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To: Director, Apprenticeships Framework Policy

By email: nsnlreview@employment.gov.au

Dear Sir/Madam

Submission - Review of the Australian Apprenticeships National Skills Needs List

Introduction

The Civil Contractors Federation (CCF) welcomes the opportunity to contribute to the review of the Australian Apprenticeships National Skills Needs List.

The CCF wishes to acknowledge the Federal Government's commitment to support up to 80,000 new apprentices over the next five years. The civil construction sector looks forward to being a major beneficiary of the new incentives program for employers of apprentices and trainees under the **Incentives for Australian Apprenticeships Program** come 1 July 2020. However, for this to be achieved, the CCF contends a major overhaul is required of the National Skills Needs List as per the recommendations contained within this submission.

This submission has been compiled following consultation with members of the Civil Contractors Federation (**'CCF'**).

CIVIL CONTRACTORS FEDERATION

The CCF is a national employer representative body of Australian civil construction companies with over 1,500 member companies in all Australian jurisdictions. Our members range from Tier 1 publicly listed multi-national companies to one-person ABN holders.

CCF is also an organisation registered under the *Fair Work (Registered Organisations) Act 2009* (Cth) (**'Act'**) and is governed by a Board of Directors comprised of member-elected representatives from each state and territory.

CCF Members are responsible for the construction and maintenance of Australia's civil infrastructure, including roads, bridges, water supply, pipelines, drainage, ports and utilities. CCF Members also play a vital role in the residential and commercial building construction industry by providing earthmoving and land development services including the provision of power, water, communications and gas.

Overview

CCF has taken the opportunity to investigate the current and develop a preferred methodology that would facilitate a timely and valuable approach to document Skills Needs, that reflects rapidly changing demands of the civil construction & infrastructure industry organisations.

Australia's combined federal/state territory pipeline of infrastructure projects over the next 10 years has provided significant opportunities for large, medium and small civil contracting organisations. The volume and types of projects planned or being carried out are unprecedented. This has resulted in skills shortages and significant mismatches between training package, units of competency and the immediate skills needs.

Gathering accurate skills needs data is complicated by the current ANZSCO classifications. The civil construction & infrastructure occupational categories can be interpreted under Engineering, however, are limited. These interpretations do not reflect the job roles and occupational categories found within the civil construction sector. Civil Construction is currently only recognised under the ANZSCO structure as a level seven (7) classification of "Machinery Operators and Drivers" with the majority of other civil construction roles being classified as labourers, or unclassified. This issue "muddies the water" considerably.

Current Incentives Framework

Under a 'time served' or 'traditional' trade apprenticeships model it usually takes three to four years to complete the qualification. Various efforts to promote accelerated completion have impacted on the duration of trade apprenticeships since the late 1990s. The concept of accelerated apprenticeships was a cornerstone of reform under the (now discontinued) Accelerated Australian Apprenticeships Initiative from 2011.

The Apprenticeship system appears to be based on time. However, Australian Apprenticeships are 'competency based', which means training can be completed as soon as the required skill level in the qualification is reached.

Eligibility for skills shortage incentives should be confirmed at least 6 months prior to individuals' taking up apprenticeships' and employers engaging with the Australian Apprenticeship system.

There are some of the systemic challenges that remain to be addressed if Australia is to move forward with an apprenticeship model that meets future expectations of effective skill development and work-based learning.

This will involve catering to an increasingly diverse cohort of apprentices, many of whom will benefit from a greater flexibility to the system. The challenge is balancing such flexibility with increased levels of support for alternative and more diverse pathways and higher learning options, coupled with easily understood and consistent messaging in presenting information to employers and apprentices.

Skills shortage incentives could be structured to influence the employer and apprentice to complete clusters of learning. These learning clusters would be made up of selected units of competency (from the qualification), that reflect the actual tasks expected to be delivered on the job. The current "Training

Plan” approach is appropriate, especially if tasks are completed on time and to the quality required. Incentive payments for an apprentice could be linked to performance outcomes aligned to project delivery.

Review of NSNL

It is the view of CCF that the current NSNL is not representative of skills shortages within the civil construction and infrastructure industry sector, at entry level, team lead/supervisory level and as a specialist, experienced worker.

There is evidence that the demand for workers, at all levels of experience, is significant. CCF Members and non-members, comment on the difficulty of attracting and retaining workers. Labour hire organisations that focus on providing workers to the civil construction sector, are challenged to source suitable, safe workers to place. The practice of “poaching” reliable and experienced workers, between civil construction, organisations has become common. This statement is based on anecdotal evidence.

Using Victoria as an example, the Department of Jobs and Small Business, Labour Economics Office, produced a snapshot document titled; Victoria Engineering Trades Victoria – December 2018. Summary:

- Non-residential and engineering construction activity in Victoria remains strong.
- The average value of construction work done has increased by 16.2 per cent over the five-years to September 2018. In the same period, the average value of engineering construction works yet to be done has increased by 167 per cent.
- Completions of engineering trades apprenticeship have trended down over the last five years to 654 in 2018, against an annual average of 761.
- While there were differences by specialisation, Victorian employers experienced greater difficulty recruiting engineering trades in 2018 compared to recent years.
- Employers filled 43 per cent of vacancies for engineering trades, slightly above the series low of 41 per cent in 2017. Vacancy fill rates have trended down since the series high of 80 per cent in 2013.

The NSNL was last updated in 2011. There have been significant developments in the civil construction industry, with unprecedented opportunities, for large and smaller subcontractors to engage in major road and rail projects. There is now a positive pipeline of work.

There are extreme demands for skills at entry level, middle level and specialist operators. Members have commented on the extreme difficulty of sourcing experienced plant operators. There are many plant operators with “tickets”, however no experience.

The process of updating training packages and qualifications takes time. Concerns have been voiced regarding training packages being cumbersome, complex and too hard to change. Qualifications quickly fall out of date and often the units of competency within the qualification are no longer relevant to the civil sector. The civil construction sector is experiencing rapid change with the integration of technology, higher expectations relating to health, safety and well-being and workers and their supervisors being able to perform tasks under pressure and within a performance contract timeframe.

This massive overhaul of our transport network is creating tens of thousands of jobs across all types of sectors, from construction and engineering, to human resources and administration.

Designing a new approach to NSNL

The opportunity to revisit the approach taken to identify skills shortages in the civil construction industry is well overdue. There needs to be a significant upgrade to the approach taken to identify skills needs, create and endorse training packages and for the VET sector (both private and public providers) to be able to successfully deliver the capacity/training required for the future.

An updated approach and methodology to identify skills shortages for the civil construction industry must be forward looking, respond to changes in skills categories, be flexible and transparent. These principles support the outcome of being able to make informed decisions and prioritise outcomes to deliver greater social and economic outcomes.

In addition, the approach must capture new and emerging industries, (such as drone technology), that support major infrastructure projects including road and rail projects, that are now at the planning stage.

The approach should provide information to improve outcomes for all stakeholders; Government, employers, training providers, current and potential workers. Industry sector needs should be the focus, balanced with Government priorities, community, safety and environmental expectations.

Identifying the future demand for skills

There are key documents that could be referred to as the baseline when considering skills needs for the civil construction and infrastructure sector. These included:

- Infrastructure Australia's Priority List
- State and Territory Government's budgeted pipeline of projects
- Annual Procurement Planning & Processes
- EOI and Request for Tender (Major Projects)
- Major Projects Skills Guarantee
- Social Procurement Framework

For the civil construction sector, the identification and validation of "skills needs" could begin with a detailed analysis of major project(s), Expression of Interest and Tender documentation. This document provides details of the packages of work to be completed. This is an indication of the tasks and clusters of skills required (and other physical resources and supply chain requirements).

For example, in Victoria, when investigating skills needs, the Victorian Government's, Major Projects Skills Guarantee policy should be considered. This requires, that for the establish labour hours, (comprising of many tasks) 10% of those hours are made up of apprentices and trainees. The 10% can be interpreted as entry level workers.

Victoria's Social Procurement Framework requires that 30% of those employed can be identified as "underrepresented" in the workforce. Civil construction businesses (as contractors), should understand and plan for the types of skills and abilities to deliver a contract which is compliant.

The skills identified could be clustered into like fields and level of difficulty or complexity. This mapping exercise would be aligned with selected units of competency, from a relevant training package. The competencies selected would reflect the overall description of the skills clusters and level of difficulty.

It is recommended that additional research papers and reports are reviewed. For example, National Centre for Vocational Education Research (NCVER) related to apprentice and employer incentives and completions and Australian Skills Quality Authority (ASQA) for guidance and advice. Review *Skills for a Global Future* (Payton & Knight 2018), which identifies the technological, economic, demographic and social changes occurring, to support the concept of lifelong learning.

The current Survey of Employers who have Recently Advertised (SERA), could be implemented to validate the outcomes of the mapping exercise.

It is recommended that the skills requirements and needs list be the driver for improvements for apprentice and employer incentives. Incentives and benefits could be aligned to contract compliance requirements associated with the Social Procurement Framework and Major Projects Skills Guarantee.

CCF is committed to supporting the civil construction and infrastructure industry to identify the actual skills needs now and into the future. It is suggested that the new approach be piloted, evaluated and fine-tuned, to provide a sound method, that builds on the strong, foundational details contained within Government documentation.

CCF Response to the 'Review of the Australian Apprenticeships National Skills Needs List' Issues Paper Dated August 2019 – CCF responses are in RED.

1. *Do you agree with the identified issues with the NSNL as it currently operates?*

- **AGREED - The NSNL is not representative of current skills shortages**
- **AGREED - The NSNL is not fit for purpose**
- **AGREED - The NSNL methodology may not be well suited to the policy intent**
- **AGREED - The effectiveness of the NSNL will diminish under the IAA**
- **AGREED - Opportunities to improve the effectiveness of the NSNL linked incentive**

2. *What evidence or examples can you highlight in support of your position?*

"To be included on the current NSNL an occupation needs to meet the following criteria:

- *The occupation must be classified under Major Group 3 Technicians and Trades Workers of the Australia and New Zealand Standard Classification of Occupations (ANZSCO); and*
- *At least 1500 people are employed in the occupation (at the four-digit ANZSCO level of classification), according to ABS Census data; and*
- *The occupation is assessed as being in skills shortage for three of the past five years, including at least one of the past two years, as determined by the Department's Skills Shortage Research.:*

Infrastructure or Civil Construction occupations not represented sufficiently as Major Group 3 Technicians and Trades Workers of the Australia and New Zealand Standard Classification of Occupations (ANZSCO). This omission compounds the issue further as workers are unable to select

their occupation when completing ABS surveys, this may result in under representation of people employed in the occupation.

Construction Trade Workers group does not capture sufficiently, nor perhaps appropriately, Infrastructure / Civil Construction trades.

Specific example: Occupations which align to the completion of the Certificate III in Civil Construction (RII30915) and Certificate III in Civil Construction Plant Operations (RII30815) are not listed.

3. Are there other issues with the NSNL that should be considered?

Consideration should be extended to understanding local / state-based skill shortage needs against those of National. For example, NSW, Victoria and South Australia have large infrastructure projects now and into the future – their ability to capture state and or national work force attention in this sector is made difficult by competing states with similar infrastructure workforce demands. A skill shortage may not be identified nationally but may be present at a state-based level.

The following statement taken from the issues paper raises interest: *“Consequently, there appears to be a good case for a requirement that apprenticeship incentives designed to address anticipated skills shortages through the apprenticeship system are prioritised to occupations where an apprenticeship is the primary pathway for entry to the occupation. Understanding where occupational shortages are likely to arise in a medium term timeframe is a necessary condition for ensuring apprenticeship incentives are delivered efficiently and effectively. However, it is not of itself sufficient to ensure these outcomes.”* Occupations / Position Titles may not be reflective of the actual apprenticeship undertaken. Funding apprenticeships based on their perceived link to ultimate occupations appears to be currently ineffective now

(e.g. Cert III in Civil Construction). For the apprenticeship to be recognised a level of occupational maturity must exist, today’s market moves too quickly for this approach. Newly emerging and traditional occupations may exist where an apprenticeship is a possible pathway however these go unrecognised as the occupation hasn’t been linked to an apprenticeship. E.g. Concrete Worker, Construction Pre-Fabrication, Rail Worker etc.

4. Are the design principles outlined in this section the right ones for a methodology to identify occupations in skills shortage and to allocate apprenticeship incentives?

AGREED - A single coherent approach to identifying occupational skills shortages

AGREED - A Forward looking skills shortage methodology

AGREED - A methodology that is responsive to changes in skills shortages

AGREED - A transparent yet flexible methodology

AGREED - Support informed decision making

AGREED - Prioritise outcomes that deliver the greatest economic and social benefit

5. Are there other design principles that should be considered? If so, please describe them and outline the rationale for their inclusion?

Approach and methodologies need to consider local / state-based needs versus those of national (refer response to question 3)

6. Which of the design principles would you rank as being of greatest importance?

PRIORITY - Prioritise outcomes that deliver the greatest economic and social benefit

Although it is understood all occupations must be considered, economic and social benefit consideration should facilitate assurances that occupations related to critical community infrastructure and standards of living are prioritised over other occupations such as hairdresser, pastry cook, picture framer, screen printer etc.

7. Do you agree that a single coherent approach should underpin the identification of occupational skills shortages? If not, what is/are the alternative/s?

Yes

8. What timeframe into the future should be used when identifying occupational skills shortages for the purpose of targeting skills shortage incentives? Why?

5-8 years. Infrastructure projects are often conceptualised and planned for well in advance of projects being shovel ready / construction commencing. A 5-8 year forecast will capture concept projects and work force needs, whilst also allow enough time for training of new industry entrants prior to peak work force demands eventuating.

9. What are the key limitations, if any, of a forward looking methodology? How can these be addressed or managed?

Changes to State and Federal Governments pose significant risks to identification of skill shortages should major project commitments not be honoured and or new projects, not previously captured, are committed to.

10. Are the core components of a possible forward-looking methodology outlined above appropriate? If not, why and what are the alternatives?

APPROPRIATE - An understanding of the current state of the skilled worker demand/supply balance in each occupation However this must be determined via other means as current ABS system is inadequate as the current system suggests – refer response to question 2

APPROPRIATE - An understanding of the future demand for skilled workers in each occupation, which considers projected growth in the economy and changes in its composition (growth demand); However, State based needs must be considered. Caution should be exercised with the reference to 'occupation' rather than 'occupational skills' shortages.

APPROPRIATE - An understanding of the potential attrition of existing skilled workers (replacement demand) in each occupation over the projection period, occurring through retirement, occupational or role changes of existing workers, or for other reasons; and Caution should be exercised with the reference to 'occupation' rather than 'occupational skills' shortages.

APPROPRIATE - An understanding of the potential contribution of skilled workers to each occupation over the projection period through completion of apprenticeships, completion of other qualifications or through other pathways.

11. Are there objective means of assessing skills shortages in small and emerging occupations for which there is no primary data?

Engage with Industry Associations, industry training levy bodies (e.g. South Australia's Construction Industry Training Board), Group Training Organisations and Civil Contractors Federation Registered

Training Organisation (i.e. CivilTrain) to assist with data collection and assessment of skill shortages in small / emerging occupations.

Utilise Industry Skills Councils (ISC) and other similarly tasked bodies.

It is reported that initial work of the South Australia ISC for Construction, Mining and Energy is proving very difficult, and somewhat unreliable data available is out of date and inappropriately categorised. Data therefore is unable to provide context that is representative of South Australian workforce needs.

12. Do you agree that the skills shortage methodology should be updated annually? Yes

13. Should the occupational skills shortage list be updated with the same frequency? Yes

14. What is the right balance between transparency and flexibility? How might a formulaic approach to identifying skills shortages be made more flexible without compromising transparency?

Use both methods of transparency and flexibility but at different time of NSNL reviews. For example:

- Transparency systems to be used for renewal of listed occupational skills shortages. Supported by flexible systems where a 'show cause' process may be adopted where an existing occupational skill shortage item has been nominated for removal.
- Flexible systems to exist where a new occupational skill shortage item is to be considered for inclusion. This system should be conducted in an open forum which allows for consultation, registrations of support and objections. Submissions should include a nomination of how new data will be gathered to support ongoing listing on NSNL.

15. Do you agree that eligibility for skills shortage incentives over the life of the apprenticeship should be determined at the commencement of the apprenticeship?

Yes - changes in commitments during the life of an apprenticeship may eventuate in an increase in non-completions as employers may be unable to support the apprenticeship financially without funding.

16. Would volatility in the availability of skills shortage incentives impede their uptake? If so, what type of stabilising mechanism would help to address this issue?

Yes - volatility will dissuade apprentices and employers. Ensure 'Grandfathering' and strong 'transition' systems are in place.

17. How far in advance of the effect date should changes in the skills shortage list be announced, given the need to balance business planning and distortions to commencement patterns?

As soon as possible and should be flexible as determined by the validated data presented to suggest a change is required.

18. What criteria should be used to target apprenticeship incentives to deliver the greatest economic and social benefit?

- Apprenticeships with transferable skills into other indirect occupations
- Women and men in non-traditional trades
- Migrant apprenticeships



19. What type of occupational analysis should be undertaken in support of the objective of addressing skills shortages in apprenticeship-based occupations?

Refer to responses provided for question 11.

Note: South Australia ISC for Construction, Mining and Energy is investigating options relating to dual apprenticeships and the opportunity this present allied industries where industry work is inconsistent e.g. – Construction, Civil, Rail.

The Civil Contractors Federation looks forward to continuing its involvement as the review moves into stage 2 and remains at your disposal should you require any further information regarding the contents of this submission.

Yours sincerely,

A handwritten signature in black ink that reads 'Chris Melham'.

Christopher Melham
Chief Executive Officer