



INDUSTRY SKILLS COUNCIL - AN ACCI MODEL

There has been much debate within the employer community over recent years about the effectiveness of Industry Skills Councils and their responsiveness to the specific needs of industry. ACCI has recently drawn up a model which creates a more responsible role for industry in the training system and provides clarity and transparency around the roles of other key stakeholders.

It is now four years since the Industry Skills Councils (ISCs) replaced their antecedents, Industry Training Advisory Boards (ITABs). ISCs were created by the former Australian National Training Board (ANTA) to reduce the numbers of organisations involved in the development of Training Packages and providing industry advice from 29 to 10 in a rationalisation process including revised funding and accountability arrangements.

The recognition of the importance of an “industry-led” training system provided the basis for the formation of these bodies and an attempt to translate what was meant by “industry-led”. Early work of these bodies identified and serviced some industry needs through the development and maintenance of Training Packages.

The intended roles of the ISCs were to:

- provide accurate industry intelligence to the VET sector about current and future skill needs and training requirements; and
- support the development, implementation and continuous improvement of quality nationally recognised training products and services, including Training Packages.

Since their inception, a lot of good work has been done, but the ISCs have also received some criticism from industry.

THE MAIN CONCERNS

The current model contains some tension points that cannot be resolved with the existing structure of ISCs.

These tensions are twofold, namely around industry coverage and consultation processes.

Industry Coverage

The ISCs cover many broad areas of industry. For example, Service Skills Australia covers Beauty, Caravans, Community Pharmacy, Community Recreation, Fitness, Forestry, Funeral Services, Hairdressing, Hospitality, Outdoor Recreation, Retail, Tourism, Sport and Wholesale.

To truly represent the interests of each individual industry is a monumental task. The connection between the industry groupings is tenuous to say the least, given that for example Sport and Hairdressing are together in the one ISC and the Agrifood Skills Council puts together industries such as Seafood and Horse Racing.

Additionally, some industries do not “fit the mould” and do not fit easily into one ISC or another. This has resulted in automotive and forestry industries not belonging to an ISC.

While the current groupings are not ideal, the most serious concern of industry is to engage with industries currently not part of an ISC.

ACCI recommends that Service Skills Australia be split into two ISCs - one based on Retail and one based on Tourism and Hospitality. Together, Retail & Tourism and Hospitality account for 19.3% of employment in Australia.¹ One ISC for 20% of employed people and nine for 80% of employed people does not make sense.

Consideration could also be given to separating property services and plumbing from building and construction and moving printing industries to a communications field. The boundaries of ISCs should not be seen as fixed and should reflect the evolution of industries in line with modern technology and other industry developments.

Important aspects of coverage are to:

- capture industries outside ISC coverage (e.g. Automotive and Forestry) or lost in the wilderness of ISC coverage;
- further expand the effects of cross-industry rationalisation particularly competencies that straddle industry sectors and ISCs; and
- continue the existing capacity for enterprises to develop and deliver enterprise packages that are directly relevant to their operations such as Woolworths, Qantas, Defence and the ABC.

Consultation Processes

Consultation processes is the second area where tensions in the model have led to some problems with engaging industry.

Many ACCI organisations have reported not being approached during Training Package review or development processes. Further exacerbating the lack of a direct approach, some ACCI organisations report that where they have been approached and provided feedback, the advice given is not always properly understood or effectively used.

The current ISC model invites broad consultation and many use sector advisory committees or equivalents to invite comments from individual enterprises and industry groups. Analysing the advice provided and its outcomes does not always appear transparent and there is a perception that individuals or single purpose lobby groups have more sway than industry groups representing a full range of enterprises from micro to large.

Industry groups also cover many areas other than education and training and are in a good position to see the broader industry picture. They are the ones with their fingers on the industry pulse and can determine what are genuine emerging needs or passing fads. Because of the commercial imperative in making profit, a realistic picture of industry is necessary. It is important to capture this industry intelligence in an effective manner and reflect it in the training system through robust processes to develop training products and support services.

The ACCI Industry Panel Model

The ACCI Industry Panel Model (see Figure 1) separates the Training Package and industry intelligence roles currently undertaken by ISCs. It introduces an official

role for peak industry groups such as ACCI and relevant peak industry bodies through the establishment of an Industry Panel. ISCs would continue to be responsible for the development of Training Packages, support materials and Professional Development (PD) approaches for Registered Training Organisations (RTOs).

The role of the Industry Panel would be to provide an industry voice and industry leadership in the Training Package development process through:

- the provision of industry experts in their fields to form an industry steering committee to guide and direct the work of Industry Skills Councils in developing and reviewing Training Packages;
- sign off and endorsement of the content of relevant Training Packages by the expert Steering Committees; and
- the provision of nominees with relevant skills and competencies for Board positions on Industry Skills Councils as they become vacant.

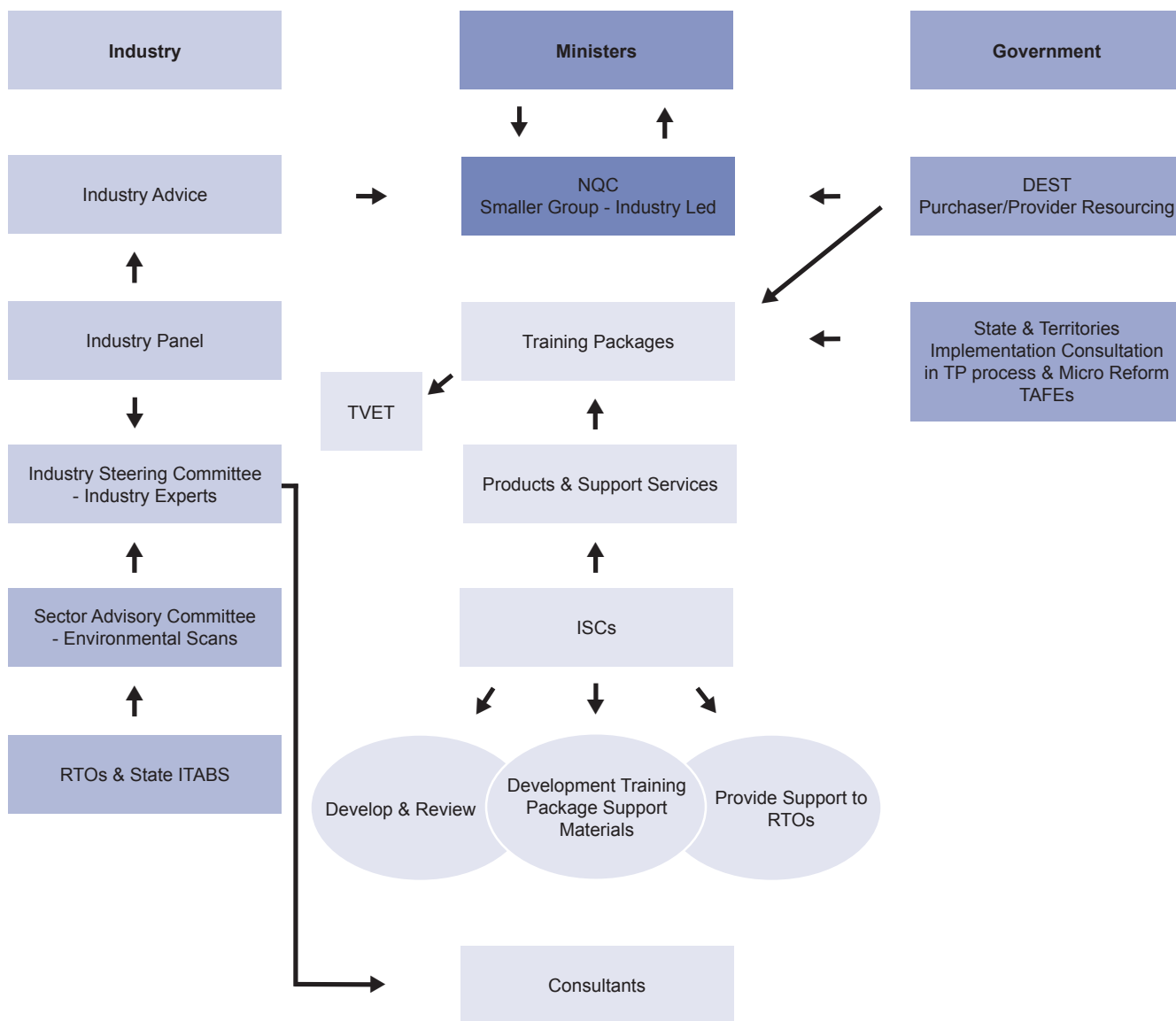
Individual enterprises, single purpose lobby groups and State and Territory ITABS would still be able to participate in the Training Package review process but their role would be confined to the environmental scan undertaken in Phase 1 of the review process through participation in Sector Advisory Committees/Industry Reference Groups. The overall direction of the review and consultation process would, however, be directed by industry experts nominated by the Industry Panel.

This provides for an official role for industry in Training Package development.

The main benefits of the ACCI model include:

- an official voice for industry in the Training Package development and review process that is absent in the current model;
- greater transparency and clarity around what is meant by an industry-led system;
- strengthening of the current reference group feature of the Training Package development and review process;
- strategic targeting for consultative process; and
- synergies with other reform proposals to improve the review process.

**Figure 1
ACCI Industry Panel Model**



The Industry Panel

A representative Panel established to oversee the operation of ISCs is needed to ensure that the needs of Australian industry are met in Training Package development.

The Panel would be made up of representatives of peak industry bodies and significant industry associations to:

- set strategic frameworks and provide strategic direction and advice to ISCs on issues around governance and Training Package reviews;
- provide nominees for Board positions based on competency and skills required;
- provide Industry Chairs of Steering Groups to oversee Training Package activities and work directly with

consultants;

- validate extent of industry connectivity in tender process for establishing the Panel of Training Package Suppliers; and
- provide industry sign-off and endorsement of the content of Training Packages by the relevant Industry Steering Committee.

Possible Roles of the Steering Committee

This could include:

- endorsement processes to ensure the project produces a high quality product that meets industry needs;
- targeting consultation with all relevant stakeholders to avoid duplication and unnecessary bureaucratic

- hurdles;
- ensuring industry leadership through an industry chair; and
- providing final sign off on content in Training Packages before submission to the National Quality Council (NQC).

The Role of the ISC

This could be:

- ensuring the project is managed effectively and ethically;
- ensuring contractual requirements are met;
- checking that subcontracted consultants are capable of the tasks and meet required deadlines and milestones;
- financial supervision to make sure funds are spent and acquitted as specified in the contract schedules;
- providing professional secretariat support to the Industry Steering Committees and Sector Advisory groups; and
- providing industry reports, but as an outline of their activities rather than providing forecasts about skills needs and training requirements. This task could be undertaken by the Industry Panel.

The three KPI areas for the ISC would include:

1. development and refinement of National Training Packages;
2. resource development for RTOs to aid the delivery and assessment of National Training Package standards; and
3. professional development activity for RTOs to support engagement with national training package qualifications and standards.

Role of Boards under the Industry Panel Model

The role of the Boards of Industry Skills Councils would ensure the company is run along sound business lines, specifically to ensure the company:

- is run properly with robust financial and corporate management processes; and

- meets its objectives.

Board nominations would be made by the relevant peak bodies on the Industry Panel for vacant positions based on the nominees meeting specific skills and competency requirements.

Sector Advisory Committees

Sector Advisory Committees/Industry Reference Groups would be formed on an ad hoc basis and be chaired by industry to oversee the preparation of an environmental scan in Phase 1 of the review process. They would not be permanent structures.

The Industry Panel would use peak organisations to nominate specialist industry representatives to form steering committees to guide the Training Package review process. The nominated members would be regarded as leaders in their specific field and would provide strategic advice to the ISC project team responsible for the Training Package review. ACCI believes that this would significantly reduce the workload and cost that ISCs currently expend in establishing and maintaining SACs/equivalents.

The Role of Government/s

At the national level, the role of government would be as a purchaser of services to develop Training Package/s products through a contract management arrangement. There would also be provision of adequate resources for servicing the Industry Panel and ISCs to develop Training Packages.

At the State and Territory levels, governments would continue to provide delivery services through a more flexible and responsive TAFE system. The State Training Authorities would continue to be involved in the consultation process when Training Packages are developed or reviewed and be responsible for the implementation of Training Packages.

The Role of TVET

TVET Australia was formed following the meeting of the Ministerial Council for Vocational and Technical Education (MCVTE) on 18 November 2005, when Ministers agreed to its establishment to provide secretariat support for the National Quality Council and the National Industry Skills Council, as well as to take on the roles of Australian Training Products Limited (ATPL) and AEShareNet Limited (AESL).

ATPL and AESL are functions that bring together training products for sale to RTOs and trainers.

Under the ACCI model, TVET would be the central agency taking responsibility for the product side of the VET system and oversee the Training Package process. This is consistent with its current role but extends its reach to form a “one stop shop” for Training Package products.

Training Package Review Process

At present, the Training Package review process is seen by industry as being overly bureaucratic and time consuming. Industry is looking for:

- streamlined and simplified processes;
- limits to the administrative layer at DEST level prior to endorsement;
- reduced time for development and approval – including the time taken for DEST to progress to the endorsement stage, preferably within three months;
- mechanisms which would allow access to specialist staff from industry / peak bodies to work with an ISC on relevant aspects of Training Package development focusing on the development of the critical aspects of evidence and underpinning knowledge required under the qualification;
- building relationships that facilitate the development of quality Training Packages that are flexible and responsive to the needs of industry;
- where relevant, the development of competencies that straddle industries and easily migrate between Training Packages;
- the Industry Training Package Steering Committee to provide feedback and industry intelligence to the Industry Panel before submission to the National Quality Council; and
- continuous improvement processes to be more responsive to changes in industry as they occur, including emerging technologies and to reduce the administrative burden on ISCs, DEST and the National Quality Council.

Industry is looking for responsiveness to their evolving needs and Training Packages that are innovative and flexible.

A new model has been endorsed by the National Quality Council. The ACCI Industry Panel Model fits in well with this new approach.

ISC Funding Arrangements

Existing assets and funds in ISCs should be disclosed and a financial assessment of them undertaken. In particular, funds obtained via project work or through existing funds from previous structures, need to be identified in terms of the contribution made to the operations of the company.

Reporting on this assessment should be clear and transparent and made available to DEST and the NQC.

Future funding of ISCs should be based on the following principles:

- the level of resourcing should be adequate to develop quality Training Packages for use in industry;
- a fully costed strategic plan should be developed for activities during the contract period and approved by DEST;
- ISC contracts should stipulate that commercial ventures are restricted to a focus on Training Package development and the production of Training Package support materials;
 - these products should be developed on a cost recovery basis;
- funds provided to ISCs should not be used to participate in tenders except to participate in the Panel of Training Package Suppliers;
- the funding period should be three years;
- funds should be used solely for the purposes of meeting the local contractual requirements; and
- all training products developed and endorsed by the National Quality Council should be distributed via TVET Australia. Individual ISCs should not distribute these commercial products or third party product but their websites could promote them and provide direct linkages to the relevant websites.

Tendering Arrangements

Under the model, DEST would be restricted to a contract management role. Through a tender process, a Panel of Training Package Suppliers would be established to

supply Training Package development services. ISCs would be able to apply to be part of this Panel but other organisations would also be able to apply.

The key criteria for evaluating applications should be based on the requirement of tenderers to demonstrate links, either directly or through industry associations, with a substantial breadth of businesses in the sector.

This arrangement builds contestability and competition into the system providing greater value for the Australian Government. The Industry Panel can validate the tenderers' claim to links with industry.

CONCLUSION

The ACCI Model provides a basis for discussion in the reform process. It creates a more responsible role for industry in the training system and provides clarity and transparency around the roles of stakeholders.

The Minister for Technical and Further Education will soon be providing direction about the future of the ISCs. Whichever reforms are adopted, it is important to make sure industry is front and centre of the system and that continuous improvement reviews occur in the future to ensure that ISCs are working effectively to meet industry's needs.

This reform approach addresses ACCI's long term concerns around the consultation process used by ISCs but gives qualified support for their continued existence beyond March 2008.

¹ ABS, *Australian Labour Market Statistics*, 6105.0, July 2007, p. 44.