



Software Publications Pty Ltd

Committee Secretary
Senate Education, Employment and Workplace Relations Committee
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Wednesday 4 August 2010

Re: Contribution to the Senate Inquiry into Industry Skills Councils

We are part of a large body of people active in the Australian Training system who are concerned and in some cases infuriated by some of the ways that the Industry Skills Councils conduct their commercial affairs.

In particular with the development and sale of training materials:

- The ISCs spend public money developing training and assessment materials that duplicate and directly compete with good quality training materials produced by publishing companies and training organisations. Because they are publicly subsidised to develop these training materials, it allows them to compete unfairly in the market and sell subsidised product that undercuts organisations that have invested their own resources in development.
- In some cases the ISC claim they are not competing unfairly because they have invested their own money in training materials. It should be considered that these profits re-invested were made from the sale of Commonwealth-owned product which they have been able to privatise for their own interests.
- ISC priorities to develop materials in high volume sales areas that are of genuine commercial interest, is carried out to the detriment of other high need areas that are small in volume of participants and sales and therefore of no interest to publishers and training organisations needing to make a profit – nevertheless these un-serviced and under-serviced areas are often of strategic economic or social importance, and should be attracting Government support for their development.
- As a result of this distortion of the market for training materials, there is an oversupply in the popular areas such as Accounting, Retail, Business Management, Project Management, Train the trainer, and the like, while niche areas like Recordkeeping, Medical Administration, Broadcast Technology, Scenery and set design, Museum Practice – in fact there are several hundred



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qualifications that fit the description of this category – that are poorly serviced in materials because public money is wasted duplicating design and production in the high volume areas.

- ISCs as the developers of Training Packages claim a certain advantage in the market because the materials they produce (even though they are classified as “non-endorsed” meaning optional and voluntary, they claim that their products are the “authoritative” products, when the reality is they have no valid reason to make such claims. In many cases, competitor products are quality assured when ISC products are not.
- ISCs use their status as the licensed developers to claim unfair status in the marketplace – in fact they have no special claim to be able to produce higher quality materials than any other legitimate player in this market.
- ISCs have deliberately tried to misrepresent their products as being the ONLY products that RTOs can use that are approved by the Regulatory authorities and their AQTF auditors. Because many RTOs (and especially the smaller ones) are at risk from the audit process (and see it as highly onerous and designed to force them out of the market) they are vulnerable to misrepresentation from ISCs about the alleged “official” status of their products. In some jurisdictions and states, they have attempted (and occasionally been successful) in monopolising the market and having regulatory bodies instruct their RTOs and teachers that they are only allowed to use ISC product, thus locking all competitors out of the market. This is anti-competitive behaviour in the extreme.
- The adoption of the National Quality Councils *VET Products for the 21st Century* has changed the architecture of the product range, and provided further opportunities for the ISC to operate in a monopolistic character. The new Training Packages, it is intended, will be much slimmer volumes, with units stripped of much of the volume and detail that is currently in them. They will become outline of the workplace standards required, and a great deal of detail will be removed and contained in what could be termed “Implementation advice” or possibly “curriculum”. The model for the new products is the recently endorsed TAE10 Training and Assessment Training Package. However, the new Training Package design requires reference to certain reference material in order to be assessed. Thus the “Implementation advice” has shifted from being part of the optional “non-endorsed” to a new category of “mandatory advice” –



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and in every case, the ISC will have a monopoly over the design, production and distribution of this range of product – it can only be sourced from the ISC. In this way the ISCs will be able to further entrench themselves, masquerading as the ONLY supplier of authoritative training products to the market.

Yours Faithfully

Chris Coulson

General Manager