COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION REFERENCES COMMITTEE

Reference: Current and future skills needs

TUESDAY, 6 MAY 2003

SYDNEY

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SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION

REFERENCES COMMITTEE

Tuesday, 6 May 2003

Members: Senator George Campbell *(Chair)*, Senator Tierney *(Deputy Chair*), Senators Barnett, Carr, Crossin and Stott Despoja

Substitute members: Senator Allison to replace Senator Stott Despoja for matters relating to the Training portfolio and the Schools portfolio

Participating members: Senators Abetz, Boswell, Buckland, Chapman, Cherry, Collins, Coonan, Denman, Eggleston, Chris Evans, Faulkner, Ferguson, Ferris, Forshaw, Harradine, Harris, Hutchins, Johnston, Knowles, Lees, Lightfoot, Ludwig, Mason, McGauran, McLucas, Murphy, Nettle, Payne, Santoro, Sherry, Stephens, Watson and Webber.

Senators in attendance: Senators George Campbell, Santoro, Stephens and Tierney

Terms of reference for the inquiry:

To inquire into and report on:

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

b) the effectiveness of current Commonwealth, state and territory education, training and employment policies, and programs and mechanisms for meeting current and future skills needs, and any recommended improvements;

c) the effectiveness of industry strategies to meet current and emerging skill needs;

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

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

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

WITNESSES

Committee met at 8.52 a.m.

CHAIR—I declare open this public hearing of the Senate Employment, Workplace Relations and Education References Committee. On 23 October 2002 the Senate referred to the committee an inquiry into current and future skills needs. While knowledge and skills are the key to a secure and prosperous future for individuals, communities and the nation, there are concerns about the low level of public and private investment in the development of our skills base. There is also concern about the low number of highly skilled full-time jobs which are being created and which are being lost, especially in some regional areas.

Questions arise as to whether our current training policies and programs adequately support the development of a high skills base and a culture and practice of lifelong learning. Unemployment remains unacceptably high, particularly in some regions and communities, yet many employers claim to have difficulty recruiting appropriately skilled people. At the same time there are many training providers, employers and communities exploring innovative approaches to identifying and meeting their current and future skills needs. The committee would like to learn from these successful models.

The committee has also identified other concerns, including the effectiveness of current training incentives and training policies, whether skills programs can support a flexible labour market, the capacity of Job Network and other parts of the employment system to match skills availability with labour market needs and the adequacy of current consultation arrangements. The committee looks forward to consulting a wide range of industry representatives, training providers and government, union and community representatives.

Before we commence taking evidence today, I state for the record that all witnesses appearing before the committee are protected by parliamentary privilege with respect to the evidence provided. Parliamentary privilege refers to special rights and immunities attached to the parliament or its members and others necessary for the discharge of parliamentary functions without obstructions and fear of prosecution. Any act by any person which operates to the disadvantage of a witness on account of evidence given before the Senate or any of its committees is treated as a breach of privilege. I welcome any observers to this public hearing.

[8.54 a.m.]

CORNFORD, Dr Ian (Private capacity)

SMITH, Dr Erica (Private capacity)

CHAIR—Welcome. The committee prefers all evidence to be given in public, although the committee will also consider any requests for all or part of evidence to be given in camera. I point out that such evidence may subsequently be made public by order of the Senate. The committee has before it your submissions, No. 19 and No. 33. Are there any changes you wish to make to the submissions?

Dr Cornford—No.

Dr Smith—No.

CHAIR—I invite you to make a brief opening statement.

Dr Cornford—Since my submission I have had a little more time to read the other submissions that you have received. I think there are actually some interesting trends and issues that are continuing to build up from these. Essentially, we have a VET system whose foundation is competency based training. There has been systematic failure of good political governance to evaluate this major underpinning policy element. Extensive large-scale evaluations have not been undertaken by government or quasi-government agencies. In my earlier evaluation of CBT—with all its limitations, being small scale—I arrived at the conclusion that it was not working effectively. My latest attempt with Harry Mills, while a small-scale study also, provides dramatic evidence of the decline in standards since the introduction of CBT. To date it is the only hard empirical evidence advanced.

Training packages are currently a major cause of concern. They are designed to implement CBT widely, with training located in business and industry settings. The research available, often anecdotal in nature, indicates limited and declining adoption by business and industry—the intended beneficiaries of the policy. There is a considerable burden on business to be involved with the training packages. A recent focus group in an ITAB that I am aware of revealed that 58 of 70 employers had not heard of training packages. Where serious attempts have been made to link TAFE and workplace learning, employers are often not carrying out their responsibilities and signing off on skills performed in the workplace. The overall impression is of business retreating from education to focus upon their core concern, which is business. Since only approximately 20 per cent of those involved in TAFE are employer sponsored, here is a policy created where the tail is wagging the dog, with the emphasis almost entirely upon business and employer needs.

The burden of implementing the complex and often contradictory elements in VET systems falls upon teachers and trainers. The obligatory certificate for an assessment in workplace training has become the maximum and minimum teaching qualification. It and the revised version soon to be implemented are totally inadequate for preparing teachers for effective

teaching and program development skills when the training packages have effectively destroyed the conventional curriculum.

Overall, several major themes emerge. Policy has been ideologically driven to privilege business and industry over other groups such as teachers and the general community. There is a failure by business to take on the role assigned to them. There is also systematic failure to commission and use high quality research and evaluations in developing and implementing policy. Most research commissioned involves minor policy, nut tightening issues—Leesa Wheelahan has already raised some of these issues—rather than examining key issues like the basis of the policy. It is possible to mandate policies that pigs will fly. These are realistically unattainable and will eventually destroy the system. Realistic, outcome driven policies are required.

A major underlying problem that has become increasingly evident to me over the last 12 months is the destruction of the Westminster system. Removal of permanency at the top levels of the public service through contracts has destroyed opportunities for fearless and independent advice to be offered to ministers. In short, the politicisation of the public service has occurred. VET is a key area for the function of society in skills production. Hence, evidence of failure of good political governance is emerging fairly evidently here.

Dr Smith—My submission was mainly based around the interface between industry and training packages. As Ian said, the whole training package system is predicated on the basis that it is industry led and that it is delivering industry needs. Although I do not disagree with much of what Ian said, the focus of my submission and what I want to talk about today is the actual effectiveness in which industry does fade into training package development and also the way in which training packages are marketed to industry.

The argument in my submission is based widely around the need for some sort of moderator and interpreter of business needs to the VET system so that different interests are balanced and so on. The impetus that led me to argue in this area was the demise of the ITAB system. Having been a participant in it for some time, I could see the very great value of it. I guess if I were to say anything to you people it would be that it would be really nice if the ITAB system were reinstated with some changes and improvements in quality but, if not, I would really be interested in knowing what policy makers had in their minds about what was to effectively replace it at both national and state levels. Certainly anything that has come out of ANTA about what is to replace ITABs at the national level has been really vague. At the state level, as I understand it and glean from contacts around the country, arrangements are very ad hoc, with perhaps little thought about the arrangements that need to be made for industry and VET to talk to each other in a meaningful way at a high level as opposed to at the provider level. Also in my statement I have made some comments about provider level discussions between VET providers and industry which often lead to training being very enterprise specific rather than looking to wider skill needs.

One thing I might add is that I was looking at the NCVER submission last night and at the different industry areas which have apprenticeship and traineeship training funded, and it was really interesting to note the change from the traditional trades to the service industry in terms of apprenticeship and traineeship funded training, which in itself is not a bad thing at all. But when I looked at the numbers of trainees in the service areas, which I interpret as being primarily

retail—and I not suggesting in any way that retail workers do not need training; in fact that is my industry background and I know that they do and it is quite a skilled job—it led me to wonder whether there was any sort of mediation on this issue, rather than apprenticeships and traineeships always getting funded for their training. I wonder whether we really want that many retail workers trained as opposed to workers in other industries and whether it is in the interests of Australia's skill needs that we are diverting so much funding into training in the retail area and other areas. As I said, I wish it very strongly to be recorded that I do not think that retail does not need people to be trained, but there seems to be some sort of perhaps shift imbalance that is not looking at the skill needs of the nation. They are the points that I would like to add to my submission.

Senator TIERNEY—Dr Cornford, you stated in your oral submission that we are witnessing the destruction of the Westminster system. Don't you think that is a little alarmist?

Dr Cornford—No, I do not think it is. I think there have been major changes in the system. The Westminster system has never been codified. It is reliant upon a delicate set of checks and balances, and a key element of that was an independent, permanent public service, which served a number of functions, one of which was to maintain a continuity between governments as governments changed and also, of course, as ministers changed. Essentially, the higher levels have all been replaced by people on contract. This effectively means unfortunately—and more evidence is emerging—that, as a result of this, top levels of public servants are increasingly giving ministers the advice they think the ministers want, rather than risking losing favour by often calling the game for what it really is in many cases and challenging some of the assumptions that underlie decisions.

Senator TIERNEY—All that is a value judgment, really. It could be argued that we are evolving the system, that it is becoming more like the American system.

Dr Cornford—It is indeed, but without—

Senator TIERNEY—Americans seem to govern their country reasonably well.

Dr Cornford—Yes, but they have not—

Senator TIERNEY—There is no reason why we should not evolve from the system that we previously had.

Dr Cornford—No.

Senator TIERNEY—My main reason for asking the question was, I suppose, the alarmist language, which then brings me to the rest of the evidence relating to this and trying to weigh up the credibility of what you are saying. You said that competency based training is not working effectively—what is your evidence for that?

Dr Cornford—The problem with the area is that when you have changed your system very definitely it is very hard to then go back and compare apples and oranges. When you have changed the whole teaching and training approach, there is a problem with logic in being able to compare what was the product before and what was the product after the introduction of the

system. In fact, there is a major problem in terms of doing long-term, continuous, survey type, standard stuff anyway. But the study I had plugged into was a relatively small-scale study, which you have been given, which is the one with Harry Mills with the metal trades third-year apprentices. Essentially, a test that had been used statewide just prior to the introduction of CBT was used approximately 10 years later with a couple of groups, with areas that were no longer industrially relevant taken out from that test. That was a very small part of the total test. There are additional complicating factors in that the students, for ethical reasons, had to be told that the marks would not contribute to their total and final results. However, despite that, of the 29 that I think were tested, there were only two that actually passed that test at, say, a 50 per cent pass rate. They in fact did not get near what had been the established and set rate of a pass for that particular year.

Senator TIERNEY—Was that study published in a refereed journal?

Dr Cornford—It has since been published in a refereed journal.

Senator TIERNEY—And have there been any replication studies?

Dr Cornford—This is where I come to be involved with the issues of the politicisation of the public service. Harry, a doctoral student of mine, attempted to extend the study much further, pretty much on a New South Wales statewide basis. He had support within the department to do this, and he did all the right things in terms of meeting with groups of teachers to attempt to get their support to carry out the study, to administer the test. What happened was, effectively, that very few trickled in. The few that did come in were pretty much useless, in that they had very few answers. What was, I think, fairly disturbing was that more honest teachers—who were often part-time or contract and hence vulnerable in the system—actually rang Harry and said, 'Look, it's not worth my teaching career to send you in the bundle of results.'

Senator TIERNEY—But surely the evidence would be confidential in the survey.

Dr Cornford—They would indeed, but there is a feeling—

Senator TIERNEY—I am a former academic and a PhD. We do not release the survey names in any study. What is the political problem with that?

Dr Cornford—I am afraid that this is what teachers have come to feel. I have not been able to survey the teachers themselves to find out exactly their motivations.

Senator TIERNEY—But they had to fill this out in the privacy of their own office.

Dr Cornford—No, the teachers did not have to fill it out at all. They were administering bodies of tests to their students and then transmitting those completed tests.

Senator TIERNEY—Directly back to the person.

Dr Cornford—Directly back to Harry.

Senator TIERNEY—So where is there any political inference in any of that?

Dr Cornford—They are engaging in a form of self-censorship. The message is that the students were performing so badly that they were not prepared to send them back and risk—

Senator TIERNEY—But how would people know that on a system wide basis? The result might have shown a brilliant improvement when it was all put together—no-one actually knows until you put results together.

Dr Cornford—Okay. Perhaps you have a number of people who are deeply suspicious of the system of competency based training, which has been foisted on them for policy reasons anyway. The research is there—the earlier research that was done—that many teachers in the area had grave concerns about competency based training.

Senator TIERNEY—The study you have contributed so far is a sample of 29 people.

Dr Cornford—I know it is very small; I am entirely aware of that. However—

Senator TIERNEY—It has not been replicated.

Dr Cornford—It has not been replicated because it has been not possible to replicate it.

Senator TIERNEY—All you could state on an evidence base from that is, 'We have a straw in the wind here.' That is all you could really say.

Dr Smith—Just in support of Ian, I have to say that a lot of research that I have undertaken and read does support what Ian is saying—that is, teachers do believe that standards have fallen under competency based training. Ian is quite right that the empirical research to test that is on a very thin base, but many times when I have given papers at conferences about competency based training people have come up to me and said, 'I would really like some large-scale research on whether CBT has improved skill levels because I believe it hasn't.' Ian has pointed out some of the difficulties in doing that, one of which was that the system was not set up to be evaluated in the first place, which is something that I have argued previously. Although Ian's study was very small, certainly when I heard that study presented at a conference there was a great deal of interest in it, because people really wanted to know the answer to that question. I have also done research with students and trainees, and certainly the general opinion about what they are studying under competency based training is that it is not very demanding and that they would like to be stretched a bit further. So it is not that there is not an evidence base; it is just that there is not a large-scale statistical study.

Senator TIERNEY—So it is anecdotal evidence.

Dr Cornford—No. It is not anecdotal—

Dr Smith—It is qualitative.

Dr Cornford—it is actually hard empirical evidence. It may be limited, but it is not anecdotal.

Senator TIERNEY—What is the sample size of your study on this?

Dr Cornford—Because of the complications in forming the group that you have, you cannot do a rigorous physics type study with random sampling and all the rest of it. You have to take the teachers who volunteer and the classes who volunteer as they go.

Senator TIERNEY—Was this done?

Dr Cornford—It could not be done, because it was not possible to do that.

Senator TIERNEY—You are saying that you cannot do an empirical study—

Dr Cornford—No, I am not saying that.

Senator TIERNEY—so you are obviously indicating that there must be some other sort of study that has been done.

Dr Cornford—No, there is no other.

Senator TIERNEY—There is no study?

Dr Cornford—What is available is what Erica has said is available, which is to this date anecdotal evidence.

Senator TIERNEY—That is exactly the point I was making.

Dr Cornford—Okay.

Dr Smith—It is not anecdotal; it is qualitative.

Dr Cornford—It is qualitative, sorry.

Dr Smith—It is qualitative studies that have been carried out; it is not anecdotal. They have been done by a range of people in a range of projects—many national projects.

Senator TIERNEY—Have these been published?

Dr Smith—Yes. NCVER have published a range of projects on competency based training, all of which have pointed to its shortcomings. I am not necessarily opposed to competency based training but I think we have to recognise its shortcomings and work with them. There has been a whole range of published projects—probably four or five of which I have published. Ian has published a few and NCVER have published others by people like Stephen Billett, Dianne Mulcahy—a whole range of people. So there is quite a large evidence base, but there is a need for some sort of actual quantitative study using objective measures of skill, if you can ever get that—I think you can. As I said, people have approached me, talking about the need for it. One suggestion that I have heard that I have never followed through to a research proposal is that the old trades tests which used to be administered by state training authorities for people to get their licence to practise could be used to measure today's students against the students of, say, 10, 15 or 20 years ago. Those trades tests are not generally used any more because most states do not have licensing any more. But they could be. I have been told that there are enough people around

who used to administer those tests to use those to measure the skill levels of today's students, but I personally have not had the time to put together a research proposal, and other people have not picked up on that. But if you really wanted an actual objective measure, that would be the way to do it.

Senator TIERNEY—I find what you are saying curious, given the very nature of competency based training, which is a mastering type system—you have to master particular skills. I would have thought that in these technical skills areas, compared to a lot of areas of education, it is relatively easy to measure. By its very competency based nature, and because people have to display the competency at the end, compared to what was there before it should be a superior system, particularly in the technical trade areas. I am rather curious as to why you are indicating that you do not think it is.

Dr Cornford—It is a very long and complex area. It probably would take up much more time than we have got in this session, and I would prefer not to just focus on competency based training. I think it has been made to work in the services, which is where it came from, because the services have the funding available and pretty much the time, dealing with critical skills, to actually make it work. For example, in terms of certifying someone competent at the end of a training session or within a very short time after it, they are setting up a probationary period of maybe two years that people have to work on the job before they are signed up as fully competent. That sort of approach has not been implemented in the general VET system.

Senator TIERNEY—But surely if you take a trade like electrical, at the end of the trade the person has to display the competency level. People die, houses burn down, if this does not happen.

Dr Cornford—That is right. This is a major concern to practitioners, and there is certainly major concern amongst teachers about the decline of standards. In relation specifically to what you have said, what apparently is in planning in New South Wales in the very area that you mention is the introduction of what I believe will be called capstone tests, which is where, even though people have done all previous testing and all the rest, for them to get their final certification they are going to have to pass another additional performance based set of assessments. This has been done in some of the best systems in Europe; it is not particularly radical. But I think it indicates again that there is grave concern in some circles that what is being produced through a competency system is not to the desirable levels. There has always been performance based assessment in TAFE. Competency based assessment in one sense is not too different to that, but what has come with competency based training or assessment has been a whole box and dice of other things like modularisation, which has led to the fragmentation of knowledge.

Senator TIERNEY—But that is not just in TAFE; universities do that as well.

Dr Cornford—Yes, but even in universities I think you still have the same problem, which is that when you break fields or areas up into discrete units and you teach and assess them, the whole is more than the sum of the parts. You still have a major problem of how students integrate all those separate and disparate blocks of information that they have been taught and probably even been assessed on. I deal with trade teachers, professional teachers, on a regular basis. With RPL, they are faced with people who come to them with a whole fistful of individual

pieces of paper for packages and courses that they have done. Yet the judgment of many of these teachers is that, despite these bundles of qualifications, these people are not able to function professionally at a desired level.

Senator TIERNEY—Surely in a competency based system you can test pretty quickly whether they have the competencies or not?

Dr Cornford—The problem is the system, in testing, by and large has been corrupted. If you wanted to be really rigorous in a public TAFE system and fail all those people who were not competent, the screams from the employers would echo loud and long.

Senator TIERNEY—I would have thought it was in the employers' interests to have people who were competent, because they can then do the job and perform for the business. I would not have thought that they would have a problem with it.

Dr Cornford—We are dealing with different meanings of competence.

Senator TIERNEY—If we could just move on, because I am aware my colleagues have some other questions. Dr Smith, you made some comments about changing the advice structure relating to ITABs. What are your suggestions for a new advice structure? Given we are moving away from that approach, what do you think we should be moving towards?

Dr Smith—I actually feel that the ITAB system was right. I witnessed it happening and I witnessed the different competing interests and the way that they could be balanced by the ITAB system. It needed some changes. One of the problems with the ITAB system was that there was not always harmony or correlation between the state ITABs and the national ITABs—and I know that was something ANTA were working quite hard on—

Senator TIERNEY—A huge problem, yes.

Dr Smith—and that existed in some industry areas and not in others. If I were going to reinstate some sort of ITAB system, I would want to make sure that the industry areas coincided at state and national levels and that there was proper communication between the state and national ITABs. I happened to work in the retail industry, WRAPS, where state-federal relations were very good, but I know that, for colleagues who worked in other areas—perhaps the more traditional trade areas—relations tended to be not so good. You would want to sort that out so there was some sort of harmony at state and national level.

I feel that you do need a reasonably large number of ITABs at both state and national levels. The danger, which we are looking at in the new ANTA proposal where they are suggesting that we only have eight industry skills councils—but I believe that there is some talk of expanding that—is that once you amalgamate them into big lots of industries you lose the close connection with the industry, which is so important in evaluating the advice and input that you get from different employers and employer associations.

Senator TIERNEY—I just wanted you to comment on one aspect of the ITABs. In providing advice, ITABs tried to get the views from the business side and the union side and then put those together, and you ended up with some watered-down amalgam that perhaps was not a good line

of advice on all occasions, just by the nature of the old ITAB structure. Would you like to comment on that aspect?

Dr Smith—Do you mean there was a feeling that it was too watered down?

Senator TIERNEY—In the sense that they take the union view and the business view and then come up with some sort of compromise, which may not be giving you the best advice.

CHAIR—There is an ideological view about having unions involved in this.

Senator TIERNEY—No, I am not saying that.

Dr Smith—No.

Senator TIERNEY—No, it is not really that. It is just saying—

CHAIR—It is that; just getting the position of—

Senator TIERNEY—No, what I am—

CHAIR—knocking them off every single board that ever existed.

Senator TIERNEY—I am not saying that. I am just saying that within that structure the advice was always—or often—a compromise, and you were not necessarily therefore getting the advice on the best way forward.

Dr Smith—There are always going to be competing interests, aren't there? It is about the point at which those competing interests balance. My feeling was that the state training authorities were focusing heavily on funding issues and did not have the capacity or even the headspace to be able to deal with individual employers, unions and other stakeholders—because there would be other stakeholders as well. I think the ITABs helped to mediate between them and then present advice to the state training authorities. If the ITABs were functioning effectively—and I know not all were—evidence would be produced for the advice that was given. I think it could be presented in a way that allowed the state authorities to make their own decisions but on the basis of evidence that was gathered and interpreted by people who actually had a sound knowledge of the industry and the training system. There was not a very strong union presence in the WRAPS ITAB, so I cannot comment on what you two gentlemen were discussing, but I do know that in some ITABs union management was quite a big issue. It was not for me. We had unions there, but they were not active.

In a sense, it was often left to the ITAB executive director in circumstances such as that to actually point out the interests of the individual worker—as opposed to the industry. The industry representatives, as was their role, always wanted the interests of their industry, their employer association or their individual enterprise to be pre-eminent, so somebody else had to put alternative points of view. The ITABs can now start to put those points of view and start the debate before it gets to the funding question at the state level.

Senator TIERNEY—If we did not have ITABs, what sort of structuring would you suggest?

Dr Smith—If you did not have ITABs—and I understand this is happening in some states—the states would try to collect the advice on industry training needs which, in the ITAB days, was done by the ITABs annually. That could be done either by the state training authorities themselves—and they do not really have the funding to do that—or by contracting it out. I hear about fairly ad hoc contracting out arrangements to people who might be brought in to write industry training advice on a particular industry area. If they have not been working with that industry year round, they do not have the intimate knowledge and, in effect, they go in and do research projects. That is fine, but it is just not the same as having the deep knowledge of the industry and the issues.

An alternative point of view which I know has been pushed by industry employer associations is that employer associations are in a very good position to do this. I would dispute that very strongly. I think employer associations have a particular purpose and particular interests. That is fine, but I do not feel they are in a position to offer independent and substantiated advice on industry training needs to the extent that I think some of them would like to.

Senator TIERNEY—What advice do you have on the structure that should be used?

Dr Smith—I think some sort of independent mediating body at state and national level—which sounds pretty much like ITABs—that could be managed differently from ITABs. ITABs were managed by boards drawn from the different stakeholders, and staff were appointed by the boards. There could possibly be an argument that the structure and the staff appointments could be managed by the state training authorities or perhaps by some national body rather than growing out of the industry, as was meant to happen. The mechanism was often a little faulty there.

They could be differently appointed, and in that case they could be much more tightly managed. I guess the ITABs that were viewed as not being very good were, in a sense, protected by their boards. The boards liked the system as it worked and perhaps it suited the particular interest groups on the boards. It was very difficult to intervene at the national level, and I know that ANTA often had a lot of frustrations with the fact that they could not intervene to make ITABs do what they wanted them to do and to operate more effectively. There were always the arguments that it was not the national role to do that, but I could see from working in the system that improvements could be made if there was more leverage over the individual ITABs. So some sort of national control—monitoring, more accountability and less independence—could be argued for.

CHAIR—Dr Smith, the main criticism of the ITABs, or the consultative mechanisms, we have received so far in this inquiry is not so much that the ITABs do not function effectively or that they do not need some form of structure to promote the training needs of particular industries but that, because their origins were essentially in the old apprenticeship systems and the apprenticeship training boards and industry has changed so much over the last 20 years, they do not reflect the breadth of some of the industry sectors that they purport to represent. The criticism is that huge sections of industry are not being consulted or that they are not able to get their views through the process to give advice about training needs and so forth.

This was particularly evident in Cairns. The maritime industry there has developed a fishing industry and a leisure craft industry. The training needs required to operate those vessels are

different from the traditional training needs required to operate the big ocean-going container vessels, but the industry is having difficulty getting its voice heard because of the way in which the system is structured. Has that difficulty been repeated in other areas, and has the question of how to broaden the basis of advice been looked at?

Dr Smith—There was certainly an imbalance in the ITAB structure in that the old manufacturing type area was perhaps overrepresented in terms of the number of ITABs and the new areas like the service areas were underrepresented. I would suggest that any structure that was reinstated would need evaluation every few years to see whether it still evenly represented the full industry spread and captured new and emerging industries. In terms of the maritime example where you have competing interests within one industry area, I know nothing about that but it sounds like that would be perhaps the nature of the individual board of management where there was more power or status held by one faction on the board. That is where, if we had a structure where ITABs were less independent and more managed by either the state or national system, that might be alleviated. ITAB boards are—or were—very political places. It was very easy for agendas to be captured by people with power. That power may have been brought in from other debates or arguments and those things were played out at ITAB level.

CHAIR—Given that, there does not seem to be any argument that there is not a need for some consultative mechanisms to be in place that are reflective of the industries.

Dr Smith—Yes.

Dr Cornford—To make society work, you have to find out what industry needs in terms of training and to gather that information together to form a basis for your training. We have moved to an ITAB system to do it. Perhaps it is not working particularly effective. There is a group that I suspect is not heavily represented in the ITABs, which is small and medium business. They provide something like 60 to 70 per cent of employment in Australia. The problem is that most of these are such small organisations they do not have the luxury of time, with rare exceptions, to be able to contribute to these sorts of issues. They are so busy earning a buck to survive that they do not have the time or the means to challenge the ideas about their training needs.

Essentially, we have got to find some way, and it may be that we need some central clearing house that engages in large-scale research across industries with very careful sampling of subgroups, to make sure that all points of view are represented so that we can come up with the basic data that is going to be the basis for effective training. It has conventionally been known as curriculum but has devolved into training packages. In a sense, we are after the same thing, but I do not think the mechanisms we have at the moment are serving very effective purposes to gather this information and then convert it into a teachable form so that you are maintaining high levels and standards in various skill areas.

CHAIR—On that broader issue, when you go back and look at the whole debate through the eighties and nineties, the argument was about lifting the skills base of the work force—cross-skilling, multiskilling and all of those interrelated issues. That was seen to be achieved through one curriculum which was translated into training packages but across the whole of the work force as opposed to where more traditionally a lot of these resources resided—in the skilled trades type areas. It was pushed down into the retail industry and a whole range of those other

industries. We had the combination of competency based training which again was about lifting the skills base of the process.

I think you are right that the combination of competency based training and the modularisation of training packages is, in fact, having the reverse impact. There is pretty strong anecdotal evidence out there that employers are picking and choosing modules to suit their particular enterprise, and not proceeding beyond those modules. If they shift from employer to employer, people are actually being trained, retrained and trained again. We have lost the generic skills base we used to have with the broadly based tradesperson or skilled worker. I do not know what we can do to get back to that again. It seems to me that there is a significant hole in the system. One issue that has been raised with us on a couple of occasions—and as late as yesterday—is that we need to have a very serious look at the trainers and assessors and at having some regime for licensing or assessing the assessors who are doing the assessing. It is very much a tick-a-box situation. If the people doing those assessments are not competent in the field, you are going to get bad outcomes.

Some apprentices in the electrical trades industry in Brisbane told us they have been refused their electrical licensing by the licensing board because they either have not completed all the competencies they have been required to complete, or they have not had adequate training in certain areas. Some of them have had to do an extra five or six months training to get those competencies, yet they have presumably been assessed on the way through by an assessor who has said, 'You are competent in these areas.' That seems to be an issue. In terms of the training packages, I also wonder whether a whole lot of resources are being wasted out there simply to project the fact that people have a training regime in certain areas. We heard an example in the cleaning industry in Western Australia, where there is a seven-hour module to teach people how to empty a rubbish bin. I have sat and looked at the rubbish bin in my office for weeks trying to work out how it could take me seven hours to learn how to empty it. No matter what way you turn it upside down, it does not take you more than about five minutes to work out it is all going to fall out the bottom.

Senator TIERNEY—You do not turn it upside down; obviously you need some skilling!

CHAIR—Maybe that is the case. I am happy to go to one of these training courses and be trained for seven hours on how to empty a rubbish bin. If that is what is happening, it seems to be an enormous waste of resources, which are pretty scarce on the ground anyway in terms of our whole training regime. It seems to me that we might have the wrong end of the pineapple when it comes to the outcomes we are trying to achieve and the processes we are going through to achieve them.

Dr Cornford—One thing is that the focus and the trust have been moved away from the teachers and trainers in TAFE and in industry, generally speaking. To get into TAFE in New South Wales as a teacher or trainer, you require professional qualifications in the area and five years industrial experience. Most people who come in through a selective process are hugely motivated to meet the needs of industry and continue the skills in their area. Most of these people feel that they have, in fact, been largely deskilled. With the training packages, there has been an attempt to take away the teaching aspect. The irony of it is that it has actually increased the problems of teaching immensely for teachers. With your training packages by and large—the exception being the really good ones with non-endorsed elements—you have large lists of

training outcomes. They do not give you the information as to how you structure and organise that material to produce effective learning so that, at the end of that formative process, you can meet the summative outcomes. All of that formative stuff has, if you like, been pushed right off the agenda; the focus has become entirely upon the summative—the end product.

To maintain your standards you can legislate until you are blue in the face, folks, but ultimately the judgments are what is inside the teachers' heads. It is their understanding of what is required, how they actually interpret the words on paper and so on. It was revealed to me when I did research in 1996 that one of the major concerns of these TAFE teachers—who all had industrial experience and so on—was that there was such variability even within their own area within a TAFE college. This clearly indicated seven or eight years ago the need for really massive in-service education of teachers so that they were in fact discussing the relative standards they should be applying when they are engaged in an assessment process.

Essentially, none of that has taken place because there is not the money to make that sort of in-service happen. Until you do, as I say, you can legislate about standards until you are blue in the face but it is the teachers at the front line, at the coalface, who are critical in that whole learning and assessment process.

CHAIR—What do you say about this need to look at some method of registering or licensing or evaluating the assessors and trainers?

Dr Cornford—I think you have to inevitably do that. That is part of the process of school education, where you have to have certain qualifications to be employed and recognised as a teacher. It is probably an inevitable and probably a highly desirable part of the process.

Dr Smith—I think one of the problems is that assessment qualifications are very tiny and many people who are doing assessment only have a workplace assessor qualification, and that is typically delivered in a few hours, over a weekend or whatever; they really do not have much understanding of the educative process. The Australian Quality Training Framework has helped a lot by requiring people to at least have that qualification and to at least have the certificate IV in assessment and workplace training if they are delivering training. We all know that that is not a sufficient qualification, but it is something.

One of the difficulties that I see, and that I saw when I worked in an ITAB, is that assessment and teaching are often quite different activities; it is work done by different people. Ideally, the same people would be involved in delivery as in assessment because, after all, assessment is part of teaching and teaching is part of assessment. But they have become quite separate. What you were talking about with the tick-a-box thing, which was typical of the early days of CBT, has now come back again with training packages because it is really the only way that you can provide evidence required. When you talk to assessment experts, they always talk not about assessment but about gathering evidence. It is a complete language of its own that does not bear much relation to what the ordinary person would expect when they became trained in an occupation or a skill. It has become almost a little profession of its own which within its own confines is quite sensible and cohesive, but it does not actually have much to do with the development of skills. It is all about showing that you can do something, hence we get the tick-a-box.

I am not sure about the licensing and I would probably disagree with Ian there, because there is such a large number of people involved in delivering assessments in the VET system now that I am not sure that licensing would be practicable. I would probably support something like the first aid licence, where you get your certificate IV or your assessment qualification and you have to renew it every three years. Hopefully, as the qualifications are improved people would improve in those skills. The licensing board sounds like a bit of a nightmare for the VET system, because it is so diffuse compared with the school system.

Dr Cornford—As a point of clarification, Erica, my reading of the situation is that if you look at, say, Leesa Wheelahan's statistics on the involvement of business and industry in training, you can see a quite consistent trend of drop-off. If you go back and look at the data and the evidence, fairly clearly you will find that a lot of business and industry were not actually consulted on whether they wanted to be part of the education process anyway. Clearly they are not too interested in being a part of that. But I think the evidence is—and I am pretty much ready to make a bet on this—that in a few years we are going to see the major source of training back in a state-controlled TAFE type system because of issues of maintaining standards. That is where you can in fact best control your standards, because you have more levers and so on to pull to maintain the standards.

I would agree with Erica—I think there is always going to be a number of trainers in industry and you do need some basic minimal qualification for those people. What I would like to see, though—and I think Erica hinted at it—is the raising of the bar in relation to that over periods of time. The cert IV as it stands, and as it will be, is just not adequate for the sorts of things that are expected of these people and it is unrealistic to expect it.

Dr Smith—I am on the national steering committee for the review of the certificate IV, or the training package. I am there representing an association called the Australian VET Teacher Educators Colloquium, which is the universities that deliver VET teacher training and staff development people in the VET system. I am consistently arguing for the qualification for certificate IV to be improved, to include more of the theoretical base and to make people more skilled to be able to deal with the demands of VET teaching. One of the really depressing arguments that has been thrown at me is that we cannot make the certificate IV much better than it used to be, because then there would be too much of a problem with people who had the old certificate IV and how they upgrade to the new certificate IV. I find that a really depressing argument. It is basically saying, 'We have a really bad qualification and we have to make the replacement for it pretty bad as well, because we cannot have too much of an improvement for operational reasons.' That is not a nice argument to hear.

Senator SANTORO—Who was arguing that?

Dr Smith—I would prefer not to say. It has been argued in committee.

Senator STEPHENS—Dr Cornford, you have addressed this issue of quality of teacher training qualifications. We have workplace trainers and assessors in workplaces. As we have seen travelling around for this hearing, in most of the larger enterprises or industries that we had submissions from or that we have visited, one of the requirements of staff is that they actually have some kind of workplace training skill, particularly if they are supervising trainees and apprentices. I am just wondering if there is some middle ground here. In terms of improving the

quality of the workplace certificate IV—the workplace training assessors qualification—is there some middle ground? You argue and suggest that perhaps people have tried to find a middle ground qualification between that and an education based qualification and you mentioned here that one university advertised advanced standing for a cert IV. What other kinds of approaches are being taken to try and find something that is between the minimum and the maximum?

Dr Cornford—That is partially a reflection of the desperation of some universities to actually remain financially viable. They are moving into areas of vocational education and training where they really do not have any particular track record. I do not know that there is a great advantage to be gained in setting up the middle range of qualification that you are suggesting, unless you can demonstrate that it is going to be a fairly substantial improvement on the certificate IV.

Dr Smith—In the revised training package there is going to be a diploma level qualification, which is in teaching, whereas—and this is just a bit of technical detail—the old training package had a diploma level qualification that was really about administration or management. So it is going to be an improved qualification. Certainly the training package developers are hoping to work fairly closely with the universities to enable people to do certificate IV, the diploma and then a university degree. Many VET teachers choose to do a university degree, although they do not have to. So it is not that there is no higher education of VET teachers. It is a choice that many hundreds make every year. That diploma level qualification may be quite useful.

Senator STEPHENS—Does that kind of equate to the qualification that TAFE teachers used to have when they came in?

Dr Smith—No.

Dr Cornford—No. With us, it used to be that the old diploma was at least two years part time. Then, if they wanted to, they did a bachelor of education, which was also two years part time and for which they did a research project involving their particular area. That gave them all sorts of pretty solid skills in terms of teaching, assessment and looking at program development as well as the research component.

CHAIR—Thank you, Dr Cornford and Dr Smith.

[9.52 a.m.]

BARRON, Mr James Patrick, Chief Executive Officer, Group Training Australia Ltd

PRIDAY, Mr Jeffrey Wallace, National Development Officer, Group Training Australia Ltd

CHAIR—Welcome. The committee has before it submission No. 29. Are there any changes that you wish to make to the submission?

Mr Barron—No.

CHAIR—The committee prefers all evidence to be given in public, although the committee will also consider any request for all or part of evidence to be given in camera. I point out that such evidence may subsequently be made public by order of the Senate. I now invite you to make a brief opening statement.

Mr Barron—Group Training Australia welcomes the opportunity to be part of this critical Senate inquiry. We congratulate the Senate for recognising the need to seriously investigate this issue. This inquiry comes at a critical time for VET. The next seven-year ANTA strategy for VET is being finalised. The acceptance of VET within a wider community is still a major issue of concern. The debate over numbers versus quality continues to rage and the issue of a skilled trade within the wider context of old economy/new economy lies at the very heart of any examination of current and future skill needs.

Group training plays a fundamental role in the national VET agenda. It is critical to the skilling of the nation. Indeed, it accounts for over 17 per cent of the national market for all traditional trades, rising to well over 40 per cent in some trades in some states. As such, we believe group training not only is critical to the maintenance of our national skills base but, even more importantly, is well placed to play a role in any policy response designed to address the skills shortage issue. Our submission addresses the skills shortage issue from a group training perspective. We do not pretend to speak for anybody other than those involved in the business of group training.

There is no question that Australia is suffering from a rolling skills shortage problem. No-one denies that we have a skills shortage problem in key trade areas—metals, manufacturing, automotive, cooking. Skill shortages are short term and long term. They are patchy, often geography specific and uneven. It is often difficult to put your finger on the cause. There is no one or easy answer. Finding solutions requires a genuine desire to drill down, to look behind the numbers and to ask some hard questions. Group training's commitment to the skilling of the nation is unchallenged. Indeed, if not for group training, the skills gap in traditional trade training would be far wider and deeper. In ensuring that we address the skills shortage issue in a meaningful and fair dinkum way, it is critical that group training plays a central role. To ignore it or sideline it would be unwise.

CHAIR—Thank you. Do you think there is a need for more targeting to occur in terms of the areas in which training is being carried out? It has been argued very strongly before this committee and in some of the submissions that the real skills shortages we suffer are in manufacturing and in skilled trades areas, not across the rest of the economy, yet the training effort seems to be dissipated across the whole of the economy. Is there a need to take a more targeted approach to this, or do you think the current selection arrangements are adequate to deal with the problem?

Mr Barron—When the system was opened up and it became more flexible, and a lot more choice and opportunity were provided than had been before, I think it did create a problem because in many respects the same level of incentives was provided to different traineeships as to a four-year apprenticeship. In the context you are raising, we would say that, given a bucket of money that is not growing, there could well be an argument for looking at a redirection of those resources into areas which require additional assistance or more encouragement. In some areas the question would be: does a particular traineeship require the same level of taxpayer support as a four-year apprenticeship? Should the level of assistance be skewed more to the trades, the genuine skilling areas, as opposed to other traineeships which people would say do not require the same level of training or skilling. I think that is a genuine issue that you raise, and we would support a re-examination of the priorities given to where taxpayers' funds should be allocated for training.

CHAIR—You would do it through that process—looking at skewing the actual incentive packages? At the moment they tend to be skewed a bit more towards the bottom end that towards the longer term.

Mr Barron—If you were fair dinkum about reinvigorating the enthusiasm of people getting into the traditional trades and the skills area that would only be one area. Of course, you would have to look at the way it is promoted within the schooling system, the way it is handled within TAFE and the way it is politically managed. So there are all sorts of things you would look at, but certainly one of them would be a reallocation of existing resources to provide more assistance, greater encouragement and recognition of the cost involved and the resourcing it takes not only to take on an apprentice for four years but to ensure that he or she stays there.

CHAIR—You raise the question of the schooling system. What is the experience of your organisation with VET in Schools? We have had examples given to us of some very good arrangements between the school system and industry in Western Australia and in Gladstone, where they are working fairly closely and the VET in Schools seems to be working very effectively. They are getting the kids out into enterprises where they are getting a feel for what life is all about in the work force. The director of Challenger TAFE in Western Australia said that the drop-out rate of apprentices who have come through the VET system is fairly negligible, so when people get in up-front they understand what it is all about. What has your experience been with VET in Schools—do you get actively involved with the schooling system in promoting VET in Schools and in trying to develop linkages with individual enterprises? It seems to us that where there is a strong link between the school and an enterprise—like Alcoa in Western Australia or the maritime industry on the Kwinana strip—they were having some very good success rates.

Mr Barron—From our understanding of our network, there are some extremely good relationships between clusters of schools, GTOs and industry. There is no doubt that the group training network is a great supporter of VET in Schools. In our view, where it requires further investigation—and we gave evidence on this at the VET in Schools inquiry—is that there are clearly some issues in terms of industry's acceptance of the quality of qualification obtained through a VET in Schools program.

There is also in some areas of schools a lack of capacity for the school to know how to handle a VET in Schools program. Timetabling issues are always difficult. There are a lot of issues that prevent it from working in some areas but where it does work it works because there are local partnerships within communities and they are all working towards the same goal. Clearly there is a lot of doubt amongst employers as to the effectiveness of VET in Schools qualifications at the moment. That was the evidence we gave to the inquiry a couple of months ago.

Mr Priday—A comment was made by, I think, a Western Australian that electricians had been improved as a result of that pathway between schools and work. One of our companies in Queensland reports that it has its best retention rates in the building industry amongst kids who have done an industry subject in year 11, which acts as a sort of culling process, and who are then indentured in year 12 as school based apprentices, as carpenters. Once they have completed year 12 they come into the company full time to complete their trade. They found that they have the best retention rates there. It lowers the attrition by creating that seamless sort of pathway.

CHAIR—That seems to be the experience. We have had some very good examples of group training schemes. Yesterday we were in the Hunter, and the Hunter VTEC, the Hunter training group, seems to be a very effective training organisation with very good resources on the ground to provide the training. We have also had examples of very poor group training schemes running in Queensland. For example, we had apprentices saying they were being used as cheap labour. They said they had been on a high-rise building site and there were four apprentices being supervised by a second-year apprentice. There were these sorts of things—not getting proper documentation and having to do additional time to get their qualifications through the electrical licensing board. What steps does your organisation take to ensure the level of performance of all the group training companies that are part of your organisation? Do you have a code of conduct or a charter of operation for your companies?

Mr Barron—We are not a policing operation.

CHAIR—I understand that.

Mr Barron—Our network of companies often have their own codes of conduct that they have drawn up. We have produced a national code of best practice that we distributed throughout the network late last year. We did that because we thought it was a good time to do it to parallel the introduction of the eight national standards for group training which came into effect on 1 January this year. From now on those GTOs wishing to access taxpayer funded incentives will have to first jump through the hoops of the eight national standards to be accredited. Those standards deal with ethical behaviour, financial management, corporate governance, on-the-job practices, off-the-job practices et cetera. We believe that no sector is perfect and there is no doubt that in the past there has been some GTOs that have not covered themselves in glory in this area. We are fully confident that with the standards up and running, with our own code of

conduct and with our own internal encouragement of ways to better manage and conduct themselves as companies we will, hopefully, quickly see those days long gone.

CHAIR—Can we get a copy of your code of conduct?

Mr Barron—Yes.

CHAIR—What do you think the impact of the proposed changes to funding for group training is likely to be?

Mr Barron—As we say in our submission, if adopted we believe the changes will continue the downward trend of per capita funding for group training companies. We are still in negotiations with the government and with ANTA leading up to MINCO. Indeed those discussions are taking place on a reasonably regular basis. I am confident that these discussions will, hopefully, lead to a good outcome where we will not see a further compounding of the financial problems confronting a lot of GTOs as a result of a continued fall in government support. My answer to you at the moment is that we are still negotiating with government and with ANTA. As to the outcome of those negotiations, it is not for me to really comment on any further.

CHAIR—How much is the potential shortfall going to be?

Mr Barron—Do you mean if our fears are confirmed?

CHAIR—Yes.

Mr Barron—That is very difficult to say. Since 1996, joint funding of group training companies has progressively declined. There have also been other decisions which have removed particular incentives from group training operations. Those have been restored of late, and Group Training Australia welcomes those decisions by the government. It is difficult to say, but if there is a further diminution of funding it will put more pressure on the capacity of GTOs to deliver the services that they do in a range of areas, not only in traditional trades but in school based apprenticeships and VET in Schools—those areas which are very resource intensive. As I said, we are still in negotiation and we remain confident that some beneficial outcome can be achieved.

CHAIR—In your paper you talk about providing financial incentives directly to job seekers to induce them into traditional apprenticeships. Would you like to explain in a little more detail what it is you are contemplating?

Mr Priday—We are confronted by the problem that most of our members have difficulty filling their vacancies. The problem they experience is that a lot of kids are simply not attracted to the traditional trades. There is a whole range of reasons for that, not the least of which of course is what is happening in schools and, in some senses, the prejudice against trade training. With other options available to them, it is becoming increasingly difficult to fill these vacancies. It is a novel approach—we have thrown it in from left field, as it were—but we have wondered whether in fact it is time to consider offering financial incentives to the kids themselves to actually undertake these courses.

CHAIR—Do you have a view on what those incentives might be or how you would provide it?

Mr Priday—We have not given that any in-depth consideration.

CHAIR—Buy them a Holden Monaro?

Mr Priday—No, we were looking at maybe giving them some sort of up-front payment along the lines of the Commonwealth incentives that are paid to employers for taking on apprentices and trainees. It could be some sort of payment at some particular point during the indenture to entice them in and to keep them there.

CHAIR—When I started my apprenticeship, I had to pay the £10 to be bound—maybe this is a reverse technique.

Mr Priday—Yours was probably over five years and you had to do the training at night.

CHAIR—Perhaps we have to pay the apprentice £10 to be bound. It is a novel approach, but I understand you do not have a specific view about how you might deal with that. You referred to the recent UK initiatives to help educate UK's career advisers. What were you referring to there? Can you describe what those initiatives were?

Mr Priday—We referred to an initiative in the UK called Connexions, which appears to be going some way towards ameliorating the difficulties they are having with the provision of careers advice in schools.

CHAIR—Can we access that through a web site?

Mr Priday—Yes. I think it is connexions.gov.uk, but we can confirm that for you.

Mr Barron—I can get that information to you.

Mr Priday—Again, we do not have a lot of information on that, but we are struck by the complaints that come back from our members about the provision of careers advice, the lack of knowledge on the part of careers advisers about the traditional trades and their prejudices against encouraging kids to go into the traditional trades. We have heard it suggested that it is time to consider outsourcing this function from the schools system to industry or to others. I think the Connexions initiative in the UK is a combination of some of those things.

CHAIR—In Newcastle yesterday we heard of one example of a young person who wanted to go into a trade and virtually had a fight with his careers adviser and could not get any advice about it. He was told to go and ring up a building company.

Mr Priday—One hears all sorts of stories.

CHAIR—There is a lot of anecdotal evidence out there, but it seems to be an overall weakness in our system in terms of careers advisers generally not being able to provide adequate advice in this area.

Mr Barron—I think they do get caught up in fads and trends. Clearly it has not been fashionable or trendy in many school systems to be promoting the traditional trades as noble and worthy professions to adopt. That is why, once the school based New Apprenticeships program gets a real hold in the VET system—and it is starting to take off now—we hold out great hope for that program to be a fundamental answer to any fair dinkum response to a skills shortage crisis. As you say, you get them in schools, keep them there, screen them and then get them well and truly started off down the road before they leave school. We think that is a fundamental part of the answer to the skills problem. It would also be an answer to changing the attitudes of a lot of careers advisers once they see it working within the school system—that it is not just a one-off policy of the government; it is working and delivering outcomes and it is here to stay. A lot of careers advisers still do not take school based new apprenticeships and VET in Schools seriously. They are here to stay, they are working and they should be promoted not just as one-off tryouts but as genuine ways to start your career at the age of 17 or 18.

CHAIR—There seems to be an issue with VET in Schools about whether the teachers have the skills to enable them to provide technical advice to kids who are looking to take on an apprenticeship. One wonders whether there is an argument for the high schools to have a person—and maybe there is a need for some special funding—who has had some experience in the skilled labour force as a basis on which to provide advice on what happens in the work force. Many of the teachers who are providing the advice have never been in industry themselves and do not relate to it or understand it. That might be another issue that needs to be looked at. Mr Barron, have you done any assessment of what the proposed new ANTA funding arrangements, if they go through, will mean in terms of the reduction in the number of apprentices you will be able to take into training?

Mr Barron—As I said, we are in the process of working through this issue with ANTA and are not in a position to volunteer much information at the moment as those negotiations are ongoing. A non-specific answer to your question is that any further reduction in funding to group training is going to have an adverse impact on the ability of the entire network to deliver the outcomes they continue to deliver at their current level of funding. We do not have a particular number for you. It is not about reducing funding; it is about the amount in the bucket staying the same while more people come in to access that same bucket of funding.

CHAIR—That in itself will have an impact—

Mr Barron—You spread it out, and that obviously has an impact on operational capacity.

Senator TIERNEY—Returning to the issue of advice in schools from careers advisers, are you picking up any prejudice in the career advice structure against trades? Are career advisers saying, 'Don't go into trades, head for university'—is there a tilt at that level that is creating problems for us?

Mr Barron—I do not want to make a sweeping generalisation but I believe that that has been the case for a number of years within different pockets of the school system and among the types of career advisers who work within those systems. It is just not deemed appropriate that careers advisers push heavily and promote enthusiastically the idea that their schoolkids choose a traditional trade apprenticeship. The issue is still culturally skewed towards sending as many as possible from school on to higher education. Unfortunately, that is fundamentally endemic in our

school system. I do not think there is an attitude among careers advisers in schools that enthusiastically promotes the career offered by an apprenticeship as being a noble and honourable profession. That has to change not only among the careers advisers but also in the schools themselves. It also has to change within governments. If we started a marketing campaign directed at careers advisers and schools indicating that an apprenticeship in the traditional trades is a worthy and honourable profession and one that will make you a living for a long time, we might start to turn the attitude around; but I think we have a long way to go.

Senator TIERNEY—We spoke to a group of apprentices yesterday and what struck me was how little information they were working from in terms of whether they would go into an apprenticeship. I am not just talking about career advice; I am also talking about experience. We had eight apprentices before us and we asked them what their experiences of trades were through pathway VET type courses or work experience. I think there was only one who had had any serious involvement and, on the basis of having spent a day a week in industry in year 11 and year 12, he said that he wanted to take on an apprenticeship.

Mr Priday—That, I suppose, is the beauty of the VET in Schools agenda. In theory, more and more of them should become exposed to vocational training through structured workplace learning programs that see them go out into industry in serious placements and through school based new apprentices as well.

Senator TIERNEY—So your advice would be to push and to expand those sorts of programs and that that might be one of the ways forward?

Mr Barron—I have always said that the more we can do to promote the value of school based new apprenticeships and the importance of them as an ongoing mechanism will not only secure future graduates in these areas but also change the culture that exists within the schooling system, where they can see over a number of years that this actually works and delivers real outcomes. I think you would find, over not too long a time, a real change within the schools. But it has to become a real, fair dinkum part of their curriculum. It cannot be: 'Well, we'll try this for a couple of years.' They have to be fundamentally central to the school curriculum. Once they are I think there could be a real revolution in thinking.

Mr Priday—That is short of going back to technical high schools, which presumably not many people are interested in doing, for a range of reasons.

Senator TIERNEY—In New South Wales there are technology high schools, which is perhaps a move in that direction. Just say all this happens and works and a lot of people want to go into trades, we seem to be striking another problem with the emphasis or the push for people to go to university—30 per cent actually do that, although that was not always the case. That group—the bottom of that 30 per cent—who would often have been the top tradespeople have gone into the university system. So the employers are now saying that with the next group they have a real problem with what they call 'soft skills'—good work habits, English skills and basic mathematics, particularly for electrical trades and boiler making. Do you have any suggestions of what we should do—and this is a question about the school curriculum perhaps—to better prepare people so that they are better skilled in those soft skills areas before they come into the workplace?

Mr Barron—It is not only restricted to those who wish to take on a trade. There are a lot of kids who lack numerical or literacy skills but who wish to go to university. The answer to your question is really in ensuring that the school system delivers better literacy and numeracy outcomes across the board. Once they do that, and they are doing that, one would hope that these soft skills are improved. Jeff, do you want to add to that?

Mr Priday—Short of trying to attract back into trades a reasonable percentage of the quartile that is going into higher education, the only other solution is, as Jim said, the employability skills that have been developed through work done by ACCI and Business Council of Australia—which ANTA is now looking at trying to incorporate into the curricula—might go some way towards delivering on that agenda, but I think that is still some time off.

Senator TIERNEY—Yesterday in Newcastle, as the chair mentioned, the group training system came under scrutiny. The peak organisations up there, in particular the Hunter Economic Development Council and the Area Consultative Committee CEOs, really gave a great rap to what was happening in Newcastle with group training. It seems as though it can work incredibly well. I wanted you to perhaps give us a better perspective on the importance of group training in what were traditionally four-year apprenticeships. Employers are saying, 'How can I guarantee this person will be working with me in four years time when I can't guarantee I'll be working in four years time?' because of the tough business environment. Could you provide us with a summary sketch of the importance of group training in this very new, tough business environment to make sure that apprentices get consistent training and get to the end of their training?

Mr Barron—I will not give you a rambling answer; I will keep it concise. I think the value of group training primarily is the fact that, when you have a debate about whether training is an investment or a cost for a lot of employers, it is the perfect intermediary for those wishing to involve themselves in training, from the employer's side as well as from the trainee and apprentice side. It fundamentally takes away a lot of the hassle, worry and admin costs et cetera that are stifling so many, particularly small to medium sized businesses. The last thing they can do is to contemplate taking on somebody either as a trainee or an apprentice. As I said, it is a perfect intermediary, and that is why it works. That is why we believe it should be supported more than it is at the moment.

I have no doubt that, in years to come, when the training agenda is becoming more and more diversified, the role of group training will be called upon to deliver more and more. That is because it is positioned very well within small to medium sized businesses and the arrangements they have at the community level with hundreds of host employers who see them as a very appropriate form, whether to take on an apprentice for four years or have them rotated or have somebody short term and move them on. At the moment it is perfectly positioned to be a central player in the regeneration of traditional trades, because it is there not only as an intermediary but as a perfect local community tool. It partners very well with all sorts of organisations. It understands industry, schools and local parents and friends associations. It has feelers into all those sorts of areas. Normal employers do not have those connections. They do not have industry profiles and the knowledge that group training companies do. I think it is the perfect intermediary at a time when there is a debate—which will be ongoing—about whether training is an investment or a cost. Employers see it as a cost, but they can see group training as a way of

getting involved in the agenda without getting consumed by what they see as hassles. That is why we believe it is important, and that is the attraction.

Senator TIERNEY—When I first went into parliament, one of the first groups that came to see me was Group Training Australia Ltd. Lance Barnard, the former Deputy Prime Minister, was the head of it. He must have been one of your predecessors. Since that time, in the last 10 years, give us an idea of how the trend in group training is going in numbers and take-up across the country.

Mr Barron—In the last five years the numbers have doubled. They are up to about 38,000 apprentices and trainees. They account for about 13 or 14 per cent of the total.

Senator TIERNEY—What would the numbers have been about 10 years ago?

Mr Barron—As a proportion, the numbers were much less.

Senator TIERNEY—So there has been substantial growth.

Mr Barron—Yes. It is 13 to 14 per cent of the national total. It is about 22 per cent of the national total of Indigenous trainees and apprentices, as well as trainees and apprentices with disabilities, so it is punching well above its weight in that area. It accounts for about 50 per cent of school based new apprenticeships, particularly in Queensland, as Senator Santoro would know.

Senator TIERNEY—It is probably its policies that have brought that about.

Mr Barron—Yes. It is a significant VET in Schools player. But, importantly, in traditional trades it has maintained the skills effort in a lot of key areas. Jeff may wish to add to that.

Mr Priday—You can see from the figures that we have put into our submission the extent to which it is arguably underpinning the national traditional trade training effort. It has 17 per cent of all the trades, which rises to over a quarter in some states. In some selected trades within some states it is over 40 per cent, and within some occupations within some of the trades like bricklaying or carpentry it is 50 or 60 per cent. In Western Australia, about 70 per cent of bricklayers now train through group training arrangements. That is pretty staggering. Anything that jeopardises the ability of this network to fulfil this charter is something that we need to be careful of.

Senator TIERNEY—If you take it on an industry basis I suppose that the higher proportions relate to the small operators. Does it go up dramatically across all trades in that area? House construction and those sorts of areas would be obvious cases.

Mr Priday—I am sorry; does what go up dramatically?

Senator TIERNEY—The proportion that are under group training arrangements compared with other arrangements. Does it skew more towards the smaller businesses?

Mr Priday—Do you mean the host businesses of the apprentices and trainees? Is that what you are referring to?

Senator TIERNEY—Yes, that is right.

Mr Priday—The bulk of host employers are still small businesses. There is no doubt about that. Probably at least 50 per cent of host businesses are small and micro businesses, although an increasing number of larger enterprises are now availing themselves of group training services, largely as a result of pressures in the economy to outsource all but core functions. So many industries, organisations or enterprises are now doing that as well.

Senator TIERNEY—Finally, you mentioned groups that are normally disadvantaged in the work force—for example, Indigenous people and people with disabilities. You have a higher proportion of those groupings. What is it about group training that makes it work a little better for them in getting an apprenticeship?

Mr Barron—It is an old-fashioned thing called commitment and loyalty. Those who criticise group training do it from the point of view that it is a bit old-fashioned. I know that we do not use these words very much but they are noted for pastoral care or additional care and support in many areas. These group training companies have a wider commitment, not only to the apprentice or trainee but also to the family in many cases and to the community. They have an overriding commitment to seeing the job through. That is basically it.

It is a cultural thing with many group training organisations. They have been around for a long time and they have seen the system change enormously, yet they still believe that, central to their effort, is a genuine commitment to the kid. That is not necessarily based on how many dollars you represent when you walk through the door. They say: 'We are committed to keeping you for four years to give you a trade. In the meantime we will provide you with additional care and support to make sure that things are smoothed over, possibly outside the work force.' That is an additional cost and resource to many of them, but there is a genuine commitment to ensuring that the traditional trades are supported and, where possible, grown. That is just the way it has been historically.

Senator SANTORO—Following on from that answer, a previous witness mentioned that one of the problems that they perceived with the training system and, particularly, with the component of the training system being influenced by training packages is that it does not provide for generic and innovative education within apprenticeships. The whole educational experience is not being presented to trainees and apprentices. Do you agree with that proposition? What role does group training play in enhancing the broader education of apprentices that you place into training? Bearing in mind the qualities that you just enunciated relating to the overseeing and pastoral functions of group training, firstly, do you think that there is a problem and, secondly, do you play a role? If not, is there a role to play?

Mr Barron—It is hard to answer the first bit. In general I would say that where group training does actually do so is particularly in the context of its connection with schools. The reason why I suspect it is so successful at the school based new apprenticeship level is that it has an extremely good capacity, through its field officers, to connect at a very genuine grassroots level with the schools and the schoolkids on a regular basis. We have some examples, particularly in

Queensland, where the arrival of the group training field officer is the highlight of the week for the schoolkids when they get exposure to so-called non-school issues and activities. They see someone from outside the school system and can talk to them about particular issues as to what they might choose to do in respect of a school based new apprenticeship. It is about new sets of ears and eyes. I think their capacity to connect and relate at the local level through the school system is a fundamental asset that they have. Whether that could be expanded to what you are speaking about, Senator, could well be so, but I think it is just a fundamental thing of that being a resourcing issue. A lot of these GTOs put out the money to have these field officers available and working on a regular basis, ensuring the schools are visited and that the officers are there sometimes weekly or fortnightly. So I think the GTOs have shown their capacity to put the resources on the table to provide these field officers so they can actually connect with the schools on a regular basis. That may well be part of what you are talking about.

Mr Priday—I am not sure whether your question is about a pedagogical issue associated with the nature of training packages. We came in at the end of the presentation by Dr Cornford. If it is, I am not quite sure that I understand it. You may be talking about the ability of group training organisations to rotate apprentices between placements, which gives apprentices the exposure to the different skill sets that they need, notwithstanding the fact that, as the chair raised before, from the Queensland evidence it seems that if they are rotated too often sometimes those placements can be too superficial and the skilling does not occur. But that is a pressure that is coming from economic necessity on the part of employers and industry, so there are different things there.

Senator SANTORO—I thought that the proposition put by the witnesses that appeared before you was that innovative and generic skills were not being inculcated within the mind-set of apprentices and that their training was very narrow and often by choice—

Mr Priday—Non specific.

Senator SANTORO—Yes. I think the expression used was that the whole was greater than the sum of the parts and that the generic and innovative education component of any training package or system is in fact necessary to produce a well-rounded apprentice, a well-trained person.

Mr Barron—I think that is probably right. You can say that about every field of endeavour. I think we have to strike the right balance so that we do not focus too much on generic life skills at the expense of the genuine hard yakka apprenticeship skills that are required. You often hear some comments made about training packages that they are too generic, that they are not actually focused on delivering the skills that were required in the old days and that there are too many life skills attached to these specific hard skills. I think that it is an issue for the school system, but we want to be careful that we strike the right balance and do not go too much towards life skills at the expense of what the training system needs.

Senator SANTORO—Yes, at the expense of what the training system is meant to produce.

Mr Barron—That is right.

Senator SANTORO—I agree with you.

Senator STEPHENS—Mr Barron and Mr Priday, I wonder if I could take you back to your submission. At section 2.8 of your submission you talk about the range of commercial functions that group training organisations have started to become involved in, including being RTOs, NACs and Job Network organisations and providing other employment and training services. While we have heard a lot of praise during our hearings of group training companies and organisations, one of the criticisms that we have heard is about the conflict of interest that is presented when a group training organisation is also the registered training organisation and the NAC. I wonder if you have any comments to make in the first instance about that proposition of perceived conflicts of interest and whether your organisation has addressed that criticism.

Mr Priday—For my part, I do not perceive or believe there are any conflicts of interest. Each of those areas you mentioned are contract based and part of those contracts are to guarantee and ensure that there are no conflicts of interest. They are monitored by the department and the government to ensure there are not. We have had no evidence that there are any conflicts of interest at all. This is part of opening up the market to the way the world is, and if there are individual examples of conflicts of interest, that is for individual group training organisations to answer to the government about. These contracts are monitored pretty stringently by the government to ensure there are no conflicts of interest. It would certainly not be in the interests of a GTO who is part NAC, part RTO and part Job Network provider. I have seen these operations in practice. They are separate operations. They do not work together, they do not talk to each other and they keep apart as the contracts require. They are well aware that at any given time DEST or others could monitor their contract, and if there are perceptions of a conflict of interest, they will have their contract taken away. I think it is incumbent upon them and, as I said, I have had no evidence myself that there have been conflicts of interest.

Mr Priday—In addition to that—I would have made that point—one of the benefits is in fact that group training organisations are often able to offer a one-stop shop to employers who are increasingly confused about the training system. Arguably, there is a tension there. On the one hand, it serves a purpose and there is a benefit to being able to provide this range of services through the one outlet but, on the other hand, in doing so, the accusation is levelled that there surely is a conflict of interest inherent in this. As Jim says, a lot of these services are provided under contract. Contract specifications require them to address the question of conflicts of interest and they do so. They have been awarded the contract, so they have obviously addressed it.

Senator STEPHENS—A second criticism that has been raised with me in discussions has been that group training organisations are actually being factored into strategic planning, particularly about regional economic development issues. I am thinking quite specifically about some of the drought responses where group training companies are being factored into the grand plan of how to address employment and training needs without actually having any capacity to participate. I wondered if that was something your organisation had experienced or whether you had had any feedback about the idea that when people are trying to think at a community level—Mr Barron, you expressed that point of view—local organisations that are connected and embedded in communities are actually having additional pressures put on them without any kind of funding or capacity to respond to that additional demand. Is that an issue for you?

Mr Barron—The issue of resources is obviously a real one for many GTOs who have prided themselves on being able to be spread as thickly as possible and are seeing that they will have to

spread themselves thinly because a lot of the areas of these endeavours are very resource intensive. I have no doubt that some have made commercial decisions to pull back in their commitment in some of these areas—not to withdraw entirely but to pull back and basically devote their time and energy to particular areas. They may then go back and revisit areas that they once committed resources to. Again, it is a commercial decision that many GTOs are now forced to make as to where they can best devote their time and resources. The old days of milk and honey for some are no longer, and they have to make harsh decisions in the light of day about just where they can devote their resources.

Indeed, we are working with the Enterprise and Career Education Foundation at the moment on a project that will benchmark the work of group training companies in local communities and find out just what makes them tick. We want to get profiles of GTOs and find out how they work with local communities and what gives them that edge. We think that work will be important in the overall scheme of things. It will shed some light—for us as well as for the wider community who are interested in this area—on what separates group training and what these organisations bring to the training agenda in the local communities that they work within. It is a resource issue, but it is not restricted to group training companies.

Senator STEPHENS—At section 3.4 in your submission you make the recommendation that the incentive payments for designated skills shortages be available Australia wide. What impact do you think that would have on regional Australia? As a regionally based senator, I am mindful of the incentive that actually does try to help address regional skills shortages. What do you think the impact would be regionally of that recommendation, given that, as you say, there is only a certain amount of money in the pot?

Mr Barron—We would always argue for more money in the pot, of course, or a reallocation of the existing pot. I do not think it would have a negative impact on regional Australia at all. It would only have a positive impact if it were extended to metropolitan areas of the country, which we are arguing for. This is not to argue to take the money away. I see your point. We are not saying that you take it away from regional Australia and put it into metropolitan areas; we are saying that it should be applied across the board. It seems to us rather silly that this incentive is only applicable to regional areas, when, as Jeff may wish to add, a lot of the skills shortages just as much or even more impact on the metropolitan areas. We say that, if that is the case, if it is designed to deal with skills shortages, why not apply it to metropolitan Australia?

Mr Priday—There is not a great deal I can add. We are only responding there, in some senses, to complaints of our members, who, while they welcome the availability of the incentive for rural and regional Australia, simply point out that most of the industry, or a great deal of it, is in metropolitan Australia and, if they are employing in metropolitan Australia, they cannot access this particular incentive. So it would make sense, we think, to simply extend that across the country.

Senator STEPHENS—We had hearings in Gladstone, where we heard a lot about the massive expansion in infrastructure project development that is going to occur there and the role that the group training companies are taking in trying to address that. We heard similar things in the Burrup area in Western Australia and in Port Augusta. In terms of accelerated apprenticeships or the role of group training organisations in Group Training Australia, is that an issue that you have been addressing, again at a strategic level, about how we can accelerate the number of

skilled tradespeople that we have, or look to reskilling existing people or recruiting mature-aged apprentices? Are they the kinds of issues that your organisation has been considering?

Mr Barron—Yes and no. We have been pushing this barrow for a while now in respect of additional support for those in traditional trade apprenticeships and the role of group training in that. We have been doing that again through the ANTA review and submissions to inquiries like this, as well as through meetings with government and opposition. We see primarily that, if the role of group training is recognised by government as being a central component of the skills agenda, sensible policy and responses will flow from that. If it is not recognised as a central component, it is unlikely that it will be part of sensible policy responses in the areas you mentioned as an example. That is why we have also been pushing with ANTA the need to formally recognise the role of group training for the next seven-year VET strategy. It is a national system. It is a fundamental component of the national system. It delivers more than any other on key areas for ANTA, VET in Schools and school based apprenticeships. That is why we have been arguing that it should be formally incorporated within the strategy. Regarding the issues that you raise, we think that, once group training is recognised within the system more in a policy sense, those sorts of issues can be tackled and taken up by people like us with more gusto and confidence.

Senator STEPHENS—So you have not been part of any of the strategic planning within state government jurisdictions about dealing with those skills shortages?

Mr Barron—I would say our state associations, which are very close to individual state governments and DETs, absolutely have been working closely with their state bureaucrat colleagues. They probably have a far closer and better relationship than the national office with the state bureaucracies. Our primary relationship is with the federal government and federal stakeholders.

Senator STEPHENS—Thank you.

Proceedings suspended from 10.46 a.m. to 11.03 a.m.

GHOST, Mr Stephen, General Manager, Education and Training, Australian Industry Group

CHAIR—Welcome. Do you have any comments to make on the capacity in which you appear?

Mr Ghost—I am here today representing the Australian Industry Group and the Engineering Employers Association of South Australia.

CHAIR—The committee has received the Australian Industry Group's written submission—submission No. 74. Do you wish to make any additions or changes to that submission?

Mr Ghost—No.

CHAIR—The committee prefers that all evidence be given in public, although the committee will also consider any request for all or part of your evidence to be given in camera. I point out that this evidence may subsequently be made public by order of the Senate. I invite you to make a brief opening statement.

Mr Ghost—We are a significant employer association in Australia. We represent the manufacturing industry in its wider sense, and our submission is based around our members' needs in skill formation. I am here to answer any questions against our submission or provide further clarification on any of the issues contained in it.

CHAIR—Mr Ghost, I want to raise a couple of issues with you in relation to the recommendations in your submission. In one recommendation, you say:

> Governments at all levels need to recognise the skill formation needs of the future and provide adequate resources and incentives for education and training authorities to respond to these future needs.

Are you arguing in this recommendation that there ought to be better targeting of the resources that are put into skills development?

Mr Ghost—If you read that in the context of the submission and other recommendations, I would suggest that that would be the case. We feel that education and training funding, other resourcing and activity level reporting tend to be pretty much for the demand of today. Our view is that there are some strategic skill formation issues for industry, particularly at the trade and post-trade level, which are not strategically dealt with in the sense that skill formation in those areas takes some time to achieve. If we can better target the skill needs of four or five years into the future and provide a process where we can begin to resolve those before they happen, I think we would be a lot better off.

CHAIR—What would that do to competition between various industry sectors and across industry sectors generally? Obviously, if you make an assessment now that the shortages are going to be in your industry sector and you say, 'We are going to target the funds to deal with

that,' isn't that going to generate debate and concern from other industry sectors saying, 'Hang on, we also need our training agenda to be debated'?

Mr Ghost—If we have a more sophisticated labour market forecasting system than we have at the moment, I think those issues obviously have to be debated but they can be resolved to some extent through that debate before we actually make decisions. As long as industry sectors are included in that debate, they should be able to deal with them at that point. Probably more importantly, we are not suggesting that we have a skill formation process that gives people the end-point skills. We are suggesting more than that. We are suggesting that there is a range of generic, or underpinning, skills that would run across a range of different industry sectors. They can be dealt with in either the school system or the VET system, in the sense that you can better prepare people for those skill need areas by providing the underpinnings, and they may spread across several industries.

CHAIR—Why has the soft skills issue become such an important feature of employers' requirements at the moment?

Mr Ghost—I think they have always been an important issue. They probably have not been articulated very well in the past by either industry groups or industry itself—or anybody else, for that matter. Since the introduction of the Mayer key competencies, they have certainly been an important issue. I think they have become more important and people are more prepared to articulate the need for them because, particularly in industries like manufacturing that are changing rapidly to meet global requirements, there are changes to technologies and to work practices and some of the skills, particularly the hard skills, cannot be acquired anywhere but on the job. Often those skills do not exist until a very short period before they are introduced, so it is important that we provide those soft, or generic, skills that provide the ability for people to take on board the new skills very quickly. That also includes the soft skills such as accepting lifelong learning and the challenge of taking on new skills—the attitudinal and value skills. I think they are more important, because industry is changing technology and work practice so rapidly.

CHAIR—Does AIG believe the school system is failing, in that the young people coming out of the system do not have these skills? Is this a responsibility of the school system or, as is argued in some other submissions, is this a responsibility that the employers themselves have to take on?

Mr Ghost—There are two parts to your question. I would not suggest that the school system is failing young people. I would say that there are some issues it has to deal with. It is a collective responsibility, of industry and schools. I would not suggest that anybody is to blame in any direct sense. There is a lack of understanding by the education system of the needs of industry now and into the future. There is still a focus within the school system to prepare people for tertiary education. Vocational occupation has been historically devalued and that is still the case to some extent. Within the education system there is a lack of understanding of some industries, particularly of the manufacturing industry, which suffers from an image of being a smokestack industry. It has not been that for 20 years, but that perception still exists. Parents still want to see their children go to university, irrespective of the statistics that suggest that you are probably better off being in a technical occupation. Industry does itself no favours by not engaging to the extent that it needs to with the education system. There are a whole range of

issues like that that need to come together before we can say that we are properly preparing young people for work.

CHAIR—Is there any attempt to address the issue of the interface between industry and the education system?

Mr Ghost—Certainly as an organisation we have been attempting to do that for some years. With the support of the Commonwealth, we have been developing a whole range of career marketing material for schools about the industry. It has been quite successful in its uptake, but it is incremental. We are talking about changing a culture so it is quite difficult in the long term, but we recognise the importance of it. If industry does not engage with the school system we will never resolve that problem.

CHAIR—What about VET in Schools? There seems to be a view expressed that either career advisers or teachers who are managing the VET in Schools do not have sufficient experience and knowledge of industry and of how it works. This is an impediment to encouraging young people to move into trade based occupations. To some degree we have seen evidence of that. In some of the high schools where there is a long history of a link to industries or local significant enterprises, the VET system appears to be working very well. In other areas, it appears to be failing dismally. There is no uniformity in approach in terms of VET across the country.

Mr Ghost—We have a perception, and it is a perception to a large extent, but we do have some examples. There are some very good examples of where the school-industry interface works. Some of our members and associate members have engaged quite well with the schools, and the schools have taken on board the notion that VET is a credible option for young people and works very well. But it seems to us that quite often it is very much left to a decision of the school principal if someone is to get into this activity or not. There are some pressures on school principals to maintain the status quo in preparing people for university and higher education. I am not sure if we have a system-wide approach to it where there is the commitment across the board that we need. As we get more examples of good practice and school principals who see the value of VET in Schools, it will grow.

The issues associated with careers guidance people are that often they have no real understanding of industry in particular sectors. That is certainly a problem, as I mentioned before, for manufacturing, where the image is poor but the reality is different. Providing an understanding of industry to those people has to be done through professional development. I made a recommendation in my submission, or maybe it was in the VET in Schools inquiry—I am not sure—that professional development in schools has to include an industry focus. Our perception is that professional development in schools is often an academic process where teachers strive to obtain a masters or a PhD in the discipline of education as opposed to the discipline of industry. That is an issue. There is also an issue about teacher training. It is an academic process as opposed to hard industry knowledge and content.

CHAIR—Currently we have a system of incentives operating to encourage employers to take people into training, whether in new apprenticeship systems, traineeships or apprenticeships. This morning a proposal was put to us by the Group Training organisation, which argued that we should look at giving incentives directly to apprentices or to young people to get them to take on apprenticeships. What is your view of that type of approach?

Mr Ghost—I am not sure of the issue of incentives to young people. Often young people are only one part of the decision to undertake trade training; at that stage there is a lot of parental involvement. There certainly needs to be a review of incentives. Our view would be that they are probably quite useful for generating activity in the traineeship area but, given the statistics of trade commencements, in our industry you would say at best that they are flat and, in some respects, in decline. So there is an issue of incentives there. An incentive to a young person to undertake training in an occupational area may divert that young person from where they want to go, and lead them to where there is an attractive incentive. The decision to undertake vocational education and training as a career option probably sits somewhat outside of the incentive issue. While it might be the deciding factor, I certainly do not think it is an initial or fundamental aspect of making a decision to enter VET.

CHAIR—How important is the articulation issue in terms of resolving some of the problems you mentioned between the school system, the TAFE systems and the higher education system and in terms of the issue of credits for people taking apprenticeships? It seems that one of the barriers you consistently come across is the fork in the road issue. People get to 16, 17 or 18 years old and have to make a choice: do they continue on to higher education or go into a skilled occupation? Given that only 30 per cent of all students finish up in the higher education system anyway, there is a substantial body of potential. You are right that there is a lot of pressure from parents or peers saying not to follow that route. How do we knock over the fork in the road approach so that there is a continuum for people going into a trade or occupation, to ensure that they build up credits as part of a lifelong learning approach and that they have access to university down the track if that is where they want to continue?

Mr Ghost—There are several issues associated with that. Our organisation would agree that the larger percentage goes into vocational areas. There really needs to be at least a parity of esteem in the minds of the young people and the parents to suggest that they can follow one path or another and there is not much difference in how those paths are valued. One of the problems we see at the moment is that the use of training packages in the Australian qualification framework in schools provides difficulties in the sense that that framework is based around workplace competency standards. Certainly in manufacturing, those workplace competency standards are difficult to achieve unless you are in the workplace. We have schools attempting to provide outcomes against those competencies in the sense that there is a credit transfer into the VET system. That does not work very well. There are credibility issues with industry in that sense. By doing those competency standards it is almost impossible in manufacturing and other areas to provide a tertiary ranking score against them, because they are not designed for that. Often the skills associated with those competencies in training packages are so technically hard that they are impossible to achieve in the school context, and difficult to achieve even with one day a week at work and so on.

It really comes back to what I was suggesting before in the sense of those underlying employability soft skills or whatever you want to call them. That is our view, and there is one example of that in the UK at the moment where they have just introduced a GCSE in engineering. We believe that if a program such as design and technology in high schools was more focused on vocational outcomes as opposed to higher education outcomes and there was an articulated pathway between those programs and the training package programs it would be very valuable in the sense of what we could provide in schools. That would have more credibility

with industry than the notion of trying to achieve a training package outcome in a school context.

CHAIR—Are you aware that there is some work being done on this articulation issue at the moment?

Mr Ghost—Yes, we are aware of that and we are aware of the range of work being done in these areas. We support that work but we also think that perhaps we need to pile up some of these things very soon in the school system, and we are working towards articulating some of these schemes that we could be involved with. We think it is extremely important that we solve the issue of engaging industry in schools before we let it go too long, because it is difficult to engage industry in manufacturing and training anyway. If we are providing them with young people from school who do not have what the employer expects them to have because of their qualification or certification then all we are doing is damaging an already fragile situation in terms of that engagement. We need to resolve that issue fairly quickly.

Senator TIERNEY—I want to turn to the issue of private investment by business in training. There is a fair bit of evidence that perhaps that could be a lot greater. What sort of incentives in the system do you think are needed for employers to actually contribute to the development of skills in this country?

Mr Ghost—Employers already contribute significantly anyway. The statistics suggest that there seems to be a fairly even contribution by employers and government in the sense of the total amount that goes into vocational training. I understand, through some ABS statistics that were recently released, that there seems to have been a significant rise in that. Notwithstanding this, there needs to be more work done in the sense of measuring the productivity that young people provide through apprenticeships and traineeships. A good few employers would still see people in training contracts as a cost. I am not so sure that that is actually the case across the whole of that training period. We probably need to provide more evidence that they actually are contributing to the productivity of the organisation. That would take away some resistance from some employers who see that impost as significant, particularly small business. It goes back to the issue I was suggesting before in terms of how the schools are engaged. If we can provide a pathway from school which will give young people some of those productive skills before they go to formal employment then I think we will take away a lot of those issues as well.

Senator TIERNEY—I know a lot of employers do great work in terms of skill development but we have also received evidence that, particularly when you move to the smaller operators, there is very little or zero done, as they are hoping to pick up a trained person on the market rather than do it themselves. Is there anything you think we can do across the range of industries to provide incentives to encourage a greater training effort on the part of those who are doing very little or nothing at all at this stage?

Mr Ghost—We could refer to the issues of taxation relief and so on, but I think they are difficult things to deal with in the context of training. Possibly, it relates back to the previous discussion with Group Training Australia Ltd. I think Group Training Australia and the other group training companies, one of which we have, can provide much more support in this area. One of the problems we see with employers, particularly in the apprenticeship area, is not so much the cost but having to lock in for four years when a business has a 12-month cycle time. It

may have a contract for only one year, and it really does not want to lock in for that four-year period. In the sense of support for employers, as opposed to incentives, if more use was made of group training and if that was facilitated for the employer by providing some relief from the cost of group training—and, obviously, it is more expensive to employ an apprentice through a group training company because they have their overheads—then I think we could engage small and medium enterprises much more. It is certainly the small and medium enterprises that have these problems.

Senator TIERNEY—How could we reduce those costs?

Mr Ghost—The cost of running group training—its overheads and just the cost of managing the process—probably can be reduced or supported through government incentives. It seems to me that, even when group training can offer to provide apprentices to small businesses where they cannot take them on in their own right, the small employer will resist because of the additional cost of that apprentice through the group training overhead. In the sense of government support for group training, if there was a method of removing that overhead for group training so that there was some competitive payment of apprentices either through group training or through employing them under their own right, if the employer did not see there was any significant cost difference, I think there would be a greater uptake through group training.

Senator TIERNEY—One of the incentives, although it was not so much an incentive as a stick, was the training guarantee levy that operated in the early 1990s. The Labor government established it and then they abolished it.

Mr Ghost—We do not see any value in that.

Senator TIERNEY—I believe the building industry is moving down that path. You do not see any application for such a levy in manufacturing?

Mr Ghost—No. The construction levy has been there for some time. We know there are some moves, for instance in Queensland, to increase that, and we do not support an increase in that industry. We do not support a levy in the sense that it has been made through the training guarantee. The evidence would suggest that, while there was certainly an increase in training, a lot of that training was not appropriate to any particular circumstance. We would suggest that, with better labour market forecasting, better targeted incentives and better targeted funding and support for NACs and RTOs, we can probably begin to resolve some of these skill shortage issues at least in the trade and post-trade levels, where we have a particular concern. We do not have a concern so much with the traineeship area. We think the overwhelmingly significant increase in traineeship training across all industries certainly would suggest that the current incentive and policy regimes are working in that area, but we do think there needs to at least be a review of those in the sense of how they might fit better with the skill shortages in the trade and post-trade levels.

Senator TIERNEY—For a long time now we have had an ITAB advice structure, and we are in the process of changing that. Does your organisation have a view on that change?

Mr Ghost—Yes.

Senator TIERNEY—What would be your proposal on the new advice structure?

Mr Ghost—We have a particularly strong view on the industry advisory arrangements. We provided to the Australian National Training Authority some time ago our principles for industry advice. Those principles essentially existed around a more sophisticated labour market forecasting system and a framework that allowed the demarcation, if you like, between training packages to be broken down so that we could actually have access to training content from different training packages as industry's needs changed.

An example of that would be the use of information technology—business management innovation within general manufacturing, which is not easily available through the training package structure at the moment, because it tends to be built around occupational award arrangements which are breaking down quite significantly. So we support a change to the industry advisory arrangements. We have supported the notion of skill councils. The most recent advice we had from ANTA last week would suggest there are to be 10 councils. We generally support that notion, although we have great concerns about the membership of the council.

Senator TIERNEY—How do you think that should be structured?

Mr Ghost—We assume that the board of a council would be representative of chief executives from significant parts of industry. We understand from the latest information from ANTA that industry associations will not be able to provide membership of that board directly, although some of our member companies might be able to do so. But we understand that the union movement will be able to provide officials and staff from their organisations directly onto the board. We find that unsatisfactory. We think the funding that will be available for skill councils is inadequate in the sense that there are now 10; there were to be eight. If you translate the $50 million or so available to councils into the work that needs to be done, it is probably inadequate. Having said that, we still support the notion of skill councils as representing a move forward in the maturation of the advisory system in this country.

Senator TIERNEY—You mentioned the need for skills forecasting. Could you indicate in relation to your industries how a lack of forecasting in the past has created difficulties in terms of providing the skilled work force that you need?

Mr Ghost—Central Queensland is a good example. There are several major infrastructure projects taking place there—shale oil, magnesium and so on. They are indicating significant skill shortages first with construction tradespeople and then with maintenance tradespeople after that, when these systems come online. It takes some years for these projects to come on board. There must have been a notion that there were skill needs some time in the past, but because we do not have the joined-up government approach in the states that we need, one government department may not talk to another to the extent that that skill shortage need is articulated to an education system, for example, so we cannot begin to deal with it.

We have a contract of training system in this country whereby, to be an apprentice, you must have a job. Traditionally, we would have to employ an apprentice through a contract of training to provide the trade training to give them the trade outcome over four years or so. Those jobs do not yet exist, although we know they will exist in the future. So it is a joined-up government issue. It is a matter of having a system so that we can nationally forecast those needs and the

state government information goes into a national process. It is a matter of training people outside the jobs that do not yet exist but which we know will exist. It is also an issue regarding the way in which incentives or resourcing are provided to training providers. Training for the future is difficult when you have activity and performance levels to deal with. With respect to some of the jobs that will exist in five years time, the skill sets do not yet exist. It is difficult to forecast those occupations using our current system, which tends to use ABS trend data, because the trend data does not exist for jobs that do not exist. So there are a whole range of things in terms of how we need to better forecast labour needs, because our system tends to deal with the skill needs of today and does not look too far into the future.

Senator TIERNEY—Take the example of Queensland, where there have been a number of big infrastructure projects. As you indicate, you can see them coming and state based organisations should gear up to that. Those jobs come and then go; they are there for just a few years. From what we can pick up, it seems that the way the system is coping with that is by having an Australia-wide pool of people who work on big projects and who tend to shift right across boundaries. They work on a project in South Australia and then they go and work on another big project in Queensland for a few years. Doesn't that confound the forecasting and a state based approach to training? I am trying to mesh that with the reality of what seems to be happening around the country.

Mr Ghost—I think you are right; that is why I suggested that you need a national approach to it. The state based information has to come into some sort of national process. We have suggested that that information should come together through either the Commonwealth or the Australian National Training Authority.

Senator TIERNEY—So we need to ensure that we have the skills based approach nationwide to handle those projects?

Mr Ghost—That is right. We think the skill pool is essentially empty anyway. While you are getting movement of people from state to state, who fly in and fly out on major projects, across the board there are not enough skilled people. In that sense, it is an issue that needs to be looked at in terms of forecasting. I think that industry—certainly the private side of industry—is only coming to grips with the fact that government instrumentalities have reduced their training effort so significantly over the last few years. They were actually the major contributors to the skill pool, and that has not been happening for some time. The skill pool is now so depleted that we are in a reactive mode; we are in catch-up. Under a traditional trade training system it takes four years to get somebody into the system, so there has to be another way of providing those skills.

Senator TIERNEY—We have come across that across the country—the railways, the power stations and BHP originally, too.

Mr Ghost—All those major companies are just not into it anymore.

Senator TIERNEY—We did find in the case of Alcoa in Western Australia that they were not just training for their own needs but they were training industry wide, which we thought was a terrific model. Do you know of any other instances where companies are trying to fill the gap that the former large utility employers used to fulfil in this country?

Mr Ghost—I do not know off the top of my head of any particular companies, but I do know that there is a growing realisation that companies now need to get back into that. Those major companies that have the capacity and the altruism are starting to move back into that, but it is a slow process. One of the examples that we talk about often is the sugar industry, where traditionally the sugar mills would train a whole range of people in the local community and, at the end of that training period, they would go into that local community and provide the skill pool for that region. Given the price of sugar and all the issues associated with that industry, they stopped doing that for some time. I think they are now suffering in terms of skill capacity that is available.

Senator TIERNEY—Wouldn't they need the employees who are not there?

Mr Ghost—Yes. That growing realisation will provide for some companies, particularly the larger ones, to take on board that responsibility over the next few years. Again, we are talking about medium-term resolutions to these things when we have a problem now. Whatever we do, if we still try to resolve skill shortages at the trade and post-trade level by using the traditional trade training method then I think we will never catch up.

Senator STEPHENS—We have received submissions about the manufacturing sector and the drastic skills shortages there, which you have just been alluding to as well. In your submission, you indicate the need for more flexible pathways that might be outside the AQF and outside a contract of training. Would you like to elaborate on that? Are you suggesting an alternative to the traditional apprenticeship?

Mr Ghost—I would say yes we are. I would like to preface that by saying that a good few of our members still value the traditional trade training system and, as an organisation, so do we. We think that it provides not only hard technical skills but also a range of other incidental skills that make tradespeople able to do what they do, such as problem solving and a whole range of things. So I do not want to devalue the outcomes of the trade training system because we think that is very important.

We are suggesting that there may be another way to reach that endpoint. The two years of post-compulsory schooling, that we are all now trying to move our society to, need to be looked at quite carefully in the sense of what we can do with those two years if people want to go into those occupational destinations. It would seem to me that our only choice at the moment to really start apprenticeship training is to use the training package framework in schools. We do not believe that that is totally satisfactory unless somebody is in a part-time apprenticeship. Again, if you are in a part-time apprenticeship there has to be a contract of training and there has got to be a job.

But there are courses such as design and technology in the schools which provide a whole range of engineering type principles underpinning knowledge and so on. With a restructure of those sorts of programs and an agreement that the outcomes of those programs will directly articulate into training package qualifications, we think it would be a way of fast-tracking apprenticeship training because we believe that you can actually disaggregate some of those underpinning skills and deal with them in a school context quite well, but not in the way that they are currently constructed in training packages and competency standards.

Senator STEPHENS—Have you had any discussion with the board of studies or anything about that?

Mr Ghost—We have had a lot of discussion internally and we are about to discuss with governments some of these issues because we want to support them. We think they are quite important. But dealing with education systems and boards and so on that have a preoccupation with tertiary ranking is going to be difficult. If there were government support for pilots and projects in this area, then we could actually test these principles and provide some good examples. It is building on a lot of things that are already being done anyway. It is just taking it to the next step. We think that is fundamental to resolving skill shortages in this country. We think it is fundamental to providing young people who do not have a desire to go to university with some worthwhile, interesting and valuable schooling in the post-compulsory years.

CHAIR—Would that equate to the first two years of apprenticeship?

Mr Ghost—It may. I would not suggest that it would equate to any particular time except to say that it would provide credit to some point. I think we need to test what the outcomes of that would be in the sense of how it compares with the trade outcome. I think it would have to be significant otherwise it would not be worthwhile. But I would not hazard a guess at a correct period at this stage.

CHAIR—If someone were going to undertake that type of involvement, surely there would have to be some guarantee of an outcome at the end of it. It would hardly be worth while spending two years at school to become a fitter and turner with no job at the end of the process.

Mr Ghost—I think there would have to be some guarantees in the sense of credit transfer, and that would have to be significant. I think that most employers that would desire to take on an apprentice, if these programs were worth while, would see the benefit of taking on a young person who has undertaken that program. There would be some advantage over a young person who had not, so there is a job advantage anyway.

CHAIR—There still has to be a job there.

Mr Ghost—Yes, there has to be something if you are going to provide specific training. But what we are suggesting is that there could be general training across several occupational areas so it would not necessarily be just fitting and machining. It might be fabrication on the mechanical side or it might be on the electrical side or it might pull in automotive. There might be a generic basis provided for it in the schools through design and technology, which gives them occupational opportunities not just in one occupational area.

But I think those things have to be tested in terms of how much you have to include in that program that still gives you a tertiary ranking and the general education that is a requirement of the school. I am not suggesting that we would not support a significant credit transfer; I am just not sure how much it would be until we test some of the principles.

Senator STEPHENS—Thinking through the model a little bit more: we heard something that sounds a bit like that in Gladstone, where there had been negotiations between the local high school, the TAFE and the university, which allowed a pathway for students in years 11 and 12 to

study some engineering subjects that gave them credit into either an apprenticeship or a degree course at the university. As Senator Campbell said, the challenge is that without the contract of training there is no guaranteed employment—there is no job. That seemed to be already addressed through a group training arrangement with the school—either students would be going into the group training company or they would be going on to a guaranteed place at the university.

Mr Ghost—It is an interesting aspect because there is no guarantee of occupation if you go to university, but we do not deal with the two things in the same way. I think we need to get around this notion that because you do vocational programs at school you should be guaranteed a job. If you do preparation for university at school, you are not guaranteed a job. I think those two things need to be more closely aligned because that is one of the aspects of this lack of parity of esteem between the two pathways in a school. There is a problem.

I do not know the details of the Gladstone example, but I would assume that they are doing a training package qualification. Again, they are doing it because there are occupational destinations; they are in a contract of training through a group training company. We are talking about the rest of the young people who may not have the opportunity to have a job or a contract of training but who want to study for those particular industry sectors. So we are talking about a generic program that sits outside that training package framework, which is different to most of the examples we see today.

We often use the example of Riviera Marine on the Gold Coast as a good example of a school-TAFE-industry engagement but, again, these people are in jobs and we are talking about a whole range of other people who are not in jobs and may not understand what job they want to go to but who do not want to close their options. They want to study for some vocational area. Engineering, in its widest sense, is a very large industry and a very large and important sector of the economy in Australia. If we can convince schools to engage with that industry and to provide those underpinning skills and knowledge for people while they are still in those two post-compulsory years, I think we will probably see a significant rise in the number of young people wanting to engage with industry and a significant rise in industry wanting to engage with young people coming out of school into that industry. It is different to what we do now in the way we are locked into the Australian Qualifications Framework.

CHAIR—Thank you, Mr Ghost.

[11.50 a.m.]

ORTON, Mr Paul, General Manager, Policy, Australian Business Ltd

RANKIN, Ms Kathy, Policy Adviser, Education and Training, Australian Business Ltd

CHAIR—Welcome. The committee has received a submission, numbered 40, from your organisation. Is there anything you wish to add to or change in the submission?

Mr Orton—No.

CHAIR—The committee prefers all evidence to be given in public, although the committee will also consider any requests for all or part of your evidence to be given in camera. I point out that such evidence may subsequently be made public by order of the Senate. I now invite you to make a brief opening statement.

Mr Orton—Thank you. We certainly appreciate the opportunity to interact with the committee on this important topic. It is worth while reflecting on our observations of employers' concerns—we represent employers principally in New South Wales and the ACT. People issues—loosely defined—and access to a skilled work force—more directly defined—have been increasing concerns for our members, so much so that it was the key issue that our members identified in a survey that we did in the lead-up to the recent New South Wales election.

Rather than recite the details of the submission, perhaps we might identify three key issues that may be useful to further explore. These have been developed as a result of a series of roundtables that Kathy and her team conducted around New South Wales—both in Sydney and outside of Sydney. A more atmospheric piece of feedback that we got from these roundtables was that one of the barriers to increased employer engagement with the training system was its complexity, bureaucracy and impenetrability. We see a major effort being required from a user's perspective—at least an employer user's perspective—to simplify the way in which you get into the training system. The other aspect, I guess, is they do not immediately talk about training; they tend to talk about improving the skills of their work force. So there is not necessarily a connection between the training system and helping our people do the things they need to do to improve our productivity.

Apart from that more general issue, there are three things that we are keen to talk a little bit more about. One is that we need to do a vastly better job at careers advice. We are working on a project here in New South Wales that already exists in Victoria and is one that we think is certainly worthy of far more effort—both government and industry—being put into it. That is a teacher into business program to improve the capacity of careers advisers to more accurately reflect to students what the world of work is currently like, and to address perceptions, misperceptions and stereotypes that no longer apply—and we are looking here particularly at manufacturing stereotypes. Few careers advisers have actually worked outside the education system. We would be keen to do much more to expose them to what the world of work is currently like so that that can be reflected in the advice that they give their students.

The second thing—in terms of skill shortages—is that we really do need to recognise that we are looking at skill shortages, not necessarily people shortages, so the issue of upskilling people is a pretty important aspect that perhaps has been underdone in the past. Together with our colleagues in the Australian Chamber of Commerce and Industry, of which ABL was a founding member, we have been working on a learning bonus scheme proposal to improve incentives for upskilling existing workers. I might invite Kathy, if that is okay with the committee, to expound on that in a minute.

The third issue that we think is critical to the skills issue, certainly to skills shortage issues, is the regional dimension. A lot of the examples of skills shortage that we see are in regions. While some of those skills need to be of a transitory nature, we also think a much better job could be done of utilising resources that already exist in regions. That is getting down to making a bit more tangible this idea of partnerships between training providers, institutions and employers. They are the three key issues we would be keen to expand on. Of course, the committee may have additional issues they would like to raise with us. Kathy is able to expand on each of those three points if you would like. It is up to you how you would like to run it.

CHAIR—Ms Rankin, if you want to make some comments, we are prepared to listen.

Ms Rankin—Thank you. I will speak first to the learning bonus scheme. This has been developed under the ACCI ET working group. We believe it will help to support the upskilling of existing workers. The New Apprenticeships program and the incentive system for new apprenticeships have always been for both new entrants and existing workers but they have tended to have a focus on new entrants. We believe that does not adequately address support for the skills development of existing workers.

The learning bonus scheme would be, in its simplest form, a basic set payment. It would be up to the employer to identify how to use it. It might be used to engage the employee in the recognition of prior learning process—there could be a base qualification recognising their previous learning. It might be used by the employer to fund structured training activities to help add to an employee's qualifications or, if they started off in an RPL process, to identify what additional training an employee needs to undertake to gain a qualification or a further qualification. A third option would be to give it directly to the employee as an incentive.

We appreciate that, as this is a changed system, it would need to be looked at in a budgetary process because it is so different to an incentive process. It would need to apply to a higher level of qualification, such as an AQF 3, rather than an entry level qualification. It would also need to be capped to a per annum amount that employers could access so that there would be parity across both small to medium and large employers. That leads to increased employability, or increased recognition of employability skills, which underpins the qualifications existing workers have. It also supports the idea of the value and the increasing importance of employability skills in the way that industries are changing.

I will refer to the other two issues that my colleague raised—the career advisory mechanisms and the regional issues. Firstly, looking at the career advisory mechanisms, we appreciate that careers advisers in schools are doing a very good job in that capacity. Quite often, though, direct engagement with industry is not significant and has not been significant. We are concerned that our comments might be seen as a criticism of the roles and activities of careers advisers. We

believe we need to be increasingly engaged with the careers advisers, from an industry perspective, to aid them with their currency of knowledge.

The model that we are working on is based on an existing New South Wales department of education initiative, the teacher in business program, which we feel is currently ad hoc and short term. We would like it to be more targeted towards careers advisers, who are working to identify future training or higher education pathways for students. We believe that there is a need for careers advisers to spend more time, up to a month—this is still in pilot stage—within an industry, identifying what is happening across the range of activities within a particular industry. It would apply to the manufacturing sector as well as a service based delivery activity.

On the regional development issue, the issue for regional business development is that quite often regions are losing their young people to larger urban centres or to metropolitan areas. Initially they may go for training or for higher education, and then they do not come back. There are indicators that there are increasing skill shortages within regional areas. There need to be ways that we can support the sharing of that infrastructure between schools, TAFEs, adult and community education sectors, universities and skill centres—where appropriate—and, essentially, businesses that are operating in those areas so that they can identify where they have capacity in terms of the industry skills base and where they may be looking at the needs for new skills and new entrants into their workplaces.

We support the development of partnerships in training delivery—a use for publicly funded infrastructure with private training providers but at a third-party access cost, so it would be a commercial arrangement. There is a need to better engage with industry in these regions, so we need collaborative training with a training provider and the industry. In turn that could be related to linking with original equipment manufacturers' training manuals so that there is experience on up-to-date technology rather than on older, outdated technology.

CHAIR—Thank you, Ms Rankin.

Senator TIERNEY—One of the questions that has intrigued us relates to the amount of investment by business in training. We have seen some brilliant examples of it round the country. We have also been given examples of where there is very little investment—some firms taking the view of picking up people who have been trained by others. Given the importance of the quantity and quality of the work of employers, why do you think the effort by employers is so patchy? What could we possibly do to increase the amount of training that is privately provided?

Mr Orton—We would be remiss if we did not allude to the recent ABS statistics that suggested that over 80 per cent of employers engage in some kind of training activity, an increase from 60 per cent five to six years previously. I guess we can never do too much upskilling. A big part of the feedback that we received from the recent series of focus groups that we did with mainly medium to smaller employers concerns this issue of the support they need to negotiate the formal training system. It really is a barrier and a disincentive to engaging in the formal training system. There are plenty of other reasons related to the perceived short-term stays of staff and therefore the extent to which the individual company may reap the benefits of investing in skills development. That is reflective of the marketplace we are in at the moment.

Senator TIERNEY—Do employers bring that up as a major issue—that is, they train someone up and then, zip, somebody else will take them?

Mr Orton—Of course.

Ms Rankin—It comes up as a regular issue, and it comes up in the small to medium sized enterprises. There are significant costs to training, and not only the capital cost of time and the purchase of external training but also the significant costs of human interaction—the support within the workplace and the fact that there is a need to mentor and facilitate that training. Some of our employers would say that they are operating in niche markets, that they are part of a value added chain, and therefore they feel that they do not have the breadth of activity within their organisations to be able to engage an apprentice, for example. So they would tend to focus on developing skills that are specific for their needs within their industry.

In terms of the perception of losing employees once they have trained them up, it depends on whether they are in competitive marketplaces and whether they feel that there are shortages of people and therefore, if they upskill, whether they may lose them to a competitor. I think that, on the whole, most businesses that fund their own training, are engaged in New Apprenticeship activity and are working on workplace specific training would actually support the retention of their employees and would see that they are providing a value add to their employees. It is the size of the organisation that may act as a major barrier to engagement in training rather than the loss of the skilled employee at the other end.

Senator TIERNEY—Group Training Australia appeared before the committee earlier today and they mentioned that there was an increasing uptake by larger businesses, apart from the more traditional businesses, on group training. Do you see an expansion of group training as possibly being one way in which some of your businesses could offset some of those costs and some of the risks of taking someone on for a period of time?

Ms Rankin—If I could refer back to our submission, we briefly alluded to a research project that was undertaken by Judith Stubbs and Associates for us in the Illawarra region. That project looked at the concerns of the employers in the manufacturing sector in the Illawarra region who felt that they were experiencing ongoing skill shortages, or the potential for ongoing skill shortages, within the region. They were a little reluctant to take on a commitment to apprenticeships, partly because of the four-year time frame and partly because they felt that they did not have the breadth of experience in their workplace to support adequate training for the apprentices. The recommendations that we actually came up with included that, by supporting the engagement of a group of employers involved in different stages of the supply chain in the manufacturing sector, along with a group training organisation where there was a pool of potential apprentices working that could be rotated around those small to medium enterprises, people would see that as positively impacting on the skill issues within the region for that particular area.

Senator TIERNEY—Do you see any incentive schemes that might work to encourage this group that are not actually involved in training to become so?

Mr Orton—I think it really comes back to this issue of the impenetrability of the system. Perhaps rather than a case of removing barriers, it is at least as much a case of providing

incentives. Kathy, you might want to reflect on some of the comments that we got from the participants in the focus groups that we held. The other thing that we picked up from those groups was that they really are interested in company specific training and that perhaps, in some cases, there might be a disconnect between industry training packages and what they actually needed in their own business. Our starting point would be to remove barriers and improve the existing system before we looked at incentives, if we were thinking of incentives in the dollar sense. Kathy, you might want to expand on that.

Ms Rankin—One of the things that we did find overwhelmingly from our employers was that when we talked incentives they said, 'We are not interested in increased financial incentives. The financial incentives may act as an initial trigger, but it is additional softer incentives that we feel would be of benefit.' Some alluded to some sort of tax relief that may be related to employing trainees and apprentices. We have not done any further work on that to identify whether that would be appropriate or not.

One of the softer barriers to the engagement in training is that employers often do not feel comfortable. Paul mentioned earlier that they felt that the training concept was different from skills development. On the whole, employers tend to look at the process of education and training as something that sits as a foreign activity, as an external activity that may be brought into the organisation, or that may have somebody within the organisation dedicated to it. Skills development is about how you engage and how you practise those skills and those appropriate activities.

We are learning all the time in the workplace. In small to medium organisations and in larger organisations, especially in manufacturing sectors, there may be a need to support structured mentoring to allow the people currently in the workplace to actually engage better with the new and younger people who are coming in through the training system. A huge number of skills exist within the workplace, but they are not necessarily formally recognised in how you interact with people—interpersonal skills, problem solving and all those sorts of things. I think some further work could be done on developing some structured mentoring around the people who are the workplace supervisors or the people who are directly responsible for the engagement with young people under a New Apprenticeships activity.

Senator TIERNEY—That is very interesting. Are there any other soft barriers you could identify?

Ms Rankin—I would suggest—and this is just based on perceptions and informal anecdotal discussions—that a number of the smaller to medium enterprises are working to very tight financial time frames in product service and delivery. Some of them have indicated that, because of those, they would rather look at somebody who was fully trained within their area. In the new technology areas such as computing or electrotechnology a number of our employers in the focus group indicated that they need some people to be available with base technical skills that they will then further develop to their own specific industry needs. They are working on new and emerging technologies at the same time as they are developing product offerings, and they felt very strongly that there was a need to have a core technical skills base that they would then be able to further develop and customise, if you like, for their business operations so that it became a return for their business and so that the employee was valued and supported to add value to their organisation.

Mr Orton—One of the other barriers that we heard about at those roundtable discussions was the inflexibility of the delivery mechanism through institutional service providers. I guess a lot of them are looking for the capacity to deliver training on site at times that suit the business but that may not necessarily suit the institution.

Ms Rankin—Because of the funding models that are currently operating, there is often only X amount of dollars available to deliver training. So the RTOs, whether they be public training providers or private training providers, tend to go to the businesses with a set package that they have identified out of the training package and that they know they have received a vocational training order for and have the capacity to deliver under. In lots of ways, there is a fairly inflexible product offering and employers often do not have the knowledge that they have the opportunity to expand on that by adding some extra dollars of their own to provide additional training or that they can work with the training providers to customise the offering out of the national training packages.

The concept of national training packages is strongly supported by employers. They have provided a very positive boost. They have gone through a period of rapid development. In the next couple of years the delivery, communication and the mechanism regarding flexibility for those will need to be a focus of ITABs and training.

Senator TIERNEY—This inquiry has focused quite a lot on entry level training, but in terms of rapidly changing industry and the need for mature age workers to upskill, you did mention the learning bonus scheme. You might want to go into that in a little more detail. Could you also provide the committee with more written detail on that learning bonus scheme. That would be very useful. In summary form, for the record, you might want to describe it a little more fully.

Ms Rankin—One of the things that we alluded to in the submission was the increasing age of the work force. Research undertaken by Access Economics in January 2001 titled *Population ageing and the economy* indicated that we would have a significantly reduced number of new entrants into the workplace. In the decade 2010 to 2020 it is estimated that we will have the same number of new entrants into the workplace as we have had in a single year in the early 2000s. What we need to do then is to recognise that current technical skills for those in the work force may not be applicable for the operations of those people as we move into those new and emerging areas. A lot of people comment that we do not even know what the workplace is going to look like in the next five to 10 years, so how can we actually support structured training that will achieve outcomes? Therefore we need to recognise what capabilities and skills are currently there within the existing work force and identify opportunities to build on those so that we are increasing flexibility within those people, supporting their engagement and helping to support their feeling of inclusion in the workplace.

In some of the more traditional manufacturing or trade based areas, a number of people have entered the work force as young people. They may have basic technical training that they have not necessarily built on over the years. They may also have entered the workplace unskilled, and so they have developed skills related to the workplace as a consequence of engagement in their work.

One of the issues for engagement with ongoing learning—or lifelong learning, as we talk about it—is that these people often feel, because they do not have anything structured to begin

with, that they cannot continue or engage with the learning. It is something that is out there for somebody else who has a history of engagement with education. So the first step, we believe, should be around identifying opportunities where recognition of prior learning could be undertaken so that, through mapping them against qualifications out of current training packages, we might be able to identify what competencies they do have, where they have high levels of competencies, and then map them against qualification levels.

It may be that mapping an RPL or undertaking a recognition of prior learning process might show that this person has all the competencies and all the skill requirements for the identification of a qualification—therefore, a granting of that qualification. It may be that they may have high capability in one area and low capability in another. So it may be that there is a need to support skill development initiatives in that lower capacity so that it brings them up to a level where a qualification can be conferred.

It may be that the employee feels that they do not have enough confidence in their workplace capacity, so they would then like to undertake a formal structured training process. So that learning bonus could then be used to support a recognition of prior learning process, provide additional training for the conferring of a qualification or provide a catalyst for training for a qualification that they may want to take as the whole area.

Senator TIERNEY—Finally, and related to that, would you like to comment on the point you make in your submission about what you see as a lack of articulation between the vocational education and higher education sectors? They keep telling us this is all working fine. We would like your perspective on that.

Ms Rankin—I think that there are barriers. We believe that part of it is about aspirational activities as well. We are increasingly seeing students staying on longer at school and graduating in year 12. That is very positive in terms of increasing capability in maths, science and data. The perceptions, though, may be that those people believe that if they have moved on to years 11 and 12, they will move into higher education and training. We do not believe that we should squash that idea, but not everybody is suited to ongoing structured learning. So the aspiration to achieve qualifications through a university degree or a vocational pathway should be seen, and responded to, as being both high quality and value added learning. That comes back to our careers advisory mechanisms as well.

The issues around articulation tend to be that a vocational based qualification, especially one delivered in the workplace, is competency based and a higher education qualification is often examination based. So how you map and make sure that there is equity and parity between those two is one of the major areas to consider. The other major issue about articulation is that it depends quite significantly on the individual universities as to what they will recognise and to what degree they will recognise that qualification.

Senator TIERNEY—Is it still a major barrier, that you can see, that universities are not playing ball in articulation as they should?

Ms Rankin—My response would not be based on any specific research that we have done, but our perceptions are that that is the case.

Senator STEPHENS—Would you comment on the argument in your submission about the bureaucratisation of the process of training. The tension between state and Commonwealth implementation and administration of training approvals is a point that you make in your submission. Can you give us some examples of that?

Ms Rankin—I would prefer to provide them after the hearing.

Senator STEPHENS—You can take that on notice.

Ms Rankin—Yes.

Senator STEPHENS—Why do you think the New Apprenticeship Centres do not address that problem?

Ms Rankin—I would be concerned if you assumed that we felt they did not have the capacity to address that problem. I think that the New Apprenticeship Centres are actually helping to support the engagement between the employer, the employee, the businesses and the registered training organisation that is delivering the training. But they are ongoing processes. I believe that the New Apprenticeship Centres are working with them and they are developing them together. Significant industrial arrangements can lead to some of the barriers, as can funding arrangements. But there is some further work to support the work of the New Apprenticeship Centres and the engagement there. We believe that the more that we provide information and allow for flexibility and the development of relationships between the employer, the employee, the training organisation and the state training authorities then the issues will begin to be addressed a little more.

Senator STEPHENS—I note that you undertook to provide some more information to the committee about the learning bonus scheme, and I appreciate that. Anything like that would have to take place within a budgetary framework, as you suggested, so have you done anything in terms of financial modelling on that kind of scheme?

Ms Rankin—We have not at this point. It is something that has been led through the Australian Chamber of Commerce and Industry and ABL is very supportive of the process.

Senator STEPHENS—Has it gone as far as identifying what employers consider would be a kind of a benchmark amount that brought value for that learning bonus?

Ms Rankin—We have not set a benchmark amount for it. It would need to be looked at in terms of the current incentive process amounts anyway.

Senator STEPHENS—So you would you be trying to marry it up with existing incentives that go with the Jobs Network and/or entry level training in terms of apprenticeships and traineeships?

Ms Rankin—It would have to be reflective of that. We are not suggesting that it would be exactly the same amount of funding per individual but it would need to be within that total amount of an equitable incentive process.

Senator STEPHENS—I suppose the real question though is that if the government supports entry level training and the recruitment of young people into training why would it be the responsibility of government to support training the existing work force? Isn't that about productivity? Why doesn't industry recognise that training is important for business performance and so it is important for businesses to invest in it?

Ms Rankin—I do not believe that the learning bonus would ever be intended to cut across and totally cover the cost of any workplace training or any employer requirements for the training of existing workers. It would be appropriate to use it to help in areas where there may not have been a traditional commitment to formal qualification attainment. It would be used to help support the engagement rather than provide the total cost of delivery. The incentive process is really just a way of commencing the engagement. It should never be seen as a way of totally funding the cost of training.

This learning bonus issue is around helping to commence the engagement and helping businesses to understand that workplace processes are changing and that there is a need for the employees to be able to be responsive to those sorts of changes as well. There is also an indication that there are changing activities within the employment matrix—casualisation, part-time employment and that sort of area. There does need to be some support for recognising the fact that people do have skills and qualifications and that these can be built on. By starting that catalyst, if you like, the individual may take on additional training and fund it themselves. The employers may see that there is an opportunity to fund additional training to support the qualifications of their existing workers as well. The learning bonus would only be a catalyst for engagement, not a total solution.

Senator STEPHENS—You see that model contributing to overcoming the skills shortages that currently exist in industry?

Ms Rankin—We believe that it would help identify specifics around the skill shortages. Skill shortages tend to be identified through data and through economic modelling. We do not tend to pick up on some of the anecdotal information from employers in their workplace and the areas where they see projections for their industry growth. It would help to provide additional information on where there are skill shortages and where perhaps there need to be targeted activities around identifying specific skills.

CHAIR—Thank you, Mr Orton and Ms Rankin.

[12:32 p.m.]

ROE, Mr Julius, National President, Australian Manufacturing Workers Union

CHAIR—Welcome. The committee has received a submission, numbered 24, from your organisation. Is there anything you wish to add to or change in the submission?

Mr Roe—There is nothing I wish to change but there are a couple of general points arising from the submission that I would like to present to the committee.

CHAIR—The committee prefers all evidence to be given in public although the committee will also consider any request for either all or part of the evidence to be given in camera. I point out that such evidence may subsequently be made public by order of the Senate. I now invite you to make a brief opening statement.

Mr Roe—Can I first indicate that our organisation has put a lot of resources into the issue of skill development and into the development of the national training framework. We are very supportive of some of the general reforms that have occurred in the development of a national training system over the past decade. I have been on the National Training Board and its successors through to the National Training Quality Council since 1990 so, on behalf of the ACTU, I have been a part of that overall reform process of the national training system.

One of the central issues that we have raised that I think bears careful consideration is the relationship between the changes in the labour market and regulation of the labour market, and the national training system. When the national training reforms about an industry led system were first conceived in the late 1980s, the labour market was much more regulated than it is today, the level of casual and contract employment was much lower and, therefore, a focus on skill formation at the enterprise level was much more appropriate.

Of course, we have a strong view that the best way to learn vocational skills is a combination of institutional learning and practical learning in the workplace; it is a combination of the two that is the key to successful qualifications and skill formation. But an overemphasis in the current labour market on development of skills purely at the enterprise level is not going to serve the needs of the labour market. We note that many submissions from employer organisations have emphasised the importance of generic transferable skills such as problem solving skills, creativity and the like. We also note that, given the very rapid turnover in the labour market and the increasingly precarious nature of employment, most employers, at various stages, are importers of skills rather than simply developers of their own skills.

If we are going to deal with skill shortages we must put much stronger emphasis on portable national qualifications so that employers are saved significant costs in the selection of labour and in identifying skills that they have, and so that employees have the best chance of maintaining future careers and employment security, and so that industry can adapt to international competitive demands and changes in technology to meet the innovation challenge. Given all those factors, we say that there must be a stronger emphasis on portable national qualifications

and on linking the funding of the system to the key objectives of industry development, export development and employment.

So arising from that we raise what I think are two fundamental points. Firstly, investment from the public purse must be much more closely linked to training effort and to broader industry and labour market objectives. At the present time the funding is not so linked. This may require some changes to the national training framework itself to more clearly align national qualification levels with actual training effort. But primarily it should involve looking at both state government subsidies and state government funding of the delivery of training programs, and at Commonwealth incentives, linking the level of such funding much more closely to actual training effort and to those broader industry objectives. There have been some recent changes to the incentive arrangements for the Commonwealth that have gone some way in this direction, but in our view there is a long way to go to link funding to training effort. There are many examples that I know this committee has seen of where funding is not appropriately linked to training effort or to those broader skill formation and employment objectives.

We come across such examples regularly. About 12 months ago we raised with the relevant authorities in Victoria a problem in respect of a major company, DMG—an auto components manufacturer. The concern that we raised was that there appeared to us to be an arrangement between a commercial training provider and the company to maximise access to incentive payments on the one hand and the training dollar for the training provider on the other, without any regard for the actual skills that were needed or the access to training. So a significant number of people who already had trade certificates were being enrolled in apprenticeship training contracts and they never received any training at all towards such qualifications—they did not need to because they already had the qualifications. A similar approach was taken to people in the non-trades area.

In raising the example, we are not being critical of the Victorian regulatory system, because they have responded to our complaint. They have investigated the complaint and I believe they are taking action to deal with it. But it does illustrate one of the consequences of the poor linkage between incentives and training effort and the poor linkage between incentives and broader skill formation and industry development objectives.

I will finish by referring to another point that flows from this. I refer to the question of the skills of existing workers and how to achieve greater engagement with employers and their investment in training in a broader national training system. The most recent ABS figures show that there is an increasing proportion of employer investment in training which is investment in unrecognised training, which of course is mostly informal, unstructured training that is specific to particular enterprises. Such training obviously has its place in the system but an over-reliance on that in the context of increased labour market turnover and an increased proportion of casual and contract employment seems to us to run totally counter to the national economic need. What is really required is to harness private employer investment and the public investment to actually build the overall skills pool that is available and to maximise the proportion of it which is in the publicly recognised qualification system. That will give firms the best opportunities to compete and it will give employees the best opportunities to progress in the labour market.

We believe the biggest barrier to the recognition of existing workers' skills and the participation of firms in recognised national training is in fact the expensive and difficult process

of actually understanding what it is that people already know. To do that job properly involves a degree of analysis of the work that is performed in a particular firm and an analysis therefore of the skill formation that existing workers have already been through. That is the process which, if it were properly conducted, would give people much better entry into nationally recognised training. Most studies that have been done about recognition of prior learning are overly focused on the role of the registered training organisation and insufficiently focused on this question of partnership between the enterprise and the training provider in order to do the necessary skills analysis at the workplace level.

From our view, redirection of some public funding to assist in overcoming that particular barrier would be a very positive move towards increasing involvement in the national training system. We believe that such funding could be linked to a requirement for firms to invest in further training in the national system. In return for public assistance in recognition of existing skills and the development of appropriate training plans there could then be funding from employers for further skills development which is nationally recognised. That is a key aspect of the system that has not been implemented. Recent studies of recognition of prior learning show that the amount of recognition of prior learning by registered training organisations is around two per cent of effort. It is at an extremely low level, despite the fact that it was one of the primary objectives of a move towards a competency based training system. It was to enable more efficient recognition of prior learning, but all the incentives in the system run against such recognition of prior learning. As a result, it is still at a very low level in the system. That means a lot of inefficiency and a lot of barriers to participation. I will leave my remarks at that.

CHAIR—To what extent is the issue of remuneration an impediment to the recognition of prior learning in the workplace and the acknowledgement of existing skills?

Mr Roe—The remuneration of workers?

CHAIR—Yes. In other words, to what extent is the requirement of a person who possesses the skills to be rewarded for having those skills an impediment to employers engaging in recognition of prior learning and acknowledgement of the skills base of the work force at their employ?

Mr Roe—It is not a significant impediment. There are many areas of the labour market where, in industrial awards and collective agreements, there is no strong link between qualifications and pay. Particularly in larger enterprises, collective agreements set the rates much more than minimum awards. Therefore, you do not see many sectors of the work force where there is a very strong link. There is quite a strong link in the manufacturing sector, particularly in the metal manufacturing sector, between qualifications, skills acquisition and pay. But, in our experience, most employers are more than willing to pay for the additional benefits that they get from more productive and skilled workers, particularly workers who are able to use their initiative to solve problems, which is one of the key outcomes of a better qualified and skilled work force. In most cases, we do not find that there is any great resistance.

Also, the nature of the industrial agreements in the manufacturing sector is that the skills and training have to be relevant to the work requirements before they are recognised. We have not found that that has been seen as any great impediment. The biggest impediment with respect to remuneration—and this is acknowledged by a lot of employers as well, in my experience—is

that the entry level apprenticeship rates are too low to attract young people. School leavers can earn much more working in McDonald's and in casual service sector jobs than they can through committing to a four-year apprenticeship. The low rates for entry level apprentices is a significant barrier. That has been recognised by quite a few employers. Our organisation sees it as a priority to try to address those low minimum rates, particularly for people who have left school at year 12. If you leave school at year 12 and commence an apprenticeship and you are being paid $250 a week, it is really not much of an incentive to sign up.

CHAIR—I understand that argument, but it is argued in a number of these submissions before us that in fact the real area of skills shortage in this country at the moment is in manufacturing and skilled trades. There is also the counterargument you hear consistently about the classical taxi driver who is a fitter and turner or a boilermaker—about people who have gone out of the system. To what extent is remuneration per se a barrier to people getting back into or staying in the trades area as a worthwhile career path when it is compared to remuneration for people with similar types of skills in other areas of the economy? To what extent is the issue of job security in the manufacturing and metals industry an impediment to building that skills base?

Mr Roe—In our view, job security and commitment to career development is a much bigger problem than remuneration in terms of attracting skills back into the industry and maintaining skills in the industry. The reality is that the industry is not investing enough in skill development. The ACIRRT study that was done for the manufacturing council in Victoria illustrated this. Sometimes employers have the best intentions about recognising that skill development is critically important, but they have structured their enterprises in order to deal with competitive pressures and they are so lean that there are no human resources available to support training effort. They cannot release people, give people time off the job, to actually participate in skill formation.

In our view, it is a combination of that lack of perception of and lack of investment in career path development, and lack of perception about job security, particularly with the many redundancies that have occurred in recent times in the industry. You combine that with the poor level of government funded support for training in the industry, which is based on the point that I made earlier about the mismatch between government funding incentives and training effort. If you are a company that wants to set up as a training provider or you are a company that is working as a new apprenticeship centre or trying to place people in training, then you are crazy to encourage people to go into manufacturing industry training, because you can get heaps more money for much less training effort in other areas, such as the security industry, the cabling industry and a number of the other areas where, for minimal training effort, you can maximise your access to public dollars.

CHAIR—On the point you raised about the incapacity of companies to train, there was a report a couple of weeks ago in the *Sydney Morning Herald* about the State Rail Authority. I have two quotes from the article and I wonder to what extent they apply commonly across the whole of the manufacturing sector. The first quote reads:

> Managers had a "fix when fail" approach to maintenance and a culture of "spend" without properly identifying projects.

The second quote, which is probably more important, reads:

... the corporation has "skills shortages at many levels. This, combined with an ageing workforce, will require a significant investment in training to build staff capability to support the development of a highly competent workforce."

To what extent is that a feature of companies right across the board?

Mr Roe—It is a very common feature, but it is especially important in manufacturing. You only have to look at the statistics in the major states, particularly in New South Wales and Victoria but also in Queensland, to know that the biggest trainers of skilled labour—and we are talking not just about trade levels but about technician, associate diploma or associate professional levels—were the public utilities such as rail, electricity, water and so on and the very large engineering manufacturers such as ADI, the large car companies and so on. Telstra was another.

CHAIR—Evans Deakin.

Mr Roe—Yes, Evans Deakin. These were the big generators of training for that skilled labour that the industry skill formation relied upon. It provided a model for what others did and it provided labour that then moved into other areas. That has now changed, not just because of privatisation and corporatisation but because of the use by the larger firms of contracting out, particularly in areas such as maintenance but also in a number of cases in the areas of design and testing. So a number of the functions that involved skills which were critical to industry development and innovation are now contracted out of the enterprise.

CHAIR—And they were usually transferable down the chain as well.

Mr Roe—Absolutely. The contracting companies now do not generally engage significant investment in skill formation. There are many reasons why they do not, but one of the primary reasons is that they achieve their contracts on the basis of lower price. That is probably the key element in the problem that you have identified, and that is why we would say that you have to put a very much stronger emphasis on trying to link public funding with training effort and on trying to link public funding with private funding—that is, industry funding—that will contribute to national skill formation. That is the only way to deal with this issue in the industry as a whole.

CHAIR—We had a considerable discussion this morning with a couple of people who appeared in a private capacity about competency based training, modular training, delivery and training packages. The argument was that, since these were all introduced on the basis of up-skilling in the 1980s, they were enforced but that in practice they were working in the opposite direction because a lot of employers wanted to pick out the eyes of the modular training programs to essentially those components that were relevant to their particular enterprise. It was argued that it was the same with the competency based training; that the tick-a-box approach was not necessarily ensuring that we were getting people with a full range of competencies coming out of the system, that it was all working in the opposite direction from the original intention and that it was restricting the mobility and flexibility in the labour market. Has that been your experience in the metals industry, or has your experience been different?

Mr Roe—I think that is a one-sided view. I think there are trends in several directions. I think the first thing is that it is a historical view, because the reality is that pressures for narrow

training—that is, to only invest in the training for the here and now, to only invest in the training that the individual employer wants—have been around since the Industrial Revolution; they are not new. When we had skill shortages in Australia after the Second World War, at least 50 per cent of the trade work force were not trade qualified.

CHAIR—I think they were called 'dilutees'.

Mr Roe—Exactly—they used to call them dilutees. The point I am making is that this is not a new phenomenon in the labour market.

CHAIR—But I think a difference here is the argument that there is a structure that is actually facilitating it when the whole objective was in the opposite direction.

Mr Roe—That is a point I was coming to. That is my first point: let us not overstate the newness of this phenomenon. The second thing I would say is that there are certainly areas both inside and outside of manufacturing where a narrow approach has been taken to competency based training, and that has resulted in inadequate emphasis on underlying skills and knowledge, inadequate emphasis on the transferability of skills and inadequate emphasis on generic skills such as the capacity to solve problems and to transfer knowledge from one situation to another. There are certainly many examples of where that sort of thing has happened. There are examples where it has resulted in what you could call deskilling rather than upskilling—people whose job horizons, job prospects and future job security have been narrowed because their skills base is tied to a particular machine or process. If that process changes they have to change their job, because they do not have the necessary transferable skills. It has also created significant problems for enterprises to be able to adapt to new circumstances. That sort of narrow approach to skills formation works okay for a short time, but if competitive pressures change, if the market changes or if the product changes, then you are very poorly equipped to deal with that.

Having said that, I do not think that is the only characteristic. For example, if you look at TAFE as a public provider, within a competency based system, generally speaking, TAFE teachers use the training packages and the competency based system in a broader sense to ensure that people do acquire their skills in a holistic way, including underlying knowledge. It is by no means true that all providers of training have approached it in that way. It is true that the competency based system in manufacturing has actually enabled the training system to adapt to changes in skills. The fact is that the old demarcations between particular areas of skill do need to break down and people do need different combinations of skills from what they may have had before. Therefore, having a more flexible approach to a training qualification, as long as it preserves a degree of transferable core skills, is something that industry needs.

My point would be that there is some truth in what has been said, in certain circumstances, but it is not universally true. I would say that the biggest driver in the negative direction of moving towards a very task specific, tick-a-box approach is not the competency based training system itself or the training packages. It is two things: on the one hand it is the labour market developments that I spoke about—that is, the forces in the labour market towards intensification of labour rather than the development of upskilling, career paths and using the initiative of workers. On the other hand, in the training market it is the poor targeting of public funding towards training effort. In other words, it is that end of the training market that is seeking to minimise the training effort and to maximise the dollars they achieve. It is that sector of the

training market that is encouraging a narrow approach to training, and it would not matter whether it is competency based or curriculum based. You would have had exactly the same problem in the security industry over the last few years—that is, training providers who are after the public dollar who are delivering very narrow training. Whether it was curriculum based or competency based it would have been the same.

CHAIR—I will give my colleague the chance to ask some questions but, firstly, we have had it put to us in a couple of areas that we need to pay much more attention to the skills of the assessors and the trainers, because there is a lot of weakness in that area. Assessors do not necessarily have the skills to be assessors, and there is a very limited training requirement on them. Yet in assessing people who are required to have considerable skills they are really taking a tick-a-box approach.

Mr Roe—There has been a big step forward in respect of that through the introduction of the Australian Quality Training Framework. That has only been in place for 12 months. It is true to say that with the introduction of the more deregulated training market in the mid-nineties the level of auditing and supervision of the registered training organisations was very poor and the state training authorities had inadequate resources devoted to that effort. The introduction of the Australian Quality Training Framework means that training providers are now being much more systematically audited, and the audit based process is against very clear criteria. One of the interesting things is that in the first 12 months of that system one of the identified key areas of non-compliance related to the skills of trainers and assessors. That means the systems are now putting the pressure back on the registered training organisations to either rectify the problem or be deregistered. By saying there has been a big step forward I did not mean that there is not a long way to go, but I do think the new auditing system has illustrated the truth of the point you raised about the importance of the assessor and trainer skill area and the problems in that area, and it shows part of the solution, which is to have proper auditing processes.

I would like to make one other point on that. I think that, regarding the deficiency with the training and assessment skills and systems of the registered training organisations, one of the key problems is the inadequate use, still, of workplace assessors, and the inadequate partnership and linkage between the assessment and training that occurs in an institutional setting and that which occurs in a workplace setting. You can have the best qualified trainers and assessors in the world in the institutional setting, but that would still not solve the problem of having a good quality assessment and training system for industry relevant qualifications. You have to have proper linkage between the assessment and training off the job and the assessment and training on the job.

I think the proposal we are making about some public investment going into the recognition of existing workers' skills—that is, skill analysis at the workplace level and in the identification of new training plans—could also provide a big boost to the development of the partnerships between the registered training organisations and the enterprises, in that area of workplace assessors' and trainers' competencies and skills. That is a key area of defect. You can have people who have quite good teaching qualifications in, for example, a TAFE college or a registered training organisation whose industry skills and experience are quite out of date. There is certainly some effort to fix that up through industry placement and so on, but one of the keys to fixing that up is this partnership between workplace assessors and trainers and the teachers and assessors in the institutional setting.

Senator SANTORO—I have a few questions, but first of all let me remark on how refreshingly balanced I found the evidence that has come forth from Mr Roe to date. Mr Roe, an opinion that has been presented to this committee during evidence, and in discussions that I have had with union representatives, employer representatives and ITABs, is that one of the major faults in the operation of ITABs is that many of them have become captives of either union interests or industry interests. This has perhaps precipitated the reform of the advisory structures in relation to training that government avails itself of. Do you agree with that proposition for a great number of ITABs? I will go on the record as saying that there are ITABs that operate in an exemplary manner in the way they consult and the opinion they put forward. While sometimes they are criticised as being diluted, nevertheless the opinions are fairly representative of the major stakeholders within a particular industry. But in my experience, there are heavy criticisms of ITABs basically not fulfilling their function because they are more interested in the internal politics and the bureaucracy imperative. How do you react to a statement like that?

Mr Roe—I think there are examples of where the bureaucracy and the executive officer of the ITAB have too much influence and the industry board has too little influence. I must say that has never been the case in the metals ITAB—the MERS ITAB—where the industry board has a very strong hands-on role. In my view, it is a positive thing in an ITAB for the industry players to have as much of a hand on the tiller as possible. If you go to the other extent of having an ITAB where the professional officer has too much of a role, then the sort of danger you are talking about is likely to be greater—and, in my experience, has been greater. Some people also have a strong view that the people who should dominate the processes of industry training advice—that is, the ITABs—should be chief executives of particular companies. Obviously, it is important to have the voice of those who are actually running companies heard in the running of the training system. However, given the point that I have made about the importance of an industry view rather than simply an enterprise view, training advice and industry advice are in one of those areas where trade unions and employer organisations really do have an important and strong role. I can think of other areas of public policy where you may say that industry associations and trade unions are not properly representing the views of their individual constituents, but industry training advice is precisely where you need that more association type view so that you can look at the interests of the industry as a whole. That is not to take away from the need to have some hands-on individual company input as well.

One of the issues with the training advisory boards has been that they have been inadequately resourced to deal with the very heavy demands that are placed on them. There was a tendency in the last four or five years for all of the resources and attention of the advisory boards to go into training package development. Because training package development is such a big task, and that is where the funds were, that probably overwhelmed the industry advice role—and that was probably a negative. It is obviously very important to make sure that training packages continue to be relevant and deal with some of the broader issues that need to be dealt with, such as generic skills. Now that the training packages are in place and we are looking at the review of those packages, hopefully there will be more space for the industry training advisory boards to deal with some of the broader issues we have spoken about.

Lastly, some of the strongest criticism of the industry training advisory boards comes from provider interests. If we were not getting that sort of criticism then I do not think we would be doing our job. One of the roles of the industry training advisory boards is to ensure that the delivery side of things does not dominate the policy. Obviously they have a very important input

into the policy because, given their institutional strength, they are always going to have a strong influence. In a way some of that criticism is exactly what you would expect and it shows that industry training advice is doing the right job.

Senator SANTORO—We heard this morning during evidence that one of the criticisms of training packages is that there was not sufficient or widespread knowledge within the industries that they were meant to apply to. In fact I think the figure—and the record will correct me if I am wrong—was something like only 20 per cent or 30 per cent of employers knew about the availability of training packages relevant to their calling or to their industry. Do you see the education role of ITABs in educating the membership of the industry that they are supposed to be representing as an important one?

Mr Roe—It is critical.

Senator SANTORO—Is it a valid criticism of ITABs and how they operated or has that come back again, as I almost half expect you to say, to a funding situation? It seems to me that the education role—whether it is via newsletters or direct representation seminars—should not be a costly exercise in terms of communicating the value of a training package that is relevant to an industry.

Mr Roe—I agree with you entirely. I think it is a very important role for the ITAB and it is a role that has been implemented patchily. Some areas have had some good initiatives in that area and others have not done as well. I see that as a very important role. Remember, training packages are pretty new and in some ways the important thing for both employers and employees is not to know the intricacies of the detail of the regulatory system for training. What they need to know about are the training products available and how they can link to nationally recognised qualifications. Those things are very important and I think there is inadequate knowledge of those things in the system. I am not saying that there is not a problem. There is a significant problem and it clearly needs to be addressed. You will not get more investment going into nationally recognised training unless there is widespread knowledge amongst students, employees and employers of what the national qualifications are. I would say that it is the national qualifications that need to have a stronger recognition than necessarily the package as a whole. Once people know about the national qualifications they can then go behind that to say, 'Who delivers it? How do I get recognition towards it?' That is when they open up to finding out about the training packages. I think knowledge of the national qualifications in Australia at the moment is inadequate and that much more could be done to promote understanding of national qualifications and how to access them.

Senator SANTORO—I am conscious of the time, but may I pursue a couple of other questions briefly?

CHAIR—Yes.

Senator SANTORO—People who have appeared before us this morning have stressed that they do not wish to be critical of career advisers, and nor do I wish to be. But the suggestion has come through on a couple of occasions this morning that because of their background, training and education career advisers, particularly at a school level, seem to favour what could be described as the soft training options when they are providing advice. For example, just from my

own experience, very few would give people balanced, significant or sufficient advice to consider taking up career pathways and options in the industries that you represent. Do you broadly agree with that statement that has basically been put by employer type representatives that have come before the committee? If you do, how can we go about balancing the advice that is provided by career advisers, particularly at that critical grade 11 and grade 12 level?

Mr Roe—The point is absolutely valid and it is very important. In defence of the career advisers and the orientation of schools towards the easier options, particularly in respect of VET in Schools, one could say that there is a reality that jobs in certain areas of manufacturing and construction are often precarious employment and not well paid. So there is a sense in which they are reflecting reality but there is very strong sense in which they are not properly reflecting reality, because there are many good jobs and many good opportunities in those areas and there is a tendency to exaggerate the opportunities in areas like IT and some of those other sectors—

Senator SANTORO—Higher education—

Mr Roe—And higher education itself. There is a tendency to exaggerate the pluses there. It is unbalanced and it is a key problem. In terms of the ways to deal with it—apart from professional development issues, which I know people have raised—the promotion of apprenticeships commencing in schools is a very positive development. I know some of my colleagues in the movement do not agree with me about that, but if you look at the system that operates in Germany, for example, which has always been an apprenticeship system which has been based on apprenticeships commencing while people are still at school and people continuing their schooling whilst doing their apprenticeship, it shows that the concept can work. I am not saying it is the only model but I am saying that it is a model which can actually bring industry into the school in a much stronger way and can actually help change cultures. I am not saying it is the only way, but it is something that should be promoted and supported.

Also, partnerships between TAFE and schools are really important. They are ways of sharing infrastructure and also important ways of changing culture in the schools and overcoming some of the skill deficits that might exist in the schools. Promoting those partnerships is also an extremely important way of tackling this question. Programs of placement for teachers in industry—that is, programs where people get actual exposure through career swapping and so on—benefit schools, TAFE and industry—

Senator SANTORO—Do you mean exchange programs?

Mr Roe—Yes. They are also very useful initiatives that do not cost a huge amount of money but provide very big benefits.

Senator SANTORO—Just one last question. You mentioned earlier that you reported an example of what you would call—I do not know that you used the word—abuse of public training funds to the relevant state authority, which took action. We often hear, and in some instances it is put to us in quite sensational terms, that there is abuse of public training funds by training providers. Do you see that as being a major problem, or is the problem more, as you put it before, a misdirection or mismatch of funds as opposed to abuse, where a dishonest motive is being practically applied in a workplace? Some people make quite a lot of the abuse of training

funds. In your experience, is that a widespread practice? You have provided one example; are there other examples that you are aware of?

Mr Roe—I wanted to emphasise—

Senator SANTORO—I am giving you a free kick, but I wanted to particularly test the statement. Although I appreciate you did not overdo it in terms of talking about the abuse, others do.

Mr Roe—I think it is important to emphasise that the core of the problem in my view is not dishonesty, although dishonesty is important. The core of the problem is that the training and incentive funds are not adequately linked to training effort.

Senator SANTORO—That needs to be finetuned.

Mr Roe—Exactly—that is my view. I think that we should be putting a greater proportion of the funds into training that is more intense, of a higher quality and more closely linked to employment and industry development goals. If it is that sort of training, it should get a higher proportion of the funds. If it is the sort of training that an employer would provide anyway, that does not necessarily lead to greater employment security or prospects, and that does not require significant training investment, then it should receive a significantly lower proportion of public funds. To me, that is by far the biggest problem.

Obviously, if you go to the extremes of that problem, you find examples of dishonesty—and there are certainly some significant examples of dishonesty. But the way in which the funds are regulated and balanced is the key thing that we want to change. Locking people up because they are dishonest would not solve the problem, because it is not the only problem. That is what I wanted to emphasise. If you take the security industry, for example, you will find that, with the introduction of the auditing process for registered training organisations under the new AQTF, the number of registered training providers in the security industry has dramatically decreased. In my view that is clear evidence that many of the training providers—and when I say 'many', I mean the majority of them—who were registered in the industry were not providing quality training. In that sense, you could say—

Senator SANTORO—That is the purpose of an auditing system, isn't it?

Mr Roe—In that sense, you could say that was an example at the dishonesty or misappropriation end, but the real issue in my view was the lack of quality training, and that is what we should be focusing on. For example, since the strategic audit of security industry providers in Western Australia, the vast majority of the providers are no longer registered. I am not saying that the number of providers and the number of students necessarily correspond—I have not looked into that question—but certainly the vast majority of providers have been deregistered.

Senator SANTORO—But would you agree with me, just for the record, that although, as you have mentioned, in the security industry, subsequent to the new audit requirements coming in, there has been a drop in the number of providers, you would not necessarily say that all of those

were acting dishonestly. They just might have decided that the level and the quality of the training requirements that are now in force are such that they cannot provide it.

Mr Roe—There would be some truth in that but the audit report suggested that those providers were not meeting the requirements in terms of providing quality training outcomes for the students and the industry. I think it is also clear that the primary driver of those training organisations being in the business was the easy access to public funds. So I think your point is right: I cannot prove, and there is nothing there to prove, that in each case there are acts of dishonesty. But what I think is quite clear is that, overall, the training provision in the industry was skewed by providers who were seeking easy access to public funds rather than seeking to provide quality training that meets the needs of the industry.

Senator SANTORO—Thank you, Chair. I have a couple of other questions. With your permission, either now or after you consider them, I might put them on notice.

CHAIR—Yes, put them on notice. Thank you, Mr Roe.

Proceedings suspended from 1.32 p.m. to 2.42 p.m.

[2.42 p.m.]

SYRMAS, Mr Jim, Director, Policy, Enterprise and Career Education Foundation

WATTS, Mr Peter Thomas, Director, Business Relations, Enterprise and Career Education Foundation

CHAIR—Welcome, and I apologise to you both for the delay in being able to commence this session of today's proceedings. The committee has received a submission, numbered 77, from your organisation. Is there anything you wish to add or change to the submission?

Mr Syrmas—I would like a minute or so to give overarching comment, if that is all right.

CHAIR—Fine. The committee prefers all evidence to be given in public, although the committee will also consider any requests for all or part of your evidence to be given in camera. I point out that such evidence may subsequently be made public by order of the Senate. I now invite you to make a brief opening statement.

Mr Syrmas—First of all, I would like to apologise for our Chief Executive, Bill Healey, who would have liked to be here but unfortunately was in the Hunter Valley today looking at other issues. I wish to make a quick overarching statement about what our submission is trying to look at. Our focus as an organisation, our chief mission, is to look at improving the transition outcomes of all young people, the 13- to 19-year-olds predominantly, across the country. So the focus of our submission is to inform the inquiry of the current reforms to education, training and employment systems that will assist young people to consider the employment opportunities that currently exist in areas of skill shortages or emerging industries.

The current reforms are also able to ensure that young people have an appropriate understanding of the need to be lifelong learners and are helping to develop career and transition management skills. The strategies we talk about need to take account of the changing attitudes of young people and the changing realisation of the notion of what a career is. I do not think it is a reality that you make a single good decision at the end of schooling. I do not think that has ever been the case. To that effect, our organisation works with education and training systems across the country, business and industry, local communities and non-government organisations, parent groups, indigenous and disabled interests and a large range of other stakeholders to advance the youth's transition agenda through identifying practical solutions and through advocating policy change at the Commonwealth and state levels.

We believe that we have made fairly good progress in this area. We believe that many of the key elements of an effective career and transition system are there. There is a need to have a greater focus on integration, coordination across this whole range of areas. We believe that while government needs to provide the overarching policy environment, there is a need for local and regional communities to be empowered to develop appropriate strategies to address skill shortages in the context of broader economic and community development activities.

There is a need for local and regional communities to be empowered to develop appropriate strategies to address skills shortages in the context of broader economic and community development activities. There are two areas that we are particularly keen to address at this stage. One is the current and future provision of vocational education in schools and labour market participation. It is about how those activities in that area can meet new and emerging skills needs and keep pace with rapid global technological change, and it is particularly about looking at advancing planning systems in relation to the schooling sector and looking at flexible and multiple pathways. The second key area that we would like to address is an integrated approach. By that we mean an integrated system which better links the skills formation of young people with labour market, economic and social development policies and programs. They are the two broad areas that we are particularly keen to focus on.

There are activities going on in both areas in terms of vocational education. It is true that, at the moment, the current provision of VET in Schools is not consistent with areas of skills shortages and emerging needs. Although we have had an expansion of some 40 per cent of senior secondary school students across the country actively being involved in VET in Schools programs, most of those programs have been based on issues of student demand, school structure and HR issues. We believe that, although that is important, it is the time to become more targeted and strategic in terms of meeting emerging industry needs. Industry arrangements are well placed in the VET sector. We believe that those can be moved across to support the school sector. We also believe that it is not the role of schools alone to take this on. It needs to be part of a whole broader community approach in those particular areas.

In terms of an integrated approach, at the MCEETYA meeting in July last year there was a declaration signed off by the education, training, youth affairs and community services ministers, which looked at an integrated approach to supporting young people in their transition pathways. Subsequent to that, there has been an integrated action plan developed across all those portfolios, which is before ministers at the moment for endorsement and which tries to put together an integrated national approach to youth transitions. As an organisation, we support that and believe that once again the pieces are there. We need to integrate and coordinate that in a way that delivers the services better to young people. ECEF has a stake in some 220 communities or coalitions across the country focusing on young people. We believe that they can be utilised to link education and training pathways at the local level, to implement career transition services at the local level and to look at things like generic and employability skills and the emerging technological skills. That is just a quick overview of our submission. Peter, do you want to add anything to that?

Mr Watts—No, not at this stage.

CHAIR—Mr Syrmas, you said earlier that you come from South Australia. On the issue of VET in Schools, our experience so far in this inquiry has been that there is a pretty diverse experience of VET in Schools across the country, that there does not appear to be any systemic approach across the board. We were told in South Australia that VET in Schools was not delivering, in any substantial way, career opportunities for young people, yet in other areas that we visited, for example in Rockingham and Kwinana, there was a very integrated approach with the local high schools and industry. It appears that where there is that industry relationship there are very successful sustainable outcomes. The director of the TAFE college in Rockingham—Challenger TAFE, I think it is—said that the thing that distinguished the VET in Schools

program certainly in that area was that the drop-out rate among the apprentices who had come through the VET system was fairly negligible. So young people knew what they were getting into.

A side issue to this appears to be that one of the problems of VET in Schools is that the people who are involved in delivering the program, the teachers, are not equipped with the knowledge of what industry is all about. They have had no experience of working in an industry. So there is a weakness in the sense of the knowledge base of the people who are expected to deliver the program at the school level. Are you aware of this? What role does your organisation play in trying to strengthen the situation in that area?

Mr Syrmas—One of the issues that has come through is the quality of VET in Schools and ANTA has done a lot of work recently in trying to look at that. The issue is: is it quality or is it credibility? Most VET in Schools across the country can say that they do meet the national standards of the ATQF. It may be a credibility issue in terms of whether the young people who are involved in the VET in Schools program actually develop the skills on the job, which is more about an institutional pathway rather than a work based pathway. Certainly there needs to be a lot of work done in terms of that perception issue.

In terms of the differences between states, it is true that we have signed national agreements with regard to VET in Schools, but the way they are delivered in each state and territory is based on state policies. At the moment across the country VET in Schools is looked at on three levels. Firstly, there is skills formation and full certificate programs, which is the Queensland example that you gave. But there are also other programs. In South Australia the policy set-up is that kids can do one or two modules as tasters, or in some cases it is even considered for students at risk. They work on national agreements. The policy environment in each state and territory is different. I agree with you; there are differences in the way it is being delivered. One of the things that we are saying is that maybe we have got to ask what the key objectives of VET in Schools are and realise that a whole range of other vocational learning exists within the schooling sector as well. As I said, the issue is to do with credibility, and that is about teacher performance in the industry area. Whether that is to do with the perception that is out there at the moment, I do not know, but whether that perception is right or wrong our organisation needs to support ANTA in this whole quality issue.

CHAIR—What about the issue of career advisers in schools? There seems to be substantial criticism about the role of career advisers and the focus of career advisers in terms of providing advice. We had an example yesterday in Newcastle of a young fellow who wanted to go and train. He got virtually no help from his careers adviser because the focus of the school was getting him into university. He was wanting to head down a certain pathway and the school was going in another direction. Has anything been done in that area? Has your organisation done anything to strengthen the role of careers advisers?

Mr Syrmas—Our organisation certainly promotes diverse and flexible pathways and sees beyond just the university or academic pathway. One of our key messages is that there is a whole range of diverse pathways. There has been huge criticism of careers advice in this country for a long time. We are promoting what we call a 'career transition services framework', which basically was endorsed at MCEETYA last year for further work. It has a whole range of components that we see as needing to be put in place ranging from career education, transition

management processes, adequate and accessible career information and advice not only from schools but also from community settings, brokerage into education training pathways, individual support for young people that need it, and monitoring and tracking. All of a sudden schools have to become responsible for what their young people want to do when they leave school. At the moment at the end of year 12 most schools say farewell to their kids. The system that we are promoting is saying that at the end of—

CHAIR—The Western Australian government have a tracking system—

Mr Syrmas—And most of them have put policies in place—Victoria through the MIPS, South Australia through their Future Connect strategy. The notion is that kids should not leave school without some sort of exit plan so at least schools know where kids are going. Part of the monitoring and tracking process is for schools and communities and kids to have successful transition with follow-up support in the long term. That is a huge cultural change for schools and, as part of that process, our organisation is keenly working towards that.

CHAIR—One of the criticisms we have heard from employers who have appeared before the committee is that young people do not have the right attitude and aptitude to take into apprenticeships or training programs. They say there are two dimensions to it: what they call the soft skills, the communication skills, and also the issue of literacy and numeracy have been consistently raised with us. It seems to me that, if young people coming out of school at the age of 16, 17 or 18 are deficient in literacy and numeracy, the obvious question is: is the fault with the schools and the schooling system rather than with the young people? They say that it is not, but no-one has been able to explain to me why there is this deficiency if the school system is not involved in terms of the training programs it is delivering. Has your organisation done any work in this area?

Mr Syrmas—In terms of the generic skills, we are strongly supportive of the employability skills framework that was developed by ACCI and the Business Council about 1½ years ago. Our organisation has supported looking at validating those skills and attitudes in the schooling sector. In partnership with ANTA it has looked at the VET sector and the community sector. What we are also promoting through our current work is looking at how these skills are recognised across the broad settings—education, training and community—and looking at how they can be developed in the schooling sector. We know there are issues to do with generic skills—and many employers are saying there are issues to do with the soft skills—and that is something we need to bring up front in the schooling sector.

CHAIR—Are there problems in the schooling sector, in terms of the way in which they are delivering programs, that are creating these deficiencies in people coming out of years 10, 11 and 12?

Mr Syrmas—At the moment, a lot of the soft skills are hidden in curriculum frameworks in the schooling sector and we need a process to try and bring them up front. Young people gather and develop these skills in a range of contexts, but they cannot articulate them or even recognise how they have developed them. What we are trying to push in the schooling sector is looking at how we can develop these soft skills in the kids upfront so that they can collect the evidence of how they have gained them and talk about that when they are presenting to a third party. There was a lot of work done in the schooling sector, in terms of the key competencies, back in the

mid-nineties, and there was a lot of curriculum work done. Where that fell down—and it is a lesson we need to learn—was in terms of the whole assessment and how we get kids to recognise and talk about the skills they have developed. We are in the middle of the validation process at the moment and I think it will show that most of these skills are buried in curriculum frameworks across the country. It is about the sorts of teaching practices we now need to endorse to bring these skills upfront and support them.

Senator STEPHENS—Thank you for your submission. I was quite interested in the substantial comments you made about the need for an integrated system and the expansion of the integrated action plan. We have had some criticism in previous submissions about tension between Commonwealth and state initiatives, which you also address, in terms of systemic weaknesses. What would the ideal plan look like to you?

Mr Syrmas—At the moment, what is out there and what is being signed off is that there are five key themes that we think underpin the national approach to youth transitions. They are education and training, as the foundation for all effective transitions, access to career transition support, strategic alliances and focused local partnerships, dealing with the diverse needs of young people and looking at new and effective ways of supporting young people. Ministers—at both the state and federal level, across education, training and youth portfolios—and communities have endorsed that. They have also endorsed that, at the end of 2004, each jurisdiction will report against those particular areas. So, as a plan, they are the five pillars we are working to. We have to ensure that we align state and Commonwealth initiatives in a way that supports those five areas. That gives us a base to start working from, because these are the five areas that we have all agreed are important in any approach to youth transition.

We see that happening at the local level. As I said, one of the things we promote is a joined-up approach in our local partnerships across Australia. One of our key focus areas will be how our organisation can broker programs across Commonwealth and state levels. Most state governments now have policy directions in this particular area. It is a bit different from 10 years ago, when our organisation was doing things out in the field. There are now policy directions relating to youth across a whole range of portfolios, as there is with the Commonwealth government. One of the things we need to do is to try at the local level to broker between those two areas.

Senator STEPHENS—You said in your opening statement that you have 220 local coalitions with linkages in local partnerships. One message that we have heard in this and in other inquiries is that a partnership approach actually translates to unfunded local mandates, particularly with local councils having to participate at a local level in some of these kinds of initiatives. Can you give us some examples of how you have successfully created some local linkages that have not shifted the costs from the government framework to communities—or maybe those that have?

Mr Syrmas—Our partnerships predominately started around VET in Schools and the coordination of structured workplace learning in those programs—they were funded to take on that role. What is happening is that slowly these partnerships—although not all of them—are moving more towards being coalitions that look at young people holistically. There is a role for local government associations and for the department of human services, as there is a role for employment groups and so on. Basically, it is not so much a cost shift; it is utilising the funds that go out. Some of our analysis in this partnership shows that there is a multitude of programs

and a large amount of money, from both the state and the Commonwealth, that go into these communities. There is a distinct lack of integration and coordination across those. We are promoting strategic leadership across those partnerships that actually tries to pull the various players together around broad youth outcomes that everyone can agree to. Not all our partnerships are at that stage.

Senator STEPHENS—Can you tell us about some of those that are at that stage and have delivered some outcomes on the ground for young people.

Mr Syrmas—We have investment in areas like Kwinana in Western Australia. Three or four years ago that program was voted the world's best partnership approach. There are programs like Southern Futures in Onkaparinga, South Australia, which delivers in those areas. There is a broad range. One of the things we are doing at the moment within our organisation is an analysis of each of our 220 partnerships and the strategic role they play within the community, the mix of services they offer and the coordinating functions they take on. That will be useful for us, but it will also be useful for this inquiry.

Senator STEPHENS—It would certainly be useful for us.

Mr Watts—From a business point of view, the programs that seem to be most successful are those that not only have enthusiasm and drive but that also have either the skills on the ground within the community or a provision with the right sort of tools to convert that energy into positive and meaningful directions in management and control at a local level. The ones that are the least successful are those that are not as well resourced or, despite their best intentions, do not have the skills within the community to make that happen effectively.

Senator STEPHENS—Under 'Terms of Reference 4' in your submission, which relates to the capacity of Job Network, you said you were not in a position to make an informed comment about that. To what extent do Job Network providers actually participate in your local coalitions at the moment?

Mr Syrmas—The decisions are made at the local level. Some of them have got Job Network providers on their boards or their management committees, some do not. I would not be able to tell you offhand how many but that is part of the analysis that we are looking at at the moment. We are suggesting that the career transition services framework provides an opportunity to link the education market with the labour market. At the moment the frustration for a range of young people is that they go through job matching and job skilling approaches in schools; they leave school and go into the labour market and they seem to repeat the whole process. That leads pretty much to their frustration. Our framework allows Job Network, Job Pathways programs and JPET programs from DFACS to sit around the table and say, 'How can we do this in a holistic sense for the young people out there?' Certainly there is a role for Job Network providers in this approach particularly for young people, which I think is one of the things they are looking at as part of their approach as well, based around this career and transition services framework that we are promoting quite strongly.

Mr Watts—Again, from an employer point of view, one of the things at a local level that consistently comes through is the desire and need for transparency in terms of local level delivery or agency so there is a clarity about who is delivering what particular services. At the

moment employers are frustrated because there is a lack of understanding about it and confusion in the marketplace.

Senator STEPHENS—You mentioned VET in Schools and that there is a kind of a three-pronged approach across the country. You talked about skills formation tasters and students at risk. Yesterday in Newcastle we heard from Professor Lester about the low level of participation by Aboriginal students and the low retention rates in secondary education. Does your foundation target either Indigenous students or students with disabilities?

Mr Syrmas—We have an Indigenous strategy. Part of the federal cabinet money that came to us was to look at the central and northern gap funding which looked at putting these coalitions in rural and remote Australia. Most of those are in the Northern Territory, South Australia and Western Australia and are Indigenous communities. So we are working through that as part of the Indigenous strategy. One of the things coming to the forefront concerns Indigenous young people in urban communities and larger regional communities, and we have to look at that in terms of this whole area. We have also been piloting programs for the last couple of years in terms of transition outcomes for young people with a disability. They have been fairly successful. It is now an opportunity to gather those learnings and espouse them much more widely.

Senator STEPHENS—Can you provide us with some information about those programs?

Mr Syrmas—Yes.

Mr Watts—In addition, especially in terms of urban Indigenous communities which is the largest demographic, there is a reasonably significant number of Indigenous students participating in mainstream programs and activities as well, which we support. Again, we will get you the precise numbers in that.

Senator STEPHENS—Thank you.

CHAIR—Thank you, Mr Syrmas and Mr Watts. Thank you for your patience.

[3.10 p.m.]

SCHOFIELD, Ms Kaye (Private capacity)

CHAIR—Welcome. The committee has before it some preliminary notes, which we were pleased to receive from you and which will be received formally by the committee in due course. The committee prefers all evidence to be given in public although the committee will also consider any request for all or part of your evidence to be given in camera. I point out that such evidence may subsequently be made public by order of the Senate. I now invite you to make a brief opening statement.

Ms Schofield—Thank you, Senator, and thanks for the opportunity to come today. A number of the matters contained in the notes that I have provided draw from a recent ministerial inquiry I have undertaken in South Australia. Minister Lomax-Smith in South Australia has agreed for me to use that material for the Senate today but has asked that it be embargoed until 21 May, at which point she will be launching the report.

Rather than go one by one through your terms of reference, I decided to just put down what I think are 11 key points—I wish it were a 10-point plan, but it is 11 points and it is certainly not a plan—largely to counterbalance what I think are many of the prevailing notions about skills and skill shortages in Australia. You have the paper before you so there is no need for me to work my way through that. The general gist of it is that we made a decision back in 1994 when I was on the Allen Consulting Group review of national training reform to try and emphasise a shift from the supply side to the demand side. Certainly many of the reforms since then have been consistent with that intention and, in particular, the introduction through that report of user choice was intended to make it more demand driven, and so too the introduction of competency standards.

My interest lies in another dimension of demand and that is: what is the pattern of demand from employers? Can we automatically assume that the pattern of demand from employers is necessarily a pattern of demand that is in the national interest? So my view has been to try in this paper to raise some questions related to employer demand as evidenced in, for example, the user choice and new apprenticeship system, as evidenced, for example, in the fact that less than 25 per cent of Australian employers currently are training to the national standards. So there are issues of demand in there.

I also want to make the point that it is bad public policy, in my view, to over promise on skill. I think what is coming out of the research in the UK at the moment is that skill is touted as a cure for everything from cancer to the common cold, but the real value of skills development strategies is realised when they are integrated into a broader suite of industry policy, social policy and taxation policy. By itself, as a stand-alone policy realm, I think skills formation strategy impacts are invariably limited. The paper goes on to argue about reintegrating skill, which has become decontextualised since 1989 and particularly since 1984.

The other point I want to make is that one of the fundamental principles on which our skills system is built is that demand from individual enterprises is the cue for the supply system. But as

the knowledge economy works its way through, as interfirm collaboration, clusters, networks, supply chains and distribution chains become more fully robust, the question of using the enterprise as the single building block becomes much more problematic. That takes us back to a question of sectoral strategies, which I think is where we have to go.

I have raised a number of other things. On the question of skill balances, which probably goes most directly to your terms of reference, the South Australian minister established her ministerial inquiry on skills for the future precisely around this question. After extensive consultations and analysis of the data and submissions, I could only conclude that, by and large, these so-called skill shortages are a normal part of the business cycle and, overall, do not reflect any systemic weakness in supply. But there are parts of it, particularly in trade and technician training, that do show evidence of systemic weakness. That is where I think the real dilemma for Australia lies.

I do not think the short-term strategy of migration that is being adopted is going to solve the problem. Poaching is on the rise, which leads to wage spirals, and therefore I conclude that we have two fundamental problems to solve—what I call in the paper the 'free-rider' problem and the 'equity' problem—in that the current system provides more training for those who already have training and for those who are in full-time permanent work, particularly in the public sector. So it is not a consistent single story but rather an attempt to flag some points—which came out not only from my general research but, in particular, from the South Australian inquiry—which I thought might add grist to the Senate inquiry's mill.

Senator TIERNEY—With that last comment you certainly add some grist to the mill! You raised the equity question when you talked about the ones who get the training being those who are trained and who are in secure employment, particularly in the public service. That is a very broad group where the emphasis now lies. I know this is a very broad question but what are the broad strategies that you would suggest might make some impact on moving the balance to greater equity?

Ms Schofield—I think the groups of people that are currently missing out are pretty clear and they are well documented. I do not believe a single strategy targeted at equity, or equity groups, is going to work. What is needed are strategies targeted to individual groups. So if you took the question of adult skills with low literacy and numeracy, the solution is not simply more workplace language and learning, because that depends on employer preference. It would depend on having a broader range of community based strategies and on not calling them 'literacy programs', because people would not go to them. If you take each of the groups in turn, probably the most intractable problem in those groups, in terms of a practical strategy, is to my mind the casual part-time short-term contract worker—the so-called contingent worker—who now makes up overall about 48 per cent of the Australian labour market.

One strategy is to say: 'Let the market work it out. Individuals will just have to invest more in their own training.' I do not think that is enough of a strategy for 48 per cent of the work force, so it then becomes a question of what strategies would encourage companies to provide training not only for their full-time permanent work force but also for their part-time subcontracted casualised work force. Practically, the problem is breaking up all of the groups and devising a strategy for each of them. So I am sorry, Senator, I cannot give you the magic bullet.

Senator TIERNEY—On your last point, I suppose it impacts to some extent on one of your central themes and that is poaching. If you are saying that employers should invest more in part-time employers—which is the most mobile end of the whole market—do they not run the greater risk of losing them? They train the part-timer and then they are off, obviously, when they get the offer of a full-time job.

Ms Schofield—Yes. Employers are behaving perfectly rationally in their current strategy because the benefits primarily accrue to the individual who might be mobile. That is why I have not called it poaching, why I have chosen free-rider, and why I have chosen a model where employer voluntarism really is not working in some of the key industries. For example, McDonald's has always trained its part-time workers and that has become a benchmark, and McDonald's has accepted that that is part of its costs. Others have free-ridden on that. But if you go to industries which are strategically significant, where the level of skill that is required might take five, six or seven years to cook, then I do not think the employer voluntarism in those strategic industries is working.

Senator TIERNEY—The McDonald's example is an interesting one because, as you say, they build it into their costs that people are going to turn over and others take a free ride. There are huge incentives for McDonald's to do that, of course, because if the customer is not happy the customer goes to Burger King. I am curious why that does not apply more widely. If you have someone on staff, you are paying them money, obviously you want them to be at the highest skill level that will deliver product to the firm and, therefore, income and profits to the firm. Even though people might leave, I wonder why there is not more incentive to train if the whole viability of your business depends on what people are delivering as skilled workers?

Ms Schofield—I do not believe that all employers want to compete on the question of high skill. I think that we have an interesting distinction with those employers that have chosen the high-skill road. They are largely export exposed industries trying to compete and they have taken the view that they will compete on skill and value add. Equally, there are a lot of employers who are competing on price. When you are competing on price there is no incentive necessarily to go for a high-skill model, to increase customer service—you just want product, you want output.

Senator TIERNEY—Except you will not stay in business, even if you have lower prices, if the quality of your product is no good. There must be some baseline incentive there in terms of delivering something that the customer wants.

Ms Schofield—There is, but it is a question of where their competition is coming from. If the competition is coming from China, they will compete on cost.

Senator TIERNEY—With regard to the free-ride issue, this would have always been so, wouldn't it?

Ms Schofield—It has always been so.

Senator TIERNEY—There is nothing new, is there?

Ms Schofield—No.

Senator TIERNEY—It is trying to devise strategies to encourage employers to do more of their own training. In the area that you are indicating—that is, the lower skill area—can you see any strategies that can be adopted that would encourage this group that is not doing much training to train further? What incentives could there be to try to get them to do that?

Ms Schofield—I would not support an across-the-board all industry levy.

Senator TIERNEY—We have been down that path, haven't we?

Ms Schofield—The commonsense perception of the training guarantee levy is not based on evidence. It has had very bad press. But if one goes into the evaluation that was done by the Commonwealth the effect of the levy was more positive than not. When you say that we have been down that path, I would say that I would not want to go down that way for other reasons, but we should not just accept that that was a failure. It was a political problem, not necessarily a failure. However, because industry dynamics vary from industry to industry and because of my understanding of the construction industry training levies and how and why they have worked I am interested in sectoral levies, which are industry driven. There are two reasons that the training guarantee levy did not work as well as it could have. Firstly, it applied to every industry irrespective of the industry dynamics and, secondly, essentially it was a government imposition.

The most interesting thing about the construction industry levy is that it meets all the requirements in the literature of collective action—that is, employers using government legislation as enabling legislation to deal with their own problems. In the construction industry that means dealing with subcontractors and part-time workers, particularly focusing on the entry level and not allowing the drift up. So I have reluctantly, I must say, come to a view that there are some industries that are so strategically significant in Australia and there are some industries where there is such evidence of systemic failure that Commonwealth and state governments need to consider legislation which will support and enable the industry to manage a levy.

Senator TIERNEY—Do you see much interest in that sectorial approach? Obviously it is in the construction industry. We put it to the manufacturing people this morning. They did not quite see it as their bag. Are there any industries that are showing interest?

Ms Schofield—I am surprised that that is what the manufacturing industry is saying to you because my experience is different. If I hear about another effort to go into schools and convince children to become fitters and turners I will be even more frustrated than I often am. Wagon trains of exaltation into schools to solve the manufacturing intake problem is not going to work. I do not know why the industry that you have spoken to should be opposed to it, because I have spoken to other parts of the manufacturing industry and they are entertaining it. There is also a lot of interest among the electronics industry because fast growth, the changing nature of skills and a declining intake are causing real problems, particularly at the interface between trade and technician. I would engage industry with those areas.

Senator TIERNEY—In the submission you mentioned, as an incentive to get employers to employ the less skilled, the idea of a voucher system—which was a bit of a 'boo' term, I know. Would you like to explain how a voucher would work?

Ms Schofield—Well, not to cut too fine a point, user choice is the same thing as an employer voucher. We are not allowed to use 'voucher' in Australia because it is so politically angst ridden. But if you cut to the chase, it is a voucher.

Senator TIERNEY—Training credits, or whatever.

Ms Schofield—Yes.

Senator TIERNEY—How would you see such a scheme working?

Ms Schofield—To take solutions from the best of things that are happening now, there are two things that I have seen. One is the International Computer Driving Licence program, the ICDL, delivered through adult and community education and through vocational education and training in New South Wales. In fact we have a voucher in the form of waived fees. That has been specifically targeted to disadvantaged people to try to get basic computer literacy much more widespread, particularly in rural and regional New South Wales.

The second example is—because a lot of people we might be trying to target work in small business, either as the owners or as the employers—that there have been interesting attempts both in Victoria and New South Wales with small business vouchers, where you basically say to the small business, 'Here is $500 to be redeemed at a registered training organisation or adult and community education for work related study.'

So you have two options there. You have one targeted to individuals which can take the form of fees-waiving or concessions. It is also done de facto in literacy and numeracy, targeting rural and regional New South Wales. In terms of the practicalities of it, it is about targeting the group—plus targeting the program or program group—and then encouraging take-up. It is not sending a $300 letter through the post to everyone; it is targeting a group. And I think both of those things have shown, on a modest scale at least, that this is a way of balancing out the current credit system for employers by allowing individuals, particularly those who are not employed, to have an equal amount of choice.

Senator TIERNEY—We have been focusing a lot—in the inquiry generally, apart from just now—on the entry level. But beyond that, where people want to upgrade their qualifications, we have in this country a binary system between TAFE and universities. The interface does not seem to work all that well at different times. You mentioned the RMIT, Bosch and TAFE. We saw in Gladstone a similar sort of thing between the power station, the TAFE, the university and indeed the schools; for building a curriculum which starts in the schools and moves through the TAFE into the university, in a consistent pattern, where the prerequisites line up to move to the next stage. In terms of Gladstone, they were doing this with engineering. They would do some TAFE work related to, perhaps, electrical trades and that might move through to electrical engineering. There is an example at RMIT in Melbourne, there is an example in Gladstone with the Central Queensland University. Is that a model you think we should pursue more to try and break down the binary divide we seem to have, when people want to move from a technical skill level training into the university level?

Ms Schofield—I will make a brief comment on the problem and then comment on the sorts of solutions that you referred to. There is no doubt that the ability of an individual to move in a

sensible pathway is a good thing, but I do think the problem is deeply exaggerated in Australia. It will always be only a tiny proportion of TAFE students who want to move that way. It assumes that TAFE is a feeding ground for universities. I think that the public policy problem at the TAFE-university interface is deeply exaggerated. I think articulation is good. I think universities have been recalcitrant, pompous and elitist in their treatment of vocational education and training. I also think that in some cases they have good grounds to be because of the removal of so much critical thinking from VET programs. I think that, yes, it is an issue but for me it is not the centrepiece of public policy. Equally, I think the current debate around rationalisation is really Australia trying to edge towards a unitary system and the Commonwealth not quite knowing how to do it. Leaving that aside, my comments there are about putting that issue in perspective.

In terms of the solutions, it assumes that people are following up pathways. I have been involved through the New South Wales TAFE Commission board membership in work where we have formed a manufacturing subcommittee to try to look at the massively declining enrolments in manufacturing. Out of that we formed a steering committee and undertaken a very large research project. That involved setting up a steering group with some other leading edge manufacturing entities particularly in Western Sydney. Frankly, they could not give two buttons about whether it is a university or a TAFE certificate. The qualification is not the issue; the issue is the skill. What they are doing is mixing and matching TAFE level modules and skills with university level modules and skills. While to an individual the piece of paper at the end does matter, particularly at entry level, after about a couple of years it decreases in value. The real issue is the ability to mix and match.

The problem therefore is better phrased as dual sector qualifications rather than articulation. Instead of TAFE VET level qualifications being viewed as five years of VET equalling seven days of university—that sort of articulation debate—it is much more useful to say, 'These do different things and both are needed.' Increasingly, VET has to stop imagining itself as the industrial model, the manual labouring entity, and to develop critical thinking. Equally, universities have to understand why it is that so many university graduates are now going in postgraduation. It is because the hand and the head are connected.

This interest in school is sort of like a sushi train and, while it is very nice, it does not work like that. People are churning and mixing and moving in and taking a gap year and moving out and changing their minds. While articulation is an important public policy goal, it is not the centrepiece. Much more significant is encouraging dual sector qualifications which recognise the difference between the two.

Senator TIERNEY—You mentioned that we might be edging towards a unitary system but are not too sure how to do it. Some TAFEs in Victoria are offering specific degrees in very specialist areas where no-one else is offering them and the universities are not doing it. The ideas are around associate degrees and more advanced diplomas. Do you think that is the next step?

Ms Schofield—I am not an expert on this so facts may prove me wrong, but I do not believe the multisectoral institution model in Victoria is working as well as was hoped. When I talk about a unitary model I do not think about a multisector institution or merging; I think about the Commonwealth having funding and policy control over post school education and training and managing that holistically, which does not necessarily mean merging institutions.

Senator TIERNEY—I think we could explore that a lot further.

CHAIR—We probably will from this end of the table.

Senator STEPHENS—Thank you for your contribution. It certainly is provocative in the very constructive sense.

Ms Schofield—I knew I had the after lunch session.

Senator STEPHENS—You did well. I would like to take you to the point you make in your submission about high-performance workplaces. Would you elaborate on what you see are the key indicators of high-performance workplaces, and then we can explore some of the training related issues to that.

Ms Schofield—The people management system is one element of it. That ranges from general industrial relations and employee relations through to personnel policies and through to training and development. The other element of it is job design and work organisation. You cannot just pick one thing out of a box and say, 'That will produce a high-performance workplace.' It is the integration of the people management systems and the production systems, which together create a high-performance workplace. By work organisation and job design I mean things that range from worker autonomy through to teamwork, problem solving, knowing the whole job and understanding the work process. It is the combination of the production dimensions and the people management systems that the research is suggesting has an impact on productivity.

Senator STEPHENS—Coming back to your earlier point about how enterprises are performing and that, if their competitors are in China, it is all about the production of widgets, whatever those widgets might be, and that it really is not about training for training's sake or whole-of-life learning. They are not the priorities, but productivity is. Are you able to point us in the direction of some enterprises in Australia? I assume we can come up with some good lighthouse, large organisations that would be high-performance workplaces, as you call them. To what extent do you see those key features? In many respects you have identified some of the generic employability skills that have come through in some of the entry level submissions we have had to this inquiry. Can you identity for us some small to medium sized enterprises that demonstrate the characteristics of high-performance workplaces?

Ms Schofield—The two I have recently looked at are United Water in South Australia and Savings and Loans in South Australia. There is quite an outstanding small manufacturer in Western Sydney, and I can provide the name to the secretariat subsequently.

CHAIR—There are several.

Ms Schofield—Yes, in that cluster, that I have been really impressed with, but their names escape me at the moment. I do not think a high-performance workplace is a function of size. I think you are just as likely to find it in the creative, small to medium suppliers as you are in the large prime companies. If you like, I will send you that information.

Senator STEPHENS—That would be helpful. I take your point that it is not necessarily related to size. I want to come back to the key issues relating to this inquiry and the low level of

take-up of the training packages by small businesses. I wonder to what extent that is a mismatch between the training regime and what employers want. Does it come back to productivity and costs or not recognising the value of training for enterprise development? What do you see are the key issues for small business not engaging in training?

Ms Schofield—I think it is basically the tough competition. My proposition is that for most firms skill is a fourth order issue. The first is how are we going to compete—price, quality, nationally or internationally? The second is how are we going to structure our firm—outsourcing, permanent labour, international, national, federated; what sort of model? The third is people, and how we are going to do that. Therefore, for small businesses, particularly High Street businesses, it is not an issue. You would have to ask: do we want it to be like inoculation? Does everyone have to train to training packages? I would probably say no. I would say 24 per cent or 25 per cent is too low. I would go another way. There are no incentives. Why should they do it for altruistic reasons? They would do it if there were any incentives, but there are no incentives.

The best example I have seen was when I did some work last year with Ford, looking at how it worked with its distributors. I was really impressed by the way Ford was driving up demand for skill in its distributor network. It was doing things like setting itself a goal of having a fully qualified workplace trainer and assessor in every dealership. It was using Fordstar to really lift the skills. It was broadening the skills of the automotive people into customer service and broadening the skills of customer service people into marketing. That is where I think we have not understood supply and distribution chains.

The converse example is a car manufacturer in South Australia. It decided—and I think I have the facts correct—to go from two shifts a day to three shifts a day. It obviously needed skilled tradespeople to staff the third shift, so it totally raided its supplier network. It offered 33 per cent more in wages to pull skilled tradespeople out of those suppliers, but would not increase the supplier payments, so the suppliers could not compete. Those are two very different examples.

My interest is in how one can use the supply and distribution chains to reach small businesses in ways that are not rapacious but which create an incentive for the distributors or suppliers to actually train. I think that industry clusters offering skills development in supply chains, rather than offering skills development to individual enterprises, is one of the most promising ways of reaching small business because there is an incentive. I also think that with some of the training packages you would have to be a Philadelphia lawyer to understand them. I chaired the initial development and subsequent redevelopment of the sport and recreation training package. The final product arrived on my desk as something like 27 disks, as a disincentive. We should not be looking for the holy grail of all small businesses spending 10 per cent of their payroll on training but we should be looking at two things whereby, firstly, small business is strategically significant for economic or regional growth, sectorally probably or regionally. Secondly, we should be looking at small business within supply chains and how we can fund skills development in cluster models rather than individual enterprise models.

Senator STEPHENS—Yesterday we heard from Professor Lester from the University of Newcastle about the poor retention of Indigenous students at the secondary school level. He had concerns about the limited capacity of CDEP programs for fostering skills development and

accredited articulation paths as much as anything else. Do you have any comment to make about Indigenous employment opportunities or Indigenous training?

Ms Schofield—I will take some of the things I know better. Let us take TAFE New South Wales. Indigenous participation in TAFE New South Wales is double the proportion of Indigenous people in the population, so at one level it looks pretty good. They are clustered into a very narrow band of study and there are no employment outcomes. Sorry, I do not wish to exaggerate for the record. Employment outcomes are not good. I still think that probably government procurement remains one of the biggest instruments for advancing Indigenous skills by requiring, under the terms of various procurements or contracts, the employment and training of Indigenous people. It has happened in some areas like public works but I think it could well happen more broadly. I also think that group training has done not a bad job in some areas—for example, Indigenous health workers and area health services. I actually think there are two strategies. There is a greater focus by group training providers, and that would require greater government support, because they are everywhere and they can work more effectively with local employers. The problem is employment, not skills so much. There is another element. I think there are a lot of Indigenous community organisations that we could do a better job of working with and through, rather than insisting that they all come to TAFE or ACE or university.

Senator STEPHENS—His comment was that there was generally a level of well-educated and articulate Indigenous people who were able to act as the spokespersons, but there were no middle management skills in Indigenous organisations. That was the level at which people could participate in the workplace at a very low skills level but they would never have a career path because of that glass ceiling.

Ms Schofield—I do not think that is true for the public sector.

Senator STEPHENS—No, that was what he said in effect.

Ms Schofield—I think it is absolutely true for the private sector. In the public sector the problem is a genuine skills shortage. For example, the Commonwealth has a very good Indigenous education program called IESIP. We have now advertised three times for an Indigenous person to manage that for us. There is a real skills shortage at that middle level and a demand within the public sector. I agree that there is a lack of demand in the private sector for Indigenous people as middle managers.

CHAIR—It seems to me that all you have said this afternoon focuses on two issues which seem to be the message you are trying to get across. You are saying, first, that there needs to be more targeting in what we do and where we do it and, second, that there needs to be more flexibility in the system to be able to meet specific needs in specific areas essentially to be able to tailor the programs to meet circumstances of individual areas instead of having one size fits all or a more uniform approach. The many examples you gave point to that. As I understand the Western Sydney example, it has occurred because of the collaboration between TAFE, the University of Western Sydney and the employers in the Ingleburn area. The Ford example was probably driven more from the fact that the president of Ford was a major supplier so he understands supply chain issues. Nevertheless, the point is that he recognised the need to do something in that area and the programs should be flexible enough to facilitate that. I note your

comment about toolmakers in South Australia but I also know that in the Ingleburn area the toolmakers have set up their own company.

Ms Schofield—Austool.

CHAIR—Yes, Austool, to train toolmakers. They have taken a positive step to do something about it. That comes back to the free rider issue. I understand what you say about the universality of the training levy and the need to focus more on industry, and perhaps that is the way to go and I am familiar with the Dusseldorp proposals and their recent paper on that, but how do you ensure that the people who are drawing from the universal skills pool are at least making a contribution to it in one form or another? Our last inquiry was into small business. A big issue that they consistently raised with us was a lack of available skilled workers, but they virtually train none. When you raise their contribution to the training agenda, they say that is for someone else to provide. There is an issue there.

Is one of the issues in the Ford experience—and it is probably the converse to the General Motors one and I think Toyota did something similar with their suppliers a few years ago, when they moved into Altona, by cutting their prices by 25 per cent and saying, 'You make up the difference'—the ongoing debate that happens more broadly in industry policy namely, do you fund small businesses to put in place new technologies and take up all the issues related to a high performance workplace or do you get a bigger bang for your buck by giving the incentives to the multinationals or the large companies which are the centrifugal force anyway? Do you put the onus on them to mentor or draw through the small or medium enterprises? There are a lot of good examples of the way in which that has functioned; there are some bad examples as well. That is also something that perhaps needs to be looked at in this context. I got the impression when reading your paper that it was written with a fair degree of anger and frustration.

Ms Schofield—Anger? No. I have been in this game since 1980, and I have invested a lot of energy because I care about it. I do not want to sound like someone who always sees the glass half empty. We have come a long way, and Australia should be very proud of what we have done. When I first went into TAFE, the principal was asleep, the assistant was across at Randwick Racecourse, and my primary job as deputy principal was to look after the tender box. We have come a long way. It is now a professional organisation. I think the development of a national consistency has been terrific. I do not want to give the impression that I am a Greek chorus, but my view is that the circumstances which led to the training reforms from about 1987 onwards are quite different from today's circumstances. There is a reluctance in the VET system to acknowledge not that things were wrong but that it is time to move on. Debates which focus endlessly on detail and how many inspectors one is going to hide behind an aspidistra to catch out a recalcitrant state or employer are not the questions we should be asking.

To my mind, the question is: are the assumptions on which we have built our system still valid for the new times? Yes, many of them are but some are not. There are ones that I would say are of continuing validity: an industry led system, which means an industry led system and not an employer led system; national consistency; portable qualifications; national recognition; and career paths. All those things were right and continue to be right. There are a number of things that need to be rethought for the new times. Firstly, there is the primacy of enterprises as the key conceptual entity as expression of demand. Secondly, national consistency does not mean national uniformity. There is an obsession with national uniformity. That, in a globalising

environment, is nutty. The assumption that career paths are linear is no longer valid. The assumption that most people are full-time workers and, therefore, a strategy which rests on internal labour markets in an enterprise is no longer valid.

It is not so much anger, it is frustration. I am not a Greek chorus and the glass is half full. But I agree with other critics of the VET system that it is very difficult to have an open and grown-up debate because people who have invested their lives in it are reluctant to let go of some of the assumptions on which they have made their careers. But, apart from that, I am quite neutral on the matter.

CHAIR—I noticed. Thank you very much.

[4.10 p.m.]

SIMON, Ms Linda, Secretary, TAFE Teachers Association of the NSW Teachers Federation

CHAIR—Welcome. The committee has received a submission, which we have numbered 73, from your organisation. Is there anything that you wish to add or change in your submission?

Ms Simon—No. Not at this stage.

CHAIR—The committee prefers all evidence to be given in public. The committee will also consider any request for all or part of your evidence to be given in camera. I point out that such evidence may subsequently be made public by order of the Senate. I now invite you to make a brief opening statement.

Ms Simon—Thank you. I believe that it is important that the Senate inquiry address current and future skills needs for industry, for the community and for individuals within this country. A well-educated, well-trained work force is vital for the wellbeing of our economy. The recognition of and support for the VET sector in providing this education and training is essential. The importance of TAFE as a pre-eminent provider of vocational education and training must be acknowledged. It is our perception that the agenda relating to skills development in this country has been dominated in recent years by a few key groups. Employer organisations have had the ear of the federal government and bodies such as ANTA. Their views on the future skills needs of Australia and resourcing to support development of these skills have pervaded. The involvement of other knowledgeable parties, such as unions, educationalists, community groups and individuals, has been ignored.

A recent example of this was the ANTA funded project on employability skills. This project was allocated to one employer organisation. The employers surveyed were restricted and the answers identified were totally predictable. Many other stakeholders, including the TAFE Teachers Association representing both unionists and educationalists, have been advocating the need for education and training to specifically include generic skills and knowledge. Any job advertisement will indicate the importance of communication skills in today's job market, but communication and other generic skills must work for all parties—industry and business, the community and the employee. Their identification is not about educating and training a compliant set of workers, yet the ANTA project was skewed to just that focus. The identification of current and future skills, and the education and training for them, must involve all stakeholders.

The domination of large industry and their representative peak employer bodies has led to a critical situation in vocational education and training at this time. Indicative of this overrepresentation is the federal government's proposed skills forum of one union representative and several employer representatives. The recent attacks on ITABs is also indicative of this approach. Unions must continue to have a say in identifying the skills needs of their members and industry trends. Of equal importance is the need to ensure that the VET sector, educationalists and unions work together in identifying and meeting these skills needs. We have started to do that in the state, with the newly created industry skills group.

The needs of communities, both metropolitan and regional, must also be met in identifying skills needs. How does a community do this? Where do the funding and support come from to enable this? How do communities influence the policies of the federal government? What, essentially, is a national system of vocational education and training? How do specific groups within communities do this, especially the equity target groups?

The TAFE Teachers Association has set out to establish alliances with a variety of groups to attempt to influence government programs and funding. One of these groups happens to be the National Party, with whom we have met on a couple of occasions in supporting regional skills development. To date, this has not been very successful. What bodies can we establish in regions and communities to bring interest groups together? Government policies must support this development.

The major failure of governments to meet current and future skills needs has been in funding. Growth or change programs require additional funding. Punitive policies, such as the federal government's 'growth through efficiencies', did not provide that. The TAFE sector, having been denied growth funding, has shed permanent teaching and educational staff, making the designing of programs to meet future skills needs and the partnerships with industry and the community more difficult to achieve. Funding must be provided by state and federal governments for growth and change educational profiles in the TAFE sector. Funding must also be allocated to provide for capital works and equipment or TAFE will not be able to meet industry demands. Funding must be provided for future initiatives, including those presently being identified in the ANTA priorities for 2004 to 2010.

And where are these skills needed? Firstly, they are needed in many of the trade areas. All building areas have grown this year and there are new and emerging areas in manufacturing and engineering. We must meet their requirements. Welfare areas continue to need training for a variety of jobs, as does child care. Paraprofessional areas should be focused on. The needs of new and existing workers must be met. Funding must be provided to TAFE for short courses and skills training for those looking to update their skills and change jobs, either because they are forced to or because they want to. Governments have a commitment to the skills development of all their citizens. The TAFE Teachers Association believes there is a long way to go before these obligations are met.

CHAIR—Thank you. The submission we had today from the AMWU argued that the TAFEs were not able to provide the quality of training needed in the engineering trades due to funding pressures which limit your capacity to provide quality trainers and equipment and that, as a result, courses are undersubscribed. Do you agree with that assessment? Can you give us some views as to why that is happening and whether similar situations are happening in other industry sectors?

Ms Simon—I assume the AMWU was talking Australia wide and not state specific?

CHAIR—They meant in general.

Ms Simon—Yes, I do agree to a large extent. We have alluded to that in our submission too—that the pressure upon funding has to blow at certain pressure points, and that has been specifically in relation to areas where funding is needed for equipment. A lot of the

manufacturing and engineering areas are those. Unless we keep up to date with the sort of equipment that is required by industry, we are not going to be able to train the sorts of workers that industry requires. TAFE has been deprived of funding over a number of years. We worked out that between 1998 and 2001 we dropped about 19.8 per cent in federal funding in New South Wales. That was a lack of growth funding. The state government has not picked up that additional funding. Whilst in the last two budgets we have had growth funding, previous to that we had not, and it has been cut as well. There was a cut of $19.7 million from the state government budget last financial year, specifically in terms of capital works and equipment, and that was very much felt in the trades areas. If you want to take an example, I believe that Taree had reached the top of the list for new equipment in the engineering area. No funding; Taree was not able to get that new equipment.

What we are facing is very much about outdated equipment. In this state and most others it is about a lack of full-time teachers. In New South Wales, we presently operate on fewer than 50 per cent of permanent teachers in TAFE. Most other states and territories are in a similar position, but probably not quite as bad. Therefore, how do you provide the skilled teachers, the permanent teachers, who can be there to help and support the students? How do you provide and change the courses so that you can meet the needs of industry and the community? How do you get out there and talk to employers to make sure that what you are doing is what they want? Those pressures have made it quite untenable. We have also had discussions with AMWU and we hope that we will be able to work together to address some of these pressures because they are not benefiting young people or older people in the state or in the country.

CHAIR—To what extent is the TAFE sector talking to or working with industry on being able to deliver more training on the job in industry, where the latest equipment resides? Where that is occurring, what impact does that have on lifting the quality of the teaching staff, given that they have access to the latest equipment?

Ms Simon—It would be nice to think that it is very easy to set up partnerships with industry to do this sort of thing. Unfortunately, our experience is that it is not easy.

CHAIR—When you say that it is not easy, can you say why? We have come across some examples of private training providers who have set up relationships with industry and are providing the training on the job. They are very able and capable of doing it; why is it more difficult for TAFE to do it?

Ms Simon—I do not know whether it is any more difficult. Because I have not got the experience in the private training market, I do not know what it is they have done. I know there are examples of public providers across the country that have certainly done that. But there is still a restricted number of examples of where that could happen because, basically, industry is about working, about making a buck—it is about being able to do those things. There is a certain amount that industry is willing to do in support of training, but I would have to say that it is certainly not to the extent that we feel it is really making the positive contribution that it should.

I think I have said in the submission that I have been out with trade implementation workshops across the state over the last few weeks. These are about what we can do to support our teachers who have a large number of apprentices. One of the things that comes through time and time again is that a lot of employers are saying: 'We send them off to TAFE to be trained.

We really don't want to be involved in this training and assessment on the job ourselves. That is not our responsibility.' A lot of our teachers are finding it very difficult. For example, we had one building construction area up in the Hunter with 400 apprentices. They had received workplace evidence for one of those apprentices and had to go out and chase the rest. While that is a bit of a by-line to what you are saying, I am saying that it would be great to have more of those partnerships going on and it would be great to have our teachers there within industry, because obviously that contributes to their skills development as much as anything else, but I still believe there will always be a restricted number of areas where that will occur.

CHAIR—One of the other criticisms that we constantly hear levelled at TAFE is that more and more emphasis is being put on the further aspect of training delivery and less and less being put on the technical side. Is that a fair criticism?

Ms Simon—I think there are lot of pressures on the TAFE system to meet a lot of competing demands, and some of those demands certainly are in the further education area. Generally, anything to do with further education or to do with access and equity is not picked up by private providers. It is generally left squarely to the public provider to have to do all of that. One of the other pressures that has come about is that, as schools also feel competing needs, a lot of the younger students who have not been successful in the school area are heading off to TAFE instead.

The expansion in our year 10 area, our school certificate, has been enormous over the last couple of years. These are young people who feel they have failed in the school system but a couple of years out realise they need to go back and get some qualifications if they are going to make anything of their lives. That is an area that we cannot walk away from. Obviously if it has expanded to over 100 per cent, which I believe it has, you have to then provide the funding to support those young people. If there is no extra money in the TAFE area, when you go to meet that sort of demand it has to come from somewhere. Senator Campbell, you are probably right in saying that, because a lot of the technical areas have a high demand for resources, it is possibly in those areas that TAFE has walked away in order to meet some of the other demands.

CHAIR—One of the issues that we have been looking at in this inquiry is the question of articulation between the school system, TAFE and the higher education system. We were told in Western Australia, for example, that a major consultancy is being led by the state government to look at this articulation issue.

Ms Simon—Yes.

CHAIR—We have come across some good examples, which have joint campuses operating. We are going to see one tomorrow at Blacktown which the University of Western Sydney is operating.

Ms Simon—The Nirimba site.

CHAIR—Yes. There are some in Western Australia and in Queensland. I happen to have a young person working on my staff at the moment who is doing some research in this area. From all the people she has talked to and through reading all the submissions, her initial view is that the major impediment to articulation taking place is the fact that there are separate funding

buckets for the three systems because no system wants any leakage from its bucket into the other systems.

Ms Simon—Of course they don't.

CHAIR—Is that an issue that is addressable? If not, why is it such a difficult issue to address? Why can't there be some provision for overlap between the three systems if it facilitates a better training outcome?

Ms Simon—I ask the same question—why can't there be? It is something that we feel very strongly about, particularly in the TAFE and university arrangements. You are right; there are some excellent models that exist, and I suggest that the Central Coast campus is one that you should look at.

CHAIR—Ourimbah.

Ms Simon—I sit on the Central Coast campus's board, so I have a particular passion in that area. But it is not just Ourimbah; it applies to the Wyong and the Gosford campuses as well, and that makes it slightly different from the rest of the country in that it involves three TAFE campuses and one university.

CHAIR—They talked to us about it in Newcastle yesterday.

Ms Simon—It seems to me that it is absolutely imperative that there be some way of looking at funding models to say, 'Let's fund the best way of education without losing what each of the sectors represents.' We do not what to blur the boundaries to the extent that one disappears—and in our mind the TAFE system is the most vulnerable one. There must be better ways of making sure that we get a better working relationship between all the sectors. I do not think there is just one model of how that can happen. A number of different models exist at the moment, and we need to look at how we can fund a range of different models. This comes back to one of the other things we raised in our submission which relates to communities. Once we get better funding models between the sectors, we will start to have a better way of meeting community needs, which are often the industry needs of that particular community and region as well. That is an important aspect of what we are not doing at the moment. We really are trying a one size fits all model and that is not what education at its best should be about. I think we can do a lot more in that way.

CHAIR—I am sure you are familiar with the focus in industry now on generic or employability skills. What is your view about those? Is that something that is lacking in the courses being delivered by TAFE? Should a greater focus on those skills be built into the technical courses or should the focus be purely on the technical side?

Ms Simon—No. I think that is a very important part of the education process. I think we have swung too far to the technical base. I think the training packages, certainly in their first iteration, were very much about that and the acknowledgement of underpinning skills and competencies and the Mayer skills were just a couple of words added in; it was not about really making sure that they were delivered and/or assessed. There has been a move back to recognising that we have to teach literacy and numeracy—we have responsibilities in that area, and I think that

TAFE does well to support people in those areas—and certainly the higher level communications skills. If you were to pick up on some of the others such as innovation—and I mentioned a range of them in the submission—we have moved away and I think it is important that we make sure that they get written back into the documentation. Otherwise, we get atomised training and we do not get a real education process. I think we do a disservice to people if we do not make sure that they have those other skills as well. I do not think they should be called 'soft skills', either.

CHAIR—No.

Ms Simon—They are very important ones—although, in putting that there, I have to say that I am a head teacher of English and communications. I used to do a lot of communications teaching in the building area, and I always measure my greatest success as being the builders in the building classes, the communication class from 7.30 to 9.30 on Thursday nights, saying, 'We have learnt more through the communication and negotiation skills et cetera that you have taught us than we perhaps have in some of the other areas.' I think there are a lot of things there that are just as important as knowing how to put bricks together.

CHAIR—What is your view of VET in Schools?

Ms Simon—The TAFE Teachers Association are probably the wrong people to ask about this.

CHAIR—That is why I asked the question.

Ms Simon—I know. Obviously, VET in Schools has benefited a lot of young people. It needs to be there and it needs to be supported. The range of opportunities for young people needs to be there to encourage them to stay at school. How we then articulate that and work it into further education, whether that be through TAFE, universities or jobs, is another matter that I do not think we have quite worked out. We feel that VET in Schools is the start of an education and training process. It is not the end of it. Even with work experience or simulated work practice in schools, it does not equal the real industry training and education that TAFE can offer and should not, to our minds, be seen to be equivalent.

CHAIR—Do you think it is?

Ms Simon—No, I do not believe it is, but I think that some other groups do see it as being that. We also believe that, if it is going to be delivered, it can in most instances best be delivered by TAFE teachers.

CHAIR—That is the point I was coming to, because it did not seem to us from anything we heard that people at the schools level see it as a competition with TAFE or an alternative. It is part of the process, and it appears to work best where there is a relationship between the school and the industry or enterprises who are delivering the on-the-job component of it.

Ms Simon—Yes.

CHAIR—One of the criticisms is of the capacity of teachers to actually translate their experiences to young people about what industry does or how industry functions, given that a lot of them have never spent any time in industry. In fact, in the VET system, this seems to be where

a lot of the failures are. The question I ask is: is there a capacity to build relationships between the school system and the TAFE system to access the expertise in TAFE to provide that level of knowledge and training to young people? We heard an example in South Australia of the high school in Whyalla which is across the road from a TAFE college. I do not think they ever spoke, and that demonstrates the artificial barriers that appear to be there.

Ms Simon—The question asked before about funding models is very significant. As things are set up at the moment, TAFE and schools are in competition with each other. Certainly, the state Labor government has done nothing to break that down. In fact, I would suggest to you it has done a lot to build those barriers up. There is a staffing problem, which was created by this government, such that if schools send their students off to TAFE they lose those hours in the schools, which means they will then lose staff. They then turn around and say: 'How can we make sure that we keep those hours and those staff within schools? We will have to make sure that we deliver that education ourselves, even if the TAFE across the road has the equipment, the teachers and the capacity to be able to do that.' That is what our education system has come to, and it is a very sad state of affairs when we pit the three sectors against each other, use them to undermine each other and use them to compete in such a way that when one gets funding it gets taken from the other.

Senator STEPHENS—Thank you for your submission. It raises some important issues in terms of skills shortages particularly in the teaching profession. You noted in your submission the looming shortage of TAFE teachers that is almost upon us and the level of part-time teachers in TAFE now—more than 50 per cent. Are you able to tell us what proportion of part-time teachers actually work in industry when they are not working with TAFE?

Ms Simon—I would be picking numbers out of the air. It is still the majority. In TAFE in New South Wales we have about 12,000 part-time casual teachers and the majority of those are people who work in industry and come in and teach at nights or pick up a few hours here and there. They are brought in for their expertise in industry. Whilst it is small number, there is a growing number who spend their lives as TAFE teachers doing as many hours as permanent teachers.

Senator STEPHENS—We had a submission this morning from Dr Cornford from UTS and he expressed very strong concerns about the quality of teacher and trainer qualifications. He was very critical of the qualification of Certificate IV in Assessment and Workplace Training. I do not know whether you had a chance to read his submission—it is submission No. 41. I am interested in the part-time teacher qualifications in TAFE and the extent to which certificate IV is seen as an adequate qualification for teaching in TAFE as a part-time teacher.

Ms Simon—We have just reached agreement in this state on accepting that certificate IV is the baseline qualification, and the reason we have done that from a union point of view is that there were moves to make it even less than that. There were moves because of the AQTF standard VII to make it only the specific competencies in terms of delivering and assessing after certificate IV, and not even the whole certificate IV. So for us to get an agreement from TAFE New South Wales that they would set certificate IV as the baseline, which meant that they had to put funding into actually making sure that all teachers coming in were at least trained up to that level, was fairly significant.

I would suggest it is not what is happening in every other state or territory in this country. I think that you will find that they are a lot lower than that. However, at the same time we still have the undertaking that all our permanent teachers are fully teacher trained and have either a bachelor's degree or a graduate diploma in adult education and TAFE. If you do not already have that when you come in, TAFE will actually spend the money in training you over the next couple of years. Once again, no other state or territory is still doing that apart from New South Wales. Are we happy with certificate IV—no, we are not.

I am also the New South Wales representative on the National TAFE Council of the Australian Education Union and we have lobbied strongly and significantly to try to get the standard VII of the AQTF raised. We do not believe that is a suitable level for any teacher or trainer. We believe there are a lot more complex skills that go into being a good teacher. Why should we have different levels? A teacher is a teacher and it does not matter whether you are teaching for two hours a week or whether you are teaching for 20 hours a week. You are still a teacher in front of a class and you still should have the best skills that you possibly can. So I guess we will continue to work at it but we have accepted that at this stage.

Senator STEPHENS—In this submission, Dr Cornford outlines the Queensland award recognising three levels of teaching as a tutor/teacher with certificate IV and teachers with a degree. He also makes reference to one university—he does not say in which state—that has advertised a year of advanced standing for a certificate IV and only one additional full year of study for a bachelor's degree. In terms of the council, you are arguing strongly, and we have had the argument in many places from within the TAFE sector, the community education sector, RTOs and the group training companies, about the quality of training and the capacity of those people with that minimal qualification to actually be able to effectively deliver the training package and to understand the educational issues surrounding skills development. At the council level, have you identified the next minimum level that you would want to achieve?

Ms Simon—Above certificate IV?

Senator STEPHENS—Yes.

Ms Simon—There is nothing between certificate IV and a degree. It is certainly our position and the CAEU position that there should be a degree in adult education that any teacher should have.

Senator STEPHENS—I am not trying to be difficult, but given that VET courses are being taught in the ACE sector, for example, in the community colleges and by registered training organisations, how realistic is it to think that that will be the case? Basically, industry are saying that it is much more important for them to have people who are industry trained as opposed to being teacher trained. How realistic is it if we are looking at working with industry to be responsive to skills development needs, particularly in emerging areas?

Ms Simon—I understand your point and that obviously is what we are up against all the time. We will continue to maintain that teaching is a profession, it is a profession whether it is at school level or at TAFE level and, therefore, it needs professional qualifications. Certificate IV is not a professional qualification. We also acknowledge that there are unfortunately going to be times when we do not have that, and obviously there are a lot of part-time casual teachers that

come in from industry for only a couple of hours a week that are never going to have a degree qualification in adult education.

It still does not take away from the fact that you do have a base level of skills and knowledge. Hopefully, you can always keep working on that. I know that the new certificate IV that is being proposed has a whole set of possible additional modules that you can do, whether it is looking at things such as innovation, whether it is looking at specific groups such as those with language problems or whether it is looking at other areas. Hopefully, we can still continue to recognise that people can pick up, and should be encouraged to pick up, these additional qualifications and these additional skills, because it is about the skills development of those who train and teach others. Whilst we will not walk away from what we say about professional qualifications, we still recognise that there are other ways of building up towards that. As you say, sometimes you do not have to do an awful lot to get the degree qualification these days, which is perhaps unfortunate.

Senator STEPHENS—I am not asking you to speak on behalf of TAFE, but one of the criticisms that we have heard is that TAFE is not responsive enough to the changing needs of industry, particularly as to emerging technologies in industry. Does your organisation have a view about how teachers keep up with technological changes? I have left TAFE and I do not know whether there are still placements in industry through return to industry types of opportunities. How are you actually trying to bridge that nexus?

Ms Simon—We still have the same policy around return to industry and teachers are still encouraged to participate, and we have worked with TAFE over the last couple of years to try to develop different programs as to how this might happen. I would have to say that both funding pressures and casualisation have meant that a lot of those programs have become really irrelevant. When you are perhaps operating in a section where you are one of the two permanent teachers, the chance of your being released to return to industry to upgrade your skills, when there may be no part-time casuals to replace you or if there are they may or may not be suitable, is becoming more and more difficult. It comes back to what we are saying in the submission: you have to address that as a matter of the skills shortage. If you say that your teachers have to be up to date to meet industry's requirements, then you have to get them out there and you have to keep retraining them. It is part of the obligation, and I do not think that is happening very well at all. On the other hand, I also do not think it is necessarily because TAFE does not want to do it. It just feels that it does not have the funding, and the pressures are so extensive that it is finding that difficult. We have certainly identified professional development as one of the most important things. You are probably aware that Kaye Schofield, who was here earlier, did a report for TAFE New South Wales which is entitled *Third generation curriculum*. Part of what she had to say was about the professional development needs of teachers and how more needs to be put into ensuring that that occurs. So, yes, we are working with TAFE to try to do something but it is not happening satisfactorily at the moment.

Senator STEPHENS—Moving away from the skills shortages of TAFE teachers and going to the training environment and the bigger picture, we have heard lots of evidence from young people, employers and a whole range of other stakeholders about the value of prevocational and preapprenticeship training. Would you like to make any comment about how you perceive they contribute to addressing the issue of skills shortages?

Ms Simon—Yes. We look at that in our submission. It is certainly the feedback that we get from our members who say that for TAFE to walk away from preapprenticeship training was a serious problem and that they really have let young people down by not putting funding into it. We still run some courses but they are very sporadic across the state. When I was in Dubbo this morning for a trade workshop they were saying that for all of the building areas they were running preapprenticeship training at one location and the trade courses were being offered at, say, eight different locations. So we are really not picking up on a whole lot of the needs of young people there and I think there is a lot more that we can do. It should become a priority area—just look at the outcomes. I have heard time and time again from our members that most of the young people who go through preapprenticeship courses pick up jobs. They pick up apprenticeships and they go on. As we have said, they are work ready and they have a whole range of skills that they can then contribute.

CHAIR—The ones that we spoke to place a lot of value on it.

Ms Simon—Yes, absolutely. At St George TAFE, where I am located, I know we run a pre-apprenticeship in the electrical trades. Fifteen young men come in, they stay, they go through, they do their six months; they are all found jobs afterwards, or they all go on to apprenticeships afterwards. It seems to be a very successful way of operating that we need to pick up and do a lot more with.

Senator STEPHENS—I think that is enough from me. Thank you.

CHAIR—Thank you, Ms Simon.

Ms Simon—Thank you.

[4.51 p.m.]

ALLEN, Mrs Jeanette, Executive Director, National Wholesale Retail and Personal Services Industry Training Council

CAHILL, Mr Norman William, Executive Officer, New South Wales Utilities and Electrotechnology Industry Training Advisory Body

CALLAHAN, Ms Jennifer Anne, National Electrical and Communications Association

CAULFIELD, Mr Desmond, Executive Officer, National Mining Industry Training Advisory Body Ltd

CHAIR—Welcome. The committee has received the submission, numbered 22, from the National Electrical and Communications Association and the submission, numbered 81, from WRAPS. It also has the submission, numbered 6, made by Mr Caulfield in a private capacity. Is there anything that any of you wish to add or change in these submissions? No. The committee prefers all evidence to be given in public, although the committee will also consider any request for all or part of your evidence to be given in camera. I point out such evidence may subsequently be made public by order of the Senate. I invite each of you to make a brief opening statement. Mr Caulfield, do you wish to make a brief opening statement?

Mr Caulfield—Yes. I have listened to a range of speakers, and the discussion was mainly on the satisfaction of need rather than the establishment of the need and the magnitude of our skill shortage—sorry, I use the term 'need' as opposed to 'skill shortage'. They mean basically the same thing.

CHAIR—Ms Allen?

Mrs Allen—I think almost everything we wanted to cover was in our submission. The only other thing I would say—sitting here with three other people—is that we all come from different industry sectors and our industry sectors all have different perspectives on things.

CHAIR—Mr Cahill?

Mr Cahill—Thank you. The NSW Utilities and Electrotechnology ITAB is aware of a number of skills shortages in our industries. We look after the electrotechnology—which is electrical and electronics—gas, water and electricity supply industries. We are experiencing skills shortages in all of these areas. We see a number of problems in attracting people to our industries. They are not seen as glamorous and we would like to try to promote our industries better. Also traditional trades—we are having great problems attracting young people to the industries, and we believe that your inquiry will go some way to addressing a number of the problems that our employers are having in meeting their needs in the industry in the future. If they are not addressed then we will have major problems in being able to supply basic services to our industry.

CHAIR—Thank you. Ms Callahan?

Ms Callahan—I would like to reiterate what Mr Cahill said on that. I represent 6,000 businesses Australia wide that are working in the electrical communications industry. We experience skills shortages, and have done for the last 20 years, in the main careers areas. We also have many preconditions for skills shortages in areas of converging and emerging technologies that are not really coming through in statistics and data and that we have concerns about for the future. We have a number of programs set up through our association to try to address those, but we thought it was important to bring them to the attention of this committee for planning for future skills needs in these areas across Australia.

Senator TIERNEY—I would like to start on an issue that has come before us—and you all might want to comment on this—relating to the way ITAB advice has evolved over the years. There has been a claim that, because of the way ITABs are made up, sometimes the advice ends up as a compromise of views and that the lowest common denominator or an unclear picture gets through on that advice. As you are representing ITABs, what are your views on that?

Mr Caulfield—I have been involved in industry training advisory bodies in Australia since 1980 at both state and national levels and particularly since 1983 at a national level. The level of information available from industry over the years has, to some extent, been inadequate. If one looks at other countries when they decided to pick up industry style training or industrial training, depending on how you look at it, it inevitably came from a wave or a driver of some sort. For instance, in the UK in the sixties it was the introduction of a levy grants scheme and things of that nature. One of the major things that the levy grants scheme drove, particularly in the country that I come from, was that organisations were forced to establish their needs, their labour market trends and things of that nature. That to some extent gave an indication and provided a lot of information and advice to the advisory bodies in those countries.

We have never had a similar situation here in Australia where we could capture information and advice from industry about its needs and then convey it to other organisations. We need to be able to convey whether there are skills shortages and the magnitude of them. We need to know about the types of skills shortages and whether they are real in order to provide to a solution to those skills shortages. In many instances the skills shortages do not stem from training issues. Therefore, one has to look at a whole range of things and certainly have better information from industry about its needs.

Mr Cahill—I have a different perspective to Des and it is from a New South Wales state level. We tend to work very closely with our industries. We are out on the hustings with local industry in rural and regional areas, and I think the ITABs do get a good perspective of the work that is done. It is a bit difficult now that we have had our funding cut—we are finding other ways and means to attract that funding—but I think that the ITABs do give you a very clear perspective of what the industry shortages are. Often the ITAB is caught in a conflict between the employers and unions that sit on our boards. What we have found in our industry is that it is one area where the employers and the unions can come together for the good of the industry and speak about things in the training area without bringing their industrial relations conflicts to the discussion. In that area, the ITABs have proved to be very successful and can project forwards.

In our industry, we work very closely with our employers and employer associations, looking at not only the skills shortages but also the ways and means by which we might be able to address those skills shortages, whether it is a need for the development of new training packages,

a new apprenticeship, the revision of competency standards or qualifications, or even a new course. We are a dynamic industry in the electrotechnology area that has a lot of changes to photonics and a whole range of new technologies coming in. The members of Ms Callahan's association are trying to put that into place. Our job is not only to find out what the skills shortages are but also to try to address those in the quickest way possible. We do that by working with private and public providers, such as TAFE, to put those courses in place and by working with the state training authorities and all the other different bodies that we need to go through. In our industry, there are many licensing regulations that we have to go through. The ITAB, as a one-stop shop, can put those things in place to try to force those things through in the best manner to be able to assist our employers to address those skills shortages that are apparent at the moment and that will develop in the future with the changes in technology.

Mrs Allen—I would like to add to that a little bit. In our view, while we take a number of viewpoints from across the industry—from our stakeholders and from our boards—the ITAB's role is to interpret how that relates to training. Most of our industries tell us about their immediate business needs, not necessarily their training needs. If there is a skills shortage or an area that they are having trouble recruiting in, it is up to the ITAB to follow that up to see if that is a broad based need or if it pertains to a particular geographic region. The advice coming from the ITABs in terms of industry needs is very valuable because it is the only group or body that is in a position to objectively look at both sides of the coin, rather than a particular driver from a business, union or industry association perspective.

Ms Callahan—Our industry needs a mechanism to collate the data on skills shortages and needs into the future. As Mr Cahill has said, we are moving very fast with the technology. The industry is picking up emerging technologies. In answer to your question, I could not personally answer that from our association.

Senator TIERNEY—That is fine. It is not being said that you should not have such a body to collate figures or do audits of national skills. It is the form of it that is in question. I would like to ask for your comments on structure. There is often criticism in relation to state and federal levels of ITABs—that sometimes they do not quite marry up. That has created some frustration in terms of advice or advice lines that are coming through. Would anyone care to comment on that federal-state mismatch?

Mrs Allen—We had the National WRAPS and the state and territory WRAPS organisations. We had one of the most cohesive, collaborative state and territory national networks, but that was not easy to achieve simply because of the differing requirements. We responded to a contract with a national body. State and territory ITABs respond to a contract and the requirements of a state training authority. Those requirements were not always the same. From a national perspective, there was a lot of giving of information and financial support to make that network effective. If we were in a position to be able to have a national network under a national system, it would be invaluable in what it could achieve, particularly for the level of on-the-ground information that state ITABs are able to bring to the table.

Mr Cahill—Similar to WRAPS, our industry has a fairly consistent structure right across all the states and territories, except for Victoria. In Victoria, we had three different ITABs that looked after four different sectors: one that looked after electrotechnology and the electricity supply industry, one that looked after gas and one that looked after water. It was a bigger job for

our national ITAB to coordinate it when it was so diversely structured in that area. That is changing a little, but we have now also lost our water people at a national level, who walked away. A lot of it comes down to industry politics and personalities. That sometimes can cause the ITAB to be caught in the middle of some of those personality conflicts between national board members. We have a very good national network and we work closely together. As Jeanette said, you need people on the ground in each state and territory to make it work properly. Without that, you are lost—you really are.

Senator TIERNEY—We have skill shortages in a number of traditional apprenticeship areas. One possible solution might be in relation to mature age people retraining. Mrs Allen and Ms Callahan, you both made comments on possible barriers for mature age workers to move into apprenticeships. Would you like to elaborate on some of the barriers you see for the mature age worker?

Ms Callahan—I did a little research on this for our industry and found that we hit a barrier either way. There are different state systems. In the states where adult wages do not exist, a mature age apprentice of 23 or 24 may be in a far different position to a young teenager. The mature age apprentice might have a young family and could not survive or exist on an apprentice wage for those first few years. Therefore, it was a disincentive to the apprentice. In the states where we have adult wages, the employers have a choice of a first-year apprentice on adult wages or junior wages. While there are many examples of mature age apprentices, there is no systemic sustainable mature age apprentice recruitment in states where there are adult wages required for apprentices. Either the apprentice could not exist on the wage or the employer cannot afford the wage compared to what they could pay a younger apprentice. It seems there is a barrier either way and we do not have an answer.

Mr Caulfield—I would like to comment in respect of your previous question a la the national state relationships.

Senator TIERNEY—Can we just finish off this one first?

Mrs Allen—I agree with the discussion on the wages but there is another area, which is the lack of recognition for the skills that a mature age person will bring into a new apprenticeship or apprenticeship. In most cases, they will have a certain amount or significant amount of previous work. They may even have qualifications. But if they sign into a new apprenticeship there seems to be a hesitation to acknowledge or go down a pathway of recognition of prior learning and then develop a pathway that perhaps is shorter than what the traditional apprenticeship term might be. There is not the flexibility in the pathways that are available to mature age people to encourage them to even apply for this sort of retraining.

Senator TIERNEY—Are there any examples in any of the states that RPL is working for mature age people who want to go on to apprenticeships?

Mrs Allen—Is working?

Senator TIERNEY—Is working—so that they might get some credit and therefore have a shorter course.

Mrs Allen—None that I am aware of.

Senator TIERNEY—None at all?

Mrs Allen—That I am aware of.

Mr Cahill—I can give you an example in New South Wales, where we have just brokered a deal with the New South Wales Department of Education and Training for mature age people working in the electricity supply industry. We have a major shortage of what we call line workers—the overhead powerline workers. It is a new trade that was only implemented a few years ago in that area. In New South Wales, we have had major change in the structure of the electricity supply industry from 23 small county councils into one major rural and regional area, which is Country Energy.

We have been able to negotiate for a shorter time for people coming from traditional electrical trades—that is, an electrician, an electrical fitter or a mechanic—into that area. If they have been trained in the electricity supply industry in that area, we can give them up to three years off that apprenticeship as a line worker in that area. If they have been trained as an electrician outside the supply industry, they can get two years off. If they have been an electrical worker, which is a labouring type grade inside the electricity supply industry, we have given them 12 months off their apprenticeship in that area. That system is now in place in New South Wales for Country Energy. It is working well, and we have had a lot of people. That system will work in rural and regional areas. Where there are electricians wanting to move to the North Coast or the South Coast, where there are not that many opportunities for them, it will not work in those areas. But that is one example of where it can work and has been successful.

Senator TIERNEY—Mr Caulfield, do you have any comments on the two areas?

Mr Caulfield—Yes. The first aspect is that the direction and participation at both national and state levels were quite good in the eighties because the national body received the funding, prior to Minister Dawkins changing the funding arrangements. Once he moved the funding to the states, as opposed to putting it through a national body, the national body lost its influence on the state systems. The state systems bit by bit went into the states because they felt they were being paid by the states.

Senator TIERNEY—Dare I ask why he did that?

Mr Caulfield—They did it. As I said, I was there. So that is where we lost a lot of influence at a national level. Hopefully, under the new industry advisory arrangements and the skills councils, where the national body again has been given some national perspective at both a national and state level through its interface with enterprises, I think it will be much better. Then they can build up a regional system again. That is one of the areas in which, and one of the reasons why, one lost a fair bit of influence in that, not least of all because of the most recent removal of $10.6 million from the state system, which originally was industry money as opposed to state money. Unfortunately, it has gone. We cannot get it back.

In relation to mature age apprentices, the mining industry by and large employs mature age people. They are 20-plus when they enter the industry. The industry is not terribly keen on the

apprenticeships under the federal system of funding. There has been some pick-up here and there, both in the coal industry just outside Singleton and in the metalliferous area, but it is patchy in respect of the mining industry. The mining industry has been its own man—if I can be sexist—for so many areas in saying, 'We can do it ourselves; we don't need other things.' However, it is moving more and more into mainline vocational education and training and those things that assist the skilling of people, whether it is a new apprenticeship, a traineeship or an old style apprenticeship. RPL does go on in the mining industry, but the mining industry is one where compliance rather than qualification is very important. It is compliance to get a competency, to be a competent person based on what they are required to do at the work site, that is very important to the industry.

Mr Cahill—I will add a further comment to the question you asked in regard to the wages for adult apprentices. In that Country Energy example, adult wages are being paid to those apprentices, which makes it rather attractive for them to take on those apprenticeships. We are also finding it difficult to attract 18-year-old school leavers into apprenticeships when the rate of pay is still at the rate for a 16-year-old in a first-year apprenticeship. That is about 40 per cent of the adult rate. Back in the days when I did my apprenticeship and left school at 15 or 16, an apprentice at that age was still living at home with their parents. They did not have a car; they should not have been drinking and smoking. But at 18 now, on the same rate of pay, they are expecting a whole range of those things as part of their normal lifestyle. The rates of pay for apprentices in a four-year term are not that attractive to somebody at 18 years of age, whereas in the past, at 16, they were earning a larger percentage of that adult rate of pay by the time they were 18. That is one of the areas that make it difficult for us to attract people. As a recent example, the son of a friend of mine looked at the rate of pay for an apprentice electrician at 18 and found he could get more money stacking shelves at Woolworths at night. He did not look five years down the track at how much he would earn. That is a major problem that they are experiencing now.

Ms Callahan—To reiterate about the mature age apprenticeships, anecdotally they are highly regarded in the industry and the skills that they bring in are highly regarded. My point was that systemically there is no system—there are barriers.

Senator TIERNEY—To credit that. Thank you.

Senator STEPHENS—Ms Callahan, in the submission from your association you raised some very interesting issues. On page 3 of the submission you outline that entry level training into your industry is through a new apprenticeship pathway and that there is a need for alternative training pathways for your industry. To what extent do training packages meet the needs of your industry at the moment? Is there any capacity for, or is there a practice of, taking modules from different training packages to meet the needs of your industry?

Ms Callahan—My main work with NECA is looking at alternative pathways. I am very involved with that. To a certain extent they meet our needs but it is very difficult to have anything approved that is outside the mainstream training package. There are many systemic barriers. We have to approach the pathway differently in each state because the funding model is different in each state. The simple answer to your question is that it is very difficult to move outside the training package to put together qualifications with competencies from various training packages. It is more problematic in our industry because we are tied down with a

licensing regime. Therefore we do not have the flexibility that perhaps other training packages have to chop and change between packages. When we need a breadth of skills we really have to expand rather than cut into the qualifications we currently have. I may not have explained that very well. The licensing does form a barrier there—I am not saying it is bad or indifferent but it is a barrier because we cannot have half an electrician under the current legislation.

Senator STEPHENS—Unlike in Mr Caulfield's industry, where he said compliance is more important than qualifications, you are saying that in your industry compliance requires qualifications.

Ms Callahan—Compliance in the electrical trade requires the qualification, yes. On the data communications side it is a different issue.

Senator STEPHENS—What is happening in that sector of the industry?

Ms Callahan—There is massive growth. There is a coregistration regime which is more a lowest common denominator than an electrical licence producing work competency. It is regulation of technical things. It does not satisfy the need for quality installations. That is starting to become apparent Australia wide. As an association we have a number of initiatives going to try to address that. Through our work on alternative pathways we are trying to address that. But it is very fast moving and there is a lot of training required. Many of our employers are doing a lot of training. It could be categorised as 'just enough and just in time'. They are not very well read; we need the high quality. Much of the training is done through the people manufacturing and providing the product rather than the training system because the training system cannot keep up with the technology, the equipment is expensive and to make changes is not fast enough for parts of the industry.

Senator STEPHENS—In your submission you make the point about the limited capacity of registered training organisations or TAFE to respond to those very rapid changes in your industry. What does your association see as the answer to that?

Ms Callahan—We do not have an answer that will completely solve the situation. Each state is different and that is a barrier to us to start with. The use of choice funding is capped in the electrical industry in many states to public training providers or selected private training providers so we do not have the scope to go outside to private training providers in some respects.

One of our answers is to try to incorporate other pathways through the electrical training. At the moment, there is not a defined skills shortage in data communications. There are the preconditions for it and it will occur in the next four to five years, according to our research. It is hidden underneath the data. It does not come out as an ASCO code trade. It is hard to address that when you have employment training rather than training through an institutional pathway. No-one wants to employ an apprentice now for the work that they will get in four years, so we are trying to implement alternative pathways where the data communications training is incorporated with the electrical training so that some training is happening in preparation for the future. We also have an industry sponsored upskilling program happening now and other initiatives.

Senator STEPHENS—Are you able to provide the committee with some examples of those innovative responses to your industry's needs? It would help us if you used illustrative case studies.

Ms Callahan—I have with me a number of brochures on the upskilling program that are for the contractors. We are setting up—and it is in its infancy—a system where electrical contractors can register for industry accredited levels such as ACE and BASE, and we are slowly moving up to try to recognise the skills that people have and provide training to move them through those skill bases. The ultimate plan is to dovetail that with the national training system and to have an industry recognised set of levels for quality provision of data communications training. We also have a foundation—it is not specifically for data communications; it is an electrical communications foundation—which has been industry sponsored to try to encourage innovation and improvement for individuals or associations. I can leave examples of that. We have a vision 2002-04 action plan that has been developed by the industry. I have a photocopy here. I do not have the final version, but I can provide that the minute it is ready.

Senator STEPHENS—That is great. Have you any assistance from government or through the ITAB to deal with these rapidly emerging needs?

Ms Callahan—We have had assistance at a variety of levels. We were involved in the initial National Industry Skills Initiative. That was an excellent starting point. It certainly changed thinking, and it brought about a lot of intangible change and, I think, a culture change within the industry over those years. Certainly, it was a starting point. We have Commonwealth funding on the innovative pathways project. Many of the others have been supported through industry, and some of the work done through NISI is now being supported through industry. Some of our careers work is being supported through industry. I do not know how much you want to hear now. Would you like a more definitive paper in the near future?

Senator STEPHENS—That would be wonderful. I would appreciate that.

Mr Cahill—We are working together currently to try to address that situation.

Ms Callahan—Yes.

Mr Cahill—My counterpart from the Victorian ITAB that looks after that area and I are currently trying to put together a qualification that will look at both electrical and data communications. In the past, data communications was done by Telstra or Telecom trained people. Now 85 per cent of people doing that work are electrical tradespeople. So it is a major step forward in that area. Telecom stopped training, people lived off their training people and then it just flew into the hands of electricians. They had to do it, because the contractors saw that it was a good way.

The thing that Ms Callahan was talking about is that you can go off to TAFE and do three modules and get your BASE cabling licence. That does not give you a skilled person to do that work, because they also have to have the training and the hands-on experience to gain those skills. That is what the BASE, ACE and all of those sorts of things are trying to address for the existing people in the industry. This is an expanding part of our industry—it is getting into

everybody's home, every building and everything now—and it is the electrical tradespeople who are doing it.

The licensing regulators say, 'You must do these steps before we will give you a licence.' Adding communications to that means to expand the trade and, looking at the number of competencies, we already have a qualification in data communications and a qualification in electrical. What we are doing now with Ms Callahan is trying to get an advanced trade, shall we say—not a dual trade, because that conjures up industrial relations issues—where people who are doing that sort of work in both electrical contracting and data contracting are picking up those skills through their apprenticeship.

When we went off to see New South Wales DET in December and put the proposal to them, in principle they agreed to it. The ITAB then wrote off to New South Wales TAFE and said, 'We have in-principle agreement that they will actually fund this training,' which was an additional year of off-the-job training. We are still waiting on TAFE to get back to us as to whether they can help us write up the course. We have been waiting five months just for someone from TAFE to write back and say, 'Yes, we can give you some time. We can spend some money to write the course up so that TAFE can actually deliver it.' Even the New South Wales DET, the Department of Education and Training, have said they will fund that additional year of training out of their apprenticeship funding. They are some of the things that have delayed our implementing these changes. New South Wales have said that they would do it, and we have agreement from our national ITAB that, once it is in place, when the review of the training package does take place that can be incorporated.

We have the same problem with our signal electricians who work for the railways. We need a new qualification in that area. Once again there is a delay in the review of the training package, and we are going outside of the normal system to find money. In this case the Rail Infrastructure Corporation of New South Wales are now looking at whether they will fund us doing the writing of all of that to put it in place. Once again, New South Wales will go around the training package, as long as it is going to be implemented in the future. I believe the Victorian government will do the same. Our colleagues in Victoria have a different problem, and Jennifer will explain that.

Ms Callahan—In each state we are coming up with a different solution to this issue of getting the data communications training. I do need to add that it is at a considerable cost to employers but, to get the training, the employers are willing to wear that cost. I have also spoken extensively with people in communications. At the moment there is no market for communications trainees or apprentices, and that is why we are going down this road. We would ideally have a communications apprenticeship going as well, but there just is not the market for it at this stage.

In Victoria we have a special agreement in place for one year so that we can dually enrol the apprentices into this pathway to get it going. But then we have to get a course in place somehow in Victoria that fits in with their database and information gathering. In each state it will be a different task. We are in a national training system, but once we get down to implementing a pathway we are dealing with eight different states.

Mr Cahill—Registering trainees and courses is often complicated by the various state computer systems—that is, how you can put a course on, how it can be recognised, the size of the competencies and the number of competencies that you are allowed. A lot of things are computer technical things, not really training delivery problems. I do not know if others have experienced similar problems.

Mrs Allen—All I would say is that training packages are seen as the problem in most cases, but I think it is the systems and delivery that create the problems not the packages themselves. They are, in the main, fairly flexible individual units of competency, packaged in a way that gives an industry based outcome. If the training delivery system had a little more give in that, some of the problems we are all facing in relation to pathways would be addressed more easily.

Mr Caulfield—For me, a substantial number of the apprenticeship style of competencies are incorrect. If the competency is based on what a skilled person does or what an experienced person does as opposed to what an apprentice does, which is what they are, then they are incorrect. The competencies are based on what an experienced person does, and the programs that you develop to achieve those over a period of time are the various modules that you refer to.

There are no modules in the training package, and it is one of the issues that has been missed in my opinion, particularly in the area of what are regarded as the skilled or trades area. They are based on courses that were running over the years. Those competencies are in relation to an apprentice, not an experienced person. You go right back to where the whole idea of competency comes from and it is based on what an experienced person does in the working environment. To support what Jeanette said in respect of the training packages, they are so flexible anybody who wants to can develop a training program from only a short analysis of the units of competency. How they put the suites of competencies together to form either a qualification or an employable skill within an organisation to the standard of performance required by that organisation when the person is trained to that standard, is another matter. It is the industry that owns that standard of performance, not the provider of training.

Senator STEPHENS—That is an important point.

Mr Caulfield—It is a very important point which is often lost, in my opinion.

CHAIR—Why do you say, Mr Caulfield, there are no modules in the training packages?

Mr Caulfield—The endorsed components of the training package—and when we speak of training packages we refer to units of competency, qualification framework and assessment guidelines—can be supported by resources where you will find modules. The modules relate the units of competency within the training package.

CHAIR—The whole system of training, as I understand it, is module based.

Mr Caulfield—No, it is not.

Mr Cahill—It has been changed in the package area. The unit of competency now is seen as the smallest unit of currency between RTOs. In the electrotechnology area our licensing people still want us to be able to show them what modules—and we would understand modules, being

old tradesmen—are going through various courses that the apprentices have always done. But as far as ANTA or the state training authorities are concerned, the smallest unit that they want to see is a competency standard. In our industry, in electrotechnology, we have developed module maps that show you the modules of training that people have to do as underpinning the theoretical skills for those competency standards. As well, they have to do their practical training.

But that is not the system in all training package areas. In the traditional trades you would still be able to go to a TAFE college in any state, I would say, and find modules of training that have been delivered. But in a national training package they do not exist. They are not funded and there is a lack of resources available to continue to maintain some of those modules of training and to redress them. As you would be aware, there were thousands in the old NMEC banks that were maintained for many years and now those modules could be lost if not maintained in the future. There are some industries, such as the electrotechnology industry, that want to continue to support modules of training as underpinning theoretical knowledge. There are other industries that do not want that at all. They want more flexibility and they want to be able to use that. I think that is a choice each of the industries should be able to make. But if an industry does make a decision that they want to keep those modules, and in our industry it is necessary because of our licensing people—that theoretical knowledge and Ohm's law and all of those things that we had to learn and which must have been seen to have been learned and passed—then we should be allowed to keep those. But as Des said, the base unit of currency in a training package is competency standard.

Mrs Allen—If I could expand on that a little: the difficulty that happens very often at the state level is that the training providers, particularly in New South Wales, cannot take the training package and deliver from the package. They have to develop a course and have a course accredited based on the units in the training package before it can be delivered in New South Wales. There are similar, if not quite so formalised, practices in other states and territories. Some can deliver direct from the units of competency and others have to develop some sort of structure, framework or curriculum document before they can actually deliver.

CHAIR—Can you identify whether they are capable of delivering that? Which industries are capable of delivering that straight from the training package and which industries require to put the modular structure around it?

Mrs Allen—In New South Wales, every training package has to have a course accredited. Every qualification and every training package has to have a course accredited. In the WRAPS industries, we have seven training packages. In most other states and territories, they are delivered direct from the units of competency. In New South Wales, they have courses accredited. A lot of times I think that relates to why the training package may be endorsed in the year 2000, but it actually does not get implemented nationally in every state and territory until 2002 sometimes. So by the time it starts being implemented, you are ready to do a review. The package is endorsed and recognised, and then the states put in another layer to actually slow it down again.

CHAIR—Is this all managed under the umbrella of ANTA?

Mrs Allen—No, the states do that. ANTA endorses it, it goes to the states and then the states start their process.

Mr Cahill—There is an implementation process in each state and territory. As Jeanette quite rightly said, it is different in each state and territory and that is where we fall into those problems. For example, TAFE in New South Wales need to have external review panels with industry, unions, employers and ITABs sitting on those things. That all takes time. They have to be put on a web site. If you are going to develop a new course, that takes six weeks before you can even start the implementation. You then have to apply for funding, if you are a TAFE college. There is some funding for providers to develop their courses and on and on it goes. So it is quite a long and involved system. It would probably be better if there was some way the non-endorsed components could be nationally funded. Often you will find that New South Wales is developing a course, Victoria is developing a course, Tasmania is developing a course, and often it is the same course.

CHAIR—Naturally, if you have six states and two territories, you could have eight different systems.

Mr Caulfield—That sort of system has always been there; it is nothing new. The one consistent thread nationally is the training package. It is the one national consistent item where there are competencies that flow right across all states and territories. There is a qualification framework that flows right across and there are assessment guidelines that flow right across. It is the only national system, the only national framework or structure, that the system works in. It is then up to people. You need to bear in mind then that the onus of competency contained in the training package is looked on by many people, as we have already heard, as training materials. They are not; they are an initial analysis of what an experienced person does—that is all. They can be used for all sorts of things, of which training is one. I would rather say that they are a profile—a competency profile. The end user says, 'I endorse these components of the training packages'—whether it is the competencies or whatever the case may be, although it is usually those. They evaluate what are in the competencies and establish, 'These are for our organisation because our work organisation is such'—

CHAIR—I am sorry to interrupt, but are you saying that the training packages are an identification of the skills that I am required to have to be classified as an electrician or whatever, and that it is not an identification of how I get the skills?

Mr Caulfield—No.

Mrs Allen—That is right.

CHAIR—Then why do they call them training packages?

Mr Caulfield—We didn't call them training packages; that was ANTA. Unfortunately, Senator, that in fact is what happened. Quite frankly, when it first came out, I suggested at the time not to call them training packages. They are not.

CHAIR—Certainly, from your description of them, they are not.

Mr Caulfield—Unfortunately it has to do with the business of dealing with ITABs. When we speak about training packages, we think immediately of units of competency, qualifications and

assessment guidelines. If we say 'a training program' or 'a module of training' then we are talking about something different.

CHAIR—How you get them, yes.

Mr Cahill—If I said to you, 'That is our training package,' you would think, 'I can pick that up and I can train somebody from it.' That is not the case. The training packages are being used in a whole range of areas. We are doing work now with a number of employers who are looking at their currently employed staff and assessing their competency as to where they stand in their organisation. There are a number of people making a lot of money now from putting in place competency based award systems in those areas, and they are very good for doing that. But the training of somebody occurs below the training package, as Des said. The training package is what you can do when you are finished, not how you get there. That is part of the problem.

Mrs Allen—We are not allowed to put any information in the training package related to training delivery. The only information we are allowed to put in there is in relation to qualifications of the assessors who will assess the competency.

Mr Caulfield—It goes back to the principle established way back in the late eighties. There were two pillars: competency and assessment. It did not matter how you got there so long as you could do it—that you knew something or whatever the case may be. There is a view put—in fact, I have heard it even today—that there is no education in the training package. There is; that is what it is all about. It is about education and training. It is a broad based system but it has an outcome, and that is the issue with respect to industrial training, in that even the assessment guidelines within the training package relate to the person completing a unit of competency to a standard that relates to what it is in industry. Off-the-job trainers such as TAFEs and things like that do not have that, nor do they have a system whereby a person, having been trained, can get supervised practice in a working environment or a standard development program in a working environment. When is a person competent? Is it directly after training, after supervised practice or after a standard development program within the organisation? When is that person competent against the units of competency that have been developed by industry? It does not occur out of a TAFE college.

I totally believe in the partnerships relationship between industry and the colleges. We certainly want to use the publicly funded system that is out there, and which is spending something like $3.6 billion across Australia. We want industry to interface with that, to get the best value out of it. We do not want it to build bricks and mortar and things like that; we want it to get the people out of the bricks and mortar. They have the skills in whatever the case may be in respect of the bureaucracy to give us qualifications and audits and things like that. Industry, in my opinion, should be the ones who are driving the training, because they are the ones who are establishing the competencies and the standard of performance against each of the competencies.

Mrs Allen—I have a final point to make on that. There is recognition by industry people that there is a significant amount of training that could be done, and possibly is better done, off the job, in an institution based delivery system. But if somebody does a full institutional based delivery and then exits with a qualification, and somebody else does exactly the same qualification through a traineeship pathway where they spend the majority of their time on the job with maybe one day a week off the job, the competence of the person who has done the

traineeship on the job, at the end of the day, nine times out of 10, will be better than that of somebody who has gone down a straight institutional pathway. We need to provide an alternative option for those people to get the qualification with that cadetship, internship, on-the-job experience at the end of their off-the-job training—if that is the pathway they choose to take.

CHAIR—How does the assessor make the assessment between those two people you have just identified: the person whose training is essentially institutional as opposed to the person whose training is essentially hands-on?

Mrs Allen—Assessment of competency is not a single event. It is not a pencil and paper test and a practical demonstration; it is a demonstration of an ability to perform consistently over a period of time under normal workplace conditions.

CHAIR—How do you demonstrate that if you are institutionally taught?

Mrs Allen—You can demonstrate parts of it through an institutional program, but I am saying that consistent performance in the workplace needs to be part of that assessment. So they cannot do the complete assessment or gather all of the evidence required to determine competency.

CHAIR—Presumably the assessor is not spending all the time in the workplace with the person, so someone other than the assessor is making the assessment of competency.

Mrs Allen—You can have third party reports, observations or any number of things that add to a portfolio of evidence.

Mr Cahill—The old logbook system that has been used for many years with traditional apprenticeships is one method. We have actually implemented an electronic profiling system in our industry where the apprentice just ticks boxes each week. This gets read by the computer and builds up a portfolio of the experience that the apprentice has had.

CHAIR—We have heard a lot of criticism of that approach. I am not saying whether it is good, bad or indifferent; but we have had a lot of criticism of the tick-a-box approach.

Mr Cahill—It is not just a case of ticking boxes. If you like, I will get you some of the profiling cards so that you can have a look. It goes into which competencies they are working to, the amount of supervision they are under, the type of material they are actually working with. It then builds up a system of how that person has been exposed to elements in the industry and can show you their training over a period of time. It does not assess their competence; it gives the person who is going to make that assessment an understanding of how they have built those skills up over the years in the same way as the logbook, where people read the logbook at the end of a period of time and see what work they have been exposed to and the supervision they have been under while doing that type of work.

CHAIR—We heard criticisms in Brisbane from some electrical apprentices of people being knocked back because the maintenance of the logbooks was inadequate—they had not been properly kept—and they had not been able to demonstrate that they had the competencies. In that case, people had to do an extra five or six months of additional training in order to meet the requirements of the licensing board and get their licences.

Mr Cahill—The licensing is separate to the qualifications.

CHAIR—I understand that, but it is pretty critical for an electrician to have a licence.

Mr Cahill—Yes, but it is the licensing authority who undertakes that to ensure safety. In Queensland there have been a lot of deaths recently and they have actually tightened their licensing regulations.

CHAIR—It seems to me that there is something missing if you have an assessment process saying that a person is competent as an electrician but that person then fails to meet the standards required by the licensing board. I would assume that the competencies would be directed at ensuring that the person has the competencies to get through the licensing arrangements.

Mr Cahill—Not every electrician has to have a licence.

CHAIR—I understand that.

Mr Cahill—Sometimes the licensing exam will go into details of licensing laws that are not what you would call a competency part of the training. It is like when you go for your drivers licence. You might be able to drive a car very well, but if you do not know how far to park from a corner or how far from a bus stop you are allowed to park then you will not get your licence. There are small technicalities in the licensing areas; for example, you must have a certain gap between a tap and a power point or a floor in a bathroom or a laundry and a power point. These are technical things. If the person does not know these technicalities it does not mean that they could not install that power point correctly, it means that they did not meet that regulation. Those regulations can vary from state to state.

CHAIR—Yes, I understand. I am making the broader point that, if there is a licensing requirement for a particular trade, I would expect that the competencies be directed towards ensuring that the person got the licence.

Mr Cahill—That is what we are aiming for.

Mrs Allen—ANTA is managing a major project at the moment to make those connections smoother across a number of areas.

Mr Caulfield—The person is still competent in that he or she can do it—however, that is to a particular arrangement in a particular state, whatever the case may be. We have a similar concern about the licensing of heavy and dirt-moving vehicles et cetera within the mining and civil construction industries, whereby people under the OH&S legislation are not at state level, where people are saying, 'You must have one unit of competency to satisfy the regulator and a unit of competency within the industry.' There is a project running right now to, hopefully, bring those two together so that one unit of competency will cover the people going through and comply from both an industry point of view and a regulatory or licensing point of view. The difficulty is, in many cases—again, to go back to what Jeanette was saying—in the provision of training. That is where a lot of it lies. It is not in the competencies themselves, or in the training package.

CHAIR—I understand now what you are saying.

Mr Caulfield—If one goes back to the late eighties and the National Training Board days, a large amount of money has been spent on the development of units of competency and training packages, and very few funds have been put into the actual implementation—to train people to transform the training package or competencies into usable materials, assist industry to engage with these things and then actually present them.

Mrs Allen—We have provided incentives to employers to take on new apprentices, but we have not provided incentives to industry and training providers to form partnerships—and that seems to be a real barrier in a lot of areas. Some of it is just an educationalist's idea that nobody else can deliver or assess but some of it is just fear of the unknown and an unwillingness to work on it.

Mr Caulfield—On that point about funding and partnerships, we have a very good example in Queensland, where the government supports the state ITAB or state industry advisory arrangements with competitive funding. The ITAB does not actually get the money, but it influences where the money goes—to those organisations who want to pick up recognised training. That is a way of saying, 'Okay, we can guide it; we can influence where the funds go, as opposed to actually getting the dollars,' while the Queensland government system still holds onto the funds. That, to my mind, is a very good way of forming partnerships between government, providers and the industry advisory arrangements in order to satisfy people out there within the industry itself.

Mr Cahill—Another good system is the New Zealand system of ITOs. Over there, the money goes through the industry training organisation to the polytechnics—their TAFE colleges—or their private providers to deliver that training. There have been massive savings in expenditure because of the way that funding has been delivered. It has been a bonus to the industry—it has seen an increase in what they call modern apprenticeships over there, and the industry has got the training they want, at an affordable price. I think everybody has benefited.

CHAIR—I suppose the advantage they have is that they do not have the egos to satisfy on the way through.

Mr Cahill—No, they do not.

Mr Caulfield—What we are endeavouring to do with the partnerships between the public and private sectors is to—as a concept—make industry the campus of the education system so that the two are interlinked and able to provide those services that they are best capable of delivering at the point and at the time that they are required.

CHAIR—There are some very good examples from around the country where that is happening and working, but it is obviously not widespread by any means. I think there is still a reluctance—from what I know of the TAFE system and people—to get out there and engage with industry. There is still that hands-off approach in most areas and it does not appear that the RTOs are filling the vacuum. I do not know what you do to drive the two together. But I accept the point you are making and I understand the issue has been around for the past 15 years; it is not new. But it does not appear to be moving very fast.

Mr Cahill—It is a fine balancing act to look at the provision of training and protecting the TAFEs. We do not want to see private providers come in and eradicate TAFEs, so other employers in the area cannot use a provider, and all those sorts of things, so it is hard. One of the things that needs to be looked at is the ability of TAFE colleges and private colleges to deliver training and how much per student you get paid. It is fairly easy to get courses together in the capital cities and in regional centres it is easy enough. But when you get out to some of the smaller country areas, especially when you have a small industry sector, it is harder. I look after the gas industry. We have 4,000 employees across it and it is a vital industry but we have one training provider in New South Wales, one in Victoria and one in Western Australia. I know some of the other areas are really struggling to get sufficient numbers of providers. Whether you are delivering in Wagga, Sydney or Condobolin, you get the same amount per student. Critical numbers are a major problem for those TAFE or private providers to deliver that training. If you are really serious about it you have to look at that.

Mr Caulfield—Here is a basic statistic: the vast majority of people who are in training are not called students; they are called workers. It is happening every day where people are identifying needs and being trained, whether formally or informally, through a competency based system, a modular system or otherwise. The basic thing is that there is insufficient emphasis on identifying industry needs and being able to satisfy them. I realise that there are also people coming out of schools and that there are other issues.

Another area I wanted to pick up on is entry level training or prevocational courses and things like that. I have been at a number of conferences where people are being asked to develop these courses. I asked the question: how many of you are using the Mayer key competencies? I have yet to have anybody put up their hand and say, 'I am.' There is a demand on us as developers of the training packages to include the Mayer key competencies but nobody is using them in prevoc courses. If we remember, the Mayer key competencies were aimed at the education system.

Mrs Allen—Now we are coming up with a brand new system and trying to link it in.

Senator STEPHENS—Exactly.

Mr Cahill—One of the problems in our industry is attracting young people to it. In New South Wales we have developed a CD-ROM using funding from the New South Wales Department of Education and Training. I would ask you to look at it; there is one for each of you.

CHAIR—Thank you. I think this has been referred to elsewhere.

Mr Cahill—That is why I have brought them. I was told they were referred to yesterday.

CHAIR—Thank you all very much.

Committee adjourned at 5.59 p.m.