

RESPONSE

DEPARTMENT OF INDUSTRY DISCUSSION PAPER *INDUSTRY ENGAGEMENT IN TRAINING PACKAGE DEVELOPMENT*

Australian Mines & Metals Association (AMMA)

December 2014



AMMA is Australia's national resource industry employer group, a unified voice driving effective workforce outcomes. Having actively served resource employers for more than 96 years, AMMA's membership covers employers in every allied sector of this diverse and rapidly evolving industry.

Our members include companies directly and indirectly employing more than half a million working Australians in mining, hydrocarbons, maritime, exploration, energy, transport, construction, smelting and refining, as well as suppliers to these industries.

AMMA works with its strong network of likeminded companies and resource industry experts to achieve significant workforce outcomes for the entire resource industry.

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INTRODUCTION

1. AMMA welcomes that the Government is pursuing a new contestable approach and framework to training package development.
2. The *Industry Engagement in Training Package Development* discussion paper (the 'Discussion paper') rightly states that the Australian economy is evolving, and industries as well as subsectors of industries are changing. Industry strongly concurs with government on the need to ensure that Vocation Education and Training (VET) evolves at, or ahead of the change curb.
3. It is vital that the resource sector has a pipeline of relevantly skilled and trained individuals, albeit in a changed context from the peak of industry expansion / the "mining boom".
4. Our industry is being materially impacted by a number of factors including falling commodity prices, a declining project investment pipeline and high operational costs; all impacting on profitability margins. In addition, we are seeing a change in our project lifecycle as projects move from construction to production, which is altering the demand and supply of certain jobs. To partially counter this economic impact, businesses are attempting to increase labour force productivity.
5. Having a pipeline of appropriately skilled, educated, trained and experienced employees is just one of the many avenues that employers are looking to, to boost profitability and remain a going concern. However, with current labour relations arrangements at best failing to drive productivity improvement (and for many employers holding it back) a relevantly and competitively skilled workforce is more important than ever.
6. There is an increasing dichotomy between the skills required by industry and the skills that individuals are acquiring through education and training. This is impacting on the employability of individuals, organisational profitability and workplace efficacy, and is creating a significant opportunity cost to the nation's economy.
7. In order to rectify this issue, there needs to be alignment and engagement between the "ET" of "VET" and the "V" of "VET".
8. AMMA recommends that the governance framework of a more contestable model provides industry with opportunity to set the tone from the top (creates a culture that promote industry skill learnings which is designed to increase the employability of graduates), as well as allow the industry the opportunity to contribute to the input of more detailed course design and the development of qualifications.
9. AMMA notes the Discussion Paper provides three alternative models for reform to enhance industry engagement in training package development.
 - a. AMMA does not endorse any of the specific models.
 - b. Instead, to further the discussion and policy development, AMMA advances the following considerations, principles and recommendations.

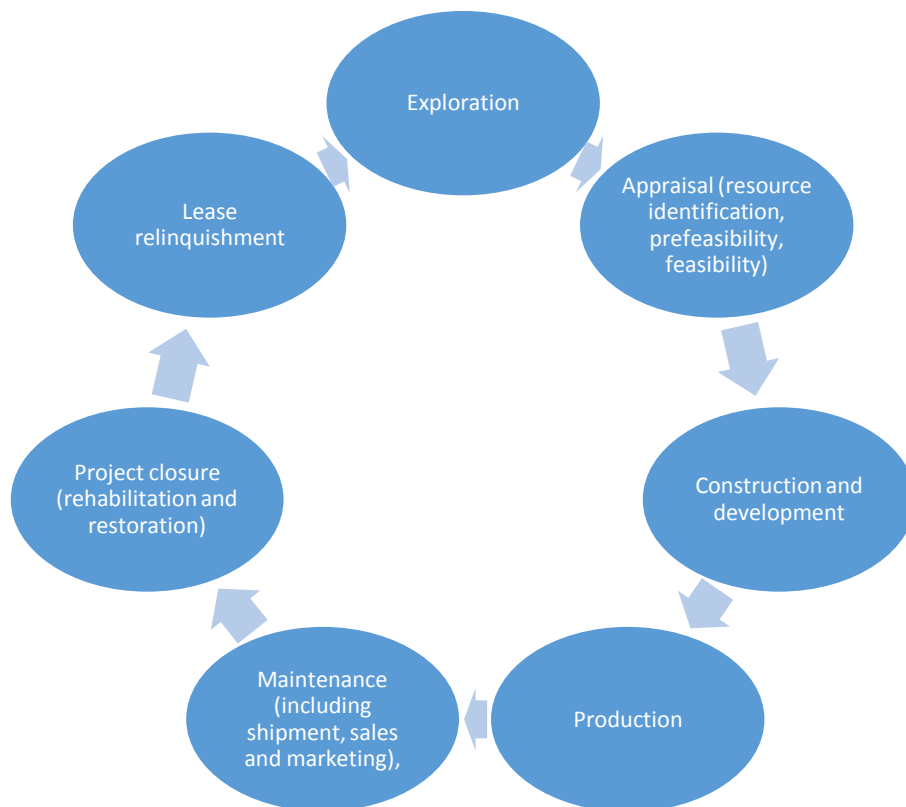
CONSIDERATIONS, PRINCIPLES & RECOMMENDATIONS

10. AMMA supports the need for VET reform, and the recognition that broad industry engagement will determine the success of policies and programs in this area into the future.
11. Given that the economy is rapidly changing, it is a timely opportunity to reassess the alignment of skills councils to industries.
12. AMMA represents the **resource industry**, and our members identify as a resource industry, encompassing mining, the oil and gas (hydrocarbons) sector, resources construction, and resources services.
 - a. This crosses traditional industry definitions and delineations, in particular the statistician's cleavage between Mining, Manufacturing and Construction used in the ABS ANZSIC classifications.
 - b. This also crosses the coverage of industry organisations, with AMMA uniquely representing the various facets of the industry outlined above.
13. Currently there are various resource related industries, particularly those that operate in the hydrocarbon side, that reside outside of the mandate of SkillsDMC (responsible for "Resources and Infrastructure and related Industries¹").
14. As part of this review towards a contestable model, it is important to consider the elements of the current system within the Industry Skills Councils (ISC) that are working well, and not to lose any:
 - a. Effective and productive engagement that is working in the interests of industry and those being trained.
 - b. Leading practice intellectual property (e.g. technical content) that has been established and embedded in the current system.
15. AMMA recommends that the foundation for this work if changed, be based on relevant leading practice corporate governance principles and recommendations, for instance those used by the Australian Stock Exchange (ASX)².
16. AMMA strongly advocates that the framework and governance body that undertakes industry engagement, competency and assessment standards are developed is independent; which is aligned to recommendation 2.1 (2) page 14 of the ASX Corporate Governance Council, Corporate Governance Principles and Recommendations, 3rd edition [1].

¹ <http://www.skillsdmc.com.au/>

² <http://www.asx.com.au/documents/asx-compliance/cgc-principles-and-recommendations-3rd-edn.pdf>

17. In addition, AMMA recommends that Principle 2 of the same ASX report is extended and adopted whereby the “structure the board [should] add value: A [listed] entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively”. In so doing, AMMA recommends that if there is structure that has a board, it be comprised of board members which have direct and relevant industry experience.
18. Applying a contestable model, and adopting AMMA’s recommendations will help ensure employers, trainees and the public obtain the best possible outcomes and quality, and the best possible value in this major area of public expenditure. It will minimise the risk of unscrupulous training providers or bodies providing substandard education and training; and/or not providing the student with right skill-sets to be readily employable.
19. AMMA is pleased to see that the Discussion paper recognises the importance of cross-industry competencies that underpin knowledge across many occupations. As the following figure illustrates, the resource industry requires various skill sets throughout various stages of a project lifecycle.



20. However, many of the technical skills that resource companies require (e.g. electricians, plumbers, welders etc.) will be transferrable from and to other industries. Therefore in occupations where this is the case, it is important to streamline (minimise duplication) between units of competency and recognise cross industry skills recognition and mobility between sectors.

21. This is particularly relevant in an area such as resource construction which is inherently time limited, and as we now see, may not always be followed by further resource project work. Employees need to be able to successfully transition into and out of project based sectors (such as areas of resources) and it is beholden on our skills system to facilitate this.
22. In addition, it is imperative that the technical content in the units of competency are applied consistently and are recognised equally across all the Australian States and Territories. This will allow employers, particularly national employers, the opportunity to maximise the advantages and diversity of a larger talent pool. Likewise, it will improve the employability of our workforce. We have seen with the advent of Flying in and Flying out for resources work (FIFO), considerable willingness from employees to work outside their states of residence or original qualification.
23. AMMA agrees that reforming the VET structure through streamlining industry endorsement processes will, if executed correctly, reduce red-tape.
24. AMMA concurs with the Department, that where the final product aligns with the initial industry business case which is prescribed by the Committee, quality standards and industry support is evident, endorsement should be automatic.
25. As a matter of principle, AMMA seek a guiding principal of a direct line of accountability for decision making of the management of the contestability requirements of industry engagement and technical development.
 - a. A key principle of reform should be simplification and reducing all forms of imposts on all stakeholders.
 - b. If industry engagement is undertaken throughout the development process and is correctly constituted, the risk of non-endorsement by industry stakeholders should be minimised.
26. What our industry fundamentally requires is policy certainty.
27. The implementation of a new contestable approach model that is linked to industry should be designed so that it is stable enough not to change as a result of a swing from one governing party to another.
28. Many organisations in our industry plan their workforce development models years in advance due to the magnitude and scale of their operations. These organisations require long-term certainty and predictability. It is important that organisations throughout our industry believe that our VET system will deliver a pipeline of suitability skilled and trained individuals to match their workforce requirements over time.