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Committee Secretary
Standing Committee on Employment, Workplace Relations and Workforce
Participation
House of Representatives
Parliament House
CANBERRA ACT 2600

Sent by email ewrwp.reps@aph.gov.au

Friday 10 February 2005

Dear Sir

Inquiry into Employment in the Automotive Component Manufacturing Sector

The Victorian Automobile Chamber of Commerce [VACC] tenders this submission in response to the House of Representatives Inquiry into Employment in the Automotive Component Manufacturing Sector.

The automotive component manufacturing sector is interdependent on the vehicle manufacturing sector of the automotive industry. Key drivers affecting both the vehicle and component manufacturing sectors also affect the repair, services and retail sector of the Vehicle industry.

The terms of reference for the Inquiry relating to employment trends and skill shortage issues have a consistent theme throughout the vehicle manufacturing, component manufacturing and repair, services and retail sectors of the vehicle industry.

VACC represents some 5,500 employers across Victoria and Tasmania in the manufacturing (particularly parts and component manufacturing) and repair, services and retail sectors of the vehicle industry. Our sister organisation in South Australia, the Motor Trade Association of South Australia, similarly represent employers across the same industry sectors. Most component manufacturing resides in Victoria and South Australia and to a lesser extent in New South Wales.

Common Industry Characteristics

The vehicle industry including vehicle manufacture, component manufacture and repair, services and retail have a series of common characteristics impacting their future.

- The vehicle industry as a whole is rapidly changing due to advancement in technology and the globalisation of the industry.
- Advancement in technology has resulted in and continues to influence segmentation of the industry i.e. niche markets.
- There is greater emphasis by business on flexibility, efficiency and productivity.
- The vehicle industry is affected by changing environmental values. Greater awareness and development of environment friendly processes are implemented where economically possible.
- Profit margins as a feature of the industry can be tight and the effects of global economies place even greater economic pressures on the vehicle industry.
- Cost of operating a business and cost of legal compliance is increasing, thereby affecting investment and growth.
- Other than the four major vehicle manufacturers, the industry is predominantly made up of small business.
- The industry heavily relies on traditional trade skills. The trade skills are common across the vehicle industry.
- The training packages available across the vehicle industry are common.
- The vehicle industry has not been successful in promoting trades and careers.
- Industry investment in training is high.
- The industry relies on generic skills of an individual in addition to the job specific skills; these include competence in spoken and written English, basic computer skills, customer relations and employability skills.
- Management skills to encourage, motivate and coach employees together with skills in measuring productivity, strategic business development and marketing are becoming increasingly more important. Due to the segmentation/ specialisation of industry, managers require a range of general human resource skills whilst maintaining a high level of business acumen/ expertise.

Key Drivers for Labour and Skill Retention

Due to the changes in technology and the competition arising from globalisation of the industry, greater strategic planning of business opportunities and better management of labour resources is integral to the continued operation of business.

The skill shortages in the traditional trades across the vehicle industry are not properly managed across the various sectors of the industry. For instance the closure of a manufacturing plant does not lead to the redeployment of those redundant employees into comparable vacancies in another part of the industry.

The experiences in South Australia to redeploy Mitsubishi redundant employees into the repair, services and retail sector in 2005, was unsuccessful due to:

- The lack of co-ordination with job network agencies
- The lack of understanding which skills were transferable to another sector of the vehicle industry
- Poor matching of candidates with vacancies
- Lack of support to supplement skills to allow transition into a related occupation
- Lack of interest amongst highly paid redundant employees into lower paid jobs.

VACC suggests that the component manufacturing sector will continue to be under pressure by cheaper labour markets overseas, which may result in further closures, therefore greater support is required to redeploy employees in related positions in the vehicle industry.

Unsuccessful candidates for apprenticeships in the manufacturing sector that meet industry criteria are not directed to other comparable vacancies in the vehicle industry. Further, a better co-ordinated promotion of trades and apprenticeships/ traineeships would benefit the industry.

The current training packages, career pathways should not be undermined in any way by industrial relations developments. The trade, apprentice and trainee classifications and minimum rates of pay are generally consistent across the industry. This allows the articulation of traineeships into trade level and recognition of prior learning on a consistent basis. Any removal of the current levels will jeopardise a mutual recognition of skill development and may inhibit the mobility of individuals across the sectors of the vehicle industry.

VACC together with the Motor Trade Organisations across Australia submitted to the Award Review Taskforce a series of recommendations concerning the need to retain the two key vehicle industry awards (given that the industry is highly award reliant) and a classification structure based on current practices to ensure the base for bargaining and recognition of skills. VACC submits that a change to the existing classification structure may inhibit effective training arrangements.

Automotive Training Victoria completed a Change Driver's Report into the Manufacturing Sector in December 2005. The Report provides detail on the main drivers affecting the component and manufacturing industry. The Report is attached.

If further information is required please contact the undersigned.

Yours sincerely



Leyla Yilmaz
Manager Industrial and Employee Relations

VICTORIAN AUTOMOTIVE INDUSTRY



***CHANGE DRIVERS REPORT
EXECUTIVE SUMMARY***



DECEMBER 2005

EXECUTIVE SUMMARY

This Executive Summary of the Second Edition Victorian Automotive Industry Change Drivers Report 2005 follows on from and updates the Change Drivers Report published in December 2004.

The 2005 Report details research carried out by Automotive Training Victoria (ATV) for submission to the Victorian Learning & Employment Skills Commission (VLESC) through the Office of Training & Tertiary Education (OTTE).

As in the previous Report, research was targeted to four key questions posed by OTTE:

- Q1: What are the major change drivers impacting the industry and its sectors currently over the medium to long-term future?**
- Q2: What are the industry and enterprises responses to the impact of the change drivers?**
- Q3: What are the implications of the industry responses for skill needs in the industry?**
- Q4: What is the relative importance of changing skill sets for training provision now and in the future?**

This Executive Summary has a focus on differences between this Report and the 2004 Report.

Major differences in Report formatting and/or information are:

- (i) Key sector Change Driver 5 year and 10+ year impact statements.
- (ii) Industry sector skill needs:
 - ▶ Links to change drivers
- (iii) Industry Sector skills provision:
 - ▶ Priority skill sets
 - ▶ Outlook statements "Factors Impacting On Training Provision":
 - Government funding
 - Industrial relations
 - Emergence of private training organisations
 - Flexible training and assessment to meet business plans
 - TAFE teacher development

AUTOMOTIVE MANUFACTURING

The following Change Drivers are identified as having significant impact on employment and training in the manufacturing sector:

- ▶ Business Confidence & Labour Demand
- ▶ New & Emerging Technology
- ▶ Work Practices
- ▶ Compliance with Government Legislation

Business Confidence & Labour Demand:

5 YEAR OUTLOOK "BUSINESS CONFIDENCE & LABOUR DEMAND"

- ▶ Employment growth in passenger motor vehicle manufacturing will be marginal over the next five years due to the following factors:
 - 10% tariff reduction in 2005 (Passenger Motor Vehicles)
 - 5% tariff reduction in 2010 subject to review in 2008
 - Proposed free-trade agreement with China – annual growth rate 9.5%
 - Increased reliance on robotic production systems to meet efficiency targets
 - Ford (US) and General Motors (US) announcement of reduced profit margins in 2004 brought about by a downturn in vehicle sales due to increased fuel costs and vehicle over supply; this may impact on Ford and Holden Australia due to parent company restructure.
- ▶ Employment in truck assembly is projected to decline over the next five years taking into account:
 - Fluctuating sales heavy vehicles 15 tonne +
 - 40% increase truck registration fees (heavy vehicle – B Doubles/Triples)
 - Diesel fuel costs (decreasing government assistance)
 - Improved vehicle road-life (reduced sales)
- ▶ The components sector is particularly vulnerable to the impact of free trade agreements between Australia and countries where worker wages and production costs are much lower than can be achieved in the Australian environment. Local vehicle manufacturers are increasingly switching to more cost competitive suppliers, i.e. Thailand and China.
- ▶ Emerging new manufacturing opportunity in niche markets through new product technology.

10+ YEAR OUTLOOK "BUSINESS CONFIDENCE & LABOUR DEMAND"

- ▶ Rationalisation of Australian passenger motor vehicle manufacturing plants taking into account:
 - Zero tariff/assistance to domestic producers
 - Impact of free-trade agreements, particularly China
 - A minimum target of 97% efficiency to meet international cost competitiveness
 - Work practices and Commonwealth industrial arrangements (2005)
 - World vehicle oversupply
 - Cost of oil/petroleum
- ▶ Reduced component manufacturers through the effects of free trade agreements and competition for supply to domestic vehicle manufacturers.
- ▶ New manufacturing opportunity in niche markets through new product technology.
- ▶ Victorian Truck assembly plants to remain at two subject to sales targets and efficiency plans.

New & Emerging Technology:

5 & 10+ YEAR OUTLOOK "NEW & EMERGING TECHNOLOGY"

- ▶ The Australian automotive manufacturing industry is unlikely to achieve the volumes to justify large-scale investment in automation. The manufacturing process will continue to depend on skilled workers encompassing a decision making process.
- ▶ Increased use of automation will increase middle level technical skill demand and a change in the way training is provided in the workplace:
 - Production operators
 - System programmers
 - System maintenance (mechatronics/robotics)
- ▶ The future manufacturing plant workforce must adapt to changes in technology with minimum downtime if efficiency targets are to be met.
- ▶ Component manufacturers to take advantage of new product technology and niche export markets.

Work Practices:

5 & 10+ YEAR OUTLOOK "WORK PRACTICES"

- ▶ Work practices will impact on the type of skills required and the way training is to be delivered in a future manufacturing plant.
- ▶ Employee work practices will reflect parent company global directives and efficiency targets.

Compliance With Government Legislation:

5 & 10+ YEAR OUTLOOK "COMPLIANCE WITH GOVERNMENT LEGISLATION"

- ▶ The concept of "whole of vehicle life" places environmental responsibility on manufacturers to account for all facets of the vehicle life from production to wrecking. Manufacturers are increasingly investing in materials recycling and implementing processes to meet vehicle disposal in accordance with legislation, i.e. European model. This has been adopted by parent companies and will likely impact on Australian production.
- ▶ Manufacturing plants will be required to adopt government guidelines in regard to:
 - Minimising energy consumption and the use of alternative energy sources
 - Waste management and emissions control.
- ▶ Increasingly strict Government regulations on vehicle emissions will continue to impact on vehicle design including development of sealed or encapsulated systems, for example, engines and transmissions (light vehicles and heavy vehicles).
- ▶ Occupational health and safety will continue to a focus of employee skills development.

MANUFACTURING SKILL NEEDS

See main Report for detailed skill needs by Training Package (i) qualification and likely impact 5-years and 10(+) years.

Note (i):

- ▶ *Automotive Industry Manufacturing Training Package AUM00 (to be replaced by AUM05/06)*
- ▶ *Competitive Manufacturing Training Package MCM04*
- ▶ *Metal & Engineering Training Package MEM98 (to be replaced by MEM05)*
- ▶ *Electro technology Industry Training Package UTE99*
- ▶ *Transport & Distribution Training Package TDT05*

Manufacturing Change Drivers	Skill Needs
1. Business confidence & labour demand	<p>Business confidence and labour demand is dependent on global economies and plant efficiency plans that in-turn impact on recruitment levels and training of existing workers. Skill demand is integrated with technology, work practices and government compliance – See “Change Drivers” 2, 3 and 4.</p> <p>Skill needs:</p> <ul style="list-style-type: none"> ▶ Production (Cert II/III) ▶ Team leader (cert IV/Dip.) ▶ Technical maintenance (Cert III/Dip.)
2. New & emerging technology	<ul style="list-style-type: none"> ▶ Technical Maintenance (Cert III/Dip.) ▶ Mechatronics ▶ Electronics ▶ Programming ▶ Systems Engineering (Degree/post grad)
3. Work practices	<ul style="list-style-type: none"> ▶ Attitudinal Skills (integrated Secondary): <ul style="list-style-type: none"> ▪ Industry/Plant awareness ▪ Careers ▪ Communication ▶ Generic skills (integrated Cert II/III/short course): <ul style="list-style-type: none"> ▪ English (second language) ▪ Communication ▪ Basic Computer ▶ Production/Maintenance (Cert II/III): <ul style="list-style-type: none"> ▪ Quality ▪ Systems process ▪ Machine programming ▪ OH&S ▪ Environmental ▶ Team leader (Cert IV/Dip.): <ul style="list-style-type: none"> ▪ Quality management ▪ Continuous improvement ▪ Communication
4. Compliance with Government legislation	<ul style="list-style-type: none"> ▶ Production/maintenance (Cert II/III/short course): <ul style="list-style-type: none"> ▪ OH&S ▪ Environmental ▶ Team leader (Cert IV/Dip.): <ul style="list-style-type: none"> ▪ OH&S management ▪ Environmental management

MANUFACTURING SKILL PROVISION

The type of skills required by the Vehicle Manufacturing Sector over the medium to long-term are summarised under “Manufacturing Skill Needs” and described in detail in the main Report, Section 1.2.

Skill needs align to units of competence and qualifications by certificate level under the Australian Qualifications Framework (AQF) or short course outcomes as follows:

- ▶ Automotive Industry Manufacturing Training Package AUM00 (to be replaced by AUM05/06)
- ▶ Competitive Manufacturing Training Package MCM04
- ▶ Metal & Engineering Training Package MEM98 (to be replaced by MEM05)
- ▶ Electro technology Industry Training Package UTE99
- ▶ Transport & Distribution Training Package TDT05

The importance of skills sets by units of competence/qualification are ranked as follows:

Priority 1:

Production Skills (Cert II/III):

- ▶ Manufacturing process
- ▶ Communication/attitudinal
- ▶ Machine programming
- ▶ Quality
- ▶ Work safety
- ▶ Environmental

Priority 2:

Technical Maintenance Skills (Cert III/Dip.):

- ▶ Mechatronics (mechanical, electronics, electric power, pneumatics, hydraulics)
- ▶ Machine programming/setting

Priority 3:

Team Leader/Management (Cert IV/Dip.):

- ▶ Process management
- ▶ Continuous improvement
- ▶ Environmental management
- ▶ Work safety
- ▶ Communication

The following 5-year and 10+ year outlook statements “Factors Impacting On Skills Provision” articulate processes and trends likely to impact on the priority skill sets.

5 YEAR OUTLOOK MANUFACTURING –“FACTORS IMPACTING ON SKILL PROVISION”

Government Funding:

- ▶ The current funding model does not recognise the importance of private Registered Training Organisations (RTO) within passenger vehicle manufacturing and their emerging role in the provision of strategic workplace training skill sets. Private RTOs tender under Priority Education Training Program (PETP) criteria that is not responsive or strategic to plant efficiency plans.
- ▶ Current government policy aimed at cost neutrality in the setting of priority training demand will increasingly determine funded training places through TAFE partnership arrangements with manufacturing plants. Effective partnership arrangements with manufacturing plants will depend on flexible delivery arrangements with a focus on workplace training to meet specific skill sets.

Industrial Relations:

- ▶ Commonwealth reform to Australian Workplace Relations has legislated for flexible agreements between management and employees based on plant efficiency targets and workplace structures. Unlike existing Enterprise Bargaining Agreements, specific employee training arrangements will not necessarily be detailed in new agreements.

Passenger Motor Vehicle Trends:

- ▶ Passenger Motor Vehicle Manufacturers will continue the development of a plant specific “Workplace Training Model” utilising the new AUM05/6 Manufacturing Training Package and the Competitive Manufacturing Training Package. Employee training will focus on workplace training and assessment to specific skill sets.
- ▶ Manufacturers will increasingly take up responsibility for middle level skills training:
 - Advanced technical skills training in such areas as robotics inclusive of programmable logic control, pneumatics and fluid power. Partnerships will continue to be negotiated with TAFE and universities.
 - Training will be conducted in the workplace using vendor/supplier expertise, i.e. production system/robotics and in-house training appropriate to job requirements.
 - Management/team leader/supervisor training will be conducted in the workplace with a focus on global quality outcomes under parent company policies and direction.

Truck Assembly, Trailer Manufacturing Trends:

- ▶ Truck assemblers and trailer manufacturers will continue to rely on partnership arrangements with selected training organisations, i.e. TAFE to implement the new AUM05 Manufacturing Training Package and the Competitive Manufacturing Training Package.
- ▶ The partnership to focus on flexible delivery to meet business needs.

TAFE Teacher Training Outlook:

- ▶ The relevance of TAFE training to passenger vehicle manufacturers will be under review in such areas as middle level technical, team leader etc.
- ▶ Manufacturers increasingly to focus on workplace outcomes against employee job profiles and not necessarily qualification outcomes.
- ▶ Changes in technology and manufacturing work practices will impact significantly on TAFE teacher professional development and new teacher training.

10+ YEAR OUTLOOK MANUFACTURING - "FACTORS IMPACTING ON SKILL PROVISION"

Government Funding:

- ▶ Current government policy aimed at cost neutrality in the setting of priority training demand will increasingly lead to the funding of training places based on importance of industry demand to the economy.
- ▶ Demand for funded training places likely to be assessed against government criteria such as:
 - Defined skill shortages
 - Value added growth targets
 - New and emerging technologies

Under this model it does not automatically follow that all traineeships or apprenticeships will be funded.

- ▶ Industry training demand that fails to satisfy funding criteria (as above) will be delivered under:
 - Fee-for-service i.e. TAFE, university (private and public)
 - Vendor/supplier arrangements, i.e. robotic system maintenance
 - In-house and parent company training

Passenger Motor Vehicle Trends:

- ▶ Increasing global competition will link domestic Passenger Motor Vehicle Manufacturers with parent company policies and efficiency plans. PMVs will focus on plant training structures specific to job requirements and global efficiency plans.
- ▶ Training provision will not necessarily focus on a prescriptive national qualification structure or local standards.

Truck Assembly, Trailer Manufacturing Trends:

- ▶ Truck assemblers and trailer manufacturers will continue to rely on partnership arrangements with selected training organisations. The focus on workplace skills to meet business needs.
- ▶ New technology specialist skills and product specific skills training will be provided by the manufacturer or system supplier

AUTOMOTIVE RETAIL, SERVICES & REPAIR

The following Change Drivers are identified as having significant impact on employment and training in the Automotive Retail, Services & Repair (RS&R) Sector:

- ▶ Business Confidence & Labour Demand
- ▶ New & Emerging Technology
- ▶ Work Practices
- ▶ Compliance with Government Legislation

5 YEAR OUTLOOK "BUSINESS CONFIDENCE & LABOUR DEMAND"

- ▶ Employment growth in Automotive Retail, Services & Repair will be consistent with vehicle sales trends. The following factors will impact on future growth:
 - Impact of Free Trade Agreements – increased pricing competition
 - Continued pressure on "used car market" particularly from small to medium vehicle new price reductions
 - Petrol pricing
- ▶ Increased demand for apprentice placements
- ▶ Continued skill shortages (taking into account skill sets through new technologies):
 - Automotive mechanics (road transport and earth moving)
 - Automotive mechanics (passenger motor vehicle and light commercial)
 - Vehicle painting
 - Vehicle panel beating
 - Auto Electrician

10+ YEAR OUTLOOK "BUSINESS CONFIDENCE & LABOUR DEMAND"

- ▶ Employment growth in Automotive Retail, Services & Repair will be consistent with vehicle sales trends. Changing work practices brought about by new technology and skills segmentation will impact on future training arrangements – *See New & Emerging Technology and Work Practices.*
- ▶ Increased demand for specialist skills specific to business needs – *See "New & Emerging Technology" and "Work Practices".*

New & Emerging Technology:

5 & 10+ YEAR OUTLOOK "NEW & EMERGING TECHNOLOGY"

- ▶ Emergence of sealed or encapsulated vehicle systems/components due to:
 - Strict environmental regulations/emission controls
 - Vehicle efficiencies and system interaction
 - Technology protection (patent/copyright).
- ▶ Increasing impact of vehicle electronic systems (light and heavy vehicles):
 - Safety
 - Fuel efficiency
 - Emission control
 - Intelligent transport systems
 - Satellite navigation
 - Security.
- ▶ Increased protection of vehicle product information by manufacturers/suppliers (local and importers) will place suppliers and enterprise-training centres at the forefront in product specific skills training.
- ▶ Vehicle body repairers are vulnerable to changes in materials technology through use of lightweight materials in manufacturing. Access to material specifications and repair techniques are critical in the use of:
 - Aluminium
 - High strength steels
 - Plastics/laminates
 - Adhesives
 - Paints.
- ▶ The continue emergence of new technology will increase demand for TAFE teacher professional development and shared resource arrangements with vehicle and product manufacturers, i.e. specialised diagnostic equipment, materials technology.

Work Practices:

5 & 10+ YEAR OUTLOOK "WORK PRACTICES"

- ▶ Focus on vehicle system diagnostics and system/component removal/replacement.
- ▶ Increased use of electronic diagnostics through satellite communications.
- ▶ Faulty vehicle system/component is either:
 - Destroyed/recycled
 - Returned to manufacturer or supplier for rebuilding/repair
 - Rebuilt/repared by approved specialist repairer
- ▶ Increased use of lightweight materials and adhesives in vehicle body construction - focus on vehicle body structure/panel removal and replacement.
- ▶ Increased pressure on mechanical and body repairers to participate in manufacturer/supplier networks to enable access to product specifications, specialist equipment and test/repair procedures.
- ▶ Reduced opportunity for general repairers (mechanical and body).
- ▶ Continued vehicle dealership rationalisation and emergence of satellite service centres.

Compliance With Government Legislation:

5 & 10+ YEAR OUTLOOK "COMPLIANCE WITH GOVERNMENT LEGISLATION"

- ▶ Compliance costs for infrastructure, monitoring, reporting and employee training will increase markedly in the future. Significant areas with flow-on to training demand include:
 - Occupational Health and Safety
 - Environmental Waste Management
 - Vehicle Emissions
 - Vehicle Safety/Testing
 - Use of Gas Fuels (installation, service, repair)
 - Vehicle Air Conditioning Systems (installation, service, repair)
 - Material Recycling
 - Possible Industry Licensing (vehicle service and repairs).

RETAIL, SERVICES & REPAIR (RS&R) SKILL NEEDS

See main Report for detailed skill need descriptions by training package (i) qualification and likely impact 5-years and 10+ years.

Note (i):

- ▶ *AUR05 Automotive Training Package Retail, Service & Repair AUR05 (replaced AUR99)*

RS&R Change Drivers	Skill Needs
1. Business confidence & labour demand	<p>Small business confidence and labour demand is dependent vehicle sales that in-turn impact on recruitment levels and training of existing workers. Skill demand is integrated with technology, work practices and government compliance.</p> <ul style="list-style-type: none"> ▶ Skill needs: <ul style="list-style-type: none"> ▪ Vehicle Services (Cert II/III – Apprentices/Trainees Trades/Specialist) ▪ Sales (Cert II/III – trainees) ▪ Business management (Cert IV/Dip.) ▶ Skill shortages (vehicle trades) – <i>See also change driver 3.</i> <i>“Work practices”:</i> <ul style="list-style-type: none"> ▪ Mechanics ▪ Auto electrician ▪ Panel beating ▪ Vehicle painting
2. New & emerging technology	<ul style="list-style-type: none"> ▶ Vehicle systems diagnostics (Cert III/Dip.): <ul style="list-style-type: none"> ▪ Management systems (engine, body, drive) ▪ Safety ▪ Security ▪ Satellite communications ▪ Fuel systems ▪ Hydraulics/pneumatics ▶ Materials use of/repairs (integrated III/Dip.): <ul style="list-style-type: none"> ▪ Light weight (plastics, carbon fibre, aluminium, steels) ▪ Vehicle body adhesives ▪ Welding ▪ Paints (rectification, mixing, application, drying, finishing)
3. Work practices	<ul style="list-style-type: none"> ▶ Skills segmentation (Cert II/III): <ul style="list-style-type: none"> ▪ Light vehicle/motor cycle - focus on vehicle system diagnostics, remove and replace ▪ Heavy vehicle – focus on field (vehicle system diagnostics, service and repairs) ▪ Marine – vessel system diagnostics, service/repairs ▪ Specialist s – automatic transmission, fuel systems etc ▪ Body repairers – new materials technology (manufacturing specifications) ▶ Small business management (Cert IV/Dip.): <ul style="list-style-type: none"> ▪ Quality management ▪ Continuous improvement ▪ Communication ▪ Trade practices
4. Compliance with Government legislation	<ul style="list-style-type: none"> ▶ Vehicle repairers and body repairers (Cert II/III/short course): <ul style="list-style-type: none"> ▪ Vehicle road safety/road worthiness ▪ LPG installation/maintenance ▪ Vehicle air conditioning (services, repair, installation) ▪ Vehicle emissions ▪ OH&S ▪ Environmental ▶ Small business management (Cert IV/Dip.): <ul style="list-style-type: none"> ▪ OH&S management ▪ Environmental management ▪ Financial services ▪ Trade practices/contact law

RETAIL, SERVICES & REPAIR SKILL PROVISION

The type of skills required by the Automotive Retail, Services & Repair (RS&R) Sector over the medium to long- term are summarised under “RS&R Skill Needs” and described in detail in the main report, Section 2.2.

Skill needs align to units of competence and qualifications by certificate level under the Australian Qualifications Framework (AQF) or short course outcomes as follows:

- ▶ AUR05 Automotive Training Package Retail, Service & Repair AUR05 (replaced AUR99)

The importance of skills sets are ranked as follows:

Priority 1 - Vehicle services and body repair (skill shortage trade skill sets – apprentice/trainees Cert II/III and pre-employment/pre-apprenticeship Cert II):

- Mechanics (light vehicle, heavy vehicle)
- Automotive electrician/electronics
- Vehicle panel beating
- Vehicle painting

Priority 2 - Vehicle systems/body (integrated Cert II/III/IV):

- Vehicle system diagnostics (management systems – engine, body, drive)
- Vehicle system diagnostics (mechanics, electrics, hydraulics, pneumatics)
- Fuel systems including alternative fuels
- Materials technology (light weight materials, adhesives, paints)

Priority 3 - Regulatory/licence compliance (Cert II/III/short course):

- Vehicle safety/roadworthy
- Vehicle air conditioning system service, repair, installation, overhaul
- Gas fuel installation/repairs
- Vehicle emissions control
- Environmental waste management
- Work safety

Priority 4 – Small business management skills (Cert IV/Dip.):

- Continuous improvement
- OH&S management
- Environmental management
- Financial services
- Trade practices
- Contract law

The following 5-year and 10 + year outlook statements “Factors Impacting On Skills Provision” articulates processes and trends likely to impact on the priority skill sets.

5 YEAR OUTLOOK RS&R “FACTORS IMPACTING ON SKILL PROVISION”

Government Funding:

- ▶ The current funding model does not recognise the importance of private Registered Training Organisations (RTO) within retail dealership networks and their emerging role in the provision of strategic workplace training skill sets. Private RTOs tender under Priority Education Training Program (PETP) criteria that is not responsive or strategic to business efficiency plans.
- ▶ Current government policy aimed at cost neutrality in the setting of priority training demand will increasingly determine funded training places through TAFE partnership arrangements with retail business. Effective partnerships will depend on flexible delivery arrangements with a focus on workplace training to meet specific skill sets.
- ▶ Training provision across the retail, services and repair sector is likely to notionally increase over the 5-year projection period. However, this increase should be taken into account with a shift in resource requirements from generalist to specialist business needs together with industry resource sharing.

Industrial Relations:

- ▶ Commonwealth reform to Australian Workplace Relations has legislated for flexible individual agreements between management and employees based on business needs. This may impact on training arrangements currently identified under the Federal Vehicle Industries RS&R Award and the National Training Wage Award, e.g. apprenticeships and traineeships.

Pre-Apprenticeship Training:

- ▶ Student participation rates in pre-apprenticeship training will likely increase significantly as a pathway to an alternative three-year duration (rather than the traditional four-years) on a commencement wage equivalent to a second year apprentice.

Enterprise/Training Organisation Partnerships:

- ▶ Increased reliance by the retail sector on partnership arrangements with training organisations. The partnership to focus on flexible delivery to meet business needs inclusive of:
 - Workplace training and assessment under negotiated training plans
 - Management training
 - Occupational health & safety
 - Environmental compliance
 - License compliance (vehicle road worthy, air conditioning etc.)

Enterprise Training Centres:

- ▶ Continued emergence of private enterprise “Centres” to meet specialist-training needs brought about by innovative technology and changing work practices.
- ▶ Industry Centres cater to national dealerships including Ford, Toyota, Holden, BMW, Caterpillar, Mazda, CMV Volvo, Pedders Suspension and Volkswagen etc.

TAFE Teacher Training:

- ▶ Taking into account changes in technology and industry work practices, future skills provision will impact significantly on TAFE teacher professional development and new teacher training. Indicators suggest that a significant proportion of automotive TAFE teachers will retire in the next five years.
- ▶ TAFE teacher training and professional development is a high priority for the future of TAFE given the impending introduction of Australian Technical Colleges.

10+ YEAR OUTLOOK RS&R "FACTORS IMPACTING ON SKILL PROVISION"

Government Funding:

- ▶ Current government policy aimed at cost neutrality in the setting of priority training demand will increasingly lead to the funding of training places based on importance of industry demand to the economy.
- ▶ Demand for funded training places will likely be evaluated against government criteria such as:
 - Defined skill shortages
 - Value added growth targets
 - New and emerging technologies?

Under this model it does not automatically follow that all traineeships or apprenticeships will be funded.

- ▶ Industry training demand that fails to satisfy funding criteria (as above) will be negotiated for delivery under:
 - Fee-for-service, i.e. TAFE
 - Industry funded

Regulated Training Arrangements (10+ years):

- ▶ Current traineeship and apprenticeship training arrangements under a Contract of Training are unlikely to suit the automotive workforce of the future. Training provision for the workforce of the future will be more specific to business needs such as vehicle diagnostics using global communication networks supported by system/component replacement.
- ▶ Redesigned automotive apprenticeship/traineeship system to meet changing skill sets with a focus on fundamental skills and knowledge over a term of between one and three-years depending on the range of skills required. Public providers (TAFE/Schools to provide fundamental skills and knowledge including:
 - Basic technology (vehicle, diagnostics, welding, materials, machining etc.)
 - Basic electronics and micro computers
 - Generic (attitudinal, computer, communication, measurement, mathematics)
 - Industry awareness (safety, environment, continuous improvement)
 - Business fundamentals in a global market

Industry training (enterprise, supplier, manufacturer) to provide specialist skills and product training to meet business needs.

MARINE (RECREATIONAL BOATING)

The Change Drivers and industry response under Automotive Retail, Services & Repair are reflected in the Marine Industry.

Technology:

- ▶ The industry will be impacted on by technology associated with:
 - Vessel/hull design and manufacturer
 - Engine technology (in-board, outboard, jet propulsion)
 - Drive systems
 - Coastal communications

Training Demand:

- ▶ Current apprenticeship/traineeship training provision in Victoria is very small with a focus on marine mechanics.
- ▶ Given the potential industry growth and the impact of new technology, the demand for mechanics training is projected to increase over the next 5 to 10 years. This projection is subject to industry promotion particularly through the Boating Industry Association (Vic).

BICYCLE RETAILING

Technology:

- ▶ The industry will be impacted on by materials technology associated with:
 - Track and road racing
 - Mountain bikes
 - Extreme sports
 - General leisure

Training Needs/Provision:

- ▶ Current apprenticeship/traineeship training provision in Victoria is very small suggesting that training is limited to individual workplaces on product specifics.
- ▶ Over the next 5 to 10 years it is projected that training demand will increase due to new materials technology, however this demand may not be translated to TAFE provision.
