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Current and future skills needs

Senate Employment, Workplace Relations and Education References Committee

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What is AHRI

The Australian Human Resources Institute (AHRI) is Australia's peak human resource and people management association. With more than 10,000 financial members and 25,000 stakeholders nationally and internationally, AHRI has responsibility for leading the human resource profession.

Proposed approach

From AHRI's perspective as the representative of HR, the specialist labour market profession, the Australian nation is moving into an unprecedented era. During the 12 months of 2001, there were approximately 170,000 new entrants to the Australian labour market. According to Access Economics, by 2020–2030 there will be approximately 125,000 new entrants to the labour market. Two signs of that era are already apparent: the baby boomers are departing rapidly from the workforce and general population growth in Australia is in continuing decline.

As the labour force contracts more dramatically in the near and medium future, in addition to business developing new ways to maintain competitive advantage, Australian employers will need the support of forward looking government policy initiatives. Given the demographic forecast and conceding it is too late for a birth-rate increase to be effective, three options appear worthy of consideration by government:

1. Increase the immigration program to take in unskilled migrants, in light of the fact that our skilled immigration targets continue not to be met. This option would need to be supported by a well-founded plan to skill the new immigrants in areas that fit business needs and the economic outlook as it exists in different industries and locations over time. The plan would do well to include the development of a comprehensive national skills map that reflects changes in labour supply and demand as they occur, and is widely available to government and business. The skilling of the immigrants in accordance with the plan would be likely to require assistance in terms of incentives to learn new skills and relocate as required. In addition the plan could include incentives for industry to provide appropriate training and employment.
2. Retain the current workforce in employment for a longer period of time than would otherwise be the case. It is noted the government is already taking initiatives in this respect with its proposed legislation to make both direct and indirect age discrimination in employment unlawful. What is needed also is the workplace flexibility to make remaining in or returning to work appealing to a section of the population that is likely to be looking for an appropriate work-life balance. In addition, a strategy needs to be developed for retraining older workers who want to build on their skill base but require new or updated skills to participate in a changed or changing workplace. This will require a review of the structural impediments which currently exist, including the superannuation constraints present in some cases.

3. Reduce significantly the proportion of unemployed Australians (running variously at between 5%-10%) who want to join the workforce through the development of initiatives that provide them with the training to acquire suitable knowledge, skills and attitudes to work in appropriate industries and locations. The policy initiatives would need to take account of the reasons for any mismatches between industry needs and the skills of unemployed workers, as well as taking steps to remedy causes of unemployment that might relate to lack of information, confidence, motivation or ability to relocate. The initiatives might encourage further development, including appropriate promotion and advertising, of centres of excellence in certain industries that require particular skill clusters and that facilitate the movement of unemployed and other suitable workers to relocate to those areas.

These three suggested options in the light of a declining labour force are founded on the premise that government would take all steps to set the direction, and coordinate and streamline the operations of the education providers from all sectors to ensure as much as possible that doubling up of training and education opportunities was reduced to a minimum, and optimum return is gained from investment in vocational education and training.

From an economic perspective it is perhaps worth noting that there is a balance achievable between investment in retraining the unskilled immigrant, the older person and the unemployed person to make a further contribution to the workforce and/or spending on social security and associated support services to accommodate them outside the workforce.

AHRI is firmly committed to the creation of a knowledge economy for Australia. While the policy will need to be set by governments in a holistic sense in consideration of various other factors, this is not a responsibility that falls exclusively on the shoulders of government. It will require the active engagement of businesses and individuals. The degree of emphasis of responsibility needs to be examined in this context.

HR professionals operate as the interface between policy and implementation, and are therefore critical stakeholders in any discussion on this issue.