VACC Submission:

Skills for Victoria's Growing Economy

5 June 2020

VACC
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About VACC

The Victorian Automobile Chamber of Commerce (VACC) is Victoria's peak automotive industry association, representing the interests of more than 5,500 members in over 20 retail automotive sectors that employ over 50,000 Victorians.

VACC members range from new and used vehicle dealers (passenger, truck, commercial, motorcycles, recreational and farm machinery), repairers (mechanical, electrical, body and repair specialists, i.e. radiators and engines), vehicle servicing (service stations, vehicle washing, rental, windscreens), parts and component wholesale/retail and distribution and aftermarket manufacture (i.e. specialist vehicle, parts or component modification and/or manufacture), and automotive dismantlers and recyclers.

VACC is also an active member of the Motor Trades Association of Australia (MTAA) and contributes significantly to the national policy debate through Australia's peak national automotive association.

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List of VACC Recommendations:

Recommendation 1:

That teachers be required to have specialised skills in STEM before being able to teach STEM programs and the Victorian Government invest more heavily in LLN and STEM programs to improve proficiency in schools.

Recommendation 2:

That greater technical rigour and increased training hours are allocated towards automotive courses to support the specialised service and repair requirements of electric, autonomous and connected vehicle technologies over the next decade.

Recommendation 3:

That levels of engagement between training providers and industry are strengthened in regard to the design and skills content of automotive qualifications to reflect the changing skill needs within the workplace.

Recommendation 4:

Splitting of the delivery of units of competency for a qualification among more than one RTO within low student volume training markets, and the consolidation of thin training markets into one RTO with greater funding supplementation for employers and students to access such training.

Recommendation 5:

a) *Consideration of the establishment of an independent assessment authority as the final arbiter of training quality and student sign-off, as utilised in other industries such as banking and finance*

b) *Consideration of graded levels of student assessment that rate student competency in terms of a numerical scale or ranking across key criteria.*

Recommendation 6:

That automotive skills training for the next decade requires the upskilling of automotive TAFE teachers in modern vehicle technology and/ or the recruitment of suitably trained teaching personnel for the future delivery of automotive trade qualifications.

Recommendation 7:

That there be mandated annual periods of industry relevant training for all skills teachers.

Recommendation 8:

That increased funding is allocated 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.

Background

The Victorian Automotive Chamber of Commerce (VACC) welcomes the opportunity to respond to the Victorian Government's review into Victoria's post-secondary education and training system.

VACC has a diverse and extensive membership base and is the largest employer of Group Scheme apprentices in Victoria. VACC is an avid supporter of encouraging and supporting students to complete their secondary schooling. This is demonstrated by its school-based trainee program and its large school engagement program, consisting of career expos/events, direct support to schools delivering automotive subjects through teacher training, assessment resources and millions of dollars' worth of donations in componentry, vehicles and tools. VACC also participates in committees and support networks such as school-based task force meetings and the Local Learning and Employment Networks (LLEN).

VACC therefore has a demonstrated interest in in ensuring Victoria's post-secondary education and training system delivers skills that meet the needs of the economy, industry, students and the broader community.

Responses to Terms of Reference items

What are the education and training needs for jobs in Victoria over the next ten years?

Language, Literacy and Numeracy (LLN) and STEM Skills

Over the next ten years, the Victorian economy, along with most advanced economies, will be transformed through the emergence of new technologies, changing job roles and skills requirements. For the automotive industry, this will encompass the transition to electric, autonomous and connected vehicles and the rise of new skills and job roles aligned with these new technologies.

A key element that will underpin technological transformation across all industries is the teaching of literacy and numeracy skills towards students, and particularly the quality of science, technology, engineering and math's (STEM) skills taught in schools. The teaching of STEM skills is acknowledged as an area where Victoria and Australia lag internationally compared to other developed countries.

Evidence gathered by VACC over the last 4 years indicates that on average, only 60 per cent of students seeking to engage in an automotive career can demonstrate adequate language, literacy and numeracy skills (LL&N) to support a successful completion of their apprenticeship. Many applicants have difficulties with basic spelling, comprehension and often are unable to display legible writing, and this is of deep concern.

Whilst some State and Federal Government assistance has been provided towards the teaching of STEM programs in schools in recent years, further support is required to teachers within the classroom. Currently, only a minority of Victorian primary school teachers have an educational background in a STEM discipline. In the most recent *State of Our Schools* report, 51 per cent of

schools reported having math's and science classes taught by teachers who were not fully qualified in these specialist areas.

The result of these deficiencies has been that secondary school graduates are often ill-equipped to meet both the expectations of employers and requirements of specific job roles and this acts as a disincentive for employers to hire young people. This is also seen as a contributing factor towards the declining commencement rates of young people within automotive and other industries.

For all school leavers and graduates to have STEM proficiency, STEM needs to permeate across all school and university curricula, and not be just taught in stand-alone subjects. Teachers need to be specialists in STEM skills in order to teach them adequately, and there should be centres of excellence for teachers to build skills and share passion for both the teaching and the subject material.

Without intervention, this declining performance will continue to result in students being inadequately prepared for the workforce, undermining Victoria's competitiveness, productivity and exacerbating skill shortages.

VACC therefore recommends the following:

Recommendation 1:

That teachers be required to have specialised skills in STEM before being able to teach STEM programs and the Victorian Government invest more heavily in LLN and STEM programs to improve proficiency in schools.

Increase in quality and quantity of automotive training

The automotive industry is heavily influenced by changing technologies, as seen through the development of electric, hybrid and autonomous vehicles. Over the next decade, this new generation of motor vehicles will require new job roles and specific occupational skills that enable both students and existing workers to safely repair and service these technologies. Automotive courses will therefore require greater technical rigor, particularly in diagnostics, IT and data interpretation, including an increase in the total amount of training hours required for completion.

Training package, qualification design and skills content must also be representative of industry needs, and therefore be flexible to the changing needs of industry. This will require a greater level of engagement between training providers and industry than is currently the case. This will ensure that students and employers are not deprived of the changing skill needs that are required in the workplace.

Recommendation 2:

That greater technical rigour and increased training hours are allocated towards automotive courses to support the specialised service and repair requirements of electric, autonomous and connected vehicle technologies over the next decade.

Recommendation 3:

That levels of engagement between training providers and industry are strengthened in regard to

the design and skills content of automotive qualifications to reflect the changing skill needs within the workplace.

What reforms are required to meet the skills and capability needs of industry and employers, government and the community over the next decade?

Servicing thin training markets

VACC observes that there is a diminishing ability of registered training providers (RTOs) to service regional areas, as well as thin (low volume) training markets. The provision of training in critical skilled trades such as marine, motorcycle, engine reconditioning and many others, are rapidly disappearing within RTOs due to low student numbers and the costs associated with running such courses.

In many regional areas, an RTO is the only post-school education facility available to the local community, necessitating the provision of a wide range of courses covering the needs of both regional employers and the wider community.

In contestable and demand driven training markets, the current funding mechanisms within VET reward large-scale, low cost training delivery. For thin markets, these funding mechanisms often do not meet staffing, infrastructure, material and overhead costs, which can result in compromised training solutions or a withdrawal from specific trade training altogether. Key examples of this include the scarcity of bicycle trade training among RTOs and the merging of automotive engine reconditioning training with other trades at many institutions. There is a potential risk in thin training markets of both employer and student disengagement from trade training.

Greater flexibility of both training delivery and funding arrangements can overcome many of the barriers associated with servicing thin markets. Whilst the economics associated with thin training markets dictate that most solutions will end up costing more, this needs to be weighed against strong industry expectations and a strong public interest in the provision of skills training.

VACC therefore recommends the following initiatives for consideration:

Recommendation 4:

Splitting of the delivery of units of competency for a qualification among more than one RTO within low student volume training markets, and the consolidation of thin training markets into one RTO with greater funding supplementation for employers and students to access such training.

Closer industry engagement

There is considerable evidence that current programs of industry engagement by training providers are very limited and contain little in the way of grass roots industry consultation. There is also a perceived lack of transparency in decision making, particularly relating to the design and skills content of training packages and qualifications. Ultimately, this can result in qualification design and skill selections that are unrepresentative of the broader needs industry, thus depriving

students of the real skills needs that are required in the workplace. A closer engagement model between RTOs and industry is therefore a critical reform that is required over the next decade.

RTO assessment standards

Employers have long bemoaned the fact that RTO assessment procedures and standards for apprentices and trainees are inadequate. RTO's generally assess student's as either being 'competent' or 'not-competent', but this gives little indication to employers of the actual level of competence of a student, or their abilities in key areas.

A further complication arises from the fact that funding for RTOs is linked to the sign-off of apprentices. This gives rise to an incentive for RTOs to churn out students as being competent. Many employers have expressed legitimate concerns of RTO pressure to sign-off students to release funding, despite some students not being fully competent.

VACC believes that there is scope for policy reform towards RTO assessment procedures and standards to ensure better quality outcomes for all parties.

VACC therefore recommends the following initiatives for consideration:

Recommendation 5:

a) *Consideration of the establishment of an independent assessment authority as the final arbiter of training quality and student sign-off, as utilised in other industries such as banking and finance*

b) *Consideration of graded levels of student assessment that rate student competency in terms of a numerical scale or ranking across key criteria.*

Digital learning

Whilst it is expected that there will be an increased focus on digital learning over the next decade, it should be recognised that digital learning cannot replace technical face-to-face training delivery for many industries, including automotive. Digital learning can be used to supplement traditional theory delivery in a classroom, however the transfer of practical skills and knowledge within automotive largely requires face-to-face training in a classroom or workshop environment.

What reforms are required to build industry investment in skills and workforce development, including apprenticeships and traineeships?

Whilst automotive training is amongst the largest and most popular within the VET system, VACC research shows that less than half of all automotive businesses employ apprentices or invest in skills and workforce development. This shows that there is considerable potential within the industry to expand its uptake of apprentices and build workforce capability as such.

The fact that most employers do not partake in this investment is indicative of key shortcomings and employer dissatisfaction of the VET system, and this continues to have a negative impact on

the uptake of apprentices and trainees within industry. There are many key reforms that can help change this overall situation. These include the following:

- ***Placing industry at the heart of the VET system.*** There is a perception within industry that automotive training is too far removed from the actual skill needs within the workplace, and that the quality and type of training delivered by RTOs is not representative of industry needs, particularly in regard to current technology training. This necessitates that a closer engagement model is necessary between RTOs and industry, with skill outcomes based on modern workplace requirements

- Industry should also have a greater say in the assessment and validation of RTO training. Employers should not be pressured by RTOs to sign-off apprentices as being competent, if employers have genuine concerns around a student's level of competency. In this sense, there should also be closer scrutiny of RTOs that provide minimum or below minimum training outcomes on the part of regulators, as well as the opportunity for employers to provide feedback and support the role of regulators

- Another key reform includes incentivising and rewarding employers that follow best practice regarding skills investment and workforce development. Such rewards could be linked to apprentice retention, thereby ensuring that best practices are maintained by employers throughout the apprenticeship period, and thus helping to reduce the high levels of apprentice attrition in the workplace

- Further suggested reforms include government having greater consistency around the direction and promotion of apprenticeships to facilitate a greater uptake within the community and ensuring that trade paper titles and job roles are aligned to better reflect current industry language.

What reforms are required to improve access to Higher Education and VET for students that are entering the workforce, and those seeking to reskill or upskill later in life, no matter their background?

VACC believes that access to higher education and VET could be improved for many students through the alignment of respective funding with changing job roles and employment. Currently, mobilisation within the workforce is limited by the restriction in funding avenues, and this acts to restrict upskilling and mobility for many students. RTOs also need to be able to effectively deliver re-training within qualifications, however there is evidence that this is often hampered by poor RTO practices.

What reforms are required to ensure relevant, high quality teaching and VET courses that produce job-ready graduates at all stages of their career?

Strengthening teaching standards

Within the diminishing cohort of automotive TAFE teachers, there is currently limited capacity and technical capability to teach skills required by industry relating to the servicing and repair of hybrid and electric vehicles and semi-autonomous technologies, such as auto emergency braking (AEB), lane departure warning, adaptive cruise control and many others that are now standard on new vehicles. VACC therefore advises that VET policy reform should encompass a program aimed towards the upskilling of automotive TAFE teachers in modern vehicle technology, along with the recruitment of suitably trained teaching personnel for the future delivery of automotive trade qualifications.

Automotive apprentices and trainees are also used across many industries, including mining, building and construction and transport and logistics. However, the ability of teachers to deliver effective skills training in such areas as heavy vehicles and mobile plant is contingent on being able to access sufficient funding and resources to invest in specialised equipment. Without such appropriate support, the quality of future skills delivery in these and other specialised areas is at risk over the next decade.

VACC therefore recommends the following:

Recommendation 6:

- *That automotive skills training for the next decade requires the upskilling of automotive TAFE teachers in modern vehicle technology and/ or the recruitment of suitably trained teaching personnel for the future delivery of automotive trade qualifications.*

Recommendation 7:

- *That there be mandated annual periods of industry relevant training for all skills teachers.*

Tailored training plans

A source of frustration for many employers revolves around training delivery by RTOs that is not reflective of job tasks and job roles within the workplace. RTOs will often deliver a standard schedule of training according to ease of delivery or in a way that maximises their funding. It should be the employer's right and responsibility to negotiate a tailored training plan with an RTO in accordance with their needs. Often employers are unaware of this choice and simply accept what is offered by an RTO. A better articulation of these choices between RTOs and the business community can potentially improve training outcomes for all parties.

Other reforms which have outlined earlier in this submission are also relevant and include:

- Reforming RTO assessment practices to reduce the 'tick and flick' mentality of RTO's of assessing all students as competent in order to receive government funding. Assessment practices should ideally be aligned with industry needs

- Whilst training packages may be continually revised and in many respects considered up-to-date, implementation of these revisions can be incredibly slow amongst RTOs, which is frustrating for many employers. A contributing factor in this respect can be the lack of industry validation of RTO learning and assessment resources

- Addressing the large variability in skill delivery for the same qualification amongst different RTOs. There is evidence that teaching standards, resources and assessment are not consistent across RTOs and this lack of consistency leads to highly variable skills outcomes for students, with less than satisfactory outcomes in terms of job readiness for both apprentices and existing workers seeking to upskill

- Funding models for VET courses should allow for robust apprenticeship training. This includes not having an over-reliance on digital learning at the expense of other learning methodologies

- Ensuring that there is a close connection between training regulators and industry and that regulators are more accountable and be able to act swiftly in response to industry concerns.

What reforms are required to improve pathways, and connections, between TAFE and other VET providers, adult and community education providers, universities and other non-university higher education providers, schools, and employers, so students can easily understand and navigate the post-secondary system and update their skills throughout their careers?

Strengthening pathways between VET and Universities

VACC believes that having appropriate course articulation between RTOs and universities is necessary in helping raise educational aspirations and to provide improved skill outcomes and career opportunities for students. In practice however, existing articulation arrangements between the VET and higher education sectors are weak. There is little in the form of unified pathways and evidence of such applications remains inconsistent. Furthermore, there is a lack of information and transparency surrounding these matters and this limits student transitions between VET and university. These issues are even observed within 'dual sector 'institutes. A key problem in this regard is the separate funding and regulatory arrangements that exist between the VET sector and higher education. These separate arrangements can act as a barrier to improved course articulation between VET and university and represent a key area for reform.

Greater flexibility within schools to accommodate VET programs

There is evidence that the accommodation of VET programs within secondary schools in Victoria remains rather patchy, with some schools offering a broad suite of VET programs for students, whilst other schools offer few if any VET programs. Reforms aimed at improving the flexibility of schools to accommodate VET programs, either through addressing resource constraints or other means should be considered.

Improving career advice within schools

In VACC's experience, poor or inaccurate careers advice is a major contributing factor in the misalignment of the expectations of young school leavers and their suitability towards certain job roles. Career advisors are often time poor, lack adequate resources and can be confused by the diverse expectations from various industries.

Due to the challenges faced by career advisors, students are often not equipped with detailed advice on industry expectations, including advice on skills and attributes required for the learning and development phases on an apprenticeship. Poorly conceived careers advice based on a scant understanding of an industry is misleading and has the potential to see students bounced around the employment market, with some school leavers losing their footing very early in their career journey.

Schools need the capacity, human resources and financial scope to engage individuals from industry to provide dedicated career advice. This engagement strategy should include leading employer bodies, who often have the expertise and knowledge to properly inform students of the various job roles and career opportunities in an industry.

Government should also consider effective professional development programs for career advisors, along with a requirement to collaborate with industry, and the use of more flexible structures in the school environment where students can participate in vocational learning.

Recommendation 8:

That increased funding is allocated 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.

What reforms are required to improve the funding arrangements of Victoria's VET sector?

The system of funding arrangements for Victoria's VET sector are very complex, giving rise to many problems that affect the quality of skill delivery for students. The current VET funding model which is based on student outcomes, has essentially created a 'tick and flick' mentality, where all students are marked as being competent by RTOs, no matter what their ability. As outlined earlier, training outcomes need to be validated through an alternative mechanism such as an independent body, in order to improve the quality and confidence in the system for employers.

Furthermore, the current funding arrangements have resulted in poor levels of regulatory enforcement against non-compliance and fraudulent activity by RTOs. For VACC, it is very disconcerting to see that that there has been little to no change in VET outcomes since the introduction of Standards for RTOs in 2015. Even though many RTO audits have taken place, these audits have continually failed to recognise the issue of poor RTO assessment practices that do not meet industry standards. Furthermore, basic relevant industry engagement is still non-existent. This is demonstrated in a recent case where an RTO undertook training for over 100 apprentices and yet was able to meet the requirement for industry consultation by providing evidence of consultation

that consisted of only a few employers. This lack of industry consultation to a wider audience that should include industry bodies, raises serious concerns around the current standards and auditing processes.

Invariably, it must be recognised that the economics of industry dictate that employers cannot afford to send students off to an RTO, unless the training outcomes properly equip the students with additional skills that can be applied immediately in the workplace. Unfortunately, this message has been lost within the VET sector, hence the withdrawal of many employers from VET, and the proliferation of ever deepening skill shortages across industry.