



# AUSTRALIAN HOTELS ASSOCIATION

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Dr Shona Batge  
Committee Secretary  
Senate Education, Employment and  
Workplace Relations Committee  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Dr Batge

## **Inquiry into Industry Skills Council**

The Australian Hotels Association (AHA) is a federally registered organisation of employers in the hotel and hospitality industry. Its membership of more than 5,000 employers includes three, four and five-star accommodation hotels and pub-style hotels located in each state and territory. The AHA has Branches located in every Australian capital city and a Canberra-based national office.

The overwhelming majority (more than 95%) of the AHA's members are constitutional corporations within the jurisdiction of the *Fair Work Act 2009*. Approximately 50% of the AHA's members are small businesses with less than 20 members. The tourism and hospitality industry employs over 500,000 people and contributes approximately five per cent of Australia's Gross Domestic Product

The AHA supports a national industry led skills system that is responsive to workforce development and includes:

- Employers – large, medium, small and micro
- Employer Associations – state and federal
- Unions/Employee Representative Organisations – state and federal based organisations
- Employees and Volunteers

To identify and meet Australia's skill needs Governance arrangements need to support a coordinated national response and avoid a fragmented approach which would fail to deliver on key objectives.

Sectors such as retail and hospitality often provide the first job for many Australians, whether a part-time job while studying or a first full-time job – for many individuals providing the basic 'know-how' for their future working life, in the service industries, or beyond.

The AHA seeks for our sector, better representation in policy making bodies, in particular Australian vocational education and training policy making bodies and sees that having effective ISC's as part of that process.

The Tourism, Hospitality and Events industries are often not recognised for their employment significance in the training, workplace relations or immigration sector policy processes. If the right numbers of appropriately skilled workers are not available for these industries, the effects on the economy will be dire.

We note the terms of reference of the inquiry below:

(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

(h) any related matters.

## TERMS OF REFERENCE

### **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;**

The AHA is a member of Service Skills Australia (SSA) and its Tourism, Hospitality and Events advisory committee. Service Skills Australia is the national Industry Skills Council for the service industries – covering tourism, hospitality, events, retail and wholesale services, community pharmacy, floristry, hairdressing and beauty, funeral services and sport, fitness and recreation.

Industry Skills Councils are contracted with the Commonwealth Department of Education, Employment and Workplace Relations (DEEWR) to deliver key outcomes. In the most recent contract the Industry Skills Councils (ISCs) are contracted to:

- provide integrated industry intelligence and advice to Skills Australia, government and enterprises on workforce development and skills needs
- actively support the development, implementation and continuous improvement of high quality training and workforce development products and services including Training Packages
- provide independent skills and training advice to enterprises, including matching identified training needs with appropriate training solutions
- work with enterprises, employment service providers, training providers and government to allocate training places under the PPP program

The ISCs role of providing industry intelligence to Government is reliant on the industry sector organisations that feed into the ISC's. This can be hit or miss. The reverse process back to business is ineffective as it is reliant on industry associations, with little resources to disseminate and translate into simple terms.

The role of supporting the development, implementation and continuous improvement of high quality training and workforce development products and services including Training Packages is performed well by Industry Skills Councils, though undermined by red tape from the National Quality Council (NQC) . In the case of the hospitality industry the NQC has impacted on the training package to such an extent that it is moving away from what industry wants. A perfect example is that the hospitality package was not permitted to require that trainers should have industry experience. This has undermined the quality of the training package.

ISCs have had other responsibilities added which have been at the expense of the training package (and product development) role.

The role of the ISCs in the national training system is to also provide independent skills and training advice to enterprises, including matching identified training needs with appropriate training solutions.

Whilst large corporations may have the resources, ISCs do not have the funding or capacity to undertake training needs analysis for enterprises.

This is especially so in a sector such as tourism and hospitality, made up mainly of small businesses. The ultimate result is that industry is left with the responsibility and little capacity or funding to achieve those aims.

The requirement to work with enterprises, employment service providers, training providers and government to allocate training places under the Productivity Places program (PPP) has certainly been limited.

Service Skills Australia have suggested that they have had success in a number of areas, particularly:

- that the number of students enrolled in food, hospitality and personal services courses and qualifications have increased from 151,900 in 2005 to 183,400 in 2009
- students studying under training packages produced by Service Skills Australia have increased from 173,200 in 2005 to 236,900 in 2009
- Qualification completions have also increased in this same period from 48,800 to 60,600.

SSA suggests that this can be attributed to their promotion of skills development and also the high quality of the training packages produced by the industry skills council. ([http://www.serviceskills.com.au/sites/default/files/ShortElectionDocument\\_web.pdf](http://www.serviceskills.com.au/sites/default/files/ShortElectionDocument_web.pdf))

In 2009 Service Skills Australia undertook three scoping projects to address concerns about the inconsistency of training outcomes and the poor quality of implementation of the service industry training packages,

This work has been grouped under the heading ***The New Deal***

The projects are:

- ISC role in quality training and assessment: how SSA can contribute through the development of policies, practices, programs and services in the provision of best practice delivery and assessment in the industries under their coverage
- Undertaking workforce development of trainers and assessors who work in the service industries: to develop a national workforce development strategy

for the service industries VET sector to ensure it has the capability to respond to the current and future training and skill needs of its industries

- Recognising high quality training products, services and support materials (ISC tick of approval): to examine and develop criteria for approving and validating training products, services and support materials that are developed for the service industries and their qualifications

**B. Accountability mechanisms in relation to Commonwealth funding for the general operation and specific projects and programs of each ISC**

The guidelines for the funding and resultant services provided by a skills councils in return for the funding provided need to be clearer and more concise.

The activity of skills councils can be easily diverted by Government requests which can absorb time and monies to the detriment of the required outcomes of the skills council

**C. Corporate governance arrangements of ISCs**

The AHA has no issues with the corporate governance arrangements of ISCs or SSA.

**D. Commonwealth Government processes to prioritise funding allocations across all ISCs;**

Funding for skills councils should be more equitable and consideration should be given to the allocation of funding being proportionate to the number of employees in the workforce covered by the skills council

**E. ISC network arrangements and co-operative mechanisms implemented between relevant boards;**

The ISC network is an independent unincorporated gathering of interested parties working together on issues of mutual interest and for outcomes in the best interest of their stakeholders. This informal meeting and information exchange should continue, reporting back to the respective ISC Boards.

**F. The accrual of accumulated surpluses from public funding over the life of each ISC's operation and its use and purpose;**

Skills councils can, from time to time, accumulate surplus funds. These accumulated surplus funds may be as a result of a timing difference between when the funds were due to be expended and when they were actually spent. Other accumulated funds may arise through efficiency and other productivity related means within the skills

council. However, the accumulation of accumulated surpluses from public funding should, through an appropriate formula, reduce the required recurrent funding in subsequent years. This would not include funds allocated for ongoing projects which the skill councils had already agreed to and contracts had been negotiated.

**G. The effectiveness of each ISC in implementing specific training initiatives, for example the Skills for Sustainability initiative under the National Green Skills Agreement;**

Specific training initiatives should be discussed with each skills council, in advance, as each initiative may not always be applicable, suitable or beneficial to the industries represented by the skills council. It may well be that funds utilised by a skills council for a training initiative could, after advance discussion, be better expended in other areas.

**H. Any related matters.**

The AHA believes that it is crucial that the needs of industry are responded to.

The real end user and customer of the nation's vocational system is industry, who in turn, drive the national productivity. However, we also need bipartite industry representation and involvement to ensure quality implementation, supported by a nationally consistent, whole of government approach to vocational education and training policy.

We have noted that the Committee reference and submission period has fallen within an Election campaign, therefore, the Association reserves the right to make further submissions, if necessary, but is also more than happy to provide verbal evidence if required.

Yours sincerely,

**Des Crowe**  
**National Chief Executive Officer**