

Australian Government Department of Industry – Establishment of the Industry Skills Fund – Discussion Paper

Australian Mines & Metals Association (AMMA)

September 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 95 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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Level 10, 607 Bourke Street, Melbourne, Victoria 3000

Contact: Tristan Menalda – Senior Industry Policy Adviser

Email: policy@amma.org.au

Phone: 03 9614 4777

Website: www.amma.org.au

ABN: 32 004 078 237

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INTRODUCTION

1. AMMA provided the following discussion paper to the Department of Industry in relation to the Establishment of the Industry Skills Fund – Discussion Paper for public consultation to address the most pertinent issues.
2. AMMA appreciates the Department of Industry stakeholder engagement and welcomes their series of consultation webinars.
3. AMMA is pleased that the Government priorities of the Fund include; mining equipment, technology and services in addition to oil and gas.
4. It is important to note that the resources industry plays, and will continue to play an important role in the Australian economy. According to the Bureau of Resources and Energy Economics (BREE), *Resources and Energy Major Projects April 2014* edition, the pipeline for capital expenditure for Resources and Energy related projects is between \$519.8 billion and \$545.8+ billion.
5. AMMA would welcome the opportunity to provide further feedback of the issues raised, and continue to constructively engage in this consultative process to further address the matters in this discussion paper.
6. AMMA's discussion paper is based on feedback received from AMMA members.

PROPOSED FUND DESIGN

7. AMMA recommends that the proposed Fund remains flexible and responsive to the needs of the industry. The industry is inherently subjected to market forces, and it is these market forces that generate economic growth, job creation and influence labour force skills sets. The Fund needs to be agile and must promote training outcomes towards current and future industry demands.
8. These industry demands that influence individual skill sets for the jobs of today and tomorrow apply irrespective to the size of an organisation that an employee may work in.
9. AMMA is concerned that if the Fund focuses on, or skews co-contribution funding in favour of micro, small and medium enterprises, it escalates the risk of funding being allocated and invested into organisations which may not deliver the optimum levels of labour productivity and international competitiveness.
10. To address this, AMMA recommends:
 - a. There is an equal playing field for all organisations regardless of size;
 - b. There is parity (dollar for dollar approach) in the co-contribution between industry and the Government; and

- c. Prioritisation of the Fund is to be based on merit and the Government's immediate priority areas.

MERIT CRITERIA

11. On page six of the Discussion Paper, it is proposed that:

“At a minimum, applicants of any size, from any industry, will need to clearly articulate and demonstrate:

 - i. how the proposed project will address critical skills gaps or shortages to increase the productivity and sustainability of their operations; and
 - ii. they are positioning themselves to take up a growth opportunity in an industry where Australia has a competitive advantage; and
 - iii. the productivity gains resulting from proposed projects will deliver benefits to the Australian economy”.
12. AMMA is concerned that these minimum requirements may prohibit organisations applying for funding particularly criteria ii and iii in section 11 above.
13. For example, micro, small and medium enterprises in particular may not be appropriately equipped (with the right resources, time and skill sets) to adequately address these minimum requirements. When this occurs, the commercial reality is that these organisations will have to reprioritise time and resources away from running their day-to-day operations, with no guarantee of success of receiving funding, to focus on requesting and receiving advice on how to adequately respond to these requirements.
14. There is a higher degree of likelihood that if organisations have to provide in-depth and in-confidence information to justify a “growth opportunity”, they will not apply for funding. This will create a critical skills gap and will reduce productivity and competitiveness.
15. It is currently unclear on page six what:
 - a. “competitive advantage” means; and
 - b. how applicants will be able to demonstrate a “competitive advantage”.
16. AMMA recommends that the applicants need only respond to how the proposed funding will affect their business. Evidence provided could be via a completed critical skills gaps analysis (a template could be provided by the Department of Industry) which will incorporate a section on how the funding will increase productivity and sustainability of their operations.

FUNDING ARRANGEMENTS

17. In order to promote an efficient, fair and equitable funding arrangement across the industry, AMMA recommends the implementation of the “dollar for dollar co-contribution between business and government”.
18. AMMA appreciates that payments for most services will be made on a milestone basis, however, in order to reduce red tape and compliance, AMMA recommends that the default position for milestone payments be 50 per cent at enrolment and 50 per cent at completion. For efficacy reasons, AMMA is cautious against adopting a default three or more tiered (enrolment, commencement and completion) payment / reimbursement models.

REPORTING REQUIREMENTS

19. On page seven of the Discussion Paper, it is proposed that:

“At the business level, participating employers will be required to provide a range of data relating to funded activities”.

AMMA recommends that further guidance be developed on what “range of data” means. As indicated on page eight of the Discussion Paper, AMMA agrees with the Department of Industry that:

“When developing data requirements the fund will align with the Government’s deregulation agenda and adhere to a streamlined approach to service delivery”.