



MINERALS COUNCIL OF AUSTRALIA

Submission to the

PRODUCTIVITY COMMISSION

on the

VOCATIONAL EDUCATION AND TRAINING WORKFORCE:
ISSUES PAPER
June 2010

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EXECUTIVE SUMMARY

The Minerals Council of Australia (MCA) welcomes the opportunity to respond to the Productivity Commission's *Vocational Education and Training Workforce: Issues Paper* June 2010.

The MCA represents Australia's exploration, mining and minerals processing industry, nationally and internationally, in its contribution to sustainable development and society. MCA member companies produce more than 85 per cent of Australia's annual mineral output.

For many years the publicly funded Vocational Education and Training (VET) sector has failed to meet the needs of the minerals industry. MCA has consistently advocated for reform of the VET sector as we believe that to make an optimum contribution to the Australian economy, the VET sector must be industry led and responsive to the needs of industry. This submission focuses on the intersection of the minerals industry with the VET sector workforce; in particular in relation to the VET sector's ability to assist the minerals industry to address skilled labour capacity constraints.

MCA's response to the specific consultation questions reflects the needs and the policy position of the minerals industry. In a number of instances we make no comment as the issue is outside of our scope of reference.

In the recent past the minerals sector has suffered from skilled labour capacity constraints due to insufficient skilled labour availability. The National Resource Sector Employment Taskforce has identified that in the period to 2015:

- construction labour for the resources sector is expected to peak at 45,000 people during 2012 and 2013.
- The minerals sector operational workforce is expected to grow by 4.9% each year, or an additional 61,500 people.
- The oil and gas sector operational labour is expected to grow by 3,200 people.
- Replacement labour to cover departures from the broader resources sector to other sectors and retirements is expected to be 16,000 people.

In all, the minerals sector will need to attract an additional 77,000 people, including tradespeople, plant operators and professionals. The demand for tradespeople for construction and operations indicates that there could be a deficit of up to 36,000 tradespeople nationally.

The minerals sector has a strong training culture and has developed a number of policy positions and initiatives to grow the available pool of skilled labour.

On-the-job training is a critical feature of training in the minerals sector and workplace trainers and assessors embedded in the enterprises must be recognised as part of the VET workforce. This on-the-job training is undertaken to accommodate a workforce that operates on shift work hours, often in remote regions of Australia.

There must also be recognition that the characteristics of teachers and trainers for operational and trades roles may be different from the characteristics of the broader VET workforce.

A comprehensive national workforce development plan for the VET sector that takes account of the needs of industry and regional differences is required to provide the best economic outcome for the nation.

Features of the VET sector that need to be taken into account when considering the VET workforce include:

- On-the-job training for shift workers often at remote sites,
- Remote and regional delivery (no mines in capital cities),
- Competency based training and assessment,
- Maintaining current technical competency,
- Effective industry engagement, and
- Flexibility and responsiveness.

There are a number of drivers of the need for future development and enhancement of the VET workforce, including the needs of industry, demographic and technological change.

Continuing comprehensive consultation and collaboration between industry, Governments and the VET sector is required to ensure that the VET workforce has the capability and capacity to deliver training to the needs of industry and the national economy.

If Australia as a nation is serious about delivering high quality VET outcomes then adequate investment in development of the VET workforce is warranted.

1. INTRODUCTION

The Minerals Council of Australia (MCA) welcomes the opportunity to respond to the Productivity Commission's *Vocational Education and Training Workforce: Issues Paper* June 2010.

The MCA represents Australia's exploration, mining and minerals processing industry, nationally and internationally, in its contribution to sustainable development and society. MCA member companies produce more than 85 per cent of Australia's annual mineral output.

For many years the publicly funded VET sector has failed to meet the needs of the minerals industry. MCA has consistently advocated for reform of the VET sector as we believe that to make an optimum contribution to the Australian economy, the Vocational Education and Training (VET) sector must be industry led and responsive to the needs of industry. This submission focuses on the intersection of the minerals industry with the VET sector workforce; in particular in relation to the VET sector's ability to assist the minerals industry to address skilled labour capacity constraints.

MCA has no comment to make on a number of the consultation questions which refer to the specific operations of VET providers. Rather, our response reflects the needs and the policy position of the minerals industry.

2. THE AUSTRALIAN MINERALS INDUSTRY

2.1 Contribution to the Australian Economy

The minerals industry is forecast to contribute 6 per cent of Australia's Gross Domestic Product (GDP) in 2009-10, and to contribute \$111.5B or 48 per cent of Australia's export revenues in 2009-10¹ (up from less than 33 per cent just six years ago).

Mining has been the powerhouse of Australia's economy since the turn of the current century, yet capacity constraints to growth held back production during the most recent boom. While the Global Financial Crisis (GFC) had a significant impact on the industry, which experienced a short-term downturn, the GFC has been a brief respite from the pressure of capacity constraints to growth in the minerals industry and, as economic recovery continues, minerals production is rising in response to continuing strong growth in China and India.

2.2 Minerals industry Demand for Skilled Labour

The minerals industry is a major source of employment opportunities in regional and remote areas of Australia, where the industry principally operates. Wages, workplace training and skills development expenditure in the minerals industry are all higher than the national average.

Contrary to historical stereotypes, minerals industry jobs are highly skilled jobs. 59 per cent of the minerals industry workforce has a Certificate III or higher qualification, compared to 49 per cent with a Certificate III or higher for all industries. Apprentice and traineeship commencements in the sector increased considerably from 480 in 2002 to 4,300 in 2008², falling slightly at the height of the GFC. However, 51 per cent of mining sector employers are expecting to increase apprenticeships and traineeships in the next three years³. In the highly specialised occupations of the minerals industry there is a high correlation between qualification gained and jobs.

2.3 Skilled Labour Capacity Constraints to Growth

The minerals industry workforce suffered a decline during early 2009 from the peak of 163,800 in November 2008 (ABS), reaching a low of 138,200 in May 2009. ABS figures for May 2010 show that workforce numbers have recovered to 161,500 or 98.5 per cent of the peak 2008 level. Indications are that this trend will continue.

There is a distinction to be drawn between 'labour shortage', or a lack of new entry level recruits, and a 'skills shortage' or lack of qualified trades and professional people. The minerals industry has suffered from skills shortages rather than universal labour shortages.

¹ Minerals Council of Australia. *The Australian Minerals Industry and the Australian Economy*. March 2010.

² NCVER (2010). Op cit.

³ NCVER (2009). Survey of Employer Use and Views of the VET System.

While there are a number of projections of future labour demand for the minerals industry⁴, the most recent and comprehensive projections are provided by the report of the National Resource Sector Employment Taskforce (NRSET), chaired by Gary Gray. The Taskforce reviewed the broader resources sector (including minerals, oil and gas) development projects proposed in the five years to 2015 and projected the construction and operational labour demand⁵. They considered skilled labour supply in a national context along with labour attrition over the five year period.

In summary, the Taskforce identified that in the period to 2015:

- construction labour for the resources sector is expected to peak at 45,000 people during 2012 and 2013.
- The minerals sector operational workforce is expected to grow by 4.9% each year, or an additional 61,500 people.
- The oil and gas sector operational labour is expected to grow by 3,200 people.
- Replacement labour to cover departures from the broader resources sector to other sectors and retirements is expected to be 16,000 people.

In all, the minerals sector will need to attract an additional 77,000 people, including tradespeople, plant operators and professionals. The demand for tradespeople for construction and operations indicates that there could be a deficit of up to 36,000 tradespeople nationally.

2.4 Minerals Industry Response to Skills Capacity Constraints

A strong training culture is a hallmark of the minerals industry. Whilst current comprehensive data is not available, the most recent figures indicate that training spend in the minerals industry is three times the national average. NCVET 2009 statistics⁶ show that 63 per cent of minerals industry employers engaged with the publicly funded VET sector, compared with 57 per cent for all industries. However, the minerals industry overwhelmingly uses the fee for service VET system as the publicly funded system fails to meet the needs of the industry.

The minerals industry has developed a number of initiatives to help grow the pool of skilled labour in regional and remote Australia, including:

- collaborative projects with the agriculture sector to develop a common entry level training program;
- Indigenous pre-employment training programs;
- programs to increase the participation of women in the sector;
- career focussed projects such as the miningcareers.com and peopleforthefuture.com websites, industry sponsored career advisors tours and career focused conferences; and
- establishment of specialist training centres: the Queensland Mineral and Energy Academy (QMEA) in secondary schools for example; and establishment of a the Mining, Energy and Engineering Academy (MEEA) in South Australia in a model that operates as a broker to facilitate connection between Governments, enterprises and training providers. Queensland's Mining Industry Skills Centre (MISC), an initiative of the Queensland Government, Queensland Resources Council and unions, which partners with industry and informs Government on initiatives aimed at assuring an adequate pool of skilled labour for the minerals industry, is another example.

3. INCREASING THE SUPPLY OF SKILLED LABOUR

There are a number of strategies used by the minerals industry to increase the available supply of skilled labour. These include:

- Attraction and relocation of existing skilled workers who have been displaced from other industries. Whilst these workers may be qualified tradespeople or skilled operators who have worked productively in other industries, they require additional training in the specific requirements of the minerals industry.
- Up-skilling current workers.
- Pre-employment training for unemployed and underemployed Australians.
- Increasing the diversity of the minerals industry workforce, for example increasing participation by women and Indigenous Australians.
- Providing clear career pathways information for potential recruits.

Each of these strategies requires education and training and therefore, the quality of output of the VET sector is critical to their success and improved productivity in the industry. A highly qualified, highly motivated VET workforce with current technical and industry competency is a vital component of achieving quality outcomes in VET.

⁴ NCVET (2010) *Update of minerals industry training data: Final report.*

⁵ NRSET (2010) *Resourcing the Future: Report.*

⁶ NCVET (2009) *Op. cit.*

A major barrier to achieving these strategies is the failure of the publicly funded VET sector to meet the needs of the minerals industry. Whilst there are initiatives to improve the performance of the VET sector, historically the lack of consistency, quality⁷, flexibility and responsiveness in a number of providers has caused the minerals industry to move away from publicly funded VET. Many mining companies have established enterprise RTOs. In addition, in many circumstances the minerals sector has a preference for nationally recognised training in skills sets related to job roles rather than full qualifications. The skills sets can later be built upon to reach full qualifications.

To overcome this barrier it is imperative that there is systemic reform of the VET sector to ensure the quality of training providers, particularly in regard to the rigour of training delivery and assessment, use off-site standard equipment and appropriate job hazard analysis, and that that Governments and industry work together to ensure that publicly funded training for skills is focused on areas that contribute most to the national economy and that lead to sustainable and meaningful employment rather than supporting 'popular' or low cost community courses not directly related to national productivity.

Other barriers to implementing the minerals industry strategies include:

- Low levels of language, literacy and numeracy in a number of cohorts, such as Indigenous Australians. In addition, 4.5 million Australian workers have inadequate language, literacy and numeracy and 60% of unemployed Australians lack the capacity to complete a Certificate III qualification⁸.
- It takes time to acquire skills and qualifications.
- Reluctance of many displaced workers to re-locate to areas of mining operation.

4. VET IN THE EDUCATION SECTOR AND THE ECONOMY

Consultation Question: *What are the particular features of the VET sector that need to be taken into account in this study of the VET workforce?*

Features of the VET sector that need to be taken into account in consideration of the VET workforce include:

- On-the-job training. In industry, particularly the mining industry, on-the-job training is a critical component of developing fully productive operators and tradespeople with the required knowledge of health and safety;
- Remote and regional delivery. Delivery in remote and regional Australia has differing attributes from delivery in metropolitan areas, for example, cost, differing demographics such as a higher percentage of low socioeconomic groups with their particular needs; smaller populations to draw upon for teachers and trainers so they may be need to be drawn from industry or have the capability to train and assess on-line;
- Competency based training and assessment. Competency based training and assessment in practical trades requires different skills from teaching and assessing academic theory;
- Maintaining current technical competency. The VET workforce must have a high level of current knowledge of the technical environment in which enterprises operate.
- The extent of industry engagement. Understanding of the requirements of industry and commercial operations is critical for VET and the VET workforce to fully meet the needs of industry; and
- Flexibility and responsiveness. The needs of industry are many and varied and demand a number of delivery and assessment models in differing circumstances driven by the needs of production. This is particularly pertinent to the publicly funded system. Industry in remote and regional Australia should not have to pay for responsiveness.

Consultation Question: *What criteria should the Commission use to define the scope of the VET sector for the purposes of this study?*

In defining the scope of the VET sector it is critical that all aspects of engagement with industry to deliver and assess VET courses at all levels are included. This includes the spectrum from 'traditional' classroom delivery to on-the-job and on-line training; publicly funded and, privately funded delivery, enterprise RTOs and RPL.

Consultation Question: *Are there particular issues affecting the VET workforce that arise due to the increasing overlaps between the various education sectors?*

⁷A Diploma of Business delivered in a week; or a Certificate in Metalliferous Mining delivered without mine site experience are examples of this.

⁸ Hon. Mark Arbib. Minister for Employment Participation. CEDA Lunchtime Address: Meeting the needs of business with a skilled workforce.

MCA makes no comment on this matter.

Consultation Question: *Do you agree with the terminology used in this paper to refer to the three broad groups of employees identified in the VET sector? If not, what alternative would you suggest and why?*

The terminology used to refer to the three broad groups of employees is appropriate. However, the designation of which groups fit in which category may require review. For example, the role of librarians has evolved to a much greater involvement in the teaching role than was traditionally the case. As such, they could be considered as VET professionals.

Consultation Question: *Do you agree with the possible approach to defining the VET workforce as all employees of VET providers – including managerial and administrative staff, self-employed persons and independent contractors – but excluding government and peak industry group employees? If not, what alternative would you suggest and why?*

The proposed definition, whilst comprehensive, does not appear to include on-the-job trainers and assessors who are employed by enterprises and undertake the training role as part of their substantive job. Whilst it may be difficult to capture this cohort, they are becoming an increasingly important component of industry training and should not be excluded.

Consultation Question: *What key objectives is the VET workforce seeking to achieve?*

The key objective of the VET workforce is to develop a competent, highly skilled workforce that meets the needs of industry and the Australian economy.

Consultation Question: *Should the workforce be assessed against its capacity to achieve these objectives?*

Yes. It is sound business practice to measure performance against objectives.

Consultation Question: *What metrics should be used to measure achievement of those objectives?*

Metrics that could be used to measure the achievement of a highly skilled workforce that meets the needs of industry include:

- Industry engagement with the VET sector;
- Universal acceptance of VET qualifications (outcomes) by all employers;
- Cost to employers and students of the services of VET providers; and
- Employer and student satisfaction.

Consultation Question: *Is information available, relating to those metrics?*

The NCVER conducts surveys to obtain this data.

5. THE VET WORKFORCE

Consultation Question: *What are the key reasons for the apparent older age of VET practitioners relative to the total labour force?*

Whilst not evidence-based, key reasons for the apparent older age of VET practitioners may include tradespeople moving into less physically active roles prior to retirement.

Consultation Question: *Do you agree with the assessment that the workforce of private VET providers is considerably younger than the TAFE workforce?*

MCA makes no comment on this matter.

Consultation Question: *Is the profile characteristics of the VET workforce (below) representative of the sector overall? Are there significant differences in various sub-groups?*

Characteristics of the VET workforce based on available data:

- A majority is female
- A majority is employed part-time
- Around a third is employed on a casual basis
- Around a quarter hold multiple jobs, including outside the VET sector
- Five per cent work in a higher education setting
- Around sixty per cent have a degree or higher qualification

We have no reason to think the profile is not broadly representative of the VET sector workforce. However, a focus on some of the significant subgroups may provide more relevant data for preparing a workforce development plan for the VET sector. For example, trades teachers, who teach technical, 'hands on' courses may show a different profile than teachers of more theory based courses, such as child care, nursing and aged care. Trades teachers may be older, more likely to be male and may have a different qualification profile.

Consultation Question: *What are some other defining characteristics of VET workers?*

Additional key characteristics of the VET workforce required by industry include:

- current technical competency and understanding of current operational standards in industry;
- the ability to respond to industry needs, not dictate to industry on how service is to be delivered; and
- the percentage who work in regional and remote locations.

Consultation Question: *Should the Commission think about particular subsets of the VET workforce? If so, how could these subsets be defined, and why do you hold that view?*

As identified in the response to Consultation question on the profile of the VET workforce above, trades teachers and trainers are a subset worthy of particular attention. The National Resources Sector Employment Taskforce projections show that the mining industry will require significant numbers of additional skilled trades and technical operators over the next five to ten years to meet the needs of new projects coming on line and to replace workers lost through natural attrition. It is critical that the characteristics of trades teachers are understood to ensure that a workforce development plan for the VET workforce adequately reflects the needs of this area.

Consultation Question: *What are the advantages and disadvantages of the Survey of Education and Training (SET) and Census data? Would data based on administrative collections be more useful than these datasets?*

MCA makes no comment on this matter.

Consultation Question: *Do you know of other data sources that could help the Commission measure and describe the VET workforce?*

MCA makes no comment on this matter.

Consultation Question: *Do you have any information on the size of the VET workforce in general, or some of its components in particular?*

MCA makes no comment on this matter.

Consultation Question: *Are adequate data available to facilitate effective planning and analysis of the VET workforce?*

Whilst we have no knowledge of the data currently available to facilitate effective planning and analysis of the VET workforce, the ability to model the labour demand in its broadest context is reasonably sound and it should be possible to make valid forecasts of industry growth, occupation growth and skills supply, including in the VET sector workforce. However, care is required when forecasting small segments of the labour market, such as the minerals and VET sectors. In these instances it is necessary to validate the modelling with qualitative and quantitative industry information.

In addition, the difficulty in producing accurate, integrated national VET sector workforce development plans should not be underestimated. It is a huge undertaking to do this from the bottom up, that is, aggregating enterprise (provider), industry and regional workforce development plans into national plans.

Comprehensive data on the delivery of publicly funded VET sector programs is available. However, there is a critical gap in comprehensive national data on the privately funded VET programs. Without these data, it is difficult to effectively plan for the entire VET workforce.

Consultation Question: *What additional data on the VET workforce are required? How should they be generated, disseminated and used?*

MCA makes no comment on this matter.

6. A DEMAND DRIVEN MODEL FOR VET

Consultation Question: *What impact might demographic trends have on future demand for VET, and the VET workforce?*

Demographic trends that will impact on the demand for VET and the VET workforce include:

- Ageing population: as the population ages and competition for youth recruits intensifies, the VET sector will be increasingly competing with other industry sectors for workers. Ageing population may also provide an opportunity for the VET sector in the form of workers who are transitioning to retirement and choose a less physically demanding role. Whilst this is an opportunity, not all good workers make good teachers, and the quality of the VET workforce must be the paramount consideration; and
- Population migration to metropolitan and large regional centres: internal migration will impact on the ability of remote and regional providers to access quality local teaching and training staff. This factor will also drive the move to alternative, flexible delivery modes.

Consultation Question: *What is the impact of economic activity, on the broad and over the economic cycle on demand for training and the VET workforce?*

Economic cycles provide both opportunities and threats to the demand for training and the VET workforce. Economic boom can result in both greater need for training to grow the pool of skilled labour, but can also mean that, due to production demands, employers have less opportunity to release employees for up-skilling. Economic downturn can result in less finance available for training and a lesser requirement for skilled labour. However it can also be seen by employers as an opportunity to release workers for training when the demands of production are lower.

Consultation Question: *What structural trends within the economy should be taken into account when considering future demand for VET?*

Continued growth of the minerals sector in remote and regional Australia.

Consultation Question: *How well-placed is the system to respond to these trends?*

Reform of the VET sector is required, particularly in the publicly funded programs, to enable it to respond to the capacity constraints of the minerals sector.

Consultation Question: *How will these trends influence the VET workforce?*

We are uncertain of how these trends influence the VET workforce.

Consultation Question: *What emerging technological developments could significantly alter industry skill needs?*

In the mining industry increasing automation is and will alter the skills needs of the industry. Currently, the demand is relatively low and there is no industry endorsed training program for automation technicians. Consequently, enterprises rely on 'champions' within their own workforce, supported by expert panels⁹. However, as demand grows and the technology develops the need for these skills will grow and the VET sector must be positioned to meet this need.

⁹ Mining Industry Skills Centre. (2010). *Bridging the Automation Gap: Why the Australian resource sector should support and automation skills development program.*

Consultation Question: *How do providers go about planning for, and responding to, demands for new skills arising from technological developments?*

Providers must remain in constant dialogue and sustain partnerships with industry to maintain awareness of current trends and future developments in industry operations. This will enable them to plan to develop capacity and to develop new models for training when new technologies are in their infancy and demand is low. However, they must respond to industry needs, not demand that industry must accept what is presented.

Consultation Question: *Are there particular difficulties related to the recruitment or development of practitioners who are able to deliver training in new technologies?*

The practitioners who have knowledge of new technologies are generally employed by the developers and users of the new technologies. As such, the challenge for the VET sector is either to recruit from industry, or to develop models that can utilise the industry champions as it builds its own capacity. Recruiting from industry can pose additional challenges as 'champions' are generally highly valued and attract remuneration and benefits that the VET sector may not be able to match.

Consultation Question: *Do you anticipate that demand for VET from learners from disadvantaged backgrounds will increase in the next five to ten years? If so, what implications do you think this will have for the VET workforce?*

A key policy position of the minerals industry is to increase the pool of skilled labour available to the industry by engaging unemployed and underemployed Australians, including Indigenous Australians. Many of these are from disadvantaged backgrounds, often due to lack of opportunity. The VET workforce will need to have the capacity to work with these groups, who inherently require additional specialised teaching/training, particularly in literacy and numeracy.

Consultation Question: *What do stronger commercial pressures in the VET sector imply for the future size, skills and knowledge requirement, of the workforce?*

The greatest needs are for the VET sector to maintain skills and knowledge that correspond with the current operational needs of industry; and to have a strategy to build new skills and knowledge as the needs of industry evolve.

Consultation Question: *What implications might a trend towards higher level qualifications have for demand for VET, and the VET workforce?*

The demand for higher level qualifications will drive a need for higher level qualifications within the VET workforce. Serious consideration will need to be given to whether a Certificate IV level minimum qualification is adequate to provide a professional workforce with the capacity to deliver higher level qualifications that meet the needs of industry. Nevertheless, the VET system will need to continue providing the foundation technical skills required for the traditional trades.

Consultation Question: *What other key effects do you anticipate that government policy will have on the VET sector, and the workforce in particular, over the next five to ten years?*

MCA makes no comment on this matter.

Consultation Question: *What impacts do you anticipate that the use of technology in the VET sector will have on:*

- *Teaching delivery and methods over the next five to ten year?*
- *Demand for training, particularly from regional/remote areas and overseas?*
- *Demand for the VET workforce, both in terms of numbers, and of knowledge and skills requirements?*

The increased use of technology and the advent of new technologies, many of them as yet unknown, will drive a demand for training delivery via these media. The VET workforce will need to keep pace with the general population as it continues to adopt these new technologies and it become more technologically savvy. Teaching via new media and technologies is an opportunity to better meet the need for training in regional and remote areas. However, it must also be recognised that new pedagogies will be required and new skills in the VET workforce.

Consultation Question: *Are training packages still appropriate as a basis for designing vocational training arrangements? Is a shift away from competency based training at higher qualification levels desirable? Might it happen in the next five to ten years? If so, what implications, if any, might this have for demand for the VET workforce?*

Training packages remain an appropriate basis for trades and operator roles that rely on the technical competency of graduates in the workforce. However, there is a need for technical competency, theoretical knowledge and the ability to apply it in different situations in roles requiring higher level qualifications. Hence, a shift to a hybrid of competency based and more theory based training is likely. Such a shift will require up-skilling of many VET teachers and trainers beyond Certificate IV qualifications to equip them deliver such training.

Consultation Question: *What have been the impacts on the VET sector and its workforce of the demand from international students?*

MCA makes no comment on this matter.

Consultation Question: *Do you anticipate that demand for VET from international students will continue to grow? If so, with what further impact on the VET sector and its workforce?*

MCA makes no comment on this matter.

Consultation Question: *What other economic factors or trends should be considered when examining future demand for VET? How do you expect these trends to influence demand for the VET workforce?*

MCA makes no comment on this matter.

7. SUPPLY OF THE VET WORKFORCE

Consultation Question: *What are the demographic challenges emerging around the supply of VET workers over the next five to ten years? How might these challenges affect the VET sector's capacity to attract the right number and mix of suitably qualified workers?*

The VET sector will have to compete for workers in a more competitive national workforce as the population ages. Remuneration and conditions in the VET sector will need to match those in the broader workforce if VET is to meet its needs. As noted above, workers transitioning to retirement provide a recruitment opportunity for VET, but require up-skilling and, whilst they will be well informed on current industry practice, must meet the quality standards for training delivery required by industry

Consultation Question: *What do you think are the key factors influencing an individual's decision to work in the VET sector? Do these vary for different types of potential VET workers? Does VET have difficulty attracting and retaining suitable staff in key training areas?*

MCA makes no comment on this matter.

Consultation Question: *What are the key pathways into and out of the VET workforce? Do these vary for different groups in the workforce, for example by provider type, job role or area of discipline?*

One of the key pathways into the VET workforce for operators and tradespeople is through becoming workplace trainers and assessors within an enterprise. Many choose the less physically demanding role of trainer in the latter years of their career.

Consultation Question: *Do you agree with the assessment that remuneration and conditions for the VET workforce are at times competitive, but may not be attractive where there is significant competition? Can you provide supporting evidence for or against it?*

and

Consultation Question: *How do remuneration and hours of work in VET compare with those of relevant industry or occupation benchmarks? How important are those factors to the decision to enter or remain in the VET workforce? Does the importance of pay and conditions vary for different groups within the workforce?*

Workers in the minerals industry are very well remunerated and the VET sector may not be able to compete on salary alone. However, other VET sector conditions, such as hours of work may be more attractive than the mining industry shifts; VET sector locations in metropolitan and larger regional centres may also be more attractive than remote locations in which the mining industry principally operates. In addition, development of other models that incorporate both industry employment and VET training and assessment may be a better path to achieving the goals of VET.

Consultation Question: *How does the relative remuneration of casuals/sessionals and permanent /fixed-term employees in the VET sector compare?*

MCA makes no comment on this matter.

Consultation Question: *Is there sufficient flexibility in pay and conditions to attract and retain the right types of workers in VET? Can workers select their conditions in VET to suit other aspects in their lives?*

MCA makes no comment on this matter.

Consultation Question: *Is there any evidence of workers moving between industry and the VET workforce in response to changes in economic conditions?*

Whilst we have no concrete evidence that workers move from the minerals industry to the VET workforce in response to changes in economic conditions, during the Global Financial Crisis there was a small number of displaced minerals industry workers who moved into other industry sectors. It is possible that some moved into the VET sector. However, the reverse is common where VET workers have moved to the minerals sector in response to the skilled labour shortages experienced in the recent boom.

Consultation Question: *What are the implications of the falling rate of completion by apprentices for the future supply of VET workforce?*

A key characteristic of VET training is its engagement with industry and the need for the VET workforce to have current industry competency. Reduced numbers of apprentice completions will result in reduced numbers of tradespeople and a smaller pool to draw upon to supply the VET workforce. A review of models of training for apprentices, as recommended in the National Resources Sector Employment Taskforce report, may address the falling completion rate.

Consultation Question: *Are there tradeoffs between technical skills and teaching skills and, if so, which skills are more important?*

There should be no compromise between technical and teaching skills. High level technical skills and knowledge are essential for teachers and trainers to deliver to industry standard. High level teaching skills are essential for teachers and trainers to be competent to deliver the effective, high quality training required by industry.

Consultation Question: *Would increasing qualification standards make entry into the VET workforce more appealing and/or more difficult? Would these changes produce better student outcomes?*

As noted above, higher qualification standards in the VET workforce will be required as higher level qualifications become more in demand. This will make entry into the VET workforce more difficult for some, particularly those who have high level technical skills, but lack high levels of foundation skills, including literacy and numeracy; and those who have no desire for further study to provide additional career paths. However, increasing qualification standards may promote further professionalism within the sector and make it more appealing to potential workers.

Increased qualifications should, by definition, improve delivery standards and hence, student outcomes.

Consultation Question: *What workforce development options exist for VET workers seeking to develop their VET knowledge and skills? Industry currency? Trainer/assessor competence? Are these options adequate? For public and private providers? If not, what other workforce development activities are desirable? How should these be funded? How should they be delivered?*

MCA makes no comment on this matter.

Consultation Question: *Is a workforce development plan needed? How might a plan be developed? What would be its key elements?*

A workforce development plan for the VET workforce is desirable to position the sector to meet the current and future needs of industry. A comprehensive national plan is the best means of identifying gaps and areas for development and to ensure that investment in VET sector workforce development is most closely related to the needs of the economy.

Such a plan would need to be developed in close consultation with industry to ensure that it is aligned to the needs of industry and the economy. While a national plan is required, it must also identify local and regional needs.

Key elements of the plan would include:

- Characteristics of the current workforce, both public and private RTOs and embedded within enterprises.
- Identification of the current and future needs of industry, including the potential impact of economic cycles, the ageing workforce and new technologies.
- Strategies to fill the gaps.

Consultation Question: *What are the key knowledge, skills and abilities required of effective VET professionals? Are the avenues through which practitioners can acquire the skills, knowledge and abilities needed to move into professional roles adequate?*

Effective VET professionals require both current technical skills and knowledge and the ability to impart the knowledge and skills to their students. They also require flexibility and adaptability to meet the changing needs of employers and students.

Consultation Question: *Are administrative and technical support roles in VET changing? If so, is the workforce readily available to fulfil these changing roles?*

MCA makes no comment on this matter.

8. INSTITUTIONAL ARRANGEMENTS IN VET

The MCA is not in a position to make comments on the internal operations of VET providers. However, we provide some comments from the point of view of an external observer and user of the VET system.

Consultation Questions:

Do job design and allocation allow VET providers sufficient flexibility, at present, in managing their human resources?

How might job design change to enhance workforce efficiency and effectiveness?

Do performance management systems within the VET sector adequately support improvement in workforce efficiency and effectiveness? If not, how might they be improved?

Are there any other areas of human resource management in which a different approach might enhance workforce efficiency and effectiveness?

To what extent are industrial instruments aligned to contemporary work practices in the VET sector?

Can you foresee a greater role for performance pay in promoting workforce efficiency and effectiveness?

Can you identify any other changes to industrial instruments that might contribute to higher workforce efficiency and effectiveness?

What role should individual providers have in the development and form of industrial agreements they are required to use?

What factors drive the types of employment arrangement adopted by VET providers? Are there systematic differences between public and private providers? If so, why?

What effects do each of these forms of employment [casual, part-time, blurring of teaching and non-teaching roles, etc] have on the efficiency and effectiveness of the VET workforce?

What factors drive multiple job holding among VET workers? What effects does this have on the efficiency and effectiveness of the VET workforce?

Is the core-periphery model evident in the work practices of public and private VET providers? If so, what implications does it have for the efficiency and effectiveness of their workforce?

Are team approaches becoming more common in the VET sector? In public or private providers? Do they hold potential to enhance the performance of the workforce? Are there any impediments to their implementation?

Are teaching and non-teaching roles in VET blurring? If so, what does this imply for the efficiency and effectiveness of the workforce?

MCA makes no comment on any of the matters above.

Consultation Question: *Could changes to funding models act to improve the productivity of the VET workforce?*

Changes to funding models are required to ensure that adequate funding is available to provide a skilled VET workforce to deliver training in remote and regional Australia. In addition, a 'one size fits all' funding model for publicly funded training does not always allow flexibility for the VET sector in employment conditions and recognition of high quality performance; nor does it always allow for the needs of highly technical occupations that come at greater delivery cost.

Consultation Question: *Do you have any other suggestions on ways in which the productivity of the VET workforce might be improved?*

MCA makes no comment on this matter.

Consultation Question: *Do you have suggestions on ways in which the productivity of the VET workforce might be measured?*

MCA makes no comment on this matter.

Consultation Question: *Are there any other emerging workplace and employment practices with implications for the efficiency and effectiveness of the VET workforce that the Commission should look at? If so, why?*

MCA makes no comment on this matter.

Consultation Question: *What are the advantages and disadvantages of having a range of regulatory approaches for the VET sector?*

A single, standard national regulatory framework for the VET sector is essential to promote consistency and remove barriers and confusion for individuals and enterprises who are or who wish to work across more than one jurisdiction. It is also essential that this standard promotes high quality training and delivery and has the authority and the resources to appropriately sanction providers who do not meet the required training outcomes standard.

Consultation Question: *Is the current regulatory framework efficient, fit for purpose and consistent with the principles of competitive neutrality? What about the forthcoming national regulatory framework?*

The current regulatory framework is neither efficient nor effective. As highlighted above, there are many examples of poor quality and inconsistencies in delivery within the VET sector that have not been addressed by the current system. Many of the regulatory processes have become caught up in bureaucracy, rather than providing an effective strategic approach and there are inherent inefficiencies in maintaining a number of regulatory regimes at state and commonwealth level. Greater emphasis on the quality of training outcomes is required.

Consultation Question: *Should publicly-funded and privately-funded RTOs face the same minimum standards?*

Yes, both are performing the same activities within the same objectives. Individuals and industry are often unaware of any difference between public and privately funded RTOs and are concerned only with the quality of outputs from either.

Consultation Question: *What are the likely implications for the VET workforce in different jurisdictions and provider types of a national VET regulator?*

MCA makes no comment on this matter.

Consultation Question: *Might registration of VET practitioners and/or other professionals have benefits for their professional standing and practice? Would these benefits outweigh potential costs from higher barriers to entry into the VET workforce?*

Registration of VET practitioners would promote professional standing and may attract entrants to the VET workforce. Registration usually comes with requirements for continuing professional development, which would also benefit the VET workforce and, consequently, improve VET outcomes. However, registration should not be used as a barrier to entry for specialist trainers or the exclusion of excellent trainers and assessors embedded in enterprises that have a substantive operational role in the company.

If Australia as a nation is serious about delivering high quality VET outcomes then adequate investment in development of the VET workforce is warranted.

9. VET WORKFORCE PLANNING

Consultation Question: *What sorts of workforce planning activities currently take place within the sector?*

MCA makes no comment on this matter.

Consultation Question: *Do these activities meet the needs of the sector? If not, what sort of activities are required?*

MCA makes no comment on this matter.

Consultation Question: *What sorts of policy, governance and regulatory measures relating to workforce planning might enhance the efficiency and effectiveness of the VET workforce?*

Measures to ensure that VET workforce planning is carried out in consultation with industry to ensure the VET workforce has the capacity to meet industry needs.

Consultation Question: *What types of workforce planning activities do you think can be most effectively undertaken by individual providers, and which types of workforce planning activities lend themselves to a coordinated, overarching approach?*

Individual providers must develop their own internal workforce development plan. There is a role for Governments to assist with integrating provider workforce plans into regional and national VET workforce development plans.

Consultation Question: *How could any coordinated, overarching approach best be informed, organised and funded?*

An overarching approach is best co-ordinated and funded by Government.

Consultation Question: *What organisations are best placed to undertake overarching workforce planning activities?*

Skills Australia has a role in advising the Commonwealth Government on workforce planning.

Consultation Question: *What are the implications, for VET workforce planning, of the growing role of internal VET competition and contestability and student choice in the VET sector? How does workforce planning, in this environment, continue to take account of industry requirements for skilled workers?*

In a demand driven system VET workforce needs are (or should be) driven by the needs of industry and individuals who need to gain skills. Whilst the needs of industry are relatively easy to project, the desires of

individuals are less easy to forecast. It is essential that training in niche occupations that are essential to the national economy is maintained and not overlooked as 'fashionable' or less demanding courses flourish.

10. LESSONS FROM OTHER SECTORS AND COUNTRIES

Consultation Question: What lessons can be learnt from VET sectors in other countries?

MCA makes no comment on this matter.

Consultation Question: What lessons can be learnt from other reviews [Bradley, Productivity Commission work on the health sector workforce] and from other sectors more broadly?

MCA makes no comment on this matter.

Consultation Question: What are some of the caveats that need to be taken into account when making comparisons across countries or across sectors?

MCA makes no comment on this matter.

11. CONCLUSIONS

MCA responses to the questions posed in the discussion paper are reflective of industry's view of the VET workforce within the VET sector.

The past failure of the publicly funded VET sector to meet the needs of the minerals industry had some foundation in lack of capability and capacity within the VET workforce. There are a number of drivers of the need for future development and enhancement of the VET workforce, including the needs of industry, demographic and technological change.

In addition, there are a number of features of the VET sector that must be considered in a review of the VET workforce. These include:

- On-the-job training including for shift work operations;
- Remote and regional delivery;
- Competency based training and assessment;
- Maintaining current technical competency;
- Effective industry engagement; and
- Flexibility and responsiveness.

A comprehensive national workforce development plan for the VET sector that takes account of the needs of industry and regional differences is required to provide the best economic outcome for the nation.

Comprehensive consultation and collaboration between industry, Governments and the VET sector is required to ensure that the VET workforce has the capability and capacity to deliver training that meets the needs of industry and the national economy.

If Australia as a nation is serious about delivering high quality VET outcomes then adequate investment in the development of the VET workforce is warranted.

ENDS