

Senate Committee Inquiry into Current and Future Skills Needs

*Submission
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Prepared by

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Network**

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INTRODUCTION

This submission to the Senate Committee inquiry into current and future skills needs has been a collaborative effort by the Maribyrnong/Moonee Valley Local Learning and Employment Network, Melbourne's West Area Consultative Committee (MWACC) and the Western Region Economic Development Organisation (WREDO).

Melbourne's western region covers the local Government areas of Wyndham, Hobson's Bay, Maribyrnong, Moonee Valley, Brimbank and Melton. The region occupies an area of 1,333 km² including both inner and outer metropolitan 'urban' areas and significant areas of rural land (approx. 30% urban, 70% rural/agricultural). This submission presents a specifically western region perspective on the issue of current and future skill needs.

Information on matters (a), (e) and (f) of the Terms of Reference has been gathered from a project being conducted by WREDO. The project develops a model for identifying existing skills within the region, including those that have not been recognised, and areas of future skill demand.

In terms of matter (b) of the Terms of Reference, the submission draws on the knowledge gathered from the Maribyrnong/Moonee Valley Local Learning and Employment Network, to address the issues relating to young people making a successful transition from education into further education, training or employment.

Item (d) of the Terms of Reference relates to the performance and capacity of the Job Network to match skills availability with labour market needs. This part of the submission draws on information gathered from a meeting of representatives of seven Job Network members in the western region, held on Friday, 4th April 2003.

(a) AREAS OF SKILLS SHORTAGE AND LABOUR DEMAND IN DIFFERENT AREAS AND LOCATIONS, WITH PARTICULAR EMPHASIS ON PROJECTING FUTURE SKILLS REQUIREMENTS;

(e) STRATEGIES TO ANTICIPATE THE VOCATIONAL EDUCATION AND TRAINING NEEDS FLOWING FROM INDUSTRY RESTRUCTURING AND REDUNDANCIES, AND ANY RECOMMENDED IMPROVEMENTS; and

(f) CONSULTATION ARRANGEMENTS WITH INDUSTRY, UNIONS AND THE COMMUNITY ON LABOUR-MARKET TRENDS AND SKILLS DEMAND IN PARTICULAR, AND ANY RECOMMENDED APPROPRIATE CHANGES.

The Western Region of Melbourne currently has a population of approximately 550,000 people of which some 260,000 are under the age of 25. It has a regional labour force of 250,000 and 43,000 registered business entities employing around 160,000 people. At best, the region has a deficit of 90,000 people unable to be employed locally. In reality this figure is far greater as 2001 journey to work data indicates that up to 70% of employed people in the region travel outside of their home municipality to work. Within the region, these statistics have generated considerable debate:

- (a) why do residents of the west appear to have more difficulty than people in other regions in accessing available jobs?
- (b) do residents of the west lack the technical or generic skills and attitudes that employers in the region want?
- (c) are residents of the west aware of the skill requirements of employers in the region?
- (d) are there inherent barriers preventing local people from obtaining local employment and if so, what are they?
- (e) are there particular barriers hindering the employment and further training and development of young people in the region?

In an attempt to address some of these questions, WREDO commenced the “Skills for the New West” project in June 2002. The project was approved through Melbourne's West Area Consultative Committee and is supported by funding from the Commonwealth Government under its Regional Assistance Programme, administered by the Department of Transport and Regional Services. The six municipal councils that make up the West (Brimbank, Hobsons Bay, Melton, Maribyrnong, Moonee Valley and Wyndham) and the three Local Learning and Employment Networks (LLENs) located in the region (WynBay, Brimbank-Melton and Maribyrnong-Moonee Valley) are all assisting with the program.

The products and research generated by the *Skills for the New West* project will be used by each of the stakeholders in a variety of ways. We have outlined these uses as a means of demonstrating how in this region we have approached the questions of predicting skill shortage, consulting with the community and ensuring that the skill needs of local industry are met in advance through adequate training arrangements.

For the LLENs the project will be used to convey information to young people, careers teachers, schools and parents about

- employment opportunities currently available to young people in the region
- skill gaps in the region and how young people can be trained to fill particular gaps
- the factors impacting on sustainable pathways into work, and barriers to finding work,
- programs available in the region that may assist in the transition from school to work thus helping young people to maximise employment outcomes

Having identified the skill gaps, whether in terms of the existing training and education courses available or in the capacity of teachers and career advisers to provide young people with informed options, the LLEN's would then work with the appropriate institutions to develop pilot projects to overcome these deficiencies in the system.

For the six local councils in the west it will be used to

- assist in the economic development activities of councils by identifying the recruitment and employment requirements of businesses investing in the region
- map skill and employment trends in the local area to ensure that council-run employment and job creation initiatives are better targeted to areas of emerging skill shortages
- enable more effective social, community and infrastructure planning for the requirements of new business investment in the region, particularly for 'new economy' and services-based industries
- target particular types of industry investment to both complement and improve the existing skill base of the residents

For Victoria University and other regional training providers the project will be used to

- inform decisions on course development and medium to long term training provision so that local training providers are more responsive to local industry requirements
- develop better industry-education partnerships to ensure that local people are presented with relevant skill development and training
- develop and implement training programs to cover existing and predicted skills gaps in the region

For WREDO and MWACC the project will be used to

market the region to potential new investors as a region serious about engaging in a global knowledge economy and serious about improving the skills and aptitudes of its resident population to enable better productivity and outcomes for business

Where are we up to now?

The Skills for the New West Project is mid way through Stage 3 of a 4 staged process.

The initial stages involving stakeholder consultation and data collection have been completed. Initial analysis of this data has also occurred and the challenge now facing the project team is to effectively translate this data into understandable, accessible tools for our stakeholders and the regional community before the end of July this year.

To give a very simplistic snapshot of how the data will be used in a regional economic development context we have provided the following as an example only:

Employment in the region, 2001

Municipal area	Total jobs
Maribyrnong	30 218
Hobsons Bay	27 781
Brimbank	38 368
Melton	7 909
Moonee Valley	30 130
Wyndham	27 075

Since the 1996 census all municipalities in the Western Region of Melbourne have experienced increases in the total number of jobs. However, the complexity, occupation types and industry sectors employing people in the west have altered over time as has the distribution of full-time and part-time jobs.

For example, Maribyrnong has a labour force of 26,000, has over 30,000 jobs yet still has an unemployment rate greater than other parts of the region with less local employment and a greater number of people engaged in the labour force. In examining the structure of work and occupations in Maribyrnong a picture can be developed on how Maribyrnong serves the employment needs of neighbouring municipalities (eg. Brimbank and Moonee Valley in particular) very well as well as for residents from inner eastern suburban areas of Melbourne.

The data also enables us to look at the occupations that are most prevalent in the region and cross reference this with what our residents actually do or are qualified to do. Again as a snapshot the top occupations (out of 160,000) in number terms are:

Sales Assistants (11,300)
 School Teachers (6,996)
 Road and Rail transport drivers (6,345)
 Road Rail transport workers (5 557)
 Carers and Aides (4,662)
 Business and Administration Professionals (4,270)

Without exception these 'top' occupations have more than sufficient numbers of residents with requisite qualifications to fill potentially available positions. The difficulty that the data reveals, however, is that available positions are not always offered or taken up by local residents – qualified or otherwise. By looking at these figures we are able to plot how well the regional education and training providers are training for current and future jobs in the region and how well or otherwise the local residents are accessing new economy and managerial positions and how the employment/recruitment practices of firms based in the region may be impacting on the perception of 'skill' shortage.

We can then use this to target particular types of investment into the region and/or encourage local businesses to train and employ locally.

Predicting Skill shortage

One of the advantages of compiling a comprehensive skill inventory for a specific region is the ability to be able to identify areas of industry and job growth and compare these with the specific skills, current occupations and qualification levels of residents. In Melbourne's West there are far more people engaged in the labour force than available jobs (eg. 90,000 more resident workers than available jobs). From our preliminary analysis of the data, there are only very few occupations and industry areas that could conceivably claim to be facing a current or future immediate 'skill shortage'. Skill shortage in this context is defined as

Available Jobs minus Available Skilled Residents

In brief, these areas of skill shortage in the Western Region are limited to health professionals, medical doctors, specialist practitioners and some senior generalist management positions. In areas commonly quoted as facing skill shortage (eg. Information Technology) the Western Region of Melbourne has almost three times the number of qualified residents as available jobs. Therefore, with only a few exceptions, the issue is not one of training or skill development but one of effectively attracting and recruiting local residents of the region into the positions available in the region.

(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.

1. Literacy

- Literacy levels have been shown to be one of the key indicators for young people not completing their course of study and not being able to obtain meaningful work.
- Literacy needs to be of the highest priority in all educational, training and vocational programs, including training packages – communication skills in the workplace provides young people with access to mobility should they need to or want to change jobs. Literacy needs to be linked to:
 - personal needs - (CVs, letter of application, responses to selection criteria, interviews, presentation skills – for interview and work, communication with colleagues and employers)
 - job specific skills - dependent on student interest
 - generic skills - report writing, relay of messages, working in teams, negotiation, rules of and how to debate issues, presentations etc.(key competencies)
- Education and Training organisations must have the expertise, program time allocation and appropriate levels of funding to address literacy issues at various levels – in many cases young people respond well to adult learning principles and associated literacy programs. Identification of good models of programs and teaching that readily adapts to diverse learning styles should be further explored, with appropriate professional development to support any recommended changes.

2. Numeracy

- Numeracy is also a key indicator for young people completing programs.
- Numeracy needs to be linked more closely to real life situations, have more practical hands on applications and provide young people with good problem solving skills.
- Numeracy (rather than Maths) should be included at various levels in the school and training curricula.

3. Marginalised groups of young people

All young people should be entitled to 12 years of education and/or training. Some young people may need more time to complete programs (eg 13 years at school) and this flexibility should be allowed for those who have special circumstances.

- Newly arrived and refugee young people
 - Much greater flexibility in curricula, program time allowances, needs to be explored for young people who have little, no, or disrupted education.
 - Parents/guardians should have access to appropriate programs/information that assist them to assist their children.
 - More stable housing and welfare support must be provided for newly arrived families so that they can become more established in their communities and young people are not faced with moving schools frequently.
 - Language schools need greater flexibility to provide longer programs where necessary for newly arrived young people.

- All programs need to be funded for greater capacity of welfare support and career and pathways guidance.
- Young people with disabilities
 - Young people with disabilities must have equal access to VET programs in schools or in further education.
 - They should be encouraged to move beyond the lower certificate levels.
 - Partnerships between schools, TAFEs and employers need to be developed so that young people can move gradually between the two, increasing the amount of time spent at TAFE and in the workplace over a period of time that suits the individual. Young people need to be assured of their familiar support contacts as they make the move. Mentor programs could be established to assist young people.
 - Schools who have worked with young people with disabilities need to be able to determine the rate at which a young person is ready to move on.
 - Training organisations and employers should be registered and audited to ensure that young people are able to
 - physically access sites, compliant with OH & S standards
 - access relevant information
 - access programs that are able to cater to their learning styles
- Young people who are disengaged from education, training and employment
 - Establish VET programs that are available on a part time basis for young people currently outside the education and training system.
 - Programs need to focus on literacy, numeracy, individual pathways planning and structured work place learning. The VCAL, to a certain extent assists such young people. However in many cases not enough places are available at TAFE, and the young person may not be ready to complete a full time course. The POEM model (as at VU) has had a great deal of success at re-engaging young people.
 - Consideration of insurance issues for the establishment of work experience/structured work place learning in community organisations need review.

4. Pathways Planning

- Young people who have identified their goals have a much greater chance of achieving these, particularly if they also have an understanding of the various pathways to these.
- Individual Pathways planning for all young people, in all courses, (Higher education, training packages, apprenticeships etc.) should be included as part of the curricula. Time allocation within programs and professional development to provide teachers with knowledge of best practice needs to occur. Case management approach may be necessary and appropriate funding for this should allow for targeting of those in most need. For marginalised groups, age limits need to be more flexible eg allowing for up to 24 years of age for newly arrived.
- Entry and re-entry to programs should have adequate support from both within the organisations providing training and from support organisations (JPP, CBE, JPET) so that young people can navigate their way through the maze of options available to them. On line support also needs to be readily accessible and easily used.

(d) THE PERFORMANCE AND CAPACITY OF JOB NETWORK TO MATCH SKILLS AVAILABILITY WITH LABOUR-MARKET NEEDS ON A REGIONAL BASIS AND THE NEED FOR IMPROVEMENTS

Representatives of the Job Network indicated that the vacancies that they have most difficulty filling, apart from most areas requiring specialist skills, were for skilled tradespeople and other occupations in the manufacturing and engineering industries, such as welding and boiler making. There was also demand in the hospitality industry for chefs and waiters. The former work non-standard hours which made employment less appealing, and there was high turnover of waiters. Positions for truck drivers with a heavy combination licence were difficult to fill as were skilled aged care workers and experienced knife-hands. Position for ticketed construction workers were also difficult to fill but it was felt that this was a cyclical industry where there were skill shortages while the industry was buoyant, but a skills oversupply was likely to emerge during an industry downturn.

Reasons given for difficulty in filling certain vacancies were that people with the requisite skills used other sources of gaining employment other than the Job Network. These avenues included labour-hire companies, directly through the internet and through their own contacts and resources. To endeavour to obtain people with the required skills to fill vacancies, Job Network members may resort to advertising, offer basic level training to jobseekers or try to obtain some relaxation of the employer requirements for positions.

A fundamental issue in terms of the Job Network's capacity to match available skills to labour market demand is that the predominant client base of the Job Network is made up of people that are on benefits. There is a strong perception in the general community that the Job Network is only available to people that are eligible to receive benefits. Amongst the Job Network members themselves, opinion was divided as to whether people who were working more than 15 hours per week were eligible to use the Job Network. What was clear was that there is little incentive to assist people working more than 15 hours per week, or full-time students, because Job Network members don't get payments for placement of these people. There was also a strong view that under the new employment contracts system, to take effect from 1 July 2003, there would be less payment for placement of people who were unemployed but not on benefits, and therefore less incentive to expend resources on this group.

The result of the Job Network system is that the priorities and resources of Job Network members are directed towards trying to place those that are amongst the most disadvantaged in the labour market, because that is where they obtain the greatest financial returns. The result of this is that the Job Network does not get a total picture of either skill availability or labour market demand, because many people who may have the required skills but are not on benefits, for whatever reason, would not use the Job Network. Also, employers know that the Job Network's focus is on assisting the most disadvantaged in the labour market, and consequently they may not get access to the most suitable people for their positions and therefore choose other agencies or methods for filling their vacancies.

The position presented is not to argue that the Job Networks focus should not be skewed towards assisting the most disadvantaged in the labour market. Indeed if the Job Network does not take on this role then who will? Further, by assisting those most disadvantaged in the labour market with some assistance to be able to better compete in the labour market they are providing a worthwhile long-term social and economic benefit to the region. However, it must be recognised that this results in different drivers and allocation of resources than would be the case if the primary objective was to identify the areas of current and future labour market demand, and canvassing

widely, and taking initiative directed at ensuring availability, for the most appropriate skills to meet that demand.

Consequently, the task of identifying areas of current and future skill shortages at a regional level must be undertaken by some other organisation. The 'Skills for the New West' project being undertaken by the Western Region Economic Development Organisation is an important and innovative approach to putting in place an on-going mechanism for matching skills availability with skills demand.

CONCLUSION

In Melbourne's western region the number of people seeking employment outstrips the number of available jobs in the region by a considerable margin. Data emerging from the 'Skills for the New West' project indicates that apart from a limited number of specialist occupations, there are only a few occupations and industry areas that could claim to be facing a current or future immediate 'skill shortage'. In such an already tight labour market, there is evidence that residents of the west are further disadvantaged by virtue of the fact that there is a disproportionately high number of people born from non-English speaking countries who now reside in the west. Indeed, those areas that have the highest proportion of residents born in non-English speaking countries, well above the national and State averages, also have the highest unemployment rates in the region and well above the national and state averages.

Amongst the relatively recent arrivals resident in the region, from Vietnam and more recently refugees and asylum seekers from the Horn of Africa, there are high aspirations for their children and a very high priority placed on gaining a high level of education. In this context the issue of literacy and numeracy assumes considerable importance in terms of obtaining a good standard of education and therefore ultimately being competitive in the labour market. Organisations within the Maribyrnong/Moonee Valley LLEN have identified literacy and numeracy as one of the key indicators affecting the capacity of young people to complete their education. The LLEN has also identified that in order to provide a more innovative approach to assisting young people, particularly those from marginalised groups, education and training providers must have adequate resources to allow for greater flexibility.

Another issue the Maribyrnong/Moonee Valley LLEN has drawn attention to is the need to provide alternative additional pathways for marginalised youth. The objective should be to provide flexible supported pathways that give young people the incentive and accreditation to complete at least 12 years of education. Extra consideration needs to be given to newly arrived migrants and refugee young people, and young people with disabilities, in terms of flexibility and delivery of educational programs. For many, obtaining a high level of education is just unrealistic in the absence of other social supports such as more stable housing and welfare support. Accordingly, greater emphasis needs to be placed in educational policy and programs on providing the information, support and expertise that will lead to planning of pathways that lead to realistic education or employment destinations, particularly for those who feel alienated from the traditional education pathways.

Whilst data from the 'Skills for the New West' project indicate that for most occupations the skills are available to meet demand, the Job Network in this region still report difficulties in filling positions for a number of different occupations. A plausible explanation, based on information obtained from Job Network providers, is that the Job Network obtains its greatest financial rewards by placing the most disadvantaged in the labour market and accordingly most of its resources is directed towards achieving this end. While assisting the most disadvantaged in the labour market to obtain employment is an important social and economic function, it may not give Job Network members a complete view of both skills available and labour market demand for those skills. This is because many people with the required skills do not

use the Job Network, and consequently neither do many employers who want access to the most appropriate skills that are available.