



national
electrical and
communications
association

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To the attention of the National Skills Needs List Team

**Submission – Review of the Australian Apprenticeships National Skills Needs List
(Methodology Discussion Paper) December 2019**

The National Electrical and Communications Association (NECA) is the peak industry body for Australia's electrical and communications contracting industry, which employs more than 165,000 workers and delivers an annual turnover in excess of \$23 billion. We represent the best interests of over 5,200 electrical contracting businesses across all Australian States and Territories. NECA appreciates the opportunity to engage and contribute to the changing nature of VET, and welcomes ongoing reform.

NECA has been advocating for, and on behalf of, the electrotechnology industry for over 100 years. We aim to help our members and the wider industry to operate and manage their business more effectively and efficiently whilst representing their interests to Federal and State Governments, regulators and principal industry bodies such as the Australian Chamber of Commerce and Industry (ACCI) and Standards Australia.

NECA is strongly committed to supporting the next generation of electrical and communications contractors. Working with our Registered Training Organisations (RTOs) and Group Training Organisations (GTOs), NECA provides employment and ongoing skills development for approximately 4,800 apprentices across Australia. The majority of these apprentices get the opportunity to gain work experience with NECA's members through our group schemes. The success of our programs speaks for itself - we proudly boast 90% completion rates across our courses, and approximately one in three electrical apprentices is a NECA apprentice.

Our approach to attracting and supporting entrants to our industry is through a holistic, progressive and high-quality range of industry relevant programs and initiatives including our long-standing scholarship program, NECA Foundation and the Women in Electrical Trades Roadmap. In addition to these initiatives, we also manage and promote industry-wide Annual Excellence and Apprentice Awards designed to acknowledge and celebrate achievements and highly distinguished electrotechnology projects, which includes recognition of apprentices and future leaders in our industry.

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Vocational Education and Training (VET) is the cornerstone to trade training; it is integral to Australia's economic competitiveness, productivity and sustainability, as well as the overall well-being of the community. NECA recognises that the future and success of Australia's VET is a shared responsibility, and one that should be strongly influenced and informed by industry.

NECA supports the operation of a national competitive training market comprising of public and private RTOs, as regulated by one national VET regulator. Our member feedback and experience within the VET sector suggests that the current standards and systems have not always led to the delivery of quality, job-ready graduates with the necessary skills required by the industry. NECA is of the view that the inconsistent approach to incentives to date have not addressed the long term skills shortages that the country faces.

We have made a number of recent submissions to the Government in support of the 2019-20 Federal Budget to the \$525 million 'Skills Package – delivering skills for today and tomorrow' (Skills Package), comprising of the new National Skills Commission (NSC), National Careers Institute (NCI) and the pilot Skills Organisations, 2020-21 Federal Government Pre-Budget and the Review of Secondary Students Pathways with the objective to see increased certainty, investment and commitment to Australia's VET system.

We note, that any proposed arrangements must be flexible, streamlined and responsive to the needs of industry, as well as offer a clear, affordable and simple pathway for future entrants. Industry must be wholly integrated with all aspects of the reforms process and all relevant governance arrangements to ensure that the new systems are effective, robust and responsive.

National Skills Needs List Framework

The National Skills Needs List (NSNL) was established to address ongoing skills shortages in the Australian economy and support a productive and highly skilled workforce and strong labour market. The NSNL was introduced in 2007, and was last reviewed in 2011 – almost nine years ago. NECA contends that the skills shortage with respect to our industry has not improved over this time.

To be included on the current NSNL, an occupation needs to meet several 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);
- 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.¹

Employers engaging an apprentice in an NSNL occupation are eligible for the standard commencement, recommencement and completion incentives for all workers irrespective of whether the apprentice is a New or Existing Worker and whether they are engaged full-time or part-time. Employers may also be eligible for the Rural and Regional Skills Shortage Incentive and the Support for Adult Australian Apprentices incentive. Being identified on the NSNL is also a requirement for eligibility for the Australian Apprentice Wage Subsidy.

For an apprenticeship to attract NSNL linked incentives for the employer and apprentice, the qualification toward which the apprentice is training must be relevant to an NSNL occupation and be undertaken at the Certificate III or IV level. There are 65 occupations currently on the NSNL list, of which 85% are trade-based Australian apprenticeships – this includes Electrician (General) and Electrician (Special Class).

Skills shortages, incentives and a coherent approach

NECA welcomes the opportunity to provide comment in response to the NSNL Discussion Paper (December 2019). It is understood that the Government is reviewing the methodology that skill-based occupations in a skills need are identified and prioritised for the purposes of targeting apprenticeship incentives and payments. We thank you for the opportunity to participate in this process.

To date, VET funding has been inconsistent, uncertain and inequitable across all levels of Government and jurisdictions, impacting our industry's ability to attract and retain apprentices. NECA supports the review of the NSNL as an opportunity to focus on funding VET that is relevant to changing labour market demands. An effective, efficient and successful VET model must have certainty, and be underpinned and supported by ongoing and suitable funding.

NECA supports urgent reform to the VET system that results in increased Government support resources and a greater investment in skills to attract and retain the essential national labour market. Given the current and ongoing shortage of skilled labour across the electrical trade, we urge the Government to retain Electricians on the NSNL. NECA seeks to ensure that electrical trades remain as a 'Class A' qualification, being a qualification that a person cannot obtain except by fulfilling the obligations of an apprentice under a training contract. We urge the Government to retain and expand the current funding arrangements, and that these not be

¹ Review of the Australian Apprenticeships National Skills Needs List – Issues Paper (August 2019) <https://www.employment.gov.au/review-australian-apprenticeships-national-skills-needs-list>



explicitly tied to the NSNL or associated methodology, and that these arrangements have a high degree of transparency, certainty and consistency.

Fundamentally, any new methodology or assessment tools of skills shortages should not have any impact on the base of an apprenticeship incentive or any net reduction to VET investment, funding and resources that would ultimately further impact declining skills and trades expertise. Moreover, any new incentives to attract new entrants to trades with a demonstrable skills shortage should be directed and available to employers.

Evidence-based data and industry engagement

NECA supports a holistic methodology for assessing skills shortages that considers:

- historical data;
- current and forward-looking forecasts and anticipated trends; and
- evidence-based data informed by industry.

We strongly support the commentary within the discussion paper that recognises the importance to engage industry to deliver outcomes, and that any information collection processes or methodology to gauge the labour market is not cumbersome or taxing for business. We strongly encourage regular and ongoing engagement and consultation with the private sector and broader electrotechnology industry.

We support ACCI's submission and the position that there be greater clarity between the identification of skills shortages and the specific application of skills shortages data to apprenticeship incentives.

Should you wish to discuss this submission or matters concerning our industry, I can be contacted on 02 9439 8523 or by email suresh.manickam@neca.asn.au

Yours faithfully

Suresh Manickam

A handwritten signature in black ink, appearing to read "Suresh Manickam", written over a horizontal line.

Chief Executive Officer