



Australian
Industry and
Skills Committee

Skilling industry for the future

Speech for Bill Galvin

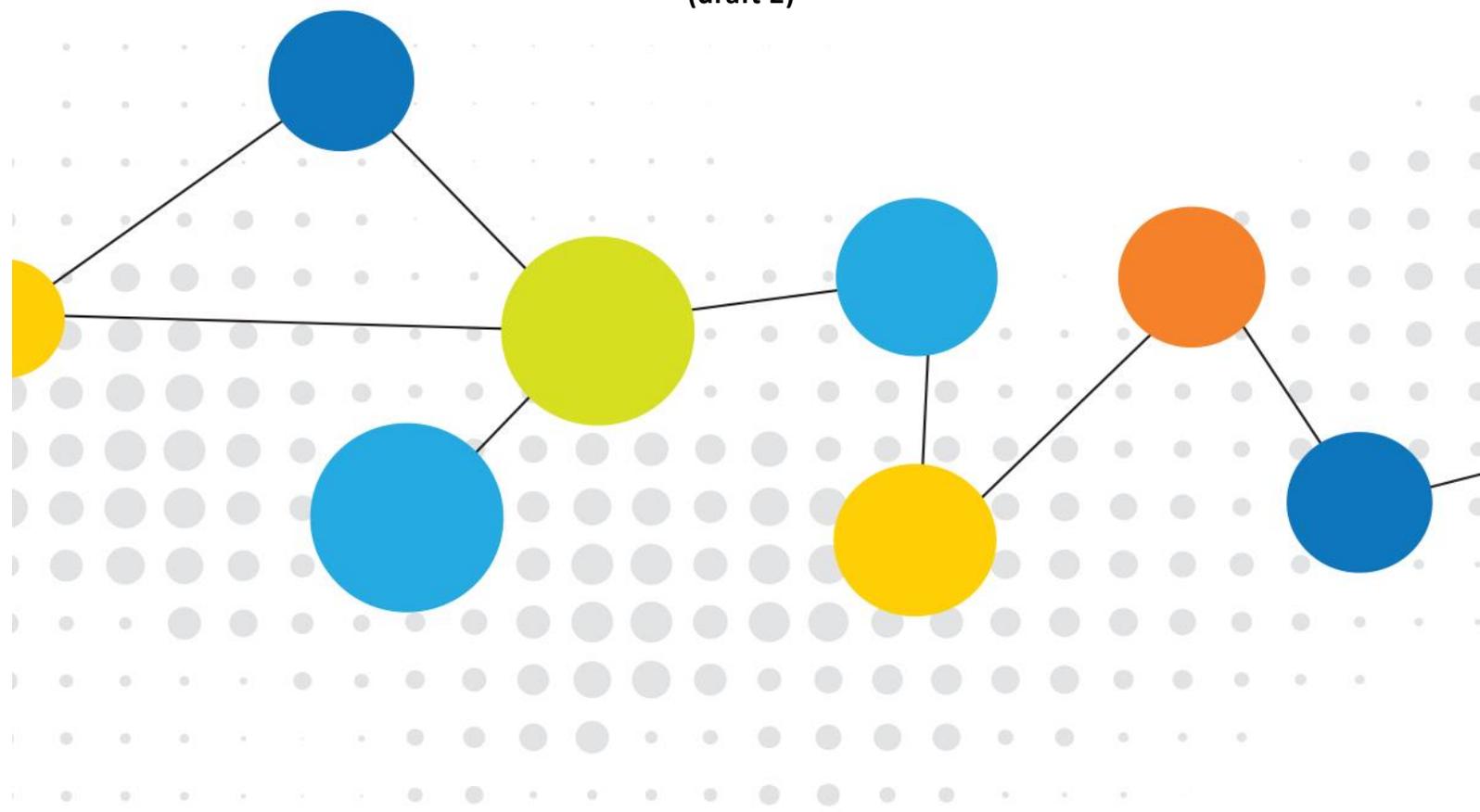
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Introduction

[Acknowledge distinguished guests and thank event organiser]

Ladies and gentlemen thank you for the opportunity to be here today to share my experiences and insights as a member of the Australian Industry and Skills Committee (AISC), a collaboration between industry and Government which gives industry a leading role in Australia's vocational education and training system.

Today I would like to tell you about the AISC, its network of Industry Reference Committees (IRCs) and how we are helping industry prepare for future skills needs as we approach the fourth industrial revolution – Industry 4.0. I will also refer to Australian Government frameworks that support workforce planning. Before I do, I would like to give you an overview of Australia's vocational education and training (VET) system.

VET overview

In Australia, VET is delivered by around 4,600 registered training organisations through Technical and Further Education (TAFE) institutes, universities, secondary schools, private training providers, industry organisations, community-based providers and government organisations.

Governance of Australia's vocational education and training system reflects the federated nature of the Australian political system, with both the Commonwealth Government and the eight state and territory governments having a role in the governance, regulation and support of the national VET system. For instance, each state and territory, as well as the Commonwealth

Government, has its own ministers, government departments and training authorities.

To provide a unified, collaborative approach, Australia's VET system is led by a council made up of Commonwealth, state and territory ministers responsible for industry and skills. This is known as the Council of Australian Governments (COAG) Industry and Skills Council.

In 2015, this Council established the AISC to give industry a formal role in advising it on policy directions and decision-making in the national training system. The Committee is made up of industry leaders with links across the economy. I myself have a long career history in the hospitality industry – both in Australia and overseas – and it is my privilege to represent the state of New South Wales on the AISC.

This key reform recognises that Australia's economic productivity and competitiveness relies on its workforce having the right skills – now and in the future.

And with industry in the driver's seat, Australia will be better able to take advantage of the opportunities that increased automation and data exchange will bring to manufacturing technologies as we prepare for the fourth industrial revolution, or Industry 4.0. As "smart factories" – with sophisticated cyber-physical systems, the Internet of things, and cloud computing – transform our manufacturing processes we need to prepare now for future skills needs. This will require a VET system that is flexible, adaptable and responsive to the needs of industry.

I will talk more later about future skills needs, and the work the AISC is doing in this space, but before I do so I would like to explain in more detail the role of the AISC and its network of IRCs.

About the AISC

As I mentioned, the AISC is a key Government reform that represents a fundamental shift in how Australia is preparing for future skills needs. This shift has given industry a central role in deciding what knowledge and competencies students need to obtain when gaining a vocational education and training qualification. In Australia, these competencies are detailed in training packages, which are a set of nationally endorsed standards and qualifications for recognising and assessing people's skills in a specific industry, sector or enterprise.

This new system recognises that employers have first-hand knowledge of what skills and competencies are needed in their industry, and should therefore have a key role in translating this into flexible and relevant training packages that meet their needs.

In particular, the AISC is focussed on:

- simplifying and demystifying the VET system
- amplifying the voice of industry in skills training development, and
- building employers' confidence in VET qualifications.

Having worked in the hospitality industry I know first-hand how important it is for employers that graduates have the right knowledge and skills. This is fundamental to a business' competitiveness and ability to grow. And on a

macro level, having a flexible and well-skilled workforce is essential for adapting to the changing nature of work, meeting skills gaps, creating employment and powering the economy.

For example, tourism – a key component of my own industry – is one of five “super growth sectors” that will drive new jobs and growth in Australia over the next decade. It is a \$100 billion industry that employs 1 in 13 Australians and accounts for 9.6 per cent of Australia’s exports.

Clearly, having a workforce with the right skills and knowledge is crucial for businesses in the tourism sector, for the national economy, and for the many regional communities around Australia that rely on a thriving tourism industry.

INDUSTRY REFERENCE COMMITTEES

To ensure that it is truly representative of industry, the AISC draws on advice from a network of 64 Industry Reference Committees (IRCs), representing key industry sectors across the Australian economy.

Each IRC is made up of people who are leaders in their own sectors – from big business, small enterprises, peak bodies and unions. They have an in-depth knowledge of their industry and play a key role in making sure training package qualifications meet the needs of the sector they represent. They work across their industry to ensure their advice reflects the needs of employers and the modern economy.

Each year IRCs prepare an Industry Skills Forecast that identifies skills gaps and emerging skills needs.

The skills forecasts are prepared for industry sectors and identify trends in the workplace that will impact on the skills needs of the sector. The forecast

gathers industry intelligence to understand the trends that are shaping the industry and the skills priorities for the sector. This then assists in the planning for the development of training products to reflect those priorities.

For example in my own industry, tourism, travel and hospitality, the key trends that are shaping the industry include:

- sustainability, both environmental and economic
- technology and digital literacy
- risk and crisis management, and
- the need for basic business skills such as financial, human resources and management.

These trends will be of critical importance in the future tourism, travel and hospitality workforce, and the training products and training systems developed from here on in must reflect this. It is about moving with the times, being responsive and adaptable.

This industry intelligence from IRCs is ensuring training packages are responsive to the needs of business. This is essential if we are to assist government in implementing the key priorities of:

- making it easier for people to move between occupations
- improving efficiency by creating units that can be used by multiple industries
- simplifying the system by removing qualifications that are no longer being used
- fostering greater recognition of skill sets, and

- improving speed to market so that new training courses are developed more quickly to support skill needs.

The future of work

These Australian Government priorities for improving Australia's VET system will be of utmost importance as we prepare for the skills needs of the future.

We know that increased digitalisation and automation is already changing the way we work. From my own experience in the tourism, travel and hospitality industry, I have already seen profound change during my career, with many customers now booking their travel and accommodation online. It is therefore important to have employees with skills in using online sales channels. And with more tourists doing their own research, it is important that workers in the sector have an in-depth knowledge of their service offering. Social media has also become more than just a marketing tool. Businesses now need the skills to be able to factor social media into areas like customer relations, human resources and crisis management.

This is just one example of how change is impacting skills needs, and also of the opportunities that change can bring.

Commentators have predicted that middle skilled jobs, jobs traditionally in the realm of vocational education and training such as electricians, chefs, carpenters, auto mechanics and para professionals, are particularly going to be affected when we look to 2025 and beyond.

We know our economy is facing significant disruption. The Foundation for Young Australians released a report in July on the impact automation will have on the workforce. By 2030, the report forecasts that young people, on average,

will spend 100 per cent more time at work solving problems, more than 40 per cent more time on critical thinking and judgment, and more than 77 per cent more time using Science Technology Engineering and Mathematics (STEM) skills.

It is clear that we need to be thinking ahead, beyond immediate skills needs, to future opportunities. How often has it been said that we don't even know what the jobs of the future will be yet? It is clear that we need to equip people with transferable skills that businesses value, so they can be well-prepared for the jobs of the future.

Industry has been telling us that what is increasingly valued is employees with skills in areas such as complex problem solving, critical thinking, creativity, people management and emotional intelligence.

These skills will make it easier for workers to move between jobs, and to upskill and reskill as required. The AISC, with its unique industry intelligence from its network of Industry Reference Committees, is well placed to ensure that nationally recognised training is future focussed and includes the transferable, sought after skills that industry needs – now and in the future.

I would like to share with you some of the work the AISC is doing to support its network of IRCs prepare for future skills demand. This includes:

- looking across industry sectors to identify common skills needs
- collaborating with Australia's Industry Growth Centres, and
- building a strong evidence base on future skills needs.

Cross sector projects

The AISC has established eight cross sector projects to explore development of units of competency or skillsets to address new or emerging skills needs that are common across industries. These are in the areas of:

- big data
- automation
- coding
- consumer engagement through social media
- supply chains
- cyber security
- environmental sustainability, and
- team work and communication

These projects are an opportunity to be innovative in training product development and to collaborate across industry sectors. Whereas in the past each sector would develop a unit of competency for a generic skill, (say communication), with the cross sector approach, a single unit will be developed that will be able to be picked up and used by many sectors.

This new approach will assist in reducing complexity in the system and support occupational mobility. The cross sector projects have the potential to drive cultural change and drive efficiencies in training package development.

These projects aim to address common skills, making it easier for people to move between jobs and industries. This will reduce the level of complexity in the VET system – giving employers greater confidence in VET qualifications.

Industry is telling us that the VET system needs to be more responsive to modern ways of working and future skills needs. We know that the take up of

new technologies is seeing rapid change in some industries and it is important that the Australian VET system is able to accommodate this change. These cross sector projects, while still in their infancy, have the potential to significantly improve the system so that employees have the skills that will allow them to move quickly between jobs, or to re-skill, in response to rapid changes in the workplace.

Industry Growth Centres

The AISC is also actively engaged with the Industry Growth Centres, an Australian Government initiative which focuses on six sectors that are important to Australia's future competitiveness.

Industry Growth Centres are an industry-led approach to driving innovation, productivity and competitiveness by focusing on areas of competitive strength and strategic priority. This will help Australia transition into smart, high value and export focused industries. IRCs are members of some Growth Centres, ensuring skills are high on the agenda as we approach Industry 4.0.

Growth Centres have been established in six industry areas of competitive strength and strategic priority:

- Advanced manufacturing
- Cyber security
- Food and agribusiness
- Medical technologies and pharmaceuticals
- Mining equipment, technology and services, and
- Oil, gas and energy resources.

An example of the positive outcomes of engaging with Industry Growth Centres can be seen in the formation of a short-term Pharmaceutical Manufacturing IRC.

Realising there was a need to modernise the pharmaceutical manufacturing sector, pharmaceutical companies and the sector Industry Growth Centre MTP Connect approached the AISC to form an IRC to guide the development of a nationally recognised qualification.

Once in place, this will allow employees to transfer skills between companies and cut down on the cost of training for employers. This is just one example of how industry is leading the way in determining the skills and training it needs.

I would now like to tell you about two projects that are underway to help equip IRCs with a range of data and intelligence around future skills needs.

Future Skills and Training resource

The AISC is actively thinking about the future world of work. How will emerging trends in society, economics, technology, the environment and in politics affect individuals and businesses?

The AISC does not have all the answers, but we are helping IRCs prepare for the future.

Future Skills and Training is a practical resource developed for IRCs which analyses data on Australian and international megatrends and their potential impact on Australia's workforce, skills needs and how people will work and train in the future. This scenario-based approach recognises that different industry sectors have differing skills needs, and there is no "one size fits all" approach.

The resource observes that due to the speed and impact of emerging trends, responsive, industry driven training will be crucial for developing a dynamic, appropriately skilled workforce.

IRCs can use the trends and base scenarios identified in the resource as a starting point to think about how their industry may be affected, and what skills and training they will need to meet changing workplace demands.

While the report has been developed for IRCs, it is available on the AISC website (AISC.net.au) for anyone with an interest in future skills.

National Industry Insights Report

We are also working with the National Centre for Vocational Education Research (NCVER), the Australian equivalent of KRIVET, to develop the National Industry Insights Report.

This dynamic web-based resource will provide an easily accessible platform for industry stakeholders and IRCs to access data and information on their sector. The Report will bring together bottom-up, grassroots intelligence from IRCs and combine this with top-down industry and labour market data to develop a consolidated cross-IRC evidence base, providing an overarching national view on employment and skills forecasts. The website will be updated regularly as new data is available, and will evolve over time to ensure it meets the needs of IRCs and industry.

The **National Industry Insights Report** is due to be released by the end of the year and will provide a relevant, robust evidence base for IRCs to use,

particularly when they are developing their annual Skills Forecasts and Proposed Schedules of Work.

Working with Government to project future skills demand

I will now touch on some of the work the Australian Government is doing around workforce planning. In doing so, I would like to emphasise that this is very much an overview, as I am here today as a representative of industry, not Government.

In Australia, several Government agencies are involved in skills planning, including the Departments of Education and Training, Employment, Immigration and Border Protection, and Treasury.

Through the Department of Employment, the Government undertakes skills shortage research, which looks at employment projections by region, industry and occupation. This gives a good indication of supply and demand. Existing supply is gauged from student supply and existing workforce and migration.

Employment projections are based on detailed data, in particular, from the Australian Bureau of Statistics Labour Force Survey.

Additionally, a skills shortage list, also prepared by the Department of Employment, identifies shortages in the Australian labour market in skilled occupations where long lead times for training mean that shortages cannot be quickly addressed. The skills shortage research uses data from the Survey of Employers who have Recently Advertised (SERA). This list is updated every six months.

Another source of information is the Internet Vacancy Index (IVI) that is a count of online job advertisements newly lodged on employment sites such as SEEK, CareerOne and Australian JobSearch.

Much of this information is available publicly at employment.gov.au.

Additionally, the Department of Education and Training is developing a 10-year skills demand and supply outlook, using a macroeconomic outlook. This modelling will develop a picture of the current workforce situation and outline key trends.

This information will help target programs according to skills needs, for example, the employer incentives and personal benefits for apprentices.

Importantly, it will also support the AISC in providing advice to Government on nationally recognised training and how training can be improved to respond to the changing nature of work and the needs of Australian industry.

It will also help support future VET research.

Conclusion

The voice of industry is helping ensure Australia has a quality VET system that meets the needs of both industry and employees – both now and into the future.

This industry-led lead approach to training recognises the importance of having a highly skilled workforce to Australian businesses, communities and the national economy.

By driving greater engagement by businesses in skills development, Australia will be better able to take advantage of future opportunities as we approach Industry 4.0.

Thank you.

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