

AUSTRALIAN EDUCATION UNION RESPONSE TO THE ACT SKILLS COMMISSION INTERIM REPORT

Overview:

This response from the Australian Education Union makes some specific comments and observations on the ACT Skills Commission Interim Report.

However, the overarching context of the Interim Report needs to be emphasised. That is that the nation and the ACT are experiencing skill shortages at a level that has not been experienced for decades.

The major reasons for the existing skills shortage have not been specifically addressed in the Interim Report. They are the complete policy failure of Government, at both the local and national levels to adequately support our university, TAFE and public school systems.

The comprehensive failure of Australian Governments has been highlighted by numerous commentators in the lead up to the Federal Election, and in terms of VET are explained in the attached VET statistics. (Attachment 2)

At the ACT level the CIT has experienced not simply the reductions in per student funding from the Commonwealth Government from 1996, but further cuts from the ACT Government to recurrent expenditure of CIT: \$17m from 1996 and a further 5% cut from the 2006-07 Budget.

The 2006-2007 ACT Budget also undermined secondary schools' capacity in the area of VET. The 5% cut in secondary school staffing, increased teacher workloads and reduced working conditions have guaranteed a less attractive working environment leading to specific teacher shortages.

Since 1996 a reduction in real terms of teacher professional development funds has also diminished the responsiveness and flexibility of the secondary school system and its capacity to meet community industry and student needs.

There is no question that the 2006-07 ACT Budget, based on an incompetent Treasury analysis of the ACT economy and Government finances, has exacerbated the skills shortage in the ACT.

The Australian Education Union – ACT Branch appreciates the opportunity to respond to the Skills Commission Interim Report and offers the following comments and recommendations for consideration by the Commission:

The AEU recognises that this Skills Commission Interim Report is a subset of the Canberra Plan and, as such, concentrates specifically on the identification of

skills needs for the ACT community. It is understood that many other issues impact upon education and training policies within the ACT and that the industry focus on skills in this document is but one small subset of the total.

Skills Shortages

The AEU acknowledges the depth of research and planning undertaken to prepare this report and will limit the Union's response to matters directly affecting the supporting of the training and skilling considerations identified within the report. In doing so, the AEU identifies the training and skilling of the ACT workforce as a significant aspect of the overall education needs of the community.

The Interim Report highlights concerns about current and future recruitment and skilling of the ACT workforce to support the needs of local industries within the ACT and region. The need for further skills training is supported by the Interim Report's claims for increased "*investment in education and training, increasing retention and participation*". This position is strongly supported by the AEU; we believe that the role of the Canberra Institute of Technology and ACT secondary schools in this regard cannot be undersold.

The Report comments that "*.....employing agencies are not permitting pay and conditions to be attractive to potential employees in a tight labour market where there are many well paid opportunities...*" (p14). The skills shortage identified within the ACT can be distilled to a simple supply and demand issue. Recent reports have identified that many apprentices in skills shortage industries receive a mere \$20 per week more pay than their colleagues in receipt of unemployment benefits and significantly less than those in some relatively unskilled areas of employment.

Put simply, if industry is prepared to pay appropriate salaries to employees then there will be adequate apprentices and trades people working in these industries to fulfill demand. Skills shortage is not just a function of lack of personnel with relevant skills but a lack of personnel who are prepared to work for poor salaries as industry attempts to hold wages down in an effort to increase profit margins.

Student Fees

Interim Report Recommendation 1.8 identifies the need to reduce school fees for families of visiting overseas academics. This statement, coupled with the observations that retention of young people within the ACT is imperative to maintain future healthy population demographics for the ACT, supports the AEU's concerns about the cost of public vocational education and training within the ACT. The AEU recommends that the ACT Government appropriately fund CIT to ensure that students are not provided with incentives to migrate to other interstate VET training providers. Student fees must be at least competitive with other regional and urban training providers if young students, apprentices and VET graduates are to be retained within the ACT.

VET Teacher Considerations

In addition, the paper presented to TAFE Directors Australia by Stephen Smith in September 2007 for the TDA National Convention identified the aging profile of the TAFE educators and VET trainers and he stated "*These (TAFE teachers) educators and trainers are not being replaced at anywhere near the rate or level they need if we are to find a long-term suitable solution to alleviating our ongoing skills shortages*". Recruitment in TAFE has been hampered in recent years by the growing discrepancy in TAFE Teacher salaries and those provided to skilled workers in industry. New TAFE teachers are often required to accept salary reductions in the order of \$20,000-\$50,000 pa to engage in passing their skills onto students and apprentices.

The Interim Report identifies the need for support for teachers in professional development - especially in the areas of maths, science and ICT - to ensure that teachers are current in their understanding and expertise and so that industry may benefit from students emerging from schools and TAFE with current skills. ICT teachers at CIT and within schools are generally paid in excess of \$30,000 pa less than their industry counterparts. Any expectation of retention of qualified ICT teachers in the teaching profession in the future would seem to be unreasonable unless teachers' pay is increased to a level competitive with that of their industry counterparts.

Small and Micro Business Issues

The Report outlines the need for skilled personnel supporting child care, health care, construction industries etc to accommodate projected migration to the ACT and to facilitate engagement of older workers and young family members in the workforce. The AEU notes that the CIT provides VET training and education in all of the discipline areas required to attract and sustain a suitable workforce in the ACT into the future.

The Report also identifies that small and micro business seems reluctant to engage in training and education of its employees. Discussions with small and micro business operators in the ACT suggest that this reluctance is primarily due to the large demands of investment of time and resources to sustain on-the-job training in these small enterprises. The cost of training an apprentice includes the outlay in salary, materials for training, administration costs etc. However, the major costs are hidden, including the loss of productivity when an expert person ceases to produce while they instruct students and the excessive time demands of the employer/trainer to meet government policy requirements for reporting, documentation and audit. All of this time represents time away from production and loss of potential income which small and micro businesses can ill afford.

Many of these small and micro business operators identify the utilisation of a public education provider to oversee the education and training of their employees as the most cost effective way of training. They regularly seek training

providers who deliver flexible, cost effective, quality training to meet their individual business and personal needs. CIT continues to perform this function for ACT industry.

The comment in the Interim Report: *“Employers often complain about training up staff only to have them poached by other organisations...”* outlines the need for the ACT government to appropriately fund and support CIT as the major VET training provider in the ACT. The CIT delivers in excess of 70% of VET training in the ACT at a competitive cost, and the training delivered traverses the breadth of industry-identified skills shortages. Employers’ investment in time and money to support training is minimised when they engage CIT as their preferred training provider while the maintenance of quality VET training in the ACT is assured. Institution of VET training which is publicly funded alleviates the disadvantages for employers who currently invest heavily in education and training of staff in a private capacity, only to find their staff poached by competitors.

Interim Report Recommendation 2.9 aims to undermine current practices in indentured arrangements by promoting accelerated apprenticeships. Indentured arrangements between employers and employees may also be used to overcome employee poaching but the apprenticeship system was created to address these concerns in the past. The wisdom of old created an apprenticeship system which is actually an indenture system which manages such relationships towards mutual benefit.

CIT Funding Considerations

It is acknowledged that CIT has been subjected to massive funding cuts in the past decade and that the ACT government has projected cuts to CIT of approximately 5% pa over the next 2 years. The rationale behind these cuts was to achieve “efficiencies” within the organisation and to drive down the cost of VET delivery, initially to the Victorian standard and later to the national average. These targets have been consistently achieved yet the ACT government maintains the pressure on CIT to extract further “efficiencies” and to force CIT to engage more closely with ‘industry’ whilst enduring 5% pa budget cuts.

The surveys of ACT industry over the past decade have indicated consistently high levels of satisfaction with CIT delivery of VET training, generally in the 85-95% range over this period. There is minimal room for improvement and funding cuts to CIT funding are not providing assistance towards further improvements. So the question remains as to why there needs to be further improvement in local industry’s satisfaction with CIT when the records of satisfaction are consistently high? If there is a problem, it seems to be a problem of industry rather than CIT.

Local industry consists primarily of micro and small business, while Government is the largest single employer in the ACT. However, the national training agenda is set by “industry” bodies which are hardly inclusive of this sector of business. Indeed it is principally multinational “industry” and large corporations which are

consulted in the design of the national training agenda which reflects their perceived needs. However, the needs of major corporations for training and education differ significantly from the training or education needs of small and micro businesses which dominate the private sector in the ACT.

Hence, the argument for “improving CIT satisfaction rates with industry” is a problem of perceptions within “industry” and cannot be solved by the training providers who must respond to local industry needs – needs which invariably conflict with the needs of larger corporations. The AEU recommends that the ACT government enquire into the misconceptions within the “industry” driven training agenda and ensure that the true nature of ACT “industry” has proportional representation in discussions and deliberations about training and associated “industry” needs within the ACT.

During recent years, the establishment of a myriad of private providers (including Australian Technical Colleges etc) has simply reduced the efficiency of public spending on actual training delivery. The quantum of available public funds spent directly on training of students and apprentices is diminishing as each new private RTO necessarily results in the withholding of a significant proportion of public funding to subsidise capital, overhead and management costs in the private organizations. It is understood that the imperative behind the policy promoting the use of private providers within the ACT was aimed to ensure that market forces would drive down the cost of training delivery. However, in fact the converse is true: the increase in the quantum of training providers present in the marketplace actually reduces the proportion of available public funding directly providing training delivery. An ever-increasing proportion of available funds is channeled into administration costs of these new RTOs. Such administration costs would be reduced as a proportion of spending if the number of RTOs was smaller.

The AEU believes that truly economical use of available funds to deliver VET training in skills shortage industries is best achieved by appropriately funding CIT whereby the unit cost of qualifications is cost competitive due to economies of scale and maximum use of the paramount training facilities within the ACT. The CIT is also best suited to provide the RPL services recommended in the report (Recommendation 4.1)

The AEU supports the Report Recommendations 2.11-2.13 and endorses the establishment of an appropriately-funded Group Training Organisation arm to CIT.

VET in Schools

The Interim Report Recommendations Nos 2.3-2.7 highlight the extension of VET training into schools and expands the scope of this training to target students in grades 9 to12 (ie 14 to 18 year olds) to engage in some form of industry training. The recommendations also suggest that students remain at school to a minimum

compulsory age of 17 and that Year 12 retention be increased to 99%. These recommendations, coupled with the push to provide Certificate III VET qualifications in schools and colleges and accelerated apprenticeships represent a very significant change in the ACT. The AEU does not endorse the imposition of further changes to the compulsory attendance age for students nor does it support the extension of VET and industry based training and experience to students in grades below Year 10.

The AEU supports the claim made in Recommendation 5.1 for the establishment of a hub to facilitate linkages and student movement between schools and higher education providers within the ACT.

Other considerations

The AEU supports Report Recommendation 3.2 outlining a proposal to increase maternity leave in the ACTPS to 26 weeks in the interests of maintaining appropriate work/life balance for employees. Similarly, the AEU endorses Recommendations 3.4 and 4.1 outlining incentives for retaining older workers in flexible employment arrangements and their engagement in life long learning.

The AEU endorses the Report's identification of the need to access Federal Government funding to support schools, VET and higher education within the ACT. The 23% Federal funding reduction experienced by CIT in the past decade has significantly limited the updating of facilities and equipment for teachers to provide quality training in the skills shortage areas for the ACT community. ACT Government support to access further federal funding to support CIT is a highly desirable outcome of the Skills Commission Interim Report.

Clive Haggar
Branch Secretary

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