



Response to the Australian Productivity Commission's *5-year Productivity Inquiry: From learning to growth* Interim report

The National Electrical and Communications Association (NECA) is Australia's peak industry body for the electrical and communications industry. NECA represents more than 6,000 electrical contracting businesses across all Australian states and territories. Our industry sectors employ more than 360,000 workers and maintain an annual turnover in excess of \$92 billion annually.

NECA is run by Electrical contractors, for Electrical contractors. Our Directors, at national and state/territory level, are electrical contractors drawn from small, medium and large enterprises in the domestic, commercial and industrial sectors of industry.

NECA welcomes the opportunity to provide a response to the Australian Productivity Commission's *5-year Productivity Inquiry: From learning to growth* Interim Report. We are pleased to provide the following comments for the Commission's consideration:

- NECA agrees that *"Many occupations that will be created in coming decades will rely on technologies that are yet to be invented"*. We cannot predict what the jobs landscape will look like in the future, but we can be confident that it will involve advanced technologies dependant on electrification and that our industry's workforce will be critical to the design, development, installation, repair and maintenance of those technologies. The Australian Electrical and Communications Industries are 'enabling' industries. The productivity of all other industries relies heavily on the skills, knowledge and expertise of our industry's workforce. NECA is well placed to support future workforces and the nation's transition to renewables, including upskilling of workers from industries such as coal.
- NECA agrees that *"The population of school leavers will expand considerably in coming years"* and *"The Higher Education sector will be unable to meet additional demand under current funding arrangements"*. NECA welcomes the acknowledgement that VET funding levers need to be addressed (pg 13, 18, 45,46, 50-57). At present, our key trade qualification, namely; the UEE30820 Certificate III in Electrotechnology – Electrician, is funded to varying levels across jurisdictions. In 2021, the NSW Government commissioned KPMG to conduct a forensic analysis of the true cost to RTOs of delivering the qualification in accordance with the rules and requirements of the National Training Package and the VET regulator, ASQA. KPMG found that the cost was around \$20,000 per apprentice.

As an example, the NSW Government has since raised its level of funding to \$19,330 per apprentice. The ACT Government, however, continues to fund the same qualification for \$12,810 per apprentice thus requiring a not-for-profit organisation and industry leading organisation to be underfunded to provide the training. NECA supports uniform funding of VET

qualifications across jurisdictions and encourages the conduct of forensic analyses, such as that conducted by KPMG in NSW, to determine the appropriate funding levels.

- *“Employer Satisfaction is higher for private RTOs”*. NECA welcomes the acknowledgement of the need for competition in the VET sector and the recognition of the place of industry led, enterprise and association Registered Training Organisations as a means of increasing employer satisfaction with the quality of VET graduates (pg IX). State Governments fund public RTO infrastructure development such as the bricks and mortar, buildings and equipment to the value of millions of dollars per annum. By means of example, the ACT Government has recently committed \$300 million to the upgrade of a single Canberra Institute of Technology campus in Canberra. Not for profit, industry led training organisations such as NECA do not receive this funding while often having greater completion rates and satisfaction levels.

At present, Electricians are the number one skill shortage occupation in Australia. The industry will require thousands more trades in order to assist the Australian and State Governments realise their commitments to the implementation of new and emerging technologies, transitioning to renewable energy sources and infrastructure development. Currently, there are not enough RTOs offering the *Certificate III in Electrotechnology – Electrician* qualification, nor are there enough ‘places’ available in the RTOs (public and private) offering the qualification. There is a need for the qualification to be appropriately funded (as identified above) and for ‘infrastructure funding’ to be made available to support the building or upgrade of industry led and focused technical Centres of Excellence.

- The industry is also suffering from significant technical trainer skills shortages. We have an aging workforce and with high wages in our industry due to the skills shortages there, it is increasingly difficult to encourage personnel to leave ‘the-tools’ and take up trade training positions. Support and incentives are required to assist industry transition trades to training (pg 84).
- In response to the Commission’s request for comment on the risk of ‘overskilling’ and ‘over education’ (pg 48,49, 76), NECA recommends that control be returned to industry. Under the Australian Government’s ‘National Workforce Development Fund (NWDF)’ initiative, Industry, through the National Industry Skills Councils, drove the up-skilling of its workforce in areas of real need. NECA acknowledges that the existing Skills Service Organisations (SSO) model is currently being disbanded and supports the implementation of a program similar, or the same as, the NWDF, through the newly formed Industry Skills Clusters. This type of program will also assist the Government realise its objectives for life-long learning for mature-age Australians.
- NECA acknowledges that the Service Skills Organisations model has been flawed and, as a result, many industries have moved away from nationally accredited units of competency and qualifications housed within National Training Packages in preference for non-accredited courses and vendor training. NECA believes that the new Industry Skills Cluster model will serve to remedy the key issues around lack of responsiveness to industry training needs and the unacceptably long timelines for Training Package amendments to be brought to market. NECA supports competency-based, nationally accredited training at the pre-apprenticeship and apprenticeship/trade level. At the post-trade level and to ensure ongoing Work Health and Safety compliance, NECA recognises the place and value of non-accredited, vendor and ‘NAT courses’ (ie; nationally accredited but not Training Package-based training) in addition to the

Post-trade qualifications, Skill Sets and Units of Competency identified in the Training Package (pg 98).

- NECA welcomes the realisation that *“a large number of students commence qualifications without completing them”* (pg 10, 101-102). There is a defined and immediate need for students to be supported through their learning by industry specialist mentors. Over the past decade, a number of Australian Government funded industry-specific mentoring programs, such as the ‘Industry Specialist Mentoring of Australian Apprentices’ initiative have been successful and should be re-introduced. NECA would recommend if this were to be undertaken that the program is strengthened with requirements around the need for true industry specialists, not generalist, mentors.
- *“School student test scores have been stagnant and sometime declined”* (pg 2). Whilst there are always exceptions, generally speaking, due to the failure of the secondary school system to provide students with the required level of foundation Language, Literacy and Numeracy skills to enter the academically demanding Electrical trades, there is strong Industry support for pre-apprenticeship courses as a means of raising student foundation skills to the level required for entry into an Apprenticeship. In this light, there is a place for additional funding of Pre-Apprenticeship qualifications utilising industry aligned organisations.

Should you have any questions, or wish to discuss this submission further, please contact our Head of Government Relations and Regulatory Affairs Kent Johns

Yours faithfully

Oliver Judd

Chief Executive Officer