



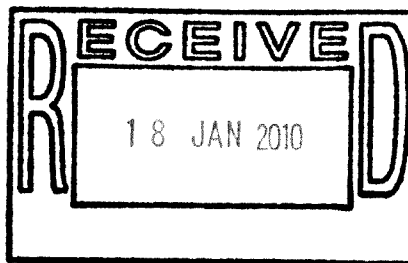
**Minister for Regional and Rural Development
Minister for Skills and Workforce Participation**

The Hon. Jacinta Allan, MP

Ref: JA323486

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Dear Mr Bullock



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DISCUSSION PAPERS ENTITLED; WORKFORCE FUTURES

Thank you for your letter dated 22 October 2009 regarding release of the Skills Australia discussion papers entitled *Workforce Futures*.

I welcome the opportunity to make a contribution to your work. In a rapidly evolving and competitive global economy, a highly skilled and responsive workforce is fundamental to achieving a dynamic, innovative and sustainable Victorian economy. The Victorian Government supports a whole-of-government approach to addressing these issues, and recognises the strong linkages and overlaps across skills development, workforce participation and broader economic and industry policy work.

The Victorian Government is well placed to respond to these challenges. Through *Securing Jobs for Your Future – Skills for Victoria*, we are delivering a major reform of the Victorian training system to 2012. Government subsidised training in Victoria will be focused on the needs of individual learners, businesses and employers and will be led by individual and business demand. Industry engagement and facilitation will be a central element of these reforms to encourage enterprises to identify the skills needs of their workforces and to work with government and training providers to build the capacity and productivity of their staff.

As you may be aware, officials from my department contributed to the *Workforce Futures* consultation workshop on 23 October 2009. In addition, please find attached some written comments addressing the broad themes identified in the *Workforce Futures* overview paper and outlining existing Victorian Government initiatives of relevance.

I look forward to ongoing engagement with Skills Australia during this process and would welcome the opportunity to comment on future drafts of the strategy.

Yours sincerely

Jacinta Allan, MP
MINISTER

Skills Australia's *Workforce Futures: Papers to promote discussion towards an Australian Workforce Development Strategy*

Comments from the Minister for Skills and Workforce Participation, the Hon Jacinta Allan MP

December 2009

OVERARCHING COMMENTS

The Department of Innovation, Industry and Regional Development (DIIRD) supports a broad and integrated approach to workforce and skills development issues. The size, quality and productivity of the Victorian workforce contribute to a wide range of economic and social outcomes, including:

- improved human capital as a key factor underpinning productivity, firm level investment and economic growth, especially in the light of Victoria's ageing population and its impact on the economy;
- the performance and competitiveness of organisations, sectors and regions through firms' ability to recruit and effectively deploy appropriately skilled workers in response to changing demand; and
- the personal and economic wellbeing of individuals and households. Improved access to the labour market for disadvantaged groups and higher level skills provides an incentive for individual improvement and an improvement in equity, which in turn can deliver economic benefits to the State.

The Victorian Skills Commission (VSC), the state training authority responsible for overseeing the policy development and regulation of the training system, also recognises that skills development is part of a broader workforce development system. The VSC's 2008-2010 strategic plan operates within a broader workforce development context and the VSC will continue to build on its relationships with training providers to build a strong skill development system that encompasses all skill formation processes.

FOCUS AREA 1: WHAT DOES THE FUTURE HOLD?

Comments

Overview

The Victorian Government's *Securing Jobs for Your Future – Skills for Victoria* policy statement, released in August 2008, outlines the government's comprehensive approach to Victoria's skills needs. The reforms respond to projections made at the time that, if positive action was not taken, by 2015 Victoria could face a shortfall of about 123,000 Diploma and Advanced Diploma qualified workers.

The 2008 *Securing Jobs for Your Future* reforms will deliver \$316 million in extra funding over four years to support skills development. A key feature of this significant reform is *Skills for Life – the Victorian Training Guarantee*. This Australian-first initiative gives eligible Victorians the entitlement to access government subsidised training at all levels of skills development.

DIIRD undertakes regular monitoring and projections of employment outlooks and skills needs. Regular job outlook updates for Victoria are listed on the Skills Victoria corporate website at http://www.skills.vic.gov.au/Skills_and_Jobs_Outlook/labour-market-outlook. The department also conducts biannual skills and labour needs surveys to map the workforce needs of the state in both metropolitan and regional areas.

The Victorian Government is also committed to attracting skilled and business migrants to fill those skill shortages that cannot be filled locally. Victorian Government sponsorship of skilled migrants occurs within the framework of *Global Skills for Victoria*, the Victorian Government's Skilled Migration Strategy, which delivers a highly targeted approach focused on responding to the needs of Victorian employers.

State sponsored visas allow the Victorian Government to select skilled migrants whose skills best meet Victoria's economic development and labour force needs. To ensure that sponsorship is targeted to the skills needed by Victorian employers, a number of labour market tests are applied both in constructing and maintaining the list of eligible occupations that the Government is willing to sponsor and also, in selecting potential migrants to sponsor

Victoria's Skilled Migration Eligibility Lists

DIIRD compiles Skilled Migration Eligibility Lists that identify skills in demand by Victorian industries. Recognising that there are variations in regional demand and in the skills and experience required by employers, separate Eligibility Lists are maintained for each of the three State Sponsorship programs for skilled migration in which the Victorian Government participates: the Skilled Sponsored (176), the Skilled Regional Sponsored (475 and 487) and Skilled Sponsored (886) Graduate visa schemes.

For an occupation to be listed on Victoria's Eligibility Lists, it must:

- offer good medium to long term prospects for employment;
- be a skill that cannot be adequately sourced by Victorian employers through local training and recruitment within the short to medium term;
- align with Victorian Government or industry policies and priorities for apprenticeships, traineeships and industry development;
- require a minimum level of academic or apprentice based qualifications leading to eligibility for independent migration; and
- be able to be filled by skilled independent migrants.

DIIRD regularly conducts skills and labour needs surveys of employers (both metropolitan and regional) to map the current and emerging workforce needs of the State. These surveys, along with the Department of Education, Employment and Workplace Relations' State and Territories Skills in Demand List, are used as a starting point in constructing the Eligibility Lists. This data is further refined through consultations with Victorian Government Departments and relevant industry bodies to identify occupations in demand, occupational specialisations required and geographical locations of shortages. All occupations on the final Eligibility Lists are on the Department of Immigration and Citizenship Skilled Occupation List (SOL) and hence are suitable for skilled migration.

Since January 2009, updates to the Eligibility Lists have been further refined with consultations with industries and government agencies focusing not only on the occupations in demand, specialisations and location, but also on the level of experience required, and whether employers were willing to employ new graduates to fill vacancies.

Identification of Appropriately Skilled Applicants for Visa Sponsorship

To ensure that sponsored migrants have the necessary skills and experience to both meet specific industry needs and also quickly enter the labour market, a number of labour market tests are applied to each application.

The curriculum vitae of applicants for Skilled Sponsored (176) visas are assessed by an independent industry panel to ensure that the applicant has the right skills and experience for Victoria. Only applicants assessed as "highly employable" or "employable" are sponsored by the Victorian Government.

In addition to the above labour market test, the curriculum vitae for applicants for Skilled Regional Sponsored (475 and 487) are assessed by regionally based migration coordinators to ensure that there is local demand for the applicant's skills in regional Victoria. Eleven regional coordinators, funded through the Victorian Government's Global Skills for Provincial Victoria, are located in Warrnambool, Geelong, Mildura, Ballarat, Bendigo, Horsham, Ararat, Shepparton, Swan Hill, Wangaratta and Wodonga.

Applicants for the Skilled Sponsored (886) Graduate visa scheme are only sponsored if the applicant has a firm job offer that utilises their locally gained qualifications and/or they have commenced related

employment. Documentary evidence of employment (or an offer) is required for sponsorship, and the bonè fides of the offer are checked through direct contact with the employer of each applicant.

FOCUS AREA 2: HOW CAN WE BEST REALISE AUSTRALIA'S SKILL POTENTIAL?

Comments

At the inaugural meeting of the Ministerial Council for Tertiary Education and Employment on 28 September 2009, Ministers recognised that the provision of high quality tertiary education and training is critical to advancing Australia's productivity, meeting the expectations of students and employers. Ministers agreed to significant vocational education and training reforms to respond to ongoing changes in economic conditions, and to facilitate more effective connections between employment, training and community services to further improve training and employment outcomes for all Australians.

Industry involvement in skills reform

As a result of the *Securing Jobs for Your Future* reforms, industry in Victoria will be operating for the first time in a system where the number of available training places is determined according to the number of learners who enrol, rather than government purchasing decisions.

In this context, employer and industry advisory bodies will be providing information on labour market trends, the changing skill requirements of new entrants, changes in industry practice and the types and levels of training most in demand in industry. Quality information provision will be crucial to enable businesses and individuals to make the best choice about training and to guide their engagement with the training system.

Under the *Securing Jobs for Your Future* reforms, industry membership of the VSC is being strengthened and its role in advising government on current and future industry needs will continue. The Government is strengthening the Industry Training Advisory Boards network with an additional \$4 million to expand their role in information provision, supporting the VSC and linking with Industry Skills Councils.

A core element of Victoria's skills reform agenda is the Market Facilitation Strategy, to work with industry to identify opportunities and address potential barriers to the take up of training. The Strategy entails coordinated and facilitated discussions with industry and large enterprises through existing department industry programs and working groups.

The Victorian Government also recognises the importance of relevant and tailored advice to employers regarding their workforce training needs. Small and medium-sized businesses will have access to *Skills for Growth: The Workforce Development Program* to assess their employees' training needs and to access subsidised training for eligible employees to meet these needs.

Through these and other initiatives, DIIRD will continue to provide responsive support and advice to a range of clients to facilitate the alignment of supply and demand in an informed training market.

Increasing Workforce Participation

Skill under-utilisation is an important factor when considering the productivity of the Australian workforce.

In 2008 the Victorian Government released *Working Victoria - Victoria's Workforce Participation Strategy*. The strategy is the State Government's commitment to working in partnership with business, the community and the Commonwealth Government to ensure Victoria has the workforce it needs for continued economic growth in the future. It was developed in response to the 2005 taskforce of government, industry, union and community sectors representatives who provided advice on how the Government should plan and prepare for the future workforce.

Working Victoria, the Victorian Government's Workforce Participation Strategy, has identified workforce development as an important tool to support improved industry performance, improved skills, training and employment outcomes for workers and to boost local economies.

The key components of this strategic approach include policies, programs and initiatives to:

- strengthen skills development: This makes a significant contribution to increased workforce participation as well as improving productivity.
- support workforce planning and development: Improved workforce planning and development by industry and regions to assist them to better plan for, recruit and develop the workforce to meet their skills and labour needs.
- reduce the barriers to work and supporting workplace diversity: Targeted active labour market assistance is one of the ways to reduce barriers and increase diversity.
- increase workforce supply: As well as increasing workforce participation (as above), action is also needed to increase workforce supply that cannot be met locally. Skilled and Business Migration initiatives boost the attraction and retention of skilled and business migrants in Victoria.

Key programs include targeted workforce participation programs which assist Victorians who face barriers or challenges to employment access and participation. Details are provided at www.workforce.vic.gov.au/victoriaworks.

In addition, DIIRD is pursuing locality-based industry workforce development strategies in regional areas. The *Industry Workforce Development Strategy (IWDS)* initiative involves working with industry in regional Victoria to identify local industry workforce supply and skills needs and issues, including workforce planning, recruitment, retention and training issues.

The IWDS aims to:

- assist regional industries plan for their future skills and labour needs.
- develop a more integrated response to industry labour needs including strategies to address training, recruitment and retention practices, working conditions and skilled migration.
- facilitate the supply of labour through tailored and flexible initiatives to expand access to the labour market.
- develop partnerships between industry groups, unions, universities, TAFE, local government, employment service providers and, where possible, involvement by the Commonwealth Government.
- support employers to attract and retain workers from a much broader labour market beyond that traditionally utilised, including mature aged workers, young workers, women and disadvantaged jobseekers.

Due for completion by June 2010, the IWDS Initiative is developing five Industry Workforce Development Strategies for selected industries in five regional areas in Victoria.

FOCUS AREA 3: OUR PROPOSAL: A WORKFORCE DEVELOPMENT RESPONSE

Comments

DIIRD broadly supports the strategic directions identified in the *Workforce Futures* overview paper. In particular, DIIRD supports the need to identify and prepare for future workforce and skills needs, facilitate industry demand for training and support the up-skilling of the Australian workforce. DIIRD supports maintaining a strong focus on workforce participation to ensure all Australians are able to participate to their best potential. We also strongly support maintaining a clear focus on locational disadvantage and social inclusion principles through this process.

Regarding the need for a national framework for workforce development, DIIRD notes that Victoria is uniquely placed to respond to changing demand for training, with funding and administrative systems in place that differ markedly from those of other jurisdictions. With this in mind, we suggest that greater clarity is needed on the reason and nature of a national approach before the implications for Victoria could be more fully addressed.

FURTHER INFORMATION

Given the interconnectedness of these issues, we suggest the following additional key economic policy and strategy documents produced by the Victorian Government could also be considered in this process, which can be accessed on the Victorian Government *Action for Victoria's Future* website at www.action.vic.gov.au.

- *Innovation: Victoria's Future Innovation Statement*
- *Global Skills for Victoria Strategy*
- *Victorian Biotechnology Strategic Development Plan*
- *Ten Year Tourism and Events Industry Strategy*
- *Safer Fairer Workplaces*
- *Time to Thrive Small Business Statement*
- *Seizing Global Opportunities*
- *Healthy Futures: Delivering Better Health, Research and Jobs for Victorians: the Victorian Life Sciences Statement*
- *ICT Industry Plan*
- *Broadband Framework: Pathway to the Future*
- *Moving Forward: Making Provincial Victoria the Best Place to Live, Work and Invest*
- *Victoria: Leading the Way*