

4. Providing the evidence base for policy and reform

Key points in this section:

- An improved and better co-ordinated information, advisory and planning capacity is a necessary requirement for articulating a policy vision and evidence based reform and also for assessing outcomes
- The development of a more comprehensive evidence and advisory base for skills planning, system reform and investment decisions can be strengthened by a more formalised national network and linkages between state and national skills planning and industry advisory bodies, education and training providers and Skills Australia
- The tertiary education sector must progress planning for workforce development in order to influence the uptake and use of skills in the workplace
- The national capacity to implement policy reforms and effect workforce development across all skill levels will depend on the engagement of strong and committed national network of industry partners and education and training collaborators.

Responses in consultations

- Submissions supported development of a stronger and more co-ordinated evidence base on future skill trends, workforce development and investment priorities for the tertiary sector
- Higher education and VET provider submissions noted that to fully realise the potential contribution to productivity, Australia needs to recognise the different roles played by higher education, VET and the adult education sectors, and position them as equal and valued partners with industry in a national network of advice to governments
- Effective mechanisms for utilising local intelligence and better coordinating information to inform decisions at both regional and national level were emphasised. It is important to reduce duplication and share the learning from successful initiatives.

4.1 Governance needs for effective skills planning, policy and investment

There are compelling reasons for government and industry to undertake planning and analysis functions focused on the development of human capital. We know the demographic factors and fiscal impacts of the ageing workforce remain a long term issue²⁹ as well as the traps of low value/low skill methods of production³⁰. Skills Australia is of the view that a planning capacity is a sensible and necessary requirement for articulating a policy vision and evidence based reform and for assessing their outcomes. Lessons from past recessions

29 Australian Government, *Inter Generational Report 2007*, Canberra, Treasury, <http://www.treasury.gov.au/igr/IGR2007.asp>

30 Cabinet Office Performance and Innovation Unit, (2001) *In Demand—Adult skills in the 21st century* London, Cabinet Office



are that those firms that adopt innovative solutions and use the downturn to train their workforce are in a stronger position and reap the benefits of the recovery³¹. Influencing these behaviours on sound advice is essential.

But we also recognise that an over reliance on planning or targets can obscure or limit policy responsiveness to the dynamic changes that can occur in the economy and labour market.

Discussions held at the joint Skills Australia—Academy of Social Science Australia seminar³² confirmed most occupations do not demand highly specific qualifications, and the labour market adjusts fairly quickly to fluctuations in demand. However, policy and resourcing decisions can be better informed by high quality analysis of expected skills demands for those skills that take a long time to learn and to gear up to teach, especially where these skills are critical to future production and services.

Submissions to Skills Australia expressed strong endorsement of the proposal to create stronger, more formal advisory relationships with industry to ensure comprehensive and coherent advice on skills planning is based on clear roles and lines of communication. The proposal in the Skills Australia Discussion Paper (2008) for coordinated and integrated national planning of total training effort, based on input from States and Territories and Industry Skills Councils, was well received. It was agreed that galvanising these relationships would better reflect industry as a key driver of the system.

4.4.1 More effective and informed relationships

Skills Australia, as noted in section 3, is jointly developing Memoranda of Understanding (MOUs) which are in the process of being formalised with State Training Authorities, Industry Skills Councils and other expert bodies reflecting interests in the sector. These agreements outline roles and responsibilities and protocols for information sharing, co-ordination and communication. The governance model reflects these new agreements and communication lines.

A jurisdiction submission emphasised that in a unified national system, the evidence of skill requirements and for policy reform needs to be built 'from the bottom up' taking account of the needs of local economies. It noted the role of the State Training Authorities as pivotal—*'the desired outcome ...is to enable the capacity to purchase training that is locally informed and meets local, rather than national needs. This is particularly important in smaller states'*. Skills Australia sees working with State Training Authorities as vital to ensure a collective industry agenda at state and national levels can influence and inform governments' thinking and decision-making.

Submissions also pointed out that the importance of effective information gathering and analysis which avoids duplication of activity and focuses on key industry and local issues. The Victorian ITAB Association *'seeks to complement existing arrangements and capacity, and (is) particularly sensitive to duplication of approaches to industry for intelligence/advice'*. The value of local intelligence gathering was also emphasised to provide the qualitative information and granularity to make well grounded recommendations on skills demand. Other state ITAB submissions³³ reinforced the importance of their local roles in supporting State/Territory resourcing decisions, co-ordinating advice from industry organisations and regional development agencies and providing insights into industry sub sectors.

At present the synergy between Industry Skills Councils (ISC) and their counter-part state-based advisory bodies, where they exist, varies. Industry coverage varies across jurisdictions and some States do not fund state-based industry advisory bodies per se. There is no direct

31 Wayne F Cascio (2002) *Responsible Restructuring*, San Francisco, Berrett-Koehler Publishers

32 Phil Lewis op cit , p8

33 NSW Food Industry Training Council; Industry Training Advisory Bodies Association of Victoria (VITAB); other (confidential)



congruence between the eleven ISCs and the industry advisory bodies in the five States that do fund such bodies. Some ISCs have formal and very well established partnerships and networks with their state counterpart organisations—others do not. In some cases, formal MOUs are in place between ISCs and their state-based counterparts; others fund their state-based colleagues to do specific work related to environmental scans or training package development.

The level of funding naturally impacts on the scope of the relationships these bodies may have with ISCs, as does history and culture of the organisation within the industry. Generally the relationship between ISCs and state level industry bodies is largely left to the industry to determine. The Australian Government has not specified how they should work together—but it encourages relationships to be developed.

Skills Australia believes it is important for clearer protocols³⁴ and linkages between ISCs and ITABs to be established to encourage collaboration. This can improve partnering, drawing on intelligence from each other, and promote good practice.

Buchanan (unpublished paper for Skills Australia³⁵) sees the need to improve the skills and processes across ISCs and between ISCs and state-based bodies used to gather intelligence on the dynamics of workforce development and changing skill requirements. Skills Australia anticipates working with Industry Skills Councils and State Training Authorities to ensure high quality and reliable local and national advisory mechanisms are in place to improve the flow of advice in both directions across the national system.

4.1.2 Recognising the role of providers

Submissions emphasised the important role of providers in complementing the information and evidence base that shapes advice to governments and includes them as partners in the reform agenda for a more connected and effective tertiary sector.

The Victorian TAFE Association submission expressed concern that the proposed governance arrangements need to tap into strategic regional and community planning occurring throughout Australia. *'The proposed governance arrangements, including any nation-wide network, need to ensure that advice to the Ministerial Council includes intelligence gathered not just from industry but also other sources such as TAFEs, local government and state government departments responsible for long term planning and development in communities and regions'*.

Higher education stakeholders also made the point that the governance model *'is informed primarily by a VET perspective and further consideration needs to be given to how the HE sector can be most effectively integrated into the national governance framework. The contribution of the HE sector to workforce development goes beyond a functional skills requirement and extends to developing a broad set of knowledge and capabilities that create 'work-ready' graduates across a range of industry sectors'*³⁶.

Skills Australia sees a new policy agenda for workforce development being driven through a reinvigorated partnership between industry, enterprises and providers across the VET and higher education sectors.

The Strategic Industry Forum, facilitated through Skills Australia (see section 3), with a comprehensive membership of industry as well as provider representatives is recommended as an effective coalition to achieve this national focus.

34 The joint ISC submission notes the importance of a *'threshold level of capacity, commitment to the national system and professionalism required of bodies operating as part of the national advisory network'*.

35 Workforce Research Centre, Sydney University *Workshop—Developing a national approach to workforce planning*, 8 December 2008, Skills Australia unpublished paper

36 Australian Technology Network of Universities submission



4.2 System architecture implications

Stakeholders have recognised the diversity of industry advisory arrangements across States and Territories and industry, including their varying levels of capacity, effectiveness and rigour.

At present there is no comprehensive planning framework which relates state or ISC derived industry data and intelligence to 'top-down' economic forecasts or modelling. Nor is there an agreed approach about how to best incorporate and utilise the rich qualitative industry advice available through industry employer surveys or stakeholder consultations in a comprehensive framework. Tools that might be utilised or further developed for application across States or across industry need to be identified and developed. Skills Australia has progressed this co-ordination and development through a series of workshops, forums and commissioned work³⁷.

Planning frameworks need to be sophisticated and at the same time allow sufficient adaptive capacity in their components. This point is borne home by the rapidly changing events that have occurred in the latter part of 2008 with the global economic downturn. In the short period that Skills Australia has been functioning, the workforce development debate has shifted from policy responses to skills shortages to counteracting the risks of unemployment.

4.2.1 A new direction

We sensed from some stakeholders during consultations an ongoing concern to 'nail down' the quantum and type of skills required for the future. It is important to emphasise that Skills Australia does not advocate a 'central planning agency' approach based on detailed forecasting of skills. Rather, we do see the need for common priorities, language and a better focus in planning activity to harness and balance the efforts of the many bodies involved.

Over and above the need to better co-ordinate and harmonise planning activities and frameworks undertaken across a wide ranging number of agencies and industry bodies, using various methodologies and instruments, is the requirement to encourage both employers and education and training providers to address the identified skill needs in a new way.

Skills Australia's ambition is for the tertiary sector to move beyond a skills planning paradigm and to progress planning for workforce development. This means a shift of emphasis in planning from estimates of the likely numbers of different types of workers needed in particular industries, occupations and regions towards a mechanism to interpret the forces and settings that will influence the uptake and use of skills in the workplace.

This point was echoed by the Industry Skills Councils' joint submission which recommended '*the definition of VET, its products and services, funding and governance (be) reconceived as a system of skills and workforce development, as opposed to purely 'training' and the acquisition of qualifications*'.

Planning involves not only good quality information—both top down and bottom up. The challenge is to blend the two, work out the level of detail needed and to do reality tests with employers, providers and governments on the projections being made and ensure that the planning is indeed forward looking. The NCVET country comparison suggests '*rather than attempting to forecast, with all the attendant errors in over or under-estimating the true outcomes, it is preferable to have effective systems for rapidly identifying emerging trends and for responding to them*'³⁸.

³⁷ Workforce Research Centre, *ibid*

³⁸ M Cully et al *op cit*, p32



But moving forward requires more than better quality information and analyses concerning the current situation and improved co-ordination across those involved. There is a pressing need for sensible scenarios of how labour is likely to evolve in the future. Such scenarios must include consideration of skills planning for a low carbon or green economy and the impact this will have on industries such as building and construction, transport, agriculture and food, energy and manufacturing. Many industries will transform, jobs will change, new industries will emerge as developments in science and technology lead to innovation and new commercial outcomes. Developments on the horizon are all important considerations for planning for workforce development for the next five years.

Skills Australia agrees with a scenario planning model that provides for policy intervention measures which align with the changing conditions over time. This will be a feature of the planning work Skills Australia's will lead in the area of workforce development, to be realised in the National Workforce Development Strategy.

This will mean bringing together work, education, economic and innovation policies to gear effort and investment towards the creation of a more highly skilled and productive workforce. For the Strategy to be successful it needs to be developed and implemented through a strong national network of industry partners and other collaborators.

4.3 Recommendation

It is recommended that:

- iii. the Ministerial Council agrees a nation-wide network of skills planning and industry advisory arrangements, the Strategic Industry Forum, be formalised in the new governance framework through memoranda of understanding co-ordinated by Skills Australia. Forum members will include, but not be limited to, Industry Skills Councils, members of the Peak Industry Advisory Group, State Training Authorities' representatives and education and training provider representatives. The Forum will underpin the evidence and advisory base facilitated through Skills Australia to Ministerial Council for skills planning and investment decisions.

