

National Electrical and Communications Association:

Submission to Senate Education, Employment and workplace Relations References  
Committee Inquiry into Industry Skills Councils

Contact details:

James C Tinslay – CEO  
National Electrical and Communications Association (NECA)

Background:

The National Electrical and Communications Association (NECA) is the only national industry association representing contractors responsible for the delivery of electrical, voice and data communications systems in . It has approximately 6,000 businesses as its members, which employ approximately 50,000 tradespeople. It is also the only relevant industry organisation with State Chapters in each State and Territory capital city. The Association actively represent the needs of contractors with Australian governments and industry, ensuring members' needs are heard. NECA works to steer the future of the industry on critical issues such as licensing and regulations, training and education, skills shortages, workplace relations and occupational health and safety. Through membership on more than 30 Standards Australia Technical Committees and other relevant industry bodies, NECA represents its members' interests on important matters that affect their businesses.

The electrical and communications industry is responsible for the installation, servicing, repair and maintenance of electrical and electronic equipment for industrial, commercial and domestic purposes. It includes voice and data communications cabling systems.

Key facts for the industry include:

turnover of at least \$12 billion per annum  
employment of approximately 140,000 with the majority of these electrical tradespersons;

most businesses have between 1 and 10 staff or are sole traders;

expected industry growth in aggregate of 3-5 per cent over the ten years (with some

variance across the industry sectors); and

the industry's prime qualification is the trade qualification of Certificate III Electrician that provides a pathway across manufacturing, wholesaling and contracting.

NECA is directly involved in the delivery of training and the employment of apprentices. NECA employs approximately 2,000 Australian Apprentices through Group Training arrangements. A number of the State Chapters of NECA operate a Registered Training Organisation (RTO) and most have affiliations with a range of public and private RTOs.

NECA also provides extensive non accredited training and workforce development for employer members in specific areas. For example, the training and support services relating to Occupational Health and Safety include:

Extensive Safe Work Method Statements and Risk Assessments

Tool Box Talks Manuals

Return to Work Manuals

Comprehensive "NECAsafe" training courses and associated manuals and resource materials

OHS site visits and audits

OHS training provided on site

OHS working committees and national advisory committees

Over many years, NECA has been actively engaged in the reforms to the national training system and has been a strong and public supporter of an industry-led and responsive education and training system. NECA has undertaken a significant amount of work in addressing skill shortages, developing innovative ways to deliver training and providing detailed policy advice to all governments and other stakeholders. Some recent major initiatives include:

Production of the National Skills Shortage Strategy Workforce Projections Project Report which was a major undertaking of NECA over 2007, 2008 and finally drawing the results together in 2009. The project was the most ambitious ever attempted in the industry and involved extensive research and consultation with around 5,500 industry representatives, employers, employees, RTOs, group training organisations and other key stakeholders. The 31 findings have been presented to assist the industry to build a well-skilled and productive workforce able to meet the challenges of the future. The report documents relevant occupations across industry sectors, identifies current skills needs, establishes skills needs projections, and identifies strategies for solutions to barriers towards formal skills labour market development. It was widely distributed to industry to increase the understanding in the industry of data, possible solutions and the need for formal skills development. It remains the most comprehensive work ever undertaken in the industry.

NECA's High Level Pathways in Electrotechnology Project was completed following widespread consultation with employers on the potential introduction of alternative

pathways for the industry at post trade level. Following serious concern by employers over existing offerings, the project led to an industry owned Diploma level qualification accredited and piloted in Victoria.

Undertaking a comparison of electrician and related occupations with a view to developing a framework for agreed training standards for the industry across the Asia-Pacific region to enhance skills mobility. NECA undertook extensive work in Australia, New Zealand, Singapore, Malaysia, Thailand, Hong Kong, Taiwan, and the Philippines with NECA sister organisations who also participate in our industry's peak regional organisation, the Federation of Asian and Pacific electrical contractors associations (FAPECA). Reports on each participating countries vocational education and training system were also completed.;

Provided relevant agencies with the necessary industry expertise and assistance in the development of a Star Rating Scheme (SRS) of electrotechnology related faculties of RTOs by employers and industry.

Developed, accredited and placed on line the nationally recognised Ecosmart Electricians Training Course and support materials. Training has been provided to over 2,000 employees and over 600 companies around Australia are registered.

Undertake a comprehensive range of industry awards recognising excellence in education and training each year at National and State/Territory levels including Apprenticeship Awards, Electrotechnology School Student Awards and Trade Teacher Awards.

Establishing the ElectroComms Contracting Foundation which is made up of experienced and successful individuals and companies from all sectors of the electrotechnology industry that are committed to industry development. The Foundation has already developed significant financial and philosophical support and so far industry and partners have committed more than \$1 million. The Foundation grants post-apprenticeship awards to those entering the industry for further education in management and technical skills, having already awarded over 60 scholarships since 2002. The Foundation has also developed a high-level leadership and management program tailored to the needs of the industry. The program is offered to all in the industry to develop and build their management skills, to further their careers and lead the industry.

NECA continues to have on-going involvement in a number of Industry Skills Councils (ISCs), in particular EE-OZ. NECA currently has a representative on the EE-OZ Board and has also a nominated proxy.

NECA Response:

NECA strongly supports any move to improve the relevance and responsiveness of ISCs to meet employer and industry needs. NECA endorses the need for this inquiry and provides comment on each of the Terms of Reference. The responses are provided in

relation to all ISCs and with particular reference to our experience with EE-OZ over a long period of time.

## Terms of Reference

The role and effectiveness of Industry Skills Councils in the operation of the national training system particularly as it relates to states and territories and rural and regional Australia

The role of the ISCs over the last ten years has evolved from having as a key and primary responsibility of developing and undertaking ongoing continuous improvement of Training Packages and relevant support materials, to one of provider of industry intelligence to a range of government and national advisory bodies, to a purchaser of training under some Federal Government programs. This has seen a considerable expansion of staffing and resourcing, particularly over the last three years. As the principle ISC relevant to NECA and our members, EE-OZ is dependent on government funding for on-going operations. Under their existing principal contract with the Department of Education, Employment and Workplace Relations (DEEWR), ISCs have four areas of performance. These are discussed below. In addition, EE-OZ applies for, and receives, a range of other project funding from government for specific purposes. ISCs also deliver functions and seminars and sell training related products on a fee for service or cost recovery basis.

The key role of ISCs is their requirement to “actively support the development, implementation and continuous improvement of high quality training and workforce development products and services including Training Packages”. The key issues associated with this outcome are:

The change to this role over time has led ISCs to begin to allocate time and resources to the development of workforce development products which may have limited use for some employers, particularly small enterprises. It is evident that often the process undertaken by employers is much more important than off the shelf tools and employers can seek assistance from a range of organisations including industry associations, RTOs, GTOs or other expert workplace advisors.

There has been some criticism of the Electrotechnology Training Package by providers and some employers but it is expected that the new Package will address some of these concerns when delivered by RTOs. The roll out of the new Package is different in each State/Territory.

The need for continuous improvement and on-going modification of the Training Package remains a high priority for the industry and EE-OZ has sought to meet this need. It should be the first priority for DEEWR under the contract with ISCs and be weighted accordingly. NECA has led some of these changes by partnering with the Federal and State governments, providers and employers to accredit courses where there is an

emerging need and the Training Package modification process is too slow. It is NECA's view that all governments should continue to provide resources directly to industry associations to undertake this work, with an option to partner with ISCs, RTOs, GTOs and other relevant industry training organisations. It is also important that ISCs incorporate the accredited courses into the Training Packages after trialling by RTOs with monitoring by industry. This would be a good outcome for industry and assist with prioritising continuous improvement processes;

A key role of ISCs is their relationship with RTOs on the Training Package and other support materials continuous improvement process. This step will allow providers to feed back their experience on delivery and employers' views at the local level on competency selection and new requirements.;

It is also important that employers and RTOs have the opportunity to customise Training Package qualifications by importing competencies from other Training Packages where this is appropriate. The new Training Packaging rules which must be in place by the end of 2010 provide for 1/6 of the competency units to be imported from other Training Packages is a significant improvement on facilitating greater flexibility for providers when working with employers. It is important that providers promote this new flexibility to employers;

Industry associations are pivotal in the engagement process with employers and incorporate this into their mainstream business development and wider workforce matters raised with their membership. ISCs should facilitate this by providing resources to industry organisations to assist in this process.

The first role under the new current contract with DEEWR is for ISCs to "provide integrated industry intelligence and advice to Skills Australia, government and enterprises on workforce development and skill needs". Key issues under this outcome are:

Support for ISCs to consolidate their information over their coverage area. However, it is important that each industry has an opportunity to undertake this work directly themselves in their coverage area. The WPP report produced by NECA is an example of the good work an industry organisation can produce rather than have the work undertaken through another government contracted body. The ISC prepared Environmental Scans are a useful resource and it is recognised that much of the information is supplied by industry to the ISC, including by NECA through the WPP report and other activities. This should be encouraged by DEEWR and appropriately resourced;

The Skills Australia connection is an interesting development and has potential to provide industry leadership. However, there is no real connection to the electrotechnology and communications industry through any Board membership (including through the peak employer body – the Australian Chamber of commerce and Industry) and only very limited engagement with NECA by the Skills Australia Board or its secretariat

It is unclear what relationship an ISC has to the National Quality Council or related

advisory or support committees. It would appear this is more important if the key outcome of the ISCs was to work on Training packages and related support materials and advice to enterprises and other stakeholders. It would also be an important connection at a national level to State heads of Training agencies to increase an understanding by them of the ISCs and how they could be better used in reforming the national training system;

It is not the role of ISCs to play an advocacy role in the public domain on the needs and aspirations of industry areas they cover, including resourcing and employment and workplace related issues. This is the role of employer and employee organisations involved with the ISC;

ISCs do not speak for industry but can be a voice for industry. It is critical that industry associations and other employer groups are not sidelined from taking responsibility for skills development for their industry and pass this role onto ISCs. ISCs are an important forum for organisations to come together and discuss issues that impact across different sectors and industries under the respective ISC coverage area. However, increasingly industries, enterprises, individuals through their career paths, skill sets and competency options will run across ISC coverage areas. Therefore, NECA retains the right to speak on behalf of its members on skills development matters which impact on them and put these views to all governments and other important stakeholders; and

The ability of ISCs to undertake this work at State/Territory level is variable and highly dependent on the expertise and support provided by State ITABs. The information available at regional level is inadequate and the Federal Government should allocate industry with adequate resources to fill this information gap.

The third role is for ISCs to “provide independent skills and training advice to enterprises, including matching identified training needs with appropriate training solutions”. Key issues under this outcome are:

The performance requirements under this outcome are unclear. The capacity of a national ISC to provide individualised advice to employers across Australia is limited at best. It is well known that in order to provide this advice to enterprises in a meaningful way it has to be delivered at the local level. Outcomes for this role are not known;

The role of industry, which in some cases has extensive partnership arrangements with RTOs or in some cases operate RTOs in their own right, may place members of the ISC (including at Board level), in a potential position of conflict; and

This role seems to take resources away from other important areas.

The fourth role under the contract for ISCs to “work with enterprises, employment service providers, training providers and government to allocate training places under the federal government’s PPP”. Key issues under this outcome (including other funding arrangements) are:

There have been reports that State governments often do not rate highly advice from ISCs. EE-OZ reported back to the Board and member organisations that advice provided to the federal government and States under the PPP was largely ignored.

NECA has been involved with EE-OZ under the Enterprise component of the PPP. A number of issues have emerged during the course of this program including a lack of transparency around successful tenderers and what they are offering and where, on what basis they were selected and by whom, and overall public reporting requirements. It would be useful if the ISCs publicise the results of their processes like the practices of other funding agencies. In short, all funding provided by ISCs need a more transparent process.

ISCs and DEEWR need to be mindful of State and Territory government funding arrangements and guidelines and how these may potentially interplay with funding for training that flow through ISCs. These linkages should be clear and publically available for all providers and industry to ensure no confusion over eligibility occurs; and

It is NECA's preference that the role of ISCs should not be to allocate funding for provision of training. It would be best if DEEWR or a State government agency did this under a nationally agreed user choice model developed in consultation with industry and aligned to industry needs. If it is judged that ISCs do allocate funding for training provision then it is important that all processes are transparent.

Accountability mechanisms in relations to commonwealth funding for the general operation and specific projects and programs of each ISC

A central issue for the Committee under this term of reference is accountability to whom and what for? The accountability mechanisms for ISC principle contracts with DEEWR have improved over recent years and some of these are articulated in the Annual Environmental Scans. It is vital that ISCs are accountable to industry. It may be an improvement if the Environment Scans include annual stakeholder views on their success in achieving results for their industry area. It may also be useful to develop clearer accountability for Training Package work to the National Quality Council as the advisory body with the primary responsibility for processing Training Packages and related policy and procedures.

In relation to other project funding secured by ISCs there are a number of emerging problems including:

Competition between ISC member organisations and ISCs over proposals which involve decisions made by DEEWR on the most appropriate outcomes for industry in the absence of industry views. In some cases industry organisations are unaware of ISC applications for funding;

Lack of transparency on ISC processes to award contracts and outcomes; and

An increased tendency by government agencies that the ISC is the most appropriate and only way to fund employer and industry based projects due to ISCs being viewed and promoted as the primary vehicle for industry on training matters or ease of project management arrangements by government.

It may be preferable to develop a set of principles for all ISCs to follow which would include issues like:

Transparency for all more significant contracts including a public register of projects to be tendered, list of preferred providers (if appropriate), contract timelines, submission requirements, process for determining outcomes, and expertise required;

Any tender for government work be endorsed by the relevant industry organisation or other important stakeholder, including detailing the role and resources to be allocated to each organisation for agreed deliverables;

If training provision funding continues, advertising for proscribed places including set fees and transparent publication of results of expressions of interest and approved provider details on relevant web sites. Outcomes of delivery arrangements should also be posted throughout the course of the projects;

Detailed annual Memorandums of Understanding with member organisations which outline partnership arrangements and processes for securing funding in a partnership manner.

#### Corporate governance arrangements of the ISCs

It is generally agreed that the corporate governance of ISCs has improved in the last 5 or so years following a series of reviews and modifications to Board membership and accountability requirements under government contracts. However, NECA has only one position on the Board reduced from two previously. Our view is we should again be allocated two positions as the true employer organisation representing the industry at a national level. There is some confusion over the rules governing the Board members and the representative nature of their Board membership. It would be useful to establish clearer arrangements with the nominating organisation on the requirements for consultation with their respective bodies on board considerations

Commonwealth government processes to prioritise funding allocations across all ISCs

The government processes and requirements to allocate across ISCs and industries and sectors within each ISC are unclear. There is a need to balance allocations across industries taking account of employment levels and qualifications requirements, including licensing. However, it is important to ensure that industries such as electrotechnology and communications secure adequate funding to continually update the Training Package and support materials to take account of developments and changing requirements of employers and employees. The government should undertake an annual consultation process with industry on the allocations across all programs.

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

NECA understands that there is an ISC Network but is not involved in its deliberations. It may be a useful forum for executive officers of each ISC to meet and discuss issues but the outcomes should be fed back to industry.

The accrual of accumulated surpluses from public funding over the life of each ISC's operation and its use and purpose

It would appear that the ISCs have been formed from a range of bodies who were previously largely government funded over a long period and intermittently reviewed and reformed consistently for over 15 years. Some of these ISCs have retained surpluses from those various bodies and either amalgamated those funds into the new ISC or kept them separately. It is the responsibility of the relevant boards to ensure the monies are allocated according to their constitutions. .

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

NECA has been involved with several one off project grants involving EE-OZ at National and some State chapter levels. One training program offered through the ISC is the Upskilling in Sustainability Program under the Federal Government's Workforce Innovation Program administered by DEEWR. The Program involved 400 subsidised training places for small to medium size employers of electrical licensees for proscribed skill sets in the Installer Grid Connected Photovoltaic System and Designer/Installer of Grid Connected Photovoltaic Systems. Training must be delivered by Registered Training Organisations.

The Program was very successful but encountered some issues regarding roll out in some States where funding was already provided by State Training Authorities, some complexity around the administrative requirements for securing payment for activity by

RTOs and NECA, differential price structures provided to different organisations under the Program which led to confusion in the minds of employers on the level of subsidy received.