



COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

## SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION  
REFERENCES COMMITTEE

**Reference: Current and future skills needs**

WEDNESDAY, 11 JUNE 2003

DARWIN

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**SENATE**  
**EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION**  
**REFERENCES COMMITTEE**

**Wednesday, 11 June 2003**

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

**Substitute members:** Senator Allison for Senator Stott Despoja

**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 Allison, Barnett, Campbell, Crossin 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**

**JENKINSON, Mr Kim Ross, General Manager, Employment and Training, Northern Territory  
Department of Employment, Education and Training ..... 1007**

**PLUMMER, Mr Peter, Chief Executive Officer, Northern Territory Department of  
Employment, Education and Training ..... 1007**



**Committee met at 8.36 a.m.**

**JENKINSON, Mr Kim Ross, General Manager, Employment and Training, Northern Territory Department of Employment, Education and Training**

**PLUMMER, Mr Peter, Chief Executive Officer, Northern Territory Department of Employment, Education and Training**

**CHAIR**—Welcome to 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 keys to a secure and prosperous future for individuals, communities and the nation, there are concerns about the low levels of public and private investment in the development of our skills base. There is concern about the low number of highly skilled full-time jobs that are being created and that 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 in 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 the 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 with a wide range of industry representatives and training providers and government, union and community representatives.

I welcome witnesses from the Northern Territory Department of Education, Employment and Training and any observers at this hearing. Before we commence taking evidence today, I wish to 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 the parliamentary functions without obstruction and fear of prosecution. Any act by any person that 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.

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. The committee has before it a copy of submission No. 98, which it received on Friday. Are there any changes that you wish to make to the submission?

**Mr Plummer**—No.

**CHAIR**—Mr Plummer, I now invite you to make a brief opening statement.

**Mr Plummer**—Thank you. The Northern Territory has a long history of skill shortages in the traditional trade areas, and the attraction and retention of skilled tradespeople has always been a challenge. The recent downturn in the construction industry in 2000-01 resulted in an equivalent downturn in the traditional trades; therefore, this was reflected in apprenticeships generally. The decline in particular in the construction industry caused by the lull in the Territory's cycle of boom-bust economy, which is effectively what it has been for some time—there are cycles of growth, then a slowdown and then further growth; you can actually identify the causes of those growth drivers—has been an issue.

Statistically, though, our trend is reflected in the national trend. We are not a lot different in that sense, and that shows a decrease in training statistics in the traditional trades, although the evidence is now before us that it is turning back up again. Back in March 2001, we had in training nearly 44 per cent of our apprentices in traditional trades. In December 2002, that dropped right down to 38 per cent. It is now climbing again, and we expect it to reflect about 41 per cent in the next report.

We have recently developed some quite specific initiatives, and they will be put in place to enable what we would call 'a job ready work force' in the traditional trades to be developed to meet the future needs of the Territory's now burgeoning economy. These initiatives include undertaking a territory-wide labour market analysis—something we have never done before in the Territory. It is not just an analysis; it is also a forecast which, on the evidence, will allow us to anticipate skill shortages in areas in the future. In other words, we will be able to get an outlook one, two and possibly even three years ahead, and we will keep revisiting that mechanism.

Last year, 2002-03, we allocated additional funds of \$300,000 to look at ways of improving apprentices in the traditional trades. This year we are implementing a significant marketing campaign to encourage the uptake of apprentices in the traditional trade areas. That marketing campaign will cost nearly a quarter of a million dollars. In addition to that, in this budget, 2003-04, \$1.55 million has been put aside for apprenticeships. We are also looking in areas where there are particular skill shortages and, as a way of assisting small business, at introducing an employment bonus scheme. We have got \$500,000 allocated to that. That will complement the Commonwealth scheme that assists small business and targets skill shortage areas.

There has also been a development of a two-year training strategy, which has been done in conjunction with industry—the Transport Engineering and Automotive Training Advisory Council—to address some specific shortages in the welding manufacturing area. If gas comes onshore, which now looks to be the case, welding will be a particular skill that will be required here. So far, the evidence on what we have put in place suggests that it is working. The statistics on the NORVET database—I did not mention the database before—are showing an increase. The increase that I projected is not yet reflected in the existing figures, but we expect it will be. I think that is a sufficient introductory comment.

**Senator CROSSIN**—Mr Plummer, what are the particular skill shortages that you alluded to in the final paragraphs of your opening statement? You said that you have put in a scheme that



will assist in addressing those skill shortages and will complement the federal scheme to assist small business. Can you tell us a bit more about that?

**Mr Plummer**—That is with the employment bonus scheme?

**Senator CROSSIN**—You did not give it a name. Is that what it is?

**Mr Plummer**—Yes. That is to complement the Commonwealth scheme. Kim, do you want to add to that?

**Mr Jenkinson**—I would particularly like to talk to that. At this stage we have not worked up the fine details of that, but it will predominately revolve around targeting those specific skill areas where there are shortages in the Territory. We are going to use the labour market analysis to identify those areas. Then it is going to be a combination of prescreening tools to make sure that we have got the right people going into apprenticeships. One of the greatest issues we have—and it is similar around Australia—is the cancellation rate of apprentices. We want to try to avoid that by having some sort of prescreening up-front so that the apprentices taking up the trades are those who really want to take up those trades.

We have also found that that is a big barrier to small business. Small business have said to us that their greatest issue is the fact that they get two or three apprentices starting before they get the right one. So we want to use some prescreening work there. Possibly the bonus scheme will also focus on some mentoring services and some training for the employers who are working with the apprentices in the small businesses. That has also been highlighted as an issue. Another element of the bonus scheme may well be a significant financial incentive to encourage small business to take on an apprentice. This is totally targeted at small businesses.

**Senator CROSSIN**—I have two issues following on from that. Last week, during the Senate estimates process, we heard that ANTA and Colin Walters from the VET area of DEST have undertaken a fairly comprehensive skills shortage analysis right around Australia. They read to us where the skills shortages were in each state and territory. Are you doing work with DEST? Is your work dovetailing with work they have done?

**Mr Plummer**—It is, but we also need to pick up the particular issues that we know we have. That paper we submitted listed not just the traditional trades areas but also tourism and hospitality. As you know, we have lots of small businesses in those areas. Aboriginal health workers do not quite fall into the small business category because they come under AMSANT and the Aboriginal health and medical services, but they are still small compared to other areas. There are emerging industries as a result of gas and the railway, and we know that there will be a shift of skills from existing small business to the emerging industries, especially in oil and gas, simply because they pay more. So we will still have the issue of assisting small business there as well.

**Senator CROSSIN**—Going to the matter of the payment of incentives, if you come around to that, unlike the Commonwealth scheme I think there is a problem in that businesses have taken on apprentices because of the bonus they get when they take those apprentices on. There seems to be no bonus to enable those people to complete their training. I think the incentive needs to be

at the end of the process as well as at the beginning. Have you given any thought to what you might do?

**Mr Jenkinson**—We certainly have. I agree with you wholeheartedly that the incentive up front may encourage people to do the wrong thing. Having the bonus split so that 50 per cent comes up front and 50 per cent comes at completion might be a way to look at that financial bonus. Of course there are significant management issues involved with that. If an apprentice is doing four years, for example, and they get 50 per cent up front and 50 per cent four years later, that may nullify the incentive. It is a lot of administration to carry as well. But at this stage we have not locked down what that financial incentive is and how it will be paid.

**CHAIR**—On this issue of the traditional trades, we had a discussion yesterday in the roundtable about skills being stripped out of traditional industries to satisfy the needs of emerging industries. But in a number of areas which we have visited as part of this inquiry we have been told that where VET in Schools is working effectively, particularly where there are industry partnerships, there is virtually a 100 per cent success rate with young people who are coming through that system and going into apprenticeships. The completion rate is virtually 100 per cent. I was quite struck by your submission. You do not mention the word ‘VET’ once in your submission, nor do you mention the issue of VET in Schools as a pre-apprenticeship training regime or as a culling regime for industry, which is how it is being used in other areas very effectively. What is the reason for that? Why have you had no focus on VET in the submission you have made to us, when that appears to be an emerging significant component of the apprenticeship systems in other states and they put a lot of store in the outcomes they are achieving through that process? They are not all success stories, I might add, but there are some significant ones, particularly where there are industry partnerships. We heard of some that are already in process in the Northern Territory where there are partnerships with industry.

**Mr Plummer**—It is not that we are ignoring VET in Schools at all; we think it is really important. But, compared to other states, VET in Schools in the Territory is relatively embryonic. The take-up now is quite rapid and we are getting a focus on that now that no doubt will become a source of supply into some of these areas. As a general statement I think that about covers it.

**CHAIR**—How is VET funded in the Northern Territory?

**Mr Plummer**—Basically the same way that it is funded in the other states. There is a Commonwealth contribution, which, off the top of my head, is about \$12 million in 65—

**Mr Jenkinson**—Yes, but the VET in Schools component of it is about \$540,000.

**Mr Plummer**—Right. So if we come down to VET in Schools and take that component, any other costs to VET come out of the Northern Territory government’s funding.

**CHAIR**—The TAFE directors in their submission to us have argued that funding models sometimes work against TAFE and VET working together effectively to provide vocational education for schools and that some state schools are actually losing funding if the training is taken over by TAFE, or vice versa. Is that an issue, to your knowledge? Has that been looked at here and is it being addressed?

**Mr Plummer**—We are aware that is an issue in the other states, but the way we are structured it is less likely to be an issue in the Territory. The public providers, Batchelor, now Charles Darwin University—or soon to be in a legislative sense—and Centralian College, do not compete. They actually collaborate locally with the schools. But that collaboration is not of a significant kind as yet. One of the pieces of thinking that we have got on our plate is whether the major providers could be the providers for our school system. We have not locked down, for example, Katherine High School. Katherine High School was a provider but has been withdrawn from the status of being a provider and will now access RTOs in that region to provide it. At this stage here, we do not see the substitution that has been discussed interstate. Where we think there is an issue, and it is the same issue the other states have, is that the take-up of VET in Schools has been so profound that VET people are only just beginning to understand how significant it is, and the funding that was allocated some years ago is clearly insufficient in the longer term.

**CHAIR**—Do you feel that enough effort is being put into trying to make the system work?

**Mr Plummer**—I think there is now a significant focus on trying to make the system work. I think that nationally we have all been a bit slow to understand what has gone on and what the implications are for the funding of VET in Schools. I think you will see in the near future not just MINCO ministers—in other words, the employment and training ministers—taking a major interest but also the education ministers taking a much bigger interest, with a view, I suspect, to arguing nationally that the Commonwealth might need to put some more money into VET in Schools through the education system as opposed to the training system.

**CHAIR**—The funding is one issue; I agree with you. At the end of the day, it is dollars that count. But, with all due respect to my colleagues from the government side, the impediments that exist essentially are impediments at the state level, and it is within the powers of state and territory governments to actually remove a lot of those structural impediments that exist.

We are still told that one of the issues with VET in Schools is the separation of the buckets of money between the school system and the VET system despite the fact that they are administered by state or territory governments. You have some ridiculous situations, as we heard in South Australia, where you have a high school on one side of the road and a TAFE college on the other side of the road and they never speak to each other. There is no communication. There is a real role that could be played by TAFE teachers in assisting with the training in VET in Schools.

**Mr Plummer**—We do not have that problem because we do not have a TAFE system of that kind.

**CHAIR**—If that is the case, it would seem to me that you should be way in advance of the rest in the outcomes you are getting out of VET. There are very clear results on the board. Where it is working effectively, there are high retention rates and high completion rates of the people who come through the VET system.

**Mr Plummer**—Except for being slower in the take-up, in a historical sense, I think that is probably true for us. But I do not have the figures at hand to support that statement; it is a conjecture on my part.

**Mr Jenkinson**—Certainly we see places like Centralian College, which sits within that TAFE arena to a certain extent as well as within the secondary arena, delivering training for our high schools in the Alice Springs region. We do not have that barrier between what essentially we might call our TAFE sector and our secondary sector.

**CHAIR**—With respect to the high attrition rate of apprentices who you say are not completing, are they apprentices who have not come through the VET system?

**Mr Jenkinson**—I do not have any information on that. What I can say is that the school based new apprenticeship system in the Northern Territory is not very advanced at this stage, but it is experiencing a rapid take-up this year as we focus on that area. We have not focused on it before. The apprenticeships I am speaking about there are the apprenticeships in the TAFE system, not in the school system. I do not know the details of how much VET in Schools training they had previously.

**Senator CROSSIN**—What is the amount of growth funding the Northern Territory government has contributed through the last ANTA agreement? You have only just signed the new agreement for 2002-04. Is that right? Has the Northern Territory government now signed off on that?

**Mr Plummer**—No. If you are talking about the new ANTA agreement—

**Senator CROSSIN**—I am not talking about the one that is due to be renegotiated and signed at the end of the year; I am talking about—

**Mr Plummer**—The previous one?

**Senator CROSSIN**—the current one: the one you are in now. That has finally been signed by the NT government now?

**Mr Jenkinson**—The ANTA agreement was signed off some time ago.

**Senator CROSSIN**—At our estimates in February, the Commonwealth informed us that the Northern Territory government still had not signed the current agreement. Has that been signed now?

**Mr Plummer**—The one area of discussion in that is the growth funding. We have put a submission to the Commonwealth on that, because we have identified growth funding, but not sufficient growth funding to match. We are running an argument that, because of the issues we deal with in remote communities, consideration should be given to the allocation of that funding over and above what we can match.

**Senator CROSSIN**—What is the amount of growth funding that is expected from the Commonwealth by the NT government?

**Mr Jenkinson**—I am guessing at these figures. While they are not quite accurate, it is about \$2.3 million over three years. It was \$540,000 in 2001 and \$800,000 in 2002. And \$1.07 million in 2003, I believe, is the growth funding that needed to be matched.

**Senator CROSSIN**—Has that agreement been signed or are you still in negotiations about that?

**Mr Jenkinson**—The agreement has been signed but we are negotiating about how much of that remaining growth money we can access.

**Mr Plummer**—Yes. That is the best way to say it.

**Senator CROSSIN**—Can you take us through why you want a reduction of that from the point of view of the Commonwealth because of the costs of delivery to remote communities?

**Mr Plummer**—We are not saying we want a reduction.

**Senator CROSSIN**—You want to reduce your contribution?

**Mr Plummer**—No, we do not. But we could not identify the growth funding required to match the Commonwealth funding, so we have said, ‘This is the amount of growth funding we can identify, but we still want to argue not just for the equivalent amount from the Commonwealth but for that 1.7 or 1.8.’ That is the issue at stake and that is the argument that we have put forward.

**Senator CROSSIN**—Where are we at in looking at the current annual agreement that is before state and territory ministers to be signed off before the end of this year? Are there issues there from the Northern Territory government’s point of view?

**Mr Plummer**—The broad agreement we have taken on board. There is some devil in the detail but not stuff that we see a major problem with. We just need time to sit down with the officials and negotiate through. The construction of the agreement is based on the future VET strategy being accepted and the outcomes that are expressed in that. So we just simply need between now and November—and maybe earlier—time to sit down with the Commonwealth and work through where we think there are areas where we want to tweak the agreement. We do not at all see major issues in what has been put forward.

**Senator CROSSIN**—Does it concern you that there is no additional funding for TAFE in the federal budget announced three weeks ago?

**Mr Plummer**—Disappointed.

**Senator CROSSIN**—How is that assisting your negotiations in terms of growth funding, then?

**Mr Plummer**—That is a good question. We would like to use it as a bit of leverage, but we also think we have a legitimate argument in terms of delivery and remote. I cannot really say any more, because that is where it is at at the moment.

**Senator CROSSIN**—When you say you could not identify the growth funding, is that in terms of numbers of apprentices and trainees versus the cost of delivering in remote communities?

**Mr Plummer**—No, it was simply how much additional funds were in the Territory budget.

**Senator CROSSIN**—I am assuming that is a historic rollover from a couple of years back—is that correct?

**Mr Plummer**—It is. We are just using every available bit of leverage we have got to try and establish a legitimate argument for that 1.7 or 1.8 figure.

**Mr Jenkinson**—We continue to see growth in the training hours that we deliver. We delivered growth in trading hours for 2002 as opposed to 2001, so we are dealing with a historical legacy.

**Senator TIERNEY**—In your response to Senator Campbell, in discussing the South Australian example of the TAFE and high schools across the road not talking to each other, Mr Plummer, you said, ‘We don’t have a system of that kind.’ If it is different, if you have got better integration there, could you explain how that works in the Northern Territory?

**Mr Plummer**—What we have never done in the Territory is establish TAFE institutes—or technical colleges, if you go back in history—as South Australia and other states have done. I have had some very interesting discussions with my interstate colleagues as to whether or not we are advantaged or disadvantaged. I tend to think we are advantaged.

**Senator TIERNEY**—What do you have in their place?

**Mr Plummer**—The three institutes: Centralian, Batchelor College and NTU—or Charles Darwin when Centralian and NTU amalgamate. NTU is both a higher education provider and a TAFE provider. Centralian has been primarily a TAFE provider with quite a significant secondary education component in it, and more recently a vehicle for providing and delivering tertiary education as well. Batchelor is, again, both a VET—or TAFE if you want to use that word—and a higher education provider.

**Senator TIERNEY**—So you have integrated TAFE and the university—and, in some places, senior high school as well?

**Mr Plummer**—Yes.

**Senator TIERNEY**—How do you find that in terms of articulation rates, given that you have got it all more integrated? Do you actually achieve better flow-on rates than other areas of the country between levels?

**Mr Plummer**—I am not in a position to tell you that. It is also compounded by issues of indigenouness. I do not know whether Kim can answer that. We would probably need to get some figures out to have a look.

**Mr Jenkinson**—I don’t know that we have any figures offhand on that.

**Senator TIERNEY**—Do you have figures that show the take-up rates from senior high school to university—for instance, that show that 30 per cent, 40 per cent or 50 per cent go on to postsecondary education?

**Mr Plummer**—We may be able to disaggregate the figure, but I do not have it off the top of my head.

**Senator CROSSIN**—For example, could you tell us how many year 11 and year 12 students at Centralian College would predominantly be doing TAFE subjects and then articulating into a TAFE course at the end of year 12, and staying on at Centralian College and finishing their TAFE courses? Do you know how many students do that?

**Mr Plummer**—I do not have those figures, but I suspect we could get them.

**Senator TIERNEY**—If you could do that, it would be very useful. With the advent of Charles Darwin University, what changes will there be in the relationship between TAFE and university education in this state?

**Mr Plummer**—I think there will be two significant differences. Firstly, the Central Australian campus will become a major platform for penetration for degree courses in that region. I think Centralians will benefit from that. Already there are four or five new lecturers being placed down there for the provision of courses there in higher ed. The other side of it, yet to be realised, is that we think Centralian has been an outstanding public provider of TAFE. Under these arrangements it is to manage TAFE provision within the new university.

**Senator TIERNEY**—As Charles Darwin University develops, I assume there will be campuses in Darwin, Alice Springs, Katherine and Batchelor. Will there be one in Tennant Creek?

**Mr Plummer**—There will be sites, yes.

**Senator TIERNEY**—These are your major centres. What happens for TAFE provision outside those centres? People may be some distance away and unable to get to those campuses easily.

**Mr Plummer**—There is still a great deal of difficulty with that. Centralian has developed some quite good approaches to service provision to remote areas. Then there are the other RTOs that we can use to purchase services in those more remote areas.

**Senator TIERNEY**—Could you provide us with some information on how they do that, particularly Centralian?

**Mr Plummer**—Yes.

**Senator TIERNEY**—When the RTOs were talking to us yesterday, they said that in the formulas there is no special provision for the fact that when delivering remote education you may be delivering to people who, because of broken education over time, have greater difficulty with literacy and numeracy. There does not seem to be any provision in the formulas to account

for those who would take longer to achieve outcomes. Could you explain why that provision is not made when RTOs and other providers are working in more remote areas.

**Mr Plummer**—There is provision made. Not having heard what they said, I suspect there are two angles to this.

**Senator TIERNEY**—It is on the *Hansard* record. You may want to have a look at that when it comes out and respond to the committee based on what you read, but you could comment in a preliminary way.

**Mr Plummer**—As a preliminary comment: there is provision through the recognition of the needs for literacy and numeracy skills development—and we actually fund that as a provision. There is, though, an issue of the appropriate weighting or costing for delivery in remote areas. We expect a review to be handed to us soon—or do we have it?

**Mr Jenkinson**—We have it now and we are starting to work through those recommendations.

**Mr Plummer**—We hope it will inform our purchasing in the future, because in that review we asked that it specifically take account of the disadvantages and the costs.

**Senator TIERNEY**—But, currently, what are you saying?

**Mr Plummer**—Currently we believe it is not appropriate.

**Senator TIERNEY**—What is not appropriate?

**Mr Jenkinson**—At the moment we fund delivery. If I can take an average sort of number, \$9.90 is what we pay for delivery per hour of training across all the industry groups. That is for the urban location. For a remote location, we load it with an extra \$3.30 an hour to take account of the issues that RTOs have to deal with in remote locations. In rural locations, which we might consider to be Katherine or Tennant Creek, we load them up with \$1.10 extra an hour. So there are identified funding amounts that we do load up for remote and rural provision, but we believe at this stage that that is probably not significant enough to cover the costs. That is why we commissioned the review and that is why we have been working with the registered training organisations to deal with those issues.

**Senator TIERNEY**—It is curious given what they told us yesterday. Just have a look at that evidence and respond formally to it. That would be very useful.

**Mr Plummer**—Sure. And my use of the words ‘appropriate’ and ‘not appropriate’ was about the model that we currently use, not about the model we hope to develop.

**Senator ALLISON**—Specifically on that point, these remote areas have got to be accessed by air—you have got to charter a flight or somehow get there—and it typically costs \$600 just for the airfare, let alone any other costs associated with small groups or even individuals. How does that fit with the extra \$3 per hour?

**Mr Jenkinson**—Probably not very well, and this is actually the issue which is driving it.



**Senator ALLISON**—So the outcome of the review may be an allowance for the flight, for instance, instead of simply loading up the hourly rate?

**Mr Plummer**—The review will take account of those issues. I am not prepared to say what the model will look like, because I just do not know yet. We undertook the review because we recognised that this was a significant issue.

**Mr Jenkinson**—And we continue to recognise it as a significant issue in our discussions with the Commonwealth as well, because that remote delivery is not an area that we are funded to deal with and yet we have an enormous amount to do. So that is part of the negotiations that we are needing to have with the Commonwealth in any future funding arrangements.

**Senator TIERNEY**—Surely vocational education is primarily the responsibility of the states and territories. The federal government, through ANTA, has a top-up arrangement, but it is fundamentally a territory responsibility.

**Mr Jenkinson**—Yes, but we might consider the way that funding is divided between the states and territories. That is what I was suggesting. There has been a historical formula for dividing up the money from ANTA. We may wish to pursue reviewing the way that is in the future.

**Senator TIERNEY**—Sure, and you might succeed in getting more money from the Commonwealth. But surely, given the special circumstances that you have and given that TAFE is primarily a state and territory responsibility, you would be doing that anyway.

**Mr Plummer**—We are not resiling from the obligations of the Territory. That is part of undertaking the review. But it will also inform our arguments with the Commonwealth.

**Senator TIERNEY**—If we could just turn to pre-apprenticeships and prevocational training, what is the picture up here given that you do have large populations that have had disjointed education through time? Obviously to get into trades these courses could be quite useful. So what is the story here—what are the trends?

**Mr Jenkinson**—We have been running those sorts of courses for several years now—for example, in areas where we need to get a work force up, like electricians. We have not strategically looked at them at this point in time, and the labour market analysis that we are getting is going to guide us in where we put those prevocational courses. We have one on our books right now that is just starting up—leading into aviation studies in the Northern Territory. We see them as fairly useful pathways for getting the appropriate people into those apprenticeship courses. I know at this stage we have not had a specific policy on them. But we do see them as very useful.

**Senator TIERNEY**—As part of that skills review, are you seriously looking at what is likely to happen here in relation to, I suppose, what could be a coming boom? You have got gas likely to be landed here. You have got a major rail link that has never existed before coming in. There are all sorts of implications in the way in which the Northern Territory will develop which could exacerbate your skill shortages. We discovered around the country that, when these sorts of mini-booms travel through an area—whether it is Gladstone, Port Augusta or here—there is a

large floating population which gets attracted from across the country to these projects. That would solve your problem to some extent; but, given your remoteness, it would be a bigger problem here. In your review, are you seriously looking at—and I suppose it is a bit of crystal ball gazing—the needs here, given the way in which industry in the Northern Territory is likely to be reconfigured over the next 20 or 30 years because of those massive capital developments?

**Mr Plummer**—Absolutely. Not only will we rely on the review to help us with that—the reviewer has been asked to pursue those issues—but also we are pursuing them quite aggressively ourselves with the likely companies that are coming on board. Alcan, for example, are in discussions with us right now about what their employment profile will look like over the next five to 10 years. It is the same situation with Mount Isa Mines. We have initiated discussions with Bechtel. They are being a little shy about their needs until their contracts are signed—and that is not atypical of some of the other companies as well. Yes, we are pursuing those.

**Senator TIERNEY**—I am surprised they are shy, because surely with a big project coming up they will desperately need skilled people to deliver it.

**Mr Plummer**—I am not in a position to answer.

**Senator TIERNEY**—Okay. I will leave the question.

**Senator ALLISON**—In relation to the short vocational training courses, according to the Tiwi submission yesterday their courses have been frozen for several months. Can you indicate to the committee why this was necessary and when they will be unfrozen?

**Mr Jenkinson**—The courses they are talking about are the Flexible Response Funding courses. We got to our budget limit and had no more money to spend on those courses. Those courses will be released again on 1 July.

**Senator ALLISON**—The money for that particular budget was overexpended?

**Mr Jenkinson**—It was expended to its limit.

**Senator ALLISON**—For that project itself?

**Mr Jenkinson**—The Flexible Response Funding is a budget allocation that we use to deliver short course training that meets the community's needs. We expended all of that budget.

**Senator ALLISON**—When will it be available?

**Mr Jenkinson**—On 1 July.

**Senator ALLISON**—We were also told yesterday that it is not an uncommon practice for training organisations to turn up to small communities with an Abstudy application form and an application form for a training course. That is a major element in their promotion, if you like, of their training courses. Is it your view that communities are being exploited in this way? It was

also suggested that a lot of those who sign up do not have the basic skills to undertake some of these courses. What is your view about that?

**Mr Jenkinson**—It is my view that we will continue to put practices in place that try to stop that sort of occurrence, if it does.

**Senator ALLISON**—You do not have evidence that it does occur?

**Mr Jenkinson**—I have no evidence at this stage that that—

**Senator ALLISON**—Did you look for it?

**Mr Jenkinson**—Not well enough. That is part of our review of our field operations and how we deal with monitoring the registered training organisations out on the ground. It is an area which we need to work harder at.

**Senator ALLISON**—Another matter which comes up time and time again—and it did so yesterday as well—is the question of whether Indigenous people are being used as subsidised labour, effectively, in jobs that do not necessarily require training. Do you have any evidence of that in the Territory?

**Mr Jenkinson**—Not that I am aware of.

**Mr Plummer**—No.

**Senator CROSSIN**—It is mainly through CDEP is the implication there.

**Mr Plummer**—I cannot say we are aware of that. What you would have heard—interstate as well—is that we see CDEP as a major opportunity to train. As you would know, currently there are no formal linkages. We are working on trying to achieve some of those right now in the Territory but it is very early days. As a matter of principle, we would like to see all CDEPs linked to training and therefore ultimately to employment outcomes.

**Senator ALLISON**—Some of them are pretty much permanent employment opportunities, are they not?

**Mr Plummer**—No. There is a possibility of working through those. If you go to communities there are so many non-Indigenous people working on them that we are confident Indigenous people would not be there.

**Senator BARNETT**—You mentioned earlier the gas development and also the railway, which is obviously good news for the Northern Territory. You talked about small business and obviously other business as well. How serious is that impact? Have you done any assessments on the extent of that impact on existing small business and other business in the Northern Territory?

**Mr Plummer**—No, we have not because we have just heard the discussions about that. But we expect that there will be an impact, simply because top quality technical and tradespeople will be offered higher salaries by these companies. I am not so sure that affect is true of rail.

**Senator BARNETT**—You mentioned welders before. Can you give us a bit of a breakdown of your thoughts as to which areas are going to be impacted most?

**Mr Plummer**—I cannot at this stage but I could give you something in writing later on. Welding is clearly one area. Fabrication is likely to be another area. When I say fabrication, I am talking about construction as well, not just metals.

**Mr Jenkinson**—We could send you that information. We have eight significant areas that we believe are going to be affected. I can send that information to you.

**Senator BARNETT**—We are talking in the very short term, aren't we—in the very near future?

**Mr Jenkinson**—We are talking about the next three years of construction on that particular project. We have that information and we have documented where we need to train them. That is part of the medium- to long-term training strategy.

**Senator BARNETT**—How are you going to meet those needs? Hypothetically, if it does happen there will be a gap there. Have you got ways to fill the gap?

**Mr Jenkinson**—We have a short-term plan at the moment to upskill welders to the international standard that is required. The medium- to long-term plan is angled at putting people on to those projects over the one, two, three years in those eight different areas that we have identified. The last part of that plan may well be to upskill and reskill some of the people coming off the railway projects. There is a bit of an integrated attack on how we are going to deal with those issues.

**Mr Plummer**—It is well worth mentioning that we have an arrangement with the NLC and the Larakia and the Northern Territory Construction Association for the training of identified Indigenous people to meet some of these needs. The view there is that long term we should be able to build the base of skilled Aboriginal people for not just these projects but general Territory development.

**Senator BARNETT**—Thank you for that.

**Senator CROSSIN**—There are two things I want to ask before our time is up. The Victorian government, in their presentations to this committee, expressed some concern about the exclusion of the associate diploma and the diploma level from the New Apprenticeships, excluding them from the employer incentive payments. Has the Territory government similar concerns or expressed reservations about this?

**Mr Plummer**—We do not have quite the same concerns that are expressed by Victoria and it is quite confusing listening to the various views on this around the nation. To be perfectly honest, I have sometimes wondered whether it would not be better for us to step back and let the elephants play until they work it out. The reality is that we need to find a logical articulation to allow people from TAFE-VET into higher degrees, but at the same time recognise that there are some significant skill sets emerging in the TAFE-VET sector that need to be recognised. We are supporters of the associate degree component but we have not taken that any further.

**Senator CROSSIN**—Do you mean associate diploma?

**Mr Plummer**—Associate diploma or associate degree?

**Senator CROSSIN**—It is going to be renamed the associate diploma.

**Mr Plummer**—Associate diploma.

**Senator CROSSIN**—Can you explain the policy on User Choice in the Northern Territory at the moment and how that is operating?

**Mr Jenkinson**—The Northern Territory has adopted pretty much the full User Choice policy in that employers and employees can select the RTO of their choice. That may be an interstate RTO or an RTO within the Territory. At some stage in the future we may wish to review that notion a little because, as I say, the Northern Territory embraced the User Choice policy wholeheartedly, whereas other states and territories may have embraced it a little less wholeheartedly.

**Senator CROSSIN**—Has your policy had implications for RTOs or for the provision of or access to TAFE here in the Territory?

**Mr Jenkinson**—It has meant that we probably have too many RTOs operating in the Northern Territory.

**Senator CROSSIN**—Are there any plans to look at or review that?

**Mr Jenkinson**—As part of the funding review that we are working through, which is all-encompassing, we will look at what RTOs are operating in the Northern Territory and make some recommendations. So, yes, it is part of the process that we are working through.

**CHAIR**—I would like to ask you a question and if you have already answered it please just ignore it. In your introductory remarks earlier on, you talked about the forecasting of future skill needs. How do you intend to do that? Are you going to do that through the ABS or are you going to set up some specific program of your own? What techniques are you going to employ?

**Mr Plummer**—We are using the South Australian Centre for Economic Studies to undertake the formal analysis and we will use that organisation or its equivalent to keep updating that on a periodic basis. Once we have that information we will test it within the bureaucracy, with the training advisory committees and with business or other associations to get as close as we can to a reliable document. The document is a predictive model.

**CHAIR**—It will be dealing with both current and predicted skills needs?

**Mr Plummer**—Yes, both current and future. We would ideally like to see it being reasonably accurate looking forward two or three years at any one time. After that, reliability will suffer but the focus will not necessarily suffer.

**CHAIR**—Is there a particular methodology they have?

**Mr Plummer**—Yes, they are promoting a methodology.

**CHAIR**—Is that publicly available?

**Mr Plummer**—Not as yet, but we would be happy to make it available.

**CHAIR**—Could you make a copy available to us?

**Mr Plummer**—Yes.

**CHAIR**—Thank you. I appreciate that.

**Senator CROSSIN**—My final question is in relation to the Charles Darwin University. The extent of consultation that occurred throughout the Alice Springs community is one side of it, and the other side is about the articulation of years 11 and 12 students into either TAFE or higher education courses. Is there amongst the Alice Springs community or the students themselves an expectation that, if they achieve a year 12 outcome, they will automatically be accepted to do a university course at Charles Darwin Uni? I am asking about consultation and articulation to TAFE and university courses down there.

**Mr Plummer**—I cannot answer about the expectation, because the university has set some TER scores on a number of courses. I cannot see why that would be a problem.

**Senator CROSSIN**—So a year 12 student at Charles Darwin University who wants to do nursing would have to meet a TER score to get into that course?

**Mr Plummer**—Yes, I believe so.

**Senator CROSSIN**—Otherwise, they might have to go to another university that is accepting a lower TER score or do another course?

**Mr Plummer**—They might, but there are not many universities accepting lower TER scores than ours.

**Senator CROSSIN**—I just used nursing as an example. We could be talking about science or law.

**Mr Plummer**—I think our kids, with the way the university has structured its entrance requirements, have plenty of opportunity. If they are not quite there, there are support programs in place for them to get around those problems.

**Senator CROSSIN**—With respect to the degree of consultation about the merger in Centralian College, can you give the committee an idea of what occurred and how that took place?

**Mr Plummer**—We worked essentially through the council down there and took their advice. There was significant consultation within the college itself. In the broader community, the

council came back advising that, on the basis of their discussions, they would support that merger.

**Senator CROSSIN**—So there is no general discussion paper out in the community for parents or for industry to provide feedback on?

**Mr Plummer**—No, there is no general discussion paper.

**CHAIR**—Just before we close, Mr Plummer, would you mind taking on notice those questions I asked you earlier about how VET in Schools is funded in the Northern Territory? Would you provide us with the details of that?

**Mr Plummer**—Sure.

**CHAIR**—Thank you.

**Committee adjourned at 9.32 p.m.**