

Ai GROUP SUBMISSION

Review of the Melbourne Declaration
Response to the Discussion Paper

JUNE 2019



About Australian Industry Group

The Australian Industry Group (Ai Group) is a peak industry association in Australia which along with its affiliates represents the interests of more than 60,000 businesses in an expanding range of sectors including: manufacturing; engineering; construction; automotive; food; transport; information technology; telecommunications; call centres; labour hire; printing; defence; mining equipment and supplies; airlines; and other industries. The businesses which we represent employ more than one million people. Ai Group members operate small, medium and large businesses across a range of industries. Ai Group is closely affiliated with more than 50 other employer groups in Australia alone and directly manages a number of those organisations.

Australian Industry Group contact for this submission

Megan Lilly, Head of Workforce Development

T: 03 9867 0169

E: megan.lilly@aigroup.com.au

1. What are your expectations of a national aspirational declaration on Australian education?

The Declaration should focus on tangible educational outcomes that equip and empower young people to be active and engaged participants in society. The new and emerging economy demands young people be adaptive to change and prepared for ongoing skills development and acquisition over the course of their working life.

It is also important to maintain a focus on foundational language, literacy, numeracy and digital (LLND) skills while developing higher level skills in areas like science, technology, engineering and maths (STEM) and enterprise skills that are transferable across tasks, jobs, and sectors.

Learning should reflect the practical application of skills and knowledge in the workplace and society; therefore, expanded opportunities for school students to have a more integrated experience between theory and work-based practice is required. Careers education should also encourage authentic work-based and work integrated learning experiences – including apprenticeships and traineeships – that contextualise the application of skills in a work environment. Therefore, vocational education and training requires greater prominence in the Declaration and promoted as a pathway to further education and employment.

2. Who should the national declaration inspire and/or guide?

The Declaration should also consider the role of employers, who are increasingly investing in the upskilling, reskilling and training of employees. Where employers are working with education providers to deliver skills training to school students, it is important that any guiding framework or document considers industry's existing and future participation, engagement, and workforce requirements in their delivery of education and skills training.

3. How has the Melbourne Declaration impacted or influenced you?

The Melbourne Declaration has impacted Ai Group and the businesses it represents through its influence on the improvements to school education and the young people entering further education and training and the workforce.

4. Specific Responses What do you consider are the three most important economic, social and technological changes that will shape the future of education in Australia?

Digital technology. Automation is disrupting the skills that education and training systems strive to supply. It is leading to reallocations of employment between roles, tasks, sectors and regions. Changes to skill requirements in industry are occurring at all levels of the workforce. The workforce needs to be able to operate with emerging new technologies and systems and engage in more complex work and relationships in environments that are constantly changing.

As automation is increasingly adopted by industry, it is recognised that capital deepening and increased competitiveness can be achieved by not only replacing workers with machines, but by building innovative capital – developing well-educated and well-skilled workers. For innovation to occur, physical capital must be complemented by qualified workers.

Labour demand is shifting towards higher level and more cognitive skills for which many workers are not adequately trained, and it is contributing to the hollowing out of middle level skill jobs. It is demanding, as a threshold requirement, that all workers have mastered enduring concepts of digital literacy to be enabled to adjust to new ICT.

The new workplace increasingly relies on a more complex operational and organisational structure relating to decision making, coordination, control and support services. This means there are significantly higher demands placed on all members of the workforce in terms of managing complexity and higher levels of abstraction and problem solving. Employees are needing to act more often on their own initiative and be able to organise their own work. Enterprise skills (such as advanced reasoning, design thinking and social interaction) need to be coupled with technical skills to build a broader set of capabilities for application in different environments.

While the share of high skill work increases, the share of low-skilled work is decreasing. However low skilled workers will still be required as the digital economy evolves. These workers will have an advantage over machines where they have the capacity to adapt to situations. Machines are less able to react to unexpected circumstances and communicate on that basis.

The major workforce skill changes outlined are in large part responsible for current skills shortages. The skills supply has been unable to adequately match the needs via our education and training sectors. While the OECD has reported that Australia's skill shortages are on par with global skill shortages, recent Ai Group research has found this to be a major pressure point for businesses. Employers are experiencing greater challenges finding the skills they need, with the percentage reporting skills shortages increasing over four years to 75 per cent in 2018.

Moving forward, all improvement activities need to be underpinned by closer partnerships between industry and all education and training sectors. Rapidly changing work environments and skills are best served by learning that is connected to and closely reflects workplace skill needs, such as work-based and work integrated learning models. Increasingly, where learning experiences are not in the workplace they must be designed to reflect a company's workplace; to be engaging and social, and to be anchored by outcomes and assessments.

New economy. The 'gig' economy can provide new work opportunities for students. Individuals who wish to work flexibly around other commitments, such as studies, recreational activities, family commitments or other forms of paid employment often find the experience of working via online platforms, a useful and convenient way of earning or supplementing income.

There has been an abundance of digitally native businesses, or digital orchestrators, that utilise digital platforms as key infrastructure to provide services, build consumer communities, share and store data; whether for-profit or not.

The role of digital platforms in business is not confined to the matching and supply of on-demand labour. This is but one of many functions online platforms perform. Within the broader notion of the digital economy, different new economy models have emerged largely based on the diversity of focus and activities undertaken by participants. The World Economic Forum¹ has identified no fewer than ten such economy models and it is likely that more will develop.

In the context of the gig economy, on-demand labour has had a more visible and direct connection with the consumer, linked to an increase in the accessibility of new services provided on-demand to consumers, either in a short-time frame, or at a time of the consumer's own choosing. This has been enabled by the emergence of online platforms where the platform operates as a service to connect consumers with the required labour for the consumer's needs.

The growth in both the number and size of gig economy platforms is not simply based on consumer demand. The 'network effect' of online platform businesses is strengthened by the number of participating workers and contractors.

¹ Rinne, A., *What exactly is the sharing economy?* World Economic Forum, December 2017

Ai Group has long promoted effective measures to enable greater workforce participation. The gig economy has an important role to play in creating workforce participation opportunities for those who may not otherwise find it easy to enter the labour market or to earn supplementary income.

While digital technologies are altering the way people work, the jobs and tasks available, and how jobs are designed, the new economy demands that students not only be digitally literate and tech savvy but have a more sophisticated level of financial literacy to participate in that new economy.

Demographic change. An ageing population means the economy will rely on a smaller workforce to sustain its medical and care needs, if not balanced by a rise in skilled migration to Australia. The Commonwealth Department of Jobs and Small Business estimates a nearly 40 per cent increase in employment in the aged and disability care sector over 2019 to 2023, which is largely underwritten by government investment in the National Disability Insurance Scheme.² A majority of the jobs created in this sector will require Certificate II or III level qualifications, underscoring the importance the vocational education and training sector will play in the skilling of the workforce.

These are three emerging trends that will affect young people in school today, and will directly shape the teaching and learning priorities of educational providers in the foreseeable future.

5. How can a national declaration best reflect that Australians need to continue to participate in learning throughout their lifetime?

Traditional models of learning and educational instruction may no longer deliver the skills and competencies required in today's workplace. Rapid advancement in digital technologies and capabilities are challenging education providers to be more adaptable, flexible, and responsive to the workforce skills training required by employers.

Dynamic workplaces mean that continuing training needs to be available to existing workers as required, in shorter bursts, for quick adaptation to new skill demands throughout their working lives. Workers more capable of undertaking productive and engaged roles are better able to contribute to innovation in the workplace.

With technological change affecting nearly all industries, different skills and new practices need to be adopted by existing employees throughout their working lives. The digital economy requires a cultural change in the way work is done and managed. Businesses will need to assess their own capabilities and train when necessary using education and training partners, supervisors, managers and leaders. This will develop employees more capable of taking control of their roles, needing less supervision and better able to contribute to innovation in the workplace.

Given these realities, the Declaration should promote a school-wide culture of inquiry, curiosity and entrepreneurialism in teaching and learning whereby students are well rehearsed in the self-motivated initiation of their own ongoing skills development and improvement.

6. How could the concepts of equity, excellence and the attributes for young Australians in the Melbourne Declaration be updated to ensure they are still contemporary over the next decade?

The Melbourne Declaration does suitably address the concepts of equity and excellence. To continue this focus and to address any emerging needs around equity and excellence, the Declaration needs to be considered a living document, and that any future revisions to the document always calls on and considers the views and needs of industry.

² Shah, C. & Dixon, J. (2018), *Future job openings for new entrants by industry and occupation*, NCVET, Adelaide.

7. Are the eight areas for action in the Melbourne Declaration still contemporary and how well do they address the goals?

There needs to be greater emphasis on developing stronger partnerships with business and industry. Ai Group's workforce development needs survey of employers shows that 23 per cent of employers want to increase and establish new links with secondary schools.³ Currently, the most prominent industry link with secondary schools is for the provision of work placements (26 per cent) and the provision of work experience (18 per cent).⁴ Over the four years from 2014 to 2018, the number of companies having no links with education sectors has significantly decreased from 50 per cent to 27 per cent.⁵ These are positive developments that need to be further promoted within the schools sector.

The Declaration provides scant attention to the benefits work-based and work integrated learning opportunities present to the development of knowledge and skills necessary to function and thrive in today's workforce.

The Declaration should make explicit an action to develop in young people an awareness of, and ability to, continue learning throughout their lives.

8. Are new priority areas for action needed? And are there areas that should no longer be a priority?

The Declaration must prioritise the development of science, technology, engineering and maths (STEM) skills and capabilities, and careers education. There has been a growing emphasis on these skills and knowledge by employers, with employers regularly reporting difficulties recruiting employees with STEM skills,⁶ and only 20 per cent of employers saying they are satisfied with the knowledge of chosen career by school leavers.⁷

A major focus needs to be given to growing the STEM workforce, especially in areas of the economy where the demand for these skills will continue to rise. There is ongoing concern about the state of STEM education in schools given the declining participation rates and student achievement in maths and science, and the way STEM subjects are integrated into the curriculum and are delivered by teachers, many of whom lack proficiency and qualifications in those subject areas. STEM skills gaps can be filled through school-based apprenticeships and traineeships.

There needs to be a renewed focus on supporting students remain at school and when transitioning to further education and employment. Students disengaged from studies at school are at greater risk of being out of work or employed in industries most prone to digital disruption, where automation may replace those jobs involving low-skill, routine tasks.

A 2015 PISA survey of students' sense of belonging in school found that Australian students have shown declining results over time, and rate lower when compared to the OECD average.⁸ These feelings of disconnectedness can influence a student's ambition to remain at school or continue to further studies.

Managing the transition from school to a life beyond can be a difficult path for many young people to navigate without the right support and guidance. Sixty-eight per cent of young Australians say that school does not prepare them for the real world.⁹ It is essential that adequate support is applied while in school and is readily available at the point of and beyond transition from school, with timely follow-up and after-care services provided by schools.

³ Ai Group, *Skilling: A National Imperative*, Workforce Development Needs Survey Report, 2018

⁴ *ibid*

⁵ *ibid*

⁶ *ibid*

⁷ *ibid*

⁸ ACER, *PISA Australia in Focus Number 1: Sense of belonging at school*, 2018

⁹ Year 13 (2018), *After the ATAR II: Understanding How Gen Z Make Decisions About Their Future*, p.30

It is important to equip those at-risk of disengagement with the necessary life skills to survive and thrive in the new economy. Developing capabilities around interpersonal, creative and decision-making tasks will be beneficial in finding employment in jobs where routine and manual tasks are increasingly performed by machines. The OECD advocates the need for school curricula to prioritise the development of critical thinking, collaborative skills, and personal attributes of mindfulness, curiosity, courage and resilience.

A recent inquiry into careers advice in Victorian schools heard that information provided to students does not meet their needs, and that advice is generally not administered in junior secondary years, before students tend to disengage from their studies.¹⁰

While career education has been given priority in schools through a National Career Education Strategy, more action is still required. The over-emphasis on academic success in traditional subjects has led to a lack of exposure to vocational options even when students may be better suited to, and have better work outcomes, within these pathways.

The attraction to vocational education and training, and in particular apprenticeships and traineeships has been declining among young people.¹¹ Year 13, for example, reports that 56 per cent of students still do not consider an apprenticeship when leaving school.¹²

There is concern that careers teachers do not adequately understand or promote the opportunities in the VET sector. It is important for those providing careers advice to be aware of industry's emerging skill needs including an increasing requirement for higher level skills at the trades and para professional levels.

In striving to make school more relevant to students who are disengaging, or to work with those young unemployed who have disengaged, workplace experiences must be at the centre of school-based and job support programs. Through practical activities such work-based experiences can be effective for learners in developing their industry awareness; understanding the relevance to them; allowing learners to feel valued and make connections; and supporting them to build their skills and capabilities. Closer partnerships between industry, the school sector and job centres will enable more of this activity.

9. Are there better ways to measure and share progress toward achieving the declaration's goals?

Systems need to be developed to measure the success of transition from school to further education and employment. While existing systems collect data on the retention and attainment of students while at school, they do not track and monitor the student as they transition to life beyond school. By monitoring educational outcomes in post-compulsory years, policy settings can be adjusted to accommodate those who may end up not in employment, education or training (NEET), especially those with low educational attainment, from a lower socioeconomic background, ethnically, culturally and linguistically diverse background, rural and regional areas, or with a disability.

10. How can we ensure the education sector works together to achieve the goals of the Declaration?

The Council of Australian Governments (COAG) Education Council should include a standing agenda item that reports the progress each Australian jurisdiction is making towards promoting and implementing the goals and objectives of the Declaration.

¹⁰ Dandolo Partners, *Review of career education in Victorian government schools*, a report for Department of Education and Training, Victoria, 2017

¹¹ NCVET (2018), Apprentices and trainees <https://www.ncver.edu.au/research-and-statistics/collection/apprentices-and-trainees-collection>

¹² Year 13 (2018), *After the ATAR II: Understanding How Gen Z Make Decisions About Their Future*, p.13

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AUSTRALIAN INDUSTRY GROUP METROPOLITAN OFFICES

SYDNEY 51 Walker Street, North Sydney NSW 2060, PO Box 289, North Sydney NSW 2059 Tel 02 9466 5566 Fax 02 9466 5599

CANBERRA 44 Sydney Avenue, Forrest ACT 2603, PO Box 4986, Kingston ACT 2604 Tel 02 6233 0700 Fax 02 6233 0799

MELBOURNE Level 2, 441 St Kilda Road, Melbourne VIC 3004, PO Box 7622, Melbourne VIC 8004 Tel 03 9867 0111 Fax 03 9867 0199

BRISBANE 202 Boundary Street, Spring Hill QLD 4004, PO Box 128, Spring Hill QLD 4004 Tel 07 3244 1777 Fax 07 3244 1799

ADELAIDE 45 Greenhill Road, Wayville SA 5034 Tel 08 08 8394 0000 Fax 08 08 8394 0099

REGIONAL OFFICES

ALBURY/WODONGA 560 David Street Albury NSW 2640 Tel 02 6041 0600 Fax 02 6021 5117

BALLARAT Suite 8, 106-110 Lydiard St South, Ballarat VIC 3350, PO Box 640, Ballarat VIC 3350 Tel 03 5331 7688 Fax 03 5332 3858

BENDIGO 87 Wills Street, Bendigo VIC 3550 Fax 03 5444 5940

NEWCASTLE Suite 1 "Nautilus", 265 Wharf Road, Newcastle 2300, PO Box 811, Newcastle NSW 2300 Tel: 02 4925 8300 Fax: 02 4929 3429

WOLLONGONG Level 1, 166 Keira Street, Wollongong NSW 2500, PO Box 891, Wollongong East NSW 2520 Tel 02 4254 2500 Fax 02 4228 1898

AFFILIATE: PERTH Chamber of Commerce & Industry Western Australia

180 Hay Street, East Perth WA 6004, PO Box 6209, East Perth WA 6892 Tel 08 9365 7555 Fax 08 9365 7550

www.aigroup.com.au