

# **Senate Review of ISC's, a perspective from the Primary Industries Skills Council**

## **Background to the work of Industry Skills Councils.**

Australia implemented a national competency based training system following the award modernisation process in 1988. This process was driven by the structural efficiency principle which saw all work, outside of the professional fields, fitting into a series of levels or bands which reflected both the progression of competencies within work and the variety of job roles within any level.

The system was intended to reflect industry competencies within a competency framework that aligned with the new national occupational levels. The simplicity of the system was evident in the way in which old demarcations were to be swept away and industry finally could have its own work standards recognised.

A key part of what happened in the early 1990's was a determination by all Governments to move firmly away from curriculum based approaches and have industry drive the competency standards that reflected actual job roles. In order for this to occur there needed to be industry bodies that could do this work and update the standards as occupations and job roles changed. This provided the impetus for the National Industry Training Advisory Boards (ITAB's) which were formed during the mid 1990's to undertake the role of developing the first round of National Training Packages.

What transpired over the next 7-8 years was a broadening of this role to accommodate a wider array of training and workforce development issues. There was a strong State ITAB input into the process of developing competency standards and wide industry variations between States and regions were effectively encompassed in the development of the Training Packages.

It is important at this juncture to recognise that the States and Territories had a very strong network of ITAB's that informed their Governments of skill and training needs and promoted Training Packages to their industry sectors. These State ITAB's formed the nucleus of many national committees and had direct industry connection both at a State and national level.

The importance of the work that these bodies undertook was poorly understood by both industry and Government. This was due to the level of control exerted by training organisations in developing and managing the training agenda, including the TAFE network, and the role of Government in pursuing an educationalist model in framing qualifications within the competency framework.

The roles that RTO's and Governments played at this time ensured that Training Packages assisted RTO's to deliver on qualifications irrespective of whether they were

required to meet industry training demand and re-inforced the notion that supply still ruled.

The aim of having a truly industry demand driven system was then watered down to fit the requirements of other stakeholders and as a consequence industry remained mystified by the whole notion of Training Packages and how they related to actual business processes and just in time skilling. Part of the problem also lay with a “one size fits all” approach which was based largely on trade based industry models. To a large extent this is still the case today although Training Package reform has provided some additional flexibility.

It is worth recognising that a number of industries such as the Primary Industry sector, which operates on a completely different set of training values, have failed to develop a sufficient level of ownership of Training Packages. The evidence is that in the first ten years of operation (1997-2007) no significant training culture developed across the industry and skill gaps and labour shortages expanded often necessitating skilled migration support. The rapid expansion of the 457 visa program and the increase in the skilled migration intake was a combination of both demand and policy.

It is important to recognise that in the early part of the 21<sup>st</sup> century, governments and industry failed to recognise the critical importance of having a skilled labour force with many national programs operating in a non-strategic manner in meeting national skill needs. This malaise was so bad that in 2003 the Federal Government withdrew funding from the State ITAB's which has been the arms and legs of the national ITAB's and a short time later withdrew funding from the National bodies too in favour of a “new” national skills advisory and action model.

What occurred during this critical period (2003-2005) was a sort of hiatus that lasted for several years in some States, a hiatus of no or limited industry information on skill needs and no real demand connection with either policy or funding at a State level. In addition, there was limited involvement with national skills policy settings due to a relatively narrow level of engagement with the new National Skills Councils.

The result was a general retraction within the TAFE sector to maintain a supply driven system. In addition, the lack of current intelligence resulted in a fatal error in not tracking skill needs and adjusting policy to take account of such issues as an ageing workforce, a lack of training in some key occupational areas and an increasing lack of relevance of the training system as technology and work organisation changes rendered much of the qualifications based VET system largely irrelevant.

It cannot be stressed strongly enough that this lack of Government understanding of the importance of workforce and training advice came at a critical time when the ageing factor was beginning to impact across the board and enterprises either withdrew from the system or used it within the confines of a fee for service arrangement to meet particular skill needs.

The current “catch up” efforts of governments that are planning for growth and new industry development and finding that either no labour or no skilled labour is available is a major rate limiter can be traced back to this period (2003-2005).

## **The Establishment of National Industry Skills Councils**

There was a collective sigh of relief within industry when the new National Skills Councils were established. Industry had the view that unless there was a dedicated national advisory framework gathering industry intelligence and providing firm advice to Governments, the supply system would continue and people would be denied the real opportunity to gain skills that enterprises required.

The expectation was high that the new councils would be able to pick up actual training needs and wider workforce planning and development issues and directly influence the national policy settings to deliver skills in the form required by each sector. There was subsequent disappointment that as a result of an independent report suggesting larger groupings and a smaller number of national councils, the Government created the form and structure of the National Skills Councils through “marriages of convenience” as suggested by the Allen Report.

At no time during the formative phase was industry allowed to establish bodies that reflected the natural areas of interest or create the types of forums that could actually share information on common issues to design new national VET systems with flexibility to meet actual industry demand. This was diametrically opposite to the highly successful New Zealand system that encouraged industries to nominate industry training organisations that met their needs and then encourage future mergers where these were seen as appropriate or necessary.

If there was one key lesson from this period it was that a lack of real industry consultation by the Government, together with an undue emphasis on an independent report, set the landscape for establishment that has continued to this day.

The birthing process of these new National Skills Councils was difficult to say the least as some more traditional manufacturing type sectors had to work with more informal learning sectors such as primary production. The result was wasted time establishing pecking orders within the national structures when they should have been actively working on getting the information and designing the demand driven models for government to sign off on.

The “riding instructions” given to national ISC’s were also stacked against a fully consultative model, especially as there were State ITAB bodies operating in some States such as SA (from 2004). The philosophy it seemed was for the new National Skills Councils to engage with enterprises, obtain real enterprise input so that the “old” representative bodies could be sidestepped.

In fact industry expressed surprise that these new National councils had a very different “representative” structure to that which had worked well for many industries. There was some concern across the wider primary industry sector that many peak sector bodies that have significant enterprise membership and many State advisory bodies that had continued post 2003 were somehow working outside of the main consultative channels for the new skills councils.

A great many of the issues that were besetting industry during this period were more to do with improved workforce planning and development rather than training as such and it was heartening to see that the new Skills Councils recognised this and sought to have a wider workforce development role.

Many of the issues that subsequently arose during the Training Package review process had their roots in poorly developed sector and State input processes in the ISC establishment phase. A number of sectors in South Australia reported that other (interstate) bodies were being asked for input into training arrangements that affected them without any clear opportunity to contribute early into the decision making process.

It should be stressed that the National Skills Councils had to operate and report in a relatively narrow field of operation that most industry personnel thought would prolong the process of Training Package development. This was subsequently proven to be the case.

Of particular concern was the role of the National Quality Council and other Governmental units which effectively limited the eventual Training Package design by imposing “standard” criteria for the form of qualifications and by failing to reform the VET funding sector to improve access in progressive competency acquisition models (skills eco-system). In many respects the new Skills Councils had the energy to do the job but had their hands tied in delivering on a demand driven system. Whilst that has improved in the past two years, there remain many impediments to developing a true demand driven model that matches a defined national skills program with complimentary population policy and infrastructure policy components.

It must be stated that the task of reforming an entire national vocational skill system is enormous by any standards. Generally such activities have long timeframes and large budgets. The problem facing Australia is that we do not have much time given global market developments and the type of flexibility that both workers and enterprises are demanding is not necessarily readily accessible through the current VET system.

## **How Industry (enterprises) view National Skills Councils**

Australian industry is made up of widely different industries with varied learning cultures, regulation, industrial frameworks and relationships. The past decade has witnessed significant growth in contracting, an increase in formal licensed work, a massive growth in flexible work arrangements, a new modern industrial award framework and a major shift in how people wish to engage in learning at all levels (especially Gen Y).

The emerging trend is not for a society that will rush headlong into gaining a qualification through formal learning and then use this piece of paper to obtain a job. It is for a society that will value and purchase learning that is related to need and use, especially as people work in a number of vocations during their lives.

That is why so much growth has occurred in fee for service and that is why notions of work foundation programs to build employability, just in time skilling to meet current skill needs and continuous learning models that match learner and worker choices are so seriously at variance with a system that is mostly centred around the notion of a full qualification

The National Skills Councils understand much of this as evidenced by the generally sound environmental scans, even if the actual local industry intelligence sometimes fails to impact specific national skill models.

National Skills Councils suffer from the same sickness that State ITAB's suffer from, a generally poor level of industry recognition of the value of skills and the importance of a skilled workforce. There are obvious exceptions but we do not have many industries with high performing learning cultures. We have strong trade areas with contracting weaknesses, we have solid regulatory training in such areas as commercial fishing (maritime regulatory) but we do not have a strong formal learning or training culture.

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 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.

Our Skills Council surveyed a wide array of primary industry enterprises across South Australia and many provided verbal commentary on the skills crisis within the industry. They mostly knew nothing about Training Packages or Skills Councils, they preferred

entry level systems that exposed learners to enterprise activities, they preferred the learning in bite sized chunks aligned with enterprise needs, they needed support in a business system form, in a just in time model and they preferred workshops that were tailored to their own needs and those of their workforce.

In short, a dynamic, customer focussed system that delivers skills and meets changing skill, job role and business circumstances. Qualifications were supported but mainly on the basis that they are achieved throughout a learning program (points in a learning process) or in a dedicated industry supported qualification program (with industry input and engagement).

If the main roles of the National Skills Councils are to gather intelligence, provide advice on that intelligence and ensure that Training Packages deliver on actual industry demand in a demand driven environment, then there will have to be further changes to the national VET system to provide an improved environment for Skills Councils to operate more effectively.

These changes will be in how qualifications and skills sets have improved industry recognition and funding support, how skills clusters can be funded on an equal basis to qualifications for workers needing some formal recognition of skills, how national recognition systems can be developed to track competencies through a national skills passport system, how State level skills development effort can feed into the national arena more effectively and how local industry variances can be met routinely through a national competency system that values what enterprises and workforces actually do.

This last point is critically important in building confidence in the system and having all levels of industry recognise the supportive nature of the Skills Council network.

## **Recommendations for Improvement**

It is difficult to divorce the work of the Skills Councils from the activities of DEEWR, Skills Australia, the NQC and a host of other National Governmental Committees. It is also important to realise that Skills Councils must exist nationally to make some sense of the morass of issues that make up the workforce agenda.

What is needed is a greater ability to drive more bottom up industry input approaches through improved direct consultation and management.

Structurally, the National Skills Councils have a Board and sector standing committees dealing with a number of national issues affecting defined industry sectors. In an ideal world we would have something akin to the New Zealand model but as Australia is some way behind their system we will have to move progressively towards it.

The level of funding that is set aside for the national skills formation program is considerable but it needs to be. It is by far the most important issue facing this country,

more urgent than climate change as it will impact much more significantly over the next twenty years than climate change will.

The key things needed are:

Improve linkages between State bodies and the National Skills Council through targeted funding for State intelligence in line with national development needs and direct membership of Standing Committees. This is similar to the octopus model of the old ITAB network which had State arms of a national entity.

Ensure that workforce development “solutions” put forward by the national bodies are transferable to all sectors or able to be tailored (eg PPP). Once again such matters will need to be considered by State based ITAB bodies.

Ensure industry bodies at a State level can directly contribute to national outcomes. Reduce the emphasis on enterprise membership as it tends to favour a narrow group of larger enterprises who have dedicated support for HR issues and can more readily attend national forums.

Free up many of the constraints placed on National Skills Councils in establishing innovative systems that can directly improve enterprise productivity. This will involve widening the VET funding model to allow access to defined skills sets, industry supported clusters (especially for change management issues such as quality, export driven, risk management and climate change) and full qualification pathways where appropriate. It will also involve broadening the concept of a qualification from a “standard” model with “x” number of units as put forward by the NQC to a more flexible model that accommodates actual sector needs.

Provide much more flexibility for the ISC’s to develop value chains within industry in order to ensure industry sustainability.

Have National ISC’s adopt a balanced role as a Co-ordinating and Driving group that pulls in intelligence from all States and Territories and supports sector and State solutions.

Create new management arrangements for all ISC’s that enshrine State/Territory input whilst creating generally consistent national systems.