



Working to close Australia's Skills Gap

Lessons from abroad



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While the Fourth Industrial Revolution has already been highlighting the need for large-scale reskilling, the COVID-19 pandemic and its impact on the labour market makes this need more complex and urgent.

As Australia is in the midst of the post-pandemic recovery agenda, jobs and skills are key to growing and rebuilding the economy. This was first indicated upon the establishment of the National Skills Commission on 1 July 2020 and backed in the May 2021 Federal Budget. Some of the Government announcements included measures to drive up youth employment, training subsidies, measures to support female participation and initiatives to back growth in key industries.¹

But while these measures have proven to help protect against the shock of the pandemic in the short-term, there is a disconnect that has long-term consequences. A disconnect between Government, businesses and employees.

There are now significantly more job ads per month in Australia than pre-COVID and job advertising website Seek reported that, in March this year, they saw the highest number of ads posted in a month in its 23-year-plus history.²

Yet despite an increasing war for talent, local CEOs are less concerned about the availability of key skills (68% in 2021 compared to 78% in 2020).³ However, when it comes to workers, research by Swinburne University found that 61% of Australians are worried their skills are not suitable for the next five years of work.⁴

Broadening the skill base of Australians is vital for economic growth and prosperity. With a series of foundational infrastructure and investments in place, now is time to drive greater public-private cooperation to accelerate closing Australia's skills gap.

Closing Australia's Skills Gap

The global skills landscape was flipped on its head with COVID-19. Across the world, 600 million people lost their jobs. While in Australia, over 1 million workers lost their jobs or had their hours reduced to 0 in just one month. These unemployed persons were most likely to be at the extremes of their working lives, either younger or older workers who experience the most difficulty in re-entering the labour market.

“Job losses hurt socio-economic groups unevenly. In the first half of 2020, the labour force contracted by almost 7% for people with low skills - who typically also have lower incomes - while it fell by 5.4% for those with medium skills and rose by 3.3% for those with high skills.”
– Ms Christine Lagarde, President of the European Central Bank.

The market disruption caused by the pandemic saw inequality grow and the skills gap widen, with an increased focus on digital literacy as organisations around the world participated in the largest ever work-from-home experiment.

But the skills gaps are more profound than just all things digital. This is exacerbated by the many Australian industries that relied on skilled migration to fill local skills gaps, such as in healthcare and construction. The closure of international borders and lowest intake of skilled migrants since World War II also resulted in regional Australia, which relied on workers with temporary visas, being unable to fill over 50,000 jobs.⁵

These challenges are not unique to Australia. By looking at case studies and examples of better practice from abroad, there is an opportunity to identify opportunities for system-wide skills reform to ensure the longer-term viability and success of Australian organisations and their workers.

Lessons from Abroad

Entire economies have been reimagining work, embedding the inherent flexibility that is afforded by adopting a skills-based view. According to the World Economic Forum⁶, countries should be looking at four key levers to build a robust skills system that will see them emerge from the other side of the pandemic. These four areas are: lifelong learning and upskilling; proactive redeployment and re-employment; availability of skills funding models; and skills anticipation and job market insights.

Countries have been rapidly developing policy and deploying initiatives in response to the COVID-19 economic shock, aligned to these four focus areas, both to mitigate the near-term economic impacts and with a view towards longer-term economic recovery. The market disruption and impact on organisations has reinforced the need to reimagine a new approach towards upskilling and reskilling in light of the unprecedented disruption. A series of case studies aligned to the four skills levers are highlighted below, offering insights and lessons for Australia as it looks to close the skills gap.

Focus area 1: Lifelong learning and upskilling

Education systems need to reform to ensure they are developing and embedding the skills for tomorrow's leaders, today. Economies need to increase the availability and accessibility of formal learning offerings. Organisations need to drive a more demonstrable commitment to supporting lifelong learning and individuals need to undertake self-directed upskilling and reskilling.

The Ministry of Economy in Brazil launched an initiative, 'Todos por Todos' (All for All) as a mechanism for individuals and organisations to offer services and donations to those in need during the pandemic. What emerged was organisations like Microsoft Academy, Google, and the Inter-American Development Bank providing free training courses to support Brazilians in upskilling and reskilling. There are over 1,000 free online courses from a range of recognized institutions and private sector companies spanning multiple subject areas from trade to administration and entrepreneurship.

In 2018, the health sector was reported as having the lowest levels of digital literacy across the United Kingdom. However, as a result of COVID-19, approximately 90% of primary health appointments were conducted by telehealth, with a corresponding uplift in the digital literacy of health practitioners supported by investment in upskilling from MedTech companies. This rapid shift in service delivery model with a corresponding focus on developing the requisite skills resulted in better outcomes for both patients and workers.

Focus area 2: Proactive redeployment and re-employment

Both the public and private sector have been proactively redeploying their workforce and supporting workers in transition, while looking to enable re-employment of furloughed or displaced workers. Across countries, there are many instances where employees have been stood down and mobilised to in-demand sectors, such as airline staff being temporarily redeployed to customer service roles in supermarkets and healthcare.

United Arab Emirates (UAE): In the UAE, the Ministry of Human Resources and Emiratisation deployed a Virtual Labour Market Portal, allowing domestic and international job seekers to connect with available work. The AI-powered platform matched the skill profiles of candidates with role requirements, helping to facilitate rapid redeployment and re-employment. At an organisational level, Majid Al Futtaim, a Dubai-based owner and operator of shopping malls, retail and leisure across the Middle East, Africa, and Asia, also activated an employee-redeployment program across the region. Employees were provided with reskilling and redeployment opportunities within the parent company to assist with order fulfilment, food packing, stock replenishment and more. For example, more than 1,000 leisure, entertainment and cinema employees in the UAE, Saudi Arabia, Egypt, Oman and Lebanon were reassigned to new roles on a temporary basis to support the company's Carrefour business and meet increased demand.

Another example of a supporting measure is from Bulgaria, where the Ministry of Labour and Social Policy temporarily amended industrial provisions regarding secondary employment to remove barriers allowing furloughed employees to pursue alternative work and in turn increase labour participation.

Focus area 3: Availability of skills funding models

Countries are looking towards the availability of traditional and alternative methods of government and corporate funds to support lifelong learning, including the efficient and effective disbursement of money. One country that is considered a leader in skills funding models is Singapore.

SkillsFuture Singapore deployed Enhanced Training Support Packages (ETSPs) to support workers and organisations to continue a sustained investment in reskilling and upskilling during COVID-19. The program provides subsidies to both the direct cost of training and the employees wage from time spent out of the business on training. The ETSP program helped companies to retain and upskill their workforce while preparing them to take on new opportunities once the economy bounces back. In addition, SkillsFuture Singapore also launched the SGUnited program, where the government subsidised the majority of 2019-20 graduate salaries to support employment in a constrained labour market.

Other examples of innovative skills funding models in response to the economic shock include:

- Led by the Ministry for Economic Affairs in Indonesia, Kartu Pra-Kerja is a program that provides subsidised vouchers for unemployed workers for reskilling. Delivered in partnership with a range of private sector organisations, the program has doubled its allocated budget as a result of COVID-19, accessible to an estimated 5.6 million informal workers and small and micro enterprises.
- Amidst a market shutdown in India, many citizens moved back home from urban dwellings to regional towns. In light of this, the National Skill Development Corporation announced additional funding to support female homemakers to receive training to be entrepreneurs so that they can establish and operate commercial enterprises while working from home and away from established cities. Within the first three weeks of launching, there were 1.3 million applications for the program.

Focus area 4: Skills anticipation and job market insights

The importance of job market insights has never been more relevant, with a need to make informed and evidence-based decisions in what is a complex and unpredictable environment. This includes access to available data, usable insights, and facilitating mechanisms for information exchange.

Canada: In March 2020, the Canadian Labour Market Information Council launched The Now of Work - an online portal to ensure the timely provision of labour market insights and social developments, both within Canada and abroad. The portal has empowered employers, workers, job seekers, academics, policy markets, educators and parents with timely and reliable labour market information and insights to drive evidence-based action.

Other countries are partnering with the private sector and aligned providers to support skills forecasting and aligned upskilling initiatives. For example, the Sultanate of Oman engaged with the business community to develop input into how skill requirements are changing as a result of both digital transformation and the impact that COVID-19 has had on roles and industries. This included an assessment of the value of key skills during the crisis, with the intent of using this intelligence to advance their Future Skills initiative, while the government continues to partner with EdTech providers like Coursera to accelerate learning delivery at scale.

A Call to Arms

There is a disconnect in Australia between the Government, industry, and workers. When looking abroad, this is not uncommon, but examples of better practice highlight:

- greater public-private cooperation, enabling government and employers to work together to ensure labour market needs are met;
- building off the review of the Australian Qualifications Framework to embed a robust system of micro-credentialing that enables rapid upskilling;
- mechanisms to unleash citizen-led innovation by empowering individuals through learning;
- investment in robust and timely forecasts with real time data on the demand for skills, led by the National Skills Commission, either through market analysis (macro) or working directly with employers (micro); and
- incentives for employers to support retraining, particularly government-supported learning initiatives for vulnerable workers and at-risk individuals.

And we can't forget the role of vocational and tertiary education. These institutions have a need to balance the integrity of quality teaching and learning across diploma, degree and higher degree programs, while offering new forms of short-term, digestible, easy-to-access learning that extends beyond deep specialist knowledge and training. This, in partnership with government and business-led initiatives, will ensure a rounded and robust provision of skills offerings to ensure the Australian economy better prepares workers for the post-pandemic world of work.



About the Author

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¹Prime Minister of Australia, 2021, <https://www.pm.gov.au/media/keynote-address-afr-business-summit-sydney-nsw>.

²ABC, 2021, <https://www.abc.net.au/news/2021-04-15/unemployment-jobs-data-abs-march-2021/100071142>.

³PwC CEO Survey, 2021, <https://www.pwc.com.au/ceo-agenda/ceo-survey/skills-shortage-workforce-strategies.html>.

⁴Swinburne University, 2021, Peak Human Workplace: Innovation in the unprecedented era, forthcoming.

⁵Prime Minister of Australia, 2021, <https://www.pm.gov.au/media/keynote-address-afr-business-summit-sydney-nsw>.

⁶World Economic Forum, 2020, <https://www.weforum.org/projects/closing-the-skills-gap-accelerators>.



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