

The Senate

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Education, Employment  
and Workplace Relations  
References Committee

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Industry Skills Councils

Final report

March 2011

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# **Senate Standing Committee on Education, Employment & Workplace Relations**

## *References Committee*

### **Members in the 43rd Parliament**

Senator Chris Back, Chair (from 30 September 2010)	Western Australia, LP
Senator Gavin Marshall, Deputy Chair	Victoria, ALP
Senator Sue Boyce (from 24 November 2009)	Queensland, LP
Senator Catryna Bilyk	Tasmania, ALP
Senator Michaelia Cash	Western Australia, LP
Senator Sarah Hanson-Young	South Australia, AG

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# Table of Contents

<b>Summary of recommendations</b> .....	<b>vii</b>
<b>Acronyms and abbreviations</b> .....	<b>ix</b>
<b>Chapter 1, Introduction and conduct of inquiry</b> .....	<b>1</b>
Referral of inquiry .....	1
Terms of reference.....	1
Conduct of the inquiry.....	2
Structure of the report.....	2
Acknowledgements .....	2
Note on references.....	2
<b>Chapter 2, Background and role</b> .....	<b>3</b>
Background.....	3
Role and effectiveness.....	4
ISC Training packages .....	13
<b>Chapter 3, Funding</b> .....	<b>31</b>
Accountability of funding.....	32
How are funding decisions made by the parties?.....	34
Reserves.....	37
<b>Chapter 4, Corporate governance</b> .....	<b>41</b>
Conflict of interest.....	47
Is there a need to legislate for improved corporate governance?.....	48
Committee view.....	50
<b>Chapter 5, Consultation and engagement</b> .....	<b>58</b>
Consultation.....	58
Relationship with state and territory bodies, including ITABS .....	62
Committee view.....	70

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**Appendix 1, Submissions received by the committee .....71**

**Appendix 2, Witnesses who appeared before the committee.....77**

# Summary of Recommendations

## Recommendation 1

**2.83** The committee recommends that all 11 ISCs review their activities to ensure that their primary focus is directed at training package oversight and strategy, and that this work remain separated from the work of RTOs in product development and training delivery.

## Recommendation 2

**2.94** The committee recommends that the ISC CEOs Forum examine the prospect of developing a template for environmental scans to foster greater consistency in the timing and reporting, and to encourage better utility of the scans for affected stakeholders.

## Recommendation 3

**3.15** The committee recommends that the government develops standard contracts with clauses detailing accountability and reporting requirements for all paid works undertaken by ISCs under contract to government agencies. These standard clauses should be incorporated into the contracts between DEEWR and each ISC.

## Recommendation 4

**3.36** The committee recommends that future contracts between DEEWR and ISCs require the holding of sufficient funds to comply with statutory obligations of the directors under relevant corporate legislation, and prohibit the ownership by ISCs of physical assets, such as real estate, that are not directly related to the effective performance of their role.

## Recommendation 5

**4.31** The committee recommends that DEEWR's contract with each ISC requires that directors receive no remuneration but that reasonable costs incurred for travel, accommodation and incidental expenses incurred while exercising the role of director be reimbursed.

## Recommendation 6

**4.36** The committee recommends that any new contracts between DEEWR and the ISCs from June 2011 explicitly require ISC board directors to declare any

simultaneous membership of RTO boards, regardless of whether there is potential for any conflict of interest.

#### **Recommendation 7**

**4.68** The committee recommends that DEEWR include a clause in its new contracts with the ISCs permitting the renegotiation of industry coverage and potential splitting of ISCs during the term of the contracts, were this considered desirable and necessary to better fulfil the role of the ISCs concerned.

#### **Recommendation 8**

**4.69** The committee recommends that contracts between DEEWR and the ISCs be standardised and made publicly available on the DEEWR website.

#### **Recommendation 9**

**5.53** The committee recommends that ISCs more regularly review their consultation practices and devise practical strategies to address concerns expressed by business, in particular small businesses.

#### **Recommendation 10**

**5.54** The committee further recommends that DEEWR identify best practice consultation principles and seek ways to incorporate these into its next contract with the ISCs.

## Acronyms and abbreviations

AAED	Australasian Association for Equine Dentistry
AAIA	Australian Automotive Industry Association
ACCI	Australian Chamber of Commerce and Industry
AHA	Australian Hotels Association
AiG	Australian Industry Group
AMCA	Air conditioning & Mechanical Contractors' Association
ASIC	Australian Securities and Investments Commission
ATA	Automotive Training Australia
AVA	Australian Veterinary Association
BICCIAB	Building Industry Consultative Council Industry Advisory Body
CEO	Chief Executive Officer
CFMEU	Construction Forestry Mining Energy Union
CITB	Construction Industry Training Board
COAG	Council of Australian Governments
CPSISC	Construction and Property Services Industry Skills Council
CS&HISC	Community Services and Health Industry Skills Council
DEEWR	Department of Education, Employment and Workplace Relations
DEST	Department of Education, Science and Training (now DEEWR)
EBPPP	Enterprise Based Productivity Places Program
EE-Oz	ElectroComms and Energy Utilities Industry Skills Council
EDAA	Equine Dental Association of Australia
FRDC	Fisheries Research and Development Corporation
GSA	Government Skills Australia Industry Skills Council
HIA	Housing Industry Association
IBSA	Innovation and Business Skills Australia Industry Skills Council
INSSO	International Network of Sector Skills Organisations
ISC	Industry Skills Council
ITAB	Industry Training Advisory Bodies (State/Territory)
KPI	Key Performance Indicator
MCA	Minerals Council of Australia

MCTEE	Ministerial Council for Tertiary Education and Employment
MSA	Manufacturing Skills Australia Industry Skills Council
MTAA	Motor Trades Association of Australia
MUA	Maritime Union of Australia
NCVER	National Centre for Vocational Education Research
NQC	National Quality Council
NSC	National Standards Council
NSWALC	New South Wales Aboriginal Land Council
OECD	Organisation for Economic Co-operation and Development
PIMC	Primary Industries Ministerial Council
PPP	Productivity Places Program
QASA	Queensland Automotive Skills Alliance
QRC	Queensland Resources Council
RTO	Registered Training Organisation
SAC	Sector Advisory Committee
SACOME	South Australian Chamber of Mines & Energy
SME	Small-to-medium enterprise
SSA	Service Skills Australia Industry Skills Council
TAFE	Technical and Further Education
TDA	TAFE Directors Australia
TLISC	Transport and Logistics Industry Skills Council
VET	Vocational Education and Training
VFITB	Victorian Food Industry Training Board

# Chapter 1

## Introduction and conduct of inquiry

### Referral of inquiry

1.1 On 22 June 2010 the Senate referred to the Senate Standing Committee on Education, Employment and Workplace Relations the matter of Industry Skills Councils.<sup>1</sup> The committee was to inquire into, and report on, the reference by 30 September 2010. On 13 September 2010 the committee presented an interim report notifying the Senate that due to the prorogation of the 42<sup>nd</sup> Parliament the committee required additional time to complete the inquiry.<sup>2</sup>

1.2 In the 43<sup>rd</sup> Parliament the committee recommended to the Senate that it re-adopt the reference, with a final report due on 16 March 2011. The Senate agreed to this on 30 September 2010.<sup>3</sup> The reporting date was subsequently extended again to 23 March 2011.<sup>4</sup>

### Terms of reference

1.3 Under the terms of reference the committee was to inquire into:

- (a) the role and effectiveness of Industry Skills Councils (ISCs) in the operation of the national training system particularly as it relates to states and territories and rural and regional Australia;
- (b) accountability mechanisms in relation to Commonwealth funding for the general operation and specific projects and programs of each ISC;
- (c) corporate governance arrangements of ISCs;
- (d) Commonwealth Government processes to prioritise funding allocations across all ISCs;
- (e) ISC network arrangements and co-operative mechanisms implemented between relevant boards;
- (f) the accrual of accumulated surpluses from public funding over the life of each ISC's operation and its use and purpose;
- (g) the effectiveness of each ISC in implementing specific training initiatives, for example the Skills for Sustainability initiative under the National Green Skills Agreement; and

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1 *Journals of the Senate No. 121*, 22 June 2010, p. 3651.

2 Available from:  
[http://www.aph.gov.au/Senate/committee/eet\\_ctte/industry\\_skills\\_councils/interim\\_report/index.htm](http://www.aph.gov.au/Senate/committee/eet_ctte/industry_skills_councils/interim_report/index.htm)

3 *Journals of the Senate No. 3*, 30 September 2010, p. 160.

4 *Journals of the Senate No. 18*, 9 February 2011, p. 20.

- (h) any related matters.

### **Conduct of the inquiry**

1.4 The committee advertised its inquiry on its website and in the *Australian* newspaper calling for submissions to be lodged by 6 August 2010. Due to the election period in 2010 the committee accepted submissions that were lodged after this date. The committee also contacted a number of relevant organisations, notifying them of the inquiry and inviting them to lodge submissions.

1.5 The committee received 119 submissions which are listed at Appendix 1. The committee held two public hearings in Canberra on 15 and 16 February 2011. A list of the hearings together with the names of witnesses who appeared is at Appendix 2.

### **Structure of the report**

1.6 The terms of reference are covered in the following chapters. The report is divided into five chapters. Chapter two provides the background to the establishment of the Industry Skills Councils and describes their role and functions. Chapters three and four outline funding and corporate governance arrangements respectively and look at issues concerning these. Chapter five explores engagement and consultation practices of the ISCs.

### **Acknowledgements**

1.7 The committee thanks all those who contributed to the inquiry by making submissions, providing additional information or appearing before it to give evidence.

### **Note on references**

1.8 References in this report to the Hansard for the public hearings refer to the proof Hansard. Please note that page numbers may vary between the proof and the official transcripts.

# Chapter 2

## Background and role

Industry Skills Councils have achieved what neither the tertiary nor the secondary education sectors have managed to do – the development of national standards.<sup>1</sup>

2.1 Currently there are 11 Industry Skills Councils (ISCs) which operate as national bodies:

- AgriFood Industry;
- Community Services and Health Industry;
- Construction and Property Services, which covers general construction, plumbing and property services industries;
- ElectroComms and Energy Utilities Industry Skills Council;
- Forest Works;
- Government Skills;
- Innovation and Business;
- Manufacturing;
- Skills DMC, which covers the civil construction industry (as well as drilling and mining);
- Service Skills Australia; and
- Transport and Logistics.

### Background

2.2 ISCs were introduced under the Howard Government to establish a network of national advisory bodies to replace 29 existing industry advisory bodies. The coverage of ISCs and their responsibilities emerged from an independent evaluation by the Allen Consulting Group which recommended 'a smaller number of bodies representative of major groupings of a modern economy'. Prior to their establishment the constitution and governance of each ISC was reviewed by Mr Henry Bosch AO, a former Chairman of the National Companies and Securities Commission well known for his advocacy of sound corporate governance.<sup>2</sup>

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1 CEPU, *Submission 95*, p. 1 quoting Industry Skills Forum *Training Packages: a story less told*. Available from: [http://www.isc.org.au/pdf/training%20packages\\_a%20story%20less%20told%20FINAL.pdf](http://www.isc.org.au/pdf/training%20packages_a%20story%20less%20told%20FINAL.pdf) (accessed 7 March 2011).

2 Industry Skills Councils, *Submission 7*, p. 1.

2.3 The ISCs were created as new bodies, not mergers of previous industry advisory bodies. The use of the term ISC was a conscious shift 'to reflect the broadening and more strategic nature of required roles'.<sup>3</sup>

2.4 According to a joint submission by the 11 ISCs, 'the nationally endorsed qualifications and units of competency developed and continuously maintained by the ISCs cover 85 per cent of Australian jobs. In 2009, over 1.1 million students were enrolled in publicly funded Training Package qualifications, an increase of 6.7 per cent on the previous year.'<sup>4</sup>

### **Role and effectiveness**

2.5 ISCs are not-for-profit companies governed by independent, industry-led boards. They bring together industry, educators, governments and other stakeholders on a common agenda to address skills and workforce development in the national VET training system.<sup>5</sup> Specifically, the formal roles of ISCs involve:

- providing industry intelligence and advice to Skills Australia, government and enterprises on workforce development and skills needs;
- development of training packages;
- providing independent skills and training advice to enterprises, including matching identified training needs with appropriate training solutions; working with enterprises, employment service providers, Registered Training Organisations and government to allocate training places under the Productivity Places Program; and
- engaging with State and Territory Governments, State and Territory industry advisory bodies and peak representative bodies in their area of industry coverage.<sup>6</sup>

The committee received a substantial number of submissions supporting the role and work of the ISCs and expressing broad satisfaction with their effectiveness, despite a number of issues—discussed later in this and subsequent chapters—being raised.<sup>7</sup>

2.6 Research being undertaken by Dr Robert Dalitz at the University of Western Sydney found that although the ISCs he investigated performed well, each one faced a completely different environment to operate in and fulfil its role. He cautioned that ISC policy should take this into consideration and provide sufficient flexibility so they

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3 Industry Skills Councils, *Submission 7*, p. 1.

4 Industry Skills Councils, *Submission 7*, p. 2.

5 <http://www.isc.org.au/about.php>

6 <http://www.isc.org.au/about.php>

7 See below, as well as, for example, C.Y. O'Connor TAFE, *Submission 39*, p. 1; EE-Oz, *Submission 50*, p. 5; Qantas, *Submission 52*, p. 1; ACCI, *Submission 85*, p. 15; CEPU, *Submission 95*, p. 3; WA Department of Education, *Submission 16*, p. 1.

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can work with the complexities inherent in their sectors, and that ISCs should not be considered analogous.<sup>8</sup>

2.7 One feature all 11 ISCs do have in common, however, is their potential to inform and enrich the national skills development debate. Service Skills Australia (SSA) described the value of ISCs for the committee in this way:

As national bodies working within a national training system that is essentially state-based, ISCs are required to traverse and broker agreement on training packages across multiple jurisdictions, between employer and employee representatives, and often within or across industry sectors. Consequently, the intrinsic value of ISCs as independent, bi-partite advisory mechanisms is apparent in the depth of systemic engagement they achieve at the grassroots level – a feat that remains unmatched by any other organisations, inside or outside of the tertiary arena. Furthermore, ISCs demonstrate value through their historical knowledge of the VET system and their industries, and the intellectual capital they apply to these topic areas.<sup>9</sup>

2.8 The function of ISCs has evolved since they were established. They now play an increasing role in 'strategic advice and intelligence, policy formation, workforce planning and development'.<sup>10</sup> A joint ISC submission advised that one of the greatest strengths of the ISCs is their intrinsic value as independent brokers of agreed advice and directions for skills development:

When this is achieved collectively by the 11 ISCs – across sectors, jurisdictions and between employer and employee representatives – it delivers a level and breadth of grass roots 'buy-in' unable to be replicated by any other organisation inside or outside of the tertiary arena. The value and sure footedness this provides the system in going forward with large scale policy reform and initiatives, represents an incalculable return on investment in the ISC structure.<sup>11</sup>

2.9 SSA reported that the creation of the 11 ISCs has enabled:

...an unprecedented level of cross-industry collaboration and leadership on skills and workforce development. Not since the national Training System was conceived has this been possible. As singularly focussed organisations, without affiliation but with vast stakeholder networks, complemented by deep levels of expertise, ISCs are without parallel.<sup>12</sup>

2.10 Skills Australia submitted that the role of ISCs is well respected among stakeholders in the national training system. They play an important role in the areas of skills and workforce development:

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8 Dr Robert Dalitz, *Submission 12*, p. 1.

9 Service Skills Australia (SSA), *Submission 40*, p. 4.

10 Industry Skills Councils, *Submission 7*, p. 2.

11 Industry Skills Councils, *Submission 7*, p. 3.

12 SSA, *Submission 40*, p. 6.

Industry is a major stakeholder of the VET system, and firm reply on the VET sector to supply the skills they require to achieve productive workplaces. This is a distinctive role for VET, which is set apart from schools and universities because of the extent of industry engagement. The engagement of employers has been identified by the OECD as one of the strengths of the Australian VET sector, which was found to enjoy a high degree of confidence.<sup>13</sup>

2.11 AiG CEO Heather Ridout said the inquiry has provided an opportunity to emphasise the 'critical role ISCs play in identifying and developing the skills needs for the Australian economy, now and into the future.' She noted the support ISCs provide to the government to address areas of skill shortages. Ms Ridout advised that there is strong support from business for the ISCs as:

They are an important interface bringing together industry, educators and governments in order to promote an industry-led agenda for action on skills and workforce development. They are also the key organisations that deliver industry developed training standards and products, robust industry-based skills advice to government and identify important strategies forward in relation to workforce development.<sup>14</sup>

### *Specific areas for improvement*

2.12 Skills Tasmania recognised the positive role ISCs play in building a modern vocational education and training system but pointed out that the lack of ISC presence in Tasmania, where only SkillsDMC and ForestWorks are active, limits the benefits available to that state. Environmental scans and training packages fail to reflect Tasmanian industry intelligence or address local issues.<sup>15</sup>

2.13 The Victorian Food Industry Training Board (VFITB) drew attention to AgriFood Skills Australia's annual report, which highlights the challenges inherent in finding appropriately experienced and industry-ready trainers to deliver training. VFITB also identifies the need for '...more fulsome and extensive communication of key training sector issues'. VFITB suggested that efficiency could be improved with a 'more formal national network of the ISC and the state Training Boards'.<sup>16</sup> This suggestion was not isolated to VFITB, and is discussed in detail in chapter 5.

2.14 The Housing Industry Association (HIA) pointed out that the role of the ISCs does not extend to ensuring the adoption of national training packages by Registered Training Organisations (RTOs) which remains a matter for each state and territory. It argued that the state veto on training package implementation remains 'a significant

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13 Skills Australia, *Submission 109*, pp 1–2.

14 AiG Media Release, 'Industry Skills Councils have strong business support', June 2010.

15 Skills Tasmania, *Submission 53*, p. 1. ForestWorks established an active presence in Tasmania after this submission was made. See Mr Michael Brough, Acting General Manager, Skills Tasmania, *Proof Committee Hansard*, p. 64.

16 Victorian Food Industry Training Board, *Submission 76*, pp 1–2.

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flaw preventing the development of a genuine Australian national vocational training system'.<sup>17</sup>

2.15 Areas for improvement for AgriFood include addressing governance difficulties regarding a conflict between ethical positions contained in industry training packages and those espoused by associated professional bodies, for example in veterinary nursing/animal care. The C.Y. O'Connor Institute argued that not addressing these issues put lecturers at risk of disbarment from working in the industry if they are found delivering training inconsistent with professional standards. It also argued that the board should reconsider the distribution of funding in light of industry output rather than population distribution and cited WA in this context as an area that justifies an increase in funding.<sup>18</sup>

2.16 The committee also heard that timeliness of training package reviews could be improved, an issue covered later in this chapter.

### *International perspective*

2.17 The joint ISC submission reported that internationally, Australian ISCs:

...are considered a leading example of how industry skills needs can be independently identified, codified and articulated, and solutions subsequently brokered.<sup>19</sup>

2.18 Skills Australia reported that industry organisations such as ISCs are not unique to Australia and there are similar models, such as Sector Skills Councils in the UK. It noted that in New Zealand there are 39 Industry Training Organisations. Skills organisations in a number of countries have formed the International Network of Sector Skills Organisations. This supports the work of national sector skills organisations through the sharing of best practice.<sup>20</sup>

2.19 Australia's ISCs are a founding member of the International Network of Sector Skills Organisations (INSSO) formed in March 2010. INSSO aims to: share best practice; develop transnational occupational standards; undertake collective research and analysis; and identify labour market intelligence.<sup>21</sup> Manufacturing Skills Australia (MSA) submitted that the INSSO Board of Management has agreed a series of joint international activities which will benefit industry, VET systems and governments.<sup>22</sup>

2.20 AiG reported that the Australian ISC model has been studied internationally with the intention to replicate it. AiG cited, among others, the 2008 OECD Learning

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17 Housing Industry Association, *Submission 64*, p. 4.

18 C.Y. O'Connor TAFE, *Submission 39*, p. 2.

19 Industry Skills Councils, *Submission 7*, p. 2.

20 Skills Australia, *Submission 109*, pp 2–3.

21 SSA, *Submission 40*, p. 9.

22 Manufacturing Skills Australia, *Submission 84*, p. 15.

for Jobs report which referred to ISCs and the UK sector skills councils as successful models for industry engagement.<sup>23</sup>

2.21 Specifically, the Construction and Property Services Industry Skills Council (CPSISC) advised that India recently agreed to use the Australian Skills Council model and advised that other countries are adopting Australian standards and training strategies:

The CEO of CPSISC was sponsored by the Malaysian Government to assist in the introduction of standards to cover a revised Waste Management system in Malaysia. Similarly New Zealand has adopted many of our Australian Construction standards. The UK is adopting our Security Management qualifications and is trying to replicate the career pathways we have integrated into our package.<sup>24</sup>

### ***Voice of industry?***

2.22 AiG referred to a 2008 OECD study of national VET systems which noted that one of the strengths of the Australian system is the high degree of employer engagement.<sup>25</sup> However, the Australian Chamber of Commerce and Industry (ACCI) reminded the committee that ISCs are not the voice of industry but are an amalgamation of stakeholder interests. It explained that:

It is a subtle but important distinction between the important and valid role of ISCs as being at the forefront of the development of training products and identification of industry trends and what the voice of industry is through business and industry organisations.<sup>26</sup>

2.23 The Australian Automotive Industry Association (AAIA) supported this view and stated:

Industry Skills Councils do not represent Industry, Skills Councils are a mechanism to co-ordinate consultation with State ITABs and Industry Organisations to draw in the views and need of Industry, to provide Government with critical information, so the funding and policy can be determined according to Industry need. The practice of extending the scope of Skills Councils confuses their role and places them in situations where they attempt to represent Industry, to the dissatisfaction of Industry.<sup>27</sup>

2.24 ACCI supported ISCs having a leading role in the 'identification of skill benchmarks and industry intelligence' but emphasised the 'distinction between this role and the voice of industry in the way government engages with business and industry'.<sup>28</sup>

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23 AiG, *Submission 44*, p. 5.

24 CPSISC, *Submission 15*, p. 4.

25 AiG, *Submission 44*, p. 2.

26 ACCI, *Submission 85*, p. 11.

27 AAIA, *Submission 98*, p. 6.

28 ACCI, *Submission 85*, p. 12.

2.25 The Air conditioning and Mechanical Contractors' Association (AMCA) also questioned what it saw as some ISCs' 'claim to be the voice of industry on particular issues', arguing that this was not a view held by employers. AMCA instead suggested that industry and employer associations such as itself in fact spoke on behalf of their industry members.<sup>29</sup>

2.26 Government Skills Australia (GSA) explained that ISCs had an essential link between them and their industry constituents in the form of Industry Advisory Committees, through which the voice of industry is heard. Members of these committees are nominated by the industry peak bodies they represent and the committees are required to demonstrate how they represent a range of interests within their sector.<sup>30</sup>

2.27 The Tasmanian Chamber of Commerce and Industry contended that apart from SkillsDMC and ForestWorks, ISCs are 'not generally accessible for employers.'

Employers and stakeholders are often unfamiliar with ISC activities such as consultation, and projects being undertaken. A presence is not consistently felt within their respective industries. Ongoing change within the VET sector makes it difficult for employers to keep abreast of developments and opportunities within their industry. Constant change and the complexity of the VET sector requires ISCs to have a strong presence within industry to ensure products such as Training Packages are developed to meet their needs.<sup>31</sup>

2.28 Many stakeholder relationships with ISCs are still in their infancy. The Council of Rural Research and Development Corporations, the peak forum for fifteen rural research and development corporations, reported that its relationship with AgriFood is still at an early, developing phase. The submission identifies an urgent need for rural industries to invest in attracting and developing the current and future workforce, and considers it essential for AgriFood to continue to be 'maintained and well resourced'.<sup>32</sup>

### **Role of the National Quality Council**

2.29 The National Quality Council (NQC) is a committee of the Ministerial Council for Vocational and Technical Education. It oversees quality assurance and ensures national consistency in the application of the Australian Quality Training Framework standards for the audit and registration of training providers. The NQC has policy development and implementation responsibility, as well as specific decision-making powers in relation to the endorsement of training packages under the National Skills Framework.<sup>33</sup>

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29 Air conditioning and Mechanical Contractors' Association, *Submission 82*, p. 3.

30 Government Skills Australia, *Submission 78*, p. 9.

31 Tasmanian Chamber of Commerce and Industry, *Submission 42*, pp 1–2.

32 Council of Rural Research and Development Corporations, *Submission 80*, pp 1–2.

33 AiG, *Submission 44*, p. 3; National Quality Council, *Submission 88*, p. 2.

2.30 When presenting the NQC with training packages, ISCs must provide a 'Case for Endorsement' which shows:

- widespread support from industry for the changes;
- that the Training Package meets NQC policy requirements and quality principles;
- that the consultation and validation process has been rigorous and transparent; and
- that the impact of changes has been considered.<sup>34</sup>

2.31 The relationship between the NQC and ISCs also works in the other direction:

COAG has been concerned about the quality and the complexity of training packages and has, first of all, established the VET Products for the 21st Century inquiry and report; and then, as a result of that report, has asked the NQC to ensure that the ISCs take on some of the requirements that COAG has mandated in relation to the improvement of training packages, which I think the VET Products for the 21st Century revealed had become a bit impenetrable, a bit hard to navigate and were a bit defective in a number of ways, particularly in relation to preparing those people who undertake the training packages for further training and a number of other aspects.<sup>35</sup>

2.32 The NQC will soon become the National Standards Council (NSC).<sup>36</sup>

As far as the arrangements for the future are concerned, with the national VET regulator the relationship between the NSC and the national VET regulator is going to be that the NSC is the standard setter. The states were keen to retain an involvement in that, so the NSC is going to be a committee of the ministerial council setting the standards for the regulation by the national VET regulator in those areas where the national VET regulator will have its scope in the participating states, and in some cases beyond, into the other states as well. The NSC will be a very important intermediary between the regulator and industry in the same way as the NQC attempts to be an intermediary and to some extent a regulator now.<sup>37</sup>

### ***Is there too much red tape?***

2.33 The Australian Hotels Association (AHA), although supportive of the role ISCs play in the ongoing development of quality national training packages, contended that this role was being 'undermined by red tape from the National Quality Council', and that 'in the hospitality industry the NQC has impacted on the training package to such an extent that it is moving away from what industry wants.'<sup>38</sup>

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34 National Quality Council (NQC), *Submission 88*, p. 2.

35 The Hon. John Dawkins, Chair, NQC, *Proof Committee Hansard*, 16 February 2011, p. 40.

36 AiG, *Submission 44*, p. 2.

37 The Hon. John Dawkins, Chair, NQC, *Proof Committee Hansard*, 16 February 2011, p. 45.

38 Australian Hotels Association, *Submission 68*, p. 3.

2.34 One submitter stated that ISCs are 'forced to modify training packages to suit the requirement of the NQC' and that this is 'one example of where there is a disconnect between industry needs and national training system requirements'. They also called for information to be more industry and user friendly.<sup>39</sup>

2.35 Restaurant and Catering Australia also felt that the role ISCs play in developing training packages is undermined by what has been a gradual imposition of system-wide constraints from the NQC, among others, and by the amalgamation of previous Industry Training and Advisory Boards (ITABs) into ISCs. The latter had 'broadened ISCs to a point where their contact with the individual industry is so limited that the industry context of the training package is undermined.'<sup>40</sup>

In the case of the hospitality industry the system (as administered by the NQC) has stopped the training package and the associated products from being what industry wanted. As an example, the hospitality package was denied the opportunity to state that trainers should have industry experience, which has undermined the quality of the training package from the industry perspective.<sup>41</sup>

2.36 Responding to this in a supplementary submission, the NQC stated:

We ask that the Inquiry note that the National Quality Council changed its policy in December 2009 to allow Training Package developers to specify the vocational competence and experience for assessors, within the guidelines outlined in the Training Package Development Handbook.<sup>42</sup>

2.37 EE-Oz also stated that it would prefer to see a more efficient system:

There are package rules required by the National Training Council in relation to how you can structure a package and what has to be in there. Sometimes they are at odds with what industry would like. Sometimes industry wants a degree of flexibility; sometimes they want a degree of focus that the national training policy might be not able to meet. We have to work our way through that process. We have to submit our packages in line with their policies and procedures.

I think the biggest concern about industry is the delay. What we would like to see is a much more accelerated method of endorsement so, if you do have extreme need and you need to address it in a rather short turnaround period, you are able to do that. I must say we have had cooperation with the Commonwealth department. Sometimes it is the issue of state bureaucracies that believe that it has to go through their own processes, sometimes duplicating what we have already put in place in relation to state industry advisory bodies and stakeholders at a state level.<sup>43</sup>

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39 Name withheld, *Submission 90*, p. 1.

40 Restaurant and Catering Australia, *Submission 62*, p. 3.

41 Restaurant and Catering Australia, *Submission 62*, p. 3.

42 NQC, *supplementary submission*, p. 1.

43 Mr Peter Tighe, Chair, EE-Oz, *Proof Committee Hansard*, 15 February 2011, p. 58.

2.38 On this, the NQC advised that its endorsement of training packages is '...contingent on there being evidence of stakeholder agreement with the new product'<sup>44</sup> and that:

...we should recognise that two things are happening at once. There is a continuing process of endorsement of the training packages that come through ISCs, which has regard to a number of criteria that have been there for some time. At the same time, in response to COAG requirements, the NQC is going through and changing some of those criteria against which training packages can be endorsed. So you have got a changing of the standards at the same time as the process is going on. That requires a degree of flexibility from the ISCs themselves.<sup>45</sup>

2.39 The NQC further explained:

The component which perhaps needs to be understood is that between government and industry is the student. Standards are set in part to ensure that the students get the qualifications which they are either paying for or being subsidised to undertake, and so there is a kind of consumer protection element to all of this to ensure that when the RTOs are dishing out the training that they are complying with some standards that are not only, to a large extent, set by industry, but also fit the person who receives the qualification not only to get the job for which they have been trained, but also hopefully progress with their training through the course of their career. Quite a lot of people who train for one particular job will find that in five years time that job is gone or has changed to the point where they need to undertake further training in order to be able to perform the new requirements of that occupation. These are quite legitimate standards which are set in order to protect, in a sense, the student, but also to ensure that Australian industry has the capability to progress as things change in an increasingly competitive world.<sup>46</sup>

### **ISC Training packages**

2.40 Training packages form the basis for industry-endorsed national qualifications that reflect the needs of the labour market. They are, at least in theory, developed through a consultative process to reflect the needs of workplaces.<sup>47</sup>

2.41 The first training packages were endorsed in 1997. Since then packages have been developed with national qualifications. Units of competency now cover in excess

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44 NQC, *Submission 88*, p. 3.

45 The Hon. John Dawkins, Chair, NQC, *Proof Committee Hansard*, 16 February 2011, p. 45.

46 The Hon. John Dawkins, Chair, NQC, *Proof Committee Hansard*, 16 February 2011, p. 45.

47 AiG, *Submission 44*, p. 3.

of 85 per cent of the workforce.<sup>48</sup> ISCs also work with public and private training providers to assist with their implementation of these industry endorsed standards.<sup>49</sup>

2.42 Skills Australia noted that through the development of training packages:

The work of ISCs underpins a fundamental aspect of the vocational education and training system. As noted by the OECD, 'through the Industry Skills Councils (ISCs), industry has taken the lead in establishing the packages, and this has been vital in securing labour market recognition of the qualifications'. Training packages and accredited courses as a single national framework have strong support from businesses and industry.<sup>50</sup>

2.43 The number and scope of training packages varies. IBSA, for example, offers 274 qualifications across 11 training packages.<sup>51</sup> MSA has responsibility for 11 national training packages, which include 209 qualifications, 2776 units of competency developed by MSA and 1530 units of competency imported from packages maintained by other skills councils.<sup>52</sup>

### ***Timeliness of training package reviews***

2.44 The work of ISCs is focussed on ensuring the ongoing relevance and credibility of the training packages.<sup>53</sup> The Department of Defence reported that frequent changes to the training system and training packages present challenges even for a large enterprise RTO. It explained:

In attempting to be responsive to change, the ISCs amend training packages too frequently, in some cases yearly; this is a major resource impost on Defence and other enterprise RTO. As a result of these changes enterprise RTO must amend training documentation to reflect ISC updates. Currency is not normally an issue as Defence RTO routinely review their training on a four to five year cycle, which provides stability in the development, delivery and accreditation of vocational education and training.<sup>54</sup>

2.45 Asked whether ISC data could be integrated and made more user friendly so that responding to the frequency of training package reviews did not consume excessive amounts of employer and industry time, GSA stated:

I suggest that it is an enormous task. The collection of data occurs in an ad hoc manner across the various industry sectors. I suggest to you that there are some timeliness factors around the collection of data. There are some

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48 Industry Skills Council Forum, *Training packages: a story less told* available from: [http://www.isc.org.au/pdf/training%20packages\\_a%20story%20less%20told%20FINAL.pdf](http://www.isc.org.au/pdf/training%20packages_a%20story%20less%20told%20FINAL.pdf) (accessed 7 March 2011).

49 AiG, *Submission 44*, p. 3.

50 Skills Australia, *Submission 109*, p. 1.

51 IBSA, *Submission 41*, p. 3.

52 MSA, *Submission 84*, p. 6.

53 SSA, *Submission 40*, p. 9.

54 Department of Defence, *Submission 32*, p. 4.

data-collection activities that are not well synchronised. For example, in the public sector domain public sector RTOs—your TAFEs etc—all report, as you know, on a calendar year basis. So they collect their data and report it that way. For us in the government sector the majority of our entities collect data and report on a financial year basis. So there are issues such as that.<sup>55</sup>

[T]here is also a design issue about what a national collection of data might look like. In the past the ABS data—the ANSCO codes and what have you—have not been sufficiently finely tuned for our needs. Each state and territory also has its own take on these things. It is no easy task to come up with a common framework. It is a need, however.<sup>56</sup>

2.46 Mr Robert Paton, Chief Executive Officer of MSA, also addressed the frequency of training package reviews:

We review at an absolute minimum every three years, but the cycle is usually more frequent than that. We are constantly building new areas where we might review some new technology or a work area that has changed its practices, or whatever, on that basis, as well as going through the forced review process of making sure we look at something to see that it is still current.<sup>57</sup>

2.47 He added that stakeholders could examine the relevance of a particular training package through mechanisms established by the ISC:

It comes through to the skills council, and it can be through any medium or any communication. We make a judgment on the scope, the extent and the potential impact of that request. If it is one person saying it, and we do not have that reflected by other people asking the same question, obviously we would question that. But if there is reasonable evidence to show that it needs a change then we will address that. The organisation produces a continuous improvement plan. A draft of that goes to the board. They consider it and sign it off and we commence work. That plan changes frequently because the rate of changes is longer than the duration of the plan. The plan is basically 12 months with a longer-term view, but sometimes the changes come in two to three months.<sup>58</sup>

2.48 SSA acknowledged the burden on industry in training package reviews and approvals, and added that the process, although complicated and time consuming, is required for quality assurance purposes.<sup>59</sup>

2.49 The committee heard from the NQC that the latter was working on a process of streamlining training packages which were deemed to be excessively complex, as a result of a Council of Australian Governments (COAG) request to that effect:

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55 Ms Jan Weir, CEO, GSA, *Proof Committee Hansard*, 15 February 2011, p. 24.

56 Ms Janice Andrews, Chair, GSA, *Proof Committee Hansard*, 15 February 2011, p. 24.

57 Mr Robert Paton, CEO, MSA, *Proof Committee Hansard*, 15 February 2011, pp 4–5.

58 Mr Robert Paton, MSA CEO, *Proof Committee Hansard*, 15 February 2011, p. 5.

59 Mrs Jeanette Allen, CEO, SSA, *Proof Committee Hansard*, 15 February 2011, p. 71.

In effect, when COAG said, ‘Make the training packages more navigable, more simple and include in them a couple of clearer elements relating to knowledge in relation to competency,’ that was the trigger for going through and saying, ‘How do you redesign the architecture of the training packages?’ That effectively has been that NQC work.<sup>60</sup>

### *Quality of training packages*

2.50 The committee received a number of submissions questioning the quality of particular training packages. These, although not in the majority, suggested that some fine-tuning of training packages might be warranted.

2.51 Notwithstanding some irritation with the frequency of reviews and the resource implications of that process, the Institution of Surveyors NSW (ISNSW) considered that reviews were qualitatively inadequate. It concluded that despite representations to CPSISC, the NQC has approved ‘what appears to be a seriously flawed Training Package based on support letters provided by CPSISC to State bodies without the relevant Training Package documents’.<sup>61</sup> ISNSW also submitted that there has been a failure of the training packages to address the different state laws and regulations which affect surveying practice in each state.<sup>62</sup>

2.52 The NSW Aboriginal Land Council (NSWALC) examined existing training packages for equity considerations and content relevant to Indigenous workers and learners. It reported that:

Our concerns are confirmed and supported by the growing body of evidence demonstrating a lack of regard and consultation with industry stakeholders by AgriFood Skills Australia in offering sub-standard Training Package.<sup>63</sup>

2.53 To address these issues NSWALC recommended that the endorsement process for the training package in question be suspended and that it be transformed into the Indigenous Land Management training package. NSWALC also proposed the formation of an Indigenous Industry Skills Council to manage the development and maintenance of the new training package.<sup>64</sup>

2.54 AgriFood advised the committee that it had taken steps to respond to criticism from NSWALC:

[The Executive Officer] is now designing a program for us and we are waiting to get that scoped exercise in to look at. We have met him two or three times since then. Certainly on the Indigenous front we put a lot of effort in but to national programs and he is looking for obviously programs

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60 Mr David Symonds, Director, NQC, *Proof Committee Hansard*, 16 February 2011, p. 43.

61 The Institution of Surveyors NSW Inc, *Submission 43*, p. 1.

62 The Institution of Surveyors NSW Inc, *Submission 43*, p. 2.

63 NSW ALC, *Submission 51*, p. 2.

64 NSW ALC, *Submission 51*, pp 2–3.

in his own state and we are happy to look at that. As I said, he is designing something that we can negotiate and develop jointly.<sup>65</sup>

2.55 Recognition Australia raised similar issues concerning AgriFood, describing the ISC's work on meeting deadlines for training package development as 'woeful', and its merger of three training packages—RTD02 Conservation and Land Management, RTE03 Rural Production and RTF03 Amenity Horticulture—a 'disaster zone' under the AHC10 Training Package umbrella. Recognition Australia also pointed out that completion rates for AgriFood qualifications have fallen to 26 per cent, attributing that to the poor quality of the product, which is 'largely irrelevant to the current needs of students and businesses.'<sup>66</sup>

2.56 In a supplementary submission, AgriFood addressed Recognition Australia's submission, calling it 'extraordinary' and 'damaging', and refuting its claims:

AgriFood Skills Australia's only contact with Recognition Australia was the brief engagement in 2009 of their consultant, Mr Richard Lynch, to assist with documentation work associated with the preparation of the AHC10 Agriculture, Horticulture and Conservation and Land Management Training Package. Neither Recognition Australia nor Mr Lynch has been re-engaged since.<sup>67</sup>

2.57 The Australian Veterinary Association (AVA) advised the committee that AgriFood had been tasked by the Department of Education, Employment and Workplace Relations (DEEWR) to develop a proposed national training package in equine dentistry for non-veterinarians. AVA has been dissatisfied with the consultation to date. It believes there is not a demonstrated need for this course as the training is well established within the veterinary degree curriculum at undergraduate and postgraduate levels.<sup>68</sup>

2.58 This training package is the subject of considerable concern for the Equine Dental Association of Australia (EDAA):

There has been no "environmental scan" carried out which would normally be the starting point for any training package development. This scan establishes the needs, current employment levels and projected employment potential of an industry... ..This is one industry where there is clearly no skills shortage. Therefore it is our view that development of this qualification represents a questionable use of public funds.

The package development so far is neither collaborative nor inclusive and anything that has been developed shows a lack of thorough industry consultation.

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65 Mr Arthur Blewitt, CEO, AgriFood, *Proof Committee Hansard*, 15 February 2011, p. 13.

66 Recognition Australia, *Submission 77*, pp 2–4.

67 AgriFood Skills Australia, *Submission 89 (supplementary)*, p. 2.

68 Australian Veterinary Association, *Submission 102*, p. 3.

Our concerns over some of the proposed content of the Training Package especially in relation to performing quasi-veterinary procedures and potentially compromising horse welfare and longevity have been ignored.

This has been a long winded and undoubtedly very costly process with no anticipated agreed outcome for the association, which also questions the contribution of the qualification to animal welfare issues. Many of the proposed competencies in the Training Package are procedures which are already regulated by existing State Acts, Regulation and Codes of Practice yet the proposed document gives lip service to the claim of observing existing State Acts of Parliament. The document is contradictory, poorly written and although it will exist in an "animal Welfare" package there are several proposed procedures which have no scientific basis. The main purpose of routine dental care for horses is to improve their longevity and wellbeing. The implementation of the proposed Training Package would create an oversupply of equine dental technicians with a skills set that would not necessarily improve the wellbeing of the horse.<sup>69</sup>

2.59 In response, AgriFood stated:

It was actually put to us by the New South Wales government back in 2006 that there was no endorsed training program for equine dentists. So we progressed that. It was supported at that stage by the equine dentists themselves and indeed the AVA at that stage also considered it was a reasonable thing to do. Our role in life is particularly to develop training that meets industry needs and delivers a product that is validated nationally. We have had intense negotiations, by the way, for about 12 or 18 months around this and now it has become a clear that the Australian Veterinary Association wants a fully professional delivery of equine dentistry services. Our view is in the middle of that. We are talking about a certificate IV equine dentist accredited training package that would validate the training of people treating horses and importantly get through a lot of that. There is no doubt that when horses have got an infection or they have something else, you need to bring in a vet.

...There are 800,000 working horses in Australia and all of them potentially have equine issues. The issue is that there is no way that you can deliver that through veterinarians alone. Importantly we believe that a lot of those agencies have told us that a lot of their horses have traditionally been treated by well-skilled equine dentists. But now we are looking to have an endorsed qualification that validates that in the national system.

It is a difficult argument for us. It is to some extent almost unwinnable because it is a professional/paraprofessional issue, which has come up in other sectors... At the end of the day it comes down to regulation, which is not our patch. That is a state issue and we have to work within that. We certainly cannot impact on regulatory requirements.<sup>70</sup>

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69 Equine Dental Association of Australia, *Submission 61*, pp 2–3.

70 Mr Arthur Blewitt, CEO, AgriFood, *Proof Committee Hansard*, 15 February 2011, pp 15–16.

2.60 The committee also received a submission in response to the matter raised by the EDAA from the Australasian Association for Equine Dentistry (AAED), which disputed statements made by EDAA. The AAED has '...no complaints regarding the management or handling of the development process by AgriFood Skills Australia to date. We can only commend the staff involved so far.'<sup>71</sup>

2.61 The racing industry's experience with AgriFood, conversely, appears positive. The Australian Racing Board considers AgriFood effective.<sup>72</sup> Lindsay Park Racing stated that:

[T]he Racing industry and enterprises are well served by the advice and expertise of AgriFood Skills Australia and commend its support of training package and related skills and workforce development initiatives in support of our industry.<sup>73</sup>

2.62 Racing Queensland also submitted in support of AgriFood:

The most critical factor...has been the success of Agrifood Skills Australia in establishing itself and operating as the driver of critical issues, advice to Government and implementation of solutions by coordinating this advice through the committees and the annual environmental scan. It has an excellent record of technical and administrative success in the review of training packages as shown by the very successful and extensive changes to the racing industry training package RGR08.

Despite the vast range of challenges encompassed by the 5 major industry groups within Agrifoods, ASA support for the work of the standing committees and willingness to take up issues and engage governments at all levels across Australia has been impressive.<sup>74</sup>

2.63 One submitter reported on the UEE07 Electrotechnology training package produced by EE-Oz, which they use every day but find unhelpful. There are thousands of pages and supporting documents requiring 'tedious extraction' of information. In trying to distil the useful information the submitter estimates they will have reduced it to around 160 pages which will be about 4 per cent of the current package.<sup>75</sup>

### ***Committee view***

2.64 The committee has clearly received conflicting claims relating to the equine dentistry training package. At heart is an industry-specific professional versus paraprofessional issue which stakeholders are in significant disagreement about, and which the committee is not in a position to arbitrate. The committee recognises and wishes to stress that a number of industry development, animal welfare and

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71 Australasian Association for Equine Dentistry, *Submission 107*, pp 1–3.

72 Australian Racing Board, *Submission 91*, p. 10.

73 Lindsay Park Racing, *Submission 92*, p. 1.

74 Racing Queensland, *Submission 93*, p. 1.

75 Name withheld, *Submission 28*, pp 1–3.

occupational health and safety issues hinge on a successful resolution to this impasse which all parties involved can be satisfied with.

2.65 The committee further recognises that AgriFood is obliged to act within state regulatory requirements, which it does not determine or have the capacity to change, and which may well benefit from a review.

*Sufficient expertise in the development of packages?*

2.66 One submitter alleged that in their experience ISCs have focused on feedback from large training providers and spent insufficient time with industry subject matter experts. The submitter did not oppose consultation with training providers *per se*, but suggested that more time with industry specialists was required.<sup>76</sup>

2.67 The Queensland Tourism and Industry Council urged ISCs to seek more industry feedback on current training packages in order to boost implementation efficiency, but emphasised that 'it would be prudent for this feedback to come from business rather than training providers.'<sup>77</sup>

2.68 Other submitters, such as the Motor Trades Association of Australia (MTAA), make their own training arrangements due to what they believe is inadequate industry expertise on the part of relevant ISCs.<sup>78</sup>

2.69 MTAA explained that, until recently and under an arrangement which preceded the establishment of ISCs, responsibility for training package administration for the Australian automotive industry was with Automotive Training Australia (ATA). When ISCs were established 'the industry as a whole expressed its dissatisfaction with the proposals with respect to the training arrangements for the industry under that new structure' and lobbied for an independent automotive ISC.<sup>79</sup> As a result of this lobbying, the ATA continued to administer its training packages. This arrangement was terminated in 2009 when the government shifted responsibility for the packages to MSA against the wishes of major industry stakeholders.

2.70 The MTAA believes that the Australian retail motor trades are on the verge of crisis, and the skills demands of the manufacturing and retail service and repair sectors are being treated as one and the same when in fact they diverge, and will increasingly continue to do so. Required skills sets are different despite some similarity in core knowledge, and this is being ignored at the expense of the retail sector:

Synchronisation of the family of all automotive training arrangements with the smallest sibling of domestic manufacturing represents none of those crucial realisations and admissions. Rather, it is a misguided contrivance

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76 Name withheld, *Submission 9*, p. 1.

77 Queensland Tourism Industry Council, *Submission 54*, p. 2.

78 Motor Trades Association of Australia (MTAA), *Submission 55*, pp 19–20.

79 MTAA, *Submission 55*, p. 1.

that disproportionately places the imperatives of the many at the mercy of the interests of the few.<sup>80</sup>

2.71 MSA explained that it was handed responsibility for the automotive industry by the federal government 'through an interim governance arrangement of specialised committees' and is now 'engaged in the process of forming a wholly owned subsidiary company that will soon take on the coverage of the automotive industry.' MSA explained that this step was in response to key industry stakeholders seeking a greater degree of independence and autonomy.<sup>81</sup>

2.72 The Queensland Automotive Skills Alliance (QASA) submitted that MSA had been proactive and consultative since the ISC took over responsibility for the Automotive Industry Retail, Service and Repair (AUR) Training Package from ATA in 2009. The shift of responsibility has led to some delay in the review of the training package, and as a result 'the training package is not as responsive to industry needs as it should be.' However, 'MSA have done extremely well in updating relevant stakeholders through this process considering the circumstances they face during this transition.'<sup>82</sup>

2.73 Another stakeholder in the automotive industry, the Australian Automotive Industry Association, offered the view that the role of ISCs should be to develop national principles and guides. It believes that as most employers in the automotive industry are small operators 'no ISC would have the capacity to deliver [workforce development products and services] nationally on an enterprise level'.<sup>83</sup>

2.74 More generally, the committee heard evidence suggesting that ISCs are aware of the importance of industry expertise and actively seek to address any shortcomings:

In the last five years we have restructured ourselves. We now have four specialist general managers who have come in from industry and government. We also spend a lot of time briefing our staff. In fact, some of the peaks have moved out of the space to allow us to take over that role. I think that reflects that we understand what we are doing very well and we are indeed regarded as an authority around that.

Generally, you have to go on doing it. As I mentioned right upfront, the key to our job is understanding what industry needs. We can all come to solutions, but you need to understand the needs quite precisely. Our industry is quite different and often demands some reform of systems, and I think that is where we are heading. We are very well experienced. Most of us have been around the industry for a while and we have very good coverage of training packages—skills and workforce development. Also,

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80 MTAA, *Submission 55*, p. 19.

81 MSA, *Submission 84*, p. 11.

82 Queensland Automotive Skills Alliance, *Submission 56*, p. 2.

83 AAIA, *Submission 98*, p. 6.

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we use specialist consultants and advisers to help us develop our training packages. I think the mix of that is quite sound.<sup>84</sup>

### ***Production of training and assessment materials by ISCs***

2.75 Software Publications argued that ISCs develop training and assessment materials that duplicate and directly compete with quality training materials produced by publishing companies and training organisations. It alleged that as ISCs are publicly subsidised, they compete unfairly in the market with subsidised products. It was also submitted that there is an oversupply of training materials in popular areas, which results in public money being wasted duplicating design and production in these areas.<sup>85</sup>

2.76 Another submission went further, arguing that ISCs were exhibiting signs of anti-competitive behaviour which would ultimately weaken private training material developers:

[M]aterials produced by the Industry Skills Councils' commercial divisions should support areas of training where limited resources currently exist...This is simply not taking place...The Industry Skills Councils must use their Commonwealth provided tax payer dollars and any surplus from other activities on supporting the industry in which they are representing by picking up the slack, not muscling out existing...organisations such as the large publishers.<sup>86</sup>

2.77 In response to this, DEEWR told the committee that training package materials developed by ISCs under the DEEWR contract are always made freely available before any other materials produced for commercial purposes can be released:

The training packages themselves are up on a public website and can be downloaded by private individuals...The actual training package components, and the training materials that they produce as a result of our contract and which would be in their annual business plan to us, are freely available. Some ISCs, if they provide a published document or a paper document, a disc or something, may charge some small cost recovery but they are certainly not allowed to make profits or surpluses or whatever from anything published under our contract. Things published under our contract will also have the Australian government crest on them. There is a requirement that those things that are funded under our contract are freely available and clearly delineated by branding as part of the Commonwealth funding.<sup>87</sup>

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84 Mr Arthur Blewitt, CEO, AgriFood, *Proof Committee Hansard*, 15 February 2011, p. 14.

85 Software Publications, *Submission 27*, p. 1.

86 Name withheld, *Submission 9*, p. 2.

87 Ms Linda White, Branch Manager, Industry Workforce Development Branch, DEEWR, *Proof Committee Hansard*, 16 February 2011, p. 57.

2.78 DEEWR further informed the committee that while the department was not in a position to comment on any particular ISC's alleged intent to concentrate training products in areas of high commercial interest, to the best of its knowledge ISCs were publishing material in areas where a need has been identified.<sup>88</sup>

2.79 IBSA confirmed for the committee that ISCs produce materials in sectors where private organisations operate, but did not support the view that ISCs hold some form of market advantage over private competitors:<sup>89</sup>

It is a valid statement that we do produce materials. We have had a longstanding arrangement with a number of publishers whereby we sell and distribute their products. But we have also had quite a lot of feedback from RTOs over the years saying that, in many cases, the products do not exactly match the training package requirements. We have also had the consideration brought to us that, in some cases, when using generic products or products from publishers a lot of work has to be done to tailor those to meet the requirements of a training package. The RTOs do not always feel that they comply with the audit regime. So on the basis of the feedback that we have received we have developed a suite of support materials in the business services area, some in the financial services area and also in the training and education area. We believe those products support our training package. They ensure that an RTO will be delivering in a highly compliant fashion and they seem to fill a niche in the market. They also incorporate quite new ways of teaching by using social media. In dealing with students we have tried to make them very modern in that way and very interactive. They have found a place in the market.

The training packages on which we base our products are available publicly. They are on the website. We have very consciously, at the direction of the board, separated the two elements of our business so that the development of products that support the training packages are quite separate from the training package development. We would never start the development of support materials until the training package was on the website and that has been a conscious decision.<sup>90</sup>

2.80 Separately, the NSW PSITAB suggested that ISCs should be responsible for managing the development of training support materials where there is a demonstrated need and demand in a market that may struggle to attract training providers. It argued that a lack of support material often deters RTOs from offering some qualifications and units 'particularly if the market is small and regionally dispersed'. It recommended that 'funding for the continuous improvement of training packages should be expanded to include the provision of non-endorsed components, particularly if there is evidence that such products would facilitate the delivery of training to a thin market'.<sup>91</sup>

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88 Ms Linda White, Branch Manager, Industry Workforce Development Branch, DEEWR, *Proof Committee Hansard*, 16 February 2011, p. 58.

89 Ms Patricia Neden, CEO, IBSA, *Proof Committee Hansard*, 15 February 2011, p. 82.

90 Ms Patricia Neden, CEO, IBSA, *Proof Committee Hansard*, 15 February 2011, p. 82.

91 NSW PSITAB, *Submission 60*, p. 2.

2.81 Mr Robin Shreeve, CEO of Skills Australia, told the committee that Skills Australia did not object to ISCs broadening their range of activities beyond their original objectives, but only if this does not impede core business or result in a conflict of interest.

### *Committee view*

2.82 The committee is strongly of the view that ISCs should use their government funding to pursue their core activities. The production of training materials should only be considered where there is a demonstrated, unmet need and any conflict of interest is avoided.

### **Recommendation 1**

**2.83 The committee recommends that all 11 ISCs review their activities to ensure that their primary focus is directed at training package oversight and strategy, and that this work remain separated from the work of RTOs in product development and training delivery.**

### *Environmental scans*

2.84 Every year, each ISC researches and drafts an environmental scan of its industries. The scans use industry intelligence to provide an understanding of the factors shaping and affecting the workforce. The scans provide input for the NQC, state and territory training plans and Skills Australia.<sup>92</sup>

2.85 Skills Australia noted that the scans cover existing and emerging issues in relation to workforce development as well as responses from the training sector. Skills Australia stated that it considers environmental scans to be a valuable supplement to labour market data produced by government sources.<sup>93</sup>

2.86 SSA, for example, has produced an environmental scan for their industries since 2008. In 2009 they developed sector specific scans to allow the industries to reflect their issues and needs. It described the objectives of the environmental scan:

These scans seek to describe the key workforce development issues facing our industries as provide recommendations to government on occupations in demand as well as solutions to achieve better national productivity and participation outcomes.<sup>94</sup>

2.87 The Victorian Food Industry Training Board submitted that these scans raise systemic issues every year, citing AgriFood's 2010 report which drew attention to the challenge present in identifying industry experienced and available trainers. The Board also found that a more formal process for information sharing could be useful, suggesting that each state's reports could be shared and compared at a forum designed to present findings of the scans.<sup>95</sup>

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92 AiG, *Submission 44*, p. 3.

93 Skills Australia, *Submission 109*, pp 1–2.

94 SSA, *Submission 40*, pp 9–10.

95 VFITB, *Submission 76*, p. 1.

2.88 However, ACCI advised that:

While of value to government in receiving industry advice, the environmental scans tend to be too generalised to be of value to small and medium sized businesses.<sup>96</sup>

2.89 ACCI added that the type of information obtained is driven by government contractual requirements and not how well the information in the scans can be used by industry. ACCI also noted that the scans are written broadly and lack the detail to assist industry with workforce development strategies. ACCI recommended that the consultation process for gathering industry intelligence be improved, validated and tested with industry groups and all types and sizes of business.<sup>97</sup>

2.90 The MUA stated that while the environmental scan is useful 'it nevertheless lacks the level of detail that is essential for both aggregated resource allocation by the Commonwealth and for industry/sectoral workforce planning', due to the importance of the scan function in future workforce planning not rating sufficiently highly in the Commonwealth's funding allocation.<sup>98</sup>

2.91 This sentiment was not universal. The Department of Defence reported that it uses a number of the ISC environmental scans to inform Defence workforce planning, but conceded that limited standardisation of the material makes it difficult to use. Defence indicated that the environmental scans provide an opportunity to 'further assist DEEWR to develop an overall data base of occupation supply and demand profiles to activate a national level of workforce planning. This would in turn assist organisations such as Defence, where detailed long-term workforce planning is critical'. Defence suggested ISCs engage more closely with enterprise RTOs in relation to the development of environmental scans, the transfer of skills information and workforce intelligence.<sup>99</sup>

2.92 NCVER drew the committee's attention to the fact that the 11 ISCs each undertake environmental scans from their individual, divergent, perspectives:

One would have to say that therefore the scans are not particularly consistent across the board—that is, every industry skills council tends to think that their industry is rather more important than all the other industries, and there is a national natural tendency to put an optimistic face on things. So one of the problems you have with this type of work is that, if you added up all the needs from the various industries, you would get a number larger than the number of people in the workforce.<sup>100</sup>

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96 ACCI, *Submission 85*, p. 13.

97 ACCI, *Submission 85*, p. 13.

98 MUA, *Submission 63*, p. 3.

99 Department of Defence, *Submission 32*, p. 3.

100 Dr Tom Karmel, Managing Director, National Centre of Vocational Education Research (NCVER), *Proof Committee Hansard*, 16 February 2011, p. 25.

2.93 This can result in stakeholders spending excessive periods scanning information contained in each of the 11 ISCs' environmental scans to inform their training and development needs.

## **Recommendation 2**

**2.94 The committee recommends that the ISC CEO Forum examine the prospect of developing a template for environmental scans to foster greater consistency in the timing and reporting, and to encourage better utility of the scans for affected stakeholders.**

### *New policy directions*

2.95 The productivity agenda has seen the broadening of emphasis from training and skills to workforce development. ISCs have engaged with this broader agenda and are working with enterprises and industry associations to progress understanding and action around this broader remit.<sup>101</sup>

2.96 In noting this change, Skills Australia pointed out that AgriFood has developed a draft regional skills utilisation strategy to assist business to identify links between productivity and skills utilisation, CPSISC employs a team of workforce development advisers that can provide advice to business, and MSA has developed a workforce development tool to assist enterprises build and manage workforce capability. Skills Australia supports this direction and would like to see further development in this area.<sup>102</sup>

2.97 Skills Australia further submitted that ISCs have, by and large, been active and responsive when tasked with implementing new policy directions:

Arising out of the Green Skills Agreement (December 2009), ISCs have reviewed all relevant Training Packages to identify units and qualifications that require the addition of skills for sustainability. This was a large task, completed in a relatively short period of time. The next phase is for ISCs to make necessary amendments to Training Packages and submit them to the National Quality Council for endorsement. The revised Training Packages are expected to become available to learners from mid-2011.<sup>103</sup>

2.98 ISCs have also been active in progressing research on potential productivity gains. In 2010, for example, SSA commissioned the Centre for Economics in Education and Training to produce a report that would provide forecasts on the service industries workforce for the next five years.<sup>104</sup>

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101 AiG, *Submission 44*, p. 3.

102 Skills Australia, *Submission 109*, p. 2. See also SSA, *Submission 40*, p. 11.

103 Skills Australia, *Submission 109*, p. 6.

104 The submission also describes a number of other projects. See SSA, *Submission 40*, pp 10–11.

2.99 GSA also outlined its approach to integrating new initiatives, including reviews of training areas in need of improvement, extensive desktop auditing of current training content and ensuring industry involvement.<sup>105</sup>

2.100 Notably, AgriFood Skills Australia reported on its role in advising the Primary Industries Ministerial Council (PIMC) on addressing chronic skills and workforce shortages in regional areas, and informed the committee that it had, in consultation with SkillsDMC, developed an integrated Regional Skills and Workforce Development Strategy. The PIMC subsequently:

- supported the development of the Strategy, which runs over the period 2010 to 2014, and is designed to increase workforce training participation in regional areas;
- supported the reform and extension of the National Training System for regional skills and workforce development.<sup>106</sup>

2.101 AgriFood added that:

We are driving now some policy change with the National Quality Council looking at a more flexible approach to training where you can do skill sets, if you like, small chunks of training that head you towards a pathway. That currently is not funded by the federal government. We are seeking to do that, and there has been some good progress in developing that initiative.<sup>107</sup>

### ***Sustainability***

2.102 The Green Skills plan was announced in October 2009 and is aimed at incorporating environmental sustainability into all levels of vocational training and industry practices. In November 2009 the Ministerial Council for Tertiary Education and Employment (MCTEE) endorsed a new National Green Skills Agreement. The agreement will give businesses and individuals an opportunity to contribute to a sustainable, low-carbon economy in their workplaces and communities. MCTEE recommended the agreement to COAG for consideration at its December 2009 meeting.<sup>108</sup>

2.103 COAG endorsed the Agreement, which commits the Commonwealth and state and territory governments to working with training organisations and business to ensure skills for sustainability are an integral part of all vocational education and training (VET) and are relevant to the needs of industry. The commitment will be achieved by:

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105 GSA, *Submission 78*, p. 15.

106 AgriFood, *Submission 89*, pp 10–11.

107 Mr Arthur Blewitt, CEO, AgriFood, *Proof Committee Hansard*, 15 February 2011, p. 13.

108 The Hon Julia Gillard, MP, Minister for Education, Media Release, *States and Territories endorse National Green Skills Agreement*, 20 November 2009.

- including skills for sustainability practice and teaching in vocational education and training, within the requirements of the national regulatory framework;
- upgrading the skills of VET instructors and teachers to deliver skills for sustainability;
- the strategic review of training packages to embed sustainability knowledge, skills and principles; and
- implementing a transition strategy to re-skill vulnerable workers.<sup>109</sup>

2.104 In early 2010, a National Action Group was convened, with a view to developing the National Green Skills Action Plan by June 2010.<sup>110</sup> Submissions on the draft Green Skills Agreement Implementation Plan were invited from organisations operating in or working with the VET sector from April 22 to May 7, 2010.<sup>111</sup>

2.105 MSA published a report titled *Sustainable Manufacturing – Manufacturing for Sustainability* to illustrate how workforce skills development can contribute towards environmental and enterprise sustainability.<sup>112</sup> MSA was one of three ISCs approached by DEEWR for a trial roll-out of a program designed to develop workers' sustainability skills.<sup>113</sup>

2.106 The Community Services and Health ISC (CS&HISC) reported that it undertook an audit of the community services and health work roles which revealed limited explicit coverage of principles of environmental sustainability. Seven recommendations were agreed by DEEWR for enhancing the health and community services work roles described in the training packages. Draft versions of the training packages with proposed enhancement are available.<sup>114</sup>

2.107 ForestWorks, the Transport and Logistics ISC, and SSA were among other ISCs who were active in advancing the adoption of green skills as a key part of their role.<sup>115</sup>

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109 Information available from: <http://www.deewr.gov.au/Skills/Programs/WorkDevelop/ClimateChangeSustainability/Pages/GreenSkillsAgreement.aspx> (accessed 3 March 2011).

110 The Hon Julia Gillard, MP, Minister for Education, Media Release, *States and Territories endorse National Green Skills Agreement*, 20 November 2009.

111 Information available from: <http://www.training.qld.gov.au/information/vet-sustainability/green-skills-implementation.html> (accessed 3 March 2011).

112 Manufacturing Skills Australia, *Submission 84*, p. 9.

113 Manufacturing Skills Australia, *Submission 84*, p. 18.

114 CS&HISC, *Submission 29*, p. 9.

115 See, for example, ForestWorks, *Submission 19*, pp 2–3; Transport and Logistics ISC, *Submission 30*, p. 3; SSA, *Submission 40*, pp 7–8.

### ***Productivity Places and Enterprise Based Productivity Places Programs***

2.108 The Productivity Places Program (PPP) is in place to provide targeted training to support skills development to meet current and future industry demands.<sup>116</sup> The Enterprise Based Productivity Places Program (EBPPP) forms part of the PPP and provides opportunities for employees in participating enterprises to gain new skills and qualifications. The EBPPP is a partnership between the federal government and ISCs, which promote the program within the industries they cover, and work with enterprises to develop funding applications.<sup>117</sup>

2.109 The work ISCs do to effectively implement the EBPPPs is complementary to their core duties, according to EE-Oz, and results in even greater engagement with industry:

The administrative role for the EBPPP is directly related to the training needs of enterprise and represents a significant symbiotic benefit for ISCs, allowing the Government to maximise benefit and minimise cost. This collaboration enhances the voice of industry in the national training system.

The insinuation that the funding for administrative work conducted by ISCs in relation to the EBPPP was unaccountable is irresponsibly misleading. ISCs are directly accountable for their work on behalf of the government through their key performance indicators and failure to effectively and efficiently administer the EBPPP program would jeopardise their Funding Agreement. Work associated with the core duties of ISCs is effectively tendered at the start of each funding period through the process of application for funding as an ISC and is reported on regularly.<sup>118</sup>

2.110 AgriFood also reported a good response to the opportunities offered by the Enterprise Based Productivity Places Program (EBPPP), despite a 'light touch' marketing campaign:

A key attraction has been the perceived advantages and greater simplicity through dealing with AgriFood, rather than with individual States and Territory governments. The financial inducement (up to 90% of course costs) to enterprises with less than 100 employees has also been well received. From AgriFood's perspective, the EBPPP is providing new and more frequent opportunities to engage directly with the full range of enterprises which make up the industry.<sup>119</sup>

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116 For further information see:

<http://www.deewr.gov.au/Skills/Programs/SkillTraining/ProductivityPlaces/Pages/default.aspx>  
(accessed 8 March 2011).

117 For more detail about the EBPPP see:

<http://www.deewr.gov.au/Skills/Programs/SkillTraining/ProductivityPlaces/Pages/EBPPP.aspx>  
(accessed 7 March 2011).

118 EE-Oz, *Submission 50*, p. 8.

119 AgriFood Skills Australia, *Submission 89*, p. 9.

2.111 AgriFood considered the high uptake of the EBPPP program '...testimony to the high demand for this style of program.'<sup>120</sup>

2.112 CS&HISC reported that the combined round one and two funding under the EBPPP for the community services and health industries was \$4 million which represents close to 800 training places across 500 individual organisations covering 25 priority community services and health qualifications and 13 sectors. Of these, 52 per cent have been allocated to small enterprises.<sup>121</sup>

2.113 The Tasmanian Chamber of Commerce and Industry added that SkillsDMC and ForestWorks have enabled employers to benefit from the PPP and EBPPP funding. It added that Tasmanian employers have been well informed by these ISCs and have effective working relationships with them.<sup>122</sup>

2.114 When asked by the committee to judge how effective the programs have been for both the ISC and for industry, CPSISC replied:

Terrific...We have a database that we put together on the EBPPP, where all of the participants can look up information....It has been a roaring success to the extent that the employer bodies came back to us after the first round and we then went to Skills Australia and asked that there be a second round because of how successful it had been.<sup>123</sup>

To the end of December we had 825 people on board, with another 400 since then...It has been an outstanding success for us. There are 1,400 places in total that we are supposed to have, and about 1,200 of those are filled already. Just to give you an idea of how good it is, the HIA is putting over 300 people through the Certificate IV in Building and Construction, which actually covers off on building licensing in most states and territories, so it has been a great success for us. As you can see from our database, we can tell you where people are, what qualifications they are in, whether the employers are small, medium, large—anything else. We have put a lot of effort into that database.<sup>124</sup>

## Conclusion

2.115 Recognising that a general, definitive assessment of the effectiveness of the ISCs is difficult given the variety of feedback received, the committee is broadly satisfied with the operation of ISCs as they continue to evolve.

2.116 Isolated difficulties within certain sectors are clearly present, and some are highlighted in this report. The committee considers that most of these problems will be resolved between the parties concerned using existing channels of communication.

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120 AgriFood Skills Australia, *Submission 89*, p. 9.

121 CS&HISC, *Submission 29*, p. 9.

122 Tasmanian Chamber of Commerce and Industry, *Submission 42*, p. 1.

123 Mr Lindsay Fraser, Chair, CPSISC, *Proof Committee Hansard*, 15 February 2011, p. 61.

124 Mr Alan Ross, CEO, CPSISC, *Proof Committee Hansard*, 15 February 2011, p. 61.

2.117 Some improvement would also be beneficial in the ISCs' relationship with state and territory advisory bodies in order to increase RTO uptake of ISC training packages. However, stakeholders are clearly mindful of the deficiencies where they exist in this area, and efforts are being made to address them. This is further discussed in chapter 5.

# Chapter 3

## Funding

3.1 Industry Skills Councils (ISCs) receive funding primarily from the commonwealth government through the Department of Education, Employment and Workplace Relations (DEEWR).<sup>1</sup> ISCs have a contractual arrangement with DEEWR which underpins the allocation of funding, and are accountable to the government for the funding received. Their accounts are audited and they are required to maintain their not-for-profit status.<sup>2</sup> Other sources of funding include other government contracts for which ISCs bid from time to time, as well as successful open tenders for industry-initiated training projects.<sup>3</sup> Sources of income are described in more detail during the course of this chapter.

3.2 Skills Australia noted that DEEWR has accountability under the *Financial Management and Accountability Act 1997* (FMA Act) and has ultimate responsibility for the performance of the ISCs.<sup>4</sup>

3.3 The government has given a three year commitment to funding the service level agreement.<sup>5</sup> DEEWR advised that the total departmental commitment to ISCs as at 30 June 2010 was \$5 749 662. The total forward estimate figures as at 30 June 2010 for ISCs is \$45 596 797.<sup>6</sup>

3.4 ISCs receive commonwealth funding for general operations as well as specific project funding through DEEWR and other commonwealth organisations. For example, for Innovation and Business Skills Australia's (IBSA) this includes funding to:

- administer the Enterprise Based Productivity places Program within IBSA industries;
- develop an online tool to measure innovative capacity;
- develop materials to support training and learning; and

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1 EE-Oz, *Submission 50*, p. 4.

2 CEPU, *Submission 95*, p. 3.

3 CEPU, *Submission 95*, p. 3.

4 Skills Australia, *Submission 109*, p. 5.

5 CEPU, *Submission 95*, p. 5.

6 DEEWR answer to question taken on notice at the 2010-11 estimates hearing, EW0337\_11 available from [http://www.aph.gov.au/Senate/committee/eet\\_ctte/estimates/bud\\_1011/index.htm](http://www.aph.gov.au/Senate/committee/eet_ctte/estimates/bud_1011/index.htm) (accessed 21 February 2011).

- develop qualifications in business governance with the Office of the Registrar of Indigenous Corporations.<sup>7</sup>

3.5 AiGroup Chief Executive Heather Ridout submitted that the ISCs' work was undertaken in a transparent and accountable manner with strong governance arrangements.<sup>8</sup>

3.6 Submissions the committee received appeared to largely agree. However, some concerns were raised around accountability of funding arrangements across the ISCs.

### **Accountability of funding**

3.7 Accountability mechanisms are specified by DEEWR in its contracts with the ISCs. IBSA reported that as part of the funding agreements with DEEWR, all ISCs are required to submit an annual report and audited financial statements by 15 November every year. In addition:

In their annual report, ISCs are required to demonstrate achievements against performance measures, summarise the outcomes of activities outlined in the annual business plan and summarise additional activities funding through sources other than DEEWR.<sup>9</sup>

3.8 All 11 ISCs advised that they fulfilled their reporting and accountability requirements. IBSA, for example, advised that there is a total separation between government-funded activities and the commercial activities which support delivery of its training packages. It emphasised that its annual reports are 'open, comprehensive and properly fulfil all accountability requirements to the Commonwealth Government'.<sup>10</sup>

3.9 EE-Oz summarised the accountability mechanisms it uses. These, as an example, include:

- periodic reporting against Key Performance Indicators (KPIs) and deliverables;
- provision of audited financial statement;
- acquittal of project funds;
- maintenance of a not-for-profit status as defined by ASIC;
- additional to reporting requirements of specific projects (the DEEWR funding agreement requires that 'You report the additional activities and their outcomes in Your Annual and Final Reports').<sup>11</sup>

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7 IBSA, *Submission 42*, p. 3.

8 AiG, *Industry Skills Council have strong business support*, Media Release, June 2010.

9 IBSA, *Submission 42*, p. 3.

10 IBSA, *Submission 42*, p. 3.

11 EE-Oz, *Submission 50*, p. 4.

3.10 Manufacturing Skills Australia (MSA) submitted that its funding agreement with DEEWR contains similar accountability requirements, including the provision of a three-year strategic plan subject to acceptance by DEEWR; the provision of annual business plans, also subject to acceptance; regular reporting to DEEWR against key performance indicators; and provision of audited financial statements. As it is a public company, MSA reports that it must also satisfy requirements set by the Australian Securities and Investments Commission (ASIC).<sup>12</sup> It added:

Detailed records of all transaction are maintained according to accepted accounting standards. All funds received by MSA, including those from the Commonwealth, are held in secure bank accounts.

Processing of all financial transactions is scrutinised on four separate occasions by three levels of ISC staff. All requests for payment are verified and correctly attributed to appropriate cost areas prior to final approval by the Chief Executive Officer.

The Chief Executive Officer is accountable to the Board, and presents a regular statement of compliance to the Board. The Board receives regular and detailed financial reports at its quarterly meetings for consideration and approval.

These policies, procedures and practices are maintained for all of MSA's activities and contracts.<sup>13</sup>

3.11 The Construction and Property Services Industry Skills Council (CPSISC) advised that audit statements show the funding received from DEEWR has been fully spent in accordance with the intended purpose. It took the view that grouping all funding into one pot provides a misleading picture of funding received. It added that the reason funding agreements cover three years is to assist strategic activities and retain staff.<sup>14</sup>

3.12 In a supplementary submission, CPSISC also advised that it has established a continuous improvement management system, the details of which are available on its website, which allows anyone to track an issue and provide input.<sup>15</sup> CPSISC added that their accounts have been submitted to ASIC each year and that it reports to DEEWR annually against all key performance indicators (KPIs), providing an audited acquittal of funds.<sup>16</sup>

3.13 The Transport and Logistics ISC (TLISC) reported that its primary funding contract with DEEWR details requirements regarding management and acquittal of contractual obligations and finances. It noted:

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12 Manufacturing Skills Australia, *Submission 84*, p. 9.

13 Manufacturing Skills Australia, *Submission 84*, pp 9–10.

14 CPSISC, *Submission 15*, p. 2.

15 CPSISC, *supplementary submission*, p. 2.

16 CPSISC, *supplementary submission*, p. 2.

Accountability mechanisms for the use of contract funding are clearly outlined in the DEEWR/TLISC contract, such as direction on where funds must be held, financial reporting requirements and purposes for which the funds cannot be used.<sup>17</sup>

### *Committee view*

3.14 The evidence before the committee indicates that ISCs are subject to a variety of accountability measures. However, as ISCs can have a number of contracts with different government agencies, there is a risk that accountability requirements may vary between agencies. To prevent possible inconsistencies, the committee believes that the government should establish standard contracts with consistent accountability requirements for all work contracted with government agencies.

### **Recommendation 3**

**3.15 The committee recommends that the government develops standard contracts with clauses detailing accountability and reporting requirements for all paid works undertaken by ISCs under contract to government agencies. These standard clauses should be incorporated into the contracts between DEEWR and each ISC.**

### **How are funding decisions made by the parties?**

3.16 The committee received a number of submissions in relation to how funding decisions for ISCs are made. The answer to this question is not always clear. Qantas, for example—whilst supporting the current mechanism for funding allocation and praising its effectiveness—drew attention to the potential benefit of increased clarity around the process itself.<sup>18</sup>

3.17 AgriFood CEO Mr Arthur Blewitt explained that ISC funding was demand driven and therefore responsive to industry:

Our view is that we are demand driven. We do not do things unless industry wants them. We have broad based regional industry, obviously with some activity elsewhere. I think most of the proposals we put up are demand driven—our business plan is demand driven, our strategy is demand driven. How the government decides on that, I suppose, is across the 11 or 12 of us. That is how we operate. I do not quite know the intricacies of how the department decides between us.<sup>19</sup>

3.18 A small number of submissions questioned the underlying premises of funding allocation decisions, suggesting that commonwealth money was not being correctly divided between the ISCs. One such submission, a joint document from the Minerals Council of Australia (MCA), the Queensland Resources Council (QRC) and the South Australian Chamber of Mines & Energy (SACOME) argued that ISC funding should be based on demand and evidence-based information which takes into account Australia's economic priorities and costs involved for industries, rather than

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17 Transport and Logistics ISC, *Submission 30*, p. 7.

18 Qantas Airways, *Submission 52*, p. 1.

19 Mr Arthur Blewitt, AgriFood CEO, *Proof Committee Hansard*, 15 February 2011, p. 16.

workforce numbers or the number of training packages covered by ISCs. This would ultimately result in ISC funding being commensurate with the contribution of any given sector to the national economy.<sup>20</sup>

3.19 Others, such as the Australian Hotels Association (AHA), hold the opposite view. AHA contended that funding for ISCs should be 'more equitable' and proportionate to the overall number of people employed in the workforce covered by each skills council. The submission explained that unless ISCs receive more equitable funding, an industry such as tourism and hospitality—which is largely comprised of small businesses—will be left with the responsibility of training employees without necessarily having the capacity to do so.<sup>21</sup>

### *Committee view*

3.20 The committee believes that the issue of funding decisions is important, and that submissions have raised some valid questions. The committee's ability to consider these questions was impeded because DEEWR declined to make a submission to this inquiry.

### **Other sources of funding**

3.21 ISCs receive most of their funding from DEEWR, although the exact percentage varies. Government Skills Australia, for example, receives 15 per cent of its funding from sources other than DEEWR,<sup>22</sup> whereas ForestWorks advised that up to 40 per cent of its money does not come from its funding agreement with DEEWR. Other sources of income include but are not limited to service contracts with state governments, as well as federal government departments other than DEEWR for ISC-related additional work.<sup>23</sup> ForestWorks stated that

We hold contracts with the state training authorities in Queensland, New South Wales, Victoria and we are working on one in South Australia. That is the equivalent of a state ITAB contract. Our committees that we run at a state level are partially funded by those state government contracts and we use a team of people to carry out that work. That basically gives us a lot of capacity in a local region. We employ four people in Tasmania, two in Queensland, three in New South Wales and about 15 in our head office. So we try to spread people and keep them close and connected to industry. We use state government funds to assist in that process.<sup>24</sup>

3.23 The Community Services and Health ISC (CS&HISC) reported that it also accumulates reserves through the sale of value-added resources supporting the core training package qualification and skills sets; the provision of workshops and

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20 Minerals Council of Australia, Queensland Resources Council and South Australian Chamber of Mines & Energy, *Submission 66*, pp 5–6.

21 Australian Hotels Association, *Submission 68*, pp 4–5.

22 Ms Jan Weir, GSA CEO, *Proof Committee Hansard*, 15 February 2011, p. 19.

23 ForestWorks, *Submission 19*, Appendix 1, p. 3.

24 Mr Michael Hartman, CEO, ForestWorks, *Proof Committee Hansard*, 15 February 2011, p. 48.

seminars; contract management fees; and investment. It sources additional funding through competitive grants and tenders. It has audited financial statements. CS&HISC pointed out that the accumulated reserves are not built on non-acquitted or unspent public funding.

Reserves have been accumulated to position CS&HISC to respond to immediate industry needs over and above those predicted in the triennial funding, and in the event that ISC funding through DEEWR be reduced or removed to enable CS&HISC to provide ongoing support to its industries until further funding can be secured, or while the organisation is wound-down.<sup>25</sup>

3.24 EE-Oz was in a similar position:

We do generate some small amounts of money. Some industry donations come in, and we run a conference that operates at a surplus. This year a number of sponsors put money into the bin for the conference and we charged the nearly 240 people who turned up at the conference venue. That generates some additional capital. We are very careful how we manage that capital. None of the board members receives a stipend; the arrangements are that if they have to travel interstate their airfares and accommodation are picked up. The limited amounts that we have over we keep in a little bucket for just such things as the NBN forum and the gas industry forum, because we think they are good ways to communicate with the sectors, and the sectors appreciate that we are proactive in those areas.<sup>26</sup>

3.25 The joint submission from the MCA, the QRC and the SACOME informed the committee that:

[T]he minerals industry continues to invest significant cash and 'in-kind resources to the activities of SkillsDMC in the form of personnel to take part in consultation and advisory activities and projects, travel and accommodation costs, and hosting activities. This continuing investment and support is reflective of SkillsDMC's ongoing delivery of outcomes valued by industry, and evidence of its commercial accountability practice and culture.<sup>27</sup>

3.26 DEEWR explained that the department's acquittal process does not extend to any funding ISCs may receive from commercial activities, but that such funding would be covered in the ISCs' reports to ASIC, which enforces company and financial services laws.<sup>28</sup> The department also advised other government agencies would have the same scrutiny and acquittal processes in place for funding they provide to ISCs:

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25 CS&HISC, *Submission 29*, p. 8.

26 Mr Peter Tighe, Chair, EE-Oz, *Proof Committee Hansard*, 15 February 2011, p. 55.

27 Minerals Council of Australia, Queensland Resources Council and South Australian Chamber of Mines & Energy, *Submission 66*, p. 5.

28 Ms Linda White, Branch Manager, Workforce Development, DEEWR, *Proof Committee Hansard*, 16 February 2011, p. 49.

Those contracts are with that agency by there is a scrutiny process across government about how contracts are managed and how the deliverables are delivered. The *Financial Management and Accountability Act* requires certain processes which all government agencies must go through. The scrutiny of government funding follows the contract, the acquittals et cetera—those processes.<sup>29</sup>

3.27 ACCI concluded that:

We do not want ISCs to be micromanaged to the point that you hamstring ISCs and their boards and directors from being able to build business models and be creative, but there is a point of accountability for the distinction between public funds and private funds. I think that can be done through some criteria set by the department in terms of tagging their own funding arrangements.<sup>30</sup>

### **Reserves**

3.28 The committee understands that the accrual of surpluses through efficient management is provided for in the ISCs' contracts with DEEWR, but that the use of reserves is limited to furthering the objectives of the company as identified in the constitution.<sup>31</sup> Mechanisms within the ISCs' contracts with DEEWR allow—in fact encourage—the accrual and rollover of surpluses 'for allocation to high priority functions, consistent with...contractual obligations with the Commonwealth'.<sup>32</sup> IBSA commented that:

It is common for committed funds to be rolled over to the next financial year where a project crosses more than one financial year. Where there are surplus funds and where it is considered appropriate by DEEWR those surplus funds are reallocated to new projects under the same process as described previously and in line with our contractual obligations to DEEWR.<sup>33</sup>

3.29 Surpluses may not be distributed among the board or members of the company. All activities which generate a surplus must be reported in the annual and financial reports as a condition of the funding agreement with DEEWR,<sup>34</sup> which is a key condition of DEEWR's funding agreements with the ISCs and its mechanism for

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29 Ms Jennifer Taylor, Acting Deputy Secretary Tertiary, Skills and International, DEEWR, *Proof Committee Hansard*, 16 February 2011, p. 54.

30 Mr Peter Anderson, Chief Executive, ACCI, *Proof Committee Hansard*, 16 February 2011, p. 4.

31 EE-Oz emphasised that '...income and property of the company must be solely applied towards the promotion of the objects of the company as indicated in the constitution'. See EE-Oz, *Submission 50*, p. 2.

32 MUA, *Submission 63*, p. 4.

33 GSA, *Submission 78*, p. 14.

34 IBSA, *Submission 41*, p. 6.

ensuring ISC accountability.<sup>35</sup> ISCs are also bound by the *Corporations Act 2001* and the Australian Accounting Standards.

3.30 Where surpluses are rolled over the TLISC reported that 'ISC financials have been adjusted to reflect this and ISC contractual KPIs are aligned to include the rolled-over surplus funding'.<sup>36</sup> It added:

Any financial surpluses generated by the TLISC have been achieved through its non-core funding. This has been done with the express purpose of ensuring the organisation's long-term stability, to provide high-level corporate protection to the business, and as a means of ensuring the ongoing provision of industry services where government contracts are in transition or under review.<sup>37</sup>

3.31 Government Skills Australia (GSA) Chair Janice Andrews added that:

...surplus or carryover funds are not regarded lightly by us. They will occur because of a timing issue in project management or some other untoward event, because all of our funds are acquitted in the planning process.<sup>38</sup>

3.32 Conversely, money not spent by ForestWorks during the contract period or on contract deliverables is returned to the relevant department as a contractual commitment:<sup>39</sup>

Independent and certified Auditors undertake an extensive auditing process for each contract to ensure that government funds are only applied to the contract deliverables. This does not allow ForestWorks to accumulate reserves from government funds beyond the life of individual contracts.<sup>40</sup>

3.33 MSA explained in greater detail that reserve funds evolved along with ISCs, and that it did not initially have a reserve fund. A delay in the renewal of MSA's contract with DEEWR in 2006 led the MSA Board of Directors to implement a strategy to manage what were then dwindling resources. This management strategy which included staff redundancies and sub-contractor reductions. Although the contract was ultimately renewed in late 2006, the episode led the Board to establish and maintain a reserve fund in order to be better prepared for similar challenges in the future:

Based on staffing and other structures and arrangements at the time, an amount of \$900 000 was established by the Board as an appropriate amount for this reserve...This amount was built up in the following years and is now maintained and indexed annually by CPI amounts...The MSA Board of Directors is conscious of the financial commitment by the Australian

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35 CEPU, *Submission 95*, p. 7.

36 TL ISC, *Submission 30*, p. 11.

37 TL ISC, *Submission 30*, p. 11.

38 Ms Janice Andrews, GSA Chair, *Proof Committee Hansard*, 15 February 2011, p. 20.

39 ForestWorks, *Submission 19*, p. 2.

40 ForestWorks, *Submission 19*, Appendix 1, p. 3.

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Government to industry through ISCs and makes strategic and financial decisions based on providing value for money and gaining the greatest possible benefit. As a declared not-for-profit public entity, any surplus funds beyond those needed to maintain the reserve fund, are allocated to activities in core ISC work.<sup>41</sup>

### *Committee view*

3.34 In light of evidence outlined above the committee believes that it is critical for each ISC to maintain a reserve fund to ensure it can comply with statutory requirements to ensure financial stability and discharge responsibilities. These reserve funds should be used exclusively for the ISCs' core work, and not be used to generate additional, non-government income. To ensure that ISCs continue to focus the funds available on their core objectives, the committee believes that ISCs should be prohibited from owning physical assets such as real estate.

3.35 The committee also believes that the government must find the right balance between ensuring uncompromised ISC accountability and not stymieing their ability to make warranted business decisions designed to further core objectives.

### **Recommendation 4**

**3.36 The committee recommends that future contracts between DEEWR and ISCs require the holding of sufficient funds to comply with statutory obligations of the directors under relevant corporate legislation, and prohibit the ownership by ISCs of physical assets, such as real estate, that are not directly related to the effective performance of their role.**

### **Conclusion**

3.37 ISCs are contracted by the federal government and funded by the taxpayer. As such, they should be unfailingly accountable for public monies and transparent in the public domain. Information must be readily available for all stakeholders and not subject to board approval.

3.38 ISC funding arrangements and practices are visibly inconsistent, and the committee questions the benefit of allowing these inconsistencies to continue unchecked. Although accountability requirements are specified by DEEWR, there is variable opportunity for industry to provide feedback directly to DEEWR to inform its future performance management arrangements. This, combined with the ISCs' equally inconsistent consultation practices, explains why certain sectors are frustrated by their inability to be heard and to have their concerns addressed, while many others are satisfied.

3.39 With such inconsistencies present it is difficult to broadly assess the funding arrangements of ISCs as a group. The committee believes the federal government must do more to ensure that all ISCs are held up to the same standards, thereby delivering a more consistent service to the industries they cover.

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41 MSA, *Submission 84*, p. 16.



# Chapter 4

## Corporate governance

4.1 Industry Skills Councils (ISCs) are independent, not-for-profit advisory bodies contracted by the Australian government to undertake a range of functions.<sup>1</sup> Employers, employees and/or their representatives form the governing bodies. Each ISC as a company in its own right has its own constitution and board structure. These arrangements are designed to meet the needs of the industry sectors they serve.

4.2 This chapter examines the corporate governance arrangements in place across ISCs, including board membership and selection as well as remuneration of directors. It also looks at whether there is a need to enshrine the roles and functions of ISCs in legislation, and whether the number of ISCs currently in operation—and their industry coverage—is appropriate.

### Background

4.3 A review of the governance arrangements of ISCs was conducted in 2005–06,<sup>2</sup> which resulted in a program of work to improve structures, policies and procedures. The current governance arrangements follow a range of different models reflecting the needs of the industry sectors. A 2007 report by Allen Consulting Group noted:

...it can be argued that a key issue in governance is to adapt governance structures to the circumstances of the organisation, and maintain a flexible approach that is committed to continuous improvement rather than a search for an end state of good or best practice standard.<sup>3</sup>

4.4 ElectroComms and Energy Utilities (EE-Oz) reported that its training standards board complied with requirements following this review. Since 2007 the board voted unanimously to amend the constitution to require equal representation of employer and employee board representatives.<sup>4</sup>

4.5 The capacity to become an ISC has not been tendered out. AiG supported this approach:

ISCs, as currently structured and funded, are unique. They undertake an important role collecting and brokering the voice of industry in a neutral and strategic manner in relation to workforce development. Tendered or other arrangements that cut across neutrality and independence would not achieve the same level of broad stakeholder engagement and representation.<sup>5</sup>

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1 AiG, *Submission 44*, p. 5.

2 Skills Australia, *Submission 109*, p. 5; CEPU, *Submission 95*, p. 3.

3 Quoted in Skills Australia, *Submission 109*, p. 5.

4 EE-Oz, *Submission 50*, p. 5.

5 AiG, *Submission 44*, p. 5.

## **Membership**

4.6 ISC membership is bipartite, reflecting employee and employer stakeholders. The committee received evidence suggesting that boards, on the whole, perform well.<sup>6</sup>

4.7 The number of directors on ISC boards varies. ForestWorks and Service Skills Australia have the smallest boards, with six directors each.<sup>7</sup> SkillsDMC has seven directors and seven alternate directors,<sup>8</sup> while EE-Oz has eight directors.<sup>9</sup> Transport and Logistics ISC (TLISC) has nine directors, as do Agrifood Skills Australia and Government Skills Australia.<sup>10</sup>

4.8 While the Maritime Union of Australia told the committee that TLISC has included all sectoral interests on the board and in the supporting structures, the National Farmers' Federation, speaking in respect of AgriFood, argued that it is inappropriate for unions to have an automatic right to board membership at the expense of peak industry associations:

We are in no way advocating for our right to be on the board but rather we are of the view that Industry Skills Councils including AgriFood must have a skilled based board. Representation from relevant employer or employee bodies is more appropriately dealt with at a committee level.<sup>11</sup>

4.9 On this point, a joint ISC submission explained that:

...to drive real ownership and investment in skills development of the Australian workforce, employer and employee representatives must be joint partners at a strategic and operational level. This bipartite approach is a philosophy that has been supported regardless of government persuasion and continues to be mirrored today in the memberships of Skills Australia, National Quality Council, state training boards, international sector skills councils – and Industry Skills Councils.<sup>12</sup>

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6 See for example CEPU, whose submission reported that the board of EE-Oz is functioning extremely effectively: CEPU, *Submission 95*, p. 4.

7 ForestWorks, 'Board of Directors', <http://www.forestworks.com.au/topics/2389.html> [accessed 14 January 2011], Service Skills Australia website, <http://www.serviceskills.com.au/board-and-advisory-committees> (accessed 21 January 2011)

8 SkillsDMC, *Submission 3*, p. 13.

9 Mr Peter Tighe, Chairperson, EE-Oz Training Standards Australia, *Proof Committee Hansard*, 15 February 2011, p. 52.

10 Transport and Logistics ISC, 'Board of Directors', [http://www.tlisc.com.au/resources/board\\_of\\_directors3.pdf](http://www.tlisc.com.au/resources/board_of_directors3.pdf) (accessed 15/11/2010), Agrifood Skills Australia, *Submission 89*, p. 4., Government Skills Australia, *Annual Report 2009*, p. 9.

11 MUA, *Submission 63*, p. 3; National Farmers' Federation, *Submission 37*, p. 1.

12 Industry Skills Councils, *Submission 7*, p. 1.

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## ***Governance arrangements***

4.10 Current ISC governance arrangements follow a range of models which reflect the needs of their individual industry sectors.<sup>13</sup> As a company in its own right, each ISC has its own constitution and board structure which enables them to be responsive to the diverse industry conditions they operate in.<sup>14</sup>

4.11 ForestWorks submitted that it has best practice governance arrangements consistent with all ASIC requirements for a registered company limited by guarantee.<sup>15</sup> It reported that:

ForestWorks reports to ASIC annually via the company annual report to Australian accounting standards. This report is reviewed and approved by Auditors, Company Directors and by members via the annual general meeting process.<sup>16</sup>

4.12 TLISC reported that its governance arrangements were strengthened in 2006/07 following a review of all ISCs. The review noted several areas where improvements could be made and this formed the basis of a communiqué from the government. Changes included: reducing the size of the board; the majority of director positions occupied by industry representatives; ensuring a separation between the roles of the advisory committees and the board; establishing operational plans and key performance indicators (KPIs); a redevelopment of the constitution and board charter; separation of expenditure for DEEWR contracts and other project work; and new selection and induction processes for new directors.<sup>17</sup>

4.13 ISCs also undertake internal governance reviews over time. The Community Services and Health ISC (CS&HISC), for example, conducted one such review in late 2006 and another in 2010.<sup>18</sup>

4.14 The Innovation and Business Skills Australia (IBSA) advised that it has a Governance and Nominations Committee 'to establish and monitor transparent processes for Board appointments and oversee the company's governance framework'. The IBSA constitution includes 'stringent requirements around the skills and expertise of its directors and its uses 'contemporary best practice in finance and governance policies and procedures'.<sup>19</sup>

4.15 Government Skills Australia (GSA) advised that its board members are guided by a Governance Charter, a Governance Handbook and a Code of Ethics. Its principles of good governance are underpinned by:

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13 Skills Australia, *Submission 109*, p. 5.

14 AiG, *Submission 44*, p. 5.

15 ForestWorks, *Submission 19*, p. 2.

16 ForestWorks, *Submission 19*, Appendix 1, p. 3.

17 TLISC, *Submission 30*, pp 7–8.

18 Community Services and Health ISC, *Submission 29*, p. 7.

19 IBSA, *Submission 41*, p. 4.

- policies and procedures that are regularly reviewed and audited;
- transparent financial management and reporting;
- informed decision making with information sought from Board subcommittees, senior management and external expertise;
- strategic thinking; and
- regular self review, continuous improvement and enhancement of skills.<sup>20</sup>

4.16 ISCs submitted that their corporate governance arrangements were transparent and open to scrutiny. Manufacturing Skills Australia (MSA), for example, submitted that:

All of these processes are quite open and transparent and available for scrutiny by any party. Industry is deeply engaged in MSA processes, governance and decision making and this engagement continues to support an industry led system.<sup>21</sup>

### ***Representation on ISC boards***

4.17 ISCs seek to ensure that their board of directors are representative of the industries they cover, as well as union and employer sectors. AgriFood, the only ISC which does not have specific representational requirements, instead has a strict merit and skills-based selection process.<sup>22</sup>

4.18 As outlined, some ISCs draw board directors from across industry sectors, and directors are nominated or elected by members. Members can include representative industry organisations, individuals, companies and/or a mix of employer and employee groups such as unions. Examples include ForestWorks, MSA, Service Skills Australia (SSA) and GSA.<sup>23</sup>

4.19 Other ISCs draw their boards from employer groups and unions. Examples include CS&HISC, the Construction and Property Services ISC (CPSISC), EE-Oz, IBSA, SkillsDMC and TLISC.<sup>24</sup>

4.20 Directors are generally nominated by a mix of employer and employee groups, which are specified in the constitution:<sup>25</sup>

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20 Government Skills Australia, *Submission 78*, p. 12.

21 Manufacturing Skills Australia, *Submission 84*, p. 13.

22 For more on AgriFood's board selection process see: AgriFood Skills Australia, *Submission 89*, p. 15.

23 For more on each see: ForestWorks, *Submission 19*, p. 4; MSA, *Submission 84*, p. 5 and p.11; <http://www.servicesskills.com.au/board-and-advisory-committees> (accessed 23 February 2011); GSA, 2009 Annual Report, p. 9.

24 For more on each see: CSHISC, *Submission 29*, p.7; CPSISC, *Submission 15*, pp 1-2; EE-Oz, *Submission 50*, p. 2; IBSA, *Submission 41*, p. 4; SkillsDMC, *Submission 3*, p. 13; Transport and Logistics ISC, Constitution November 2009, p. 10.

Our board, through the constitution of the company, is structured on a representative model. The organisations that own the company have nomination rights to the board. It is a complex set of arrangements, but essentially somebody like the Australian Industry Group, the Chamber of Commerce and Industry or a union will nominate a person accordingly. We have a governance charter that we use, which has been in place since quite early—in 2005.<sup>26</sup>

4.21 The WA Government pointed out that membership of ISC boards is often not representative of the diverse range of stakeholders and in some cases some industry sectors appear to have more influence than others.<sup>27</sup>

4.22 The Housing Industry Association also noted the ongoing criticism that ITABS should have a larger say in the governance of the ISCs and be represented on their boards. It argued:

This desire for more control is not unexpected, given that the States see themselves in competition with the Commonwealth for control over education policy. And that ISCs compete with and to some extent have taken over the role of such ITABS.<sup>28</sup>

### ***Remuneration of board directors***

4.23 The 11 ISCs have inconsistent approaches to the remuneration of board directors. Some ISCs specifically prohibit the payment of remuneration to their board directors, while others pay their directors 'reasonable' expenses and reimbursement. Information on some ISC's remuneration practices is not readily available to the public.

4.24 Some ISCs board directors receive no remuneration. These include CSHISC, where directors are formally volunteers,<sup>29</sup> EE-Oz,<sup>30</sup> SkillsDMC,<sup>31</sup> GSA<sup>32</sup> and SSA.<sup>33</sup>

4.25 Constitutions typically stipulate that directors may be reimbursed for reasonable costs incurred, such as travel and accommodation. Although the company 'must not pay fees or other remuneration to a Director...with the approval of the Board the Company may pay to a Director: reasonable expenses (including travelling and accommodation) incurred in carrying out duties as a Director; reasonable

25 Constitution of Manufacturing Industry Skills Council, pp 5–6.

26 Mr Robert Paton, CEO, MSA, *Proof Committee Hansard*, 15 February 2011, p. 2.

27 WA Government, *Submission 104*, p. 2.

28 Housing Industry Association, *Submission 63*, p. 5.

29 CSHISC Annual Report 2008-09, p. 7.

30 Mr Peter Tighe, *Proof Committee Hansard*, 15 February 2011, p. 57.

31 Mr Raymond Vincent, SkillsDMC Chair, *Proof Committee Hansard*, 15 February 2011, p. 26.

32 Government Skills Australia, *Submission 78*, Government Skills Australia, *Annual Report 2009*.

33 Jeanette Allen, Service Skills Australia CEO, *Proof Committee Hansard*, 15 February 2011, p. 71.

reimbursement for any service rendered by the Director to the Company; reasonable reimbursement for goods supplied by the Director to the Company in the ordinary course of business; and reasonable rent for premises leased by the Director to the Company'.<sup>34</sup>

4.26 In this vein, the committee heard that IBSA and MSA also reimburse directors whilst not remunerating them.<sup>35</sup>

4.27 A small number of ISCs remunerate directors. ForestWorks' annual report does not offer specific information on remuneration,<sup>36</sup> but ForestWorks CEO, Mr Michael Hartman, told the committee:

Board members are voluntary, and they are elected. They volunteer their time but we do meet their travel costs. We also offer them a per diem rate for their time, and some directors claim that rate and some do not. It usually depends on the status of their employing organisation—their real job.<sup>37</sup>

4.28 Asked why ForestWorks chose to remunerate board members, Mr Hartman offered:

Our industry is not a wealthy industry and particularly in the last few years a lot of industry organisations are struggling. The directors make a significant contribution through their time and expertise, and what we want to ensure is that the organisations that employ them are not out of pocket through the commitment that those individuals make to the organisation called ForestWorks Industry Skills Council.<sup>38</sup>

4.29 AgriFood board members also receive remuneration, details of which are publicly available.<sup>39</sup>

4.30 The information received by the committee regarding TLISC's remuneration practices was not immediately clear. The TLISC constitution states that 'the Company must not pay fees or other remuneration to a Director', but goes on to say that 'with the approval of the Board the Company may pay to a Director: 'reasonable expenses', 'reasonable remuneration for any service rendered by the Director to the Company', 'reasonable remuneration where the Director is an employee of the Company and the terms of employment have been approved by the Board', 'interest on money lent by the Director to the Company at a rate not exceeding the rate charged by Australian banks for overdrawn accounts', reasonable remuneration for goods supplied by the Director

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34 CPSISC Constitution, p. 14.

35 IBSA Constitution, 25 July 2007, [http://www.ibsa.org.au/Portals/ibsa.org.au/docs/about%20ibsa/IBSA\\_Constitution.pdf](http://www.ibsa.org.au/Portals/ibsa.org.au/docs/about%20ibsa/IBSA_Constitution.pdf) (Accessed February 21, 2011). See also: Mr Robert Paton, MSA CEO, *Proof Committee Hansard*, 15 February 2011, p. 3.

36 ForestWorks, *Annual Report 2008-09*.

37 Michael Hartman, ForestWorks CEO, *Proof Committee Hansard*, 15 February 2011, p. 42

38 Michael Hartman, ForestWorks CEO, *Proof Committee Hansard*, 15 February 2011, p. 42

39 Mr Arthur Blewitt, CEO, AgriFood, *Proof Committee Hansard*, 15 February 2011, p. 14.

to the Company in the ordinary course of business', and 'reasonable rent for premises leased by the Director to the Company'.<sup>40</sup> At a public hearing Mr Geoffrey Gwilym, CEO, explained that directors were not remunerated but that travel and accommodation were paid for when required.<sup>41</sup>

## **Recommendation 5**

**4.31 The committee recommends that DEEWR's contract with each ISC requires that directors receive no remuneration but that reasonable costs incurred for travel, accommodation and incidental expenses incurred while exercising the role of director be reimbursed.**

### *Conflict of interest*

4.32 The committee heard of a number of ways in which ISCs deal with potential conflicts of interest. Their contracts with DEEWR stipulate that all activities must be complementary with the core role of the ISC, which means they cannot engage in activities which would present a conflict of interest, such as being registered as a training organisation.<sup>42</sup>

4.33 The committee heard, for example, that a person from Qantas is also a member of the MSA board, raising concerns of a potential conflict of interest. Mr Robert Paton, CEO of MSA, told the committee that the board had processes in place to satisfy itself and others that the interests of all industry sectors was being observed, protected and respected:

I think it would be quite fair to say that the board deals with those sorts of issues with a high degree of maturity. They have a high consciousness about the need for good governance and their responsibilities in that area. The processes that we use assist that. The information—any inputs and requests such as those you mentioned—is processed by staff under my direction and management, and we will come up with some recommendations for the board. They are considered absolutely objectively, and I believe that the board also makes that consideration. As an example, with Qantas, there is tension, if you like, in the market around who is going to employ who, and how many apprentices and so on. The Australian Defence Force is a huge employer of aerospace engineers but is not represented on the board. We have a committee that looks after the aerospace industry and all players sit on it: regional airlines, small ones, plus the nose-to-nose competitors with people like Qantas. So they are all involved in that decision making.<sup>43</sup>

4.34 The committee also heard evidence about a number of other ways in which ISCs, in this case MSA, manage potential conflicts of interest. These include ensuring

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40 TLISC Constitution, November 2009, p. 16.

41 Mr Geoffrey Gwilym, TLISC CEO, *Proof Committee Hansard*, 15 February 2011, p. 36.

42 Ms Jennifer Taylor, Acting Deputy Secretary Tertiary, Skills and International, DEEWR, *Proof Committee Hansard*, 16 February 2011, pp 50–51.

43 Mr Robert Paton, CEO, MSA, *Proof Committee Hansard*, 15 February 2011, p. 7.

that there is extensive consultation with stakeholders, and advertising the availability of funds widely. There is also a set of criteria against which all applications for funding are matched:

We make recommendations and the decision is made by the minister. If the decision making is within the control of the industry skills council, we have very open and very transparent and comprehensive processes, including the records of outcomes, which are available for people's scrutiny.<sup>44</sup>

### *Committee view*

4.35 The committee appreciates that individual ISCs are for the most part able to manage potential conflicts of interest. The committee remains concerned, however, that the potential for *indirect* conflicts of interest remains and that these may not always be readily apparent to the outside observer.

### **Recommendation 6**

**4.36 The committee recommends that any new contracts between DEEWR and the ISCs from June 2011 explicitly require ISC board directors to declare any simultaneous membership of RTO boards, regardless of whether there is potential for any conflict of interest.**

### *Is there a need to legislate for improved corporate governance?*

4.37 The National Quality Council suggested that corporate governance and accountability arrangements might benefit from being made more explicit in agreements between each ISC and DEEWR, adding that there would be value in incorporating the new arrangements as part of the transition from the NQC to the National Standards Council for Vocational Education and Training.<sup>45</sup>

4.38 AiG went a step further in advocating legislation as the way forward, stating that 'the best way to deal with structural and governing issues, as recommended by Skills Australia, is the recognition of the role and function of Industry Skills Councils by declaration through legislation.'<sup>46</sup>

4.39 The committee also heard a number of other views on the question recognising and defining the role of ISCs through legislation.

4.40 Ms Janice Andrews, Chair of GSA, elaborated on the evolution of ISC corporate governance arrangements and the prospect of introducing legislation:

I think the governance arrangements for industry skills councils has developed iteratively since their creation five years ago—not surprisingly, given that that was a new idea. We have worked through concepts of bipartite representation as well as industry voice. How governance is best

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44 Mr Robert Paton, CEO, MSA, *Proof Committee Hansard*, 15 February 2011, p. 7.

45 National Quality Council, *Submission 88*, p. 3.

46 AiG, *Submission 44*, p. 5.

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structured to frame and represent the industry voice and do so fairly and transparently has been a progressive task along those five years.<sup>47</sup>

...I am not sure that I would jump to legislation as the answer. I think there is scope for DEEWR in our funding agreements to specify accountability requirements coming on top of that five-year learning curve—to require certain things about governance, transparency and reporting iteratively itself over future years.<sup>48</sup>

4.41 GSA CEO, Ms Jan Weir, added:

...I think it is a development process. There is a maturing of industry skills councils now. I think there may come a time, dependent upon the government view of the day of the measures around accountability and transparency, that some of those measures may need to be embedded in a form of legislation. At this stage, yes.<sup>49</sup>

4.42 TLISC did not specifically argue against legislating to recognise the role and function of the ISCs, but said it was not critical or a priority in terms of pursuing the overall agenda.<sup>50</sup>

4.43 IBSA, on the other hand, expressed its belief that legislating 'would provide a stronger focus for ISCs' and may also 'provide the basis for enhanced capability to engage with industry.' But when asked whether legislating to this effect was of critical importance, IBSA replied in the negative.<sup>51</sup>

4.44 By and large, the viewpoints the committee heard erred on the side of caution when considering legislating to cement the role and function of ISCs. ACCI pointed out that legislation, in general, is best only pursued 'where there is a real mischief to be rectified':

The risk of legislation is that you may have reasonable legislation in the immediate sense but amending legislation can be a tortuous process, as you senators know more so than I. Also, the labour force and economic circumstances in which ISCs operate are changing at a fast pace. They do need to act with some agility. And it is not just a domestic issue; this is about making our skills system globally competitive. So there are some risks with legislation, which I have outlined. I would tend to the view that, on the material that we have seen, we do not need a legislative response; we can just improve the quality of those head contractual arrangements.<sup>52</sup>

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47 Ms Janice Andrews, GSA Chair, *Proof Committee Hansard*, 15 February 2011, p. 24.

48 Ms Janice Andrews, GSA Chair, *Proof Committee Hansard*, 15 February 2011, p. 25.

49 Ms Jan Weir, GSA CEO, *Proof Committee Hansard*, 15 February 2011, p. 25.

50 Mr Robert Adams, Chair, TLISC, *Proof Committee Hansard*, 15 February 2011, p. 38.

51 MR John Vines, Chair, IBSA, *Proof Committee Hansard*, 15 February 2011, p. 81.

52 Mr Peter Anderson, Chief Executive, ACCI, *Proof Committee Hansard*, 16 February 2011, p. 9.

**Committee view**

4.45 The committee believes that corporate governance arrangements would benefit from increased oversight by the government, and that, as stated in the previous chapter, one contract mandating requirements for all work contracted with government agencies should be put in place.

**Groupings**

4.46 The committee received considerable evidence questioning the division of industry sectors between ISCs.

4.47 The Australian Racing Board submitted that the decision to replace the 29 industry advisory board with 11 ISCs 'has resulted in a much better structure'.<sup>53</sup> The CEPU echoed this view, stating that the ISC structure is a most effective way of developing national training packages.<sup>54</sup>

4.48 Mr Lloyd Driscoll, Chair, Financial Services Sector Advisory Committee of IBSA, noted the groups as a challenge:

IBSA consists of six quite distinct SACs [Sector Advisory Committee] with activities spread across banking, commerce, education, IT and the arts and printing sectors. It will accordingly always be difficult for IBSA as an entity to identify areas of common interest; with the result that discussions involving SAC chairs can only be high level and relatively unfocussed. Obvious structural differences meant here will be very little common ground when considering labour force and skill issues. At the ISC level issues of legitimate importance to a particular SAC may not receive deserved consideration.<sup>55</sup>

4.49 ForestWorks, which covers a 'small, but incredibly diverse industry', explained:

More than 500 units of competency describe a vast array of work functions, often carried out to enterprise and machinery standards in regional and sometimes remote areas. The forest, wood, paper and timber products industry is a vertically integrated industry, in which the industry's resource sectors are closely linked with the processing, manufacturing, wholesale and retail sectors.<sup>56</sup>

4.50 The Civil Contractors Federation reported that SkillsDMC has brought together the five sectors it represents very effectively. It explained that civil construction is in many ways disadvantaged in the current training system as a number of their occupations do not receive the same recognition as other like trades. It

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53 Australian Racing Board, *Submission 91*, p. 10.

54 CEPU, *Submission 95*, p. 1.

55 Mr Lloyd Driscoll, *Submission 8*, p. 1.

56 ForestWorks, *Submission 19*, Appendix 1, p. 3.

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reported that it has found Skills DMC equally concerned to ensure appropriate support for its occupations.<sup>57</sup>

4.51 In 2008 the Nous Group undertook a forum with the ISCs on behalf of Skills Australia. Its report stated:

In a number of forums comments were made about occupations not being confined to an industry covered by a particular ISC. The comment was made that the ISC configuration was developed in relation to the training package development process. The additional comment was made that the arrangement limits the ability to identify skills needs and address skills shortages because these occur in enterprises not aligned with the ISC industry areas. Skills Australia would be advised to consider the implications of the current ISC industry configuration.<sup>58</sup>

*Is there a need for more ISCs?*

4.52 Some submissions noted the broad industry groupings under the coverage of some ISCs and questioned whether they are appropriate.<sup>59</sup> In particular, a number of submissions called for new ISCs to be created to serve particular industries, stating that broad groupings of industry sectors result in some sectors overpowering others. The Air conditioning & Mechanical Contractors' Association (AMCA) for example called for a new ISC to service the air conditioning and mechanical services industry exclusively, arguing that the size and importance of the industry warranted such a move.<sup>60</sup>

4.53 The NSW Aboriginal Land Council also called for a separate ISC to provide '...a direct focus on Indigenous skills and workforce development and planning' as 'job roles and work outcomes of Indigenous workers have not been defined nor described as appropriate qualifications within the relevant Training Packages.'<sup>61</sup>

4.54 The Construction Industry Training Advisory Board NSW, submitted that the current scope of the CPSISC does not cover the needs of their constituents and that construction should be separated from the current property and construction ISC:

Historically, the Building and Construction Industry covered Civil Construction, but currently Civil Construction has been moved into the Resources ISC. Many construction workers move across commercial, residential and civil sectors performing identical tasks and this flexibility is essential for the industry to cope with the inevitable peaks and troughs of activity in each of the sectors. Also many of the specialist contractor companies, e.g. painters, plumbers, electricians, concreters, etc, can be

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57 Civil Contractors Federation *Submission 34*, p. pp 2–3.

58 Nous Group, 2008, Industry Skills Councils – Report on facilitation of Forums, p. 27 available from: [http://www.skillsaustralia.gov.au/PDFs\\_RTFs/ISCFinalReport.pdf](http://www.skillsaustralia.gov.au/PDFs_RTFs/ISCFinalReport.pdf) accessed 25 August 2010.

59 ACCI, *Submission 85*, p. 12.

60 Air Conditioning and Mechanical Contractors' Association, *Submission 82*, p. 2.

61 NSW Aboriginal Land Council, *Submission 51 Volume 3*, pp 6–7.

engaged on work in all of the sectors concurrently. Conversely there is almost no link between the work in the property industry and that in the construction industry. At best the two industries have a client/provider relationship. There is a very strong need for the Civil Construction industry to be amalgamated into a Construction and Infrastructure ISC.<sup>62</sup>

4.55 This view that the current coverage of property services by CPSISC is not appropriate was supported by the Victorian Building Industry Consultative Council Industry Advisory Body (BICCIAB):

BICCIAB is concerned about current industry coverage arrangements that see CPSISC covering the property services industry and Skills DMC covering civil construction. The two types of construction should be covered by the same ISC and property services could be covered by another ISC, as they have been in the past.<sup>63</sup>

4.56 It added:

In terms of training package development, there are many imported units and commonalities within the construction training packages and there is not a lot of commonality with property services (other than both dealing with buildings and land). There was never a clear and logical case made for the current arrangements: they were a matter of convenience and continue to grate.<sup>64</sup>

4.57 Mr John Hart, CEO of Restaurant and Catering Australia, also expressed the view that some ISCs might be spread too thinly:

With the amalgam of industries that we have across Service Skills Australia, there are a lot of issues and a lot of industry concerns to be addressed. Really, we do not have the time to address them in an organisation that is looking so broadly. I believe that if we had a skills council that was simply focused on tourism and hospitality issues, which apply to about 10 per cent of the workforce, then we would be more likely to solve some of the problems that I have highlighted today.<sup>65</sup>

4.58 While in essence recognising the important role ISCs play in fostering innovation and productivity, the Fisheries Research and Development Corporation (FRDC) expressed its view that ISCs 'will never have sufficient capacity to undertake activities within all enterprises or regions.' FRDC attributes this to the complexity and diversity of the industry sectors the ISC it works with, AgriFood, covers.<sup>66</sup>

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62 Construction Industry Training Advisory Board, NSW, *Submission 36*, p. 2.

63 Victorian Building Industry Consultative Council Industry Advisory Body, *Submission 45*, p. 3.

64 Victorian Building Industry Consultative Council Industry Advisory Body, *Submission 45*, p. 6.

65 Mr John Hart, CEO, Restaurant and Catering Australia, *Proof Committee Hansard*, 16 February 2011, p. 34.

66 Fisheries Research and Development Corporation, *Submission 81*, p. 2.

4.59 ACCI noted that the decision to group industries together is based on streamlining training package arrangements, not necessarily on what was the best fit for the industry.<sup>67</sup>

4.60 ACCI also pointed out that in the UK there are 25 equivalent sector skills councils and in New Zealand there are 39 equivalent industry training organisations. It concluded that there does not appear to be any evidence supporting the current number or configuration of ISCs. ACCI recommended that DEEWR undertakes an evaluation of the current configuration of ISCs to ascertain its effectiveness.<sup>68</sup> AAIA also noted that greater number of bodies in the UK and New Zealand and supported a review of the scope of coverage of the ISCs to ensure it promoted participation and ownership from industry in VET, ensure engagement of industry and what can be done to improve the relationships between the ISCs and the state arrangements to ensure industry intelligence is accurately captured and products are utilised.<sup>69</sup>

4.61 While suggesting that the number of ISCs needs to be evaluated and possibly increased, ACCI also cautioned against increasing their number without proper review:

We have 11 ISCs at the moment. We have tended to view that that is probably on the side of being a few too few. Somewhere between 11 and 20 is probably the right sort of number, but that needs to be properly and objectively evaluated. One of the caveats I bring to this discussion, though, is that with our labour force changing the way it is there are many cross-industry and cross-career skills that need to be developed. One of the advantages of having a larger ISC and training packages and modules developed by a larger ISC is that there is attention given to the cross-fertilisation of skills in occupations across sectors.<sup>70</sup>

4.62 Dr Tom Karmel, Managing Director of the National Centre for Vocational Education Research, discussed both sides of the argument with the committee and drew attention to some of the potential drawbacks of a larger number of ISCs:

It seems to me that you always have a trade-off between having a skills council that is very coherent and having a very large number of skills councils. If you look at the ABS industry classification or occupation classification, it is very easy to come up with hundreds of industries and hundreds of occupations. At that finer level, each industry or each occupation makes a whole lot of sense. But the problem with that, of course, is that if you had too many industry skills councils it would be bureaucratically very inefficient. So you always have this trade-off between having too many and having too few.<sup>71</sup>

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67 ACCI, *Submission 85*, p. 13.

68 ACCI, *Submission 85*, p. 14.

69 AAIA, *Submission 98*, p. 7.

70 Mr Peter Anderson, ACCI CEO, *Proof Committee Hansard*, 16 February 2011, p. 9.

71 Dr Tom Karmel, Managing Director, NCVER, *Proof Committee Hansard*, 16 February 2011, p. 26.

4.63 Mr Robin Shreeve, CEO of Skills Australia, acknowledged calls for a greater number of ISCs but drew attention to the cost effectiveness of having a smaller number of them and cautioned that opening this up for discussion would be akin to 'opening a Pandora's box' because 'every industry worth its salt always wants its own special advisory arrangements'.<sup>72</sup>

4.64 DEEWR advised the committee that all of the ISCs' contracts with the department expire on 30 June 2011.<sup>73</sup> The committee also heard that the number of ISCs and their spread were reviewed in 2007 and found to be adequate, and that a similar review was not being planned currently. However, should the ISCs and industry clearly express the view that a further review of the number of skills councils is needed, DEEWR would 'take that on board at that time'.<sup>74</sup>

### *Committee view*

4.65 The committee believes that ensuring that the nation meets its current and future skill development needs is of vital importance to national productivity. On the basis of evidence received, the committee recognises that most submitters are broadly satisfied with ISC effectiveness, despite some areas in need of improvement having been identified. All the same, the committee is concerned by the level and intensity of dissatisfaction among some—albeit a minority—of industry stakeholders. The committee acknowledges that ISCs and the training packages they develop are constantly evolving both in response to, and—by necessity—ahead of recognised industry needs, and that it is to a certain extent an inexact science almost certain to generate some dissatisfaction. However, strong stakeholder engagement is vital for ISCs to function to their potential and provide value for money. To this end, transparency, clarity and credibility in governance arrangements are paramount, as is accessibility and effective consultation. These may in some cases need improvement.

4.66 The committee is not completely satisfied that current industry configurations under the 11 ISCs are the best way to adequately meet the needs of diverse industries which find themselves under one ISC umbrella.

4.67 Furthermore, the committee believes that DEEWR's practice hitherto of signing different contracts with each ISC is potentially confusing for stakeholders and has the potential to impinge on transparency.

### **Recommendation 7**

**4.68 The committee recommends that DEEWR include a clause in its new contracts with the ISCs permitting the renegotiation of industry coverage and**

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72 Mr Robin Shreeve, CEO, Skills Australia, *Proof Committee Hansard*, 15 February 2011, p. 100.

73 Ms Jennifer Taylor, Acting Deputy Secretary Tertiary, Skills and International, DEEWR, *Proof Committee Hansard*, 16 February 2011, p. 52.

74 Ms Jennifer Taylor, Acting Deputy Secretary Tertiary, Skills and International, DEEWR, *Proof Committee Hansard*, 16 February 2011, p. 62.

**potential splitting of ISCs during the term of the contracts, were this considered desirable and necessary to better fulfil the role of the ISCs concerned.**

**Recommendation 8**

**4.69 The committee recommends that contracts between DEEWR and the ISCs be standardised and made publicly available on the DEEWR website.**



# Chapter 5

## Consultation and engagement

5.1 Being responsive to industry requires Industry Skills Councils (ISCs) to work with a variety of stakeholders to ensure training packages reflect industry skill needs. First and foremost, ISCs are required to work with industry to establish a clear understanding of current and emerging skills needs. However, the need for cooperation also extends across jurisdictional and sectoral boundaries, and while the ISCs are national bodies they must work extensively with a range of state, territory and regional and rural organisations.<sup>1</sup> This presents significant challenges to ISCs. This chapter examines the relationship between ISCs and some of their stakeholders.

### Consultation

5.2 A wide range of submitters expressed views on the importance of consultation with their relevant ISC. Many praised the consultative approach of the ISCs they work with.<sup>2</sup> One of these was Racing Queensland, who said:

It is clear that close cooperation and continuous engagement is the only workable approach to ensure that industry needs are communicated thoroughly, professionally, timely and with an appropriately formed consensus viewpoint directly to the government... ..We commend Agrifood Skills Australia for its support and expertise at all levels in ensuring that racing industry needs are acknowledged and acted upon. No other organisation can provide the continuous support and activity required. This can only occur through a considerable period of prolonged stability, continuous effort and application of expertise that is fully informed by closely working with industry.<sup>3</sup>

5.3 The Maritime Union of Australia (MUA) said of the Transport and Logistics ISC (T&LISC):

The T&LISC has, with the support of the maritime sector stakeholders, ensured that its focus and delivery is inclusive of the requirements and needs of regional interests. Maritime operations occur in all regions of Australia, including remote regions. The T&LISC has, through use of stakeholders advisory groups and workforce reference groups ensured that

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1 CEPU, *Submission 95*, p. 3.

2 The committee received submissions supporting each of the ISCs, not all of which are mentioned here. For examples of support for ForestWorks see SCA Hygiene Australasia, *Submission 10*, p. 1; Carter Holt Harvey Woodproducts Australia Pty Ltd, *Submission 11*, p. 1; Tasmanian Forest Contractors Association, *Submission 13*, p. 1; Primary Industries Training Advisory Council (NT) Inc, *Submission 14*, p. 1. For examples of support for AgriFood see *Submission 86* (name withheld), p. 1; For examples of support for IBSA see Australian Institute of Management, *Submission 87*, p. 1.

3 Racing Queensland, *Submission 93*, p. 2.

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all sectors and regions in which maritime operations occur are represented and/or their interests, are represented in its work.<sup>4</sup>

5.4 One of many stakeholders who submitted in support of ForestWorks, the Construction Forestry Mining Energy Union (CFMEU) stated that:

ForestWorks consultative nature helps determine its expanding significance to the industry...ForestWorks through its methods and actions has cemented itself as an organisation which is well respected, highly valued and vigorously supported by the industry and its workforce.<sup>5</sup>

5.5 A number of ISCs outlined their consultation processes for the committee. One of these, the Construction and Property Services ISC (CPSISC), said:

CPSISC has established a Continuous Improvement Management System which enables anyone to track a particular issue under consideration and to input into the development process. This can be found under the CPSISC web site. In our teleconference earlier this week we suggested further workshops for those IAB's [industry advisory boards] who wanted more information on the system...Our business plan is on our website and our key projects are summarised therein. We also produce detailed projects reports at all Construction Industry Advisory Committee Meetings and State IABs have access to them through their participation in those meetings.<sup>6</sup>

5.6 Mr Justin Scarr, Chair of Service Skills Australia (SSA), impressed upon the committee that providing effective consultation mechanisms was no easy task, but added:

...The workforce development component that we have now allows us to legitimately go out and talk to industry, and not confound them with skills talk. Our job is actually to talk to them to find out what they want and then to translate that into training speak and competency standards that are meaningful to them, but also meet our requirements in terms of the structure of the package and the content. I do not think that small businesses particularly want somebody to come and talk to them about their training needs—they think we want to sell them a program. We want to help them analyse what skills they are using in workplace and will need in the future.<sup>7</sup>

5.7 Nonetheless, the committee also heard from some stakeholders who considered improvement was necessary. The Queensland Tourism Industry Council called for ISCs to increase the level of communication with state, territory and regional stakeholders and to focus more on disseminating information and knowledge to stakeholders through training providers.<sup>8</sup> The Equine Dental Association of

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4 Maritime Union of Australia, *Submission 63*, p. 2.

5 CFMEU Forestry & furnishing Products Division, *Submission 21*, p. 21.

6 CPSISC, *Submission 15 (Supplementary)*, pp 1–2.

7 Mr Justin Scarr, Chair, Service Skills Australia, *Proof Committee Hansard*, 15 February 2011, p. 73.

8 Queensland Tourism Industry Council, *Submission 54*, p. 2.

Australia (EDAA) reported inadequate opportunities for consultation with the relevant ISC—in this case AgriFood.<sup>9</sup>

5.8 The Department of Defence reported that it is in the unusual position of engaging with all 11 ISCs to varying degrees. It noted:

While having the same broad role the 11 ISC seem to have difference operational methods. The ISCs have their individual strengths and weaknesses but do not appear to operate to a collective standard. Consequently, ISC miss opportunities for improvement and efficiency gains through the sharing of ideas, processes and lessons learned. Defence is not proposing a single ISC but believe that the ISC Forum needs to explore greater synergies to better enable stakeholder engagement particularly with enterprise RTO.<sup>10</sup>

5.9 Defence suggested that ISCs continue to explore improvement and efficiency gains through the sharing of ideas, processes and lessons learned.<sup>11</sup>

5.10 The Australian Chamber of Commerce and Industry (ACCI) pointed out that by their very nature ISCs were expected to '...be all things to all people', and that they were tasked with reaching compromises between individual stakeholders with sometimes very divergent positions.<sup>12</sup>

5.11 ACCI identified a number of characteristics common to ISCs with effective consultation processes:

- They provide industries with access to structures (such as advisory committees) which allow issues to be addressed;
- They maintain productive relationships with state industry advisory structures and make use of the 'on the ground' intelligence;
- Their consultation processes are not limited to electronic and online mechanisms;
- They apply good judgement when balancing the views of organisations with large membership bases and individual 'squeaky wheels'; and
- They adhere to validation processes which require business, industry organisations and unions to sign off on industry standards and the gathering of industry intelligence.<sup>13</sup>

### ***Committee view***

5.12 The committee believes that although there can be no one-size-fits-all approach to consultation which will satisfy all industry stakeholders, some ISCs

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9 Equine Dental Association of Australia, *Submission 61*.

10 Department of Defence, *Submission 32*, p. 4.

11 Department of Defence, *Submission 32*, p. 5.

12 Australian Chamber of Commerce and Industry, *Submission 85*, p. 12.

13 ACCI, *Submission 85*, p. 12.

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clearly perform better than others, as evidenced by the submissions received. The committee encourages ISCs to focus closely on the importance of consultation, and to consider the characteristics listed by ACCI in framing their future consultation arrangements.

### **Networking between ISCs**

5.13 T&LISC advised that networking arrangements across the ISCs play an important role in 'maximising the effectiveness of ISC capability nationally and in the exchange of information and strategies that assist in the development of the VET system'. The main tools are the ISC CEOs Forum and the ISC Chairs Forum.

5.14 Skills Australia noted that ISCs work individually and collectively on policy and implementation. In terms of collective activity Skills Australia provided the following examples:

...all ISCs contributed to a joint response on sustainability: *Environmental Sustainability: An Industry Response*. Further, the ISCs collectively developed a website for small to medium enterprises to provide assistance on issues involving: human resources, innovation, technology, marketing, legal, insurance and finance matters.<sup>14</sup>

5.15 Working together allows ISCs to pool their knowledge resources and share best practice. The joint ISC submission concluded that:

The creation of 11 Industry Skills Councils has enabled an unprecedented level of cross-industry collaboration and leadership on skills and workforce development. Not since the National Training System was conceived has this been possible. As singularly focussed organisations, without affiliation but with vast stakeholder networks, complemented by deep levels of expertise, ISCs are without parallel.<sup>15</sup>

5.16 While the ISC network arrangements are working well, the MUA sees scope for further improvement particularly in training package development and research and development initiatives.<sup>16</sup>

### **ISC Forum**

5.17 The ISC Forum was established in 2005. It convenes every two to three months and meetings are held by chairs or CEOs—sometimes both groups—depending on emerging priorities. Its aim is 'to advance national VET priorities and matters of cross-industry relevance'. It is based on agreed terms of reference but it is

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14 Skills Australia, *Submission 109*, p. 6.

15 Industry Skills Councils, *Submission 7*, p. 3.

16 MUA, *Submission 63*, p. 3.

not an entity in its own right. The Forum meets regularly with the Chair and Chief Executive of Skills Australia and its full board as appropriate.<sup>17</sup>

5.18 Forum meetings rotate around jurisdictions to enable ISCs to meet with state training boards and the chairs of the local industry training advisory boards.<sup>18</sup>

5.19 The Chairs of the ISCs also form part of the Strategic Industry Forum convened by Skills Australia.<sup>19</sup>

### **Relationship with state and territory bodies, including ITABS**

5.20 ISCs have interaction with their state counterparts, known as state industry training advisory bodies (ITABs), where they exist.<sup>20</sup> The role of ITABs is to:

Reflect the training interests and issues of the broad and comprehensive range of stakeholders in the industry sector(s);

- Provide advice on the skills and training interests of the industry sector;
- Represent the skills needs and career development requirements for employment in the industry sector in the work of GSA;
- Identify the priorities for training projects and product development;
- Provide advice on the communication strategies which meet the needs and protocols of the sector;
- Nominate the membership and operations of national project specific reference groups or national steering committees; [and]
- Endorse national project proposals and project plans for industry sector projects.<sup>21</sup>

5.21 The committee heard some examples of the communication and cooperation between ISCs and ITABs. Manufacturing Skills Australia (MSA) submitted that it worked closely with training advisory bodies where they exist in different jurisdictions. A number of meetings are held throughout the year and two-way feedback is encouraged.<sup>22</sup>

5.22 Likewise, AgriFood CEO Arthur Blewitt said that his organisation worked with ITABs and had good relationships with them. He added that:

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17 Transport and Logistics ISC, *Submission 30*, p. 8; Service Skills Australia, *Submission 40*, p. 6; Industry Skills Councils, *Submission 7*, p. 2.

18 Industry Skills Councils, *Submission 7*, p. 2.

19 Service Skills Australia, *Submission 40*, p. 6; Industry Skills Councils, *Submission 7*, p. 2.

20 None in Tasmania. Tasmania only has one active ISC presence, Skills DMC, and seeks greater involvement from others. See Skills Tasmania, *Submission 53*.

21 Government Skills Australia, *Submission 78*, p. 9.

22 Manufacturing Skills Australia, *Submission 84*, p. 8.

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We rely heavily on them for input into our intelligence gathering and also for our local representation. For example the industry training advisory board in Western Australia is chaired by one of our directors and that is a good example of how you work with them. We meet with them and, in fact, we are meeting with them this Thursday to try and make sure that we understand what each other are doing and also about the issues we are facing in challenges around data and intelligence and how they can work together. They are also key advisors on training package implementation. Our focus on training packages is often about assessment and getting good outcomes. Working with those groups is helpful.<sup>23</sup>

5.23 CPSISC advised that it engaged closely with the states and territories through a variety of means. The ISC holds teleconferences every six weeks with state ITABs, runs consultation workshops with them and meets for face to face meetings annually. CPSISC often funds them to conduct projects where they have relevant expertise.<sup>24</sup> CPSISC also advised that they have contracted various state advisory bodies to run projects on a panel basis in which all ITABs are invited to participate.<sup>25</sup>

5.24 The utility of ISCs working closely with ITABs was underlined by the Primary Industries Skills Council of South Australia, which pointed out that ITABs and ISCs faced many of the same issues, such as addressing deficiencies in learning and training cultures in some industries.<sup>26</sup>

5.25 Innovation and Business Skills Australia (IBSA) reported on the way it works with ITABs as well as state and territory governments:

...We adjust our industry engagement strategies to complement existing activities in States and Territories. We take into account the different approaches taken and different level of resources allocated to industry engagement by each State and Territory when designing out engagement strategies. In this way we can maximise our combined resources and cover the broadest range of business needs. We also maintain an ongoing liaison with State and Territory governments and their industry advisory bodies to ensure that we understand each jurisdiction's VET and economic development policies and how they relate to our industry sectors. Regular engagement strategies include an annual roadshow in every state and territory, an annual conference with state and territory advisory bodies, shared forums and professional development with state and territory advisory bodies, validation of our Environmental Scans with all states and territories, and continuous engagement on Training package issues through interactive online tools such as a Review and Feedback register and a Virtual Helpdesk<sup>27</sup>

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23 Mr Arthur Blewitt, AgriFood CEO, *Proof Committee Hansard*, 15 February 2011, p. 17.

24 Construction and Property Services ISC, *Submission 15*, p. 3.

25 CPSISC, *Submission 15 (Supplementary)*, p. 2.

26 Primary Industries Skills Council SA Inc, *Submission 65*, p. 5.

27 IBSA, *Submission 41*, p. 2.

5.26 The ElectroComms and Energy Utilities Industry Skills Council (EE-Oz) reported that it maintains an open and consultative structure and actively pursues engagement with all stakeholders in the training system, a goal which is captured in the EE-Oz Constitution.<sup>28</sup> Some of its networks include:

- State and territory industry training advisory bodies;
- State and territory training authorities;
- State and territory industry regulators;
- Regionally based businesses;
- Rural and remote communities;
- Nationally dispersed RTOs; and
- Relevant state government departments.<sup>29</sup>

5.27 IBSA advised that the stronger roles of ISCs set out in the 'Skilling Australia for the Future' policy has resulted in ISCs working together more strategically in recent years. This occurs through:

- Forums of ISC chairs and ISC CEOs four times a year;
- Joint meetings with state and territory jurisdictions;
- Sponsorships of officer level cross industry groups which meet about specific issues;
- The development and maintenance of an ISC website to promote the collective work of the ISCs and provide a portal to the individual councils;
- The production of consolidated, formal advice to government on issues affecting industry skills needs which includes the following reports:
  - Environmental Sustainability: An industry response;
  - Training Packages [a story less told]; and
  - Creating Australia's Future: Together.<sup>30</sup>

5.28 Forestworks advised that it assists state ITABs by contributing to their costs to travel and attend various national functions:

State ITABs assist the overall national effort by working with industry in their state and providing information to ForestWorks regarding industry viewpoints and intelligence. ForestWorks co-ordinates, supports, chairs and/or administers the Industry Training Advisory Boards (ITABs) for the forest, wood, paper and timber products industry. In Victoria, Tasmania,

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28 Clause 3.7, EE-Oz, *Submission 50*, p. 6.

29 EE-Oz, *Submission 50*, p. 4.

30 IBSA, *Submission 41*, p. 5.

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New South Wales and Queensland, ForestWorks has direct contract responsibilities for the state ITABs.<sup>31</sup>

### ***Room for improvement***

5.29 The committee also heard that the effectiveness of ITABs has suffered due to the removal of dedicated Commonwealth funding to support them. ACCI, for example, submitted that this cut in funding to ITABs has led to their functionality being reduced, and that 'ISCs have started to take up some of the ITAB role.'<sup>32</sup> The Construction Industry Training Advisory board, NSW, also commented on the removal of government funding to the state and territory network and the subsequent drop in cooperation between ISCs and state and territory ITABs.<sup>33</sup>

5.30 The Victorian Building Industry Consultative Council Industry Advisory Body (BICCIAB) stated that the links between CPSISC and BICCIAB should be better defined which would improve the effectiveness of CPSISC. It suggested that links could be improved through a memorandum of understanding; by establishing a mechanism by which BICCIAB provides regular industry advice to CPSISC; and by state representation on the CPSISC board. It also suggested the reallocation of some project work to BICCIAB.<sup>34</sup>

5.31 The Construction Industry Training Board (CITB) drew the committee's attention to the lack of structures available for participation by advisory bodies; however this particular issue was satisfactorily resolved by CITB and CPSISC during the course of this inquiry.<sup>35</sup>

5.32 The Tasmanian Chamber of Commerce and Industry pointed out that Tasmania does not have ITABs so ISCs cannot utilise this source of industry advice. They submitted that without thorough consultation the needs of Tasmania cannot be accurately reflected by ISCs. It added that apart from SkillsDMC and ForestWorks the current ISC arrangements are not adequate to reflect the needs of Tasmania. To address this it suggested more ISC representatives be based in Tasmania.<sup>36</sup>

5.33 Qantas sought 'clearer definition of the relationship between ISCs and the states and territories', adding that 'further clarity on the interrelationship between ISCs would also be beneficial'.<sup>37</sup>

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31 ForestWorks, *Submission 19*, Appendix 4, p. 9.

32 Mr Stephen Bolton, National Manager of Employment and Training Advisers, ACCI, *Proof Committee Hansard*, 16 February 2011, p. 11.

33 Construction Industry Training Advisory Board, NSW, *Submission 36*, p. 2.

34 Victorian Building Industry Consultative Council Industry Advisory Body, *Submission 45*, p. 3.

35 Construction Industry Training Board, *Submission 106*, pp 1-2; *Supplementary submission*, pp 1-2.

36 Tasmanian Chamber of Commerce and Industry, *Submission 42*, p. 2.

37 Qantas, *Submission 52*, p. 2.

5.34 The National Electrical and Communications Association added that ISCs were not exclusively responsible for maintaining productive working relationships with state bodies:

The ability of ISCs to undertake this work at State/Territory level is variable and highly dependent on the expertise and support provided by State ITABs. The information available at regional level is inadequate and the Federal Government should allocate industry with adequate resources to fill this information gap.<sup>38</sup>

***The need for formal partnerships***

5.35 One theme that emerged in submissions was the inconsistent treatment of state and territory industry advisory bodies and the need to establish genuine partnerships. The NSW PSITAB noted the benefits of formal arrangements, which it argued:

...strengthen[ed] relations between national and state bodies, minimise[d] duplication in consultation with stakeholders and is an efficient means of utilising the limited amount of funding given to training advisory services.<sup>39</sup>

5.36 It added that:

...Some ISCS have established formal relationships with ITABS through MOUs or contracts whereby services are performed by the ITAB on behalf of the Industry Skills Council. Other good practice models include the nomination of a state and territory ITAB representative on sector advisory committees and the conduct of regular meetings and teleconference with their state colleagues.<sup>40</sup>

5.37 ACCI supported positive relationships between ISCs and ITABs, adding that the latter should complement and add value to industry data collected—for example during the environmental scan process—and should not be duplicating ISC processes.<sup>41</sup> In this regard, ACCI advised ISCs are effective when:

...they have extensive consultation processes where all industries have access to structures to deal with their issues such as Sector Advisory Committees or equivalents. Similarly they have in place good relationships with state industry advisory structures and reach to local 'on the ground' intelligence...<sup>42</sup>

5.38 The Australian Automotive Industry Association (AAIA) suggested a review to ensure the relationships between the ISCs and the state bodies are effective in gathering intelligence and using of products and services.<sup>43</sup>

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38 National Electrical and Communications Association, *Submission 115*, p. 6.

39 NSW PSITAB, *Submission 60*, p. 2.

40 NSW PSITAB, *Submission 60*, p. 2.

41 ACCI, *Submission 85*, p. 12.

42 ACCI, *Submission 85*, p. 12.

43 AAIA, *Submission 98*, p. 7.

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### ***Committee view***

5.39 The committee recognises that close working relationships between ISCs and ITABs are essential, particularly with a view to effectively addressing rural and regional skills-related issues. The committee believes that, despite their best intentions, ISCs will have difficulty providing the kind of customised, local knowledge required to adequately tackle regional workforce needs without highly effective linkages with state counterparts. To this end, the committee would like to see clearer protocols and linkages between ISCs and ITABs.

### **ISC relationship with Skills Australia**

5.40 Skills Australia was announced in the Australian Government's Skilling Australia for the Future policy as a body to provide advice to the Minister on current, emerging and future workforce development needs and workforce skills needs. Its objectives are to identify training priorities to respond to those needs, increase workforce participation, improve productivity and competitiveness, identify and address skills shortages and promote the development of a highly skilled workforce.

5.41 Skills Australia was established by the *Skills Australia Act 2008*, which received Royal Assent on 20 March 2008. The Act establishes operational arrangements and specifies that members be appointed by the Minister and have experience in academia, the provision of education and training, economics and industry.

5.42 Skills Australia reported that its engagement with ISCs occurs in a range of fora, including the Strategic Industry Forum which is a network of ISCs, State Training Boards and peak bodies convened by Skills Australia, and through regular meetings between the Chief Executive Officer of Skills Australia and the CEOs of ISCs. This partnership is underpinned by a Memoranda of Understanding.<sup>44</sup>

5.43 There is a strong relationship between Skills Australia and the ISCs. Skills Australia supports the ISCs' role in national workforce development—including through its involvement in the EBPPP—and uses the ISCs' industry intelligence to inform responses to emerging issues in particular sectors.

### ***Relationship with TAFE***

5.44 The Australian Technical and Further Education (TAFE) network is the largest and most diverse tertiary education system in Australia. Australia's TAFE institutions are major agencies responsible for delivering training packages. TAFE Directors Australia (TDA) is the national body representing 59 TAFE institutions. It reported that at the national level TAFE's relationship with ISCs is fostered through its agreement with DEEWR. TDA explained:

The objectives of this agreement include the development of strategies and networks for TAFE Institutes to engage effectively with ISCs and to engage in joint initiatives that will assist in better Training Package implementation. While TDA and the ISCs have not necessarily reached

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44 Skills Australia, *Submission 109*, p. 3.

definitive shared platforms on all issues, both parties have engaged in a series of fruitful forums to better understand each others' perspectives.<sup>45</sup>

5.45 TDA added that 'at the industry specific level there are a growing number of examples of how collaboration between an ISC and TAFE has generated measurable improvements in the quality and relevance of vocational education and training.'<sup>46</sup>

#### ***Relationship with small business***

5.46 The committee was told by a number of submitters of deficiencies in the relationship between ISCs and the small business sector. Specifically, the problem centred on a lack of consultation. Restaurant and Catering Australia, for example, contended that:

...[I]ndustry skills councils are totally ill-equipped to deal with the training system at the individual enterprise level. Other than forming a relationship with the very large enterprises (over the \$20 million mark, or which there are 10 in the restaurant and catering industry), the skills council has no relationship with enterprises.<sup>47</sup>

5.47 Restaurant and Catering added that while ISCs provide government with industry intelligence gained from business, they do not adequately fulfil their advisory function back through to enterprises. Restaurant and Catering Australia attribute this to the fact that ISC pass information back through industry organisations which in turn have to 'deconstruct it for digestion by enterprises in their sector.'<sup>48</sup>

5.48 Mr John Hart, CEO of Restaurant and Catering, added:

I cannot see sufficient engagement of enterprises through industry organisations in any of the instances that I look at of skills councils working with enterprises. I see them working with large enterprises. We have 10 of those, which I think I mentioned in the submission. In the other 40,000-odd enterprises, I cannot see any of that work going on. In fact, it seems to our board that the very language of training packages and the language of the vocational education system disenfranchises many of those small operators. You could never hope to communicate to most of those small businesses in the means and manner in which the skills councils communicate.<sup>49</sup>

5.49 The Primary Industries Skills Council of South Australia suggested that the problem could be broader in nature:

Most enterprises are small and most are more concerned with surviving in a rapidly changing global marketplace. The issue of engaging them in a new model of workforce skilling will, even with the best intentions of national

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45 TAFE Directors Australia, *Submission 48*, p. 1.

46 TAFE Directors Australia, *Submission 48*, p. 1.

47 Restaurant and Catering Australia, *Submission 62*, p. 2.

48 Restaurant and Catering Australia, *Submission 62*, p. 2.

49 Mr John Hart, CEO, Restaurant and Catering Australia, *Proof Committee Hansard*, 16 February 2011, p. 32.

and State skills advisory bodies, not result in any significant change in behaviour. This is because the national VET system has not adapted sufficiently to a major shift in the marketplace and the manner in which most enterprises will wish to engage and access learning will be different from the old lock step learning models of the 1950's that still pervade much of our formal learning systems.<sup>50</sup>

5.50 TLISC is an example of a skills council in an industry with a large proportion of small-to-medium enterprises (SMEs) which strives to engage with the broader industry:

Through all of the committees and consultation processes that we establish, we always focus on maximising the opportunity for the small-to-medium enterprises to contribute, to have access to the information or have the opportunity to provide input into those processes through a wide range of strategies.<sup>51</sup>

...In our current target we had specific targets around engaging small-to-medium-sized organisations and particularly on our sector committees and our advisory committees.

...We went into our committee structures and ensured that committees had high levels of representation from small-to-medium-sized enterprises, and we have done that through a range of forums that we run throughout Australia, depending whether it is road transport or logistics. We have had a targeted focus around small-to-mediums and we will continue to do that. Those targets have been met and reported in our contract reports back to DEEWR.<sup>52</sup>

5.51 Equally, ForestWorks operates in an environment comprised of approximately 80 per cent small business, but finds that the capacity of smaller businesses to contribute to the skills agenda is 'quite limited'. To address this, ForestWorks advocates a greater responsibility on the part of larger enterprises to train employees on the job and then 'use labour force mobility to ensure that those skills that are developed spill into the other industry sectors, the smaller ones with less capacity to train.'<sup>53</sup>

### ***Committee view***

5.52 The committee recognises that engagement with the small business sector presents special challenges, due to its skills base being drawn from the spectrum of ISCs, and the sheer number of small enterprises in operation. It seems that at least some ISCs are making progress in engaging small businesses, even in the face of significant challenges, but the problem will be a perennial one. The committee merely makes the point that the size and importance of the small business sector to the

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50 Primary Industries Skills Council SA Inc, *Submission 65*, p. 5.

51 Mr Robert Adams, Chair, TLISC, *Proof Committee Hansard*, 15 February 2011, p. 37.

52 Mr Geoffrey Gwilym, CEO, TLISC, *Proof Committee Hansard*, 15 February 2011, p. 37.

53 Mr Michael Hartman, CEO, ForestWorks, *Proof Committee Hansard*, 15 February 2011, p. 44.

Australian economy dictates that its skills needs continue to be met effectively, and to that end, continued effort to engage the sector in meaningful dialogue is essential.

**Recommendation 9**

**5.53 The committee recommends that ISCs more regularly review their consultation practices and devise practical strategies to address concerns expressed by business, in particular small businesses.**

**Recommendation 10**

**5.54 The committee further recommends that DEEWR identify best practice consultation principles and seek ways to incorporate these into its next contract with the ISCs.**

**Senator Chris Back**

**Chair**



# **Appendix 1**

## **Submissions received by the committee**

- 1 ACT Department of Education and Training (Tertiary and International Education)
- 2 Name Withheld
- 3 SkillsDMC
- 4 Timber Queensland Limited
- 5 Otway Community College
- 6 Kimberly-Clark Millicent Mill
- 7 Industry Skills Councils
- 8 Mr Lloyd Driscoll PNA
- 9 Name Withheld
- 10 SCA Hygiene Australasia
- 11 Carter Holt Harvey Woodproducts Australia Pty Ltd
- 12 Dr Robert Dalitz
- 13 Tasmanian Forest Contractors Association
- 14 Primary Industries Training Advisory Council (NT) Inc
- 15 Construction and Property Services Industry Skills Council
- 16 Government of Western Australia, Department of Education
- 17 Forests and Forest Industry Council
- 18 Timber Merchants Association (Victoria)
- 19 ForestWorks
- 20 MCM FRAME and TRUSS P/L
- 21 Forestry and Furnishing Products Division, CFMEU
- 22 Timber and Building Materials Association (Aust.) Ltd
- 23 Victorian Forest Contractors Association

- 24 Forest Industry Council
- 25 Australian Forest Contractors Association Ltd
- 26 Forest Industries Federation (WA) Inc
- 27 Software Publications Pty Ltd
- 28 Name Withheld
- 29 Community Services and Health Industry Skills Council
- 30 Transport and Logistics Industry Skills Council
- 31 IBSA Education Sector Advisory Committee
- 32 Department of Defence
- 33 Forestry Tasmania
- 34 Civil Contractors Federation
- 35 VicForests
- 36 Construction Industry Training Advisory Board NSW
- 37 National Farmers' Federation
- 38 Printing Industries Association of Australia
- 39 C.Y. O'Connor College of TAFE
- 40 Service Skills Australia
- 41 Innovation and Business Industry Skills Council
- 42 Tasmanian Chamber of Commerce and Industry
- 43 The Institution of Surveyors NSW Inc
- 44 Australian Industry Group
- 45 Building Industry Consultative Council Industry Advisory Body
- 46 Appita
- 47 Professions Australia
- 48 TAFE Directors Australia
- 49 Furnishing Industry Training Advisory Committee

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- 50 EE-Oz Training Standards
  - 51 NSW Aboriginal Land Council
  - 52 Qantas Airways
  - 53 Skills Tasmania
  - 54 Queensland Tourism Industry Council
  - 55 Motor Trades Association of Australia
  - 56 Queensland Automotive Skills Alliance
  - 57 Australian Dental Association Inc.
  - 58 Universities Australia
  - 59 NSWALC Northern Region Forum Technical Resource Unit
  - 60 NSW Public Sector Industry Training Advisory Body
  - 61 Equine Dental Association of Australia Inc.
  - 62 Restaurant and Catering Australia
  - 63 Maritime Union of Australia
  - 64 Housing Industry Association
  - 65 Primary Industries Skills Council SA (Inc)
  - 66 Minerals Council of Australia
  - 67 TAFE NSW – North Coast Institute
  - 68 Australian Hotels Association
  - 69 Australian Council of Trade Unions (ACTU)
  - 70 IBSA Cultural and Creative Industries Sector Advisory Committee
  - 71 Creative Industries Skills Council
  - 72 Australian Manufacturing Workers Union
  - 73 Professor Erica Smith
  - 74 Mr Jeff Norton
  - 75 TAFE NSW - North Coast Institute

- 76 Victorian Food Industry Training Board
- 77 Recognition Australia
- 78 Government Skills Australia
- 79 National Centre for Vocational Education Research
- 80 Council of Rural Research and Development Corporations
- 81 Fisheries Research and Development Corporation
- 82 Air Conditioning and Mechanical Contractor's Association
- 83 ACT Regional Building and Construction Industry Training Council
- 84 Manufacturing Skills Australia
- 85 Australian Chamber of Commerce and Industry
- 86 Name Withheld
- 87 Australian Institute of Management
- 88 National Quality Council
- Supplementary Submission
- 89 AgriFood Skills Australia
- 90 Name Withheld
- 91 Australian Racing Board Limited
- 92 Lindsay Park Racing
- 93 Racing Queensland Ltd
- 94 NSW Department of Education and Training
- 95 CEPU - Electrical, Energy and Services Division
- 96 FutureStaff
- 97 Tasracing
- 98 Australian Automotive Industry Association
- 99 Australian Computer Society
- 100 Mr Roy Palmer

- 101 National Transport Commission
- 102 Australian Veterinary Association
- 103 Victorian Association of Forest Industries
- 104 Western Australian Government
- 105 Engineers Australia and Consult Australia
- 106 Construction Industry Training Board
- Supplementary Submission
- 107 Australasian Association for Equine Dentistry Inc
- 108 Bus Industry Confederation
- 109 Skills Australia
- 110 Australian Institute of Management
- 111 Redlaunch
- 112 Queensland Government
- 113 FTH Skills Council
- 114 Mr Ian Grant, TAFE SA
- 115 National Electrical and Communications Association
- 116 Council for Dance Educators Ltd
- 117 Name Withheld
- 118 Sustainable Energy Association of Australia
- 119 Business Skills Victoria



## **Appendix 2**

### **Witnesses who appeared before the committee**

**Tuesday, 15 February 2011, Canberra**

ADAMS, Mr Robert, Chairman, Board of Directors, Transport & Logistics Industry Skills Council

ALLEN, Mrs Jeanette, Chief Executive Officer, Service Skills Australia.

ANDREWS, Ms Janice Catherine, Chair, Government Skills Australia

BAKER, Mr John Ronald, Chairman, AgriFood Skills Australia

BARKER, Mr Raymond Vincent, Chair, SkillsDMC

BLEWITT, Mr Arthur William, Chief Executive Officer, AgriFood Skills Australia

COOKE, Mr Rod, Chief Executive Officer, Community Services & Health Industry Skills Council

FLYNN, Mr Robin, Policy & Research Manager, Community Services & Health Industry Skills Council

FRASER, Mr Lindsay James, Board Chair, Construction and Property Services Industry Skills Council

GWILYM, Mr Geoffrey, CEO, Transport & Logistics Industry Skills Council

HARTMAN, Mr Michael, Chief Executive Officer, ForestWorks Learning and Skill Development

McDONALD, Mr Steven Richard, Chief Executive Officer, SkillsDMC

NEDEN, Ms Patricia, Chief Executive Officer, Innovation and Business Industry Skills Council

PATON, Mr Robert, Chief Executive Officer, Manufacturing Skills Australia

ROSS, Mr Alan, CEO, Construction and Property Services Industry Skills Council

SCARR, Mr Justin, Chair, Service Skills Australia

SHREEVE, Mr Robin, Chief Executive Officer, Skills Australia

SMITH, Ms Caroline, Director, Skills and Workforce Development Policy, Skills Australia

TAYLOR, Mr Robert, Chief Executive Officer, EE-Oz Training Standards Australia

TIGHE, Mr Peter, Chairperson, EE-Oz Training Standards Australia

VINES, Mr John, Chair, Innovation and Business Industry Skills Council

WEIR, Ms Jan Elizabeth, Chief Executive Officer, Government Skills Australia

### **Wednesday, 16 February 2011, Canberra**

ANDERSON, Mr Peter, Chief Executive, Australian Chamber of Commerce and Industry

BOLTON, Mr Stephen, National Manager of Employment and Training Advisers, Australian Chamber of Commerce and Industry

BROUGH, Mr Michael John, Acting General Manager, Skills Tasmania

DAWKINS, The Hon. John Sydney, Chair, National Quality Council

EDWARDS, Mr Neil Raymond, Chief Executive Officer, Technical and Vocational Education and Training Australia, National Quality Council

HART, Mr John, Chief Executive Officer, Restaurant and Catering Australia

KARMEL, Dr Tom, Managing Director, National Centre for Vocational Education Research

KENNEDY, Ms Lisa, Manager, Research and Evaluation, Construction Industry Training Board

LARKINS, Mr Stephen, Chief Executive Officer, Construction Industry Training Board

SYMONDS, Mr David George, Director, National Quality Council

TAYLOR, Ms Jennifer, Acting Deputy Secretary Tertiary, Skills and International, Department of Education, Employment and Workplace Relations

WHITE, Ms Linda, Branch Manager, Industry Workforce Development Branch, Department of Education, Employment and Workplace Relations

