MEDIA RELEASE

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Ai Group calls for creation of Workforce Development Agency – to tackle deepening skills and productivity challenges

"With the unacceptably low levels of productivity and intensifying skill shortages there is an urgent need for industry to be given a stronger role in our training system. We need to ensure that skills development is focused on the right areas, well coordinated and driven by the needs of industry and the economy. To achieve this, Ai Group proposes the establishment of an Australian Workforce Development Agency as a matter of national priority," Ai Group Chief Executive Heather Ridout said today.

"Australia's approach to workforce training needs a major overhaul. The governance of the Australian training system has become extremely complex with successive changes to the system giving rise to new bodies which further complicate the system. This has resulted in the economic focus of training being weakened while industry's voice has become fragmented and much diluted. While there are many positive elements to the current training system, the importance to the economy of strengthening Australia's skills base means that this is a leading priority that needs to be addressed.

"To meet this need, Ai Group proposes the creation of a Workforce Development Agency which would see the consolidation of programs related to workplace development brought into one body thereby sharpening the economic focus of the system and strengthening industry's voice. The Agency would drive policy development and effective implementation.

"The Workforce Development Agency would work closely with Skills Australia and the industry skills councils. It would be a high profile industry led entity that would develop and implement short and medium term workforce development strategies and solutions in partnership with Government. It would take a national and strategic approach to:

- improving the quality and relevance of workforce training solutions;
- co-ordinating and integrating enterprise stream funding according to workforce development needs;
- reforming the apprenticeship system including by removing duplication and administrative red tape;
- focussing strongly on the development of the foundation skills of literacy and numeracy; and
- revitalising the development of management skills.

"This new approach to workforce development in Australia would amount to much needed reform of the system, not another re-jigging," Mrs Ridout said.

The national Workforce Development Agency would also:

- Demonstrate industry leadership and work collaboratively with key stakeholders;
- Provide a single focal point for industry solutions and initiatives; and
- Engage industry experts with deep knowledge of how industry and enterprises work and who would form a multi-disciplinary team working cooperatively across industry and with government and other stakeholders. They would work to develop the policy and practice needed to address productivity, skills, management and innovation challenges."
"The proposal is cost neutral as it would be funded through the re-assignment of existing funds designed to support industry skills and productivity development. It would also work with industry, especially industry skills councils, to promote and develop co-funding arrangements.

"Ai Group is strongly urging the Government to have a major focus on skills in the coming Federal Budget as a central plank in a strategy to build productivity and capacity. The Workforce Development Agency is central to Ai Group’s skills and training pre-budget proposals. As well, we have advocated that further reforms be included in the Budget in the following areas:

- Development of industry-endorsed quality ratings for Registered Training Organisations;
- Renewed industry based arrangements for career advice;
- Improved linkages between higher education and industry by further embedding Workforce Integrated Learning, improving job readiness of graduates and industry engagement with Tertiary Education Quality and Standards Agency; and
- Improved vocational programs within secondary schools.

"These proposals will require increased funding of Vocational Education and Training over the forward estimates. Further details on the structure of the new Workforce Development Agency are set out below," Mrs Ridout said.

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Attachment A

Skills Australia currently provides a high level strategic advice to the Commonwealth Minister across all aspects of the training system, including workforce development. This new National Workforce Development Agency would work with Skills Australia’s advice, as it relates to workforce development and progress implementation and drive reform.

What the national workforce development agency would focus on

The functions of the agency should encompass:

1. **The Development of National Strategies**
   - Development of a National Skills Shortages Strategy and Implementation Plan - immediate priority;
   - Formulation of a National Workforce Development Strategy and Implementation Plan - a medium term perspective;
   - The National Workforce Development Strategy will focus on skilling issues associated with key components of the workforce including; new entrants via the apprenticeship system; the particular skilling and re-skilling needs of the existing workforce; foundation skills for existing workers; skilling of the mature age workforce; and a renewed focus on the particular needs of management.

2. **Funding of Workplace Development Initiatives**
   - Administer, build on and expand the workforce development funding models, such as the Enterprise-Based Productivity Places Program and the Critical Skills Investment Fund

3. **Improved Skilling Quality**
   - Inclusion of the new National Standards Council within the auspices of the Workforce Development Agency. The National Standards Council is the key policy body for the training, and subsequent workforce development system, and therefore, requires strong industry leadership and oversight.

4. **Establishment and auspicing of a National Apprenticeship Commission**

   A new National Apprenticeship Commission would:
   - Have the express purpose of delivering a reformed high quality Australian Apprenticeship system that:
     - forges nationally consistent apprenticeships
     - removes duplication of service provision
     - streamlines administrative requirements
     - Ensure that arrangements and programs meet both current and future economic and occupational needs, including addressing foundation skill requirements.
     - The next and subsequent Commonwealth-State funding agreements must include specific reference that all jurisdictions support and actively contribute to apprenticeship reform, including ceding apprenticeship regulatory and administrative arrangements where necessary.
     - The Workforce Development Agency would have responsibility for implementation of proposed new arrangements that relate to employer incentives, as identified by the Expert Apprenticeship panel.
5. Establishment and administration of a National Workforce Foundation Skills Fund
   - The National Workforce Foundation Skills Fund which will be used to:
     - develop a national workforce and numeracy and literacy strategy through which will be
       established a 10 year long term blueprint to identify and address long-term goals that will
       profoundly shift the capacity of learners and the workforce and significantly impact our
       nation’s future
     - establish a Workforce Foundation Skills Fund to assist employers to provide workplace
       literacy projects for their employees based on workplace requirements. This Fund will include
       but be broader than the WELL program.

6. Renewed Focus on Management Skills
   - Take a fresh look at Australian management needs and develop a new national approach to
     management skills development.

   Australian managers, as identified in Management Matters, need to give more attention to
   building their people management skills and the relationships within their organisations and this
   is also consistent with the characteristics of high performing workplaces. Governments need to
   explicitly support Australian company moves to become high performing workplaces by
   supporting management and leadership development.

   In the first instance, and to highlight the need for the development of these business capabilities,
   Ai Group proposes the Government commission a national study of management capabilities
   which recognises the dramatic changes in the capability requirements of managers since the
   Karpin Taskforce’s report of 1995 particularly around innovation, globalisation and sustainability.

   In addition Ai Group proposes the further development of the Enterprise Connect initiative to
   include a particular focus on workforce development solutions. In addition to the business
   diagnostic services, companies would have access to specialist workforce skills development
   advisors who would work with them to:
     - Provide advice to enterprises to link workforce skills development to broader business
       strategies with an appropriate emphasis on sustainability
     - Develop tools to assist return on investment in workforce skills development
     - Undertake an initial analysis of skills needs
     - Develop strategies to encourage and support employee participation in workforce skills
       development
     - Assist in the development of enterprise and individual learning plans
     - Provide advice to support the building of the internal skillling capacity of enterprises
     - Assist the enterprise to access relevant programs and services offered by training providers
     - Develop tools to assess and monitor implementation and outcomes, including the productivity
       dividend and skills utilisation levels.

   This work would be undertaken under the auspices of the Workforce Development Agency.

7. NBN Skills Strategy
   - Develop a NBN Transformative Skills Initiative – to assist enterprises and individuals prepare for
     and reap the benefit of the transformative potential of the NBN

8. Focus on Innovation
   - Innovation - foster and develop a strong approach to innovation within the context of workforce
     development initiatives.

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1 R. Green, and R. Agarwal, 'Management Matters in Australia: Just how productive are we?' University of Technology Sydney, Nov 2009