION No.AI-28**

**Senator Campbell** asked:

Has a work plan been agreed? What are its timelines?

**ANSWER**

Work across the various committees is ongoing with no specific timelines.

**QUESTION No.AI-29**

**Senator Campbell** asked:

What outcomes are expected?

**ANSWER**

The Department expects that its close interaction with DEST and DEWR and directly with industry will help ensure that industry's needs and obligations in relation to dealing with skills are properly and broadly articulated. This will enhance the likelihood of more efficient outcomes as skills issues are progressed.