

INQUIRY INTO INDUSTRY SKILLS COUNCILS

SUBMISSION FROM INNOVATION AND BUSINESS SKILLS AUSTRALIA

About IBSA

Innovation and Business Skills Australia (IBSA) works with governments, individual enterprises, industry associations and other stakeholders to improve the response of the national training system in six industry sectors: Business Services, Cultural and Related Industries, Innovation and Financial Services, Education, Information and Communications Technologies and Telecommunications, and Printing and Graphic Arts.

These industries contribute about one quarter of Australia's GDP and account for nearly 30% of the Australian workforce. More broadly, innovation and business skills help to create and sustain growth in all industries by providing skills in areas such as critical thinking, information and computer literacy, project management, communication, and the capacity for creativity and innovation. As such, the work of IBSA is a critical part of the transformation of Australia to a new economy centred on knowledge and services.

“[ISCs are] the key organisations that deliver industry developed training standards and products, robust industry-based skills advice to government and identify important strategies in relation to workforce development.”

(Heather Ridout, CEO, Ai Group, in Manufacturers Monthly, 23.6. 2010)

(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

IBSA represents a varied group of industries, with a combined workforce of nearly 2.5 million, all of which contain a large number of SMEs and micro-businesses and are extensively integrated into other industries to provide key enabling functions. Our clients are scattered across every corner of the country, in remote towns, regional centers and larger cities.

IBSA's success in supporting the national training system lies in the way we do business, striving to create strong connections. In fact, it is the depth and breadth of our connections that makes us uniquely placed to provide independent industry leadership and advice on skill needs, leading edge training products and innovative workplace solutions to businesses. Our respected position allows us to act as a bridge between industry on the demand side and providers on the supply side. In doing this, we are seen as the 'honest broker' by both industry and providers.

Our understanding of the issues and differential impacts on states, territories and individual communities comes from our deliberate strategies to listen, engage and respond. We adjust our industry engagement strategies to complement existing activity 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 our engagement strategies. In this way we can maximize 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.

"[ISCs'] important work is funded by the Commonwealth Government, and in accordance with contractual requirements, is undertaken in a transparent and accountable manner with strong governance arrangements – as it should be.

(Heather Ridout, CEO, Ai Group, in Manufacturers Monthly, 23.6. 2010)

All our consultations and professional development workshops are offered in both metropolitan and regional areas. For example, in developing dance qualifications in the cultural industries we are consulting with Indigenous communities in Broome, Derby and the Tiwi Islands. When Training Packages are redeveloped or improved we also regularly travel to remote communities to gain an understanding of their specific needs; for example when developing Governance qualifications for indigenous communities, we visited Broome, Derby, Fitzroy Crossing, Alice Springs, Port Augusta, Coffs Harbour, Cairns, Melbourne and Sydney. Workshops for the new Certificate IV in Training and Education will be conducted in all capital cities and a number of regional areas including: Fremantle, Alice Springs, Geelong, Ballarat, Shepparton, Townsville, Mackay, Gold Coast, Launceston, Wagga Wagga, Parramatta and Newcastle.

IBSA Board members themselves are actively involved in building these stakeholder connections. The Board holds two of its meetings each year outside Melbourne and meets with industry stakeholders to hear first-hand about the expectations they have and challenges they face in working with the national training system.. In August 2009 the Board held its meeting in Fremantle WA, in December it met in Sydney, in June 2010 in Brisbane and it will meet in Adelaide for its December 2010 meeting.

This comprehensive approach to stakeholder engagement has given us the intelligence to deliver strongly on Council of Australian Governments (COAG) priorities in building workforce participation and productivity. The figures tell the story. IBSA now offers 274 qualifications across 11 Training Packages. In 2008 there were 296,100 participants in IBSA Training Packages. The Business Services Training Package is the most highly used of all national Training Packages.

Our Training and Education Training Package is a unique offering by IBSA to the operation of the national training system. It underpins VET delivery in every industry and is critical to raising standards across the VET sector. It contains the entry level qualification into the VET workforce.

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

IBSA receives Commonwealth funding for its general operations as well as specific project funding through DEEWR and other Commonwealth organisations. This includes funding to:

- administer the Enterprise Based Productivity Places Program within IBSA industries
- develop an on-line tool to measure innovative capacity
- develop materials to support training and learning
- develop qualifications in Business Governance with the Office of the Registrar of Indigenous Corporations.

As part of their funding agreements with DEEWR, all ISCs are required to submit an annual report and audited financial statement by 15 November every year. 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 funded through sources other than DEEWR.

There is a total separation between the Government funded activities and the commercial activities which support delivery of the Training Packages by providing high quality, innovative learning resources and training workshops.

IBSA's reports are open, comprehensive and properly fulfil all accountability requirements to the Commonwealth Government.

IBSA has strong internal accountability controls including a standing Finance, Audit and Risk Management Committee which includes an independent financial expert (CPA) and meets every two months. The Committee monitors the financial performance of the company, reviews all financial reports, reviews the performance of the external auditor and ensures compliance with laws, regulations and accounting standards.

“IBSA, from Board level down to the management of projects, has developed a strong governance framework that encourages accountability and quality in all activities”.

(DEST 2006, Evaluation of Industry Skills Councils)

(c) Corporate governance arrangements of ISCs

Following the ISC review in 2006, IBSA’s Board of Directors brings together peak bodies – the Australian Chamber of Commerce and Industry, the Australian Industry Group, and the Australian Council of Trade Unions, as well as representatives from IBSA member companies comprising key industry and professional associations.

As noted above the Board has a standing Finance, Audit and Risk Management Committee. It also has an Executive Committee to provide support between scheduled Board meetings and a Governance and Nominations Committee to establish and monitor transparent processes for Board appointments and oversee the company’s governance framework.

IBSA’s Constitution includes stringent requirements around the skills and expertise of the organisation’s Directors, and the organisation uses contemporary best practice in finance and governance policies and procedures. The management and the Board receive regular, timely reports on the organisation’s financial position, to ensure that:

- the organisation’s finances are aligned with the organisation’s strategic objectives and desired outcomes;
- the appropriate financial strategies, targets and projections are implemented for all organisational activities;
- the organisation’s commercial activities achieve the organisation’s budgeted rates of return;
- the appropriate risk management and mitigation framework is in place; and
- the organisation complies with legislative requirements and good governance practices.

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

In order to provide comprehensive and validated advice to the Government and Skills Australia IBSA, like other ISCs, prepares an annual Environment Scan. This is a detailed, evidence-driven report, which presents qualitative and quantitative analysis of the skills in demand data and information within the context of the broad social, demographic, technological, economic and labour market environments. It analyses change, evolving trends and new factors influencing workforce development, including emerging cross-industry issues.

IBSA also assists the Commonwealth Government in making its funding allocations by ensuring the programs we administer support broader Government objectives. For example, in selecting organisations to fund under the the Enterprise Based Productivity Places Program, IBSA engaged directly with stakeholders to make sure we achieved a geographic spread of applicants. The result was a fair distribution of projects across all States and Territories.

“ISCs work cooperatively with each other on a day-to-day basis, mirroring the interrelationships between industries and the supply chain nature of modern economies.”

(Industry Skills Council website www.isc.org.au)

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

ISCs are committed to working together to improve Australia’s skills base. The strengthened roles of ISCs set out in the Government’s ‘Skilling Australia for the Future’ policy has prompted ISCs to work together more strategically in recent years. This occurs though:

- Forums of ISC Chairs and ISC CEOs held four times a year
- Joint meetings with State and Territory jurisdictions
- Sponsorship of officer level cross-industry groups which meet about specific issues
- The development and maintenance of an Industry Skills Councils website to promote the collective work of the ISCs and provide a portal to individual Councils
- The production of consolidated, formal advice to government on contemporary issues that affect industry’s skill needs, including the following reports:
 - Environmental Sustainability: An industry response
 - Training Packages [a story less told]
 - Creating Australia’s Future: Together

IBSA is particularly diligent in consulting with other ISCs due to the cross-industry nature of qualifications. Our Business Services qualifications, for example, are important enablers for all other industries. More than 80% of training packages import units from the Business Services Training Package. Similarly, ICT has a critical enabling function across the economy and ICT qualifications need to support

every kind of business. The engagement and support of all ISCs, therefore, is important to ensure IBSA qualifications deliver for all Australian industry.

IBSA also takes a particularly strong leadership role within the ISC network in relation to workplace language and literacy strategies. We convened the ISC WELL Forum for four years; this helped all ISCs build their knowledge of workplace literacy and numeracy issues.

“IBSA is a progressive ISC, successfully achieving results across all KPIs. It has very broad coverage and ... has used this to its advantage to focus on high level concepts (such as innovation and management training).

It has move[d] the agenda forward on issues like the shape of future qualifications, demographic change and other important future directions for industry training.

(DEST 2006, Evaluation of Industry Skills Councils)

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

IBSA uses retained earnings to offset liabilities such as long service leave and annual leave, as well as continuing to support approved projects. IBSA’s surplus from 2009/2010 for example will be used to fund an applied research program and the development of resources to support Training Packages. IBSA’s forward budget indicates that by the end of the current funding agreement (June 2011), any surplus of public funding will be minimal.

All surpluses are declared in the company’s annual audited financial statement submitted annually to DEEWR.

The major source of IBSA’s surpluses comes from its commercial operations which are run in complete separation from our government funded businesses. Our commercial operations include professional development workshops and a bookshop offering e-learning resources and detailed printed resources. A large proportion of the commercial surpluses have been derived from on-selling for private commercial publications, for example, Pearson Education, Software Publications, and Innovative Business Resources. The commercial operations were established in response to demand from the market and complement IBSA’s core business.

(g) The effectiveness of each ISC in implementing specific training initiatives, for example the Skills for Sustainability initiative under the National Green Skills Agreement

Innovation and business skills underpin the productivity of all industries. As such, IBSA has been proactive in initiating a number of cross-sector projects for the broader benefit of Australian industry. These include:

- TAA and TAE Training Packages – IBSA has made a unique contribution to the national VET system with the development The Training and Assessment Training Package and the new Training and Education Training Package which provide the basis for all VET delivery
- Employability skills – IBSA coordinated the identification and definition of employability skills which are now embedded within all training packages.
- Green Skills - IBSA is undertaking work to ensure that all qualifications have skills for sustainability embedded within them, and that any newly emerging job roles with a core emphasis on sustainability are reflected in the qualifications. IBSA has also undertaken an audit of its 11 Training Packages to identify the gaps

and areas where sustainability skills may need to be incorporated or new units developed.

- WELL engagement – IBSA works within the Workplace English Language and Literacy program which provides enterprises with training that is integrated with vocational training and tailored to the needs of the workplace.
- National companies - IBSA is conscious of the specific challenges for national companies in accessing the training system. We are currently piloting the use of the Productivity Places Program to build the skills of existing workers in two national companies - St George Bank and Qantas. We will work across all states and territories with 27 new projects under the Productivity Places Program.
- Development of VET professions – IBSA provides professional development workshops for VET professionals to support the capacity of both public and private RTOs to provide quality education and training services.
- Innovation and entrepreneurship – IBSA has partnered with *Creative Universe, Creativity Australia* to conduct a conference on innovation and creativity in September 2010 and is working with *Australian Innovation* to produce a guide on programs and courses related to innovation and entrepreneurship.

The quality of our relationships with State and Territory Governments, RTOs and businesses is crucial to our success in getting these initiatives off the ground.

Conclusion

IBSA is a robust and independent organisation which has earned the respect of industry, governments, other Industry Skills Councils, and our state and territory industry advisory body partners. With our strong national approach, our focus on capability building, our authoritative industry advice, and our ability to work closely with enterprises, we are uniquely placed to support Australian businesses as they prepare for a future global economy based on knowledge and innovation.