



CONSTRUCTION INDUSTRY TRAINING COUNCIL
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Committee Secretary
Senate Education, Employment & Workforce Relations
PO Box 6100
Parliament House
Canberra ACT 2600

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RE: Inquiry into Industry Skills Councils

On behalf of the ACT Regional Building and Construction Industry Training Council Incorporated I would like to submit our submission for consideration by the Committee.

BACKGROUND

The ACT Regional Building and Construction Industry Training Council (CITC) is a tripartite, not for profit Industry Training Advisory Body (ITAB) that represents the interests of the building and construction industry in the ACT and surrounding Region. It is the industry's peak body for all matters pertaining to Vocational Education and Training and relevant licensing and regulatory requirements.

It currently has 29 members representing Employer Associations, Employee Associations, RTO's, GTO's, Government and Regulatory bodies together with Individual Members. It is overseen by an elected 9 member Executive Committee.

RESPONSE TO EACH SECTION

(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;

The general perception from Employer and Employee Associations, Registered Training Organisations (RTO's), Group Training Companies (GTO's), State and Territory Regulators, various State and Territory Government Departments and individual employers and individuals are deeply concerned with the lack of transparency and the inability by a number of ISCs to collaborate with key industry stakeholders.

As a key stakeholder in the building and construction industry, the CITC is extremely disappointed with the level of communication and support that the Construction and Property Services Skills Council (CPSISC) offers to its State and Territory Industry Training Advisory Bodies.

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MISSION STATEMENT

To develop and promote a professional construction industry through training excellence.

ACT REGIONAL BUILDING AND CONSTRUCTION INDUSTRY TRAINING COUNCIL INC.

Since the Federal Government removed tied funding to the ITAB Networks (\$100,000pa), there has been a loss of co-operation by ISCs who do not consult with "the poor cousins" and this has seen a significant increase in the use of consultants with poor or no industry knowledge. Additionally the CPSISC has no staff with construction experience. Unfortunately ISCs and in particular CPSISC do **NOT** use the vast amount of experience that lies with the Construction Network who converse regularly with workforce operations and can offer sound intelligence

It is widely acknowledged that the degree of support for Industry Skills Councils (ISCs) to work effectively with all states and territories is dependent on industry advisory arrangements within each jurisdiction. Some business and industry groups strongly support and actively work with Industry Advisory Training Boards (ITABs) within their State or Territory while other business and industry groups find their ITABs to be ineffectual.

It is also generally felt that dissatisfaction is found where the ITAB is staffed by individuals who are not appropriately qualified to engage with industry, are overly bureaucratic or favour the voice of individuals without proper contextualisation across a range of businesses. The determination of a sufficient size of sample also acts as a deterrent with some ITABs always using the "usual suspects" for consultation rather than engaging with a broader range of industry players, more reflective of the current state of play in their particular industry.

Due to the lack of support from CPSISC, the Construction Industry has enhanced and maintained its State and Territory ITAB network and has introduced a formal process for ongoing communication between each of the States and Territories.

It is worth noting a number of examples of either poor management or poor communication from CPSISC that has impacted on training and professional development in the construction industry and these include:

- The appalling consultation or lack of, in the development of its national training package and other national priority qualifications and skill sets. This includes the lack of consultation and engagement with State and Territory ITABs, Licensing and OH&S Regulators, Accreditation and Registration Councils and other key industry stakeholders.
- Most national ISC's continue to lobby the States and Territories to abolish the State and Territory ITAB's so they would **NOT** be held accountable to key industry stakeholders.
- The deliberate strategy of placing construction qualifications under the umbrella of the Property Services industry.
- Charging employer's and individuals significant amounts of money to attend briefing sessions on the roll out of new qualifications and skills sets. This is after the same people attended workshops to provide them with the information required to be included in these packages at their own costs.
- The lack of transparency and due diligence in the selection of consultants to undertake work/projects. This appears to be in breach of national procurement guidelines particularly in the significant amounts of money involved in these tenders.
- A history of poor accuracy of information provided to all industry stakeholders including State and Territory Training Authorities

- The inability of stakeholders to obtain information on Government initiatives such as EDPPP.
- The lack of reporting when the Executive and CEO goes on overseas trips (explanation is that it is confidential and for Board Members only)
- The changing of the 'Rules' of the organisation after it had implemented a new Constitution to isolate key industry stakeholders from being able to be represented on the CPSISC's Industry Advisory Committee.
- A significant number of other poor decisions including the ceiling insulation debacle where the CPSISC would not take any advice from a very broad range of industry stakeholders pointing out the critical areas that needed to be addressed in the areas of OH&S.
- etc. etc.

In order for the construction industry to maintain some consistency and quality in training the CITC recognised that there were several significant advantages to the ongoing collaboration between the State and Territory ITABs that include:

1. Each ITAB has well established Board structures and methods for consultation and intelligence gathering which cannot be replicated in such detail and balance by a National ISC. +Through these networks the ITABs consider the views of all sectors of the industry and reach consensus rather than any particular viewpoint on any vested interests. In most instances, the ITABs are able to provide input which constitutes a position that has been negotiated and agreed by different stakeholders based on the trust and familiarity built through regular contact.
2. There are many instances where the input that could be provided would discern between States and Territories and this is crucial as there are unique factors pertaining to different States and Territories. For example, different skills required for different construction methods in common use in the location based on the availability of materials and/or climatic conditions; factors relating to business practices and economic conditions (e.g. preponderance of small self employed subcontractors in smaller States and Territories, existence of mining companies and the impact on the construction workforce); the variation in training/VET sector and the impact on skills development in States and Territories where there is a Training Fund, etc.

(b) accountability mechanisms in relation to Commonwealth funding for the general operation and specific projects and programs of each ISC;

ISCs are independent not for profit companies and as such are presumably subject to the scrutiny of the Australian Securities and Investment Commission (ASIC). If this is the case, no reports have been available for scrutiny.

The amount of public money provided to each ISC and the expenditure of this money needs to be reported in a transparent manner.

While the public funds have robust accountability requirements, what is less transparent is the use to which the money has been put and ownership issues around the assets of the ISCs, what has been the contribution of public funds and what has been the contribution of private funds. In

some cases there is also a lack of transparency around the **private funds** raised and used by each ISC.

Some ISCs are completely transparent and include a copy of their audited financial statements in their publicly available annual report. However, others do not.

Criticisms have been raised that some ISCs do not use public funds for the purposes for which they were intended or use management practices to stash monies away for future use. These criticisms can be addressed with a more transparent process for anyone to see. .

The Department of Education, Employment and Workplace Relations (DEEWR) have a responsibility in ensuring that key contract deliverables have been met. In the interests of openness and transparency this information needs to be made public in the form of a report.

(c) corporate governance arrangements of ISCs;

ISCs need to adopt the appropriate legal constitutions, balanced Board composition and accountability processes required of any Board. Board members should have some competence and understanding of the Vocational Education and Training systems. The Federal Government needs to ensure that inappropriate use of corporate governance arrangements is addressed particularly when it can be manipulated so that one industry can obtain dominance over another industry either in actuality or perception.

(d) Commonwealth Government processes to prioritise funding allocations across all ISCs;

A vast number of stakeholders believe that that the Commonwealth provides excess funding to the ISC to undertake the level of work required to service the amount of training undertaken in their industry. These stakeholders believe that the Commonwealth should, as a matter of urgency, fund the State and Territory ITABs that have demonstrated a record of broad industry representation and a good record of consultation and industry stakeholder participation.

(e) ISC network arrangements and co-operative mechanisms implemented between relevant boards;

This should apply to formal arrangements with their State and Territory ITABs.

(f) the accrual of accumulated surpluses from public funding over the life of each ISC's operation and its use and purpose;

Should be fully reported and on the public record.

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

Some ISCs including CPSISC have a poor record in developing and implementing specific training initiatives including *Skills for Sustainability initiative under the National Green Skills Agreement*. Industry stakeholders see that the reason for this is due to the lack of communication and consultation with relevant industry stakeholders, including Regulators. CPSISC do **NOT** have

any person on staff that has worked in the building and construction industry and this impacts on a wide range of national initiatives that impact on the construction industry.

It is understood that ISCs have reporting lines of responsibility towards the National Quality Council, contractual obligations with the Commonwealth and linkages with Skills Australia, which provide a record of their achievements in relation to specific initiatives. These achievements should be transparent and visible to not only industry stakeholders but also to the general community. However, their effectiveness in achieving their objectives is not evaluated in any public way. It is suggested there is much to be gained from a public policy sense in undertaking an evaluation of the ISCs in terms of their effectiveness, not just for individual initiatives, but more broadly against how satisfied stakeholders are with their performance in advancing industry agendas. The evaluation should measure the satisfaction of individual industries with the performance of their ISC as well as broader industry satisfaction levels.

Yours sincerely

Vince Ball
Executive Director