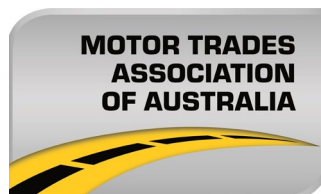


Motor Trades Association of Australia Submission Jobs and Skills Australia



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1. Key recommendations

1. The introduction **of a new, simplified VET System** based on:

- National Occupation Standards
- Speed-to-market qualifications design and
- Fixing the current broken training and assessment model using automotive professions as a Proof-of-Concept (POC) pilot.

2. Addressing **critical skills shortage** by:

- Improved clarity, definition and expectation for employers hiring skilled migrants and the need to invest in apprentices.
- Piloting a streamlined skilled automotive profession-specific migrant processing system using dedicated industry associations, immigration department outreach officers (former Labor Government policy initiative) and industry association selected/ appointed migration agent partners and international industry associations to create a pipeline for fast-track approvals of professions in shortage.
- Industry developed and provided gap/ conversion training where and if required to ensure overseas certification/qualification meets Australian requirements.
- Older Australian or retiree workforce engagement. Allowing older retired or semi-retired Australians to return to the workforce for up to three days per week in the following capacities without pension/superannuation penalty or disadvantage:
 - On the tools to help overcome critical workshop shortages
 - Mentoring apprentices to lift and maintain retention rates
 - Advising apprentices and technicians in service and repair business environment – transferring skills and experience.

3. **Recognition and enshrining industry association** providers of apprentice training and skills development as a **distinct, separately identified cohort** along with TAFE and private providers.

4. Developing a recalibrated and agile national **VET ministerial forum** to:

- Remove obstructions
- Revitalise Government /Industry/ stakeholder partnerships
- Rebalancing the criticality and prestige of VET pathways as well as higher education.
- Reintroduction of harmonised, nationally consistent Secondary to Tertiary education VET pathways.

5. While redesigning and empowering Jobs and Skills, Australia **address other known blockages**, including **Apprentice Support Network Providers** (ASNPs). Employer confusion and misunderstanding and general complaints could be improved by ANSPs properly outlining the roles and responsibilities to employers regarding apprentices and better explaining the system of incentive payments and how they work.

2. Executive Summary

The Jobs and Skills Summit, the redesign and empowering of Jobs and Skills Australia and other new government initiatives are a promising early start in addressing Australia's critical needs to future-proof our workforce, economy and way of life.

But there have been many false starts. Many well-intentioned attempts at fixing, modernising, and adapting engagement of future workers providing the training and skills development to keep pace with rapidly changing sectors and industries in a world of rising tension, supply chain interruptions and uncertainty and increasing scrutiny on our capacity and capability.

A capacity and capability now crippled by broken training and assessment regime, the good and the bad of almost full employment, skilled worker migration complexity and uncertainty, diminishing labour pools and an aging population. These must be key focus areas of Jobs and Skills Australia.

The capability to be the hub of all things Jobs and Skills are of critical importance and significance in the organisations' prospects of success. The Australian Public Service is battered and bruised from multiple Parliaments, zealous efficiency dividend directions and resulting constraints. The by-products of this cost of government focus, apart from shortened policy horizons and hesitancy to fearlessly promote fresh thinking, is 'siloism'. It was excitingly refreshing but unfortunate that it took a pandemic to remove the shackles and see the agility, flexibility, tenacity and timeliness of what the Public Service could do. These attributes will be necessary for Jobs and Skills Australia to achieve the outcomes. It does not have to 'own' all the resources or tasks, but it will need to be the facilitator, the coordinator and the custodian for delivery.

The Automotive Industry significantly contributes to our nation, not only in terms of GDP or percentage of the economy but with extensive interconnections with more than 90 per cent of Australian industry and ensuring Australians' mobility and connectivity through road transport.

It includes 380,000+ highly skilled professionals spread across more than 74,000 businesses, who sell, service, maintain, repair, dismantles and recycle a fleet of over 20 million vehicles. Our geographic size, small population and scattered communities make our reliance on motor vehicles unlikely to change for the foreseeable future.

Like the rest of the world, Australia's mobility is undergoing generational change as we tackle climate change, reduce carbon emissions, and embrace new and emerging zero and low-emission vehicle technology. We are also beginning to experience Advanced Driver Assistance Systems and levels of autonomy as advancing technology is rapidly applied to individual transport.

But in 2022, we are also experiencing the highest ever recorded shortages of skilled automotive professionals. A training, skills development and assessment regime are buckling under the weight of almost 17000 units of competency requirements and divestment, disinterest and disconnect from years of patches, bolt-ons and tweaks.

The critical issues from MTAA and Member experience are bipartisan fixes to skilled migration, rebalancing Vocational Education and Training as a pathway of opportunity, simplifying and fixing the training and assessment regime by trying something new, not something the same; recognising and respecting the role of industry training providers and stopping the pendulum of public pursestrings from constantly swinging between public-private-public VET provision.

So yes, it is hoped that this new focus on Jobs and Skills and the promises of reform, agility, progress and preparedness will not be partisan puffery. We have too little time and too much to do.

3. MTAA and Member organisations

- MTAA Limited is the national association of State and Territory Motor Trades Associations and Automotive Chambers of Commerce; organisations and discrete national industry associations under the MTAA umbrella provide unparalleled coverage and access to the nation's automotive businesses.
- MTAA and Members represent and are a national voice of the 74,981 (2022/23) automotive businesses, which employ over 384,810 Australians that contributed \$39.35.1 billion to Gross Domestic Product in 2020/21 or 2.1 per cent of Australia's economy.¹ 96.6 per cent of these businesses are small and family owned and operated.
- MTAA member constituents include automotive retail, service, maintenance, repair, dismantling, recycling and associated businesses that provide essential services to an Australian fleet of over 20 million vehicles with advanced driver assistance systems, increasing autonomy and safety and protection capabilities.
- MTAA Limited Members have almost all industries (more than 95%) of the automotive supply chain as business member constituents. This proximity to grassroots businesses and the communities they serve allows MTAA Members the ability to understand the operations, issues, concerns and risks to automotive businesses, 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)*
 - *Vehicle body repair (smash repair)*

¹ Australian Automotive Directions Industry Report, March 2021

- *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 include glass, transmission, engine replacement and re-conditioning, brakes, steering, automotive electrical and air- conditioning*
 - *Vehicle Rental*
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- Most MTAA Limited members are also automotive sector training providers and possess extensive operations and facilities in apprenticeship training, skills development, and post-trade qualifications. MTAA Members are the largest employers of automotive apprentices and trainees in most jurisdictions.

4. A suggested new approach to a simplified Vocational Education Training System

Two critical issues face Jobs and Skills Australia and the Jobs Summit - Skilled migration and fixing a broken training and assessment regime.

Our highly valued national training system, so vital to skilling Australians, has become complex and slow-moving when it needs to be agile and quick to respond to changing workplaces, jobs, technology and society.

So much content and flexibility have been built into qualifications to capture every single conceivable task in every enterprise. The scale, resources and cost of developing and maintaining more than 1400 qualifications and almost 17000 units of competency is slowing the system to a crawl.

The average timeframe to develop or update training products is now more than 18 months, with a third taking over two years. These attributes will hamper automotive professionals requiring training in technology applications such as advanced driver assistance systems, autonomy and electric powertrains. These factors must be a priority of the new agency.

Well-intentioned efforts since the mid-80s to address identified issues have resulted in tweaks, bolt-on fixes, patches and re-engineered components, generating high costs and change fatigue but limited impact. What has been 'achieved' is a broken training and assessment system, a disengaged industry, deskilled providers, and a damaged partnership between employers and providers so intrinsic to practical work-based training.

The Jobs and Skills Australia, the Skills Summit, and the refocus of a new government do not need to waste precious time and resources revisiting and reidentifying issues. They have been well documented repeatedly in reviews, investigations and consultations over more than a decade.

The Joyce review found that:

'the process of updating training packages and qualifications was one of the most heavily discussed topics during the Review. Industry groups, RTOs, employer organisations and governments all voiced concerns that training packages are very cumbersome and complex and too hard to change. As a result, qualifications quickly fall out of date, and in some cases have been out of date for a long time.'

'Stakeholders noted there has been a push to include very specific detail in qualifications in an effort to improve quality and outcomes this level of detail makes the training package process difficult to navigate.'

The Review also heard that:

'Industries and businesses do not feel in control of the content and development of qualifications.'

*'A number of examples were described of industry and employers avoiding and working around the training package system to build new qualifications, or simply using private credentialing instead.'*²

The Productivity Commission observed that:

*'The process of developing, updating and endorsing training packages is cumbersome and rigid, as it requires vetting by multiple parties.'*³

Recent consultations about proposed reforms heard:

'Almost all stakeholders spoke about the slowness of the current system and their frustration with training packages not keeping up with the modern workplace.'

*Training Packages were originally envisaged as occupational standards but have become more detailed and prescriptive over time.'*⁴

The timing is right for a change

The Refocus of Jobs and Skills Australia comes at a time when automotive industry employers are crying out for a simplified approach to the skills system and easily accessible skills development that matches their needs. Both as a response to pandemic impacts and also re-position for the future.

² The Honourable Steven Joyce (2019) Strengthening Skills: Expert Review of Australia's Vocational Education and Training System, Commonwealth of Australia, pp 53, 54

³ Productivity Commission (2020) National Agreement for Skills and Workforce Development Review, Interim Report, Canberra, p 29

⁴ Australian Government Department of Education, Skills and Employment (May 2020) This is what we heard: Skills Organisations co-design consultations, viewed 28 June 2020 at <https://docs.employment.gov.au/documents/so-what-we-heard>

MTAA has developed a proposal including a new model that will engage employers in designing, developing, and implementing their solutions to current barriers. Ultimately, MTAA believes it will lead to more significant investment in apprentices and skilled workers. It will re-engage employers in the system by drawing on their experience to describe whole job roles in the industry language.

It will reduce the time and cost burden caused by the current proliferation of units of competency, some of which are rarely or never used but contribute to the 'clutter' and complexity of the system. The occupational standards will describe the job role familiar to most employers rather than encompassing all the functions performed in every enterprise. Instead, providers can prepare for a benchmark qualification against the standard. There will be opportunities for capable providers to offer training for these additional less common or niche functions as fee-for-service top-up or 'extender' skills to employers and qualified workers.

The Jobs and Skills Australia Bill and the Jobs and Skills Summit provide a catalyst for transformative new thinking and action that gets to the heart of identified problems and delivers simplicity, speed, industry engagement and investment in skills and training.

The new Jobs and Skills Australia must have a critical accountability connection and partnerships with peak organisations. Peak Associations with intimate knowledge of the training and skills development required by all parts of the supply chain. Proximity to the differing needs of businesses in rural, regional and urban environments, and capacity to coordinate and facilitate other industry stakeholders.

5. Skills shortage

With Australia's multitude of global and domestic challenges, including unprecedented workforce and skills shortages, divergence on skilled migration, almost full employment, an aging population and a diminishing labour pool, the focus of a new Government on Jobs and Skills is critical.

Australia's automotive businesses, employing 384,810 (2019/20), are experiencing compositional change and redistribution of skilled labour. There is growing segmentation of the industry into large corporate businesses and sole traders. Evidence suggests skilled technicians increasingly leave their employers to set up their own businesses as sole traders. This has left a void for many small and medium-sized business owners who are struggling to replace these skilled tradespeople.

The pandemic and cessation of skilled migrant labour have exacerbated the skills shortage for many of Australia's 74,981 automotive businesses, 96.6 per cent of which are small and family-owned businesses.

MTAA and Member Associations and their automotive business members remain concerned that data relied on by Government does not paint an accurate picture of the depth or composition of shortages.

The notion that industry does not advertise equals full employment is a misnomer. For example, advertised job vacancy data on which many decisions and determinations are based do not reflect grassroots business decision-making in automotive. Increasingly many automotive industries have decided not to advertise for positions, preferring to identify and target leading professionals in other businesses or locations.

The automotive industry has extensive interconnections to over 90 per cent of Australian industry, including linkages to road transport, agriculture, delivery, construction and mining, which depend on automotive goods and services to sustain their operations. Skills shortages in automotive ripple across many other sectors and industries. Ask the heavy vehicle operators at a significant infrastructure project what their vehicles being off the job for weeks means to productivity and timelines.

In August 2022, the automotive industry skills deficit is an estimated 38,700 skilled positions.

Whilst most automotive trades are in shortage to varying degrees, the survey data shows that in terms of the sheer weight of numbers, the highest demand for skilled labour is within the vehicle mechanical trades, in particular:

- Light vehicle mechanics (deficit of 17,509 positions)
- Heavy vehicle mechanics (deficit of 2,711 positions)

Table 1 demonstrates automotive skill shortages by occupation and quantity

Table 1: National Automotive Skill Shortages by Occupation and Quantity, 2020/21 – 2022/23

ANZSCO Code	Occupation	2020/21 Shortage (No.)	Projected 2021/22 Shortage (No.)	Projected 2022/23 Shortage (No.)
321211	Light vehicle mechanic	17,509	19,970	23,904
321212	Heavy vehicle mechanic	2,711	2,984	2,995
321213	Motorcycle mechanic	119	184	220
321212	Mobile plant mechanic	173	185	190
321211	Engine re-conditioner	35	66	70
321212	Mechanic - farm machinery	915	945	920
324111	Panel beater	1,602	1,690	1,710
324311	Vehicle spray painter	1,593	1,600	1,650
324212	Vehicle trimmer	34	125	154
321111	Automotive electrician	1515	1650	1790

621311	Motor vehicle salesperson	1644	1680	1529
621312	Motor vehicle parts and accessories salesperson	783	725	730
899415	Tyre fitter	609	750	755
621312	Spare parts interpreter	1294	1350	1380
321214	Mechanic - outdoor power equipment	212	188	210
324211	Vehicle body builder	199	225	259
321214	Marine mechanic	103	104	110
899911	Bicycle mechanic	93	110	124
Total Shortage		31,143	34,531	38,700

Source: 2020/21 Automotive Industry National Survey; ABS data; MTAA (VACC) modelled estimates.

Whilst it is difficult to ignore the fact that there is a national shortage of over 17,500 light vehicle mechanics compared to a shortage of only 35 engine re-conditioners, it is essential to place these estimates into perspective. Far fewer engine re-conditioning businesses exist, and the impacts of minor skill shortages on small sectors or business populations can be just as detrimental.

The other key observation from the data is that it is not just the supply of skilled labour that is in deficit but also the quality of the skills base, which has atrophied according to many employers. For example, even amongst applicants that present as qualified technicians, employers are witnessing a poor level of diagnostic, technical and fault-finding capability, electrical knowledge, and practical experience across different vehicle marques.

Unlike past years, increased business pressures have meant that many businesses do not have the time or resources to train or upskill staff and are seeking people with the appropriate skill level and acumen that can make an immediate contribution to the productivity and efficiency of the business. For many employers, finding this balance within the workforce is extremely difficult and is compounding the delays and frustrations in securing suitable candidates to work within their businesses. Regarding the distribution of skill shortages, the data shows a much higher proportion occurring within regional areas (56.6 per cent) than metropolitan areas (47.5 per cent), as shown in Table 2.

Table 2: Automotive Business experiencing a Skill Shortage, by Jurisdiction, 2020/21

	Overall %	Metropolitan %	Regional %
NSW & ACT	48.1	48.6	50.0
VIC	49.7	46.2	55.4
QLD	56.8	52.1	60.0
SA	51.3	42.1	55.6
WA	54.4	48.0	66.0
TAS	52.5	52.0	56.2
NT	40.5	37.5	44.4

Source: 2020/21 Automotive industry National Survey

MTAA suggests that Jobs and Skills Australia should have the agility and ability to provide a conduit and capacity for potential genuine industry solutions and the opportunity to proceed.

For example, Jobs and Skills Australia must be able to remove roadblocks and facilitate different approaches. Under a previous Labor government policy, for example, the immigration department provided an outreach officer who resided for part of the time in a peak association to facilitate skilled migration and remove roadblocks and smooth pathways.

MTAA believes there are options to streamline skilled migration while safeguarding apprentices, be they school leavers or mature entrants, and it does not need to be a political issue. MTAA Members are training more than 40% more apprentices now than pre-pandemic. Still, these apprentices will not begin to fill the shortages for three to four years, and businesses are closing or severely compromised in the services they provide.

The new Jobs and Skills Australia Agency should have the capacity and capability to partner with industry and pilot a potential streamlined skilled profession-specific migrant processing system.

MTAA suggests:

- Using dedicated industry associations, providing immigration department outreach officers, industry association selected/ appointed migration agent partners and potentially international industry associations to create a pipeline for fast-track approvals of professions in shortage.
- Industry developed and provided gap/ conversion training where and if required to ensure overseas certification/qualification meets Australian requirements.

In addition, MTAA believes automotive may also provide a solution for how older Australians might be able to return to the workforce without jeopardising pension or superannuation payments.

A pilot project would see older retired, or semi-retired Australians return to the automotive workforce for up to three days per week in the following capacities without pension/superannuation penalty or disadvantage:

- On the tools to help overcome critical workshop shortages
- Mentoring apprentices to lift and maintain retention rates
- Advising apprentices and technicians in service and repair business environment – transferring skills and experience.

6. Conclusion

MTAA and Members will be active participants in the refocus on Jobs and Skills and look forward to working with the Government to achieve the outcomes Australia needs.

End of Submission