



# Strategic Industry Leadership

## Report of the Strategic Industry Forum

Sydney, 20 February 2009

This report summarises the outcomes of the first Strategic Industry Forum facilitated by Skills Australia on 20 February 2009. The members of the forum included the chairs of the boards of the Industry Skills Councils, representatives of several key industry peak bodies, and the chairs of State Training Authorities. A media release and communiqué arising out of the day is at Attachment A, and a list of Forum members is at Attachment B.

### Purpose of the Forum

To initiate and develop relationships between key industry bodies across Australia on skills challenges and priorities and to promote a stronger collective industry voice on skills, workforce development and related matters.

The specific aims of the Forum were:

*(1) To articulate a collective vision*

The Forum expressed a strong will to articulate a collective vision and find a way forward on the key skills challenges and priorities facing industry. Members wanted to develop an industry agenda to sit alongside the COAG agenda, focusing on all segments of the education and training system, and including labour market issues and strategies around skills and workforce development.

*(2) To identify mechanisms for industry leadership*

The Forum recognised the need to identify effective mechanisms for industry leadership, by becoming clearer about the vision of industry leadership and identifying roles that groups can play, and looking at ways of increasing industry engagement.

*(3) To develop mechanisms for collaboration*

The Forum agreed on the need to achieve better connections and formal working relationships between key industry and government stakeholders.



## **Key directions**

This was the first time that such a group had come together, and the very high level of joint industry-government commitment, a large reservoir of goodwill and a strong desire to work together, were significant. The significant achievements and standing of the VET sector as well as the innovation taking place at the front line were acknowledged by all. However, like any dynamic sector there was recognition that in a constantly changing world there was no time for complacency and there was a need to identify areas to be strengthened and improved within the sector. Forum participants recognised the need to set in place the following key directions to ensure that the momentum is not lost.

### *(1) The need for strategic industry leadership*

Effective industry leadership requires industry firstly to be clear on its role, and then to be fully engaged in defining needs and priorities, rather than simply responding to Government-defined programs. Such leadership requires a co-ordinated industry approach to skills development, which should ensure a “real voice” on skill development policy and practice.

### *(2) The need for concerted commitment*

The forum identified four key areas of action:

- a. Strategic industry leadership
- b. Quality
- c. Funding and equity
- d. Evidence-based policy and planning

In various guises, these have been around for some time, and in some cases there have been attempts to address them.

### *(3) The need to move quickly*

The challenge is to capitalise on this commitment, by building quickly on the momentum generated by the Forum.

### *(4) The need for strong leadership and realistic commitments*

Such changes could be driven by a group such as those at the Forum. However, members were emphatic on the importance of there being a strong, strategic authority to guide Australia's systems for skill development. They were enthusiastic for more explicit strong leadership. This inevitably raises the question of the role of Skills Australia: might it take on a role of 'facilitating industry leadership', or taking proactive leadership itself on particular issues? The answer to this question needs to be clear.

## **Consensus view on next steps**

Members of the Forum emphasised the need to ensure that the momentum generated by the day not be lost. The message flowing through this conclusion is that success will require the right people and team, working on the right things, in the right spirit with a clear understanding of what needs to be accomplished.

For this reason, Forum members agreed that a Working Group will now convene to develop these key directions and the issues emerging from discussion. The Working Group would be comprised of representatives from Industry Skills Councils, State Training Authorities and Peak Industry bodies. This will require the working group to develop its ways of working, and report on this back to the wider forum.

## **Issues emerging from discussion**

The Forum was held at a fortuitous time – with the current economic downturn there is a stronger understanding and commitment within industry and government that they each need to work together if Australia is to emerge from the current economic downturn with a better-skilled workforce, and to ensure that skills development and training do not become a casualty of the current uncertain economic times.

The Forum commenced with an acknowledgment that Australia's training system has many excellent features that are essential to keep. The goodwill and desire to continue to improve the system that exists amongst those represented at the Forum was considered one of these features.

At the same time, the group acknowledged that there is room for improvement. Following discussions within the group, four key areas were agreed upon as priorities for action in 2009:

1. Strategic industry leadership
2. Quality
3. Funding and equity
4. Evidence-based policy and planning which includes consideration of sustainability and the image of vocational skills.

The forum participants identified the main issues within each of these key areas and possible actions. It is the task now of the working group to select some priority areas of action, taking into account the fact that work on some of the issues might currently be occurring under other structures—or even if not, if the role of this Forum might be best exercised by getting them to happen under other structures.

### ***1. Strategic industry leadership***

Participants discussed the need to develop a clear understanding of the role of different groups (including a definition of 'industry') within the VET system. Industry involvement is a crucial driver for training. This was the threshold issue for the Forum. Participants agreed that a coordinated industry response to strengthen industry leadership is needed. This could be

achieved through approaches including more formal industry linkages and by industry-government collaboration with determinative powers.

At a national level, this involves making changes to current decision-making processes. At a State and Federal level, this could be achieved by formal mechanisms and industry-government collaboration with determinative powers.

Possible actions to achieve these aims include:

- a. Review current system decision-making processes with a view to streamlining and raising industry engagement in defining needs and priorities
- b. Encourage better alignment/collaboration between ISCs, STAs and, where appropriate, State ITABs.
- c. Formalise recognition of ISCs in the Skills Australia Act

## ***2. Quality***

It is essential that industry has confidence in qualifications, which requires a robust approach to quality, focused on the right things. This includes mechanisms for industry input to the quality of delivery, assessment and auditing, a focus on outcomes (rather than inputs and processes) and increased levels of expectations of qualifications and experience of VET professionals. This needs to be accompanied by true national consistency of qualifications and quality assurance.

Possible actions to achieve these aims include:

- a. Develop mechanisms by which industry could 'endorse' training providers—or develop ways of giving the market information on their quality
- b. Work with those interest groups likely to resist change in order to address their concerns
- c. Identify the establishment of new legal and regulatory parameters to make it easier for government to deregister a provider that does not perform to standard.

## ***3. Funding and equity***

Through this period of economic downturn, Australia needs to maintain and improve its skill base. This means three things: employers need to retain skilled people and continue to up-skill existing workers; both employers and governments need to maintain or increase their investment in skill development; and targets around skilling of equity groups must continue to be met.

This will require a clear industry position on skilling in uncertain times. It will be strengthened by mechanisms for encouraging employer investment in training, and by a workforce development approach to skills development. There is also further work still to be done to make funding models flexible enough to meet the needs of industry and individuals – particularly those who are in most need of skills.

In terms of equity, it is important to give more attention to the needs of less advantaged groups, so that appropriate funding provision can be made for developing skills such as literacy, numeracy and technology skills amongst these groups.

Better information is also needed on both training investment (especially investment in non-publicly funded training) and labour force needs, in order to direct funding decisions.

Possible actions to achieve these aims include:

- a. Investigate funding models that might provide greater flexibility and a greater focus on outcomes, sharing examples of identified good practice across jurisdictions
- b. Consideration of tax benefits for employers (and an equivalent benefit to government bodies) who contribute funds to training employees in nationally recognised qualifications and skill sets

At a local level, mechanisms need to be established, and funded, to foster cohesive sectoral/regional networks of employers and training providers to meet workforce development needs.

Possible actions to achieve this aim include:

- c. Fund intermediaries to go into businesses to determine training needs and match these with appropriate learning and funding options for workforce development
- c. Provide funds directly to employers to purchase training recommended by intermediaries, but with public funding applying only to those activities that ultimately could lead to a qualification.

#### ***4. Evidence-based policy and planning***

Industry and government need to work towards developing a full picture of national skills needs including developing new green skills, as well as embedding sustainability skills in training package areas.

This requires a more integrated and inclusive approach to policy development and planning involving STAs and industry.

Planning approaches will need to be developed that reflect the complexity of the education and training system and the labour market, and which will require high-level research and extended data collection. While there is a need for some new data (especially on privately funded training and employer training), much of the information that is required is already available, but needs to be used more effectively.

There is also a need to clarify the roles of the key agencies that feed into the skills planning process— especially Industry Skills Councils, State Training Authorities and industry—and further develop the analytical and research capacities of ISCs.

This could then lead to the development of a shared national framework for skills development, to operate at national, local, industry and enterprise levels.

A further policy issue to be addressed is the image of vocational skills – there is a need to take steps to improve the perceptions of VET and vocational careers, and better promote the benefits of VET and highlight successes and best practice.

Possible actions to achieve these aims include:

- a. Clarify the roles of various agencies in the planning process by consulting widely amongst key groups including ISCs, STAs, industry and providers. (Scenario planning could provide a useful basis for this process.)
- b. Clarify and enhance the role of the ISCs in providing comprehensive labour market information as well as any other relevant data and identify the resources required to do this effectively.-One model would be to appoint Research Officers and form a national network of ISC Research Officers to leverage specific capabilities.
- c. Develop a national strategy for workforce development, including strategies for addressing the needs of equity groups
- d. Develop a new collection process for capturing employer training data, perhaps using web-based technologies. Nurture goodwill amongst employers for data collection by feeding back the results of data quickly (within months not years) and showing how the planning processes may lead to better funding of employer-based training.

**MEDIA RELEASE**

**INDUSTRY LEADERS MEET TO STRENGTHEN OUR SKILLS BASE**

Key industry and government figures met on 20 February at a strategic industry forum and resolved to ensure that skills development and training do not become a casualty of the current uncertain economic times.

The forum, which included Skills Australia, chairs of the boards of Industry Skills Councils, representatives of key industry peak bodies, and the chairs of State Training Authorities, concluded that Australia cannot live on past merit and agreed that change is needed to ensure a more prosperous and fair future.

Industry leaders identified four key areas for action to strengthen Australia's skills base:

- Strengthening strategic industry leadership
- Enhancing quality
- Improving funding and equity
- Using evidence-based policy and planning

Key industry leaders expressed their commitment to work collaboratively at the industry, state and national level to address the agreed priorities of industry and government and meet Australia's skills needs.

The Chair of Skills Australia, Philip Bullock, said: "We are indeed fortunate to have people of the passion and capability across industry, providers, and commonwealth and state government stakeholders. The next phase of the skills development journey has commenced," he said, "and we now have the opportunity to develop a new and reenergised commitment to collaborative action. This will ensure that we have a higher skilled industry and population through the current economic uncertainties and beyond."

Work on the four themes identified will be coordinated by a Working Group, which will help drive change in collaboration with broader industry and community stakeholders.

A communiqué from the meeting is attached and also available at [www.skillsaustralia.gov.au](http://www.skillsaustralia.gov.au)

Media enquiries may be directed to [secretariat@skillsaustralia.gov.au](mailto:secretariat@skillsaustralia.gov.au)



## Strengthening our skills base in uncertain times

### Communiqué following the Strategic Industry Forum 20 February 2009

Industry and government should work together so that Australia emerges from the current economic downturn with a better-skilled workforce.

At a strategic industry forum held on 20 February 2009, Skills Australia, the chairs of the boards of the eleven national Industry Skills Councils (ISC), representatives of key industry peak bodies, and the chairs of State Training Authorities (STA) resolved to ensure that skills development and training do not become a casualty of the current uncertain economic times.

Participants acknowledged that Australia has a strong training system, features of which are internationally recognised. Australian industry has driven the push for national consistency, regulation, flexibility of delivery, greater responsiveness to client needs and higher quality skills development outcomes. The pillars of this integrated system are the Australian Quality Training Framework and competency based Training Packages which cover more than 85% of the work performed by Australia's workers.

Spurred on by the current economic uncertainties, members of the Forum recognised that Australia cannot live on past merit and that major change is required to ensure a more prosperous and fair future. Eight areas were identified: quality, equity and fairness, funding, evidence-based policy and planning, sustainability, the image of vocational skills and governance—facilitated by partnerships operating strategically at all levels of industry, government and training providers.

The Forum was also addressed by Steve Vamos of the Society for Knowledge Economics, whose ideas on leadership have obvious implications for industry-government collaboration.

Participants in the Forum then decided on four areas for action:

#### *Strategic Industry Leadership*

Industry involvement is a crucial driver for training. Participants agreed that a co-ordinated industry response to strengthen industry leadership is needed. This could be achieved both by more formal industry linkages and by industry-government collaboration with determinative powers.

At a local level, more cohesive sectoral/regional networks of employers and training providers are required to meet enterprise workforce development needs.

#### *Quality*



A system focused on competence and knowledge will have a higher level of credibility with employers. A focus on outcomes rather than on inputs and processes is needed. This should be accompanied by true national consistency of both qualifications and quality assurance.

### *Funding and equity*

The ways in which both Governments and employers allocate funds to training should support a flexible approach to skills and workforce development. Such approaches need to ensure that those who are in most need of skills are able to readily access appropriate support, and that employers, employees and government remain committed to skill development in their own interests and through periods of economic downturn.

### *Evidence-based policy and planning*

A full picture of national skills needs is required. This will involve a more integrated and inclusive approach to policy development and planning involving ISCs, STAs, Skills Australia, peak bodies and skills development providers, public and private.

Planning models will need to be developed that reflect the complexity of the labour market, workforce development and the provision of education and training. It will require additional high-level research and better data collection of the full training effort. ISCs will need increased capacity to undertake research and data analysis.

Based on these assessments, a new national skills plan must be developed. To this end, Skills Australia will progress work on scenario planning and share insights with industry groups.

Key industry leaders expressed their commitment to work collaboratively at the industry, state and national level to address the agreed priorities of industry and government.

The Chair of Skills Australia, Philip Bullock, said: “We are indeed fortunate to have people of the passion and capability across industry, providers, and commonwealth and state government stakeholders. The next phase of the skills development journey has commenced,” he said, “and we now have the opportunity to develop a new and reenergised commitment to collaborative action. This will ensure that we have a higher skilled industry and population through the current economic uncertainties and beyond.”

Work on the four themes identified will be coordinated by a Working Group, which will help drive change in these nominated areas and will provide a conduit to the broader industry and community stakeholders.

*Issued by Skills Australia*

*on behalf of ISC Chairs, Peak Body Representatives, STA Chairs and Skills Australia*

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## Forum Members

<b>Industry Skills Councils</b>	
Mr Ray Barker	Skills DMC
Mr John Vines	IBSA
Ms Megan Lilly	MSA
Mr Dan Hill	CSH
Mr John Downes	Forest Works
Ms Kareena Ballard	Construction Skills
Mr Peter Tighe	EE-OZ
Mr John Baker	Agri-Foods
Mr Ian Blandthorn	Service Skills
Mr Robert Adams	Transport & Logistics
Ms Jan Andrews	Government Skills
<b>State Training Boards</b>	
Mr Bert Evans	BVET NSW
Mr David Hind	Skills Tasmania
Professor Denise Bradley	TASC
Mr Keith Spence	STB WA
Ms Rowena Allen	Vic Skills Commission
Kaaren Bloome	ACT Skills Commission
Mr Barry Nutter	Qld TERC
Mr John Hased	NT DEET
<b>Skills Australia Board</b>	
Philip Bullock	Skills Australia
Gerald Burke	Skills Australia
Michael Keating	Skills Australia
Sharan Burrow	Skills Australia
Marie Persson	Skills Australia
Heather Ridout	Skills Australia
<b>Industry Peaks</b>	
Michelle Bissett	ACTU
Mary Hicks	ACCI
Patrick Coleman	BCA
Andrew Wilsmore	National Farmers Federation
Chris Fraser	Minerals Council Of Aust
<b>Training Industry Reps</b>	
Mr Rod Camm	Construction Skills Qld
Ms Deb Daly	TAFE Directors Australia
Mr Larry Davies	ACPET