

Light Manufacturing Training Australia

**SUBMISSION TO THE SENATE INQUIRY ON
SKILL SHORTAGES AND LABOUR DEMAND**

April 2003

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ENCLOSURE

Enclosure 1– National Light Manufacturing VET Plan (2003-2006)

Light Manufacturing Training Australia

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1. Introduction

Light Manufacturing Training Australia (LMTA) is a national industry training advisory company responsible for providing education and training advice to government.

The directors of LMTA are:

David Hoare	General Manager, Sealy of Australia
Steve Gunn	Chief Executive Officer, Blundstone Pty Ltd
Chris Lowe	General Manager, LOMAC Flooring
John Karounos	Co-Chief Executive Officer, Geelong Wool Combing
Tony Woolgar	National Secretary, Textiles Clothing and Footwear Union
Dick Lowe	Industrial Officer, CFMEU of Australia

LMTA coverage encompasses a range of diverse industries that can be described within two broad light manufacturing categories:

- Textiles, Clothing and Footwear (TCF)
- Furnishing.

These broad categories are aligned to the TCF Training Package (LMT00) and the Furnishing Training Package (LMF02).

Within these Training Packages are included industries ranging from the processing of natural and synthetic materials such as:

- Early Stage Wool Processing
- Cotton Ginning
- Hide Skin and Leather
- Technical Textile

through production industries such as:

- Clothing Production
- Textile Production
- Furniture Making
- Bed and Mattress Making
- Soft Furnishing

to production service industries such as:

- Floor Covering and Finishing
- Glass and Glazing
- Dry Cleaning Operations
- Footwear Repair
- Interior Decoration.

These Light Manufacturing industries as set out in the Training Packages share some characteristics of the wider manufacturing industry. However, the Light Manufacturing industries are so diverse in size, scope of operations and range of markets that the only realistic way of identifying them is to describe them individually. Consequently LMTA has produced a National VET Plan (2003-2006) which sets out Industry Profiles based on the industries and the qualification frameworks set out within the TCF and Furnishing Training Packages.

This submission is based on this Plan and represents the input of industry and key stakeholders over a number of years.

The Light Manufacturing National VET Plan (2003-2006) is set out in **Enclosure 1**. It has two broad sections:

- An overview of the Light Manufacturing industries
- A National Light Manufacturing profiling section which presents a profile for each of the 32 industries within the coverage of TCF and Furnishing Training Package.

The overview includes six recommendations on training and skill development. In summary, these recommendations describe the following high priority objectives:

- an urgent review of the State/Territory funding model to allow for the needs of small enterprises
- greater support for the workbased flexible delivery model
- greater support for enterprises through targeted support services and delivery support materials
- establishing an Information Service for enterprises on the National Training Framework (NTF) and Australian Quality Training Framework (AQTF) using local networks of companies
- supporting a marketing strategy and funding targeted promotional activities
- providing professional development programs for workplace trainers and assessors.

These objectives are supported in the Plan by six concept proposals:

- Research on data information collection
- Training Package Development

- Training Package Support Materials development
- Implementation of the TCF and Furnishing Training Packages
- A Marketing Strategy and Promotional Activities.

2. Skill shortages and Labour Demand

Light Manufacturing (TCF and Furnishing) has experienced the broad changes reflected in the manufacturing industries as a whole. These include:

- the impact of technology
- the reduction in tariff support
- an aging workforce
- attracting young people as other industries (eg the service industry) gain prominence
- competition from imports

In response to these changes Light Manufacturing enterprises have made a range of changes to survive and grow in dramatically different domestic and global markets. These include:

- developing businesses with a trend towards vertical integration
- attracting private capital to utilize new technologies
- relocating off shore to manufacture goods
- developing closer relationships with key suppliers
- outsourcing non core business
- introducing computer aided design and advanced manufacturing processes.

The Light Manufacturing industries argue that these changes in business operations require significant investment by both industry and government in Research and Development (R&D) and education and training (especially VET).

The Light Manufacturing National VET Plan makes the following statement about the role of Vocational Education and Training (VET).

Whilst recognizing the challenges of the past and future, it is important for the Australian community and VET system to recognize and support Light Manufacturing that should also be recognized as:

- Competitive
- Outward looking with a global orientation
- Responsive to market and consumer demands and changing tastes
- Seeking of new opportunities to increase efficiencies
- Embracing of new technologies
- Sophisticated in its processes and practices.

Importantly, the Vocational Education and Training (VET) sector has a significant role to play in:

- assisting Light Manufacturing enterprises to build on their strengths by developing new business skills that will support competitiveness in both local and global markets
- re-skilling workforces to assist enterprises with transition as some products and markets decline due to changing consumer demands or, as some companies embrace innovations that make existing products or processes redundant and uncompetitive
- developing new technical skills that will assist enterprises as they seek to implement new technologies and processes that will stimulate ongoing Light Manufacturing competitiveness VET Plan 2003-2006 (p6).

3. Education and Training policies, programs and mechanics: How effective?

The Senate extract (No 44 dated 23 October 2002) asks the question: How effective has the current government based education and training system been in meeting the current and future skills needs of Light Manufacturing industries in TCF and Furnishing.

The current government based education and training policies, programs and mechanisms are built into two broad programs.

- The National Training Framework (NTF)
- The National Quality Training Framework (NQTF)

The most visible expression of these Frameworks in Light Manufacturing are the TCF and Furnishing Training Packages and the various State and Territory Implementation Guides.

Considerable achievement has occurred in the implementation of these National Framework including the development of the TCF and Furnishing Training Packages and their implementation through the State and Territory education and training systems. These Packages provide an excellent platform of industry skills (units of competency) and a range of national qualifications.

However, while most medium to large companies have been able to take full advantage of the Training Package system, most of Light Manufacturing is made up of small (x) employees to micro (1-10) employees businesses and as such have encountered difficulties.

These difficulties include the following:

- releasing staff for trading particularly for “off the job” programs
- funding the cost of training especially in replacing the staff for “off the job” training sessions
- funding the cost of training staff to deliver and supervise workbased and funding the time to develop and maintain effective relationships with Registered Training Organisations (RTOs) to manage, deliver and assess workbased and workplace training programs
- accessing high quality and responsive training from a system that is a new and after seen as complex to understand and negotiate
- matching the cost of training and assessment delivery with the revenue received from the different funding models established by the various States/Territories – currently the student contact hours systems limit the opportunities for Light Manufacturing industries small businesses to access VET funding
- establishing flexible delivery and assessment models that meet the needs of small businesses especially adequate resources and professional development for workplace trainers and assessors.

The National VET Plan (2003-2006) outlined recommendations to overcome the difficulties set out above (pp) and describes a range of projects for government funding to support these recommendation (pp).

Light Manufacturing industries are mainly small business industries requiring special funding arrangements, specific training and assessment support materials and professional development for its workplace trainers and assessors.

4. Industry Strategies – How effective?

The record of Light Manufacturing industries in dealing with current and emerging needs is well described in their involvement in the establishment of the National Training Framework (NTF) and the National Quality Training Framework (NQTF).

This industry involvement has been extensive and intensive and has produced a new, modern and exciting national system. Without the co-operation and detailed contributions of industry personnel the two products of this national system – the TCF and Furnishing Training Packages – would have failed to be developed. What has been produced are international documents which describe the industry skills in great detail and provide the basis for industry based education and training.

As indicated in the VET Plan 2003-2006, industry has put in place fundamental documents to meet current and future skills needs. What is needed is support and funding to implement this enterprise based education and training system.

The VET Plan recommendations and concept proposals provide practical advice on these implementation needs. The industry profiles give a more detailed account of the needs within the various Light Manufacturing industries.

Light Manufacturing industries have been restructuring for many years (due in part to the tariff reductions) and have been investing strongly in new technology and training. Two aspects of these development are:

- equipment / machinery suppliers delivery training
- companies sending staff overseas to be trained how to operate new machinery

In summary, the recommended improvements are all based on implementation:

- more flexible funds distribution
- enterprise based support services
- small business support
- use of the national ITAB network.

The light manufacturing industries have provided strong support for the national system. They agree with and strongly support the NTF and the NQTF but they want as much flexibility in the system as possible to account for the high proportion of small businesses and the vast spread of these industries throughout all States and Territories.

Small business has identified a number of strategies to meet current and emerging skill needs including:

- more workplace and work based training
- more qualified workplace trainers and assessors
- develop more training resources to assist with delivery of training and assessment

5. Job Networks

Light Manufacturing Training Australia (LMTA) has limited contact with the Job Network.

However, through industry intelligence, LMTA would recommend that the Job Network needs to gain a greater knowledge of the National Training Framework and the National Quality Training Framework.

There is evidence that the Job Network system has not successfully changed over to the NTF and the NTQF. This may be due to its reliance on the New Apprenticeship Centre (NAC) system which was specifically set up to support the NTF.

However the Job Network system after makes the first contact with people. This contact usually requires a detailed knowledge of the NTF (especially what's in the

Training Packages and how the system works) and without this knowledge referrals often get lost or get directed to other areas.

The Light Manufacturing Industry also believes that not enough effort is put into the TCF and Furnishing Training Packages in comparison with others. This needs to be rectified through targeted information and training sessions of Job Network personnel.

6. Industry Restructuring – Education and Training Needs

The Light Manufacturing industries covered by LMTA are broadly described as TCF and Furnishing. They cover a wider range of industries than the manufacture of furniture, clothing, footwear and textiles. However, the influence of market changes (globalisation, tariff reductions, new technologies) have impacted heavily on the production activities.

The reality for many Light Manufacturing industries, therefore, has been industry restructuring and redundancies. Both industry and government have worked hard over a long period (at least 15 years) to set up strategies to compensate for some very dramatic changes. There have been many enquiries and reports. However, there has not been a significant detailed report on education and training. LMTA, as the peak body responsible for advice to government has attempted to fill this role within limited resources. The National Light Manufacturing Industry VET Plan (2003-2006) is the latest in a series of industry strategy statements produced in consultation with stakeholders (especially industry). The weakness of these documents has been the data base and the Plan presents a concept proposal to rectify this major weakness (see VET Plan p xxx).

The common themes in these education and training strategies have been based on the following broad workforce profile issues:

- an aging workforce
- upskilling of current workers
- new skills within emerging niche industries
- a broader workforce profile covering new early stage processing (eg. technical textiles) retailing, assembling of imported products and international warehousing and distribution
- a growing Australian based outsourcing of production
- the increase in niche businesses and small businesses.

The industry is satisfied with the National Training Framework as the basis for education and training. However, the system is hard for small business to access and the cost structures within the system make it hard for industries that are spread thinly throughout Australia.

One significant improvement in TCF industries could be the expansion of the SIP program to all TCF Training Package industries and to include in the SIP program a specific education and training section. In Furnishing, a significant support would be to establish through regional networks a Training Package Information Service as recommended in the VET Plan. This Package is new in the system and needs a special effort to ensure its rapid and effective implementation across the States and Territories.

7. Industry Consultation Arrangements

LMTA has set up extensive and successful consultation arrangements with industry and unions about education and training.

These industry and union consultations are part of broadly based stakeholder consultation and product validation processes.

All these processes are reflected in the structures of LMTA which have been set up in the first instance by industry and unions and supported by its members.

These consultations have enabled LMTA to produce a national education and training strategy as reflected in the Light Manufacturing VET Plan (2003-2006).

Two recent developments have weakened these consultations:

- the withdrawal of the \$10 million support for State and Territory ITABs. LMTA's national consultations relied heavily on these national network ITABs to conduct regional consultation
- the current process by government is to set up larger Industry Skill Councils which has the potential to weaken the voice of the small business based industries within the Light Manufacturing.

The development of a small number of strong Industry Skill Councils with a direct say in the distribution of education and training money may produce better outcomes for the growth of education and training within the NTF. However, care must be taken to protect small business based industries who are currently struggling to be heard within a more broadly based representative system.

LMTA's current consultation base is very sound, it works well for the separate industries (currently 32); it requires specific support to make sure the NTF is implemented properly; its great strength is its bipartite approach; and its regional focus needs to be protected in any new system.