

Submission

Senate Education and Employment Legislation Committee

- **Jobs and Skills Australia Bill 2022**
- **Jobs and Skills Australia (National Skills Commissioner Repeal) Bill 2022**

This paper is prepared by the Independent Tertiary Education Council Australia (ITECA), the peak body representing independent skills training and higher education providers.

When it comes to the task of creating a skilled, educated and more productive workforce, the heavy lifting will fall to the independent tertiary education sector. In this context, ITECA looks forward to playing an active role in the establishment and success of Jobs and Skills Australia.



Independent Registered Training Organisations support around 87% of the 4.3 million students in skills training.



Independent higher education providers support around 10% of the 1.6 million students in a higher education awards program.

Introduction

Jobs & Skills Australia Establishment Legislation

The Independent Tertiary Education Council Australia (ITECA) is the peak body representing independent providers in the skills training and higher education sector. In this context, ITECA has an interest in the establishment and successful operation of the proposed new agency, Jobs and Skills Australia.

ITECA supports the formation of JSA. It is viewed by ITECA as a critical piece of Australia's skills training infrastructure that, if appropriately focussed and resourced, will play a welcome coordinating role in driving the improvements to workforce productivity that are required to address skills shortages and also achieve a sustainable increase in wages.

It is noted that the legislation before the Parliament can be viewed as an interim measure. It provides the legislative basis to create Jobs and Skills Australia. It allows the new agency to undertake critical workforce and skills planning, before further legislation clearly defines its long-term governance arrangements and mission. ITECA supports the legislation in this context. It is also noted that allied to the legislation to establish Jobs and Skills Australia is a related Bill that effectively dissolves the National Skills Commission.

The National Skills Commissioner, supported ably by a professional team, has done some excellent work with respect to skills planning and forecasting. However, its work has been compromised by an inability to assess workforce needs at a regional and local level fully. ITECA's extensive engagement with state and territory governments has identified that some of these jurisdictions undertake this activity in a sophisticated and nuanced way that could be harnessed through Jobs and Skills Australia to benefit the national skills needs picture more effectively.

The forthcoming Jobs and Skills Summit, which ITECA is pleased to have been invited to, represents a significant opportunity to set the skills training and workforce productivity agenda for Australia over the coming decade. It is expected that the longer-term role for Jobs and Skills Australia will, in part, arise from discussions at the Summit.

ITECA thanks the Senate Education and Employment Legislation Committee for the opportunity to comment on this legislation.

Troy R Williams FIML MAICD
ITECA Chief Executive

Canberra, August 2022

Part One

Repealing The National Skills Commission Legislation

This Bill is considered in the context of the related *Jobs and Skills Australia Bill 2022 (Cth)* and the two pieces of legislation, although different, should be viewed as a package in ITECA's view.

The purpose of the *Jobs and Skills Australia Bill 2022 (Cth)* is to establish Jobs and Skills Australia as a new statutory body within the Department of Employment and Workplace Relations and set out the initial functions of Jobs and Skills Australia. The remit of Jobs and Skills Australia includes many functions of the National Skills Commission, with the Government's clear intent that the former agency replace the latter. In that context, the legislation is sensible.

Recommendation —

Jobs & Skills Australia (National Skills Commissioner) Repeal Bill

That the legislation be passed in its current form without amendment.

ITECA notes that the *Jobs and Skills Australia (National Skills Commissioner Repeal) Act 2022 (Cth)* comes into force at the same time that the *Jobs and Skills Australia Act 2022 (Cth)* commences. This is considered a logical approach and is supported.

Part Two

Legislation To Establish Jobs & Skills Australia

The *Jobs and Skills Australia Bill 2022 (Cth)* seeks to establish Jobs and Skills Australia as a new statutory body within the Department of Employment and Workplace Relations and set out the initial functions of Jobs and Skills Australia.

ITECA understands that this legislation is interim in nature, with further legislation expected within twelve months to establish Jobs and Skills Australia's permanent functions, structure and governance arrangements

Recommendation – **Jobs and Skills Australia Bill**

That the legislation be passed in its current form without amendment.

The comments in this section of ITECA's submission relate to the role of Jobs and Skills Australia as initially proposed and set out in the Bill, with the broader potential remit covered in Part Three of this submission.

As a result of ITECA's discussions with the Australian Government, and having reviewed the Bill, ITECA endorses the establishment of Jobs and Skills Australia.

ITECA reviews Jobs and Skills Australia as the "National Skills Commission *Plus*" insofar as the new agency incorporates the key tasks of the Commission, but with a more ambitious future work plan. In many respects, the new agency is a natural evolution of the National Skills Commission.

Observation – **A Greater Role For States A Territories**

ITECA notes that once established, Jobs and Skills Australia's functions will include an advisory role, providing independent advice to the Minister for Employment and Workplace Relations and the Minister for Skills and Training or to the Secretary of the Department in relation to a range of current and emerging labour market and workforce skills and training issues to improve employment opportunities for individuals and drive economic growth.

ITECA is pleased to see the reference in Section 10 of the Bill, which states that Jobs and Skills Australia must, where appropriate, consult and work with state and territory governments and the relevant authorities of State and Territory governments. This is particularly relevant in the context of skills funding, with the Australian Government contributing around ~30% and the state and territory government contributing the remaining ~70%.

It is noted that an interim director of Jobs and Skills Australia (JSA Director) will initially be appointed by the Minister. The primary function of the JSA Director is to lead Jobs and Skills Australia in the performance of its functions. The JSA Director will be supported by employees of the Department who will, in turn, be subject to the direction of the JSA Director.

In this respect, the interim governance arrangements of Jobs and Skills Australia appear to represent that of an agency with a Director accountable to the Minister.

**Observation –
Initial Governance Arrangements**

ITECA does not consider the governance arrangements set out in the Bill as ideal; however, it is noted that they are akin to those of the current National Skills Commission, presenting no cause for concern. In the context where it is understood that a further Bill will be presented to put in place a more robust reporting framework, the arrangements as set out in the Bill are acceptable.

The Australian Government has stated that Jobs and Skills Australia will give effect to the Government's commitments to tripartism that has widely been interpreted as consulting and working with (1) state and territory governments, (2) unions and (3) employer associations. This approach omits engaging with the nation's skills training sector in a purposeful way, notwithstanding commentary in the explanatory memorandum to the Bill about consulting with training providers.

**Observation –
A Quadripartite Approach Will Best Serve Australia**

For Australia's skills system to succeed, innovative new thinking is required. It needs to ensure that the skills training sector is responsive to the needs of businesses, students and employees through the delivery of job-ready skills training. The qualifications need to be developed by businesses and unions with appropriate government oversight; however, the key ingredient is the strategic input of skills training providers. We need qualifications that are both relevant and that can be taught in practice.

The Australian Government is about to embark on new dangerous arrangements – the Industry Cluster model – in which skills training organisations have been deliberately excluded from the governance model. In this respect, the new model simply replicates a significant problem of the current model insofar as qualifications are developed that, in many instances, can not be delivered in practice. As currently envisaged, Jobs and Skills Australia risks being strategically compromised for the same reason – the omission of the skills training providers as a stakeholder viewed as critical to the skills sector.

ITECA recommends that, from the outset, Jobs and Skills Australia have a quadripartite approach, one that provides clear roles for (1) state and territory governments, (2) unions, (3) employer associations, and (4) skills training providers.

ITECA notes that the Bill gives Jobs and Skills Australia will a remit to undertake research and analysis, to undertake workforce forecasting and prepare capacity studies for emerging and growing industries. Furthermore, Jobs and Skills will have the ability to , harness insights from industry. This

broad remit is support as it will provide an understanding of current, emerging and future Australian workforce skills needs to inform Australia's skills system policy and program settings. Of interest is that these functions will consider the resourcing and funding requirements for registered training organisations to deliver accessible quality skills training courses that will assist students and learners and better support the government's investment decisions in the sector.

Observation – Skills Funding Role

Australia's skills funding system is broken. Whereas around 87.1% of the 3.9 million students in skills training are with independent Registered Training Organisations (RTOs) only 22% of \$5.369 million in government skills funding is directed to supporting these students.

It is understood that the research and analysis undertaken by Jobs and Skills Australia will consider the resourcing and funding requirements for RTOs to deliver accessible quality skills training courses which will assist students and learners and better support government's investment decisions in the sector. In this respect, the remit of Jobs and Skills Australia doesn't differ greatly from the National Skills Commission; however, aided by that framework the former Australian Government was unable to conclude a skills funding agreement with the states and territories.

The Australian Government has been clear that Jobs and Skills Australia will give effect to the Government's commitments to consult and work genuinely with the State and Territory governments. This approach will be paramount to achieving a national skills funding agreement that best serves students and the Australian economy.

With the understanding that the *Jobs and Skills Australia Bill 2022 (Cth)* constitutes an initial down payment to establish the agency, with more comprehensive legislation to follow in twelve months to give a defined remit and governance arrangements for the new agency, ITECA is comfortable with the Bill; however, we recommend that the Parliament require the Government to report on the progress of this second tranche of legislation.

Recommendation – Reporting On Jobs and Skills Australia Further Legislation

That the Parliament require the Australian Government to report on the task of developing more comprehensive governance structure and defined tasks for the agency within twelve months of the Bill commencing. If no further legislation has been presented to the Parliament to do this, the Australian Government be required to report to parliament on the status of its proposed legislation.

ITECA looks forward to working with Jobs and Skills Australia and ensuring that the new agency is at the forefront when the Australian Government is considering workforce, employment and skills policies and programs.

Part Three

The Future Role Of Jobs & Skills Australia

When considering the *Jobs and Skills Australia Bill (2022)* in the context of a further Bill to establish Jobs and Skills Australia's permanent functions, it is appropriate to briefly consider the future role of Jobs and Skills Australia.

The Australian Government has a broad vision for Jobs and Skills Australia, one supported by ITECA. Although it should certainly use data, evidence and analysis to play a proactive role in workforce planning, it also needs a broader remit to bring together the disparate functions of Australia's skills training sector.

Jobs and Skills Australia needs to be more than a workforce planning and skills forecasting body, it needs to have a leadership role in restructuring the workforce to meet the changing nature of work.

ITECA believes that Jobs and Skills Australia will succeed through a quadripartite arrangement that brings together government, employer, unions and the skills training sector.

Recommendation —

A Quadripartite Governance Model For Jobs And Skills Australia

To achieve the coordinated approach to workforce planning and skills forecasting needed to address the nation's critical workforce planning and skills forecasting needs, it is recommended that JSA have a governance model that brings together government, the business community, unions, and the skills training sector.

Importantly, at a governance level Jobs and Skills Australia should have available to it a Board of specialists who understand the needs of an agency that needs to develop the solutions to Australia's workforce needs, but also the levers necessary to address these.

Recommendation —

A Skills Based Board For Jobs And Skills Australia

To deliver the outcomes needed to support a growing Australian economy, Jobs and Skills Australia needs available to it the best and brightest. It needs a skills-based Board that balances an understanding of the needs business, government, unions and skills training providers. Importantly, the Board should be selected on merit.

Some stakeholders have suggested that Jobs and Skills Australia have a representative Board, with each sector appointing a set number of directors. This archaic thinking from the 1980s does not reflect contemporary good practice in terms of governance. First and foremost, Jobs and Skills Australia should be lead by experts, not recycled committee nominees of major associations.

There is the opportunity for Jobs and Skills Australia to bring together the various parts of Australia's skills training infrastructure so as to develop a cohesive, integrated set of solutions. ITECA's initial thinking suggests that the following responsibilities merit inclusion.

Recommendation —
Task – Workforce Planning

Jobs and Skills Australia should have responsibility for the task of analysing, forecasting, and planning workforce supply and demand, assessing gaps, and determining target talent management interventions to ensure that Australia has the right people with the right skills to support a growing economy

Recommendation —
Task – Skills Forecasting

The skills forecasting role for Jobs and Skills Australia should align the outcomes of workforce planning and, through a process of continual skills audit of the workforce, identify skills gaps and put in place funding priorities to achieve these. The work needs to be look not only at funding priorities for the skills training sector, but also the higher education sector.

Recommendation —
Task – Skilled Migration

Although the skills training and higher education sectors address current or future skills shortages, this is often over the medium to long term given the timelines to attract, educate and train students. Australia has typically filled short to medium terms skills needs through the skilled migration program. In order to better align policy settings and develop a coherent approach to addressing skills needs, Jobs and Skills Australia should be responsible for providing recommendations on the settings for the skilled migration program (with the Department of Home Affairs retaining administration of the visa program).

Recommendation —
Task – Provision Of Information To Students

Presently, the Australian Government funds three different sources of course information: the MySkills, Course Seeker and Microcredentials Marketplace platforms. These three separate platforms provide different, and potentially contradictory information to students. Allied to these three platforms is the work of the National Career Institute (NCI). ITECA recommends that Jobs and Skills Australia have responsibility for the NCI (the need for the NCI to remain as a separately branded organisation merits review). Further, that priority be given to integrating the Australia Government's three different sources of course information, th: the

Recommendation —

Task – Skills Qualification Approvals

The framework in which qualifications are being developed is currently subject to a significant overhaul, with the current architecture including the Australian Industry and Skills Committee (AISC), the Skills Service Organisations (SSOs) and Industry Reference Committees (IRCs) being replaced by new Industry Clusters. Presently the new IRCs will report directly to the Department of Employment and Workplace Relations (DEWR). ITECA recommends that the IRCs be incorporated within Jobs and Skills Australia as that provides an improve mechanism to ensure that the qualifications are relevant as a result of the agency's broader linkages with employers, state and territory governments, unions and the skills training sector.

As currently constructed, it is envisaged that the new Industry Clusters will have a workforce planning function that includes the task of addressing workforce challenges through strategies to identify, forecast and respond to skills needs across a range of educational pathways, including skills training higher education. Given that this task clearly rests with Jobs and Skills Australia, it is wasteful given that the Australian Government will be using taxpayer funds to undertake the same task twice. ITECA recommends that the new Industry Clusters focus on the important task of improving the quality, speed to market and responsiveness of the qualifications development process – and have no responsibility for workforce planning.

In terms of organisational structure, ITECA recommends that each of the five functional areas listed above be managed by a separate office within Jobs and Skills Australia (e.g. JSA Office for Workforce Planning, JSA Office for Skills Forecasting, JSA Office for Qualifications Approvals et cetera). Each of these JSA Offices would be overseen by a Deputy Commissioner, with the Chief Commissioner having overall responsibility for JSA management and reporting to the Board. ITECA also recommends a separate appointment tasked with promoting engagement with small businesses.

Recommendation —

JSA Small Business Deputy Commissioner

To ensure that the interests of small businesses are an integral part of the decisions of Jobs and Skills Australia, ITECA recommends that a Small Business Deputy Commissioner be appointed. This will ensure that the unique and diverse skills needs of Australian small businesses are a constant in decision-making and that new and upgrade skills training qualifications are relevant to small businesses.

As noted earlier, the active involvement of state and territory governments, Jobs and Skills Australia will play a proactive role in skills forecasting and can put in place deliverable plans and policy responses to challenges and emerging opportunities.



The Independent Tertiary Education Council Australia (ITECA) is the peak body representing independent providers in the skills training and higher education sectors.

ITECA provides leadership, strategy, advocacy and support. Our members set our agenda, fund our activities and directly benefit from the results.

Independent providers support around 87% of the 4.3 million students in vocational training programs and around 10% of the 1.6 million students in higher education award programs.

ITECA Membership – It's a great time to get involved.

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