

*The Future at Work – A Strategic Framework for  
Workforce Development in Southern Adelaide*

ACCOMPANYING REPORT 1: WORKFORCE  
DEVELOPMENT

presented to

Southern Metropolitan Employment and Skills Formation Network

by

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# 1 The Workforce Development Concept

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*The severe "skill gaps" that appeared in the 1990s showed that workforce development is about much more than assisting the unemployed and disadvantaged; it is also about producing a workforce with the skills that employers need if they are to succeed in a rapidly changing and highly competitive global economy. (National Governors Association Center for Best Practices, 2005: 2).*

Workforce development needs to be understood as a **technical process**, as well as for its broader **economic context**. There are numerous definitions of workforce planning and development, most of which have a technical focus. For example -

*Workforce planning is the strategic alignment of an organization's human capital with its business direction. It is a methodical process of analysing the current workforce, identifying future workforce needs, establishing the gap between the present and future, and implementing solutions so the organization can accomplish its mission, goals, and objectives. (IPMA, 2002: vi)*

*... the education, employment, and job-training efforts designed to help employers to get a skilled workforce and individuals to succeed in the workplace (Jacobs: 2002).*

Workforce planning is a means for implementing the objectives of workforce development, and workforce development is the key outcome sought from workforce planning. The concept of *workforce development* can be viewed as comprising a number of interrelated elements:

- ⇒ planning the size and composition of the workforce;
- ⇒ educating and skilling the workforce; and
- ⇒ retaining and managing the workforce.

Workforce planning and development must engage with a wide range of concerns including education, training, pay, skill mix, industrial relations, work-life balance policies, retirement incomes policies, occupational health and safety policy, succession management, leadership development and career management. All of these need to be considered in an **integrated** way to support successful workforce development and workforce planning.

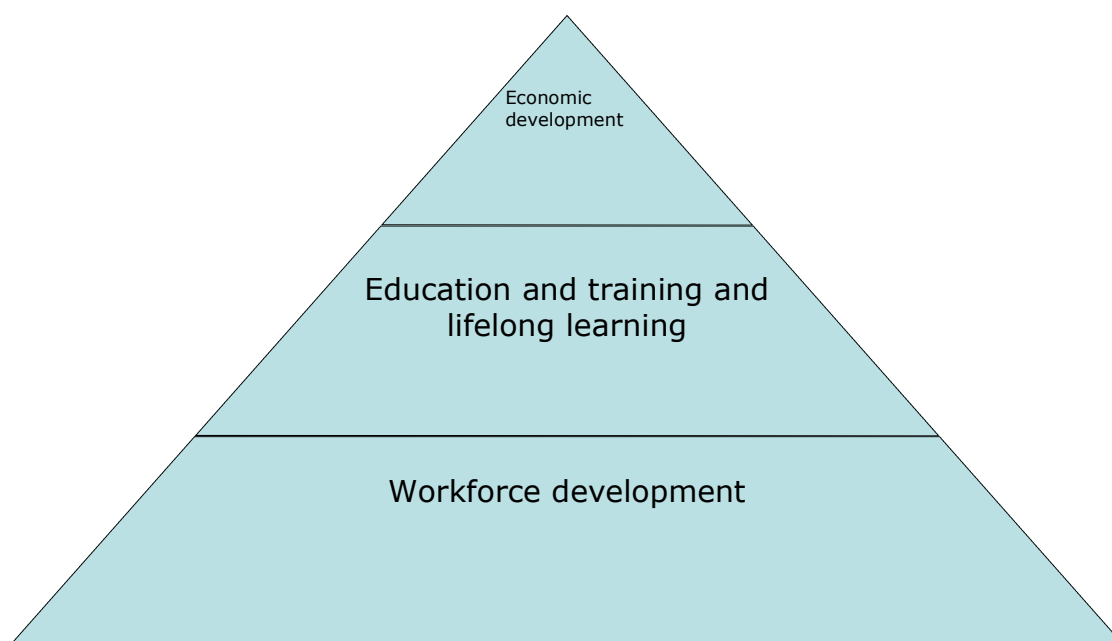
As a strategy, workforce planning involves identifying the factors that shape the **demand** for a particular workforce as well as the **supply** of workers to meet that demand. Supply-side data document a range of worker characteristics, such as, demographic, educational background and qualifications, previous workforce experience, intentions for remaining with a particular workforce and so on. Examples of demand-side factors include population ageing, technological change, global economic change and government policy development.

Most workforce planning and development is based at the level of individual organisations, but can also occur at other levels – including by industry, by sector or by region. It is also important to conceptualise its direct relationship with **economic development**, and the bridge between both that is provided by education and training.

*... economic development and workforce development are two sides of the same coin, and therefore their strategies and activities need to be aligned. (National Governors Association Center for Best Practices, 2005: 2)*

This three way relationship can be conceptualised in pyramid form involving three mutually reinforcing tiers, with workforce development forming the foundation for economic growth, and education and training linking both (National Governors Association Center for Best Practice: 2004, 2005, 2006). Education and training should also be seen as part of a lifelong learning process, just as the increased capacity of individual workers should be supported on a whole-of-life basis. The diagram below illustrates this relationship.

**Figure 1: The workforce and economic development relationship**



The need for skill development affects individual employees, individual employers and communities, and the failure to address this need affects all three sets of stakeholders.

*Employers confront growing shortages of adequately prepared workers, yet high turnover rates discourage many businesses from making major investments in employee education and training. Low-skilled workers experience declining wages, yet they lack the skills to secure better jobs and the resources to obtain higher-level skills.*

*... When making relocation or expansion decisions, businesses also consider a region's ability to provide a steady stream of skilled workers. However, communities' ability to be responsive to industry skill needs is hindered by the lack of coordination between the public education, economic, and workforce development systems. As a consequence, the industry-specific skills demanded by local industries often are not incorporated into education and training programs (NGA Center for Best Practice 2006: 2).*

Ideally workforce planning should seek to address employer and employee needs **simultaneously**, enabling workers (or potential workers) to undertake skills training that meets identified employer and industry need. While this should be part of its design, it does not necessarily occur in practice. The marrying of both sets of needs is particularly relevant in addressing the skill shortage anticipated with the retirement of *Baby Boomer* employees. Their departure from the workforce does not have to occur as a once-off process but could be phased, based on a **negotiation** process between employee and employer designed to meet the needs of both. This can be expected to involve flexibility in working conditions and reduced working hours. Such an approach is also relevant to engaging under-employed groups into paid employment (for example, parents delaying their return to the workforce due to the need for support in upgrading their skills and the guarantee of family-friendly work environments).

### CRITICAL SUCCESS FACTORS IN EFFECTIVE WORKFORCE PLANNING

The Department of Defence (the largest Commonwealth Government employer) is considered by the Commonwealth Auditor-General's Department to demonstrate best practice in workforce planning. These **critical success factors** in workforce planning identified in the case study.

- o An enterprise level **personnel information system** to support workforce planning or a specialist database that captures the right types of information (noting that a spreadsheet would suffice for a small agency).
- o A reliable and valid **forecasting and mapping tool** that can allow consideration of future scenarios.
- o Access to **workforce planners** who have the requisite skills and competencies, including systems thinking and statistical analysis, as well as data interpretation skills to make use of this analysis.
- o Organisational **linkages and connections** that allow workforce planners to gain access and build credibility to influence and advise the business.
- o Useable products that operationalise that advice, that distil the data and trends, that are user-friendly, meaningful and can guide decisions at the unit level.
- o An **environment** that is receptive.
- o Relevant **policies and operating procedures** to record how workforce planning links to business planning and to sustain the activities.
- o **Support from the senior executive level**, facilitated in Defence by a Workforce Plan and a People Plan signed off by the executive.<sup>1</sup>

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<sup>1</sup> The Auditor-General Audit Report 2005

## 2 Drivers of workforce development

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*Over the past 3 decades, complex social and economic factors have redefined the character and conditions of labour markets. The same factors that have increased productivity and put the economy on a record path of expansion and prosperity also have made it more difficult for both employers and workers to navigate the market, secure needed skills, and seize opportunities that promote success. (Rademacher: 2002).*

### 2.1 Demographic change

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South Australia's ageing workforce is one of the major challenges facing policymakers and employers over the next decade. The number of Australians aged 65 years or more currently represents 21 per cent of the population and will comprise one-quarter of the population by 2045.

South Australia already has the oldest population and workforce in Australia, so the prospect of acute labour shortages looms large. After steadily increasing, the working age population (15 – 64 year olds) in South Australia is projected to decline at the beginning of the next decade. Around one third of South Australia's current workforce will be approaching the age of retirement over the next decade (TASC: 2005).

At the same time, low fertility rates are reducing the supply of younger workers joining the workforce. The current Australian fertility rate of 1.2 per cent is below replacement levels and is set to fall further, to 0.85 per cent by 2016 (Hudson: 2004). The shift in the age structure of the population means that, over the next fifty years, the 'aged dependency ratio' (the number aged 65 years and over relative to the population aged 15 to 64) will deteriorate significantly. Currently there are 5.25 people in the (potential) workforce for every person aged 65 and over. By 2050-01, this will have fallen by more than a half, to 2.2 (Productivity Commission: 2004).

Retaining older workers in the labour market (and providing opportunities for the current pool of mature aged unemployed and those underemployed) will become increasingly important to ensuring a source of skilled labour, as the pool of younger entrants shrinks.

#### 2.1.1 Retirement trends

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Older people are likely to continue working, but with a reduced number of hours and with flexible work hours. This is indicated by the trend for people to live longer and with better health, bringing with it an increase in expectations about active lifestyles, as well as an increased capacity and need to keep working.

One of the outcomes of population ageing, and of changing expectations about how people live their lives, is a blurring of the boundary between the end of paid workforce participation and the beginning of retirement. At the turn of the 20<sup>th</sup> century, many older Australian males worked until near death, enjoying a relatively brief retirement. Therefore, workforce ageing had minimal impact on the total labour supply. In the next century, Australians gained about 20 years of extra life expectancy and earned nearly five

times more income per capita, which has fundamentally altered expectations about leisure and work.

The future older population will be asset rich, with some 50% of the nation's family wealth projected to be held by those aged 65 and over by 2031 (compared with their current share of 22% of aggregate wealth). Much of this wealth derives from owner-occupied housing and superannuation assets. However, their lifestyle expectations and government policy are likely to see a continued involvement in paid work and retirement will not necessarily equate to a cessation of paid employment.

Recent Australian government policy is setting in place a framework to discourage earlier trends to retire from 55 years onwards, and to encourage prolonged participation in paid employment. While this trend can be expected to continue, and will be supported by many *Baby Boomers*<sup>2</sup> themselves, it will require significant change in occupational and health and safety regulations (which discourage the employment of people over 65), in ageist employer and community attitudes, and inflexible employment practices.

## 2.2 The need for a skilled workforce

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Driven largely by the combined impact of international competition and new technologies, there has been a substantial shift in the Australian labour force towards employment in occupations and industries requiring high levels of skill. Employment forecasts for 2016 show a shift towards high-skill occupations (Shah & Burke, 2006: 1). The Productivity Commission estimated that in 2000, more than half of all jobs required post-secondary qualifications, compared with less than 40% of jobs twenty years earlier (ACOSS: 2007; Productivity Commission: 2002). The Australian Industry Group has estimated that 86% of occupations now need a post school qualification (ACOSS: 2007: 3; AI Group: 2006).

The demand for skilled workers is not expected to be met easily through current supply. A shortfall of **240,000** people nationally with VET qualifications is projected in the ten years from 2006 to 2016, but not at every qualification level. Shortfalls are expected at the advanced diploma, diploma and certificate III levels, with surpluses expected at other levels. This will require adjusting both the quantity and distribution of supply, which is seen to require an average increase of 1.9% per annum in VET completions while maintaining the higher education sector's supply at a constant rate (Shah & Burke, 2006: 44).

Research undertaken by the Queensland Department of Education and Training using ABS Census Population and Housing 2001 data has identified a significant skills-jobs mismatch, particularly in jobs requiring a VET qualification. This analysis identifies a demand that involves 62.3% of jobs requiring a VET pathway against a supply of 29.9% of the working age population in Australia holding VET qualifications. By comparison, 24.0% of jobs require university qualifications and these are held by 20.0% of people aged 15 to 64 years. Of concern too is that 50% of the population lack formal qualifications while only 13.7% of jobs require no qualifications (research cited by Ai Group: 2006).

The Australian Government's Department of Employment and Workplace Relations (DEWR) estimates that nationally by 2010 there will be a shortfall of **195,000** workers due to population ageing (DEWR: 2005). This will exacerbate existing skill shortages and

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<sup>2</sup> People born between 1941 and 1965, and representing our largest population cohort.

presents an opportunity for under-employed and unemployed Australians to obtain meaningful employment, *provided* that they are enabled to develop the skills needed for this type of work.

Consequently, a key feature of workforce planning and development in the Southern Region of Adelaide will be the provision of a training and education pathway to employment that begins in secondary school. Of particular importance will be the VET in Schools program and apprenticeships and traineeships, as well as training opportunities for existing workforce members.

The recently implemented *SkillsInfo* website is a joint project of the Department of Employment and Workplace Relations and the Department of Education, Science and Training. *SkillsInfo* provides skills-related information on education, training, industries and regions and data on industry employment trends and prospects. The website is built around five themes: education and training, industries, regions, skills issues and skills links.

*SkillsInfo* includes Industry Employment Profiles that present, in graphical form, a comprehensive suite of data on employment characteristics, trends and prospects for all industries. There are also links to skills-related websites covering economic trends and statistics on skills, employment services, recent and topical media articles, research and discussion papers and other key developments relevant to meeting Australia's skills needs. The *SkillsInfo* website can be accessed at: <http://www.australia.gov.au/skillsinfo>.

### 2.3 Workforce planning and development challenges

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The workforce planning challenge facing South Australia is twofold:

1. Sustained economic growth and workforce ageing are fuelling skill shortages and gaps.
2. Relatively few firms have workforce planning processes in place or have access to appropriate tools or support services.

The challenges driving the *Workforce Development Strategy for the Southern Region* are shared by South Australia as a whole and are documented in the *State Workforce Development Strategy - Better Skills, Better Work, Better State* (2005) – see *Attachment 1*. They include:

- o An ageing population that may result in a loss of skill as the *Baby Boomer* cohort approaches usual retirement age - unless incentives are identified for their retention. The need for succession planning is also significant.
- o Insufficient numbers of young skilled people and the need to attract and retain them.
- o The need to develop workplaces that are family-friendly and enable an effective work-life balance.
- o The need to develop high performing workplaces.
- o A shortage of skills exacerbated by relatively low unemployment rates.

- o The need for flexibility to adapt to the dynamic nature of the labour market and changes in the economy.
- o Structural change that can produce a decline in some industry sectors and the emergence of new industries).

In many cases, these factors are exacerbated at the level of the Southern Region<sup>3</sup>.

Additional challenges specifically affecting the Southern Region include:

- o The closure of Mobil Port Stanvac and the Mitsubishi engine plant at Lonsdale (together with ongoing uncertainty about Mitsubishi's long term Adelaide future);
- o The impact of the highly fluctuating wine industry;
- o A global shift in manufacturing due to competition from China and India that is likely to produce a decline in demand for trade skills; and
- o A shortage of suitable industrial land.

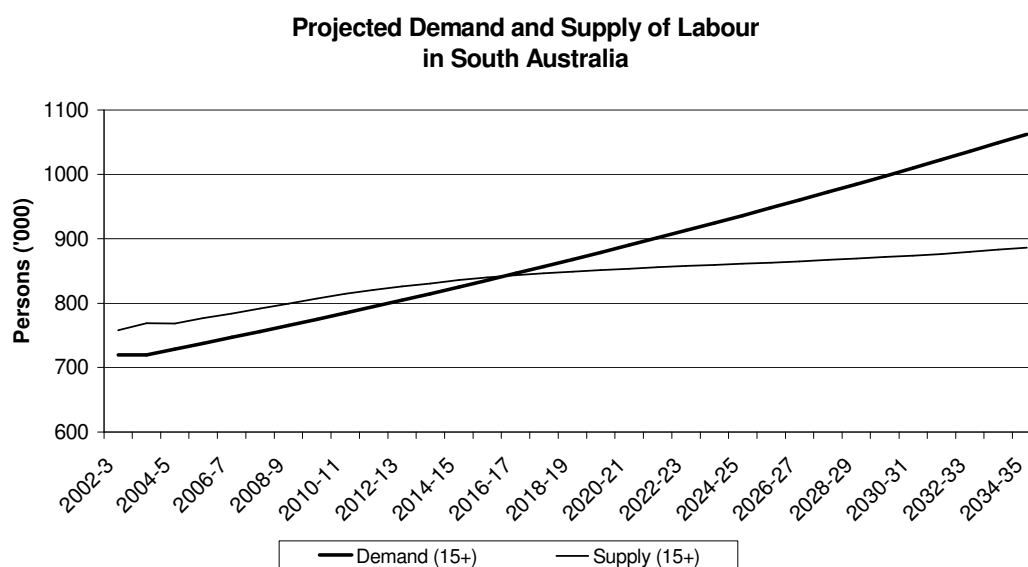
In the Southern Region, there is a need to develop a more sustainable industry structure while taking advantage of the projected population growth (exceeding the State average) that is expected for the region. In order to ensure that opportunities can be realised and challenges managed, a planned approach to industry development is critical, one aspect of which involves the region's workforce.

The workforce development challenges facing South Australia are further illustrated in *Figure 2*. These challenges are magnified by the number of current and projected major projects in the State requiring, in some cases, significant numbers of skilled employees. *Figure 2* reveals the central challenge. On current projections, and without significant policy intervention, the demand for labour in South Australia will outstrip the supply of labour from around **2017**. This presents a significant challenge for policy makers to develop innovative workforce development responses.

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<sup>3</sup> comprised of the Cities of Onkaparinga and Marion

Figure 2:



Source: DFEEST estimates provided to the AISR, based on labour demand projections developed by Monash Centre of Policy Studies; and a labour supply scenario incorporating South Australian Government population projections and Productivity Commission labour force participation rate projections.

The Australian Government Department of Employment and Workplace Relations through its *Workforce Tomorrow* Report (DEWR: 2005) highlights the magnitude of the workforce development challenges facing the nation over the next decade. Three of the challenges identified involve –

- 1 the ageing of the workforce
- 2 skill shortages and
- 3 a 'tight' labour market.

*... the ageing of the population coupled with an already tight labour market, especially for more skilled occupations, will have significant implications for business. Without sufficient skilled workers, many businesses will have difficulty in continuing to produce their current level of output, let alone in expanding output to keep up with the consumption wishes of Australians and export markets....*

Other trends that are also driving the need for workforce planning include:

- o The rapid pace of technological change creating shortages of new skills and making other skills obsolete; and
- o Increasing pressure for workplaces to facilitate work/life balance.

In such a complex and evolving context, workforce planning becomes of critical importance.

*Ensuring a sufficient number of workers with the appropriate skills to support the economy has long been recognised as a fundamental workforce development challenge, and many nations, including Australia, the United Kingdom and Canada have national skills development policies and frameworks. As the broader impact of demographic change and*

ageing on the workforce becomes better understood, the focus of these policies will need to change. This challenge is shared by Australia which to date has not made the fundamental changes to national skill formation and employment policies that are warranted by the ageing of the workforce (Windsor et al: 2005).

## 3 Workforce development in context

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### 3.1 International examples of approaches to workforce development

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The state of Oregon in the USA has one of the most advanced workforce development policies. This originates from its long standing commitment to strategic planning and benchmarking against a range of economic, social and environmental indicators. *Oregon Shines*, released in 1989 (updated as *Oregon Shines II* in 1997) represented a policy response to the need to create a highly skilled workforce in order to support a strong economy (Windsor et al: 2005).

In 2001 the government of New Zealand released *Workforce 2010: a document to inform public debate on the future of the labour market in New Zealand* (NZ Government: 2001). This signified a policy response to low workforce skill levels as well as to population ageing. *Workforce 2010* provides a framework for analysis that identifies existing workforce capacity, opportunities to use this expertise and processes to match capacity to opportunity (Windsor et al: 2005).

One of the most useful models deriving from international practice is the *State Leadership in the Global Economy Project* (NGA Center for Best Practices: 2004). This was designed to assist governors of six American States<sup>4</sup> to develop the policy infrastructure and strategies needed to assist workers and businesses to remain competitive in a global economy. There were two separate but intersecting projects at the core of this initiative –

- 1) the *Cluster-based Economic Development* project
- 2) the *Next Generation of Workforce Development* project.

As part of the Next Generation ... project, a two year intensive technical assistance 'Workforce Development Policy Academy' provided a structured forum for policy teams to meet and plan in relation to key issues, with expert support. The Academy model was defined as "... a highly interactive and iterative, team-based process for crafting policy strategies and solutions to complex policy challenges." Participating States organised a team of decision makers from across agencies with a designated team leader selected by the Governor. These teams participated in two to three formal meetings, each lasting up to three days and held at six monthly intervals, that required them to –

- a) work within their team in an in-depth exploration of issues and solutions to identified policy challenges
- b) engage in cross-team analysis and critiques of policy proposals
- c) with access to a 'faculty' of national and State policy experts.

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<sup>4</sup> Idaho, Missouri, Montana, New Jersey, Ohio and Virginia

These were the key lessons that emerged from the *'Next Generation of Workforce Development Policy Academy'* initiative. It is important to -

- ❑ *Align workforce development and education with economic development.* This requires a clear understanding of the industries in the State and a common understanding of the knowledge and skills required to compete successfully. Each of the six States understood the importance of developing a **common agenda** between their workforce and economic development programs. This agenda identified key industries and their skill needs.
- ❑ *Build an education and training 'pipeline' to supply industry with skilled workers.* This requires **seamless connections** between the different sources of education and training (eg secondary and post secondary) and between these sources and the workplace. The 'one-stop-shop' model can provide one means of achieving this outcome. Another model identified by the Project involves *Regional Skill Alliances* (RSAs) which are networks of firms that collaborate to acquire or reduce the costs of worker training programs.
- ❑ *Expand opportunities for continuous learning.* To do this requires the building of **partnerships** between business and education and training providers so that workers have the opportunity to continuously upgrade their skills and knowledge. It also requires partnerships between education and training agencies, workforce development agencies and economic development agencies.
- ❑ *Build career pathways for workers.* This involves marrying the needs of **employers** (and more broadly of industry) with those of individual **workers** (rather than leaving the responsibility of career development with either individuals or companies). It requires precise information about labour market needs and about learning opportunities, and ready access to different levels of education and training. This information is extremely pertinent in relation to workers who are approaching retirement as it can prevent sudden withdrawal of skilled labour through complete retirement by enabling phased retirement negotiated between employees and employers. An incentive for employees in such negotiation is likely to involve flexible working conditions. It also includes the provision of opportunities to low wage, less skilled workers to obtain further training and career development which also meets identified industry shortages.
- ❑ *Strengthen the governance of workforce programs through outcome measures that are system-wide and tied to the economic goals of the State.* A key barrier identified to achieving this is a lack of **cross-system performance indicators** that demonstrate the individual and collective contribution to State economic goals. One solution was found to involve identifying a common set of measures across programs and using tools such as, performance score cards, to report on the measures. The involvement of multiple organisations in providing education and training, often with competing priorities, makes it difficult to achieve system wide accountability for workforce development, and for individual programs to be connected. Individual workers can be deterred by the absence of seamlessly linked education and training, while employers can be deterred by the administrative complexity associated with multiple provision.

## 3.2 The State context for workforce development

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### 3.2.1 The origins of the South Australian Workforce Development Strategy

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A range of workforce development policies and programs has been developed in recent years, some in response to South Australia's Strategic Plan (2004), and others preceding it. In 2002 the South Australian Government commissioned a number of reviews and inquiries examining South Australia's skills base and how the Government's various employment and training programs could provide a response to demographic and labour market changes. These reviews identified concerns about future labour and skill shortages in the absence of co-ordinated action. The two key reviews, the *Skills for the Future Inquiry* (Schofield: 2003) and the *Review of South Australian Employment Programs* (Spoehr: 2003) both recommended the need for a workforce development strategy for South Australia. The *Skills for the Future Inquiry* further recommended that a Training and Skills Commission be established and that it be responsible for developing a State Workforce Development Strategy. This approach was backed by the State Government's Economic Development Board in its *Framework for Economic Development* (EDB: 2003).

The release in 2003 of *South Australia Works* (Government of South Australia: 2003), the South Australian Government's suite of employment and skills formation programs, publicly articulated the Government's intention to release a Workforce Development Strategy for South Australia.

South Australia's population policy - *Prosperity through People* (Government of South Australia: 2004a) - is designed to increase population through migration and fertility. Among the population challenges identified by *Prosperity through People* are a range of workforce issues that relate to increasing and retaining a skilled labour force. Compared to the national average, South Australia's labour force has a lower proportion of people with a post-school qualification (50.7% compared with 55.0%) and a lower participation by women in paid work (61.6% compared with 63.8%).

The targets included in the Population Policy form part of the Government's broader targets for South Australia, articulated in *South Australia's Strategic Plan* (Government of South Australia 2004b). The Plan adopted the recommendation of the *Skills for the Future Inquiry* that a workforce development strategy be prepared for South Australia.

To support these strategic initiatives, a *Workforce Development Research Consortium* has been established in South Australia to work with Government and industry to develop the State's capacity to understand the impact of demographic change and ageing on the workforce. It brings together researchers from the Australian Institute for Social Research (the University of Adelaide), the National Institute for Labour Studies (Flinders University) and the University of South Australia. The Consortium has provided support for the development and implementation of the State Government's Workforce Development Strategy.

The work of the Consortium was given a significant boost in 2004 by the awarding of a national ARC Linkage project grant by the Australian Research Council (ARC). The project involves a partnership between the Consortium, the South Australian Department

of Further Education, Employment, Science and Technology and the Office of the Commissioner for Public Employment in South Australia. The project will develop a conceptual framework to inform workforce development, and develop workforce planning tools to assist Australian workplaces to respond to the challenges of demographic change and ageing. It will also build a nationally and internationally significant workforce development research and research training capacity to support the public and the private sectors.

#### *SA Strategic Plan – Creating Opportunity (2004)*

The South Australian Strategic Plan (SASP) is a cross-government initiative that has six inter-related objectives –

- o Growing prosperity
- o Improving well-being
- o Attaining sustainability
- o Fostering creativity
- o Building communities
- o Expanding opportunities.

The Plan's progress is measured against 79 targets, a number of which relate to employment and skills formation including to:

- o better the Australian average employment growth rate within 10 years;
- o equal or better the Australian average unemployment rate within 5 years;
- o equal or better the Australian average youth unemployment rate within 5 years;
- o reduce regional unemployment rates;
- o raise the lowest incomes of South Australians relative to those of the average South Australian;
- o increase the proportion of the South Australian labour force with non-school qualifications from 50.7% in 2002 to 55% within ten years.

#### *Better Skills, Better Work, Better State – a strategy for the development of South Australia's workforce to 2010*

The *Better Skills, Better Work, Better State* (2005) framework is South Australia's first workforce development strategy. The strategy responds to key skills and employment objectives in the SA Strategic Plan, and sets these priorities:

- o The creation of a high skill economy
- o Access to quality employment
- o Shaping our future through better workforce planning.

The strategy recognises the importance of increasing South Australia's labour force participation rate in the face of a rapidly ageing workforce with approximately one third of the South Australian workforce approaching retirement in the next ten years.

*Failure to address these issues now, and into the future, will result in a workforce vulnerable to the effect of skill shortages, poaching of workers and wage volatility (DFEEST, 2005:6).*

The *Better Skills, Better Work, Better State* strategy also seeks to remove barriers to participation in learning and work. For further information, refer to *Attachment 1*.

### *SA Works (2004)*

The SA Works initiative was established following the *Review of SA Employment Programs* (Spoehr: 2003.) It supports a range of programs delivered by DFEEST and has six core elements – *Regions at Work, Indigenous Works, Experience Works, Youth Works, Industry Works* and *Public Sector Works*.

### *SA Work Life Balance Strategy (2007)*

South Australia's Strategic Plan also set a target to improve South Australians' quality of life through maintaining a healthy work-life-balance (refer Target 2.12). In early 2007, the South Australian government announced that it would develop a *Work Life Balance Strategy*. This is being administered and managed by *SafeWork SA* and at the time of writing a cooperative, cross-government strategy was being developed to respond to Target 2.12.

## **3.2.2 Workforce Development Framework**

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Workforce planning and development in South Australia can be conceptualised in a four level **Workforce Development Framework** as illustrated in *Figure 3*. Developed by the Australian Institute for Social Research, this is designed to illustrate the relationship between the *Southern Region Workforce Development Strategy* and South Australian workforce development.

- 1 At the top of the framework is the over-arching *Workforce Development Strategy* being implemented by the State Government through the **Training and Skills Commission**. The Workforce Development Strategy is driven by 3 interrelated priorities:
  - ❑ The creation of a high skill economy
  - ❑ Access to quality employment and
  - ❑ Shaping the future through better workforce planning.<sup>5</sup>
- 2 At the second level support is provided through *SA government labour market and workforce development policy* and through *Workforce Development Agents* acting as intermediaries in the workforce planning effort. The **Industry Skills Boards** and the **Employment and Skill Formation Networks** act as agents for the Strategy through their ability to identify workforce development needs and priorities. **Workforce planning practitioners** possess the expert knowledge to assist firms, clusters and regions with their specific workforce planning needs.
- 3 Also supporting workforce development in South Australia are the various *business advisors, industry groups and unions* who provide advice that feeds into the workforce planning process. Individual *firms, clusters and regional groups* provide the impetus for workforce planning and also need a sufficient

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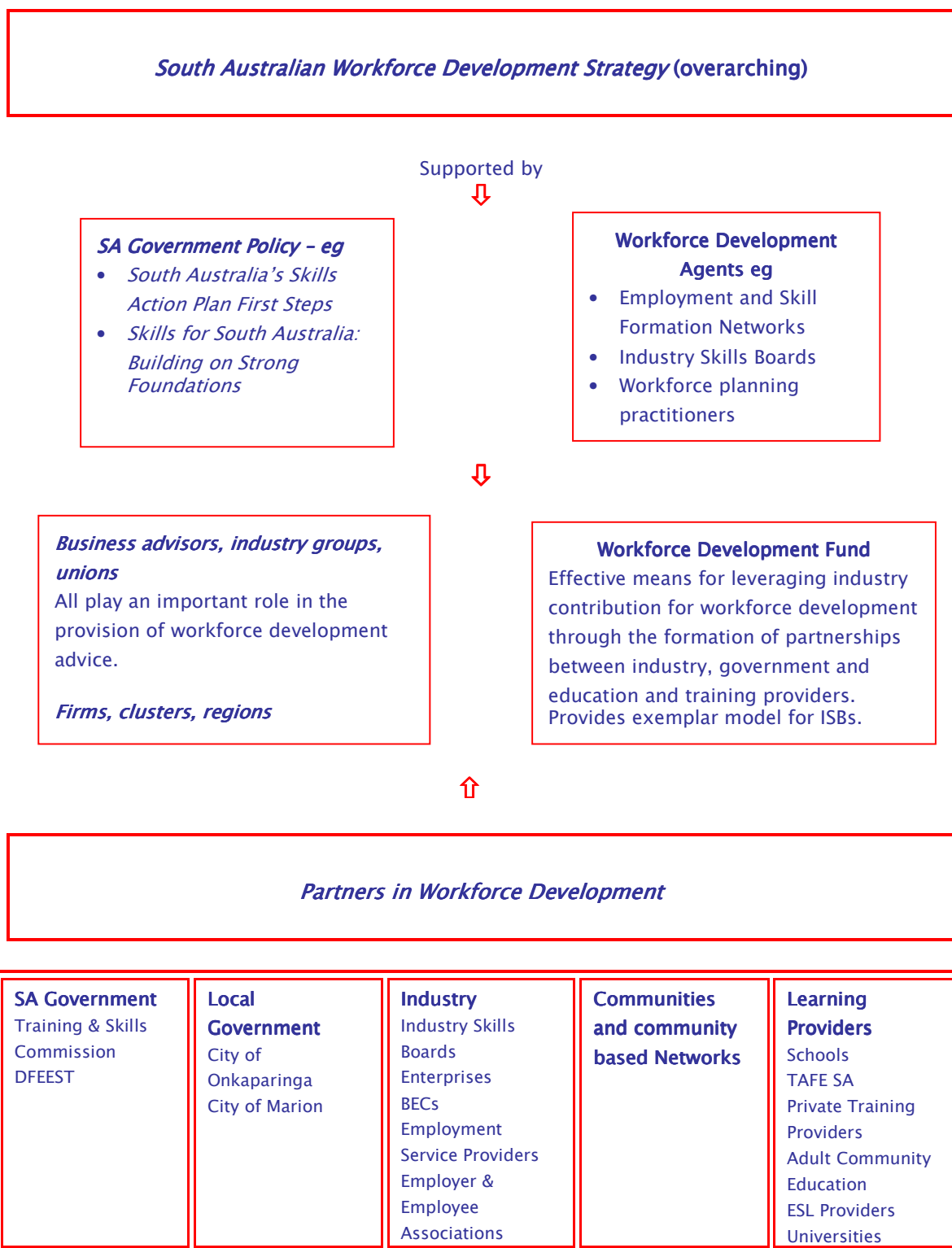
<sup>5</sup> Government of South Australia 2005

level of understanding in order to support and drive workforce development. Support is also provided structurally through the *Workforce Development Fund*, which is administered by DFEEST.

- 4 The foundation of the framework is provided by the various *partners* in workforce development, with five main groups identified – State Government, Local Government, Industry, Learning Providers and Community.

Figure 3: Workforce Development Framework South Australia

**National Workforce Development Policies**



### 3.3 Workforce development at the regional level

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While workforce development is attracting significant policy interest, it usually has a State-wide or industry-wide focus. Examples of regional workforce development initiatives are much rarer (certainly in Australia). Consequently, the Southern Metropolitan Employment and Skill Formation Network (SMESFN) - which comprises the funding partners of DFEEST and the Cities of Onkaparinga and Marion and who have commissioned this project - should be acknowledged for their initiative in this area.

#### 3.3.1 Principles of regional workforce development

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*Creative and entrepreneurial state policy makers and officials are experimenting with innovative approaches to building skills and increasing economic vitality. They increasingly see the need to connect education, workforce development and economic development policies in a new way. They see skill development strategies as an important part of long-term strategies to maintain and expand economic activity and standards of living, to address inefficiencies and inequities that are limiting the states' ability to grow and adapt to new economic realities (Jobs for the Future: 2005).*

The literature scan undertaken for this project identified a number of principles underpinning regional workforce development strategies:<sup>6</sup> These are summarised below.

- o *Integration of stakeholder planning* - Private and public employment and skills initiatives should be linked and integrated.
- o *Comprehensiveness* - Industries, governments and other stakeholders should consider the whole range of measures available for maximizing employment and skills opportunities - not only training and education.
- o *Skill transferability* - In addition to key growth occupations, learning and employment initiatives should reflect high demand transferable skill sets including soft skills and entrepreneurial skills.
- o *Demand-driven employment strategies* - Employment and skills initiatives should link learning and experience to where job openings are the greatest, including self employment.
- o *Relationship-Building and Partnerships* - Valuing real partnerships and on-going relationship building within and among stakeholders constituencies.
- o *Programming flexibility* - Employment and skills initiatives should be flexible in order to respond to emerging needs and to seize new opportunities.

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<sup>6</sup> See for example, Final Report of the 2010 Human Resources Planning Committee (2003) [Aust Inst for Social Research \(2008\) Workforce Development, Accompanying Report 1, prepared for the Southern Metropolitan Employment and Skills Formation Network](#) 18

- o *Local Community Capacity-Building* - Recognition that planning and implementation of employment and skills development strategies need to occur within local and regional communities.
- o *Leadership and shared responsibilities of all stakeholders* - All stakeholder groups need to demonstrate leadership in working within and across constituencies to pursue employment and skills opportunities. It is critical that the employment and skills strategies are not owned nor driven by Governments.

### 3.3.2 Goals of regional workforce development

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Industry-specific regional approaches to workforce needs have a number of aims for key stakeholders to pursue, including to:

1. Address the needs of **employers** by focusing intensively on the workforce needs of specific industry sectors over a sustained period;
2. Address the needs of **workers** by creating formal career paths to good jobs, reducing barriers to employment, and sustaining or increasing higher skilled jobs;
3. Bolster **regional economic competitiveness** by engaging economic development experts in workforce issues;
4. **Engage a broader array of key stakeholders** through partnerships; and
5. Promote **systemic change** that achieves ongoing benefits for the industry, workers and the community (Marusen, 2004).

### 3.3.3 Barriers and challenges to regional level workforce planning and development

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The National Governors Association Center for Best Practice's research in the USA has identified a number of obstacles to regional workforce planning which have direct applicability to the Southern Adelaide region. These include the following -

- o The usual focus by workforce development on single firms/ employers makes it difficult to obtain a deeper understanding of industry needs, to realise economies of scale and to obtain a regional perspective of workforce issues and trends.
- o This firm-based focus also means that different employers within the same industry draw on and compete for the same labour pool.
- o Although businesses may define their scope in terms of regional markets – labour and otherwise – they operate in systems that have other boundaries such as, political, educational, and economic.
- o There is a shortage of mechanisms – including governance structures - for meaningfully engaging employers in regional workforce development.
- o A lack of coordination exists across the different stakeholder groups who influence regional labour markets, and there is a need for a single entity with responsibility for bringing stakeholders together to focus on larger challenges confronting regional economies and labour markets.

*As a result, regions have no shared vision or set of priorities, leading to lost opportunities for collaboration, leveraging resources, and coordinating information that could lead to a deeper understanding of industries and their needs. (NGA Center for Best Practices, 2006:3).*

### **3.3.4 Strategies to address regional workforce development challenges**

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#### *The role of the Workforce Intermediary*

The NGA Center has identified the important role of the **Workforce Intermediary** to address this challenge. They define this as "... an organization with a deep understanding of worker and employer issues in a specific industry". The role involves –

- ⇒ a dual focus on worker and employer needs;
- ⇒ coordination of services to enhance the capacity of both workers and employers;
- ⇒ integration of funding streams, services and information; and
- ⇒ generation of ideas and innovative approaches to respond to the needs of employers and employees (NGA Center for Best Practice, 2006:4).

#### *The role of Sector Initiatives*

The Center also recommends the adoption of industry-specific '**Sector Initiatives**' that use Workforce Intermediaries –

- ⇒ to engage employers and other key stakeholders;
- ⇒ to address needs interdependently (not independently); and
- ⇒ to work with industries collectively (not separately).

*Sector initiatives strive simultaneously to meet the skill, recruitment, and retention needs of employers and the training, employment, and career advancement needs of workers in ways that strengthen overall industries and labor markets in a region (NGA Center for Best Practices, 2006:4).*

The NGA Center for Best Practice has explored regional solutions to workforce development (2006), with key features including –

- o A central role for a workforce intermediary in bringing together industry-focused partnerships involving training providers, community organisations, employers and other key stakeholders to address workforce needs of employers and career development needs of employees.
- o Promotion of the competitiveness of industries.
- o Advancing the employment of low and middle income workers.

A number of studies accessed for this report have highlighted the importance of workforce development policy being integrated with industry development in the region. Many of these examples come from the United States which has a long history of community-based

programs directed at improving the employment prospects of disadvantaged job seekers (Buchanan, 2006).

### *The Regional Workforce Development Collaboratives (RWDCs) in California*

In 2001, a consortium of community-based organisations, foundations and Government agencies worked with a range of organisations to develop a number of demonstration projects designed to improve both workforce and economic development. Three *Collaborative Regional Initiatives* (CRIs) were sponsored, and one community college was also involved as a demonstration project (Buchanan: 2006).

CRIs are organisations that take as their focus the economy, environment, and equity, and whose role includes –

- ⇒ engaging diverse stakeholders in their regions;
- ⇒ mobilising leadership; and
- ⇒ initiating projects designed to improve the performance of the region.

CRIs have been used to launch collaborative, regional, career-oriented, data-intensive projects. The idea is to build local capacity to develop solutions that cross traditional boundaries (for instance, between business and job training programs) (Chapple: 2005).

Rademacher (2002), in her findings on industry-specific approaches to workforce development, argued that regional labour market conditions are inherently fluid, and as such, timing is critical as windows of opportunity open and close. In order to develop successful training and job opportunities, she suggests that industry-based workforce initiatives need to have access to real-time information. They need to also possess the ability to act quickly, and their actions need to be geared towards addressing real needs within the industry.

The National Governors Association has found that the six USA States with whom it has conducted research can promote improved labour market performance by organising their own economic and workforce development efforts around particular occupations, industry sectors, or clusters of employers with common characteristics (NGA Center for Best Practice: 2005).

Hughes and colleagues detail a number of UK approaches to regional workforce development, especially for small and medium size enterprises. Examples include the following:

- free learning provision and accreditation for employees with low skills;
- support arrangements for employees to take up this training;
- financial support for employers whose staff take time off to train; and
- extended information, guidance and support for employers and their staff (Hughes, *et al*: 2002).

**Box 1** below provides examples of successful initiatives and programs implemented in the province of British Columbia in Canada.

### **Box 1: Workforce Development Programs at the Provincial Level: British Columbia, Canada**

#### **Program: go2, the resource for people in tourism – *Tourism BC***

An organisation which helps British Columbia's tourism industry attract and keep a dynamic, skilled workforce. Services include a job matching service, accredited training programs and supports for recruitment and retention.

#### **Program: Health Match British Columbia – *Ministry of Health Services***

A no-fee comprehensive recruitment and retention tool that assists British Columbia communities in filling health vacancies.

#### **Program: Job Placement Program – *Ministry of Human Resources***

Designed to assist job ready Employment and Assistance clients to obtain sustainable employment. Service providers may deliver a range of pre-placement, employment placement and post-placement services and supports.

#### **Program: Labour Market Information Products – *Ministry of Advanced Education***

Provides comprehensive and easily accessible education, career and labour market information, including information on public post-secondary programs, apprenticeship options, entry level career options and other information to assist in career planning.

Source: 2010 Human Resources Planning Committee (2003)

In Australia, Buchanan (2006) provides details of workforce development pilot programs being delivered in conjunction with a range of industries, States and stakeholders. These entail -

- o The reshaping of work and the labour market to solve the key cause of a skill shortage (for example, unattractive, uncoordinated track work rider jobs in the NSW racing industry).
- o VET institutions as an innovation partner working closely with leading research institutes and/or businesses to develop new products and processes.
- o Improving quality arrangements, especially across supply chains or networks of production and service provision.
- o Customised, multi-employer responses to particular skill shortages.

One of the observations in this study was that successful pilot programs have invariably involved a wide range of stakeholders including industry associations, enterprise and workplace managers, VET providers, industry skills councils and education authorities.

#### ***The importance of engaging employers in workforce development***

A common thread apparent in the workforce development research is that the role and engagement of **employers** in regional workforce development is vitally important. The paradox is that there is a greater need than ever for employer involvement in skill

development, but pressures associated with current economic and political fashions mean that it is more difficult than ever to secure employer involvement (Finegold: 2005).

To this end, **Box 2** below highlights some of the **key success factors** identified to engaging employers in the workforce development effort.

**Box 2: Lessons for Working with Employers in Regional Workforce Development** – taken from Rademacher, Ida (Ed) 2002

- ⇒ Be clear what segment of the industry’s employer community your initiatives can best serve. In any industry, employers exist along a spectrum of sophistication that can involve large/small, sophisticated/less sophisticated, early progressive/reactionary, etc. Initiatives must understand the different challenges associated with location at different stages of the spectrum.
- ⇒ Understand that employers are not always able to fully identify or articulate their specific workforce skill needs.
- ⇒ Recognise that employers are often challenged by resource constraints that prevent them from changing their behaviour.
- ⇒ Initiatives need to remain focused on the business case to “sell” their services to employers.

For their part, employers themselves need to find ways to adapt to a changing workforce. As discussed, the workforce of the future is likely to be more diverse – there will a large number of retirements of baby boomers over the next 20 years, and fewer new workers will enter the labour market. To a large extent, future labour force growth will come from migration and from greater labour force participation of women, cultural minorities, individuals with disabilities and other under-employed groups. As a result, employers need to be ready to offer more workplace flexibility to accommodate training, education, family care needs and needs for people with disabilities (NGA Center for Best Practice: 2002).

***Attachment 1:***  
**South Australian Government (2005) *Better Skills, Better Work, Better State***  
***Workforce Development Strategy and Skills Action Plan***

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**High Skill Economy**

Focus: **a skilled workforce**

*We will take Action By:*

- Providing education and training opportunities for young people to gain first time employment;
- Ensuring workers have relevant skills to meet industry needs;
- Promoting investment in skills by employers, industry and individuals.

Focus: **jobs through business and economic growth**

*We will take Action By:*

- Strengthening and diversifying the State's industry base and expanding into global markets;
- Supporting innovation and commercialisation of new ideas;
- Strategically using skills to attract investment;
- Supporting entrepreneurs and new business opportunities.

Focus: **high performance workplaces**

*We will take Action By:*

- Promoting high performance work practices;
- Encouraging integrated business and workforce planning;
- Supporting small businesses to recruit, develop and retain workers.

Focus: **responsive learning systems**

*We will take Action By:*

- Developing closer links between industry and educational institutions;
- Promoting and implementing flexible delivery of training in workplaces and the community;
- Facilitating effective pathways and recognition arrangements across qualifications and institutions;
- Promoting and recognising quality and excellence in learning and training.

**Quality Employment**

Focus: **access to learning and jobs**

*We will take Action By:*

- Promoting and fostering learning communities;
- Ensuring high levels of literacy and numeracy throughout the community;

- Removing barriers for marginalised and disengaged people to participate in learning and work.

Focus: **flexibility for workers**

*We will take Action By:*

- Helping individuals make informed decisions about work and study throughout their lives.
- Helping individuals balance work and life.
- Supporting workers to manage career change.

Focus: **fair and sustainable work**

*We will take Action By*

- Supporting workers at risk of retrenchment;
- Improving working conditions;
- Demonstrating to employers the value of workforce diversity.

**Shaping our future through Better Workforce Planning**

Focus: **research excellence**

*We will take Action By:*

- Developing collaborative working arrangements between the State Government and research institutions to exchange skills and knowledge about workforce development issues;
- Positioning South Australia as a nationally recognised research hub to be a leader in workforce development.

Focus: **better information and planning systems**

*We will take Action By:*

- Collecting a comprehensive range of workforce information to support planning and decision making;
- Making available high quality workforce information and related planning tools and services to individuals, educators, businesses, industries and regions;
- Developing integrated data and planning systems for use by Government, industries and regions;
- Promoting workforce planning at the State wide, industry sector, cluster and firm level.

Focus: **coordinated government action**

*We will take Action By:*

- Strengthening industry and cross-government relationships;
- Developing whole of Government responses to workforce development issues;
- Ensuring flexibility and collaboration at the regional level.

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