



EDUCATION AND INNOVATION COMMITTEE

Members present:

Mrs RN Menkens MP (Chair)
Mr SA Bennett MP
Mr MA Boothman MP
Mr MR Latter MP
Ms A Palaszczuk MP
Mr MJ Pucci MP
Mr NA Symes MP

Staff present:

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PUBLIC BRIEFING—SKILLS QUEENSLAND

TRANSCRIPT OF PROCEEDINGS

WEDNESDAY, 1 AUGUST 2012

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Committee met at 9.36 am

CAMM, Mr Rod, Chief Executive Officer, Skills Queensland

MILLER, Mr Neil, General Manager, Industry Engagement, Policy and Programs, Skills Queensland

CHAIR: Good morning all. Firstly, if there are any members of the media present who might be recording any of the proceedings, I ask that they adhere to the committee's endorsed media guidelines. Committee staff have a copy of the guidelines available if they require one. Before we start, I also ask that all mobile phones be switched off or set to silent.

Today I am delighted to welcome from Skills Queensland Mr Rod Camm, who is the Chief Executive Officer, and Mr Neil Miller, who is the General Manager, Industry Engagement, Policy and Programs. They are here today to provide an overview of Skills Queensland.

I would like to welcome the members of the Education and Innovation Committee. I am Rosemary Menkens, the member for Burdekin and chair of this committee. With me are Annastacia Palaszczuk, the member for Inala; Neil Symes, the member for Lytton; Steve Bennett, the member for Burnett; Michael Pucci, the member for Logan; Mark Boothman, the member for Albert; and Michael Latter, the member for Waterford. We have apologies from the deputy chair, Tim Mulherin, because Tim has to attend another committee.

A major aim of the portfolio committee system is to ensure close alignment between the work of the committees and the work of the parliament. Subsequently, it is this committee's intent to develop a good understanding about all areas of the committee's responsibility. We thank Skills Queensland for helping us by sharing their knowledge with us today. The briefing is being recorded and will be transcribed by Hansard for future publication on the committee's webpage. It is also being webcast live, and the video will be available on the committee's webpage until it is superseded by a subsequent webcast recording.

Parliamentary privilege applies to all committee operations, including this briefing. On the other hand, to mislead the parliament, including this committee proceeding, is a serious offence. If you are unable or unwilling to provide an answer to any question the committee might put to you, you should advise me accordingly, giving your reasons. We will consider the reasons and provide ample opportunity for you to seek any advice or assistance you need. You might also wish to take questions on notice if you do not have information at hand. As well, you may request that any material you provide be kept private and again the committee will consider that request. All of this is detailed in schedule 8 of the parliament's standing orders, to which I believe you have been directed. For the benefit of Hansard, I ask officers to state their name the first time they speak.

Mr Camm, would you prefer members to ask any questions as you go through your presentation or wait until the end?

Mr Camm: I am quite relaxed about doing it as we go.

CHAIR: Thank you for that. Honourable members, I ask that you ask any questions through the chair as the briefing progresses. Thank you and I will now hand over to Mr Camm.

Mr Camm: Thank you for the invitation to come along. Today what we would like to do is outline the role of Skills Queensland and the important relationship it has with the department in terms of sharing responsibilities in the skills sector. But in doing that I would also like to provide a bit of an overlay of where the system is at—I guess provide a stocktake of where we are sitting nationally in terms of some of our skills indices and give a picture about how it is responding to the needs of the economy. It is not meant to be negative, but some of the data nationally in the vocational education and training sector indicate that the sector is struggling, not just in Queensland but nationally. Unfortunately the technology requires me to go to the lectern, so it is a little less informal. But I do that with your permission.

So today I would like to start with where is the most recent national policy agenda and where has it come from. COAG has determined that the VET sector under the new national partnership is focusing on a couple of very important reform issues. The department is best able to brief the committee on all of the detail of it. But, in terms of where we are coming from, there is a national commitment of all governments to implement what is called a national guarantee, which is really about saying that all Australians—or, for us, all Queenslanders—will be guaranteed a subsidised training place up to certificate III level. That is the first element of it. So there is important work underway now in the department and in Skills Queensland about the modelling of that and what the impact of that will be and, most importantly, how we would implement that reform.

A second element is about this notion of contestability—that is, maximising student or employer choice in terms of the type of training provider they want to use and the type of course they may want to enrol in or, if they are an employer, engage their employees in. A key element to that is the third dot point

and that is about industry. There is a strong view that industry should play a leadership role in our skills system, and we will talk a little bit about that today. The key for us is making sure that the market intelligence is there to inform investment decisions, and by investment I mean what price we should offer for a particular qualification against another one, and that is about understanding what happens in the labour market, understanding what parts of industry are growing and not growing.

I will start with what is the demand out there. Whenever we talk about skills we talk about industry and employment growth, because one of the challenges for us is to try to ensure that the outputs of the training system or skills system align with the economy. If you look at this graph, that is the state-wide change in employment by industry. Most of this is very well publicised. The mining sector is certainly growing in terms of jobs, albeit off a small base. Health and community services is a large employer and is still growing very, very fast—so there are a lot of job opportunities coming forward over the next few years. Agriculture is still growing and utilities—that is largely the energy sector. But after that it gets a little bit more challenging across the other industries, and that changes the dimension of the skills response around what types of programs are needed to try to upskill existing workers and what types of programs are needed to attract people where they are employing.

At the bottom of that graph is construction, and that is an alarming trend for us in the training sector because a lot of the jobs growth even in the resources sector in the next five years happens to be in the construction trades. As you will see from this next slide, when confidence is down apprenticeships are down. That is simply an index that we have developed that charts apprenticeship commencements against the ASX, and that helps us understand the employment decisions of employers. So what that tells us is when the economy is good employers are putting on apprentices; when the economy is not so good they are not putting on apprentices. When you then segue that to what is happening in areas like skilled migration—if you look at the recent Roy Hill enterprise migration agreement in Western Australia, you will see a lot of trades there—the challenge for us in the training system is how do we pump prime apprenticeship commencements—and there is a commitment of the government to increase apprenticeships by 10,000—how do we engage and ensure that supply when confidence is down.

This next slide is totally inappropriate for this audience but I use it when I talk to both industry and TAFE and my people in Skills Queensland when we say that every response we have to look at around aligning priorities is about the economy. Of course that was a Bill Clinton quote from an election campaign so I will quickly move over that.

When we look at the funding of the sector, often in the training sector we say money drives behaviour and it is important that we understand where the sector is at with the financing arrangements. The government has created a Queensland Skills and Training Taskforce, which are now looking at the vocational education and training sector. They are meeting fairly regularly and Skills Queensland has been a part of that briefing process.

This is the data we presented to the Skills and Training Taskforce. In a sense it gives you a picture of some of the challenges of meeting the skills needs of the economy. What that says is that non-government investment—that is, what we leverage off non-government sources, so that is certainly student contribution but also industry contribution—in Queensland is below the national average in this space. If we were going to increase the amount we leverage from non-government sources and get to the national average, we should be leveraging about \$76 million a year more from those sources. So that tells us that in the reform agenda, both COAG driven and from the Skills and Training Taskforce, this is one of the issues we need to look at.

Most of the literature will tell you that if someone invests in their own program they value it more and are less likely to drop out. So student contribution is important. And a lot of work has been done on what we call co-investment with industry. Skills Queensland has had something called a Strategic Investment Fund where we went to industry and asked, 'What works for you? What strategy works for you? What skills program works for you?' We have been able to get commitments around 42 per cent of non-government investment in those programs. So where there is maximum flexibility industry tends to be prepared to invest more.

Government investment is below the national average as well. That is not a new statistic. Queensland has been below the national average for a very long time. For us to get to the national average we would be investing about \$64 million a year more into the vocational education and training sector. Again, that says to us that we need to be more efficient in our sector, and I will get to the efficiency indices in a moment.

We should recognise that the new national partnership presents some challenges for every state and the Northern Territory, not just Queensland. That is because they have created the new National Workforce Development Fund, which I think is to the tune of about \$700 million over five years, driven by the new National Workforce and Productivity Agency, which was Skills Australia, through various skills bodies. That redirection of what was the Productivity Places Program money which was channelled to the states means that Queensland's investment levels are down by about \$57 million from 1 July. That is okay because some of that money is industry driven, so we are positioning industry to work with the national workforce agency. But in the cold, hard light of day it means that there are about 60,000 enrolments under the PPP in Queensland at the moment and they will slowly cease over the coming year, and the next version of that program will more than likely be through the national fund.

This is something that very interested the Skills and Training Taskforce—that is, the percentage of the money that we get that we spend on actual training. So this graph shows that we are a little bit below the national average. That is not just an indices that says that our overheads are too big—for example, central office or our regional structures. Queensland invests more in industry programs than other states as well. So we have bodies which I will talk about in a moment called industry skills bodies—that is, Construction Skills Queensland and Energy Skills Queensland—who go out there and work with a broad range of industry to gather that intelligence that I spoke about. So those grants are non-training; they are about building capability. But it is also about the number of people we have that are non-front line, so not in TAFE. So there are some efficiency improvements there. Certainly if we could improve our efficiency by about five per cent, that would increase the investment in the skills sector in training to the tune of around \$60 million. So that is what the Skills and Training Taskforce is certainly looking at.

When it comes to the cost of delivery, when you first look at it you think that Queensland is too expensive. Queensland is expensive for a few reasons and some of them are very valid—that is, the regional nature of Queensland. We have the most decentralised population and that costs money. It costs more to deliver across regional Queensland than it does if you have a centralised population. But also, and I will show you some data later, Queensland delivers more at the higher end of the qualification profile—that is, certificate III and above—than any other jurisdiction in the nation. They cost more and they take more hours to deliver which means that you actually put fewer people through the doors. That is not to say that we should not look at our costs. That is just to say that there are some legitimate factors as to why skilling Queenslanders costs a little bit more. I am sorry there is so much data but it is what drives Skills Queensland in terms of our oversight of the sector.

This is how the supply system responds—in other words, how the training providers are going—because this is important in order to understand that contestability word I mentioned before. So that slide shows how TAFE is going in terms of its market share. We currently have 13 institutes of which two are statutory bodies. You will see that as increasing funds are going to contestable sources TAFE's market share tends to be diminishing. Eighty per cent of their revenue is earned in the top 20 per cent of qualifications they deliver, and there is a broad cross-section from health and community services to some trades and the like. But the fund sources that we have that are what I call contestable are largely apprenticeship and traineeship training, which we call user choice. Our Strategic Investment Fund was certainly contestable and the Productivity Places Program, which was that Commonwealth money that is largely expiring, was also very contestable.

Obviously if the public sector is losing market share someone is picking it up. There are over 1,500 providers registered to operate in Queensland. There are also interstate providers that are operating here. So we have a very diverse training provider marketplace. Not all of those providers access public funds. There are probably about 500 training providers who are registered to access public funds largely under user choice, apprenticeship training. Not all of those have claimed money, so that means that they have not necessarily won market share, but about 500 of them are out there. Private providers range from very small niche providers to some very large providers with a national presence and they operate across the nation.

This graph is of a couple of indices that show costs versus student numbers. If you look at student participation across a lot of the states and territories, it has really plateaued over for the last 10 years. As the qualification profiles go up—and I mean the level of qualification being delivered and therefore more hours in training, but funding does not necessary keep up with that—that means that you are delivering more training in hours but perhaps to fewer students. So the red line is funding; the blue line is total students.

I then break that up into TAFE and the private sector. For TAFE, that drop-off is a little bit more significant than it probably is in real terms. The red line is funding and, whilst TAFE have certainly been provided more money, there are a lot of costs that go with that in terms of EB increases and the like. Again, because TAFE are delivering a higher and higher profile, the number of students they are delivering to are dropping. It is as simple as that. Then if you look at the private sector, they are obviously only driven by, in contestable terms, where the money goes. So as money goes up their market share goes up and their student numbers go up.

One of the challenges in vocational education and training is that we only know what is publicly funded. So if government pays for it or it is delivered through TAFE, we know about those students. They report student effort. We know what qualifications and what competencies students are delivering, and it is all collected by the National Centre for Vocational Education Research, NCVER. Our challenge is if it is privately funded to a private provider. So if a citizen pays for training and pays for it themselves or if an employer pays for training and pays for it themselves and there is no public subsidy, we do not know about that. It is not reported at the moment either in Queensland or nationally. So there is work now underway nationally to collect that data, because it is obviously very important to understand what the skill stock is for both the state and Australia.

In terms of how the arrangements work in Queensland—and I appreciate that this was something that the committee specifically asked us to talk about—obviously Skills Queensland is a statutory body. We report to the Minister for Education, Training and Employment. We have a board. The Chairman of Skills Queensland is Greg Kempton, who is the recently retired managing director of Watpac. Skills Queensland is largely responsible for engaging with industry—that is, getting out there and meeting with industry in a Brisbane

multitude of ways. Certainly our industry skills bodies are a key vehicle to gather intelligence. We meet with employer associations and unions very regularly. We also through largely the Strategic Investment Fund have developed relationships with employers, and a lot of direct employers are working with us on various skills strategies.

We also have regional workforce development planning processes. So we have developed plans—and Neil has some today—for the Surat, for example. It is an economic hot spot. We know that there are going to be challenges there in the future, so we mobilised industry and we have developed a workforce plan to get a sense of the challenge that is happening in the Surat. We have done the same in Gladstone. Obviously all roads lead to Gladstone in a sense, so we have strategies underway there now to coordinate the skills response in Gladstone better, and we are working on the Bowen Basin and the like. So that is largely the role of Skills Queensland. I will unpack that a little bit more in a moment.

The department have some joint responsibilities. Obviously they are the key policy adviser to the minister. They are also the owner and operator of TAFE. But they are also in our language the purchaser. So, whilst we hand over industry intelligence and advice to the department, the department actually buys the training. So they will work out what the price is per qualification and per competency. They will work out what the strategy is. Is it an apprenticeship—if it is, it is funded through that program—or is it funded directly through TAFE? That is largely the split of responsibilities. I will just unpack that a little bit further, and this diagram is not meant to indicate an unnatural weighting.

I will start with Skills Queensland and some of the detail of what we do. Recently we have been delegated responsibility for apprenticeship regulation. So that means that, if an employer wants to put on an apprentice and there is a dispute, for example, we have the delegation to resolve that with the apprentice and the employer. That is largely delegated, and has been traditionally for some time, to the department's regions who report to us on the exercise of those delegations. It was previously administered or oversighted by what was called the Training and Employment Recognition Council, which has recently been abolished in the parliament and those functions were transferred to Skills Queensland.

Workforce development is probably the bit we have to get right, because if industry does not plan we cannot help them in the training sector. It is no good for us if an employer comes and says, 'I need 200 electricians. I want you to train them. I need them in six months.' We are just not responsive enough to do that. It takes longer to train people. So we are engaging with employers to try to encourage planning. That also helps you work out whether it is a training response or a workforce development response that is required or whether there is a labour turnover because of a range of other reasons, be it industrial relations or otherwise. We certainly work on those strategies.

We have a statutory responsibility by November every year to have what is called a skills and workforce development investment plan—and we have a copy of that here today—which we are required to hand to the minister, and we are working on that plan now. That is really about in the next 12 months saying, 'Here are the key issues that will impact on skills from an industry sense and here are the key investment priorities that our workforce planning processes have exposed around what the department should do about price and purchasing strategy.' So that is certainly important.

The last segment at the bottom is about engagement with industry and industry in the broader sense of the word. So it is employers, unions, employer associations and our industry skills bodies.

I think it is probably clear to you what the department's responsibilities are. They are very broad and very significant. I have talked about policy. TAFE is the public provider. They still have most of the market share in Queensland, so it is a very important part of our training tapestry. I have talked about purchasing. Pricing is important. Pricing is important if you look at, as an example, apprenticeship or traineeship training. If it is high in priority of both government and industry, you offer a higher price so you encourage the marketplace to move there in terms of providers. If it is low in priority, you offer a lower price and you expect more co-contribution from industry. That is how we manage the growth in the numbers.

Leadership is a key department responsibility. Market design—what is that about? That is about what should be contestable and what should not be contestable. If it is not contestable, it is a public provision—TAFE.

In terms of quality, until recently the department was also the regulator under the Training and Employment Recognition Council, so that is auditing and regulating training providers. That is now a national function. That has been handed over to the Commonwealth, to the Australian Skills Quality Authority. They are now regulating the training providers. So the only regulatory bit left is what we have, and that is the apprenticeship regulation which we are in the process of doing.

VET in schools is a responsibility of the education department as well, and that is about trying to maximise the exposure of students to vocational education and training whilst they are still at school. So it is school based apprenticeships and traineeships, yes. But students get the opportunity to engage in a range of other vocational programs as well.

If I just touch on participation, what the literature tells us is that if an economy is strong, people go to work rather than to train. So you will see that the participation rates in Queensland and Western Australia are lower than the other states. There is no question that is because a lot of young people, as they leave school, are out there trying to get work. Adults are working also rather than reskilling. So that impacts on our participation rate and it has impacted on Western Australia's, but it gives you the sense of the challenge, because if we wanted to get to the national average in terms of vocational education and

training participation rates, we would have to be training about 55,000 more Queenslanders a year. That has its challenges as well, but at the moment a couple of those sectors are growing strongly and people are out there trying to position themselves for work.

I have probably covered this slide so we probably do not need it. All of that data, when you roll it into an index, tells you how Queensland is going against the national average. If you do that for a range of other states, which we have, they all look a bit the same. So the reform agenda is what I am saying is important. Certainly, we have impressed to the skills and training task force that a reform of vocational education and training and implementing better industry demand strategies is very, very important to our future and to skilling Queenslanders.

So when we look at outcomes—and you will be happy to know the data is almost over—that is what I mentioned earlier, that Queensland trains higher in the qualification profile, higher at certificate III and above. So most of our apprenticeships would be at certificate III level. So we have a lot of apprentices in the system. Lots of our traineeships are close to that and, of course, associate diplomas and diplomas are a growing part of the business.

We keep an eye on the percentage of graduates who are working in their field of studies, because sometimes people will say, 'We need you to train more people' but when you look at the data there are a lot of people with qualifications; they are just not working in their industry. So that can tell you there is a different problem. Cooking is an example that is often used. A lot of people have cooking or chef qualifications, but they are not in that industry. So we need to understand do we need to improve the working conditions in that industry or a range of other issues to try to attract people to go back to it or is it a training response that is required.

With the last three slides, that is the national completion rate of qualifications. So 27-odd per cent of people who start finish qualifications. When you look at that you think, 'That's not looking that good.' Queensland, by the way, is about 29 per cent. So we are above the national average. But there is a really intriguing thing, because with vocational education and training, people come to our sector to get skills to get work and that is our focus. In the national surveys, 78 per cent of people say they got the exact number of subjects they came to complete. So whilst our completion rate is not where we like it to be—we would like to get it higher—they come in, they get one, two, five subjects, finish it, and go back out to either the workplace or to wherever they wanted to go. So that is an important factor for us—to try to work out are we offering the right product? Is it for qualifications that everybody wants? Do not get me wrong: a post-compulsory qualification, all the data tell us, makes an enormous difference to someone's employability and income-earning potential. That is a fact. The data tells us that. But it tells us that not everyone comes to our sector for the full qualification. These national surveys are independently done. It tells us that people who engage with the sector are largely happy with it. So whilst we certainly are hard on ourselves and want to improve our quality and want to improve our responsiveness and certainly improve the responsiveness to industry demand—because industry moves far quicker than the training system perhaps does—it still tells us that the product is not broken.

In terms of overloading you with numbers, that is the end of it. That is the skills sector. That is the split of responsibilities between Skills Queensland and the department. Hopefully, that gave you a picture of responsibilities. I guess now I am at your mercy.

CHAIR: Thank you very much for that. That was very, very succinct and certainly I think there were quite a few interesting, shall we say, surprises even in that as well. I will start with the first question. Where would you say Queensland's skills shortages are? What skills in particular and for what industries?

Mr Camm: Yes, that is always a good question. I think certainly the much publicised ones—and the Queensland Resources Council did some very good work in the last year around workforce development planning, which really identified the key skills in their sector—they are largely ones that we train for. So they are trades skills and construction skills come first, but certainly engineering fabrication, so a lot of welding skills, are required in Queensland. Electrical instrumentation and electrical fitters, there is a demand growing over the next five years. That is very high. Also drillers, because the whole coal seam gas industry is very, very new—it almost came off a no-skills base—so there is a lot of demand in that part of the industry. Then there is also a lot of process plant occupations as well in terms of managing and running some of these plants. But if you then segue to the health and community services sector where the numbers are probably even bigger, there is lots of demand for healthcare professionals and child-care workers and enrolled nurses and the like. I think if you bring those two industries together, that is where most of the occupational challenges will be.

Mr Miller: I think that is right. I think the national data shows over the next five years the biggest single occupation that is growing is electricians nationally and that is a trade that takes a long time relatively to skill for. So that is one we have to keep our eye on, because it takes a while to train for that. Then the next three or four are all in community services and health. So that is the sleeper in all of this. There is a lot of stuff happening in the coal seam gas industry and mining et cetera but we cannot take our eye off the ball in relation to some of those occupations, because year in, year out, it is the biggest single growth in terms of absolute numbers and year in, year out on average, the highest growing in terms of percentage growth.

CHAIR: Absolutely. Thanks, Mr Miller. Members of the panel, do you have some questions?

Ms PALASZCZUK: Thank you for your presentation. That was very informative. Just following on from what you said about the health and the community sector growing into the future, what are some of the projections? You mentioned child care and nursing, but what about aged care and also the disabilities sector? Could you just touch on those issues?

Mr Camm: Certainly. The Health and Community Services Workforce Council in Queensland is a very active organisation and we work very closely with them. The numbers they have reported publicly are almost overwhelming. In fact, their most recent data says that over the next five years that sector is expected to grow by 300,000 jobs nationally. So that is the size of that sector. In fact, I think their most recent report also says that 20,000 of the 25,000 jobs that were created in Queensland last year were created by their sector. That is in their most recent report.

But you are absolutely right. I think aged care is certainly a growing industry and a growing skills challenge. I do not have the numbers in my head, unfortunately. We can certainly get them for you.

Ms PALASZCZUK: Yes, that would be good.

Mr Camm: And I think you will find disability care is also in there.

Ms PALASZCZUK: I have just one follow-up question and then we can move to other members of the committee. You mentioned the plans for Gladstone and the Bowen Basin, which is a very important area. Over the next five to 10 years, what sort of skills are we needing in those two regions?

Mr Miller: We did some particular work in the Surat, which is interesting, because that is a hot spot for coal seam gas. We see those four major proponents out there going crazy. We said, 'What does it mean for the broader industry?' In the work that we have done, we have tried to project it out to 20 years and then we have come back a bit. It actually showed that, in terms of the resources sector, there were about 6,500 jobs that would go into Surat, for example. But it actually highlighted that there is going to be 8,000-plus community service workers. So once again, it means you need those community service sector workers there to sustain that growth. That was interesting. So there were more actual community services jobs being created in that region—the Surat Basin—than there were in the mining industry over that period of time. You can do it for other industries as well, but it is a big one. It is a fundamental one. It was quite surprising, actually, to see those sorts of numbers that are there.

CHAIR: While we are in that area, because my electorate is in that mining area, the general complaint that comes from private industry is that they put on apprentices, they train them up, and as soon as they are trained they disappear to the mines, naturally, because the funds are there. Particularly in one area, I know a group that has been working with the mining sector. These companies are saying, 'We are not training them—we know they are going to go for the big dollars—but how about you, as the big industries, help us train them?' I know in a small way that is certainly happening with one group in Bowen. Would you have any comments on that? These are private companies—engineering companies and so forth—who are willing to put on the apprentices provided they get some assistance from the mining company, knowing that they are going to lose them.

Mr Camm: Yes, and I am aware of the Bowen initiative. I have certainly met with the chair of that, Mr Colin Thompson, I think his name is—

CHAIR: Yes.

Mr Camm: They have been very active in that strategy. When you look at the most recent OECD report on skills, it identifies across the OECD what are the best apprenticeship skills models. What it tells us is that Australia has them all. Whether we have them all developed enough is the next point. That strategy that they are trying up there is to try to get resource companies to put on apprentices now. If you look at electrical, as an example, because they take three of four years to train them, so get small employers to put them on now, funded by the resources sector largely—we would certainly pay for the training—and then in three or four years time when they are skilled, they can go. Everyone knows they are going to go into the resources sector.

Getting those models up is proving to be a challenge. A lot of work is being done and planning, but we probably do not have that many actually in place, because there is a risk that resource companies will invest in the wages base but then the people may not come to them, because you cannot bond them, so to speak. It is a criticism we hear of the resources sector a lot. They are working very hard on that issue. But the turnover rate in the resources sector is quite high as well. I think the turnover rate in the sector in the first 12 months for fly-in fly-outs is above 60 per cent. So one of the key strategies that the agricultural sector and some of the other industries are looking at is how to get them when they come back—'If you want to go and test yourself and chase the big money, so be it, but you have a home when you come back.' There are some very good manufacturers I met in Cairns who are doing exactly that. They encourage their people to go but say, 'Go in with your eyes wide open.' In a sense, that is the nature of a market. If people, pay more, people will go to them. But we are working hard on strategies to try to smooth that skills pipeline.

Mr Miller: A couple of other observations is that we have also in our work here highlighted the need that we need to find new ways to train apprentices, particularly because they take four years. It is a very good model that is appropriate for young people, particularly, who are entering new, but there are lots of people who are changing careers. People change their careers about six or seven times now. So how can we take people who have some skills from one industry and move to another? We are increasingly exploring apprenticeships where we can accelerate some of that training. There is a program in Brisbane

Queensland at the moment, the National Apprenticeships Program, that are working to take people who might have 40 per cent of the skills you need and try to get them through in a shorter period. So we are seeing electrical and welding tradespeople, through that program, being accelerated and going through that much quicker. So I think that will help. We are seeing companies like Bechtel, for example, that is building a lot of the gas plants in Gladstone. They have committed to 400 apprentices. They are committed to that program because, given it is going to take less than the usual period of time, they have time to put those employees on and have them skilled up in time. So they are going through those sorts of strategies.

The other thing that we are doing is that we are working with the Coordinator-General, as they consider projects that come through, to talk to the companies to highlight issues like, 'Electrical apprenticeships are going to be in big demand. What strategies are you engaging to put those additional apprentices on?' to highlight to those firms those opportunities.

CHAIR: Thanks, Mr Miller.

Mr PUCCI: I thought that was a pretty interesting statistic you had there towards the end about only a third of the people who start courses complete them and 78 per cent of the people intend not to complete, because they said they got what they needed and they do not need any more. So what does that say about how the courses are structured? Do they meet the needs of both the student and the industry and how can we improve that? Or are other improvements needed?

Mr Camm: That is a very difficult and insightful question. We have been really looking at that, because the data surprises us as well. When you look at the data about the importance a qualification can make to a person's life in terms of income earning and employability, we know qualifications are important. The Australian Qualifications Framework is a national framework. So Queensland is not offering products that are any different from what is being offered nationally and they are developed and largely driven by national industries skills councils. So in that sense any big system takes too long to reform itself, but they are constantly updated by industry.

But I think what it tells us is that people are driven by imperatives now. They get the subjects and try to get work. We need to have a training system that is flexible enough to then help them keep studying whilst they are at work. 'If you have half done your course, or a quarter done your course, keep studying through the digital economy and through flexible means so you ultimately complete.' I think that is the key message for us—how do we case manage our students when they leave to try to encourage them to complete their programs. But it is certainly something that the national system is looking at now.

CHAIR: Thank you.

Mr PUCCI: So there is room for improvement?

Mr Camm: I think so, yes, without question.

CHAIR: Any further questions?

Mr SYMES: Do the skills shortages match at all with the geographic areas of high unemployment?

Mr Camm: That is right. With that state data that I put up there, if you start putting that regionally, it tells you a very different picture. The Cairns economy is very different from the Brisbane economy and very different from the Wide Bay economy. So one of our challenges is that all of the jobs in a sense are regional at the moment in terms of growth, because they are in mining companies or impacted by resource companies, be it the health and community services sector and the like, and all the people are not. So they are in areas of higher unemployment, like Cairns, like Wide Bay, and a range of other areas. So labour mobility is suddenly of importance, hence why you hear all of this stuff about drive-in, drive-out and fly-in, fly-out. That is one of our challenges, because people have not been that mobile in the labour market. People have communities and families and do not necessarily want to move that quickly. So one of our challenges is lining up where the labour supply is and where the jobs are and that is something that certainly is another issue.

Mr BENNETT: The discussion with Mr Camm about industry partners was interesting. I was wondering if you could elaborate a little more on your links with Construction Skills Queensland and its input into how you would see Skills Queensland?

Mr Miller: Yes, Construction Skills Queensland is one of the industry skills bodies. We have about 14 of those bodies. They cover most of the industry sectors: construction, energy, tourism, hospitality and agriculture. So it is one of those industry skills bodies that provide advice to us. They do the detailed work around the construction needs of the LNG industry. So they have been doing that work around 'How big is it? What are the numbers?' It is the same with energy. It was not until they did the work that said, 'Here is how big this LNG industry is going to be' that we worked out that we need 1,000 extra drillers in the Surat Basin and we need them fairly quickly. So we have that network and they provide reports to us, which we have just received as at June, which tell us, 'Here are the priorities for our industry over the next five years.' So we take that sort of stuff and that goes into our skills and workforce development investment planning considerations and our advice to the minister and the government about where government resources maybe need to shift to respond to some of those needs.

Mr BENNETT: Thank you. Are they still taking an industry levy? You mentioned industry engagement to help funding. Are they still taking the one per cent levy for construction skills?

Mr Miller: Yes, there is still a levy in place and that passes across to CSQ. They use that levy then to purchase training, interventions that might be required to respond to some of those particular needs.

Mr BENNETT: You mentioned 500 as a figure—and I know that was not accurate—about the private firms taking public moneys to provide RTOs.

Mr Camm: It is around that figure.

Mr BENNETT: I appreciate that. Are you able to tell us a little bit more about that? They are all running their administration, they are running staff out of public funding. Then we see the TAFE decreasing in their contestability of service delivery. Fundamentally, as a government, I see problems with that. Are you happy to comment?

Mr Camm: I think on the issue of contestability or otherwise, that is probably a policy question for the minister. But in terms of the private providers, some providers are very, very small and offer only small bits of publicly funded training and, therefore, most of their business is privately funded. They also range to some of the providers that are now quite large and almost TAFE-like in the nature of their provision. Ultimately, it is about how do you work on each other's strengths. TAFE certainly has strengths and they are better than others at certain parts of the marketplace and the private providers probably have strengths as well. Certainly, the national direction of the system is about how you implement more choice rather than less, though.

Mr BENNETT: I will end on a comment from a product of skills training about fast-tracking apprenticeships, 'As a traditionalist, I suspect skills and apprenticeships are more about immediate skills than about attitude and safety and a lot of other things.' So the four years was not all bad. I will just finish with that comment.

Mr Camm: And that is a comment we hear a lot right across industry—about the importance of not forgetting that. The challenge we have is the cyclical nature of apprenticeships. We all know there is a construction boom—resource fuelled, but a major construction boom in 12 to 18 months. All the planning tells us that. We do not have 18 months. It takes longer than 18 months to train good tradesmen. So we need some countercyclical measures like the one Neil talked about around adult apprentices and the like, where you can train them much quicker. We need to find countercyclical measures to maximise Queenslanders and Australians who get those jobs. We do not want to throw the baby out with the bathwater.

Mr BENNETT: And your point about the quality is well made. In doing that we have to make sure that the quality is maintained going forward. So it is not open slather; it is a very measured approach to doing those sorts things. Thank you.

CHAIR: Do we have any further questions from any members of the panel?

Mr BENNETT: If I may, is the 10 per cent training policy still in force on government contracts? My understanding is that Skills Queensland was charged with the administration of that process. Is that still the case?

Mr Camm: Yes, you are very well informed. Yes, the 10 per cent policy certainly does apply to public procurement projects. So 10 per cent of training effort on public projects should go to the training of Queenslanders. We are responsible for the policy, but the day-to-day monitoring and engagement of the policy is a function of Construction Skills Queensland. It has been delegated to them for a couple of years. One of the minister's priorities is to improve the application of the 10 per cent policy. So that is work we have underway now.

Mr BENNETT: I believe from statistics that it has probably been not as successful as we would have liked from a government perspective—and that is a comment—and I believe it is 20 per cent for Indigenous communities as well. Is that a fair comment? Projects in those areas have 20 per cent Indigenous employment.

Mr Camm: There is a 20 per cent Indigenous policy. I am not quite sure of the definition of 'Indigenous community' as to where it applies, but there is certainly an Indigenous—there has been, anyway—policy.

Mr BENNETT: Thank you, gentlemen.

CHAIR: Do we have any further questions? No further questions? Thank you. Mr Camm and Mr Miller, are there any other comments that you would like to provide us with?

Mr Camm: No, just thanks for the time.

CHAIR: I would like to sincerely thank you for your contribution this morning. It has been a really good overview. We certainly appreciate your time in coming in. On behalf of the committee, I thank you most sincerely.

Committee adjourned 10.23 am