

## **Submission to the Productivity Commission Inquiry**

### **“Post-2005 Assistance Arrangements for the Automotive Manufacturing Sector”**

**Prepared by the office of Automotive Training Australia Limited - May 2002**

#### **1 Introduction**

Automotive Training Australia Limited (ATA) is the national automotive Industry Training Advisory Board (ITAB), recognised by the Ministerial Council (MINCO – collective of State and Commonwealth employment and training Ministers), as the principal source of advice to Government on the training needs of the automotive industry. It is one of twenty-three such bodies. Motor Trades Association of Australia, the Federal Chamber of Automotive Industries and the Australian Council of Trade Unions, (represented by the Australian Manufacturers Workers Union), are shareholders of ATA. The ATA Board is comprised of Directors nominated by each of the above bodies, along with nominations from the Federation of Automotive Product Manufacturers and the Truck Industry Council.

Among other things, the ATA Board is commissioned by the co-ordinating authority for vocational education and training in Australia, (the Australian National Training Authority - ANTA) to prepare a rolling five-year Industry Strategic Training Plan, promote the benefits of training and hence, encourage and assist industry to invest in the skill development of the workforce and to develop national Training Packages. The latter gives ATA responsibility for the development of nationally registered and accredited industry training programs based on competency standards identified by industry as skills required to enable manufacturers, in particular, to become internationally competitive.

ATA works with enterprises to ensure training practices at the Vocational Education and Training and higher education level meet the needs of industry.

The annual Industry Strategic Training Plan identifies the training needs of industry for new entrants as well as existing workers. ATA also works with industry to enhance its image; promoting the industry as dynamic, progressive, and technology-led, in an attempt to attract high calibre new entrants.

Despite the best intentions of the automotive industry, Government, employer/ee groups and ATA, there still exists significant skill shortages generated by a failure to attract capable young people to the industry, as well as significant skill deficiencies among existing workers. The latter situation is having an impact on Australia’s competitive abilities as Government strategies and training and education infrastructures do not cater well for existing workers in full time employment. As a consequence, existing workers are experiencing difficulty in coping with new technologies and changing work practices; many are becoming disillusioned and are leaving the industry. The labour turnover, especially among production workers, (in particular among suppliers), is significant.

The Australian automotive industry is a significant investor in training. The industry in general (especially the Retail, Service & Repair sector), relies heavily on technology transfer from the manufacturers to repairers, ensuring this sector of the industry remains highly skilled and in tune with world best practice. Any reduction in the level of investment in

vehicle manufacturing will have an adverse effect on skills transfer to the repair and service sector. In fact, any dissemination of skills transfer will have a devastating effect on the ability of Australians to maintain and repair motor vehicles. There is already evidence of trends to link diagnostics and problem solving of faults to offshore service centres, thus accelerating the potential deskilling of the industry.

## **2 Discussion**

### **2.1 Investment in Training**

Training is seen as a significant part of business planning and although details of actual expenditure are not available, the four vehicle manufacturers invest significant sums of money in training. The same cannot be said across the industry as a whole. Key players in the supply sector have expressed concern regarding the lack of investment in training. The 2001 FAPM convention was a forum where CEOs of leading suppliers indicated concern regarding the lack of investment in people. The need for investment in training to improve the standards of the vehicle manufacturing workplace is critical if the industry is to remain competitive globally and continue its export growth.

### **2.2 Vocational Education and Training (VET) Sector**

Training programs developed in the VET sector by public (TAFE) Colleges and private (private training providers and enterprises) Registered Training Organisations (RTOs) are based on training packages, an innovation endorsed by Government through ANTA, and developed by ITABs. These packages are industry-led and fully endorsed by the industry before they can be nationally accredited. Training packages must reflect the current and future needs of the industry. Without a sound competitive industry, these packages will not reflect world best practice and lead to a general decline in the skills of the workforce.

Two issues emerge from this situation. Often future needs are not adequately identified because of limited access to global trends. There is also a lack of acceptance of the need to move away from traditional structures to cater for new and emerging occupations to cope with changes brought about by customer expectations, environmental considerations, changes in business practice (including e-commerce) and rapidly changing technology, especially in the electronics and alternative fuel areas. Take away or diminish manufacturing and this trend will continue.

The second significant issue is the aging population of teaching staff, in TAFE colleges in particular, and the inability of the system to attract younger, well-informed individuals. This often results in teachers not having recent industrial experience and consequently an inability to implement the future aspects of training packages, let alone programs that reflect current best practice required to maintain the competitive edge of the Australian industry. If full time staff cannot be attracted utilising the best from industry, sessional staff become a necessary option. If we don't have a source of highly developed, skilled personnel, even this becomes an issue.

While investment in training is considerable, the willingness of the public education sector to respond to existing needs is restricting access. Many public sector training institutions are unable or unwilling to provide the necessary flexible approach to learning required by existing workers to enable them to upgrade their skills. In addition, Government subsidies

are only available to employees who do not have any formal qualifications at Certificate III level and above. Employees need programs to be made available when and where they are required and delivered at a pace and format that meets individual learning needs, personal circumstances and the needs of the enterprises. Nevertheless, Australian approaches to Vocational Education and Training are the envy of many developed countries.

The shortcomings outlined above need to be addressed to ensure that the existing Australian automotive manufacturing workforce reflects current best practice and has access to the best, most relevant and future-oriented thinking available. Without a skilled automotive workforce, Australia cannot be internationally competitive, especially when one considers the size of the domestic market and the manufacturing capacity of the industry.

A further issue, which is of considerable concern, is that despite flagging skill shortages and training needs through the Industry Strategic Training Plan, Government has failed to respond to emerging needs. This can be exemplified by the lack of quality programs in CAD/CAM that meet the changing needs of component and vehicle manufacturers and the closing down of departments to teach foundry skills. The new Holden Engine Plant has flagged the desperate need for this training. The great benefit of the VET system and a tremendous opportunity for the industry is that the system is now demand-driven as distinct from the previous approach which was supply-driven.

### 2.3 Higher Education

Although some universities are now developing both undergraduate and higher degrees that meet the needs of industry, many still remain in a supply-driven mode. Vehicle manufacturers who have the ability to attract the very best graduates in specific fields are concerned that the skill level of these graduates is below their requirement and companies spend considerable funds in retraining, in some cases, quite fundamental disciplines. The point made several times above is that a demand-driven system will only offer training as good as the local industry intelligence can offer. Any lessening of a manufacturing presence will therefore have an impact on higher education, as well as VET.

## 3 Conclusion

The outcome of the brief discussion above raises the following issues as matters to be addressed if the training and education system is to work in partnership to maintain Australia's competitive position:

- Maintenance of a manufacturing sector that reflects world best practice.
- A conscious effort to facilitate technology transfer from manufacturing to other related services.
- Increased efforts to provide career information to schools and to re-educate parents, teachers and students regarding the changing nature of automotive manufacturers.
- Support to enable research into future trends to ensure VET and higher education and training meets the future needs of the industry.

- Strategies to address problems associated with an aging teaching workforce in VET and higher education.
- Strategies and incentives to upgrade the skills of existing workers.
- Increased pressure to Government through industry support of strategic industry training plans such as those developed by ATA which identify the current skill deficiencies of CAD/CAM, electronic diagnosis and foundry skills.
- Stronger partnerships and changing attitudes of higher education to better prepare graduates and postgraduates for employment in the automotive manufacturing sector.
- Concentrated effort by vehicle manufacturers and peak bodies to encourage investment in training, especially amongst component manufacturers.
- Government/industry support to create a research infrastructure to analyse future trends and new and emerging occupations which will lead to the maintenance and further development of the skill levels of the Australian automotive manufacturing workforce.
- Strategies to increase the currency of skills and knowledge of teaching staff in VET and higher education institutes.

Failure to deal with these issues will become a serious impediment in the long-term viability of the industry. However an investment in people will be a significant factor in the industries long-term viability and growth.