



Australian Council of Trade Unions Submission to the Senate Inquiry into the operation of the Industry Skills Councils

6 August 2010

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D No. 30/2010

1. Introduction

- 1.1. The ACTU welcomes the opportunity to make a submission to this Senate Inquiry into the operation of the Industry Skills Councils (ISCs).
- 1.2. The ACTU and its affiliated unions have been long-standing supporters of a strong, industry-led, vocational education and training (VET) system. The ISCs have a critical role to play in this respect, in areas such as:
 - the development of industry training packages that identify and deliver the range of skills and competencies that industry needs from its workforce and which give employees access to skilled, well-paid jobs;
 - the provision of advice and industry intelligence on industry skills needs for policy-makers and practitioners; and
 - An evolving broader workforce development role.
- 1.3. The ACTU submission will focus on the overall contribution and effectiveness of the ISCs in performing these functions, and in this respect the ACTU experience is overwhelmingly positive.
- 1.4. The Inquiry will no doubt hear more from individual ISCs about their own industry priorities and initiatives, as well as the details of their corporate governance and funding arrangements.
- 1.5. Before going to the specific functions of the ISCs, it is worth placing the role of the ISCs in the broader context of the VET sector and what it means to have an industry-led training system.

2. The role of Industry Skills Councils in an industry-led VET system

- 2.1. More than ever, the VET system plays a crucial economic and social role in our society, delivering the skills required to improve both workforce participation and productivity. This occurs on a number of fronts.
- 2.2. The VET system provides entry-level skills training for those entering the workforce for the first time or who wish to move into a new field of work, it provides foundation skills training for those who need the employability skills, and language, literacy and numeracy skills that will better prepare them for the world of work, and it provides more advanced skills training for those who wish to build on their existing qualifications and move into more highly skilled, highly paid jobs. Each year, more than a million students and current employees, and the businesses that employ them, rely on the quality of training and skills and competencies that are delivered through the VET system.
- 2.3. Against this background, it is vitally important that industry continues to have confidence and certainty in the VET system; that the system is providing students and workers who complete VET qualifications with the vocational competencies that industry needs and with the broad-based transferable skills that make them ready for employment and provide access to a skilled career path into the future. It is important also that industry has strong input into major policy issues concerning the overall design and architecture of the VET system that are ultimately determined by Government.
- 2.4. ISCs provide the necessary institutional structure through which industry can shape and influence the VET system to meet these needs. Each ISC has broad-based membership across the relevant industry sector, with independent industry-led boards. The ISC boards benefit from the combined experience and perspective of both employer and union representatives, as is appropriate in a system designed to meet and to match the skill needs of employers and employees. There are simply no grounds for the assertion that it is unclear whether ISCs are sufficiently representative of respective sectors of Australian industry.

- 2.5. Neither is there any value in the Inquiry being motivated by vague, ill-founded concerns that “there are lots of union officials on these industry skills councils¹”. Unions have been a respected and recognised part of the national training system for the past two decades. Together with employer representatives on ISCs, unions provide an industry voice that ensures a demand-driven system that is focused on the delivery of training that meets the skill needs of businesses and gives employees the skills they need for work, as opposed to a purely supply-driven training system.
- 2.6. The Inquiry would be better served by focusing constructively on ways in which ISCs currently operate, recognise what is being done well, and identify any scope for improvement, rather than questioning the long-standing commitment and contribution of the union movement to the national skills and training agenda.

3. Development of training packages

- 3.1. Through the ISCs, industry plays a lead role in developing the training packages and other training products that underpin the competency-based nature of the national training system. As part of the training package development process, ISCs identify the skills and competencies that will need to be learnt and demonstrated in the workplace context. It does this through a rigorous and transparent process of consultation with industry stakeholders, Commonwealth, state and territory governments, and licensing bodies and regulators. This industry-led process ensures that training packages that go to the National Quality Council (NQC) for endorsement have widespread industry support and are recognised and validated as relevant to the needs of industry.

¹ Senator Cormann, Senate Hansard, Tuesday 22 June 2010, p. 33.

- 3.2. The work of ISCs on training package development is well regarded by participants in the national training system, including the ACTU and its affiliates. We note that in consultations conducted by Skills Australia for its Foundations for the Future report, the response was that “an industry designed system of standards and qualifications was seen as essential as well as maintaining the core role of ISCs in driving this work².
- 3.3. ISCs have also played a key role in implementing new government policy directions and associated NQC training package policy, and have done this work in a professional, thorough and timely way. This includes work on:
- the embedding of green skills in training packages;
 - updating training packages to include new flexibility requirements; and
 - the inclusion of employability skills in all training packages.

4. Advice on industry skill needs

- 4.1. ISCs also offer an invaluable source of intelligence and advice as a ‘voice of industry’ that is available to Government, Skills Australia, the NQC and other VET stakeholders. This includes, but is not limited to, the annual environmental scans that each ISC produces on broader workforce trends.
- 4.2. As a member of the NQC, the ACTU sees first hand the work done by ISCs in this area. For example, the ISCs make an important contribution to the NQC’s annual strategic planning processes with industry-specific advice on Australia’s workforce development needs.
- 4.3. The ISCs are also engaged in the Strategic Industry Forum, a network of ISCs, state training authorities, and peak bodies, including the ACTU, and convened by Skills Australia. Through this forum, the ISCs provide industry input into major VET policy issues, such as funding arrangements and the overall quality agenda.

² Skills Australia (2009), Foundations for the Future: Proposals for future governance, architecture and market design of the national training system

5. Workforce development

- 5.1. The ISCs also take on a wider workforce development role, which includes skills and training advice to enterprises within its industry sector but also looks more broadly at skills utilisation and overall 'business solutions' to skills and other workforce issues.
- 5.2. The CPSISC, for example, has produced its own industry workforce development plan and also employs a team of workforce development advisors that can provide advice to business. In a similar vein, Manufacturing Skills Australia has developed a number of online workforce development tools that work together to match skills to jobs³.
- 5.3. A number of ISCs also have a strong presence in rural and regional Australia through their skills work in those areas. Agrifood Skills Australia and Skills DMC have a particular regional focus and a current NQC project being conducted in close collaboration with Agrifood Skills is researching the specific training requirements of regional Australia and how they can be addressed through the national training system.

³ see www.skills4jobs.net.au; www.myskills.net.au; and www.mskillsmanager.net.au