

Senate Standing Committees on Economics

The Australian manufacturing industry

QUESTION ON NOTICE

Date of hearing: 11 November 2021

Outcome: Skills

Department of Education, Skills and Employment Question No. IQ21-000152

Senator Anthony Chisholm provided in writing.

Declining apprenticeship numbers and future planning

Question

1. Several submissions have also raised concerns about declining apprenticeship numbers and difficulties in developing a secure pipeline of workers in high-value jobs to drive the growth of the advanced manufacturing sector. There seems to be an additional “chicken and egg” challenge where industry growth is limited by skills shortages, while at the same time the attractiveness of people into those courses is limited by the lack of industry opportunities afterwards. What thinking has the Department done about how we might over-come this challenge in the short term, and how we might attract and retain students in courses that are critical to the development of an advanced manufacturing sector.

2. Following on from the above question, there is obviously two potential streams of workers, one being newly retrained younger workers, but the other being workers in other industries that could potentially be retrained and put to work in advanced manufacturing. Global trends are looking increasingly likely to reshape industries across Australia, and when that happens, we want to make sure that workers in industries that don't do so well out of that are supported into alternative high-value jobs. Growing the advanced manufacturing sector seems to be an excellent opportunity to provide some opportunities for re-training into high-value, high-paid work, so I was hoping the Department could share with us any thinking they have done around that challenge, and how we can make sure that people over the age of 40 are also given an opportunity to take advantage of any new jobs generated?

Answer

1. According to National Centre for Vocational Education Research data, as at 31 March 2021, there were 29,655 apprentices and trainees in-training in the manufacturing industry.

The Australian Government provides funding to support employers and apprentices, particularly for in-demand skills and industries. For example, the Australian Apprenticeships Incentives Program includes targeted incentives that support apprenticeships leading to occupations in high demand, including advanced manufacturing.

The Government has invested \$3.9 billion over four years from 2020–21 through the Boosting Apprenticeship Commencements wage subsidy to support businesses and group training organisations to take on new apprentices and trainees. Since its introduction of this wage subsidy in October 2020, there has been a significant increase in commencements and apprentices in-training, particularly for trade occupations, including those experiencing a skills shortage.

The Government has committed a further \$716 million through the Completing Apprenticeship Commencements wage subsidy to assist employers to retain apprentices through the second and third year of an Australian Apprenticeship.

2. Vocational education and training (VET) is a shared responsibility between the Commonwealth and State and Territory Governments. All governments have committed to major reform through the *Heads of Agreement for Skills Reform* which sets out immediate reforms to improve the VET sector and an approach and priorities for developing a new National Skills Agreement, expected to be finalised in the first half of 2022. Skills reform will lead to more targeted investment and a VET system responsive to workforce challenges. Detailed information is available at www.dese.gov.au/skills-reform.

Industry plays a vital role in ensuring high quality training is available for workers and employers, and that the national training system responds to changing job roles and technology. Current arrangements for the review, development and updating of national training packages are led by the Australian Industry and Skills Committee. A network of Industry Reference Committees (IRCs) ensure current and emerging skills needs are reflected across the national qualifications, units of competency and skill sets that underpin training, upskilling and re-training. For example, the Automotive IRCs recently completed a Battery Electric Vehicle Repair project focused on developing qualifications and skill sets that will support career pathways and re-skilling opportunities for mechanics, auto-electricians and other skilled workers to shift into electric vehicles.

Skills Ministers have agreed that industry needs a strong strategic voice in VET to address workforce challenges, ensure training products are developed and updated faster to meet evolving needs, and drive collaboration across sectors. New Industry Clusters (including for the manufacturing sector) will be established by 1 January 2023 to provide industry with a stronger, more strategic voice and broader role in ensuring Australia's VET system continues to deliver on employer and learner needs. The Industry Clusters will be groups of aligned industries with a strategic leadership role to identify, forecast and respond to the current and emerging skills needs and workforce challenges of their industries (**IQ21-000151** refers).

The JobTrainer Fund supports job seekers and young people to study free or low-fee courses in areas of identified skills need, including in industries such as manufacturing. Job seekers are defined as people who are out of work, receiving income support or those expecting to become unemployed (where agreed bilaterally between jurisdictions and the Commonwealth). As at 30 September 2021 there have been 271,038 enrolments in JobTrainer courses. In total, 59 per cent of these enrolments have been job seekers, and people aged 35 and over make up around 28 per cent of total enrolments.

The National Careers Institute is working to ensure Australians have better access to information about their education, training and work options to help them gain greater employability and a clear understanding of where and how to find career opportunities now and into the future. The National Careers Institute launched its digital platform, yourcareer.gov.au, in October 2020 to be a source of information for all ages and stages to explore career pathways, and provide an authoritative source of career information.

A range of other Government initiatives help businesses, job seekers and build the national workforce, including the Local Jobs Program which is focused on supporting job seekers and communities through reskilling, upskilling and employment pathways.