



Government of **Western Australia**
Department of **Training**
and **Workforce Development**

Skilling WA

A workforce development plan for Western Australia

*Progress Report
for the period January - June 2011*

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Executive Summary

Skilling WA – A workforce development plan for Western Australia (Skilling WA) is the State Government's response to the increasing demand for skills and labour being driven by major resources and infrastructure projects.

Skilling WA, which was launched in December 2010, aims to build, attract and retain a skilled workforce to meet the economic needs of the State.

It contains a range of priority actions under five strategic goals that focus on increasing participation in the workforce, skilled migration, attraction and retention, skills development and planning and coordination.

This Report is the first progress report on the implementation of Skilling WA, and is for the period January to June 2011.

It contains achievements against the five goals of Skilling WA, an overview of current economic and labour market conditions and a review on the status of Skilling WA.

Achievements

A number of achievements have been reported by State Government agencies and industry groups.

A priority over the last six months has been initiatives to increase participation of under-represented groups in the workforce. These have included:

- Action to remove workers compensation restrictions for mature workers;
- Improved career advice and resources in career and workforce development centres throughout the State;
- Commencement in the development of tools and resources relating to flexible work arrangements which will be made available online;
- Establishment of Aboriginal workforce development centres to link employers and Aboriginal communities; and
- Industry specific projects initiated by industry Training Councils.

Supplementing Western Australia's workforce through skilled migration has also been a focus. The State Government launched its *Western Australian skilled migration strategy* in March, and a number of initiatives have progressed, including:

- Representations to the Australian Government on improving the flexibility of the national migration program, such as ensuring the suitability to Western Australia of arrangements for the new Enterprise Migration Agreements;
- Conducted skilled migration forums for employers throughout the State;
- Development of a skilled migration portal for use by prospective migrants and employers; and
- Implementation of online processing for state sponsored program nominations.

Initiatives to attract and retain a skilled workforce are underway. These include:

- Improved access to housing under the recently released State Affordable Housing Strategy;
- Service worker accommodation in the Pilbara and Kimberley regions;
- Facilitation and promotion of attraction and retention by industry Training Councils; and
- Commencement of regional workforce development plans to address workforce challenges in the regions.

Significant progress has been in the area of skills development and utilisation, including:

- Allocation of \$33.4 million for 12,000 additional training places in the 2011-12 State Budget;
- Examination of ways to develop more flexible and responsive trade training;
- Training pathways for key occupations included on the Department of Training and Workforce Development's career development website;
- Policy initiatives to enhance literacy and numeracy; and
- Development and promotion of pre-employment and up-skilling programs by industry Training Councils.

Planning and coordination of workforce development efforts across government is occurring. This includes:

- Reporting on progress and issues to the Working Group under the State's Ministerial Taskforce on Approvals, Development and Sustainability;
- Linkages to Australian Government's workforce development, training and migration initiatives;
- Updates on workforce development data on Department of Training and Workforce Development's website; and
- Initiatives to improve the collection and analysis of data and the development of forecasting and modelling tools.

Economic and labour market outlook

The State's economy came out of the global economic downturn in a relatively sound shape, and in recent months has continued on a sound recovery footing.

However, parts of the State's economy are still experiencing patchy conditions. The State's housing market remains soft, some non-resource sectors are being challenged by the high Australian dollar, and the agricultural sector has experienced both drought (Wheatbelt region) and flooding (Carnarvon region) over the past year. In addition, consumers in the State are displaying cautious behaviour in the face of high interest rates, the withdrawal of stimulus measures and continuing uncertainty about global economic conditions.

Even so, robust demand from emerging economies for the State's key resource commodities has led to a substantial pipeline of future investment activity.

As a result, the outlook for the State's economy is positive, led by construction of the \$43 billion Gorgon LNG project, as well as many other key resource projects already underway or committed to.

The State Government's latest Budget forecasts are for Western Australia's economy to grow by 4.5% in 2011-12, easing back to around 4.0% in each of the remaining three years to 2014-15. Consistent with this, demand for labour is expected to ramp-up in 2011-12 and then remain strong over the next few years on the back of the State's expanding resources sector and growing strength in other sectors.

However, in respect to labour market supply, moderating population growth and the ageing of the State's population will represent key challenges for labour demand. This is evident from the State Government's latest Budget forecasts, which show that population growth is expected to slow to an annual average rate of 2.1% by 2014-15, down quite sharply from the peak rate of 3.3% that was recorded in 2008-09. Even more starkly, growth in the State's core working age population (those aged 15-64) is expected to slow even further, moderating to a rate of only 1.6% from 2012-13 onwards (representing a halving of growth in just five years).

Current consensus forecasts¹ are for employment in the State to grow by 2.6% in 2011-12, and then picking up to a rate of 2.9% in 2012-13. However, it is quite likely that such growth rates would be somewhat higher, if not for the labour supply constraints that are expected to build up over coming years.

There is therefore a risk of prospective major projects being compromised (final investment decisions on major projects either being delayed or not being made at all) in part due to labour supply constraints. Similarly, other parts of the State's economy may find it increasingly harder to compete for labour. As the economy continues to improve, it is therefore an important imperative that the State focuses on strategies to increase the participation of Western Australians in training, and in particular in priority occupations.

Current status

There has been significant progress on a range of priority actions recommended in Skilling WA. This is supported by the achievements that have been listed against the five strategic goals of Skilling WA.

The economic and labour market outlook remains positive, despite the challenges in a number of industry sectors adversely affected by the high exchange rate of the Australian dollar and cautious consumer confidence.

It is forecast that the need for labour and skills will remain strong due to the demand for the State's commodities and the pipeline of major resource and infrastructure projects.

¹ Based on a straight average of forecasts from WA Treasury (May 2011 Budget); Access Economics (June 2011); Monash University (March 2011) and WA Chamber of Minerals and Energy (March 2011).

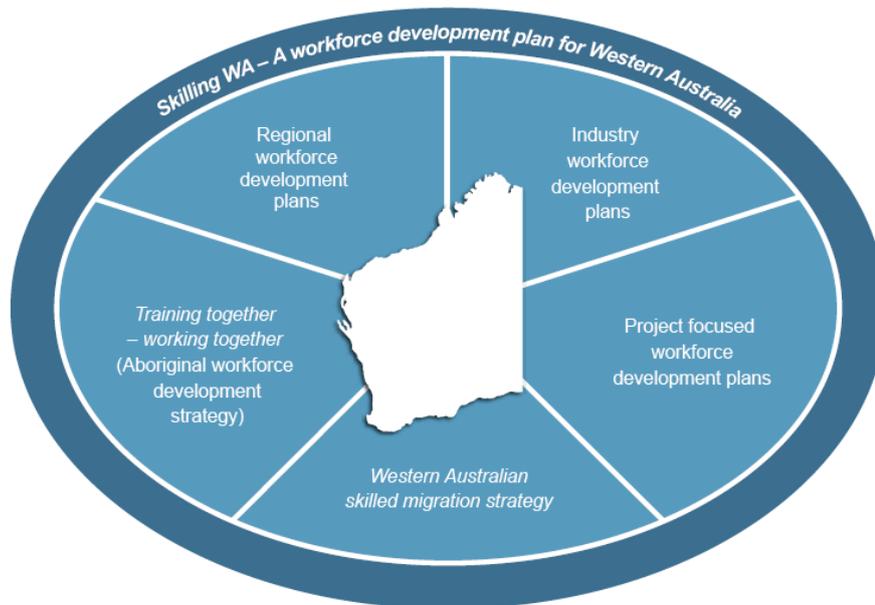
However, due to the expected moderation in population growth and State's aging workforce, there are concerns that labour supply will be an issue over the medium term.

On reviewing progress against Skilling WA, and taking into account the current economic and labour market outlook, it is the view of the Department that the strategies and priority actions contained within Skilling WA are still relevant.

It is therefore recommended that no changes to Skilling WA are required at this time

Introduction

Skilling WA — A workforce development plan for Western Australia is a response by the Government of Western Australia to the increasing demand for skills and labour by the State's industries, which recognises the impact the major resources and infrastructure projects have on the State's labour market and is aimed at building, attracting and retaining a skilled workforce to meet the economic needs of the State.



Skilling WA provides the strategic framework for workforce planning and development in Western Australia, with an integrated approach being taken to ensure that the specific needs of industries, regions and those under-represented in the workforce, as well as major projects and enterprises are addressed.

Governments, industry, community, education and training providers, enterprises, new job seekers and workers all have a role to play in meeting the workforce development needs of the State.

It is a whole of government plan with five strategic goals as follows:

1. increase participation in the workforce particularly among the under-employed and disengaged, mature-aged workers, Aboriginal and Torres Strait Islander and other under-represented groups;
2. supplement the Western Australian workforce with skilled migrants to fill employment vacancies unable to be filled by the local workforce and address those factors which support a growing population;
3. attract workers with the right skills to the Western Australian workforce and retain them by offering access to rewarding employment and a diverse and vibrant community and environment to live in;

4. provide flexible, responsive and innovative education and training which enables people to develop and utilise the skills necessary for them to realise their potential and contribute to Western Australia's prosperity; and
5. plan and coordinate a strategic State Government response to workforce development issues in Western Australia.

The strategies and priority actions needed to achieve these are identified in Skilling WA.

Skilling WA is a dynamic document that is constantly being reviewed to ensure it remains relevant and continues to address the workforce development challenges faced by the State. As new evidence becomes available the priority actions will be re-evaluated and new strategies and priority actions developed as appropriate.

This is the first progress report on Skilling WA and covers the period January to June 2011.

The report contains an overview of the progress and achievements of lead agencies toward implementing the strategies and priority actions contained in Skilling WA, and an update of Western Australia's labour market and economic conditions.

Summary of Major Activities and Achievements

Significant progress has been made towards each of Skilling WA's five key goals. This summary provides an overview of achievements.

Strategic goal 1

Increase participation in the workforce, particularly among the under-employed and disengaged, mature-aged workers, Aboriginal and Torres Strait Islander and other under-represented groups.

Workers compensation – mature age workers

A Bill was introduced to State Parliament in March 2011 to amend the 'Workers' Compensation and Injury Management Act 1981'.

The revisions contained in the 'Workers' Compensation and Injury Management Amendment Act 2011' address inequity issues and encourage older workers to remain in the workforce.

Under the reforms all workers will have the same entitlements to compensation regardless of their age. At present the scheme discriminates against older workers by limiting the entitlement of injured workers aged 64 or more to only one year of income payments.

Tools and responses – flexible work arrangements

A closer working relationship between the Department of Commerce and the Public Sector Management Commission has been established. These agencies are collaborating to develop a tool kit that will assist agencies to engage with and employ people from under-represented groups in the Public Sector.

The Department of Commerce in consultation with the Public Sector Commission has progressed the development of:

- An online Public Sector Flexibility Resource Centre. A major component of this will be a suite of tools and resources for managers to use when implementing flexible work, such as guides and checklists.
- Teleworking in the public sector - a range of resources to support agencies that wish to expand their use of this work option, consistent with relevant occupational safety and health and industrial frameworks.

Research and policy work

The Department participates in a range of interagency and community networks related to training and workforce issues for under-represented and disadvantaged groups.

The Department is currently:

- reviewing existing programs and funding streams that have an equity focus or potential to increase participation in training and the workforce;
- conducting an environmental scan of Group Training Organisations (GTOs) operating in Western Australia, to analyse statistical data and compare GTOs with other employers in key areas such as apprenticeships and traineeships commencements, withdrawals, and other demographic indicators; and

- contracting Workforce Development Centres to undertake a destination survey of all school leavers, to identify trends and gaps and to facilitate assistance in the transition from school to further training and workforce participation.

The resulting analysis of the school leaver destination survey will create a sound basis for future funding decisions allowing the Department to focus on improving participation in apprenticeships and traineeships for target groups and setting clear performance measures for new or existing group training arrangements.

The Australian Government is currently conducting a national review of the group training industry. When the findings are published, the Department will consider the recommendations.

Career advice and development

The Career Development Centre and a network of 14 Workforce Development Centres across the State is providing the public with improved advice on career options and pathways for people from under-represented groups in the workforce.

Aboriginal workforce development initiatives

Progress continues with the establishment of Aboriginal Workforce Development Centres in metropolitan and regional Western Australia. The Perth Aboriginal Workforce Development Centre (AWDC) was opened in March 2010. Building on this success, a further four regional centres were opened in January 2011, in Broome, Kalgoorlie, Geraldton and Bunbury.

These Aboriginal Workforce Development Centres provide face to face advice and services aimed at assisting Aboriginal job seekers to take up employment or training opportunities.

The centres have an integrated website containing a range of relevant resources such as fact sheets, video clips, information sheets, publications and links to organisations relevant to jobseekers and employers. In addition, the Department is finalising a suite of mentoring strategies to assist Aboriginal people entering the workforce.

Youth mentoring

The Department of Training and Workforce Development and the Department for Communities is jointly funding the development of a State Youth Mentoring Policy Framework. It is on scheduled for completion by December 2011.

The project is an important element of the National Partnership for Youth Attainment and Transitions between the Australian and State Governments. Community consultations have ensured community input, engagement and endorsement.

Training Council Activities

The ten Industry Training Councils are contributing significantly to the implementation of Skilling WA's priority actions. Achievements include:

- In June 2011, the Engineering and Automotive Training Council released an Aboriginal Employment Strategy specifically for the engineering and automotive sector and has produced 10 career promotional videos to highlight the main occupations in each of the industry sectors this Training Council covers.

- The Engineering and Automotive Training Council is working with industry and training stakeholders to develop training programs to improve the skills of existing workers.
- The Food, Fibre and Timber Industries Training Council recently started a 'VET Review and Research Program' to ascertain key issues and the critical success factors of the delivery of the 'VET in School's Program'. The program will run from February to August 2011.
- The Community Services, Health and Education Training Council has committed to partner with government agencies and the community sector to develop and implement initiatives to attract and retain under-represented groups in their workforces. In addition, the Training Council aims to establish regional industry advisory groups to provide insight into industry specific regional workforce development requirements for inclusion in the 2011 workforce planning process.
- The Electrical, Utilities and Public Administration Training Council has started working on the development of 'Skills Road Maps'. This initiative will provide a comprehensive list of jobs in the electrical and utilities industries and will outline how they align to different qualifications in the waste and gas industry.
- In January 2011, FutureNow - the Creative and Leisure Industries Training Council in conjunction with ClubsWA produced a publication entitled *Vocational Education and Training in Western Australia for Tourism, Hospitality, Events, Sport, Recreation and Racing Clubs*. This publication acts as a guide to promote VET training options to ClubsWA membership.
- FutureNow has conducted a range of workshops and presentations at expos forums, schools and universities throughout Western Australia to promote careers in the creative and leisure industries.

Strategic goal 2

Supplement the Western Australian workforce with skilled migrants to fill employment vacancies unable to be filled by the local workforce and address those factors which support a growing population.

Skilled Migration Strategy

The recently released *Western Australian skilled migration strategy* outlines how the State intends to maximise the benefits to Western Australia from the National Migration Program and will be implemented concurrently with Skilling WA.

The recommended priority actions in the *Western Australian skilled migration strategy* are aligned to six key themes:

1. **planning** - delivering a more consistent and integrated planning approach to skilled migration;
2. **information** - providing easily accessible, high quality information on skilled migration;
3. **attraction** - developing attraction and retention strategies to ensure Western Australia has the skilled workforce needed to support sustainable economic growth;
4. **process** - refining migration processes to support a more flexible and responsive migration program;
5. **settlement services** - implementing a range of settlement services to support skilled migrants to integrate into the local workforce; and
6. **advocacy** - maintaining an ongoing dialogue with the Australian Government to positively influence policy direction and ensure the needs of Western Australia are met.

Advocacy

The State Government continues to work with the Australian Government to address barriers and negotiate optimal outcomes for Western Australia's participation in the National Migration Program.

The Minister for Training and Workforce Development visited Canberra in March 2011 to meet the Hon Chris Bowen, Minister for Immigration and Citizenship. They discussed key policy issues relating to the National Migration Program.

Minister Collier proposed that the Department of Immigration and Citizenship:

- ensure it has sufficiently trained and experienced staff in place for periods of high demand;
- give top priority to processing the backlog of Labour Agreements;
- reviews the new International English Language Testing Scheme (IELTS) standard for skilled migrants (particularly for tradespeople) as the new standards make it unlikely that Western Australia will be able to meet the predicted demand for skilled labour in the short to medium term;
- work with the states and territories to scrutinise the visa application process to identify potential improvements/streamlining opportunities;

- remove the condition that only working holiday visa holders who have worked in a regional area are eligible for a visa extension;
- provide Western Australia with the same visa application processing times consistent with the agreement of five working days for applications linked to the Queensland disaster recovery;
- agree to designate Perth as a regional area under the Regional Sponsored Migration Scheme (RSMS): and
- reduce the threshold for project participation in the new Enterprise Migration Agreements from \$10 billion to \$2 billion capital value (this has been subsequently agreed).

Skilled Migration Forums

To provide the business community with information on visa pathways and how to get the best out of the national skilled migration program, the Department of Training and Workforce Development ran nine Skilled Migration Forums in metropolitan and regional Western Australia during June 2011.

The Forums were planned with assistance of local Chambers of Commerce and Industry, Regional Development Commissions and Regional Workforce Development Alliances and included presentations by the Department of Training and Workforce Development and the Department of Immigration and Citizenship.

State Sponsored Skilled Migration

The Department of Training and Workforce Development's Skilled Migration Western Australia Unit has expanded its services by implementing a web-based application process for the State Sponsored Skilled Migration Program.

The automated system streamlines the process by allowing applicants to submit information and attachments, register documents and pay fees online. Staff can view documents while processing applications and cross check client files.

Additional efficiencies include the generation of correspondence from templates that staff can personalise with all documents saved to the system automatically. The online application system for State sponsorship has significantly reduced processing times.

Following negotiations with the Department of Immigration and Citizenship, Western Australia was allocated 2,500 primary nominations for State Sponsorship making a total of 6,000 nominations including secondary applicants for the 2011-12 program year.

Online Skills Assessment Application

An online application system has been developed that allows prospective skilled migrants to lodge their qualifications for assessment via the Internet. The target processing time for applications lodged electronically is 10 working days. This pre-approval process will support successful migrants to demonstrate their suitability when applying for jobs.

Skills Assessment

To improve timeliness and outcomes, the Department of Training and Workforce Development is investigating alternative models for processing and recognising the qualifications of skilled migrants.

State Skilled Migration Portal

The Department of Training and Workforce Development has developed a State Skilled Migration Portal. The development of the portal was informed by consultations with an internal working group and workshops with internal and external stakeholders and recently arrived migrants.

The Skilled Migration Portal is in the final testing stage before the site goes live at the launch on 6 July 2011.

The Department continues to work with TourismWA to explore joint marketing opportunities and ensure consistency for key messages and information.

Strategic goal 3

Attract workers with the right skills to the Western Australian workforce and retain them by offering access to rewarding employment and a diverse and vibrant community and environment to live in.

Land availability

The State Government has established the Office of Land and Housing Supply to support strategic land and housing projects and monitor land release.

The Office will manage the cross-agency approach to land availability, approval processes, the collection of analytical data on land availability and affordability, and to provide advice to Cabinet in respect to planning levers to facilitate land supply.

Affordable Housing

The *Affordable Housing Strategy 2010-2020 – Opening Doors to Affordable Housing* was released by the Minister for Housing on 12 May 2011. This 10-year strategy aims to address housing affordability issues, particularly for people on low-to-moderate incomes by delivering 20,000 affordable homes by 2020.

To accomplish this target, *Opening Doors to Affordable Housing* provides for:

- 8,300 low deposit Keystart and shared-equity home loans;
- 5,500 subsidised private rental opportunities;
- 3,500 more social houses; and
- 1,000 more affordable dwellings generated by the community housing sector.

The Department of Housing plans to provide 39 properties in the Pilbara and Kimberley regions which will be allocated specifically for service workers. The Department is also investigating options and models for alternative lifestyle accommodation for regionally based Government employees.

The Department of Housing's \$8.2 million project to purchase and refurbish the former Broome Motel to provide affordable housing for key workers is progressing well.

The project is managed by the not for profit Foundation Housing Ltd. Work is on schedule for completion in October 2011.

Seventy per cent of the rooms will be allocated to eligible key service workers in the Shire of Broome with the remaining 30 percent available for social housing tenants.

Non-Government Organisations are seeking \$25 million of the 'royalties for regions' funding to provide housing for their staff in regional Western Australia, where access to affordable rental accommodation is limited.

The Department of Training and Workforce Development is working with the Department of Housing to investigate the need for short and long term accommodation for Aboriginal apprentices and Trainees in Derby, Fitzroy Crossing, Newman, Broome and Geraldton.

Transitional and Social Housing

Funding was provided under the East Kimberley Development Package, a state/national partnership agreement, to construct 60 social housing units and 40 transitional housing units for Aboriginal workers in the Kimberley.

The premises are under construction and a Request for Proposal for the management and associated support services will be released in the next quarter.

The National Partnership Agreement on the East Kimberley Development Package was signed by the Australian and Western Australian Governments to enable arrange of projects to be directly implemented by the Western Australian Government.

Attraction and retention

Planning is underway by the State Government to develop an enterprise based attraction and retention strategy, aimed at providing small to medium sized enterprise with information and tools to help them plan for their future workforce needs.

The Department of Commerce has made available a range of resources to large and small enterprises designed to encourage and assist the implementation of flexible work arrangements to attract and retain workers.

Department of Commerce will continue to work with the Department of Training and Workforce Development and the Small Business Development Corporation to identify which resources could be used to promote best practice.

Regional Workforce Development Plans

At the launch of Skilling WA, the Minister for Training and Workforce Development announced that the Department of Training and Workforce Development will establish regional workforce development alliances of industry, community and Government stakeholders and work with them to commence, develop or refresh a regional workforce development plan for each of the nine regions of the State (based on Regional Development Commission boundaries) during 2011.

Regional workforce development plans have been completed in the Peel and Goldfields/Esperance regions (to be refreshed in 2011-12) and are being finalised in the Mid West and Gascoyne regions under the oversight of a local Alliance.

The Department of Training and Workforce Development is currently in discussions with the Pilbara, Kimberley, South West and Great Southern Development Commissions to establish an Alliance in each of these regions to oversee the implementation and development of their respective plans.

Training Council Activities

Training Council activity to attract workers with the right skills includes:

- The Construction Training Council now publishes and provides a quarterly industry snapshot to key stakeholders including the Department of Training and Workforce Development, Registered Training Organisations, Training Council Board, Strategic Group and Industry Working Groups. This snapshot provides data on current Housing, Residential, Commercial and Engineering Construction including Civil Construction activity and trends. Current data on apprenticeship trends and forecasts based on training fund data is also included.
- In cooperation with the Construction Training Fund, the Construction Training Council identifies major projects that have the capacity to impact on the future workforce and uses the data to predict future workforce needs.

- The Engineering and Automotive Training Council is producing promotional videos that highlight career opportunities in the sector.
- The Financial, Administrative and Professional Services Training Council represents the state on a number of national groups to ensure the interests of Western Australia are considered. These groups include:
 - Nationwide House Energy Rating Scheme
 - Residential Building Mandatory Disclosure
 - National Project Reference Group
 - Occupational Health and Safety
 - Business Sector Advisory Committee
- The Retail and Personal Services Training Council is working with its Northern Territory and South Australian counterparts to develop a joint project which aims to better identify Aboriginal employment opportunities within all three jurisdictions. The Training Council in conjunction with South Australia and the Northern Territory entered a joint submission for places on the Master Retail, Enterprise Based Productivity Placed Program. Western Australia was awarded 15 places and this first group is nearing completion of the program.
- The Logistics Training Council is working with the furniture removal industry to address the lack of skilled workers in regional Western Australia. They have developed a VET in schools program to raise public awareness and promote employment opportunities.

Royalties for Regions

A number of the projects funded under the Royalties for Regions initiative are consistent with the strategic objectives of Skilling WA which support the creation of sustainable regional communities.

The Gascoyne Revitalisation Plan and the Pilbara Cities initiative are helping to develop modern vibrant cities and regional centres.

Current projects which will deliver the social and physical infrastructure to support the growing regional workforce include:

- Main Street Jetty Extension - The Port Hedland Port Authority was allocated \$6 million to build port facilities that benefit the port and provide much-needed community and tourism development opportunities. The total project cost is estimated to be \$24.5million.
- Karratha Service Workers Accommodation Enhancements - This project received \$2.439 million to improve the visual aesthetics and environmental performance of the 100 service workers accommodation units being built in Karratha.
- Port Hedland Waterfront Revitalisation - The Waterfront revitalisation project received \$1 million towards the demolition and site remediation of the old Port Hedland Hospital. This project will allow the redevelopment of the site as part of the Port Hedland Marina Project.

- Western Australian Country Health Service Accommodation - Funding of \$943,000 has been allocated to convert a disused Port Hedland aged care facility into an accommodation facility for health and aged care staff.
- Regional Health Administrative Accommodation - The Western Australian Country Health Service was allocated \$2.168 million to refurbish and significantly update an existing Government building in South Hedland to accommodate administration staff. These staff members are currently based in the old Port Hedland Hospital which is set for demolition.
- Dampier Highway Street-Scaping - The Shire of Roebourne was allocated \$2 million to work with Main Roads Western Australia to install landscaping and public art on median strips and roundabouts on the Dampier Highway.
- Hedland Senior High School - An additional \$3.35 million in Royalties for Regions funding has been allocated toward the redevelopment of the school. Previous planning works identified that insufficient funds were available to complete the total desired project works. These funds, coupled with other Government and industry contributions, will ensure the project can be delivered in its entirety.

Strategic goal 4

Provide flexible, responsive and innovative education and training which enables people to develop and utilise the skills necessary for them to realise their potential and contribute to Western Australia's prosperity.

Additional Training Places

To offset the projected shortage of skilled labour in Western Australia, the State Government is increasing the number of training places available by allocating a total of \$22.704 million to provide 7,500 additional training places based on the State Priority Occupation List.

The State Priority Occupation List includes occupations that are in high demand or considered industry-critical in Western Australia and will include training at Certificate III level and above, including apprenticeships and traineeships.

In addition, \$6.84 million has been allocated to provide 3,415 training places focussing on increasing workforce participation for Western Australians who are under represented in the workforce, returning to the workforce or from culturally and linguistically diverse backgrounds.

Another \$3.86 million has been allocated to provide 1,131 training places to assist Aboriginal people into the workforce.

Responsive Trade Training Initiative

The State Training Board has been leading a working group in a consultation process involving Training Councils, UnionsWA and the Department of Training and Workforce Development to examine ways of developing a more flexible, responsive and resilient apprenticeship and traineeship system in Western Australia that better suits the needs of industry and that responds to changing economic conditions.

The working group formed four sub-groups focusing on the following themes:

- National and International Benchmarking;
- Surveys and Demographics;
- Spectrum of Training Delivery Models; and
- Training Pathways, Marketing and Schools.

The Responsive Trade Training Working Group Benchmarking Sub-group produced a series of fact sheets outlining best practice models for trade training from Australian and international jurisdictions. The State Training Board has just received submissions for best practice models and will consider them for endorsement.

The working group developed a Spectrum of Training Models (incorporating all trade training delivery methods ranging from fully institutional to fully work based) as a tool to engage with industry on alternative delivery methods for trade occupations. Industry has provided feedback on the acceptance and rejection of alternative training delivery strategies to the traditional apprenticeship.

As a result of the surveys the Responsive Trade Training working group endorsed the implementation of a pilot program in 2011 to test the acceptance of alternative delivery strategies.

The pilot is based on an “advanced pre-apprenticeship” delivery model which involves upfront training in an institutional learning environment before entering a training contract arrangement with an employer. The pilot is proposed to be delivered in three trade areas (Carpentry and Joinery, Commercial Cookery and Electrotechnology/Telecommunications). The pilots are anticipated to be undertaken in late 2011/early 2012.

Training pathways

The Department of Training and Workforce Development is promoting information on new training pathways for key occupations through its Career Centre, Workforce Development Centres, website, schools, Training Councils peak employer organisations and Registered Training Organisations over the next 12 months.

Policy development and implementation

The Department of is working with the Australian Government Department of Education, Employment and Workforce Relations to develop an over-arching National Foundation Skills Strategy for adult Australians for implementation by January 2012.

The objective of the national strategy is to halve the proportion of the working age population without literacy and numeracy skills at level 3 or above. Literacy level 3 is considered by international experts as the minimum needed to cope with the complex demands of modern life.²

The Department of Training and Workforce Development’s strategic policy initiatives to support Aboriginal literacy are progressing, including a professional development program with supporting resources.

In addition the Department has reviewed the existing apprenticeship guidelines and written a draft Apprenticeship Policy that aligns with VET legislation and incorporates strategies to re-skill or up-skill existing workers through the apprenticeship system. The draft policy was distributed for comment in April 2011.

Training Council activities

Training Council activity to support responsive and innovative education and training includes the following initiatives:

- The Engineering and Automotive Training Council in conjunction with industry and registered training organisations are working to develop and promote industry focussed pre-employment training programs and up-skilling programs for existing workers.
- The Engineering and Automotive Training Council has commissioned a survey of the engineering and automotive sectors to identify post trade qualification training requirements. This will allow them to more accurately reflect industry requirements when discussing training delivery with training providers.

² Source: OECD, Education Policy Analysis 2001.

- To promote the concept of competitive manufacturing to industry, the Food, Fibre and Timber Industries Training Council hosted a breakfast function in February 2011. The guest speaker was the CEO of Manufacturing Skills Australia. The event was attended by 50 people with seven Registered Training Organisations displaying information. Competitive manufacturing is a competency based training program that promotes efficiencies through on the job coaching.
- The Construction Training Council has responded to industry calls to develop a delivery model for institutional Pre-Apprenticeships to cater for training in times of economic downturn. The Advanced Pre-Apprenticeship model has been endorsed and recommended for a pilot program by the State Training Board. The housing industry has been identified as a sector that would benefit from retaining pre-apprentices in training to maintain skilled workers in readiness for an upturn in demand.
- The Construction Training Council has worked with schools to develop a model that provides both trade and para-professional pathways for school students that maximises the articulation to apprenticeships and provides multiple choices for entry into the industry.
- To make employing apprentices more attractive to prospective employers, the Construction Training Council has established a variable term competency based apprenticeship for Painting and Decorating that provides employers with flexible three or four year options.
- Based on advice from the Construction Training Council and the State Training Board, new apprenticeships in carpentry, concreting and joinery have been established to meet changing industry requirements.
- The Resources Industry Training Council has developed a Supervisory Skills Development program to train existing workers. The objective of the program is to improve productivity and retain skilled mature workers in the labour force.
- The Logistics Training Council aims to participate in career expos throughout 2011 to promote the industry and provide career advice, raise industry profile and develop public awareness.
- The Logistics Training Council has worked with the Department of Environment and Conservation on its 'CleanRun EcoDrive' program, an initiative designed to change driver behaviour in order to save fuel and reduce vehicle emissions. They are currently promoting the launch event that has been scheduled for May 2011.
- In May 2011, the Minister for Training and Workforce Development announced that a survey which included responses from 10,000 students from 12 institutes and centres, showed an overall satisfaction rate of 87% among students from State Training Providers, Curtin Vocational Training Education Centre and the WA Academy of Performing Arts.
- Most students (81%) undertake training for employment reasons. This group's priorities include, getting a job 26%, starting a different career 16%, and gaining additional skills for their existing job 12%.

Strategic goal 5

Plan and coordinate a strategic State Government response to workforce development issues in Western Australia.

State Government Coordination

The implementation of Skilling WA is being overseen by the Ministerial Taskforce on Approvals Development and Sustainability, supported by the work of a senior officers group.

At a regional level, the Regional Development Commissions, the Department of Planning and the Western Australian Planning Commission, the Department of Regional Development and Lands and the Department of Training and Workforce Development are involved in the development of regional workforce development plans.

The establishment of Regional Workforce Development alliances including key industry, community and government stakeholders in regions is being facilitated by the Department of Training and Workforce Development in conjunction with the Regional Development Councils.

The Department of Training and Workforce Development and the State Training Board are working with the industry Training Councils in the implementation of industry specific workforce development plans.

Reporting

Reporting on progress and issues relating to workforce development has occurred to the Working Group of the Ministerial Taskforce on Approvals, Development and Sustainability. It includes this report, which is the first progress report compiled since Skilling WA was launched in December 2010.

Linkages with the Australian Government

The Western Australian Government has contributed to the national approach on workforce development by:

- the Minister for Training and Workforce Development chairing the Workforce Development Supply and Demand Principal Committee of the Ministerial Council for Tertiary Education and Employment;
- participation on the Northern Australian Taskforce which has been established in conjunction with the Northern Territory and Queensland Governments to develop an integrated approach to workforce planning and development across all three jurisdictions;
- the Department of Training and Workforce Development's representation on the Commonwealth/State Migration Working Party and the Australian Government's Skilled Migration Consultative Panel; and
- its ongoing involvement with the implementation of the National Resources Sector Employment Taskforce report.

Information sharing

The Department of Training and Workforce Development:

- in conjunction with the Department of Commerce (Labour Relations Division) have initiated discussion and undertaken preliminary planning regarding the development of materials, marketing strategies, and a workforce planning portal to promote workforce planning in the private sector;
- is sharing information with the Department of Planning to ensure consistency between Region Workforce Development Plans and planning initiatives being undertaken on regional development; and
- updated its website with the latest labour market and workforce development information during the reporting period.

Data, forecasting and modelling

The Department of Training and Workforce Development in conjunction with other stakeholders has collated new data and forecasting that has become available during the reporting period and has included the resulting analysis in this report. This information will also be published on the Department's website.

The Department of Training and Workforce Development has also approved a business case to secure further forecasting, modelling and data collection capability to assist in its lead agency role in workforce planning and development.

Training Council activities

The Electrical, Utilities and Public Administration Training Council is conducting a survey to determine the employment demographics of the electricity sector, to better inform the workforce planning process. This project is scheduled for completion by the end of 2011.

The Food, Fibre and Timber Industries Council in conjunction with the Great Southern Employment Committee hosted a Workforce Development Workshop in March 2011 to bring together industry leaders to share information on their workforce development experience. Other workshops are planned for other regions of the State in the second half of 2011.

Economic and Labour Market Outlook

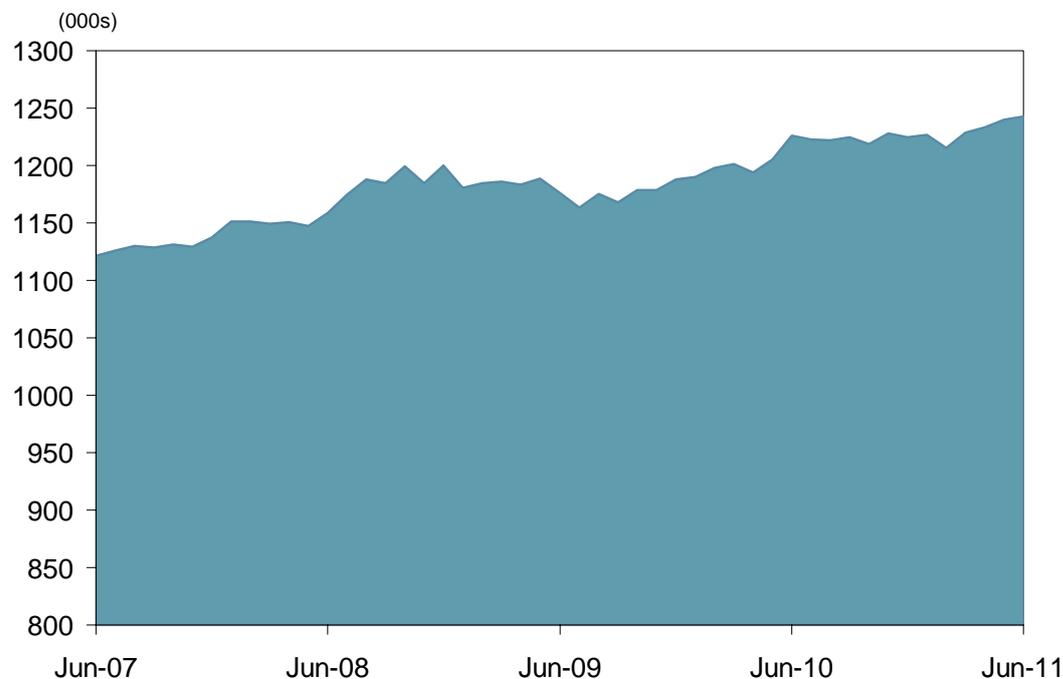
Western Australia has withstood the global economic downturn in relatively sound shape. The State's economy recorded growth of 4.3% in 2009-10, following slightly lower growth of 4.1% in 2008-09 (with these rates close to the State's 20 year historical trend growth rate of 4.3%)³.

Conditions in Western Australia's resources sector are particularly strong. Robust demand from emerging and developing economies (particularly China) for the State's key resource commodities and resulting high commodity prices has created a substantial pipeline of future investment activity.

However, conditions in other sectors of the State's economy are somewhat more subdued. Households are displaying increased fiscal conservatism, which is currently being manifest by soft growth in discretionary spending. This conservatism has combined with higher interest rates and the withdrawal of the First Home Owners Boost to cause weak conditions in the State's housing market. Also, Western Australia's agricultural sector has been affected by extreme weather conditions, while a number of externally-exposed industries outside of the resources sector are being challenged by the high Australian dollar.

At the same time, there is evidence that following a strong post-downturn recovery period over the first half of 2010, activity in the State's labour market over the remainder of 2010 eased back slightly. However, as shown by the chart below, employment levels have picked up again in recent months.

Western Australia employment levels (seasonally adjusted data)



Source: ABS Cat. 6202.0

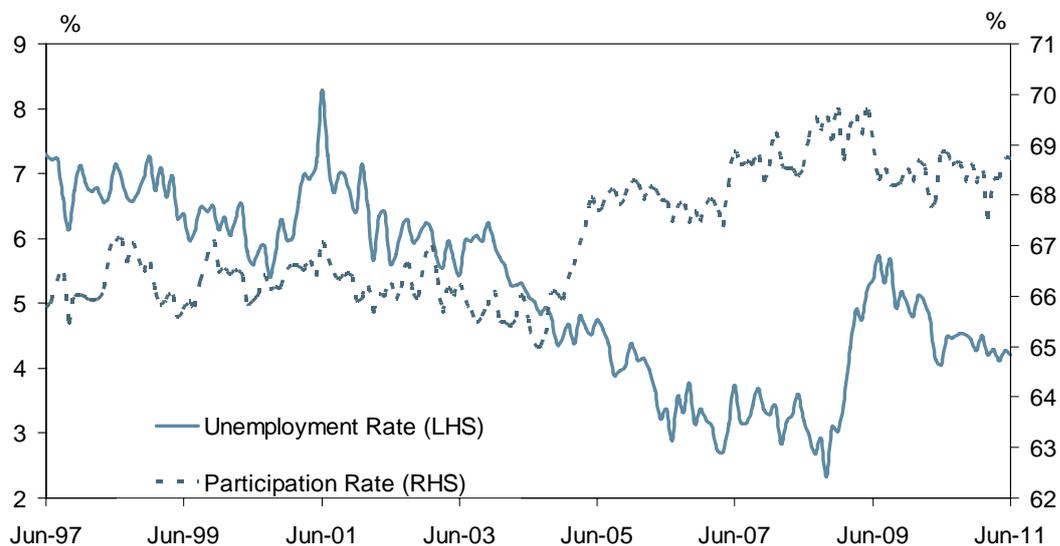
³ ABS Cat. 5220.0

Over the year to June 2011, employment in Western Australia grew by 1.4%, compared to 2.0% nationally.

Even so, the State's unemployment rate in June 2011 of 4.2% was much lower than the national unemployment rate of 4.9% – indeed, the State has now recorded the lowest unemployment rate of all states for the past 16 consecutive months. Western Australia also recorded a labour force participation rate of 68.7% in June 2011, much higher than the national rate of 65.6%.

The State has maintained a historically low unemployment rate in recent months (with rates over the past year lower than the economic downturn period of 2009-10). However, as shown in the chart below, unemployment rates are still higher than the very low rates recorded during the peak part of the State's previous resource boom period (most of the latter part of the last decade).

Western Australia's unemployment rate and participation rate



Source: ABS Cat.6291.0 (seasonally adjusted data)

A consistent story is also shown by the June 2011 *Commonwealth Bank-CCI Survey of Business Expectations*, which recorded a sizable 38% of employer respondents as indicating that labour in the State was “scarce” (compared to only around 15% two years ago). However, this is still much lower than the 60% (and higher) of employer respondents who rated labour as scarce over most of the previous resource boom (June 2005 through to June 2008).

Other leading indicators of employment demand also show similar trends. For example, while the *ANZ Newspaper Jobs Advertisements* series for Western Australia showed a strong post-downturn recovery in the first half of 2010, demand then plateaued over the second half of 2010. More recently the series has fallen back somewhat, and remains well down on boom levels.

Economic Outlook

The overall outlook for the State's economy is very positive, given it is in the midst of a major investment cycle, led by construction of the \$43 billion Gorgon LNG project and other key resources projects. The *Investment Monitor* publication released by Deloitte Access Economics shows that as at March 2011, there was an estimated \$95 billion worth of projects either committed to or already under construction in Western Australia (around a third of the national total).

According to the Western Australian Department of Treasury, the outlook for growth in Western Australia is expected to increase to 4.5% in 2011-12 and then ease back to rates of around 4.0% in 2012-13, 2013-14 and 2014-15.⁴

Broadly in line with these forecasts, Monash's current economic growth projections for the State for the next four year period show an average growth rate of 3.9% per annum⁵, while the Chamber of Minerals and Energy of Western Australia expect growth of 4.2% in 2011-12, moderating slightly to 3.7% in 2012-13.⁶ However, the Western Australian Chamber of Commerce and Industry's current economic growth forecasts for the next two years are a fair bit higher, with expected growth of 6.75% in 2011-12, increasing to 7.0% in 2012-13.⁷

Notwithstanding the above, there are a number of key risks to the State's future economic growth profile that could represent challenges over the next few years (particularly regarding global economic conditions, given the importance of the external sector to the State's economy).

Although international economic conditions have been gradually improving since the economic downturn, global risks remain elevated and skewed towards the downside, and include: high oil prices (including the potential for a supply shock); ongoing financial malaise in Europe (especially in respect to possible contagion flowing from Greece's public finance issues); the public debt problems faced by the United States; inflation in emerging economies; and potential spill-over effects arising from the natural disasters in Japan.

Key domestic risks to the State's expected economic growth path include the potential detrimental effects on resource sector investment and output arising from the Australian Government's proposed carbon and rent resource taxes; the future path of interest rates; consumers becoming increasingly cautious in their spending; and a high Australian dollar affecting the (non-resource) externally exposed parts of the State's economy.

⁴ Western Australian Department of Treasury *2011-12 Budget Economic and Fiscal Outlook - Overview*

⁵ These are based on economic and employment forecasts (March 2011) compiled by Monash University's Centre for Policy Studies, as commissioned by the Department of Training and Workforce Development.

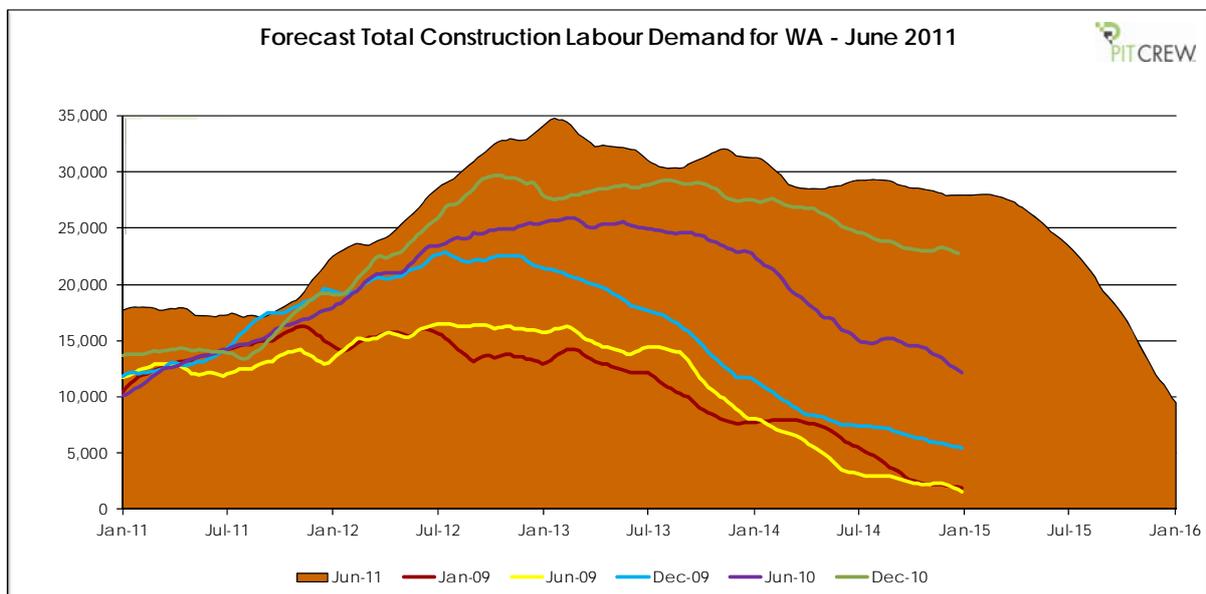
⁶ Chamber of Minerals and Energy of Western Australia, *WA Resources and Economics Report*, March 2011 (forecast used come from KPMG Econtech, and are only up to 2012-13).

⁷ Chamber of Commerce and Industry of Western Australia, *Outlook: June Quarter 2011* (forecasts are only out to 2012-13).

Labour Market Outlook

Notwithstanding the recent consolidation in the State's labour market, activity associated with Western Australia's current resource sector pipeline is expected to have important flow-on effects on the State's economy over the next few years, including a sustained increase in the demand for labour.

Such demand is evident from Pit Crew Management and Consulting Services' (Pit Crew) June 2011 report. In their report, Pit Crew forecast the labour requirement associated with current and pending construction and engineering projects over the short to medium term (four to five years out). Pit Crew's report therefore provides a useful indication of the expected profile of labour demand in coming years⁸. The following chart is taken from the latest (June 2011) Pit Crew Report, and shows the expected construction and engineering labour demand over coming years for major projects across the State.



The Pit Crew Report for Western Australia, Issue 8 – June 2011, p. 5

While Pit Crew's chart shows an easing in construction labour demand to levels around 16,000 over the first part of 2011-12, demand is expected to sharply ramp-up over the latter part of 2011, reaching 23,000 by the start of 2012, representing a 35% rise over the year. Pit Crew then expect construction labour demand to accelerate throughout 2012, reaching a peak of approximately 34,900 in the beginning of 2013. According to Pit Crew, this climb is due to the expected confluence of peak construction occurring in a number of major projects around the same time.

The year 2013 is characterised by a slight decline in demand to 30,000, followed by a small rise to 32,000 in the fourth quarter of 2013, with this in turn followed by a consolidation in demand at around 28,000 over 2014⁹.

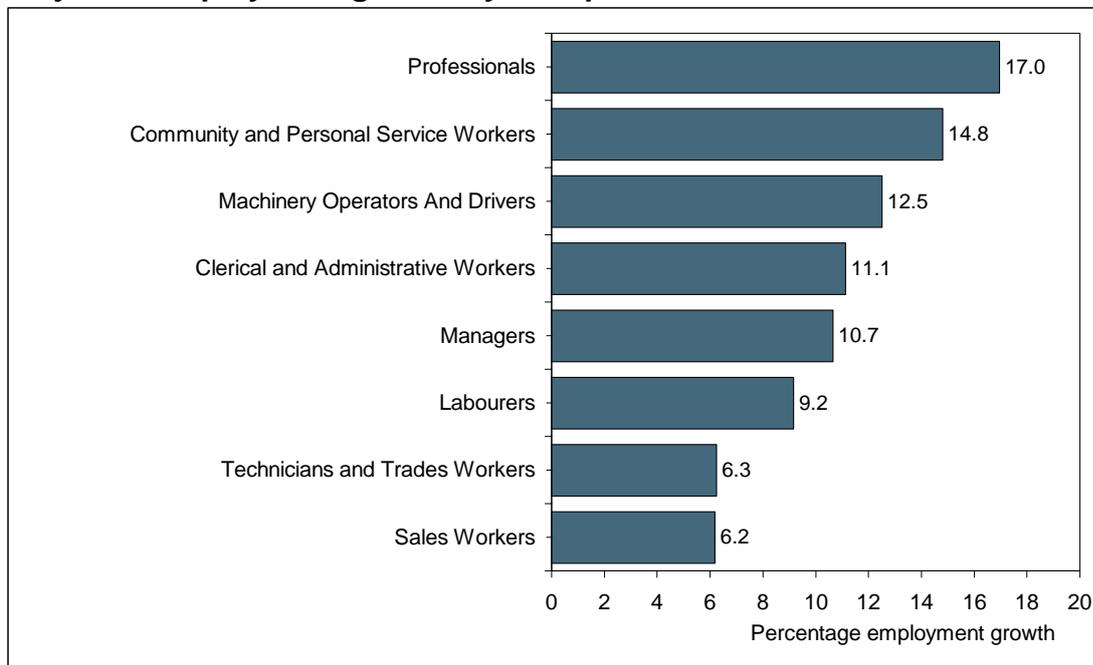
⁸ Pit Crew's scope includes those projects valued around \$200 million and above that are either already underway, committed to, or "highly probable".

⁹ The sharp drop-off from early 2015 mainly reflects the uncertainty surrounding major projects out that far (as opposed to any assessment of a pending collapse in major projects from then). As is also shown in the chart, similar falls are typically a feature of the final year of forecasts from Pit Crew's previous reports.

Pit Crew argues that for Western Australia, "...unless there are major inflows of available labour from other states, immigration, temporary overseas labour and substantially increased levels of training undertaken, the most optimistic outcome industry and government should anticipate is that only half the projects in the pipeline will come to fruition in a reasonable timeframe". Pit Crew also expects that Western Australia and Queensland will soon be strong competitors for construction labour resources (particularly in the LNG sector).

However, this is not to infer future jobs growth will be all in construction. The Monash University Centre of Policy Studies' latest set (March 2011) of detailed labour market forecasts for the State indicates that over the four years to 2014-15, professionals and community and personal service workers will continue to dominate employment growth, followed closely by machinery operators and drivers and clerical and administrative workers (chart below).

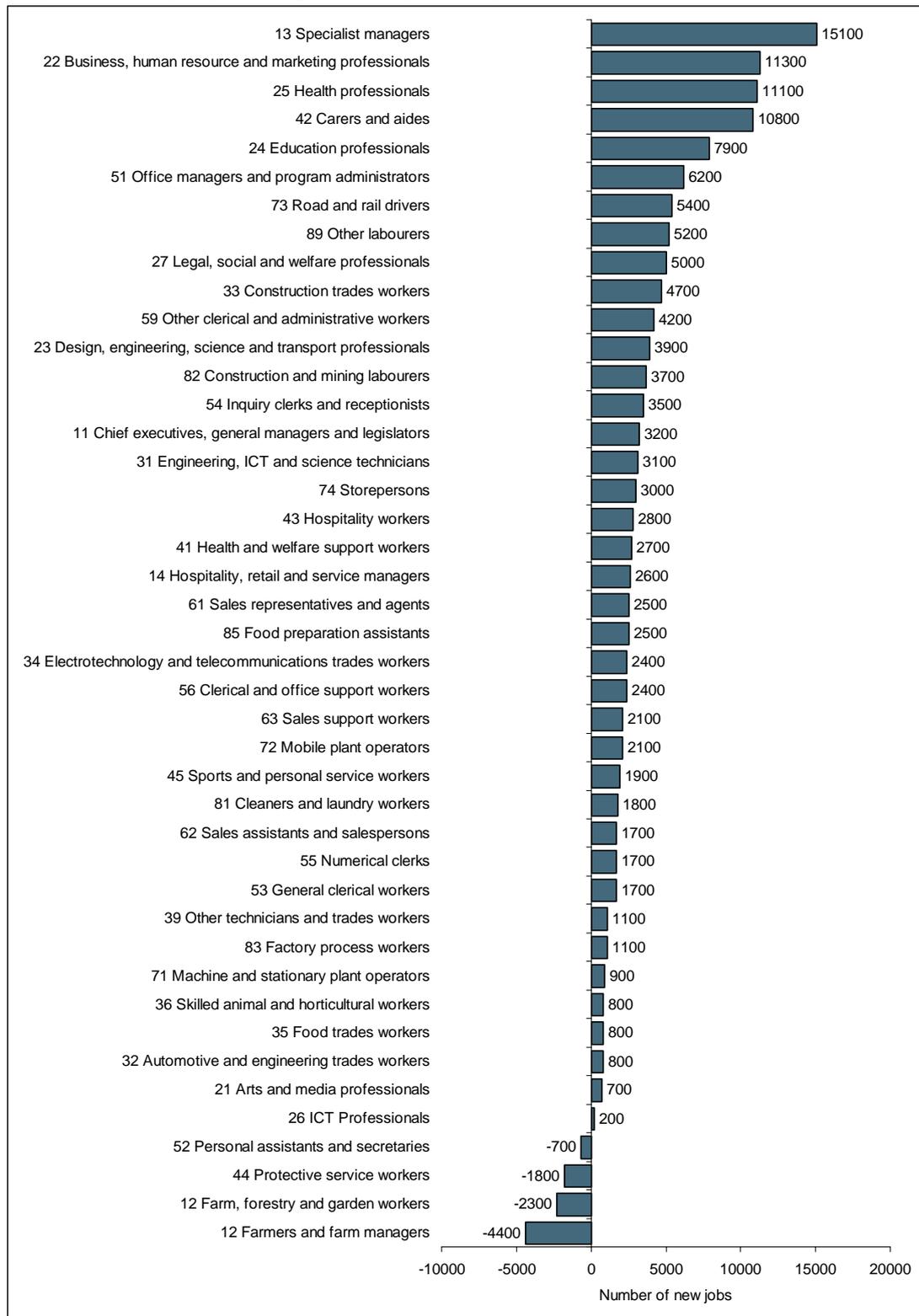
Projected employment growth by occupation 2010-11 to 2014-15



Source: Monash March 2011

As shown by the forecasts in the following chart, almost all occupational categories show growth in the period to 2014-15. The largest (with 11.2% of total State employment growth over 2010-11 to 2014-15) will be within the occupational group specialist managers (15,100 additional jobs). Examples of these occupations include business administration managers; construction, distribution and production managers; advertising and sales managers; and education, health and welfare managers. The combined grouping of business, human resource and marketing professionals; health professionals; and carers and aides occupations are forecast to experience a 24.5% share of total employment growth (33,100 additional jobs).

Projected employment growth by occupation 2010-11 to 2014-15



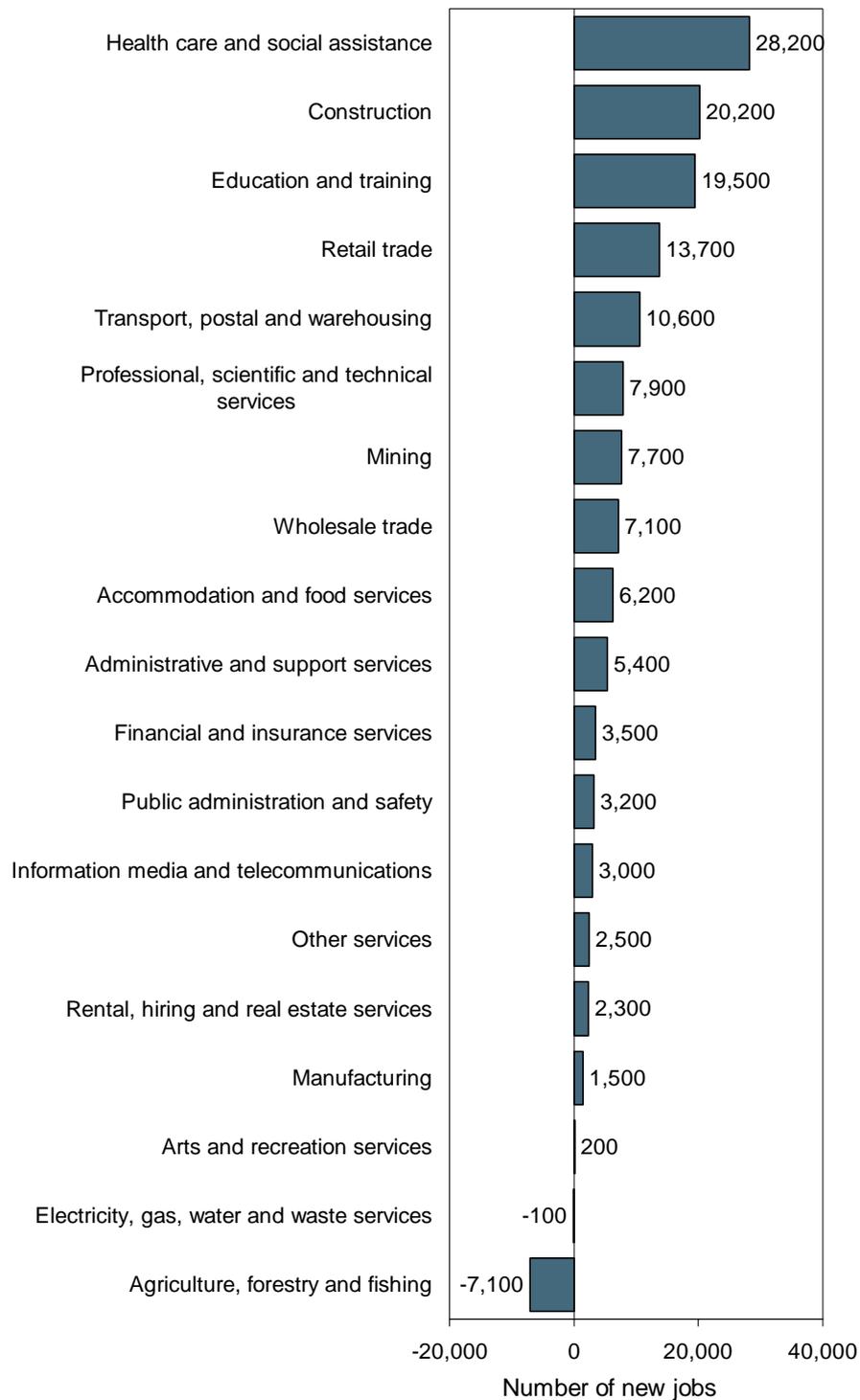
Source: Monash March 2011

While the sharp falls in farm sector employment shown in the chart above are quite significant, these appear to be based in the main on Monash's input assumptions from Access Economics (who expect national farm sector employment to fall over

the next four years, based on food prices falling back to more 'normal' levels, along with falls in farm output as well).

The following Figure 6 shows the expected change in employment by industry sectors in Western Australia over four years to 2014-15.

Projected new jobs by industry sectors, WA, 2010-11 to 2014-15



Source: Monash March 2011

As the chart shows, over the next four year period the industries forecast to experience the greatest total employment growth include health care and social assistance (28,200 new jobs), construction (20,200), education and training (19,500), retail trade (13,700), transport and warehousing (10,600), professional and scientific and technical services (7,900). Consistent with the sharp falls in the farm sector occupational categories, the industry category of agriculture, forestry and fishing is expected to decline over the next four years.

It is cautioned though that in the current changing economic environment, it is very difficult for forecasters to predict in detail specific movements in employment growth, particularly in the medium or longer term, as there are many uncertainties to be considered. While the various forecasts referenced above have undoubtedly been compiled with due care and diligence, forecasts can differ due to differences in factors like data sources used; models and modelling techniques used; underlying assumptions; and many others.

Care should therefore be exercised when interpreting forecast movements (particularly in respect to the detailed employment forecasts). The forecasts should be treated as an indicative picture of what the State's future labour market *may* look like given expected growth trajectories (and on an assumption that the key risks to the State's economic growth outlined above do not eventuate).

Furthermore, it is worth noting that current expectations of tightening labour supply (from moderating population growth and an ageing workforce) could be further exacerbated if international migration into the State falls further, and/or the State is less able to attract or retain labour from other parts of Australia (particularly pertinent given the competition for major resource project construction labour from states like Queensland – particularly in respect to LNG construction workforces).

Accordingly, a key downside risk is if the back-end of the current major project pipeline (i.e. construction work on prospective major projects expected from about 2013 onwards) is significantly compromised due to final investment decisions on major projects either being delayed, or not being made at all, in part due to labour supply constraints.

Conclusion

Skilling WA – A Workforce Development Plan for Western Australia is a dynamic document that is constantly being reviewed to ensure it remains relevant and continues to address the workforce development challenges faced by the State.

As new evidence becomes available the priority actions will be re-evaluated and new strategies and priority actions developed as appropriate.

The Department has been encouraged by the strong support for Skilling WA from other Government agencies, industry representatives and other stakeholders. Since the release of Skilling WA in December 2010, significant progress has been made across the range of priority actions. These have been outlined in detail in this report.

To raise awareness of Skilling WA and share information with key stakeholders in relation to it, the Department has facilitated meetings, workshops and forums for government agencies, industry and other stakeholders.

The economic and labour market outlook report contained in this report highlights that the State is still experiencing some challenges, with some industry sectors adversely affected by the high exchange rate of the Australian dollar and cautious consumer confidence in the face of potential interest rate rises, the withdrawal of stimulus measures and continuing uncertainty about global economic conditions.

However, robust demand from major trading partners for the State's commodities, and the construction of major projects, mean that demand for labour is growing and expected to remain strong over the next few years. This growth is expected to flow through to other sectors of the State's economy and will support a sustained increase in demand for skilled labour.

The review undertaken by the Department in the preparation of this report indicates that the issues that influence Western Australia's economic development have not changed significantly during the reporting period January to June 2011.

This first review of Skilling WA confirms that the strategies and priority actions contained within it are still relevant and are progressing satisfactorily.

It is therefore recommended that no change to the strategies or priority actions outlined in Skilling WA is required at this time.