

Senate Education, Employment and Workplace Relations Committee Inquiry into Industry Skills Councils

SUBMISSION PAPER

July, 2010



EE-Oz Training Standards

The Australian Government declared Industry

Skills Council for ElectroComms and EnergyUtilities.

Background

ISCs were created with a core mandate to provide regular public advice on the state of the industries under their coverage and facilitate the development and continuous improvement of national Training Packages reflective of industry's skills needs. This process requires extensive industry consultation, bringing together key industry groups, industry and enterprise practitioners, regulators, technical experts, training experts and the community. This process ensures collective ownership and currency of VET products and uniquely positions ISCs at the cross section of industry opinion with stakeholders representing all major industry groups.

ISCs are also highly accountable to the Australian Government through their contractual arrangements under their Funding Agreement.

EE-Oz Training Standards, the declared Industry Skills Council for the ElectroComms and Energy Utilities industries, is led by an independent Board of Directors comprised of key industry representatives. It is a condition under the EE-Oz constitution that the board incorporate an equal number of representatives of employee and employer groups. EE-Oz Training Standards is currently the peak vocational education and training (VET) advisory and standards qualification setting body for ElectroComms and Energy Utilities industries.

EE-Oz operates as Australian Public Company Limited by Guarantee, in recognition of its accountability to stakeholders across industry groups and not-for-profit status¹. Companies of this nature are unable to distribute profits to their members or issue shares. Additionally, all income and property of the company must be solely applied towards the promotion of the objects of the company as indicated in the constitution.

EE-Oz Training Standards has maintains a comprehensive formal stakeholder consultation structure, including a Board of Directors, four Industry Sector Councils, four Industry specific National Training Advisory Groups (NTAGs), one cross-sector NTAG Chairs Committee, sixteen Sector-specific Technical Advisory Committees (TACs), supported by a Secretariat of staff engaged by the Council.

ISCs primary funding source is a three year funding agreement with the Department of Education, Employment and Workplace Relations (DEEWR). This funding agreement is managed against the following Key Performance Indicators, with annual reporting requirements;

1. Provide integrated industry intelligence and advice.
2. Develop and maintain high quality training packages.
3. To support the implementation of Training Packages
4. To develop, maintain and disseminate other training and workforce development resources.
5. To offer independent workforce development advice to businesses
6. To work cooperatively as a network with other ISCs on cross-industry issues
7. Actively engage and communicate with a wide range of stakeholders.

¹ http://www2.search.asic.gov.au/cgi-bin/gns030c?acn=070_582_017&juris=9&hdtext=ACN&srchsrc=1

8. Provide information and policy advice on the National Training System.

Each Industry Skills Council independently reports to its industry led board, DEEWR and its broader stakeholder group on its achievements against these and other performance benchmarks. An annual Environmental Scan, Business Plan and Training Package Continuous Improvement Plans are available for public review from ISC websites.

Response

(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

Industry Skills Councils (ISCs) operate as national bodies and are assessed against their KPIs on a national rather than jurisdictional basis. That said, remaining responsive to industry needs requires working with stakeholders throughout Australia to ensure Training Packages reflect the skills needs of enterprise. In this capacity and to conform to the strict quality criteria for endorsement of Training Packages across jurisdictions, EE-Oz maintains strong networks and engagement with;

- 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
- Relevant State government departments (e.g. Energy, Training/Education, Construction, Climate Change etc)

These consultations ensure that the interests of all stakeholders in the National Training System are represented in the development of National Training Packages.

(b) accountability mechanisms in relation to Commonwealth funding for the general operation and specific projects and programs of each ISC;

As mentioned above, primary funding for ISCs occurs through a Funding Agreement with DEEWR. This agreement includes the following provision;

“Purpose...

D. We are required by law to ensure accountability for public money, and You are required to be accountable for all Funds provided by Us.”

EE-Oz, as all ISCs, is fully accountable to the Commonwealth Government for funding received under its funding agreement with DEEWR and all other government projects. ISCs are subject to the same scrutiny as other organisations that are contracted to DEEWR. Accountability toward this mandate is ensured through;

- Periodic reporting against KPIs and deliverables
- Provision of audited financial statements
- Acquittal of project funds
- Maintain 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.”

The requirement for extra reporting related to additional activities ensures these are in harmony with EE-Oz's primary duties as outlined in the Funding Agreement.

In recognition of the value of industry ties developed by ISCs and the potential for synergy between industry engagement for training and industry engagement for workforce development support, the current government has expanded the responsibilities of ISCs to include;

- diagnosing the training needs of employers and allocating training places
- identifying suitable training providers
- working with employment service providers to provide training to re-entrants.
- administration of relevant workforce development projects (e.g. EBPPP)

EE-Oz has formally engaged with Skills Australia to provide integrated and relevant industry intelligence on industry skills needs and the development of a national approach to workforce planning. This involves matching identified training needs with appropriate training solutions. Cooperation between Skills Australia and ISCs represents a mutually beneficial arrangement to ensure skills development is reflective of industry skills needs.

(c) corporate governance arrangements of ISCs;

ISCs were created as independent and unbiased not-for-profit organisations directed by bipartite industry boards. This independence is highly valued by industry as it provides a channel for two way communication with government on industry issues at both micro and macro levels. The pursuit of industry directed goals is supported by EE-Oz's charter and the KPIs negotiated with DEEWR.

These corporate governance arrangements were reviewed in 2006-07. The review included;

- A complete restructure of the board
- Constitutional review (facilitated by Henry Bosch)
- A requirement that the boards of ISCs include a majority of employer over employee representatives.

The EE-Oz Training Standards board complied with these requirements in May 2007. Since this time, the board voted unanimously to amend the constitution to require equal representation.

(d) Commonwealth Government processes to prioritise funding allocations across all ISCs;

DEEWR places comprehensive reporting requirements into the Funding Agreement to prioritise funding allocations. EE-Oz's reports on its contractual obligations through the following mediums:

- Environmental scan

- Business plans
- Training Package Continuous improvement plans
- Recommendations for identification of skills shortages, industry demographics and Productivity Places advice
- Training implications of government and enterprise initiatives

These documents are endorsed by industry prior to submission to DEEWR and are available as public documents from the ISC Website as required by the Funding Agreement.

These documents are used by government to prioritise policy and funding objectives both within the scope of the ISC Funding Agreements and via other projects which are awarded on a competitive basis.

(e) ISC network arrangements and co-operative mechanisms implemented between relevant boards;

EE-Oz maintains an open consultative structure and actively pursues engagement with all stakeholders in the training system. This goal is enshrined in the EE-Oz constitution under condition 3.7;

“to act as the principal voice of the Industries on issues related to education and training“

To this end EE-Oz maintains consultative networks with all stakeholders in the training system including training organisations, other ISCs and broader industry including;

- State and Territory industry Training Advisory bodies
- State and Territory Training Authorities
- Industry regulators (ERAC, ARCTICK, Clean Energy Council etc)
- RTOs
- Relevant State and Federal government departments (eg Energy, Training, Climate Change etc)
- Peak bodies (ENA, NECA, ECAQ, LGPA, APIA etc)
- TAFE directors association
- Victorian Electrical Training Senate
- VETassess
- TVET
- NQC
- AQFC
- Accreditation agencies across the nation
- ISC forum (including formal protocols for cooperation)

This consultation structure provides stakeholders in all sectors under the ISC's coverage, with a mechanism for effective two-way communication and a forum where solutions to the workforce development and training issues and challenges facing the sectors can be discussed. These committees also assist EE-Oz Training Standards ensure its products and services continue to be relevant to, and reflective of, development and change within all industry sectors under its coverage.

(f) the accrual of accumulated surpluses from public funding over the life of each ISC's operation and its use and purpose;

As required of all ISCs, EE-Oz Training Standards operates as an Australian Public Company Limited by Guarantee. This structure includes provisions for the development and use of surpluses. Under the conditions of the EE-Oz constitution;

"5.1 Income and property to be applied towards objects

All income and property of the company must be solely applied towards the promotion of the objects of the company."

Further provisions are included under the Funding Agreement with DEEWR, schedule 1 (p23);

"B.2 You may receive material support from industry which may be 'in kind' or in the form of financial contributions and You may also access funding to undertake additional activities from other sources on the condition that;

(a) The additional activities that You undertake are complementary and supportive of Your role as an ISC and the requirements and obligations described in this agreement.

(b) You comply with the requirements outlined in clause 20 of this agreement to deal with any Conflicts of Interest arising from the fee for service activities You undertake; and

(c) You report the additional activities and their outcomes in Your Annual and Final Reports."

These provisions permit the accrual of accumulates surpluses through efficient management but limit the use of this surplus to furthering the objectives of the company, as identified in the constitution.

As not-for-profit organisations, surpluses may not be distributed amongst the board or members of the company.

It should also be noted that all activities of the ISC, including those which generate a surplus, must be reported in the Annual and Financial Reports as a condition of the Funding Agreement with DEEWR.

(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

EE-Oz continues to work toward the completion of ongoing projects including the Skills for Sustainability initiative. This initiative is currently in Phase 2 following the successful completion of Phase 1. For the energy sector industries, skills for sustainability requires the addressing of both technical and soft skills to ensure industry is able to transition to a low carbon economy. This has required the coordinating the industry led incorporation of environmental sustainability units into Training Package qualifications. This

process was conducted through the relevant Technical Advisory Committees (TACs) and Technical Advisory Groups (TAGs).

EE-Oz has met all reporting and performance indicators for the ISC funding Agreement with DEEWR and those related to specific projects.

(h) any related matters.

In the Hansard of Senate debate on 22 June 2010, raised concern about the role of ISCs in administering the EBPPP process.

Work conducted toward the effective implementation of the EBPPP is complementary of the core duties conducted by ISCs, leveraging the extensive industry links developed by ISCs and encouraging yet 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 (as mentioned, these reports are available for public consumption).

EE-Oz's industry led board has directed the company to undertake a number of projects in addition to the duties outlined in the Funding Agreement which are determined to be in line with the objectives of the company. These projects respond to identified industry needs and are not directly funded from external sources. EE-Oz provides public reporting on these projects through the mediums listed under section **(a)**, recent projects include;

- Gas Skills Summit
- NBN Skills Summit
- Skill sets for energy efficiency
- Engineers Australia Project
 - Alignment of Adv Diploma qualifications with Dublin Accord requirements for international recognition
- Industry Futures committee