



**Supporting workforces
during industry transition:**
Key elements for success



**Jobs
Queensland**

September 2018

Jobs Queensland engaged the National Centre for Vocational Education Research (NCVER) to undertake the Supporting workforces during industry transition: Key elements for success report. This document is informed by that final report provided by NCVER to Jobs Queensland.

FURTHER ENQUIRIES

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A word from the Interim Chair



A key strength of the Queensland economy is its diverse industry and employment profile.

Employment in the health care and social assistance and construction industries has grown to be positioned with retail trade as Queensland's largest

employers. Meanwhile, the share of agriculture and manufacturing employment relative to total employment within the State overall has declined, despite remaining important contributors to the Queensland economy.

These examples of compositional change in Queensland's industry and employment profile are indicative of industry transition – a continual process in an industry's lifecycle. Depending on the speed, magnitude and severity, industry transitions can have significant impacts on enterprises and their workforce in impacted regions.

Often thought of in negative terms, industry transition can be experienced positively by enterprises and individuals in situations where an industry grows rapidly or where there is industry renewal.

Industry transition results in more than just broad economic and industry impacts. It affects communities through changes in resident population; demands on infrastructure and public services; livelihood of small enterprises; and socio-economic wellbeing. There are also potential impacts relating to training demand and skill needs, such as reskilling or upskilling opportunities; and the reconfiguration, funding and delivery of training.

Jobs Queensland (in conjunction with the National Centre for Vocational Education Research [NCVER]) undertook research to better understand the impacts of and strategies needed to support the workforce in industries undergoing transition. This research comprised a literature review and analysis of a number of recent and historical examples of transition to identify the key elements needed to successfully respond to industry transition.

The Supporting workforces during industry transition: Key elements for success report notes that industry transition is often incremental and can be planned for, but in some cases may be rapid, dynamic and unforeseen. As industries transition there may be significant opportunities for individuals, enterprises and communities, such as reskilling or upskilling opportunities for individuals; productivity efficiencies for enterprises; and economic growth for regions. These opportunities need to be balanced with recognition that change brought about through transitions can, at times, be difficult for the individuals and communities involved. Appropriate support structures are key.

There is a need for stakeholders to adequately prepare for and respond to this change, now and into the future. The key elements identified within this report provide guidance on how to best respond to future industry transitions and promote positive long-term outcomes for all affected.

The changing nature of the economy and labour market presents a number of challenges for the vocational education and training (VET) system, and skills and training policy and practice more broadly, in providing the skills and capabilities needed for individuals and enterprises to prosper in this environment. These challenges have been identified by the Jobs Queensland Board as an area of priority for future research and will underpin a range of Jobs Queensland activity into the future.

Industry transition is never a straightforward process. A well thought out plan to support the workforce through transition periods – complete with measurable objectives, deliverables, timelines and an evaluative framework – can provide a strategic approach in responding to industry transition.

Peter Henneken AM
Interim Chair, Jobs Queensland

Executive Summary

A key remit for Jobs Queensland is to provide strategic industry advice on skills demand and long-term workforce planning, helping to prioritise government's investment in vocational education and training (VET). As part of this remit, Jobs Queensland works to identify the role that Government can play in assisting industries, regions and communities to respond to structural changes in the labour market and wider economy in a way that harnesses opportunities while minimising impacts.

The *Supporting workforces during industry transition: Key elements for success* report represents the final phase of a research project aimed at examining the impact of structural adjustment on the labour market. A previous phase consisted of a review of contemporary literature into what constitutes a 'best practice' model of support for workforces impacted by structural adjustment.

The original premise of this project was to take an in-depth look at the impact of structural change, and the adjustments that follow, on workforces and regions. Initial research suggested that 'structural change' and 'structural adjustment' are often viewed in negative terms and as purely economic concepts.

As the project progressed, it became apparent that 'structural change' and 'structural adjustment' can also bring positive benefits to individuals, industries and communities. To reflect this, the terminology in this report shifted to focus on 'industry transitions'.

Industry transition refers more broadly to how an industry shifts across its lifecycle. This encompasses periods of boom and strong growth just as much as it does to periods of decline. The term ultimately encompasses both economic and social aspects for the various parties involved. Moreover, while there may be negative implications in the short-term, if appropriate measures are implemented successfully, the overall long-term impacts can be positive.

Learnings from recent 'structural adjustment' examples and programs, along with associated literature, have been used to inform this report. Throughout the remainder of this report (and within the *Supporting workforces during industry transition: Key elements for success* literature review), relevant structural adjustment programs and research that assists in the development of key elements to successfully support workforces during industry transition are highlighted. Nevertheless the distinction between 'industry transition' and 'structural change/adjustment' is maintained.

The research conducted for this report does not attempt to seek explanations around the causes of industry transition or structural adjustment, nor does it attempt to conduct any assessment of the strategies

or initiatives implemented in response. Determining whether industry transition or structural adjustment programs 'work' can mask the complexities associated with the implementation of strategies aimed at helping individuals, employers and regions.

As each event is unique, there is ultimately no set framework that can lead to success in responding to industry transition. The elements highlighted in this report are to be seen as considerations for the development of a tailored, individualised response to an industry transition event.

Through the *Supporting workforces during industry transition: Key elements for success* report, eight key elements have been identified:

1. Time: Industry transition has a long-term impact. While responding to industry transition needs to be timely, expecting results from these responses in the short-term is unlikely to yield beneficial personal or economic outcomes.

2. Anticipatory planning: Most industry transitions can be anticipated; it is not generally something that happens suddenly (Nous Group 2013). Anticipating the need for assistance and implementing initiatives early will reduce the likelihood, scale and scope of adverse events and provide time to plan for the future.

3. Governance and information dissemination: A review of who in the enterprise, industry, community or region is impacted by industry transitions needs to be incorporated in the process to give key players ownership of the changes that are required to move forward. Importantly, the broader community must be kept informed of the change process.

4. Focus on the affected region: Industry transition assistance initiatives should target those localities affected by change, recognising that in the main, Australia's workforce is immobile (Snell, Gekara & Gatt 2016).

5. Human capital: Providing education and training opportunities for affected workforces should be an imperative of industry transition assistance initiatives, for both displaced workers and those who remain. It is important to be realistic about how easy it will be for workers to transition to other occupations, especially those occupations that require intensive retraining.

6. Economic diversification: Regions may look to diversify and reposition their economies but they should do so by building upon their existing capabilities and capacities (human and physical capital).

7. Local coordination and case management:

To ensure that transition strategies are implemented in the ways intended, it is important to put in place adequate administration and oversight processes. This can best be done by the appointment of local coordinators who are able to monitor the progress of agreed projects, negotiate with suppliers and provide a focal point for the community. A case management approach can help workers affected by industry transition prepare for the transition and make decisions about employment, relocation and retraining that suit their particular circumstances.

8. Evaluation: To determine which industry transition assistance strategies or interventions work best for whom and why, it is crucial that short, medium and, ideally, long-term (or ongoing) evaluations are undertaken. Doing so will allow for adjustments to be made to programs along the way, and in the case of more longitudinal evaluations, for more effective and clearly targeted programs to be implemented in response to industry transition scenarios in the future.

In consideration of these key elements, a set of overarching mechanisms to support workforces through industry transition has been identified:

○ Understanding and assessing the risks of

industry transition: There are a range of impacts that industry transitions have on individuals, enterprises and communities, and these are experienced in various ways by industries facing downsizing or closures, and industries that are growing or emerging. In addition, the full impact of industry transition processes on individuals and communities cannot always be ascertained in the short-term and may take a long time to eventuate and to understand.

○ Making decisions based on objective

information: It is important to ensure access to good information before the development and implementation of initiatives. It is also important that wide-ranging consultations are undertaken with relevant stakeholders, including employer and employee associations, regional and district shires or councils, and the affected communities (including specific interest groups, such as Traditional Owners).

○ Establishing and resourcing clear and measurable objectives and action plans:

Managing industry transition requires a strategic approach to developing and implementing plans for dealing with the ensuing changes. Establishing a strategy for action including a set of clear objectives, a timeline of activities and outcomes (or deliverables), and identifying appropriate levels of funding allocations for effective implementation takes dedicated time and effort.

○ Ensuring access to relevant training and skills

development: It is important that an industry transition assistance strategy also has a clear plan for enabling affected workers to access training that will benefit their futures. This includes providing career guidance and skills assessment services to help identify opportunities and interests in other areas, and access to skills assessment to support gap training initiatives.

○ Implementing a framework for evaluation:

An evaluative framework for assessing the suitability and achievement of the objectives and the quality and effectiveness of implementation is also desirable; ideally this should be developed in tandem with the strategy itself, and be resourced to an appropriate level.

○ Tracking the destinations of displaced workers:

Tracking the labour market destinations of displaced workers, both for those who remain in the community or region and those who leave, can also provide objective evidence of the success or otherwise of industry transition assistance programs that focus on the upskilling of workers to undertake new job roles.

Introduction

Queensland industries, enterprises, individuals and regions are all being affected by industry transition.

Industry transition is a continual event in an industry's lifecycle. It is driven by domestic and/or international factors, often beyond the control of the industries affected. Depending on their speed, magnitude and severity, industry transitions can have significant economic and social impacts on enterprises and their workforce in regions and communities, requiring the development and implementation of appropriate adjustment responses.

An adjustment response arising from industry transition, commonly referred to as 'structural adjustment', involves the reallocation of the key components of production – land, labour and capital – from one activity to another (Productivity Commission 2013). It is a complex process due to the numerous parties involved – governments, individuals, employers, communities and regions – and the varying degrees of influence or impact each of those parties may have or experience (Aither 2014).

These changes may occur when economic conditions, brought about by factors, such as government policy or reform, fluctuations in financial markets, or changes to the terms of trade, technological advancements or natural disasters, impact negatively on the financial viability of industries with a roll-on effect to individuals and communities (Wibrow & Circelli 2016).

In some instances, such adverse conditions can lead to company closures and even the end of industries altogether.

Industry transition can also lead to positive outcomes for individuals, employers and regions in situations where an industry grows at a relatively fast pace or where there is industry renewal.

This can bring with it many positives including reskilling or upskilling opportunities and broader employment options for individuals, productivity efficiencies for employers, and economic growth for regions (Aither 2014).

The expansion of industries can also affect local workforces and training providers in meeting skill demand, and regions in terms of impact on local economies, employment and infrastructure demands.

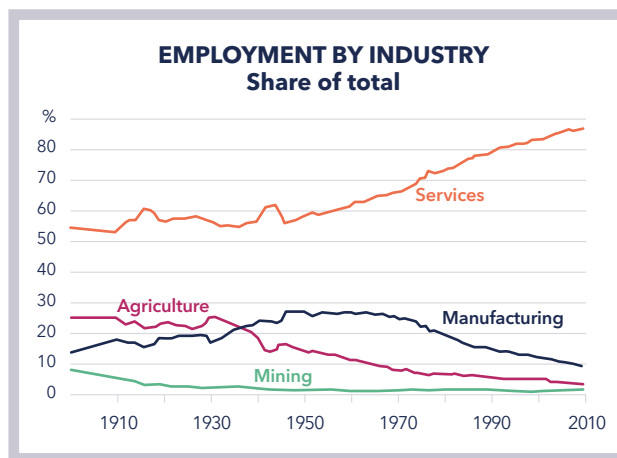
Fluctuations brought about through the expansion of some industries, and an associated creation of new enterprises and decline of less competitive industries, while having a significant impact at the individual or community level are nonetheless important for the long-term economic growth of the country (Australian Department of Industry 2014).

BACKGROUND

The expansion and contraction of industries is a relatively constant phenomenon and is in response to changes in market demand from factors including globalisation; technological, environmental and regulatory changes; and competition from new or substitute products. It may also be driven by policy changes, both domestically and internationally.

The changing nature of the economy is not new. Over the last 100 years, the Australian economy has undergone changes, including a significant shift from the manufacturing and agriculture industries as major employing industries, to employment now being heavily concentrated in the services sector.

Graph 1: Employment by Industry*



*Data are interpolated between 1900 and 1910.
Source: Connolly & Lewis (2010).

The key industries or sectors contributing to the Queensland economy are agriculture (mainly beef and sugar); resources (coal, natural gas, minerals such as copper, zinc and lead); construction (particularly engineering construction supporting the resources sector); and tourism, which covers a number of industries such as accommodation and food services, transport services, retail trade, and arts and recreation services (Queensland Treasury 2017).

In terms of employment, the industries of health care and social assistance and construction have grown over the past two decades to be positioned with retail trade as Queensland's largest employers. In contrast, the share of agriculture and manufacturing employment relative to total employment in the state overall has declined while remaining important contributors to the Queensland economy (Australian Bureau of Statistics 2017).

The work of Snell, Gekara and Gatt (2016) on declining and growing industries in Australia also highlights the areas of greatest movement in Queensland.

Their analysis of 2006 and 2011 Census data found that the occupations that experienced the greatest growth between the two Census periods in terms

Table 1: Growing and declining occupations by employment, 2011, 2016, Queensland.

	Occupation	Employed people in 2011	Employed people in 2016	Change in number of jobs	% Change
Growing	Sales Assistants (General)	93 727	106 322	12 595	13.4
	Education Aides	17 564	22 981	5 417	30.8
	Child Carers	23 855	29 126	5 271	22.1
	Receptionists	27 318	32 130	4 812	17.6
	Aged and Disabled Carers	19 520	24 105	4 585	23.5
Declining	Drillers, Miners and Shot Firers	15 700	13 024	-2 676	-17.0
	Structural Steel and Welding Trades Workers	16 066	13 304	-2 762	-17.2
	Retail Managers	41 409	38 646	-2 763	-6.7
	Sales Representatives	19 312	16 541	-2 771	-14.3
	Secretaries	11 672	8 089	-3 583	-30.7

Note: Census counts by place of work. Source: Australian Bureau of Statistics (ABS) *Census of Population and Housing 2011 and 2016*.

of number of jobs were in the industries of health care and social assistance; mining; construction; and electricity, gas, waste and water services. Contrasting this, the top five occupations that experienced the greatest decline between the two Census periods, in terms of actual number of jobs, were in the manufacturing; agriculture, fishing and forestry; and administrative and support services industries.

A similar analysis of occupational data to that conducted by Snell and colleagues, using 2016 Census data, is presented above (Table 1), showing that occupations related to education and training, and social assistance as growth areas (in terms of percentage change). It is interesting to note the movement of ‘drillers, miners and shot firers’ from an occupation of growth (as described by Snell, Gekara and Gatt, 2016) to one purportedly declining.

WHAT ARE INDUSTRY TRANSITION/STRUCTURAL ADJUSTMENT ASSISTANCE PROGRAMS?

As industry transition is a relatively constant phenomenon, in many cases the transition will take place with little or no specific intervention in response. In some cases, particularly where the scale or impact of the transition results in a significant number of individuals or enterprises being impacted, governments and other parties implement program and strategies in response.

Programs or strategies implemented under the ‘structural adjustment’ banner take a number of forms and Beer (2015) provides a summary of the four types of programs that have been employed in Australia in the last 15 or so years. Most commonly these programs or strategies are developed and funded by the Australian and/or state governments and are intended to have a wide reach.

Some strategies may arise more locally as an outcome of regional economic development or social planning by local government or community groups, and are intended to mitigate the impact of structural adjustment on the local community.

1. Industry restructuring programs aim to help industries adapt or adjust to new economic conditions in order to remain viable in the longer term. This generally occurs where there are significant external factors impacting an entire industry (or industry segment).

Financial assistance to help individual enterprises within the affected industry diversify is often provided. The programs may also take the form of helping financially non-viable enterprises leave the industry thus lessening the competition within that industry, and providing the opportunity for more viable enterprises to continue, or as compensation following changes to government policy which result in adverse impacts on the industry.

Industry restructuring programs are often applied to primary industries as opposed to manufacturing industries.

An example of such a program was the Queensland East Coast Commercial Net Fishing Reduction Scheme implemented in 2012–2013 which saw the Queensland Government expend \$9 million to buy back in-shore net fishing licenses in a bid to reduce overfishing along the east coast by commercial operators and ensure overall viability of the industry (McVeigh 2012).

More recently, the Queensland Government implemented the 2015 Net Fishing Buyback Scheme and 2016 Net Fishing Buyback Schemes (Business Queensland 2017) targeted at commercial fishing operations in the Cairns, Mackay and Rockhampton areas.

The buyback schemes were offered in response to the Queensland Government implementing net-free fishing zones in those areas so as to protect the marine environment and attract more recreational anglers to the area.

2. Enterprise assistance programs help individual enterprises remain in an industry. They can also help individuals to build upon their internal capabilities in order to remain competitive, such as through strategy management and production techniques.

The most recent and high profile example is the assistance given to the car manufacturing industry. Programs include the Automotive Industry Structural Adjustment Program, implemented in 2008 (Government of South Australia 2017) with applications extended through to 2019 (Australian Department of Industry, Innovation and Science 2018a), and the Automotive Transformation Scheme implemented in 2011 and funded through to 2020 (Australian Department of Industry, Innovation and Science 2018b).

The first of these aimed to provide assistance to enterprises such as components suppliers as well as workers to help them take up new opportunities in other industry sectors.

The second provided enterprises with cash payments for investing in plant and equipment (up to 15 per cent) and research and development (up to 50 per cent) in an effort to encourage innovation.

The cessation of car production by Ford, Toyota and Holden highlights that enterprise assistance programs cannot ensure the viability of an enterprise and that such assistance brings with it the risk of bonding a region's economy to an industry that is potentially unsustainable.

3. Labour market programs focus on individual workers who are displaced by the closure of an enterprise or other major economic impact such as that sustained through natural disasters.

Labour market programs provide assistance in the form of support from employment service providers; career advice and job preparation assistance (e.g. résumé writing, information about job opportunities, job fairs); and training/reskilling/recognition of prior learning assistance.

A recent example of such a program is the North Stradbroke Island – Workers Assistance Scheme (NSI WAS) (Queensland Treasury 2018) offered to workers displaced or facing displacement resulting from the planned cessation of the sand mining industry on North Stradbroke Island in 2019 (Department of State Development, Manufacturing, Infrastructure and Planning 2018).

This program came into effect in May 2016 and has budgeted funding for five years. It has a number of components including support for job searching, training and skills development, and income

supplementation. There is also financial assistance to encourage displaced workers residing on the island to remain.

4. Investment attraction strategies are funding pools made available to attract new investment into a region. The money may solely come from the Australian Government, or it may be made available from a mixture of public (Australian, state, and local government) and private funders. The result of investment attraction strategies may be the expansion of existing enterprises or the development of new enterprises in a region.

Recent examples of investment attraction strategies are the Structural Adjustment Fund for South Australia, which was available from 2004–2006 in response to the closure of the Mitsubishi Motors plant in the southern suburbs of Adelaide (Armstrong et al. 2008), and the Illawarra Region Innovation and Investment Fund, implemented between 2011–2014 in response to the restructure of the BlueScope Steel plant at Port Kembla (Australian Government 2012).

Such investment strategies have been criticised in the past because of their lack of substantial job creation given the investment size (Productivity Commission 2001; Daley & Lancy 2011). Daley and Lancy's work also notes that job attraction schemes have failed to achieve desired outcomes.

Beer (2015), however, believes that it is not enough to focus on job creation issues, it is also important to consider the flow-on or multiplier effects and the intangible benefits that emanate from such investments. Another criticism of the investment strategy approach is the application of minimum thresholds for investment which often prevent local businesses from participating in the scheme (Beer & Thomas 2007, cited in Beer 2015).

Although not referring specifically to investment per se but to discretionary government spending, the Productivity Commission (2017) provides some further comment on the effectiveness of expenditure directed to the regions.

It notes that substantial amounts of discretionary spending by local, state and territory and Australian governments for regions have not 'facilitated adjustment or long-term development'.

Governments at all levels are also urged to 'coordinate better and evaluate this expenditure to improve its effectiveness in supporting development, improving living standards, and generating better value for money'.

In evaluating the effectiveness of past assistance programs for enterprises and regions, the Productivity Commission notes that it 'has often been costly, ineffective, counter-productive, wasteful, poorly targeted and inequitable'. Beer (2015) is also concerned that in some more 'vulnerable regions' investment could be better focused.

In most scenarios where industry transition has occurred or is occurring, multiple strategies are implemented to assist the various parties impacted.

For example, labour market programs may be instituted to help displaced workers secure employment; financial assistance through industry restructuring programs may be provided to help companies diversify their product and/or market; and investment strategies may be made available to attract new industries to an affected community.

THE PROJECT

The National Centre for Vocational Education Research (NCVER) undertook research to better understand the impacts of, and strategies needed to support, the workforce in industries undergoing transition.

To do this, a literature review was undertaken, the overarching aim of which was to investigate the impact of industry transition on the workforce and skills supply and demand with a focus on identifying and defining key elements for success. Learnings from this review were used to inform a set of overarching mechanisms for effective industry transition assistance strategies.

The project also entailed the testing and validating of the findings from the literature review through a case study component. This occurred through a mix of desktop research and interviews with key informants in relation to a variety of recent and historical examples of structural adjustment and industry transition. The case study component focused on the impact of, and response to, industry transition across the industries listed below:

- Mining
- Automotive manufacturing
- Gas
- Commercial fishing
- Oil refining
- Agriculture
- Renewable energy
- Print media.

The intent was to gain a better understanding of the types of workforce-related issues faced by enterprises and affected workforces; the elements of industry transition assistance programs that worked well, or less well; whether anticipated outcomes were met; and whether there were improvements that could be made or could be recommended to other industries or regions experiencing similar circumstances.

A summary of key learnings or elements for success from the case studies is provided in the next section of this report.

BEST PRACTICE IN INDUSTRY TRANSITION/ STRUCTURAL ADJUSTMENT

When industry transition or structural adjustment occurs, there are a number of parties that may be impacted – individuals, enterprises, communities and/or regions. As such, asking whether industry transition or structural adjustment assistance programs ‘work’, or attempting to define a ‘best practice’ model to respond to such events, masks the complexities associated with the implementation of strategies aimed at helping individuals, enterprises and/or regions often simultaneously.

Beer suggests that to determine the answer to the question of whether or not a structural adjustment program has worked, it is important to delve more into which factors work best under which circumstances (2015).

To guide the analysis for this project and identification of the key learnings, ‘best practice’ factors as identified by Beer (2015) were used. These factors are based on Beer’s research into issues of structural adjustment across a range of industry sectors including case studies of what transpired in the restructuring of the steel industry at Port Kembla, closures of Mitsubishi’s Lonsdale and Tonsley Park plants, and Kimberly Clarke in Southern Adelaide.

As each event is unique, there is ultimately no set framework that can lead to success in responding to industry transition. The factors identified by Beer form the basis in this report of the following key elements to be considered in the development of a tailored, individualised response to an industry transition event, and were observed in the analysis undertaken for this project:¹

- 1. Time:** Industry transition has a long-term impact. While responding to industry transition needs to be timely, expecting results from these responses in the short-term is unlikely to yield beneficial personal or economic outcomes.
- 2. Anticipatory planning:** Most industry transitions can be anticipated; it is not generally something that happens suddenly (Nous Group 2013). Anticipating the need for assistance and implementing initiatives early will reduce the likelihood, scale and scope of adverse events and provides time to plan for the future.
- 3. Governance and information dissemination:** A review of who in the enterprise, industry, community and/or region is impacted by industry transition needs to be incorporated in the process to give key players ownership of the changes that are required to move forward. Importantly, the broader community must be kept informed of the change process.

¹ These factors were also common in the work of the Nous Group (2013), Callan and Bowman (2015) and Snell, Gekara and Gatt (2016).

- 4. Focus on the affected region:** Industry transition assistance initiatives should target those localities affected by change, recognising that in the main, Australia's workforce is immobile.
- 5. Human capital:** Providing education and training opportunities for affected workforces should be an imperative of industry transition initiatives, for both displaced workers and those who remain. It is important to be realistic about how easy it will be for workers to transition to other occupations, especially those occupations that require intensive retraining.
- 6. Economic diversification:** Regions may look to diversify and reposition their economies but they should do so by building upon their existing capabilities and capacities (human and physical capital).

Based on the findings from the analysis that underpinned this report, two other elements are added to this list:

- 7. Local coordination and case management:** To ensure that transition strategies are implemented in the ways intended, it is important to put in place adequate administration and oversight processes. This can best be done by the appointment of local coordinators who are able to monitor the progress of agreed projects, negotiate with suppliers and

provide a focal point for the community. A case management approach can help workers affected by industry transition prepare for the transition and make decisions about employment, relocation and retraining that suit their particular circumstances.

- 8. Evaluation:** To determine which industry transition assistance strategies or interventions work best for whom and why, it is crucial that short, medium and, ideally, long-term (or ongoing) evaluations are undertaken. Doing so will allow for adjustments to be made to programs along the way, and in the case of more longitudinal evaluations, for more effective and clearly targeted programs to be implemented in response to future industry transitions.

These key elements for success were found to occur in the case study industries considered through this project (Table 2). However, not all key elements occurred in every example, illustrating the individual nature of industry transition in its impacts. Examples of success are briefly described in the following pages.

Table 2: Matrix of key elements for success in each case study industry.

Case study	Time	Anticipatory planning	Governance and information dissemination	Focus on the affected region	Human capital	Economic diversification	Local coordination and case management	Evaluation
Mining	✓	✓	✓	✓		✓	✓	
Automotive manufacturing	✓	✓	✓	✓	✓	✓	✓	✓
Gas		✓	✓	✓	✓			
Commercial fishing	✓	✓	✓		✓			✓
Oil refining			✓		✓			
Agriculture		✓		✓		✓		
Renewable energy				✓		✓		
Print media					✓			

THE EIGHT KEY ELEMENTS OF SUCCESS



TIME



**ANTICIPATORY
PLANNING**



**GOVERNANCE AND
INFORMATION
DISSEMINATION**



**FOCUS ON THE
AFFECTED REGION**



HUMAN CAPITAL



**ECONOMIC
DIVERSIFICATION**



**LOCAL
COORDINATION
AND CASE
MANAGEMENT**



EVALUATION



TIME

- Long lead time to prepare all parties impacted
- Long lag time with programs to help all parties impacted accept and adjust

There are two main aspects to the time element – a long lead time and a long lag time.

Having a long lead time between when an announcement is made, such as the closure of an industry, and when it comes into effect is useful in helping individuals to come to terms with the changes that are occurring.

Providing advanced knowledge of anticipated closures by enterprises can assist in putting in place enterprise-based programs to help workers prepare for transition, and governments to develop initiatives to provide required assistance.

For example, the BHP Steelworks' Program was established in 1997, two years before the closure of the BHP Steelworks in Newcastle. This gave BHP time to work with unions, the community and state and Australian governments to develop initiatives that would assist workers to make a positive transition before the closure in 1999 (Callan & Bowman 2015).

A long lead time provides opportunity for individuals to deal with the initial grief, stress and other negative concerns that losing their job may cause and allows them to fully comprehend the transitional support opportunities available to them.

It is important to understand, however, that in some cases workers and their families, enterprises and the community itself may not perceive the lead time, no matter its length, to be sufficient.

Equally important is having a longer lag time for programs, and ensuring there are sufficient funds allocated to allow this to happen. A long lag time refers to having transitional supports available for a period after the event. Allowing programs to be funded for 12 months or longer after the key industry transition event recognises that time is needed by employers, and at times employees, to fully grasp the reality, understand what supports are available, access those supports, then change business practices in the case of employers, or jobs in the case of individuals.

This was highlighted in the evaluation ACIL Allen Consulting (2017) undertook on the Ford Transition Program. Here they noted that funding for the outreach centres ceased at the end of April 2017 and yet many retrenched workers (both from Ford and the supply chain) may still be experiencing difficulties transitioning to their new 'normal', whether that be in a new job, trying to get a new job or retiring. Health and wellbeing issues and training needs are still likely to be present even after funding for the outreach centres has finished.

ACIL Allen Consulting suggests that a greater lag time for services post-closure is needed and consideration could be given to working with local government and neighbourhood centres to ensure relevant services are provided for a longer period of time.



ANTICIPATORY PLANNING

- Understand the landscape; know the market
- Socially responsible restructuring

Industry transition does not just happen; there are usually signs that a change is approaching.

In the main, the research through this project has highlighted the importance of being able to plan in advance for changes so that suitable supports and policies are ready to be implemented soon after an announcement. This involves being able to learn from other similar instances that have occurred in the past.

Additionally, anticipatory planning needs to look beyond the individual worker and look at the broader social and community impacts too. This may include offering relationship counselling and financial planning. Nevertheless, providing the necessary assistance so that one may access suitable employment will ultimately be the best form of anticipatory planning for workers.

The planning aspect of the case study in the gas industry was different to those focused on a closing industry. Planning in this instance related to anticipating changes to a regional area from the inflow and outflow of workers in the construction of gas plants. Successful aspects in anticipatory planning include:

- Undertaking a skills gap analysis to understand what skills are already available in the area and which need to be sourced elsewhere. This also helps with planning what recruitment and training will be needed.
- Planning for the impacts to social infrastructure in the region. As well as a demand on housing, there was a greater demand on social infrastructure, such as sewer lines and roads, which ended up needing to be upgraded.
- Undertaking social impact management plans.

The case study in the gas industry highlighted that detailed planning is required for the outflow of workers and the significant impact this can have on the community, particularly in economic terms, before projects are given approval to commence.

Signs of impending industry closures or downsizing may not always be heeded and may lead to the perception of sudden or unexpected closure. An example of this was seen again in the context of the gas industry.

While the eventual ramping down of the construction phase had been communicated, some of the small and medium enterprises (SMEs) in the supply chain were slow to respond. Rather than preparing for the eventual ending of the construction phase, some SMEs delayed downsizing their organisations or changing the way they conducted their businesses. This ultimately led to the closure of some SMEs. There was a need for better anticipatory planning in this case with regard to the impact of an influx of workers during the construction phase, and subsequent loss of workers at the end of the construction phase.

The influx of workers to regions where gas-related construction activity was underway impacted the property sector in some regions which initially experienced high demand for housing; the exiting of workers at the end of the construction phase led to a decline in demand for housing. Better anticipatory planning, especially with regard to the accommodation of workers by arranging for alternative arrangements (for example temporary housing), may have mitigated these effects.



GOVERNANCE AND INFORMATION DISSEMINATION

- Dedicated and disciplined coordination, management and leadership
- Broad consultation

A key element for success identified in a number of the case studies industries, including automotive manufacturing and gas, is the establishment of governance or consultative committees.

The members making up these committees need to be broad-ranging and include a variety of representatives such as employers, unions, local government, different regional bodies, community groups and service organisations. These committees have a role in communicating with the wider community, identifying job opportunities and operating as a sounding board for concerns. These types of committees could also raise greater recognition of the flow on effects of industry transition to supply chain workers.

It is important that these committees meet on a regular basis. Their transparent and collaborative nature ensures that all parties are aware of what each other are doing in terms of helping affected workers, enterprises and communities move forward.

Focusing on the communication and dissemination of information, the evaluation by ACIL Allen Consulting (2017) on the Ford Transition Program (FTP) noted the importance of investing additional effort into relationship building with supply chain organisations, in particular management in those organisations, to ensure better communication and uptake of services on offer by affected supply chain workers.

The evaluation of the FTP found there to be a very low uptake of services among workers in the supply chain both prior to and post-closure. ACIL Allen Consulting considered this may have been due to the limited involvement in the process by supply chain management.



FOCUS ON THE AFFECTED REGION

- Localise recruitment and procurement initiatives
- Focus transitional support on jobs in the region

Australia is a vast country so it is not always easy to move to where the jobs are. A key element of the gas and renewable energy case studies was a push to employ, where possible, local people first.

For example, the workforce for the construction of gas-related infrastructure in some regions comprised a high proportion of local people. However, a potential consequence of such a policy is that other local enterprises may lose their employees. Establishing realistic targets for local employment based on consultation with relevant authorities and companies is viewed as good practice.

In addition to employing local people in projects, local enterprises should also be given the opportunity to supply goods and services to new industries in the region. A 'buy local/use local' stance can be a useful means of ensuring opportunities for local enterprises to provide goods and services, and hence support local employment. This is particularly pertinent with the construction of renewable energy infrastructure where there are often limited opportunities for the technology itself to be manufactured locally and the infrastructure often does not require a large workforce to operate. In these instances, there can be opportunities for other related aspects of the construction and operation of the infrastructure to be provided locally, such as fencing, concrete, brackets and ongoing maintenance services.

In terms of closing industries and displaced workers, industry transition assistance programs should be focused around finding new opportunities within the affected region. This involves understanding the local economic profile and where the job opportunities are.

One initiative highlighted in the automotive manufacturing industry was the development of an online talent community tool aimed at exiting workers, including those in the supply chain. The tool provided a free matching service between employers and potential new employees, along with information about employment opportunities in local and regional areas, as well as current and future job opportunities.

Affected employees were able to upload their résumé, while employers could post jobs and review the skills and experience of registered employees.

This initiative was funded by the Australian Government through the Growth Fund National Facilitator funding. Such an initiative could be easily applied to other industries undergoing transition.²

Continuing with the automotive manufacturing industry, another example of a locally focused response to industry transition is seen in the work of the Geelong Region Local Learning and Employment Network (GRLEN). GRLEN has established a network of partnerships with key stakeholders across employment, training and community services that provide additional supports for those affected by the closure of Ford Australia. This integrated cross-sectoral approach applied by GRLEN is considered to be critical to ensuring improved support for the re-employment of the Ford workers. GRLEN provides various services including industry taster programs and organising work experience in possible future career sectors.³

It is also important to understand that new economic opportunities both for individuals and the community may be difficult to come by in the short-term and that there may be a need to bring in investment and funds from elsewhere.

The case studies analysed for this project demonstrated the importance of attracting private investment to regional areas to stimulate the economy and create sustainable long-term employment opportunities for local residents.

A component of a regional focus is the need for regular risk assessments to be undertaken by local and state governments.

This is important as most enterprise closures in a region have been shown to be 'predictable in terms of time and impact' (Nous Group 2013). Such assessments can be used to inform an integrated regional strategy and to better understand the adaptive capacity of the region.

This close focus on risks that apply to a particular region would enable governments to prepare for current and future locally-specific structural changes. Risk assessments should take into account information on trends in economic growth, growing and declining industry sectors, business confidence and outlook, and potential investment sources.

The capacity of local leaders or institutions, including employers and education providers, to respond to an industry transition event in a region should also be considered. In addition to identifying practical strategies for accessing financial assistance (including

² See <http://www.autotransition.com.au/> for further details.

³ See <http://www.grllen.com.au/> for further details.

local, state or Australian government funding), or the provision of appropriate reskilling programs locally, such leaders can also be expected to provide the intellectual input to drive ideas and strategies for industry diversification and moving the region forward.

In assessing the risks associated with large enterprise closures in a specific region, it is important to take into account the broad base of skills workers likely to be retrenched may have, as well as the levels of regional unemployment, income and skill. The degree and location of socio-economic disadvantage also needs to be considered (Nous Group 2013).

Snell, Gekara & Schermuly (2016) also conducted research to address the lack of labour market information on opportunities for jobs in regional areas. Their study focused on transferable skills in a regional context and resulted in a comprehensive profile of automotive industry workers developed through interviews with company representatives and workforce data of six automotive facilities (three automotive manufacturing and three component facilities).

The research also identified growing occupations in the labour markets in Adelaide and Melbourne where automotive industry workers reside and will likely seek alternative employment. A detailed examination of the transferable skills acquired by automotive industry workers and the relationship between these skills and the identified growing occupations helped researchers present key information in an easy-to-understand format that could be made available both to workers and career coaches.

The undertaking of a risk assessment is also valid in those circumstances where a significant industry or enterprise expansion occurs. The expansion of industries can impact on local workforces and training providers in terms of meeting skill demand, and the region more broadly in terms of impact on local economies, employment and infrastructure demands.



HUMAN CAPITAL

- Skill, reskill, upskill – but it must be aligned with a job outcome/career
- Greater focus on transferable skills

Investing in individuals and helping them to recognise their current skills, including both technical and core skills and how these may align to other jobs, is an important element in industry transition.

A case management approach to training, where this type of support is tailored to the individual and they can receive help in recognising their skills and what opportunities are available in the region, is a key element to a successful approach. Understanding the jobs available in the region and the skilling requirements needed is essential to providing sound advice as is directing an individual to the right type of training, such as accredited training, industry tickets or heavy vehicle licences. A vital point is that any training undertaken should value-add and be related to a career or job outcome.

Of great importance here is the need to help individuals impacted by industry transition to understand the transferability of their skills, particularly as they relate to other jobs in their local area. The 'Skills Stocktake Activity' tool⁴ was developed to help workers affected by the closure of car manufacturing identify the skills or knowledge that had been acquired through their job, through hobbies or other home-based social activities. Conducting a stocktake of skills helps tailor an individual's résumé and determine their suitability for other jobs they may be interested in. This tool can be used by workers from a range of industries.

Other forms of education and training that were seen as important to industry transition assistance programs, particularly for individuals who have been employed in the same job for many years, are:

- Résumé writing and interview skills.
- Financial advice relating to an individual's personal finances (including superannuation), their eligibility for government benefits and their eligibility for government-subsidised training.
- Business advice, including about opportunities and programs for helping individuals to start up businesses. This aspect was seen in the case study of the print industry as particularly important for journalists who had been made redundant.

Being equipped with this type of knowledge can help the individual to adjust to the career changes they are experiencing.

The Victorian Government Skills Gateway (Victorian Department of Education and Training 2017) website enables access to relevant resources for retrenched workers. As well as identifying support services that will help workers cope with the emotional aspects of job loss, it directs them to information on jobs in growth sectors, government-subsidised training programs and financial support services.

One-stop-shop Skills and Jobs Centres have been established in Victorian TAFEs (Victorian Department of Education and Training 2018) with staff trained to help workers (including retrenched workers) identify training and re-training opportunities. These centres can assess skills, liaise with local employers and provide referrals to other forms of support including financial guidance (to help them manage bills and debts, prepare a budget, compare debt payment options and take financial control). It will also provide them with information about government benefits and enable them to register for Australian Department of Human Services entitlements, including family assistance services and child support.

Another initiative that has been used to help displaced or soon-to-be-displaced workers identify their current skills and future skills needs is industry taster programs. For example, 'Jobs 4 Geelong – The Front Foot' was a series of six workshops aimed at helping manufacturing and other retrenched workers discover new employment opportunities.

Each workshop focused on a different industry sector that had been identified as a jobs growth area in the future: transport, logistics and warehousing; construction/civil construction; advanced manufacturing; health and community services; prison officer, police and security; and information technology. With each of the industry taster sessions, an employer and employee provided details and insights into the industry and potential career opportunities available in that industry (Callan & Bowman 2015).

For industries being significantly impacted by technological change, the experience of Australia Post provides another example of initiatives that can be applied to help minimise adverse impacts on workers. The rapid uptake of other forms of communication (i.e. emails, social networking media and improved telecommunications) and the rise of e-commerce has reduced the need for traditional mail services, especially letter delivery service, and increased the need for e-commerce parcel delivery.

⁴ See <https://whatsnext.jobs.gov.au/skills-stocktake-activity> for further details.

In dealing with these issues, Australia Post has aimed to retain as many of its workers as possible by offering them opportunities to transition to other careers within the agency or to train for external jobs.

The Post People 1st program, launched in 2015, ensures that internal vacancies are advertised and filled by current employees. Online training courses are provided at no cost to help workers upgrade their skills. Free coaching services (by telephone) are used to help workers access career advice, write a résumé, prepare for interviews and obtain pre-retirement financial guidance. All Australia Post employees can access the program via a mobile website, including those with disability (Australia Post 2016).

The print media industry is another example of an industry significantly impacted by changes in technology, with technological advancement being one of the key reasons for the industry's declining workforce.

Demand for print media, including books, magazines and directories, has decreased substantially due to consumers and enterprises increasingly trading online without printed materials. The growth in electronic data and document distribution and hosting media content online is resulting in decreased demand for printed resources, thus adversely affecting the demand for printing support services. For example, digital media allows graphic design companies to print less and supply documents increasingly via electronic media such as PDFs. Furthermore, the rapidly growing market for eBooks on tablets and smartphones has further reduced the need for services such as bookbinding, laminating, finishing and distribution (IBSA 2015).

To counter these changes, the industry implemented the Future Print strategy as a means of developing the skills and capabilities of businesses in the print and related communications, creative and information sectors to effectively respond to the economic, demographic and technological change. One aspect of this strategy was the Future Print Apprenticeship Project, an Australian Government-funded project that supported employers to take on apprentices in the printing and graphic arts sectors.

The Future Print Apprenticeship Project implemented a model of competency progression and completion so that progression through the training was based on skills obtained rather than time served. This involved the development and implementation of industry progression benchmarks to determine workplace competence in formal learning as well as in workplace settings. The model also included arrangements to allow for competency-based wage progression.

Apprentices were supported through monitoring and targeted training, and were offered access to flexible training using a blended learning model which involved online, off and on-the-job learning, the use of upfront intensive training and the use of e-learning technologies. The project resulted in 311 apprentices across 118 printing businesses commencing the program, and at 30 June 2016, when the program ceased, 52 apprentices had completed (Future Print 2016).

It is important to be realistic about the ability of workers (especially those nearing retirement) to easily transition or aspire to jobs which require intensive retraining. In addition, those who have poor language, literacy and numeracy (LLN) skills, or lower-level occupational skills may also find it difficult to transition to new jobs. Transitioning to a new occupation that requires extensive re-skilling cannot and does not happen overnight (Australian Department of Industry 2014).

For periods of growth, such as that experienced during the construction of gas-related infrastructure, upskilling for workers was also deemed important. This type of training is focused more on addressing gaps in workers' skill sets and providing formal recognition of skills they may already have as seen through recognition of prior learning and provision of necessary gap training.

In the gas industry, to assist in accessing the skills required to support gas-related construction activity around Gladstone, Bechtel offered an apprenticeship program in partnership with the National Apprenticeship Program and SkillsTech which was seen as successful. The program concentrated on training people in areas such as electrical fitter mechanics, instrumentation and control, boiler making, sheet metal, mechanical fitting and carpentry formwork (Ovenden 2017).

A focus of the program was on workers from the local community and further afield without qualifications who already had some competency in the area – individuals needed at least a 40 per cent competency level to be considered (Bechtel 2014). Recognition of prior learning was provided where appropriate, which was followed by tailored gap training to enable the participants to complete their training within the construction timeframes (Australian Government, 2011). Most apprenticeships were completed over an 18 to 24 month time period.



ECONOMIC DIVERSIFICATION

- Diversifying products, crops and services to remain viable
- Building upon existing regional capacities

A consideration identified in the case studies is the inability of regions to rely on one key industry to remain viable.

For example, in the commercial fishing industry, business owners affected by regulatory changes in their industry have had to become innovative in their practices, such as partnering with other fishing businesses or adding a delivery service to their business, in order to remain profitable.

Supply chain businesses in the automotive manufacturing industry also diversified to other areas such as the production of medical devices and heating consumer goods. In the agricultural example, farmers are looking to supplement their main crop, such as sugar cane, with other in-demand crops or business opportunities like farm stays so as not to 'put all their eggs in the one basket'.

Recognition of and support for economic or business diversification, such as through grants (including government grants for the expansion or re-invigorating of existing services and infrastructure) and business training (including the development of project management skills, business planning and skills required for starting up a business), is viewed as an important aspect of successful economic diversification.

In the past, the Industry Development Assistance component of the Forest Industry Structural Adjustment Package (FISAP), implemented in 1995 in New South Wales and Western Australia, provided employers with grants to help increase diversity. These grants were found to be successful in terms of increasing diversity within businesses as well as encouraging the production of value-added products to increase profitability (Loxton, Schirmer & Kanowski 2013).

The evaluation of the FISAP also highlighted how time (i.e. length of implementation) is critical to the success of an industry transition assistance program. The FISAPs in New South Wales and Western Australia were both funded until the mid-2000s, much longer than the original timeframe (which was a five-year period to 2000). This extension recognised that it can take longer than first expected for businesses to understand the supports available to them (and what it may mean for their business), to utilise the

resources, and make the necessary changes to their business (Loxton, Schirmer & Kanowski 2013).

A current example is the Automotive Supplier Diversification Program (ASDP) funded by the South Australian Government in response to the closure of the car manufacturing sector in Australia, and specifically the closure of the GM Holden manufacturing plant in Adelaide.

The ASDP is targeted at financially viable manufacturing companies operating within the automotive supply chain. The South Australian Government has budgeted \$16.65 million for the period of 2013-14 to 2018-19 to support eligible businesses to successfully diversify and secure alternate revenue streams to drive sustainable growth, long-term employment and potential for export revenues (Government of South Australia 2017).

The South Australian Department of State Development expects that around 55 of the 74 automotive supply chain enterprises in South Australia will continue to operate and remain viable, having successfully diversified their business and gained access to new markets. As a result, the overall job loss impact in South Australia is likely to now be around 5000 jobs, including those directly lost through the closure of the GM Holden plant as well as in the supply chain (Bowman & Callan 2017). This is far less than initially estimated in the lead up to the closure where estimated job losses ranged from 8390 jobs (Productivity Commission, August 2014) to 13,200 jobs (Burgan & Spoehr, November 2013; both cited in Bowman & Callan 2017).

Another current example of a restructuring program aimed at diversification is the Australian Government's \$220 million Regional Jobs and Investment Packages that was implemented in 2016. This program is being piloted in 10 regions around Australia to help diversify local economies, stimulate long-term economic growth and deliver sustainable employment. Queensland currently has three regions being funded through these packages: Tropical North Queensland, Bowen Basin and Wide Bay Burnett (Australian Department of Industry, Innovation and Science 2018). As it has only recently commenced, it is too early to determine the impact and success of this investment.

Another important aspect of economic diversification is to establish clear strategies with staged milestones (for the short-term, medium-term and long-term) to help implement change to achieve diversification.

An example of this is occurring on North Stradbroke Island as this economy transitions alongside a phasing out of mining on the island. The North Stradbroke Island Economic Transition Strategy contains a range of initiatives that seek to expand the island's economy and capacity, and attract private investment and other new business opportunities (Queensland Government 2016).

A different approach to economic diversification and growth is found in the renewable energy industry. For example, the Western Downs region of Queensland which is becoming a major hub for solar and wind energy (Toowoomba and Surat Basin Enterprise 2017). The electricity infrastructure that was put in place during the coal seam gas construction period in this region has supported the region to diversify into solar and wind energy. Renewable energy projects are driving significant investment into this region (Lynham 2018).



LOCAL COORDINATION AND CASE MANAGEMENT

- Understanding local needs are key to effective program implementation
- No 'one size fits all' approach

A clearly defined point of contact to deal with issues arising from industry transition is another key factor for effective practice.

For example, following a decision to phase out Sand Mining on North Stradbroke Island, the North Stradbroke Island Workers Assistance Scheme has been established to assist affected workers find alternative employment, preferably in the local area, and support the ongoing economic viability of the North Stradbroke Island community (Queensland Government 2018a).

An Economic Transition Strategy has also been developed to support transitioning the island to an eco-tourism hub. The Queensland Government has officers working from an office established on the island to support and coordinate the implementation of the strategy and to act as a first point of contact for affected workers regarding assistance available to them through the Workers Assistance Scheme (Queensland Government 2018b).

In the automotive manufacturing industry, the role of a National Facilitator was put in place to work with car manufacturers, all levels of government, education and community organisations and local employers to plan the transition of automotive manufacturing employees (Australian Department of Jobs and Small Business 2018).

Another approach to more localised coordination and case management to deal with industry transition are the Rapid Response Teams set up by the Australian and/or state or territory governments. This has been used to effect in the Hunter Valley region of New South Wales, a region that has experienced the closing of a number of large enterprises, including a range of companies providing services to the coal industry.

The Rapid Response Team works with the company to identify job losses and to gather information about the skill set of any potentially redundant workers. A case management approach in which a training coordinator sets up a program for displaced workers to attend information sessions and have their skill sets and training needs assessed are key features (Callan & Bowman 2015).

The effectiveness of having place-based Local Employment Coordinators (a mechanism established by the Australian Department of Education, Employment and Workplace Relations between 2008 and 2009 to work in 20 'priority employment areas') has been demonstrated in the closures of the Bridgestone tyre manufacturing plant in 2010 and closures in the Queensland tourism industry during the Global Financial Crisis. These coordinators have played a critical liaison role between various government services and ensuring that workers affected by closures receive the required assistance (OECD 2016).



EVALUATION

- Monitor, adapt and adjust
- Make recommendations for the future

The need for ongoing evaluation and an evidence-based approach to dealing with industry transition emerged strongly through this research.

A number of evaluation activities are underway in relation to the automotive manufacturing industry. These include a longitudinal study being undertaken by researchers from the Australian Catholic University on behalf of the Australian Manufacturing Workers Union, the Electrical Trades Union and the National Union of Workers (Barnes 2016). This study is tracking a sample of 423 union members in the automotive manufacturing industry in Victoria.

The study commenced in mid-2016 and will run until mid-2019 and is looking at the access to, and take-up of, assistance by affected workers, and the impact of the closure on their employment situation and quality of life outcomes.

The South Australian Government has also undertaken scoping activity to develop a brief for a longitudinal study of automotive workers (Bowman & Callan 2017). The aim of this scoping exercise was to develop a brief for a best practice or 'gold standard' longitudinal study focused on repeated observations of automotive manufacturing and supply chain workers over several years.

A number of government funded or supported evaluation activities have also taken place. For example, ACIL Allen Consulting was commissioned to undertake an independent evaluation on the effectiveness of services offered to Ford workers under the Ford Transition Program and assess the employment and other outcomes for workers impacted by this transition (ACIL Allen Consulting 2017).

The evaluation commenced before the closure of Ford with interviews with workers and management, and continued with further interviews and a survey of affected workers shortly after the closure of the Ford plant on 7 October 2016. There was a further phase to the evaluation involving follow-up interviews and a survey approximately six months following the closure in April 2017.

A similar survey was undertaken of workers at the former Mitsubishi Motors Australia plant and it was able to be determined that travelling across the city for work was not a sustainable practice (with Mitsubishi having been based in southern Adelaide and other similar work, such as GM Holden, being based in northern Adelaide; Beer et al. 2006). This learning was applied to current structural adjustment packages aimed at supporting displaced automotive workers.

In the commercial fishing industry, a review of the Great Barrier Reef Marine Park Structural Adjustment Package made a number of recommendations for future structural adjustment packages relating to changes to marine reserves (Gunn, Fraser & Kimball 2010). This review provides a number of findings for consideration in the context of future marine re-zoning.

Going forward

The findings from this project have highlighted the positive and negative influences that industry transition can have on individuals and the communities or locations in which they live or work. They have also informed the development of a set of overarching mechanisms for effective industry transition assistance strategies.

UNDERSTANDING AND ASSESSING THE RISKS AND OPPORTUNITIES OF INDUSTRY TRANSITION

It is important to note that there are a range of negative and positive influences that industry transition has on individuals, enterprises and communities, and that these are experienced in various ways by industries facing downsizing or closures, and industries that are growing or emerging.

When industries are closing, there are personal, financial and social costs for individuals as they grapple with current or forthcoming loss of jobs. For some, the future is brightened if they have access to assistance or opportunities to move into new and better jobs, or jobs that require them to adapt to new conditions. For those coming to the end of their working lives and those who want to exit the workforce or the industry in which they currently work, the closing of an industry makes this exit more palatable.

There may also be social and economic costs to communities associated with the closing down of a particular industry and the enterprises that operate within it. These costs are associated with people moving away to seek new opportunities, the closing down of other smaller sectors that are no longer viable, and the increased dependency on welfare of those that are left behind. The benefits of closures of industry associated with damaging effects on the natural environment are however examples of a positive influence on regions or communities.

When industries are growing or emerging, they may experience another set of positive and negative influences. Positive influences are associated with the opening up of new sectors and the increasing availability of jobs which may bring new populations to the community, resulting in a reinvigoration of local enterprises and communities.

Negative influences are associated with the costs associated with upskilling existing workers or bringing in workers with new skills, and in the event of an influx of new workers, the potential higher costs of accommodation and housing. An influx of population can also place additional pressures on infrastructure and the provision of services such as education, medical and community safety services.

Establishing mechanisms for the regular assessment of risk supports the development of timely and appropriate interventions within regions. Such assessments can be used to keep local, state and Australian governments abreast of the upward and downward pressures being experienced in particular industry sectors or enterprises in their regions, and to plan accordingly for appropriate and effective transition strategies and actions.

The full impact of industry transition processes on individuals and communities, cannot always be ascertained in the short-term and may take a long time to eventuate and to understand. It is important for governments to put in place mechanisms to document the effects of industry transition on workers, communities and enterprises. This could include a longitudinal study in which representatives of key business and industry stakeholders and affected community groups are interviewed at regular intervals to provide information on how they have fared in the short, medium and long-term.

This would help to provide a more objective understanding of the impacts of industry transition in a practical sense. It can also help avoid the making of decisions on the basis of retrospective reflections or the opinions of individuals who have not personal experience with the change.

When large enterprises close they may leave behind substantial infrastructure, facilities and equipment. The repurposing of such facilities and equipment for the benefit of local communities and/or other industries should be investigated.

MAKING DECISIONS BASED ON OBJECTIVE INFORMATION

Whether or not industry transition assistance programs relate to closing or growing industry sectors, it is important to ensure stakeholders have access to good information before the development and implementation of various initiatives. This will require extensive analyses of economic and social trends as well as the costs and benefits of different types of interventions and assistance. It is also important that wide-ranging consultations are undertaken with relevant stakeholders, including employer and employee associations, regional and district shires or councils, and the affected communities (including special interest groups, such as Traditional Owners).

Such in-depth information gathering and validation exercises can help develop strategies and action plans and targets to achieve desired outcomes. It is also important to understand that some negative influences, especially those associated with the loss of jobs and non-availability of new jobs may endure for extended periods of time.

In making decisions about assistance (including compensation), it is also important to obtain information on the relative merits of such measures, and if and when direct compensation or additional assistance to existing benefits should be used. Consideration of how the assistance can be efficiently and effectively provided is also required.

Furthermore, it is critical to consider the 'trade-offs' between desired efficiencies and issues of equity and community and regional development. The importance of this approach has been raised previously in Productivity Commission deliberations on the policy issues that surround the implementation of structural adjustment programs (Productivity Commission 1999).

ESTABLISHING AND RESOURCING CLEAR AND MEASURABLE OBJECTIVES AND ACTION PLANS

Rapid or severe industry transition events (including structural adjustment) can introduce turmoil and/or excitement in a local community or region (for workers, residents and enterprises).

The most useful approach to dealing with such issues is to have a strategic approach to developing and implementing plans for dealing with such changes, including applying effective programs of assistance (including direct compensation or additional assistance to affected workers) and other forms of investment in infrastructure and program implementation. This requires a well thought out plan for intervention and evaluating the quality of this intervention.

Establishing a strategy for action, including a set of clear objectives, a timeline of activities and outcomes (or targets), and identifying appropriate levels of funding allocations for effective implementation takes dedicated time and effort. The establishment of a taskforce or committee with clear responsibilities for developing and articulating these objectives and desired outcomes or targets, and actions to achieve these in the short, medium or longer term will assist in the design, communication and implementation of effective industry transition strategies.

ENSURING ACCESS TO RELEVANT TRAINING AND SKILLS DEVELOPMENT

It is important that any industry transition assistance strategy also has clear plans for enabling affected workers to access training that will benefit their futures, including access to training for jobs that are in growth sectors (Australian Department of Industry, Innovation and Science nd). This will include providing career guidance and skills assessment services to help affected workers identify opportunities and interests in other areas, and to have their skills assessed for gap training.

It is important, however, to understand that not all workers will be able to make the transition to other careers without considerable re-training. In many industries, workers may have low levels of language, literacy and numeracy (LLN) skills. Providing access to training to help develop these skills will be another key consideration.

Ensuring that arrangements are in place for training providers to establish and make available relevant training and support for affected workers and managers can help the training sector become part of the solution.

These services should include career guidance, needs analysis, skills assessments, recognition of prior learning and associated gap training, as well as LLN training if necessary. We must understand, however, that it may not be that easy for some workers to move from an industry that is declining to an industry that is growing especially if they need to acquire higher level skills and qualifications.

In addition, it may be more difficult to make the transition if they have been reliant on enterprise-specific skills in their current jobs or they wish to move to another area in which enterprise-specific skills are required in the new job. Access to, and engagement in, apprenticeships and traineeships, relevant courses or skill sets, and work experience programs with employers are practical examples of how affected workers can be helped to transition to new careers or be reintegrated into the workforce.

Regardless of whether industries are growing or restructuring they will require effective leadership and management from the enterprises themselves, in terms of looking for new markets, developing new product solutions and changing the way that they conduct their business. This will mean that those strategies for helping executives and their management teams deal with the change must also provide the leadership skills that will be required.

IMPLEMENTING A FRAMEWORK FOR EVALUATION

An evaluative framework for assessing the suitability and achievement of the objectives and the quality and effectiveness of implementation is also desirable; ideally this should be developed in tandem with the strategy itself, and be resourced to an appropriate level.

A formative evaluation can be used to ensure that activities continue to be appropriate for achieving desired actions, or realigning activities with actual realities on the ground. A summative evaluation can help to ascertain whether interventions have been successful for the long-term or whether the intervention should be ceased.

The gathering of objective information on the implementation and success of projects is required if such evaluations are to be successful. This includes obtaining objective evidence of labour market outcomes for displaced workers, and the progress and costs to date of various infrastructure or other developments that have been planned as part of the industry transition assistance strategy. An evaluative framework can also include a process for evaluating the return on investment of government monies into programs to ensure value for money.

TRACKING THE DESTINATIONS OF DISPLACED WORKERS

Tracking the labour market destinations of displaced workers, both for those who remain in the community or region and those who leave, can also provide governments with objective evidence of the success or otherwise of industry transition assistance programs that are focused on the upskilling of workers to undertake new job challenges.

Investigating the health and wellbeing (including financial wellbeing) of those who exit the workforce for retirement, as well as those who have not been able to find work and drop out because of it, can also provide us with a fuller picture of the impact of industry transition policy.

CONCLUDING REMARKS

Reflecting on what can be learned from the experience of current and past industry transition assistance and structural adjustment programs can help to highlight the mechanisms that work and those that do not or need to be modified or improved.

Importantly, access to good information based on objective analysis of economic data and broad-based consultations with relevant stakeholders and community groups can provide clarity around the effectiveness of interventions.

A well thought out plan to support the workforce transition – complete with measurable objectives, deliverables, timelines and an evaluative framework – can provide a strategic approach in responding to industry transition.

The eight key elements for success that have emerged through this research (six identified by Beer and two identified through this current work) that emanate from these, provide some useful directions for future action.



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