

# MTAA Submission to expert review of Australia's Vocational Education & Training System



Motor Trades Association of Australia Limited, (MTAA)

PO Box 6298 Kingston ACT 2604

T: 0251008239 DD: 0412146828 E: [admin@mtaa.com.au](mailto:admin@mtaa.com.au)

---

## CONTENTS

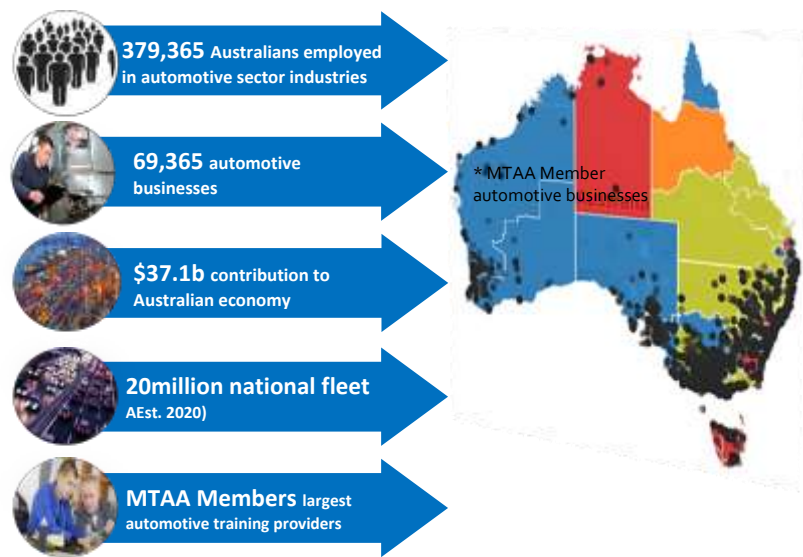
---

<b>1. Executive Summary</b>	<b>3</b>
<b>2. MTAA Recommendations</b>	<b>6</b>
<b>3. MTAA and Member organisations in context</b>	<b>8</b>
<b>4. Optimisation of VET funding, policy and regulatory settings</b>	<b>9</b>
<b>5. Skills shortages in VET related occupations</b>	<b>14</b>
Automotive Skills Shortage	14
Impacts of Skill Shortages	15
Key reasons for skill shortages	16
Declining levels of new entrants into automotive trades	16
Problems with attraction and retention of labour	17
Determining skills shortages	18
ANZSCO	19
<b>6. VET sector preparation for expected changes in future work patterns and the impact of new technologies</b>	<b>21</b>
<b>8. Automotive Business and Community perceptions</b>	<b>25</b>
Automotive Summit and Skills Workshop	25
Automotive business constituents survey / discussions	27
MTA-SA Consultation findings	28
<b>9. Additional support for vulnerable cohorts</b>	<b>29</b>
<b>10. Case studies &amp; specific trials</b>	<b>32</b>
<b>11. Conclusion</b>	<b>34</b>

---

# 1. Executive Summary

- Automotive apprenticeships and traineeships are amongst the most popular within the Vocational Education and Training System with over 48,000 program enrolments annually. Automotive apprentices and trainees are also used across many other industries including mining, building and construction, and transport and logistics.
- Whilst this system has served the automotive sector and industries within it well, the ability of Registered Training Organisations and Government Training Organisations to deliver effective automotive skills training has diminished notably in recent years, and this has been to the detriment of the automotive sector and the economy more broadly.
- As a significant and longstanding participant and stakeholder in the VET system, MTAA and Members welcomes this timely review of the VET system and the changes and improvements that must arise from it.
- The automotive sector is a significant contributor to the Australian economy ensuring Australians mobility and connectivity through road transport. VET is critical to ensuring there is a qualified, skilled, and ready workforce able to meet the ongoing demands of owners of a 20 million strong national vehicle fleet.
- The Automotive Sector and the many and varied industries within it including: retail, service, repair, dismantling and recycling and many separate discrete professions; is undergoing unprecedented change, experiencing historically high skills shortages and enduring significant structural adjustment.
- While Australia's VET system arguably produces outcomes it is far from satisfactory, lacking the agility, flexibility and ease needed to cater for such industry dynamics.
- The VET system is inconsistent, complicated with a plethora of multi jurisdictional requirements, distracted and disjointed by short term political / policy agendas, diminishing funding, negative perceptions, and imbalance particularly in regard to unnecessary debates on roles of participants.
- The VET review represents a significant opportunity to reform, revisit, recalibrate, and reenergize A VET system that fulfills its potential.



- Central to this outcome is the reengagement and significant involvement of Industry through strategic and outcome orientated partnerships with Government.
- MTAA member organisations possess a unique relationship with their business constituents and broader automotive supply chain. They have been at the forefront of, and leaders in, the development and provision automotive training and skills development in many cases for 100 years or more. In turn the majority of automotive businesses nationwide place great reliance on the training provided by MTAA Member Registered and Government Training facilities including their relationships and collaboration with TAFE and other tertiary providers.
- In all jurisdictions MTAA Members are either the highest or among the highest employers of automotive apprentices and trainees and the largest or among the largest modern and skilled training providers to the automotive sector and industries within it.
- MTAA Members proximity and services to automotive businesses in regional, rural, remote and urban Australia is unmatched. These relationships and those with other service providers all communities either directly or through their members provide intelligence at a grass roots level necessary for early identification of issues impacting the provision of automotive services to Australian consumers including skills and employment.
- Combined with the intelligence gained from relationships and connections with companies and organisations in the broader automotive sector, domestically and internationally, MTAA Members possess significant information and experience in the identification of training and skills development requirements impacting automotive businesses and services provision.
- Yet in recent years policies and programs targeted at whole of economy or demographic outcomes have largely ignored this industry knowledge bank, practical experience and connections. Opportunities for government and industry targeted industry labour force improvements have been lost.
- MTAA and Members believe positive change to the VET system that reengages – indeed partners – with industry – must be one of the outcomes of this review.
- Professor Alison Wolf conducted a similar review in the United Kingdom in 2011<sup>1</sup>. While MTAA recognises differing circumstances and country specific nuances, the report did confirm apprenticeships as a key route to skilled employment and national prosperity – a view MTAA agrees with. It also found that vocational learning must be prioritised and apprenticeships promoted.
- MTAA suggests these positions are required outcomes of Australia's VET review.

---

<sup>1</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/180504/DFE-00031-2011.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/180504/DFE-00031-2011.pdf)

- The 'Wolf Report' identified three organising principals for reform:
  1. *'Any young person's programme of study, whether 'academic' or 'vocational', should provide for labour market and educational progress'.*
  2. *'...providing people with accurate and useful information, so that they can make decisions accordingly. For young people, which vocational course, qualification or institution they choose really can be life-determining.....education is funded and provided for their sakes, not for the sake of the institutions that provide it.*
  3. *'..the system needs to be simplified dramatically, as a precondition for giving people good and accurate information, to free up resources for teaching and learning, and to encourage innovation and efficiency.'*
- MTAA respectfully suggests while recognising considerable differences between the UK and Australian systems, these principals reflect some stark similarities to current issues facing Australia's VET System.
- MTAA has also analysed the approach taken by the UK automotive sector and government in addressing similar concerns and identified the potential for a similar approach by government and industry in Australia in a revitalised and targeted approach securing sustainable outcomes.
- MTAA and Members also canvassed automotive business constituents and key management and training personnel from its automotive training facilities. MTAA has also revisited the outcomes of comprehensive workshops and an Automotive Summit in 2015 and found almost all of the issues three years ago remain as matters to be addressed now.
- MTAA and Members believe there should be recognition of the vital role of public, private and industry based training providers, including GTOs, in the form of funding and regulatory parity.
- Some MTAA Members may have also provided their own submissions reflecting specific jurisdictional concerns as well as broader observations. While input from MTAA Members has been included in this submission it should also be reviewed alongside any MTAA Member contributions.
- In light of the significant regulatory variations between states, MTAA accepts that some submissions have included recommendations that replicate current practice in other jurisdictions. We recommend that any changes where these recommendations create replication, they should be considered an opportunity to develop a nationally harmonised response that does not duplicate functions or add to the regulatory burden.

## 2. MTAA Recommendations

### ▲ CONSISTENT, BALANCED POLICY AND STREAMLINED AND IMPROVED GOVERNANCE

- ✓ A renewed national vision for vocational education and training be determined
- ✓ VET is an industry-led, competency-based, system built around industry occupational skill standards.
- ✓ The definition of demand in VET needs to be clearly articulated. Is demand driven by students or by employers?
- ✓ Reform and replace current VET industry engagement, governance and enforcement models centred on strengthening the level of industry involvement and contribution to design and skills content of VET qualifications
- ✓ A strengthening of industry governance and strategic leadership arrangements within the VET sector, including consideration of the creation of streamlined entities that removes duplication and harmonises national governance arrangements - a single point reference for all matters VET.
- ✓ Future Policy, funding and delivery must be balanced and recognise, respect and reflect public, private AND industry based training providers and the differences between them.
- ✓ The public vs. private debate including impact on policy and funding decisions must stop with concentration on increasing confidence in VET sector as a whole.
- ✓ Reduce layers of complexity must be addressed and differences between Commonwealth and State jurisdictions identified and harmonised as a matter of urgency.

### ▲ VET RECOGNITION

- ✓ The Federal Government funds a national campaign to promote the value of vocational education – rebalancing public dialogue regarding vocational and higher education and addressing negative perceptions.
- ✓ Industry specific Government partnered promotional campaigns highlighting value of and opportunities of professions and VET pathways
- ✓ Target enhanced VET communications to employers, job seekers, students, careers advisors and parents
- ✓ Increase funding to improve the quality of career advice in schools. This should include resources aimed at strengthening both industry engagement and the professional development of careers advisors.
- ✓ The Federal Government partner with the Automotive Industry through MTAA and Members to:
  - Increase the quality of apprentices and numbers of commencements through development of regional, school based and mature age programs
  - Partner with industry and fund programs to develop and deliver career pathways incorporating work experience, practical experience and streamlined entry to the VET for automotive professions.

### ▲ SKILLS SHORTAGES

- ✓ Design, develop and implement specific funding packages in partnership between Government and industry to:
  - Address specific identified skills shortage requirements.
  - Return trade apprenticeship commencements to 2013 levels (99,000 nationally vs 72,000 in 2017)

- Return trade apprenticeship completions to 2014 levels (63,000 nationally vs 41,000 in 2017)

- ✓ Increase ongoing support for trade apprentices in training to assist them to complete their apprenticeship through dedicated and permanent (budget cycle) mentoring and advisory programs (204,000 in training as at 31 December 2013 vs 163,000 as at 31 December 2017)
- ✓ Increasing flexibility of existing programs and assistance packages to allow funding and application for industry specific requirements.
- ✓ Increase the quality of apprentices and numbers of commencements through development of regional, school based and mature age programs delivered by quality public and industry providers.

#### ▲ FUNDING

- ✓ The Federal Government acknowledge the underfunding of vocational education and training and set goals to achieve real growth in VET funding across all jurisdictions
- ✓ Reduce the overall cost burden associated with businesses employing apprentices through the provision of improved support measures and incentives to employers.
- ✓ Scoping of alternative models of funding for RTOs that focus on training hours delivered as opposed to completions.
- ✓ Consideration be given to the establishment of an independent assessment authority within new reformed governance approach for arbitration of training quality and student sign-off, as utilised in other industries such as banking and finance.
- ✓ Access to funding and subsidies for providers and students be simplified and streamlined.
- ✓ Harmonise and simplify compliance requirements including funding. Funding can be dependent on age, skill level, postcode, industry, migrant status with grades of funding in each of these categories, each with their own additional requirements
- ✓ Consideration of graded levels of student assessment that rate student competency in terms of a numerical scale or ranking across key criteria
- ✓ Mentoring be recognised as an essential enabler to address apprentice retention and be afforded funding for a period of four years (one cycle of an apprentice)

#### ▲ CREATION OF MTAA GOVERNMENT PARTNERSHIP AND SPECIFIC FUNDING PACKAGE TO ADDRESS RECOMMENDATIONS

- ✓ MTAA recommends examination of UK automotive sector and government policy, Automotive Industrial Partnership and Sector Deal as a potential model for an automotive industry and government partnership to enhance outcome delivery.



### 3. MTAA and Member organisations in context

- Modern motor vehicles are now highly complex, integrated, and increasingly inter-connected products. Increased safety, efficiency, environmental, mobility and connectivity outcomes are being achieved with increasing reliance on computerisation, often with multiple third party Original Equipment Manufacturers (OEMs) creating and supplying technologies particularly in advanced systems and sub-system integration.



- MTAA Limited is the national association of participating State and Territory Motor Trades Associations and Automobile Chambers of Commerce Members, and discrete national industry associations that exist under the MTAA umbrella providing unparalleled coverage and access to the nation's automotive and related businesses.
- MTAA and members represents and is the national voice of the 69,365 retail motor trades businesses which employ over 379,365 Australians that contributed \$37.1 billion to the Australian economy in 2015/16; which equates to 2.2% of Australia's GDP. <sup>2</sup> The vast majority of these businesses are small and family owned and operated enterprises.
- MTAA member constituents include automotive retail, service, maintenance, repair, dismantling recycling and associated businesses, that provide essential services to a growing Australian fleet of vehicles fast approaching 20 million (expected by 2020) and growing annually by 2.1%)<sup>3</sup> that has rapidly advancing technological systems and capabilities.
- MTAA Limited Members have almost all industries (more than 95%) of the automotive sector represented as business member constituents. This allows MTAA Limited Members the ability to understand the operations, issues, concerns and risks of participating automotive industries including but not limited to:
  - New car retailing (including service)*
  - Used car retailing (including some who service)*
  - New and used motorcycle retailing (including service and recycling / dismantling)*

<sup>2</sup> Australian Automotive Directions Industry Report, August 2017

<sup>3</sup> Australian Automotive Directions Industry Report, August 2017



- *Vehicle body repair (smash repair)*
  - *Independent automotive servicing*
  - *Service station and convenience stores (franchise and independent)*
  - *Auto recyclers, dismantlers and part suppliers*
  - *Farm and industrial machinery retailing (including service and in some cases dismantling and recycling)*
  - *Tyre retailing, retreading and recycling*
  - *Towing*
  - *Bus and coach*
  - *Heavy vehicle*
  - *Specific service professions including glass, transmission, engine replacement and reconditioning, brakes, steering, automotive electrical and air- conditioning*
  - *Vehicle Rental*
- Most MTAA Limited members are also automotive sector training providers and possess extensive operations and facilities in apprenticeship training and skills development and post trade qualifications. In many jurisdictions MTAA Members are the largest employers of automotive apprentices and trainees.

## 4. Optimisation of VET funding, policy and regulatory settings

- MTAA and Members oppose any move away from a foundation principal that Australia's VET system must be industry led and competency based.
- MTAA is aware of moves by some organisations and individuals to move toward curriculum based systems and any such move is strenuously opposed.
- MTAA and members have a very close understanding of the needs of the automotive sector and in particular the retail, service, repair, recycling and other industries in meeting the needs of consumers through the delivery of essential training platforms - which are now posing a risk of not meeting consumers' needs in the near future.
- Government contribution to an automotive industry / government partnership would allow an immediate start to addressing critical issues identified in ensuring the sector continues to service the needs of Australians driving highly technical and complex vehicles.

- Given the substantial changes required to the sector and industries skills base, MTAA is of the view that there is also total sector support for the development of a comprehensive, industry-wide model that will allow for the development of best practice skills and workforce development approaches. This should include a commitment to assisting with the transition requirements across the VET sector to reposition training and skills development and for continuing Government support for the entire automotive industry, to:
  - Identify and implement programs for re-skilling and repositioning the workforce to meet future demand;
  - Increase awareness and understanding of change drivers and their impacts to develop the skills, tools, equipment, processes and standards required to successfully adapt;
  - Promote and encourage careers in the automotive industry;
  - Promote and encourage the VET Sector;
  - Put in place mechanisms for skills from the automotive industry to be used elsewhere for the benefit of Australia;
  - Address the costs of apprenticeships, cost benefit models and alternative support options for governments and industry.
- Key labour issues that have been identified by the Sector include
  - attracting skilled workers;
  - achieving productivity improvements with the current staff and skills base;
  - adoption of higher skill levels across the workforce;
  - upskilling;
  - mature age workers and training.

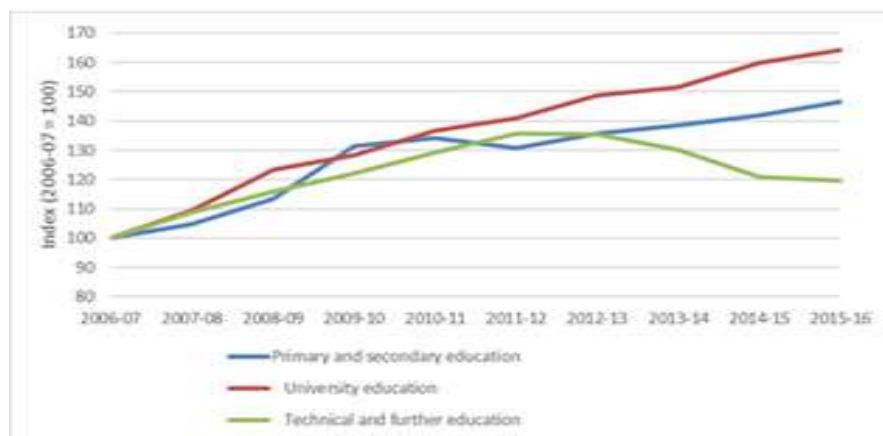
Other factors affecting the industry's ability to attract new entrants include negative community stereotypes about the image, pay and working conditions in the industry, the lack of government support in relation to the attraction and retention of adult apprentices and more school leavers considering a trade career.

- Consistently the key reasons given for current and future skilled labour shortages include:
  - the attraction of existing labour towards other industries (e.g. the mining, resources and construction industries);
  - not enough people entering automotive trades;
  - the overall poor quality of many available candidates;
  - a lack of practical hand skills or exposure to basic trade technologies as young people move through their school years.
- **Training and Workforce Development**

Training packages and certification requirements of 34 specific automotive trade qualifications are currently changing to reflect a rapidly evolving environment. While the core requirements of these professions will remain, there is an increasing and urgent need to attract greater numbers of people to motor trades professions and for training and qualifications development to keep pace with a rapidly changing environment.

- Critical will be ongoing work to change long held perceptions of what motor trades involve and require. Today's automotive trade specialists need to be part mechanical engineer, part chemical engineer, part structural engineer, part computer engineer, part mathematician, along with further specialisations in hydraulics, diagnostics, information technology, electrical systems, and other systems.
- Investment in training and workforce development remains essential in order to meet the demands of Australian consumers and the requirements in keeping an 18+ million strong (and growing) national vehicle fleet moving. The upskilling of existing employees is more of a training priority for most businesses particularly product or proprietary training where they are required to apply skills in the workplace over and above the national training qualifications.
- Business forums conducted nationally also revealed other insights as to why some employers choose to remain disengaged from the VET system. These include:
  - dissatisfaction by some employers with some Registered Training Organisations (RTOs) lack of access to technology;
  - a disconnect between training and what is required in the workplace;
  - the disappearance and lack of access to many courses, especially in regional areas; and
  - dissatisfaction with the early completion of many apprenticeships (under four years).
- Employers are strongly supportive of the apprenticeship system linked to competency based progression and a national qualification framework.
- Public funding of the apprenticeship system is variable across states with no real national approach. This has an impact in different ways on different sectors of the industry. Increases in wages, conditions and other costs for apprentices, particularly mature aged apprentices in recent times, have also led to significant issues relating to recruitment of new apprentices into the system.
- New ways of minimising costs associated with this important aspect of the skilled entry level arrangements need to be addressed. As many small business owners have been, and continue to be, significant suppliers of apprentice employment and training, – Government supported mentoring and apprenticeship services programs have led to improved rates of retention of first year apprentices. However, with the future and funding of such programs in constant doubt, the automotive industry has and will experience a reversion of recent positive retention trends. Industry based apprenticeship mentoring and support services must continue to be supported.
- The effectiveness of the Federal Government's investment in VET can only be determined if the objectives of the VET system are clear and reporting measures reflect those objectives. MTAA would suggest this is currently not the case.
- The MTAA and Members respectfully suggest that the purpose of the current VET system is unclear, leading to confusion amongst stakeholders as to their place in the system and how to manage their participation within it. This is the result of the complicated VET structure that operates in Australia.

- It is important to note that the term 'TAFE' is used interchangeably with 'VET' to describe the Vocation training system. In fact, we should recognise that there are types of VET providers operating simultaneously under State and Federal regulatory and funding arrangements.
- In effect, Australia has 8 VET systems operating a supposedly national program.
- The objectives of these systems vary greatly, in response to a variety of factors which include:
  - Local labour market needs
  - Regulatory and funding structures
  - Political and policy considerations
  - Geography, and
  - Demographics
- The MTAA considers that there needs to be national benchmarks instituted in order to align priorities across the jurisdictions and providing a unity of purpose to the VET system.
- The VET system should have securing employment for its participants as its primary objective.
- **Decreasing funding commitment**
- The proportion of funding across all levels of government towards vocational education and training (VET), as seen through the funding of TAFEs, has been declining annually since 2012/13. By contrast, government expenditure in primary, secondary and tertiary education has been rising over the period as displayed in the figure above.
- This proportional decline in VET funding has resulted in a steep reduction in annual commencements of automotive apprentices and trainees over this period, particularly amongst younger students aged 19 years and below.



- The collapse of apprentice commencements is uniform nationwide and is hurting the automotive sector's ability to transition to new technology and ensure ongoing sustainability of businesses.
- MTAA Members and TAFE have strong collaborative relationships that benefit the automotive industry as a whole by ensuring job outcomes to meet industry demand. This relationship and collaboration is rarely recognised and threatened by continuous policy and funding shifts.
- Any changes to the operation of the VET sector must reward any provider (public or industry) who can demonstrate they are meeting the needs of industry to deliver high quality apprentice to increase employment in the automotive sector
- Targets must be set to return commencement and completion levels to achievable levels
- Implicit in this is the need for ongoing support for successful programs that facilitate completions, such as mentoring and advisory programs that are shown to lift retention rates considerably.

## 5. Skills shortages in VET related occupations

### Automotive Skills Shortage

- Shortages of skilled labour have been an enduring constraint on the Australian automotive sector for more than a decade.
- Responses received through the 2016/17 Automotive Industry National Survey, conducted by MTAA Member the Victorian Automobile Chamber of Commerce (VACC) with input from all MTAA Member Association's business constituents, indicate that 45.7 per cent of automotive businesses are currently experiencing skill shortages, which is the highest proportion recorded over recent years.
- In non-metropolitan areas, the proportion is slightly higher (47.8%). Numerical estimates of skill shortages by occupation were derived for the automotive industry, both nationally and by jurisdiction, through industry modeling of skills shortage data from the 2016/17 Automotive Industry National Survey and other source data.

Table 6: National Skill Shortages by Occupation, 2016/17 – 2018/19

SECTOR	Occupation	2016/17 Shortage (No.)	Projected 2017/18 Shortage (No.)	Projected 2018/19 Shortage (No.)
Automotive Repair and Maintenance	Light Vehicle Mechanic	12,943	16,656	14,799
	Vehicle Spray Painter	2,320	2,985	2,653
	Panel Beater	2,304	2,965	2,634
	Heavy Vehicle Mechanic	1,973	2,539	2,256
	Automotive Electrician	1,530	1,969	1,749
	Vehicle Detailer	295	380	337
	Motorcycle Mechanic	234	301	268
	Mobile Plant Mechanic	167	215	191
	Mechanic-Farm Machinery	145	172	186
	Vehicle Trimmer	126	162	144
	Engine Re-conditioner	101	130	115
	Automotive glazier	91	117	104
Motor Vehicle Retailing	Motor Vehicle Salesperson	2,243	2,886	2,565
Motor Vehicle Parts and Tyre Retailing	Motor Vehicle Parts and Accessories Salesperson	785	1,010	897
	Tyre Fitter	718	924	821
	Spare Parts Interpreter	625	804	715
Outdoor Power Equipment	Mechanic- Outdoor Power Equipment	381	491	436
Vehicle Manufacturing -Bus, Truck & Trailer	Vehicle Body Builder	149	110	70
Marine	Marine Mechanic	98	126	112
Bicycles	Bicycle Mechanic	24	31	50
Other	Miscellaneous	125	110	100
<b>Total Shortage</b>		<b>27,377</b>	<b>35,083</b>	<b>31,202</b>

Source: 2016/17 Automotive Industry National Survey; ABS data; modelled estimates.



- The results in Table 6<sup>4</sup> on the previous page show that for 2017/18, there was an estimated total shortage of 35,083 skilled personnel across the automotive industry. This shortage is forecast to moderate slightly to 31,202 in 2018/19.
- These skill shortages estimates are widespread across the automotive sector; however occupations within the automotive repair and maintenance industries are in highest demand. Shortages of light vehicle mechanics are critically high, with a national shortage of 16,656 in 2017/18. Other key skill shortages include vehicle spray painters and panel beaters (2,320 and 2,304 respectively), motor vehicle salespersons (2,243), heavy vehicle mechanics (1,973) and automotive electricians (1,530).
- Whilst the data shows skill shortages as being prevalent in all states and territories, there is some variation in shortage levels reported across jurisdictions as depicted in Chart 15.
- The proportion of automotive businesses reporting skill shortages is highest in New South Wales, ACT and Victoria (55.5%, 50% and 49.8% respectively in 2016/17), and lowest within Western Australia (31.7%). Lower demand for skilled labour amongst automotive businesses in Western Australia, is associated with the decline in economic activity observed within the state in recent years.

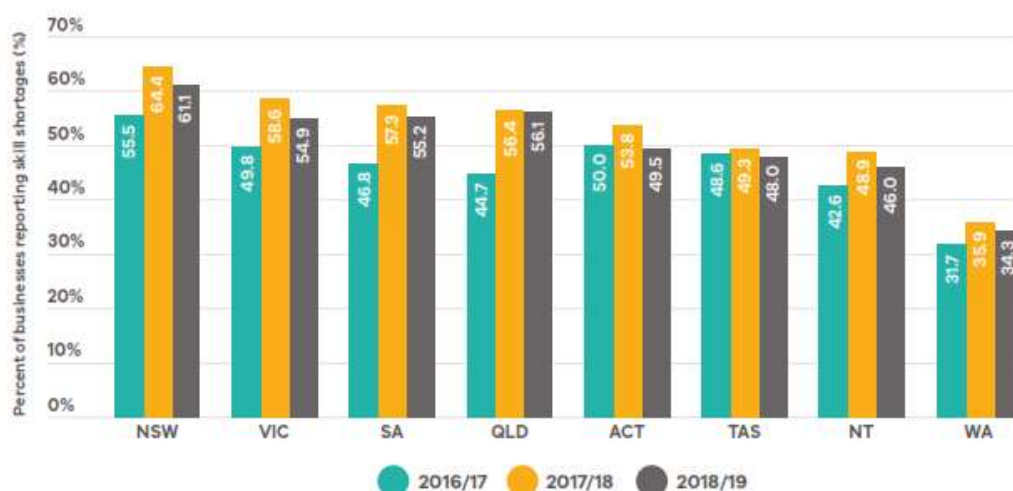


## Impacts of Skill Shortages

- Automotive businesses report both an economic and social cost that is borne by their businesses, due to a lack of sufficient skilled workers within the labour market. For most businesses plagued by skill shortages, the effects include large losses in profit; the need for operators to work longer hours; increased labour costs and the fact that business owners are constrained from expansion.
- For most automotive businesses, the ability to source appropriately skilled workers translates into greater productivity which enables the completion of work within shorter time frames, hence leading to improved levels of customer satisfaction and repeat business. Payments for completed work would also be received quicker, thereby easing the pressure on businesses to manage cash flows.
- Even businesses that are not reporting a skill shortage are suffering indirectly from those that are, in that they are often forced to pay very high hourly wage rates in order to retain them. The impact of skill shortages is even more pronounced for regionally based automotive businesses that have an even smaller pool of available skilled labour from which to draw on.
- For consumers, the skills shortages being experienced in the automotive sector are translating in increased timeframes for vehicle repair, potentially higher costs to compensate for increased labour, utility and other associated business costs and increasing pressure on consistent quality repairs.

<sup>4</sup> Australian Automotive Directions Industry Report, August 2017, Pg. 37

Chart 15: Automotive Skill Shortages by Jurisdiction, 2016/17 - 2018/19



Source: 2016/17 Automotive Industry National Survey

5

## Key reasons for skill shortages

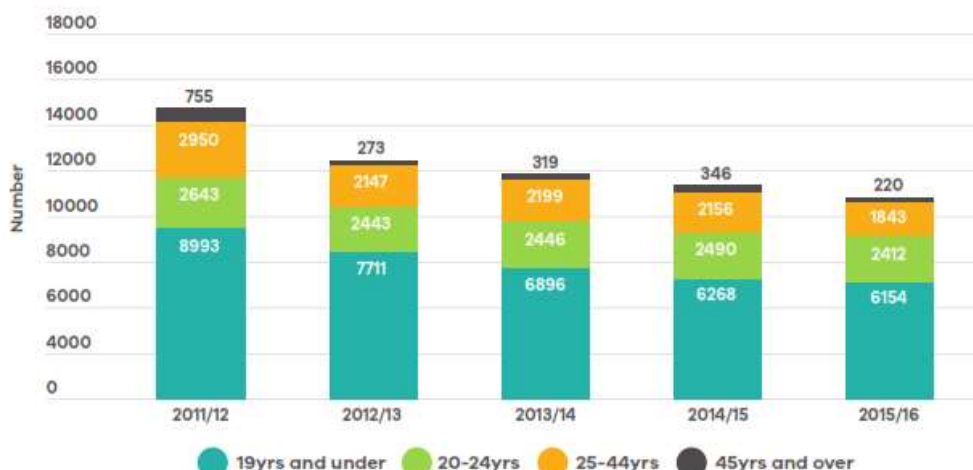
- The evidence for skill shortages is very compelling within the automotive sector, and shows that skill shortages have exacerbated and are forecast to intensify over the short to medium term. Automotive employers attribute a range of factors that are contributing towards these conditions within the labour market. These include:

### Declining levels of new entrants into automotive trades

- Since 2011/12, annual commencements of apprentices and trainees within automotive trades have been steadily diminishing. It is estimated that the automotive industry requires approximately 14,000 new entrants annually to balance natural attrition levels with business demand within the automotive labour market every year.
- National Centre for Vocational Education Research (NCVER) data and depicted in Chart 16 below shows annual apprentice and trainee commencements within the Automotive Industry Retail, Service and Repair (AUR) Training Package are currently at 10,629 which is well below industry requirements, and this training deficit has persisted since 2011/12. Whilst the trend decline in commencements is evident across all age groups, Chart 16 shows that it is strongest amongst young entrants (up to 19 years of age).

<sup>5</sup> Australian Automotive Directions Industry Report, August 2017, Pg.38

Chart 16: Automotive Apprentice & Trainee Commencements, by Age Group - AUR Training Package

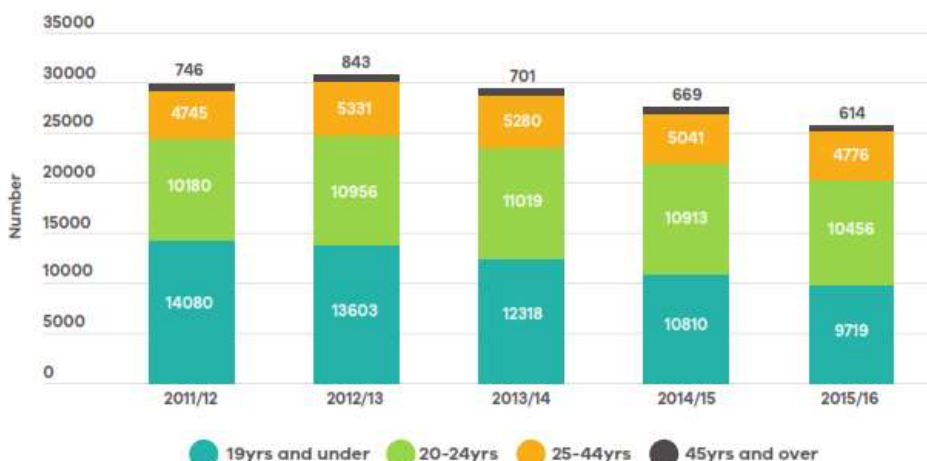


Source: NCVER data

6

- The total pool of Automotive Retail, Service and Repair (AUR) apprentices and trainees in-training has also declined by 16.8 per cent since 2012/13, or from 30,733 in 2012/13 to 25,565 in 2015/16 (Chart 17). The decline over time in the number of young apprentices has meant that the 20 to 24-year age cohort has now become the single largest category for apprentices and trainees in-training.

Chart 17: Automotive Apprentice & Trainee In-training, by Age Group - AUR Training Package



Source: NCVER data

7

## Problems with attraction and retention of labour

- The automotive sector and industries within it has struggled to attract and retain new workers over the past decade or more. In this respect, negative perceptions about automotive careers and the type of work involved, have played a key role and continue to influence alternative career choices for students.

<sup>6</sup> Australian Automotive Directions Industry Report, August 2017, Pg.39

<sup>7</sup> Australian Automotive Directions Industry Report, August 2017, Pg.39

- Research shows that such negative perceptions are often misguided and are largely promulgated through advice received from parents, peers and even school career advisors. In addition vocational education and 'trades' have been impacted by a pendulum swing and emphasis on university education and resulting professional career pathways for more than a decade. This is despite the rapid application of advanced technology in both vehicle production and ongoing diagnostics service and repair, which is redefining skills sets and requirements.
- The automotive sector and industries within it continue to face fierce competition for a diminishing pool of available labour, including apprentices and trainees, against other sectors such as building and construction, defence, and a re-emerging mining and resources sector. Automotive lost many skilled employees during the height of the mining and resources boom and it is already evident in some jurisdictions that as mining and resources start another cycle of improvement, previously experienced pressures will exacerbate attraction and retention issues. In some jurisdictions such as South Australia where there is a heavy investment in defence industry, the competition will become even more pronounced.
- The Automotive sector consists of many industries that are in a mature stage of lifecycle and characterised with an aging demographic reflective of 'Baby Boomers' reaching the conclusion of their working lives. There is already some evidence that as this cohort enters retirement, businesses are closing and the rate of new entrants is not keeping up with demand.
- A further issue of concern within the automotive industry is the high rate of attrition amongst automotive apprentices and trainees. In the past, more than one quarter (26%) of automotive apprentices and trainees withdraw from their training in the first year and approximately half (49.7%) have exited over the first three years of their training.
- Typically, the apprentices are at risk of cancellation as a result of integration issues as they transition from a school learning environment to a workplace environment. While this is a common occurrence across many industry sectors, it is exacerbated in the automotive industry as a result of the unique combinations of complex and dangerous equipment and machinery utilised, the large work volumes, and the risk management consequences associated with faulty workmanship.

### Determining skills shortages

- A number of Commonwealth Departments undertake data gathering and research on skills shortages including Jobs and Small Business, Immigration (from a different perspective), ABS through the census cycle and a range of other jurisdictional analysis and research.

- In addition organisations like the MTAA and its Members and specialist consultancy firms will mine available data industry knowledge and conduct their own research to specific parameters to further give prominence to skills shortages, current and future workforce requirements. MTAA would argue that information gathered, analysed and provided in the Automotive Directions report is reliable, robust and a better reflection of the true state of shortages being experienced than some of the data relied on by Government.
- It is MTAA's experience that the majority of data gathering and research is relatively high level or only specific to defined requirements or areas of interest and does not capture the detail of specific industries in sectors such as automotive. It is also the experience of MTAA during some inquiries (such as the Senate Inquiry into Automotive in 2015) that some Departments are reliant on data produced by other Departments and Agencies for decision making, but may be constrained by the same lack of detail or questions over the veracity and completeness of data because of matters such as consolidated ANZSCO classifications.
- MTAA believes there is mutually beneficial opportunity for government and the automotive industry for a project to properly map the automotive sector, industries current and future workforce requirements and skills shortages so that there is a common reliable and robust data set. MTAA and Members are able to marshal their considerable member base to assist in such a program funded by the Commonwealth.

### ANZSCO classifications inadequate

- It is not widely understood that the automotive sector embodies a wide array of industries, businesses and business activities, beyond that of vehicle manufacturing and associated componentry. Whilst some activities are inherently recognisable and interconnected, such as retail, service, repair and recycling, others remain less obvious.
- A key factor unifying most automotive industries is their reliance upon a workforce invested with nationally accredited automotive qualifications and skills training, thus drawing seemingly diverse industries such as marine, bicycles, agricultural machinery retailing and repairs, towing and outdoor power equipment within the scope of the automotive sector. Whilst these aforementioned industries are included within the scope of the sector, a profound problem is the lack of reliable statistical data in relation to some of these industries.
- Official industry and occupational statistical classifications such as ANZSIC and ANZSCO as provided by the Australian Bureau of Statistics (ABS), work poorly for the automotive sector as they fail to adequately categorise and enumerate industries

including those mentioned above and many others considered integral to the automotive sector.

- These issues mean that MTAA and Members and other organisations have taken on the task of undertaking extensive modelling of automotive industry data, often using alternative sources of information, to present a meaningful picture of the economic and social footprint of the automotive industry.
- Not all professions in the automotive sector and related industries are represented in ANZSCO classifications. For example, discrete professions such as bicycle repair, small engines and outdoor power equipment and marine engine technicians are not captured and therefore there is no real visibility in statistics to the numbers of professionals engaged in such industries, skill shortages being experienced, or future workforce requirements.
- MTAA notes that the Review Secretariat is likely to receive similar concerns from other parts of the economy that numerous professions are not captured under existing ANZSCO classifications. This raises questions regarding the veracity and completeness of workforce statistics and the usefulness of existing data in transparently identifying shortages and need to help determine requirements and needs.
- MTAA acknowledges and understands that there needs to be some economy of scale and cost containment in data gathering and statistical representation of professions and work. However the Federation respectfully suggests that when such data can distort the actual characteristics of the industry and professions within it, there should be some flexibility or capacity to capture increased statistical information for informed decision making.



## 6. VET sector preparation for expected changes in future work patterns and the impact of new technologies



- As previously mentioned the automotive sector and industries within it are undergoing unprecedented change brought about the rapid application of advanced technology, and seen through the uptake of connected electric, hybrid and autonomous vehicles; increased globalisation resulting in changing markets and business models, evidenced by considerable consolidation in many automotive industries; changing consumer behaviours, hallmarked by changes to vehicle purchasing decisions and increased ride sharing options.
- As many commentators state there are likely to be more changes in the automotive sector and mobility over the next 10 years than there has been over the previous 100.
- These technologies will require deeper and more segmented workforce skills, as the scope of these technologies become far too complex to master in any generalist or all-encompassing job role.

- The rapid application of technology and other change impacts are forcing new skills development and qualifications across more than 50 different professions in the automotive industry. With the rate of technological change, it is difficult for even an experienced technician to keep up with the required technical knowledge without constant upskilling and training.
- A key problem area within the current automotive skills base, raised by automotive businesses, is the absence of effective practical skills in vehicle diagnostics. This involves troubleshooting or fault-finding skills, along with the appropriate action to repair the problem.
- Even with the use of diagnostic scan tools in modern vehicle servicing, there is still a large element of misdiagnosis or failure to adequately pinpoint the real source of particular vehicle problems. This failure has led to a culture of parts replacement within the industry, which has helped foster a recent boom in the automotive parts supply sector.
- Consequently, there is an expectation across many parts of the automotive industry, that we will see the emergence of new and specialised job roles, such as an electric vehicle technician, or a hybrid vehicle technician, as well as new job opportunities surrounding the servicing, repair and recycling of lithium batteries.
- For the VET sector, these developments will present many challenges. Inevitably, the VET sector will need to establish a program of much closer engagement with industry to better understand the impact of these changes within the workplace and be able to respond in a timely manner through the delivery of appropriate technology and job-specific training.
- An improved program of industry engagement, with well-coordinated regulatory oversight, can provide the necessary intelligence and action plans to enable the VET sector to respond to these challenges and opportunities. To meet industry requirements, there may be significant investment required in resources within the VET sector for the delivery of courses, qualifications and skill sets that are representative of future job roles. Such investment may include:
  - Investment by RTOs in specialised equipment for new technology training
  - An up-skilling of existing teaching staff in contemporary vehicle technologies
  - The recruitment of new teaching staff with industry experience in new vehicle technologies
  - The delivery of new job-specific qualifications encompassing electrical theory, operations and diagnostics related to modern automotive technologies.
- The automotive industry is facing an unprecedented period of technological disruption that fundamentally changes how we prepare new entrants for a career within it.
- The MTAA and Members have worked closely with PwC, the Skills Service Organisation for the automotive sector and respective Industry Reference Committees that develops the training packages delivered by RTOs.

- Some MTAA members have recently participated in industry consultation with PwC on the development of the next generation of training packages for the automotive industry.
- Key learnings from this process was the need for greater industry involvement in the development of these training packages, as the current and proposed curriculum did not reflect the technology and methods currently used in industry.
- MTAA remains concerned that the move by Government to engage third parties, who have no direct involvement, history or experience, is creating unnecessary inefficiencies and delays in the development of training packages that may not be fit-for-purpose by the time they are implemented.
- In previous iterations of the Skills Service Organisation, industry based organisations with proximity to the industries within the automotive sector, was able to much more efficiently focus on the future needs of the industry and had an intuitive understanding of the development trends and timing of those trends.
- Currently, these nuances and trends have to be explained alongside the fundamental technical aspects of the training packages, before future needs can be considered.
- A return to direct industry management of the training package process, including the delivery of industry scans and workforce data, is recommended to better align the VET system with current industry needs.

## 7. Flexibility of qualification structures

- There has been a training deficit for automotive apprentices since 2012/13. Whilst this has been a contributing factor towards the skills crisis, analysis conducted by MTAA Member, VACC indicates that most automotive businesses (53%) do not hire apprentices or engage with the VET system at all.
- Many of these businesses are disillusioned with the quality of apprentices delivered by the VET system and are therefore reluctant to hire apprentices, thus further exacerbating the skill shortage situation.
- Many employers regard the Certificate III level automotive qualifications as not being orientated towards contemporary workshop repair practices and vehicle technologies, making them largely unsuitable for their businesses. This situation is also compounded by rigidity in available core units and subject choices that are unable to be customised for the benefit of specific workshops. To this extent, trainers need to be more attuned to the needs of industry when delivering units and courses.
- Employer disillusionment also relates to generally poor levels of literacy, numeracy and learning difficulties that are often presented amongst automotive apprentices. Automotive students are required to possess a solid command of STEM skills (science, technology, engineering and maths) in order to understand and be able to work with modern vehicle technologies. Regrettably, a failure to recognise these expectations has resulted in a misalignment between the skills needs of employers and the expectations of students in the workplace.
- Better alignment between VET outcomes and the needs of industry and employers must start in during secondary schooling. A key starting point rests with VET in Schools programs and career advice. As outlined, school career advisors require a better understanding of the automotive industry, the technological revolution shaping motor vehicles and the industry's demand for higher caliber students with proficiencies in STEM skills.
- The industry continue to battle erroneous perceptions that automotive trades are for less academically inclined or are 'dirty low-grade' jobs.
- Ultimately this leads to poor quality careers advice poor career decision-making and unfortunately, negative employment outcomes and a recurring skills crisis.
- Other improvements can include a better student profiling system between schools, TAFEs, where appropriate universities and employers to determine the suitability of students interested in automotive trades.
- Some MTAA members including MTA-SA have embarked on the establishment of secondary pathway programs to streamline new entrants into career choices and VET. While early days these programs show considerable promise and should rolled out nationally, potentially incorporating other elements.
- Balance and transparency must be restored to the offering of VET and higher education including the removal of any negatives.

## 8. Automotive Business and Community perceptions

### Automotive Summit and Skills Workshop

- Three years ago the MTAA organised and held an Automotive Sector Summit to tackle critical issues facing the Automotive Industry as part of a then Senate inquiry into the Automotive Sector.
- Skills, training and future workforce requirements were prominent issues and the subject of a workshop among the 147 automotive sector and government leaders present and remain relevant to the review of VET.

Key Points to emerge from the workshop from industry and government stakeholder included:

- *'The automotive industry is diverse, relies on deep technical skills obtained through traditional trade training, the skills are continually adapting, there is need to respond to the introduction of new technologies, which are developing at a rapid pace, and this has created challenges for the industry.'*
- *'Changes in technology business structures are also evolving. Coupled with increasing regulation impacting on the industry, the capacity for business to adjust to these changes creates significant challenges.'*
- *'The rapid application of technology and other change impacts are forcing new skills development and qualifications across many different professions in the automotive industry. With the rate of technological change, it is difficult for even an experienced technician to keep up with the required technical knowledge without constant up skilling and training.'*
- *'The various structures that support the industry have not kept pace, such as training standards, delivery, capacity of training providers and of course the system that supports the development and endorsement of training packages. In other words the vocational training system has been slow to respond to the needs of industry on many fronts.'*
- *'Employers choose to remain disengaged from the VET system due to dissatisfaction with Registered Training Organisations lack of access to technology, a disconnect between training at RTOs and what is required in the workplace, the disappearance and lack of access to many courses especially in regional areas, the general quality of training, lack of delivery or training provider options in most regions, lack of available technology and infrastructure with training providers, limited collaboration across the industry and public providers and limitations on post trade training.'*
- *'While the vocational training system is meant to be industry lead, experience is that industry rarely leads VET; funding opportunities for RTO's or other service providers such as apprenticeship' 'support services etc. drives VET.'*

- *'Failure in the VET system is a loss to industry and the economy. Skill shortages are prevalent, albeit too different levels in various sectors of the industry and/ or between states. (Example: the commercial vehicle industry (repair and aftermarket manufacture or modification) is stronger in SA, Victoria followed by NSW and Queensland). '*

- *'The industry has not been as effective as it could be in promoting itself because it consists of mainly small business, hence relying on its not for profit industry associations who in turn do not have the funds for nationwide comprehensive programs.*



- *'Despite the skill shortages, and even if able to attract candidates for apprenticeships to fill the vacancies, many applicants are over 21 and are priced out of the market.'*

- Key agreed outcomes included:
  - A VET System than was industry led and competency based.
  - A revitalised VET model and stable, secure and ongoing funding arrangements.
  - Resolution of public and private delivery debate.
  - Strong enforcement and removal of rogue participants.
  - Industry owned and controlled industry advisory arrangements and training standards.
  - Integration of company and proprietary training into the national training system.
  - Costs of apprenticeships, cost benefit models and alternative support options for governments and industry identified.
  - Nullifying the attraction of existing automotive labour workforce to other industries (e.g. the mining, resources and construction industries).
  - Address negative community stereotypes about the image, pay and working conditions, and 'dirty work' perceptions of automotive professions and the overall poor quality of many available candidates.
  - An increasing and urgent need for training and qualifications development to keep pace with a rapidly changing environment - today's automotive trade specialists need to be part mechanical engineer, part chemical engineer, part structural engineer, part computer engineer and part mathematician, along with further specialisations in hydraulics, diagnostics, information technology, electrical systems, and other systems.



---

## Automotive business constituents survey / discussions

---

- In December and January, as part of preparations for this submission, MTAA and Members canvassed through surveys, meetings and internal discussions the key issues impacting the VET System. Key issues were the same if not reflective of outcomes from the Automotive Summit and included:

### **Inconsistent Policy and accountability**

- Perpetual pendulum policy swings between public and private training provision with industry providers often caught in the crossfire
- Capability and capacity is negatively impacted with public and private providers needing to shed expertise, resources, to adjust for changes to policy and funding mechanisms
- Ten Federal ministers in six years
- Multiple Department accountability and decreasing capacity and capability and expertise in Departments as a result of 'brain drain' resulting from efficiency dividends and resulting redundancies.
- Lack of 'real world' industry intelligence on requirements and needs
- Overreliance on third parties and information sources that are proving increasingly unreliable (labour market statistics).
- Lack of engagement with and use of, industry associations and their grass roots reach to businesses and business intelligence.
- Lack of consistency and harmonisation between requirements of Commonwealth and other jurisdictions.

### **Decreasing funding commitment**

- Decreased funding is addressed in an earlier section, but employers are reluctant to engage with a system that clearly is enduring funding reductions.
- Surveys suggested automotive employers looking to appoint apprentices over the coming 12 months remains flat

### **Lack of recognition and poor perceptions**

- Employers are still not well advised on what the national VET system actually is where they fit as well as other participants.
- Overwhelming criticism of careers advice in schools and the perceived absence of a focus on trades in preference for university pathways.

- Decreasing funding, public commentary favouring university / professional pathways / STEM etc. all working to destabilize and perpetuate negative impressions of vocational education.
- STEM applies to vehicle manufacturer and increasingly retail, service repair along with autonomous driving etc. Not connected to automotive professions in current dialogue. Recalibration and adjustment required.

### Other Observations

- There is a strong message that apprentices would benefit from a wage subsidy to make this training/employment more feasible.
- There is a concern that the automotive sector will run out of trained staff before young people get interested in the industry.
- Underlying frustration with the time taken to change course content.
- Lack of adequate literacy and numeracy skills remain highlighted as a major concerns and in and industry that require increasing competency in these areas. Employers acknowledge this is an issue for primary and secondary schools to address.
- Strong signals that many methods applied in previous training systems are valuable, exams etc.
- Continuing concerns that TAFE are marking students off as competent without the employer having a say.
- Better resourcing and integration with supply chain participants to ensure training providers can train on new equipment, new technologies and new methods
- Continuing attrition among automotive apprentices

---

## MTA-SA Consultation findings

---

- MTA-SA as the leading automotive training provider in that State, has undertaken extensive consultation with industry, public and private training providers, schools and students over the last five months to identify the barriers to students transitioning from school to employment in the automotive retail, service and repair industry. The barriers include:
  - Lack of informed advice on transitioning from school to work
  - Training and exposure to VET was not igniting interest in students, and there was no specific campaign for parents and custodians. Lack of automotive industry specific awareness
  - Lack of promotion of group training options for employment

- Difficulties in sourcing work placements with employers
  - Difficulties in understanding how to navigate administrative requirements
  - Apprentice productivity
  - Literacy and numeracy levels
  - Hand skills
  - Minimal interaction with an automotive environment
- Principally, the barriers identified fell into two categories.
    - The low volume of industry entrants (Quantity)
    - The relative low quality of industry entrants (Quality)

## 9. Additional support for vulnerable cohorts

- MTAA respectfully suggests there are not only discrete cohorts, but existing programs targeting vulnerable groups, that should be reexamined with a view to considering new approaches for additional support and improved outcomes.
  - MTAA Members suggest that three cohorts require additional support in order to maximise the effectiveness of the VET system:
    - 1<sup>st</sup> and 2<sup>nd</sup> year automotive apprentices
    - School leavers
    - Mature age jobseekers aged 21 to 25
  - Existing programs that should also be examined for possible alternative approaches through an industry government partnership are the Youth PaTH program targeting long term disadvantaged youth unemployed and Apprentice mentoring program.
  - A significant program to the automotive sector in the Apprentice Mentoring Program.
- As outlined in the Skills Shortage Section of this submission, retention of apprentices remains a considerable challenge and contributor to skills shortages.



- Governments, Departments, and the automotive sector have realised remarkable outcomes from the ongoing implementation of mentoring services, when governments have elected to continue funding of these essential services. Automotive industry apprentice retention rates lifted remarkably from below 50% in 2010 / 2011 to 87.9% by June 2015, and over 93% at the completion of the first iteration of the program.
- MTAA Members far exceeded Mentoring Government developed KPI targets and the automotive industry and its apprentices were better for a highly successful partnership between the Federation, its Members and the Federal Government.
- Similarly, when funding ceased and MTAA members were unable to continue service provision, apprentice retention rates again became critical.
- Some MTAA Members were fortunate to secure a second round of funding offered by Government after considerable advocacy from MTAA and Members. Retention rates have again begun to climb to satisfactory levels in those jurisdictions where the mentoring program is available. Unfortunately some jurisdictions were not successful and apprenticeship retention remains a critical issue in those States.
- Given the significance of current national automotive industry and sector transition and an almost 2000 strong skills shortage in Western Australia and 10,000 in NSW, this program and implementation in such States should be reexamined.
- The MTA considers this to be an essential program for the automotive industry if we are to ensure apprentices complete their apprenticeship. Accordingly, we recommend that the program should be further extended for a minimum of four years to complete the apprenticeship cycle and ultimately made a permanent base funding program.
- MTAA and Members believe the mentoring program should also be extended to cover 3<sup>rd</sup> and 4<sup>th</sup> year apprentices and other vulnerable cohorts. MTAA is also advocating that funding should be secured for at least four years to ensure coverage of the full term of an apprenticeship.



### **1st and 2nd year automotive apprentices**

- All MTAA's should be able to provide automotive industry specific Mentoring of Australia's Apprentices services to address apprentice retention concerns as a dedicated securely funded program.

- An example of success achieved in addressing this critical issue is MTAA Member MTA-SA who is currently providing mentoring services to over 320 1st and 2nd year apprentices. MTA-SA is delivering outstanding results in the automotive space in terms of retaining apprentices at risk of cancellation, with a 95% retention rate compared to a 50% retention rate observed absent the program and necessary funding.

### **School leavers**

- Through MTAA Member consultations with industry, and as observed through Member RTOs, the literacy and numeracy standards of students exiting the school system in order to enter the VET system are consistently poor. A number of support programs involving external providers, and after hours assistance from RTO trainers, are required to enable young people complete their apprenticeship.
- In addition, a number of applicants fail to enter an apprenticeship because they do not pass the government mandated Literacy, Language and Numeracy testing as a pre-requisite for admission to VET.
- The MTA recommends that a dedicated program be instituted within the school system to ensure that all school leavers, regardless of the year level they leave, are sufficiently proficient in literacy and numeracy so as to pass the VET LLN testing requirements.

### **Mature age jobseekers aged 21 to 25**

- MTAA Members consider there are enormous opportunities to increase the level of participants by recognising that productivity levels of first year apprentices are not affected by whether an apprentice is covered by a Junior Award or an Adult Award. Therefore the additional cost of hiring an adult apprentice compared to a junior apprentice prohibits their employment. For example in South Australia, in the first year of an apprenticeship this difference is more than \$5 per hour.
- Subsidising the difference between these two rates of pay would foster greater employment of adult apprentices in the 21-25 year age group in the automotive industry.

### **Youth PaTH program**

- MTAA supported initial proposals for the Youth PaTH program to target disadvantaged long term unemployed youth. However support was on the understanding that there would be an opportunity for an industry / government partnership to coordinate, facilitate and deliver services. The ultimate package realised a much more centrist approach with coordination and facilitation of job service providers, businesses and support services largely undertaken by the accountable department.
- MTAA is of the view that this program should be reexamined to explore the potential of a specific automotive sector specific adaptation of Youth PaTH with MTAA Members central to coordination, delivery and outcomes.

## 10. Case studies & specific trials

- Throughout this submission MTAA has advocated for a new partnership between government and industry to facilitate improved outcomes, address critical skills shortages, and streamline VET programs and processes for an industry undergoing structural adjustment.
- This is also a national policy position of MTAA. The Federation is convinced that peak industry associations are under utilised for reasons mentioned earlier in this submission including considerable knowledge, experience, and proximity to business locations and the communities of which they are part across the nation.
- MTAA and Members is the only peak organisations representing the automotive supply chain post manufacturing and represent more than 95% of industries and thousands of automotive businesses from retail to service repair dismantling and recycling among others. In addition MTAA, Members and business constituents are intimately connected to other market participants and have an awareness and understanding not found elsewhere. MTAA and Members are well placed to provide leadership in identifying facilitating and coordinating whole of sector VET solutions.
- While recognising that specific tailored and targeted solutions on a sector by sector and industry by industry basis are not achievable, MTAA does suggest alternative engagement and delivery models could be accommodated within a revitalised VET system.
- MTAA refers the review secretariat to current policies and programs in the United Kingdom as a potential opportunity to action such an approach and to ultimately develop the necessary partnerships between industry, government and a revitalised Vet system, to achieve improved outcomes.
- Broad policy and requirements with a whole of economy focus can still be achieved, but with agility and flexibility to allow such broad policy to be delivered in a partnership with appropriate mechanisms, where there is justification.
- In the following case study, MTAA briefly details the policy and program approach adopted in the UK to address similar concerns and issues facing the automotive sector in that jurisdiction.
- MTAA is not advocating merely uplifting of such policies and program approaches from the UK as there will be significant differences and attributes that may not necessarily be present or appropriate for Australia.
- However the example does provide an insight to how alternative delivery model might be achieved for a sector such as automotive.





**automotive industrial partnership**

### **CASE STUDY for a potential model to secure a Government Automotive Industry Partnership to boost productivity, employment innovation and skills**

- In 2009 senior figures from UK automotive sector companies, representative organisations and the UK Government established the UK Automotive Council to coordinate and facilitate actions to: improve access to finance; support emerging and disruptive technologies, address skills development, and improve the competitiveness of the UK automotive supply chain. Activities of the Council are channeled through three work areas: Technology, Supply Chain, and Business, Environment, and Skills.
- In 2014 *The Automotive Industrial Partnership for Skills* was established by the UK Automotive Council and funded by the UK Government to ensure the UK's automotive sector had a strategy and actions to:
  - Establish a 'pipeline of skills' needed now and the future
  - Identify automotive industry's current and future skills priorities and developing new solutions to meet the needs of emerging technologies.
  - Develop an automotive industry standard job framework for automotive sector skills
  - Developing and introducing approved qualifications and programs to up skill current workforce
  - Driving up standards for streamlining industry wide recruitment process to retain talent
  - Programs to:
    - Attract more work ready new entrants to the sector
    - Encourage young people to take up careers in automotive
    - Get graduates and post graduates into the automotive sector.
- More recently (January 2018), and as MTAA understands, the partnership was further enhanced with the release of the 'UK Automotive Sector Deal', part of the UK Government's 'Industrial Strategy White Paper'. Sector Deals outline the partnerships between Government and Industries on sector specific issues in order to deliver increased productivity, employment, innovation and skills.
- *Materials relating to the announcement said:*

*'The growth of the UK automotive sector and the transition to the next generation of vehicles will require people with new skills and a substantial upskilling of the existing workforce.*

*This requires a coordinated national and local approach through established institutions..... Under the direction of the Automotive Council, and with initial grant support from the government, the industry has established the Automotive Industrial Partnership for Skills (AIP). The AIP has developed a skills roadmap for the sector, which is guiding steps to tackle critical skills shortages as the sector grows and evolves. A key element is to boost apprenticeships.....'*

### **CASE STUDY POTENTIAL AS A TRIAL:**

- As stated, MTAA is not supporting the wholesale introduction of UK Government policy or the UK automotive sector's approach to resolving current issues that bear a striking resemblance to those under review with Australia's VET system. But the model for engagement, for mutually agreed outcomes and delivery of those outcomes is worthy of consideration.
- MTAA envisages a reformed and revitalised VET System that clearly establishes the principles, objectives and required outcomes, through overarching policy, but includes the flexibility to provide for alternative delivery methods.
- It is at the least an example of how macro policy could be developed and implemented, but then delivered through a government / industry partnership to with improved outcomes that otherwise would be, and has been, difficult to achieve under the current system.
- As described by the UK Government Secretary at the time in launching the UK 'Sector Deal'  
*'We know that these partnerships can work – from our experience of decade-long partnerships such as the Auto Council and the Office for Life Sciences to more recent collaborations including tourism, creative industries, space and professional and business services.'*
- MTAA would be pleased to further investigate and trial the potential of how such a partnership may be developed and implemented as an outcome of the review

## 11. Conclusion

- MTAA remains available to assist the review team in its investigations and work.
- The Federation is aware some Members have already been consulted as part of the review process and MTAA is available to coordinate any further consultations, meetings with members and / or their business constituents should the review team require.
- MTAA also is available at any time at any location to provide any additional information or clarity on the matters raised in this submission.

END OF SUBMISSION

---

<sup>8</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/211901/13-975-driving-success-uk-automotive-strategy-for-growth-and-sustainability.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/211901/13-975-driving-success-uk-automotive-strategy-for-growth-and-sustainability.pdf)

<sup>9</sup> <https://www.gov.uk/government/topical-events/the-uks-industrial-strategy>

<sup>10</sup> <https://www.gov.uk/government/collections/industry-sector-deals#introduction-to-sector-deals>