



27 July 2010

Dr Shona Batge
Committee Secretary
Senate Education, Employment and Workplace Relations Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Dr Batge

CPSISC Submission to Senate Enquiry into Industry Skills Councils

The Board of CPSISC wishes to make a submission to the Senate enquiry into funding Industry Skills Councils, mentioned in the Senate on 22 June 2010.

Background

CPSISC was established almost 7 years ago following a review of National Industry Training Advisory Bodies and recognised bodies by the Allen Consulting Group at the request of the then Australian National Training Authority. The structure developed was considered to be the most effective to deliver the services required and to cover such broad ranging industries. The constitution and governance of each ISC was reviewed by Henry Bosch. The ISC's were therefore established and strongly supported as bi-partisan bodies by the Coalition Government of the time. Training packages play a critical role in ensuring national consistency in training. Nearly all COAG licensing work is based on the Training Packages and they are strongly supported by both Labour and Coalition parties.

Issues

Structure

CPSISC believes that our current structure is the most effective possible given that we represent over 526,000 enterprises and 1.8 million employees. The current CPSISC board consists of 9 employer representatives and 3 employee representatives. Although many are association representatives they often run enterprises as well. For example, the Chairperson from 2003 to 2009 was Kareena Ballard representing the Real Estate Institute of Australia. Kareena runs Quinn Ballard Real Estate in Perth and is a Liberal 500 club member. Tom Roche, owner of SNP Security in Sydney has 2,000 staff and represents the Australian Security Industry Association Limited. Our current Chair is Lindsay Fraser, Assistant National Secretary of the CFMEU. The position of Chair rotates between Property and Construction every two years. The common criteria for all Board Members is

impeccable standing in the industry where they work. This means that industry is more likely to accept Board decisions.

We have reviewed our structure and governance on several occasions and we think that the current model is the best possible model for such a diverse range of enterprises and employees. It is not possible to have a board of just small, medium or large enterprises as the industries are far too big and diverse. There are 22 separate industries in the property side and the construction side is equally diverse. A small Queensland plumbing business cannot speak for all plumbers. An industry association is an essential ingredient for credibility.

Funding

The approach of grouping all funding that Skills Councils may access into one pot provides a misleading picture of funding received. For example in the first round of Enterprise Productivity places funding CPSISC received 6.2million dollars over 4 years and a further \$350,000 in the second round of funding. All except \$200,000 for our administrative fees is going straight to training providers for training of 1400 Certificate 3 and above qualifications usually in high skill shortage areas. CPSISC has indicated to DEEWR that the funding is inadequate to administer the program unless combined with other operational funding. Proof that the funding received from DEEWR has been fully spent in accordance with the intended purpose is encompassed in our audit statement for the past few years which is at **Attachment A**. The reason that our funding agreement is over 3 years is that it is impossible to be strategic or retain staff if funded on an annual basis. Any surpluses will be poured back into industry training initiatives.

The current agreement with DEEWR totals \$11.63m over three years commencing 31 March 2008 and concluding 30 June 2011.

It is understood that there was a particular interest in funding received under the Ceiling Insulation Program. CPSISC received a total of \$148,466 including GST comprising an original contract plus 4 minor amendments for additional work. Our role was solely to produce training resources. This work initially involved developing a single draft standard from the four existing standards, producing resources for providers to use, and an installers handbook. This work was completed and available on our web site by 31 July 2010 some 3 months before any fatalities occurred. Page 35 of the booklet showed the likelihood of electrocution if you used metal staples installing foil bats. Proper clearances around down-lights were also stipulated in the first edition of this booklet. Workshops were also conducted by the Department of Heritage and Environment and DEEWR to ensure that Training Providers were aware of requirements. We were later asked to make some minor changes to the handbook and to put the standard through the endorsement process.

Roles and effectiveness in the operation of the national training system, especially in relation to the States and Territories

CPSISC has four key roles:

1/ Industry leadership

- 2/ National Training Packages
- 3/ Workforce Development
- 4/ Strategic Industry Intelligence

CPSISC engages closely with the states and territories through a variety of means. We use formal mechanisms such as meetings with state training authorities and also operate a Construction and Property Services Network to disseminate information and promote National Best practice. We teleconference every six weeks with State ITABs and run our consultation workshops through them. CPSISC meets with them face to face on an annual basis and publishes a best practice brochure highlighting the good work they are doing. We often fund them to do projects where they have the necessary expertise. We do not include them on our board as they are not national bodies or employers. We have invited several to attend our next board meeting to look at ways of working more closely. However, there have been issues in the past over individual states trying to push their own state interests in place of a national approach. Some states regard their own programs as superior to all other options. Others show considerable expertise and co-operate exceptionally well with CPSISC in the interests of industry.

At the broader national level, industry leadership of VTE has been a core feature of the Australian Training System for over 20 years and this has aligned to the acceptance and recognition of the value of a truly national system. A crucial part of this process has been the recognition that to achieve real ownership and investment in skills development of our workforce, employer and employees representatives must be joint partners at a strategic and operational level. This is reflected today in key bodies such as Skills Australia.

Our roles have progressively evolved since our establishment and align to the governments understanding of the levers for raising productivity and participation. There is recognition today that training must be aligned to skills utilisation, workforce planning, and development in order to meet our future skills challenges. That is part of the reason that CPSISC has developed a sophisticated workforce development plan which can be found on our website www.cpsisc.com.au. The Enterprise Based Productivity Places program provides a key tool for us to focus the direction of training in partnership with employers and providers.

Many key players do not often understand the intrinsic value of ISC's as independent brokers of agreed advice and directions for skill development. When this is achieved collectively for all 11 ISC's -across sectors, jurisdictions and between employer and employee representatives - it represents a level and breadth of grass roots by in unable to be replicated by any other organisation. The value and solidarity this provides the system in progressing large scale policy reform and funding represents an incalculable return on investment. CPSISC joins all other ISC's in a forum along with Skills Australia providing a platform for co-ordinated policy input, development and implementation that would be difficult to match.

CPSISC also produces a high quality Environmental Scan each year which provides government and industry with advice on key challenges we face in the coming year. The CPSISC Environmental Scan is available at www.cpsisc.com.au.

CPSISC has recently convinced India to adopt the Australian Skills Council model and many other countries are adopting our standards and training strategies. The CEO of CPSISC was sponsored by the Malaysian Government to assist in the introduction of standards to cover a revised Waste Management system in Malaysia. Similarly New Zealand has adopted many of our Australian Construction standards. The UK is adopting our Security Management qualifications and is trying to replicate the career pathways we have integrated into our package. With regards to the joint submissions and activities we have participated in with other ISC's a summary is enclosed as **Attachment B**. The submissions cover a broad range of policy initiatives critical to the future of the Australian Training system and our workforce.

Accounting and Reporting

CPSISC reports to DEEWR on an annual basis against all KPI's and as stated previously, also provides an audited acquittal of funds. A copy of our annual report to DEEWR is at **Attachment C**. CPSISC prepares a business plan for DEEWR before the start of each financial year detailing projects and costings. A full budget is also encompassed within the business plan. Duesbury's are the CPSISC auditor. CPSISC employs an independent accountant and this is Cath Sutton, who is also the Finance Director of the Australian Petroleum Association. CPSISC also meets regularly with our DEEWR contact officer and has an excellent relationship with DEEWR. CPSISC cannot speak highly enough of DEEWR staff.

Yours sincerely

Kindsay Fraser
Chair

Attachments

- A - Audit summary for the year ended 30 June 2009
- B - A summary of joint submissions with other ISC's
- C - CPSISC Annual Report