



MINERALS COUNCIL OF AUSTRALIA,
QUEENSLAND RESOURCES COUNCIL

and

SOUTH AUSTRALIAN CHAMBER OF MINES & ENERGY

Submission to the

SENATE EDUCATION, EMPLOYMENT & WORKPLACE
RELATIONS COMMITTEE

on the

**INQUIRY INTO
INDUSTRY SKILLS COUNCILS**

6 August 2010

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EXECUTIVE SUMMARY

The Minerals Council of Australia (MCA) together with the Queensland Resources Council (QRC) and South Australian Chamber of Mines & Energy (SACOME) welcome the opportunity to respond to the Senate Education, Employment and Workplace Relations Committee Inquiry into Industry Skills Councils 2010.

The MCA represents Australia's exploration, mining and minerals processing industry, nationally and internationally and through its Northern Territory and Victorian Divisions represents the interests of members operating in those jurisdictions.

The Queensland Resources Council (QRC) is a not-for-profit peak industry association representing Queensland's minerals and energy sector, and works to secure an environment conducive to the long term sustainability of the minerals and energy sector in Queensland.

The South Australian Chamber of Mines and Energy (SACOME) is the peak industry association for all companies with business interests in the resources industry in South Australia.

ISCs have a unique role in the education and training system that is of considerable value to the industries they represent. SkillsDMC, the ISC for the minerals industry is strongly supported by MCA, QRC, SACOME and the broader minerals industry.

As the global demand for minerals commodities strengthens and the Australian economy emerges from the GFC, the minerals industry is once more facing the prospect of skilled labour capacity constraints to growth. SkillsDMC has a critical role in many of the strategies and initiatives required to build the pool of skilled labour available to enable the industry to meet that challenge.

Whilst SkillsDMC is currently highly effective in meeting the needs of the minerals industry, there are areas where its role could expand to the value of all stakeholders. It is therefore essential that SkillsDMC is funded at a level commensurate with the needs of industry and the national economy.

Governance and accountabilities for ISCs are well served under the current model of incorporated companies coupled with oversight of contractual requirements with Government. Any move to bureaucratise ISCs would be detrimental to their effectiveness in operating with industry.

Priorities for funding of ISCs should be based on demand driven, evidence based information and take account of a number of factors, including national economic priorities and the costs involved for specific industries rather than factors such as workforce numbers and the number of training packages under their area of responsibility. MCA, QRC and SACOME collectively have made a number of recommendations. The specific recommendations are that:

- Government consider enhancing the role of ISCs, including in regard to interaction with Government agencies and regulators; advising on quality standards within the VET system; engagement with ACARA; and allocation of Commonwealth funding for skills initiatives linked to real jobs.
- funding for ISCs be reviewed to ensure that it is commensurate with the contribution of the industry sector to the economy, the technological developments of the target industry and the costs of operation in the specific industry sectors rather than simply comparative workforce numbers or number of training packages under its responsibility. In the case of SkillsDMC this would take account of the higher cost of working with an industry operating in remote and regional locations using ever more highly technical equipment.
- ISCs continue to operate as companies under national corporations law.

- a model and resources for cross-sector (across ISCs) engagement in the training packages and training and assessment materials be developed to enable the broadening of industry sector involvement in setting the training agenda..
- leading practice and innovation in high performing ISCs be disseminated among all ISCs.
- highly performing ISCs be recognised in the form of enhanced scope and authority, whilst maintaining accountability for public funds.
- Government policy and VET sector standards take into account the varying needs of different industry sectors and have the flexibility to meet the needs of all industry sectors and related ISCs.

1. INTRODUCTION

The Minerals Council of Australia (MCA), the Queensland Resources Council (QRC) and the South Australian Chamber of Mines and Energy (SACOME) welcome the opportunity to respond to the Senate Education, Employment and Workplace Relations Inquiry into Industry Skills Councils (ISCs) 2010.

The MCA represents Australia's exploration, mining and minerals processing industry, nationally and internationally, in its contribution to sustainable development and society. Through its Northern Territory and Victorian Divisions MCA represents the interests of members operating in those jurisdictions. MCA member companies produce more than 85 per cent of Australia's annual mineral output.

The Queensland Resources Council (QRC) is a not-for-profit peak industry association representing Queensland's minerals and energy sector, and works to secure an environment conducive to the long term sustainability of the minerals and energy sector in Queensland.

The South Australian Chamber of Mines and Energy (SACOME) is the peak industry association for all companies with business interests in the resources industry in South Australia. SACOME members cover the full spectrum of sectors engaged in industry activities including those with business, vocational or professional interests in minerals exploration, mining and processing, oil and gas exploration, extraction and processing, power generation including geothermal power, transmission and distribution, logistics, transport, infrastructure, and those with clients in these sectors.

The terms 'MCA, QRC and SACOME'; and 'industry' used throughout this submission should be interpreted as reflecting the minerals industry's positions supported by all four organisations, and reflective of the industry's operations nationally.

Whilst the minerals industry recognises that this Inquiry has coverage of all Industry Skills Councils, this submission will principally focus on the ISC for the resources sector, SkillsDMC, and where necessary include the intersection of both SkillsDMC and the wider minerals sector with the activities of other ISCs.

MCA, QRC and SACOME all work closely with SkillsDMC in a number of areas as outlined in the information provided within the submission.

2. THE AUSTRALIAN MINERALS INDUSTRY

2.1 The Minerals Industry and 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) resulted in a short-term downturn in the industry, the GFC has been but a brief respite from the pressure of capacity constraints to growth in the minerals industry. As economic recovery continues, minerals production is rising and skills shortages are once again becoming apparent.

The strength of Australia's balance sheet, macro-economic management and 'free market policies' along with the fiscal stimulus has enabled Australia to weather the GFC.

Whilst the worst of the GFC carnage has passed the risks of a 'dead cat bounce' and double-dip recession remain. In addition, In addition, the uncertainty around resource rent taxation policy

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

continues to impact on the appetite of global financial markets for Australian resources projects. Policy makers must recognise that Australia's comparative advantage in minerals resources cannot be taken for granted as it does not automatically equate to investment or competitive strength.

While the minerals industry directly employs only approximately 1.5 per cent of the Australian workforce, it is a major source of employment opportunities in regional and remote Australia where the industry principally operates.

2.2 Minerals Sector Labour Profile

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.

In 2008 the minerals sector workforce comprised 36 per cent tradespersons and related workers; 35 per cent semi-skilled workers (principally machinery operators and drivers); 10 per cent professionals; 9 per cent labourers; 5 per cent technicians and 5 per cent managers and administrators². Over recent years the greatest growth has been in the technician and trades occupations.

National Centre for Vocational Education Research (NCVER) 2007 data shows that around 30 percent of minerals sector employees hold a diploma or above qualification (around 20 per cent have a bachelor degree or higher); 28 per cent held a Certificate level III or IV qualification; 5 per cent hold a Certificate I or II level qualification; and 37 per cent had no identified qualification³.

The median age of the minerals industry workforce is 40 compared with an all industries median age of 37.

3. MINERALS INDUSTRY DEMAND FOR SKILLED LABOUR

3.1 Skilled Labour Capacity Constraints to Growth

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.

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, chaired by Gary Gray AO MP.

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 demand. 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.

² NILS (2008). Molloy & Tan. *The Labour Force Outlook in the Australian Minerals Sector: 2008 to 2020*.

³ NCVER (2007). *Mining: Industry & Training 2007: exploring the relationship between industry and the VET system*.

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

- 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.

3.2 Meeting Future Skills Needs

A strong training culture is the hallmark of the minerals industry. While current comprehensive data is not available, the most recent figures show that the minerals industry invests considerably more in its training spend than other industry sectors. NCVET 2009 statistics⁵ show that 63 per cent of minerals industry employers engaged with the publicly funded VET sector, compared with 57 per cent for all industries.

Whilst it is acknowledged that in some areas publicly funded training providers, including TAFE, are attempting to respond to the needs of industry, overall the education and training sector has failed the minerals industry in terms of flexibility and responsiveness, and skills outcomes. In response, many mining companies have built their own internal training capability, often in the form of Enterprise Registered Training Organisations (ERTOs), only tapping into education and training externally for highly specialised niche areas, thus not accessing the amount of government training expenditure that would be expected in relation to the contribution of the industry to the state and national economies.

In areas other than the traditional trades, the variation in quality of delivery and assessment through both publicly and privately funded delivery⁶ has fundamentally damaged the industry's confidence in many non-trade VET sector qualifications.

In addition, the availability and quality of VET sector provision in remote and regional Australia are not equal to those that are available in metropolitan areas and large regional centres; noting that the minerals sector operates almost exclusively in remote and regional Australia.

There is a plethora of both State and Commonwealth Government education and employment initiatives aimed at meeting future skills needs. However, the difficulty in obtaining and decoding information about the programs, and the complexity of their administrative arrangements has resulted in a very low uptake of the programs by the minerals industry.

To meet the current and future needs of the industry for skilled labour a number of strategies are required, both in terms of direct initiatives and in the form of policy responses⁷.

The minerals industry initiatives to help grow the pool of skilled labour in regional and remote Australia include:

- Investment in industry-schools partnerships such as the 27 state and private schools of the Queensland Minerals and Energy Academy (QMEA) for example;
- Establishment of specialist training centres, such as the Mining, Energy & Engineering Academy (MEEA) in South Australia as a broker to facilitate connection between Governments, enterprises and the training sector;

⁵ NCVET(2009). *Survey of Employer Use and Views of the VET system*.

⁶ A Diploma of Business delivered in a week; or a Certificate in Metalliferous Mining delivered without mine site experience are examples of this.

⁷ The Joint Submission of the Minerals Council of Australia, the Chamber of Minerals and Energy, Western Australia and the Queensland Resources Council in response to the National Resource Sector Employment Taskforce on the *Discussion Paper: Resourcing the Future* provides additional detail on the minerals industry position on skills shortage issues.
www.minerals.org.au

- Collaborative projects with the agriculture sector, involving both SkillsDMC and Agrifood Skills Australia, to develop a joint entry level training program for the two industry sectors;
- Indigenous training programs providing pre-vocational and foundation skills to equip Indigenous Australians to gain the skills required to join the minerals industry workforce;
- Programs aimed at increasing the participation of women in the sector; and
- Career path focussed projects to promote careers in the industry.

Each of these initiatives has some reliance on the products of SkillsDMC and other relevant ISCs.

The minerals industry has assessed the National Resource Sector Employment Taskforce recommendations as a sound basis for the development of a national strategy for skills in the resources industries. There are a number of recommendations where clarity and minor adjustment is required before they can be embraced, but generally the minerals industry has a positive view and look to working with the new Government on implementation. This position should be expected given that the recommendations represent the policy of the minerals sector in many regards.

4. THE ROLE AND EFFECTIVENESS OF INDUSTRY SKILLS COUNCILS

Terms of Reference: (a) the role and effectiveness of Industry skills Councils (ISCs) in the operation of the national training system particularly as it relates to states and territories and rural and regional Australia.

ISCs can only be fully effective in achieving their goals and objectives if the response to the needs of industry is at the core of all of their activities. Their very name, Industry Skills Councils, indicates this. However, we note with concern that the centrality of industry is not reflected in the terms of reference of this Inquiry.

As indicated above, each of the parties to this submission has strong links to SkillsDMC. Through peak bodies including the MCA, state minerals Chambers and Councils, the industry was instrumental in the establishment of SkillsDMC as an incorporated body.

The peak bodies and representatives of individual companies and enterprises continue to play a strong part in many areas of SkillsDMC activity, including consultation and advisory committees, active participation in SkillsDMC projects, and as members ('shareholders') of the incorporated SkillsDMC. This ongoing involvement ensures that SkillsDMC is effective in its contribution to meeting the needs of industry and circumventing skills shortages by:

- developing quality training materials (including training packages, training guides, assessment materials);
- carrying out projects aimed at developing improved training models;
- providing industry intelligence and advice to Skills Australia in its role of providing integrated national workforce planning advice to Government
- providing advice on the minerals industry training and skills issues directly to the Commonwealth Government;
- allocation of Enterprise Based Productivity Places Program (EBPPP) funds on behalf of government through a rigorous workforce planning exercise using a tool developed by SkillsDMC. This is particularly important in the industry deserving of a fairer share of publicly funded training funds that is more commensurate with its economic importance to the nation;
- providing an independent conduit for exchange of data and information between the Commonwealth Government and state-based ISC equivalents (where they exist), and enterprises.

In addition, there are a number of role enhancements that would add to the effectiveness of SkillsDMC and other ISCs, including having the capacity and authority to:

- deal directly with Commonwealth, state and territory government agencies;
- inform and align Commonwealth budget for skills investments with industry to ensure skilling outcomes are linked to workforce planning and meaningful employment;
- inform and advise regulator/s on quality standards for RTOs;
- inform and advise enterprises on quality RTOs;
- operate within a holistic industry approach to skilling across the education spectrum – schools, VET and higher education; and
- engage with the Australian Curriculum, Assessment and Reporting Authority (ACARA) on national curriculum on behalf of the minerals industry.

The initiative taken by Skills DMC to establish local representatives for the states and the Northern Territory, in some cases co-located with state minerals councils and chambers, contributes to its effectiveness in relation to the operation of the national training system in those jurisdictions. It also provides greater opportunity to contribute at a local level to the effectiveness of training in remote and regional areas.

Recommendation: That Government consider enhancing the role of ISCs, including in regard to interaction with Government agencies and regulators; advising on quality standards within the VET system; engagement with ACARA; and allocation of Commonwealth funding for skills initiatives linked to real jobs.

5. FUNDING AND ACCOUNTABILITIES OF INDUSTRY SKILLS COUNCILS

5.1 Accountability Mechanisms in Relation to Commonwealth Funding

Terms of Reference: (b) accountability mechanisms in relation to Commonwealth funding for the general operation and specific projects and programs of each ISC.

ISCs source funds under contracts through both direct funding identified in Commonwealth budgets, and through application for funds under specific Government programs. For example, SkillsDMC has received funding under ITEP for development of a program for mentors of Indigenous Australians in the minerals industry; and under the Workforce Innovation Program to work with the agriculture industry to develop a joint entry level training program for the two industry sectors.

Accountability mechanisms for monies sourced through direct funding are a matter for Government, but should not result in micromanagement or overly onerous administrative requirements.

Contracts including agreed output/outcome measures that allow ISCs the flexibility to perform their roles in support of workforce development in their area of responsibility would address accountability requirements whilst providing optimum outcomes for industry.

Funds received under specific Government programs come with specific accountabilities defined within the contract agreement. In addition, SkillsDMC has its own governance controls required as a company limited by guarantee, which include a range of internal controls and external audit.

As a reflection of its satisfaction with the activities of SkillsDMC, the minerals industry continues to invest significant cash and 'in-kind' resources to the activities of SkillsDMC in the form of personnel to take part in consultation and advisory activities and projects, travel and accommodation costs, and hosting activities. This continuing investment and support is reflective of Skills DMC's ongoing delivery of outcomes valued by industry, and evidence of its commercial accountability practice and culture.

5.2 Commonwealth Government Prioritisation of Funding across Industry Skills Councils

Terms of Reference: (d) Commonwealth Government processes to prioritise funding allocations across all ISCs.

A number of factors should inform Government processes to prioritise funding allocations across ISCs:

- National economic priorities. Priorities should be directed toward addressing skills shortages in priority industries that grow sustainable employment and the national economy. The minerals industry is a major contributor to the Australian economy. Capacity constraints to the growth of the industry in the form of skilled labour shortages and limits to programs to increase the productivity of the minerals industry workforce through education and training both significantly impact on the national economy.
- The cost of developing training materials. The minerals industry is also a highly technical industry, involving costly and complex machinery and is principally located in regional and remote areas. These factors flow through into the high cost of developing training packages and quality training and assessment materials for the minerals industry.
- The range of areas of responsibility rather than the number of training packages. Some ISCs maintain a larger number of more sector specific training packages. SkillsDMC has been innovative in developing one comprehensive consolidated Resources and Infrastructure Industry Training Package with industry support that covers all of the industry sectors in the resources and infrastructure sectors.
- Demand driven, evidence based investment. Industry, including through ISCs must be at the centre of workforce development and skilling activities, with State Training Authorities and RTOs positioned at the end of the training investment chain responding to the needs of industry rather than driving the training agenda.

These four factors should be the drivers for deciding funding priorities.

Whilst SkillsDMC is highly effective in meeting the needs of the minerals industry, it is essential that it continues to be funded at a level commensurate with the needs of the industry recognising that those needs must accommodate the associated technological advances of the industry. Government should apply a weighting to funding allocations to ISCs that takes account of the relative value to and impact on the economy of the skills needs of the particular industry.

Recommendation: That funding for ISCs be reviewed to ensure that it is commensurate with the contribution of the industry sector to the economy, the technological developments of the target industry and the costs of operation in the specific industry sectors rather than simply comparative workforce numbers or number of training packages under its responsibility. In the case of SkillsDMC this would take account of the higher cost of working with an industry operating in remote and regional locations using ever more highly technical equipment.

5.3 Corporate Governance

Terms of Reference: (c) Corporate governance arrangements of ISCs.

In principle, all ISCs should be companies, established under national corporations law with the attendant fiduciary and statutory accountabilities. Under this model, ISCs would have independent boards that are accountable to the Members, who, whilst having no equity in the company, are the recognised 'shareholders' of the company.

This proposed model allows ISCs to operate in a commercial environment to industry governance standards which provides an appropriate level of oversight, while avoiding overly bureaucratic process. Any move to bring ISCs or their functions into the Government bureaucracy would be detrimental to their ability to meet the needs of the industry sectors and to their unique and independent role that is recognised and valued by industry and enterprises. The culture of such legal entities is also significantly more conducive for enabling innovation.

SkillsDMC is an incorporated company and follows this model. The SkillsDMC board provides reports regularly to its Members and also to Government.

Recommendation: That ISCs continue to operate as companies under national corporations law.

5.4 Accumulated Surpluses

Terms of Reference (f) the accrual of accumulated surpluses from public funding over the life of each ISCs operation and its use and purpose.

If and when ISCs have accumulated surpluses they must be held accountable by both Governments and industry to ensure that they are expending funds to deliver the outcomes required to effectively address the economic priorities of the nation in the form of their targeted skills, industry and workforce growth accountabilities..

6. INDUSTRY SKILLS COUNCILS' CO-OPERATIVE ARRANGEMENTS

Terms of Reference: (e) ISC network arrangements and co-operative mechanisms implemented between relevant boards.

MCA, QRC and SACOME individually and collectively work co-operatively with SkillsDMC and are aware of a number of examples of SkillsDMC working co-operatively with both other ISCs and industry bodies.

These examples include:

- A tradition of working with Agrifood Skills Australia, the ISC for the Agriculture sector, which is the other principal employer group in many areas of remote and regional Australia. An example is the joint project under the Workforce Innovation Program to develop a joint entry level training program to equip the participants to enter either sector, or to transition between them.
- A project in partnership with MCA's Northern Territory Division and local industry partners to develop and deliver a pre-vocational training program for young Indigenous people in the NT.
- The project in partnership with MCA to identify good practice examples of mentors of Indigenous workers in the resources sector.
- Working with the Australian Training Alliance through the VET in schools program to deliver a Cert I in Resources and Infrastructure Operations at the Brukunga Mine Site.
- The national and state industry bodies are presently working with Skills DMC on the development of an even more closely aligned policy and program relationship with Skills DMC, on behalf of the Australian minerals industry, in recognition of the synergies and further value to industry from leveraging SkillsDMC's growing capability and innovation.

In addition, whilst the minerals industry does not have a specific mining trade qualification, the industry employs a large number of tradespeople (metal fabricators, mechanical fitters, electricians, motor mechanics) who are trained under training packages managed through other ISCs. The minerals industry has very limited if any direct representation in the development of those training packages. Given the limitations of the current silo structure of ISCs it is recommended that SkillsDMC be allocated additional funding to enable it to represent the interests of the minerals industry in the detailed work of other ISCs, particularly those that control the training of apprentices in the traditional trades.

Recommendation: That a model and resources for cross-sector (across ISCs) engagement in the training packages and training and assessment materials be developed to enable the broadening of industry sector involvement in setting the training agenda..

7. INDUSTRY SKILLS COUNCILS' IMPLEMENTATION OF TRAINING INITIATIVES

Terms of Reference: (g) the effectiveness of each ISC in implementing specific training initiatives, for example the Skills for Sustainability initiative under the National Green Skills Agreement.

7.1 Productivity Places Program (PPP)

SkillsDMC has developed a highly effective model for development of enterprise workforce development plans. This model is being increasingly embraced across the minerals industry and has already informed a demand driven, evidence-based mechanism to assist SkillsDMC to allocate funds under the PPP and the Enterprise Based PPP programs. The program has the support of the minerals industry.

7.2 Skills for Sustainability Program

SkillsDMC carried out an extensive consultation process to develop a sustainability strategy. Sustainability skills are embedded in the Resources and Infrastructure Industry Training Package and are entirely consistent with the comprehensive and globally recognised sustainable development practices of the minerals industry.

7.3 Indigenous Employment Panel (IEP) and Indigenous Training for Employment Program (ITEP)

There are a number of examples of successful development and implementation of Indigenous employment and training programs by SkillsDMC. These include:

- Development and delivery of a pre-vocational program for unemployed Indigenous youth in the Northern Territory in partnership with the MCA. The program is residentially based and simulates a mining company roster with time in training, on the job and in the Indigenous community.
- A DEEWR funded program currently being carried out to develop a training program for mentors of Indigenous workers in the resources sector, in conjunction with MCA and QRC. In addition, MCA has provided funds for SkillsDMC to conduct a parallel project to Government funded Indigenous Mentor Project to identify leading practice exemplars of Indigenous mentoring.

7.4 Workplace English Language and Literacy (WELL) Program

The WELL program is a component of the Indigenous pre-employment program noted in section 7.3.

7.5 Rationalisation of the Resources and Infrastructure Industry Training Package (RII09)

SkillsDMC carried out an extensive and comprehensive consultation process to develop the RII09 training package. The extensive engagement of all of the resources and infrastructure sectors under the banner of SkillsDMC in the process demonstrate the value they place on SkillsDMC. The consolidated training package has had strong recognition and uptake within the industry sectors.

7.6 Certificates I and II in Resource Infrastructure Operations

Skills DMC lead the brokerage of funding and development of these two new pathways for secondary school students into the resources sector, while also brokering industry resources that enabled piloting of both qualifications through QRC's partnership with the Queensland Government in the Queensland Minerals and Energy Academy. The national importance of these readily accessible pathways to schools, teachers and students is increasingly evident as skills shortages begin to weigh again on the industry.

These examples demonstrate the effectiveness of SkillsDMC in implementing specific training initiatives. In reviewing the effectiveness and accountabilities of ISCs it is important that examples of

leading practice be identified and disseminated across all ISCs. It is also essential to recognise that there should not be a 'one size fits all' approach and that highly performing ISCs such as SkillsDMC should not be penalised as a result of lesser performance by others.

Recommendation: That leading practice and innovation in high performing ISCs be disseminated among all ISCs.

Recommendation: That highly performing ISCs be recognised in the form of enhanced scope and authority, whilst maintaining accountability for public funds.

8. OTHER MATTERS

Terms of Reference: (h) any related matters.

An issue that remains of concern to the parties to this submission is the degree of acceptance by Government of advice provided by SkillsDMC on behalf of the minerals industry.

Whilst there are many examples where it is clear that there has been uptake of that advice, for example the implementation by the South Australian Government of the workforce planning model; there are equally examples where the advice has clearly not been taken up.

An example of this is the new Training Package packaging rules that are being implemented by the National Quality Council (NQC). Despite emphatic representation from SkillsDMC based on comprehensive feedback from the minerals industry that they will hinder flexibility and will not work for that industry, Government and the NQC are persisting with their implementation. This failure to take up advice provided by SkillsDMC on behalf of the industry impacts on the perception of the effectiveness of SkillsDMC within the industry. There is an opportunity in the establishment of the new Tertiary Standards Authority to address this issue.

Recommendation: That Government policy and VET sector standards take into account the varying needs of different industry sectors and have the flexibility to meet the needs of all industry sectors and related ISCs.

9. CONCLUSIONS

ISCs have a unique role in the education and training system that is of considerable value to the industries they represent. SkillsDMC, the ISC for the minerals industry is strongly supported by MCA, QRC, SACOME and the broader minerals industry.

The minerals industry is once more facing the prospect of skilled labour capacity constraints to growth and SkillsDMC has a critical role in many of the strategies and initiatives required to build the pool of skilled labour available to the industry.

Whilst SkillsDMC is currently highly effective in meeting the needs of the minerals industry, there are areas where its role could expand to the value of all stakeholders and it is essential that it be funded at a level commensurate with the needs of industry.

Governance and accountabilities for ISCs are well served under the current model of incorporated companies coupled with oversight of contractual requirements with Government. Any move to bureaucratise ISCs would be detrimental to their effectiveness in operating with industry.

Priorities for funding of ISCs should be based on demand driven, evidence based information and take account of a number of factors, including national economic priorities and the costs involved for specific industries rather than factors such as workforce numbers and the number of training packages under their area of responsibility.

In reviewing the effectiveness and accountabilities of ISCs it is important that examples of leading practice be identified and disseminated across all ISCs. It is also essential to recognise that there should not be a 'one size fits all' approach and that highly performing ISCs should not be penalised as a result of lesser performance by others.

There are a number of examples of the effective implementation of specific training initiatives by SkillsDMC.

MCA, ORC and SACOME collectively have made a number of recommendations. The specific recommendations are that:

- Government consider enhancing the role of ISCs, including in regard to interaction with Government agencies and regulators; advising on quality standards within the VET system; engagement with ACARA; and allocation of Commonwealth funding for skills initiatives linked to real jobs.
- funding for ISCs be reviewed to ensure that it is commensurate with the contribution of the industry sector to the economy, the technological developments of the target industry and the costs of operation in the specific industry sectors rather than simply comparative workforce numbers or number of training packages under its responsibility. In the case of SkillsDMC this would take account of the higher cost of working with an industry operating in remote and regional locations using ever more highly technical equipment.
- ISCs continue to operate as companies under national corporations law.
- a model and resources for cross-sector (across ISCs) engagement in the training packages and training and assessment materials be developed to enable the broadening of industry sector involvement in setting the training agenda..
- leading practice and innovation in high performing ISCs be disseminated among all ISCs.
- highly performing ISCs be recognised in the form of enhanced scope and authority, whilst maintaining accountability for public funds.
- Government policy and VET sector standards take into account the varying needs of different industry sectors and have the flexibility to meet the needs of all industry sectors and related ISCs.

ENDS

APPENDIX: ACRONYMS

EBPPP	Enterprise Based Productivity Places Program
IEP	Indigenous Employment Panel
ITEP	Indigenous Training for Employment Program
ISC	Industry Skills Council
MCA	Minerals Council of Australia
PPP	Productivity Places Program
QRC	Queensland Resources Council
RTO	Registered Training Organisation
SACOME	South Australian Chamber of Mines & Energy
VET	Vocational Education and Training
WELL	Workplace English Language and Literacy