



MINERALS COUNCIL OF AUSTRALIA

in association with

CHAMBER OF MINERALS & ENERGY WESTERN AUSTRALIA

and

QUEENSLAND RESOURCES COUNCIL

SUBMISSION

IN RESPONSE TO SKILLS AUSTRALIA'S

'FOUNDATIONS FOR THE FUTURE

- POSITION PAPER'



MAY 2009

EXECUTIVE SUMMARY

The Minerals Council of Australia (MCA), in association with the Chamber of Minerals and Energy of Western Australia (CME) and the Queensland Resources Council (QRC) provide a response to Skills Australia's *'Foundations for the Future'* Position Paper 2009.

During the recent peak surge in demand for minerals industry products the minerals industry reached the upper limits of labour market capacity, where both acute and chronic skills shortages emerged. Despite the global financial crisis, while there is no apparent shortage of available labour, minerals industry employers continue to experience difficulty in recruiting sufficient numbers of appropriately skilled workers in some key occupations, both mining specific and in traditional trades.

The minerals industry recognises the extent and complexity of the task of reforming the VET sector and welcomes Skills Australia's initiative to reform aspects of the National Training System. The industry, in principle, supports the proposed actions. However, it is critical that the reforms do not lose sight of the central role of industry as stakeholder in the VET sector; that investment in education is evidence based and matches delivery with the needs of industry and the national economy; and that the proposed regulatory and governance arrangements ensure that attributes of the reformed sector include enhanced quality, flexibility, and responsiveness.

The minerals industry strongly supports a move to a consistent national training system and believes that:

- the system must not be overly complex and must be nimble in its anticipation of and response to changes in the needs of industry and the national economy;
- while enhancing quality and consistency of education and training outcomes must be at the core of the reforms, on balance the system must deliver skills outcomes for industry;
- a timely and adequate local supply of skilled workers must be available to meet the needs of employers operating in remote and regional locations; and
- an adequate supply of skilled workers in critical occupations must be maintained.

Whilst there are potential benefits in merging regulatory and other aspects across the tertiary education and training spectrum, it is critical that the distinctive and divergent aspects of the VET and higher education sectors are maintained in the process.

The minerals industry supports moves toward increased operational flexibility, autonomy and institutional capacity for public providers, within a framework that does not compromise quality, nor shift costs to industry, and which ensures that they are strongly positioned to provide consistent training outcomes in a competitive market to more rigorous performance standards reflective of the industry; particularly in thin regional markets.

The National Training System of the future must be one that employs effective and efficient means to deliver the skills outcomes required by employers, individuals and the Australian economy, hence the discussion around this initiative must look to a new model for achieving skills outcomes, rather than attempting to simply patch up the current system.

A genuine partnership between industry and government to develop a strong, high quality national training system is a key to achieving this goal.

INTRODUCTION

The Minerals Council of Australia (MCA), in association with the Chamber of Minerals and Energy of Western Australia (CME) and the Queensland Resources Council (QRC) provide a response to Skills Australia's *'Foundations for the Future'* Position Paper 2009.

The Minerals Council of Australia (MCA) represents Australia's exploration, mining and minerals processing industry, nationally and internationally, in its contribution to sustainable development and society. MCA member companies produce more than 85 per cent of Australia's annual mineral output.

The Queensland Resources Council (QRC) is a not-for-profit peak industry association representing Queensland's minerals and energy sector, and works to secure an environment conducive to the long term sustainability of the minerals and energy sector in Queensland.

The Chamber of Minerals and Energy of Western Australia (CME) is the peak resources sector representative body in Western Australia. The role of CME is to lead the way in having the resources sector recognised as a highly valued and strongly supported member of the Western Australian community.

The terms "MCA" and "industry" used throughout this submission should be interpreted as reflecting industry's positions supported by all three organisations, reflective of the national industry and the major resource states.

The Australian minerals industry recently experienced a surge in demand and is now adjusting to the global financial crisis. During the peak of the market the industry reached the upper limits of labour market capacity, where both acute and chronic skills shortages emerged. Projections to 2020 indicate that this capacity constraint will only increase once the industry emerges from the current downturn.

Despite the global financial crisis, while there is no apparent shortage of available labour, minerals industry employers continue to experience difficulty in recruiting sufficient numbers of appropriately skilled workers in some key occupations, both mining specific and in traditional trades.

The minerals industry continues to make a substantial investment in Vocational Education and Training (VET), with figures indicating that, on average, the industry spends three times the national average per employee on VET. However, the vast majority of the minerals industry's VET activity is outside the government training (TAFE) sector due to the inability of the publicly funded VET sector to meet the minerals industry's needs.

The minerals industry advocates a demand driven training system that is responsive to the needs of industry. A high quality, demand driven training system must be underpinned by appropriate structural arrangements, including:

- A national system with consistency across all state and territory jurisdictions. Many mineral industry employers operate across several state and territory jurisdictions and efficiency demands a single point of entry and exit for the VET sector with consistent regulatory, governance and delivery regimes enhancing confidence in training outcomes and the transferability of skills and qualifications.
- A more responsive and flexible system. The minerals industry operates predominantly in remote and rural areas where there are few providers and little competition. Whilst a move to greater contestability for funding has not yet been proven to drive quality improvements in the training system, it is critical that increased competition does not result in a decrease in quality, flexibility and responsiveness, particularly in the remote and rural areas, nor the unintended transfer of additional costs to industry.
- Capacity to deliver high quality training to meet the specialized needs of specific industry groups.

The minerals industry recognises the extent and complexity of the task of reforming the VET sector and welcomes Skills Australia's initiatives aimed at addressing these key issues.

MINERALS INDUSTRY POSITION ON SKILLS AUSTRALIA'S RECOMMENDATIONS

As stakeholders in the VET sector in Australia, MCA, in association with QRC and CME, submit the following response to the recommendations of the '*Foundations for the Future*' document.

1. Ministerial Council for Tertiary Education for training, higher education and employment participation.

The minerals industry notes that the Council of Australian Governments (COAG) at its 30th April 2009 meeting supported the establishment of the Ministerial Council for Tertiary Education and Employment with responsibility for all aspects of the tertiary sector. In principle, the industry supports the concept of an overarching body for an integrated tertiary sector. However, it is critical that the distinct and differing features of the two sectors (VET and Higher Education) are not diminished in the process. Equally, any move to a national policy oversight through a single body must *improve* the response of both sectors in delivering educational and skills outcomes needed by industry.

2. Workforce Development and Planning

It is critical for the national economy that education and training effort is matched with the needs of industry, both in terms of present and reasonably foreseeable future demand.

The minerals industry supports the establishment of a Peak Industry Advisory Group on the proviso that:

- there is rationalisation of VET advisory bodies, i.e. this should not be another body in addition to bodies such as the National Industry Skills Council;
- the Advisory Group has high level representation across the spectrum of industry, comprising membership that is of sufficient knowledge and repute to be credible to the entire stakeholder group;
- there is an effective mechanism to provide the Advisory Group with data and information at both micro (regional) and macro (national) level to inform its deliberations; and
- the deliberations of the Advisory Group are expressly for high level conceptual and strategic thinking and policy direction.

The minerals industry also supports the concept of establishing a national network of industry advice on strategic policy, planning and investment in the tertiary sector; and we acknowledge Skills Australia's statutory role in providing advice on current, emerging and future workforce skills needs and workforce development needs.

However, in establishing a national network it is essential to ensure that the model:

- is not overly complex, has the capacity to provide a truly national view, utilises the growing network of State Training Councils, and has an appropriate level of input from the State Training Authorities;
- has the capacity to represent the demands of industry and employers at a micro level and to ensure that they are addressed within a regional context; and
- clearly defines the role of the network, ensuring that it does not become captive to any existing processes or entities, structures or communication channels at the expense of constructive strategic outcomes.

3. Investment in Education and Training – Markets and Purchasing Models

Lack of consistent and comprehensive data on investment in education and training has been a key issue in the past for policy makers and those with responsibility for purchasing. Each State Training Authority has a unique model for establishing demand and investment in education and training. Data on industry investment in training by non-government providers has been limited and is rarely current.

The minerals industry has consistently advocated a demand driven purchasing model with strong industry involvement rather than the provider supply driven approach that has been the key element of past purchasing models. However, and above all, it is critical that an holistic demand driven purchasing model is implemented, but not at either the expense of the quality and consistency of education and training outcomes; or improved flexibility and responsiveness of education and training providers.

Therefore, whilst the minerals industry supports the need for accurate and consistent data on both public and private employer investment in the tertiary sector, it is critical that:

- investment in education and training is a partnership between governments and industry and that industry is neither totally reliant on government to fund education and training, nor should industry be regarded as a surrogate for government in funding training effort;
- there is a consistent national approach to government purchasing contracts;
- an adequate supply of graduates in less 'popular' occupations that are necessary to the minerals industry and national economy is maintained. Such occupations include mining engineers, geologists, mine surveyors, and a range of traditional trades; and
- the data model is sufficient to ensure that appropriate education and training effort is maintained in regional and rural Australia where the minerals industry principally operates, contributing to regional sustainability and to maintaining an adequate supply of skilled workers to meet the needs of local employers.

The minerals industry welcomes an opportunity for greater direct and tangible industry engagement and authority particularly in the higher education sector, in both the allocation and utilisation of government education and training resources.

4. Quality Assurance and Regulation

The minerals industry strongly supports the development and implementation of improved national arrangements for VET regulation and quality assurance. The lack of quality and consistency of VET qualifications has been a key concern of the minerals industry for some time, with the result that the industry has to a large extent, lost confidence in VET qualifications other than traditional trades.

We note that the Council of Australian Governments (COAG) at its 30th April 2009 meeting agreed to support national regulation of the VET sector.

The minerals industry strongly supports establishment of an effective independent national regulatory body with effective national core quality standards for the national training system while making the following observations:

- Failure or underperformance of the national training system has economic consequences for individuals, corporations, industry and the nation. Quality is not simply about training packages or Registered Training Organisations. They are means to an end for the economy, industries and individuals dependent on the quality of the outcomes.

- It is critical that the independent regulatory body should have the authority and capacity to effectively and efficiently deal with under-performing providers, either through re-allocation of resources, or via interventions to build organisational capability.
- Compliance with a new regulatory and quality regime must not be overly bureaucratic and onerous for providers. Strengthened risk management protocols can provide an opportunity to recognise and reward high performing Registered Training Organisations (RTOs) by allowing less onerous administrative compliance requirements.
- National consistency is critical for core standards that promote high quality and consistent training outcomes.
- There is a role for industry in developing the core standards and establishing the governance model of the regulator to ensure that public and private training investment is consistently aligned.
- Publication of VET provider quality and performance data would enhance informed choice for industry and individuals. However, we note that employers and individuals in remote locations often have little choice of provider.
- The minerals industry supports, in principle, a merger of the VET and higher education regulatory bodies on the proviso that the distinct characteristics of the two sectors continue to be recognised and maintained. Whilst one body may have oversight of the total tertiary sector, it would be wrong to assume that one regulatory system could effectively regulate both sectors. Nor should such a merger be forced unless necessary powers and agreements are in place to assist a successful merger.
- It is a requirement that such a merger must enhance the opportunity to develop and implement improved education and training pathways between the two sectors.
- While the process for endorsement of training products must be rigorous, it must also be nimble and responsive to changes in industry technology and work practice.
- The National Centre for Vocational Education Research (NCVER) currently holds much of the performance data for public training providers, less so for private providers. A consistent national approach to data collection that builds on current information is desirable, rather than introducing a new regime. The minerals industry endorses an expanded role for NCVER to collect performance data across the entire VET sector, recognising a need for commercial in confidence provisions when collecting in-house training data from companies.

5. Public Providers

A strong, high quality, flexible and responsive national network of public VET providers is a cornerstone of training and skills development within the Australian economy. However, the national view is lost in the current governance and regulatory system in which each State Training Authority has different legislative, governance and compliance regimes. The vast majority of the minerals industry's VET activity is outside the government training (TAFE) sector due to the inability of the publicly funded VET sector to meet the minerals industry's needs.

The minerals industry supports moves toward increased operational flexibility and autonomy for public providers to ensure that they are strongly positioned in a competitive market, provided that it is within a framework that does not compromise quality and is responsive to industry requirements.

The minerals industry also supports continued investment in public VET providers to develop their institutional capacity to provide quality training outcomes in a flexible and responsive manner, particularly in the context of thin markets in remote and regional areas where they may be the only local provider of training in key occupations.

Equally, there is a need to address the institutional capacity of public providers as well as the governance structures of the entire national training system in order to deliver quality outcomes from the public provider. The minerals industry rejects the notion that simply addressing governance structures will deliver a quality national training system.

We particularly note the need to invest in development of the VET workforce to meet the evolving needs of industry and the Australian economy. Engagement of industry expertise through partnerships and collaboration must become acceptable, as the availability of skilled people within VET institutions must be impacted by employment demand in the real economy at any time

CONCLUSION

The minerals industry welcomes Skills Australia's initiative to reform aspects of the National Training System and, in principle, support the proposed actions. However, it is critical that the reforms do not lose sight of enabling the central role of industry as stakeholder in the VET sector; that investment in VET is evidence based and matches education and training delivery with the present and reasonably foreseeable needs of industry and the national economy; and that the proposed regulatory and governance arrangements ensure that the attributes of the reformed sector include enhanced quality, flexibility, and responsiveness.

Whilst there are potential benefits in merging regulatory and other aspects across the tertiary education and training spectrum, it is critical that the distinctive and divergent aspects of the VET and higher education sectors are maintained in the process.

The National Training System of the future must be one that employs effective and efficient means to deliver the skills outcomes required by employers, individuals and the Australian economy, hence the discussion around this initiative must look to a new model rather than patching up the current system.

A genuine partnership between industry and government to develop a strong, high quality national training system is a key to achieving this goal.

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