

## Chapter 6

### The Role of Industry and Other Stakeholders

#### Introduction

6.1 This chapter examines the role of industry in identifying its current and future skill needs and in developing the skills of its workforce. It also briefly examines the role of other stakeholders in contributing to skills formation policy development. The primary focus is, however, on recent and proposed changes to industry advisory arrangements, which emerged as a major issue for some stakeholders during the inquiry. Many details of the industry advisory arrangements were either unfinalised or not well understood during the life of the inquiry and at the time of the report. Thus, while some submissions and evidence commented on the likely effect of recent or proposed changes, this was often necessarily based on incomplete information. This has complicated the committee's task in forming an assessment of the new arrangements.

6.2 A number of submissions and witnesses raised the need to involve a broader range of stakeholders in the planning and delivery of the national training system. The committee observes an increasing recognition, including by ANTA, of the important role of partnerships between communities, industry and education and training providers in meeting the skills needs of industry, communities and individuals. This may reflect an increased understanding of the importance of skill ecosystems, which often have an industry-regional dimension, in the patterns of skill supply and demand. There is a growing body of opinion that the consultation arrangements for skills planning need to better reflect this new, or at least heightened, focus. However the evidence suggests that to date, this has been slow to percolate through into changes in policy structures and processes at the national level.

#### The role of industry

6.3 As Chapter Three explains, the context for skills formation has changed dramatically since the 1980s, with the need for higher skill levels across much more of the workforce and constant change and innovation creating new skill requirements and the need for regular upskilling of the existing workforce. Responsibility for on-the-job training of new entrants to the workforce has shifted from a few major public or private sector employers to industry as a whole. Australia's training arrangements have been altered to better accommodate the demands of this new environment, in particular the need for information on evolving skill needs, and to support a broader range of employers in training of new entrants and the existing workforce.

6.4 During the 1980s and early 1990s, the Commonwealth's approach to increasing industry engagement in training in this new environment could be characterised one of 'carrots and sticks.' The training reform agenda of the late 1980s and early 1990s was aimed at adjusting the arrangements for the 'supply' of skills to provide a more responsive, flexible training system, reflecting industry's needs and circumstances (the 'carrot').<sup>1</sup> The Training Guarantee Act, requiring enterprises above a certain size to either invest a certain amount in training their workforce or pay a levy, was aimed at increasing the 'demand' for training ('the stick'). The training guarantee, introduced in 1990, was suspended in 1994 and abolished in 1996.

6.5 With the abolition of the training guarantee, national skills formation policy has concentrated predominantly on further reform to the supply of skills, more recently through initiatives such as training packages, the extension of the New Apprenticeships scheme to include adults, the introduction of user choice funding and the development of the training market. The focus is on being as responsive as possible to industry's demand by broadening the range of training options and the sources of the supply of skilled people and overcoming identified or perceived barriers to greater employer engagement in training.<sup>2</sup> This model could be characterised as one where the pattern of demand from industry is assumed to be 'given, optimal and perfectly informed' and the role of policy is to ensure that training adjusts to the meet industry demands.<sup>3</sup> Industry advisory arrangements, and the partnership between industry and government manifest in the national training system, are designed to assist the training system to adjust to industry's needs.

6.6 Submissions and evidence from several quarters, discussed in more detail Chapter Three, challenged the premise that this reliance on a supply-side model of skills development provides an adequate basis for ensuring a sustainable skills base for industry. There was even greater concern that the current policy direction is unlikely to ensure that Australia pursues the 'high skills' path to economic development, a balanced path of high skills and intermediate skills development or equitable access to opportunities for training and employment. Australia's relatively poor record in creating high skill jobs, persistent skill shortages in some critical industries and growing inequities in access to training and employment opportunities, are presented as evidence of the need for national skills policy to re-instate a focus on strategies to increase industry's demand for, and utilisation of, skills.

- 
- 1 Fraser D, Evaluation and Monitoring Branch, DETYA, *The Training Guarantee: Its Impact and Legacy 1990–1994*, Main report, September 1996, EMB Report 5/96, Chapters 2 and 3
  - 2 ANTA, Meta-analysis: Encouraging a commitment to learning at ANTA website: [www.anta.gov.au/search.asp?qsScope=1&search=go&qsQuery=meta-analysis&x=20&y=2](http://www.anta.gov.au/search.asp?qsScope=1&search=go&qsQuery=meta-analysis&x=20&y=2)
  - 3 Fraser D, Evaluation and Monitoring Branch, DETYA, *The Training Guarantee: Its Impact and Legacy 1990–1994*, Main report, September 1996, EMB Report 5/96, p. 123

---

## Industry consultation and advisory arrangements

6.7 Australia's system of vocational education and training is based on the principle of partnerships between the key stakeholders, principally Commonwealth and state and territory governments, and employers and employees. A fundamental principle underpinning the introduction of the national training system in 1992 was that it would reflect the needs of industry, represented by both employers and unions, working in cooperation with the Commonwealth and state and territory governments. Consultation and advisory arrangements are among the main mechanisms for identifying and communicating industry needs and engaging industry with the VET sector. The ANTA Board and the industry advisory bodies and the various committees and councils within ANTA tasked with examining, advising and reporting on aspects of the training system, provide the main vehicles for consultation and advice.

6.8 This section will examine issues raised during the inquiry about the recent and proposed changes to industry advisory arrangements, against the background of the previous arrangements. Issues to be examined include:

- the implications for the effective operation of a national system;
- whether the revised arrangements and other developments signal a significant shift from the principles on which industry advisory arrangements were established, that is a partnership between employers and employees; and
- the capacity of the new arrangements to provide advice on and engage with the full spectrum of industry interests, including small and medium enterprises, industry in smaller states and territories and new and emerging industry sectors.

### *Past arrangements and proposed new arrangements*

6.9 The role of the ANTA Board in providing advice to ANTA and supporting it in all its functions was discussed in some detail in *Aspiring to Excellence*, the Committee's report on the quality of vocational education and training (2000). Evidence during this inquiry on the ANTA board was limited to a recognition that the recent ex-officio appointment of an education sector representative to the Board was a welcome development, but one that needs to be complemented by education sector representation on the various committees and advisory bodies within ANTA.<sup>4</sup> Union representatives also raised a concern at their exclusion from some of the working parties within ANTA. The underlying message was that the principles on which the national system was based and the importance of a genuine partnership between employers–employees and industry should be reflected in a cooperative and collaborative approach to all aspects of policy development.

6.10 Until recently, ANTA has been advised by a group of 29 national industry training advisory boards (previously known as ITABs). Membership of the boards is

---

4 Ms Margaret Fanning, Executive Director, TAFE Directors Australia, *Hansard*, Canberra, 15 August 2003, p. 1189

drawn from employer and union associations in the relevant industry area. The role of the national ITABs was to:

- provide advice on industry needs to ANTA, including the preparation of national industry VET plans;
- develop and revise the national training packages for the industry sector; and
- promote investment and engagement in training within the industry sector.

### **State industry advisory arrangements**

6.11 These arrangements have some parallels at the state and territory level where a series of state ITABs, some in effect since the 1970s, have provided an interface between governments and industry. To varying degrees, state ITABs have also had a relationship with their national counterparts, providing some form of network of ITABs for the sector, although industry coverage does not always align. Roles for state ITABs have varied across jurisdictions but included:

- advice to government on industry needs (including in the context of the preparation of state VET plans);
- promotion of training packages and training pathways; and
- depending on the ITAB, a range of related training services, possibly on a fee-for-service basis.

6.12 ITABs have also had a role in accreditation and assessment of RTOs in some jurisdictions.<sup>5</sup>

6.13 These roles span both the needs of the state and territory governments and of the national training system. Some evidence indicates that the promotion of training packages and development of training pathways, in support of the national training system, appear to have consumed most of the resources of many state ITABs over recent years, often at the expense of their capacity to provide sound advice on industry training requirements, in support of state and territory governments.<sup>6</sup>

6.14 Until 2002, the Commonwealth made a significant financial contribution to ITABs in all states and territories, presumably in recognition of their role in supporting the national training system. Most, but not all, state and territory governments also contributed financial support to their local ITABs, presumably in recognition of their support to state and territory VET planning. As a general rule, Commonwealth funding exceeded state and territory contributions, at times to a significant extent. In the 2002–03 budget, the Commonwealth announced its decision, apparently taken without advance consultation with the states and territories, to ‘rationalise funding for state and territory ITABs’ by reducing funding in 2002–03 and

---

5 Saunders, S and Philip G, *Report on Industry Training Advice in the ACT*, 6 September 2002, p. 5

6 *ibid.* pp. 4–5; 12; 17

ceasing it entirely in 2003–04.<sup>7</sup> This will translate into an annual saving to the Commonwealth of \$10 million and has led to significant restructuring and rationalisations of ITABS in most states and territories, with some reviews still underway at the time of this report.

6.15 States have adopted different approaches to establishing revised industry advisory arrangements:

- Victoria has restructured its network of ITABS to provide advice on the directions in its skills strategy, established a small advisory committee of key stakeholders to report to the Victorian Learning and Employment Skills Commission on future advisory arrangements and on training and funding priorities, and tasked the Office of Training and Tertiary Education (OTTE), with identifying skill shortages and forecasting future skill needs, with ITABS to validate that information;<sup>8</sup>
- the Tasmanian government, while recognising that state ITABS had provided a valuable role in advising it on industry skill needs and promoting training packages, withdrew its ITAB funding following the Commonwealth cuts, reportedly because it could not afford to make up the funding shortfall. An independent industry strategic advisory group now advises the state training authority on strategic issues, with a number of dedicated industry liaison officers for outreach purposes and specialist services purchased as required;<sup>9</sup>
- the ACT government is also restructuring and streamlining its arrangements; and
- the Western Australian government has increased its funding to state ITABS to help offset the loss of Commonwealth support.

### **National industry advisory arrangements**

6.16 In addition, over the past year ANTA has embarked on a project to restructure and rationalise the national industry advisory arrangements, with the aim of reducing the current 29 bodies to 10 national skill councils, with revised funding and accountability arrangements. In conjunction with these new arrangements a National Industry Skills Forum of stakeholders will be established, comprising representatives of peak employer bodies and the ACTU, chairs of the new skill councils, chairs of the state training agencies and the ANTA Board members, to provide ANTA with strategic advice on VET directions.

6.17 The decision to establish new national advisory arrangements follows a series of reviews of those arrangements. The report of the most recent review by Allen Consulting Group in October 2002 has not, however, been made public as the ANTA Reference Group overseeing the evaluation failed to reach consensus on its status and

---

7 House *Hansard*, 16 October 2002, pp. 7702–03

8 Submission 94, Victorian Government, p. 30

9 Submission 48, Tasmanian Government, p. 26

release.<sup>10</sup> The committee is surprised that submissions and evidence during the inquiry revealed a reasonable degree of uncertainty and suspicion among many stakeholders on the purpose and some details of the new arrangements, as well as of changes to Commonwealth support for state-based arrangements. The committee considers that this is a regrettable situation, given that one of the main purposes of advisory arrangements is to provide an avenue for engaging stakeholders in the formulation of policies and programs.

### ***Effect of the new industry advisory arrangements***

6.18 The committee received extensive evidence commenting on the withdrawal of Commonwealth funding for state ITABs and the changes to national industry advisory arrangements now in progress. Most submissions and witnesses acknowledged the variable performance of ITABs both at the state and national level, due in part to their varied roles, antecedents, performance requirements and personnel, but differed in their view on the most appropriate response to tackling this issue, and the effect of the funding cuts. There were also varying views on the merits of the new model for national advisory arrangements, but a more common concern that the proposed funding is likely to be inadequate to support the work of the councils.

### **Changes at state and territory level**

6.19 At the outset, the committee observes that the varying views about the effect of the loss of Commonwealth funding on state industry advisory arrangements, indicate a lack of consensus among some stakeholders on the role of state advisory arrangements in the national system. They also suggest the need for improved dialogue and communication between partners on these matters.

6.20 Some partners in the national system clearly regard the state industry advisory structures as an integral part of the national system. The ACTU thus expressed concern that the withdrawal of Commonwealth funding for state ITABs will affect the implementation of training.<sup>11</sup> The Victorian Government contended that the withdrawal of Commonwealth funding has ‘damaged collaborative approaches to industry advisory arrangements’ and ‘undermined the ANTA Agreement, which is underpinned by the provision of robust industry advice to inform State and national planning.’<sup>12</sup> Victoria further commented that ‘it is not clear why the Commonwealth has changed its policy position and funding.’ The Tasmanian Government also expressed concern that linkages between the new national industry advisory arrangements and states/territories on labour market skill issues and training packages remained unclear, hampering its capacity to strategically plan for effective alignment

---

10 Australian National Training Authority (ANTA) Response to Additional Question on Notice from the committee, response dated 3 September 2003

11 Ms Sharan Burrow, President, Australian Council of Trade Unions (ACTU), *Hansard*, Melbourne, 16 April 2003, p. 603

12 Submission 94, Victorian Government, p. 30

of state and national industry advisory arrangements. It called for a better communication on these and related issues.

6.21 The Pharmacy Guild of Australia also expressed concern, as an industry or professional body, that the changes have reduced its capacity to contribute to the formulation of policy on vocational education and training needs. According to the Guild, the Wholesale Retail and Personal Services ITAB, with which it is associated, has had a strong network and sound relationships between national and state bodies and the Guild is concerned that this ‘successful and productive network’ is now threatened by the cuts to state ITAB funding, and by the recent ANTA review of national ITABs. The Guild expresses the concern that the ‘beneficial results produced by some ITABs are [being] lost due to the poor performance of others’.<sup>13</sup>

6.22 The role of state ITABs in the national system included advising their national counterparts on the needs and circumstances of industry in their jurisdictions so that these could be taken into account in the development of training packages. As noted, state ITABs have also played an important role in promoting training packages in many jurisdictions. The committee acknowledges that these functions were clearly not always effectively discharged. For example, the committee was told that some training packages fail to reflect the circumstances of industries in Tasmania, where there is limited specialisation,<sup>14</sup> or the needs of industry outside the state capitals.<sup>15</sup> The committee considers, however, that the overall reduced resourcing of industry advisory arrangements is likely to result in a reduced capacity to promote packages at the local level. A particular concern is that there will be a reduced capacity to engage with small and medium enterprises at state level, given that some of the smaller states such as Tasmania, which have significantly streamlined their industry advisory arrangements, have a high proportion of small business.

6.23 In response to a question from the committee, ANTA acknowledged that the reduced funding to state and territory ITABs might affect their individual capacity to promote training packages, but advised the committee that it understands that jurisdictions remain as committed as ever to the marketing and promotion of these products.<sup>16</sup> Dr Erica Smith, however, advised the committee that the most likely outcome is that the marketing of training packages at the local level will now be undertaken primarily by RTOs, Group Training Companies (GTCs) and New Apprenticeship Centres (NACs) ‘which of course have their own interests to pursue, income to generate and targets to meet, which might not necessarily coincide with the

---

13 Submission 1, Pharmacy Guild, p. 7

14 Submission 48, Tasmanian Government, p. 15

15 Mr Dale Anderson, Institute Director, Tropical North Queensland Institute of Technical and Further Education, *Hansard*, Cairns, 2 April 2003, p. 141

16 ANTA Response to Additional Questions on Notice from the committee, 3 September 2003

needs of industry or national skill development needs.’<sup>17</sup> The committee agrees that this is a matter of concern.

6.24 The need for a clear, logical and stable framework for relationships between national and state ITABs was taken up in comments from the Australian Industry Group and the Engineering Employers Association of South Australia which recommended a harmonisation of reviews of the Commonwealth and state industry advisory arrangements to ensure a consistent approach and for state legislation to enshrine the revised state arrangements.<sup>18</sup>

6.25 Another major employer group, the ACCI, put a different point of view, implying that it does not regard the state advisory arrangements as an integral part of the national system. ACCI contends that there was no coherent network of state and national ITABs to dismantle, because industry arrangements varied significantly with industry grouping and also jurisdiction. It also refers to instances of unproductive conflict between the national ITAB and some state counterparts.<sup>19</sup>

6.26 ACCI also challenged the view that state ITABs should have an important role in informing VET planning at state level, suggesting that they rarely have this capacity, and that planning is better undertaken by government departments and agencies in each jurisdiction, with an ‘adequately resourced validation process conducted by relevant employer and employee bodies at a State/Territory level’. In ACCI’s view, each jurisdiction should decide on their own arrangements for seeking industry advice on skills development, but the preferable approach is for governments to engage with relevant employer organisations, and employee organisations, directly, supported by adequate resourcing as required.<sup>20</sup> ACCI’s view was echoed by some industry groups appearing before the committee in Western Australia.<sup>21</sup>

6.27 A different view was put by some ITAB representatives and state governments. The Victorian Government takes the view that the work that ITABs will undertake to progress its economic and skill formation agenda ‘is essential.’ According to official statements, ITABs will play a key role in supporting industry and the VET system to move to an innovation economy. Specific roles include: development, maintenance and extension of industry networks to support the identification of priorities for VET, promote training, link training providers and enterprises and involvement in innovation initiatives and Specialist Centres; support

---

17 Submission 33, Dr Erica Smith, p. 2

18 Submission 74, Australian Industry Group (AiG) and Engineering Employers Association of South Australia (EESA), p. 22

19 Mr Steve Balzary, Director, Employment and Training, Australian Chamber of Commerce and Industry (ACCI), *Hansard*, Canberra, 20 June 2003, p. 1128

20 Submission 100, ACCI, pp. 48–49

21 Mr Laurie Kruize, Executive Director, Training and Professional Development, Housing Industry Association, *Hansard*, Perth, 7 April 2003, p. 221; Submission 51, Western Australian Chamber of Commerce and Industry, pp. 4–5



for national and state training policy directions including training product development (Training Packages and local curriculum); and validation of research prepared through the Research Program through information from their industry networks.<sup>22</sup>

6.28 The Western Australian Government advised the committee that it considers the development of a joint employer-union view on training issues as a fundamental contribution of the ITAB structure, and important in ensuring ‘industry advice is seen to be ‘independent’ or ‘disinterested’.<sup>23</sup> A number of other witnesses put a similar view,<sup>24</sup> including Dr Erica Smith who considers that ITABs, with links to all stakeholders in the VET system, perform a valuable role by taking a broader view of skill formation needs that transcends the views of any one group.<sup>25</sup> As noted, however, it is this very aspect of ITABs – that is the mediation or moderation of individual stakeholder views – which appears to be least supported by some employer and industry associations.

6.29 ANTA’s official position on the role of state industry advisory arrangements in the national system could be characterised as somewhat ambiguous. It advised the committee that, following the removal of Commonwealth funding ‘the roles and structures of the state and territory industry advisory arrangements are now at the sole discretion of the respective jurisdiction,’<sup>26</sup> implying that the exact nature of the arrangements is not relevant to the national system. At the same time, in the following exchange, it acknowledges that industry input at the state level is fundamental to a national training system with a strong focus on industry needs:

**Senator SANTORO**—In terms of the ANTA board’s view of the strategic position of industry within the VET system, particularly a state VET framework and performance, what does ANTA think of industry input into VET particularly at a state level?

**Mr Stephens**—It is fundamental. It is certainly the vision that we were espousing. Our national strategy has industry at the centre providing advice and leadership to the system, a focus on the individual and a focus on communities. Certainly with industry it is way out there in front leading. There have been a whole range of changes that have happened at the state level...there was a meeting between the people in our organisation working

---

22 *Victoria’s Industry Training Advisory System: A Statement by the Hon. Lynne Kosky, MP Minister for Education and Training* at website: [www.vlesc.vic.gov.au/vlesc/docs/VITAS-statement.doc](http://www.vlesc.vic.gov.au/vlesc/docs/VITAS-statement.doc)

23 Mr Nigel Haywood, Director, Systems Planning and Industry Analysis, Western Australian Department of Education and Training, *Hansard*, Perth Roundtable, 7 May 2003, p. 269

24 Mr Ian Curry, National Project Officer, Australian Manufacturing Workers Union (AMWU), *Hansard*, Port Augusta, 9 April 2003, p. 348; Submission 11, Business Skills Victoria, pp. 8–9; Dr Erica Smith (private capacity), *Hansard*, Sydney, 6 May 2003 pp. 765; 772

25 Submission 33, Dr Erica Smith, p. 2

26 ANTA Response to Additional Questions on Notice from the committee, 3 September 2003

on the industry skills councils and those in states and territories to try to make sure that we can establish complementary structures that knit together advice that might come from state industry advisory arrangements into these national councils as well. So we are very keen to make sure that it works at all levels.<sup>27</sup>

6.30 ANTA subsequently confirmed to the committee that it is committed to working with each jurisdiction to ensure that the new national industry advisory arrangements work to complement and optimise those at a state level.<sup>28</sup>

6.31 An effective partnership between the Commonwealth and states and territories and industry, based on a partnership between employers and employees, is at the heart of the national training system. The committee considers that state industry advisory arrangements are an integral part of the national training system. It is therefore concerned that the changes to Commonwealth support for state industry advisory arrangements were taken on a unilateral basis, without apparent consultation with those most affected. The committee agrees that there was a case for review and undoubtedly reform of the previous state industry advisory arrangements to establish clear objectives and performance indicators and ensure representative membership and coherent relationships with national counterparts. Despite the widespread support for the state ITAB 'model', there is also clear evidence that ITABs have varied significantly in the extent to which they effectively represented the interests of their industry sectors and contributed to training package development and implementation.<sup>29</sup> However the committee considers that the issue of funding for state ITABs has fundamental implications for an important element of the national system, and as such, should have been discussed with ANTA MINCO, prior to any Commonwealth decision, consistent with the spirit of cooperative federalism.

6.32 The committee also considers that state industry advisory bodies have a useful role to play as 'honest brokers' in establishing partnerships between industry, training providers and communities and assisting industry and the community to navigate the extremely complex landscape of the national training system. The committee considers that a better way to address the perceived and no doubt real problems with some state ITABs would have been through an open review to establish the appropriate roles, structures, industry coverage and relationship with the national system.

---

27 Ms Karen Arthy, Director, Research, Planning and Reporting, ANTA, *Hansard*, Canberra, 15 August 2003, p. 1130

28 ANTA Response to Additional Questions on Notice from the committee, 3 September, 2003

29 Saunders, S and Philip G, *Report on Industry Training Advice in the ACT*, 6 September 2002, p.17; Mr Steve Balzary, Director, Employment and Training, ACCI, *Hansard*, Canberra, 20 June 2003, p. 1128; Mr John Winsor, Chief Executive Officer, Cairns Region Group Apprentices, *Hansard*, Cairns Roundtable, 2 April 2003, p. 139

## **New national industry advisory arrangements**

6.33 ANTA has provided a spectrum of reasons for the proposed new national industry advisory arrangements. Performance of ITABs is said to have been variable, with a general failure to engage small and medium enterprises in training. The amalgamation of ITABs and reduced number of bodies will reportedly break down industry 'silos', reset boundaries to more accurately reflect contemporary industry and occupational groupings and promote a broader, cross-sectoral approach, as well as fortuitously reducing total infrastructure costs. The total annual funding available for the new arrangements will be \$15 million annually, subject to Commonwealth allocations each year. ANTA has also called for the new arrangements to have a more focused and strategic role, with a stronger emphasis on new and emerging industries, stronger links with the national innovation system, including Cooperative Research Centres, and with industry action and skill shortage agendas, and a greater capacity to engage with industry including SMEs. At various points ANTA also notes that the new arrangements (perhaps in conjunction with the National Industry Skill Forum) should also be able to address skill shortages before they become a problem.

6.34 Funding and reporting arrangements for the new national bodies are also aimed at increasing flexibility and strengthening performance and accountability, by replacing the current mix of project and general funding, with a single line of funding based on a performance targets against a three year strategic plan. Funds will be disbursed over the year, on the basis of achieved performance targets. Allocations will depend on factors such as the importance of the industries covered, in terms of employment and economic significance, the size of the task in terms of package development and maintenance and the geographic spread.<sup>30</sup>

6.35 The new arrangements raise a number of issues and questions. Chief among these is the practicality of having councils represent a large and sometimes diverse range of industries and occupations. While ANTA's agreed framework for the new skill councils provides for a range of several different structural arrangements such as industry specific sub-committees, formal standing committees or subsidiary boards, ensuring an adequate focus on the needs of all sectors or sub-sectors will be a significant challenge. Even with the recent suite of 29 national ITABs, some industry sectors, such as the health and community services sector<sup>31</sup> and the leisure craft sector in Queensland complained of struggling to have their voices heard. At the same time, some smaller industry groups, which have been neglected under the current structure, see the new groupings as providing a more natural fit with their needs and concerns.

6.36 The enforced nature of the amalgamations was a concern to union and some employer groups. Mr Steve Balzary of ACCI told the committee that while ACCI

---

30 ANTA, *National Strategic Planning and Industry Advisory Arrangements for Vocational Education and Training*, Discussion Paper, 20 August 2003

31 Ms Diane Lawson, Chief Executive Officer, National Industry Training Advisory Board, Community Services and Health Training Australia, *Hansard*, Adelaide, 12 June 2003, p. 1101

supports amalgamations as providing for some synergies, it does not support forced amalgamations or the policy of setting a limit of 10 bodies. Indeed ACCI members consider that it may be more appropriate at this time to have 13, rather than 10, councils. In any case, ACCI's members consider that it is inappropriate and undesirable for government to force amalgamations as 'these are industry advisory arrangements, not government advisory arrangements, and therefore industry has to own them.'<sup>32</sup>

6.37 The AiG advised the committee that it supports the new streamlined skill council arrangements as a means of providing a more sophisticated national forecasting system and overcoming the narrow demarcations between advisory bodies, and consequently training packages, which currently reflect 'traditional occupational award arrangements which are now breaking down significantly'. Overall AiG considers the skill councils as 'a move forward in the maturation of the advisory system in this country'. Unlike ACCI, the AiG did not express any concerns about the proposed number of councils or the possibility of forced amalgamations but did express 'great concerns' about the membership of the councils. The concern related to suggestions that industry associations will not be able to nominate members for the boards of skill councils, on the same basis as unions.<sup>33</sup>

6.38 While it is not opposed to some amalgamations and a new framework for advisory bodies to reflect industry shifts and provide a better focus on common skill sets across training packages, the ACTU views the forced reduction from 29 to 10 bodies with 'grave concern.' The nub of the concern is that some, if not many, of the resultant bodies will have extremely broad industry coverage, raising difficulties for smaller groups, perhaps in critical or niche market areas, in having their voices heard.<sup>34</sup>

6.39 Both the ACTU and the AiG raised concerns that the \$15 million available for the new skill councils is far from adequate for the work they will be required to undertake.<sup>35</sup>

6.40 A more fundamental concern for the ACTU and some industry advisory bodies is whether the funding cuts to state ITABs and revised national advisory arrangements reflect a withdrawal from the principle of industry leadership, through a partnership between unions and employers, which has underpinned the national training system. Other developments reinforce this concern, including the reference in the new national strategy to 'employers and individuals', rather than 'industry and

---

32 Mr Steve Balzary, Director, Employment and Training, ACCI, *Hansard*, Canberra, 20 June 2003, p. 1127

33 Mr Stephen Ghost, General Manager, Education and Training, AiG, *Hansard*, Sydney, 6 May 2003, p. 799

34 Ms Sharan Burrow, President, ACTU, *Hansard*, Melbourne, 16 April 2003, pp. 602-605

35 Mr Stephen Ghost, General Manager, Education and Training, AiG, *Hansard*, Sydney, 6 May 2003, p. 799

individuals’,<sup>36</sup> the lack of union representation on ANTA’s ‘red tape committee reviewing training contracts and probationary issues, despite employers and unions having joint ‘ownership’ of the training contract,<sup>37</sup> and the Commonwealth’s purported opposition to the CEOs or presidents of some peak employer and union groups being represented at the highest levels on the ANTA board. Ms Sharan Burrow, the President of the ACTU, summarised the concerns this way:

If you are restructuring ITABs and defunding them or reducing funding, if you are not serious about asking employer groups and unions as the industry partners to put very senior people on to the ANTA board as a symbol of the importance of this work, then what you are actually saying is that somehow or other the national nature of an industry led system is not as important as it once might have been.<sup>38</sup>

6.41 The ACTU submission also pointed to the National Industry Skills Initiative, where employers worked with government to explore and resolve skill shortages in some industries, as evidence of a sidelining of the bipartite industry advisory bodies.<sup>39</sup>

6.42 The submission from the Business Skills Victoria (BSV) also expressed concern that the decision to cut funding to state ITABs and to ‘rely on advice from key stakeholders such as ACCI, AIG, BCA and NFF’ suggests that the industry-led system, which requires that the interests of workers and employers are fairly balanced and that public policy is not skewed to serve any particular private interests, is under attack. According to the BSV:

...industry-led does not mean employer led, or union led...[but] there is a growing view within industry that while the rhetoric says that the VET system is industry-led, the training agenda is now driven by government policy and industry is, in practice, frozen out...Whilst we support the need to be constantly fine-tuning industry advisory mechanisms, the Board is concerned that the proposed changes will result in an eventual dismantling of the national system through inadequate industry consultation and ownership of the system.<sup>40</sup>

6.43 The committee considers that these concerns are understandable. They could be dispelled by ANTA issuing a clear statement of its commitment to an industry-led

---

36 Ms Sharan Burrow, President, ACTU, *Hansard*, Melbourne, 16 April 2003, pp. 602–05

37 However, DEST advised in a response to an Additional Question on Notice from the committee that the working group established in May 2002 to examine ways of reducing red tape and bureaucracy in the administration of New Apprenticeships and look at aspects such as the national implementation of the standard training agreement, User Choice applications and simplifying and standardising arrangements for training plans, includes ANTA, States and Territories, and the ACCI and ‘union representation’.

38 Ms Sharan Burrow, President, ACTU, *Hansard*, Melbourne, 16 April 2003, p. 604

39 Submission 23, ACTU, p. 45

40 Submission 11, Business Skills Victoria, pp. 8–9

national training system, spelling out how this commitment will be reflected in the consultation structures and processes of the national system.

6.44 The committee agrees that there appears to have been a case for some review of the national industry advisory bodies to better reflect contemporary industry skill profiles, ensure that membership is representative, and provide clearer roles and performance indicators. The committee also supports the proposal to rationalise the current suite of training packages so as to better reflect contemporary industry skill profiles and identify common and cross-cutting competencies, or sets of competencies. A more streamlined set of training packages has the potential to provide a stronger foundation for recognition of skills gained in other industries and occupations, and thus facilitate cross skilling and upskilling. The committee does not consider, however, that this necessarily dictates ten skill councils. The number of skill councils should be based on a set of clear principles for effective industry groupings, reflecting industry skill profiles and training needs and the agreement of industry members, rather than an arbitrary figure, possibly reflecting financial considerations. Commonwealth funding should then reflect the amount required to perform those functions effectively, again rather than an arbitrary figure, unrelated to need.

6.45 While those aspects of the new industry advisory arrangements discussed above give rise to some concerns, the committee also acknowledges some positive features of the proposed new industry advisory model. The proposed links between the new skill councils and the Cooperative Research Centres (CRCs) will be an important advance, and significantly enhance the capacity of the councils to identify the skill needs associated with emerging industries and technologies. The National Industry Skills Forum and the proposed new national planning process offer the prospect of a more strategic approach to identifying current and future skill needs. The establishment of clear performance indicators and funding arrangements also offer the potential for improved performance and operation of the new bodies.

### ***The role of industry advisory bodies***

6.46 There are differing views among stakeholders on the appropriate roles for the new skill councils. ANTA states that the skills councils will have two main roles, being to:

- actively support the development, implementation and continuous improvement of high quality, nationally recognised training products and services, including enhancing innovation, rationalising materials where there are cross-industry synergies, and improving efficiency; and
- assist industries, enterprises and their workforce to integrate skill development with business goals and support accurate industry intelligence on future

---

directions - including provision of strategic advice on industry skills and training needs to the National Industry Skills Forum.<sup>41</sup>

6.47 Elsewhere ANTA has indicated that the skill councils, working in partnership with ANTA, will provide a more strategic and forward-looking approach to identifying current and future skill needs, apparently in line with the vision articulated by the Australian Industry Group. More specifically, ANTA sees the roles of the skill councils as providing 'market intelligence' on the needs and trends within their industries. Councils will not, however, be resourced or expected to undertake research, such as employment forecasts, which will instead be the responsibility of ANTA.<sup>42</sup>

6.48 While the committee supports an integrated and co-ordinated approach to labour market and skills forecasting, and agrees that it is more efficient for occupational training needs based on employment forecasts to be undertaken by a single agency, it also considers that skills councils should retain a major role in identifying the skills requirements for their industry sectors. This goes beyond simple market intelligence to include analysis and advice, not only on the drivers of skills supply and demand, but also issues such as access to skills development across regions and segments of the workforce.

6.49 In stark contrast to the minimalist role for skill councils preferred by some employer groups, union representatives called for a broader and more active role for skill councils, including in stimulating increased employer demand for and contribution to training. Among the proposed additional roles for skill councils are:

- promoting the implementation of training packages through a stronger role in the assessment and delivery of training;
- promoting greater recognition of prior learning and training of the existing workforce, in partnerships with RTOs;
- developing cooperative arrangements between firms and with training providers to deal with the limitations of exposure to skills in particular enterprises and with casual and contract labour mobility;
- the development of mechanisms to achieve greater and more equitable employer contribution to training effort through the administration of a training levy, industry training funds or tax credit schemes;
- developing training plans to deal with industry restructuring and pending redundancy;<sup>43</sup> and

---

41 ANTA Response to Additional Question on Notice from the committee, response dated 3 September 2003

42 Ms Kareena Arthy, Director, Research, Planning and Reporting, ANTA, *Hansard*, Canberra, 15 August 2003, p. 1227

43 Submission 23, ACTU, pp. 47–48; Submission 24, AMWU, p. 9

- contributing to whole-of-government processes for industry, economic and social development.<sup>44</sup>

6.50 Union representatives indicate that additional resources would be required to support some, but not all, of these activities.

6.51 These proposed roles echo to some extent the broader skills formation agenda of the new sector skill councils in the United Kingdom (UK). Under the UK model, skills councils will have a broad responsibility for advancing skills formation in their industry sectors, with the capacity to consider issues such improving productivity within the industry and the adaptability of the workforce, and ways of leveraging additional employer investment in skills development.<sup>45</sup>

6.52 The union proposals, and to some extent the UK model, reflect a recognition that effective skills development policies cannot be developed in isolation from broader industry and labour market considerations. As discussed in previous chapters of this report, there is clear evidence that the current policy direction is not adequate to provide a sustainable skills base to meet current and future needs in some industries, sectors or regions, or to move industry further towards a high skill equilibrium. As the outcomes of the National Industry Skills Initiative demonstrate, strategies to address skill shortages and to develop a sustainable skills base must take account of the broad range of factors which influence the supply and demand for skills within a region or industry, including working conditions and career paths and the pattern of market incentives within the industry which either promote or discourage investment in skills development.

6.53 The evidence to this inquiry, as outlined in previous chapters also supports the need for cooperative approaches between employers, unions and governments to address issues such as the retraining of the existing workforce and workers displaced by technological change or industry restructuring. The committee considers that the skills councils, representing the key stakeholders in these processes, are the appropriate forums to consider these matters. Consideration should therefore be given to expanding the charter for skills councils to require them to advise on strategies for developing a sustainable skills base for their industries and promoting the development of a range of high and intermediate skill levels and equitable access to training opportunities. This leads on to a discussion on the issue of industry investment in training, to which we now turn.

## **Industry investment in training**

6.54 The need for additional public investment in vocational education and training was discussed in Chapter Four on the Framework for Vocational Education and

---

44 Submission 24, AMWU, p. 9

45 UK Department for Education and Skills, *Meeting the Sector Skills and Productivity Challenge*, 2001, p. 19; website: [www.ssda.org.uk/ssc/sscouncil.html](http://www.ssda.org.uk/ssc/sscouncil.html)



Training. The committee also received submissions and evidence in support of the need for increased industry investment in training.

6.55 There is mounting concern about the adequacy of industry investment in training of its workforce and unequal access to training opportunities, particularly for the increasing corps of casual and contract employees and older workers with limited or no post-secondary education. As discussed in previous chapters, the projected declines in the cohort of new workforce entrants, along with rapid technological and workplace change, will require a new policy focus on measures to retain people in employment for longer and on regular retraining and upskilling of the existing workforce. This is arguably primarily the responsibility of industry although there is a case for the government to support industry investments in training with social and economic benefits beyond those accruing to the individual employer. Evidence of structural barriers to industry training for new workforce entrants in some industries and a ‘draining of the pool’ of skilled people, also indicate the need for additional investment and more collaborative approaches to skill formation.

6.56 For Dr John Buchanan, the key measure of industry’s investment in training is expenditure on training as a proportion of payroll, with expenditure on structured training (that is more likely to lead to portable skills) as another important variable. From this perspective, Dr Buchanan sees the static nature of employer expenditure on training as a proportion of payroll (1.3 per cent) between 1996 and 2003 as a concern, given Australia’s poor record in creating high skill jobs, and the large increase in participation in VET (a quarter of a million apprentices and trainees) over the same period. The reduction in employer expenditure on structured training as a proportion of payroll, from 1.7 per cent of payroll to 1.5 per cent, is seen as another indicator of a declining commitment to train. Commenting on this combination of trends, Dr Buchanan concludes that:

...whilst there is the rhetoric of a national training market being put in place, the reality is that there is massive cost shifting going on where employers are accessing cheap labour with government support.<sup>46</sup>

6.57 His specific concern is that the current set of programs and incentives in the national training system is encouraging too many employers to take the ‘low cost, low skills path characteristic of low skill ecosystems’, where productivity and profit is achieved through work intensification and lower pay rates. He explained that the challenge then is to change the regime that underpins current arrangements.<sup>47</sup>

6.58 Dr Buchanan suggests that a skills levy, or similar mandatory system of guaranteeing a minimum employer contribution to training, can be one means of generating a new training regime and a high skills dynamic, because employers who invest in training are more likely to value the skills that result, and use those skills to

---

46 Dr John Buchanan (private capacity), *Hansard*, Sydney Roundtable, 7 May 2003, p. 901

47 Submission 44, Dusseldorp Skills Forum, p. 10

productive ends.<sup>48</sup> A discussion on the merits of levies and other measures to increase training will follow in a later section of this chapter, after considering other assessments of Australian industry's training performance.

6.59 A number of witnesses took the view that employer investment in training is either increasing or satisfactory by other measures. The ACCI submission rejects the need to introduce compulsory training levies, a view it argues is supported the findings of the same ABS survey cited by Dr Buchanan. These include that:

- 81 per cent of all employers provided some training to their employees in the 12 months to June 2002, a 20 per cent increase in participation since 1997; and
- net expenditure on structured training by employers has increased by 52 per cent since 1996.<sup>49</sup>

6.60 The committee notes, however, that as identified in Chapter Three, only about 40 per cent of private sector employers provided training: the overall figure is inflated by high public sector training rates. It also notes that net expenditure alone is a poor comparative measure, as it may simply reflect increases in the number of employees and the costs of training.

6.61 Like ACCI, Dr Andy Smith, an academic, made a positive assessment of Australian employers' contribution to training. He noted that the proportion of Australian workers undertaking work-related training increased from 30 per cent in 1993 to 45 per cent in 2001, and concluded that the majority of Australian workers are receiving some form of training from their employers and many are undertaking formal, off-the-job training in their firms.<sup>50</sup> Despite the notorious difficulty in making valid international comparisons, he also considers that these are more favourable to Australia than commonly supposed, particularly if the focus is on training of existing workers. He presents a comparison of employers' expenditure on training existing workers as a proportion of wages and salaries in Australia and some other OCED countries, as showing that Australia lies towards the 'upper end of the normal range' of between 1 and 3 per cent of payroll costs.<sup>51</sup> The committee observes, however, that a similar comparison made in 1996 gave the caveat that most Australian figures generally include expenditure on entry level training (through New Apprenticeships for example) while European figures generally exclude such expenditure (which is generally undertaken in institutions in those countries).<sup>52</sup>

---

48 Submission 44, Dusseldorp Skills Forum, pp. 10–12

49 Submission 100, Australian Chamber of Commerce and Industry (ACCI), pp. 32–33

50 Submission 46, Professor Andy Smith, pp. 2–3

51 *ibid.* pp. 3–5

52 Fraser D, *The Training Guarantee: Its Impact and Legacy 1990–1994*, Main report, September 1996, EMB Report 5/96; p. 31

6.62 The committee notes the limitations of using comparisons of expenditure on training over time or across countries as the sole measure of the adequacy of investment in training. The quality of training, level and type of skills, and access to skill development opportunities are equally, if not more important. That said, the committee considers that the significant skill challenges facing Australia and the key role that skills play in maintaining a competitive economy, and the long way to go before Australians have ‘world-class skills and knowledge’, as envisaged by the new national strategy, suggest that training as a proportion of payroll could be expected to increase, rather than decrease over time.

6.63 In this context, the committee notes that the submission from ANTA itemised some of the skills development challenges facing Australian industry in the immediate future. These include:

- the relentless pressure on costs, quality and productivity produced by globalisation and competition which is increasing the demand for high quality and skilled labour;
- the relationship between the introduction of new technology, new work processes and the rapid evolution of new products and services requiring new approaches to learning and skill development, with a much greater premium on ongoing and “just in time” training;
- an increasing emphasis on the skills required to operate in global markets, including international business skills;
- an increasing need for integrated approaches to skill enhancement encompassing the development of a learning culture within firms and across industries and more effective approaches to employee recruitment, retention and retraining;
- retraining the existing workforce is rapidly emerging as a priority issue, given demographic changes, changing work processes and job requirements, technological change and the difficulty some industries have in attracting young people or retaining existing workers;
- the need to address skill shortages; and
- the training implications of emerging regulatory, health and safety and environmental requirements and international standards.<sup>53</sup>

6.64 An issue not raised by ANTA in this context, but of concern to a significant number of stakeholders, is the increasingly inequitable access to training opportunities. ABS data indicate that, while the overall absolute levels of employer sponsorship of training had grown between 1997 and 2002, the level of training provided to non-standard workers remained low: employers were less likely to provide training to workers who were not permanent employees, such as contractors,

---

53 Submission 35, ANTA, pp. 5–6

temporary agency workers and volunteers.<sup>54</sup> The nature of the training provided is also likely to disadvantage casual employees. Qualitative research undertaken by Hall in 2000 also found that non-standard employees were likely to be provided with only induction and ‘near fit’ training but not foundation skills.<sup>55</sup> Apart from the serious equity implications of this trend, in particular the effect that it has on casual workers’ future employment prospects, there are also concerns about the long-term effect on the skills base of industries with significant proportions of casual workers. The need to ensure a more equitable access to training for casual and contract workers, was an important issue raised during the inquiry. A study for the Victorian Government found that the limited investment by employers in training of casual and contract workers raises pressure for public intervention, particularly in areas of significance to the economy or communities.<sup>56</sup>

6.65 Elsewhere ANTA has also recognised the need for skills formation policy to stimulate Small and Medium Enterprises (SMEs) to increase their investment in training both new entrants and existing workers. As noted in previous chapters, there are several impediments to SME investment in training of apprentices in the traditional trades, including the low cost-effectiveness of traditional apprentices in the initial years of training and the pressures of work intensification which mean that some small employers have little, if any, scope to provide the supervision required for on-the-job training. Above all there is the risk of poaching, which means that the employer who bears the cost of training cannot be sure of obtaining the benefits. In these circumstances no amount of information and exhortation is likely to persuade an individual employer to increase their training effort. Collective approaches which share the costs and benefits of training may be the only solution.

6.66 This gives rise to discussion about the merits of a levy, the most common means of sharing the costs and benefits of training. Ms Kaye Schofield argued that as skilled workers in strategically critical areas such as metal trades become scarcer, the poaching problem (and associated wage spirals) will become more apparent. She concluded that the approach to training based on employer voluntarism in areas of strategic importance to Australia, such as manufacturing, is simply not working. An alternative approach, based on the various state-based building and construction industry training funds, was suggested as likely to solve the free-rider problem, especially at entry-level. Ms Schofield suggested that the Commonwealth and state and territory governments need to actively support industries/regions to introduce training levies, closely modelled on those in the building and construction industry, acknowledging that this will require widespread consultation and debate and a high degree of consensus.

---

54 Victorian Learning and Employment Skills Commission (VLESC), ‘Part Four—Training Needs across Industry Sectors’, *Assessing Demand and Establishing Priorities for VET*, Research Program Reports, Cross industry issues, p. 18

55 *ibid.* p. 20

56 *ibid.* p. 3

6.67 As noted ACCI, and many other industry representatives, including the Australian Industry Group, are strongly opposed to a levy. The Engineering Employers Association South Australia told the committee that they oppose the proposed training levy on manufacturing in that state, because it would reduce the competitive position of those companies that manufacture in South Australia and are forced to compete against imported products.<sup>57</sup> On the other hand, there appears to be a general consensus that the levies operating in the construction industry have been very effective in overcoming the poaching and free rider problem and increasing the level of training. For example, Mr Kruize of the HIA told the committee that while the Association originally opposed compulsory state levies for the industry, it now supports them, with the caveat that money that is raised in one part of the industry should remain in that part of the industry.<sup>58</sup> The committee was also told that the arts industry in South Australia had considered such an approach as a means of funding the training required in their industry.<sup>59</sup>

6.68 There was less support for more universal levies, similar to the approach adopted under the Training Guarantee Act. Mr Peter Laver, Chair of the Victorian Learning and Employment Skills Commission told the committee that his organisation has been researching strategies to increase employer investment in training. While they had not formed a final view at the time of his appearance before the committee, the preliminary view was that it would not be appropriate to revisit or re-instate the training guarantee levy.<sup>60</sup> Mr Mark Cully of the NCVET told the committee that France's general levy system is regarded as 'largely dysfunctional', but that Germany's training system, which is regulated by collective bargaining, rather than by statute, achieves very high rates of apprenticeship.<sup>61</sup>

6.69 The committee agrees that the evidence suggests that the training guarantee levy, while having achieved important benefits during the time it was in place,<sup>62</sup> may not be an appropriate model to increase employer investment in training and the development of a higher skills rather than low wage path to further productivity, at this time. Mechanisms to leverage additional employer investment in training need to take account of the circumstances of the industry, including the proportion of large

---

57 Mr Stephen Myatt, Director, Engineering Employers Association South Australia, *Hansard*, Adelaide Roundtable, 12 June 2003, p. 1129

58 Mr Laurie Kruize, Executive Director, Training and Professional Development, Housing Industry Association, *Hansard*, Perth, 7 April 2003, p. 220

59 Dr Geoffrey Wood, Executive Director, Office of Vocational Education and Training, Department of Further Education, Employment, Science and Technology, South Australia, *Hansard*, Adelaide, 12 June 2003, p. 1059

60 Mr Peter Laver, Chair, VLESC, *Hansard*, Melbourne, 16 April 2003, pp. 588–89

61 Mr Mark Cully, General Manager, National Centre for Vocational Education Research (NCVER), *Hansard*, Darwin, 10 June 2003, p. 1002

62 Fraser D, *The Training Guarantee: Its Impact and Legacy 1990–1994*, Main report, September 1996, EMB Report 5/96, p. 31

and small companies, the relative importance of skills and training for the industries' sustainability and the barriers to and benefits of training, suggesting carefully targeted strategies rather than blunt instruments. This suggests industry-specific and possibly industry-region-specific arrangements, which can address the specific needs and circumstances of the skills 'micro-systems'. Collective bargaining arrangements or voluntary contributions to collective approaches, may in some cases, be as or more effective than levies. And as the evaluation of the Training Guarantee Act found, effective strategies, will also need to consider the broader range of labour market and industry factors that impinge on skills formation and utilisation.<sup>63</sup>

6.70 As discussed in the previous chapter, employers argued for appropriately structured incentives from government, to help leverage or stimulate the necessary investment from industry in training of the existing workforce.

6.71 The committee also notes, in this context, the evidence from Ms Kaye Schofield, which highlighted the importance of ensuring that skills formation strategies are set within the broader context of workforce development, to ensure the effective utilisation for skills. More broadly, it was put to the committee that a limitation of Australia's current policy on skill formation is its failure to recognise that skills formation is not a stand alone issue, but must be addressed as part of an integrated suite of industry, social and taxation policy. Ireland's 'whole of government' vision of regional industry clustering, IT revolution and niche market development supported by long term planning in education, taxation and labour policy was raised as a model of what could be achieved with the necessary vision and commitment.<sup>64</sup> In this context, Australia's current reliance on the demands of the individual enterprise as the 'cue for the supply system' is said to be at odds with the dynamics of the knowledge economy, which works through inter-firm collaboration, clusters, networks, supply chains and distribution chains.<sup>65</sup> The committee notes that ANTA's submission acknowledges the need for 'integrated approaches to skill enhancement encompassing the development of a learning culture within firms and across industries' as one of the major skill challenges facing Australian industry. From the evidence put to the committee, however, there is no indication of the priority that is accorded to this issue and how ANTA proposes to progress it.

6.72 The committee is convinced of the need for skills formation to be placed within a broader policy framework which takes account of the environment in which skills are formed and utilised and the economic and social development objectives. Ideally this should be a key issue to be addressed by the National Industry Skills Forum.

---

63 idid. p. 24

64 See for example Mr Jason Kuchel, Executive Director, Electronics Industry Association, *Hansard*, Adelaide 12 June 2003, pp. 1126–27

65 Ms Kaye Schofield, *Hansard*, Sydney, 6 May 2003, p. 833

6.73 More specifically, the committee is also convinced of the need to significantly increase employer investment in training of the existing workforce, and for more equitable access to such training, including for casual, contract and labour hire employees. The committee notes the disparate evidence and claims concerning the relative merits of the different mechanisms and is aware that ANTA is conducting research on the future resourcing of VET. However it considers that ANTA should specifically commission independent research on the merits of the full range of approaches to increasing employer investment in training of new entrants and the existing workforce, including: incentive arrangements; employment based contracts and various levy models, such as the levy operating in the construction industry in many jurisdictions; the Singapore levy on the wages of the lowest paid (and presumably lowest-skilled) workers; the inclusion of training targets in collective bargaining agreements; the use of government tenders to promote training; and, any other relevant measures. The research should consider factors such as the circumstances in which these various measures are most effective, the problems that they best address and effective operating principles. The national skills councils should then draw on this research in examining the most appropriate strategies for developing a sustainable skills base for their industries, promoting a high skills equilibrium, equitable access to training opportunities, and a broader program of workforce development.

#### **Recommendation 51**

**The committee recommends that ANTA should:**

- **review, at the end of 2004, the effect of reduced funding of state and territory industry advisory arrangements on their capacity to support the national advisory arrangements, and the national system;**
- **consider expanding the roles of the national skills councils to include developing skills formation and workforce development strategies for their industries and supporting this with appropriate funding; and**
- **announce its commitment to the continuing, central importance of the bipartite approach (based on a partnership between employers and unions) to industry advice, to be reflected throughout all of ANTA's advisory bodies and working groups.**

#### **Recommendation 52**

**The committee also considers ANTA should commission independent research on the full range of strategies that can contribute to increased and more effective and targeted employer investment in training and more equitable access to training for the casual and contract workers. The research should include consideration of collective bargaining arrangements, levies, incentive arrangements, taxation arrangements, industry training plans and workforce development strategies.**

## Consultation with other stakeholders

6.74 The committee notes that the main stakeholders in issues of skills development are employers, employees, education and training providers and communities. Consultative arrangements at all levels of the VET policy and planning and delivery frameworks should reflect the need to take account of this diversity of interests, in appropriate ways. As noted, this implies appropriate representation of employers, unions and education and training providers in the consultative structures for policy and planning for the national training system. The committee strongly supports the inclusion of education and training provider interests and union interests on the ANTA board and on the advisory committees or working groups within ANTA.

6.75 As discussed, there is also increasing recognition of the important role of VET in community capacity building and the consequent need to involve the community in VET policy, planning and delivery. This can be manifest in different ways, including at the national, state government and local level.

6.76 At the national level, the new national strategy gives more prominent recognition of the role of VET in meeting the skill needs of individuals and communities. ANTA advised the committee that the new national strategy for VET was developed through ‘an unprecedented level of consultation with thousands of Australians’:

...regional forums were held in 25 communities across Australia, about 100 targeted consultations were held and 120 public submissions were received, many from individuals and organisations representing individuals. This has set a new standard for inclusive consultative arrangements and one that the ANTA Board has committed to continue as the strategy is implemented.<sup>66</sup>

6.77 ANTA also advised the committee that industry and community representatives and individuals are currently being consulted on the development of an action plan for the national strategy, through round table around key issues and posting of ‘ideas for action’ papers on the ANTA website for public comment. ANTA also envisages an (unspecified) process for all strategy partners and stakeholders to monitor progress in implementation of the strategy.<sup>67</sup> The committee strongly endorses this approach.

6.78 There has also been an increased focus on consultation with the community, at the state level. In Victoria, for example, the state training board has been replaced with a Victorian Learning and Employment Skills Commission, with responsibility for a ‘quality, balanced and sustainable post compulsory education and training system that responds to stakeholder needs and contributes to Victoria’s economic and social

---

66 ANTA Response to Question on Notice, 3 September 2003

67 *ibid.*



development'.<sup>68</sup> Members of the commission have experience in vocational education, training and community development, and reflect the diversity of the community, as well as metropolitan and country interests. The committee was also told that the Department of Education and Training and the State Training Board in Western Australia, are now engaging with a far wider spectrum of stakeholders and discussing skill related issues with broader elements of the community. The Western Australian Chamber of Commerce and Industry welcomed this more extensive approach to consultation.<sup>69</sup>

6.79 The committee was also advised of the diverse arrangements for consultation at the regional level and the increasing importance of these, both for community economic and social development objectives and addressing industry's skill needs. Research on skill ecosystems, which identifies a regional as well as industry dimension to skills profiles, also supports the value of a regional approach to skills development.

6.80 Regional approaches appear particularly advanced in Victoria, which has established a series of local learning and employment networks, comprising local employers and education and training providers to share information about local industry employment opportunities, skill needs and pathways into employment, with the aim of minimising skill mismatches, evident in the persistence of high unemployment, especially of youth, alongside skill shortages and skill gaps. A major focus of the networks is to assist young people in the transition from school to work through better information sharing, linking with available opportunities and assistance with skills upgrading where necessary. An underlying assumption of networks of this kind is that there is often a local or regionalised dimension to labour markets, particularly for skills outside the professions and for areas outside the main metropolitan centres. Structures which bring all of the key local stakeholders together provide an opportunity to minimise skill mismatches by sharing information on needs and opportunities and developing strategies to provide a better fit between local skill needs and supply. At the same time, some networks have identified a large proportion of employment being taken up by people resident in other localities, suggesting the potential to reduce unemployment if more local people are able to provide the skills required by local employers.<sup>70</sup>

6.81 A similar point was made by the Northern Area Consultative Committee. It referred the committee to the benefits that had been achieved through the work of the Northern Stainless Steel Skills Development Group (NSSSDG) comprising regional representatives from the stainless steel industry, schools, training providers, government and recruitment agencies. The Group's aim has been to identify and resolve skill shortages in the stainless steel industry by linking students, teachers, the

---

68 VLESC website: [www.vlesc.vic.gov.au/vlesc/about/mission.htm](http://www.vlesc.vic.gov.au/vlesc/about/mission.htm)

69 Submission 51, Chamber of Commerce and Industry of Western Australia (inc), p. 5

70 Submission 62, Maribynong/Moonee Valley LLEN, Melbourne West ACC, and WREDO, p. 5

community and industry members in the region. This has led to some more concrete initiatives such as the establishment of metal engineering programs and facilities at local schools, and other assistance. The strategies to date have resulted in a four fold increase in the intake of apprentices, and promise of more increases to come. The NACC concluded that:

The experience with NSSSDG has proven that the organisation of industry sectors on a regional basis can provide many benefits to key stakeholders and can readily facilitate the development of strong linkages between industry, schools and the community.<sup>71</sup>

6.82 More generally submissions from the City of Greater Dandenong and South East Development and the SELLEN argued that international experience, particularly in Europe, points to the success of collaborative, ‘bottom up’, regionally based approaches with three main components: promoting an understanding of the issues across sectors (education of stakeholders); facilitating cooperation across sectors (development of relationships between stakeholders); and encouraging industry involvement (stakeholders accepting responsibility).<sup>72</sup>

6.83 Community and education consultation and input into industry planning at the state level can also be strengthened if state-based industry advisory bodies also establish linkages with community-based organisations and education and training providers. The committee heard that an ITAB in Victoria has TAFEs attending board meetings as participants and is considering involving the chairs of community organisations on a similar basis. This sort of approach provides another opportunity to promote more informed planning which takes account of the interests of all stakeholders.<sup>73</sup>

6.84 The committee strongly endorses the need for appropriate inclusion of all stakeholders in the identification of skill needs and the development of skills strategies at the national, state and local level. Evidence to the committee suggests that local networks such as those operating through the LLENs in Victoria, the ‘youth commitment’ group in the Macarthur district of Sydney, and in Kwinana in Western Australia, demonstrate the value of partnerships of local stakeholders in improving youth transition and addressing local skill needs. The committee believes state and territory governments should seriously consider the value and potential of supporting the expansion of these partnerships throughout their jurisdictions, backed by appropriate state government assistance and support. It also calls upon industry and employer associations to encourage their members to participate in such partnerships.

---

71 Submission 72, Northern Area Consultative Committee, p. 4

72 Submission 63, City of Greater Dandenong and South East Development, p. 2; Submission 70, South East Local Learning and Employment Network Inc (SELLEN), p. 3

73 Mr David Graham, Learning and Development Manager, Huntsman Chemical Co. Pty Ltd; Chair, Manufacturing Learning Australia; and Chair, Manufacturing Learning Victoria, *Hansard*, Melbourne, 17 April 2003, p. 666