

White Paper

# Manufacturing Our Future

## Cases on the Future of Manufacturing

**Extract Case 18**

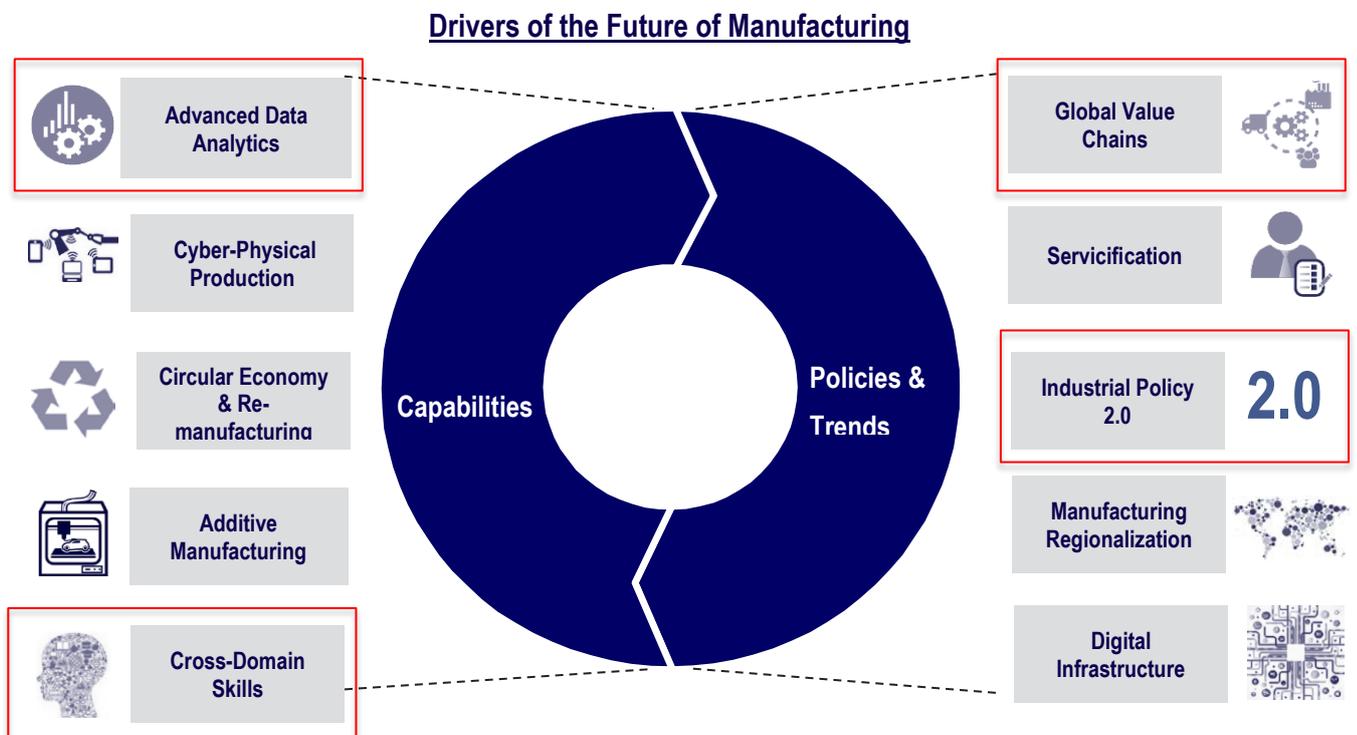
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## Case 18

# Skilling the Bay Workforce Training Strategy

A Response to the Closure of Australia's Victoria  
State Automotive Sector



Source: World Economic Forum Global Agenda Council on the Future of Manufacturing, Whiteshield Partners framing



### 1. Challenge Confronted

The Geelong, Victoria region of Australia is a **major industrial manufacturing hub, currently undergoing a structural economic and workforce transition**, forced by the concurrent closures of major regional employers.

In 2013, soon after Alcoa announced its local metals plant would close with the loss of 800 jobs in 2014, the region was again hit with the news that all of Australia's remaining automotive manufacturers (Ford, General Motors-Holden and Toyota) would close in Victoria by Q4/2016, affecting 8,000 workers at the OEMs and 15,000-20,000 workers in firms in the supply chain. In Geelong, Ford's assembly plant closure will cause over 500 direct job losses, with significant secondary impacts on supply chain companies.

Fearing the potential long-term social and economic damage these closures would cause, **local stakeholders have been working to develop a range of economic adjustment programmes, identify next-generation opportunities, and keep Geelong's manufacturing infrastructure and ecosystem from atrophying.**

### 2. Solution Used

Stakeholders in the region are currently attempting to deliver an education and training strategy to reorient local activities from the supply and production segments of the supply chain, **and move from high-volume to low-volume, high-value added, bespoke production in advanced manufacturing fields.**

The first step was to **gather critical data**. The **Skilling the Bay** project was launched in 2011 to **proactively assess Geelong's skills profile, identify emerging industries, future skills and training needs, and devise strategies to transition the local economy**. Its initial remit was to "develop a long-term jobs vision for Geelong and a workforce development action plan to achieve it" and "to support the growth of existing and emerging industries through targeted demonstration projects."

Funded with an AUD 1.3 million grant from the Victorian State Government, Skilling the Bay's initial research programme **involved building an evidence base for a range of potential initiatives** targeted at renewing and transitioning skills capacity in the region, and stimulating discussion and consensus on strategy among stakeholders to develop and deliver a plan based on those common goals.

**A range of organizations and individuals, including industry associations, employers, employees, unions, training providers and local government representatives, were asked to participate in the project through one-on-one interviews or focus groups. In total, 110 people were interviewed.**

This broadly consultative and inclusive research programme, complemented with detailed regional labour market data analysis, **identified the types of supports affected workers would require and areas of need and potential improvement in the delivery of support services**. Significantly, Skilling the Bay sought to **research internationally**

## Skilling the Bay Workforce Training Strategy

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**Keywords:** industrial transition, global value chains, skills, research, partnerships

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### Key Facts:

- The Geelong, Victoria region of Australia is undergoing major changes in its industrial structure as a host of automotive plants depart and associated supply chain companies close down.
- The national and local governments wanted to ensure that existing industrial capacity could be preserved by shifting it to new industries and capabilities.
- The Skilling the Bay project was launched in 2011 as a process to study, plan and execute this transition.
- After initial funding yielded robust research, the programme has developed 11 initiatives, which are moving into implementation phase.
- While outcomes data is not yet in, the highly collaborative and inclusive process – engaging local, national, and global stakeholders – has yielded rich information and concrete action.

**comparable regions** which had experienced the closure of their automotive sectors in order to determine common elements of successful transitional programmes.

As Skilling the Bay **evolved from its data gathering stage into the second stage of developing targeted initiatives**, the project released a discussion paper, then convened a series of workshops and summits with stakeholders to build consensus around the project's future vision and goals. The project then **developed a Priority Actions Report**, which proposed the establishment of multiple initiatives designed to achieve the agreed-upon education, employment and skills goals.

The **11 initiatives proposed** to advance the goals of the community were calibrated to include local knowledge of potential operational barriers to effective implementation. They were also insights for international best practice experiences.

In December 2013, the Victorian State Government announced an **additional AUD 4.6 million of funding to deliver 11 discrete initiatives** targeting the goals and outcomes of the Priority Actions Report. These initiatives began their roll-out in late 2014 and are delivering promising results in their early stages.

### 3. Lessons Learned



1. Broad-based upfront consultation with 100 stakeholders provided invaluable qualitative insight into the issues facing the local community, creating significant goodwill, which could be later drawn upon to unite participants with divergent agendas to work together for the programme's common purpose.



2. Recognizing that creating new bureaucratic intermediaries would create limitations for frontline programme roll-out, and could be a distraction during a time of transition and uncertainty, the Victorian State Government devolved significant decision-making power to the project's management and advisory board so as to enable local ownership of operational decisions and strategies.



3. Skilling the Bay could be described as a grassroots initiative. While the government funded and provided oversight for the initiative, its management model recognizes that local stakeholders are often best-placed to deliver locally focused programmes.



4. Recognizing that many manufacturing regions had experienced restructuring, the project sought to learn about the efficacy of the strategies employed internationally in managing similar situations, their strengths and weaknesses, transferable lessons and key insights and success factors.

### Description of the Work Performed

Skilling the Bay is led by local vocational education and training (VET) provider, the Gordon Institute, in partnership with Deakin University, the Victorian State Government and the City of Greater Geelong Council.

Funded with an AUD 1.3 million grant from the Victorian State Government, **the project has a mandate to proactively support the transition to new, knowledge-based manufacturing industries** (digital and additive manufacturing, biotechnology and nanotechnology). The Gordon Institute undertook research through **extensive consultation and interviews with local and regional stakeholders**, and included detailed

regional labour market data analysis, workshops, summits and events. The work identified opportunities for growth, the types of supports affected workers would require, and areas of potential improvement in the focus and delivery of support services.

Skilling the Bay also commissioned **academic research into the international comparable cases**, surveying and analysing regions that had gone through similar de-industrialization processes following the closure of their automotive sectors, as well as analysing the policy response of regions in other developed economies (e.g. Hamilton, Canada and Detroit, USA).

The international case study research stream focused on the following substantive outcomes:

1. Understanding of the types of problems faced by like regions around the world
2. Identifying the drivers for successful skills training and transition initiatives in different countries
3. Identifying transferable elements of some of the specific strategies and approaches that seem to work in transition situations similar to Geelong (Hamilton, Canada).

## Key Outcomes

This analysis identified **social partnership, targeted and focused projects, and informed multi-level governance** as the key conditions for beneficial outcomes for skills transition.

The combination of local and global research ensured the final planning around the initiatives proposed to aid the Geelong economic and workforce transformation **were informed by local knowledge and international best practice experience**. Another key innovation was **the level of consultation between the government agency funding the programme** and its advisory board, effectively a devolution of strategy execution decisions to the board. This had the effect of **transferring ownership of the final strategy to stakeholders**, who in promoting the initiatives to the community, are able to act as informed and credible sources.

## Drivers & Enablers



Broad stakeholder engagement



Detailed research and clear goals



Robust Plan of Action

## Barriers

The changing nature of global production that leads to plant closures presents the single largest challenge to the region. Closely following this is the difficulty in accurately predicting the best areas to target as part of an industrial policy. The programme used broad engagement and international best practice to mitigate these challenges, but time will tell if this has been enough.