

To: Productivity Commission

Interim Report Skills and Workforce Development Agreement

Civil Contractors Federation National ('CCF') welcomes opportunity to provide comment on the *Skills and Workforce Development Agreement Interim Report*.

CCF is the peak industry body representing Australia's civil construction industry. With over 1,900 members nationally CCF members are responsible for the construction and maintenance of Australia's major infrastructure, including roads, bridges, pipelines, drainage, ports and utilities.

CCF also delivers a variety of training solutions to the civil infrastructure sector through CIVILTRAIN, its Registered Training Organisation that is registered with the Australian Skills Quality Authority (ASQA) nationally. Programs offered include qualifications under the nationally recognised Civil Construction Training Package and various state endorsed industry and regulatory courses.

CCF is also represented on the *Civil Infrastructure Industry Reference Committee (IRC)* which is responsible for national training package qualifications relevant to civic and industrial infrastructure works (excluding the erection of buildings) and the following activities: road construction and maintenance, plant operation, pipeline construction and pipe laying, trenchless technology, bridge and marine, sewers, water treatment systems and dams, piling, foundation work, tunneling and railway construction, general civil construction operations, and preparatory site works for engineering, construction and infrastructure development.

CCF is of the view that the review of the National Agreement for Skills and Workforce Development is timely and is pleased to provide for the Productivity Commission's consideration comments against the report's recommendations and requests for information.

INFORMATION REQUEST — ROLE OF COMPETITION IN THE VET MARKET (page 36)

CCF Comments:

The "users" of VET – students and employers – will assess the competition, depending on specific needs. A quality VET experience will result in meaningful employment for a student. For an employer, it will result in relevant, customised and adaptable delivery of training and assessment services, that consider operational and overall business outcomes.

The "competitive models" of the VET sector have evolved. The unhealthy competition experienced between VET providers have impacted the user or consumer. For example, being unable to deliver "packages of training" when required so the user can present themselves for employment, causes anxiety and a blockage for the user to move forward.

Healthy competition between VET providers is desirable. To achieve healthy competition, all providers of training and assessment services in the VET sector should understand their core function and focus.

Public providers could be considered as a service provider to the public, with a focus on attracting students who are better suited to a vocational career path. Depending on the regional area or city location, there is an opportunity for the public provider to specialise in vocational fields that reflect the business activities and economic development plans of that area.

It is an inefficient use of public funds to replicate major infrastructure and resources investments. Establishing collaborative resource sharing between all VET providers should create quality outcomes for the user, cost effective use of public resources and lessen the complexities and confusion experienced by many stakeholders including users of the VET sector.

Private RTOs are training providers that (usually) align activities to their business plan, with a focus on emerging industry sectors, such as Drone Technology.

Industry RTOs, such as the Civil Contractors Federation “*Civil Train*”, represent their industry’s current and future workforce development needs. CCF is interested in civil construction employers’ experiences. Following are indicators of the efficiency of the VET market.

CCF has received feedback from members stating that they find the VET system confusing and difficult to understand.

CCF recommends that the VET system is streamlined and the messaging to the public is presented as an education and training system that is connected with the qualifications achieved reflecting the skills and knowledge needed by the civil construction industry.

A 2019 National Centre for Vocational Research publication provides a “snap-shot” of employers’ use and views of the VET system 2019. Of employers using nationally recognised training:

- 47.1% used private training providers as their main provider, similar to 2017.
- 87.6% were satisfied overall with the training provided, similar to 2017.
- 50.9% of employers used the VET system to meet their training needs, down 3.5 percent from 2017
- 48.8% provided unaccredited training to their staff, similar to 2017
- 74.1% provided informal training to their staff, down 7.3 percent from 2017
- 12.8 % did not provide any training to their employees, up 4.1 percent from 2017.

Innovation and diversity is key to providing quality, respected and worthwhile training. Understanding and acknowledging the parameters in which TAFEs or RTOs, deliver services and products, is required to ensure that various stakeholders are provided with clear information and expectations.

CCF recommends the “*Civil - Centre of Excellence*” model be further established for the civil construction industry. All stakeholders should be involved, with clear parameters (Terms of Reference) regarding input and advice. There are TAFEs and RTOs that specialise in specific fields of the civil industry.

Providers of equipment and technology would also be involved. The establishment of hubs and or *Civil – Centre of Excellence*, promotes and encourages the sharing and utilisation of expensive training assets being made available to all providers, Industry RTOs, private RTOs and TAFEs.

INFORMATION REQUEST - CAREER GUIDANCE FOR STUDENTS (page 36)

CCF Comments:

The National Careers Institute Partnership project should assist with streamlining and supporting students’ decision making and their “influencers” by providing relevant and up to date information delivered in an online mode that is accessible to the user.

CCF recommends that a Career Assessment tool is offered to each student with the intention of assisting them to identify their natural tendencies for work and education.

This approach, including a debrief, assists students to reflect on their ambitions, interests, strengths, abilities and to relate this to what they know about themselves. It helps them to have a greater understanding about career options.

Information needs to be made accessible to students by organising and systematising it, and making it available when and where students need it.

CCF recommends that the delivery to VET (in schools) should be simplified and communicated in a manner that is straightforward. That the VET units of competency should focus on the core, cross industry units of competency.

In addition, **CCF recommends** that qualification outcomes are simplified, and possible credit transfer and ATAR score arrangements communicated in a clear and concise manner.

INFORMATION REQUEST – IDENTIFYING AND ACTING ON SKILL SHORTAGES (page 38)

CCF Comments:

There are many and varied methods to defining and measuring skills shortages. The civil construction sector supports a review of forecasting techniques.

However, there is a fundamental systemic concern which is the current ANZCO code system. The civil construction industry has struggled with the lack of response to its ongoing request for a change to the coding and nomenclature of the current ANZCO code system. The findings of many surveys or research activities are skewed as the “categories” under the current coding system do not represent the jobs and subtasks carried out.

A decade has passed since the Civil Construction Occupation Review Report, March 2010, requested Skills Australia undertake a pilot project with the CCF and SkillsDMC, to inquire into a number of skills issues within the civil construction industry. This request was in response to the Civil Contractors Federation policy paper, which identified the current Australian and New Zealand Standard Classification of Occupations (ANZSCO) as a barrier to the industry being eligible for skills programs and therefore being able to meet the current and future demands of government and private infrastructure investment.

In particular CCF raised the following key issues:

The current ANZSCO code system often does not accurately reflect the occupations within the civil construction industry, and where it does the skill level requirements are at too low a level.

The ANZSCO code system provides the framework and classification system used by the Australian Government to research and govern the National Skills Needs List, Skilled Migration criteria, funding for training available to the Long Term Unemployed, careers advice information to school leavers, such as the Job Guide and the Skilling Australia for the Future initiative.

CCF also notes that critical civil infrastructure skills are currently not included on the National Skills Needs List.

These skills include bridge, road and tunnel constructors, civil plant operators, pipe layers and line markers. This effectively means that apprentices, VET providers, and employers do not have access to funding incentives under the Australian Apprenticeships Incentives Program (AAIP) which commences at the start of 2021.

CCF recommends an alternative mechanism to ANZSCO codes be established as a matter of urgency that will ensure policy decisions on funding and incentives is based on timely skills needs evidence/advice and include the needs of the resources and infrastructure industries.

In August 2019, a document titled Review of the Australian Apprenticeships National Skills Needs List Issues Paper was completed. The excerpt below reinforces the need to act in order for the ANZCO codes to reflect the categories and subcategories found within the civil construction sector.

The Australian and New Zealand Standard Classification of Occupations (ANZSCO) underpins the current apprenticeship system and existing occupational skills shortage methodologies. The ANZSCO has not been updated for some time and has been criticised for not being representative of the current occupational structure of the workforce. The relevance of the ANZSCO for the apprenticeship system and any future skills shortage methodology is beyond the scope of the Issues Paper, but it may be a consideration in the framing of the Methodology Discussion Paper.

Finding qualified workers has been a persistent challenge for the industry for well over a decade. Civil construction employers often cite ‘finding qualified workers’ as the biggest challenge their business face today. In addition, skills shortages and difficulties attracting new entrants to their professions have also been raised as key issues.

The civil construction industry is keen to develop training that reflects the actual skills development needs, in a way that responds to the preferred learning modes of students. CCF continues to advocate for improved approaches for the identification of skills required, now and into the future. Through its membership base CCF has a direct link to assist with needs identification and shifts in training emphasis.

INTERIM RECOMMENDATION — COMMON METHODS FOR COSTING (page 40)

CCF Comments:

State and Territory governments should use common methods to measure costs and determine loadings.

CCF questions this recommendation and does not see value in it. It is an unnecessary exercise in ‘national consistency’ and would be a distraction and seems to be based on the idea that because the Federal Government funds VET it should be able to control it.

CCF notes the Productivity Commission in the past has supported the principle of subsidiarity – “responsibility for a particular function should, where practicable, reside with the lowest level of government”. CCF believes this concept applies in this situation.

CCF supports the Federal Government funding the States transparently according to an equitable formula, and the States then have the autonomy to spend these funds according to their priorities.

CCF supports states being audited if they are not spending these funds effectively, rather attempting to achieve national consistency.

INFORMATION REQUEST — IMPACTS OF VOUCHERS (page 41)

CCF Comments

CCF does not see the benefit of changing to a voucher system. RTO subsidies should increase but there needs to be more scrutiny over delivery.

INFORMATION REQUEST – IMPLEMENTING NEW SUPPORT ARRANGEMENTS FOR TRADE APPRENTICESHIPS (page 43)

CCF Comments:

Referring to a draft report conducted by Nous Group (Nous) commissioned by the Office of the Victorian Skills Commissioner (OVSC), in partnership with the Industry Workforce Development Group (IWDG), (April 2020), the following provides a summary of the status of apprenticeship activity for the civil and building sector. (Pages 24 to 28)

In any year around 9,000 of Victoria's 104,000 businesses take on a building and construction related apprentices. Private sector businesses with apprenticeships in the building and construction industry, carry most of the load with businesses of less than 200 employees responsible for between 85-90% of commencements each year over the past decade.

It is also evident that the apprenticeship system is highly dependent on a small number of 'repeat' employers who have experience in taking on apprentices. Private sector businesses with apprenticeships in the building and construction industry illustrates that about 75 per cent of commencements are with employers who have previously taken on an apprentice. This share has grown in each of the last 4 years.

An NCVER publication, dated 2019, provides a "snapshot" of employers' use and views of the VET system. 23.2% of employers had apprentices and trainees, similar to 2017. Of these, 77.6% were satisfied that apprentices and trainees are getting the skills they need from training.

Employers noted the top reasons for employing apprentices and trainees were to:

- Get skilled staff and improve staff skills (45.5%)
- To fill a specific role in the organisation (42.3%)
- 77.6% were satisfied with the training apprentices and trainees receive as a way of meeting their skill needs, similar to 2017
- 10.2% were dissatisfied with the training provided to apprentices and trainees, similar to 2017.

Of these

- 56.7% felt that the training was of a poor quality or low standard
- 32.9% felt that there was not enough focus on practical skills
- 30.3% felt that relevant skills weren't taught.

INFORMATION REQUEST – WHAT ARE THE BENEFITS AND COSTS OF TARGETING DISADVANTAGED GROUPS? (page 44)

CCF Comments:

Many individuals representing the disadvantaged group will often enroll in a Certificate II level qualification. Certificate II qualifications are considered to be pre-apprenticeships and usually targeted at providing basic skills and helping individuals get exposure to the industry.

Certificate III qualifications are the core requirements for employment in the industry.

There are benefits for the individual through developing confidence and commitment to a career, to the community and direct family by becoming a valued employee. The costs of providing wrap around services, to support a student, through a training program can be high. These wrap around services are usually professional services and come at a cost.

VET trainers and assessors are (usually) not equipped to cope with behaviours and challenges often presented by students from socially disadvantaged groups.

The costs associated with an individual becoming employed and not relying on government support can be measured by cost, however, is balanced with community resilience, individual sense of purpose and satisfaction of achievement.

INTERIM RECOMMENDATION 7.1 — TRAINING PACKAGE UPDATE AND APPROVAL PROCESSES (page 44)

CCF Comments:

CCF believes concerns about the timeliness and relevance of training packages are overstated and a distraction from a far more serious issue, which is the wide disparity in the quality of training delivered by different RTOs. However, **this recommendation is supported** as the IRCs will be closer to any packaging issues and able to react faster.

ASQA and other regulators need to spend more time on actual knowledge transfer than over-analysing the RTO compliance systems. RTOs can be fully compliant with their systems but their quality of delivery and knowledge transfer can be substandard.

Furthermore, delegation of powers to IRC's would be a benefit. It would make them more reactive to industry changes and demands. The current system has too many layers which holds back training package development.

The current SSO system works for our industry except for the point above. Industry must maintain control of package development which is well represented through the IRC's.

INFORMATION REQUEST – FLEXIBILITY ALLOWED BY TRAINING PACKAGES (page 45)

CCF Comments:

The Training Package Development and Endorsement Process Policy, approved in 2016, outlines the process of training package development and endorsement. The policy is based on the following principles:

- Open and inclusive industry participation in development, validation and endorsement of training packages
- Strong stakeholder engagement and the opportunity for industry to drive change
- Highly responsive process, capable of meeting industry needs and priorities for new skills
- Clear and transparent arrangements for resolving contentious issues
- Accountability of all stakeholders for the role that they play in the process.

The principles listed above, are sound and have provided guidance for training package developers. Achieving updates and changes to training packages in a timely manner continues to be a challenge.

The opportunity to design and deliver training and assessment activities, that are adaptable to the workplace context should be considered. Maintaining consistency of assessment outcomes could be facilitated through an Independent Assessment process.

INFORMATION REQUEST - APPRENTICESHIP SUPPORT NETWORK SERVICE DELIVERY (page 45)

CCF Comments:

In order to plan the delivery of service and support for the apprenticeship network, there is a significant need to understand the current and future opportunities for workforce development in the civil construction sector. The types of information required is all encompassing, including where, why, who, what and how.

Referring to a draft report conducted by Nous Group (Nous) commissioned by the Office of the Victorian Skills Commissioner (OVSC), in partnership with the Industry Workforce Development Group (IWDG), (April 2020), the following provides a summary of the status of apprenticeship activity for the civil and building sector. (Page 23)

Apprenticeships are the preferred pathway for many sectors and services in the civil, building and construction industry. On average there is approximately 15,000 building and construction related commencements annually, with between 35,000 and 45,000 apprentices enrolled each year.

Over the last 5 years commencements have trended up until a decline in 2019, likely linked to the slowdown in residential construction. However, raw numbers mask what is happening in the sector. While headline numbers move around, 2019 was the first year in 6 years where the number of new apprentices (individuals that were not already in the sector) has declined.

The delivery of apprenticeships support should reflect the movement and demands of the industry sector.

OPTION 7.3 — IMPROVING THE AUSTRALIAN APPRENTICESHIP SUPPORT NETWORK (page 45)

CCF Comments

Some of the roles filled by AASN's should be done by industry or RTOs. Roles such as providing information to industry, mentoring apprenticeships and trainees.

INTERIM RECOMMENDATION 7.2 — QUALITY REGULATION (page 46)

CCF Comments

CCF strongly opposes this recommendation.

By way of example, Western Australia is served very well by its Training Accreditation Council and CCF sees no benefit in referring regulation to ASQA. Through TAC, WA can respond more quickly to industry skill needs through the development and accreditation of local qualifications. For example, the partnership between South Metro TAFE and Rio Tinto to develop and deliver Australia's first automation qualifications was highly effective. Without TAC the accreditation of the qualifications would not have been possible and would have taken at least another full year to come to fruition.

There are other recent examples where a skill gap has been identified that is not covered by the national industry training package qualifications. Industry has been able to get a course accredited locally through TAC in less than 12 months from concept to implementation.

The Productivity Commission's examples of benefits of a merger – confusion among RTOs about who to report to, or students about who to complain to – do not provide sufficient justification for WA abandoning a system that works.

INTERIM RECOMMENDATION 7.3 — IMPROVING THE PROVISION OF VET INFORMATION (page 46)

CCF Comments

CCF strongly supports improved information. Regarding 'information gaps' in RTO quality: if there are RTOs whose quality is of such concern that students need to be informed, ASQA and the State-based regulators are not delivering what should be expected of them. This comes back to CCF's comment on Recommendation 7.1: Regulators need to be much tougher on poor quality RTOs.

INFORMATION REQUEST – PATHWAYS AND TRANSITIONS (page 46)

CCF Comments

All providers of VET have a role to play to enrich education and training, that is distinctive and yet complementary. The State Secondary School system is also a provider of selected VET units of competency and qualifications.

CCF supports VET in schools. It allows students to mix general and vocational education and to make a start on training for a career before they leave school.

As well as preparing students for the workforce, VET programs can lead to further study, either in the VET sector (where students can gain credit for their VET certificate) or university, since results from some VET programs can be included in the calculation of an ATAR score. It is also possible for students to leave school and complete VET qualifications either full time or in combination with employment.

Collaboration between stakeholders, including government accrediting authorities, training package developers, training providers and specialist educators, to come together to discuss and agree upon credit transfer arrangements, between units of competency within qualifications, which align to qualification framework levels of complexity is to be encouraged. The outcomes of this collaboration could assist the National Careers Institute Partnership project, with informed and agreed qualification pathways and credit transfer arrangements.

CCF has facilitated a program titled Civil Skills Cadetship (CSC) Program. This program is a blended, staged program that provides students with designated exit points.

INFORMATION REQUEST – INVESTMENT IN PUBLIC PROVISION (page 47)

CCF comments:

Funding and incentives need increasing. Flat dollar funding or funding caps should be avoided. Funding should reflect the work required to properly train a person in each particular qualification.

INFORMATION REQUEST — EVIDENCE ABOUT MENTORING AND PASTORAL SUPPORTS (page 47)

CCF Comments:

The Civil Skills Cadetship (CSC) program facilitated by CCF Victoria, demonstrates the value that can be derived through an effective selection and recruitment process, and industry mentoring program targeting employment for young and disadvantaged sectors of the community.

It is widely acknowledged that training delivery that ensures relevant industry content, two-way communication, active participation in learning activities, self-directed and supported learning are more likely to ensure positive experiences for participants.

The CSC program is led and endorsed by the civil industry, incorporates support structures for participants, including Industry Mentors. Collaboration between industry and the training system is crucial for developing a dynamic and skilled workforce, the CSC Program is centered on what industry needs to meet the workforce demands to deliver critical major infrastructure projects in Victoria.

Sourcing potential participants for the CSC Program has proven to be difficult. There is evidence that participants' LLN levels are not adequate to enrol into Certificate III level units of competency.

The current cohort requires significant support and assistance to complete the requirements of a Certificate III in Civil Construction.

Forming collaborative partnering arrangements with key social non-for profit organisations not only provides socially disadvantaged cohorts for the program but further specialist “wrap around” services to enhance success.

“Life cycle costs” and social service benefits paid by Government Departments and agencies can be apportioned and re-directed towards skills based training that leads to sustainable employment and improved social outcomes.

INFORMATION REQUEST — THE CHALLENGES OF ONLINE DELIVERY (page 48)

CCF Comments:

Qualifications for the future will need to be relevant and effective and respond to current and emerging workforce and social needs. Qualifications will need to be delivered in ways that meet learners’ needs and circumstances, and are trusted by learners, employers and the community generally.

The traditional role of formal qualifications is challenged by the ready availability of information through the Internet, declining trust in institutions and traditional sources of authority. Many people gain skills and experience in a variety of settings outside the formal education and training system.

Online learning is suitable for theory or knowledge orientated learning. For example, policies and procedures.

To maximise potential for the adoption of online training/learning, Industry RTOs could take on specialist areas (as identified) within a training package to design and develop This could be achieved through partnerships with TAFE Institutions, specialist product or machinery suppliers and the Industry RTO.

INFORMATION REQUEST – IMPACTS OF COVID-19 (page 48)

CCF Comments:

In a post COVID-19 phase, the models of training delivery and assessment, are shifted from a mostly traditional to a blended approach. This would require a well-coordinated project management approach with sub projects reflecting specialisation areas of expertise. In addition, this would require significant funding to deliver.

Closing

Thank you for the opportunity to provide comment on the Interim Report. Please do not hesitate to contact me if you require any further information.

Yours sincerely

Chief Executive Officer
Civil Contractors Federation

16th July 2020