



17 July 2020

Productivity Commission  
National Agreement for Skills Workforce Development Review  
Locked Bag 2, Collins St East  
Melbourne VIC 8003, Australia

Lodge: via the Productivity Commission website

To: Commissioners Jonathan Coppel and Malcolm Roberts

***Comment: Re National Agreement for Skills Workforce Development Review***

**1. Introduction**

1.1 The Motor Trades Association of Queensland (The MTA Queensland or The Association) submits comments pertaining to the Productivity Commission's Interim Report *National Agreement for Skills Workforce Development Review* (the Report).

1.2 The comments presented in this submission reflect the views and issues from the perspective of the Queensland automotive industry.

**2. Context**

2.1 The automotive industry has over 5,500 apprentices and trainees in the VET system at any one time across the state. To assist the automotive value chain in accessing the necessary skill sets and to up-skill the workforce, the Association through its training institute provides accredited apprenticeships and traineeships for each of the primary sectors comprising the value chain. Additionally, it delivers accredited short courses, gap training and other non-accredited industry courses to meet the collateral demands of the consumer/client base and the requirements generated by technological and workplace evolution.

**3. Submission**

3.1 The MTA Queensland comments are confined to the Report's information requests that are within its purview as an industry peak body:

3.2 Role of competition in the VET market

*What role should competition play in meeting user's needs, including the quantity, type and quality, and regional accessibility of VET service?*

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3.2.1 Competition in the VET market is essential. Public funds are allocated through competitive processes which requires the provider to deliver recognised quality training to meet users' needs (apprentices, students and employers). To ensure best practice, operations could be benchmarked and audited placing obligations on the provider to be efficient, flexible and adaptable to changing technologies or other learning circumstances and be creative in course delivery.

3.2.2 From the automotive industry's perspective, competition in the development of the quality VET services includes:

- Ensuring confidence of stakeholders (i.e. employers and learners) is met to guarantee quality of training;
- Quickly identifying skill priorities in area and adjusting to meet the market demands;
- Greater engagement of government, employers and learners to ensure feedback of the VET quality framework outcomes is provided;
- Robust and rigorous application of industry endorsement for providers intending to deliver funded programs.
- Recognition that productivity from learning must be the end result for the outlay of public funds in the VET system.

3.2.3 The MTA Queensland supports businesses in regional and remote areas of Queensland with opportunities to obtain additional qualifications, accreditations and skills. In particular, State Training Budgets must recognise the quality training undertaken by RTOs in servicing the needs of industry across Queensland and the critical role RTOs perform in the State's and national economies.

3.2.4 In the wider context of the accessibility and delivery of regional VET services, consideration could be given to a community service obligation framework as mentioned in the Report. As the nation emerges from the COVID-19 crisis, the accessibility to regional and local VET services should be a high agenda policy to offset unemployment, population drift and for regional economic growth and productivity. Type and quantity of services whilst encompassing general demand services should be specialised to align with the economy of the region. The utilisation of information technology through regional private and public training hubs have the potential to retain youth in rural and regional areas, reduce unemployment and sustain businesses.

*How should the efficiency of the VET market be measured?*

3.2.5 The MTA Queensland is of the view that 'productivity' should be included in the VET narrative to mesh with the focus on rebuilding the economy and creating new job opportunities following the COVID-19 crisis and technologic disruptions. Considerations may be given to the inclusion of productivity as an efficiency measurement.

3.2.6 Separately from existing compliance obligations and any additional regulatory requirements, the auditing of the training/teaching regime and environment including processes, systems, and records could be undertaken by an independent review panel. For example, in Queensland one of the independent providers, as member the Australian Council for Private Education and Training participated in the 2018-19 Industry Certification Program – a 360<sup>o</sup> peer review process. Consequently, it was the first trade RTO in Australia to be approved under the ACPET's Program. It means that an 'ACPET Industry Certified Member' is recognised for student centric educational quality; ethical practices; continuous improvement culture and professional student services that exceeds regulatory outcomes and measures. Independent and additional voluntary quality certification add value to an RTO's reputation and thus drive interest in exceeding mandatory requirements.

3.2.7 Efficiencies of a VET provider could be further assessed in the application process for the delivery of contestable Government programs such as the Industry Specialist Mentoring for Australian Apprentices and the Small Business Digital Champions.

*Are additional consumer protection arrangements, required to support a well-functioning VET market? What are the costs and benefits of different modes of consumer protection established by governments, including ombudsman's offices?*

3.2.8 The Association supports the Strengthening Consumer Protection comments and the recommendation 3.15 in the Hon Steven Joyce's 2019 *Strengthening Skills – Expert Review of the Australian Vocational, Education and Training System* report (the Joyce Report):

*The VET Student Loans Ombudsman be expanded to become a VET Ombudsman with the appropriate powers to resolve consumer complaints against Registered Training Organisations and that the new VET Ombudsman be co-located with the Australian Skills Quality Authority.*

3.2.9 The Association notes the comments in the Joyce Report that 'while RTOs are subject to the ACL, including provisions of deceptive or unconscionable conduct and unfair contract terms, the laws are not consistently applied to protect individual students, and they are confusing for students to navigate.' In her review of the *National Vocational Education and Training Regulator Act*, Professor Braithwaite noted that consumer protection 'has not kept abreast of the increasing commodification of students and the business practices that have exploited them'.

### 3.3 Career Guidance for Students

*What changes could be made to ensure school student have appropriate career information and advice?*

3.3.1 The MTA Queensland in numerous submissions to Commonwealth and State agencies has advocated for VET career information and advice to school students as a pathway to a fulfilling vocation other than by University. There must be a paradigm shift towards a secondary school student having the pre-requisite knowledge of the academic requirements (science, technology, english and mathematics (STEM)) to enter the trades equivalent to those required to matriculate for an undergraduate qualification. Unlike a university degree, ranking is not relevant for students to enter a technical course or apprenticeship.

3.3.2 It is evident that schools do not effectively promote the skills requirements, or the academic qualifications required for students to enter the trades. We strongly support Professor Billett's statements: 'we need to change negative views of the jobs Vocational Education and Training (VET) and education serves to make it a good post-school option', and 'schools should better inform young people about VET as a post-school option and include entrance into VET as an important performance indicator' (Professor of Adult and Vocational Education Griffith University Stephen Billett, *The Conversation*: October 4 2018).

3.3.3 To achieve this outcome the MTA Queensland recommends:

- Establishing defined academic pathways incorporating gradings and authority subjects (STEM) enabling secondary students to enter apprenticeships with greater confidence, enhanced capability to complete courses and successfully to qualify as tradespersons in their selected automotive fields.
- addressing the pre-requisite academic requirements e.g. the foundation skills of literacy, numeracy and digital proficiency for a secondary school student to enter or complete a trade apprenticeship;
- resourcing the apprenticeship and traineeship system with the learning environments and the instructors with the skill sets to equip students for the new industry dynamics which includes the emerging technologies, digital literacy, innovation, and automation; and
- the recognition of the 'automotive value chain' as a 'key industry area'.

3.3.4 The Association draws Commissioner's attention to initiatives provided to student cohorts on career information and opportunities to undertake a career in the automotive value chain.

(1) Autocamp and school holiday pilot programs. These are non-accredited courses for male and female school students aged between 14-17 years conducted over three consecutive days and limited to class sizes of twenty. MTA Queensland, through its training Institute has held seven auto camps to provide students with prerequisite auto trade competencies advice and hands-on experience in a range of different automotive skills, from emerging technology such as Hybrid/Electric Vehicles to the principles and maintenance of automotive assets. Programs have been oversubscribed and feedback indicates they provide relevant experience for students that have an interest in an auto value chain career such as electronics, engineering, manufacturing etc.

(2) Mentoring program funding. These programs invest in matching people to jobs and facilitating the apprentice's/trainees' progression. A recent national program secured significant benefits for individual participants and for Queensland; achieving an overall retention rate of 81 per cent. The outstanding results from the mentoring program warrants consideration of broader application and fiscal support.

The Industry Specialist Mentoring for Australian Apprentices (ISMAA) program ended after two years of having a positive effect on students. In that time, a team of dedicated MTA Queensland mentors supported over 1,109 first and second-year automotive students throughout the state. Data from 2017 indicated that some forty per cent of automotive apprentices failed to finish their training. The ISMAA program set a target to achieve seventy-five percent retention rate through the mentor program. MTA Queensland mentors achieved an eighty-one percent retention rate in the Queensland automotive industry.

(3) Delivering Automotive Vocational Preparation programs to prepare learners for the work required in the automotive industry.

(4) Providing pathways to motorsports via the MTA Queensland Racing Team.

(5) Overseas scholarship opportunities for automotive apprentices through the Queensland Automotive Skills Alliance Queensland Overseas Foundation Industry Partnership.

3.3.5 The automotive industry developed post trade programs to allow recently qualified automotive tradespeople to access Higher Level Skill Sets. This creates a solution to provide additional skills portability for individuals and larger skills economy for the industry. The objective is to have recently completed apprentices undertake a Skill Set within several months of finishing their trade. However, these state government higher level skills funding criteria only allow for a one-time access to funds. Removing this eligibility barrier for multiple access to other skills sets can greatly improve the productivity of the existing worker.

3.3.6 Consideration could be given to the provision of incentives for qualified trades persons to become VET trainers/assessors to enable increased access to a skilled and decentralised VET workforce to train the future Queensland workforce. Funding support to existing skills programs that include:

- Promotion of skills for entrepreneurship/innovation
- Inclusion programs (i.e. support of women in trades) and
- Engagement with employers on skills utilisation and productivity

#### 3.4 Identifying and acting on skills shortages

*What are useful ways of defining and measuring the skills shortages (and surpluses) relevant to the VET sector?*

3.4.1 The MTA Queensland has long been frustrated by the data methodology utilised by Government departments and agencies that overlooks and underestimates the skills requirements for the automotive value chain.

3.4.2 The data – the one-digit Australian and New Zealand Standard Industrial Classification (ANZSIC) industry division and the one-digit (Australian and New Zealand Standard Classification of Occupations (ANZSCO) occupation level – represent a very broad aggregation. Details on the automotive value chain (and indeed other individual industries) are enumerated across seven (7) or more ANZSIC divisions and five (5) or more ANZSCO major groupings. This means that when analysis is presented at a one-digit level employment, the automotive sector is lost or effectively hidden in other classifications. In turn, this has the potential to have a serious consequence for the automotive value chain skills requirements in the government decision making process with the sector either overlooked or underestimated.

3.4.3 This issue was highlighted in the 2015 Automotive Environmental Scan concerning the limitations of these industry and occupational classifications which “work poorly for the automotive industry.” ... “The rapid pace of technological change in motor vehicles and the ever-changing job roles have eroded the relevance of (some) classifications.” Past dialogue between Auto Skills Australia and the Australian Bureau of Statistics indicated that a major structural review of ANZSCO was scheduled for 2018: this did not occur but may do so in 2021, after the Australian Census. It is quite probable that automotive and many other industries will have to rely on the antiquated statistical classifications for the foreseeable future. This necessitates the use of complex and time-consuming methodologies to estimate values for different sectors.”

3.4.4 In addition to Australian Bureau of Statistics data, industry organisation's Environmental Scans undertaken either independently or in collaboration with Government agencies have proved to provide sound research on labour shortages in the automotive trades.

*To what extent are skills forecasts based on future industry growth a useful and reliable basis for providing course subsidies?*

3.4.5 Over the next decade and beyond, the national and state automotive value chains will experience arguably the most severe technical disruptions of any sector in Australia's economy with the widespread uptake of battery electric vehicles and especially the broad introduction of plug-in-electric vehicles. Superimposed on this technical revolution will be the implementation of multiple levels of autonomous operating vehicles. It is estimated that by 2025 there will be 230,000 electric vehicles on the nation's roads, and this is expected to increase exponentially to exceed one million by 2030. This will demand the reskilling of human capital to contemporary technologies e.g. electric and autonomous vehicles and should be recognised as a priority.

3.4.6 ISMAA's success in (see 3.3.4 (2)) retaining apprentices has the potential to alleviate shortages in skilled automotive technicians. It is the view of the Association that the program be reinstated and extended to cover apprentices for their four-year training period, and it has the potential to resolve workforce shortages in across the State.

### 3.5 Simplification of subsidy Groupings

*What are the trade-offs between the greater simplicity of adopting nationally consistent subsidies and the reduced discretion for jurisdictions?*

3.5.1 The Association notes the Joyce Report recommendation (5.1):

*'The Commonwealth and the States and Territories agree to develop a simpler, nationally consistent funding policy for all government-subsidised qualifications, which provides confidence and certainty to trainees, industry, employers and all funded providers, public or private.'*

3.5.2 A concern for industry is the safeguards to be implemented to protect quality training system from a 'one-size-fits all' regime. A trade-off would be the loss of community, local, regional and rural understanding that is the province of the States in the allocation of competitive subsidies. The Association recognises that additional loadings would be provided in the instance of remote and disadvantaged but agreed subsidy amounts across jurisdictions must include flexibility to accommodate unforeseen contingencies.

3.5.3 Queensland is the nation's most decentralised state with a disparate economic geography which requires flexibility in the funding and delivery of regional VET services particularly in challenging demographic and business environments. In terms of the automotive industry, and in keeping with the Association's dispersed membership, training accessibility is a foundational requirement. MTA Queensland through its training institute invests in a training regimen that includes trainers geographically dispersed from Cairns to the Gold Coast, and Toowoomba and Emerald and its apprentices and trainees include those in the employ of decentralised and regional automotive businesses.

### 3.6 Impacts of Vouchers

3.6.1 The MTA Queensland notes the comments in the Report that as an alternative to State and Territory Governments providing subsidies to RTOs 'would be to allocate the funding to students as a voucher-style entitlement. Vouchers would support user choice and should make providers more responsive to their customers.'

3.6.2 From the perspective of the MTA Queensland in its role as the voice of automotive businesses employing apprentices a voucher system is not supported. This is not to say there may be merit in the voucher-style entitlement for VET courses separate to traineeships and apprenticeships.

### 3.7 Implementing an expanded loans scheme

3.7.1 MTA Queensland supports the current Trade Support Loans that includes Certificate III and IV and the Trade Supports Loan Priority List.

### 3.8 Implementing new support arrangements for trade apprenticeships

3.8.1 The Association makes the observation that the Luxury Car Tax (LCT) returns \$670 million to the Federal Budget. The MTA Queensland's has advocated consistently for the LCT be abolished. In view of its anticipated longevity due to the changed budgetary circumstances arising from the COVID-19 economic impacts, revenue from the LCT should be applied to support the new employer Incentives for Australian Apprenticeships (IAA) to take effect from 1 January 2021 and other programs. It is noted the IAA when introduced will have a streamlined payment structure and eligibility criteria, with the number of payment categories reduced from 31 to 14.

### 3.9 Flexibility allowed by training packages

3.9.1 The Association supports the Joyce Report's recommendation 'that a true industry-owned approach to qualification development is introduced through the establishment of Skills Organisations (SOs). SOs would be led and owned by employer representatives and other stakeholders.' The MTA Queensland will continue to be a forthright and strong advocate for the development and updating of training content that is consistent with technological changes across the automotive value chain.

### 3.10 Pathway and Transitions

3.10.1 See 3.3.1-3.3.6

### 3.11 Evidence about mentoring and pastoral supports

3.11.1 See 3.3.5 (2). The MTA advocates the restoration of the ISMAA program for which the MTA Queensland was a provider. Our experience that this is an excellent program in providing support for the development of technical skills, supporting off-the-job learning needs, career and pathway advice and confidence building. The outstanding results from the mentoring program warrants consideration of broader application and fiscal support.

### 3.12 The challenges of on-line delivery

3.12.1 The Association provides online training programs through its Learning Management System. These include theory-based learning such as the Motor Vehicle Salesperson Course not requiring practical face-to-face tutoring. Trade apprenticeships and traineeships are a combination of theory and practical learning and are undertaken in its technical teaching rooms and workshop. Challenges arise in the instance of remote assessments of practical skills via video communications which must be undertaken in place of face-to-face testing. Theoretical learning which includes a range of technologies are difficult to deliver to remote apprentices or trainees.

### 3.13 Impacts of COVID-19

3.13.1 The MTA Queensland, in its role as an Industry Skills Advisor, for the Queensland Department of Employment, Small Business and Training surveyed members on issues pertaining to COVID-19 and how the pandemic impacted businesses in the automotive value chain. Responses were compiled in the 2020 *COVID-19 Industry and Survey report*.

3.13.2 A snapshot of the survey's responses survey indicates the actions taken by businesses to continue to trade through the COVID-19 crisis:

- Staff employment was a prime consideration with many businesses not employing new staff in the preceding two to three months with an equal number not likely to employ new staff in the upcoming months;
- Most businesses had to stand down, terminate or reduce the hours of staff as a result of the decline in trade caused by the COVID-19 crisis;
- 83 per cent of businesses applied for some form of government support including JobKeeper and Apprentice Wage Subsidies.
- Most businesses did not foresee a need to terminate any staff in the upcoming three months.
- 78 per cent of respondents, indicated the pandemic did not affect the continuation of trade training – despite the impending effect it had on the existing workforce.
- Over half the respondent business employ an apprentice or apprentice. From the businesses employing an apprentice/s, most of their training was connected to an Automotive Certificate II or Light Vehicle Mechanical Technology, representing 77 per cent of respondents.

3.13.3 The survey emphasised the issues that members believe are important in the recovery phase and beyond. These included: tax reform; penalty rates for Saturday work; extension of JobKeeper; and fee and red tape reduction.



#### **4. Conclusion**

4.1 The MTA Queensland, has the view that now more than ever, VET must be recognised as a recovery pathway out of the COVID-19 economic impacts to sustain and provide the emerging skill-sets for the productivity, job security, employment and potential entrepreneurial opportunities. Confidence in VET to provide the pathway is paramount to build the economy and maintain the momentum to progress amidst national and global economic turmoil.

4.2 The Association recognises that the Report is only one part of the reform of the national training system. It is important that the reforms deliver the high quality, responsive, equitable and efficient training and training outcomes needed to rebuild the economy. The MTA Queensland through its RTO, the MTAI, will be a strong partner in achieving the outcomes.

#### **5 Background**

5.1 The MTA Queensland is the peak organisation in the State representing the specific interests of businesses in the retail, repair and service sector of Queensland's automotive industry located in the State. There are some 15,500 automotive value chain businesses employing approximately 88,500 persons generating in excess of \$20 billion annually. It is an industrial association of employers incorporated pursuant to the *Fair Work Act 2009*. The Association represents and promotes issues of relevance to the automotive industries to all levels of Government and within Queensland's economic structure.

5.2 Australia's first automotive hub, the MTA/Q, has been established in specially prepared space at the corporate office. The hub is an eco-system that supports innovation for the automotive industry.

5.3 The Association is the leading automotive training provider in Queensland offering nationally recognised training, covering technical, retail and the aftermarket phases of the motor trades industry through the MTA Institute - a registered training organisation. It is the largest automotive apprentice trainer in Queensland employing trainers geographically dispersed from Cairns to the Gold Coast and Toowoomba and Emerald.

Thank you for your deliberation and consideration of this submission.

Yours sincerely



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