

**Submission
No 22**

SKILL SHORTAGES IN NSW

Name: The Hon Adrian Piccoli
Position: Minister for Education
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The Hon. Adrian Piccoli MP
Minister for Education

Mr David Elliott MP
Committee Chair
Legislative Assembly Committee on Economic Development
Parliament House
Macquarie Street
SYDNEY NSW 2000

MT13/572

Dear Mr Elliott

I write in response to your letter of 9 May 2013, regarding the Legislative Assembly Committee on Economic Development Inquiry into Skills Shortages in NSW (your reference: LAC13/194).

Please find attached a submission to the Inquiry into Skills Shortages in NSW.

The submission details how the NSW Government is identifying skills gaps and needs and addressing these through its Smart and Skilled reforms as well as through the network of TAFE NSW Institutes.

Thank you for the opportunity to provide input to this significant inquiry.

Yours sincerely



Adrian Piccoli MP
Minister for Education

20 JUN 2013



**SUBMISSION TO THE LEGISLATIVE ASSEMBLY COMMITTEE
ON ECONOMIC DEVELOPMENT
INQUIRY INTO SKILLS SHORTAGES IN NSW**

Smart and Skilled is a major reform of the NSW vocational education and training (VET) system. It is designed to give NSW citizens the chance to gain the skills they need to get a job and advance their careers by targeting funding to areas of skill needs. Smart and Skilled will start in 2014.

This submission advocates that skilled migration policies should complement the NSW Government's Smart and Skilled reforms. The analysis of NSW skills needs undertaken through Smart and Skilled could inform the development of state and national 'skilled migration lists'. There is also scope for skilled migration policies and criteria to better align with State occupational licencing requirements.

TAFE NSW currently forecasts demand for training to minimise skill shortages and has capacity to support skilled migration including the delivery of training to international students on and off-shore. The Inquiry should consider making representations to the Commonwealth government that the favourable treatment of universities in the international student market be extended to all TAFE Institutes as reputable, low risk and high quality providers.

NSW GOVERNMENT'S SMART AND SKILLED REFORMS

Smart and Skilled, a major reform of the NSW VET system, will give the NSW workforce the skills it needs for jobs now and into the future. Smart and Skilled will start in 2014.

Smart and Skilled will provide an entitlement for entry level training up to and including Certificate III. This entitlement will be for:

- Australian citizens
- permanent residents or humanitarian visa holders
- individuals over the age of 15 who have left school
- individuals who live or work in NSW
- individuals who do not already have a Certificate IV or higher qualification (except for apprentices and trainees).

Eligible individuals will be able to choose government subsidised training for select foundation courses and qualifications up to and including Certificate III from TAFE NSW or an approved private or community training organisation. Pre-vocational training, skill sets and qualifications from Certificate IV to Advanced Diploma, will continue to be subsidised through TAFE NSW and the training market. Student loans, similar to those offered to university students, will be available for approved government subsidised Diploma and Advanced Diploma qualifications.

Smart and Skilled will help regional students access quality training. Training organisations will receive additional funding for training in regional locations. TAFE NSW and approved Adult and Community Education (ACE) providers will also receive community service obligation payments to guarantee training in rural and remote areas. The reforms will also help improve participation of disadvantaged learners, by providing innovative support to equity groups.

Consumers will have better information to make informed choices about their training. An online portal will provide information on training opportunities, training organisations, job prospects, careers and labour market trends. Further information on the NSW Government's Smart and Skilled reforms is available on the Department of Education and Communities website at: <https://www.training.nsw.gov.au/>

There is scope for skilled migration settings to complement and build on these domestic skill formation policies and programs. For example, skilled migration may assist where there are persistent historical skill shortages in certain occupations or regional communities. Similarly for certain occupations that have long lead times for training, skilled migration may assist in meeting emergent and immediate skill needs.

Recommendation: skilled migration policies should complement the NSW Government's Smart and Skilled reforms, which will target funding to domestic NSW students' training in areas of skill needs.

Skilled Occupation Lists

The General Skilled Migration Program (GSMP) consists of three broad categories:

- Skilled – Independent
- Skilled – State/Territory sponsored
- Skilled – Australian Sponsored (ie by a family member).

All categories involve a points test, whereby applicants are allocated points on the basis of a broad range of skills, including English language competency, extensive skilled employment and high level qualifications. Applicants must have the skills and qualifications that meet the standard for an occupation on the Skilled Occupation List (SOL). The Australian Workforce and Productivity Agency (AWPA) provides advice to the Commonwealth Government on the SOL. Applicants must nominate an occupation from the SOL that is relevant to their skills and qualifications and have a skills assessment completed by the relevant assessing authority.

State migration plans were introduced in 2010-11. They provide state and territory governments, in consultation with the Commonwealth Government, a greater ability to tailor migration to labour market demand in their jurisdiction under the State/Territory Sponsored category. State and territory governments can nominate skilled migrants from a broader range of occupations under a State Migration Plan than are offered on the main SOL. A separate state and territory SOL is used for applicants under this category.

The NSW State Migration Plan includes provisions for the NSW Government to nominate skilled migrants for sponsorship under the Skilled Nominated (190) visa and the Skilled Nominated or Sponsored 489 visa (Regional) program. NSW Trade & Investment administers the NSW State Migration Plan.

Identifying NSW skills gaps and needs through Smart and Skilled

A key part of the Smart and Skilled reforms is the development of a NSW Skills List to define which vocational education and training (VET) qualifications and courses will be subsidised by the NSW Government. This will ensure that qualifications and courses that support business, industry and regional needs will be subsidised. This will also mean that individuals exercising their entitlement for training will gain qualifications that are in demand in the NSW economy and industry.

Significant research, analysis and consultation is being undertaken to identify the current and future skill needs of the NSW economy. The Department has undertaken analysis of the contribution to the NSW economy by industry; developed labour force and workforce profiles; regional employment information; occupations and growth information, skills shortages statistics, and education and training statistics.

The industry profiles that have been constructed to support the development of the NSW Skills List are available on the Department's website at https://www.training.nsw.gov.au/news/ss_consultations_skills_list.html

In its analysis of around 300 VET occupations in NSW, the Department has looked at a range of factors including:

- current and persistent skill shortages
- projected growth based on forecasts undertaken by the Centre for International Economics
- the match between training and jobs in the occupation
- the lead time required for training/licensing requirements, particularly those occupations with a long lead time
- the links to national, state or regional priorities
- the links to industries which contribute significantly to the NSW economy.

The Department has also analysed the suite of available VET qualifications looking at factors including:

- the history of government funded and fee-for-service enrolments
- the take up of apprenticeships and traineeships
- the pathway they provide to higher level VET or university qualifications
- those qualifications that support training and employment participation of different equity groups.

The Department is currently undertaking targeted industry and regional consultations to obtain further intelligence on occupations and qualifications to inform the development of the NSW Skills List. It is anticipated the NSW Skills List for 2014 will be released in August 2013 following approval by the NSW Minister for Education. This extensive analysis of NSW skills needs provides valuable intelligence that could be used in planning skilled migration programs at the state and national level.

Recommendation: the analysis of NSW skills needs undertaken through Smart and Skilled be used in developing state and national 'skilled migration lists'.

Alignment of skilled migration with NSW occupational licensing requirements

In some cases there are inconsistencies between the assessment process and information provided by Trades Recognition Australia for migration purposes, and what is required when overseas applicants arrive in NSW or other jurisdictions, and seek recognition of their overseas qualifications and experience for licensed occupations. There are often inconsistencies between the trades in which applicants are recognised for migration purposes and the actual trades available for recognition in NSW. For example, in plumbing, an applicant may have experience in gasfitting or water plumbing only, while the declared trade in NSW covers Plumbing, Gasfitting and Drainage.

The NSW Board of Vocational Education (BVET) has commissioned a review of trade recognition outcomes and processes across the State. One of the areas the review will look at is the inconsistencies between the treatment of local and overseas applicants for licensed trades.

Recommendation: skilled migration policies and criteria should better align with State occupational licensing requirements.

TAFE NSW

TAFE NSW, a state-wide network of 10 Institutes and 130 colleges, is the backbone of the NSW VET system. TAFE NSW delivers training for thin regional markets and niche areas, strategically important industries, and for state economic and social priorities. TAFE NSW delivers training from levels 1 – 8 of the Australian Qualifications Framework across all industry sectors.

Identifying skills gaps and needs through TAFE NSW

TAFE NSW delivers government funded training in areas of identified skill need based on independent and extensive economic research and consultation with industry. This ensures that training is delivered in areas that will promote economic growth at the state, regional and local levels. While some industry areas already represent a large share of employment in NSW, there is regional variation.

TAFE NSW contribution to skilled migration and capacity to expand international education

TAFE NSW provides advice to the Australian Workforce and Productivity Agency (AWPA) on those occupations with anticipated strong growth across the State. This assists AWPA to update the national SOL, the detailed list of occupations for which General Skilled Migration visas may be granted to migrants.

TAFE NSW provides high quality training to international students some of whom seek skilled migration visas. However, international students wishing to study with TAFE NSW are disadvantaged by Commonwealth policies that prefer universities over all other providers.

In 2010, the Commonwealth reduced the range of occupations for which international students gain points under the General Skilled Migration program. Specifically, the Migration Occupations in Demand List was replaced with a narrower list – the SOL.

More recently, following the 2011 Knight Review on International Student Visas, the Commonwealth Government introduced further changes that consolidate the position of universities. Specifically, the Commonwealth has streamlined the visa processing for university applicants and limited post study work rights to only graduates with Bachelor degrees and above. While favouring universities, these reforms disadvantage high quality public TAFE NSW Institutes. This was noted by the NSW Premier, the Hon Barry O'Farrell MP, who said, on 27 October 2012, that post study work rights for international students should be extended to "high quality, low risk VET providers like TAFE NSW"¹. The Chaney Report also recommended Australia's student visa settings should "be competitive and attractive in all education sectors..."²

Recommendation: the Inquiry consider making representations to the Commonwealth Government that the favourable treatment of universities in the international student market be extended to all TAFE Institutes as reputable, low risk and high quality providers.

¹ Media release, 27 October 2012, as accessed on 27 May 2013 from

<http://www.premier.nsw.gov.au/sites/default/files/POST-STUDY%20WORK%20RIGHTS%20FOR%20INTERNATIONAL%20STUDENTS.pdf>

² *Australia – Educating Globally: Advice from the International Education Advisory Council*, February 2013, p.7 as accessed on 28 May 2013 from

<https://aei.gov.au/ieac2/thecouncilsreport/pages/the-council's-report.aspx>