

Dr Peter Boxall
Chair Independent Pricing and Regulatory Tribunal
Level 8, 1 Market Street
SYDNEY NSW 2000

Dear Dr Boxall

Hunter Mechanical Employers Network (HMEN) response to the Independent Pricing and Regulatory Tribunal's (IPART) review of price and fee arrangements for government-funded vocational education and training under Smart and Skilled

HMEN thanks IPART for the opportunity to provide comment on IPART "*Pricing VET under Smart and Skilled.*"

Introduction

HMEN is made up of employers in the Hunter Region of NSW involved in the Sales Service and Repair of On Highway / Off Highway Vehicles and Machinery sectors. Regular participants at HMEN meetings represent local, national and international manufacturers of construction, quarrying and transportation equipment as well as mining and quarrying companies, SMEs and large enterprises most employing apprentices /trainees designated as National Skill Shortage occupations within AUR sectors.

Local GTOs and RTOs involved in the training of Auto-Electrical, Heavy Vehicle and Mobile equipment apprentices undertaking AUR30405 and AUR31212 trade apprenticeships are also regular attendees.

Nationally the automotive industry encompasses a broad and diverse range of industry sectors, from passenger and commercial vehicle manufacture to specialist repairers, servicing industries, parts manufacture and distribution. Employing more than 386,000 people and contributing almost \$35 billion to Australia's GDP, the industry plays a key role in supporting almost all other industries including those where vehicles have a critical role to play in the safety of individuals and the defence of the country.¹

The Public funded VET system play an integral role in training business trademans and business skills in the past and this should continue into the future.

There are four key elements of the Australian VET system.

First it is a nationally agreed system for recognising qualifications and for registering and quality assuring training providers

Secondly, it is industry-led because employers, unions and professional associations of an industry define the outcomes that are required from training.

Thirdly, it is a system focused on ensuring individuals gains the skills and knowledge they need for work, whether that be to enter the workforce for the first time, re-enter the workforce, get a new job or to upgrade their skills.

A *fourth* and final important element of the national training system is that it includes national standards frameworks for qualifications (the Australian Qualification Framework (AQF)), training products (training packages) and training providers (the Australian Quality Training Framework (AQTF)). This three pronged structure supports quality assurance across the VET system.²

It is critical that appropriate ongoing funding measures continue to assist industry and the state of NSW in developing a skills pool for the future.

We have commented on the questions which we have expertise, from a Heavy Vehicle and Mobile Equipment industry sector apprentice/trainees employers perspective. We see this opportunity as critical input into future Apprentice /Trainee Public System training under Smart and Skilled.

¹ Auto Skills Australia 2012 E Scan

² <http://www.tpatwork.com/Back-2-Basics/System-basics/The-national-VET-system.aspx13-3-13>

HMEN Response (AUR30405/AUR31212 context)

Q1

Do you agree with our proposed approach for developing a methodology to determine prices, student fees and government subsidies for government funded VET?

Answer
Yes

Employers, Peak Industry bodies, ITABS and ISC should be consulted as part of the process. The process should be fair, reasonable and transparent and appropriate to the discipline

Do you think this approach will lead to arrangements that ensure students and government make an appropriate contribution to the efficient costs of providing VET courses, qualifications and part qualifications? 26

Answer
Further discussion would be required in the case of Apprenticeship/traineeships. The Public VET system & Employers also are a key component and contributors to the training of industries trainees and apprentices. The Public VET system is critical to the training of these employees.

Q2

Are our proposed assessment criteria for the review reasonable and consistent with our terms of reference? 26

Answer
Yes

Q3

Which of the 2 possible methods for determining a base price for courses and qualifications that reflects efficient costs do you prefer (map costs to industry groupings or map costs to Unit of Competency (UoC))? 40

Answer
Map costs to UoC, in preference to Industry Groupings soley

– Have we identified all the advantages and disadvantages of each method? 40

Answer
No

With mapping costs to industry groupings, consideration needs to be given to the varying subgroups within the automotive industry. Failure to do this would disadvantage sectors of Apprentices, RTOs and employers similarly. It should also be noted mapping to industry only could devalue sectors of apprentice's trade qualification. Delivery of quality units has to be of the appropriate delivery method in context of the qualification being under taken

Is there another approach that we should consider to set base prices? 40

Answer

Base prices should be set with consideration of the unit's criteria necessary for the qualifications.

Q4

How should the methodology take account of different modes of delivery (ie, classroom based and flexible delivery)? 40

Answer

Different modes of delivery should be considered, however one method will not necessarily suit all qualification UoC.

– How can any adverse effects arising from base prices that reflect an average cost within an industry group be addressed (eg, service quality implications)? 40

Answer

Base prices that were to reflect average cost of delivery across the AUR package would certainly be a misrepresentation the diversity within the AUR sectors. Occupations within the AUR package having higher operating costs than others due to the style of delivery (Face to Face or Flexible) and breadth depth within the UoC and Risk factors. Eg Power and outdoor equipment compared to Road transport, Bicycles compared to Heavy Vehicles. Refer Attachment #2 Qualification Min/Max nominal Hrs per Qualification.

Hunter institute suggests, higher cost areas can be Industry/subject related. For example, welding inherently casts more than say, business studies because of the equipment and material cost, lower class sizes for OH&S reasons etc.³

Q5

With reference to method 2 (map costs to UoC): 40

– What would be the best way to group UoCs? 40

Answer

By methods that are considerate of qualification in context and of a appropriate delivery method taking into consideration the resources required for a quality outcome.

– How should the methodology take account of different modes of delivery (ie, classroom based and flexible delivery)? 40

Answer

By the context, technical depth of UoC and resources required to deliver the Qualification to meet the applicable Industries standards.

Q7

Regarding thin markets: 42

– What training markets are likely to have low levels of demand and high operating costs (these markets may be defined geographically, by occupation or demographically)? 42

Answer

Some automotive trades would fall into this grouping, occupations within the AUR package having higher operating costs than others. Eg Power and outdoor equipment compared to Road transport, Bicycles compared to Heavy Vehicles.

³ Smart and Skilled-Making NSW Number One Submission by TAFE NSW-Hunter Institute_111104pg23

– Should we test for a thin market by using the difference between the cost per student and the base price (plus loadings) expressed as a percentage? 42

Answer

Yes

Q17

How should the current annual fee for apprentices and new entrant trainees be converted to a fee per qualification? Should a flat fee across all qualification levels be maintained for apprentices and new entrant trainees? 61

Answer

No

Q21

Should the current payment arrangements under the Apprenticeship and Trainee Training Program (ATTP) and Strategic Skills Program (SSP) be maintained? If so, should the staged payment of student fees also match these arrangements? 65

Answer

Yes, the current payment arrangements under the Apprenticeship and Trainee Training Program (ATTP) and Strategic Skills Program (SSP) should be maintained.

Q22

How often should the methodology for setting prices and fees for government-funded VET be reviewed or re-estimated to ensure that students and taxpayers both continue to contribute an appropriate share of the efficient costs of providing VET? 67

Answer

CPI, should be part of the CI program for Smart and Skilled.

Additional items for consideration

#1

The terms of reference state “Govt funding will follow students to their choice of approved provider”⁴ while this may be applicable to some qualifications/ units, this proposal would need further consultation with Trade Apprentice/Trainee employers and RTOs.

Employers invest considerable resources also into their apprentices and trainees, are an integral part of the training contract/ plan and training process in both on and off the job activities. Employers should not be dismissed in the RTO selection process

In the case of our industry sectors, it would not be practical to enrol in any RTO of the entitlement holder’s choice.

The statement should read ? *“In the case of apprenticeships and traineeships Govt funding will follow students only to their employers choice of approved provider”*

Interestingly Hunter Institute suggest If funding moves to more explicate model of some kind, with training as an entitlement for the individual, then the system will require some form of moderation and regulation, to avoid the consequences of a mismatch between public demand for training, by industry and qualification, and the actual pattern of economic demand for skills, ie each individual may want/demand training which has some potential value to the community in terms of productivity effort and employment, but the aggregate demand may be a poor match for actual industry and employer skill needs.⁵

#2

How can the entitlement of the individual apprentice /trainee be taken up in other jurisdictions?

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⁴ Terms of Reference training under Smart and Skilled

⁵ Smart and Skilled-Making NSW NumberOne Subission by TAFE NSW-Hunter Institute_111104pg26

Conclusion

The Council of Australian Govt (COAG) has committed to halving the number of people aged 20-64 without qualifications at Cert III level and above⁶, if this is to be achieved the required appropriate funding will be necessary for future sustainability of the trades including AUR31212.

Work is central to our wellbeing-as a nation, as a community and as individuals and families. The future of work, the changes in employment patterns and what skills will be required, will be intimately related to the changes over the years ahead in our economy and our technology, our Natural environment, our demographic trends, our social relations. Government's response to these changes can also decisively influence the future nature of work⁷

With a build time of around four to six years for the development of a highly skilled tradesperson, it is critical that measures are put in place to assist industry in developing the skills pool for the future.⁸ This skills pool is necessary to encourage lifelong learning opportunities and career development pathways of future leaders within the private and public sectors.

Hunter Institutes submission Smart and Skilled-Making NSW Number One highlights the following points and advises that any VET system, whether entitlement based or employer driven, requires a major public provider to ensure stability, continuity and quality. An effective VET market will attempt to ensure that market growth is in areas which benefit the community and economy. An entitlement based system will not necessarily achieve that aim, as evidenced by the recent experience of the Victorian VET system. In Victoria the VET budget was significantly exceeded, resulting in recent spending cut backs, whilst at the same time total enrolments for Fitness Training grew by a massive 440%⁹

Once again, thank you for the opportunity to provide a written response. If you would like to discuss any matters related to this response further, please contact myself on 0407 008277 or Komatsu Australia on 02 49619906

We look forward to the upcoming public forum providing all stake holders with further opportunities for input.

Yours sincerely

Gavin Manning

HMEN participant

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⁶ Access Economics, Economic Modelling of Skills demand, 2009:11.

⁷ Critical issues facing Australia to 2025 Summary of a scenario development forum M Keating & C Smith

⁸ ASA Escan 2012

⁹ Smart and Skilled-Making NSW Number One Submission by TAFE NSW-Hunter Institute_111104pg23

Skill Shortage List

New South Wales

2012

The following occupations were assessed in 2012 by the Department of Education, Employment and Workplace Relations (DEEWR) specifically for New South Wales (this list should be read together with the list of occupations assessed at the [national level](#)). This list is summary in nature and should be viewed in the context of the more detailed analysis available in the occupational reports which are published on the DEEWR website.

Details about the methodology used in this research are available at www.deewr.gov.au/skillshortages. Occupational coverage in the research program has changed markedly over time. Lack of a rating for an occupation does not necessarily imply 'no shortage', it may be that the occupation was not assessed. It is also important to note that labour markets can change quickly and the assessments made here reflect the labour market at the date listed.

ANZSCO	Occupation	NSW Rating	Date Assessed	Comment
2. PROFESSIONALS				
23. Design, Engineering, Science and Transport Professionals				
2333-11	Electrical Engineer	S	June 2012	
2335-12	Mechanical Engineer	D	June 2012	Recruitment difficulties are evident in mining and for senior positions in some areas such as waste water and materials handling.
24. Education Professionals				
2415-11	Special Needs Teacher	D	April 2012	Some employers experience difficulty filling positions requiring qualifications or experience in a particular area or method of special education.

3. TECHNICIANS AND TRADES WORKERS				
31. Engineering, ICT and Science Technicians				
3122	Civil Engineering Draftspersons and Technicians	S	June 2012	
3123	Electrical Engineering Draftspersons and Technicians	S	June 2012	
32. Automotive and Engineering Trades Workers				
3211-11	Automotive Electrician	S	September 2012	
3212-11	Motor Mechanic (General)	M	September 2012	
3212-12	Diesel Motor Mechanic	S	September 2012	
3212-13	Motorcycle Mechanic	S	September 2012	
3222-11	Sheetmetal Trades Worker	M	September 2012	
3223-13	Welder (First Class)	S	September 2012	
3232- 11,12,13	Fitters	S	September 2012	
3243-11	Vehicle Painter	S	September 2012	
34. Electrotechnology and Telecommunications Trades Workers				
3421-11	Airconditioning and Refrigeration Mechanic	S	November 2012	

OCCUPATIONS ASSESSED AT THE NATIONAL LEVEL

The following occupations were assessed in 2012 at the national level only. Separate ratings are not available for New South Wales.

ANZSCO	Occupation	National Rating	Date Assessed	Comment
1. MANAGERS				
1331-11	Construction Project Manager	D	June 2012	Employers experience difficulty recruiting Construction Project Managers for mining and resource projects.
1332-11	Engineering Manager	S	June 2012	
3. TECHNICIANS AND TRADES WORKERS				
31. Engineering, ICT and Science Technicians				
3121-14	Construction Estimator	D	June 2012	Employers have difficulty recruiting for larger projects.
34. Electrotechnology and Telecommunications Trades Workers				
3423-13	Electronic Equipment Trades Worker	S	September 2012	

Key to ratings	
S	Shortage
M	Shortage in metropolitan areas
R	Shortage in regional areas
D	Recruitment difficulty
R-D	Recruitment difficulty in regional areas
M-D	Recruitment difficulty in metropolitan areas

Definitions of ratings

Shortage

Skill shortages exist when employers are unable to fill or have considerable difficulty filling vacancies for an occupation, or significant specialised skill needs within that occupation, at current levels of remuneration and conditions of employment, and in reasonably accessible locations.

Recruitment difficulty

Recruitment difficulties occur when some employers have difficulty filling vacancies for an occupation. There may be an adequate supply of skilled workers but some employers are unable to attract and recruit sufficient, suitable workers for reasons which include: specific experience or specialist skill requirements of the vacancy; differences in hours of work required by the employer and those sought by applicants; or transport issues.

The Australian and New Zealand Standard Classification of Occupations (ANZSCO) is published by the Australian Bureau of Statistics to provide uniformity in the collection, analysis and dissemination of occupational statistics in Australia and New Zealand. Details are available on the ABS website.¹⁰

¹⁰ <http://deewr.gov.au/skill-shortages-021-04-2013>

Attachment #2

INTRODUCTION

What is a Victorian Purchasing Guide?

The Victorian Purchasing Guide provides information for use by Registered Training Organisations (RTOs) in the provision of Victorian government subsidised training.

Specifically the Victorian Purchasing Guide provides the following information related to the delivery of nationally endorsed Training Packages in Victoria:

- The nominal hour range (minimum-maximum) available for each qualification.
- Nominal hours for each unit of competency within the Training Package.
- Sample Training Programs

Registration

RTOs must be registered by either the Victorian Registration and Qualifications Authority (VRQA) or the Australian Skills Qualification Authority (ASQA) regulatory body to be eligible to issue qualifications and statements of attainment under the Australian Quality Framework (AQF).

The VRQA is the regulatory authority for Victoria that registers VET training organisations who provide courses to domestic students only and who only offer training in Victoria.

To register to provide training to international students and in other Australian states and territories you will need to apply with ASQA.

QUALIFICATIONS	Code Title Qualification	Nominal Hour Range	Minimum	Maximum
AUR10112	Certificate I in Automotive Vocational Preparation		105	140
AUR20112	Certificate II in Automotive Administration		175	245
AUR20212	Certificate II in Automotive Air Conditioning Technology		315	355
AUR20312	Certificate II in Bicycle Mechanical Technology		250	390
AUR20412	Certificate II in Automotive Electrical Technology		370	485
AUR20512	Certificate II in Automotive Servicing Technology		275	390
AUR20612	Certificate II in Marine Mechanical Technology		290	415
AUR20712	Certificate II in Automotive Vocational Preparation		220	260
AUR20812	Certificate II in Outdoor Power Equipment Technology		217	306
AUR20912	Certificate II in Automotive Body Repair Technology		280	480
AUR21012	Certificate II in Motorsport Technology		295	600
AUR21112	Certificate II in Automotive Sales		220	340
AUR21212	Certificate II in Automotive Underbody Technology		275	355
AUR21312	Certificate II in Automotive Braking System Technology		240	280
AUR21412	Certificate II in Automotive Cooling System Technology		305	375

AUR21512 Certificate II in Automotive Cylinder Head Reconditioning	360	460
AUR21612 Certificate II in Automotive Driveline System Technology	190	245
AUR21712 Certificate II in Automotive Exhaust System Technology	315	365
AUR21812 Certificate II in Automotive Steering and Suspension System Technology	200	250
AUR21912 Certificate II in Automotive Tyre Servicing Technology	255	320
AUR30112 Certificate III in Automotive Administration	420	520
AUR30212 Certificate III in Bicycle Workshop Operations	535	745
AUR30312 Certificate III in Automotive Electrical Technology	910	1160
AUR30412 Certificate III in Agricultural Mechanical Technology	995	1264
AUR30512 Certificate III in Marine Mechanical Technology	750	1165
AUR30612 Certificate III in Light Vehicle Mechanical Technology	860	1285
AUR30712 Certificate III in Outdoor Power Equipment Technology	857	1177
AUR30812 Certificate III in Motorcycle Mechanical Technology	935	1065
AUR30912 Certificate III in Motorsport Technology	845	1235
AUR31012 Certificate III in Automotive Sales	470	660
AUR31112 Certificate III in Heavy Commercial Vehicle Mechanical Technology	985	1280
AUR31212 Certificate III in Mobile Plant Technology	1090	1284
AUR31312 Certificate III in Automotive Engine Reconditioning	1105	1205
AUR31412 Certificate III in Automotive Diesel Fuel Technology	600	784
AUR31512 Certificate III in Automotive Diesel Engine Technology	935	1100
AUR31612 Certificate III in Automotive Drivetrain Technology	620	830
AUR31712 Certificate III in Forklift Technology	670	1004
AUR31812 Certificate III in Heavy Commercial Trailer Technology	735	930
AUR31912 Certificate III in Elevating Work Platform Technology	915	1100
AUR32012 Certificate III in Automotive Alternative Fuel Technology	540	760
AUR32112 Certificate III in Automotive Body Repair Technology	975	1120
AUR32212 Certificate III in Automotive Glazing Technology	555	740
AUR32312 Certificate III in Automotive and Marine Trimming Technology	945	1114
AUR32412 Certificate III in Automotive Refinishing Technology	920	1120
AUR32512 Certificate III in Automotive Underbody Technology	630	865
AUR40112 Certificate IV in Automotive Management	340	425
AUR40212 Certificate IV in Automotive Mechanical Diagnosis	390	540

AUR40312 Certificate IV in Motorsport Technology	410	650
AUR40412 Certificate IV in Automotive Performance Enhancement	405	645
AUR40512 Certificate IV in Loss Assessing	650	730
AUR40612 Certificate IV in Automotive Electrical Technology	355	580
AUR40712 Certificate IV in Automotive Body Repair Technology	245	345
AUR40812 Certificate IV in Automotive Mechanical Overhauling	400	660
AUR50112 Diploma of Automotive Management	630	840
AUR50212 Diploma of Automotive Technology	660	760
AUR50312 Diploma of Motorsport	520	560