



A Response to the
Senate Employment, Workplace Relations, Small
Business and Education Committee's

Inquiry into current and future skill needs
by

Business Skills Victoria:

The Business Services, Finance and Property Industry
Training Board

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Introduction

Business Skills Victoria, the Industry Training Board for the Business Services, Finance and Property industries and Local Government Administration, is pleased to have the opportunity to provide evidence to this important Senate Inquiry.

Business Skills Victoria (BSV) is Victoria's largest Industry Training Board with coverage for 512,000 workers (27% of the Victorian workforce) in the dynamic and economically important service sector. BSV has been established for more than 10 years and has an established and skilled Secretariat and a strong and committed Board which represents many of the State's major industry associations and unions. BSV has always played a constructive and active role in the Vocational Education & Training (VET) system at both a Victorian and national level. BSV, because of the extent of its coverage, works with 4 national ITABs. BSV has at all times adopted a positive approach to the input of advice to the ITABs with the intent of improving the quality of training provision to Australian industry.

BSV believes, therefore, that as an active player at the grass roots level of VET that it is well placed to provide valuable input to the Inquiry's deliberations. This response does not address all the terms of reference for the Inquiry but seeks to explore the issues of projecting future skill requirements and consultation arrangements.

Terms of Reference (a) areas of skill shortage and labour demand in different areas and locations and projecting future skills requirements and (b) the effectiveness of current Commonwealth, state and territory education, training and employment policies and programs and mechanisms for meeting current and future skills needs and any recommended improvements

The world, and the world of work, is changing rapidly – indeed more rapidly than many of us recognise. It is no longer prudent to adopt an attitude of “I'll wait and see what happens”.

The year 2003 provides everyone in the community with a prompt to stop and reconsider the future and our future strategies. A top priority for business leaders and government is to consider the skill development needs of the Australian workforce.

The new millennium will be a time when a first world standard of living will not be automatically available to all as a result of the good fortune of being born in a first world country. Affluence will follow skills. An element of globalisation is the inescapable fact that we all will be competing within a global job market.

It is in the best interest of all members of the community to address the skill development needs of Australia to ensure that we are well placed to maximise our participation in the global knowledge or information economy.

The level of commitment made by government, businesses and individuals to life long education and training is a key component of the future which we will construct in the coming years. The immediate issue facing Australians is whether there will be *more of the same* in terms of the skill development effort or whether skilling the community will have a more central position in the strategy setting of all players within the education and training system.

The raising of the skill-base of the community is essential to the economic and social wellbeing of Australia in the 21st century. The rise of the knowledge economy and the need to compete in a global marketplace necessitate new and high level skills. Australian governments, enterprises and individuals

have, through financial commitment and levels of activity, demonstrated a long standing willingness to learning and training. The near future, however, will test this commitment as the need for constant reskilling and upskilling become increasingly apparent as the business environment changes rapidly. In this environment, the need for continued dialogue between government and industry will become even more pressing as will the need to continually revise the training structures and processes which support Australian industry and the community.

Contemporary Skill Sets

The Board of Business Skills Victoria is strongly aware of the difference between skill and occupational shortage. This is an important distinction as, within the Board's coverage, **many of the skills are transferable and people readily move between jobs, between sectors and work in "jobs" which do not have traditional occupational descriptions.** For example, an "office manager" in one enterprise may have responsibilities which include quality control and HRM while in another the portfolio may include basic marketing and sales force coordination. Similarly, someone working in "business development" may have to grapple with e-commerce while another may have strong personal selling responsibilities.

The service sector industries within BSV's coverage are also heavily weighted with micro and small businesses. In addition to transferable skills, the workers within these enterprises must also be multi-skilled. Traditional traineeships and apprenticeships typically have been narrowly occupationally focussed. This concentration on a single set of occupational skills has limited their application and attractiveness to many employers and employees who see breadth and transferability of skill as their passport to current and future employment.

What is clear, however, is that in the service sector, knowledge-driven, economy of the near future the skills and attributes which will be valued by employers, employees and the community at large and which need to be addressed are:

- Creativity and flexibility
- Capacity to manage ambiguity and take risks
- Capacity to be rigorously analytical
- Capacity to acquire, authenticate and use information
- Problem solving and ingenuity
- Cross-cultural awareness and an immersion in the world often evidenced by international work experience or contact
- IT skills which are relevant and up-to-the minute
- "Deployment" skills which enable the full deployment and use of the new technologies and the new market opportunities. This recognises that not all companies will be operating at the leading edge of development, or heavy investors in R&D, however they will require the skills and processes to harness innovations and new markets including in the areas of:
 - market and product development
 - e-commerce
 - communications
 - business process development and redesign

It is this breadth of skill which also equips employees for future self-employment or contract employment as well as providing the flexible skills for today.

Changing skill expectations - requiring complex skill blends

The impact of the knowledge-economy cannot be overstated. Much is written about the potential for growth in new industries of the future such as bio-technology and software design. The emerging industries are founded on high skill levels, the development of valuable intellectual property and the creation of high performing companies which will respond flexibly to create global opportunities.

BSV believes that the VET sector often struggles to see a place for vocational training in this "gee-whizz" world where the highest level tertiary qualifications seem to be required and it is the elite workers who reap the benefits. There is, however, a strong role for VET in helping to generate a workforce which can **deploy** the business opportunities which are created at the leading edge of R&D. Deployment skills which can take an innovation and bring it to production and the mainstream are critical if Australia is to overcome the difficulty of capitalising on home-grown developments leading to commercialisation of Australian innovation occurring overseas. To achieve efficient deployment of new business opportunities Victoria, and Australia, requires a flexible, creative, adaptive and motivated workforce - needs which should be addressed by the VET sector.

Challenge

"Deployment" skills are just as important as R&D - VET has a real role to play in ensuring a flexible, responsive, well managed and skilled workforce which can seize new business opportunities and make them a reality.

A significant report by NCVER: *Review of Research: Generic Skills for the New Economy*¹ has placed a structure around the views heard frequently by employers across Victoria.

To compete in the new business environment businesses, and employees, must be continually learning and applying a sophisticated set of skills which are increasingly being seen as "mandatory" for success. These skills are not currently readily defined in terms of national competencies but are seen as the "soft" or generic skills which enable workers to efficiently transfer across workplaces and industries.

The generic skills are seen in the recent NCVER report as a wider set than those included in the Mayer Key Competencies and embrace transferable skills which are generic to most work. The British National Skills Task Force (NSTF) includes as examples of the generic set of transferable skills²

- Reasoning skills
- Scheduling work
- Diagnosing work problems
- Work process management skills
- Visualising output
- Working backwards for planning purposes
- Sequencing operations

¹ Kearns, P (2001), *Review of Research: Generic Skills for the New Economy*, Leabrook, SA NCVER, 2001

² ibis, p. 6

The desire by employers in Australia (and elsewhere) for a still wider set of required personal attributes is also canvassed in the NCVER report, and while problematic in competency terms, include:

- Flexibility
- Adaptability
- Ability to cope with change
- Willing to "learn to learn"
- Ethical behaviour

Challenge

Technical competency is not enough to secure long term and meaningful employment. Generic competencies must address attitudes and approaches to work.

This broader definition of generic skills more closely echoes the American model of "key" competency definition than the Anglo/Australian model but it is one that is continually reaffirmed to BSV as constituting essential skills for workers.

BSV concluded a major study in 2001 - the *Identification and Analysis of Future Entry Level Skill Development Needs*. This study which entailed in-depth research with employers across the State clearly articulated the business attributes identified for success. These include³:

- The capacity to adapt to the changing pressures of business
- Improved customer service
- Cost control
- The capacity to keep abreast of new information technology
- Recruitment and retention of educated and skilled employees

The skills required by new workers to participate and thrive in this type of work place were identified as including:

- Problem solving
- Willingness to learn
- Customer focus
- Capacity to adapt to a continually changing work environment
- Business awareness
- Creativity
- Initiative and independence
- Analytical skills

³ Business Skills Victoria (2001) *Identification and Analysis of Future Entry Level Skill Development Needs*, Richmond BSV 2001, p.4

Impact on VET delivery

So what is the impact on VET policy and VET delivery?

BSV believes that the weight of national, international and local research and consultation requires a review and enhancement of current strategy.

Increasing flexibility

Training delivery needs to enhance the training opportunities of mature age workers - recognising the fact that it is the 35-54 year age group which is exhibiting the strongest employment growth. Mature age workers, combining family and work responsibilities, require access to training at flexible times and in small "chunks" with enrolment in a lengthy full-time course often being inappropriate.

BSV believes that while the current focus on entry-level and training for school leavers is important it cannot be at the expense of this important cohort. Incentives are required to stimulate flexibility within the RTO network to deliver to mature age workers.

Challenge

Flexible delivery has been long discussed. The challenge remains of finding appropriate delivery strategies for older workers with family and work responsibilities in RTOs geared to serving full time students.

Growing transportable skills

The growing trend for workers to move type of employment, industry and employer many times during a working life requires the development and recognition of a portfolio of skills. BSV is concerned that there may not be sufficient flexibility within Training Packages to facilitate the movement of people across industries and to provide accessible and meaningful training pathways to incrementally build individuals' skill sets.

The need for a more broadly defined set of "generic" or "soft" skills is now well argued by industry. These skills would aid employability, the development of transportable skills and facilitate the building of a lifelong learning culture - built on realistic and useful skill attainment.

This need does not obviate the requirement for targeted, instrumental, industry-based skills but enriches and sits alongside the traditional industry competencies now familiar to Australians. Indeed, an argument can be made that **the true definition of competency within the Australian context includes cognitive, behavioural and technical perspectives**. Whether the full application of this definition has been lost in Australia with an over-emphasis on the technical aspects or whether a new, expanded, approach is needed to fully encompass the needs of industry and society requires exploration.

BSV is concerned that while a national approach is imperative that it is also likely to be slow. Development and trials need to occur in the immediate short term and could, indeed, inform an evolving national approach. The capacity of the VET system to address both the attainment of specific industry skills and a broad set of "work essential" soft or generic skills will require a new approach. BSV has been concerned for some time that RTOs display too great a focus on the product (that is, the Training Package qualification) rather than the service (that is the attainment of the skill needs defined by the employer and employee).

Vacancy and skill shortages

BSV confirms a position it has consistently taken over the years that the difference between skill and occupational shortages needs to be recognised. Much of the skill shortage which is publicly discussed is, in fact, a result of occupational vacancies which can be tracked using ABS labour force data for occupations.

Using this definition there is a demonstrable occupational shortage in taxation related accountants and bookkeepers which has resulted in a massive increase in demand driven by the introduction of the GST.

In addition to this clear occupational shortage, BSV has throughout this report identified the need for the growth in skills across its industries and the wider workforce. In summary, these skill requirements include:

- Management and planning skills to facilitate the introduction and effective utilisation of new technologies
- Skills required by financial advisers to meet the regulatory requirement of the Financial Services Reform Act
- Crowd control, security guard and customer service skills for volunteers to meet the peak needs of the 2006 Commonwealth Games
- Soft or Generic skills required by all workers, and particularly identified for new entrants, which encompass attributes and behaviours including: problem solving, solution seeking, customer focus, entrepreneurship, timeliness, commitment to work, personal motivation, team playing and a willingness to learn

Effectiveness of current mechanisms for meeting current and future skills needs

The role of the ITABs is complex, working with government, industry associations, employers, unions and RTOs. The Boards' composition is tripartite which provides significant opportunity for discussion of strategic training issues involving key stakeholders. The composition of the Boards is certainly a significant factor in their success to date and the value of the Boards' objectivity and their role as an honest broker in the system can not be underestimated. This position is a direct role of the nature of their structure and the inclusion of both employer and employee representatives. The Boards have in the past been a significant player in the identification of industry skill needs, both current and future.

Australia has embraced the notion of an industry-led VET system and one of the important ways the industry-led system has been implemented in Australia is through the tripartite organisations established at State and national levels to ensure the interests of industry are taken into account in policy formulation, planning, resource allocation and policy implementation. Whilst there has been some detractors of the system it is fair to say that the benefits of an industry-led system so far have outweighed the disadvantages.

The recent decision therefore to remove over \$10 million funding for industry training advice in Australia (\$1.4 million in Victoria) and rely on advice from key stakeholders such as ACCI, AIG, BCA and NFFA is disturbing for an industry led system such as we have in Australia. An industry-led system only has credibility and validity if the interests of workers and employers are fairly balanced and if public policy is not skewed to serve any particular private interests. Industry-led does not mean employer led, or union led.

The current industry advisory arrangements have the capacity to provide high quality advice on the skill needs of industry at both the statewide and regional level, however due to funding cuts will not

be required to undertake this function in the future. This Board has raised on a number of occasions key strategic issues and direction for VET which have not been acknowledged by the funding body. There is a growing view within industry that while the rhetoric says that the VET system is industry-led, the training agenda is now driven by government policy and industry is, in practice, frozen out. There is significant opportunity for industry to be part of policy formulation and planning at a strategic level.

The system's capacity to use the advice and information provided is skewed by the reliance on compliance against reporting frameworks. The VET system is in danger of becoming compliance driven rather than providing a model and framework for future skill development. The reliance on the various labour market models such as the LMTN is problematic and can be skewed without qualitative data.

The recent ANTA review of National Industry Advisory Arrangements has further compounded these problems with the proposed changes, if accepted, eventually leading to the loss of critical industry advice and knowledge and the possible withdrawal of industry stakeholders from the process altogether.

It appears that the Commonwealth is attempting to separate the development of training products (to be carried out by ANTA) from skill development strategies (to be undertaken by the Commonwealth and peak employer groups only). This runs the risk of a national training system operating without the bipartite industry support.

Whilst we support the need to be constantly fine-tuning industry advisory mechanisms, the Board is concerned that the proposed changes will result in an eventual dismantling of the national system through inadequate industry consultation and ownership of the system.