

■ ■ National Industry Skills Forum

Melbourne
30 September 2003

report

an ANTA Board initiative





Action Points

- **Co-ordinated planning:** Input is required from industry and government leaders with an understanding of the forces at work in the economy.
- **Improved skills forecasting:** Future needs must be anticipated so that training can be targeted at emerging needs.
- **Shared technology:** Increased collaboration is required to assure all sectors access to skills that may reside in other industries.
- **Individual needs:** While training must meet industry requirements, it needs to take account of the interests of individual employees.
- **Reduced bureaucracy:** The approval process for new qualifications needs to be streamlined.
- **Incentives:** Focused training incentives tied to labour market forecasting should be introduced to encourage increased private sector spending.
- **Generic skills:** A more balanced training approach would encourage the development of cognitive skills alongside technical skills.
- **National qualifications:** State-based qualifications are incongruous with Australia's stated aspirations of global competitiveness.
- **Prior training:** Prior experience and existing skills should be more widely recognised so that they can be augmented in any new training.

The National Industry Skills Forum is an initiative of the Australian National Training Authority. The twice-yearly gatherings were launched by the ANTA Board as part of an ongoing process of engaging the business community to develop and improve high-quality, industry-relevant, nationally recognised training products and services.

The National Industry Skills Forums form part of a renewed ANTA effort to strengthen links with industry in order to raise awareness of industry trends and ensure that appropriate skills are developed to meet those needs.

The inaugural National Industry Skills Forum was held in Melbourne on 30 September 2003, attended by nearly 60 industry leaders – including members of the ANTA Board, chairs of the national Industry Training Advisory Bodies (ITABs), chairs of the State Training Boards, senior representatives of peak industry bodies and senior Commonwealth government department officials.

The Melbourne gathering set the scene for future meetings, identifying some of the issues, developments and challenges for vocational education and training (VET) and provided a broad framework for the deliberations of the 10 new Industry Skills Councils which are in the process of being formed as part of the same ANTA thrust.

We need advice from industry and government leaders who have a keen understanding of the forces at work in the economy.

In his opening comments, ANTA Chairman **Stuart Hornery** put training into perspective, saying Commonwealth, State and Territory Governments spend around \$4 billion a year on vocational education and training, industry spends a similar amount on nationally recognised training and many individuals also contribute financially to their own learning.

“With this level of commitment and expenditure, we need co-ordinated planning,” he said. “We need advice from industry and government leaders who have a keen understanding of the forces at work in the economy, now and into the future.”

Hornery explained that ANTA had chosen the theme of the first Skills Forum, ‘Beyond Industry Borders’, to reflect the blurring of industry boundaries. “Market conditions are requiring enterprises to operate at all stages of the value chain,” he explained, citing manufacturing enterprises which are becoming more involved in retail, global sourcing and adapting to consumer preferences.

The Forum title also reflected ANTA’s aim of capturing information and advice that transcends industry borders, according to the chairman.

Hornery reinforced the importance of the National Skills Report which, he said, will be combined with industry sector data to form an essential part of all future forums.

The comprehensive report, released in September 2003, probed Australia’s future employment landscape, identifying the drivers of changing skills needs. A full understanding of industry’s changing skills requirements can enable training authorities and providers to anticipate trends, change policy, or intervene ahead of time so as to minimise skill shortages in the future, according to the report.

The report charts Australia’s demographic changes as well as the factors impacting on the skill requirements of various economic sectors. It also recognises broader socio-economic, cultural and geo-political factors that affect labour needs in a range of industries – and therefore influence Australia’s training requirements.

The National Skills Report recognises the dynamic nature of industry and articulates the need for ongoing dialogue between industry, authorities and training providers to ensure that Australia is able to meet not only its present skills needs, but also its future requirements.

Angus M Robinson, Chief Executive of the Australian Electrical and Electronics Manufacturers’ Association (AEEMA), referred to the ANTA-sponsored “Shared Technology” report in his keynote address. The Shared Technology report reflects work in Robinson’s own industry sector which is increasingly examining the proliferation of information technology into other industries.

Robinson explained the new thinking which sees vertical industries like automotive, building and construction, process engineering and electrical generation influenced by horizontal technologies such as ICT (information and communication technology) and electronics. “These technologies are ubiquitous, pervasive, enabling, and transforming,” he said.

As technology impacts on the various “vertical” industry sectors, it places fresh challenges on workers, said Robinson. The process required new skills, which in turn, places new training needs on employers.

“Training is available, but it may reside outside the organisation in which these workers exist,” he said. “There is a new thinking required. Organisations will have to re-examine the way that they interact with other organisations. Managers will need to look at new systems, new strategies, processes and develop a new culture in this environment. And workers will require ‘different’ skills, rather than perhaps necessarily new skills.”

The AEEMA chief executive repeated one of the central themes of the report – the need to anticipate what lies ahead. He called for the use of the electronics industry action agenda and the ‘Enabling Our Future ICT’ policy framework as well as increased collaboration amongst industry groups such as through the National ICT Industry Alliance.

“We need to have this supported by a whole-of-government approach, both at national and at state level. And we need to be flexible, responsive to the individual industry needs and we need to take account of the interests of our individual employees,” he said.

Australian Industry Group Chief Executive Officer **Bob Herbert**, in an address which placed Australia in a global business context, noted that while manufacturing accounted for a quarter of the GDP in the 1960s, today – as a result of globalisation – it accounts for \$1 in \$8. However, in the manufacturing sector the period had also been marked by strong labour productivity gains and a shrinking work force. Importantly, he said, the nature of Australia’s exports has changed significantly, with exports of manufactured items outstripping primary production.

Herbert shared the results of an AIG study into Australian competitiveness which found that the country ranked second to the US. “We do not rank well in terms of R&D, although, I’m pleased to say, more recently some improvement is occurring,” he said.

For education and training, Australia got a mixed report card.

Herbert shared his members’ concerns about training and growing support for true competency-based qualifications – “technology cadetships”.

This approach, he said, would open up a variety of pathways “from school to diploma level with articulation possibilities to professional qualifications”.

However, Herbert lamented the cumbersome approval process needed to introduce any new qualification system. The process could take six months, he said, prompting the question: “Is this an acceptable timeframe for response?”

The role of the states was also challenged with a suggestion about regional specialisation.

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For education and training, Australia got a mixed report card.

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Rather than having each state and territory running separate VET systems, Herbert observed that it would be more beneficial if the states and territories focussed on specific industries or sectors which are most important to that particular state. For example, Western Australia could focus on extractive skills while Victoria concentrated on manufacturing skills.

Turning to the contentious issue of training incentives, Herbert called for "sharp and focussed (measures) directed towards the strategic goal of a highly skilled, highly performing Australia".

Rejecting approaches which "drive the numbers game or line undeserving pockets", Herbert called for support for training initiatives to encourage committed companies to lift their average training spend to "at least two percent of payroll". He also called for training incentives to be tied to labour market forecasting, with companies required to give advance notice of their training intentions to qualify for incentives.

Skill shortages reflect the dynamic, changing economy, he concluded. "I don't believe that we should bemoan skill shortages, what we should bemoan is if our system is not nimble enough to respond."

Sharan Burrow, President of the Australia Council of Trade Unions, echoed the concerns about "woeful" skills planning. "When we have had a decade in some cases of projected indicators and we still haven't managed to make the shifts in training to make sure that we don't at least face those skill shortages, then something is wrong," said Burrow.

She stressed the importance of addressing not only the needs of entry-level training, but also the "development of existing workers so that we can actually focus on both those areas of demand".

"If we don't do something about not just the current work force, but indeed the work force we're about to lose in terms of ageing workers, then we won't have the skills nor the participation numbers to maintain the high-skilled, high-wage economy that we see," she said, calling for a change in the way incentives are used.

While other speakers focussed on changing skill requirements, Burrow made a strong case for the encouragement of "generic skills". "Fifteen years on, we are still arguing about key competencies and generic or employability skills as they're now called," she said.

For Burrow, a more balanced approach would encourage the development of cognitive skills alongside technical skills and competence.

In the face of growing global competition, Burrow stressed that "our economic capacity must be founded on our capacity and investment in training and education, research and development, innovation in terms of products and access to new markets, and in the new information and communication technologies".

Burrow ended her address with a call for 'cross-border standards'. "There is no doubt that we have to deal with the question of mobility of people and that means mobility of standards," she said. "You can't have global trade, a global trading environment of investment, products and services, and not actually have a capacity to deal with the moving of people."

SKILLS FORECASTING:

Bob Herbert's call for nimble and responsive training solutions struck a chord with delegates, many of whom identified the need for more accurate and detailed labour market forecasting. "We don't think enough about the future, and our future needs," said one delegate. "Fundamental to getting it right is understanding what our future needs are, rather than only focussing on what we need at the moment." "We then need to align this skills forecasting to incentives and planning," said another (see *Incentives*, below).

Other delegates stressed that this forecasting needs to be pragmatic, taking into account the skills profiles of specific industries as well as global benchmarks.

While much of the discussion centred on organisational needs, there was recognition of the need to link employee aspirations with industry needs. "Employees are interested in gaining qualifications that have currency, that enable them to move if they need to and certainly that enable them to enhance their career opportunities," a delegate commented. He added that individual trainee needs must align with industry needs and the organisation's business needs.

For training providers, these demands equate to a necessity to keep pace with industry needs and continually update their technology and delivery methods. State Training Authorities need to streamline the pace of introduction of courses. They also need to demonstrate more flexibility and understanding of industry needs. It was also suggested that training providers should get involved earlier with the developers of new technology to ensure that skills remain current.

NATIONALLY RECOGNISED QUALIFICATIONS:

Forum attendees stressed the importance of national qualifications. As one participant put it, "industry hasn't recognised state borders". As business looks beyond state boundaries, it is becoming increasingly important that qualifications are widely recognised. The need for nationally recognised training becomes even more pronounced as businesses contemplate global competitiveness.

"I think we're at a bit of a cross-roads between the states and the national system," said another observer, adding that industry is often stuck between national and state authorities. The solution, he said, is to focus on "the primary relationship" – between employers, employees and registered training organisations. Taking this argument even further, one attendee stressed that industry needs to lead the training agenda and State governments should "get out of the bloody way". Bob Herbert's suggestion of State specialisation in the training arena was supported by many of the Forum's participants.

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New “shared technology” thrust requires significant shifts in organisational culture.

SHARED TECHNOLOGY:

There was support for the ANTA Shared Technology report and Angus M Robinson’s suggestions of technology sharing, although many participants expressed concerns about the cost of technology and broader resource shortages within organisations. As one representative put it, most organisations lack the capacity to deal with the systemic changes required to move to Robinson’s suggested high-tech, open structures.

There was some recognition that the new “shared technology” thrust requires significant shifts in organisational culture and that many organisations will require assistance with the change management challenges.

Specific challenges include a lack of understanding of common issues between industries, proprietorship and intellectual property issues and differing infrastructure capabilities.

Small business, which often lacks the resources both to identify future technology needs and to access the technology, was seen as particularly disadvantaged in the drive towards technology sharing. The isolation of small business was seen as a further impediment to the kind of skill sharing required in the new environment. Furthermore, there were fears that the ICT industry does not know how to interact with small business.

Implications for the training sector include the need to move from a work-based to a skill-based model as well as a shift of focus from vertical qualifications to horizontal skills.

Training Packages need to engage with new technology and reflect technological developments.

Delegates suggested that they need leading-edge training, focussed sharply on the needs of clients and developed collaboratively, not only with individual employers, but taking into account broader industry needs.

Training solutions must meet the needs of both the organisation and the individual.

COLLABORATION:

Industry-relevant Training Packages were seen as a means of sharing ideas to create collaboration. To achieve this, more industry input is required in determining the content of the packages. Delegates also stressed that these training solutions must be more timely and responsive, while meeting the needs of both the organisation and the individual.

Recommendations included collaborative training arrangements between individual business units, the creation of more formal partnerships between industry and training organisations and the creation of centres of excellence.

In particular, there were calls for the VET sector to more actively “engage industry leaders”. “VET needs to see how to combine skill needs across various packages,” according to one participant.

INCENTIVES:

The cost of training was identified as a significant impediment, especially for smaller businesses. Other delegates were intimidated by the high cost of technology, with a comment that even training organisations needed help accessing costly new technology.

The system of training incentives is crucial in shaping training and needs to be sharply focussed and directed towards the strategic goal of a highly skilled, highly performing Australia.

A number of participants identified the need for an incentive system which encourages partnership. Training was likened to Research and Development (R&D), with a suggestion that R&D-type incentives should be offered to employers to encourage training.

A number of comments were also made about the use for incentives to encourage retraining and skills upgrading. As one participant put it, entry-level training will always be important but we also need to reward employers for building the skills of existing workers.

Concern was expressed about the traditional approach to incentives, with an observer commenting that “too often the incentives system drives a numbers game – or lines undeserving pockets”.

PRIOR LEARNING:

Recognition of prior training was identified as a challenge that impedes employment prospects and skills development. “What we need to have is an incentive system which actually encourages partnership,” one participant urged, calling for recognition of workers’ existing skills and the identification of future skill requirements. In this way, existing competencies can be built upon.

The issue of prior learning recognition was seen as increasingly important for an ageing workforce.

There was also a suggestion that recognition of prior training would “avoid waste in training”, but as another delegate pointed out, “one of the biggest barriers is that it does cost a bit of money and take a bit of resources to actually analyse what it is people already know and relate it in terms that relate to qualifications and relate to Training Packages”.

Several participants, meanwhile, blamed “vertical packaging of qualifications” for the difficulties in broader qualification recognition. These critics identified the current RPL processes as too costly, too bureaucratic and “too hard”.

Training incentives are crucial in shaping training.

Prior learning recognition is increasingly important for an ageing workforce.

We need to bring 'national' back onto the agenda, at the very front and centre.

Closing the first Skills Forum, Janina Gawler, Chief Executive Officer of the Australian National Training Authority, acknowledged the need for labour market forecasting and recognised the need for the VET sector to engage rapidly and to be nimble.

Gawler strongly backed the calls for more portable skills development. "How do we get skills moving across borders, like investment does? Well, that's (ANTA's) role, and the states' and territories' role, but it's also a role that you can help us with. Skills must be portable and industry is demanding that. Employees want the security to know that the training and skills that they're acquiring can go anywhere," she explained.

Gawler stressed the need for broader qualifications and for accelerated timeframes for accreditation, identifying some of the messages her team was taking away from the gathering.

"I thought Bob Herbert's 'technology cadetship' and the discussion around that was most illuminating, but it also reflects a lot of the frustration that people have felt over a long period of time," she said.

The ANTA chief executive also echoed the calls for a national solution.

"States can assist by augmenting and ensuring that they shift along with industry, in a very responsive way, valuing the experiences of the TAFEs that are already moving in this area. We need to bring 'national' back onto the agenda, at the very front and centre of this whole discussion and challenge all parties – rather than just the states and territories – to deliver," she said. "We've got to start from the centre, and say 'This is what we expect to see delivered. This is what it looks like going forward', rather than cutting and pasting and sticking it into the system."

Gawler closed the session with a call for "industry and all partners to recapture the urgency" and not leave it to the states and territories to find solutions. Instead, she urged the audience to "collectively find a way of shifting this ground".

