

The Victorian Government's Response to the Inquiry on skills shortages in the rail industry

The Victorian Government welcomes the Education and Training Committee's (the Committee) report as a contribution to our understanding of the rail industry workforce. The report is a valuable resource for understanding the current state of the industry and the emerging pressures upon it, in particular the challenges and opportunities that will be guiding ongoing workforce development.

The Victorian Rail Industry and Workforce

A workforce with the right mix and level of skills is fundamental to ensuring Victoria's future competitiveness and driving sustainable long-term growth. The Committee's findings highlight areas for workforce development which will have a significant impact on the rail industry and the broader Victorian economy.

The rail industry contributes to the functioning and liveability of cities, as well as contributing to social inclusion and environmental sustainability. The Government contribution to the industry, for example through the *Victorian Transport Plan* and the *Victorian Freight Network Strategy (Freight Futures)*, recognises the important role it plays.

Planned investment in infrastructure, technology change, increased community and government expectations and growth in demand for rail services will increase the importance of a flexible, highly skilled workforce. An ageing workforce and increased competition for labour from other industries and infrastructure development activities make developing this workforce all the more challenging.

Government Contribution to a Skilled Rail Industry Workforce

The Government's approach to skills in the workforce recognise that, with a flexible workforce and training system, labour market imbalances typically self-correct in the long-run. The Government is committed to delivering a strong and flexible training system, and facilitating the labour market's response to workforce issues. The Government is keen to support and work with the rail industry and education providers to establish the evidence base and information required to address issues as they arise. This will ensure that the rail industry has the world-class workforce required to continue develop, adapt to change and enhance the productivity of the industry and the state.

Over the past decade, Victorian and Commonwealth Governments have introduced a range of initiatives and incentives to strengthen the capability of the state's workforce. The Victorian Government's *Securing Jobs for Your Future- Skills for Victoria* in particular *Skills for Growth: the Workforce Development Program* and the *Victorian Training Guarantee* underpin the training system which is serving the state's training needs. The Victorian Government has welcomed the Commonwealth's contribution to trade skills through the *Apprentice Trade Bonus and Apprentice Completion Bonus* and the *National Apprenticeship Task Force*.

The current strong growth in the Victorian economy demonstrates the success of the Victorian Government's initiatives to date and the Committee's report will help the Government to ensure that this success continues into the future.

The Victorian Government's Response

The Government takes this opportunity to thank past and present members of the Committee for its comprehensive review of the rail industry workforce in Victoria, and looks forward to working in partnership with agencies, stakeholders and the Commonwealth Government in addressing Victoria's future workforce needs.

The Government either supports or supports-in-principle each of the Committee's twelve recommendations. Recommendations that are supported-in-principle demonstrate the Government's commitment to meeting the objectives of the recommendation through further analysis, through support of other agencies (including industry bodies and training providers) or through existing initiatives. The Government's response to each recommendation is outlined below, and describes how the Government will address the issues raised by the Committee.

Recommendation	Position and Response
<p>Recommendation 3.1</p> <p>That the Department of Transport, in consultation with the rail industry, undertake a comprehensive audit and analysis of the rail industry workforce.</p> <p>The audit should identify:</p> <ul style="list-style-type: none"> • all occupations and job roles; • location of work undertaken; • the number and duration of job vacancies; • employment status, including the number of hours worked, the level of overtime and the current leave liabilities within the industry; • tenure and workplace turnover; • relevant demographic indicators such as age, gender and cultural or linguistic background; • formal qualifications held; • other relevant skills and industry experience attained through informal training and development and on-the-job experience; 	<p>Supported</p> <p>The Victorian Government will conduct a comprehensive audit of the rail industry workforce to facilitate a more strategic and targeted approach to workforce development in the industry.</p> <p>The audit will be undertaken in consultation with relevant industry stakeholders. A reference group consisting of Department of Transport (DoT), Department of Innovation Industry and Regional Development (DIIRD) and other key stakeholders will be established to coordinate the audit. Skills Victoria has the required capabilities to undertake a comprehensive audit and analysis of the rail industry workforce and will lead the reference group.</p>

- current and emerging skill shortages and skill gaps; and
- processes to continue monitoring skill needs within the industry.

The audit should cover all major segments of the industry, including operations, maintenance and manufacturing. It should involve the major rail operators and include input from the broader rail industry, including small and medium sized enterprises.

Recommendation	Position and Response
<p>Recommendation 4.1</p> <p>That the Department of Transport, in consultation with Skills Victoria and the rail industry, develop a comprehensive industry-wide workforce development plan covering the period up to 2020. The plan should outline:</p> <ul style="list-style-type: none"> • current workforce skill needs, staffing levels and qualifications; • current and emerging skill shortages and skill gaps and their impact on passenger and freight operations; • required staffing levels in safety critical roles, including the number of apprentices to be included in operator franchising agreements; • an industry-wide recruitment and retention strategy; and • an industry-wide training and development plan. 	<p>Supported</p> <p>The Victorian Government supports the development of a workforce development plan for the rail industry. This plan will be developed by DoT based on the findings of the industry skills audit (Recommendation 3.1). The DoT will work in collaboration with Skills Victoria, Workforce Victoria and relevant industry stakeholders.</p> <p>The rail workforce development strategy will be developed in accordance with Skills Australia's workforce development guidelines outlined in the <i>Australian Workforce Futures – A National Workforce Development Strategy</i>.</p>

Recommendation	Position and Response
<p>Recommendation 4.2</p> <p>That the Victorian Government, in consultation with Victorian rail operators, support the development of a single industry workforce advisory body representing all sectors of the rail industry.</p>	<p>Supported in Principle</p> <p>The Victorian Government believes that it will be possible to ensure that the rail industry is adequately represented within current transport industry advisory arrangements.</p> <p>The Transport and Logistics Workforce Advisory Group (T&LWAG) is an existing body designated to address workforce planning and development needs in all sectors of the transport and logistics industry, including rail. It has already been established and funded by the Victorian Government. T&LWAG operates under the auspices of the Victorian Freight and Logistics Council, and includes key industry and government stakeholders.</p> <p>The Government considers that ongoing representation for the rail industry on T&LWAG needs to be established, incorporating both passenger and freight roles.</p> <p>Other advisory bodies with overlapping responsibilities also exist at the national and state level, such as the Transport and Logistics Industry Skills Council, Industry Training Advisory Bodies and the Rail and Tram Infrastructure Industry Committee.</p>

Recommendation	Position and Response
<p>Recommendation 4.3</p> <p>That the Victorian Government, in consultation with the rail industry and relevant advisory bodies, support a review of existing rail industry training packages and qualifications. The review should:</p> <ul style="list-style-type: none"> • assess the adequacy of current enrolment levels in qualifications relevant to critical job roles within the rail industry; • identify any existing, new or emerging skills which are not covered by current industry training packages and qualifications; and • make recommendations for improvements to the content and range of qualifications available to ensure they continue to meet the needs of the rail industry. 	<p>Supported</p> <p>The Victorian Government supports the development and provision of Training Packages that meet the skill needs of the rail industry. These needs will be identified in the workforce development plan (see recommendation 4.1).</p> <p>Training Packages are nationally endorsed and recognised sets of integrated components for training and assessment for a specific industry, sector or enterprise. Training Packages are developed by industry through the national industry skills councils. To gain national endorsement, Training Packages must go through extensive consultation and support within the industry area or enterprise. On successful completion of a quality assurance process, Training Packages are endorsed by the National Quality Council, agreed to by state and territory ministers for vocational education and training, and placed on the National Training Information Service.</p> <p>Training Packages are subject to regular reviews based on input from industry stakeholders, led by national industry skill councils. These national arrangements apply to all Training Packages.</p> <p>The Transport and Logistics Industry Skills Council is responsible for reviewing and developing Training Packages in the rail industry. Currently significant work is being undertaken by the Transport and Logistics Industry Skills Council, in cooperation with Steering Committees and Technical Advisory Committees to develop qualifications related to job roles in rail operations, network control and rail infrastructure.</p> <p>DoT will work in partnership with the National Transport and Logistics Industry Skills Council, and lead Victoria's input to the review of Training Packages.</p>

Recommendation	Position and Response
<p>Recommendation 4.4</p> <p>That the Victorian Government, in consultation with the Victorian rail operators, support the development of a state-of-the-art centre of excellence in rail skills at the existing Newport Rail Precinct. Further, that funding for the centre be made available through the Department of Transport and Skills Victoria, together with direct and in-kind support from industry.</p>	<p>Supported in Principle</p> <p>The Victorian Government supports appropriate training facilities being available for training and educating employees for the rail industry.</p> <p>DoT will assess the extent to which the development of a state-of-the-art centre of excellence in rail skills would address skill issues in the industry, and will set priorities for the establishment of the centre as appropriate. Preliminary findings of the Skills Audit (Recommendation 3.1) and the Workforce Development Strategy (Recommendation 4.1) will inform the assessment where appropriate.</p>
<p>Recommendation 4.5</p> <p>That the Department of Transport, in consultation with relevant industry stakeholders, undertake an evaluation of the potential to use simulators and other emerging technologies for training and retraining drivers, controllers and other safety critical personnel.</p>	<p>Supported</p> <p>The Victorian Government supports DoT to undertake an evaluation of the potential benefits and costs of using simulators and other emerging technologies for training safety critical rail personnel.</p> <p>Industry and relevant training providers should be consulted in the assessment process.</p>

Recommendation	Position and Response
<p>Recommendation 4.6</p> <p>That Skills Victoria, in consultation with the rail industry and VET providers, investigate opportunities to increase the number of apprenticeships and traineeships in the rail industry, especially traditional trade-based apprenticeships. Options which should be investigated include:</p> <ul style="list-style-type: none"> • opportunities for new and sustained training within the industry; • processes for allocating VET funding to ensure limited resources are targeted towards areas of skill shortages; • improved incentives for potential students and employers to participate in apprenticeship training; • measures to ensure that there are a sufficient number of appropriately qualified workplace trainers and assessors to support apprentices within the rail industry; and • opportunities to increase the flexibility and improve the quality of training outcomes for apprentices. 	<p>Supported in Principle</p> <p>The Victorian Government recognises that apprenticeships and traineeships are the major pathway to occupations within the skilled trades and so will remain a priority. The Government will continue to encourage apprenticeship participation, both by young entrants and adult workers, and provide ongoing incentives for employer involvement in apprentice training.</p> <p>The Victorian Government has introduced a range of initiatives to streamline and grow the apprenticeship system under its <i>Securing Jobs for Your Future – Skills for Victoria</i> strategy. The strategy provides uncapped commitment for supporting eligible apprenticeships, including:</p> <ul style="list-style-type: none"> • the establishment of Technical Education Centres to support transition from school to apprenticeships; • \$2 million for a series of Apprenticeship Retention Projects to lift levels of retention and completion; and • introduction of the Apprentice Trade Bonus, which provides \$250 after traditional apprentices complete 6 months of their apprenticeship and a further \$250 is paid after the completion of 12 months. <p>Through these initiatives the Victorian Government provides increased incentives for people wishing to undertake apprenticeships and traineeships.</p> <p>The Skills Audit (Recommendation 3.1) and the Workforce Development Strategy (Recommendation 4.1) will identify and address barriers for attracting and retaining apprentices in the rail industry.</p> <p>Skills Victoria will work with DoT and the rail industry to optimise the existing opportunities for apprentice training in the rail industry.</p>

Recommendation	Position and Response
<p>Recommendation 4.7 That the Victorian Government, in consultation with the rail industry and higher education providers, investigates opportunities to improve the quality and range of rail-related content in higher education programs. Options which should be investigated include:</p> <ul style="list-style-type: none"> • bridging programs and other strategies to increase enrolments in engineering and related degree programs; • opportunities to increase the amount of rail-specific content in engineering and related undergraduate courses; • opportunities to incorporate high quality rail industry experiences or practical research projects into relevant undergraduate and postgraduate programs; • opportunities to increase the accessibility of relevant higher education courses offered through interstate or overseas universities, and improve the quality of delivery of relevant distance education programs; and • development of a range of rail-specific short courses targeted at recent graduates and experienced rail industry employees. 	<p>Supported The Victorian Government supports that higher education providers develop and offer programs that meet the demand from industry and potential students, including for skills for employment in the rail industry.</p> <p>In a demand driven higher education system, it is in the best interest of training providers to offer courses that meet the needs of potential students, which also reflect the needs of industry.</p> <p>Universities are responsible for developing their own curricula. The Government will facilitate discussions between industry and higher education providers to enable the development of course content that meets the industry's needs.</p>

Recommendation	Position and Response
<p>Key Recommendation 4.8</p> <p>That the Victorian Government, in consultation with the rail industry, implements a registration system for safety critical roles within the rail industry.</p>	<p>Supported in Principle</p> <p>The Victorian Government supports addressing safety critical concerns in the rail industry.</p> <p>The rail industry has no centralised registration system in place. There may be benefits to considering an industry wide registration system for safety critical roles given the changing nature of workplace occupational health and safety requirements.</p> <p>Consideration of a registration system for safety critical roles would be subject to the findings of a regulatory impact statement (RIS) or business impact assessment (BIA) as appropriate. A RIS or BIA would include a detailed examination of the costs and benefits of the recommended system.</p> <p>All safety critical roles require workers to undertake mandatory health assessments, which are role specific and vary depending on age and role. It is therefore critical that records remain accurate and current.</p>

Recommendation	Position and Response
<p>Recommendation 5.1</p> <p>That the Victorian Government develop a rail industry manufacturing strategy which sets out:</p> <ul style="list-style-type: none"> • the Victorian Government’s long-term procurement strategy for the passenger networks, including the type and volume of trains and trams to be purchased, and the schedule for their delivery; and • a local content policy for rail manufacturing which includes life cycle considerations such as maintenance and training requirements. 	<p>Supported in Principle</p> <p>The objectives of this recommendation are already being achieved through the implementation of a range of Victorian and Federal Government initiatives, in particular the 2008 <i>Building Our Industries for the Future: Action Plans for Victorian Industry and Manufacturing</i> statement and the Victorian Industry Participation Policy (VIPP).</p> <p><i>Building Our Industries</i> is the next step by the Victorian Government to secure a strong future for the State’s industry base so it will continue to deliver sustainable and skilled jobs for Victoria. As a part of this initiative, the Government announced changes to the VIPP – first introduced in 2001 – to strengthen its capacity to secure greater local content in procurement contracts, including a Strategic Project framework that mandates additional local content requirements for those projects declared to be of State significance. These changes were implemented from 1 July 2009.</p> <p>Other significant initiatives include:</p> <ul style="list-style-type: none"> • Victorian Rail Infrastructure Initiatives • Victorian Transport Plan • Transport Infrastructure Manufacturing Scheme • Federal Government Rail Supplier Advocate • Rail Technology Roadmap

Recommendation	Position and Response
<p>Recommendation 5.2</p> <p>That the Department of Transport, in consultation with the rail manufacturers and suppliers, specifically identify the rail manufacturing and component supply sectors when undertaking a comprehensive audit of the rail workforce (refer Recommendation 3.1), and preparing an industry-wide workforce development plan (refer Recommendation 4.1).</p>	<p>Supported</p> <p>The rail manufacturing and component supply sectors will be considered as parts of the workforce audit and workforce development plan to be undertaken under the responses to recommendations 3.1 and 4.1.</p>
<p>Key Recommendation 5.3</p> <p>That the Victorian Government, through the Council of Australian Governments and other relevant mechanisms, advocate for the development of a national rail manufacturing and procurement strategy which seeks to consolidate rail manufacturing in key locations.</p>	<p>Supported</p> <p>The Government will continue to participate in forums, initiatives and activities that promote the development of a national rail manufacturing and procurement strategy.</p> <p>The standing Committee on Transport (SCOT) rail suppliers' taskforce is currently investigating opportunities to increase participation by local manufacturers in procurement opportunities, see also the response to Recommendation 5.1.</p>