

Submission from

**Victorian Building Industry Consultative Council
Industry Advisory Body**

To

**Senate Education, Employment and Workplace
Relations Committee**

Inquiry into Industry Skills Councils

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Summary

This submission is from the Victorian Building Industry Consultative Council Industry Advisory Body (BICCIAB), a subcommittee of the Building Industry Consultative Council which is an advisory committee to Industrial Relations Victoria.

Role and effectiveness of industry skills councils

BICCIAB considers that the Construction and Property Services Industry Skills Council (CPSISC) plays a useful and important role and is a much-needed feature of national training arrangements. It effectively advocates the particular skill development needs of our industry by taking annual environmental scans, by continuously improving training packages and by coordinating industry feedback about changes to the national training system. It provides national coordination and effectively advances a national agenda (including promotion of trades and achieving an appropriate blend of practical work and theory in training).

BICCIAB is concerned about current industry coverage arrangements that see CPSISC covering the property services industries and SkillsDMC covering civil construction. The two types of construction should be covered by the same ISC and property services should be covered by another ISC, as they have been in the past.

ISC networks and links with relevant boards

Links between CPSISC and BICCIAB should be better defined. One would expect strong and well defined links between the two bodies, but this is not the case. Stronger links with BICCIAB would improve CPSISC's effectiveness. BICCIAB's program of activities and strong state-level networks could improve CPSISC's national environmental scan and the effectiveness and efficiency of its information gathering with industry.

Links could be improved through a memorandum of understanding covering how the two organisations work together; by establishing a mechanism for BICCIAB to provide regular industry advice to CPSISC; and by state ITAB representation on the CPSISC board. CPSISC could also support BICCIAB by reallocating to it some of the project work it obtains from the Commonwealth Government.

CPSISC's record implementing specific training initiatives

BICCIAB recognises that CPSISC has a complex job coordinating multiple stakeholders across Australia to implement training initiatives. The Skills for sustainability initiative was well executed for the plumbing industry but there are concerns about the continuous improvement process for the building sector units in the CPC08 training package. Industry stakeholders have also been concerned about the training package continuous improvement process. This contrasts with the process used some years ago to review the qualification and skill requirements of the Off-site Construction Training Package, which was generally considered to be good.

About this submission

On 22 June 2010 the Senate referred matters relating to the role and effectiveness of industry skills councils in the operation of the national training system to the Senate Education, Employment and Workplace Relations Committee for inquiry and report.

This submission to the inquiry is made by the Victorian Building Industry Consultative Council Industry Advisory Body (BICCIAB). It addresses four of the committee's eight terms of reference:

- 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
- e) ISC network arrangements and co-operative mechanisms implemented between relevant boards
- g) the effectiveness of each ISC in implementing specific training initiatives, e.g. the Skills for Sustainability initiative under the National Green Skills Agreement
- h) any related matters.

BICCIAB, being a separate and independent entity, does not consider it appropriate to respond to some terms of reference, namely:

- b) Accountability mechanisms in relation to Commonwealth funding for the general operation and specific projects and programs of each ISC
- c) Corporate governance arrangements of ISCs
- d) Commonwealth Government processes to prioritise funding allocations across all ISCs
- f) The accrual of accumulated surpluses from public funding over the life of each ISC's operation and its use and purpose.

About BICCIAB

BICCIAB is a subcommittee of the Building Industry Consultative Council (which is an advisory committee to Industrial Relations Victoria). Industrial Relations Victoria auspices the council (which comprises representatives of government, employers and unions) and provides it with a secretariat.

BICCIAB provides advice to state government agencies about the skill requirements and training needs of the civil construction, general construction and plumbing industries. In Victoria, most industries have industry training advisory bodies (ITABs)¹ performing similar functions.

At the national level, there are 11 industry skills councils performing equivalent functions. BICCIAB's counterpart industry skills councils are:

- the Construction and Property Services Industry Skills Council (CPSISC) which covers the general construction, plumbing and property services industries
- SkillsDMC, which covers the civil construction industry (as well as drilling and mining)

¹ Some of these bodies are called industry advisory bodies (IABs), as is BICCIAB.

Role and effectiveness of industry skills councils

CPSISC plays an important, useful role

BICCIAB considers that ISCs play a useful and important role and are a much-needed feature of national training arrangements.

Advocates the particular needs of our industry

Different industries have different circumstances and needs. Some characteristics of the building and construction industry are:

- an itinerant workforce
- a workplace that is constantly changing (workers move from project to project as projects are completed and new ones start)
- a crossover of workers between civil and general construction
- a predominance of micro businesses (individual tradespeople and 2-3 worker businesses) rather than large employers
- very little structured on-the-job learning.

This contrasts with the manufacturing industry which tends to have fixed workplaces, a relatively stable workforce, many large employers and well-defined career paths from the factory floor to higher AQF levels.

Governments and training organisations that are unfamiliar with the characteristics of particular industries might favour a one-size-fits-all approach to training. As explained above, this approach does not suit our industry sectors. An industry needs strong leadership from its ISC to identify and respond to skill demands to ensure training arrangements are nationally consistent and compatible with those of other industries, while reflecting the particular needs of industry. By and large, CPSISC provides that leadership for the construction industry.

Valuable mechanism to collect industry input

CPSISC is a useful and effective mechanism to collect and analyse qualitative and quantitative data from industry and provide statistics and advice to government on behalf of industry. It does this by taking annual environmental scans and through training package continuous improvement processes and more generally by gathering feedback from industry to inform changes to the national training system.

Provides national coordination

CPSISC performs well in the often trying federal environment: each state can be inclined to think it has the best system and that the other jurisdictions should rise to meet its standards. It is a hard job pleasing everybody, and CPSISC goes about it effectively. At the same time, it has been effective in advancing a national, nonnegotiable agenda that includes the promotion of trades and an appropriate blend of practical work and theory in training.

Generally, CPSISC has provided effective leadership to balance the competing pressures arising from different industry practices around Australia, particularly between regional and rural areas and metropolitan areas. For example, construction techniques popular in the outback may be little used in the city. Strong leadership is needed to ensure that methods favoured by very small numbers of enterprises, although very important for them, are not disproportionately included in training packages.

Advancing the national training agenda

CPSISC works well to advance the national training agenda. CPSISC:

- has produced an extensive list of qualifications
- in recent years has reviewed three training packages and consolidated them into one, and in the process reconciling substantially different views
- has developed Certificate IV units and qualifications and worked to increase their uptake, providing more and broader career paths in the construction industry with qualifications particularly suited to Victoria's needs.

Industry sector representation needs further clarity

As a result of a reduction in the number of national ISC's from 26 to 11 in the last decade, CPSISC now covers the general construction and property services industries. Civil construction, which was previously covered along with general construction by Construction Training Australia, is now covered by SkillsDMC (which also includes drilling and mining, amongst others).

BICCIAB has ongoing concerns about these coverage arrangements: the two construction industry sectors should be covered by the same ISC and property services should be covered by another ISC. This would reinstate previous coverage arrangements which worked well. In terms of training package development, there are many imported units and commonalities within the construction training packages and there is not a lot of commonality with property services (other than both dealing with buildings and land). There was never a clear and logical case made for the current arrangements: they were a matter of convenience and continue to grate.

For example, qualifications for building designers were previously state qualifications within the construction industry. Late last year, CPSISC produced a national qualification which was put in the property services training package. This did not reflect industry opinion of where this qualification should be located.

BICCIAB currently has coverage of civil construction which was previously with the state ITAB covering the manufacturing industry. Skills Victoria has commissioned consultants to examine coverage arrangements in Victoria and their report is due by December 2010. The same consultants recently recommended in New South Wales that state ITABs align with national ISCs. Although we support the principle of such alignment, this support is conditional on the national coverage being appropriate. We do not consider that the current coverage of property services by CPSISC and civil construction by SkillsDMC is appropriate.

ISC networks and links with relevant boards

CPSISC / BICCIAB links need better definition

As explained in the introduction, CPSISC and BICCIAB cover the general construction and plumbing industries at the national and Victorian levels respectively. One would therefore expect strong and well defined links between the two, but this is not the case.

Proper definition of the relationship between BICCIAB and CPSISC remains unfinished business from the time of the rationalisation of national ITABs from 26 to the current 11 in the mid-2000s. The national ITABs before rationalisation generally had very strong links with their state and territory ITAB equivalents, and Construction Training Australia and the Victorian construction ITAB had strong links until the late 1990s when the Victorian body was disbanded. There was no state body in Victoria until 2007 when BICCIAB was established. That is, at the time that CPSISC was established and the close relationships of the past needed to be recreated, there was no ITAB in Victoria.

BICCIAB and CPSISC are two separate entities and links between them are poorly defined. For example:

- there is no documentation (such as a memorandum of understanding or service level agreement) to explain the relationship between the two organisations
- there is no regular reporting between the two although BICCIAB does participate in conferences and teleconferences conducted by CPSISC.

CPSISC has laid the basis for better links: it holds an annual national network conference which is attended by representatives of state and territory construction and property ITABs attend. These conferences help build links between CPSISC and BICCIAB. Also, BICCIAB representatives meet informally from time to time with CPSISC staff. A CPSISC representative is also a member of the BICCIAB Plumbing Industry Reference Group established in 2010.

Stronger links with BICCIAB would improve CPSISC's effectiveness

BICCIAB could help improve CPSISC industry input

National ISCs consult with industry on a project by project basis and from a distance by using consultants of technology (such as websites). CPSISC has direct contact with industry representative bodies, teacher network groups and other stakeholders in Victoria, but this is usually through consultants working on particular projects or by CPSISC providing project funding to Victorian organisations. Such contacts tend to occur for specific projects and within often-limited consultation budgets; they are not intended to collect information about the broader range of skill development issues concerning industry.

State ITABs are 'on the ground' with the whole range of industry stakeholders on a daily basis. They are able to maintain lasting relationships with industry, building

cooperation and a supportive network. The state ITABs are talking to people, identifying needs and issues and gathering useful and relevant information. As well, they are invariably closer to a broader range of employers than a national organisation can be. BICCIAB is well-placed to assist CPSISC update And improve its industry information and consultations.

During several recent projects (including the Skills for Sustainability initiative and training package continuous improvement) BICCIAB has expressed its concern to CPSISC about a lack of understanding about how industry operates. For example, CPSISC circulated a survey that had to be completed two days before Christmas. In the building industry, such timeframes are unrealistic.

BICCIAB could improve the national environmental scan

National ISCs are required to produce annual environmental scans as part of efforts to identify and address skill shortages.

Skills Victoria funds BICCIAB to conduct an annual environmental scan as a contribution to the annual outlook for the Victorian economy. In 2010, the report was produced by Access Economics and was a comprehensive and well-received overview of the labour market. We understand similar reports are prepared in other states with contributions from their ITABs. There is however no mechanism to integrate the Victorian data into the national environmental scan. In the interests of better industry representation, there should be.

BICCIAB's state level network links are strong

Although links between BICCIAB and CPSISC need better definition, links between Victorian ITABs are strong. Skills Victoria funds a state network of ITABs and their representatives meet regularly. This enables ITAB staff to transfer knowledge and skills and ITABs to develop strong positions on behalf of industry.

How links could be improved

Memorandum of understanding

Several years ago, a memorandum of understanding between BICCIAB and CPSISC was produced which provided a very general indication of how the two bodies might work together. Unfortunately, it was too general to provide clear guidance to either body.

In 2009 the state and territory ITAB network proposed a more substantial memorandum of understanding which would have made ITABs a major source of industry information to CPSISC. This proposal was rejected by the CPSISC Board.

A clear advisory role

There is currently no mechanism for BICCIAB to provide regular industry advice to CPSISC.

EPIC Industry Training Board (the Victorian ITAB covering the electro-technology, electricity supply, IT and communications and printing industries) has an agreement with EE-Oz Training Standards (the national ISC covering most of these industries)

to run four information sessions a year; to provide regular industry advice; and attend four face-to-face meetings a year. The agreement recognises that the ITAB should be the first point of reference for information about what is happening in the state.

Representation on the CPSISC Board

Until recently ITABs had a representative on the CPSISC Board. As the result of a reorganisation, this position was abolished and a representative of ITABs now sits on an advisory group. ITAB representation on the CPSISC board would create an important formal link between the two levels of industry advice.

CPSISC support for BICCIAB

Some state governments have traditionally recognised, and continue to recognise, the importance of state ITABs. Victoria allocated \$150,000 to BICCIAB in 2009-10 but ITABs in most other states received virtually no ongoing funding from the state government and rely on project funds or from an industry fund to survive.

CPSISC is regularly allocated projects by the Commonwealth Government and these are a major source of its revenue. CPSISC should consider contracting some of these projects to suitably skilled ITABs such as BICCIAB. This would engage a broader range of professional expertise on projects, use the particular expertise and local industry knowledge of the ITAB, and strengthen the financial viability of ITABs and build their professional capability. And, as explained above, stronger ITABs would improve the operations of the ISC.

In 2009 BICCIAB submitted a proposal to be a CPSISC preferred supplier but did not receive a response. CPSISC has not allocated projects to BICCIAB in recent years.

CPSISC's record implementing specific training initiatives

BICCIAB recognises that CPSISC has a complex job coordinating multiple stakeholders across Australia to implement training initiatives.

Skills for sustainability

Skills for sustainability was an important initiative requiring changes to several training packages. CPSISC effectively conducted consultations to upgrade units in the plumbing training package to cover sustainability. BICCIAB worked with CPSISC to source key stakeholders who were quickly and efficiently consulted.

Changes to the general construction training package did not proceed as smoothly. Concerns included short turnaround times for comments, limited information dissemination and, in terms of delivery, inflexibility and lack of clarity about prices, employer contributions and administrative requirements.

Training package continuous improvement

BICCIAB considers that processes for continuous improvement of plumbing sector units in the training package are working well. However, industry and stakeholders have expressed concerns about how the process has operated for building sector units.

The continuous improvement process does not lend itself to the same degree of consultation as the more structured, regular improvement cycles of the past. Stakeholders must follow the discussion and submit comments to a website, rather than their feedback being coordinated by project officer; and there is no feedback about what then occurs to their contribution.

On several occasions, timelines have been so short that BICCIAB has been unable to provide feedback. For example, the Commonwealth Government's home insulation scheme required a new unit of competency to be developed in an extremely short timeframe. BICCIAB made a comprehensive submission foreshadowing the dangers of inadequate training but it was too late to be considered.

The process is also causing problems for RTOs. They need to constantly check the status of units to make sure they use the current version. Further, when units are amended through the continuous improvement process, all the unit codes must change. This will have massive flow-on effects for RTOs and consume very substantial resources making avoidable administrative changes. When even a unit code is modified or a new code developed, it is an onerous task for an RTO to update all their documentation for the new code.

Other concerns are that even simple changes to the CPC08 training package have required great effort and that the whole process is very slow, not user-friendly, and should be streamlined.

The continuous improvement process would benefit if CPSISC shared and examined continuous improvement processes that other ISCs have implemented.