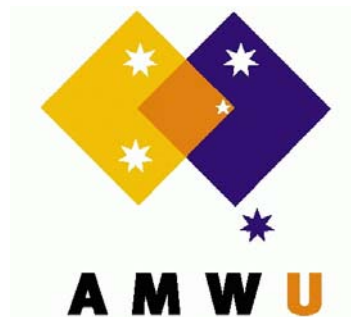


AUSTRALIAN MANUFACTURING WORKERS' UNION



**Submission to the
Senate Education, Employment and Workplace Relations
Committee Inquiry into Industry Skills Councils**

6 August 2010

Dr Shona Batge

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

Dear Dr Batge,

The “Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union” is known as the Australian Manufacturing Workers’ Union (AMWU). The AMWU represents over 110,000 members working across major sectors of the Australian economy, throughout Australia’s manufacturing, engineering, mining, and building and construction industries.

Manufacturing workers, more than many others, rely on the quality and portability of their skills for their livelihood. The structures for the development and delivery of skills are therefore of critical importance to them.

The AMWU is Australia’s principal union for skilled trades and has had a long standing, committed and productive involvement in vocational education and training for many years. We have provided representation at all levels of the system including involvement at both state and national levels, on a variety of state and territory regulatory bodies, and also, importantly, in the network of Industry Skills Councils.

The AMWU has a strong interest and involvement in Manufacturing Skills Australia – the Industry Skills Council for Australia’s manufacturing, engineering and automotive industries; Innovation and Business Industry Skills Council – the Industry Skills Council for business, including the printing industry; AgriFood Skills Australia – the Industry Skills Council for the food and rural industries of Australia; and Construction and Property Services Industry Skills Council – the Industry Skills Council for Australia’s construction and property Services industries.

The AMWU supports the important work that is done by these important contributors to the skills and workforce development challenge Australia faces in an uncertain global economic situation.

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Before embarking on the views of the AMWU in relation to the terms of reference for the Inquiry we would like to note the submissions of the Network of Industry Skills Councils in relation to issues associated with ISC network arrangements and support and adopt those submissions in particular noting:

Industry leadership of VET (as distinct from ‘involvement’) has been a central tenet of Australian training system reform since 1989 and the country’s move towards a national system – the simple premise being that to drive real ownership and investment in skills development of the Australian workforce, employer and employee representatives must be joint partners at a strategic and operational level.

This bipartite approach is a philosophy that has been supported regardless of government persuasion and continues to be mirrored today in the memberships of Skills Australia, National Quality Council, State Training Boards, international sector skills councils – and Industry Skills Councils.¹

In addition, the AMWU strongly supports the sentiments expressed in the ISC submission in respect of the intrinsic value as ‘*independent brokers of agreed advice*’

One of the greatest strengths of ISCs is their intrinsic value as independent brokers of agreed advice and directions for skills development.

When this is achieved collectively by the 11 ISCs – across sectors, jurisdictions and between employer and employee representatives - it delivers a level and breadth of grass roots ‘buy-in’ unable to be replicated by any other organisation inside or outside of the tertiary arena.

The value and sure footedness this provides the system in going forward with large scale policy reform and initiatives, represents an incalculable return on investment in the ISC structure.”²

We would further like to note and support the submissions of the Australian Industry Group in relation to the role of industry in leading the development of Australia’s training system as follows:

“The Australian training system has been evolving over the past twenty years. Central to this development has been the leadership and commitment by both industry and unions. This leadership is apparent to see on many of the governing

¹ ISC Submission Senate Education, Employment and Workplace relations Inquiry – ISC’s p1

² Ibid p3

bodies of the training system, most notably the National Quality Council (NQC) and Industry Skills Councils (ISC). ”³

We further note the observations of Skills Australia in its report ‘*Foundations for the Future*’ in relation to the submissions of stakeholders on the issue of industry leadership.

“But there was a strong theme in submissions to Skills Australia that over recent years industry engagement in vocational education and training governance had been eroded, and there is a need to restore a central role and authority for industry in guiding the strategic development and operation of the National Training System”⁴.

and

“Skills Australia notes the governance model put forward in the Bradley Report represents Industry Skills Councils as the source of industry advice on regulation. We however argue for comprehensive industry advice in all aspects of tertiary education governance at state and national levels. An effective coalition across all industry parties should inform and influence national skills policy, strategy, planning, funding, regulation and quality, system reform and Ministerial decision making”.⁵

and

“Stakeholders have agreed that the Industry Skills Councils are ‘the glue’⁶ of the NTS and state and territory industry advisory bodies as well as peak industry bodies also provide the core and critical conduits for industry’s voice in this new environment.”⁷

and finally,

Skills Australia anticipates working with Industry Skills Councils and State Training Authorities to ensure high quality and reliable local and national

³ AiGroup Submission Senate Education, Employment and Workplace relations Inquiry – ISC’s p2

⁴ Group Training Australia submission (September 2008): “We have been talking about an industry-led system for a very long time now and yet we still do not seem to feel that we have one”.

National Farmers Federation submission (September 2008): “Even bodies that industry has strong engagement withhave also been disempowered not just in the Ministerial decision making processes but with COAG taking greater leadership in VET, (they) are not involved whatsoever in shaping or guiding the training system evolution”. *Foundations for the Future* – Skills Australia – June 2009 p17

⁵ *Foundations for the Future* – Skills Australia – June 2009 p17

⁶ *Foundations for the Future* – Skills Australia – June 2009 p26 - reference to Australian Council of Trade Unions and Australian Manufacturing Workers Union submissions

⁷ *Foundations for the Future* – Skills Australia – June 2009 p26

*advisory mechanisms are in place to improve the flow of advice in both directions across the national system.*⁸

The AMWU notes the terms of reference for the Inquiry as follows:

- (a) the role and effectiveness of Industry Skills Councils (ISC's) in the operation of the national training system particularly as it relates to states and territories and rural and regional Australia;
- (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 ISC's;
- (d) Commonwealth Government processes to prioritise funding allocations across all ISC's;
- (e) ISC network arrangements and co-operative mechanisms implemented between relevant boards;
- (f) the accrual of accumulated surpluses from public funding over the life of each ISC's operation and its use and purpose;
- (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
- (h) any related matters.

In response to the specific terms of reference the AMWU submits:

- (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;**

⁸ *Foundations for the Future* – Skills Australia – June 2009 p31

“The Australian Government correctly identified the need for Australia’s vocational education and training system to ‘...undergo a fundamental shift, from a system driven by the needs of providers, towards a system that responds to the needs of industry and the economy – and which provides graduates with more relevant qualifications, greater support to complete training and, therefore, a better chance of securing a job”⁹.

The AMWU believes that the only credible source of industry advice in relation to these matters is industry itself. Only industry can speak for industry and ISC’s, as companies owned by industry constituents, are direct reflections of their constituent memberships and as such, have the confidence of industry and are free from the commercial interests that could otherwise compromise their commitment to the provision of industry advice in the interests of industry.

Industry Skills Councils are the only organisations in the national training system that can deliver moderated and coherent industry advice in respect of the skills and workforce development needs of Australian industry.

The work of ISC’s is fundamental to shifting the training system from one which is supply driven system to one which is demand driven system.

ISC’s play a major role in determining the shape of skilling solutions for the Australian economy:

- the design, development and implementation of high quality training packages that determine the vocational skills standards and qualifications of the overwhelming majority of Australian workers;
- the establishment of sophisticated industry networks for the collection, collation and articulation to government of the contemporary views of industry in respect of their skills and workforce development needs;
- the production of industry environmental scans that inform the work of policy makers and regulators;

⁹ Skilling Australia for the Future (page 2)

- the establishment of effective relationships with state regulatory bodies and the training delivery sector geared to ensuring training regulation and delivery meets the needs of industry
- the provision of industry leadership on issues of importance to the community and the economy such as the design and development of skilling solutions to environmental and climate change challenges;
- the provision of direct support to employers, workers, industry and employer associations in relation to skills and workforce development policy implementation;
- strategic engagement with key advisory bodies such as the formal arrangements individual ISC's have with Skills Australia and participation in key forums convened by Skills Australia such as the annual Strategic Industry Forum and policy initiatives of government including the Productivity Places Program and the National Occupational Licencing System.

The AMWU is actively engaged in the work of ISC's, state industry training advisory bodies (ITAB's) and regional organisations with a workforce development focus including training providers, and support the efforts that ISC's make in ensuring that their engagements with stakeholders include a strong regional focus and presence.

Whilst a primary focus for the work of ISC's involves the establishment of strong national standards for vocational skills, ISC's are keenly aware that the standards they set, and the products they produce, must be fit-for-purpose in all of the environments into which they are deployed including urban, rural and remote environments.

The AMWU notes and supports the view of the Australian Industry Group in its submission on this point:

This may happen directly through the national ISC; examples include the regional work of Agri-food and Skills DMC. Alternatively, much of this

rural/regional engagement occurs through networks or state-based advisory arrangements. Furthermore, much of the important local engagement both rural and regional in nature occurs directly between the registered training organisation and the local enterprise, utilising the nationally endorsed products from the relevant Industry Skills Council.

It is important to stress the principle that regardless of geographical location in Australia, individuals and enterprises are able to access national, transferable and portable standards. The training packages developed by ISCs fulfil this role.¹⁰

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

Without exception, the ISC's are subject to stringent scrutiny, through the performance agreements they sign, in relation to the Commonwealth funding they receive in return for the valuable services they provide to government.

ISC's are required, as are all companies, to comply with national accounting standards and corporate probity requirements in addition to the specific requirements of the Commonwealth.

(c) corporate governance arrangements of ISCs;

As companies, limited by guarantee, ISC's are subject to the same corporate governance requirements as are any other companies. ISC Directors carry the same responsibilities to their organisations as any other company Directors.

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

The AMWU makes no specific submission in relation to this term of reference.

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

The ISC's have engaged in a range of collaborative activities with key bodies including industry peak bodies like the Australian Chamber of Commerce and

¹⁰ Aigroup Submission Senate Education, Employment and Workplace relations Inquiry – ISC's p4

Industry, the Australian Industry Group, the Australian Council of Trade Unions as well as establishing effective networking relationships with state industry training advisory bodies.

As a case in point, Manufacturing Skills Australia has initiated a formal network arrangement with the range of State ITAB's which meets to consider matters of relevance to the industry sectors for which MSA and the ITAB's have some responsibility. MSA is keen to avoid duplication in its work across the country and seeks wherever possible to utilise the strong local relationships that state ITAB's have in their local environments.

The ISC Chairs Forum has provided an effective mechanism for collaborative stakeholder engagement, research and policy thinking for the ISC's and is used by the ISC's to build stronger relationships with key policy making bodies across industry, government and the training delivery sector.

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

The AMWU makes no submission in relation to this term of reference other than to say that the valuable work of ISC's is supported by industry and makes an enormous contribution to the long term future of the Australian economy and government's should continue to support the work that they do.

(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

The AMWU is only in a position to comment on the initiatives implemented by the ISC's in which it has an interest. To that end we advise that we strongly support the many instances where those ISC's have produced outstanding work. For example, the work conducted by MSA and the ISC Forum over the last three years which led to the production of the well received reports *"Sustainable Manufacturing –*

Manufacturing for Sustainability”, *“Sustainable Manufacturing – Unpacking the Issues”* and *“Environmental Sustainability – an Industry Response”* are examples of strong and effective industry engagement and leadership typical of the Industry Skills Councils.

Another example can be found in the work of MSA in establishing, in collaboration with the South Australian Manufacturing Industry Skills Advisory Council, and with support from both SA State and Commonwealth government’s and the key industry parties, 3 timely and effective web based workforce development and skills recognition products that will contribute much to the efforts of industry to build workforce participation, productivity and skills mobility.¹¹

(h) any related matters.

The work of the network of 11 national Industry Skills Councils is more, rather than less, valuable as the Australian economy transitions to a new post global economic crisis and low carbon economy.

Industry ownership and leadership of skills and workforce development is more, rather than less, critical.

Getting the right skills in the right place at the right time is more, rather than less, critical.

Vocational skills are skills for work and industry is in the best position to define what that means in terms of standards and how those skills are ultimately deployed.

Industry Skills Councils remain the most effective vehicle for sustainable, coherent, moderated advice on the skills and workforce development needs of industry.

¹¹ www.myskills.net.au and www.skills4jobs.net.au and www.mskillsmanger.net.au