

11 November 2009

Phillip Bullock
Chair
Skills Australia
GPO Box 9880
Canberra ACT 2601

Dear Phillip,

Thank you for the opportunity to provide comment on *Workforce Futures* - Skills Australia's most recent thinking on future approaches to workforce development and skills.

Individual Industry Skills Councils (ISCs) will be responding to the issues posed in the paper from an industry specific perspective. However, as a collective, we consider it important to confirm those high-level, overarching issues on which there is a common view across ISCs and which we believe should operate as first principles in a much needed re-conceiving of the existing system:

- Clearly a broader, **more integrated approach to workforce development and skills** must sit at the core of any effective strategy, one which is as equally committed to skills utilisation as it is skills formation. Training needs to be recognised as one important intervention within such a strategy but which in isolation will remain an insufficient response for enterprises now operating in a dynamic and complex global economy.
- A **broader and more strategically focused funding model** which invests in key points of intervention along the workforce development continuum is fundamental if we are to move forward. Australia's rather disparate current funding models constrain behaviour and limit thinking within the system, and require transformation if we are to gain better returns on the current public expenditure and raise levels of industry and individual investment. Such a model would invest in decisive activities including diagnosis of the nature and quantum of the skills issue within the enterprise, it would broker multi-faceted often complex solutions, and once executed, work with the enterprise to ensure that skills acquired are used, and used well.
- Lifting the skill levels of Australia's workforce will undoubtedly contribute to productivity growth but we must **optimise the learning process by using it as a pro-active means of diffusing new knowledge and 'breakthrough' technologies** generated by research bodies, those tertiary institutions with a strong research focus and industry itself. This notion goes far beyond the principle of articulation or an 'interconnected' tertiary system; it goes to the very heart of building a sustainable model for innovation within industry and starts to lay the formative linkages between innovation, skills and productivity.

- As the economy recovers, the lag time in responding to skill shortages and the under utilisation of skills already held within the workforce will again loom large as a constraint to industry's growth. Traditionally we have looked towards governments and service providers to "train more people" and steer job seekers into 'occupations in demand'. But this is an inefficient, often costly strategy beset by unacceptable lag times and which delivers no guarantee to enterprises on the ground. Quite simply, our system must now **systematically build the internal capability of individual enterprises** to diagnose their workforce development needs against current and future business strategy; to understand the range of interventions that can be deployed, the role of skills development, work organisation and contemporary job design.

While such a strategy has far reaching implications for the products and services of the existing tertiary system, only by building the self-sufficiency of enterprises will we be in a position to evolve our skills base at the speed and complexity demanded of the global marketplace and longer term, raise industry's investment in the workforce.

- Industry is resolute in its commitment to a national, industry led system. At the same time, it recognises the complex and diverse nature of Australia's workforce, and that to be effective, **workforce development relies on localised responses** where national policy is contextualised into strong sustainable solutions brokered between local employers, service providers and the community.

You will be aware that ISCs' roles have been broadened into the area of workforce development in recognition of the connection between skills formation, workforce development and productivity. Its a role that ISCs have passionately embraced and has enabled individual Councils to drive several 'lighthouse' projects that test models long advocated by industry but which to date have lacked the central brokering and intermediary role.

It is clear from the collective experience that the level of change being sought by industries will not be achieved by tinkering at the margins of existing policy; it quite literally goes to a fundamental re-conceiving of our system, its scope and purpose, investment models and services.

We would welcome the opportunity to share with you and the board of Skills Australia some of the learnings from our work and in particular, our views on the key policy levers for effective change.

Again, we thank you for sharing Skills Australia's preliminary thinking on future directions for workforce development in Australia and may we take this opportunity to convey our genuine appreciation for your support, candour and active commitment to a national industry driven system.

Yours sincerely

The undersigned Chairs of the Industry Skills Councils

cc. Mr Bill Burmester, Department of Education, Employment and Workplace Relations

Chairs of the Industry Skill Councils



Mr John Baker, Chair
AgriFood
Industry Skills Council



Industry Skills Council

Mr Dan Hill, Chair
Community Services and Health
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Industry Skills Council



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Industry Skills Council



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Mr John Vines OAM, Chair
Innovation and Business
Industry Skills Council



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Ms Megan Lilly, Chair
Manufacturing
Industry Skills Council



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Mr Ray Barker OAM, Chair
Resources and Infrastructure
Industry Skills Council



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Mr Ian Blandthorn, Chair
Service
Industries Skills Council



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Mr Robert Adams, Chair
Transport and Logistics
Industry Skills Council