



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION  
REFERENCES COMMITTEE

**Reference: Current and future skills needs**

MONDAY, 14 APRIL 2003

LAUNCESTON

BY AUTHORITY OF THE SENATE

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

**Monday, 14 April 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 Allison, Barnett, Buckland, George Campbell, 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.

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**Committee met at 9.05 a.m.**

**CHAIR**—I declare open this public hearing of the Senate Employment, Workplace Relations and Education References Committee. We are pleased to be in Launceston to learn from people in this region about their current and future skills needs and their suggestions for changes and improvements. On 23 October 2002 the Senate referred an inquiry into current and future skills needs to the Senate Employment, Workplace Relations and Education References Committee. We know that knowledge and skills are the key to a secure and prosperous future for individuals, communities and the nation as a whole. Yet there are concerns about the level of public and private investment in the development of our skills base and the proportion of highly skilled full-time jobs being created, particularly in some regional areas.

Questions have also been raised about whether current training policies and programs, and our broader framework of postsecondary education and training, 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 examples of training providers, employers and communities exploring innovative approaches to identifying and meeting their current and future skills needs. The committee would like to hear not only about any problems with current policies and programs and how they could be overcome, but also how we can learn from these successful models.

The committee has also identified some more specific concerns, including: strategies to project future skills needs and to address current and future skills needs; the effectiveness of current training incentives and training policies and programs in building a genuine skills base supporting a flexible labour market; the capacity of Job Network and other parts of the employment system to match skills availability with labour market needs, particularly on a regional basis; and the adequacy of current consultation arrangements. The committee looks forward to consulting a wide range of industry representatives, VET and other training providers, government, union and community representatives.

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 which are 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.

[9.07 a.m.]

**GRANT, Mr Bruce Thomas, Chief Executive Officer, Northern Group Training**

**GLENNON, Mr Craig William, Chief Executive Officer, Work and Training Ltd**

**LIPSCOMBE, Mr Bruce, Manager, Business Development, Work and Training Ltd**

**CHAIR**—I welcome our first witnesses, representing Work and Training Tasmania and Northern Group Training. 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 have submission No. 60, from Northern Group Training. Are there any changes you wish to make to the submission?

**Mr Grant**—No.

**CHAIR**—I understand that the opening statement of Work and Training Tasmania will indicate the views and the issues raised by the committee's terms of reference. I now invite each of you to provide a brief opening statement and then we will move on to questions.

**Mr Glennon**—Work and Training Tasmania is a diversified organisation centred around a group training company. We provide employment for about 630 trainees and apprentices in Tasmania at present. We operate a New Apprenticeships centre under the Job Network system and we have about 12,000 active registrations through that. We are a registered training organisation and we have about 600 to 700 people through the RTO service at any given time, although it fluctuates.

We did not provide a formal submission, but one of the areas that we focus on as far as skills development goes is entry level training into work. A problem that we see within the industry is the school to work transition, which has created shortages in traditional as well as non-traditional trades. We believe we need to look further back into the school system to identify some of the issues that have turned people away from traditional trades.

**CHAIR**—Thank you.

**Mr Grant**—Northern Group Training trades as NGT. We commenced operations as a group training company in Launceston alone. The company was started by the late Mr Lance Barnard some 15 years ago. We have branched out to be a very significant provider of employment and training services and set ourselves up as a provider for national organisations. There are many people, particularly franchisors, who are disadvantaged through the state based training programs and find it very difficult to work through the maze of requirements that each state has in relation to training policies and programs. So we have found a niche in providing training and group employment services, particularly to franchisors. We are now a very large national training provider. We are the training provider for over 8,000 registered new apprenticeships arrangements and we are a very large group employer nationally. In fact, we are the only group training company registered in every state of Australia.

It is our view that skill development is critical to the success of Australia internationally. In my submission, I have cited some examples of the benefits of skill development. It is NGT's very strong view that the current Australian national strategy for vocational education and training, as developed by ANTA and signed off by the education ministerial council, is, in theory, adequate—in fact, more than adequate—to meet Australia's current and future skill needs. The problem that NGT has is that it is interpreted differently by every state in Australia. It is also our view that over the last two years particularly, and increasingly, as late as last week, some states are diminishing and watering down elements of that VET strategy to the point where employers are likely to opt out of the vocational education and training system and either not do training at all or do training outside the national qualification framework.

There are a number of reasons why that is the case, but I would like to highlight that the significant success of Australia's new apprenticeships system, which is judged world wide as being best practice, has been driven by employers wanting to use the system and not by the supply side wanting the system to work. Employers need to want to train their staff, their new entrants, otherwise the system will not work. I think over the last 15 years in Australia's history we have seen that certain programs that operate at the supply side of skill development do not work to the same extent that those on the demand side do. So it is NGT's very strong view that, to continue Australia's success and to continue to develop the skills set of Australia, we need to support the national VET strategy and ensure that the states understand the benefit of it and are obliged to comply with that which the ministerial council agreed in January 1998.

**Senator BARNETT**—Thank you for your presentations and submission. We appreciate it very much. I will go firstly to NGT. Mr Grant, you mentioned that you are the only group training provider registered in every state of Australia. Is that an advantage? Is that a strategic decision you have made, and have you noticed that it is of benefit to your organisation?

**Mr Grant**—As I indicated, there are a number of organisations that would like to use the one organisation as their group employer and their training provider across different state boundaries, particularly companies such as franchises. I will give the example of Bob Jane T-Marts, a tyre franchise. They are not exactly sure, when they start a new franchise, what staff they will need. It is of great benefit if they can group employ a new entrant, a new employee, through a new apprenticeship arrangement, because if that franchise is not as successful as they hope, then they have somebody who is acquiring skills who can be transferred to another franchise through a group employment arrangement. Obviously with franchises, as you are aware, because each franchisee is an individual company, you cannot transfer that employment as easily as you could if it were a national company. We have found, particularly, that there is a great demand for group employment services for franchises. It does give us an advantage.

**Senator BARNETT**—Why wouldn't some of the other RTOs be providing the same service nationally?

**Mr Grant**—A part of the national strategy is that training can be made enterprise specific. In franchises, particularly, there are a lot of specific ways of doing things and, in many cases, there is some confidential intellectual property that they want to keep within their organisation and not have it made public. We have found that most of those organisations prefer to deal with just one RTO that they can have a confidentiality agreement with and they can deliver consistent national training through all their outlets.

**Senator BARNETT**—You said in your submission that you are a training provider for over 8,000 registered new apprenticeship arrangements. Is that correct?

**Mr Grant**—That is correct.

**Senator BARNETT**—Just to clarify with regard to your staff in Tasmania, you have about 115 staff? Is that right?

**Mr Grant**—Nationally we employ about 180 staff; in Tasmania we have just under 100.

**Senator BARNETT**—In Tasmania what is the break-up of apprentices and trainees on your books?

**Mr Grant**—We have about 600 apprentices and trainees in Tasmania; about one-third of those are apprentices.

**Senator BARNETT**—Okay; I was just clarifying that for the record. From your perspective, in Tasmania, can you identify the greatest skills shortages in the different industry areas that we are focusing on at the moment? The feedback that I have had on the north-west coast, for example, with Vestas and the new wind farm developments, is that there is a shortage of metalworkers and blue-collar workers. That is some of the feedback that I have had over the last few months. Can you identify some key areas where there are shortages that perhaps we need to address in the future?

**Mr Grant**—In our view, you can split that into two categories. One is the short-term skills need, which tends to fluctuate. In that category I put the building industry. At the moment there is a very large shortage of people within the building industry, but the building industry in Tasmania has experienced significant growth—in the order of 12 per cent—for this financial year. We know that the building industry can fluctuate up and down, and you could have an excess of skilled work force in a year or so's time. The other category is the more long-term skills shortage. We have noticed a strong shortage particularly in the health industry and in the care industry—the community services aged care industry.

**Senator BARNETT**—Are you talking about nurses generally or carers?

**Mr Grant**—Carers predominantly, but nurses as well.

**Senator BARNETT**—Does that cover volunteer staff as well, or only paid staff?

**Mr Grant**—It covers predominantly people who work, for example, in the aged care industry or the child-care industry who, typically, might have a certificate II or certificate III qualification; in some cases, they have no qualifications but they are at that worker level. Those are the two biggest industries that are affected.

**Senator BARNETT**—Mr Glennon, can I ask you the same question: can you identify some areas where there are shortages at the moment that need addressing?

**Mr Glennon**—As Mr Grant suggested, there needs to be a differentiation between long-term and short-term needs because, under the traditional apprenticeship system, there is a four-year

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lead time to train people. In the immediate future, I certainly agree that the care industry—aged care, in particular—is an area where there is a shortage and a demand for staff. Also, in the child-care industry, which is developing fairly significantly, there is a shortage of places as well as trained staff in the state. In Tasmania, tourism is certainly moving into an area of shortage as well. We have had a significant boost to our numbers, and I do not believe that the infrastructure within this state is sufficiently able to cope with that at this point in time. I think that is a long-term need because it is not going to go away, and if Tasmania is going to be successful we have to address that specifically.

We have other areas where we note that certain employers have shortages while the industry may not specifically have the same shortage. We work with a number of employers who seek to employ only those they deem to be at the top of the tree as far as young people are concerned. There is a shortage for them and they are moving back into the schools to try to encourage people at school level not only to look for a career in that occupation—automotive is one of those—but also to move that further into a career specifically with that employer. That creates both shortages and excesses, because it means that some people cannot get into the industry while the industry itself in some areas is becoming very selective.

**Senator BARNETT**—I have a two-part question about how we address the needs. You mentioned the long-term needs for tourism, for example. We have the two boats and that flows through to the tourism infrastructure, which you mentioned. I totally agree with you that that is definitely a problem at the moment—hopefully, that will be addressed. But, firstly, how do we address those shortages in the long term? Secondly, you mentioned aged care. I have had eight years on the board of an aged care home so I know how it is and, again, I totally agree with you. I know that one of the real problems there is the differential in wages for the nurses in the aged care sector compared to those in acute care. Would you agree that that is one of the impediments to getting people into the aged care industry, or are there other things that we can be doing to get health workers into that arena to address those concerns?

**Mr Glennon**—To answer the first part of your question, in tourism in particular there is a role for industry, training providers and the schools to work together to create a mind-set that moves people to that industry as a career path. Too many people have the attitude that some of those types of careers are basically a transitional role, that while they are studying at university maybe they have a part-time job in hospitality or something similar. We need to encourage people to move over to look at those industries as long-term career paths and to accept that it is a genuine career path. In other countries, waiting on tables carries a fair amount of esteem and status because it is a specialised position providing a service. In this country we tend to look down on some those occupations and that creates the attitude among people that they do not want to go into that industry because they do not see it is a longer-term career path.

With regard to the second part of your question, on aged care, in any industry salaries and wages are certainly a major factor. That is always going to be a hard one to address. In some other countries—Singapore is one, if I am not mistaken—in some occupations there is actually a top-up into areas that are less exciting. The research industry is one where it is looked at as having a skills shortage, and the means of addressing that is purely money based. They look at topping up the wages for those areas. Trying to encourage people to take on a career that pays less than other careers within the same industry is certainly the long-term target. It is a hard one to address.

**Senator BARNETT**—Mr Grant or Mr Lipscombe, do you want to respond?

**Mr Grant**—In relation to your first point, I believe that, in addition, this country should look perhaps at more flexible operations and more flexible training arrangements. There is currently in Tasmania and, in fact, in part of mainland Australia a new apprenticeship called rural operations, which is a very flexible traineeship that allows people to be enrolled not only in rural training activities but to cross over to other industries, so they may be doing some training in tourism as well as in rural practices. The problem with tourism is that it is not necessarily 12 months work—sometimes it is six months now and then six months doing something else. So more flexible arrangements, where people can be trained in a range of industries, would help in that area.

In relation to care and, in particular, nurses, NGT is the largest training provider for enrolled nurse training in Tasmania. In fact, it is virtually the only one. We are currently in the process of training over 150 enrolled nurses in this state. Quite clearly, the issue of the shortage of nurses in the care industry is the result of a shortage of nurses everywhere. There is a very significant shortage, particularly of enrolled nurses, in every state but particularly in Tasmania—we have the lowest percentage of enrolled nurses of any state of Australia. I think the national average is about 25 per cent and we have seven per cent. That is driving demand through the roof. I think we can solve that problem by increasing the number of enrolled nurses in this state and then the natural forces would come into play. Those nurses that wanted a less stressful life than is involved in the acute sector would naturally move to the community sector and accept perhaps a slightly lower pay because of that. I think that is normal and natural. But, at the moment, it is not a natural marketplace.

**Mr Lipscombe**—I would just add one other thing. There are a couple of areas identified within the two questions you asked. The first is the identification of the actual concept of what a skills shortage is. It has become very much more difficult to identify skills shortages within the sectors. With the demise of ITABs within Australia now, the ability to actually identify which areas are missing skills becomes a little bit harder, for a start. But, in the case of something like the gas pipeline rollout which occurred in Tasmania, it was identified in 1998 that there would be skills shortages within the sector. However, at that stage, it was also impossible to skill people up because employers were not willing to take on gasfitters. That was because, quite simply, there was no employment for them, so training them into a skills shortage area became an impossible situation. All the time, shortages that are coming up in areas are being identified. But, again, it comes back to the fact that if you have an employer who is willing to take on somebody as a long-term project it becomes viable, but for a short-term project it is not viable. That is quite often where the problem occurs.

You mentioned the wind farm and the specialist welding that goes on in that area. Many other areas have been identified as well, such as the development of advanced hydrocarbon and hydrogen technologies. All of those sorts of areas have been identified within Tasmania as potential sources of a lot of job availability. But, again, it comes down to the fact that if you do not have an employer or you do not have the skill set in existence already for an employer to see that the jobs will be there in the future, the skills shortages will not be met.

**Senator STEPHENS**—Mr Glennon, you made a comment in your opening remarks about the difficulties of school to work transition and the fact that that is deflecting young people from choosing to go into traditional trades. Could you elaborate on that point and on some of the

ways in which your organisation is addressing that? Do you have partnership arrangements with schools or are you involved in school to work transition programs?

**Mr Glennon**—I think the fact that there are shortages in traditional trades as well as in the emerging industries clearly indicates that there is something amiss in the system as far as the career paths that people are choosing. I think one of the things that has caused that is, in recent years, the focus on university education and the traditional view of the apprenticeship as the second tier occupation. That is still being promoted to a large degree. In years gone by, apprentices traditionally left school at grade 10 to take up their apprenticeship. A lot of those people are going to year 11 and 12 now before they start that apprenticeship. So it is putting them into the system a when they are a couple years older. Their families and other people as well are saying, ‘They have taken that additional education time—that extra two years—so why should they go into an apprenticeship?’ The focus is turning to tertiary education.

I think one of the ways to address it—and this is something we do and I am sure our colleagues at NGT are doing the same or very similar things—is working with schools. We are involved in the VET in Schools program and we are working very closely into the school based new apprenticeships. We support that move and we believe that, whilst the VET in Schools program has been excellent for students to gain a qualification or a certificate whilst they are completing their secondary education as well, the concept of moving into the school based new apprenticeship system, where the young person actually has paid employment, has been criticised in some areas as undermining the system and taking the focus away from the school and the education side.

What we need to look at is that through the school based new apprenticeship system, by employers taking on these people as paid employees, albeit for a fairly short period of time, there is a different focus at the employer level to those careers and to the people coming through. A lot of employers look at having people on the premises under the VET system, for example, as not cheap labour but as free labour. It is almost treated like a work experience program. I think a lot of employers do not look at it seriously enough to be a career path—they see it basically as their corporate citizen role of helping kids at school—whereas if they take on those people as school based new apprentices and pay them a salary for the time they are working, there is a different attitude from the employer side. That will complement the training side that the people do at school.

This year we have launched a so far very successful program in the Tasmanian police department. For the first time there are four sworn police officers going through the school based system. They are in uniform. They are obviously not armed, but they will be performing normal police duties during the period of their traineeship. That has helped address a skill shortage in that area. Tasmanian police have had difficulty recruiting sufficient people in the north-west of Tasmania into the police force. We have been working with them to use this program to help encourage additional recruitment into the police force in the north-west region in particular. Policing is not identified as a skill shortage area, but it can be and certainly is regionally. That is an area in which the school based new apprenticeship system is a good vehicle to help move forward and change the attitudes that some people have at present.

**Senator STEPHENS**—How many employers are you working with at the moment in terms of promoting school based apprenticeships and traineeships?

**Mr Glennon**—We have a part-time staff member who is dedicated solely to the school based system. Her role is working directly with the schools and promoting through to employers. I do not have the number of employers we are working with, but we are certainly working with all the schools and working through their counsellors and those sorts of people to promote the program.

**Senator STEPHENS**—Mr Grant, thank you for your submission. I was quite concerned about the part of the submission that talked about the distortion of the national VET framework in its implementation at the state level. Can you give us some examples of how this is happening in Tasmania and evidence that you might have about that occurring in Victoria?

**Mr Grant**—There is less distortion in Tasmania than in almost any other state. The only distortion that occurs in Tasmania is where certain industry training programs are embargoed to TAFE. No other RTO is allowed to provide or register training agreements in certain industries.

**Senator STEPHENS**—Can you tell us what those industries are?

**Mr Grant**—Rural, agriculture, building and engineering. Predominantly the argument is that there is a significant state infrastructure that needs to be serviced and that if other RTOs were allowed to operate in those industries that would reduce the critical level. I do not agree with that argument. I believe that you should encourage excellence in training. The way to encourage excellence is to have competition. But that is the predominant method of restriction in Tasmania.

In Victoria, restriction, particularly the issue of restriction in user choice, is far greater. Under the principle of user choice, the employer and trainee are supposed to be able to choose the training provider. Most states, and Victoria particularly, have restrictions and limitations on user choice contract, because user choice funding—federal funding that flows to the states that they supply to training providers—is managed under contract arrangements.

NGT is a rapidly growing organisation and has grown very quickly. We have grown 600 per cent in six years and yet we have not been able to get an increase in our user choice funding in Victoria over the last three years. In fact, we have been restricted. This year, 2003, we received 87 per cent of last year's contract value, which was very minimal indeed. We could register over a thousand user choice training arrangements in Victoria, and our licence allows us to have less than 200 of those. That is our contract; we are restricted and cannot have any more than that—we cannot register any more than that. That means that employers who choose to use NGT cannot; they have to either go to another RTO or opt out of the system. As I indicated to you before, most of them would prefer not to use a TAFE or another training provider. It is interesting to note, from my perspective, that to my knowledge no TAFE college has had a restriction applied to it under user choice contracts in any state of Australia, and yet almost every private RTO is restricted. That worries me greatly.

**Senator STEPHENS**—I suppose, Mr Grant, that the following may be one of the reasons. We have heard quite a lot of evidence in our hearings around Australia so far that the reputation of RTOs is very patchy and we have had quite fraudulent activities described to us, where the training providers have concentrated on providing low-quality bulk training—certificates I and II—mainly to allow themselves to get the training incentives and the benefits of the government funding. So these are very high output, low-quality organisations. It would seem that many of

those operators have now been flushed out of the system, but their legacy lives on. Can you tell us if that has happened in Tasmania? How does your RTO function to make sure you are not caught in that kind of net?

**Mr Grant**—It is a very real problem, of course. I understand, and accept, that once the national VET strategy was introduced many RTOs set themselves up as, essentially, assessment services, as opposed to training providers. There were some training providers who provided less than appropriate or adequate training as part of the service they provided. My view of that is that it is a state responsibility to monitor the quality of training provided by those providers who are registered. That is where that element should be managed: at the AQTF arrangements, registration arrangements or auditing arrangements. The states have a responsibility to ensure that the quality of training is adequate and meets the national standards.

The point I would like to make is that I do not believe we should throw the baby out with the bathwater. We should not get rid of private providers because a couple of them have not done the right thing and we should not restrict all private providers because a couple of them have not done the right thing. If we were to go back to the point where we only had one provider—that is, the TAFE system—it is my view that we would end up with a poorer system. I agree that we need to ensure that the standard of training is adequate, but there is a process, a system, in place to make sure that that happens.

In relation to Tasmania, I believe that, in essence, we have avoided the excesses that occurred particularly in Queensland and to some extent in Victoria. There have been fewer opportunities for large RTOs to come into this state and sign up very large numbers with one or two organisations. Certainly I am aware that in Victoria in particular there were a number of RTOs that signed up very large numbers, particularly with the incentive systems and the user choice funding being funded the way they are, which is front ended or front loaded, so that they get money up front. In Tasmania specifically, I have come across no examples of where people have been inappropriately using the training system. NGT is very serious about training. We ensure that all of our training takes place. We usually do a range of off-the-job training as well as on-the-job training to ensure that enterprise specific and industry specific skills are developed. We take that role very seriously.

**Senator STEPHENS**—Thank you. With regard to the latest round of the Job Network contracts, when we were in Queensland we heard from one of the providers there that they foresaw real difficulties in delivering services to their regional and rural clients under the new system. Have you considered the impact on your bottom line—I am sure you have—in terms of service delivery and the issues that relate to the new contracts? I presume that you have been successful in the latest round as a provider?

**Mr Glennon**—No, we have decided not to be part of the tender for the employment services contract. Our organisation became involved in the intensive assistance and job matching area through a merger with another company, but we have made a conscious decision not to continue in that area. We believe our skills and expertise lie in the new apprenticeship centre services, for which we have the largest contract in Tasmania at this point in time. That is the area that we as a company are staying with, so we have not been party to the tender for the new round.

**Senator STEPHENS**—Thank you.

**Senator TIERNEY**—One of the problems when we receive evidence at these hearings is that often it is anecdotal, and impressions can be left that a problem is massive when it may only be minor. A few years ago we had a VET inquiry and the question of RTOs came up at that time. There were a whole lot of claims made but, when the states actually gave us some hard evidence, the rorters came down to one or two per cent and they were fairly quickly weeded out. With regard to the impression that Senator Stephens may have left from her initial statements on this matter, what is the situation in Tasmania of the state government policing of RTOs and checking that they are doing the right thing in terms of training, in your view?

**Mr Lipscombe**—I sat on all of the state bodies that monitor this: TTAC, the Tasmanian Training Agreements Committee; TAREC, the Tasmanian Accreditation and Recognition Committee; and TASTA, the Tasmanian State Training Authority. One of the biggest problems associated with the monitoring of complaints is the sheer nature of what make a complaint. In a lot of cases it must be remembered that an awful lot of organisations utilise the training system as a quick method to make money. It is an opportunity to obtain some cheap labour whilst obtaining Commonwealth government funding to subsidise that. Within the system, very few complaints come through about the RTOs because quite often the individuals are receiving a qualification with very little work. Why are they going to complain? What is the incentive for an individual to complain? They have received the qualification, the organisation has received funding and the RTO may or may not have done any work at all. So the system is actually designed against complaining. On a state board level—

**Senator TIERNEY**—The question was not so much on complaints; the question related to state government monitoring. State governments can come in and see what is happening.

**Mr Lipscombe**—Indeed. Again, it comes to the committees anecdotally: you receive anecdotal complaints that somebody may be rorting the system. Unless somebody is prepared to come forward with an actual complaint, it is almost impossible to do anything against it. The AQTF system is merely a system to say that they are complying with the structure, not that they are delivering quality outcomes—and that is where the AQTF falls down. The AQTF does not in any way monitor the actual quality of the training.

**Senator TIERNEY**—What about the state governments' monitoring role? We have a competency based system.

**Mr Lipscombe**—Yes.

**Senator TIERNEY**—It is fairly easy, I suppose, in a testing process at any level for anyone to check if they have those competencies.

**Mr Lipscombe**—Again, the problem lies in the basis that, from a state point of view, there is very little they can do other than compare the competencies against the national standards. When you have a competency based system the problem is that the competency that is determined within the structure may vary between RTOs. For example, an RTO may say, 'Somebody is competent because they did that,' but another RTO may say, 'No, they are not competent because they have not reached this standard.' So there is no level-pegging of what makes a competency. Again, when it comes to the committees, when it comes to the processes, there is nothing concrete to say, 'If this is occurring, this should be a problem.' There are no red flags; there is nothing that says something should crop up to say that a problem occurs. It is

basically the case that, anecdotally, somebody will say, ‘They are a bad RTO,’ and it is perceived that the system will weed that person out. That does not occur.

**Senator TIERNEY**—I am amazed by what you say about competencies. I would have thought, under the qualifications framework on levels I, II, III and IV, you had to reach certain standards of competency to get that particular qualification.

**Mr Lipscombe**—I am an assessor. I have received an assessor’s qualification. You can go away to Victoria and do a two-day qualification to do the same thing. Under the AQTF, if I sign you off, you are competent.

**Senator TIERNEY**—We go into certain trades. One issue that came up, particularly in Queensland, related to the electrical trades. Are you seriously saying that people are signing off others who do not actually have the skill level in something like the electrical trade, which would then put lives in danger?

**Mr Lipscombe**—Most definitely, Senator. It goes further than that; it goes into all sorts of areas. We were discussing this on the way up in the car in the context of an automotive mechanic—someone working on the brakes of your car—who is not competent.

**Senator TIERNEY**—That is exactly right.

**Mr Lipscombe**—At any point, the system makes the RTO, as opposed to the assessors, responsible.

**Senator TIERNEY**—As we have moved through Australia and looked at training in a whole range of areas, we have seen a lot of very high-quality training.

**Mr Lipscombe**—Most definitely.

**Senator TIERNEY**—I am intrigued about why the state governments are not weeding this sort of stuff out.

**Mr Lipscombe**—Again, it comes back to the fact that, from a state government point of view, they are working on a nationally determined set of competencies that RTOs are meeting; otherwise they are not an RTO. But it still does not mean that the actual quality of the outcome is there. If an assessor signs somebody off, then the system says that they are competent. If the system says that person is competent, by default they are eligible for a qualification, which means that you can take that qualification to any other RTO in the country, which must by the system recognise that qualification; and then they can advance that qualification.

**Senator TIERNEY**—What hard or statistical evidence—anecdotal evidence apart—do you have?

**Mr Lipscombe**—There are many clear examples of that. Many people have gone before state bodies across Australia because this occurs. It is not unusual to see this occurring. Blue Ribbon in Tasmania has just gone before the commission: 35 staff members there have just applied to the state training body because Blue Ribbon believed they were not competent. The RTO, which was a Victorian RTO, has turned around and said, ‘They are competent—end of story.’

**Senator TIERNEY**—When we held an inquiry on a similar matter about three years ago, states were weeding this out, and they were putting it at a much lower percentage than you are indicating. I am just wondering what is happening in Tasmania that the finding is different.

**Mr Lipscombe**—It is not just Tasmania.

**Senator TIERNEY**—No, but I am talking about evidence we have received from other states.

**Mr Lipscombe**—Yes, it occurs—

**Senator TIERNEY**—The evidence we are receiving is that it is quite low. What you are saying is quite different.

**Mr Lipscombe**—Indeed, because the evidence is always going to be based upon who is going to come forward to complain about a system which benefits them. It still comes down, effectively, to somebody being honest enough to step forward and say, ‘That qualification isn’t real.’ Who is going to do that?

**Senator TIERNEY**—My impression from the other states was that the state assessing bodies had gone in and found certain RTOs were not doing the right thing and weeded them out. That level was about two per cent of the system. I would be amazed if it were this much higher later. It might be something just in Tasmania. One of the opening statements made related to the different ways in which the training arrangements are interpreted across each state. Could you elaborate on that a little further?

**Mr Grant**—I made that statement. Different state governments and different state training authorities make different determinations about training agreements and training packages. For example, a certificate III in financial services is a two-year pathway notionally in Victoria, Queensland and Tasmania but a 12-month pathway in New South Wales. It is exactly the same qualification and contains exactly the same competencies, but it is interpreted as a different qualification or length of pathway.

One of the other problems that we have in relation to training is that most states try to turn these national packages back into what is known as the curriculum—an hours based system of training. They turn it back because that is the only funding arrangement they can manage. Different states have different nominal hours for each training package. That impacts on the funding arrangements, because different states will fund a package based on the nominal hours.

**Senator TIERNEY**—Was that the situation before competency based training came in? It was an hours based system, broadly, wasn’t it?

**Mr Grant**—Yes, it was. But New South Wales in particular now turn every package back to an hours based system. They create a curriculum for every training package. They turn it back just so that they can fund it and manage it. So we have moved to a competency based system, but most states cannot cope with the funding of competencies; they can only cope with the funding of nominal hours. In every state of Australia, including Tasmania, user choice is funded based around a nominal hours arrangement. They may not say that, but that is the way they get to the funding arrangement.

**Senator TIERNEY**—One of the major issues in the inquiry relates to generic skills and specific skills. There are some claims that it is very difficult for trainees or apprentices to pick up some of the specific skills if they do not understand the fundamental generic skills—things like literacy, numeracy and being workplace savvy. Whose responsibility is it, within the total education system, to try to fix that problem of a perceived lack of literacy and numeracy skills that are an appropriate foundation for the training of a particular apprenticeship or trade?

**Mr Grant**—It is my view that that is shared between the RTO and the organisations developing the training packages. Most of the generic skills that you talked about are picked up in the various units of competence that are in the training packages. Issues like workplace communications and occupational health and safety are usually core modules in most training packages. Individuals need to be trained and assessed as competent. But, having said that, we do a lot of training now in the processing and manufacturing industries where literacy and numeracy are a problem and it is our view that the RTO needs to do an assessment process at the outset to understand levels of literacy and numeracy and to work at those issues prior to conducting any training. Again, it is my view that this is where this user-choice concept comes in, because an employer has to feel comfortable that an RTO is going to address the issues of literacy and numeracy before an individual undergoes any training.

I disagree very strongly with the previous evidence from Mr Lipscombe. I do not believe that we have major problems with our training system and I certainly do not believe that people use it to get cheap labour. I believe that in this country we are making a very drastic difference with our training, and many industries have now become world class because of our training system.

**Senator TIERNEY**—What do you think was in error in what Mr Lipscombe was saying?

**Mr Grant**—I do not believe that the majority of employers enter into the training system to get cheap labour. I do not believe that they enter into it to get free training. I believe that it costs most employers more than they get to sign up a new apprentice and to do the training appropriately so that they achieve the qualification. I also do not agree that the system delivers poor outcomes. I believe that the state training authorities in every state of Australia undertake very significant audits. We are a registered training organisation in every state. We have undergone an AQTF audit in every state twice a year. Under those audits, we are obliged to demonstrate through file management—and in some cases they actually go out and talk to the RTOs and trainees; that has happened in a number of states—that we are doing the right thing. Not only do they check that we have a quality system in place that assures a quality outcome, but they actually manage and check the outcome itself. I believe that states are now, more and more, starting to understand that responsibility and doing it appropriately.

**Senator TIERNEY**—Going to your submission, why do you believe that state governments are eroding by stealth those elements of VET which employers are using? What are the elements you are referring to there?

**Mr Grant**—Particularly, they are preventing user choice, restricting the number of RTOs and cutting back on the number and the contract amount for training providers. That means that the employer and the trainee cannot get industry specific or enterprise specific training. They cannot get what they want. In many cases, they are forced to go to institution based training rather than the training that they want through their own choice of RTO, delivered flexibly.

**Senator TIERNEY**—Why do you think that the state governments are doing that?

**Mr Grant**—I can only guess. My view is that most state governments have a vested interest in ensuring that the public RTO—TAFE—survives and is supported. That is the reason I believe they are doing it.

**CHAIR**—I just want to come back to your second last answer—you said that you do not believe that RTOs are using training packages as cheap labour. I presume you run group apprenticeship schemes, if you have that many apprentices. We had apprentice electricians appear before us in Brisbane who were working for group training companies. They were very strongly of the view that they were being used as cheap labour. They were being sent out to jobs to supplement labour and they were pulling cables and putting up cable trays for weeks on end. The more disturbing feature was that they said that, at the end of the day, they had trouble getting through the licensing board. Many of them had to do an extra five or six months to meet the qualifications needed to get qualified by the licensing board for that particular trade. That may not be as critical in other trades, but we know that electrical workers have a licensing arrangement. That seems to be a very strong contradiction of what have you just said. Evidence has been given to us elsewhere that, in fact, this is occurring and it is occurring all around the country. Why is it any different in Tasmania? Do you know how many electrical apprentices are being forced to do additional training in order to qualify for their licences?

**Mr Grant**—In answer to your first question, I believe that, in any system, there might be a percentage of people who use or abuse the system. I am sure that is the case in any element of industry. You have given us the evidence that there has been this case—

**CHAIR**—But you said that you did not believe it was being abused.

**Mr Grant**—I do not believe that, predominantly, the system is being abused by employers. I do not believe it is. I believe that new apprenticeship systems deliver a huge range of benefits to industries. I can give many examples of where people have entered into new apprenticeship arrangements, particularly into new industries, and that has led very significantly to benefits to the individuals—the employees—and to the employers. I do not believe that generally, in a holistic sense, the system is being abused.

**CHAIR**—But you are aware that they are being used as cheap labour?

**Mr Grant**—Absolutely; I do not disagree with that. But, again, I suggest that the management of that quality element of the program needs to be addressed separately to getting rid of the system.

**CHAIR**—I am also interested in where you talk about enterprise specific training in your submission. There seems to me to be a substantial contradiction between the evidence you have given us this morning on this issue and what is in your submission. In your submission you say:

Many organisations now use sophisticated technical equipment and systems and generic training is no longer suitable or relevant.

Can you explain in more detail what you mean by that statement? Five or 10 minutes ago, you said that it was relevant. Are you talking about a different set of generic training than what we have been talking about?

**Mr Grant**—Potentially, training in things such as workplace communications and occupational health and safety can be generic and can be trained across all organisations, but there is some industry or enterprise specific training that I believe is relevant. I will give you an example. Bob Jane T-Marts that I referred to earlier have a specific set of tyre fitting and tyre balancing equipment that they use across their franchises. It would seem to me and it certainly seems to them that it is more appropriate that their staff get trained on that equipment than on some other equipment and then have to unlearn that and learn on theirs. There are some types of safety training about the generic fitting and balancing of tyres that they need to learn. But learning the fitting of that tyre on that particular equipment is most appropriately delivered in an enterprise specific fashion.

**CHAIR**—I have no argument that there is a need to look at ways and means of taking the training into workplaces where higher technology equipment is in place and in play so that people are trained on the latest equipment rather than equipment that is obsolete. But why is it not possible to develop a training structure that trains people on all of the tyre balancing equipment that is available in the industry so that people have a variety of skills, giving them flexibility in the labour market?

The circumstances you outline are of real concern to this committee. Why are we unnecessarily restricting the flexibility of the labour market by training people like monkeys on specific pieces of equipment? The aim of the training institutions that we introduced in the mid-eighties and early nineties was to get away from the monkey form of training. It was to give people a broader base of skills to enable them to have that flexibility and to use their brains as well as their hands. But it seems to me that you are arguing to go back before that set of circumstances to what we had in the fifties, sixties and seventies where people were specifically trained to manage a piece of equipment in a repetitive form or manner. How does that improve the skills base of the nation?

**Mr Grant**—I believe that the set of equipment, procedures and systems are getting so complicated that it is getting almost impossible to train an individual, particularly a highly skilled individual, on all of the equipment. I believe you can train people to a generic standard. For example, in the automotive mechanic industry where most analysis equipment these days is specific to a brand—and we are the employer of a large number of automotive mechanics—we have found that it is difficult in an apprenticeship period to train people across a whole range of equipment. In fact, it is almost impossible. You can give people a set of generic skills such that they can quickly learn on a new system, but it is our view that in today's system and today's society, where people and the work force are more mobile and most people will move across a number of positions in their life, training in an enterprise specific fashion when they arrive at a new workplace is required for people to be brought up to speed with the equipment, systems and procedures of that organisation. We believe that it is appropriate to deliver training in an enterprise specific fashion under new apprenticeship arrangements with some generic skills—I guess the issue is how many generic skills are there.

**CHAIR**—One of the arguments is going to be whether this increases or reduces the training dollar. If you take the approach that you are suggesting, I think it is going to considerably

increase the training dollar because people are going to be trained in repetitive skills from industry to industry and enterprise to enterprise; whereas if it is broader generic training, the cost at the front end is much lower and the cost overall is much lower than it would be in the system you are proposing.

Mr Lipscombe, in respect of the issue you raised about assessors, I understood your argument was not necessarily a criticism of the training organisations but was saying that the assessment of what was going on was being done at the wrong part of the process. Is that an argument for looking at putting in a more stringent licensing type of arrangement for assessors so that penalties for abusing the system are greater than those available at the moment and there is a greater evaluation of their skills before they set about evaluating the skills of others?

**Mr Lipscombe**—Absolutely. I personally have a belief that every assessor who is assessing a training package should be licensed. I do not see any reason in the world why the people who are actually doing the final sign-off—that is, the assessors—should not carry a degree of the burden. At this point, you receive a certificate, and there is nothing on that certificate that says who assessed you. Why shouldn't the assessor be partly responsible? Why shouldn't we be able to turn around to an assessor and say, 'Prove to me that person is competent and, if you can't, you shouldn't be an assessor anymore'?

**CHAIR**—Thank you, Mr Lipscombe, Mr Glennon and Mr Grant.

[10.05 a.m.]

**JONES, Mr Robert Llewellyn, General Manager, Academic and Student Services, and Registrar, Australian Maritime College**

**OTWAY, Dr Neil James, Chief Executive Officer/Principal, Australian Maritime College**

**CHAIR**—Welcome. 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 have submission No. 45. Are there any changes you would like to make to the submission?

**Dr Otway**—No.

**CHAIR**—I now invite you to make an opening statement before we proceed to questions.

**Dr Otway**—I thank you, members of the committee, for the opportunity to address you today. I would like to start by providing a brief background about our organisation, the Australian Maritime College. It is the national centre for maritime education, training, research and consultancy. We offer the full range of AQTF qualifications, from a certificate level I right through to a PhD. We are a federal statutory authority subject to the Maritime College Act. We believe that we are raising an issue today that may not have been canvassed in other submissions to this inquiry. We would particularly like to talk about the shipping and related industries.

There is a worldwide shortage of ships officers, both on the deck side, which is the navigation side, and on the engine side, which is the engineering side. In addition, the age profile in the maritime industry worldwide is skewed. A large percentage of the people who are at sea are over 45, so there is the likelihood in the very near future that the worldwide shortage of officers will deteriorate. Australia has a very small shipping fleet—in fact, there are fewer than 50 ships now—but we continue to need people with seagoing experience in a range of shore based jobs. We are talking about marine pilots, surveyors, ship managers, lecturers at the AMC, ship-brokers, stevedores, supervisors of the loading and unloading of ships, ship repair yard workers, people in the offshore industry et cetera. So there is quite a large range of industries which require people with seagoing experience.

**CHAIR**—Even senators, Dr Otway!

**Dr Otway**—Even senators; that is correct. Australian ships officers are actually in high demand for a number of reasons. Firstly, they speak English and, secondly, they have a reputation for being well qualified and good at their job. So we have a situation where, in the very near future, we do not believe there will be enough Australians—or, frankly, people of any nationality—with seagoing experience to take on the shore based jobs that I have just mentioned.

We find that shipping companies generally are reluctant to provide sea service for cadets because in many cases they see cadets as an extra cost to their operation. Also, a lot of them

who do invest in cadet training then find that their cadets, or their trained individuals, are poached by other members of the industry who are less interested in investing in this area. So there is no real incentive for the shipping industry in the main to invest in training. There used to be a grant levy scheme applied by the industry whereby all Australian shipping companies contributed to a training pool of funding that would allow cadets to be trained. Then if one shipping company had a cadet who moved on to another shipping company they did not mind, because the whole industry had invested in that training exercise. That scheme is no longer operative.

Australian Maritime College has made the decision in the last few years to offer pre-sea courses for young Australians. We have done this without requiring anything from the industry. We have basically allowed young Australians, and sometimes not so young Australians, to come to AMC and do a six-month pre-sea course. This is a standard course worldwide that needs to be undertaken before people can become cadets. What they need after that is sea time. They need to actually go to sea after that and then they can progress along the cadet path. We can make no guarantee of sea time for students who undertake this program. They choose to come to AMC of their own volition to obtain this qualification, and then we try to help them and they try to help themselves obtain sea time. In some cases we are successful; in other cases, we have people who have that fundamental qualification but can take it no further.

Basically, this is our response to trying to provide a pool of qualified individuals who may be available in the future to service the shore based industries of the maritime industry in this country. We have had plenty of interest in that pre-sea program and we have had to cap it because we do not want to produce more graduates from that program than can get jobs. It does demonstrate to us that there is an interest particularly from young Australians in actually going to sea. So we think there is a lot of potential there. In many countries this is not the case. We know that people in other countries—young Singaporeans or people in Hong Kong et cetera—just do not want to go to sea; it is not part of their future plans. But in Australia we still find a significant number who wish to take that career path.

We have had some improvement in recent times in getting some sea time for cadets. Most of that we have had to source on international flagged ships rather than Australian flagged ships. But we think there is a growing realisation by the industry that, if they do not start training now, they will be in a very poor situation in the not too distant future. We think that message is starting to get through.

I am not sure that we have got too many solutions, but one might be to provide some incentive for industry to train young Australians to become cadets. Another solution may be to have an extension of this grant levy scheme or a different version of it which might include the shore based maritime industry, in addition to shipping based industry, because at the end of the day they will be the beneficiaries of a lot of this training. There is another option, which is to look at whether or not all the shore based maritime industries actually do need this number and level of people with seagoing experience. Maybe there are alternative training programs which could deliver people with the appropriate competencies and skills to be effective in the shore based industries. That is obviously a big issue and would need quite some discussion, but it is something that may be worth looking at.

In the fishing and seafood processing industries the issue is quite a different one again. In our submission we talked about the fact that the industries are characterised by casual employment

and by people with low skill levels. In many respects this is self-perpetuating, because the pay and conditions in those industries tend to attract only those with a low level of basic skills. We find that the culture in those industries is not that supportive of training, other than what might be mandatory. I think one of the reasons for that is that a lot of the people who worked in the industries and now run the industries were not recipients of training themselves and, since they have done all right, they wonder why their staff should need to be trained. Again, it is a difficult issue. But we believe there is a lot of potential in the seafood processing and fishing industries in this country and that unless we get some people into the industries who are well qualified and highly skilled those industries will not reach their full potential.

Those are the two industries we wanted to bring to the attention of the inquiry. In general, we believe there is a lack of interest by industry to undertake any training that is not considered to be mandatory. A lot of them take a short-term cost saving approach to their investment in training—they will do what has to be done. We are seeing more and more enlightened members of the industries who are realising that an investment in extra training is actually good business. They can see that their insurance claims will reduce, liability will reduce, product quality will improve and operations will become more productive. What we need to do is find a way of encouraging those enlightened people more than is currently the case.

**CHAIR**—In your view, is it appropriate at this point in history for a review to be undertaken into what constitutes the maritime industry in Australia in 2003 and into what the training needs of that industry are in the broader sense? When the Maritime College was set up in 1975 it was essentially set up for the sexy end of the industry—for ongoing large vessels, of which we had a considerable number in those days. That has changed dramatically since then and, as you point out, there is very little or no training at the lower end of the market. There is an issue as to whether or not it is viable or achievable to develop training packages in that area, given that a lot of them are family concerns with no employees other than perhaps father, son and cousins. But there is a growing market in the middle of that, in the tourist industry, with the luxury vessels running around the coast doing day trips out to the Great Barrier Reef and what have you, and there is a more established fishing industry in the prawn trawling and deep sea trawler type activity. An issue raised with us in Cairns by Ecofish—a fishing industry cluster based around Cairns that also involves some of the luxury vessel people—is that it takes something like 915 sea hours for a person to get their skipper's ticket. A lot of fishing is seasonal, so they might do only three months or perhaps six months fishing a year. It takes some of them three to five years to get the sea hours up to get a skipper's ticket, despite the fact that they may well be competent in the skills necessary for that level of vessel.

I suppose the question I am posing is: are the training programs and packages that are currently operated by the college lining up with the needs of the industry at the moment? One of the issues they raised with us—and I think it is a very valid point, not just in this industry but across a range of industries—was that they believe it is important to have a consultative mechanism. They were not so sure that the ITABs reflected the nature of the industry in the current environment. They thought that the players on the ITABs were not necessarily any longer representative of the broad scope of the maritime industry per se and that there was a need to look at changing some of those structures to be more reflective of the industry. Perhaps that is also an issue of lining up the training regime that the college is delivering with what is reflected in the industry today. I understand the point you are making, but if we do not have ships to put people on at the end of the training process when they come out of the college I think it is going to be difficult to get people to train.

**Dr Otway**—I should point out that we have a range of programs and we do cover off the lower-level programs, the certificate levels I to IV, in what we call the brown water area, which is really coastal shipping. That includes tourism and the smaller end of the fishing market. The issue that I was raising was more to do with the deep-sea or blue water end of the market, where we believe this country is in danger of not having highly qualified shipmasters and chief engineers to come ashore and take on the high-level industry requirements as marine pilots and surveyors.

In relation to the issue which you are raising now about the smaller end of the fleet, we work very closely with industry to try to understand what their needs are. But we are, frankly, guided a lot by ANTA, Australian National Training Authority, which determines the curriculum that applies in a lot of these courses. We try to influence that where appropriate. We write some of the training packages when we get the opportunity, and we implement the training packages as effectively as—probably more effectively than—anybody else in Australia because this is our area of expertise.

Whether the sea time is too much I do not feel qualified to comment on. We are certainly guided by groups such as the National Marine Safety Committee, which represents all the state jurisdictions and regulators, on what sea time is appropriate. You need to bear in mind that when somebody becomes a skipper that is the end of a process rather than the beginning of a process. They would probably already have their coxswain's ticket, their master 5 and their master 4. Nine hundred hours sounds like a lot but, frankly, if they are going to be a skipper they need to have been in the industry for quite some time, I would have thought.

**CHAIR**—I just wonder, Dr Otway, whether a lot of the qualifications that currently exist in the industry—and I am not necessarily arguing for this—are skewed by the fact that they have grown up out of the blue water, deep-sea fleet and that their implications across the whole of the fleet have not been looked at. I wonder whether or not some of these people in what you term the brown water area—in fishing, trawling et cetera—would also have the capacity to be trained to do some of the shore based jobs.

**Dr Otway**—That is a good point, and that may be a source of potential people in the future. As you say, maybe the combination of their seagoing skills plus a particular training program that then gives them the additional skills they might need to become an effective marine pilot or ship surveyor or what have you is very well worth exploring.

**Mr Jones**—In some of the skills areas, AMC has already started an approach to try to overcome this. We have put in place specific courses, such as a certificate IV in marine surveying and a diploma in stevedoring, to try to overcome some of the issues that we have identified ourselves. But I believe, culturally, the industry would prefer to have people—even if they have done this course—who have some background in blue water operations, particularly in the marine surveying and pilotage areas, for fairly obvious reasons. So we have addressed this skills issue by trying to put in place courses that are aimed at seafarers and usually done by distance education.

One of the other concerns that we have—particularly in the area that you have referred to, Senator—is that the current training structure seems to have a fairly defined funding paradigm in which it operates. The brown water area that we are talking about is, as you pointed out, reflected by family relationships, people who have been in the business a long time, and casual

and part-time employees. The funding for traineeships is pretty much structured along the lines of a standard employer-employee relationship under an award and does not really reflect a lot of the areas that we work with.

While we accept the reasons for that, I think there needs to be some industry specific understanding that industries differ. If we are to reach an industry—the fishing industry, for example, which is worth \$2½ billion to Australia—then we may have to recognise that the standard structures are not necessarily all we can look at when we look at funding. The one size fits all approach is a bit of the problem. This is made more complex for a national provider by the differences between the jurisdictions, of course, and how they apply those standards.

**CHAIR**—That comes back to my initial question: is it time to have a review of how this industry is functioning, relating the training to the functioning nature of the industry?

**Dr Otway**—I am not sure if a review is the answer, but we do have mechanisms or forums through which we could explore some of these issues. As I pointed out, there is the National Marine Safety Committee, whose role is to try to get some harmonisation between the regulatory authorities. Maybe that would be good forum for also exploring some of the issues that you have identified—that maybe the training regime needs to be modified to address some of the specific issues that come through from, for example, the fishing industry.

**Senator BARNETT**—I will go straight to the point you made, Mr Jones, at the end there, and pick up on that. You mentioned the different standards in the different jurisdictions. Can you give us some examples of how that is happening in Australia today?

**Mr Jones**—As a national provider we provide training in Queensland, Victoria, New South Wales, Tasmania and the Northern Territory at this stage. We have had to adjust our systems to reflect the different reporting regimes in each state and the different funding regimes in each state. This obviously is also an issue for an employer who crosses state lines, because they have to adjust. For example, you may find that a qualification in Tasmania is funded to the level of \$4,000 or \$5,000 but, in New South Wales, only to \$1,500 to \$2,000. It is the same qualification and has the same reporting requirements.

If we deliver a traineeship to the fishing industry, a person may be employed in New South Wales for part of the season and go to Queensland for another part of the season, which is in a different jurisdiction. This creates complexities because of the state based structures. Each state has its own compliance reporting, its own funding regime and its own criteria. They are all different. I am sure the other RTOs—as we have RTOs to aid us as well—find that crossing jurisdictions creates a difficulty.

**Senator BARNETT**—How can we address that concern? That came up again this morning and in other submissions to the committee. Is it through AQTF—or are there other mechanisms—that we should get some pressure on the different state jurisdictions and say, ‘Listen, let’s get our act together here—it’s a bit of a shambles’? How can we apply some sort of pressure to better streamline things and make them a little more flexible?

**Mr Jones**—I am not sure ‘shambles’ is the right word. Within the state jurisdictions it works quite well. But if we are looking at a national skills shortage then we need to take a national approach. That approach may mean that organisations like ANTA and so on have restrictive

guidelines. The point has been made earlier today that the same qualification in different jurisdictions has different time frames. It is a fact that trying to match the nominal hours to an outcome is quite difficult. A lot of the time spent in the current training environment is administrative—working through the packages and coming up with the types of structures that match the particular industries and meet the needs of employees. That can be quite a time consuming exercise. I am not certain how you overcome what are pretty entrenched industry and jurisdictional issues in relation to providing training. At the higher education level it seems to have been addressed, but at the TAFE VET level it does not.

**Senator BARNETT**—Dr Otway, you talked about the worldwide shortage of labour, specifically deckhands and engineers. The first page of your submission says:

Flow-on effects of the shortages of Deck and Engineer officers and skilled deckhands could be felt in the offshore oil and gas industry, tourist industry and the fishing industry.

How serious is that? I notice the Thompson Clarke research that you have included. Is there any other evidence that you can provide to the committee of how serious those shortages are?

**Dr Otway**—In a worldwide sense, there is an organisation called BIMCO. I am not sure what that stands for—I guess the ‘M’ is for maritime, but I cannot tell you the rest of it. They do regular surveys of the industry. In 2000 they did a survey and estimated that at that stage there was a global shortage of 16,000 officers. With the age profile et cetera in the sector they forecast that will increase to 46,000 by the year 2010. That is out of a total supply of about 400,000, so it is 10 per cent or so, which is significant. It looks like it is getting worse, not better.

A fair number of ships officers are being produced from some of the developing countries like China, the Philippines and Indonesia, but frankly there are still a lot of shipping companies that are uncomfortable having their senior staff particularly come from those particular countries. They prefer people with English as their first language because English is the maritime language. That is one of the reasons why Australians are in high demand.

**Senator BARNETT**—Does this offer an opportunity for the AMC to provide the training, education and skills to meet those needs? I have two examples. The first is that you mentioned one of your courses—a six-month course—on which there is a cap. Is that really necessary? Are there opportunities to grow that course to meet those skills shortages? The second example is that here in Launceston we will be hearing from the Australian School of Fine Furniture later today. They have people from all around the world—from the mainland and Tassie, but also other parts of the world. They come here, they do their training and then they go back to wherever they have come from—the US, Canada or wherever. Are there opportunities for the AMC to meet some of the needs that are being presented?

**Dr Otway**—The first example you talked about was putting the cap on our pre-sea course. You have to realise that is an entry-level course and those people cannot progress unless they can get sea time. There is no way we are going to uncap that unless we can find sea time. People are not willing to invest in sea time because these people are not very productive for them. They have to make a genuine commitment to invest in training before that would be successful.

We probably take the opportunity to train people from overseas quite well. Over the years we have had lots of students who have come to upgrade their qualification. They do their second mate's or their shipmaster's qualification at the Australian Maritime College. We have brought hundreds of people into Tasmania to do these courses. Unfortunately, we have a situation at the moment where the changes to the student visa arrangements that were implemented in 2001 have made it very difficult for a lot of our potential students to get into this country. We have seen a dramatic drop-off in overseas student numbers in the last 18 months. We have made the point to various federal ministers that this is really contrary to the view that higher education is an export industry. Here is a great opportunity that we cannot maximise, because the visa restrictions make it very hard for potential students to get into this country.

**Senator BARNETT**—With regard to future strategies, on pages 2 and 3 of your submission you talk, in terms of recommendations for reform, about the need for 'a more cross-sectorial approach'. You talk about the development of databases, policies and programs et cetera. Can you flesh that out a little bit for us? How might that pan out, how might that work?

**Dr Otway**—I will ask my colleague to make some comments on that.

**Mr Jones**—My concern, and that of people working at the college, is that, whenever we work in a particular area, those industries are, quite rightly, only interested in what they need to produce for their particular area. I believe there is a need to think outside the box in relation to that. We need to look—and, again, this may have to be done on a national approach—at trying to identify and develop skills which do go across industry areas. The fact of the matter is that industry groupings between states do not reflect the same industries. The groupings for identification of skills shortages differ from state to state.

If we are going to identify the full flow-on effects of skills shortages—and we are using the shipping industry as an example; I am sure there are other examples in other areas—then perhaps organisations such as ANTA and the departments of education need to be looking at identifying those skills that are outside the traditional jurisdictions and areas and the flow-ons from them so that we can identify the real skills shortages and the real skills needs rather than just those that a particular jurisdiction or industry feels are their needs at that time—because they are obviously not looking downstream, and one would not expect them to. That is the sort of approach we are looking at.

At the moment, in the VET sector and the skills sector, it would appear that the approach is more from the perspective of the individual industry, state or locale, and that does not impact on that cross-sectorial approach. If we can build up the databases, then we can look at policies to overcome those shortages and the implementation of programs with more flexibility in them. I accept that once you start getting into more flexible approaches some of the issues that come up are how to monitor them and quality assure them. I think until we address that issue from that perspective we are going to find these sorts of gaps appearing in our skills needs.

**Senator BUCKLAND**—I would like to concentrate more on the education in the fishing industry. Are there any links between Tasmania and South Australia in relation to education? They are the two states that are leading the way with fish-farming methods.

**Dr Otway**—I could not say anything about formal links, but I know, for example, that some of our staff are actually doing consultancies in South Australia, specifically to try to improve the

supply chain management exercise, from catching right through to putting it on the restaurant table, and to make sure that all the quality systems needed to support that are in place. We have done a lot of consulting work in South Australia with the rock lobster industry, in particular, but I think it is now being expanded into other industries.

One of my senior staff, the Director of Fisheries and Marine Environment, is actually on the South Australian Fishing Industry Council, so AMC has some quite strong links. We also have a memorandum of understanding with the Australian Fisheries Academy and we have worked with them, not in a lot of areas but in some areas, over the last two or three years. So there is some relationship there in terms of sharing education. You are right: in terms of fish farming, we probably have the best two areas in Australia. But our involvement is just as I have explained. I do not believe there is a more formal relationship between the two states.

**Senator BUCKLAND**—So there is no exchange of curriculum formats or anything of that nature?

**Dr Otway**—There would be for the nationally accredited programs. Again, we have done a lot of the development of that at AMC, but that has been implemented nation wide, not just in South Australia.

**Senator BUCKLAND**—I was involved with the setting up of a training agreement, an industrial agreement, for young people going up to about the age of 30—when you are my age that is young—going to sea. They started out as deckhands. They had to understand how to put a net together, so they started on land, and then went to sea for long periods of time when they were catching tuna and then towing back. That was up to coxswain's level, but after that it seemed to be that, just by being on the boat, they had the experience required and they were sent out by themselves. It did not seem a very safe structure to me because it was a partial structure.

**Dr Otway**—My colleague is probably more across the detail than I am, but that is because the industry or the government only requires certain minimum qualifications. In that case, coxswain's is probably the minimum. But we also offer master 5 and master 4, which are a much higher standard of qualification which would make those people far more competent and less likely to do the wrong thing. We would certainly encourage the various regulators to make these higher qualifications mandatory.

**Senator BUCKLAND**—I am aware, too, of situations where coxswains have been sent to sea for the catch. I think they come back at a knot an hour or something. They are going 2,000 kilometres and they are only coxswains, basically. That is a worry.

**Mr Jones**—Senator, I think the particular area of the industry you are mentioning is probably one of the most problematic from the point of view of delivering training. You are talking about deckhands and so forth. The issue there is that traditionally, of course, in the fishing industry in Australia those sorts of boats are two- or three-person operations. There may be a familial link there as well. Firstly, they are not recognised as employees in relation to traineeships, for a start; and, secondly, how do you supervise training, particularly on-the-job training, in that type of work relationship and work set-up?

The Maritime College used to operate a certificate in fishing operations, a nine-month course which involved some sea time and which delivered training for people wanting to get into that

industry. But the funding regime now tends to rely more on user training than on-the-job training, unless you are a TAFE. From that point of view, it is very difficult to deliver training on the job to that particular group of people when they are in a two- or three-person operation. That is a real concern and, obviously, that particular part of the industry is one of the most high risk areas. One of the issues, I think, is that there is a certain discrimination against people trying to get into the industry. If you cannot find a job to get the on-the-job training, there are not a lot of courses delivered in the standard, old paradigm of classroom and practical onshore training that you are alluding to.

**Senator BUCKLAND**—Does your college have specific links with nominated schools, where you try to do recruitment from? I imagine you would need ones near fishing ports. Do you target specific schools in trying to recruit trainees?

**Dr Otway**—Generally not specific schools. We do target areas, as you have indicated. If we are going to advertise, we will advertise in regional centres rather than in capital cities, because cities are not normally a good catchment for the sorts of students we are looking for. We have a regular promotional event where we bring career counsellors and marine teachers from a range of schools throughout Australia to Launceston to show them what we have. We encourage them to then market our services to prospective students. That has been very effective. So we have a network of people in the schools throughout Australia who are advocates for the Australian Maritime College. We have a specific relationship with the Rockhampton Grammar School, because they are offering coxswain training using our program in Rockhampton, but that is a unique situation. One other comment goes to the issue you raised a moment ago about a coxswain being in charge of a vessel—

**Senator BUCKLAND**—Seagoing.

**Dr Otway**—That is right. We have recently got into an arrangement with what is called the Queensland Maritime Academy. It is not an academy in the bricks and mortar sense, but it is an operation in Queensland that is basically a consortium of industry players who I believe are quite enlightened in that they actually recognise that it is to their benefit to improve the skills of their staff. These people are predominantly working in the tourist industry. They see that, at the end of the day, the better trained the individual is the better it will be for them—they are less likely to have insurance claims or complaints from their customers and so on. So they are investing through this QMA in non-mandatory training. They are actually trying to upskill their people and provide career paths for them. It is quite an enlightened approach and one that we would obviously recommend that other people consider as well.

**Senator BUCKLAND**—What percentage of the people taking advantage of what is offered by AMC would be mature-age fisher people looking to upskill their own abilities? If you look at fishing today, it is a little bit more than what I do on weekends; it is quite complex. You have the catching; the fish husbandry, if that is what you call the equivalent of animal husbandry, when they are in the nets and cages; and the diving—there is a lot of diving done now. A lot of these people look to move into other areas. Are many of your students or your intake looking to do that?

**Dr Otway**—Quite a few. Probably 50 per cent of AMC students—not just in the fishing area, but across the board—would be mature age students in the normal use of that term. They have done something else before they come to us. A lot of them are fishermen who are either coming

to upskill themselves in the way that you have suggested or, alternatively, have just been deckhands and have enjoyed the sea but have realised that if they want to really make a career of it they have to come and obtain some qualifications like our pre-sea program and then go and work deep sea, in blue water areas. We get quite a few students who have been fishermen and who now wish to go further afield. We get quite a few who come back—people who probably own businesses and are skippers in their own right who are now looking to become more professionally qualified. They will come back and do one of our degree programs. So we have quite a few mature age students doing our degree programs—a Bachelor of Applied Science in Fisheries or a Bachelor of Administration in Marine Resource Management. It is interesting because they bring some very useful practical experiences to that program.

**Senator BUCKLAND**—You refer in your submission to the importance of literacy and numeracy skills. Do you find that the level of numeracy and literacy of young people coming out of the education system is sufficient for the industry as it is changing today?

**Dr Otway**—I will ask my colleague to comment as well, but my view is that a lot of the students that come to AMC for whatever reason have a particularly poor standard of numeracy and a lot of them will struggle through the mathematics programs that we offer. I cannot really comment on literacy but I believe there would be problems there as well. Rob may have an additional comment to make.

**Mr Jones**—I would support Neil's comments, and it appears to be particularly the case in relation to the fishing industry. The generic skills we are talking about are not just literacy and numeracy. Literacy is a problem, but that can be overcome. There are units within the traineeships and so on that address those particular issues. Numeracy is a problem, but it is also a fact that technology is advancing so information technology is now becoming a generic skill. It is also a fact that mature age students in particular have learning issues that they have to address because it is a long time since they have studied. We have learning studies skills sessions at the beginning of the course basically to teach them how to study. All these things are important in a holistic approach to educating. Certainly we have to address these, and the literacy and numeracy skills in the fishing area are one of the big issues.

**Senator BUCKLAND**—Has AMC done anything itself to try and market that to schools, in particular that there is a need for a higher level of numeracy?

**Dr Otway**—When we have these people that come to AMC on a regular basis for our programs—the career counsellors et cetera—we do emphasise to them the importance of making sure that students have good skills in this area. But in some respects it may be to do with the culture issue that we talked about earlier—that the people who come into the industry may have quite low expectations, and it has become self-fulfilling: in many cases we tend to attract the 'poorer' students, if you like, particularly into the lower-level programs we offer in the fisheries area.

**CHAIR**—Just for your information, Dr Otway, there is a very good beef CRC at New England University with a very sophisticated supply chain management structure that you may want to have a look at. Maybe mixing a bit of surf and turf would not go astray! Thank you, Dr Otway and Mr Jones.

**Proceedings suspended from 10.53 a.m. to 11.09 a.m.**

**COAD, Mr Peter James, Executive Director, Tasmanian Building and Construction Training Industry Development Board**

**LJJAUCO, Mr Fred, Research and Development Manager, Tasmanian Building and Construction Training Industry Development Board**

**CHAIR**—Welcome. The committee prefers that all evidence 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 have submission No. 53. Are there any changes you would like to make to the submission?

**Mr Coad**—No.

**CHAIR**—I now invite you to make a brief opening statement before we proceed to questions.

**Mr Coad**—Thank you. In my introduction, I would like to make a number of points, including about the training board itself and some of the issues that are affecting the building and construction industry in particular in this state. The board was established in 1990 under an act of parliament called the Building and Construction Industry Training Fund Act. Our ITAB is a little different from the normal ITAB arrangements under the Commonwealth and state advisory arrangements.

We have our own act of parliament, and that act enabled the establishment of a board and the establishment of what they called an industry training fund. That fund applied a levy on all building and construction work, generating revenue that was then developed and put into a fund. The board put together a training plan, which was approved by the state minister, and then had responsibility for the implementation of that plan. There are now training funds established in a number of other states—in WA, Queensland, the ACT and South Australia. These funds collectively represent some \$26 million, which is the largest single source of non-public funds applied to training in the building and construction industry. So that is quite significant from that perspective.

We see some of the key issues affecting the industry—particularly in this state, Tasmania—as being the VET system and entry-level training, in particular the development of training packages and their implementation. I was very interested to hear the previous speaker comment on issues similar to those we have in this industry. Our board funds and facilitates training. We take very much a client focus. We have a work force of about 10,500 in this state, and we would fund and facilitate about 3,000 people on average each year through training programs, utilising that industry fund. We have found that to be very successful in creating a training culture within the industry. The actual investment is much more than that; we have probably invested four times that figure in the actual training.

That is my brief introduction. We are a statutory authority set up under an act. We have responsibility for administering that fund and we have that research and development arm as well, which my colleague is involved with, to make sure that we strategically apply those funds according to how they meet the needs of industry.

**CHAIR**—Thank you.

**Senator BARNETT**—Thank you for that introduction and for your submission, which is comprehensive and will certainly help the committee in its deliberations. Mr Coad, you have a long and distinguished career in building and construction industry training. I want to go to the areas of skills shortages in Tasmania. Could you help the committee by identifying where they are? In Western Australia they have identified some serious shortages in the building and construction industry. Can you clarify the situation in Tasmania for us?

**Mr Coad**—In Tasmania—if I can take a step back and look at the skills needs—we take the view as a training board that we should not wait to have a skills shortage; we should predict where training is going to be needed. I think that is a significant difference. Instead of reacting when a skills shortage occurs, we should be able to predict, based on technology changes and activity levels in the industry, where skills are going to be needed. I would like to premise my next comments by saying that the board has set up, as part of its structure, a skills forecasting model that enables us to predict the skills that are going to be required. That is an annual model that we update all the time. We have identified a number of areas.

The main areas where we have identified there will be the demand for skills training are the trades areas, the traditional apprenticeship areas. We identified a number of occupations—plastering, bricklaying, and painting and decorating—in which we are going to need additional numbers. We have actually applied the training fund and developed programs to support the Commonwealth and state initiatives to target those particular skills shortage areas, and we have had some success in filling those demands.

**Senator BARNETT**—Are you looking a few years out or five to 10 years when you talk about the skills forecasting? Can you clarify that for us?

**Mr Coad**—In terms of skills forecasting, we require an annual forecast. You are quite correct: it takes four years to train someone through a formal apprenticeship—and that is another issue—but at the same time we also predict the activity levels in the industry four years out, and we can then say, ‘Within that period of time we need X carpenters, X bricklayers, X plasterers, X painters et cetera.’ We do that longer-term projection as well as the short-term projection of the numbers that we will need.

**Senator BARNETT**—How effective has your forecasting been, based on past experience? I know you have been in the industry for a long time, and the TBCITB has also been around for a while. How effective has it been?

**Mr Coad**—Like all forecasting models, the complex ones are no more accurate than the less complex ones. The important thing from our point of view is that we take our model and validate it with the industry. That is the most important part of our model. We go out there and talk to our clients—not only to the industry associations, the employee and employer organisations, but directly to the builders and contractors. We run regional workshops throughout the state. We take this information to them and get feedback. We find that extremely powerful, because they validate our research and confirm it. Then we provide advice to the state, and also to the industry, on how to deal with it. So there is a validation process in our model, and we have found that works exceptionally well. Fred may like to comment on that.

**Mr Lijauco**—There are two additional pieces of information that come out of those workshops. One is about how close the numbers are to the general industry expectations, and the other one is regional differences, which will not be captured by statistics. For example, on the north-west coast they need more carpenters and joiners, whereas we have sufficient numbers in the south. On the other hand, they have too many plumbers and we need more in the south. Those kinds of differences are not reflected in the numbers, and the validation process comes out with that kind of information. Licensing requirements, for example, would be something that would come out of those workshops and also expectations as to the areas in which we need to train people.

**Senator BARNETT**—We are going to be hearing this afternoon from the Cradle Coast Authority, and I understand, based on the submissions I have received directly as a senator for Tasmania, that with the wind farm developments that are happening there is a shortage of some of those blue-collar workers—metalworkers, boilermakers and so forth. In your forecasting models, have you picked up on those needs that are about to kick in to the Tasmanian economy, particularly on the north-west coast?

**Mr Coad**—The metal industry occupations are outside our brief. We do have the capacity to do that forecasting, but it is outside our brief, basically. But for building and construction occupations, which are in our brief, we can do that.

**Senator BARNETT**—All right. Fred, you talked about there being a bit of a shortage in carpentry on the north-west coast. Is that what you have picked up?

**Mr Lijauco**—Yes. I would like to put that in context. When we do our forecasting, we forecast activity levels three years out. Based on that forecast, we try to estimate how many workers we will need in which occupations. Then we try to match those needs with the training statistics. With carpenters and joiners, part of the problem is the training packages. In the national training packages, for example, there are only two pathways to train carpenters, and both of those pathways are not suitable for the needs of this state or, I imagine, of the other smaller states as well. What we need are people trained in both trades, carpenters and joiners, or a mix of those. There would be very few people who would be trained just in one field. That is just the nature of the industry over here. With those estimates, we need to put together a special program, just like the other states have done, to address those specific needs of carpentry and joinery.

**Senator BARNETT**—Your research and development is pretty well regarded in Tasmania. Apart from your forecasting skills program, are there any other particular initiatives you are undertaking that we should be aware of, which perhaps other states could pick up and use as well?

**Mr Lijauco**—Yes. One of the things we have been working on is this concept of joint projects with other states, and concentrating on strategic projects. One of those projects is what we call the Australian-French Marine Technology Park. The basic concept behind that is having a live-work program, a one-off sort of thing, which is strategic and which will address things like gross industry skills needs. It will look at issues like the one a witness talked about this morning—the maritime industry being closely linked to the tourism industry, the fishing industry and so on. A project of that nature will address those skills needs in a big way. The main impediment to pursuing such a live-work project—which has not been done in Tasmania

for a while, not that I can remember—is cost. That has to be taken in context when you compare the cost of a live-work training program against the cost of training the same number of apprentices over four years. On average, to train an apprentice in the building and construction industry would cost the employer \$33,000 over four years. If you multiply by the number of apprentices, plus the cost to the public system, and then compare that to the cost of the live-work program, you would find that the live-work program would be somewhat less expensive. That is one of the projects we have been after.

The second thing is pursuing some sort of flexibility in the national arrangements. We have noticed that that has come through in a number of submissions to the committee. In particular, for our industry the take-up of the training packages is just eight per cent after four years of implementation.

**Mr Coad**—The national average of all industries is, I think, something like 40 per cent. So we have some particular structural problems in this state with our training packages and the implementation of them at a state level.

**Senator BARNETT**—This is for Tasmania?

**Mr Coad**—Yes, for Tasmania. But there are other states as well having similar problems.

**Senator BARNETT**—Why is that?

**Mr Coad**—The packages are actually too rigid; there is no flexibility. For example, with the carpentry and joinery package we had to have it accredited in this state and develop our own program. We still had to use the national competency standards but we had to repackage them and have the course accredited in this state. There is a lot of rigidity—a lot of core competencies, very few electives—and it just does not meet the needs of the enterprise in this state. So we had to rejig that. We would like to see a lot more flexibility in the national training packages. We have been lobbying Construction Training Australia and ANTA. I must say that the state government, through the state training authority and the Office of Post Compulsory Education and Training, has been very supportive. As a matter of fact, I would like to reference their submission because we would be very supportive of a lot of the issues in that submission, particularly in relation to the issues of flexibility in terms of the training and delivery. That is a key issue for us in terms of the VET. There are even issues about VET in Schools, pre-employment training and the sorts of programs that Fred was talking about. It is very important, because we need to maximise that on-the-job training component and have that recognised. There is a move for more on-the-job training and less institutionalised training. That is definitely the move of the future and we need to set up our systems and our structures to move down that pathway.

**Senator BARNETT**—In your submission you talk about the merits of the traditional apprenticeship. That is your preferred method of training, as opposed to group training, which I think you referred to in your submission as a fallback. What are the advantages and disadvantages of both?

**Mr Coad**—Both have a role to play, but the majority of training in this industry is through direct employment. Group training has an important role—it does fill that gap in terms of capacity. If someone cannot guarantee four years of training, then they can put someone on for a

shorter period of time. That is what the marketplace requires. Our research shows that they want to employ direct. We need to underpin the support programs to assist those people who directly employ. There has been a lot of attention from government on group schemes and there has been all sorts of support but, from our point of view, there is no real group or anyone out there saying: 'Where are the support programs, other than subsidy arrangements? What sorts of support programs do we have in place for people who directly employ and take on apprentices and trainees?' I think that is a very important point.

I am not trying to say that group schemes are not important. They are important. But we need to give the same level of support to people who directly employ. It is more than just giving them the money to employ people; it is about how to actually take on apprentices. I will give you an example. I think this issue is very important. We ran some workshops and we only invited industry people—no training providers and no government people, only industry practitioners. At that workshop we had 250 people. In one of our workshops, no-one knew what a NAC was and people did not know how you would go about putting on an apprentice. This information was of real concern to us as an industry. Even group schemes were not well known by these people. That is the sort of support service that I am talking about.

It is not just a matter of producing a brochure. There is heaps of glossy material put out by a whole range of organisations, including our own, but how do you actually get to that coalface and that person who is going to take on and train apprentices or trainees? That is the crucial thing. That is what we have been targeting in our efforts—getting right to the coalface. We find it is very successful for us, because we get valuable information, we develop good relationships and we develop our programs around that.

**Senator BARNETT**—Are you making headway?

**Mr Coad**—I can give you an example. We actually put in place a \$4,000 program—this is on top of all of the other Commonwealth arrangements—to target particular areas like plastering. We have more than enough plasterers—we have some 80-odd apprentices in that program now. But it is more than just giving the money. It is providing them with support services so that, if they get into difficulty, someone is there to can help them out, place them in a group scheme, give them some advice or some additional training or set up programs. This is a good example involving painters. We had a shortage. We got all of the painting contractors in the south and got them together around the table. They designed the program themselves. When they got that program designed, we then put a pre-employment program together and they employed the trainees and apprentices from that program. They had a commitment to it and ownership of it. That is what I am talking about—trying to get a market to look after the client needs and train at that level. It is very important. I know it is simplistic, but it is very important from a training point of view. How you get that from ANTA to the state training authorities and to the industry is the crucial thing. Your advisory arrangements, your linkages and all of those sorts of things are the system challenges that we as an industry face. I think that governments face that challenge as well.

**Mr Lijauco**—One of the things that came out of our research was the need for what they call an integrated entry-level training program, where you have support for direct employment and for group employment. A third area, which is not being investigated at this stage, is what they call cooperative employment, where you have a group of contractors employing the same apprentice and sharing the training of that apprentice.

**CHAIR**—That is a variation on the group scheme.

**Mr Coad**—That is correct. I think there is an opportunity, particularly in regional areas like the east and west coasts of Tasmania, where a number of people—it might be two or three—might provide the service to that area, and they could then take that responsibility. But a lot of it is about ownership, and it is important that they have that ownership, whether it is a group scheme or direct employment.

**Senator STEPHENS**—Before I ask you about the ITABs and changes in funding to the ITABs, you mentioned a little while ago the inflexibility of the national competency standards and the work that you have had to do to translate that into a much more flexible approach within your industry. We heard evidence this morning from a registered training organisation, and they said the training packages were underpinned by competency based assessment and training, and that there is a distortion occurring because the states are diluting the training packages and the competency based model by designing curricula. It was quite an interesting argument that we had not seen before.

**Mr Coad**—I think it is very important to understand the difference between competencies and the packaging of those competencies. The competencies are clearly not inflexible. They are competency standards that have been developed at a national level and are very acceptable to our industry—and we have put a lot of effort into communicating that to our national bodies. There is nothing wrong with the competency standards; they are fine. It is how those standards are actually packaged, and their flexibility to meet regional and local needs to come up with a qualification outcome, that is the issue. There is a whole range of reasons. Some of them are industrial—

**CHAIR**—I do not want to interrupt you, Mr Coad, but can you explain what you mean by flexibility within the packages? Can you give us an example of what you mean by that?

**Mr Coad**—I will give you an example. In the painting package, they require wallpapering as a core competency. As a core competency, you have to do wallpapering training. I think it is 80 hours.

**Mr Lijauco**—Yes, it is 80 hours.

**Mr Coad**—They have to do 80 hours in training in wallpapering.

**CHAIR**—Is this for a painter and decorator qualification or just a painter?

**Mr Coad**—A painter and decorator has to do 80 hours of training in wallpapering. Wallpapering as a competency is just clearly not being used by the marketplace here in Tasmania.

**Senator ALLISON**—Or anywhere!

**Mr Coad**—Or anywhere. But it might be better to take that out and put in an element of scaffolding that would assist, or some other competency that would make up the difference, to give it that flexibility. We are not saying—

**CHAIR**—Who initially put 80 hours of wallpapering in the package? These competencies were designed in consultation with your organisation and all the players in the industry. There must have been agreement when wallpapering went in.

**Mr Coad**—Yes. There was agreement on the competencies, and wallpapering as a competency is fine. We would agree that competency in wallpapering should be included but we say it should be an elective not a core competency. These things are, in my view—this is not a board view—and from my experience, designed by industrial arrangements at a national level. It is not necessarily the employees; the employers are equally culpable in this respect.

I can give you an example of where we had a problem here in Tasmania. It was an issue with texture coating. Texture coating is a coating that you apply to an external face of a building using a trowel. Texture coating was seen to be in the domain of the plastering trade and the painters. The employers and the unions of that particular trade united and said, ‘Hang on a minute, we are not going to train bricklayers in texture coating because that belongs to the domain of the painting and the plastering trade.’ We had a gap—a skills shortage—in texture coating. We had bricklayers out of work and we could have trained them and up-skilled them in that competency, but the package did not have the flexibility to allow it. The industrial arrangements in my view should be left for the workplace and the training arrangements should be separated out. That is at a national level—not at a state level because we have excellent relationships at a state level. It is at a national level where the issues arise. I hope that clears that point.

**Senator STEPHENS**—Thank you, Mr Coad. I was quite taken by the extent of your submission. It is very helpful to us. One of the things that came through was that you do seem to have a preference for TAFE as your training provider, as opposed to an RTO. Is there a reason for that?

**Mr Coad**—At this time, because of low numbers—thin markets—TAFE is the only provider of traditional training. But that is a state government policy position. Perhaps the state government people could answer that when it is their turn to speak on that issue. We are obligated to use TAFE in the traditional trade areas in this state. There are other RTOs in the civil construction area, in which there is no quarantine at this time, that we have a relationship with as well. We have three sectors in our industry: the commercial and housing sector, the civil, and the services. TAFE has an embargo on the traditional training area, the traditional apprenticeships, at the moment.

**CHAIR**—Do you cover all three sectors?

**Mr Coad**—Yes, we cover all three sectors.

**Senator STEPHENS**—Does that embargo generate any difficulties for you? Does TAFE provide the flexibility that you require in your industry?

**Mr Coad**—TAFE have responded well. Every time we have put something to them they have responded to it. We would like to have possibly more say in how the public sector funding is provided to TAFE, but we understand the reasons it has to be separate. We would like to have more say particularly in pre-employment programs where the funding might be allocated. For example, TAFE may go and run a series of pre-employment programs but it might be because

they need to keep staff employed. We want to say, 'Don't run anything until we can identify the market and be strategic about it and get the industry together and get a program together and use the resources in that way.' In reality, if you have people employed in an institution they have to be gainfully employed too, so we recognise the difficulties associated with that. We could not be supercritical of TAFE; they have responded to things we have put forward as an industry. We have a close association with them.

**Senator STEPHENS**—In several of our other hearings and roundtables we have had pretty full discussions about what could be done—suggestions that industry, training providers and young people themselves have made about attracting and retaining young people in traditional trade areas. One of the suggestions has been increasing the incentives. I see in your program you have provided a \$4,000 incentive to address that. That is an interesting example of taking that path. Another issue that has been raised by tradespeople—both employers and industry bodies—has been increasing the apprenticeship wage. Then we have had the structural recommendations about the fact that in some of those traditional trades people are still serving time based apprenticeships and that the training packages have not actually escalated the qualifications. Can you make some comments about the incentives program, the salary structure for apprentices and trainees and perhaps some other thoughts about increasing the retention rate in particular?

**Mr Coad**—In the incentive arrangements that we have put in place it is very important to be outcomes based. For example, under the \$4,000 program we have put in place, they must have attained 60 per cent of the competencies of the training package before they get the initial \$2,000 payment. The other \$2,000 is then paid on getting the balance of the competencies. The incentive is there for the employer to provide that on-the-job training—to get that apprentice, working with the RTO, competent as soon as possible. In terms of incentives, the general principle is that we would always have an outcome base that we would require. An outcome to me is not to say it will have an upfront payment of \$1,000. That is not an outcome. You have to get something for the dollars you put forward. Our approach has been to take an outcomes based approach to those sorts of incentive arrangements.

The issue of the structure of wages has certainly been identified in a number of reports as an inhibiting factor. But, at the end of the day, it is being able to employ someone competent and to have them productive from day one. The programs that are in place that need further development and support are VET, VET in Schools and pre-employment training so people can undertake this basic training against the industry competency standards—not separate programs—so that they have recognition for that. They take that to an employer, enter into a contract of training and get recognition for those competencies. When they get recognition the appropriate wage structure can then be negotiated. We have had some discussions with the unions at the local level about that. We have good supportive approaches to that issue. You are getting paid for the competency that you are using on the job. We can support these people by having these other programs, for example, at school with support for careers information and advice and linking to industry. Our VET program in this state, run by the department, is a very successful one for building and construction. We have an active involvement in that, but we would like to expand that as well. In terms of the wages issue there is an opportunity there that we could further develop.

You had a third point. What was that about?

**Senator STEPHENS**—The third point is that we are not seeing people move from a time based apprenticeship to—

**Mr Coad**—We have contracts of training, which have outlived their usefulness. If you are going to be competent against a competency standard then you are competent and you get a certificate against an AQF qualification. That is all that is required. If we move down that pathway, if we are going to have a competency based system, then we should look at having our contracts of training at a state level reviewed because it is a duplication. You have an AQF qualification and a contract of training. I can see that perhaps the two things could be merged and looked at in a different way.

**Senator STEPHENS**—I flagged the issue of the ITABs and changes to funding of the ITABs. What has been the effect on your organisation and the industries that you are serving? And what are some of the reasons for those effects?

**Mr Coad**—The arrangement we had before was that under our act we had a performance agreement with the state training authority and we gave them certain performance outcomes for that funding. That funding was withdrawn and our status under the VET act was also withdrawn. But we still performed our function under our own act of parliament through the industry training fund.

As for the impact on the industry, I suppose from the training board point of view we have lost that revenue, which was beneficial to us in that we were able to provide that level of advice. We still need to do that for our own purposes, to identify skill needs and skill gaps to address our clients' needs. So in terms of whether it has affected our operation: no, but it does create a problem for us in losing that revenue that we used to set aside to advise government on training needs. There are proposals for new arrangements. At this point in time those arrangements have not been finalised, but we are happy to work with the government to address those issues.

**Senator STEPHENS**—Thank you, Mr Coad.

**CHAIR**—I have several questions. We had a discussion this morning with Work and Training Tasmania, and it was raised with us there that the focus of state governments in assessing the registered training organisations was missing the point—that really the assessment ought to be of the assessors rather than the RTOs. It was put to us that in the area of assessors a lot of people were being let through the net who did not have the appropriate competencies or skills to be assessed as competent—and, as a consequence, to get their qualifications—and that there was no way of testing that. The assessor's name did not even go on the assessment form as to who had done the assessment.

We heard from a group of apprentices in Queensland, particularly in the electrical trades—and I presume a similar scenario would apply with all of the trades that have a licensing requirement for plumbing and electrical—that a number of apprentices, particularly those in group training schemes, had come to the end of their apprenticeship and the licensing board had refused to register them because they did not match up to the competencies. They had been required to do additional training in order to get those competencies. A range of reasons was given: either their logbooks were inadequately filled in or the records that the group training company was keeping were not adequate et cetera. So there were a range of issues put on the table. But I think the issue of licensing of assessors is one that is of particular interest, because

at the end of the day they are the ones who determine whether someone gets the qualification or not, irrespective of what the RTOs have provided, and also whether there is a need to look at the whole role of assessors in the process. The adjunct to that is whether or not you think the structure of the incentives, based on outcomes, is actually a positive or a negative in the training agenda and whether that does not act in such a way to truncate the training provisions that are put into apprentices in order to get the money up front as quickly as possible.

**Mr Coad**—I personally have some problems with the current arrangements of group schemes and their roles. Some have a group scheme role, some have a NAC role and then some have an RTO role, and maybe the three roles are all incorporated in the one organisation. That creates some issues for our industry. I will go back to the point I made earlier on about providing a service to the industry: we are having difficulty finding someone who could provide this service to the industry. A NAC would be the ideal organisation. But when you go to a NAC that is also an RTO and a group scheme, and say the employer wants to take on the apprentice direct, when those roles are all in the one organisation the preference will be to push the group scheme, whereas the employer might want to take on the apprentice direct. That is an issue. I know this has not answered your question, but I will come to it. I have had an experience in the building industry where a builder wanted to put on an apprentice. He contacted the NAC and said that he wanted to put them on direct. The NAC said: ‘No. How about putting them on in a group training arrangement?’ So then they entered into a debate. In the end, time went by and the employment opportunity was lost.

With regard to assessment for building and construction, skills assessment and those organisations undertaking that, I believe there is adequate protection in terms of the current system—the state arrangements for registration of RTOs and the assessment role for building and construction. We do not have any complaints with that or any difficulty associated with that within the state at this point in time. Fred might like to comment further.

**Mr Lijauco**—If you train assessors and you maintain a register of assessors and so on, you will have exactly the same problems. You will have to have quality assurance procedures to maintain consistency in the standards. In the building trades and in, say, civil construction—like asphalt paving, for example—I guess there are two levels. There is no problem with the basic skills like communication, safety and so on. The RTOs have sufficient capability to assess people in those skills. When it comes to the trade skills or the occupational skills, the RTOs may not have the people with industry experience in some of the competencies and, where they do not have them, they get someone in, like an industry expert. They go together and advise the assessor. So you have a combination of skills: the assessing skills in the RTO personnel, and the industry expert advising the assessor on those trade competencies. That works well.

**Senator BARNETT**—Chair, can I ask a question on that?

**CHAIR**—No, I have questions; I am not giving any more time to you! Mr Coad, in relation to the VET system, the experience we have had around the country so far is very uneven. There are some very good examples and there are some very bad examples of it. One of the factors that seem to be inherent in the good examples is a relationship between the schools and industry or major employers. Where that relationship exists, VET seems to be working very effectively. We were in Gladstone, where there was a relationship between the local high school and one of the power generation companies, which had provided the high school with a training centre with fairly modern equipment for boys to work on at the work site, so they got experience in the

working environment, they got grease on their face and all the rest of it. They got practical experience of what it was like to work in the workplace, as well as picking up skills.

In Western Australia, in the Kwinana strip area, two high schools were participating. I think it was the Rockingham school that was focusing on maritime skills and had a relationship with the maritime industry. It was a fairly sophisticated maritime cluster operating in Kwinana, involving aluminium shipbuilding, ship repair, naval ship repair et cetera. And I think it was the Kwinana High School that had a relationship with Alcoa—though the situation might have been vice versa—and they were taking the trainees into Alcoa. I think Alcoa was paying them a wage, so there was an attraction for them to be in there. A big company probably can afford to do that; not all companies are going to be in that position. It seemed the key to all the success was the industry partnership that had been constructed. Where that was not in existence, the VET system did not seem to be as effective or as strong. Does your organisation or does the construction industry have any relationships like that with any of the high schools in Tasmania, or are you aware of any industries that have a relationship with high schools in Tasmania where they are operating the VET system on that basis?

**Mr Coad**—In terms of building and construction, we have a program which I mentioned earlier and we would like to expand this program. We have a relationship with a number of schools. With Rosny College we have a relationship in carpentry and joinery. We also have a committee set up with Elizabeth College.

As a matter of fact, those colleges have representation on our advisory groups to the board. They come along and talk with industry practitioners at these advisory group levels about the VET program in their colleges. So we have an active involvement with those colleges interfacing with industry practitioners and we find that of immense value. It also develops relationships in terms of issues like: ‘I can’t get this apprentice placed,’ or ‘I have a program coming on. Can you help out?’ It just flows out and happens so easily. We also have an agreement, a formal memorandum of understanding, between the training board, the RTO and the colleges for introduction of VET. That agreement specifies some principles in terms of how we want to see VET happening in the building and construction industry in this state.

One is that the competencies used for the training must be the national industry competency standards. We set those sorts of things—the RTOs, the role of the RTO, the job placement—so that when the students go out to have their on-the-job training we monitor that to make sure that they are not being abused, if you like, by being used as cheap labour and that they are getting a true building and construction experience. We have those sorts of initiatives in place. We also link VET, the schools and TAFE. The relationship between them in this state is a unique one. TAFE does what it does very well in terms of the trade skills aspect, the senior secondary colleges do what they do very well, and they interface. We have this agreement between TAFE, the industry and the schools and we have developed VET around that program.

We also target schools. At the moment, Rosny specialises in carpentry and joinery. Elizabeth College is working in the civil area. We are having problems in the civil area, not so much that industry is not interested but in getting students to undertake the course and be involved. There is a whole issue there, which we have not touched on, about promoting careers in the building and construction industry. That is very important to get the right people into the industry.

**CHAIR**—Could you make available to the committee a copy of the memorandum of understanding you referred to?

**Mr Coad**—Yes, I can.

**CHAIR**—Thank you.

**Senator ALLISON**—I am wondering about the reporting of skills shortages. A number of submitters have suggested that we need a nationally consistent set of reporting on skills shortages—on unmet need or need, if you like. What is your view about who ought to be in the best place to compile such information, and do you see a role for your organisation in doing that?

**Mr Coad**—Given that we have an industry training fund in Tasmania—and I suppose that from a national perspective it is a small fund; we put approximately \$1 million per annum into training activities—it is crucial that we do this work in order to be strategic in how we apply those funds. This is an industry fund—they are not government moneys—inasmuch as it is money the industry is investing into training in the industry. So it is crucial that we have this research capacity. As a matter of fact, some two years ago we applied to have a cooperative research centre in the construction industry. We put a bid forward from Tasmania with the support of the state government. Unfortunately, it was not successful. I see the linkages between the training industry and other government programs like the CRC program as being crucial. It is not only about identifying skill shortages; it is about how we take technology changes, new processes and new systems and apply them on the world market. We cannot in the future look at Tasmania and say, ‘This is the building and construction industry in Tasmania,’ because when a big job comes up we are now competing with international contractors.

**Senator ALLISON**—You agree it needs to be done. Since you missed out on the CRC funding, does that imply that it is not being done or that it is being done by somebody else? How is the information from Tasmania feeding into the national scene?

**Mr Coad**—I think there could be better links with the CRC program, with the industry advisory arrangements, in the training reform arrangements that are required. CRC in building construction is relatively new; it is in its infancy. We believe that it is important that we link into the R&D side of that. Each state and territory should link into that program. In terms of our research at a state level, we identify skill needs and those sorts of things, but we also need to keep abreast of technology changes and what is happening in the marketplace not only nationally but also internationally.

**Senator ALLISON**—We know we need to, but are we? If not, who should be doing it?

**Mr Coad**—We are not doing it in building and construction. With regard to the leadership for this, I think that both industry and government need to work together. Normally we say that it should come from the bottom up, but I think it needs to come from the top down.

**Senator ALLISON**—So you think the federal government has a role in setting those criteria and putting in place the structures that are needed to allow it to happen? Would that be fair?

**Mr Coad**—Very much so. I believe the CRC program offers a lot for a whole range of industries. It offers a lot for building and construction. We have identified other areas—for example, Fred mentioned the marine technology park and the potential for that, and previous speakers were talking about a whole range of issues. We do not have a CRC program in shipbuilding technology, yet we have an industry in shipbuilding technology in this state. If we can get the CRC programs to work together and maybe set up, as part of this marine technology park, tourism infrastructure, research and development and shipbuilding technology, we could then look at the global issue of attracting students from other parts of the world to meet the needs of the marine industry. It also affects building and construction, because we use those projects as training projects to make sure we use skills training on the job and not in institutions. We would get the institutions to come out and gain the experience—do the training on the job. I know that sounds a bit radical but, if we are going to be innovative, we need to look at those sorts of initiatives in the future. There has been a lot of investment in the CRC program nationally, and how we value add to that investment in education and training programs is very important.

**Senator ALLISON**—You argued earlier for flexibility in the training packages—and you gave us an example of wallpapering. What is your understanding of the process for either making those packages more flexible or changing them where they are outdated or outmoded? How do you find ANTA in terms of taking on board the suggestions you make? Before the committee finish this inquiry, we will have ANTA appear before us, so it is an opportunity for us to find out what efforts you have made that might have been successful or otherwise in that process and what you understand that process to be.

**Mr Coad**—I will go back to Senator Campbell's very valid point that we are involved in a process at a national level and that in an indirect way it is our fault because as a state we had input into the development of the Australian packages and now we turn around and say at a state level that they do not meet our needs, yet we had the opportunity for an input. That is an ANTA perspective, and it is a valid one to have. But it does not recognise that, having taken our input and participated at a national level, it just does not translate because, even if we disagree with it, the final decision is the decision of the national industry. If Tasmania does not agree with it because it does not reflect our needs, the only hope we have of stopping something happening is to come back at a state level and lobby our state to stop it from going forward to ANTA.

I keep making the point that it is not the competency standards; the competency standards are fine. It is the structure, the way they are put together, that is the issue. It is more about industrial relations issues and whether they be employee or employer—they can be an employer because employers want to protect their areas in the scope and coverage of work—and how you separate those arrangements. We are not an industrial organisation. While we have industrial parties represented on our board, those industrial issues, I think, are something ANTA needs to take on board for the building and construction industry.

**CHAIR**—Thank you, Mr Coad and Mr Lijauco.

[12.06 p.m.]

**EVANS, Mr Nicholas Stephen**, Director, Strategic Planning and Development, Department of Education, Government of Tasmania

**STEVENS, Mr Michael Bernard**, Deputy Secretary, VET Strategies, Department of Education, Government of Tasmania

**CHAIR**—Welcome. The committee prefers that all evidence be given in public, although the committee will consider any request for 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 have submission No. 48. Are there any changes that you wish to make to the submission?

**Mr Stevens**—No.

**CHAIR**—I now invite you to make a brief opening statement before we proceed to questions.

**Mr Stevens**—Thank you for the invitation to appear before your committee. We will be brief with our opening comments. This state has some unique characteristics that we need to have reflected in our process for skills determination. We have a broad industry in regional spread, with only half the work force in the capital city regions. Our work force is dispersed pretty well throughout the state in a wide range of primary, secondary and tertiary industries. We have a predominance of small business and the regional access to skills development in our state is a priority.

The government has also embarked on a fairly extensive range of partnerships which is about bringing together a whole range of partners essentially to start economic development. What has become clear to the state government is that skills development is a major precursor to economic development. We do have a range of skills development processes. One of our major documents is *Tasmania together*, which is a social and economic blueprint for the state for the year 2020 which basically delivers a range of things for what the state should look like in the year 2020, and, underpinning that, a range of strategies. Of course, education and training are the major strategies for a whole range of economic and community developments. We also have the Tasmanian Industry Development Plan, which is a plan put together by the Department of Economic Development. It consists of a number of high-level strategic audits of industry within the state, and out of that came a range of skill shortages and areas that needed to be addressed. And, of course, we have the ANTA national priorities.

Basically, through our planning processes, we try to line up those three major drivers to best guess where we can put the dollars in terms of sponsoring training. As a cautionary note, I would say that we are basically funding, in many cases, areas which are determined by industry. So even though we may say that we would like to have a number of traineeships or apprenticeships in a particular industry, clearly one of the major drivers of that is the employment level. Even though we are a necessary condition, we are certainly not an exclusive condition to the economic development. I am sure the committee has had a chance to read our submission. We would welcome any questions you may have.

**Senator ALLISON**—Picking up on the regional differences for Tasmania, you have much more of a focus on small business than perhaps some other states do. The committee heard in other places that what is missing from a lot of training are opportunities for building management skills and entrepreneurial ability. Is that part of your policy approach? How are you finding the implementation of whatever it is that you provide in those two main areas? Have you been able to evaluate that? Can you look at it and say that this has been successful?

**Mr Stevens**—There is another major statistic which would give a great deal of weight to the point you are making, which is that in this state we have the lowest number of qualified managers and owner/managers in the country. Clearly, if we use qualifications as a proxy for skills, we have a situation where there is a strong need to update skills and competencies for our managers and owners. We are doing that. The government has actually put aside a significant amount of money over three years which is aimed at increasing the levels of skills and competencies for managers and owner/managers within the Tasmanian economy. We have found, and our pilot projects are now researching this, that there is a need for the generic type management skills—financial and human resource skills—and, as you said, some entrepreneurial or innovative approaches to garner that. We also found that the desire is not great to obtain qualifications. There is a desire for modules out of the qualifications—that is, they might want to do financial management or human resource management but most of our managers and owners do not want to do a two-year diploma or a level IV certificate with all the bits and pieces in it. We have found that, to be successful, we have to be as flexible as we can by offering bite sized chunks at a time when the clients or the target audience can undertake the training.

We put out what we call a ‘competitive bids’, which is a list of courses, certificates or modules that we would like run. A series of RTOs tender for providing those and they tell us how they are going to do it, what flexibility they will use and how they will cater for people’s needs in both the capital city and the regional areas. They are out being done now. We have had a reasonable take-up. We plan to evaluate it, probably in about June or August this year, to see exactly what the learnings are from that. It is a three-year program, so we have another two years to go. We have attempted to address some of that by having a steering committee which has a number of smaller owners and managers of small companies as well as the Chamber of Industry on it. The other thing we have learned is that if it is actually spoken up by a person involved in small business, then it has much more take-up than if someone like me or Nick from the government says, ‘Here’s something that is in your interest.’ The attraction of that approach is reasonably limited.

**CHAIR**—Are you aware of this committee’s previous report on small business?

**Mr Stevens**—Yes, we are aware of it.

**CHAIR**—Are you aware of the recommendations in that report?

**Mr Stevens**—Yes.

**CHAIR**—Are you incorporating those into what you are doing?

**Mr Stevens**—Absolutely.

**CHAIR**—Good.

**Senator ALLISON**—With regard to generic skills, we hear a lot about those other skills that come through from school students through the VET system. What is your experience of how successful programs are at providing the workability skills and the literacy and numeracy skills, or even at changing the culture of that potential work force to one which is constantly prepared to learn throughout their work experience? Can this be taught in a unit in secondary school or at TAFE? How easy is it to deal with this problem?

**Mr Stevens**—I think it is extremely difficult to teach it as such. As you are probably aware, Senator, we have eight colleges here. We are slightly different to other states and territories in that we have colleges which cover 11 and 12 which give a considerable bulk of students to the institution. Of course, this allows them to offer a whole range of offerings greater than if it was just a normal high school. The learning from there is that the best way to approach that is through partnerships. I heard Mr Coad speaking before we came in about the partnership he has with Rosny College, as indeed a number of people in the building and construction industry have. Again, you basically have a board consisting of people from the industry and from the schools who design that training, even though it is accredited training so obviously it is based on the national competencies that they must cover. They ensure that there is a certain real-worldliness about the course and the qualification and that the work placements are such that you go out and experience the workplace. As the chair said in an earlier question, they get their hands dirty; they actually go out to a building site—obviously there are occ health and safety issues—and experience what it is like to be on a site. The more that you can infiltrate real-world experience into the education system, the more likely that you are going to inculcate the values that you want.

**Senator ALLISON**—Including literacy and numeracy? Here are young people who have gone through seven years of primary school and possibly four or five years at this point of secondary school and they have not picked up literacy and numeracy, to the level we expect at least. How do you suddenly overcome that?

**Mr Stevens**—That clearly is a major issue. The skills I am talking about really are the employability skills: the ability to work in a team, to be on time and that sort of stuff. But literacy and numeracy is definitely a problem. We would say as a department that we have put a significant amount of resources into literacy and numeracy for people coming through, but we do have a significant part of the population who went through the schooling system before these special programs were in place who do have literacy and numeracy problems. I would say we have not really cracked the nut on how best to actually address that. The sort of thing that we have tried to do on the north-west coast where seasonal vegetable processing is the large employer for between six and nine months of the year for a significant group of people is to get, in a certificate II of vegetable processing, literacy and numeracy components so whoever is doing it says: 'I'm actually doing vegetable processing. I am not doing literacy and numeracy. It just happens to be embedded as part of the course.' As I am sure you are aware, research says that if you highlight it, the chances of getting people to pick it up are pretty slim; if you embed it, the chances are much higher.

**Senator ALLISON**—I might refer you to another report of the committee on learning disability and education, which seems to be another area of great need for change.

**Senator BARNETT**—Thank you for the submission. It will certainly be helpful to us in our deliberations. I want to ask about small business. You have rightly stated in your submission at table 1.1 that that is where more than 50 per cent of the work force is and you have noted the importance of that industry to Tasmania. I cannot identify in the submission whether there are any specific initiatives that you use here in Tasmania to identify small business and to tap into and offer the training and support that is required for small business. The second part of the question relates to regional areas. Again in your submission you highlight the fact a lot of the businesses are not in the capital cities and that it is a very regionalised state. In the light of that, are there specific initiatives or outcomes that you can tell the committee about that will either help small business or help regional Tasmania?

**Mr Stevens**—As I have mentioned in answer to a previous question, the business skills initiative is basically aimed specifically at small business. What we have tried to do is a series of forums which are sponsored. For instance, in the northern region we are working with the Launceston Chamber of Commerce, if that is what it is called, but certainly with their officers in getting some information about the incentives that are available and the courses that they would wish to run. We are trying wherever we can to work with regional business associations to identify the target audience and get them to sell to the target audience the benefits to them to do these courses. We are doing that in essentially our normal purchasing of training. We have identified a whole range of initiatives. We have bundled together certificates, qualifications and modules that would be attractive, based on the research we have done and that has been provided to us for small business. There is a significant amount of money put together in the purchase agreement and also in competitive bids aimed at doing that. The most difficult thing that we struggle with is to actually get, if you like, champions in the community to say to their fellows to take these up. We send out brochures, flyers and press releases but they do not have a great strike rate.

**Mr Evans**—The Department of Economic Development also has a specific \$4,000 incentive for the employment of apprentices and trainees in small business, which I think has been quite effective in providing additional support for small business to employ apprentices and trainees. Also, TAFE Tasmania has a small business unit within it, which is effectively, I guess, a flying squad of a dozen or so people whose job it is to travel around the state and knock on the doors of small businesses, exhorting them to engage in training with TAFE Tasmania.

**Senator BARNETT**—What about getting to the businesses in the regional areas? This is one of the most regionalised states in Australia. It does not all happen in Hobart; there is the north and the north-west, and we talked about the east coast and west coast earlier today.

**Mr Evans**—Like I said, TAFE Tasmania does get out into those areas. I know that recently they have been knocking on the doors of businesses on the streets of Deloraine, seeking their involvement. Also, throughout Tasmania partnerships are established in some of those regional areas. For example, in St Helens and St Marys there is the North-East Education and Training Partnership, the chair of which is the local supermarket owner. He works with the high school, the TAFE and, to a lesser extent, the university to provide for the needs of that community.

**Senator BARNETT**—So that is a local business, with TAFE, with a university.

**Mr Evans**—And with the district high schools. It involves St Marys, St Helens and Winnaleah district high schools. They have formed a partnership and over a hundred students

are enrolled in the provision of largely vocational education and training programs in that community. There are other examples of those sorts of partnerships across the state. In Circular Head there is a very successful one involving the high school, local business and industry around the same measures.

**Senator BARNETT**—The feedback that I am getting from some of the regional areas around Tasmania is that they cannot get the skilled labour that they need—that it is being sucked into the major centres: Hobart, Launceston and Burnie. Is that a problem that you have identified in the research that you have undertaken, in terms of access to skilled labour?

**Mr Evans**—A lot of the anecdotal evidence around that is more industry specific. For example, we know in the Huon they have great trouble finding labour for fruit picking in areas like that. It has as much to do, I think, with the nature of the industries and the nature of employment in those industries as it has to do with their regional status—the capacity for seasonal workers to access the training system, for example. A lot of the employment in some of the more outlying areas is more difficult, basically, for full-time employees.

**Mr Stevens**—I could add to that. Probably the best example of that at the moment is the introduction of the two ferries. We have had a major influx of tourists and there is no doubt that in a number of areas that they go to, such as Cradle Mountain, Strahan and Freycinet, which are nowhere near the major centres, it is very difficult for operators to get skilled tourism and hospitality workers. So we have undertaken a number of major initiatives with TAFE and private providers to try and, if you like, train up a significant mass of people in the local area. We have done a couple of pilot projects with Strahan village, which is a good example. They find it very difficult to get people to go and work in Strahan.

**Senator BARNETT**—We had a submission this morning which highlighted tourism as both a short-term and long-term area where there is a skill shortage. Is that consistent with your thinking?

**Mr Stevens**—Yes.

**Senator BARNETT**—Do you want to identify any other specific areas of skill shortages in Tasmania for both the short term and the long term? Can you do that?

**Mr Evans**—There has been, I guess, an ongoing issue in relation to chefs and cooks in Tasmania. Not only is that a sort of endemic problem that we suffer here but it is one that we suffer specifically. There is no problem in getting numbers of people into training, but retaining them in the work force once they are trained has become a significant issue. It has been a significant issue for some time for us. I heard the earlier discussion of difficulties in the metal trades areas at the moment, particularly on the north-west coast. We have had discussions with TAFE and Skilled Engineering around how we might go about addressing those, but they are long-term, entrenched problems. I guess they are the main areas that we are currently aware of.

**Senator BARNETT**—We have had a submission this morning from a private RTO, complaining about the obligation under state legislation for TAFE to provide the training rather than for the RTO to provide it as well. Do you have a view on that? Why is the legislation designed to shut out the private providers?

**Mr Stevens**—It is not legislatively based, but there is a policy by both this government and the previous government that there be a quarantine. Simply put, because of state government infrastructure and investment in infrastructure, a number of what we would probably refer to colloquially as traditional trades are quarantined to TAFE. But in the other areas, user choice is open to anybody and competitive bids are open to anybody. Other states have quarantined some of the traditional areas to their TAFEs.

**Senator BARNETT**—Can you identify those traditional areas for us?

**Mr Stevens**—It will be carpentry and joinery. Perhaps we could provide a list to you, because if I go through them I am sure I will miss one. The areas are basically building and automotive.

**Senator BARNETT**—What about agriculture?

**Mr Stevens**—Yes.

**Senator BARNETT**—The argument against it from the RTO was that they wanted to focus on quality training and that, rather than leaving it with one entity, competition breeds quality and efficiency. So what is the argument against that? You have mentioned infrastructure.

**Mr Stevens**—I guess there is significant investment in public facilities. Things like automated building construction are fairly capital intensive in terms of the actual set-ups of the training areas so as to get the maximum value for that.

**CHAIR**—It would be a fairly thin training market too.

**Mr Stevens**—Yes. I was going to say the other major thing is that we do have a very thin training market and we always have the problem that if it becomes too thin then we cannot actually offer those areas. A good example of that is printing. We send second- and third-year printing apprentices off to Melbourne now because the machinery that they need to get their skills and competencies on is not actually available in this state.

**Mr Evans**—I think it is fair to say that, of the areas that are quarantined, the only ones that I think there is really any contest about from other providers are the agricultural trades. I think there is fairly good acceptance that the significant state investment in the building and construction and automotive areas would be lost if it was dispersed amongst a number of providers. It is not an area that really is highly contested in Tasmania. Perhaps the exception is the agricultural area.

**Senator BARNETT**—Is that under the review at the moment?

**Mr Evans**—The quarantines are reviewed annually, and that is one that keeps coming up as an area where there is perhaps potential for some movement.

**Senator BARNETT**—Thanks.

**Senator BUCKLAND**—How flexible is the education system at the school level in adapting to the changing needs of industry? We can target a particular industry, a trade, or we can target  
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hospitality or anything like that, but because there is so much movement in that, so much restructuring and so much new technology, how adaptable is the education system to be able to cater for that?

**Mr Stevens**—Certainly, within the confines of education, we have a limited ability to respond to changing technology and changing work practices. But as a state we have the highest percentage or the highest number of hours in structured workplace learning for all our VET in Schools programs. It is mandated that if you do a certificate you actually have to do a significant number of hours. I think our average is about 170, and that includes pre-vocations, which do not have any. So most of our VET in Schools in fact have 240 hours based in the industry concerned. The students are actually going out to the industry and experiencing the technology, the change in work processes and the real-life experiences of working in an industry.

We would argue that, instead of trying to replicate it at the school level through a series of proxies for real experiences, they actually go out. We have been very lucky that we have had high levels of cooperation from our local employers and our local industries that have, in some cases, entered into formal partnerships with the school sector. A brief illustration of that is that now a number of the automotive areas in Hobart, the large car yards, actually take their apprentices straight from the school cohort that is doing the automotive bit in the school certificate. They are placed in a dealership for four weeks at a time usually, and they will then make offers at the end of the year for apprentices and trainees. As far as we are concerned that is a really good result because basically we are keeping students in school to at least grade 11, if not grade 12, and then they are going on through an employment related pathway and getting the skills in the areas that they want to go into. We think it is a pretty good fit. I would like to give credit to our local businesses for supporting that.

**Senator BUCKLAND**—I certainly join with you in giving them that credit. The committee has heard evidence similar to that, certainly during the period that I have been sitting with the committee. We still hear, on the other hand, from industry saying that they have this problem of young people coming into the work force without literacy and numeracy skills. That is something that you may be addressing but have not addressed yet. I do not know what you are doing to improve on that.

**Mr Stevens**—As we have in the education department proper a range of strategies based on fixing the literacy and numeracy issues and on enabling all the school students to have literacy and numeracy skills sufficient to operate in the community, we argue that the actual cohort going into employment now have those skills in this state. We would not extend that to say that there is not a significant cohort of people who have previously been to school who are probably unemployed at the moment and who do not have those skills. We as a government need to do something about that. Part of our charter is to come up with some strategies to try to address that. We would probably be as bold as to say that because of the smallness of our state and because of the number of hours in our structured workplace learning you will probably get fewer complaints in our state than in other states. I will put that forward as a proposition, somewhat trepidatiously.

**Senator BUCKLAND**—In your submission you deal with the question of articulation. The committee is interested in the measures you take to try to encourage articulation between the higher education sector, the TAFE and the universities. What is happening there?

**Mr Stevens**—Basically, the government has entered a partnership agreement with the university on a range of issues. One of the major issues is the barriers to participation. Included very much in that is to develop a proper articulation arrangement, on a systemic basis rather than on a specific faculty basis, from VET qualifications, TAFE specifically at this stage, through to the university. We have set up a group, chaired by the Pro-Vice-Chancellor, Teaching and Learning, Professor Sue Johnson, who is based in Launceston to look at how we can do that on a systemic basis. What you will find in our state, and probably other states, is that there are pockets where it is really good—it is good in the tourism sector, it is good in the information technology or information management area, and people can enrol and they will get equal credit for both their certificate and their higher education. But there are other areas where there is no articulation. So we need to broaden that out and get more of a systemic approach.

**Senator BUCKLAND**—I am interested in the participation rates of females in the non-traditional female areas such as engineering and building trades. Do you have any comments on that? Is there greater participation or greater access?

**Mr Evans**—Amongst females in those trade areas?

**Senator BUCKLAND**—Amongst all females, yes.

**Mr Evans**—We have an issue in Tasmania in that our female participation in vocational education and training is lower than for the national average. There is a whole range of reasons for that. For example, our provision of general education courses is probably lower than for most other states, and those courses tend to attract high enrolments of females. I do not think we have been any more or less successful with women in non-traditional trades than anywhere else. Over the years, the success of programs which have specifically targeted that issue has been pretty mixed for a whole range of reasons to do with workplace culture as much as anything to do with training arrangements. But we are certainly well aware that we have a real problem in our state with the level of female participation in VET. Mind you, participation has increased in the last couple of years due, I guess, to our bumping up provision in some of those general education type of programs, but it still remains an issue for us.

**Senator BUCKLAND**—Is there a targeted program to try to increase their participation?

**Mr Evans**—There are several programs that are specifically targeted at women. This year we have had a real go at doing that with women returning to work or returning to study programs which we are running all around the state in small regional areas. There are specific programs also in the central areas which are run on that basis. But, where the VET system relies on employment to get women involved rather than on just the offering of courses, it becomes far more difficult to effect that sort of relationship.

**CHAIR**—Mr Stevens, I have a couple of questions in relation to the articulation issue. When is Professor Johnson due to report to the state government? Will she provide you with a formal report?

**Mr Stevens**—We are doing it as a steering committee. I am on the committee and she is on the committee, so we will come up with a series of recommendations which I will take back to the government and she will take to the university in terms of how we actually do it.

**CHAIR**—Do you know what the time frame is for this?

**Mr Stevens**—We have not set our time frames yet. We plan to have a meeting in, I think, the first week after Easter, but I would imagine that it will be about a three- to six-month project.

**CHAIR**—Are you aware that the Western Australian minister has given a consultancy to someone in Western Australia to look specifically at this issue. I think their time frame was to report in about June.

**Mr Stevens**—No, I was not aware of that; but, if that is the case, we would certainly seek to tag onto that and find what information we can and find out what approach they are going to take. The University of Tasmania is part of that ANTA project which has, I think, 19 universities across the country developing a method of ensuring articulation. But that project has been pretty slow. Initially, we were just going to get on the back of that one, but we decided to be proactive. I was not aware of the Western Australian one.

**CHAIR**—With regard to the current arrangement you have in place with the University of Tasmania, does that require an entry level score or not?

**Mr Stevens**—I do not think it does; I am not sure. Could I take that on notice and get back to you?

**CHAIR**—Yes, sure—for entry to the university.

**Mr Stevens**—In which particular programs?

**CHAIR**—In general. In moving from the school system and the TAFE into the higher education system, there are a couple of areas, we find, where they do not require a pass.

**Mr Stevens**—There is no requirement for mature entry. If you are over 21—I forget what the exact age is; I think it might be 20 or 21—and you have the qualification, there is no requirement for a tertiary entrance score.

**Senator TIERNEY**—That is the case Australia wide.

**Mr Stevens**—Yes. But my hesitancy was based on the fact that our university entrance does not take into account VET scores. If you do a VET certificate at college, it is not reflected in your tertiary entrance score. I think there are some mechanisms by which it is recognised but it is a one-on-one interview type of thing.

**CHAIR**—We understand that it is very much an institution-to-institution arrangement or even a unit-to-unit arrangement within the institutions, and you are looking at the more systemic—

**Mr Evans**—Yes, we are trying to do it more systemically but, at this stage, there is no ability to have your VET certificates included on your university entrance score.

**CHAIR**—It seems to be critical to the process.

**Mr Evans**—Absolutely.

**Senator TIERNEY**—My question relates to RDOs and assessment of quality in RDOs. There was some evidence this morning from Mr Lipscombe. I invite you to read the transcript when it becomes available; I would like you to comment on it. The evidence claimed that these things are not watched too carefully and the people who are assessing are not very well qualified to do it. I would like your comments generally on your quality control process for RDOs in this state.

**Mr Stevens**—We would probably take issue with the evidence if that is what he stated as a bald statement. Our quality assurance area has been accredited and has been independently assessed as the processes that we undertake to ensure the quality of the system have proved to be pretty successful.

**CHAIR**—I do not think you were here when that session was taking place. It might be more sensible to take it on notice and have a look at the transcript. He was talking about assessors and not the RTOs.

**Senator TIERNEY**—That is what I am talking about, the quality control of the RDO process. I just want you to talk generally about how you do that in this state and whether you are confident about the quality of that process by the assessors.

**CHAIR**—He was talking about the assessing of the competency based training.

**Mr Stevens**—The assessors need to have their certificate IV to be classified as assessors.

**Senator TIERNEY**—It is not a two-day process as he was commenting on?

**Mr Stevens**—I do not believe it to be the case.

**Senator TIERNEY**—It sounded a bit strange.

**Mr Stevens**—It is significant issue if there is concern about the quality of assessors. Perhaps I could take it on notice and provide a written response. My initial feeling is that would not be the case. I am sure that, in any large system, you can point to an example here or there but, systemically, I would say that our quality assurance processes are pretty good. Once you are an assessor, we cannot, as the basic system allows, second guess. We cannot reassess someone who has been assessed to say that they are not appropriate. We can certainly look at the input by which the assessors are given their certificate IVs. As you are aware, if an RTO has within its scope to award assessment certificate IV, basically, it is up to them.

**Senator TIERNEY**—We would be pleased if you would look at that evidence when it is available and return to us a response with your views.

**CHAIR**—Thank you, Mr Stevens and Mr Evans, for your evidence.

**Proceedings suspended from 12.43 p.m. to 1.32 p.m.**

**BENDALL, Mr Derek**, Executive Officer, Tasmanian Forest Industries Training Board Inc

**JAENSCH, Mr Roger**, Chief Executive Officer/Executive Chairman, Cradle Coast Authority

**MILLEN, Mr Richard Dunlop**, Executive Director, Australian School of Fine Furniture

**REID, Mr Russell Balfour**, Chief Executive Officer, Northern Tasmanian Regional Development Board

**CHAIR**—Welcome. 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. However, this evidence may subsequently be made public by order of the Senate. The committee has received a submission from the Cradle Coast Authority and the Northern Tasmanian Regional Development Board. I now invite each of you to make a brief opening statement before we move on to questions.

**Mr Jaensch**—Thank you for the opportunity to address the committee. In the synopsis of my presentation that I have submitted to you, which you have accepted, I refer to another document called the ‘Cradle Coast sustainable regions investment plan’. I have copies here for all committee members, if you would like them tabled.

**CHAIR**—Is it a public document?

**Mr Jaensch**—Yes.

**CHAIR**—We do not need to table that; it can just be distributed.

**Mr Jaensch**—It is for your information. The capacity in which I speak is as Executive Chairman of the Cradle Coast Authority. We have a lot of activity in the north-west and west coasts of Tasmania in economic development. We speak not as experts on, or providers of, skills, training or otherwise but as regional clients of a whole range of Commonwealth and state government programs.

Our general observations have been that, in our region at the moment, there is unprecedented optimism and growth in a whole range of industries. Tourism is the most obvious at the moment, but there are others—manufacturing and others that you will see referred to in my submission. We also believe it is a time when there is an unprecedented range of providers and products for training and skills development, almost to the point where there is a confusion of branding and a lot of difficulty, I think, for employers and organisations to navigate the field of products that is out there and get the things they need from it. So, perhaps, it is not so much that there is not enough training or skill development but that there is almost too much in some areas and some difficulty brokering the types of packages that individual businesses need. In my submission I make reference to two or three key industries, which I will pick up on later, if you like.

**Mr Reid**—I am speaking on behalf of the Northern Tasmania Regional Development Board, which has been established for 10 years as one of the RTOs. It has recently been restructured—it now has a greater involvement of local government, and we think that is very beneficial, bringing local government and industry more closely together. I have not tried here to make any in-depth statistical analysis of the region's needs but just to relate a couple of issues that might give some examples.

I would like to say that the optimism that has been talked about in the north-west of the state seems to have permeated Tasmania quite well at the moment, particularly coming from investment in properties by people from outside the state, which has driven the confidence of people investing in the state. Regarding unemployment, while the department of workplace relations' figures have dropped from 11.2 per cent to 7.5 per cent over the last four years, the underlying structural unemployment has increased slightly from 14 per cent to 14.6 per cent. This is above the Australian average, and the issues I want to address are relevant because of that. In a number of our key industries, particularly the rural and forest industries, there are insufficient trained staff and employees to allow those industries to reach their full potential. At a time when there is relatively high unemployment, that is a great concern.

The horticulture industries that are developing, and the viticulture industry, are key examples of where those shortages are. I have provided some information about the wine industry, particularly relating it to the survey attached to the submission undertaken by the Tasmanian Vineyards Association. It highlights the concern that that industry has in finding enough trained employees, particularly at a time when they estimate that their employment growth will be in the order of 40 per cent over the next four years. It is an industry that is growing and, as I say, there are concerns about skills shortages. To follow up the previous submission, 43 per cent of the people surveyed were unaware of government funding mechanisms for providing training to employees. I think a simplification of the provision of those services would be a great benefit.

All of this goes to show that there is a need for training and accreditation at an industry based level to be taken out to the rural areas. In a lot of cases, it seems inappropriate to bring people in from smaller communities to major centres to train them and then have them go back. A lot of people in that process get lost to the industry. Similarly, the forest industries are a major employer in Tasmania. Mr Bendall will answer any specific questions in that regard. I have listed there a number of specific skills that have been identified as being in short supply.

The furniture industry, likewise, is an area which has gone through significant structural change, but at the moment in Tasmania it is growing. Again, a skills shortage is identified there. We have undertaken the development of the Australian School of Fine Furniture to specifically provide skills to fill those gaps. Mr Millen is here and can answer any specific issues. One point I would like to make at a more strategic level, I guess, is the fact that, with the changing of the industry training board's structure recently, there appears to have been a loss of opportunities for consultation with industries as a number of those have been closed or have had to contract. I would just like to put forward the suggestion that a regional training board rather than a specific industry training board may be one way of addressing the broader issues of training in regional and rural Australia. I think I will leave it at that.

**Senator BARNETT**—Perhaps to Roger first in regard to your submission: could you outline the key industries that you were about to touch on in your presentation—the key industries on

the north-west coast, where there is a need for skilled labour—and give us some of the information and statistics that you have in that regard?

**Mr Jaensch**—Sure. I have picked on three sectors that we have particular involvement with at the moment and which we have identified as important at this stage in our region's growth. They are not necessarily the biggest industries. We have pretty much left agriculture and most primary industries well alone, although we have got some other work going in the food industry, which is not included in this document. I have picked on tourism, manufacturing and natural resource management because there are instances that we have observed which illustrate some particular skills issues.

In tourism there is, as I said before, a massive boom happening. This has been the busiest season ever for tourism. You know that as well as I do. Everybody is talking about skills, but we have the situation where by far the majority of our businesses are mum and dad operators. People in our area who we have spoken to have not left their business premises in four months—they have not stepped off their caravan park in four months. They are absolutely strapped, but they are reluctant on a couple of bases to bolt out and employ more people or to get new skills and knowledge in. One is that they believe that one swallow does not make a summer, and they are trying to see if there are two or three of these boom seasons before they commit themselves. Two, in common with a lot of their fellow industry operators, they possibly do not know much about training, skills development and investing in it, possibly because they have not been through it themselves. They see the plethora of product that is available to them through RTOs, TAFE and university offerings, but for the uninitiated it can look very confusing, very involved, expensive and something requiring a fair sort of time commitment. If we are going to see great advances in skills development in our tourism industry our experience would tell us that, apart from the bigger players—such as Federals, Dohertys and others—we are going to have to find something which engages the smaller business operator, changes their attitude to skills development and makes them feel comfortable about investing in their own skills as well as those of their employees.

**Senator BARNETT**—I want to get a bit of a feel for the seriousness of the problem in terms of the short- and long-term need for skilled people in tourism and manufacturing. We talked about wind farm developments earlier today. Could you touch on that for us as well as tourism? Is it a short-term or long-term need? How serious are the needs?

**Mr Jaensch**—Tourism is an immediate and high need, as we understand it at the moment, for the majority of businesses with basic customer interface people on the deck, pouring coffees and making beds. That is going to quite gradually change, though. If you speak to some of the bigger operators, they are looking for middle management—they cannot get them. As our industry cranks up a couple of notches to work at a new level with the new tourist numbers that we have, I think we will see more small businesses going into the slightly larger model and we will get some sophistication of the skills need as we go. There is an immediate need and a medium- to long-term one.

In the manufacturing area—which is hopelessly broad to talk about—for example, with wind farms, we are very happy to see new technology and new manufacturing opportunities and investors coming to our region. We hope there are many more, but we are going to have to watch that they do not just target and pick the eyes out of existing companies and their senior staff and senior skills to drive these new industries. I do not know how anyone intervenes in

this. In terms of how the state government and regional bodies like ours, and possibly even the Commonwealth, engage in investment attraction and sum up relocations of new businesses, when we look at their skills needs or the employment they are going to create we should do some impact analysis to ensure that it is not going to leave other longer-term businesses in our region wanting. We are monitoring that day to day. We have the potential to invest in some gap filling type training. Whether we should be applying that to the local people who have lost staff to a new business, or whether we should be applying it to the new business in the first place to help them bring people in from outside, is yet to be seen.

**Senator BARNETT**—Mr Reid, do you concur with the comments made by Mr Jaensch in regard to tourism and manufacturing for the north? With respect to wine, you have talked about the survey that was done and the 40 per cent employment growth over the next four years, which is quite considerable, is anything being done to address those concerns to try and attract those sort of people, or is that a difficulty because of the casualisation of the work force in the wine industry?

**Mr Reid**—To address the first question, I think the issues that have been raised for the north-west are similar here. There will be wind farms also in this region. To identify one of the problems of predicting what is required for the future; we were going to roll out reticulated gas throughout Tasmania, it was planned to have started last year but for one reason or another that has not happened. There was a lot of upskilling by TAFE to prepare gasfitters and then the industry did not come. So it is difficult to plan for those sorts of issues. As far as the wine industry is concerned, a smaller enterprise type industry, I think there is greater surety that there will be ongoing demand. Some note has been taken by TAFE to provide those skills, but the industry is certainly still seeing some shortages in those skills areas—predicted shortages. The seasonality is an issue and one way around that is to use labour hire companies that can provide people with permanent employment but over a number of industry sectors.

**Senator BARNETT**—Does that work as far as you understand?

**Mr Reid**—There is potential for it to work. It needs to be looked at very carefully.

**Senator BARNETT**—Mr Millen, in regard to the School of Fine Furniture, I am aware that you have quite a number of overseas students that come here and study, and I understand that demand is growing. Could you clarify that for us? With respect to the submission, it says that 100 per cent of graduates from 2002 are now employed or establishing businesses of their own. Are they mostly in Tasmania? If not, where are they?

**Mr Reid**—All bar one are in Tasmania. I think there are four in Launceston, one on the east coast and one is, in fact, employed by a piano manufacturer in Newcastle.

**Senator TIERNEY**—That would be Stuart pianos?

**Mr Reid**—That is correct.

**Senator TIERNEY**—The world's best grand piano.

**CHAIR**—Is that a dorothy dixer, Senator?

**Senator TIERNEY**—I just thought I would get that on the record.

**Senator BARNETT**—Senator Tierney is very quick to get that on the record.

**Mr Millen**—It was always believed by the school that we would end up with something like a third of our students being from overseas and, because we are based in Tasmania, that maybe a third would be Tasmanian and the balance would be from mainland states. As it happens, 60 per cent of our applicants for next year are from overseas. We get very strong interest from North America in our school and I think one reason is that the school attempts to address the three major pillars of furniture manufacturing, which are design, furniture making and business skills. There are not very many courses around the world that try to address all three of those key areas. That is probably the most interesting thing about our school which, some senators may not realise, was formed only three years ago. We are in our third intake this year. It is therefore a fledgling school, but the sort of interest we are getting from overseas may be to the extent that we find it difficult to attract enough locals or to admit enough locals to make it worthwhile locally. That is a potential problem for us.

**Senator BARNETT**—It is a Launceston success story, and we hope that it will continue to grow and prosper. Mr Bendall, do you concur with some of Mr Millen's comments in regard to the training of locals in the furniture and forestry industries? Are there other things that we could be doing better here in Tasmania in terms of training and building on the forestry resource base, which is one of our areas of natural advantage?

**Mr Bendall**—Yes. Obviously, to have a successful furniture industry you also need a good forest industry. Our industry is a \$1.3 billion industry for the state and it is a substantial employer. The demands on the industry are coming more and more from the pulping sector, which wants woodchip, particularly overseas. We see the industry at the moment being substantially driven by overseas demand. The contractors within the industry are on a 120 or 130 per cent quota to try to meet that overseas demand, but their contracts are not going up, so they do not have the surety to be able to train and employ new people. So we have a situation where our industry is actually under-realising its potential simply because of a shortage of skilled operators. No individual within the industry is prepared to put up their hand and take on the task of training those operators, mainly because there is an incredible amount of poaching going on. Those who have trained very well in the past have found they have had to keep on training because their workers are recognised and poached very quickly by other contractors who do not train.

We have a situation where there is a shortage of good timber in some areas. I know one mill has an eight-month waiting list for Tasmanian hardwood timber framing. We are not realising that demand at the moment, simply because there are not enough skilled people in the industry. Ironically, a lot of that demand is in towns where there are also high levels of unemployment. But we do not have the bridge in place from long-term unemployment across to starting a job. I think that is something that has missing since we lost some elements of labour market programs some years ago—programs like the LEAP scheme and some induction programs that were run for specific industries as labour market programs. Their absence is being very much felt in those rural communities at the moment.

**Senator BUCKLAND**—Mr Bendall, you make a comment in your submission—and you have just mentioned it now—that you have skill shortages but also high unemployment. What have you been doing to address that?

**Mr Bendall**—Within the capacity of the budget that we have to work with and with an industry training board which is no longer receiving government funding, we have continued entirely with industry funding. We have made submissions to OPCET, the state department responsible for the funding of training programs. Recommendations are in the paper ‘Vocational Education & Training Plan 2003–2005’ for the forest industries, which is on the public record at [opcet.tas.gov.au](http://opcet.tas.gov.au). We have recommended induction programs that have been accepted but they run on a very small scale. Four forest industry induction programs were run last year that were fabulously successful, and we could quite easily run four times as many as that this year and still not meet the demand for them.

This morning I spoke to people at a large sawmill at Scottsdale, not far from here, and they indicated that, at present, any person walking through the door who had had induction into generic working skills and occupational health and safety and who could provide some evidence that they could turn up for work on time every day would be given a job. So they are prepared to take anybody who walks through the door with the right background. Regrettably, within that community, it is perceived that those people who are unemployed are at the point where they cannot be employed without some training and, in some cases, a drug rehabilitation program.

**Senator BUCKLAND**—At the end of the day the committee has got to come up with some recommendations. Can you assist us there at all?

**Mr Bendall**—As I said before, our industry has had success in the past with labour market programs, as you will probably recall from a few years back. The forest industry induction program, which we run under state funding, is a model that could be extended into other industries. I firmly believe—and my colleagues may back me up here—that there are many industries that would embrace people who are delivered onto the doorstep with the appropriate skills and attitude. It is simply a matter of providing that preparation as a bridge. The bridge currently is not there and that condemns people in those rural communities to indefinite unemployment.

**Senator BUCKLAND**—How helpful is the Job Network?

**Mr Bendall**—I do not see it as being any more effective than its predecessors. The perception in our industry is that has been no more effective than DEETYA and the CES were in the past.

**Senator BUCKLAND**—In your submission, Mr Jaensch, you mention ‘the performance of current programs from a regional development “client” perspective’ and you link that with industry based development activities. It does not seem that anyone has grasped the nettle and really tackled anything. What links exist for schools to be involved in the industry? What real programs are there to capture the imagination of the available work force to enter industries where you say there are skills shortages?

**Mr Jaensch**—There are massive numbers of special schools-related programs, VET programs, VET in Schools and training and industry specific things but, listening to what some

of the other gentlemen have said here—and it is the same in our region—on an industry or sector basis, there are identified needs. The ITABs are one type of organ you can use, but one of the difficulties is getting the training and learning sector around a table in some sort of peak capacity to be able to interface with the sector group that can articulate its needs. It might be possible for that to happen at regional level, as Russell was saying.

If you have a look at that sustainable regions plan that I gave you, you can see that, at the moment, the Cradle Coast Authority has projects and project staff working on these sector specific initiatives. One project staff member is a learning pathways officer, and that person is working with all the schools and the education and training providers—these people are sharing information. So while his priority is generically to increase retention and participation rates—particularly amongst young people, to get them into a learning pathway, if you like—he is also splicing that together with the industry initiatives coming up so that they can lead through.

The difficulty is that, once these three-year initiatives finish, we have to find some way of corralling resources and getting the partners together to keep it running. When you have state and Commonwealth programs delivering education and training and you have hundreds of providers of those things, including the Job Network providers—of which there are 200-odd in this state alone—getting them to sit down in one room together to explain to them what a particular sector needs is a hell of a job. Some form of sector advocacy at a regional and a state level is important, but you also need some forum for all education and training providers to hear that message and to have some coordinated response. That is one of the things that is missing.

**Senator BUCKLAND**—Mr Reid, you mentioned labour hire companies and how they supply casuals—that is, they are basically on a permanent basis only they work in a range of different industry sectors. Does that mean, for instance, that they might be in the timber industry for a couple of months or a season or whatever and that they might then go into the hospitality sector? Is that what you are saying?

**Mr Reid**—That is right. It is not on a year by year basis; it is a season by season issue. For example, pruning of forests may come at a different time to the planting and pruning of grapevines, so they may go across to tourism as well. But I guess it is a matter of trying to find the match of skills that can be used across a number of sectors like that.

**Senator BUCKLAND**—Is it an added burden for the industry to have these people trained so broadly? I can understand that planting, pruning, harvesting and operation of machinery in the timber industry all fit together. But when you go from the timber industry to do a season of grape picking or processing or something like that there is a lot of training; what results do you actually get from that? I see that you also say you have a vision of having a higher degree of permanent people in the work force.

**Mr Reid**—If a vineyard, for example, is pruning or picking at certain times of the year and employs people for only six or eight weeks to do that specific job and then puts them back on the unemployment list, that is a very unsuccessful way of employing people. If a labour hire company can work with employers in a number of industry sectors so that there is a planned annual approach, there is potential for a person to have more permanent employment with that company. It seems to work in some sectors, particularly in the forest industry.

**Mr Bendall**—Yes. Civil engineering is an excellent example of cross-industry labour hire.

**Mr Reid**—I think the majority of people want to have a reasonable degree of security in their work. It becomes too difficult for individuals to go in and out of work and in and out of unemployment benefits.

**Senator BUCKLAND**—In your submission, under the strategic plan report, you say that:

40% of respondents were unclear as to the courses available and government funding assistance indicating a need for greater communication.

As a development board how do you see your role in improving that communication network?

**Mr Reid**—We have not specifically taken on that role in the past. I think there is a greater opportunity for us to in the future, particularly now that we are working again more with local governments. The local governments across this region at least—and I am sure it is similar in other parts of Australia—have a fairly close understanding of the skills within their regions. To coordinate that into a larger region, I think, would give us an opportunity to find where the real needs are at a lower level than industry training boards may look at. I guess we are looking more at trying to serve the needs of the employee rather than the employer. We are currently involved in the Northern Youth Commitment Program, where we are trying to understand what the barriers are to people moving from school to employment. We know that 10 per cent to 15 per cent of people take a very long time to make the transition from school to employment, and that is to their detriment as well as to that of industry and society.

**Senator BUCKLAND**—I will conclude with this question. Regarding the move from school to work, do you think the schools properly understand the requirements of industry as young people leave school to go into industry? Do you think they have really got a hold on the problem in preparing people for the work force?

**Mr Reid**—Clearly there is a problem. The statistical information says there is a problem, so it needs to be addressed. I think that schools are making an effort. There is a very good example locally of a group of people who live together in a community house. They live there because they have had difficulties with society in one form or another. They have recently had a mentor take them up to deliver them to work. One of the extraordinary things is that these people want to go to work but they just do not know how. They do not have the physical means of getting to work. Particularly if we are talking about things like working in vineyards, there is not a bus service out to a vineyard every morning. If there is no transport, there is no job. That is just an example of how very practical things need to be done to address some of those issues.

**CHAIR**—In those circumstances, why wouldn't the vineyard put a bus on if they are desperate to get workers, whether they are skilled or not? If they are desperate to get the work force, why wouldn't they put a bus on?

**Mr Reid**—That is a good question. They are assisting with providing transport, but one vineyard may not want enough people to fill a whole bus. It has to be a cooperative approach. Certainly the industry could do that, but it needs to work together with the people who are looking after the clients per se. It may be a trust thing. Some of these people have not had families that have experienced work, and therefore they need to be given that leadership into jobs.

**CHAIR**—I understand that issue. The other side of the equation worries me.

**Mr Reid**—I agree.

**CHAIR**—I just hope industry is not standing around hoping somebody else is going to solve their problem for them.

**Senator ALLISON**—I think Mr Reid pointed out that 43 per cent of respondents to your survey had no idea that there is government funding available for training courses. Whose fault is that? How do we fix it?

**Mr Reid**—To clarify, 43 per cent said that they were not totally aware of what is available. They may have had some idea. In the end, if you are an employer and you want someone to work for you, you have to understand those things. It is certainly a responsibility of the employer but, when programs are available, I guess it is important that the providers of those programs make sure that industry is aware of them and how they work.

**Senator ALLISON**—Your survey having been done, do you think there will be a change now? Is somebody listening?

**Mr Reid**—Surveys are very useful in that they make people aware of the questions they have not asked themselves before, so they awaken the industry people to some of the things that they do not know.

**Senator ALLISON**—Are you suggesting that the survey might do the trick?

**Mr Reid**—It will have helped, yes.

**Senator ALLISON**—To what percentage of employers did the survey go?

**Mr Reid**—It went to all the vineyards in Tasmania. I do not know, offhand, the response rate. It might be in the attachment I have provided.

**Senator ALLISON**—Was there another question asking: 'If you had been aware of it, would you have used some of this training?'?

**Mr Reid**—No.

**Senator ALLISON**—What is your feeling for that? It is a fairly high percentage.

**Mr Reid**—The figures show that something in the order of 80 per cent of respondents said that they would be pleased to provide training for their employees and also to provide on-site work experience for people who were training off-site. I think there is a recognition of the need and a willingness to be involved.

**Senator ALLISON**—I wonder if you could talk about funding. This paper you have provided to the committee says that it is highly unlikely that the number of positions offered in

2003 will be matched unless appropriate funding is allocated. Is that funding from industry? What programs is it from? Could you spell that out?

**Mr Reid**—It is a Vineyards Association of Tasmania survey. I can't specifically comment on it but, from a general perspective, there needs to be a sharing of that funding by industry and, I think, government.

**Senator ALLISON**—Is there currently a barrier for government funding? Why has the funding dropped for next year, from this year? You might need to take that on notice.

**Mr Reid**—Yes, I can't answer that directly.

**Senator STEPHENS**—I have several questions and would appreciate it if you could take them on notice if I do not get through them. Firstly, regarding the Cradle Coast Authority, I cannot quite understand how it is constituted. Is it the councils, but not the ACC?

**Mr Jaensch**—Yes, that is right. Technically, it is a joint authority under the Local Government Act. In this case, nine councils have together created an organisation, of which they are shareholders, which does things on behalf of their elected members collectively, but with a specific role. We are owned by the nine councils.

**CHAIR**—What is the geographic range?

**Mr Jaensch**—The north-west and west of Tasmania. It is the north-west third of Tasmania—the nine local government areas in that.

**CHAIR**—So it excludes the east coast?

**Mr Jaensch**—It excludes the east coast and the south, but it includes King Island.

**Senator STEPHENS**—What is your relationship with the ACC?

**Mr Jaensch**—We have a very friendly relationship with them. I suppose there is some overlap in the sorts of things that we do and, to some extent, some people might think that we are pitching for more of the business that has traditionally gone through ACCs. The other difference is that we are created by and owned by the democratic structure of local government in our region; we are accountable to it and funded entirely by it. We are not a group of people that is appointed to a board by a government, so we are able to advocate for our region to other levels of government. I think that gives us some strength.

**Senator BARNETT**—Where does the \$12 million in funding come from?

**Mr Jaensch**—The Cradle Coast Authority receives annually a budget for its core operations from its nine member councils. We then go out and seek partnerships with other levels of government, business and community groups to do things that the region needs. When the federal government announced the Sustainable Regions Program we were in the fortunate position of, firstly, having our region identified as an area of particular need that was eligible for the program and, secondly, to be a region that had its own regional organisation in place to deal with this program, rather than the federal government having to create a committee of its own

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based around an ACC. I think we are the only one of the eight sustainable regions in Australia where an existing body owned by the region is being used as the delivery body. We do have an ACC representative attached to my board, for the purposes of conducting sustainable regions business. So that is how the relationship works in that case.

**Senator STEPHENS**—Chair, I have several other questions, but if I can put them on notice and pursue them later that would be fine. I would like to address just one question to Mr Millen: could you provide some information about the courses you offer, and where they fit in terms of the Australian Qualifications Framework?

**Mr Millen**—We offer a two-year diploma of arts course in furniture design which is in fact offered within the Australian Qualifications Framework. We also run a number of so-called masterclasses which, effectively, is selling spare bench space in our workshops to people who want to come in and participate in the second year of our two-year program. We have, I think, seven visiting masters who come in to teach a particular skill area. They stay with us for four to six weeks, depending on what the program is—it could be steam-bending, marquetry or whatever the case may be. We effectively sell slots in those classes to external students, provided that their skills are at a level where they can work with the second-year students without holding them back. We are doing that because, being in our third year, we are not a full school and marketing those empty bench spaces is a way of covering the financial needs of the school.

**Senator STEPHENS**—I have several other questions, but I will put them on notice.

**CHAIR**—We will have to conclude it there, gentlemen. Thank you.

**Committee adjourned at 2.17 p.m.**