

Mr Phillip Bullock
Chair
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Dear Phillip

Re Workforce Futures

Manufacturing Skills Australia (MSA) commends Skills Australia on the work undertaken through the Workforce Futures research and discussions and I thank you for the opportunity to comment on the work.

Many of our views have been aired during the various consultation forums as well as through a letter being provided to you by the joint ISCs Forum. However, I would like to reinforce a few points as shown below.

Workforce development focus to skills

Any simplistic skills training solution will not deliver the enduring skills needs of firms. The focus on entry-level training over the last decade has delivered in some areas of skills needs but a more sophisticated approach to looking at the whole-of-enterprise is needed. The moves to a stronger focus on workforce development, linked to sound business planning, is delivering results. With a contracting workforce, manufacturing is challenged by the need to up-skill and re-skill existing workers and this needs to be included in any national workforce development framework. This need is well articulated and illustrated in the workforce development initiatives as shown in Background Paper 2.

Strategic interventions

Within any national workforce development framework, there remains a continuing need to target particular industry sectors, occupations and skills if we are to reverse the long-term problem of continuing skills shortages. The lists of skills in shortage have varied over the years but recurring themes show that trade skills in engineering, automotive and furnishing are most likely to be in shortage in the future.

Many industry and government initiatives have been developed to reverse this continuing problem. Careers promotion, special incentives, training programs and the like have delivered good results yet we continue to suffer. A particular focus that could be applied in the future would be one where industry works with government to address the high post-training attrition of workers in some areas. The return investment for recruitment and subsequent training for some trades is relatively low, with relatively high attrition rates of qualified tradespersons. Skills utilisation and retention need a greater focus. This strategy could be a leader in the adoption of the proposed risk minimisation approach. What strategies and interventions could be applied to improve this situation?

Demand for higher skills

Whilst there is a call by some parties for higher skills levels (such as the COAG targets), industry may not be able to use those higher levels of skills and hence be unwilling to remunerate accordingly. Higher skills held by workers does not improve outcomes, productivity or remuneration per se – unless those skills are used towards productive outcomes.

Although our rhetoric of life-long learning continues, often there is little incentive or encouragement for firms and individuals to entertain such a proposition. The current range of funding models do not easily provide for a workforce development solution that will deliver a better return on the current public investment. The current VET system has a strong and traditional focus on training. Training is but one aspect of workforce development. Workforce development is viewed as an innovation – something new – but not mainstream activity. This needs to be reversed.

Enterprise capability

MSA believes that Australia should look at ways of developing greater capability of individual enterprises to diagnose their workforce development needs against current and future business strategies. They need to be able to understand the range of interventions that can be deployed, the role of skills development, work organisation and contemporary job design.

We believe that once enterprises can exercise this capability then the overall efficiency of skills acquisition and utilisation will improve significantly. These gains in efficiency could be made from both a public investment perspective as well as investment by the enterprise and individuals.

Manufacturing Skills Australia looks forward to the emerging Australian Workforce Development Strategy and further debate and discussion. Thank you once more for the opportunity to contribute to this important work.

Yours sincerely



Bob Paton
Chief Executive Officer
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