Disclaimer

**Inherent Limitations**

The services provided in connection with this engagement comprise an advisory engagement which is not subject to Australian Auditing Standards or Australian Standards on Review or Assurance Engagements, and consequently no opinions or conclusions intended to convey assurance have been expressed.

The findings in this report are based on consultation with key stakeholders, publicly available information and analysis of available data and information provided to KPMG by Regional Development Victoria.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by Regional Development Victoria personnel and stakeholders consulted as part of the process.

KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

The findings in this report have been formed on the above basis.

**Third Party Reliance**

This report is solely for the purpose set out in the section entitled ‘Executive Summary’ and for Regional Development Victoria’s information, and is not to be used for any other purpose or distributed to any other party without KPMG’s prior written consent.

This report has been prepared at the request of Regional Development Victoria in accordance with the terms of the contract signed 13 November 2015. Other than our responsibility to Regional Development Victoria, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party’s sole responsibility.

The definitive version of this report is the PDF version dated May 2016, which was provided to Regional Development Victoria. A PowerPoint version of the report has been provided to facilitate increased accessibility to online information for people with disabilities.
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</table>
1. Executive summary

This section provides a high-level overview of the project background, methodology and findings.
Executive summary

Project background

The Gippsland Workforce Plan project was announced as part of the Victorian Government’s ‘Latrobe Valley Industry and Employment Roadmap’ to ensure key regional industry sectors have access to an appropriately skilled workforce and remain competitive in the face of structural adjustment. The challenge facing the region is to capitalise on its existing assets and resources – both natural and human – to build thriving communities, supported by a diverse and strong economy. Responding to this challenge will require the joint efforts of industry, the education sector and government to deliver a strategic approach to workforce planning that takes into account Gippsland’s assets, in addition to the broader structural and demographic trends that will drive further industry change and workforce demand.

Project Objective: To identify the actions to best respond to key future workforce and capability requirements across the critical industries within the Gippsland region which were identified in phase one of the project:

<table>
<thead>
<tr>
<th>Priority industries established in Phase 1 (as described on page 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health, Aged Care and Community Services</td>
</tr>
<tr>
<td>Hospitality and Tourism</td>
</tr>
<tr>
<td>Retail</td>
</tr>
<tr>
<td>Building and Construction</td>
</tr>
<tr>
<td>Agribusiness, Timber and Forestry*</td>
</tr>
<tr>
<td>Advanced Manufacturing</td>
</tr>
<tr>
<td>Energy and Mining</td>
</tr>
</tbody>
</table>

Project Approach: In order to gain genuine industry engagement and insights, the project took a consultation-driven approach, validated through data analysis and strategic context, to understand the current state, ideal future state, and gaps by engaging with industry and thought leaders to gain insights into:

- The key issues faced by each industry in relation to their existing workforce
- The skills and capacity required for the future
- Cross-industry issues that need to be addressed across the region
- The actions that will best respond in this environment.

This built on work conducted in Phase 1 of the project (a Regional Workforce Report and Economic Profile conducted by Workforce Planning Australia)

*Through Phase 1, the agribusiness component of ‘Agribusiness, Timber and Forestry’ focussed on pre-farm gate activity. Given potential in post-farm gate activity, RDV and KPMG considered broadening this industry’s definition to include a more detailed analysis of post farm gate, however the nature of training package allocation and government data breakdowns do not allow KPMG to provide analysis on opportunities in the broader agribusiness sector in enough detail to feature in this report. As such, broader agribusiness opportunities have been identified only through consultation, however they have been assessed primarily though prospective benefits to the agriculture sector.
Executive summary

Project background

This project was commissioned by Regional Development Victoria (RDV) to build on Phase 1 of the project (the Regional Workforce Report and Economic Profile conducted by Workforce Planning Australia) and other key strategies for the Gippsland region. The scope of Phase 1 was to identify key elements of the current state in seven key industries across Gippsland (‘Health, Aged Care and Community Services’, ‘Hospitality and Tourism’, ‘Retail’, ‘Building and Construction’, ‘Agribusiness, Timber and Forestry’, ‘Advanced Manufacturing and ‘Energy and Mining’). This work provided a foundation for Phase 2, conducted by KPMG, which validated these initial findings, conducted a future state assessment, gap analysis and relevant actions for key stakeholders.

The project was overseen by the Gippsland Workforce Plan Steering Committee (the Steering Committee) who were invited to participate by RDV on behalf of their respective priority industries or as prominent stakeholders from the Gippsland community. The Steering Committee played a critical role, particularly in testing the gaps identified, and developing and refining the proposed actions. Success of the Plan will be dependent on ongoing engagement of the Steering Committee with their industry counterparts. The Steering Committee’s membership is as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard Elkington (Chair)</td>
<td>Regional Development Australia (Gippsland)</td>
</tr>
<tr>
<td>Ben Leigh</td>
<td>Latrobe Community Health Service</td>
</tr>
<tr>
<td>Dave Gover</td>
<td>Australian Sustainable Hardwoods</td>
</tr>
<tr>
<td>Donna Taylor</td>
<td>Latrobe City Council</td>
</tr>
<tr>
<td>Graham Scott</td>
<td>Regional Development Victoria</td>
</tr>
<tr>
<td>Greg Blakeley</td>
<td>Department of Health &amp; Human Services</td>
</tr>
<tr>
<td>Harry Ballis</td>
<td>Federation University</td>
</tr>
<tr>
<td>Jackie Nelson</td>
<td>GDF Suez</td>
</tr>
<tr>
<td>Jim Radford</td>
<td>Image Direct</td>
</tr>
<tr>
<td>Karen Bird</td>
<td>Federation Training</td>
</tr>
<tr>
<td>Karen Cain</td>
<td>Department of Education &amp; Training</td>
</tr>
<tr>
<td>Lloyd Clarke</td>
<td>Mahindra Aerospace</td>
</tr>
<tr>
<td>Nicola Watts</td>
<td>East Gippsland Food Cluster</td>
</tr>
<tr>
<td>Paul Ford</td>
<td>Agribusiness Gippsland</td>
</tr>
<tr>
<td>Robyn Downie</td>
<td>Department of Education &amp; Training</td>
</tr>
<tr>
<td>Rod Ware</td>
<td>Master Builders’ Association</td>
</tr>
<tr>
<td>Scott McArdle</td>
<td>Department of Economic Development, Jobs, Transpot &amp; Resources</td>
</tr>
<tr>
<td>Sue Wells</td>
<td>Department of Education &amp; Training</td>
</tr>
<tr>
<td>Terry Robinson</td>
<td>Destination Gippsland</td>
</tr>
<tr>
<td>Toni Wakefield</td>
<td>Safetech STS</td>
</tr>
<tr>
<td>Val Prokopiv</td>
<td>Gippsland Trade &amp; Labour Council</td>
</tr>
</tbody>
</table>

The Steering Committee was convened and supported by Regional Development Victoria.
Executive summary

Methodology

This project has been informed by extensive consultation and quantitative data analysis across each of the seven priority industries to understand the nature of the opportunities and challenges facing the region. The methodology outlined below has directly informed how the report has been structured:

**Current state assessment:**
The current state assessment comprised two components:
1. Validation of the data and information gathered during phase one which included:
   • numbers employed
   • retention rates
   • current skill shortages
   • availability of local vocational and further education and training
   • current workforce development activities
2. 25 consultations to fill data/information gaps undertaken by a RDV officer, with direction, support and guidance provided by the KPMG Project Director and using a structured questionnaire.

Findings of this stage can be found in Section 3.

**Future state assessment:**
A two-tiered approach was taken to consultation for specific stakeholders, comprised of:
1. 10 face-to-face consultations with senior, whole-of-region stakeholders, conducted by KPMG and Essence Communications and supported by RDV; and
2. 24 face-to-face industry specific consultations conducted by Essence Communications and supported by RDV.

This consultation process generated key insights into the possible futures for each industry resulting in:
• aspirational vision statements for each industry; and
• a profile of key opportunities and issues for each industry.

Findings of this stage can be found in Section 4.

**Education review**

1. High-level review of curriculum: KPMG and RDV jointly identified the educational offerings within the Gippsland region that relate to the seven priority industries through a review of publicly available information.
2. Review of educational linkages: KPMG, working with Essence Communications, identified educational linkages with industry through the consultation process which uncovered a small number of existing partnerships, as well as one international example.

The education review delivered a small number of case studies as well as insight into the shortcomings of current educational offerings and linkages within the region.

Findings of this stage can be found in Section 3 and Appendix 4.

**Gap analysis:**
Combining the data, information and findings collected during preceding phases, KPMG undertook a gap analysis to:
• Identify the initial workforce gaps; and
• Estimate the potential level of activity and effort required, across each of the seven industries, to realise the future state visions.

The gaps identified were validated with the Steering Committee and RDV through a workshop approach.

The gap analysis provided the basis of the development of the priority industry specific and cross-industry actions.

Findings of this stage can be found in Section 5.

**Proposed actions and implementation:** Actions were identified that responded to the validated gaps, and then tested with RDV and the Steering Committee, through two workshops, as well as out-of-session feedback from specific industries. This process was used to determine the best manner of implementation, and the lead and supporting stakeholders for each action.

1KPMG was engaged by RDV with Essence Communications as a sub-contractor to undertake the future state consultation process. At RDV’s request, RDV support the engagement with a resource to conduct interviews with KPMG oversight. 2 This was a review of the scope of offerings delivered in the region, not a review or assessment of the quality of provision.
The project identified a limited number of tangible actions, developed in consultation with the Steering Committee, that could be immediately initiated to generate momentum.

The actions were shaped by an understanding of the current state and desired future state, and the type and level of change required to bridge the gap between these states, and consider how best to realise the vision of Gippsland as "Australia’s smart region with world-class environments, maximising opportunities for investment and employment". The actions also sought to take account of the existing and emerging threats and opportunities within each industry.

This approach resulted in one to three key actions per industry and two cross-industry actions that respond to key gaps that emerged across multiple industries and were validated by the Steering Committee. Full details of each action can be found in Section 7.

### Cross-industry actions

1. Extend the ‘Broadening Horizons’ program
2. Expand work placements

### Industry specific actions

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<thead>
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<th>Industry</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>3. Deliver allied health courses in Gippsland</td>
</tr>
<tr>
<td></td>
<td>4. Develop education and training pathways</td>
</tr>
<tr>
<td>Building</td>
<td>7. Develop a local procurement policy</td>
</tr>
<tr>
<td></td>
<td>8. Develop skills in pre-fabricated and sustainable construction</td>
</tr>
<tr>
<td>Agri</td>
<td>9. Use innovation precinct as agri hub</td>
</tr>
<tr>
<td></td>
<td>10. Create practical internship opportunities</td>
</tr>
<tr>
<td></td>
<td>11. Build cross-cultural engagement</td>
</tr>
<tr>
<td>Retail</td>
<td>5*. Improve technology and customer service training</td>
</tr>
<tr>
<td></td>
<td>6. Establish retail internship program</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>12. Develop an industry network</td>
</tr>
<tr>
<td></td>
<td>13. Align training with workforce demand</td>
</tr>
<tr>
<td>Energy</td>
<td>14. Develop dynamic picture of skills needs</td>
</tr>
<tr>
<td></td>
<td>15. Develop model for dedicated careers service</td>
</tr>
</tbody>
</table>

*This action is relevant to both the ‘Retail’ and ‘Hospitality and Tourism’ industries, and therefore has been applied across both sectors. It is anticipated that these industries will work together to achieve this action.*
## Executive summary

### Gippsland Region Workforce Plan: Actions

<table>
<thead>
<tr>
<th>Action 1 – Extend the Broadening Horizons program</th>
<th>Action 2 – Expand work placements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand on the current ‘Broadening Horizon’ program within the region, which provides secondary students at 12 government secondary schools with insight into potential industries of employment, and gives them opportunities to understand what their preferred pathway may be.</td>
<td>This action seeks to build on an existing work-placement model (developed by the Latrobe Community Health Service and Monash University) to develop the skills and capability of Gippsland-based students. These placements will enable students to develop their practical skillsets while they complete their studies, and can be replicated in other industries.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Action 3 – Deliver allied health courses in Gippsland</th>
<th>Action 4 – Develop education and training pathways</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federation University and Federation Training would work with regional employers to identify how the most critical allied health skills shortages can be addressed to build the pipeline of locally qualified people, through the introduction of new courses or partnership models for local delivery.</td>
<td>Secondary students would be provided with opportunities to understand and gain experience in the health, aged care and community services sector through work placement or industry engagement programs. Further, Federation Training and Federation University would work together to identify educational pathways between health, aged care and community services qualifications.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Action 5 – Improve technology and customer service training</th>
<th>Action 6 – Establish a retail internship program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry associations would identify at least eight champions (four from different sectors across retail and four from the hospitality and tourism industry) to work with training providers to create relevant and customised short courses on key technological and customer service capabilities. Industry champions would work with training providers to develop course content.</td>
<td>Industry associations would work with retail employers to consider opportunities to develop a program that would offer approximately 100 students per year in relevant local training courses (i.e. business services, or industry relevant courses) a role in their organisation for a period between 3-6 months, before transitioning to another champions' business.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Action 7 – Develop a local procurement policy</th>
<th>Action 8 – Develop skills in pre-fabricated and sustainable construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>This action proposes that all councils in the Gippsland region enhance their procurement policies for building and construction services which requires a significant proportion of the service delivery to be conducted by locally owned businesses similar to the requirements in place under the Ballarat Industry Participation Project (BIPP).</td>
<td>The building and construction industry in Gippsland, led by the Master Builders Association Victoria and/or Housing Industry Association, would work with training providers to develop skill sets and competencies specifically for pre-fabricated and sustainable construction.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Action 9 – Use innovation precinct as agri hub</th>
<th>Action 10 – Create practical internship opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>The planned Latrobe Valley education and innovation precinct, which has already been flagged as having an agri-systems focus, could develop industry knowledge and skillset levels for now and into the future. Innovation should be a focus.</td>
<td>Internship opportunities would be established through partnerships between local small-medium sized firms and universities offering courses in food technology and agricultural science fields of education.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Action 11 – Build cross-cultural engagement</th>
<th>Action 12 – Develop an industry network</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Southern Metropolitan Region VGBO would support businesses looking to expand their operations and/or build export markets by building cross-cultural engagement capacity and supporting international reach by leveraging existing networks.</td>
<td>Currently, the Latrobe City Council coordinates a Latrobe Manufacturing Network, which has been noted as a popular way for industry members to collaborate in the Valley. Under this action, this network would be broadened to a region-wide initiative, facilitating participation from each of the other LGAs in Gippsland.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Action 13 – Align training with workforce demand</th>
<th>Action 14 – Develop dynamic picture of skills needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>To meet the changing demands and preferences of the advanced manufacturing industry, local employers would engage closely with education and training providers. These partnerships would work to ensure that course content and delivery models reflect current industry requirements.</td>
<td>Based on analysis of the future skills needs of the sector, Federation University, working closely with industry, would undertake a survey of skills of the energy and mining workforce to form a ‘skills matrix’. This survey would need to be undertaken on a regular basis in order to provide a dynamic, rather than point-in-time picture of industry skills needs as the industry transitions.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Action 15 – Develop model for a dedicated career service</th>
</tr>
</thead>
<tbody>
<tr>
<td>This action seeks to identify the best model to provide information to energy and mining workers impacted by the industry’s transition. RDA/DET would work with industry leaders to develop a model for a dedicated careers advisory service for energy and mining workers. The service would require strong linkages with local education and training providers and dedicated funding.</td>
</tr>
</tbody>
</table>

* This action is relevant to both the 'Retail' and 'Hospitality and Tourism' industries, and therefore has been applied across both sectors. It is anticipated that these industries will work together to achieve this action.
Executive summary
Project Findings and Actions – Cross-industry

As part of the validation process, the Steering Committee identified nine gaps as cross-industry as shown below. Through engagement with the Steering Committee, it was agreed that it was not feasible for all gaps to be addressed through individual actions, and thus not all gaps are mapped to an action below (and throughout the industry actions). The Steering Committee prioritised two actions that they suggested would achieve cross-industry impact.

Gaps

- Limited access to a permanent, part-time workforce
- Low work productivity from some younger workers
- Current training does not sufficiently develop technical and general employability skills such as customer service
- Recruitment of middle to senior level staff can be difficult
- Increased rate of subcontracting, reducing learning and development opportunities
- Ageing workforce and succession planning
- The workforce can improve its cultural competency as it seeks to engage with Asia
- Skills associated with collaboration, innovation and entrepreneurship need to be strengthened
- Management skillsets need to be addressed/improved

Actions

- Extend the Broadening Horizons program
- Expand work placements

Industry Focus Areas

- Energy and Mining
- Agribusiness, Timber and Forestry
- Health, Aged Care and Community Services
- Advanced Manufacturing
- Retail
- Building and Construction
- Hospitality and Tourism
- Agribusiness, Timber and Forestry
- Energy and Mining
Executive summary

Actions – Cross-industry

The actions identified on the previous page are considered more fully below, including allocating responsibility and high-level implementation guidance:

### Action 1 – Extend the Broadening Horizons program

**Objective:** This action seeks to expand on the current ‘Broadening Horizon’ program within the region, which provides secondary students at 12 government secondary schools with insight into potential industries of employment, and gives them opportunities to understand what their preferred pathway may be. Building partnerships between the schools and industries facilitates these opportunities for students. This action would help secondary students to understand their preferred industry pathway at an early stage; and potentially extend the part-time workforce.

**Approach:** To achieve this action, the Department of Education and Training would work with the other 13 government and 2 non-government secondary schools in the region to engage with the program.

To achieve industry participation, DET should engage and partner with industry associations across all sectors.

Once a school and business have been linked, they should focus their partnership on practical skills, and advocate for students to get involved in part-time work when (for some industries this may only be appropriate upon graduation).

See Case Study in Appendix 4 for more information.

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Lead: DET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supporting:</td>
<td>Federation Training, industry associations, secondary school partners</td>
</tr>
<tr>
<td>Governance:</td>
<td>RDV and RDA</td>
</tr>
<tr>
<td>Timeframe:</td>
<td>Medium-term</td>
</tr>
<tr>
<td>Impact:</td>
<td>High</td>
</tr>
<tr>
<td>Resources:</td>
<td>Low</td>
</tr>
</tbody>
</table>

### Action 2 – Expand work placements

**Objective:** This action seeks to develop an existing work placement model to develop the skills and capability of Gippsland-based students. A partnership between the Latrobe Community Health Service and Monash has facilitated a number of students to develop their practical skillsets during their study, and this can be replicated across other industries. This action would achieve:

- A broader range of work placement opportunities for students to develop practical skills; and
- More work-ready younger people.

**Approach:** The consultation process identified that Placement Education Research Unit operating at Latrobe Community Health Service (in collaboration with Monash) offered a promising case study of education providers working with industry. As such, Federation Training should hold a workshop with representatives of both institutions to understand the reasons for success, as well as challenges (Federation Training can consider also including DET in this workshop).

Following this workshop, Federation Training would work with industry associations to identify major businesses/employers across each of the priority industries that could participate in a similar program. Federation Training would also work closely with Federation University given their prominent role in higher education in the region.

See Case Study in Appendix 4 for more information.

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Lead: Federation Training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supporting:</td>
<td>DET, industry associations, education providers</td>
</tr>
<tr>
<td>Governance:</td>
<td>RDV and RDA</td>
</tr>
<tr>
<td>Timeframe:</td>
<td>Medium-term</td>
</tr>
<tr>
<td>Impact:</td>
<td>Moderate</td>
</tr>
<tr>
<td>Resources:</td>
<td>Low</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gaps addressed:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited access to a permanent part-time workforce</td>
</tr>
<tr>
<td>Low work productivity from some younger workers</td>
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<td>Ageing workforce and succession planning issues</td>
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<thead>
<tr>
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<tbody>
<tr>
<td>Limited access to a permanent part-time workforce</td>
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</tr>
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<td>Ageing workforce and succession planning issues</td>
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</tbody>
</table>
Executive summary
Project Findings and Actions – Health, Aged Care and Community Services

### Current state

<table>
<thead>
<tr>
<th>Industry trajectory in Gippsland region</th>
<th>The sector is growing steadily with an annual average increase of 7.4 per cent of the occupations within the industry between 2006 and 2011.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training in Gippsland region</td>
<td>There has been strong enrolment growth in government-subsidised training with an increase of 21.7 per cent between 2013 and 2014.</td>
</tr>
<tr>
<td>Employment in Gippsland region</td>
<td>The industry is the largest employer in the region, employing 12,158 people, of which 53 per cent work part-time and 83 per cent are female.</td>
</tr>
</tbody>
</table>

### Future state

**Vision statement**

Employers are able to locally source all skills required to deliver services (registered nurses, chefs, senior leaders) which allows for effective succession planning.

### Gaps experienced and associated actions (Cross-industry gaps are identified in purple)

- A lack of allied health training opportunities within the region
- Limited workforce awareness of changes within the industry and ability to service emerging needs
- Loss of nursing staff to Melbourne
- There is a need for a generalist community services qualification, with option for specialisation
- Ageing workforce and succession planning
- Recruitment of senior staff can be difficult

### Action 3 – Deliver allied health courses in Gippsland

Federation University and Federation Training would work with regional employers to identify how the most critical allied health skills shortages can be addressed to build the pipeline of locally qualified people, through the introduction of new courses or partnership models for local delivery (noting that Federation University does not currently offer a full range of allied health courses at any of its campuses). Partners could include Monash (that offers a broad range of allied health course and has a presence in the region) and/or Latrobe University (that currently delivers them in a range of regional locations). Training could include development of the skills necessary to implement new service models in advanced practice roles.

The aim would be to develop a business case, and implementation plan, that would lead to the University, and potentially local partners, investing in provision of allied health courses in Gippsland.

### Action 4 – Develop education and training pathways

This action seeks to build the pipeline of qualified professionals through a two-pronged approach.

Firstly, secondary students would be provided with opportunities to understand and gain experience in the health, aged care and community services sector through work placement or industry engagement programs (for example Broadening Horizons program or Industry Themed Pathways in VCE and VCAL) identified and supported by DET (Department of Education and Training). These opportunities would help to stimulate demand from school leavers to participate in these fields.

Secondly, Federation University and Federation Training would work together to identify educational pathways between health, aged care and community services qualifications. For example, some TAFEs and universities have existing partnership arrangements which ensure that students who complete a Diploma in Nursing (Enrolled Division 2 Nursing) automatically qualify for a Bachelor of Nursing.
### Executive summary

**Project Findings and Actions – Hospitality and Tourism**

<table>
<thead>
<tr>
<th>Current state</th>
<th>Future state</th>
</tr>
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<tbody>
<tr>
<td><strong>Industry trajectory in Gippsland region</strong>&lt;br&gt;The Hospitality and Tourism sector is expected to be the third fastest growing industry to 2031 (3.5 per cent per annum).</td>
<td><strong>Vision statement</strong>&lt;br&gt;The hospitality and tourism industry can access a wide-range of fair-priced training options to build a highly professional, stable and committed workforce.</td>
</tr>
<tr>
<td><strong>Training in Gippsland region</strong>&lt;br&gt;Hospitality and Tourism related enrolments declined between 2013 and 2014 (potentially related to subsidy changes) although strong availability for training across the region remains.</td>
<td></td>
</tr>
<tr>
<td><strong>Employment in Gippsland region</strong>&lt;br&gt;The hospitality and tourism industry is growing and, as a consequence, is creating more employment opportunities.</td>
<td></td>
</tr>
</tbody>
</table>

### Gaps experienced and associated actions (Cross-industry gaps are identified in purple)

<table>
<thead>
<tr>
<th>Tourism growth has led to immediate skills issues, including customer service and technology capability</th>
<th>The workforce can improve its cultural competency as it seeks to engage with Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>The hospitality industry has a traditionally high rate of turnover</td>
<td>Low workforce productivity from some younger workers</td>
</tr>
<tr>
<td>There is a lack of training opportunities available and some can be too expensive for young people</td>
<td>Current training does not sufficiently develop technical and general employability skills such as customer service</td>
</tr>
</tbody>
</table>

### Action 5 – Improve technology and customer service training

Industry associations would need to identify at least eight champions (four from different sectors across retail and four from the hospitality and tourism industry) to work with training providers to create relevant and customised short courses on key technological and customer service capabilities potentially including:

- **Technology**: Website design and development; Marketing with an emphasis on online and social media platforms; Point of sale systems; and
- **Customer service**: Clarity of communication (particularly when dealing with people from different cultures); Adaptability to different working environments.

Industry champions would work with training providers including but not limited to Federation Training due to its presence across the region, to develop course content. Training providers would be identified with the ambition of covering the main population centres of Gippsland. Industry champions would continue liaising with training providers throughout the initial delivery of the course, and formally evaluate the course outcomes following the first year of implementation.

*Training figures have been taken from Phase 1 materials.*
### Executive summary

**Project Findings and Actions – Retail**

#### Current state

<table>
<thead>
<tr>
<th>Industry trajectory in Gippsland region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail outlets with a stronger interface with tourism will experience growth given the expectations on the tourism industry.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Training in Gippsland region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concerns about the viability of course delivery given low number of enrolments in training relevant to retail. Policy changes have had an impact on enrolments.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employment in Gippsland region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail is the second largest employing industry, providing jobs for 12.1 per cent of the working population in Gippsland.</td>
</tr>
</tbody>
</table>

#### Future state

**Vision statement**

The retail workforce sees the industry as a viable, long-term career path. The industry can access workers on a more flexible basis to meet customer expectations.

---

### Gaps experienced and associated actions

(Cross-industry gaps are identified in purple)

- The shift to online retail may change the skills required of the retail workforce
- The willingness of Latrobe Valley workers to undertake shift work is not being fully utilised nor explored in other locations across Gippsland
- Small businesses are reluctant to change and they do not understand the reasons for their success/failure
- Management skillsets need to be addressed/improved
- Low work productivity from some younger workers
- Limited access to a permanent, part-time workforce
- The workforce can improve its cultural competency as it seeks to engage with Asia
- Limited access to a permanent, part-time workforce
- The workforce can improve its cultural competency as it seeks to engage with Asia

---

### Action 5 – Improve customer service and technology training

Industry associations would need to identify at least eight champions (four from different sectors across retail and four from the hospitality and tourism industry) to work with training providers to create relevant and customised short courses on key technological and customer service capabilities potentially including:

- **Technology**: Website design and development; Marketing with an emphasis on online and social media platforms; Point of sale systems; and
- **Customer service**: Clarity of communication (particularly when dealing with people from different cultures); Adaptability to different working environments.

Industry champions would work with training providers including but not limited to Federation Training due to its presence across the region, to develop course content. Training providers would be identified with the ambition of covering the main population centres of Gippsland. Industry champions would continue liaising with training providers throughout the initial delivery of the course, and formally evaluate the course outcomes following the first year of implementation.

---

### Action 6 – Establish a retail internship program

Industry associations would work with retail employers to consider opportunities to develop a program that would offer a substantial number of students (approximately 100 per year) in relevant local training courses (i.e. business services, or industry relevant courses) a role in their organisation for a period between 3-6 months, before transitioning to another champions’ businesses.

Each intern would be exposed to three different retail businesses to provide a breadth of experiences, with a focus on developing business requirements and technological capability. Depending on interest from industry, multiple businesses could be involved, and allow interns to select their preferred businesses. This would add further demand for the program.

*Training figures have been taken from Phase 1 materials.*
### Executive summary

#### Project Findings and Actions – Building and Construction

<table>
<thead>
<tr>
<th>Current state</th>
<th>Future state</th>
</tr>
</thead>
</table>
| **Industry trajectory in Gippsland region** | **Vision statement**

The building and construction industry has experienced an annual average growth rate of 11 per cent between 2006 and 2011. Both large and small companies within the building and construction industry invest heavily in the next generation of workers. There is a practical mix of qualified workers to meet the ongoing needs of the region.

| **Training in Gippsland region** | **Current state**

There was a small decrease in apprenticeships and an increase in traineeships from 2013 to 2014 for building and construction courses. The building and construction industry has experienced steady growth with an increase of 11 per cent between 2006 and 2011.

| **Employment in Gippsland region** | **Future state**

The building and construction industry has experienced an annual average growth rate of 11 per cent between 2006 and 2011.

### Gaps experienced and associated actions (Cross-industry gaps are identified in purple)

- Volume builders are less likely to invest in learning and development opportunities in their staff.
- The percentage of locally trained builders can be improved.
- Workforce development can occur in engineering initiatives in pre-fabrication and sustainability.
- Current training does not sufficiently develop technical and general employability skills such as customer service.
- Increased rate of subcontracting, reducing learning and development opportunities.

### Action 7 – Develop a local procurement policy

This action proposes that all councils in the Gippsland region enhance their procurement policies for building and construction services which requires a significant proportion of the service delivery to be conducted by locally owned businesses similar to the requirements in place under the Ballarat Industry Participation Project (BIPP).

Local government authorities would work together to enhance and improve their procurement policies for public building and construction to focus spending on the local workforce. As part of the BIPP project the City of Ballarat offered free tender writing workshops to local businesses to help them learn how to prepare winning tenders and provides the resources to enable businesses outside of the local area to build local content into their bids and facilitates local consortium work. These elements would be considered as part of this action.

### Action 8 – Develop skills in pre-fabricated and sustainable construction

The building and construction industry in Gippsland, led by the Master Builders Association Victoria and/or Housing Industry Association, would work with training providers to develop skill sets and competencies specifically for pre-fabricated and sustainable construction. This would include cooperation with existing companies e.g. the Wonthaggi based ecoliv Sustainable Buildings, which is building prefabricated homes to meet state-wide demand.

To do this, the Master Builders Association Victoria would convene a forum of approximately 10 members, incorporating local training providers, companies delivering these pre-fabricated products as well as the workforce itself to identify how best to deliver these skills to the current workforce.

*Training figures have been taken from Phase 1 materials.*
### Executive summary

#### Project Findings and Actions – Agribusiness, Timber and Forestry

**Current state**

**Industry trajectory in Gippsland region**
There is a modest growth projection to 2031 for the agriculture industry. Includes the transition from resource/labour intensive to a leaner and more agile approach.

**Training in Gippsland region**
Training activity has decreased significantly since 2009, in both agribusiness and timber and forestry courses.

**Employment in Gippsland region**
There is a flat industry projection for employment to 2021. This is a consequence of an ageing workforce and a high concentration of small businesses in the industry.

### Future state

**Vision statement**
The agribusiness industry attracts engaged and interested workers at all levels of seniority and with the specialist skills required to engage with emerging markets.

### Gaps experienced and associated actions (Cross-industry gaps are identified in purple)

- Local people are not preferred for seasonal work
- There is a need for greater specialist training
- Limited availability of support services to assist migrants in Gippsland
- Preparedness for sustainability and automation challenges
- Skills associated with collaboration, innovation and entrepreneurship need to be strengthened
- Ageing workforce and succession planning
- Recruitment of middle to senior level staff can be difficult
- The workforce can improve its cultural competency as it seeks to engage with Asia

### Action 9 – Use innovation precinct as an agribusiness hub

The planned Latrobe Valley education and innovation precinct*, which has been flagged as including an agribusiness/technology focus, would provide a platform for technological advancements and innovation. This would enable an education platform that develops industry knowledge and skillset levels for now and into the future, encourages collaboration, innovation and entrepreneurism among the sectors.

Federation University, RDV and other key stakeholders would work to lead policy development for the integration of the agribusiness hub into the planning of the precinct.

### Action 10 – Create practical internship opportunities

Internship opportunities would be established through partnerships between local small-medium sized firms and universities offering courses in food technology and agricultural science fields of education.

These partnerships would be used to enable students to undertake internships in relevant industries within the Gippsland region, and have the potential to attract a new generation of workers to the region.

### Action 11 – Build cross-cultural engagement

The Southern Metropolitan Region Victorian Government Business Office (VGBO) would identify which of the priority industries would most benefit from cross-cultural engagement skills, and to identify existing programs that improve awareness and understanding of relevant export market cultures that could be rolled out in the Gippsland region.

The VGBO would then support ‘communities of practice’ among Gippsland industries seeking to expand their operations into international markets, enabling the sharing of experiences, practical information and market intelligence. Through these communities of practice, the VGBO would also support access to relevant cultural awareness programs.

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*Note the name and location of the precinct are still to be determined.*
Executive summary
Project Findings and Actions – Advanced Manufacturing

Current state

- Industry trajectory in Gippsland region
  Between 2006 and 2011, the advanced manufacturing industry experienced negative employment growth

- Training in Gippsland region
  In 2014 advanced manufacturing related course enrolments accounted for less than one per cent of total regional VET enrolments.

- Employment in Gippsland region
  Employment in advanced manufacturing decreased by 337 jobs between 2006 and 2011

Future state

- Vision statement
  A highly educated and technically proficient advanced manufacturing workforce that are ready to take over from the current workforce and make the most of technological advancements.

Gaps experienced and associated actions

- Workers with specialised skills prefer Melbourne, undermining and reducing incentives to invest in skills
- Increased levels of automation require workers with different skills
- Skills associated with collaboration, innovation and entrepreneurship need to be strengthened
- Ageing workforce and succession planning
- Increased rate of subcontracting, reducing learning and development opportunities

Action 12 – Develop an industry network

Currently, the Latrobe City Council coordinates a Latrobe Manufacturing Network, which has been noted as a popular way for industry members to collaborate in the Valley. Under this action, this network would be broadened to a region-wide initiative, facilitating participation from each of the other LGAs in Gippsland.

In order to achieve this, Latrobe City Council would scale their model, and use their network to invite other businesses. Critically, the topics of the network meetings would need to be targeted at key areas of consideration, to ensure the group is effective.

Industry suggests another potential benefit of this arrangement would be a greater awareness of the other advanced manufacturing organisations in the region, which can enable employees to move in between Gippsland businesses rather than immediately look to Melbourne for opportunities.

Action 13 – Align training with workforce demand

Local advanced manufacturing employers will engage closely with education and training providers (including but not limited to Federation University, Federation Training and secondary schools; the Beacon Foundation can also be considered). These partnerships would work to ensure that course content and delivery models reflect current industry requirements.

This includes meeting the changing preferences and demands of consumers or other businesses and in some cases, a move to more specialised assembly processes, rather than large scale manufacturing of equipment.

The consultation findings highlighted a skills gap in the advanced manufacturing sector, driven by the changing nature of work as the industry transitions from mass-manufacturing to specialised and increasingly automated advanced manufacturing.

*Training figures have been taken from Phase 1 materials.
**Executive summary**

**Project Findings and Actions – Energy and Mining**

<table>
<thead>
<tr>
<th>Current state</th>
<th>Future state</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industry trajectory in Gippsland region</strong></td>
<td><strong>Vision statement</strong></td>
</tr>
<tr>
<td>The energy and mining sector is expected to decline as the region’s economy transitions away from brown coal.</td>
<td>For the Gippsland Region to be seen as embracing change in its use of natural resources with a workforce equipped to meet industry needs into the future.</td>
</tr>
</tbody>
</table>

| **Training in Gippsland region** | |
| Prior to 2013, there were no local institutions offering relevant courses in Gippsland, however there are now 51 people enrolled. | |

| **Employment in Gippsland region** | |
| The workforce in the energy and mining sector is small relative to other industries (approximately 1,000) and over half are over-45. | |

### Gaps experienced and associated actions

- A need for additional professional, skilled, full-time employees
- Limited training opportunities
- Many students interested in studying relevant courses leave to go to Melbourne
- Ageing workforce and succession planning

### Action 14 – Develop dynamic picture of skills needs

Based on analysis of the future skills needs of the sector, Federation University, working closely with industry, would undertake a survey of skills of the energy and mining workforce to form a ‘skills matrix’. This survey would need to be undertaken on a regular basis in order to provide a dynamic, rather than point-in-time picture of industry skills needs as the industry transitions.

Established and emerging energy businesses would engage with Federation University based on the findings of this research, to refresh educational offerings in response to the needs of the industry on a rolling basis. This would not only build the local skills base but also support the transition of the industry from power generation to broader uses of the region’s natural resources.

Skills needs should be strongly focused on the future state of the industry. This is reflective of a strong demand for current vacancies in the industry, as well as a transition away from brown coal in the short to medium term.

### Action 15 – Develop model for a dedicated career service

As has occurred in other industries as they transition away from industries in transition and decline, DET would work with industry leaders (including local committees considering economic development and transition) to develop the model for a dedicated careers advisory service for energy and mining workers.

The service model would potentially engage experienced energy and mining sector professionals with an understanding of the specific skill sets of the workers they are supporting and knowledge of other sectors where these skills would be a good fit. The service would require strong linkages with local education and training providers and dedicated funding.

The development of this Action would need to be coordinated with the work on the Latrobe Valley Transition Plan.

Once the model has been developed, it could potentially be extended to other industries that are also declining in size, to redirect workers into growth industries for the region.

*Training figures have been taken from Phase 1 materials.*
The proposed actions are presented below with a high-level assessment of effort (time and resources required) and impact.

This assessment identifies actions that can potentially be implemented immediately, likely impact on the Gippsland workforce (i.e. the extent to which an action creates the necessary pre-conditions for an identified gap to be addressed; partially addresses an identified gap; or fully addresses an identified gap), and resourcing implications – i.e. the requirement for either staff or funding to support implementation. Three categories have been used in relation to implementation time frames:

- **Short-term**: implementable in the next 6-12 months;
- **Medium-term**: implementable in the next 2-3 years; and
- **Long-term**: implementable in 3+ years.

The following initiatives are recommended for immediate consideration as a package of initiatives to better support the sector:

1. Extend the ‘Broadening Horizons’ program
2. Expand work placements
3. Deliver allied health courses in Gippsland
4. Develop education and training pathways
5. Improve technology and customer service training
6. Establish a retail internship program
7. Develop a local procurement policy
8. Develop skills in pre-fab and sustainable construction
9. Use innovation precinct as an agribusiness hub
10. Create practical internship opportunities
11. Build cross-cultural engagement
12. Develop an industry network
13. Align training with workforce demand
14. Develop dynamic picture of skill needs
15. Develop model for dedicated career service

---

**Initiative implementation timeframe, resourcing implications and impact**

- **High Impact**: Few resources required
- **Moderate Impact**: More resources required
- **Low Impact**: More resource intensive

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Below is a diagram that demonstrates the lead stakeholder for all actions listed. As shown, responsibility is divided across all primary stakeholders, however industry is either leading or supporting implementation of 12 of the 15 actions, demonstrating the importance of engaging local champions in this plan. Education providers are also involved in 12 of the actions suggesting these organisations, and particularly Federation University/Training, need to be strongly sponsor this plan as well. RDV and RDA will provide assistance on an as needs basis in the implementation of the actions, and play a critical role in the governance of implementation.
2. Strategic context

This section provides the context for the development of the Workforce Plan, including the regional context and an overview of previous planning and development initiatives in the region.
In building a workforce plan for the Gippsland region, it is important to understand the context in the area, and particularly:

- The **drivers of population growth**;
- The **characteristics of the population**;
- The **needs as aspirations of the region**; and
- **Previous government plans** that have been in place to develop the region.

With a developed understanding of these four elements, this plan can build on previous efforts and tailor actions to best enable the region to meet its vision of becoming 'Australia's smart region'. KPMG suggests this will improve the likelihood of success in the implementation phase of the workforce plan.
2a. Understanding the region

This section provides an overview of the key demographics, economic and industry profile and infrastructure and settlement patterns within the Gippsland region.
Gippsland is a broad region with a diverse economy, encompassing most of eastern Victoria. In devising a workforce plan for such a large region, common demographic characteristics need to be understood, noting that there is significant variation between individual parts of the region. All of the below data is sourced from ABS Census data, providing an overall insight into age and gender, employment, education level and income.

Key findings include:

- As compared with the whole of Victoria, Gippsland has a lower proportion of men and women aged 20 to 40 years old who generally form a key part of the professional workforce (Figure 1);
- Gippsland is six percentage points below the state average for labour force participation, and is nine percentage points behind the stage average for population in full-time work (Figure 2);
- Gippsland is 15 percentage points above the state average for population with a certificate level qualification, but eleven percentage points behind in bachelor level degrees (Figure 3); and
- The average Victorian income is moderately higher than Gippsland (Figure 4).

Figure 1: Age and gender split for Gippsland and Victoria, 2011*

<table>
<thead>
<tr>
<th></th>
<th>Labour force</th>
<th>Unemployed</th>
<th>Full time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gippsland</td>
<td>59%</td>
<td>5.4%</td>
<td>55%</td>
</tr>
<tr>
<td>Victoria</td>
<td>65%</td>
<td>5.7%</td>
<td>64%</td>
</tr>
</tbody>
</table>

Figure 2: Workforce data for Gippsland and Victoria, 2011*

<table>
<thead>
<tr>
<th></th>
<th>Postgraduate Degree Level</th>
<th>Graduate Diploma and Graduate Certificate Level</th>
<th>Bachelor Degree Level</th>
<th>Advanced Diploma and Diploma Level</th>
<th>Certificate Level</th>
<th>Level of education inadequately described</th>
<th>Level of education not stated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gippsland</td>
<td>2%</td>
<td>3%</td>
<td>15%</td>
<td>14%</td>
<td>44%</td>
<td>2%</td>
<td>20%</td>
</tr>
<tr>
<td>Victoria</td>
<td>7%</td>
<td>4%</td>
<td>26%</td>
<td>15%</td>
<td>29%</td>
<td>2%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Figure 3: Education levels in Gippsland and Victoria, 2011*

|          | Negative income | Nil income | $1-$199 | $200-$299 | $300-$399 | $400-$599 | $600-$799 | $800-$999 | $1,000-$1,249 | $1,250-$1,499 | $1,500-$1,999 | $2,000 or more | Not stated |
|----------|-----------------|------------|---------|-----------|-----------|-----------|-----------|-----------|----------------|----------------|----------------|----------------|-------------|------------|
| Gippsland| 1%              | 6%         | 8%      | 13%       | 13%       | 14%       | 11%       | 7%        | 7%             | 4%             | 4%             | 4%             | 8%          |
| Victoria | 1%              | 8%         | 8%      | 10%       | 10%       | 12%       | 11%       | 8%        | 8%             | 5%             | 6%             | 6%             | 8%          |
Gippsland’s economy is diverse and is in part driven by its natural resources, including oil and gas from the Gippsland Basin, coal resources in the Latrobe Valley, water catchments, agricultural produce and nature-based tourism. In many areas, the Gippsland region is a major contributor to the state and national economy:

- Produces 14 per cent of Australia’s oil
- Produces 22 per cent of Australia’s milk
- Produces 90 per cent of state’s electricity
- Produces 97 per cent of state’s natural gas
- 21 per cent of the region is national parks
- Wilsons Prom, Gippsland Lakes and Philip Island

### Understanding the Gross Regional Product

In terms of economic output, the region’s top five industries are manufacturing, construction, mining, agribusiness, forestry and fishing, and electricity, gas and water supply. Taken as a whole, the region generates $11.9 billion. Agribusiness – which encompasses the whole agriculture related supply chain, including transport, finance and manufacturing – has been estimated to drive $6.5 billion of GRP alone. With Phillip Island, Wilsons Promontory and the Gippsland Lakes, the region also has strong tourist attractions.

For an economy built largely on natural resources, the environmental and economic realities of climate change present a current and future challenge, and highlight the need to diversify the economy sufficiently in order to buffer the region from the impacts of the transition to a low carbon economy, and climate change. This will have major implications for the region, given the contribution of the energy and mining industry to GRP. At the same time, there is considerable opportunity for the industry to build on its competitive advantages – notably, its existing assets, natural resources, and skilled workforce – and explore new and sustainable energy options, while also meeting the challenges posed by the transitioning economy. There are also further significant opportunities for building greater economic diversification.

### Understanding Employment

While its natural resources are central to Gippsland’s economy, the main employers in the region are services - health care and social assistance, and retail trade industries. The region has also seen recent growth in the construction and manufacturing industries, and the Gippsland Regional Growth Plan identifies advanced manufacturing, intensive agriculture and food processing and tourism as future growth industries.

It is important to note the inter-related nature of industries and employment in Gippsland. For example, regional modelling undertaken in the Latrobe Valley in 2009 suggested that each job in the region’s energy sector supports an additional four to five local jobs (some of which will be part-time jobs, such as in the retail industry). This highlights the importance of each industry to ensuring the long-term sustainability of the region.

Key drivers of historical population growth are the transport linkages and community infrastructure. Each of these elements has been outlined below in Gippsland’s context. Further, KPMG has provided high-level context of the drivers for the current settlement pattern.

**Transport Infrastructure:**
As a result of its long geography, key population centres in Gippsland are centred around one key transport corridor, the Princes Highway.

V-Line train services operate between Bairnsdale and Melbourne, stopping through the Latrobe Valley on the way to the city. More regular and higher speed services operate from Traralgon. In order to reach more easterly towns such as Mallacoota, bus services are available. Buses also operate between the city and Wilsons Promontory and Phillip Island, as well as across the region.

There is limited road access to the Alpine region from Gippsland despite close proximity.

The region has a number of public and private airports, however no major airlines operate in the region.

**Settlement pattern:**
Gippsland is forecast to become a fast growing part of Victoria as more people relocate to the region from Melbourne. Population projections indicate that the region could grow to between 386,000 and 465,000 by 2041, an increase of over 116,000 people. Population projections assume that Latrobe City, as the regional city, comprising Moe, Morwell, Traralgon and Churchill, and Baw Baw Shire, will have the capacity to accommodate this level of population and economic growth. A network of important regional centres comprising Bairnsdale, Leongatha, Sale, Warragul and Wonthaggi would also benefit from high amenity, affordable housing and growing employment opportunities and distribute these benefits across the region.

Plan Melbourne identified Warragul/Drouin, Wonthaggi and Leongatha as peri-urban towns with potential to attract housing and population growth out of Melbourne.²

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2b. Previous government plans

This section provides an overview of recent Government strategy and planning documents that have highlighted the need for workforce planning activities within the Gippsland region.
Both the Victorian and Commonwealth Government have led a range of planning and development initiatives in the Gippsland region over previous decades. As outlined in the following slides, a number of recent strategy and planning document have specifically highlighted the need for workforce planning activities which this project aims to support for the seven priority industries identified.

A long-term strategic plan for improving economic, social and environmental outcomes for the Gippsland region and its community. Includes a focus on:
- Economic prosperity
- Education and community wellbeing
- Natural environment stewardship
- Connectivity

The Latrobe Valley Industry and Employment Roadmap was a 2012 Victorian Government plan to assist the Latrobe Valley grow and diversify its industry base.

Key workforce related actions included:
- Expanding Latrobe Valley Industry and Infrastructure Fund
- the development of a marketing and investment prospectus to highlight key competitive attributes and opportunities in the region
- Establishing Technology Enabled Learning Centres in the region
- Supporting four positions in locally based peak organisations to support activities towards economic diversification and transition.
- Support each of the local governments to undertake detailed surveys to better understand the needs of businesses in the region
- Fund Committee for Gippsland to enhance the Gippsland Community Leadership Program

The 2014 Gippsland Regional Growth Plan is designed to recognise and develop Gippsland’s assets and regional significance, and put in place a framework that will allow it to meet current challenges and achieve sustainable growth.

Specifically aims to:
- Strengthen and diversify the economy
- Promote a healthy and safe environment
- Develop sustainable communities through a settlement framework
- Deliver timely and accessible infrastructure to meet regional needs for transport, utilities and community facilities
The Gippsland Regional Plan from 2015-2020 states its purpose as "a long-term strategic plan for improving economic, social and environmental outcomes for the Gippsland region and its community".

It seeks to achieve those objectives through four key strategic themes: economic prosperity, education and community wellbeing, natural environment stewardship and connectivity. These are outlined in further detail below. Each strategic theme seeks to respond to the 'most significant challenges and opportunities that the Gippsland region is expected to face' and to 'bring together all levels of Government and business' to drive improved regional capability.

**Strategic Theme 1: Economic prosperity**
- Identify and prioritise key regional level infrastructure
- Improving the effectiveness and efficiency of existing key economic assets
- Increasing the quantity of food production/food related exports
- Developing new technologies that secure a future for the brown coal beyond power generation
- Increasing visitation and number of overnight stays from both domestic and international tourists
- **Developing the capability of the region's workforce to support growth opportunities in the regional economy**
  - Foster greater levels of innovation
  - Gain policy support for Gippsland's key manufacturing sectors.

**Strategic Theme 2: Education and community wellbeing**
- Develop business cases for the expansion or redevelopment of hospitals in the region
- **Undertake a joint health workforce planning, including in the realm of shared and coordinated specialist medical workforce between hospitals**
- Ensure integrated service delivery across the region, building on the new Gippsland Primary Health Network
- Have one integrated health and well-being plan per LGA

**Strategic Theme 3: Natural environment stewardship**
- **Research the implications of the forecast growth and change in the population and employment of Gippsland. This is with particular reference to:**
  - Housing
  - Social services
  - Commercial centres
  - Employment demands
  - Transport needs
- Foster a shared understanding of regional catchment management strategies across agencies, councils and community groups
- Attracting more investment in public spaces
- Work with government on climate change mitigation strategies

**Strategic Theme 4: Connectivity**
- Build capacity of the region's rail connectivity to Melbourne
- Improve access to ports, including further development of the Port of Hastings

Limited direct workforce implications
Strategic context
Gippsland Regional Growth Plan

The 2014 Gippsland Regional Growth Plan is designed to recognise and develop Gippsland’s assets and regional significance, and put in place a framework that will allow it to meet current challenges and achieve sustainable growth. Through the creation of effective regional policy, the plan seeks to provide broad direction for land use and development, and put in place the necessary infrastructure to manage a growing population and economy.

The Regional Growth Plan outlines four guiding principles, with the key objectives required to ensure these principles are met. Principles 1 and 3 are particularly relevant to the workforce and its growth in the region of Gippsland.

**Principle 1: Strengthen and diversify the economy**
- Facilitate vibrant and prosperous commercial centres in the region’s major urban centres
- Diversify Gippsland’s service and manufacturing industries & support those with the greatest impact on job and investment generation
- Advance productive and innovative agriculture, forestry and fisheries sectors
- Strengthen the energy sector and identify, protect, extract and process valued earth resources
- Facilitate the rejuvenation, expansion and development of regional tourism based on Gippsland’s environmental and cultural heritage assets and identified strategic tourism investment areas

**Principle 2: Promote a healthy and safe environment**
- Manage risks to Gippsland’s communities and economy from natural hazards
- Manage Gippsland’s environmental and heritage assets
- Plan for potential impacts and opportunities arising from climate change

**Principle 3: Develop sustainable communities through a settlement framework**
- Ensure residents have convenient access to jobs, services, infrastructure, and community facilities
- Promote the sustainable growth and development of Gippsland and identified networks of settlements
- Develop settlements that have a strong identity, value their natural and cultural heritage, and are prosperous and environmentally sustainable

**Principle 4: Deliver timely and accessible infrastructure to meet regional needs for transport, utilities and community facilities**
- Work with utility and service agencies to optimise access to gas, electricity, drainage, water, sewerage and telecommunications
- Support road, rail and port improvements across Gippsland and beyond, particularly to markets and employment
- Provide health, education, cultural and sporting facilities

Limited direct workforce implications
Strategic context
Latrobe Valley Industry and Employment Roadmap

The Latrobe Valley Industry and Employment Roadmap was a 2012 Victorian Government plan to assist the Latrobe Valley grow and diversify its industry base, this was designed in response to the carbon taxing policy of the Commonwealth government at the time. The Latrobe Valley is critical to Gippsland’s production of energy, and the shift from brown coal will be particularly acute in this area. The roadmap involved a focus on seven strategic directions, one of which, ‘infrastructure for growth’ has been deemed not relevant to workforce issues:

- Transitioning business and workers
- Strengthening the workforce
- Strengthening innovation and competitiveness
- Attracting and facilitating investment
- Working together
- Enhancing liveability
- Infrastructure for growth

The directions sought to achieve growth for the Latrobe Valley through a variety of different recommendations, the most relevant of which are set out below:

- **Expanding Latrobe Valley Industry and Infrastructure Fund**
  including an additional $5 million for businesses across Gippsland to create and retain jobs in the Latrobe Valley, taking the total investment to $15 million. This increased provision will drive investments in innovative processes and models to support business expansion and increase competitiveness.

- **$400,000 to support the development of a marketing and investment prospectus** to highlight key competitive attributes and opportunities in the region.

- **Four positions in locally based peak organisations** to support activities towards economic diversification and transition.

- **Establishing Technology Enabled Learning Centres in the region.** Co-located with a TAFE facility in Gippsland, a new centre will increase access and course offerings.

- **Support each of the local governments to undertake detailed surveys** to better understand the needs of businesses in the region.

- **Fund Committee for Gippsland to enhance the Gippsland Community Leadership Program** until 2016. The program will develop up to 28 participants’ leadership skills.

Key outcome

Growth of existing and new business and industry in Latrobe Valley and long term strategic planning developed

No direct workforce implications
Strategic context

Food and Fibre Sector Strategy

The Victorian Government has identified six industry sectors that have potential for extraordinary economic growth and the capacity to create high-skill, high wage jobs. One of those future industry sectors is food and fibre. A Food and Fibre Strategy has been developed that highlights opportunities across the full supply chain, including farming, fishing, forestry, food and beverage and textiles, clothing and footwear manufacturing. This broader supply chain is estimated to contribute $6.5 billion to Gippsland's GRP (of which dairy contributes $3b, forestry $1.5b, meat $1b, horticulture $750m and fishing $350m).  

While the agribusiness, timber and forestry industry definition in Phase 1 of this project has focused on pre-farm gate as a means to understand the industry through available government data, the future state, gaps and actions all consider the potential for developing the full supply chain consistent with the Victorian Government vision. There are linkages between this workforce plan and the Strategy, and lead agribusiness, timber and forestry stakeholders should be aware of any relevant funding arrangements that may emerge from the Strategy. This may be a key avenue for generating momentum for the actions in this plan.

The Victorian Government priority actions address the following themes:

**Attract more ideas and investment**
- Attract and support key industry events in Victoria
- Build investment readiness and attract investment into the sector

**Help business innovate and grow**
- Establish an Innovation Network linking key capabilities
- Equip businesses with the skills to innovate and grow
- Support business to adopt technology, add value and create jobs
- Support local apprentices to strengthen good and beverage manufacturing
- Identify and respond to fibre manufacturing growth opportunities

**Capture market opportunities**
- Support small/medium enterprises to build export capability, including capturing e-commerce opportunities
- Host inbound missions and support targeted outbound missions and market development
- Maintain existing and facilitate new access to export markets
- Support growth in food and wine tourism, and collective marketing

**Develop our infrastructure**
- Improve freight infrastructure, including expansion of the High Productivity Freight Vehicle network
- Improve access to our ports to reduce delays and costs for exporters
- Improve water security and realise the benefits of irrigation modernisation
- Improve access to ICT infrastructure and services in regional Victoria

**Improve the business environment**
- Support the implementation of Regional Partnerships
- Tailor facilitation services to support sector growth
- Reduce regulatory and compliance burden
- Work towards providing greater resource access certainty for foresters and fishers

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1 The values of the full Gippsland supply chain have been provided by Agribusiness Gippsland.

*See page 5 for the definition of ‘Agribusiness, Timber and Forestry’ for the purposes of this report.
Regional Development Australia (Gippsland) is one of a nation-wide network of 55 Regional Development Committees, representing all of Australia. The organisation’s 2014 food plan outlines growth opportunities and initiatives to grow the agribusiness workforce, with key recommendations outlined below:

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop a prospectus to promote Gippsland food and industry’s opportunities for new investment</td>
<td>Growth of opportunities for workers through a diversified economy with the creation of new jobs</td>
</tr>
<tr>
<td>Explore new opportunities for Gippsland food to enter new markets</td>
<td>An increase in the Gippsland food industries market share both nationally and internationally</td>
</tr>
<tr>
<td>Develop and promote pathways for continuity in education and training of the workforce</td>
<td>An up-skilled workforce that is formally trained and educated, with a clear road map for future employment in the industry</td>
</tr>
<tr>
<td>Promote food industry career opportunities and farm intern programs</td>
<td></td>
</tr>
<tr>
<td>Maintain and improve transport infrastructure such as road feeder links and local freight distribution</td>
<td></td>
</tr>
</tbody>
</table>

Local councils in the Gippsland region have put in place a range of initiatives and future planning strategies that are aimed at transforming local communities. Many of these plans will provide new working opportunities, up-skilling for future employers and create stronger local economies:

- **Latrobe City Council Plan 2013-17** focuses on five key themes for the council is fostering development in a key region of Gippsland. They include job creation, strong facilitates and services, effective/accountable governance, advocacy for the local community, and providing a well planned and liveable community.

- **Latrobe 2026** is another council-led plan outlining the future direction of the area. This provided a vision for the economy, natural environment, culture and community among other areas. These visions were developed in consultation with local stakeholders.

- **Bass Coast Shire Council Town Development** will involve a redevelopment of the Town Centre that will create new department stores, hospitality opportunities and specialist retail stores.

- **East Gippsland's Council Plan 2013-17** seeks to provide a direction on six key themes of its vision statement. The document outlines major initiatives, strategic indicators and goals for achieving this vision.

- **Baw Baw Council 2050** is a community developed vision of the communities future. This strategic plan includes skill development and training for current and future workers, investment in local business and pursuing new opportunities for local industries including farming and agriculture.

- **The first Outcome of the South Gippsland Council’s 2013-2017 Strategic Plan** is the creation of a prosperous Shire, which involves active planning for economic growth, increased tourism projects and an increase in industrial and commercial business.

- **The Wellington Shire Council’s Economic Development and Tourism Strategy 2011-2015** specifically focuses on growing opportunities for current workers, building a more prosperous economy, up skill and training indigenous community members and reducing unemployment levels.

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3. Current state assessment

This section provides an overview of key findings from the Current State analysis, including a priority industry comparative analysis and SWOT industry profiles.
In order to position KPMG’s analysis of Gippsland’s prospective future state, KPMG has undertaken a scan of the current state using resources collected in the first phase of this work and a review of publicly available demographic information. The section seeks to identify strengths, weaknesses, opportunities and threats through analysing the size and structure of the Gippsland economy and educational opportunities available. To build this, KPMG used relevant documentation produced in Phase 1 as well as supplementing these findings with a further 25 consultations. This analysis will provide a benchmark to understand the current issues signalled by stakeholders, and how they map to the desired future state (Section 4). Specifically, the current state assessment includes:

- **Section 3a. Analysis**, which offers a comparative study of industry size, opportunities and current actions in place based on Phase 1 work; and
- **Section 3b. SWOT industry profiles**, which offers a view of key strengths, weaknesses, opportunities and threats in the region across each priority industry drawn predominantly from Phase 1 materials.

A full analysis of the current state is included in Appendix 1. An overview of this section is outlined below:

### 3a. Analysis: Priority industry comparative analysis

- Comparative industry sizes
- Opportunities

### 3b. SWOT industry profiles

- Health, aged care and community services
- Hospitali	ty and tourism
- Retail
- Building and Construction
- Agribusiness, timber and forestry
- Advanced Manufacturing
- Energy and Mining
3a. Priority industry comparative analysis

This section provides a comparative analysis of priority industries in terms of their size and education and training availability.
The seven priority industries that form the foundation of the workforce plan comprise $7.6 billion of the total $11.9 billion Gross Regional Product (GRP).* These industries underpin the majority of the economic activity in the region and are the bedrock of developing a successful future workforce for Gippsland.

To understand how the priority industries contribute to Gippsland’s economy and workforce, KPMG compared each industry’s contribution to GRP, number of employees and the number of students enrolled in courses relevant to the industry.

The figures above highlight the following regarding comparative industry sizes in Gippsland:

- **Energy and mining contributes the most of any priority industry to GRP.** However, the numbers employed and the number of students enrolled in related courses is among the lowest of the priority industries;
- Conversely, of the seven priority industries **health, aged care and community services contributes 44 per cent of related enrolments, 20 per cent of employees but just 10 per cent of GRP.** Building and Construction experiences a similar pattern;
- The seven priority industries account for 50,536 of the total 93,022 jobs in the Gippsland region (54 per cent); and
- The seven priority industries account for 7,466 of the total 16,520 enrolments in the Gippsland region (45 per cent).

*This is considering the industries’ direct contribution to GRP, rather than flow on economic activity resulting from an industry.*
In order to gain a full understanding of employment opportunities, KPMG compared the 2006 and 2011 Census data to understand the growth trends in the region. In observing employment growth rates, the trajectories of each industry can be generated. Key findings include:

- Of the seven priority industries, four have experienced employment growth: construction, health, hospitality and tourism, utilities and mining;
- The three industries with most employment growth from 2006 to 2011 are all related to the priority industries for the project;
- The two largest, construction and health, have added almost twice the number of jobs of the next industry;
- The three industries with the largest reduction in jobs from 2006 to 2011 were agribusiness, retail and advanced manufacturing. This reflects the level of structural change in these industries, which will bring with it the need to move beyond traditional approaches for workforce development for these industries; and
- The energy and mining industry registered modest employment growth between 2006 and 2011.

**Gippsland employment trends between 2006 and 2011**

Source: ABS (2006, 2011), KPMG Analysis

*In order to conduct this analysis, we made assumptions regarding the definition of Gippsland and how each industry should be defined. Please see Appendix 1 for an explanation of any data variability with Phase 1 figures.*
As part of the current state assessment, KPMG identified the courses provided at higher, vocational and secondary education levels in relation to the priority industries. This allows the identification of prominent institutions that will act as key stakeholders in workforce development.

Below is an analysis of higher education, with the main provider in Gippsland being Federation University, with only one course delivered by Monash in the region. The industries with the highest number of courses include 'Health, Aged Care and Community Services' and 'Energy and Mining'. The Bachelor of Commerce has been assessed below as a broad degree that contribute to the workforces of 'Retail', 'Agribusiness, Timber and Forestry' and 'Hospitality and Tourism'.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Course Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health, Aged Care and Community Services</td>
<td>Federation University: Bachelor of Nursing, Bachelor of Medicine and Bachelor of Surgery (Hons); Monash University: Graduate Diploma of Midwifery, Bachelor of Health Sciences</td>
</tr>
<tr>
<td>Building and Construction</td>
<td>Federation University: Bachelor of Engineering Technology (Civil), Bachelor of Civil and Environmental Engineering (Honours), Master of Engineering Science</td>
</tr>
<tr>
<td>Hospitality and Tourism</td>
<td>Federation University: Bachelor of Commerce</td>
</tr>
<tr>
<td>Retail</td>
<td>Federation University: Bachelor of Commerce</td>
</tr>
<tr>
<td>Agribusiness, Timber and Forestry</td>
<td>Federation University: Bachelor of Commerce</td>
</tr>
<tr>
<td>Advanced Manufacturing</td>
<td>Federation University: Bachelor of Mechatronic Systems Engineering (Honours)</td>
</tr>
<tr>
<td>Energy and Mining</td>
<td>Federation University: Bachelor of Engineering Technology (Civil), Bachelor of Civil and Environmental Engineering (Honours), Master of Engineering Science</td>
</tr>
<tr>
<td></td>
<td>Bachelor of Engineering Technology (Mechanical)</td>
</tr>
<tr>
<td></td>
<td>Bachelor of Mechatronic Systems Engineering (Honours)</td>
</tr>
</tbody>
</table>

*KPMG did not assess the quality of the offerings or the outcomes for students who undertook these courses.*
At vocational level, there are six providers that offer courses in the 'Health, Aged Care and Community Services' industry, with Federation Training providing the largest number of courses. Federation Training also provides the largest number of courses in 'Hospitality and Tourism'.

There are no tailored courses provided for the Retail sector in the region. This is despite the industry being the second-highest employer of the priority industries in the region.

### Health, Aged Care and Community Services

<table>
<thead>
<tr>
<th>Provider</th>
<th>Courses</th>
</tr>
</thead>
</table>
The Building and Construction industry has the highest number of courses at vocational level, with a wide array of certificates available across different parts of the industry. In particular, Builders Academy Australia and Federation Training offer a large number of qualifications.

<table>
<thead>
<tr>
<th>Federation Training</th>
<th>Builders Academy Australia (Part 1)</th>
<th>Chisholm TAFE</th>
<th>Worksafe Training Centre</th>
<th>Community College Gippsland</th>
<th>Apprenticeships Group Australia</th>
</tr>
</thead>
</table>
Both the 'Agribusiness, Timber and Forestry' industry has four providers offering relevant courses. The number of degrees is relatively evenly spread across the providers. Federation Training is the major provider of advanced manufacturing courses at a vocational level in Gippsland, with only one other provider operating in the region.

<table>
<thead>
<tr>
<th>Agribusiness, Timber and Forestry</th>
<th>Advanced Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federation Training</td>
<td>Federation Training</td>
</tr>
<tr>
<td>Community College Gippsland</td>
<td>Apprenticeships Group Australia</td>
</tr>
<tr>
<td>Diploma of Horticulture</td>
<td>Diploma of Engineering Technology</td>
</tr>
<tr>
<td>Certificate II in Horticulture</td>
<td>Certificate III in Engineering – Fabrication Trade (Non-Apprentice)</td>
</tr>
<tr>
<td>Certificate II in Horticulture</td>
<td>Certificate III in Engineering – Fabrication Trade (Non-Apprentice)</td>
</tr>
<tr>
<td>Certificate III in Horticulture</td>
<td>Certificate III in Engineering – Mechanical Trade</td>
</tr>
<tr>
<td>Certificate III in Horticulture</td>
<td>Certificate IV in Manufacturing Technology</td>
</tr>
<tr>
<td>Certificate III in Production Nursery (Apprenticeship)</td>
<td>Certificate IV in Engineering (Welding Certification AS1796 Tickets 1-9)</td>
</tr>
<tr>
<td>Certificate III in Agriculture</td>
<td>Certificate IV in Engineering - Mechanical (Computer Aided Manufacture)</td>
</tr>
<tr>
<td>Certificate III in Horticulture</td>
<td>Certificate IV in Agriculture</td>
</tr>
<tr>
<td>Certificate III in Horticulture</td>
<td>Certificate III in Engineering (Dairy Production)</td>
</tr>
<tr>
<td>Certificate III in Agriculture</td>
<td>Certificate IV in Agriculture</td>
</tr>
<tr>
<td>Certificate IV in Horticulture</td>
<td>Certificate IV in Agriculture</td>
</tr>
</tbody>
</table>
The 'Energy and Mining' industry has a range of engineering courses available (consistent with advanced manufacturing). A Certificate IV in Renewable Energy is also available at Chisholm TAFE.

<table>
<thead>
<tr>
<th>Energy and Mining</th>
<th>Federation Training</th>
<th>Chisholm TAFE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diploma of Engineering Technology</td>
<td></td>
<td>Certificate IV in Renewable Energy</td>
</tr>
<tr>
<td>Certificate III in Engineering – Mechanical Trade</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certificate IV in Engineering (Welding Certification AS1796 Tickets 1-9)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certificate IV in Engineering - Mechanical (Computer Aided Manufacture)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
There are a range of courses available across secondary schools in Gippsland. In particular there are a variety of options in the 'Health, Aged Care and Community Services' industry. The retail and 'Energy and Mining' sectors do not have any relevant courses, which can limit pathways to employment.
3b. SWOT industry profiles

This section provides a SWOT analysis of each priority industry.
The health, aged care and community services industry contributes approximately 7.99 per cent ($746.4M) to the GRP ($11,864B). The industry is the largest employer in the region, employing 12,158 people, of which 53 per cent work part-time and 83.1 per cent are female. The sector is vital in providing care to the community in the form of hospitals, medical, pathology and allied health services, aged and residential care, child care and social assistance services. The Health, Aged Care and Community Services industry is highly skilled and many roles require tertiary qualifications.

**Industry Overview**

**Strengths**
- **The sector is growing steadily** with an increase of 7.4 per cent of the occupations within the industry between 2006 and 2011.
- This trend is likely to continue considering the ageing population and increasing demand for health services, aged care and disability support. The proportion of people aged 65 or over is forecast to increase from 18 per cent to 30 per cent over the next 30 years.
- There has been strong enrolment growth in government-subsidised training with an increase of 21.7 per cent in Health, Aged Care and Community Services related courses between 2013 and 2014.
- At the national level, workforce planning and development activities have supported the attraction and retention of appropriately skilled workers.

**Opportunities**
- Gippsland’s ageing demographic is likely to generate increased demand for qualified employees in the Health and Aged Care sectors, representing a potential opportunity for the region’s training system.
- There is an opportunity to better utilise traineeships and work placements to encourage younger workers into the area.
- Analysis of training data and industry feedback suggests that there is considerable scope to improve the quality and efficiency of training for VET-qualified workers in the Community Services and Health industry.

**Weaknesses**
- Members of the Industry Working Group (IWG) indicate that it is difficult to recruit well educated staff with tertiary qualifications who have the competencies and capabilities to match the Department of Health and Human Services’ requirements.
- There has been a 12 per cent decline in the number of traineeship enrolments delivered between 2012 and 2014 noting that this may in part be driven by changes to government subsidies.

**Threats**
- Aged Care Reforms and changes to NDIS (National Disability Insurance Scheme), HACC (Home and Community Care) and Aged Care Packages will require a greater mix of skills to serve the consumer directed care model that may not immediately be able to be served locally.
- There are ongoing challenges in encouraging people to relocate to Gippsland to work in the industry. This is combined with a shortage of suitably qualified local applicants.

*Phase 1 reported this figure to be 11,953, however our revised analysis of Census data showed a figure of 12,158.
Current state assessment  
**Hospitality and Tourism**

As the home of Phillip Island, Wilsons Promontory, Gippsland Lakes, Alpine National Park and Ninety Mile Beach, Gippsland has a prominent presence as a tourist destination in Victoria. As a consequence of the patronage this generates for the region, there is a material hospitality sector to service both those travelling through Gippsland as well as the resident population. While this is not one of the major contributors to the GRP, the Hospitality and Tourism sector* is expected to be the third fastest growing industry to 2031 (3.5 per cent per annum).

### Industry Overview

#### Strengths
- **Since 2006, the Hospitality and Tourism sector has grown by 14.2 per cent**, demonstrating strong growth potential for both tourism and hospitality businesses. In total, the industry employs 7,800 people.¹
- **Employment in Hospitality and Tourism is anticipated to grow 2.2 per cent per year to 2021**.¹
- 64 per cent of the workforce is female, and 32.6 per cent of the industry is aged greater than 45. This means that the sector has more gender diversity, and is younger, than industries such as energy, mining and advanced manufacturing.²
- Gippsland has a number of attractions to support tourism. Phillip Island itself has received 845,000 in domestic overnight visitors alone in 2014.³

#### Weaknesses
- 21 per cent of the industry have a weekly income between $1-$199, while an additional 21 per cent have a weekly income between $400-$599. **Consistent with many in the industry being part-time, the average wage is low relative to other industries.²**
- As stated, the retention issues experienced region-wide and the growth of the hospitality and tourism industry has led to immediate skills issues which are not being experienced elsewhere.⁴
- Hospitality and Tourism related courses accounted for 4.1 per cent (674) of the total region's enrolments in further education. **This represents a decrease of 12.6 per cent in Hospitality and Tourism related enrolments compared to 2013.⁵**

#### Opportunities
- **Given hospitality and tourism is a growth industry, there are likely to be increasing employment opportunities** which can give Gippsland's workforce more transferable skills.
- Given the part time nature of much of the industry, hospitality and tourism offers a way to keep the ageing population engaged in the region's economy.
- The IWG proposed to extend the high tourism season by scheduling events in the low season, which will create more full-time positions and enable greater investment in the workforce.⁴

#### Threats
- **The IWG suggested there is limited support for training and work opportunities due to the seasonal nature of the business**. Given employers in the region are largely small businesses also limits learning and development investment.⁴
- **There is an identified deficiency in customer service and technology capability in the workforce which needs to be addressed in the immediate term.⁴**
- **The IWG notes that the industry has a perception of being a stepping stone to a 'real' career among younger employees, which is a challenge for retention.⁴**

*Phase 1 refers to the Accommodation and Food sector in making the forecast to 2031. KPMG have assumed this is consistent with the Hospitality and Tourism sector.

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⁴ GRWP Regional Workforce Report and Economic Profile, Phase 1  
³ Industry Overview: Hospitality and Tourism  
² Tourism Victoria, Phillip Island Market Profile  
⁴ IWG Minutes: Hospitality and Tourism, Phase 1  
⁵ Industry Overview and Economic Profile, Hospitality and Tourism, Phase 1
The retail industry is strongly dependent on the other focus industries identified throughout Gippsland. The greater the economic activity in the region, the more demand there is for a range of retail services. The industry has the third largest number of businesses of any industry in Gippsland, with 1,350 businesses operating in the region (11.75 per cent of the total). They are also the second largest employing industry in the region, employing 12.1 per cent of the working population.

### Industry Overview

#### Strengths
- **Retail is the second largest employing industry**, providing jobs for 12.1 per cent of the working population in Gippsland.
- The largest age segment of the workforce is between 15-19 years, while 63.3 per cent of the industry is aged under 45, **making retail a main employer of the younger population in Gippsland**.
- 61.1 per cent of the workforce is female, demonstrating strong gender diversity compared with large regional industries such as mining and energy, manufacturing and agribusiness.
- According to the IWG, retail with a stronger interface with tourism will experience stronger growth given the expectations on the tourism industry.

#### Opportunities
- **There is scope for building internal capability within the industry to train their staff.** This includes setting up a structure to enable collaboration between all retail stakeholders to coordinate improved knowledge sharing.
- **Investment in a program to familiarise business owners with the opportunities in online retail may reduce the current resistance to adopting a website platform.** This will enable business owners to capitalise on the digitally-savvy skills of younger employees.
- **The Industry Skills Fund may make programs more viable for RTOs as well as allowing business to invest in their employees.**

#### Weaknesses
- **The transition to online retail will potentially lead to a shift in skills required**, with capabilities such as data analysis, process mapping and social media management all cited by the retail IWG as likely to be particularly relevant.
- **41 per cent of those employees in the industry had a comparably low weekly income between $400-$799 in 2011**, consistent with the high percentage of inexperienced and part-time participants in the industry.
- **There are concerns regarding the viability of course delivery given the low number of enrolments in training relevant to retail.**

#### Threats
- **There is a material decline in the enrolments at Registered Training Organisations (RTOs) with training relevant to retail**, which indicates that employees are relying on receiving on-the-job training.
- **There is a perception that jobs in the retail industry do not provide long term career opportunity.** The industry is seen as providing entry level jobs which enable people to move on to higher skilled roles as they acquire training and job experience. This will lead to consistent retention issues for the industry.
- Given retail's reliance on other industry growth, its ability to prosper is confined by the success of other industries.
The Building and Construction industry contributes 6.11 per cent ($715.1M) to the Gross Regional Product and is the fourth largest employer in the region. The industry employs around 8,396* people of which 86 per cent are male. Of the employees with a qualification, around 89 per cent have a Certificate level qualification.1 Almost all other industries are reliant on the construction industry building their infrastructure. Gippsland’s population is projected to grow by around 50,000 people by 2026 – a 20 per cent growth on the current population which will also result in increased industry demand. Building and Construction companies are primarily small enterprises with approximately 91 per cent of the sector comprised of small businesses.2

**Current state assessment**

**Building and Construction**

**Strengths**
- Population growth in the region will see increased demand for construction as the need to improve commercial centres, build transport hubs and develop affordable housing increases.3
- There has been an overall increase in building and construction enrolments by qualification from 2010 to 2014.2

**Opportunities**
- The Gippsland Regional Plan promotes construction as a potential growth area. This is due to both population growth and the Low Carbon Growth Plan which may drive future demand for retrofitting and eco-construction (e.g. installation of solar panels).4
- Technological advancement in building and construction methods, materials and tools will create a shift in the balance of the future workforce.5
- Ensure there are local forums to share information about the workforce. This can promote greater dialogue between industry and training providers and facilitate industry planning.5

**Weaknesses**
- There is seasonal variation in workforce requirements within the industry driven by demand for residential or infrastructure construction.
- The capacity and functionality of the region’s larger commercial centres will need to improve to support a growing services sector and to provide more effective transport hubs.3
- There has been a slight decrease in apprenticeship enrolments both in terms of those undertaken in Gippsland and those undertaken by students residing in Gippsland between 2010 and 2014.2
- Completion rates of apprenticeships are also poor nationally for this industry.2

**Threats**
- Building and Construction depends heavily on investment in the resource sectors and can fluctuate based on major infrastructure projects.
- The industry is heavily dependent on the timber industry and the accessibility of materials.
- Training needs to provide both technical skills and general employability skills such as customer service and business skills, and the IWG expressed concern about whether this is currently happening.3

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Industry Overview

**Strengths**
- Population growth in the region will see increased demand for construction as the need to improve commercial centres, build transport hubs and develop affordable housing increases.3
- There has been an overall increase in building and construction enrolments by qualification from 2010 to 2014.2

**Opportunities**
- The Gippsland Regional Plan promotes construction as a potential growth area. This is due to both population growth and the Low Carbon Growth Plan which may drive future demand for retrofitting and eco-construction (e.g. installation of solar panels).4
- Technological advancement in building and construction methods, materials and tools will create a shift in the balance of the future workforce.5
- Ensure there are local forums to share information about the workforce. This can promote greater dialogue between industry and training providers and facilitate industry planning.5

**Weaknesses**
- There is seasonal variation in workforce requirements within the industry driven by demand for residential or infrastructure construction.
- The capacity and functionality of the region’s larger commercial centres will need to improve to support a growing services sector and to provide more effective transport hubs.3
- There has been a slight decrease in apprenticeship enrolments both in terms of those undertaken in Gippsland and those undertaken by students residing in Gippsland between 2010 and 2014.2
- Completion rates of apprenticeships are also poor nationally for this industry.2

**Threats**
- Building and Construction depends heavily on investment in the resource sectors and can fluctuate based on major infrastructure projects.
- The industry is heavily dependent on the timber industry and the accessibility of materials.
- Training needs to provide both technical skills and general employability skills such as customer service and business skills, and the IWG expressed concern about whether this is currently happening.3

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1. Industry Overview: Building and Construction, Phase 1
2. Industry Overview and Economic Profile: Building and Construction, Phase 1
3. Gippsland Regional Plan
4. Project consultation
5. IWG minutes, Building and Construction
Current state assessment

Agribusiness, Timber and Forestry

The agribusiness, timber and forestry industries collectively constitute the third largest employer in the Gippsland region, contributing around 11 per cent of the GRP, directly employing over 10,000 people and generating an estimated 16,000 jobs.\(^1\) The agribusiness industry centres around dairy, beef, fruit and vegetable production, and timber and forestry is focussed around large-scale industrial plantations. There is also a range of broadacre cropping activity and sheep farming. These industries are currently projected to experience employment decline over the next three years, however this may be partly explained by the transition to a leaner and more agile, rather than resource and labour intensive, profile.\(^2\)

### Industry Overview

#### Strengths

- Agribusiness, timber and forestry industries are **fundamental components of Gippsland’s regional economy and are highly diverse**.
- Australian agribusiness in particular has a **world-class reputation** for safe and sustainably produced high-quality food, fibre and performance animals (including beef and dairy).
- Agribusinesses are some of the most **eager adopters of technology** and research outcomes in the economy.\(^3\)

#### Weaknesses

- **Negative employment growth** is evident, which is in part due to the transition of these sectors from resource/labour intensive to leaner and more agile.
- The **ageing workforce** (66 per cent of the workforce is over the age of 45 in agribusiness), combined with a **concentration in small businesses** (approximately 96 per cent of all employment), presents a significant future industry risk.\(^2\)
- There is a lack of community understanding of how modern agribusinesses operate and the extent of career opportunities available. It is seen as a low-skilled industry and a ‘second choice’ destination.\(^1\)

#### Opportunities

- Considering the transitions affecting the industries, there is good scope to develop **sustainable workforce planning**.
- These industries could support more of their employees to **up-skill in management and technology** to meet new demand arising from their transition to more knowledge-based approaches.
- There are opportunities for employment growth in **harnessing new markets for timber and paper products**.
- The Commonwealth Government listed agriculture as one of the priority industries for the $476 million **Industry Skills Fund**.\(^4\)

#### Threats

- Training activity has decreased significantly** since 2009, particularly in timber and forestry, both in terms of training delivered in Gippsland and training delivered to Gippsland residents.\(^5\)
- **Poor attraction of both students and workers** are an increasing constraint on business fortunes.\(^6\)
- **The region has low levels of cultural competency** necessary to engage in Asian markets which present some of the best opportunities for growth.\(^5\)

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1. IWG Minutes: Agribusiness, Phase 1
2. Industry Overview: Agribusiness, Phase 1
3. Environmental Scan: AgriFood, 2014
4. GRWP Industry Skills Fund - Fact Sheet
5. Industry Workforce Report and Economic Profile – Agribusiness, Phase 1
6. Project consultation
Current state assessment

Advanced Manufacturing

The manufacturing industry is one of the largest employers in Gippsland at 8.9 per cent of the population. The industry also generates substantial component of Gippsland trade, with 16.1 per cent of exports and 34.9 per cent of imports related to manufacturing. Phase 1 of the Gippsland Regional Workforce Plan identified advanced manufacturing as a key growth area for the region, citing that it can offer support for the power generation sector, and specialised operations in agriculture, aircraft manufacturing and paper production.¹

### Industry Overview

#### Strengths
- Unlike some of the more critically ageing sectors in Gippsland, the majority of the manufacturing industry is under the age of 45.²
- The broader manufacturing industry is the source of a substantial component of the imports to the region, creating opportunities for the industry to provide value-added products to others in the region. Total imports for the Gippsland region were estimated to be $11.1 billion in 2011-12. In the same period, the manufacturing sector had the largest volume of imports in the region (34.9 per cent).¹

#### Opportunities
- The Commonwealth Government has allocated $476.0 million over four years from 1 January 2015 to establish the Industry Skills Fund. Advanced manufacturing sits alongside food and agribusiness, mining equipment and medical technologies as priority industries.⁴
- Employment opportunities exist for employment growth in the sector. The ‘Growing Aerospace Manufacturing at Latrobe Regional Airport’ project can deliver infrastructure and utilities enhancements to five hectares adjacent to GippsAero.¹
- Greater collaboration between industry and training providers, as well as between businesses, can assist in improving the relevance of training.

#### Weaknesses
- While 84 per cent of the workforce was employed full time in 2011, this represents a decrease of 7.7 per cent compared with 2006. The total workforce has decreased by 6.8 per cent in this time.²
- Advanced manufacturing related course enrolments accounted for 0.6 per cent (92) of total region enrolments. There has been a decrease of 22 per cent compared to 2013 (46).²

#### Threats
- There is a substantial community and industry issue with drugs and alcohol which compromises the output of the industry and creates social problems.⁵
- Large clients for Gippsland manufacturing supplies such as the Department of Defence prefer procuring from larger suppliers due to their broader capability. This is problematic for local small and medium sized businesses.⁵
- The increasing move to contractors and subcontractors reduces the investment in training of the local workforce. Also this trend produces a lack of continuity which is required to enable loyalty and quality standards.⁵
Current state assessment
Energy and Mining

The energy and mining sector in Gippsland centres around a substantial brown coal deposit in the region. As a consequence of the recent politicising of energy usage and renewable energies, including the implementation and revocation of the carbon tax, there has been considerable uncertainty surrounding the sector. Despite adding the most gross value of any industry in 2014, National Economics and the former DSDBI found that the sector will experience the fastest decline of any industry in Gippsland to 2031.1

Industry Overview

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The energy and mining sector is established and is main source of revenue for the region. This makes it one of the key economic drivers for Gippsland.</td>
<td>• The energy and mining sector is expected to experience the fastest decline of any major industry in Gippsland. This is largely attributable to the industry's dependence on brown coal power generation, an export anticipated to lose market share.5</td>
</tr>
<tr>
<td>• Prior to 2013, there were no local institutions offering relevant courses in Gippsland, however there are now 51 people enrolled at Federation Training and LE Industry Services.2</td>
<td>• The workforce in the energy and mining sector is small relative to other industries (approximately 1,000).6</td>
</tr>
<tr>
<td>• Those who are employed in the industry are mostly permanent staff earning a higher than average wage.2</td>
<td>• 59 per cent of the workforce are over-45, suggesting an ageing workforce.2</td>
</tr>
<tr>
<td></td>
<td>• Due to the limited training opportunities on offer in Gippsland, many locals interested in the industry will leave to study elsewhere.7</td>
</tr>
<tr>
<td>Opportunities</td>
<td>Threats</td>
</tr>
<tr>
<td>• Gippsland is well-positioned to take advantage of new and emerging energy given its geography. There is scope to invest in wind, tidal, wave and geothermal energy across the breadth of the region.3</td>
<td>• The increasing prominence of renewable energy is expected to reduce demand for brown coal, which will impact the region's revenue.</td>
</tr>
<tr>
<td>• Advances in technologies associated with drying, gasification and liquefaction of brown coal could enhance the exportation of Gippsland’s brown coal derivatives, which would minimise the disruption to the current skills of the workforce.</td>
<td>• With training organisations concerned about the viability of class sizes for courses relevant to energy and mining, and students concerned with the options available to them in Gippsland, many students interested in the industry leave the region to study elsewhere.7</td>
</tr>
<tr>
<td>• The Commonwealth Government listed mining equipment as one of the priority industries for the $476 million Industry Skills Fund.4</td>
<td>• Given the ageing demographic of the industry, as the experienced professionals retire, there is a risk that the younger generations in the region will not have the necessary skills to succeed.</td>
</tr>
</tbody>
</table>

1 National Economics and DSDBI analysis, 2013. KPMG have assumed the industry ‘Mining’ is consistent with the focus industry ‘Energy and Mining’. 2 Industry Overview: Advanced Manufacturing, Phase 1 3 DEEWR, 2014, Future directions for renewable energy 4 GRWP Industry Skills Fund - Fact Sheet 5 GRWP Regional Workforce Report and Economic Profile, Phase 1 6 ABR, 2011 7 IWG Survey Results, Energy and Mining, Phase 1 8 IWG Minutes, Energy and Mining, Phase 1
4. Future state assessment

This section outlines the Future State aspirations for each industry identified through the consultation process.
Future state assessment

Introduction

Having developed an understanding of Gippsland’s current state, KPMG in conjunction with Essence Communications consulted with industry leaders in the region as well as thought leaders across Australia to develop an ideal future state for Gippsland to aspire towards. RDV also participated in key consultations. Comparing the current state with the future state will facilitate the gap analysis and action plan for RDV.

The future state assessment includes:

- **Section 4a. Analysis**, which offers a set of aspirational vision statements for the region and for each industry, as well as prominent cross-industry opportunities observed through consultation; and

- **Section 4b. Research**, which includes a profile of key opportunities and issues for each industry formed through consultation.

An overview of the structure of this section is outlined below:
This section details the vision statements developed through the consultation process by each priority industry.
To anchor the discussion about the future state of the region and create an ideal scenario for what each industry could become, Essence developed vision statements based on the observations and insights developed through consultation.

### Gippsland Vision Statement

**Australia’s smart region with world-class environments, maximising opportunities for investment and employment**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Vision Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health, Aged Care and Community Services:</td>
<td>Employers are able to locally source all skills required to deliver services (registered nurses, chefs, senior leaders) which allows for effective succession planning.</td>
</tr>
<tr>
<td>Building and Construction:</td>
<td>Companies within the building and construction industry invest heavily in the next generation of workers. There is a practical mix of qualified workers to meet the ongoing needs of the region.</td>
</tr>
<tr>
<td>Hospitality and Tourism:</td>
<td>The hospitality and tourism industry can access a wide-range of fair-priced training options to build a highly professional, stable and committed workforce.</td>
</tr>
<tr>
<td>Retail:</td>
<td>The retail workforce sees the industry as a viable, long-term career path. The industry can access workers on a more flexible basis to meet customer expectations.</td>
</tr>
<tr>
<td>Agribusiness, Timber and Forestry:</td>
<td>The agribusiness industry attracts engaged and interested workers at all levels of seniority and with the specialist skills required to engage with emerging markets.</td>
</tr>
<tr>
<td>Advanced Manufacturing:</td>
<td>A highly educated and technically proficient advanced manufacturing workforce that are ready to take over from the current workforce and make the most of technological advancements.</td>
</tr>
<tr>
<td>Energy and Mining:</td>
<td>For the Gippsland Region to be seen as embracing change in its use of natural resources with a workforce equipped to meet industry needs into the future.</td>
</tr>
</tbody>
</table>

1. Gippsland Regional Growth Plan
## Future state assessment
### Gippsland Future State: Opportunities snapshot

The following provides a brief summary of themes which were identified during the consultations with participants in each of the seven priority industries. With more detailed analysis within 5b: Industry profiles.

<table>
<thead>
<tr>
<th>Theme 1 – Current workforce</th>
<th>Theme 2 – Preparing for the future</th>
<th>Theme 3 – Emerging issues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Health, Aged Care and Community Services</strong></td>
<td>Gippsland service providers often lose nursing staff to Melbourne after their training.</td>
<td>There is currently a deficiency in allied health training and accreditation opportunities.</td>
</tr>
<tr>
<td><strong>Hospitality and Tourism</strong></td>
<td>Staff turnover is high.</td>
<td>Consultation highlighted a lack of training options available for various positions, and that those that exist are expensive.</td>
</tr>
<tr>
<td><strong>Retail</strong></td>
<td>Industry suggested an issue of low work productivity with an emphasis on younger workers.</td>
<td>Currently limited access to a permanent, high quality, part-time workforce that can scale up or down as required.</td>
</tr>
<tr>
<td><strong>Building and Construction</strong></td>
<td>Current training lacks technical and general employability skills such as customer service and business skills.</td>
<td>Consultations suggest an increase in the rate of contracting in the industry and that this has resulted in a decrease in the quality of work.</td>
</tr>
<tr>
<td><strong>Agribusiness, Timber and Forestry</strong></td>
<td>Stakeholders raised an issue regarding matching specific skills needed in industry with the available workforce, particularly specialist skills associated with new technologies.</td>
<td>The implications of sustainability and automation in the industry are being dealt with to highly variable levels across different businesses.</td>
</tr>
<tr>
<td><strong>Advanced Manufacturing</strong></td>
<td>Increased levels of automation are impacting employment rates.</td>
<td>Those workers with specialised skills are being lost to Melbourne, undermining and reducing incentives to invest in skills.</td>
</tr>
<tr>
<td><strong>Energy and Mining</strong></td>
<td>The industry needs a more diverse workforce.</td>
<td>Consultations suggest there are limited training opportunities in the region and that many students interested in studying relevant courses leave the region.</td>
</tr>
</tbody>
</table>
4b. Industry profiles

This section provides an overview of the vision statements for each priority industry, in addition to issues and opportunities identified through the consultation process.
The following provides a detailed vision statement, together with opportunities and issues identified during consultation/research.

**Vision statement**

*Employers are able to locally source all skills required to deliver services (registered nurses, chefs, senior leaders) which allows for effective succession planning.*

**Opportunities identified through consultation**

- Industry participants suggested a need for **increased opportunities for allied health training and accreditation** within the region, with real job opportunities once qualifications received;
- There is an opportunity to provide **greater traineeships between aged care facilities and training providers**;
- Develop a health precinct, similar to Ballarat, with **access to visiting specialists**. The approach could consider broader applications such as R&D, health technology and allied health; and
- An increase in **support can assist with the continued growth of the aged care facilities** and services offered in the region.

**Issues identified through consultation**

- **Attracting senior staff has become difficult.** Managers are generally not found locally, however there is too much competition to which increases the need for internal succession planning;
- Industry participants suggested there was **insufficient awareness of changes within the industry** and ability to service emerging needs (NDIS and HACC);
- There is currently a **deficiency in allied health training** and accreditation opportunities;
- There is a **loss of nursing staff to Melbourne after their training**; and
- There was some commentary in consultations regarding the difficulty of attracting Registered Nurses, but this is now less problematic. Chefs to support aged care and community services are considered the next most critical gap.
**Vision statement**

The hospitality and tourism industry can access a wide-range of fair-priced training options to build a highly professional, stable and committed workforce.

**Opportunities identified through consultation**

- Towns/areas that want to increase tourism can consider working with cafes/restaurants/accommodation facilities to understand the viability of altering their opening hours. Longer opening hours strengthen offerings to tourists, and make the hospitality industry more competitive with other areas of Victoria;
- Industry suggested the region can investigate ways to promote the region as an all year round option for holidays/day trips, rather than just having an intense focus during the summer holiday months; and
- With increased international tourism to the area, ensuring staff have the appropriate skills in cultural awareness can result in word-of-mouth promotion.

**Issues identified through consultation**

- Industry believes pay rates are low;
- Consultation highlighted a lack of training options available for various positions (e.g. kitchen, cookery, front of house);
- Industry suggests workplace conditions are not always favourable, leading to high staff turnover rates;
- Access to training providers is challenging given Government funding has been significantly reduced for industry-related courses;
- The industry is very competitive (e.g. overseas, interstate, other regions in Victoria) and as a result margins are tight and susceptible to fluctuations in the economy;
- Staff turnover is high; and
- Industry suggests there is low productivity from some younger workers.
Vision statement

The retail workforce sees the industry as a viable, long-term career path. The industry can access workers on a more flexible basis to meet customer expectations.

### Opportunities identified through consultation

- There is an opportunity to embrace the digital online market with local small business opportunities;
- Small businesses could be encouraged to move to the area to conduct their operations through the following:
  - Providing business incentives or a reduction in Council charges and rates;
  - Small grants provided to businesses that relocate;
  - Opportunities to network with bigger businesses; and
  - Mentoring programs with other local successful small businesses.
- Industry participants suggested opportunities for training and obtaining experience within the region should be created; and
- With increased international tourism to the area, ensuring staff have the appropriate skills in cultural awareness is increasingly important.

### Issues identified through consultation

- Retail is not necessarily treated as a profession with many people in the workforce using roles as a stepping stone to work in other fields;
- With increased international tourism to the area, there should be investment to ensure industry staff have strong cultural awareness;
- Retention of staff is a substantial issue, leading to a very transient workforce;
- Industry suggested an issue of low work productivity with an emphasis on younger workers. Older people can find the younger generation frustrating to work with, creating higher rates of turnover;
- Currently, there is limited access to a permanent, high quality, part-time workforce that can scale up or down as required;
- Training and experience can be hard to obtain locally; and
- Consultations suggested penalty rates can be an issue for small businesses.
### Vision statement

Both large and small companies within the building and construction industry invest heavily in the next generation of workers. There is a practical mix of qualified workers to meet the ongoing needs of the region.

### Opportunities identified through consultation

- There is potential for greater activity in initiatives in pre-fabrication and sustainable building practices;
- There is a need for more significant infrastructure and building projects coming into the region to support industry and provide employment;
- Businesses could be encouraged to offer more apprenticeship and traineeship opportunities to students within the region; and
- Industry participants suggested the process of gaining approval on building permits can be improved and shortened in order for developers to continue to build, expand into the region and provide employment.

### Issues identified through consultation

- Consultations indicated that large volume builders dominate, meaning smaller businesses do not have many opportunities;
- Industry participants suggested volume builders are not as inclined to invest in learning and development;
- Current training lacks technical and general employability skills such as customer service and business skills; and
- Consultations suggest an increase in the rate of contracting in the industry and that this has resulted in a decrease in the quality of work.
Vision statement

The agribusiness industry attracts engaged and interested workers at all levels of seniority and with the specialist skills required to engage with emerging markets.

Opportunities identified through consultation

- Investment in infrastructure can bolster activity in the industry, e.g. examples include roads, ports, routes to markets, WiFi and technology;
- More marketing of Gippsland products can publicise Gippsland’s agricultural capability across Victoria and Australia. This may include initiatives such as the Gippsland Dairy brand, promotion of the region on restaurant menus (e.g. ‘Gippsland steak’);
- The workforce can benefit from matching of specific skills needed in industry with available and interested workforce (e.g. skilled people for running and controlling greenhouses, such as technical growers); and
- Opportunities for businesses to co-locate and share resources (e.g. European power stations surrounded by greenhouses to take advantage of waste water).

Issues identified through consultation

- Stakeholders raised an issue regarding matching specific skills needed in industry with the available workforce. Many in the industry need specialist training which is not provided in the region. This would be particularly associated with improving capability with new technologies.
- According to stakeholders, attracting workers at a middle to senior level has been problematic. Those consulted believe that they can get by through junior ranked staff, however it’s the senior capability that is more impactful on business success;
- The implications of sustainability and automation in the industry are being dealt with to highly variable levels across different businesses;
- The industry is experiencing an ageing workforce; and
- Staff in customer-facing export roles can improve its cultural awareness as it seeks to increase their engagement with the Asian markets.
## Future state assessment
### Advanced Manufacturing

### Vision statement

A highly educated and technically proficient advanced manufacturing workforce that are ready to take over from the current workforce and make the most of technological advancements.

### Opportunities identified through consultation

- Industry participants consulted suggested a need to encourage more employers into the region who will set up headquarters, or a substantial presence in the area to provide more employment;
- Industry participants consulted also recommended continuing to nurture markets currently invested in the area, such as the aviation industry, to assist their development through access to locally trained, highly qualified staff;
- Consultation identified a need to review current educational courses to ensure that the tertiary, apprenticeship and traineeships being offered are relevant to employers in the advanced manufacturing industry and their requirements, so qualified students are able to obtain employment within the region.

### Issues identified through consultation

- Industry participants consulted suggested there is marginal loyalty or support for small local businesses from big local businesses.
- There is an ageing workforce and succession planning issues in the industry;
- Increased levels of automation are impacting employment rates;
- Industry suggested some major employers anticipate declining employment over the medium term (next 20-30 years), which will lead to job losses but also as people retire now, jobs will not be backfilled;
- The industry requires more qualified people for roles, especially as relevant to the increased role of technology; and
- Those workers with specialised skills prefer Melbourne, undermining and reducing incentives to invest in skills.
### Vision statement

*For the Gippsland Region to be seen as embracing change in its use of natural resources with a workforce equipped to meet industry needs into the future.*

### Opportunities identified through consultation

- Industry participants consulted suggested that while there were renewable opportunities, the coal industry will offer strong revenue potential over the short to medium term;
- Those consulted suggested **Gippsland could become a zero net emissions region** in the long-term, which can be used for promotional purposes for the region; and
- Participants suggested that Gippsland should **explore the potential for renewable energy**, including a list of 15 projects listed by the Gippsland Carbon Transition Committee.

### Issues identified through consultation

- Industry participants consulted **suggested there is a need for a more diverse workforce**;
- Consultations suggest there are **limited training opportunities in the region** and that many students interested in studying relevant courses leave to continue study and seek employment in Melbourne;
- The industry is experiencing an **ageing workforce**;
- Some stakeholders suggest the **area has been slow to embrace renewable energy solutions** due to long association with coal-fired power creation; and
- Industry suggests a unionised workforce can cause issues and deter new businesses from setting up in the area.
5. Gap analysis

This section details the identified workforce gaps for each priority industry, in addition to cross-sector workforce gaps.
Following the consultation-based review of current and future states, combined with the demographic analysis, KPMG undertook analysis and comparison of this information in order to identify the key workforce gaps for each of the priority industries. Through this process, a number of cross-industry gaps were identified.

The initial gaps were tested with the Gippsland Workforce Plan Steering Committee which resulted in a number of refinements:

- Adding gaps to those identified through the current and future state; and
- Prioritising the gaps identified through the current state and future state, as well as the gaps added from the Steering Committee.

This process supported a more robust input to the development of the proposed actions.

Below is a schematic outlining the structure of the section:
Gap analysis
Cross-industry gaps

On the subsequent pages, a range of gaps have been identified across each industry. Once these gaps were established, the Steering Committee were asked to nominate which gaps were considered to apply across industries. This meant that while each gap was validated in a particular industry, the Steering Committee felt that the gap had a material impact on the vast majority or all priority industries.

The Steering Committee nominated the following nine cross-industry gaps. For transparency, the industry in which the gap was originally identified is represented with its associated icon. The gaps are not listed in any order of priority.

| Limited access to a permanent, part-time workforce | Low work productivity from some younger workers | Current training does not sufficiently develop technical and general employability skills such as customer service | Recruitment of middle to senior level staff can be difficult | Increased rate of subcontracting, reducing learning and development opportunities |
| Ageing workforce and succession planning | The workforce can improve its cultural competency as it seeks to engage with Asia | Skills associated with collaboration, innovation and entrepreneurship need to be strengthened | Management skillsets need to be addressed/improved |
A range of weaknesses, threats and issues for the 'health, aged care and community services' industry were identified throughout the current state and future state analysis. Further consultation with the Steering Committee confirmed the gaps identified. The full analysis of these issues is contained below, and those that have been prioritised into gaps are in bold.

### Current state identified weaknesses

- Members of the IWG indicate that it is difficult to recruit well educated staff with tertiary qualifications who have the competencies and capabilities to match the Department of Health and Human Services' requirements. (Industry Specific Gap 4)
- There has been a 12 per cent decline in the number of traineeship enrolments delivered between 2012 and 2014 noting that this may in part be driven by changes to government subsidies.

### Current state identified threats

- There are ongoing challenges in encouraging people to relocate to Gippsland to work in the industry. This is combined with a shortage of suitably qualified local applicants. (Industry Specific Gap 1)
- Aged Care Reforms and changes to NDIS (National Disability Insurance Scheme), HACC (Home and Community Care) and Aged Care Packages will require a greater mix of skills to serve the consumer directed care model that may not immediately be able to be served locally. (Industry Specific Gap 3)

### Future state identified issues

- Loss of nursing staff to Melbourne after their training. (Industry Specific Gap 1)
- There is currently a deficiency in allied health training and accreditation opportunities. (Industry Specific Gap 2)
- Workforce awareness of changes within the industry and ability to service emerging needs (NDIS and HACC). (Industry Specific Gap 3)
- Attracting senior staff becoming difficult. Managers are generally not found locally, however there is too much competition to which increases the need for internal succession planning. (Cross-industry Gap 2)
- There was some commentary in consultations regarding the difficulty of attracting Registered Nurses, but this is less problematic now. Chefs are considered the next most critical gap.

### Further issues identified through Steering Committee consultation

- Nil
Gap analysis
Health, Aged Care and Community Services identified gaps

Prior to working with the Steering Committee, KPMG scanned the full list of weaknesses, threats and issues and removed any gaps should they not be able directly actionable in a workforce plan. Examples of gaps that were de-prioritised because they were deemed beyond the scope of this project include:

- A decline in the number of traineeship enrolments;
- There are ongoing challenges in encouraging people to relocate to Gippsland to work in the industry. This is combined with a shortage of suitably qualified local applicants.

The following gaps were given to the Steering Committee to prioritise. The gaps in bold were considered priorities, while those highlighted in purple were considered as cross-industry gaps. The finalisation of these gaps considered the strengths and opportunities identified in the current and future state to ensure their applicability.

**Industry specific gaps**

1. Loss of nursing staff to Melbourne

2. A lack of allied health training opportunities within the region

3. Limited workforce awareness of changes within the industry and ability to service emerging needs

4. There is a need for a generalist community services qualification, with option for specialisation

**Cross industry gaps relevant to industry**

1. Ageing workforce and succession planning*

2. Recruitment of middle to senior level staff can be difficult

*While 'ageing workforce' was not listed as an issue in this industry, succession planning was mentioned. Succession planning and an ageing workforce have been combined in the cross-industry actions section and thus have been combined here.
A range of weaknesses, threats and issues for the 'hospitality and tourism' industry were identified throughout the current state and future state analysis. Further consultation with the Steering Committee confirmed the gaps identified. The full analysis of these issues is contained below, and a discussion of the prioritisation process is contained on the following page.

Current state identified weaknesses
- As stated, the retention issues experienced region-wide and the growth of the hospitality and tourism industry has led to immediate skills issues which are not being experienced elsewhere. (Industry Specific Gap 1)
- Consistent with many in the industry being part-time, the average wage is low relative to other industries.
- Hospitality and Tourism related courses accounted for 4.1 per cent (674) of the total region's enrolments in further education. This represents a decrease of 12.6 per cent in Hospitality and Tourism related enrolments compared to 2013.

Current state identified threats
- Current training does not develop technical and general employability skills such as customer service. (Industry Specific Gap 1, Cross-industry Gap 1)
- The IWG suggested there is limited support for training and work opportunities due to the seasonal nature of the business. Given that employers in the region are largely small businesses also limits learning and development investment.
- The IWG notes that the industry has a perception of being a stepping stone to a 'real' career among younger employees, which is a challenge for retention.

Future state identified issues
- Staff turnover is high. (Industry Specific Gap 2)
- Consultation highlighted a lack of training options available for various positions, and that those that exist are expensive (e.g. kitchen, cookery, front of house). (Industry Specific Gap 3)
- Access to training providers is challenging given Government funding being reduced for industry-related courses. (Industry Specific Gap 3)
- With increased international tourism to the area, ensuring staff have the appropriate skills in culture awareness is increasingly important. Cross-industry Gap 2)
- Industry suggests there is low productivity from some younger workers. (Cross-industry Gap 3)
- The workforce can improve its cultural awareness as it seeks to increase their engagement with the Asian markets. (Cross-industry Gap 2)
- Industry suggests workplace conditions are not always favourable including low pay rates, leading to high staff turnover rates.
- The industry is very competitive (e.g. overseas, interstate, other regions in Victoria) and as a result margins are tight and susceptible to fluctuations in the economy.

Consultation
Further issues identified through Steering Committee consultation
- Nil
Prior to working with the Steering Committee, KPMG scanned the full list of weaknesses, threats and issues and removed any gaps should they not be able directly actionable in a workforce plan. Examples of gaps that were de-prioritised include:

- Consistent with many in the industry being part-time, the *average wage is low relative to other industries*; and
- The *industry is very competitive* and as a result margins are tight and susceptible to fluctuations in the economy.

The following gaps were given to the Steering Committee to prioritise. The gaps in bold were considered priorities, while those highlighted in purple were considered as cross-industry gaps. The finalisation of these gaps considered the strengths and opportunities identified in the current and future state to ensure their applicability.

<table>
<thead>
<tr>
<th>Industry specific gaps</th>
<th>Cross-industry gaps relevant to industry</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Tourism growth has led to immediate skills issues, including customer service and technology capability</strong></td>
<td><strong>1. Current training does not sufficiently develop technical and general employability skills such as customer service</strong></td>
</tr>
<tr>
<td><strong>2. The hospitality industry has a traditionally high rate of turnover</strong></td>
<td><strong>2. The workforce can improve its cultural competency as it seeks to engage with Asia</strong></td>
</tr>
<tr>
<td><strong>3. There is a lack of training opportunities available and some can be too expensive for young people</strong></td>
<td><strong>3. Low work productivity from some younger workers</strong></td>
</tr>
</tbody>
</table>
### Current state identified weaknesses

- The transition to online retail will potentially lead to a shift in skills required, with capabilities such as data analysis, process mapping and social media management all cited by the retail IWG as likely to be particularly relevant. (Industry Specific Gap 1)
- 41 per cent of employees in the industry had a comparably low weekly income between $400-$799 in 2011, consistent with the high percentage of inexperienced and part-time participants in the industry.
- There are concerns regarding the viability of course delivery given the low number of enrolments in training relevant to retail. Enrolment numbers are also decreasing over time.

### Current state identified threats

- There is a perception that jobs in the retail industry do not provide long term career opportunity. The industry is seen as providing entry level jobs which enable people to move on to higher skilled roles as they acquire training and job experience. This will lead to consistent retention issues for the industry. (Cross-industry Gap 1)
- There is a material decline in the enrolments at RTOs with training relevant to retail, which may indicate that employees are relying on receiving on-the-job training.
- Given retail's reliance on other industry growth, its ability to prosper is confined by the success of other industries.

### Future state identified issues

- Industry suggested an issue of low work productivity with an emphasis on younger workers. Older people can find the younger generation frustrating to work with, creating higher rates of turnover. (Cross-industry Gap 2)
- Currently limited access to a permanent, high quality, part-time workforce that can scale up or down as required. (Cross-industry Gap 3)
- With increased international tourism to the area, there should be investment to ensure industry staff have strong cultural awareness. (Cross-industry Gap 5)
- Training and experience can be hard to obtain.
- Retail is not necessarily treated as a profession.
- Consultations suggested penalty rates can be an issue for small businesses, benefitting the full time employees for their commitment to the industry, instead of the causal employees.
- Retention of staff is a substantial issue, leading to a very transient workforce.

### Further issues identified through Steering Committee consultation

- The lack of appetite for our-of-hours shifts limits the number of hours for which retail businesses can be open. (Industry Specific Gap 2)
- Small businesses are reluctant to change and they do not understand the reasons for their success/failure. (Industry Specific Gap 3)
Prior to working with the Steering Committee, KPMG scanned the full list of weaknesses, threats and issues and removed any gaps should they not be able directly actionable in a workforce plan. Examples of gaps that were de-prioritised include:

- **There are concerns regarding the viability of course delivery given the low number of enrolments in training relevant to retail.** Enrolment numbers are also decreasing over time;
- **Given retail’s reliance on other industry growth, its ability to prosper is confined by the success of other industries; and**
- **Penalty rates can be an issue** for small businesses.

The following gaps were given to the Steering Committee to prioritise. The gaps in bold were considered priorities, while those highlighted in purple were considered as cross-industry gaps. The finalisation of these gaps considered the strengths and opportunities identified in the current and future state to ensure their applicability.

<table>
<thead>
<tr>
<th>Industry specific gaps</th>
<th>Cross-industry gaps relevant to industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The shift to online retail may change the skills required of the retail workforce</td>
<td>1. Management skillsets need to be addressed/improved</td>
</tr>
<tr>
<td>2. The willingness of Latrobe Valley workers to undertake shift work is not being full utilised nor explored in other locations across Gippsland</td>
<td>2. Low work productivity from some younger workers</td>
</tr>
<tr>
<td>3. Small businesses are reluctant to change and they do not understand the reasons for their success/failure</td>
<td>3. Limited access to a permanent, part-time workforce</td>
</tr>
<tr>
<td></td>
<td>4. The workforce can improve its cultural competency as it seeks to engage with Asia</td>
</tr>
</tbody>
</table>
A range of weaknesses, threats and issues for the building and construction industry were identified throughout the current state and future state analysis. Further consultation with the Steering Committee identified two further gaps for consideration. The full analysis of these issues is contained below, and a discussion of the prioritisation process is contained on the following page.

<table>
<thead>
<tr>
<th>Current state identified weaknesses</th>
<th>Current state identified threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• There is seasonal variation in workforce requirements within the industry driven by demand for residential or infrastructure construction.</td>
<td></td>
</tr>
<tr>
<td>• The capacity and functionality of the region’s larger commercial centres will need to improve to support a growing services sector and to provide more effective transport hubs.</td>
<td></td>
</tr>
<tr>
<td>• There has been a slight decrease in apprenticeship enrolments both in terms of those undertaken in Gippsland and those undertaken by students residing in Gippsland between 2010 and 2014.</td>
<td></td>
</tr>
<tr>
<td>• Completion rates of apprenticeships are also poor nationally for this industry.</td>
<td></td>
</tr>
<tr>
<td>• Training needs to provide both technical skills and general employability skills such as customer service and business skills, and the IWG expressed concern about whether this is currently happening. (Cross-industry Gap 1)</td>
<td></td>
</tr>
<tr>
<td>• Building and Construction depends heavily on investment in the resource sectors and can fluctuate based on major infrastructure projects.</td>
<td></td>
</tr>
<tr>
<td>• The industry is heavily dependent on the timber industry and the accessibility of materials.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Future state identified issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Consultations suggested volume builders are not as inclined to invest in learning and development. (Industry Specific Gap 1)</td>
</tr>
<tr>
<td>• Consultations suggest an increase in the rate of contracting in the industry and that this has resulted in a decrease in the quality of work (and not following appropriate standards). (Cross-industry Gap 2)</td>
</tr>
<tr>
<td>• Current training lacks technical and general employability skills such as customer service. (Cross-industry Gap 1)</td>
</tr>
<tr>
<td>• Gippsland is the region slowest to recover in the post-GFC period in Victoria.</td>
</tr>
<tr>
<td>• Large volume builders dominate, meaning smaller businesses do not have many opportunities.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consultation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Further issues identified through Steering Committee consultation</td>
</tr>
<tr>
<td>• The percentage of locally trained builders can be improved. (Industry Specific Gap 2)</td>
</tr>
<tr>
<td>• There is potential to grow the pre-fabricated building market. (Industry Specific Gap 3)</td>
</tr>
</tbody>
</table>
Gap analysis
Building and Construction identified gaps

Prior to working with the Steering Committee, KPMG scanned the full list of weaknesses, threats and issues and removed any gaps should they not be able directly actionable in a workforce plan. Examples of gaps that were de-prioritised include:

- The capacity and functionality of the region’s larger commercial centres will need to improve;
- Building and Construction depends heavily on investment in the resource sectors and can fluctuate based on major infrastructure projects; and
- Gippsland is the region slowest to recover in the post-GFC period in Victoria.

The following gaps were given to the Steering Committee to prioritise. The gaps in bold were considered priorities, while those highlighted in purple were considered as cross-industry gaps. The finalisation of these gaps considered the strengths and opportunities identified in the current and future state to ensure their applicability.

<table>
<thead>
<tr>
<th>Industry specific gaps</th>
<th>Cross-industry gaps relevant to industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Volume builders are less likely to invest in learning and development opportunities in their staff</td>
<td>1. Current training does not sufficiently develop technical and general employability skills such as customer service</td>
</tr>
<tr>
<td>2. The percentage of locally trained builders can be improved</td>
<td>2. Increased rate of subcontracting, reducing learning and development opportunities</td>
</tr>
<tr>
<td>3. Workforce development can occur in pre-fabrication and sustainable building methods</td>
<td></td>
</tr>
</tbody>
</table>

© 2016 KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved. KPMG and the KPMG logo are registered trademarks of KPMG International.
A range of weaknesses, threats and issues for the 'agribusiness, timber and forestry' industry were identified throughout the current state and future state analysis. Further consultation with the Steering Committee identified two further gaps for consideration. The full analysis of these issues is contained below, and a discussion of the prioritisation process is contained on the following page.

### Current state identified weaknesses

- **The ageing workforce** (66 per cent of the workforce is over the age of 45 in agribusiness), combined with a concentration in small businesses (approximately 96 per cent of all employment), presents a significant future industry risk. (Cross-industry Gap 1)
- Negative employment growth potentially due to the transition of these industries from resource/labour intensive to a leaner and more agile approach.
- Lack of community understanding of how modern agribusinesses operate and the extent of available career opportunities - seen as a low-skilled industry and a ‘second choice’ destination.

### Current state identified threats

- **The region has low levels of cultural competency** necessary to engage in Asian markets which present some of the best opportunities for growth. (Cross-industry Gap 3)
- Training activity has decreased significantly since 2009, particularly in timber and forestry, both in terms of training delivered in Gippsland and training delivered to Gippsland residents.
- Poor attraction of both students and workers are an increasing constraint on business fortunes.

### Future state identified issues

- Stakeholders raised an issue regarding matching specific skills needed in industry with the available workforce. **Many in the industry need specialist training which is not provided in the region.** (Industry Specific Gap 2)
- The implications of an increased focus on sustainability and automation in the industry are being dealt with to highly variable levels across different businesses. (Industry Specific Gap 4, Cross-industry Gap 4)
- The industry is experiencing an **ageing workforce.** (Cross-industry Gap 1)
- According to stakeholders, **attracting workers at a middle to senior level has been problematic.** Those consulted believe that they can get by through junior ranked staff, however it’s the senior capability that is more impactful on business success. (Cross-industry Gap 2)
- The workforce can improve its **cultural awareness** as it seeks to increase their engagement with the Asian markets. (Cross-industry Gap 3)
- Many consulted state there is **low awareness among about what the Gippsland region produces** and sells on a national/international stage. (Cross-industry Gap 4)

### Consultation

- **Local people are not always preferred for seasonal work.** (Industry Specific Gap 1)
- **Limited availability of support services to assist migrants** in Gippsland. (Industry Specific Gap 3)
- **Skills associated with collaboration, innovation and entrepreneurship need to be strengthened** (Cross-Industry Gap 4)
Gap analysis
Agribusiness, Timber and Forestry identified gaps

Prior to working with the Steering Committee, KPMG scanned the full list of weaknesses, threats and issues and removed any gaps should they not be able directly actionable in a workforce plan. Examples of gaps that were de-prioritised include:

- **Negative employment growth** potentially due to the transition of these industries from resource/labour intensive to a leaner and more agile approach;
- **Training activity has decreased significantly** since 2009, particularly in timber and forestry; and
- **The increased focus on sustainability and automation in the industry are being dealt with to highly variable levels** across different businesses.

The following gaps were given to the Steering Committee to prioritise. The gaps in bold were considered priorities, while those highlighted in purple were considered as cross-industry gaps. The finalisation of these gaps considered the strengths and opportunities identified in the current and future state to ensure their applicability.

### Industry specific gaps

1. Local people are not preferred for seasonal work
2. There is a need for greater specialist training
3. Limited availability of support services to assist migrants in Gippsland
4. Preparedness for sustainability and automation challenges

### Cross-industry gaps relevant to industry

1. Ageing workforce and succession planning
2. Recruitment of middle to senior level staff can be difficult
3. The workforce can improve its cultural competency as it seeks to engage with Asia
4. Skills associated with collaboration, innovation and entrepreneurship need to be strengthened
A range of weaknesses, threats and issues for the advanced manufacturing industry were identified throughout the current state and future state analysis. Further consultation with the Steering Committee identified two further gaps for consideration. The full analysis of these issues is contained below, and a discussion of the prioritisation process is contained on the following page.

**Current state identified weaknesses**
- While 84 per cent of the workforce was employed full time in 2011, this represents a decrease of 7.7 per cent compared with 2006. The total workforce has decreased by 6.8 per cent in this time.
- Advanced manufacturing related course enrolments accounted for 0.6 per cent (92) of total region enrolments. There has been a decrease of 22 per cent in Advanced Manufacturing related enrolments compared to 2013 (46).

**Current state identified threats**
- The increasing move to contractors and subcontractors was thought by industry participants consulted to reduce the investment in training of the local workforce. Also this trend produces a lack of continuity which is required to enable loyalty and quality standards. (Cross-industry Gap 3)
- There is a substantial community and industry issue with drugs and alcohol which compromises the output of the industry and creates social problems.
- Industry participants consulted considered that large clients for Gippsland manufacturing supplies such as the Department of Defence prefer procuring from larger suppliers due to their broader capability. This is problematic for local small and medium sized businesses.

**Future state identified issues**
- Increased levels of automation are impacting employment rates. (Industry Specific Gap 1, Cross-industry Gap 1)
- The industry requires more qualified people for roles, especially as relevant to the increased role of technology. (Industry Specific Gap 1)
- Those workers with specialised skills prefer Melbourne, undermining and reducing incentives to invest in skills. (Industry Specific Gap 2)
- There is an ageing workforce and succession planning issues in the industry. (Cross-industry Gap 2)
- Industry suggests there is marginal loyalty or support for small local businesses from big local businesses. An example of this would be a power company recently asking local businesses to reduce rates by 22% or they would move to a cheaper option.
- Industry suggested some companies are looking to close within the next 20-30 years, which will lead to job losses but also as people retire now, jobs will not be backfilled.

**Consultation**
- More investment in skills is required. (Industry Specific Gap 2)
- More investment required to improve innovative capability and practices in the industry (Cross-industry Gap 1)
Gap analysis
Advanced Manufacturing identified gaps

Prior to working with the Steering Committee, KPMG scanned the full list of weaknesses, threats and issues and removed any gaps should they not be able directly actionable in a workforce plan. Examples of gaps that were de-prioritised include:

• There has been a decrease of 22 per cent in Advanced Manufacturing related enrolments compared to 2013;
• There is a substantial community and industry issue with drugs and alcohol which compromises the output of the industry and creates social problems; and
• Industry suggesting there is marginal loyalty or support for small local businesses from big local businesses.

The following gaps were given to the Steering Committee to prioritise. The gaps in bold were considered priorities, while those highlighted in purple were considered as cross-industry gaps. The finalisation of these gaps considered the strengths and opportunities identified in the current and future state to ensure their applicability.

### Industry specific gaps

1. Increased levels of automation require workers with different skills

2. Workers with specialised skills prefer Melbourne, undermining and reducing incentives to invest in skills

### Cross-industry gaps relevant to industry

1. Skills associated with collaboration, innovation and entrepreneurship need to be strengthened

2. Ageing workforce and succession planning

3. Increased rate of subcontracting, reducing learning and development opportunities
A range of weaknesses, threats and issues for the energy and mining industry were identified throughout the current state and future state analysis. Further consultation with the Steering Committee confirmed the gaps identified. The full analysis of these issues is contained below, and a discussion of the prioritisation process is contained on the following page.

Current state identified weaknesses

- Due to the limited training opportunities on offer in Gippsland, many locals interested in the industry will leave to study elsewhere. (Industry Specific Gap 2)
- 59 per cent of the workforce are over-45, suggesting an ageing workforce. (Cross-industry Gap 1)
- The energy and mining sector is expected to experience the fastest decline of any major industry in Gippsland. This is largely attributable to the industry's dependence on brown coal power generation, an export anticipated to lose market share.

Current state identified threats

- Given the ageing demographic of the industry, as experienced professionals retire, there is a risk that the younger generations in the region will not have the necessary skills to succeed. (Industry Specific Gap 1)
- Projections suggest that there will be reduced demand for brown coal power generation, which will impact the region's revenue.

Future state identified issues

- The industry suggests there is demand for additional professional, skilled, fulltime employees. (Industry Specific Gap 1)
- Consultations suggest there are limited training opportunities in the region and that many students interested in studying relevant courses leave to continue study and seek employment in Melbourne. (Industry Specific Gap 3)
- The industry is experiencing an ageing workforce. (Cross-industry Gap 1)
- Stakeholders suggest the area has been slow to embrace renewable energy solutions due to long association with coal-fired power creation; and
- Industry participants consulted suggests a unionised workforce can sometimes cause issues and deter new businesses from setting up in the area.

Further issues identified through Steering Committee consultation

- Nil
Gap analysis

Energy and Mining identified gaps

Prior to working with the Steering Committee, KPMG scanned the full list of weaknesses, threats and issues and removed any gaps should they not be able directly actionable in a workforce plan. Examples of gaps that were de-prioritised include:

- The workforce in the energy and mining sector is small relative to other industries;
- The increasing prominence of renewable energy is expected to reduce demand for brown coal, which will impact the region’s revenue; and
- There is a need to improve the reliability of energy in outlying areas.

The following gaps were given to the Steering Committee to prioritise. No gaps were highlighted as particular priorities, while those highlighted in purple were considered as cross-industry gaps. The finalisation of these gaps considered the strengths and opportunities identified in the current and future state to ensure their applicability.

### Industry specific gaps

1. A need for additional professional, skilled, full-time employees
2. Limited training opportunities
3. Many students interested in studying relevant courses leave to go to Melbourne

### Cross-industry gaps relevant to industry

1. Ageing workforce and succession planning
6. Action plans

This section details the Industry Action Plans that were developed in collaboration with the Steering Committee to address key workforce gaps identified through the Current and Future State analysis.
Having observed the gaps between the current state and the 2030 visions for each industry, actions were designed in collaboration with the Steering Committee. A summary of the section is contained in the below schematic:

**Cross-industry actions**
1. Extend the ‘Broadening Horizons’ program
2. Expand work placements

**Industry specific actions**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>3. Deliver allied health courses in Gippsland</td>
</tr>
<tr>
<td></td>
<td>4. Develop education and training pathways</td>
</tr>
<tr>
<td>Building</td>
<td>7. Develop a local procurement policy</td>
</tr>
<tr>
<td></td>
<td>8. Develop skills in pre-fabricated and sustainable construction</td>
</tr>
<tr>
<td>Agri</td>
<td>9. Use innovation precinct as agri hub</td>
</tr>
<tr>
<td></td>
<td>10. Create practical internship opportunities</td>
</tr>
<tr>
<td></td>
<td>11. Build cross-cultural engagement</td>
</tr>
<tr>
<td>Energy</td>
<td>14. Develop dynamic picture of skills needs</td>
</tr>
<tr>
<td></td>
<td>15. Develop model for dedicated careers service</td>
</tr>
<tr>
<td>Retail</td>
<td>5*. Improve technology and customer service training</td>
</tr>
<tr>
<td></td>
<td>6. Establish retail internship program</td>
</tr>
<tr>
<td>Adv. Manufacturing</td>
<td>12. Develop an industry network</td>
</tr>
<tr>
<td></td>
<td>13. Align training with workforce demand</td>
</tr>
</tbody>
</table>

* This action is relevant to both the ‘Retail’ and ‘Hospitality and Tourism’ industries, and therefore has been applied across both sectors. It is anticipated that these industries will work together to achieve this action.
### Gippsland Region Workforce Plan: Actions

#### Action plans

<table>
<thead>
<tr>
<th>Action 1 – Extend the Broadening Horizons program</th>
<th>Action 2 – Expand work placements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand on the current ‘Broadening Horizons' program within the region, which provides secondary students at 12 government secondary schools with insight into potential industries of employment, and gives them opportunities to understand what their preferred pathway may be.</td>
<td>This action seeks to build on an existing work-placement model (developed by the Latrobe Community Health Service and Monash University) to develop the skills and capability of Gippsland-based students. These placements will enable students to develop their practical skillsets while they complete their studies, and can be replicated in other industries.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Action 3 – Deliver allied health courses in Gippsland</th>
<th>Action 4 – Develop education and training pathways</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federation University and Federation Training would work with regional employers to identify how the most critical allied health skills shortages can be addressed to build the pipeline of locally qualified people, through the introduction of new courses or partnership models for local delivery.</td>
<td>Secondary students would be provided with opportunities to understand and gain experience in the health, aged care and community services sector through work placement or industry engagement programs. Further, Federation Training and Federation University would work together to identify educational pathways between health, aged care and community services qualifications.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Action 5* – Improve technology and customer service training</th>
<th>Action 5* – Improve technology and customer service training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry associations would identify at least eight champions (four from different sectors across retail and four from the hospitality and tourism industry) to work with training providers to create relevant and customised short courses on key technological and customer service capabilities. Industry champions would work with training providers to develop course content.</td>
<td>Industry associations would identify at least eight champions (four from different sectors across retail and four from the hospitality and tourism industry) to work with training providers to create relevant and customised short courses on key technological and customer service capabilities. Industry champions would work with training providers to develop course content.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Action 7 – Develop a local procurement policy</th>
<th>Action 8 – Develop skills in pre-fabricated and sustainable construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>This action proposes that all councils in the Gippsland region enhance their procurement policies for building and construction services which requires a significant proportion of the service delivery to be conducted by locally owned businesses similar to the requirements in place under the Ballarat Industry Participation Project (BIPP).</td>
<td>The building and construction industry in Gippsland, led by the Master Builders Association Victoria and/or Housing Industry Association, would work with training providers to develop skill sets and competencies specifically for pre-fabricated and sustainable construction.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Action 9 – Use innovation precinct as agri hub</th>
<th>Action 10 – Create practical internship opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>The planned Latrobe Valley education and innovation precinct, which has already been flagged as having an agri-systems focus, could develop industry knowledge and skillset levels for now and into the future. Innovation should be a focus.</td>
<td>Internship opportunities would be established through partnerships between local small-medium sized firms and universities offering courses in food technology and agricultural science fields of education.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Action 11 – Build cross-cultural engagement</th>
<th>Action 12 – Develop an industry network</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Southern Metropolitan Region VGBO would support businesses looking to expand their operations and/or build export markets by building cross-cultural engagement capacity and supporting international reach by leveraging existing networks.</td>
<td>Currently, the Latrobe City Council coordinates a Latrobe Manufacturing Network, which has been noted as a popular way for industry members to collaborate in the Valley. Under this action, this network would be broadened to a region-wide initiative, facilitating participation from each of the other LGAs in Gippsland.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Action 13 – Align training with workforce demand</th>
<th>Action 14 – Develop dynamic picture of skills needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>To meet the changing demands and preferences of the advanced manufacturing industry, local employers would engage closely with education and training providers. These partnerships would work to ensure that course content and delivery models reflect current industry requirements.</td>
<td>Based on analysis of the future skills needs of the sector, Federation University, working closely with industry, would undertake a survey of skills of the energy and mining workforce to form a ‘skills matrix’. This survey would need to be undertaken on a regular basis in order to provide a dynamic, rather than point-in-time picture of industry skills needs as the industry transitions.</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Action 15 – Develop model for a dedicated career service</th>
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</tr>
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<tbody>
<tr>
<td>This action seeks to identify the best model to provide information to energy and mining workers impacted by the industry’s transition. RDA/DET would work with industry leaders to develop a model for a dedicated careers advisory service for energy and mining workers. The service would require strong linkages with local education and training providers and dedicated funding.</td>
<td>* This action is relevant to both the ‘Retail’ and ‘Hospitality and Tourism’ industries, and therefore has been applied across both sectors. It is anticipated that these industries will work together to achieve this action.</td>
</tr>
</tbody>
</table>
An essential component of this project was developing a small number of tangible actions, developed in consultation with the Steering Committee, that could be immediately initiated to generate momentum and stakeholder buy-in.

The actions were shaped by an understanding of the type and level of change required to bridge the gap between the current and desired future states, and take account of the existing and emerging threats and opportunities within each industry.

This approach resulted in two to three key actions per sector and identified four cross-industry actions that respond to key gaps that emerged across multiple industries and were validated by the Steering Committee.
As part of the consultation process, the Steering Committee identified nine gaps as cross-industry and the industries in which they were specifically mentioned through in-depth interviews have been listed alongside the gaps below. A consequence of having been mentioned in depth interviews means that the focus and impetus of the associated action can be weighed towards the experience of a particular industry or industries.

Through consultation with RDV and the Steering Committee, **not all gaps directly receive actions**. Addressing every gap was deemed unrealistic, and thus they were prioritised through workshops with the Steering Committee.

### Gaps

- **Limited access to a permanent, part-time workforce**
- **Low work productivity from some younger workers**
- **Current training does not sufficiently develop technical and general employability skills such as customer service**
- **Recruitment of middle to senior level staff can be difficult**
- **Increased rate of subcontracting, reducing learning and development opportunities**
- **Ageing workforce and succession planning are issues**
- **The workforce can improve its cultural competency as it seeks to engage with Asia**
- **Skills associated with collaboration, innovation and entrepreneurship need to be strengthened**
- **Management skillsets need to be addressed/improved**

### Actions

- **Action 1:** Extend the ‘Broadening Horizons’ program
- **Action 2:** Expand work placements
Action 1 – Extend the ‘Broadening Horizons’ program

**Objective:** This action seeks to expand on the current ‘Broadening Horizon’ program within the region, which provides secondary students at 12 government secondary schools with insight into potential industries of employment, and gives them opportunities to understand what their preferred pathway may be. Building partnerships between the schools and industries facilitates these opportunities for students. This action would help secondary students to understand their preferred industry pathway at an early stage; and potentially extend the part-time workforce.

**Approach:** To achieve this action, the Department of Education and Training would work with the other 13 government and 2 non-government secondary schools in the region to engage with the program. To achieve industry participation, DET should engage and partner with industry associations across all sectors. Once a school and business have been linked, they should focus their partnership on practical skills, and advocate for students to get involved in part-time work when (for some industries this may only be appropriate upon graduation).

See Case Study in Appendix 4 for more information.


Gaps addressed:
- Limited access to a permanent part-time workforce
- Low work productivity from some younger workers
- Ageing workforce and succession planning issues

Action 2 – Expand work placements

**Objective:** This action seeks to develop an existing work placement model to develop the skills and capability of Gippsland-based students. A partnership between the Latrobe Community Health Service and Monash has facilitated a number of students to develop their practical skillsets during their study, and this can be replicated across other industries. This action would achieve:
- A broader range of work placement opportunities for students to develop practical skills; and
- More work-ready younger people.

**Approach:** The consultation process identified that Placement Education Research Unit operating at Latrobe Community Health Service (in collaboration with Monash) offered a promising case study of education providers working with industry. As such, Federation Training should hold a workshop with representatives of both institutions to understand the reasons for success, as well as challenges (Federation Training can consider also including DET in this workshop). Following this workshop, Federation Training would work with industry associations to identify major businesses/employers across each of the priority industries that could participate in a similar program. Federation Training would also work closely with Federation University given their prominent role in higher education in the region.

See Case Study in Appendix 4 for more information.

| Responsibility | Lead: Federation Training | Supporting: DET, industry associations, education providers | Governance: RDV and RDA | Timeframe: Medium-term | Resources: Low | Impact: Moderate |

Gaps addressed:
- Limited access to a permanent part-time workforce
- Low work productivity from some younger workers
- Ageing workforce and succession planning issues
Gippsland faces a number of workforce shortages in the Health, Aged Care and Community Services sector, and in particular, among allied health professionals and nurses.

The recent and ongoing growth in the sector is likely to continue considering the ageing population and increasing demand for these services. Accordingly, industry will need to continuously develop its workforce in response to increased and changing demand. Increases in life expectancy, coupled with changing client preferences, are also driving demand for complex care, both in aged care and across health and community services more broadly. This will require workers in care and support roles to extend their knowledge and develop advanced and specialised skills. The industry is the largest employer in the region, employing 12,000 people, of which 53 per cent work part-time and 83 per cent are female. There are locally reported situational (point-in-time) and chronic (ongoing) skills shortages for managerial, community and personal services roles as well as chronic shortages of professionals. There has been strong enrolment growth in government-subsidised training with an increase of 21.7 per cent in Health, Aged Care and Community Services related courses between 2013 and 2014.

While the consultation process identified a number of gaps across the sector, the priority gap identified relates to the current shortage of allied health professionals in the region, which is compounded by a lack of allied health training opportunities. The Actions described below and in more detail on the following page are intended to help assist in addressing both current workforce shortfalls, as well as building a workforce to meet demand in the future through allied health education and training opportunities.

### Gaps experienced and associated actions
(Cross-industry gaps are identified in purple)

- **A lack of allied health training opportunities within the region**
- **Limited workforce awareness of changes within the industry and ability to service emerging needs**
- **Loss of nursing staff to Melbourne**
- **There is a need for a generalist community services qualification, with option for specialisation**
- **Ageing workforce and succession planning**
- **Recruitment of senior staff can be difficult**

### Action plans

**Actions – Health, Aged Care and Community Services**

**Action 3**

**Deliver allied health courses in Gippsland**

**Action 4**

**Develop education and training pathways**
### Action 3 – Deliver allied health courses in Gippsland

**Objective:** This action seeks to develop a business case for the delivering of allied health courses in the region to students who expect to stay in the region after graduating.

**Approach:** Federation University and Federation Training would work with regional employers to identify how the most critical allied health skills shortages can be addressed to build the pipeline of locally qualified people, through the introduction of new courses or partnership models for local delivery (noting that Federation University does not currently offer a full range of allied health courses at any of its campuses). Partners could include Monash (that offers a broad range of allied health course and has a presence in the region) and/or Latrobe University (that currently delivers them in a range of regional locations). Training could include development of the skills necessary to implement new service models in advanced practice roles. The aim would be to develop a business case, and implementation plan, that would lead to the University, and potentially local partners, investing in provision of allied health courses in Gippsland. The business case would also address the issues associated with ensuring a high proportion of students come from within the region, and thus are likely to meet local needs on graduation. Strategies may include the provision of incentives for students to remain in the Gippsland region after graduation to address critical skills shortages.

| Responsibility | Lead: Federation University  
| Supporting: Main employers of allied health professionals operating in the region, DHHS, and Federation Training  
| Governance: RDV and RDA |
|---|---|---|
| **Timeframe:** Medium  
| **Resources:** Medium  
| **Impact:** High |
| Gap addressed:  
| • A lack of allied health training opportunities within the region |

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### Action 4 – Develop education and training pathways

**Objective:** This action seeks to bring more local students into the health, aged care and community services field through promotion to secondary students and the development of educational pathways.

**Approach:** Considering the increasing demand for health, aged care and community services being driven by the ageing population as well as policy changes through the introduction of the National Disability Insurance Scheme (NDIS) and the development of new practice models across the sector, this action seeks to build the pipeline of qualified professionals through a two-pronged approach. This would serve to meet diverse emerging needs including in-home and out-of-home aged care and disability services, counselling as well as advanced practice nursing models. Firstly, secondary students would be provided with opportunities to understand and gain experience in the health, aged care and community services sector through work placement or industry engagement programs (for example Broadening Horizons program or the Industry Themed Pathways in VCE and VCAL) identified and supported by DET. These opportunities would help to stimulate demand from school leavers to participate in these fields. Secondly, Federation University and Federation Training would work together to identify educational pathways between health, aged care and community services qualifications. For example, some TAFEs and universities have existing partnership arrangements which ensure that students who complete a Diploma in Nursing (Enrolled Division 2 Nursing) automatically qualify for a Bachelor of Nursing.

| Responsibility | Lead: Federation Training  
| Supporting: DET, Federation University, secondary schools, education and training providers, and employers within the health, aged care and community services sector  
| Governance: RDV and RDA |
|---|---|---|
| **Timeframe:** Short-Medium  
| **Resources:** High  
| **Impact:** High |
| Gaps addressed:  
| • Limited workforce awareness of changes within the industry and ability to service emerging needs  
| • Loss of nursing staff to Melbourne  
| • Ageing workforce and succession planning |
Gippsland hosts many of Victoria's most prominent tourism assets, including Philip Island, Wilsons Promontory, Gippsland Lakes, Alpine National Park and Ninety Mile Beach. As such tourism forms a major component of the region's economy and workforce. Hospitality is complementary to the tourism, and acts as a major employer for residents; this includes all restaurants, cafes, accommodation and events. These industries combined employ 14 per cent of Gippsland residents, and is estimated to contribute over $400 million to the economy annually.

There are inherent limitations in both industries, with high rates of turnover curbing the ability to invest in professional development and skills. In tourism, there are also issues associated with a seasonal workforce in areas such as Philip Island, Wilsons Promontory, the Lakes and Ninety Mile Beach in winter months and the Alpine National Park in summer. In addition, the industry identified basic customer service and technology capabilities as key issues in meeting the 2030 vision for the industry.

The actions identified below seek to directly address how to grow the industry, and develop relevant skills, while dealing with the reality of high turnover. This can be achieved through improving training, but also through enhancing the reputation of the industry through offering incentives for a market-leading restaurant to open a restaurant in Gippsland.

### Gaps experienced and associated actions

*As identified in consultation, ‘priority’ gaps are in bold*

- **Tourism growth has led to immediate skills issues, including customer service and technology capability**
- **The hospitality industry has a traditionally high rate of turnover**
- **There is a lack of training opportunities available and some can be too expensive for young people**
- **Current training does not sufficiently develop technical and general employability skills such as customer service**
- **The workforce can improve its cultural competency as it seeks to engage with Asia**
- **Low workforce productivity from some younger workers**

### Action 5

**Improve technology and customer service training**
Action plans

Actions – Hospitality and Tourism

Action 5* – Improve technology and customer service training

**Objective:** To improve the technological and customer service capabilities of both the retail and tourism/hospitality sectors, a range of short courses can develop both workforce through the following means:

- Building skills through the program itself; and
- Assist in a process of cultural change where technology is embraced by a larger number of businesses.

**Approach:** To achieve this action, industry associations would need to identify at least eight champions (four from different sectors across retail and four from the hospitality and tourism industry) to work with training providers to create relevant and customised short courses on key technological and customer service capabilities potentially including:

- Website design and development;
- Marketing with an emphasis on online and social media platforms;
- Point of sale systems;
- Clarity of communication (particularly when dealing with people from different cultures); and
- Adaptability to different working environments.

Industry champions would work with training providers including but not limited to Federation Training due to its presence across the region, to develop course content. Training providers would be identified with the ambition of covering the main population centres of Gippsland. Industry champions would continue liaising with training providers throughout the initial delivery of the course, and formally evaluate the course outcomes following the first year of implementation.

**Responsibility**
- **Lead:** Destination Gippsland
- **Supporting:** Jim Radford, training providers

**Governance:** RDV and RDA

**Timeframe:** Short
**Resources:** Medium
**Impact:** Moderate

**Gap addressed:**
- Tourism growth has led to immediate skills issues, including customer service and technology capability

* This action is relevant to both the ‘Retail’ and ‘Hospitality and Tourism’ industries, and therefore has been applied across both sectors. It is anticipated that these industries will work together to achieve this action.
The retail industry is heavily dependent on the growth of other industries; the more activity in a region, the greater demand there is on retail services. As a consequence, the strength and continued growth of the sector is predicated on the success of expanding other industries. Despite this, the industry is a key job creator in Gippsland, employing the second most out of any of the seven priority industries, many of which are young people in the region. As such, in developing Gippsland’s workforce, identifying opportunities to improve retail industry performance is a priority.

There are a number of threats that can undermine the industry obtaining its 2030 vision statement, many of which relate to issues with staff skillsets and utilisation. Of these broad issues, key Gippsland stakeholders and industry members consulted prioritised issues associated with preparedness for online shopping as a key competitive threat, a lack of desire for shift work, and a reluctance to embrace change.

As a consequence, KPMG collaborated with regional leaders to produce two actions for the industry which seek to address technological capability, as well as develop the skills of younger workers across the broad range of services in the industry. Both of these programs seek to broaden the capabilities of industry members and assist them in understanding potential benefits of change (particularly as relevant to technology). The actions also emphasise development of younger workers, consistent with the demographic of the age group in the industry.

**Gaps experienced and associated actions** (Cross-industry gaps are identified in purple)

- The shift to online retail may change the skills required of the retail workforce
- The willingness of Latrobe Valley workers to undertake shift work is not being fully utilised nor explored in other locations across Gippsland
- Small businesses are reluctant to change and they do not understand the reasons for their success/failure
- Management and owner skillsets need to be addressed/improved
- Low work productivity from some younger workers
- There is limited access to a permanent and part-time workforce
- The workforce can improve its cultural competency as it seeks to engage with Asia

**Action plans**

**Actions – Retail**

- **Action 5**
  - Improve technology and customer service training

- **Action 6**
  - Establish a retail internship program
### Action 5* – Improve technology and customer service training

**Objective:** To improve the technological and customer service capabilities of both the retail and tourism/hospitality sectors, a range of short courses can develop both workforce through the following means:
- Building skills through the program itself; and
- Assist in a process of cultural change where technology is embraced by a larger number of businesses.

**Approach:** To achieve this action, industry associations would need to identify at least eight champions (four from different sectors across retail and four from the hospitality and tourism industry) to work with training providers to create relevant and customised short courses on key technological and customer service capabilities potentially including:
- Website design and development;
- Marketing with an emphasis on online and social media platforms;
- Point of sale systems;
- Clarity of communication (particularly when dealing with people from different cultures); and
- Adaptability to different working environments.

Industry champions would work with training providers including but not limited to Federation Training due to its presence across the region, to develop course content. Training providers would be identified with the ambition of covering the main population centres of Gippsland. Industry champions would continue liaising with training providers throughout the initial delivery of the course, and formally evaluate the course outcomes following the first year of implementation.

**Responsibility**
- Lead: Destination Gippsland
- Supporting: Training providers, VECCI, C4G and local retail trader associations (tbc)
- Governance: RDV and RDA

**Timeframe:** Short
**Resources:** Medium
**Impact:** Moderate

**Gaps addressed:**
- The shift to online retail may change the skills required of the retail workforce
- The willingness of Latrobe Valley workers to undertake shift work is not being fully utilised nor explored in other locations across Gippsland
- Small businesses reluctant to change and do not understand reasons for their success/failure
- Management and owner skillsets need to be addressed/improved

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### Action 6 – Establish a retail internship program

**Objective:** To address productivity issues within the retail sector. Developing a program that offers these workers a variety of rotation internships across the sector has the potential to address this concern in two separate ways:
- Developing a wide range of skills among those in the industry; and
- Attracting younger workers with greater capability due to the variety of experiences this program would offer.

Improving the capability of younger workers also has the potential to indirectly influence the ability for businesses to embrace change in a more substantive way. Given a large percentage of the industry is young, improving the standard of these workers can profoundly change the industry's openness to innovation.

**Approach:** To achieve this action, industry associations would work with retail employers to consider opportunities to develop a program that would offer a substantial number of students (approximately 100 per year) in relevant local training courses (i.e. business services, or industry relevant courses) a role in their organisation for a period between 3-6 months, before transitioning to another champions' businesses.

Each intern would be exposed to three different retail businesses to provide a breadth of experiences, with a focus on developing business requirements and technological capability. Depending on interest from industry, multiple businesses could be involved, and allow interns to select their preferred businesses. This would add further demand for the program.

Initially, Jim Radford (Image Direct) will work to identify a relevant industry association to lead the implementation of this action.

**Responsibility**
- Lead: Jim Radford
- Supporting: Training providers
- Governance: RDV and RDA

**Timeframe:** Medium
**Resources:** High
**Impact:** Low

**Gap addressed:**
- Low work productivity from some younger workers

---

*This action is relevant to both the ‘Retail’ and ‘Hospitality and Tourism’ industries, and therefore has been applied across both sectors. It is anticipated that these industries will work together to achieve this action.*
Almost all other industries are reliant on the construction industry building their infrastructure and the industry’s success is strongly linked to population growth, combined with committed local investment. Building and construction companies are primarily small enterprises and their ability to invest in the skills development of their workforce is dependent on their success locally.

In looking towards the future state, key stakeholders indicated a need for a significant upturn in infrastructure and building projects in the region, with increased local government support and quicker approval times. In addition, stakeholders are keen to see increased opportunities for apprenticeships, as well as high end technically advanced skills, resulting in a, stable, qualified and reliable workforce.

The Gippsland region faces shortages in relation to professional and white collar employees, including leaders and project managers. The improved viability of the sector will be essential to attracting new skills into the region.

The consultation process also identified that volume builders are generally less likely to invest in learning and development opportunities in their staff, and that further skills development can occur in engineering initiatives in pre-fabrication and sustainable building methods. The current workforce lacks technical and general employability skills particularly in relation to customer service which is common across the priority industry groups.

### Gaps experienced and associated actions

(Cross-industry gaps are identified in purple)

- **Volume builders are less likely to invest in learning and development opportunities in their staff**
- **The percentage of locally trained builders can be improved**
- **Workforce development can occur in engineering initiatives in pre-fabrication and sustainability**
- **Current training does not sufficiently develop technical and general employability skills such as customer service**
- **Increased rate of subcontracting, reducing learning and development opportunities**

### Action plans

#### Actions – Building and Construction

**Action 7**

Develop a local procurement policy

**Action 8**

Develop skills in pre-fabricated and sustainable construction
Action plans

Actions – Building and Construction

Action 7 – Develop a local procurement policy

Objective: To support the building and construction industry to build its experience and capabilities in delivering larger projects, and allow businesses to invest in the skills and capabilities of their teams. A key driver for successful workforce planning and development in the building and construction industry is a steady pipeline of projects, a significant portion of which would be driven by local government:
- Direct: increase the proportion of local government expenditure on the Gippsland building and construction workforce; and
- Indirect: increase local building and construction businesses’ investment in their workforce.

Approach: This action proposes that all councils in the Gippsland region enhance their procurement policies for building and construction services which requires a significant proportion of the service delivery to be conducted by locally owned businesses similar to the requirements in place under the Ballarat Industry Participation Project (BIPP).

Local government authorities would work together to enhance and improve their procurement policies for public building and construction to focus spending on the local workforce. As part of the BIPP project the City of Ballarat offered free tender writing workshops to local businesses to help them learn how to prepare winning tenders and provides the resources to enable businesses outside of the local area to build local content into their bids and facilitates local consortium work. These elements would be considered as part of this action.

Responsibility

Lead Stakeholder: Gippsland Procurement Group
Supporting Stakeholders: Master Builders Association Victoria, Housing Industry Association, other local councils
Governance: RDV and RDA

Timeframe: Medium-term
Resources: Low
Impact: High

Gaps addressed:
- Volume builders are less likely to invest in learning and development opportunities in their staff
- The percentage of locally trained builders can be improved

Action 8 – Develop skills in pre-fabricated and sustainable construction

Objective: to position the Gippsland building and construction workforce for future opportunities, building on its existing strengths in pre-fabricated and sustainable building methods:
- Direct: build local skills in pre-fabricated and sustainable construction; and
- Indirect: position the region to deliver services more broadly across Victoria.

Approach: The building and construction industry in Gippsland, led by the Master Builders Association Victoria and/or Housing Industry Association, would work with training providers to develop skill sets and competencies specifically for pre-fabricated and sustainable construction. This would include cooperation with existing companies e.g. the Wonthaggi based ecoliv Sustainable Buildings, which is building prefabricated homes to meet state-wide demand.

To do this, the Master Builders Association Victoria would convene a forum of approximately 10 members, incorporating local training providers, companies delivering these pre-fabricated products as well as the workforce itself to identify how best to deliver these skills to the current workforce. This may involve:
- the development of short courses, forums, seminars or networking opportunities
- working in collaboration on larger projects,
- the development of specific modules to be integrated in current training delivered within the region; and
- work placement opportunities.

The forum can also provide a platform for general industry information sharing.

Responsibility

Lead Stakeholder: Master Builders Association Victoria
Supporting Stakeholders: Federation Training, other local training providers*, local building and construction companies^, industry workforce
Governance: RDV and RDA

Timeframe: Medium-term
Resources: Low
Impact: Low

Gaps addressed:
- Workforce development can occur in engineering initiatives in pre-fabrication and sustainability

* Apprenticeships Group Australia, Builders Academy Australia, GoTAFE, CFMEU Education and Training
^ ecoliv in Wonthaggi, Anchor Homes in Stratford/Sale, ArchiBlox in Wonthaggi, ModHouse in Cowes, Clifton Mobile Homes in Bairnsdale

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The Agribusiness, Timber and Forestry sector faces an ongoing shortage of skilled labour, as well as difficulties accessing workers for the seasonal peak periods in the industry.

The agribusiness, timber and forestry industries collectively constitute the third largest employer in the Gippsland region, contributing around 11 per cent of the GRP, directly employing over 10,000 people and generating an estimated 16,000 jobs. The agribusiness industry centres around dairy, beef, fruit and vegetable production, and timber and forestry is focussed around large-scale industrial plantations. These industries are currently projected to experience employment decline over the next three years, however this may be partly explained by the transition to a leaner and more agile, rather than resource and labour intensive, profile. The increasingly high-tech nature of the industry is also beginning to demand technician-level jobs which may become more chronic as this trend progresses. Key issues identified include:

- Skilled labour shortages continue to constrain the potential of industry. While skilled migration and the Seasonal Worker Program are both valuable strategies, there are additional solutions that need to be explored;
- Local Gippsland employers have reported seasonal skills shortages of labourers, machine operators and drivers, and chronic shortages of managers and machine operators and drivers; and
- At a national level, there are emerging skills requirements in para-professional and technician-level job roles in response to the need for deeper knowledge and higher level skills in sustainable practice, water management and irrigation, precision agriculture, animal performance, breeding and nutrition.

<table>
<thead>
<tr>
<th>Gaps experienced and associated actions</th>
<th>(Cross-industry gaps are identified in purple)</th>
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</thead>
<tbody>
<tr>
<td>Local people are not preferred for seasonal work</td>
<td>There is a need for greater specialist training</td>
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<tr>
<td>Limited availability of support services to assist migrants in Gippsland</td>
<td>Preparedness for sustainability and automation challenges</td>
</tr>
<tr>
<td>Skills associated with collaboration, innovation and entrepreneurship need to be strengthened</td>
<td>Ageing workforce and succession planning</td>
</tr>
<tr>
<td>Recruitment of middle to senior level staff can be difficult</td>
<td>The workforce can improve its cultural competency as it seeks to engage with Asia</td>
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**Actions**

**Action 9**
- Use the innovation precinct as an agribusiness hub

**Action 10**
- Create practical internship opportunities

**Action 11**
- Build cross-cultural engagement

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1. IWG Minutes: Agribusiness, Phase 1
2. Industry Overview: Agribusiness, Phase 1
3. Environmental Scan: Agrifood, 2014
4. Ibid
Action plans
Actions – Agribusiness, Timber and Forestry

Action 9 – Use innovation precinct as an agribusiness hub

Objective: This Action seeks to address the current shortage of skilled labour in the sector by attracting, developing and retaining agribusiness sector talent. The establishment of the Latrobe Valley education and innovation precinct* with a regional hub and spoke model will support technological advancements in key agribusiness sectors.

Approach: The planned Latrobe Valley education and innovation precinct*, which has been flagged as including an agri-business/technology focus, would provide a platform for technological advancements and innovation. This would enable an education platform that develops industry knowledge and skillset levels for now and into the future, encourages collaboration, innovation and entrepreneurism among the sectors. Technological advancements would also serve in food science, new product development, value-adding, product control, quality assurance and other areas linked to food and agricultural production and processing.

RDV would work with Federation University and key stakeholders to lead policy development for the integration of the agribusiness hub into the planning of the precinct.

The stakeholders identified would work in collaboration to build programs of work that continually build new capabilities within the agribusiness workforce. This would be achieved with initiatives where educational institutes work with industry to develop fit for purpose training and education modules that are continually improved to maintain an advancing workforce skills base.

Responsibility
Lead Stakeholder: East Gippsland Food Cluster
Supporting Stakeholders: Agribusiness Gippsland, agribusiness Industry and education providers
Governance: RDV and RDA

Timeframe: Medium
Resources: Low
Impact: High

Gaps addressed:
- There is a need for greater specialist training
- Preparedness for sustainability and automation challenges
- Skills associated with collaboration, innovation and entrepreneurship need to be strengthened

Action 10 – Create practical internship opportunities

Objective: This Action seeks to attract potential new workers in the agribusiness sector to the Gippsland region by offering practical work experience and internship opportunities to university students from metropolitan institutions undertaking food technology and agricultural science.

Approach: Partnerships would be established between local small-medium sized firms and universities offering courses in food technology, agribusiness business management and agricultural science fields of education. RDV would act as a relationship broker, linking interested firms with relevant universities.

These partnerships would be used to enable students to undertake internships in relevant industries within the Gippsland region, and have the potential to attract a new generation of workers to the region.

Responsibility
Lead Stakeholder: Agribusiness Gippsland
Supporting Stakeholders: East Gippsland Food Cluster, agribusiness employers, targeted universities and DET
Governance: RDV and RDA

Timeframe: Medium
Resources: Low
Impact: Moderate

Gaps addressed:
- Ageing workforce

*Title and location of the Latrobe Valley education and innovation precinct is yet to be determined.
**Objective:** To support Agribusiness, Timber and Forestry businesses looking to expand their operations and/or build export markets by building their cross-cultural engagement capacity, and support their international reach by leveraging existing Victorian Government networks into key markets through the Victorian Government Business Offices (VGBO).

**Approach:** The Southern Metropolitan Region VGBO to jointly identify which of the priority industries could most benefit from cross-cultural engagement skills, and to identify existing programs that improve awareness and understanding of relevant export market cultures that could be rolled out in the Gippsland region.

RDV would then support ‘communities of practice’ among Gippsland industries seeking to expand their operations into international markets, enabling the sharing of experiences, practical information and market intelligence. Through these communities of practice, RDV could also support access to relevant cultural awareness programs.

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Timeframe: Medium</th>
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<tbody>
<tr>
<td><strong>Lead Stakeholder:</strong> Agribusiness Gippsland</td>
<td><strong>Resources:</strong> High</td>
</tr>
<tr>
<td><strong>Supporting Stakeholders:</strong> VGBO, East Gippsland Food Cluster, Gippsland industry partners</td>
<td><strong>Impact:</strong> Moderate</td>
</tr>
<tr>
<td>Governance: RDV and RDA</td>
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**Gap addressed:**
- The workforce can improve its cultural competency as it seeks to engage with Asia.
The manufacturing industry is one of the largest employers in Gippsland at 8.9 per cent of the population, however only 2,625 of these fall within advanced manufacturing. Employment in advanced manufacturing decreased by 337 jobs between 2006 and 2011, while the broader industry is anticipated to reduce further in the period to 2031. While 84 per cent of the workforce was employed full time in 2011, this represents a decrease of 7.7 per cent compared with 2006. The total workforce has decreased by 6.8 per cent in this time. Advanced manufacturing related course enrolments accounted for 0.6 per cent of total region enrolments. There has been a decrease of 22 per cent in Advanced Manufacturing related enrolments compared to 2013.

The industry also generates substantial component of Gippsland trade, with 16.1 per cent of exports and 34.9 per cent of imports related to manufacturing. Phase 1 of the Gippsland Regional Workforce Plan identified advanced manufacturing as a key growth area for the region, citing that it can offer support for the power generation sector, and specialised operations in agriculture, aircraft manufacturing and paper production.¹ The broader manufacturing sector is the source of a substantial component of the imports to the region, creating opportunities for the industry to provide value-added products to others in the region. Total imports for the Gippsland region were estimated to be $11.1 billion in 2011-12. In the same period, the manufacturing sector had the largest imports in the region (34.9 per cent).²

1. Industry Overview: Adv Manufacturing, Phase 1
2. GRWP Regional Workforce Report and Economic Profile, Phase 1

Gaps experienced and associated actions
(Cross-industry gaps are identified in purple)

- Workers with specialised skills prefer Melbourne, undermining and reducing incentives to invest in skills
- Increased levels of automation require workers with different skills
- Skills associated with collaboration, innovation and entrepreneurship need to be strengthened
- Ageing workforce and succession planning
- Increased rate of subcontracting, reducing learning and development opportunities

Action 12
Develop an industry network

Action 13
Align training with workforce demand
### Action 12 – Develop an industry network

**Objective:** This action seeks to build partnerships between local advanced manufacturing employers and education and training providers to ensure students are equipped with the right mix of skills and capabilities to meet the demands of industry.

**Approach:** Under this Action, local advanced manufacturing employers would engage closely with education and training providers (including but not limited to Federation University, Federation Training and secondary schools; the Beacon Foundation can also be considered). These partnerships would work to ensure that course content and delivery models reflect current industry requirements.

The consultation findings highlighted a skills gap in the advanced manufacturing sector, driven by the changing nature of work as the industry transitions from mass-manufacturing, to specialised and increasingly automated advanced manufacturing.

Once these relationships have developed, industry could also consider offering placements to university tutors/secondary school teachers to give them a better understanding of what skills are needed in the region. This has been trialled previously and been reported as a successful endeavour.

RDV would act as a relationship broker between local advanced manufacturing employers and education and training providers, supporting employers to actively engage and provide input to the development of relevant programs and content. Local employers can be drawn from those participating in Action 17.

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Lead: Industry</th>
<th>Support: DET and education providers</th>
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<tbody>
<tr>
<td>Governance</td>
<td>RDV and RDA</td>
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<tr>
<td>Timeframe</td>
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<td>Impact</td>
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</tbody>
</table>

**Gap addressed:**
- Workers with specialised skills prefer Melbourne, undermining and reducing incentives to invest in skills
- Increased levels of automation require workers with different skills

### Action 13 – Align training with workforce demand

**Objective:** This action seeks to ensure advanced manufacturing businesses in the area are collaborative, that relevant information is exchanged, and that there is a mechanism to ensure that businesses have access to leading practice examples to inform their operations.

**Approach:** Currently, the Latrobe City Council coordinates a Latrobe Manufacturing Network, which has been noted as a popular way for industry members to collaborate in the Valley. Under this action, this network would be broadened to a region-wide initiative, facilitating participation from each of the other LGAs in Gippsland.

In order to achieve this, RDV would need to work with Latrobe City Council to scale their model, and use their network to invite other businesses. Critically, the topics of the network meetings would need to be targeted at key areas of consideration, to ensure the group is effective. Stakeholders suggest particularly relevant topics would include:

- Discussion of how to form a skills cluster in Gippsland, and what kinds of organisations are required to prosper to facilitate such a cluster;
- Employability of staff (which will also be addressed in Action 14)
- Relevant industry trends/developments (similar to the role Patties Food noticeboard plays for food manufacturing/technology)

Industry suggests another potential benefit of this arrangement would be a greater awareness of the other advanced manufacturing organisations in the region, which can enable employees to move in between Gippsland businesses rather than immediately look to Melbourne for opportunities.

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Lead: Latrobe City Council</th>
<th>Support: Industry members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>RDV and RDA</td>
<td></td>
</tr>
<tr>
<td>Timeframe</td>
<td>Short</td>
<td></td>
</tr>
<tr>
<td>Resources</td>
<td>Medium</td>
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<tr>
<td>Impact</td>
<td>Moderate</td>
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</tr>
</tbody>
</table>

**Gap addressed:**
- Workers with specialised skills prefer Melbourne, undermining and reducing incentives to invest in skills
Despite adding the highest gross value of any industry in 2014, National Economics and the former DSDBI found that the sector will experience a decline in Gippsland to 2031 as the region’s economy transitions away from brown coal. In this context there has been limited training and workforce development activity in relation to energy and mining within the region.

In terms of the current workforce profile, those who are employed in the industry are mostly permanent staff earning a higher than average wage. The workforce in the energy and mining sector is small relative to other industries (approximately 1,000 people) and a large proportion is over-45 (59 per cent).

The consultation process identified three main gaps for the industry related to its current workforce. Firstly there is a need for a stronger pipeline of professional, skilled, full-time employees. Secondly, there are limited training opportunities in relation to energy and mining and there is a need to engage the next generation in the opportunities offered in this sector. And thirdly, in a related issue, many students interested in studying relevant courses leave to study in Melbourne and do not necessarily return to the Gippsland region to work.

### Gaps experienced and associated actions
(Cross-industry gaps are identified in purple)

<table>
<thead>
<tr>
<th>Gap</th>
<th>Action 14</th>
<th>Action 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>A need for additional professional, skilled, full-time employees</td>
<td>Develop dynamic picture of skills needs</td>
<td>Develop model for a dedicated career service</td>
</tr>
<tr>
<td>Limited training opportunities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Many students interested in studying relevant courses leave to go to Melbourne</td>
<td></td>
<td></td>
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<tr>
<td>Ageing workforce and succession planning</td>
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</table>
### Action 14 - Develop dynamic picture of skills needs

**Objective:** This action seeks to identify the future skills and capabilities in energy and mining sector, assess the skills gap for the sector, and to adapt the educational offerings in the area to build the pipeline of qualified workers required by the emerging needs of the energy and mining sector as they transition.

**Approach:** Based on analysis of the future skills needs of the sector, Federation University, working closely with industry, would undertake a survey of skills of the energy and mining workforce to form a ‘skills matrix’. This survey would need to be undertaken on a regular basis in order to provide a dynamic, rather than point-in-time picture of industry skills needs as the industry transitions. This information would be used to:

- identify skills gaps and training opportunities including through recognition of prior learning for current workers (e.g. for asbestos removal, site remediation);
- attract investment for emerging skills needs;
- identify workers with specific skills who can train others; and/or
- provide opportunities for workers to retain and renew their skills.

Established and emerging energy businesses would engage with Federation University based on the findings of this research to refresh educational offerings in response to the needs of the industry on a rolling basis. This would not only build the local skills base but also support the transition of the industry from power generation to broader uses of the region’s natural resources.

Skills needs should be strongly focused on the future state of the industry. This is reflective of a strong demand for current vacancies in the industry, as well as a transition away from brown coal in the short to medium term.

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Timeframe</th>
<th>Impact</th>
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</thead>
<tbody>
<tr>
<td>Lead: Federation University</td>
<td>Medium</td>
<td>Moderate</td>
</tr>
<tr>
<td>Supporting: Employers within the energy and mining sector and workforce/unions</td>
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<tr>
<td>Governance: RDV and RDA</td>
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</tbody>
</table>

**Gaps addressed:**
- A need for additional professional, skilled, full-time employees
- Limited training opportunities
- Many students interested in studying relevant courses leave to go to Melbourne

### Action 15 - Develop model for a dedicated career service

**Objective:** This action seeks to identify the best model to provide relevant information to current energy and mining workers impacted by the industry’s transition. This information would include potential pathways into other industries, access to other professionals who have made the transition, as well as expectation management for working conditions.

**Approach:** As has occurred in other industries as they transition away from industries in transition and decline, RDA/DET would work with industry leaders (including local committees considering economic development and transition) to develop the model for a dedicated careers advisory service for energy and mining workers.

The service model would potentially engage experienced energy and mining sector professionals with an understanding of the specific skill sets of the workers they are supporting and knowledge of other sectors where these skills would be a good fit. The service would require strong linkages with local education and training providers and dedicated funding.

The development of this Action would need to be coordinated with the work on the Latrobe Valley Transition Plan.

Once the model has been developed, it could potentially be extended to other industries that are also declining in size, to redirect workers into growth industries for the region.

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Timeframe</th>
<th>Impact</th>
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</thead>
<tbody>
<tr>
<td>Lead: RDA</td>
<td>Short</td>
<td>High</td>
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<tr>
<td>Supporting: DET, industry/employers, education and training providers</td>
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<tr>
<td>Governance: RDV and RDA</td>
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**Gap addressed:**
- Many students interested in studying relevant courses leave to go to Melbourne
The proposed actions are presented below with a high-level assessment of effort (time and resources required) and impact. This assessment identifies actions that can potentially be implemented immediately, likely impact on the Gippsland workforce (i.e. the extent to which an action creates the necessary pre-conditions for an identified gap to be addressed; partially addresses an identified gap; or fully addresses an identified gap), and resourcing implications – i.e. the requirement for either staff or funding to support implementation. Three categories have been used in relation to implementation time frames:

- **Short-term**: implementable in the next 6-12 months;
- **Medium-term**: implementable in the next 2-3 years; and
- **Long-term**: implementable in 3+ years.

### Initiative implementation timeframe, resourcing implications and impact

<table>
<thead>
<tr>
<th>Action</th>
<th>Implementation timeframe</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Extend the ‘Broadening Horizons’ program</td>
<td>Short-term</td>
<td>Low</td>
</tr>
<tr>
<td>2. Expand work placements</td>
<td>Short-term</td>
<td>Low</td>
</tr>
<tr>
<td>3. Deliver allied health courses in Gippsland</td>
<td>Short-term</td>
<td>High</td>
</tr>
<tr>
<td>4. Develop education and training pathways</td>
<td>Short-term</td>
<td>High</td>
</tr>
<tr>
<td>5. Improve technology and customer service training</td>
<td>Short-term</td>
<td>High</td>
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<tr>
<td>6. Establish a retail internship program</td>
<td>Short-term</td>
<td>High</td>
</tr>
<tr>
<td>7. Develop a local procurement policy</td>
<td>Short-term</td>
<td>High</td>
</tr>
<tr>
<td>8. Develop skills in pre-fab and sustainable construction</td>
<td>Short-term</td>
<td>High</td>
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<tr>
<td>9. Use innovation precinct as an agribusiness hub</td>
<td>Short-term</td>
<td>High</td>
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<tr>
<td>10. Create practical internship opportunities</td>
<td>Short-term</td>
<td>High</td>
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<tr>
<td>11. Build cross-cultural engagement</td>
<td>Short-term</td>
<td>High</td>
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<tr>
<td>12. Develop an industry network</td>
<td>Short-term</td>
<td>High</td>
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<tr>
<td>13. Align training with workforce demand</td>
<td>Short-term</td>
<td>High</td>
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<tr>
<td>14. Develop dynamic picture of skill needs</td>
<td>Short-term</td>
<td>High</td>
</tr>
<tr>
<td>15. Develop model for dedicated career service</td>
<td>Short-term</td>
<td>High</td>
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</tbody>
</table>

### Action plans

1. Extend the ‘Broadening Horizons’ program
2. Expand of work placements
3. Deliver allied health courses in Gippsland
4. Develop education and training pathways
5. Improve technology and customer service training
6. Establish a retail internship program
7. Develop a local procurement policy
8. Develop skills in pre-fab and sustainable construction
9. Use innovation precinct as an agribusiness hub
10. Create practical internship opportunities
11. Build cross-cultural engagement
12. Develop an industry network
13. Align training with workforce demand
14. Develop dynamic picture of skill needs
15. Develop model for dedicated career service

These actions are recommended for immediate consideration as a package of initiatives to better support the sector.

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Below is a diagram that demonstrates the lead stakeholder for all actions listed. As shown, responsibility is divided across all primary stakeholders, however industry is either leading or supporting implementation of 12 of the 15 actions, demonstrating the importance of engaging local champions in this plan. Education providers are also involved in 12 of the actions suggesting these organisations, and particularly Federation University/Training, need to be strongly sponsor this plan as well. RDV and RDA will provide assistance on an as needs basis in the implementation of the actions, and play a critical role in the governance of implementation.

<table>
<thead>
<tr>
<th>Action Plans</th>
<th>Implementation – Leadership and Support</th>
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<tbody>
<tr>
<td>Lead Stakeholder</td>
<td>Industry associations</td>
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<td>5</td>
<td>8</td>
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<td>9</td>
<td>10</td>
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<tr>
<td>11</td>
<td></td>
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<tr>
<td>Supporting Stakeholders</td>
<td>Industry associations</td>
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<td>1</td>
<td>2</td>
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<td>7</td>
<td>9</td>
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Appendix 1: Full current state analysis
## Strengths
- **The sector is growing steadily** with an increase of 7.4 per cent of the occupations within the industry between 2006 and 2011.3
- This trend is likely to continue considering the **ageing population and increasing demand** for health services, aged care and disability support. The proportion of people aged 65 or over is forecast to increase from 18 per cent to 30 per cent over the next 30 years.4
- There has been **strong enrolment growth** in government-subsidised training with an increase of 21.7 per cent in Health, Aged Care and Community Services related courses between 2013 and 2014.3
- At the national level, **workforce planning and development activities** have supported the attraction and retention of appropriately skilled workers.5

## Weaknesses
- Members of the Industry Working Group (IWG) indicate that it is **difficult to recruit well educated staff** with tertiary qualifications who have the competencies and capabilities to match the Department of Health and Human Services’ requirements.6
- There has been a **12 per cent decline in the number of traineeship enrolments** delivered between 2012 and 2014 noting that this may in part be driven by changes to government subsidies.3

## Opportunities
- Gippsland’s ageing demographic is likely to generate **increased demand for qualified employees** in the Health and Aged Care sectors, representing a potential opportunity for the region’s training system.
- There is an opportunity to **better utilise traineeships and work placements** to encourage younger workers into the area.5
- Analysis of training data and industry feedback suggests that there is considerable scope to **improve the quality and efficiency of training for VET-qualified workers** in the Community Services and Health industry.6

## Threats
- Aged Care Reforms and changes to NDIS (National Disability Insurance Scheme), HACC (Home and Community Care) and Aged Care Packages will require a **greater mix of skills** to serve the consumer directed care model that may not immediately be able to be served locally.5
- There are **ongoing challenges in encouraging people to relocate to Gippsland** to work in the industry. This is combined with a **shortage of suitably qualified local applicants**.6

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1. NIEIR, 2014
2. ABS, 2011
3. Industry Overview and Economic Profile: Health, Phase 1
4. Industry Overview: Health, Phase 1
5. Environmental Scan: Community and Health Services, 2015
6. IWG Minutes, Health: Phase 1

*Phase 1 reported this figure to be 11,953, however our revised analysis of Census data showed a figure of 12,158.*
Appendix 1: Full current state assessment

Health, Aged Care and Community Services: Employment

**Employment**

Given the ageing demographic of the Gippsland region, there has been growth in employment for the health, aged care and community services sector. With the sector adding the most jobs of any sector from 2006 to 2011 in the region, it presents as one of the key economic drivers in Gippsland. Consultations suggested that new facilities are key drivers of flow on employment in retail and hospitality. Other key findings include:

- **Strong employment growth is likely to continue** with national estimates suggesting that one in every four new jobs created between 2013 and 2018 will be in the Community Services and Health industry;¹
- Industry stakeholders have identified the following key trends in terms of employment in the health, aged care and community services industry:
  - Increased scope of support worker roles and emerging demand for care coordination roles;
  - Continuing demand for workers to develop existing skills and acquire new skills;
  - Increased demand for skills in business leadership, management and administration; and
  - Greater emphasis on technological knowledge and skills; and
- **Improving productivity is essential** if the industry is to contain the costs associated with an ageing population and will most likely require increased use of technology.²

**Retention**

Given strong prospective growth and enrolment figures in courses relevant to the industry, there is less concern regarding retention in this sector relative to others, however loss of workers (particularly at senior levels) to Melbourne is seen as an issue. Other key findings include:

- While retention of students in health, aged care and community services is not generally seen as the key issue for training in this sector, there is industry concern that some poor quality training providers may fail to develop graduates with the required practical competencies because of inadequate or inappropriate delivery methods. This ultimately results in the loss of potentially qualified students; and
- The development of practical competencies requires learning and assessment to be conducted in a combination of real workplace and simulated workplace environments. Training providers need to provide access to both of these environments equipped with industry relevant tools in order to provide relevant skills and produce work ready graduates.³

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¹ Environmental Scan: Community and Health Services, 2015
² Ibid.
³ Industry Overview: Health, Phase 1.
Appendix 1: Full current state assessment

Health, Aged Care and Community Services: Skills supply and demand

### Skills gaps

Gippsland's health, aged care and community services industry is growing, and as a consequence, there are a series of skills gaps in the workforce. This pattern is not replicated nationally, where such shortages are rare. In order to avoid future shortages, it will be important to prepare sector specific and longer term projections as part of the broader workforce planning process. Key findings include:

- There are locally reported **situational and chronic skills shortages for managerial and community and personal services roles** as well as **chronic shortages of professionals**;¹
- Specific skills gaps in this industry for the region include **leadership, technical and technological, and communications skills**;²
- At the national level, despite ongoing growth in demand for workers, **few occupations within the Community Services and Health industry are currently in shortage**. Child care workers were the only VET-qualified community services or health occupation reported to be in shortage in the latest skills shortage list, with shortages most pronounced for Diploma qualified child care workers;³
- Support workers in aged care and disability, particularly in a home and community context, are increasingly expected to have a complex mix of diverse skills. These evolving roles require an increasingly broad range of competencies, including generic foundation skills as well as more complex and service specific skills.

### Availability of local vocational & further education

There were eight Registered Training Organisations (RTOs) in Gippsland that provided courses relevant to the health, aged care and community services sector in 2014⁶. Key findings of courses available at this time include:

- There were **3,724 enrolments** in courses relevant to the sector in 2014 (36 per cent of enrolments in Certificate III and 32 per cent in Diploma);
- The key training packages offered within the Health, Aged Care and Community Services industry are Community Services and Health;
- There was a **12 per cent decline in the number of traineeship enrolments** delivered between 2012 and 2014;
- 33 per cent of trainee enrolments were students aged 15 to 19, indicating a young demographic interested in the sector;
- There has been **strong enrolment growth** in government-subsidised training with an increase of 21.7 per cent in Health, Aged Care and Community Services related courses between 2013 and 2014;⁴ and
- While there are 3,274 enrolments in Gippsland institutions, there are a total of 4,080 students that live in Gippsland receiving tertiary education. This suggests a **quarter of students are seeking education outside of the region**, most likely in Greater Melbourne.⁵

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¹ IWG Minutes: Health, Phase 1
² IWG Minutes: Health, Phase 1
³ Environmental Scan: Community and Health Services, 2015
⁴ Industry Overview: Health Aged and Community, Phase 1
⁵ Ibid.
⁶ A review of current course provision is provided from page 38.
Appendix 1: Full current state assessment

Health, Aged Care and Community Services: Opportunities and barriers

**Current opportunities for skills development**

The Community Services and Health industry will need to continuously develop its workforce in response to increased and changing demand. Key findings include:

- Increases in life expectancy, coupled with changing client preferences, are also driving demand for complex care, both in aged care and across health and community services more broadly. This will require workers in care and support roles to extend their knowledge and develop advanced and specialised skills.1

- The VET sector has the opportunity to support the Community Services and Health industry by:
  - Ensuring that training package design supports the development of transferable skills and enables existing workers to continuously develop their skills for a changing industry;
  - Engaging the full breadth of the care and support industry, including smaller sectors and service providers, in the development of industry relevant qualifications;
  - Supporting access to, and use of, industry relevant data and research in prioritising training package content for development; and
  - Working to improve the performance of training providers to ensure the delivery of quality training that meets the needs of learners and employers.2

**Current and likely barriers for skills development**

There are structural issues in the industry that limit its attractiveness, including salary and quality of training opportunities, this is reflected in consultation findings, which highlighted retention of staff (particularly at a senior level) as a key issue. Key findings include:

- Potential barriers to attracting, recruiting and retaining skilled workers include pay and conditions across the industry;

- Changes to the criteria for VET FEE-HELP eligibility and training subsidies may have an impact on the strong growth in training participation in the coming years;

- There is widespread concern in the industry about the quality of training provided by some training providers; and

- Accelerating demand and the lack of financial incentives for work placements are driving industry concerns about future capacity to provide sufficient, high-quality work placements.3

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1. Environmental Scan: Community and Health Services, 2015
2. Ibid
3. Ibid
Appendix 1: Full current state assessment

Hospitality and Tourism: Overview

As the home of Phillip Island, Wilsons Promontory, Gippsland Lakes, Alpine National Park and Ninety Mile Beach, Gippsland has a prominent presence as a tourist destination in Victoria. As a consequence of the patronage this generates for the region, there is a material hospitality sector to service both those travelling through Gippsland as well as the resident population. While this is not one of the major contributors to the GRP, the Hospitality and Tourism sector* is expected to be the third fastest growing industry to 2031 (3.5 per cent per annum).

### Industry Overview

**Strengths**
- Since 2006, the Hospitality and Tourism sector has grown by 14.2 per cent, demonstrating strong growth potential for both tourism and hospitality businesses. In total, the industry employs 7,800 people.¹
- Employment in Hospitality and Tourism is anticipated to grow 2.2 per cent per year to 2021.¹
- 64 per cent of the workforce is female, and 32.6 per cent of the industry is aged greater than 45. This means that the sector has more gender diversity, and is younger, than industries such as energy, mining and advanced manufacturing.²
- Gippsland has a number of attractions to support tourism. Phillip Island itself has received 845,000 in domestic overnight visitors alone in 2014.³

**Weaknesses**
- 21 per cent of the industry have a weekly income between $1-$199, while an additional 21 per cent have a weekly income between $400-$599. Consistent with many in the industry being part-time, the average wage is low relative to other industries.²
- As stated, the retention issues experienced region-wide and the growth of the hospitality and tourism industry has led to immediate skills issues which are not being experienced elsewhere.⁴
- Hospitality and Tourism related courses accounted for 4.1 per cent (674) of the total region’s enrolments in further education. This represents a decrease of 12.6 per cent in Hospitality and Tourism related enrolments compared to 2013.⁵

**Opportunities**
- Given hospitality and tourism is a growth industry, there are likely to be increasing employment opportunities which can give Gippsland's workforce more transferable skills.
- Given the part time nature of much of the industry, hospitality and tourism offers a way to keep the ageing population engaged in the region's economy.
- The IWG proposed to extend the high tourism season by scheduling events in the low season, which will create more full-time positions and enable greater investment in the workforce.⁴

**Threats**
- The IWG suggested there is limited support for training and work opportunities due to the seasonal nature of the business. Given employers in the region are largely small businesses also limits learning and development investment.⁴
- There is an identified deficiency in customer service and technology capability in the workforce which needs to be addressed in the immediate term.⁴
- The IWG notes that the industry has a perception of being a stepping stone to a 'real' career among younger employees, which is a challenge for retention.⁴

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¹ GRWP Regional Workforce Report and Economic Profile, Phase 1
² Industry Overview: Hospitality and Tourism
³ Tourism Victoria, Phillip Island Market Profile
⁴ IWG Minutes: Hospitality and Tourism, Phase 1
⁵ Industry Overview and Economic Profile, Hospitality and Tourism, Phase 1

* Phase 1 refers to the Accommodation and Food sector in making the forecast to 2031. KPMG have assumed this is consistent with the Hospitality and Tourism sector.
Appendix 1: Full current state assessment

Hospitality and Tourism: Employment

Employment

While the Phase 1 Regional Workforce Report and Economic Profile did not specifically give employment figures and growth rates for hospitality and tourism, a breakdown is provided by Accommodation and Food which, for the purposes of this analysis, will act as a proxy for the sector. The sector is not one of the largest contributors to Gippsland’s GRP, however there is growth anticipated in employment to 2021, which is in contrast to other main industries in the region. Other key findings include:

- The majority of **those employed in the industry have graduated from a vocational training institution**, with the sector's share of regional vocational training at 7 per cent (four percentage points lower than the Victorian average);¹
- **56 per cent of the workforce was employed part time** in 2011, an increase of 7 per cent from 2006;²
- **64 per cent of the workforce is female**, and **32.6 per cent of the industry is aged greater than 45**. This means that the sector has more gender diversity, and is younger, than industries such as energy, mining and advanced manufacturing;³ and
- **21 per cent of the industry have a weekly income between $1-$199, while an additional 21 per cent have a weekly income between $400-$599. Consistent with many in the industry being part-time, the average wage is lower relative to other industries.**⁴

Retention

The hospitality and tourism industry generally is growing and, as a consequence, is creating more employment opportunities. Despite this, there are shortages and retention issues similar to those appearing in other industries. The combination of strong growth and retention issues can cause skill shortages, which was reported by 58 per cent of participants in the hospitality and tourism sector IWG.

- Since 2006, the hospitality and tourism sector grew by 14.2 per cent, demonstrating **strong growth potential for both hospitality and tourism businesses**. In total, the industry employs 7,800 people;⁵
- **Employment in hospitality and tourism is anticipated to grow 2.2 per cent per year to 2021,**⁶
- There was **some reliance on 457 visa holders to work in the industry**, with the IWG suggesting that they have a strong attitude and motivation. The IWG also reported that due to the seasonal nature of tourism, the visa holders can leave their workplace without the understanding that the job will be available again next season;⁷ and
- The **IWG noted that there is some concern with 'unfriendly' hours in the tourism and hospitality industry**, as well as career progression perceptions, that make the industry less attractive.

¹. GRWP Regional Workforce Report and Economic Profile, Phase 1
². Industry Overview: Hospitality and Tourism
³. Ibid.
⁴. Ibid.
⁵. GRWP Regional Workforce Report and Economic Profile, Phase 1
⁶. Ibid
⁷. IWG Minutes: Hospitality and Tourism, Phase 1
Appendix 1: Full current state assessment
Hospitality and Tourism: Skills supply and demand

Skills gaps

The IWG identified a broad range of capability gaps that exist in the sector, including:

- Chronic issues associated with staff in administration, management, labourers, professionals and sales;¹
- As stated, the retention issues experienced region-wide and the growth of the hospitality and tourism industry has led to immediate skills issues which are not being experienced elsewhere;²
- Capability gaps are also widespread, including leadership, technology, communication, attitude and training;³
- Growth occupations within the industry have been identified to be IT development, people development, internal relations managers among others;⁴ and
- Service Skills Australia suggests employees need to be trained in cultural awareness as tourism increasingly gears toward Asia.⁵

Availability of local vocational & further education

There are seven RTOs operating in Gippsland that offer courses relevant to hospitality and tourism, giving those in the region a variety of options to choose from for their training.⁶ These institutions are Federation Training, Worksafe Training Centre, Training for Work, Community College Gippsland, Bass Coast Adult Education, Complex Training Academy and ACE Training. They are located across the region and offer industry relevant training packages: Tourism, Travel and Hospitality; Hospitality; and Tourism.

Further findings include:

- Hospitality and Tourism related courses accounted for 4.1 per cent (674) of the total region's enrolments. However, there has been a decrease of 12.6 per cent in Hospitality and Tourism related enrolments compared to 2013;⁷ and
- Key takeaways of the enrolments in the industry include:⁸
  - 67 per cent of enrolments are in Certificate III courses;
  - 24 per cent increase in Apprentice enrolments over the last two years;
  - 28 per cent of Traineeship enrolments in Gippsland are by students aged 20 to 24; and
  - 29 per cent decrease of Traineeship enrolments delivered over the last two years.

- While there are 674 enrolments in Gippsland institutions, there are a total of 957 students that live in Gippsland receiving tertiary education. This suggests a third of students are seeking education outside of the region, most likely in Greater Melbourne.⁹

¹ IWG Minutes: Hospitality and Tourism, Phase 1
² Ibid.
³ Ibid.
⁴ Ibid.
⁵ Environmental Scan: Skills Australia, 2015
⁶ A review of current course provision is provided on slide 35
⁷ Industry Overview and Economic Profile, Hospitality and Tourism, Phase 1
⁸ Ibid.
⁹ Ibid.
Appendix 1: Full current state assessment

Hospitality and Tourism: Opportunities and barriers

Current opportunities for skills development

As the hospitality and tourism industry is one of the major employers in the Gippsland region, industry growth will lead to strong opportunities for skills development. The following were identified as key growth opportunities:

- Given hospitality and tourism is a growth industry, there is likely to be increasing employment opportunities which can give Gippsland's workforce more transferable skills. Phillip Island itself has received 545,000 visitors in 2015, with the rest of Gippsland receiving 916,000. This represents a per annum increase of 2.8 per cent and 1.9 per cent respectively since 2010.¹
- Given the part time nature of much of the industry, hospitality and tourism offers a way to keep the ageing population engaged in the region's economy;²
- The IWG proposed the creation of Tourism hubs throughout Gippsland where skill development and training can be shared, maximising its impact. This would support workforce development and increase the sophistication of the industry. Given that some of Gippsland's more prominent tourism destinations are in close proximity to the city, these sites could take priority given their greater scope for growth;³ and
- The IWG also proposed to extend the high tourism season by scheduling events in the low season, which will create more full-time positions and enable greater investment in the workforce.⁴

Current and likely barriers for skills development

A number of issues exist in the growth of the hospitality and tourism industry, as well as the skills of the workforce that supports the industries. Key findings include:

- The IWG suggest there is limited support for training and work opportunities due to the seasonal nature of the business. Given that employers in the region are largely small business also limits learning and development investment;⁵
- There is an identified deficiency in customer service and technology capability in the workforce which needs to be addressed in the immediate term;⁶
- The IWG notes that the industry has a perception of being a stepping stone to a 'real' career among younger employees, which is a challenge for retention;⁷ and
- The IWG also suggested that the attitude of some workers is poor, which has produced a reliance from some businesses on 457 visa holders. This is also linked to the perception of ‘unfriendly’ hours in the industry.⁸

¹. IWG Minutes: Hospitality and Tourism, Phase 1
². Ibid.
³. GRWP Regional Workforce Report and Economic Profile, Phase 1
⁴. IWG Minutes: Hospitality and Tourism, Phase 1
⁵. Ibid.
⁶. Ibid.
⁷. Ibid.
⁸. Ibid.
Appendix 1: Full current state assessment

Retail: Overview

The retail industry is strongly dependent on the other focus industries identified throughout Gippsland. The greater the economic activity in the region, the more demand there is for a range of retail services. The industry has the third largest number of businesses of any industry in Gippsland, with 1,350 businesses operating in the region (11.75 per cent of the total).\(^1\) They are also the second largest employing industry in the region, employing 12.1 per cent of the working population.\(^2\)

### Industry Overview

**Strengths**
- **Retail is the second largest employing industry**, providing jobs for 12.1 per cent of the working population in Gippsland.\(^2\)
- The largest age segment of the workforce is between 15-19 years, while 63.3 per cent of the industry is aged under 45, making retail a main employer of the younger population in Gippsland.\(^3\)
- 61.1 per cent of the workforce is female, demonstrating strong gender diversity compared with large regional industries such as mining and energy, manufacturing and agribusiness.\(^3\)
- According to the IWG, retail with a stronger interface with tourism will experience stronger growth given the expectations on the tourism industry.\(^4\)

**Opportunities**
- There is scope for building internal capability within the industry to train their staff. This includes setting up a structure to enable collaboration between all retail stakeholders to coordinate improved knowledge sharing.\(^4\)
- Investment in a program to familiarise business owners with the opportunities in online retail may reduce the current resistance to adopting a website platform. This will enable business owners to capitalise on the digitally-savvy skills of younger employees.\(^4\)
- The Industry Skills Fund may make programs more viable for RTOs as well as allowing business to invest in their employees.

**Weaknesses**
- The transition to online retail will potentially lead to a shift in skills required, with capabilities such as data analysis, process mapping and social media management all cited by the retail IWG as likely to be particularly relevant.\(^4\)
- 41 per cent of those employees in the industry had a comparably low weekly income between $400-$799 in 2011, consistent with the high percentage of inexperienced and part-time participants in the industry.\(^3\)
- There are concerns regarding the viability of course delivery given the low number of enrolments in training relevant to retail.\(^4\)

**Threats**
- There is a material decline in the enrolments at Registered Training Organisations (RTOs) with training relevant to retail, which indicates that employees are relying on receiving on-the-job training.\(^3\)
- There is a perception that jobs in the retail industry do not provide long term career opportunity. The industry is seen as providing entry level jobs which enable people to move on to higher skilled roles as they acquire training and job experience. This will lead to consistent retention issues for the industry.\(^4\)
- Given retail's reliance on other industry growth, its ability to prosper is confined by the success of other industries.
Appendix 1: Full current state assessment
Retail: Employment

Employment
Retail is the second largest employing industry, providing jobs for 12.1 per cent of the working population in Gippsland. Despite this, it is not one of the primary contributors to the GRP. Other key findings include:

- 55 per cent of the workforce were sales workers in 2011. While this represents a decrease since 2006, this high percentage may be a concern for those in the industry who seek career progression;¹
- The largest age segment of the workforce is between 15-19 years, while 63.3 per cent of the industry is aged under 45, making retail a main employer of the younger population in Gippsland;²
- 41 per cent of those in the industry had a comparably low weekly income between $400-$799 in 2011, consistent with the high percentage of inexperienced and part-time participants in the industry;³ and
- 61.1 per cent of the workforce is female, demonstrating strong gender diversity compared with industries such as mining and energy, manufacturing and agriculture.⁴

Retention
The retail sector is expected to experience modest growth in gross output from 2011 to 2031, largely as a consequence of population growth creating a greater demand.⁵ As an industry that generally experiences a high level of turnover, retention is a common problem for retail traders, and thus many have high turnover rates built into their operations. The retail IWG identified the following as prominent in Gippsland:

- There is some scope for learning and development to build retention levels, particularly regarding the ability to upsell, close a sale and build on relationships. However, businesses in the region tend not to invest much in these programs;⁶
- The IWG suggests that the industry sees the rise of online retail as a threat more than an opportunity, and is seen as a prospective major disruption for the workforce;⁷
- According to the IWG, retail with a stronger interface with tourism will experience stronger growth given the expectations on the tourism industry;⁸ and
- Businesses have identified that locals training and motivating other locals is a strong method to developing capability. This includes networking events such as Business Breakfasts, Champions of the Bush and other similar forums.⁹
Appendix 1: Full current state assessment

Retail: Skills supply and demand

**Skills gaps**

The retail IWG identified a broad range of capability gaps that exist in the sector. Particularly relevant to these skills gaps is the high level of turnover, that leads to consistent deficiencies as the workforce shifts into other industries. Key findings include:

- Issues associated with staff in administration, management and professionals;¹
- **The transition to online retail will lead to a shift in skills required**, with capabilities such as data analysis, process mapping and social media management all cited by the retail IWG as likely to be particularly relevant;²
- While businesses have previously recruited and rewarded employees based on their diligence at performing their tasks, the IWG believed that retail should look for more innovative people. This would enable them to position themselves better for the management of digital threats;³ and
- Skills Services Australia suggest that the modern consumer is particularly discerning about a positive shopping 'experience', and the IWG believes that customer service and good communications skills need to be a focus of skills development.⁴

**Availability of local vocational & further education**

There are three RTOs operating in Gippsland that offer courses relevant to the retail sector, giving those in the region limited options for their training. These institutions are William Angliss Institute, Federation Training and McDonalds Australia that offer the training packages of Retail or Retail Services⁵. Further findings include:

- Retail services related course enrolments accounted for 0.8 per cent (131) of total region's enrolments. This represents a decrease of 45 per cent retail services related enrolments compared to 2013;⁶
- Key takeaways of the enrolments in the industry include:⁷
  - 53 per cent of enrolments are in Certificate III;
  - 75 per cent of traineeship enrolments in Gippsland are by students aged 15 to 19; and
  - 36 per cent decreased in traineeship enrolments over the last two years. The decrease in traineeships is consistent with a sharp state-wide decline.
- **There are concerns regarding the viability of course delivery given the low number of enrolments** and the fact they are decreasing. With 131 enrolments across the three RTOs, there is a lack of critical mass to generate sufficient profit for the training providers;⁸ and
- While there are 131 enrolments in Gippsland institutions, there are a total of 358 students that live in Gippsland receiving tertiary education. This suggests a third of students are seeking education outside of the region, most likely in Greater Melbourne.⁹

¹ IWG Minutes: Retail, Phase 1
² Ibid.
³ IWG Minutes: Retail, Phase 1
⁴ Environmental Scan: Skills Australia, 2015
⁵ A review of current course provision is provided from page 38.
⁶ Industry Overview and Economic Profile: Retail, Phase 1
⁷ Ibid.
⁸ IWG Minutes: Retail, Phase 1
⁹ Industry Overview and Economic Profile: Retail, Phase 1
Appendix 1: Full current state assessment
Retail: Opportunities and barriers

Current opportunities for skills development

As the retail industry is one of the major employers in the Gippsland region, industry growth will lead to strong opportunities for skills development. The following were identified as key growth opportunities:

- Noting that investment in skills development will be limited by the decreasing enrolment in RTOs, there is scope for building internal capability within the industry to train their staff. This includes setting up a structure to enable collaboration between VECCI, businesses, training providers, peak bodies, local government and the Chamber of Commerce to coordinate improved knowledge sharing;¹

- In addition to creating better networks, the IWG proposed creating retail hubs with themes to attract customers. This can include events to attract patronage to towns across the region;²

- Investment in a program to familiarise business owners with the opportunities of online retail may reduce the current resistance to adopting a website platform. This will enable them to capitalise on the digitally-savvy skills of younger employees; and

- The Industry Skills Fund may make programs more viable for RTOs as well as allowing business to invest in their employees. As mentioned previously, this is a $476.0 million Commonwealth project to improve training among small and medium businesses.

Current and likely barriers for skills development

A number of issues exist in the growth of the retail sector, as well as the skills of the workforce that support the industry. Among the key barriers for skills development is understanding the extent to which they can be developed in a high turnover industry. With such a young and part-time workforce, it is likely that many employees will move on regardless of the learning and development opportunities. Other key findings include:

- There is a material decline in the retail relevant training at RTOs, which indicates that employees are relying on receiving on-the-job training;³

- There is a perception that jobs in the retail industry do not provide long term career opportunity. The industry is seen as providing entry level jobs which enable people to move on to higher skilled roles as they acquire training and job experience. This will lead to consistent retention issues for the industry;⁴ and

- Given retail's reliance on other industry growth, its ability to prosper and develop skills is confined by the success of other industries.

¹. IWG Minutes: Retail, Phase 1
². Ibid.
³. Ibid.
⁴. Ibid.
### Industry Overview

#### Strengths
- Population growth in the region will see increased demand for construction as the need to improve commercial centres, build transport hubs and develop affordable housing increases.  
- There has been an overall increase in building and construction enrolments by qualification from 2010 to 2014.

#### Weaknesses
- There is seasonal variation in workforce requirements within the industry driven by demand for residential or infrastructure construction.  
- The capacity and functionality of the region’s larger commercial centres will need to improve to support a growing services sector and to provide more effective transport hubs.
- There has been a slight decrease in apprenticeship enrolments both in terms of those undertaken in Gippsland and those undertaken by students residing in Gippsland between 2010 and 2014.
- Completion rates of apprenticeships are also poor nationally for this industry.

#### Opportunities
- The Gippsland Regional Plan promotes construction as a potential growth area. This is due to both population growth and the Low Carbon Growth Plan which may drive future demand for retrofittng and eco-construction (e.g. installation of solar panels).
- Technological advancement in building and construction methods, materials and tools will create a shift in the balance of the future workforce.
- Ensure there are local forums to share information about the workforce. This can promote greater dialogue between industry and training providers and facilitate industry planning.

#### Threats
- Building and Construction depends heavily on investment in the resource sectors and can fluctuate based on major infrastructure projects.
- The industry is heavily dependent on the timber industry and the accessibility of materials.
- Training needs to provide both technical skills and general employability skills such as customer service and business skills, and the IWG expressed concern about whether this is currently happening.
Appendix 1: Full current state assessment

Building and Construction: Employment

### Employment

The building and construction industry has experienced steady growth with an increase of 11 per cent between 2006 and 2011. Of those who work in the industry, most roles are well remunerated and full-time, creating an attractive offering for those in the job market.

- 80 per cent of employees are full-time and 17 per cent earn over $2,000 per week;
- The majority of qualified workers (89 per cent) have a certificate level qualification with a very small number holding a Bachelor Degree or above;
- This industry relies on a mix of local and imported skills. 9.2 per cent of employees within the Building and Construction industry migrated to the Gippsland region between 1941 and 2011;
- There has also been an influx of 457 Visa Applications over the last five years with a total of 249 applications accepted; and
- The IWG has indicated that local employers (predominantly small businesses) make an effort to employ locally and put time into the development of young people which requires significant resources that provide benefits to the region longer term.

### Retention

Given the ageing demographic of the region, the industry will need to plan around retaining its experienced workers longer, and attracting more younger workers (both local and 457 visa holders). This is particularly the case as population growth continues and demand for building and construction grows. Key findings include:

- Employers have the opportunity to adjust the workplace to enable an older and experienced workforce to reskill and remain longer in the workforce (37 per cent of the workforce is aged greater than 45). This would help to retain people, skills and transfer knowledge;
- There will also need to be a focus on attracting and retaining younger people in the industry and stakeholders have suggested working with the schools sector to provide enticement to work in building and construction. This would include raising the value of completing apprenticeships and taking a small business pathway.
Appendix 1: Full current state assessment

Building and Construction: Skills supply and demand

Skills gaps

Consistent with most of the other priority industries for this analysis, the building and construction IWG identified a variety of different skills gaps that inhibit industry growth. Key findings include:

- There are **identified skills gaps at the national level in many occupations within the industry including**: bricklayers, carpenters, glaziers, plumbers, stonemasons, architectural draftspersons and surveyors;

- The industry requires a **strong mix of technical skills and general employability skills** such as customer service, team work, business skills including management, literacy skills, and project management. The industry is currently working with training providers to better develop the employability skills through training;¹ and

- The Gippsland region also **faces shortages in professional/white collar employees**, including leaders and project managers for the building and construction industry.²

Availability of local vocational & further education

There were **six RTOs that provided relevant courses in 2014**.³ RTOs included ACE Training, Federation Training, Community College Gippsland, Worksafe Training Centre, Apprenticeship Group Australia and Builders Academy Australia.

- **1,823 students were enrolled in building and construction courses** in Gippsland in 2014;

- Training packages offered within the Building and Construction industry include: Civil Construction; Off-Site Construction; General Construction; Plumbing and Services; Construction, Plumbing and Services; Resources and Infrastructure; and Electro-technology Industry;⁴

- 87 per cent of enrolments are **Certificate III**;

- 46 per cent of apprenticeships and 28 per cent of traineeships are **students aged 20-24**, indicating a material cohort of prospective young workers in the industry;

- There was a decrease in apprenticeships and an increase in traineeships from 2013 to 2014 for building and construction courses; and

- While there are 1,823 enrolments in Gippsland institutions, there are a total of 2,398 students that live in Gippsland receiving tertiary education. This suggests a **quarter of students are seeking education outside of the region**, most likely in Greater Melbourne.⁵

¹ IWG Minutes: Building and Construction, Phase 1
² Ibid
³ Industry Overview and Economic Profile: Building and Construction, Phase 1. A review of current course provision is provided from page 38.
⁴ Ibid
⁵ Industry Overview and Economic Profile: Building and Construction, Phase 1.
## Current opportunities for skills development

Given the likely growth in this sector, and the interest of the younger population in joining the building and construction workforce, there are material opportunities for unlocking stronger growth. Key findings include:

- **Industry and training providers could work more closely together to develop adaptive training that is flexible**, and monitored with local industry representatives on a regular basis;¹
- **Ensure there are local forums to share information about the workforce**, continue dialogue between industry and training providers, and undertake industry planning;²
- **Promote apprenticeships as being a valuable pathway into work** and an extension of life long learning and learning on the job;³
- **There is also an opportunity to provide further training post apprenticeship to support tradespeople** in this industry to move into project management; and
- **Young people already have high technological and digital competence and could support others within the industry if given the opportunity to build these skills.** Builders often do not have the time available to spend with support businesses such as IT and web builders, and younger entrants, including apprentices, could assist with building these skills.⁴

## Current and likely barriers for skills development

The IWG reported a series of barriers restricting the building and construction industry which stem from a lack of collaboration and quality training. According to the IWG, encouraging investment of time and resources in these weaknesses will result in stronger growth and retention. Key findings include:

- **A reported lack of good quality education facilities** and proactive learning institutions presents a barrier to meeting workforce needs in the longer term;⁵
- **Industry stakeholders report that volume builders (larger employers) need to be encouraged to invest in training** and employ locally;⁶ and
- **Better collaboration between education and industry is also required** to address training relevance and ensure that the industry is building the skills to meet emerging technology needs.⁷

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1. IWG Minutes: Building and Construction, Phase 1
2. IWG Presentation: Building and Construction, Phase 1
3. IWG Minutes: Building and Construction, Phase 1
4. Ibid
5. IWG Presentation: Building and Construction, Phase 1
6. IWG Minutes: Building and Construction, Phase 1
7. IWG Minutes: Building and Construction, Phase 1
Appendix 1: Full current state assessment

Agribusiness, Timber and Forestry: Overview

The agribusiness, timber and forestry industries collectively constitute the third largest employer in the Gippsland region, contributing around 11 per cent of the GRP, directly employing over 10,000 people and generating an estimated 16,000 jobs. The agribusiness industry centres around dairy, beef, fruit and vegetable production, and timber and forestry is focussed around large-scale industrial plantations. There is also a range of broadacre cropping activity and sheep farming. These industries are currently projected to experience employment decline over the next three years, however this may be partly explained by the transition to a leaner and more agile, rather than resource and labour intensive, profile.

### Industry Overview

#### Strengths

- Agribusiness, timber and forestry industries are fundamental components of Gippsland’s regional economy and are highly diverse.
- Australian agribusiness in particular has a world-class reputation for safe and sustainably produced high-quality food, fibre and performance animals (including beef and dairy).
- Agribusinesses are some of the most eager adopters of technology and research outcomes in the economy.

#### Opportunities

- Considering the transitions affecting the industries, there is good scope to develop sustainable workforce planning.
- These industries could support more of their employees to up-skill in management and technology to meet new demand arising from their transition to more knowledge-based approaches.
- There are opportunities for employment growth in harnessing new markets for timber and paper products.
- The Commonwealth Government listed agriculture as one of the priority industries for the $476 million Industry Skills Fund.

#### Weaknesses

- Negative employment growth is evident, which is in part due to the transition of these sectors from resource/labour intensive to leaner and more agile.
- The ageing workforce (66 per cent of the workforce is over the age of 45 in agribusiness), combined with a concentration in small businesses (approximately 96 per cent of all employment), presents a significant future industry risk.
- There is a lack of community understanding of how modern agribusinesses operates and the extent of career opportunities available. It is seen as a low-skilled industry and a ‘second choice’ destination.

#### Threats

- Training activity has decreased significantly since 2009, particularly in timber and forestry, both in terms of training delivered in Gippsland and training delivered to Gippsland residents.
- Poor attraction of both students and workers are an increasing constraint on business fortunes.
- The region has low levels of cultural competency necessary to engage in Asian markets which present some of the best opportunities for growth.

1. IWG Minutes: Agribusiness, Phase 1
2. Industry Overview: Agribusiness, Phase 1
3. Environmental Scan: Agrifood, 2014
4. GRWP Industry Skills Fund - Fact Sheet
5. Industry Workforce Report and Economic Profile – Agribusiness, Phase 1
6. Project consultation
Appendix 1: Full current state assessment
Agribusiness, Timber and Forestry: Employment

**Employment**

Agriculture has experienced a material decline in terms of employment from 2006 to 2011, however innovation in the sector can raise potential employment opportunities in coming years. Key findings include:

- While there was a decline in employment in agriculture between 2006 and 2011, these industries remain very significant employers within the Gippsland region;
- Overall, there has been an employment decrease of 6.4 per cent in occupations within agribusiness and 3.6 per cent in the occupations within timber and forestry;
- Breakthrough technologies, advances in robotics and automation will help to address labour issues and significantly increase productivity;¹ and
- The industry will need to be more proactive in promoting itself as a critical industry with immense potential, diversity of jobs, and pathways that can take employees all over the world in order to reverse the current employment trajectory.²

**Retention**

There are several challenges for the national agriculture sector that flow through into the Gippsland region. These include attracting talent with strong remuneration, learning and development opportunities and improved career development. Key findings include:

- Attracting and retaining young people in agribusiness will not only require a positive image, but will depend on competitive wages and working conditions, better people management and clearer paths for career development, all of which remain challenges for agribusiness, timber and forestry in Gippsland;³ and
- There has been unstable training activity across agribusiness, timber and forestry since 2009 including significant reductions in enrolments in timber and forestry training and in apprenticeships and traineeships; and
- This trend has not been observed Australia-wide where there has been a steady upward trend in agribusiness enrolments since 2005, which suggests that there is scope to improve enrolments and also that these opportunities can be promoted within the region.⁴

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¹. Environmental Scan: Agrifood, 2014
². Ibid.
³. Ibid.
⁴. Ibid.
Appendix 1: Full current state assessment

Agribusiness, Timber and Forestry: Skills supply and demand

Skills gaps

There is a lack of skilled labour in the industry, as well as issues associated with accessing workers for the seasonal peak periods in the industry. The increasingly high-tech nature of the industry is also beginning to demand technician-level jobs which may become more chronic as this trend progresses.

- Skilled labour shortages continue to constrain the potential of industry. While skilled migration and the Seasonal Worker Program are both valuable strategies, there are additional solutions that need to be explored;¹
- Local Gippsland employers have reported seasonal skills shortages of labourers and machine operators and drivers, and chronic shortages of managers and machine operators and drivers; and
- At a national level, there are emerging skills requirements in para-professional and technician-level job roles in response to the need for deeper knowledge and higher level skills in sustainable practice, water management and irrigation, precision agriculture, animal performance, breeding and nutrition.²

Availability of local vocational & further education

Four training providers delivered courses related to agriculture in the Gippsland area in 2014: GO TAFE, Federation Training, the Latrobe Valley Training and Assessment Centre (LVTAC) and Wodonga TAFE (through online courses).³

These providers deliver key training packages including:

- Agriculture, Horticulture and Conservation and Land Management;
- Conservation and Land Management;
- Rural Production; and
- Amenity Horticulture.

- There were a total of 1,421 enrolments in Gippsland in 2014. Of these courses, 47 per cent are Certificate IV with over half of all enrolments in the 20-24 year age group;
- From 2013 to 2014, there has been an 11 per cent decline in apprenticeships and an 8 per cent increase in traineeships;
- While there are 1,421 enrolments in Gippsland institutions, there are a total of 1,660 students that live in Gippsland receiving tertiary education. This suggests that over 200 students are seeking education outside of the region, most likely in Greater Melbourne.⁴

¹. Environmental Scan: Agrifood, 2014
². Ibid.
³. A review of current course provision is provided from page 38.
⁴. Industry Overview: Agribusiness, Phase 1
**Appendix 1: Full current state assessment**

**Agribusiness, Timber and Forestry: Opportunities and barriers**

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**Current opportunities for skills development**

Given some of the retention and skills gaps issues currently facing the agriculture industry, there are a number of opportunities for reform and performance improvement. Key findings include:

- There are significant opportunities in the farming sector to **up-skill farmers in management and technology** to meet industry needs, particularly as exports to Asia grow in response to growing demand for quality food items;

- **The move towards larger farms and agribusinesses** more broadly may provide additional training opportunities as their scale may allow for more trainees and apprentices;¹

- **Structural change in agriculture**, including scaling up and adopting new technologies, could provide further opportunities for skills development and improving the dynamism of the industry;²

- Some local trials are proving effective at **engaging young people in the prospect of careers in agribusiness** through VCAL programs and careers advice;³ and

- The Commonwealth Government has allocated $476.0 million over four years from 1 January 2015 to establish the **Industry Skills Fund**. Food and agribusiness sits alongside advanced manufacturing, mining equipment and medical technologies as priority industries.

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**Current and likely barriers for skills development**

The current training and development opportunities may be best realised through structural change, which may not occur in the short term, inhibiting growth. Other key findings include:

- **Removal of standard commencement incentives for Certificate II traineeships** continues to be a major concern for industries such as horticulture, food production and meat processing where AQF Level 2 is the legitimate entry level for specific job roles;

- The **current VET funding model**, which requires enrolments in whole qualification, presents a barrier to workers taking on a specific skill set from training packages. Some people are also disadvantaged when they want to change careers as the funding model does not enable another qualification at the same level;⁴ and

- **Current training restrictions** can prevent young people from getting opportunities to learn valuable work practices for agribusiness, specifically the use of heavy machinery.⁵

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¹. IWG Minutes: Agribusiness, Phase 1
². Ibid.
³. Ibid.
⁴. Ibid.
⁵. Ibid.
Appendix 1: Full current state assessment

Advanced Manufacturing: Overview

The manufacturing industry is one of the largest employers in Gippsland at 8.9 per cent of the population. The industry also generates substantial component of Gippsland trade, with 16.1 per cent of exports and 34.9 per cent of imports related to manufacturing. Phase 1 of the Gippsland Regional Workforce Plan identified advanced manufacturing as a key growth area for the region, citing that it can offer support for the power generation sector, and specialised operations in agriculture, aircraft manufacturing and paper production.¹

**Industry Overview**

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<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tr>
<td><strong>Unlikely some of the more critically ageing sectors in Gippsland, the majority of the manufacturing industry is under the age of 45.²</strong></td>
<td><strong>While 84 per cent of the workforce was employed full time in 2011, this represents a decrease of 7.7 per cent compared with 2006. The total workforce has decreased by 6.8 per cent in this time.²</strong></td>
</tr>
<tr>
<td><strong>The broader manufacturing industry is the source of a substantial component of the imports to the region, creating opportunities for the industry to provide value-added products to others in the region. Total imports for the Gippsland region were estimated to be $11.1 billion in 2011-12. In the same period, the manufacturing sector had the largest volume of imports in the region (34.9 per cent).¹</strong></td>
<td><strong>Advanced manufacturing related course enrolments accounted for 0.6 per cent (92) of total region enrolments. There has been a decrease of 22 per cent in Advanced Manufacturing related enrolments compared to 2013 (46).²</strong></td>
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**Opportunities**

- The Commonwealth Government has allocated $476.0 million over four years from 1 January 2015 to establish the Industry Skills Fund. Advanced manufacturing sits alongside food and agribusiness, mining equipment and medical technologies as priority industries.⁴
- **Employment opportunities exist for employment growth in the sector.** The ‘Growing Aerospace Manufacturing at Latrobe Regional Airport’ project can deliver infrastructure and utilities enhancements to five hectares adjacent to GippsAero.¹
- **Greater collaboration between industry and training providers,** as well as between businesses, can assist in improving the relevance of training.

**Threats**

- **There is a substantial community and industry issue with drugs and alcohol** which compromises the output of the industry and creates social problems.⁵
- **Large clients for Gippsland manufacturing supplies such as the Department of Defence prefer procuring from larger suppliers** due to their broader capability. This is problematic for local small and medium sized businesses.⁵
- **The increasing move to contractors and subcontractors reduces the investment in training of the local workforce.** Also this trend produces a lack of continuity which is required to enable loyalty and quality standards.⁵

¹. GRWP Regional Workforce Report and Economic Profile, Phase 1
². Industry Overview: Advanced Manufacturing, Phase 1
³. Industry Overview and Economic Profile: Building and Construction, Phase 1
⁴. GRWP Industry Skills Fund - Fact Sheet
⁵. IWG minutes: Advanced Manufacturing, Phase 1
Appendix 1: Full current state assessment

Advanced Manufacturing: Employment

The manufacturing industry is one of the major employers in the Gippsland region (8,013 people employed in 2011), however only 2,625 of these fall within advanced manufacturing. Employment in advanced manufacturing decreased by 337 jobs between 2006 and 2011, while the industry is anticipated to lose more jobs in the period to 2021. Further key findings include:

- Unlike some of the more critically ageing sectors in Gippsland, the majority of the advanced manufacturing industry is under the age of 45;¹
- The vast majority of employees in advanced manufacturing are employed on a full-time basis;
- Employment opportunities exist for employment growth in the sector. The ‘Growing Aerospace Manufacturing at Latrobe Regional Airport’ project can deliver infrastructure and utilities enhancements to five hectares adjacent to GippsAero. This is anticipated to create up to 170 new high quality employment opportunities by facilitating the development of the aerospace industry.²
- The broader manufacturing sector is the source of a substantial component of the imports to the region, creating opportunities for the industry to provide value-added products to others in the region. Total imports for the Gippsland region were estimated to be $11.1 billion in 2011-12. In the same period, the manufacturing sector had the largest imports in the region (34.9 per cent).³

Employment

Retention

While 84 per cent of the workforce was employed in a full time capacity in 2011, this represents a decrease of 7.7 per cent compared with 2006. The total workforce has decreased by 6.8 per cent in this time.⁴ In a shrinking industry, the major focus is opening possibilities for the workforce to transition into new roles, or open up new opportunities as is planned for GippsAero. Further key findings include:

- Decreases have been particularly acute in Technicians, Trades and Machine Operators, with a decrease of 10 per cent from 2006 and 2011;⁵
- The manufacturing IWG conducted through Phase 1 identified several issues in terms of retention:⁶
  - Maintaining and generating an appropriate amount of work for the workforce;
  - Succession planning and transfer of knowledge and skills; and
  - Drugs and alcohol, and identifying appropriate workplace behaviour; and
- The IWG also suggested that engaging youth was an issue for the industry, which must be addressed to ensure there continues to be a sustainable workforce in the future.

¹ Industry Overview: Adv Manufacturing, Phase 1
² Ibid
³ GRWP Regional Workforce Report and Economic Profile, Phase 1
⁴ Industry Overview: Adv Manufacturing, Phase 1
⁵ Ibid
⁶ IWG Minutes: Adv Manufacturing, Phase 1
Appendix 1: Full current state assessment

Advanced Manufacturing: Skills supply and demand

Skills gaps

Like the energy and mining sector, the advanced manufacturing sector has a broad range of shortages as identified by the IWG. This ranges from labourers and trade workers when large projects occur in the region, as well as professionals on a permanent basis to develop business. Further findings include:

- **Gippsland is losing manufacturing professionals to the city**, where they can seek better work and training opportunities;
- **Salaries in the Gippsland are lower** and therefore there is material difficulty in attracting new workers;\(^1\)
- The IWG suggests that there is an effort to **employ more trainees and up-skill those in the workforce** to make the industry more attractive;\(^2\) and
- The IWG also suggested that there is a focus on **hiring for attitude**. This seeks to ensure that the workforce is more likely to remain in Gippsland.\(^3\)

Availability of local vocational & further education

Federation Training is the main training provider operating in the general Gippsland region that offers courses relevant to advanced manufacturing, although other training providers deliver some flexible training, giving those prospective students in the region further options.\(^4\) These institutions include the Education Institute, and Skillup Australia who offer the Manufacturing Training Package. Further findings include:

- **Advanced manufacturing related course enrolments accounted for 0.6 per cent (92) of total regional enrolments.** There has been a decrease of 22 per cent in Advanced Manufacturing related enrolments compared to 2013;\(^5\)
- Of those enrolled:\(^6\)
  - 60 per cent of enrolments are in Certificate IV;
  - 18 per cent of Trainee enrolments in Gippsland are aged 45 to 49;
  - 61 per cent of Traineeships delivered in Gippsland decreased over the last two years; and
  - 77 per cent of Trainees enrolments living in Gippsland decreased over the last two years.

This indicates there has been a decrease in both **Tertiary and Trainee enrolments in the Gippsland region**, with a significant decrease in Trainee enrolments since 2012.\(^7\) The decrease in traineeships is consistent with a sharp state-wide decline.

- While there are 92 enrolments in Gippsland institutions, there are a total of 110 students that live in Gippsland receiving tertiary education. This suggests a large percentage of students are seeking education inside of the region.\(^8\)

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1. IWG Minutes: Adv Manufacturing, Phase 1
2. Ibid
3. Ibid
4. A review of current course provision is provided from page 38
5. Ibid
6. GRWP Regional Workforce Report and Economic Profile, Phase 1
7. Ibid
8. Industry Overview: Adv Manufacturing, Phase 1
Appendix 1: Full current state assessment
Advanced Manufacturing: Opportunities and barriers

Current opportunities for skills development

As the advanced manufacturing industry is one of the major employers in the Gippsland region, industry growth will lead to strong opportunities for skills development. The IWG also identified opportunities to improve internal learning and development to enhance their employee capability. Key options discussed were:

- working together across businesses in the industry to give richer experiences to employees through secondment or consolidating training programs;¹
- a program to develop entrepreneurship as a means of developing employment opportunities;² and
- collaboration between industry and education to address relevance of learning and emerging technology needs. Given emerging technology’s potential to disrupt current manufacturing processes, this would be of particular relevance to the industry.

The Commonwealth Government has allocated $476.0 million over four years from 1 January 2015 to establish the Industry Skills Fund. The Fund will be designed to meet the training needs of small to medium sized enterprises where training is not already publicly funded. Advanced manufacturing sits alongside food and agribusiness, mining equipment and medical technologies as priority industries.³

Current and likely barriers for skills development

Given international competition in the manufacturing sector, the Australian manufacturing industry is shrinking. Gippsland’s industry is experiencing difficulty in dealing with these conditions, which poses a challenge in attracting new talent. Further barriers include:

- Large clients for Gippsland manufacturing supplies such as the Department of Defence prefer procuring from larger suppliers due to their broader capability. This is problematic for local small and medium sized businesses;⁴
- The increasing move to contractors and subcontractors reduces the investment in training of the local workforce. Also, this trend produces a lack of continuity to enable loyalty and quality standards;⁵
- There is a current reliance on on-the-job learning, which has the potential to stifle innovation to the industry given training external to a business can bring new thinking;⁶
- The substantial reforms in VET have created uncertainty in the community about the extent to which local institutions will be funded, making them less appealing to prospective students;⁷ and
- There is a need to address social issues particularly drugs and alcohol and perceptions about them.⁸

¹. IWG Minutes: Adv Manufacturing, Phase 1 ². IWG Minutes: Adv Manufacturing, Phase 1 ³. GRWP Industry Skills Fund - Fact Sheet ⁴. IWG Minutes: Adv Manufacturing, Phase 1 ⁵. GRWP Regional Workforce Report and Economic Profile, Phase 1 ⁶. IWG Minutes: Adv Manufacturing, Phase 1 ⁷. Ibid. ⁸. Ibid.
The energy and mining sector in Gippsland centres around a substantial brown coal deposit in the region. As a consequence of the recent politicising of energy usage and renewable energies, including the implementation and revocation of the carbon tax, there has been considerable uncertainty surrounding the sector. Despite adding the most gross value of any industry in 2014, National Economics and the former DSDBI found that the sector will experience the fastest decline of any industry in Gippsland to 2031.¹

### Industry Overview

#### Strengths
- The energy and mining sector is established and is **main source of revenue for the region**. This makes it one of the key economic drivers for Gippsland.
- Prior to 2013, there were no local institutions offering relevant courses in Gippsland, however there are now **51 people enrolled at Federation Training and LE Industry Services**.²
- Those who are employed in the industry are mostly permanent staff earning a higher than average wage.²

#### Weaknesses
- The energy and mining sector is expected to experience the **fastest decline of any major industry in Gippsland**. This is largely attributable to the industry's dependence on brown coal power generation, an export anticipated to lose market share.⁵
- The **workforce in the energy and mining sector is small relative to other industries** (approximately 1,000).⁶
- 59 per cent of the workforce are over-45, suggesting an ageing workforce.²
- Due to the **limited training opportunities** on offer in Gippsland, many locals interested in the industry will leave to study elsewhere.⁷

#### Opportunities
- Gippsland is **well-positioned to take advantage of new and emerging energy given its geography**. There is scope to invest in wind, tidal, wave and geothermal energy across the breadth of the region.³
- Advances in technologies associated with drying, gasification and liquefaction of brown coal could **enhance the exportation of Gippsland’s brown coal derivatives**, which would minimise the disruption to the current skills of the workforce.
- The Commonwealth Government listed mining equipment as one of the **priority industries for the $476 million Industry Skills Fund**.⁴

#### Threats
- The increasing prominence of renewable energy is expected to **reduce demand for brown coal**, which will impact the region’s revenue.
- With training organisations concerned about the viability of class sizes for courses relevant to energy and mining, and students concerned with the options available to them in Gippsland, **many students interested in the industry leave the region to study elsewhere**.⁷
- Given the ageing demographic of the industry, as the experienced professionals retire, **there is a risk that the younger generations in the region will not have the necessary skills to succeed**.

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¹ National Economics and DSDBI analysis, 2013. KPMG have assumed the industry ‘Mining’ is consistent with the focus industry ‘Energy and Mining’.
² Industry Overview: Advanced Manufacturing, Phase 13 DEDJTR, 2014, Future directions for renewable energy
³ DEEDTR, 2014, Future directions for renewable energy
⁴ GRWP Industry Skills Fund – Fact Sheet
⁵ GRWP Regional Workforce Report and Economic Profile, Phase 1
⁶ AGBS, 2011
⁷ IWG Minutes, Energy and Mining, Phase 1

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Appendix 1: Full current state assessment

Energy and Mining: Employment

### Employment

While energy and mining is the most substantial sector to Gippsland in terms of exports (37.7 per cent of total exports), the number of persons employed by the industry is relatively small. The industry sits alongside information technology, real estate and recreation as some of the major industries with the least number of employees (approximately 1,000). Other key findings include:

- The mining sector is expected to experience the **fastest decline of any major industry** in Gippsland, which is likely to create a revenue shortfall for the region;¹
- Of those working in the industry, the **vast majority are employed full time with a weekly income in excess of $2,000;²**
- Those in the industry have generally had material tenure, with a **low percentage of the workforce under the age of 25,** which is consistent nationally;³ and
- Industry identified that the existing workforce need to be **equipped with transferrable skills that will allow them to transition to new and emerging energy production methodologies.⁴**

### Retention

Training providers have reported that due to the low number of jobs available in the energy and mining sector, students often do not complete their degrees as they believe they are unable to secure employment. Other key findings include:

- There is a large percentage of employees with a long tenure in the sector, suggesting a **lack of turnover and marginal opportunities for new entrants.** The sector is also male dominated;⁵
- The IWG coordinated through Phase 1 of the Gippsland Workforce Plan identified a **perceived lack of relevance of the training to the work as an issue for retention of students in their courses;⁶**
- There is limited demand for energy and mining related degrees in the region, which make them less viable for local registered training organisations (RTOs). This means that **those who do wish to study a relevant degree will often have to leave the region;⁷** and
- The IWG also identified a need to **employ based on a strong attitude and likelihood of staying locally.** This will enable a loyal workforce that employers can up-skill.⁸

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¹. GRWP Regional Workforce Report and Economic Profile, Phase 1
². Ibid.
³. IWG Minutes: Energy and Mining, Phase 1
⁴. Ibid.
⁵. Ibid.
⁶. Ibid.
⁷. Ibid.
⁸. Ibid.
Appendix 1: Full current state assessment

Energy and Mining: Skills supply and demand

Skills gaps

Due to the condensed nature of the energy and mining workforce, skills gaps were not reported as a primary concern for businesses in the survey conducted with the Phase 1 energy and mining IWG.1 Further findings include:

• Where skills shortages have been noted by stakeholders, they occur across capabilities in the sector, suggesting there is not one target shortage. Specifically, Phase 1 stated potential occupational shortages for machine operators and drivers, managers, professionals and those with technical and trade backgrounds. Capability deficiencies included leadership, technical, technology and communication (listening, reading, speaking, writing) skills;2 and

• The nature of the ageing workforce means that skills shortages are likely to emerge, however this may be offset by the transition away from coal. The sector believes that it can train its employees with transferrable skills that would suit new and emerging energy business, which is a future opportunity for the region.3

Availability of local vocational & further education

There is marginal opportunity for those in Gippsland to access local courses relevant to energy and mining.4 Two relevant institutions operating in Gippsland are Federation Training and LE Industry Services. The key training packages for this industry are Resources and Infrastructure; Gas; Electricity Supply Industry – Generation Sector; Transmission, Distribution and Rail Sector.

Enrolment statistics show:

• In 2013, there were 21 local enrolments in Gippsland training organisations, increasing to 55 in 2014;5

• 44 per cent of enrolments delivered in Gippsland were in the 30-34 year age bracket, demonstrating these degrees are used more for up-skilling those with workforce experience rather than school leavers;

• As previously mentioned, these training organisations are experiencing limited demand for energy and mining related degrees, which is problematic for the viability of these courses. As a consequence, those who are interested in pursuing a degree will often find it necessary to leave the region to find a course that suits their needs;6

• The IWG in Phase 1 noted that uptake in science, technology, engineering and mathematics is lower in Gippsland than other regions;7 and

• While there are 55 enrolments in Gippsland institutions, there are a total of 95 students that live in Gippsland receiving tertiary education. This suggests just under half of students are seeking education outside of the region, most likely in Greater Melbourne.8

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Appendix 1: Full current state assessment

Energy and Mining: Opportunities and barriers

Current opportunities for skills development

Given the energy and mining industry's material presence in Gippsland, there are opportunities to capitalise on the emergence of new technologies that would have a substantial impact on the economic activity of the region. Key opportunities include:

- **Advances in new and emerging energy may drive adaptive change in the energy and mining sector.** The Victorian Government has identified scope to invest in wind, tidal, wave and geothermal energy across the breadth of the region;¹

- Advances in technologies associated with drying, gasification and liquefaction of brown coal could **enhance exporting of Gippsland’s brown coal derivatives,** which could minimise negative growth in the industry and support the current skills of the workforce;

- The Commonwealth Government has allocated $476.0 million over four years from 1 January 2015 to establish the **Industry Skills Fund.** Mining equipment sits alongside food and agribusiness, advanced manufacturing and medical technologies as priority industries; and

- The **current moratorium on hydraulic fracking is due for review in mid-2015,** and removal of this ban could see the development of an LNG industry in Gippsland which could lead to new skills development.²

Current and likely barriers for skills development

Despite these prospective opportunities, the Gippsland region faces a number of barriers to the expansion of skills development. Some of these issues are linked to macroeconomic factors, while some are specific to the demography/economy of the region. Key barriers include:

- **Difficulties in attracting specialist skills to the region;³**

- The **ageing workforce will emerge as a significant issue within the next five years** unless drastic change occurs in the industry. It takes several years to re-train successors for roles and young people need to be brought into the industry;⁴

- Softer crude oil prices creating negative impact on the profitability of the oil and gas sector may lead to **reduced investment in skills development;⁵**

- The industry is represented by a **largely male workforce that is not culturally diverse.** There would be more scope for expansion of the industry if skills development supported a new range of entrants into the workforce;⁶ and

- While new technology has been introduced to the energy industry over time, it has had minimal impact on job design. The operation of power stations has remained largely the same and **skills development is lagging behind future need.⁷**

¹ DEDJTR, 2014, Future directions for renewable energy
² Industry Overview: Energy and Mining, Phase 1
³ IWG Presentation, Energy and Mining, Phase 1
⁴ IWG Minutes, Energy and Mining, Phase 1
⁵ Industry Overview: Energy and Mining, Phase 1
⁶ IWG Minutes: Energy and Mining, Phase 1
⁷ Ibid.
Appendix 2: Discussion of current state limitations
Appendix 2: Discussion of current state limitations

Discussion of limitations

In conducting this analysis, KPMG experienced three key limitations related to data availability. A discussion of each is considered below:

**Consistency of ABS definitions**

KPMG notes that many of the Phase 1 documents used as source information for the current state analysis had limited granularity in data used. As a result, KPMG made assumptions in completing the industry comparisons, including:

- KPMG used **ABS industry definitions to maximise consistency with the focus industries for the engagement**, which includes: 'Mining' as equivalent to 'Energy and Mining', 'Agriculture' as equivalent to 'Agribusiness, Forestry and Timber', 'Health' as equivalent to 'Health, Aged Care and Community Services', 'Construction' as equivalent to 'Building and Construction', 'Manufacturing*' as equivalent to 'Advanced Manufacturing', 'Accommodation and Food' as equivalent to 'Hospitality and Tourism' and 'Retail' as equivalent to 'Retail'. Within these definitions, KPMG has attempted to be as granular as possible in identifying relevant areas of the industry; and

- The ABS geographic definition of Gippsland was different in 2006. **KPMG used 'Gippsland' and 'East Gippsland' catchments for 2006 and 'Latrobe – Gippsland' for 2011 to produce the most consistent analysis possible.**

All these sources are comparable to the figures used in Phase 1, with differences ranging within approximately 1,000 employees across industries. All other data used for the current state was drawn directly from Phase 1.

**Reliance on Phase 1 materials**

KPMG notes that throughout the current state, there was a strong reliance on data and contentions made through Phase 1. KPMG did not seek to verify or cross-reference the findings of Phase 1 through desktop research. Any weaknesses in the previous work conducted will be addressed through additional consultations with those in the region.

Major data sources included:

- The minutes of all industry working group meetings;
- Regional Workforce Report and Economic Profile; and
- Industry Overviews and Economic Profiles.

**Industry groupings**

KPMG notes that the grouping of focus industries may dilute the ability to pinpoint opportunities or threats within each industry. For instance, the agriculture sector is materially larger than the timber and forestry sectors and will bias any trends when all three sectors are taken as a whole. This concern also exists for 'Energy and Mining', 'Health, Aged Care and Community Services', 'Hospitality and Tourism'. Despite this challenge, KPMG will attempt to use consultation to create a more intimate understanding of the nuance within grouped industries.

*Consistent with Phase 1, we have defined advanced manufacturing as Wood Product Manufacturing, Pulp, Paper and Converted Paper Product Manufacturing, Transport Equipment Manufacturing, Machinery and Equipment Manufacturing. All other manufacturing data points were considered as 'other manufacturing'.*
Appendix 3:
Current state data sources
### Data Sources

In conducting this analysis, KPMG used the following documents from Phase 1 and publicly available sources:

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Appendix 4: Education review case studies
Appendix 4: Education Review Case Studies

University of Sheffield: higher education supporting regional transition

The city of Sheffield, in the north of England, was historically a key world player in manufacturing, leading the steel industry. However, the city and surrounding areas experienced significant decline in the 1980s stemming from economic declines and market pressures which led to industrial strikes and high levels of unemployment.1

Since this time Sheffield has led the broader region’s move from an industrial economy (centred on coal mining and steel works) towards a service based economy. This has been driven by the presence of its two major universities, the University of Sheffield and Sheffield Hallam University, and a variety of cultural and retail attractions. The City of Sheffield’s economic strategies put “universities at the heart of economic growth” as a key objective, and focussed on developing “action plans for knowledge based regional clusters” including creative and digital industries, advanced manufacturing, bioscience and environmental technologies.2

The main innovation in terms of Sheffield’s economic strategy was to work more closely with the city’s universities to develop the commercial potential of Sheffield’s knowledge base, rooted in its history of technological innovation and capitalising on their resources.3 By cooperating with the local universities, the regional development agency attempted to address the economy’s over-reliance on vulnerable and slow-growth sectors through its focus on cluster and incubator concepts in high-growth sectors.4

One such cluster is the Advanced Manufacturing Park, the result of a collaboration between engineers at the University of Sheffield and Boeing, whose £28m Advanced Manufacturing Research Centre (AMRC) became the anchor for a wider advanced manufacturing ‘cluster site’ which opened in 1999. This project was developed and funded by the regional development agency. The AMRC works with manufacturing businesses, from global aerospace giants to local SMEs on a range of initiatives from one-off projects, or as members for long-term collaboration. There are currently over 80 member companies which pay an annual fee to access the centre’s resources and expertise.5

It is a key achievement in the economic recovery of the city, an example of how both industrial expertise and the local universities can generate economic activity for the city.

<table>
<thead>
<tr>
<th>Focus areas of consultation</th>
<th>Elements examined</th>
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</thead>
<tbody>
<tr>
<td>Depth of partnerships</td>
<td>Two universities with extensive range of industry and community partners including local government</td>
</tr>
<tr>
<td>Breadth of partnerships</td>
<td>High number of students engaged over multiple activities and clusters</td>
</tr>
<tr>
<td>Form of partnerships</td>
<td>Highly collaborative partnerships</td>
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<tr>
<td></td>
<td>Formal and informal partnership</td>
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<tr>
<td>Effectiveness</td>
<td>Highly sustainable</td>
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<tr>
<td></td>
<td>Ongoing commitment</td>
</tr>
<tr>
<td></td>
<td>Extensive outcomes</td>
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</tbody>
</table>

References:
5. The University of Sheffield, Advanced Manufacturing Research Centre website: [http://www.amrc.co.uk/about/](http://www.amrc.co.uk/about/) accessed on 18 March 2016.

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Appendix 4: Education Review Case Studies
Broadening Horizons: Increasing Gippsland secondary student aspirations

The Broadening Horizons initiative partners Gippsland secondary schools with major regional employers to strengthen links between school, workplace and educational attainment. The program was formed by the Victorian Department of Education and Training and the Gippsland Regional Managers’ Forum and facilitated by the Beacon Foundation, and develops innovative units of work to link classroom curriculum to the world of work for years seven to nine students.

Nine secondary colleges are engaged in the program: Trafalgar High School; Kurnai College; Korumburra Secondary College; Maffra Secondary College; South Gippsland Secondary College; Traralgon Secondary College; and Yarram Secondary Colleges. Each school implements the program by building it into existing parts of the curriculum.

For each school’s program the objective is to:

1. Develop a unit of work for Year 7, 8 or 9 students in a curriculum area of their choice, with A Focus on ‘real world learning’
2. Link the world of work to students’ every day learning in the classroom
3. Develop students’ 21st Century Skills as part of their project work
4. Jointly plan between school staff and Gippsland Regional Managers’ Forum Organisations (major regional employers)
5. Ensure practical student learning occurs at both the workplace and classroom
6. Build a positive mindset for students through the project
7. Engage parents and families as an important aspect of building aspiration, support and understanding

Project stakeholders have indicated that the program not only provides students with increased knowledge of their chosen industry, but also transferrable skills for their futures.

<table>
<thead>
<tr>
<th>Focus areas of consultation</th>
<th>Elements examined</th>
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</thead>
<tbody>
<tr>
<td>Depth of partnerships</td>
<td>Nine Gippsland secondary schools and regional employers/industries</td>
</tr>
<tr>
<td>Breadth of partnerships</td>
<td>Approximately 100 students engaged per school</td>
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<tr>
<td>Form of partnerships</td>
<td>Operational partnerships, Formal partnership through program</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>Time limited, Funded as a program, Outcomes limited to engaged schools and industries</td>
</tr>
</tbody>
</table>

Sources:
- Zoe Ferguson, “Success in Science: Gippsland school wins state award for innovation” ABC Gippsland website, http://www.abc.net.au/local/stories/2015/03/19/4201042.htm
The Placement, Education and Research Unit (PERU) in Morwell was established in 2009 by the Latrobe Community Health Service and the Monash University School of Rural Health with a number of goals:

1. Increase and improve student placements
2. Develop a vibrant research program.
3. Increase inter-professional collaboration.
4. Facilitate enhanced staff and student training and professional development, including increasing and enhancing research and knowledge translation

Since the establishment of the unit, Latrobe Community Health Service reports that student placements have become an integral part of their operations. The Health Service has continued to broaden its relationship with tertiary and vocational education providers, and is now examining placements from students of professions beyond health (for example in human resources).

A student placement officer manages requests for placements and assists with accommodation for medical, nursing and allied health students from all universities and registered training organisations. A structured community inter-professional placement program has been developed for senior medical students from the University of Melbourne and Paramedic students from La Trobe University.

### Focus areas of consultation

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<tr>
<th>Elements examined</th>
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<tbody>
<tr>
<td>Depth of partnerships</td>
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<tr>
<td>• One university with one industry partner with scope for expansion</td>
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<tr>
<td>Breadth of partnerships</td>
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<tr>
<td>• Approximately 200 university students in 2014</td>
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<tr>
<td>Form of partnerships</td>
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<tr>
<td>• Operational partnerships</td>
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<tr>
<td>• Formal partnership through program</td>
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<tr>
<td>• Operating for six years, scope for ongoing</td>
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<tr>
<td>Effectiveness</td>
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<tr>
<td>• Funded by participating organisations</td>
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<tr>
<td>• Outcomes within health sector</td>
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</table>

### Sources:
Appendix 5: Full consultation list
Appendix 5: Full consultation list

Full consultation list

Below is the full list of those consulted during the targeted current and future state process. In arriving at the below, KPMG assessed the phase 1 inputs to understand which industries required the most attention through the project. This highlighted education, 'Agribusiness, Timber and Forestry' and future state thought leaders as the main areas to address:

<table>
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<tr>
<th>Sector</th>
<th>Business / Association</th>
<th>Current State</th>
<th>Future State</th>
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<tr>
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