

**Submission
to the Employment, Workplace Relations and
Education References Committee**

Current and Future Skill Needs

Prepared by the



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Victorian Automobile Chamber of Commerce (VACC)
Response to
Senate Employment, Workplace Relations and Education References
Committee
Enquiry into Current and Future Skill Needs
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Introduction

The Victorian Automobile Chamber of Commerce (VACC) is a federally registered employer organisation that represents almost 5,000 retail motor industry employers throughout Victoria and Tasmania.

Established in 1918, VACC is the peak employer body for the retail motor industry in Victoria and Tasmania.

In Victoria, the retail motor industry employs 50,000 people located in around 9,800 sites comprising 7,619 ABN registered businesses (ABS, Retail Industry 1998-1999, Cat 8622.0). The industry's total retail sales in the State amounted to \$7.5 billion and generated \$11 billion in total income in 1999 (ABS, Australian Industry 1999-2000, Cat 8155). The Victorian industry represents nationally 60% of vehicle and component manufacturing 37% of automotive retail, service & repair with a combined workforce of 97,000 people including 12,000 small businesses employing 7,000 apprentices in training. (Source: ATV, Feb 2003)

The Industry, mainly small business (i.e. less than 10 employees), consists of 45,462 locations employing 281, 608 people nationally (ABS, Business Register, September 1998 and ABS Cat. 8140.0).

VACC membership is divided into fourteen divisions that cover a diverse range of sectors within the retail motor industry including towing services, mechanical repairs, panel beating, car dealerships, motor cycle services, service stations, component and parts manufacturing, farm machinery dealers, specialist repairers/ sales eg. tyres, engine reconditioning and commercial vehicles.

The retail motor industry currently suffers severe shortages of skilled trades people into its member businesses. Skilled labour shortages have affected the industry at varying levels since the early 1990s.

The industry relies heavily on trade based apprenticeship or traineeship qualifications as its underpinning skills development and recognition platform. New and constantly changing technologies, found in modern motor vehicles, continue to change the nature of skills development in the sector and the degree to which existing employees can work effectively on new vehicle technologies without on-going skill and knowledge development.

The types of technologies and training required to maintain Australia's commercial and domestic vehicle fleets is changing. The skills required by the industry are shifting to meet the needs of hybrid vehicle maintenance and diagnostic systems.

The technological change is resulting in increased competition between businesses and changes in jobs and skills. Consequently, the industry is also experiencing segmentation in terms of types of business, their relevant skills and career paths.

The industry is becoming more global with direct influences from international developments and ownership of previous national or regional brands. Recent research conducted by VACC through the Centre for Workplace and Culture Change with the support of the Enterprise and Career Education Foundation, into skills and segmentation in the retail motor industry, examined changes in skills, jobs, careers and labour market issues over the next 3-5 years. The research findings will assist the industry to target skill needs based on the segmentation that is occurring in the industry. In addition, the research again highlights the need to address the widely held perceptions of the industry. (see attached Skills and Segmentation in the Retail Motor Industry Report)

Response to points of reference

(a) areas of skill shortage and labour demand in different areas and locations, with particular emphasis on projecting future skill requirements

The retail motor industry is continuing to suffer the effects of skill shortages at both a State and National level. Body trades in particular, encompassing vehicle painting and vehicle panel beating, are showing no signs of being able to attract sufficient labour in the median or longer term.

VACC, in collaboration with its interstate sister organisations, have spent considerable efforts in developing initiatives designed to lift apprenticeship commencements and entry to employment generally in the industry. From 1999 through to late 2002, the State Motor Trades Organisations have worked together, with the then Federal Minister for Employment Education and Training, Dr David Kemp, on targeted skills shortages initiatives. In particular, through the Retail Motor Industry Skills Task Force, the industry was able to gain a more complete understanding of those issues affecting skills shortages which in turn supported a number of industry and skills marketing activities (see attached National Retail Motor Industry Task Force Final Report, September 2002).

Of additional concern to the industry is the projected decline in Australia's youth population, as well as the poor profile that many trade related occupations have amongst youth and their families.

Inaccurate perceptions of the industry, poor knowledge of career paths available and a community focus on university studies continues to erode the likelihood that school leavers will view the retail motor industry as a viable career option.

Pressures on small business operators in rural Victoria to attract new recruits into their business is compounded by uncertainty in the regional market, in respect to long term demand and growth potentials. In the immediate term, employers must ascertain their capacity to maintain enough work to support the training of an apprentice over a four year period. Where employers are unable to commit to

provide training for the full term of the apprenticeship, they are less likely to engage an apprentice in the first place.

Whilst many regional youth continue to undervalue local employment opportunities, migration to metropolitan areas creates a labor vacuum that adds to the burden of attracting new and skilled labour, to small business operations in regional Victoria.

VACC believes that further work is required to examine the long term effects of increased apprentice labour shortages in regional Victoria.

In both inner and outer Eastern Melbourne, there is a critical shortage of youth that consider apprenticeships in the automotive industry a viable career option. Small business operators in these areas persistently advertise for apprentices, but often fail to find any applicants for vacant positions. In discussions with schools in the more affluent suburbs in and around Melbourne, the VACC Schools to Industry Liaison Officer often reports responses of disinterest amongst youth and inaccurate perceptions of the industry held by teachers and school careers advisors.

On the basis of these observations made by VACC apprenticeship field staff, it is anticipated that, certainly during the next five years, there will continue to be an on-going shortage of new employees (apprentices) entering the retail motor industry. The skill shortage in the industry is compounded by the levels of skilled labour leaving the industry ie., both apprentices and qualified tradespeople. The reasons for leaving the industry is complex. Research indicates that school leavers that enter the industry with a low educational standard find the demands of the industry difficult,

traditional trades are not highly regarded by young people, and there is a strong culture amongst youth relating to commitment to structured training with training rates of pay. Experienced tradespeople often leave the industry due to a lack of career opportunity within the small business environment.

This situation poses significant concerns to the industry in terms of accessing enough labour to meet consumer demands in the future.

Of additional concern is the overall lack of knowledge that careers advisors and teachers have of the industry. It is possible that inaccurate, and at times, misleading and negative information is being passed onto the school students when inquiries are made about careers in the industry.

VACC would encourage an evaluation of industry and career option knowledge held by school teachers and careers advisors.

In exploring solutions to the skill shortage situation, VACC has carried out independent analysis in respect to identifying alternative avenues through which additional labour may be brought to the industry. This analysis has centered on the possibility of attracting adult workers from 'like industries', (eg., sheet metal workers) with a view to articulating their transferable skills into the retail motor industry. Whilst on the face of this, it appears to be a logical proposal in a skills shortage environment, VACC has experienced significant difficulties in locating adequate numbers of people to make the initiative successful.

A major impediment in this scenario, is the financial obligations that adults often have to their families or themselves, which makes a training wage unfavourable. This in itself, often forms the key motivation for individuals to engage in paid work that meets their financial obligations, rather than employment that will improve their skills and employability.

Given this, and without any significant incentive by the Commonwealth or State Governments, semi-skilled workers are not likely to start a new occupation, as an adult apprentice, where this leads to an immediate income reduction. Even where an adult is interested in completing an apprenticeship, the rebate system does not apply to those candidates that had previously completed a trade. Consequently, the potential cost imposed on an employer to train an adult in a trade, where the person may have a trade in another industry, is cost prohibitive.

VACC would encourage discussion on methods through which incentives could be provided to employers and employees to engage in programs to move semi-skilled adult workers, in like industries, into apprenticeship positions in the retail motor industry. In addition, consideration needs to be given to those that choose to undertake training in a different trade.

(b) The effectiveness of current Commonwealth state and territory education, training and employment policies, and programs and mechanisms for meeting current and future skill needs, and any recommended improvements.

VACC view the establishment of the national New Apprenticeship Centers (NACs), as a one stop shop for employers and apprentices and trainees is a positive development. Following the introduction of the NAC support arrangements, improvements in the consistency and accuracy of apprenticeship incentive payments to employers has been evident. However, the requirement of NACs to provide specific advice on training frameworks and the relevance of industrial instruments has posed problems for a number of service providers. NACs that lack the specialist expertise in an industry can find it difficult to provide accurate and up to date advice.

Through its first hand involvement in NAC administration (VACC as consortium member of the Australian Job Shop New Apprenticeship Center) VACC acknowledges the strengths of the new system and in particular the regulatory and auditing framework through which each NAC is measured.

Although the NACs are a Commonwealth initiative, there exists within each state DEST office, the responsibility to manage NAC contracts within a state, ie., at a local level.

A weakness that VACC has identified within the State/Commonwealth management framework is a lack of support committed to NACs at a local level and in particular a reluctance to meet with individual NACs on an issue by issue basis.

VACC experience in Victoria, is that state DEST NAC contract managers are seldom available to meet with local NAC managers to discuss issues of continuous improvement, NAC development or, at times, compliance issues.

VACC would encourage an exploration of the strengths of industry specific NACs. In this scenario, individual NACs could be established by industry groups as a means of providing accurate, industry specific, apprenticeship services to designated industry groups.

Currently NAC consultants, whose key role it is to advise employers and New Apprentices on apprenticeship and employment issues, have to operate across a wide range of industry and community sectors. Effectively, a NAC consultant is required to have a detailed knowledge of training packages, industrial instruments and constantly shifting industrial issues for every vocation. VACC believes that this situation is untenable and could expose NACs and employers to significant commercial and operational liability.

VACC believes that a higher emphasis should be placed on developing NAC services that have a specific industry focus, and as such, can offer accurate and contemporary advice to both New Apprentices and employers.

VACC, through its sub contracting arrangements to two existing NACs, provides advice and signs-up for over 50% of all automotive apprentice commencements in Victoria each year. The retail motor industry is clearly supportive of this industry specific service, given the increasing number of employers using VACC Employment Services.

VACC is confident that through the provision of its employment services, it has achieved higher rates of return for employer incentives than would ordinarily be achieved through standard NAC services.

VACC would encourage any activities designed to gain an empirical evaluation of NAC services against those of the VACC, for the purposes of establishing benchmarks for future industry/NAC activities designed to maximize the effect of an industry specific provision of NAC services.

VACC would consider a deeper analysis of this situation as being both proactive and of significant benefit to employers and New Apprentices.

(c) the effectiveness of industry strategies to meet current and future skill needs

Skill needs in the Retail Motor Industry have, since the development of the early motor car, never been static. On-going engine and vehicle body technologies have meant that each new generation of apprentices entering the industry have to develop a new skills platform that has meaning in terms of modern vehicle technologies.

In more recent times, an increasing use of electronic and micro processing technologies, has increased even further the breadth of skills development that has to occur before an apprentice can become competent in all aspects of their trade.

To add further complexity to skills development arrangements in the industry, is the interrelation between new and old technologies that underpin the basic fundamentals of modern vehicle platforms. Very few new processes or systems on modern cars are stand-alone as far as their contribution to the overall vehicle function stands.

Learning for both new and existing employers in the industry is cumulative, encompassing both old and new technologies. In this environment, there are significant pressures on trades people and apprentices in the industry, to develop and maintain a viable skill base, that encompasses an ever-increasing spectrum of new and old technologies.

In terms of attracting new entrants to the industry, there exist significant barriers. In an environment of declining youth labour in Australia, and a generally negative attitude toward traditional trades, the Retail Motor Industry, along with many other traditional trade areas is likely to experience long-term skill shortages.

VACC, along with its interstate sister organisations, has expended significant efforts and resources in recent times, to developing a clearer understanding of the existing and projected labour market shortfalls.

Through the activities of the Retail Motor Industry Task Force, a number of initiatives have been developed to shift attitudes towards the trade in the broader community, to include a more contemporary view of the work environment and career paths that can be achieved through structured training programs and experience in the industry.

A key limitation in these endeavors is the general lack of knowledge of the industry and its career paths held by school teachers and careers advisors. In many schools, there remains a strong resistance toward the trades and in many cases students are actively discouraged from these pursuits.

In respect to skills development, VACC has provided a supporting role, in Victoria, in the development of a new Center of Excellence for the automotive industry. In consultation with the project lead, in Kangan Batman TAFE, VACC has actively supported the development of a new teaching and learning facility that will bring many aspects of the automotive industry together in a state of the art centre.

Of concern in this new development, is the extent to which existing industrial arrangements for TAFE teachers will hamper the delivery of modern skills to apprentices and trainees attending TAFE. In its submission to a recent state (Victoria) discussion paper, on TAFE teacher skill development, VACC highlighted a number of initiatives that could assist in the overall skills acquisition amongst TAFE staff (see attached report 'A Centre For TAFE"). An underpinning theme in the VACC submission is a heightening of contemporary industry skills and knowledge amongst TAFE teachers through a more rigorous and purposeful skills development program.

VACC's submission raised the prospect of seeking changes to the Federal TAFE Teaching Award to include mandatory, long-term, industry professional development cycles to ensure that teachers could deliver against the competencies contained in the industry training package.

VACC would encourage further discussion and analysis on TAFE teacher skill development and professional development.

(a) the performance and the capacity of Job Network to match skills availability with labour-market needs on a regional basis and the need for improvements

Job Network and its job matching capabilities have provided a valuable service to those industry members who have been made aware of this service. Limitations, in respect to job matching, lie in the capacity for job matching providers to adequately inform small and large business operators of their capabilities in this area.

An additional limitation may exist where job-matching providers may not have enough knowledge about specific industries or vocations to make an accurate judgment as to the suitability of Job Matching candidates.

VACC view services of this nature to be valuable both from the perspective of employers seeking to attract new entrants to their business, and for the expansion of avenues available to individuals seeking to develop their career and employment opportunities.

VACC would see a strengthening of this service where Job Network providers employed 'industry specific' consultants to match prospective employees with employers based on a thorough understanding of that particular industry sector.

(e) strategies to anticipate the vocational education and training needs flowing from industry restructuring and redundancies, and any recommended improvements

Strategies required to meet training needs in the future, for the retail motor industry, center predominantly on equipping the TAFE institute with adequate technology to facilitate the learning of contemporary technologies found in motor vehicles. As the skills and knowledge base required by automotive trades people continues to expand, so does the requirement to meet those demands in our publicly funded training providers. Whilst industry continues to bare significant costs in the training and up-skilling of its work force, there remains a requirement, by the state and the commonwealth, to provide a platform upon which skills and knowledge attainment can be achieved.

Where industry seeks to attract adults to the workplace through apprenticeship and traineeship programs, there needs to be targeted financial incentives to support that transition, both for the employee and the employer.

(f) consultation arrangements with industry, unions and the community on labour-market trends and skills demand in particular, and any recommended appropriate changes

VACC considers that there can be no quick fix to the issues relating to skill shortages in the retail motor industry or in traditional trades generally. The retail motor industry

is a crucial and significant industry that adds to Australia's economic growth. The examination of issues and possible initiatives should be carried by the retail motor industry. There are often situations where consultation occurs, however, unfortunately this consultation excludes those bodies that predominantly represent the interests of those to be affected.

A key consideration to improving the provision of training and resources is the interrelationship of state and federal responsibilities. Most training is conducted on a state level, while conditions of employment relating to apprenticeships and traineeships can be either state or federally based. Training packages and qualifications are finally endorsed at a federal level, although state considerations are taken into account to varying degrees. Recording of training occurs predominantly at a state level. These variations cause confusion and at times result in inconsistencies of approach.

VACC as the peak employer body in the retail motor industry has expended over the years significant resources to address the skill shortage issue. VACC has conducted significant research and initiatives even prior to the National Skills Taskforce and since. Industry in our view, must accept responsibility for the examination of the issues and the exploration of initiatives to address the problems. However, industry alone without the support from Government cannot achieve sufficient inroads into the complex issues surrounding skill shortages.

Additional Information

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Attachments

National Retail Motor Industry Task Force Final Report September 2002

A Centre for TAFE

Skills and Segmentation in the Retail Motor Industry