



Jobs and Skills Australia Bill 2022

Australian Council of Trade Unions submission into the Senate Inquiry into the
Jobs and Skills Australia Bill 2022

ACTU Submission, 19 August 2022

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Introduction

About the ACTU

Since its formation in 1927, the ACTU has been the peak trade union body in Australia. There is no other national confederation representing Australian unions. For over 90 years, the ACTU has played the leading role in advocating for, and winning, the improvement of working conditions. During this time the ACTU has advocated for law reform on almost every Commonwealth legislative measure concerning employment conditions and trade union regulation. The ACTU has also appeared regularly before the Fair Work Commission and its statutory predecessors, in numerous high-profile test cases, as well as annual national minimum and award wage reviews.

The ACTU consists of affiliated unions and State and regional trades and labour councils. There are currently 43 ACTU affiliates which together have over 1.7 million members engaged across a broad spectrum of industries and occupations in the public and private sector.

The Jobs and Skills Australia Bill 2022 and Jobs and Skills Australia (National Skills Commissioner Repeal) Bill 2022

The Jobs and Skills Australia Bill 2022 and the associated Skills Australia (National Skills Commissioner Repeal) Bill 2022 were introduced to the Parliament on 27 July 2022. They are now the subject of inquiry by the Senate Education and Employment Legislation Committee. The ACTU makes this submission to that inquiry.

The ACTU welcomes the commitment of the new Federal Government to establish Jobs and Skills Australia – a critical centre piece to provide much needed coordination in rebuilding Australia’s skills system. We acknowledge that the body set up by the current Bill under consideration is intended to be an interim one until a permanent model for the JSA can be established. As the Explanatory Memorandum for the Bill states:

“Establishing Jobs and Skills Australia will enable its critical work to commence immediately while more extensive consultation on the permanent model for Jobs and Skills Australia occurs. Following consultation, including as part of the Jobs and Skills

Summit, the Government will introduce a new Bill to establish Jobs and Skills Australia's permanent functions, structure and governance arrangements".¹

As a measure to make quick progress in setting up a permanent JSA, we welcome this Bill. We also look forward to working with the Government and other key stakeholders, including industry, to develop what that permanent body is and how it functions. In that regard, this submission provides more detail on what the ACTU would like to see JSA become.

The ACTU recommends that the Committee:

1. Support the Bills to set up the interim JSA.
2. Encourage the Government to fully consult industry and union organisations on the formation of a permanent JSA.
3. Endorse the commitment to establish a permanent JSA as an independent statutory authority, and with the power, functions and governance as outlined in this submission.
4. Encourage the Government to fully consult with the CPSU with regard to the staffing arrangements for the wind-up of the National Skills Commission and the establishment of the JSA.

¹ Explanatory Memorandum, Jobs and Skills Australia Bill, July 2022,

Jobs and Skills Australia – interim arrangements

The Bill the subject of this inquiry establishes Jobs and Skills Australia (JSA) effectively as an agency within the Department of Employment and Workplace Relations. It creates the role of Jobs and Skills Australia Director, and staff made available to support the Director (ss.12-16). Its main statutory function is to provide advice and research on skills, particularly to the Minister. An accompanying Bill also repeals and replaces the National Skills Commissioner and the National Skills Commission. It provides that the JSA Director can consult with stakeholders but does not establish a formal mechanism to do so. These are interim arrangements to assist with the prompt establishment of a permanent body. The rest of this submission addresses what that permanent body should be.

The rationale for Jobs and Skills Australia – a permanent body

It is generally accepted that the purpose of the Vocational Education and Training (VET) system is to develop workers, their skills and potential and to provide a responsive and skilled workforce that enables Australia to maximize its economic opportunities. Yet connecting the flow of training funds to the needs of the economy remains the most important—and most elusive—problem in VET.

Training delivery has been variable. While TAFE enjoys a high level of confidence in terms of both products and delivery, this has been undermined and the situation at private RTO's varies considerably.

VET faces many challenges. Delivering training and skills which are relevant and adding value to a carbon constrained, digitally enabled economy are not unique to VET – but they have their most immediate impact. VET also faces issues of investment allocation and prioritisation – being able to align the national collective spend on skills and training with the needs of workers and industry today, while shaping and meeting the needs of tomorrow.

What is lacking is a clear understanding of what workers and industry want and need. This has not been assisted by excluding representatives of unions and business from governance and advisory roles. To assist in understanding those needs, we need to understand in turn where investment in training can add the most value to the economy, and a mechanism to convert that understanding into investment decisions. We need to do a better job of understanding the future demand profile of occupations, and their locations, so that training investment can be directed accordingly and be held accountable to delivering what the nation needs.

VET is an area of significant public investment and cannot be left to manage itself absent strategic focus and alignment. The focus on contestable markets which aimed to deliver greater user choice and efficiency often came at the cost of the quality and participation. Simply optimising price and quantity has not worked. The problem of coordinating a decentralised network of VET suppliers toward broader macroeconomic aims has not been well resolved. VET has splintered into a plethora of independent profit centres, rather than a system of interdependent components pushing in the same direction. Similarly, the skilled migration system can effectively be in competition with the VET system, rather than operating as a complement to it to address genuine skill shortages.

Industry – representatives of business and workers - and governments must be able to co-design, collaborate and innovate. Raw and crude competition will never develop such an outcome. Where there is competition it should be directed toward quality of process and outcome, not blunt dollar figures. Deliberate and strategic interventions are needed that direct training investment to those of most value over the long term to the needs to our labour market and communities, not just those most immediately financially efficient.

Connecting skills investment with the needs of businesses, workers, their communities and the broader economy in this way requires an understanding of the jobs businesses are creating and the skills they require. This in turn relies upon an understanding of the way businesses, and the markets in which they operate, are responding and evolving to reshape occupations.

This is no easy task. Coordination and engagement by VET with industry has been an afterthought. With the focus on training products, employers and workers have been told what they will get, rather than being asked what they need. VET and industry need to be operating in lockstep and strategically integrated. This is not to simply suggest an avalanche of workplace-based training; well-resourced classrooms are and always will be a critical part of VET delivery. VET however must be seen as overwhelmingly attached to and located in the experience of industry, delivering modern skills for the workers and businesses of today and tomorrow.

Those employers willing to train their workers, and workers seeking to be trained, need to be given both access and capacity to deliver that training. We need to remove the existing obstacles in finding solutions that meet their needs. Because of the exigencies of “the market”, many available training products simply do not match the skilling solutions sought. It is our job to elicit their needs on their terms and to translate these into programmatic responses that deliver skilled workers.

This is needed on both short- and long-term time horizons. Some challenges, like those created by the pandemic, are short-term and cyclical; others, like the ageing population, are long-term

and structural. We need to be planning for the short, medium and long term ‘over-the-horizon’ skills needs of a future economy, while simultaneously meeting the immediate priorities of employers and workers.

Evidence and research is crucial to this enterprise. And while data is a key ingredient, it can only go so far. Without engagement in the workplace with employers, workers and their representatives the picture will always be incomplete. We also need broad consensus on the major long term challenges that a skilled workforce will need to address. With the right combination of data and fieldwork, it is possible to develop evidence-based interventions that lead to more of the right training being done in the right places delivering more value from our investment over the long term for workers, industry, community and our national productivity.

Gaps in Current Arrangements

Current VET settings fall a long way short of authentic industry engagement. Government departments and their offshoots rely on arms-length and formulaic engagement models that have proven over time to be ineffective at capturing the voice of industry.

Employers are reluctant to engage with the system, even when they acknowledge their dependence upon it. Employers are understandably focused on their business and therefore rely on membership organisations to represent them. These organisations wear many (and often competing) hats. It is often impossible for them to devote specific expertise and resources to the training needs of their members. At the same time, workers and their unions are suspicious of a system that often emphasises short-term business priorities over the long-term career objectives of workers.

The reliance on advisory councils and other committee structures presents similar challenges. These constructs lack the bandwidth to do the sort of deep analysis that can only be accomplished by a dedicated professional organisation. In addition, these committee structures generally lack the bureaucratic position to translate their advice into investment decisions. The net effect is that it is too easy for departments at all levels of government to ignore substantive reform in favour of comfortable policy incrementalism.

Existing approaches have proven particularly weak in the face of the changing jobs landscape. This is because current models rely on industry and occupational structures that are themselves being disrupted by the very nature of workforce change. By design, our fragmented and siloed system is unable to provide a holistic economy-wide picture of skills needs leaving us unable to respond to the economy-wide challenges of a modern economy – most critically the imperative of decarbonisation, but also the key challenges of an ageing population, under-participation of key

groups such as women and ATSI communities, digitisation, automation, and building sustainable health and care services, among many others. Dealing with the systemic linkages and dependencies between industries is a key challenge for our emerging and future economy, which continues to erode old occupational boundaries. Building on our current skills with new sets of foundational and specific skills sets by effectively integrating our secondary, VET and higher education systems needs to be a priority.

The upshot is this: there is simply no effective mechanism to connect the needs of the economy directly to the allocation of VET funding and ensuring its overall integration with our overall national investment on education, training and labour market development. What is needed is a construct that can produce skills assessments that reflect the occupational demands of the economy as-a-whole across the nation.

Jobs & Skills Australia

It is proposed that the establishment of JSA would go a long way to addressing the deficits in the national skills system. JSA could act as an umbrella organisation responsible for producing advice to Government and the industry partners on economy-wide workforce needs analysis and assessment to guide the allocation of skilling investments for all industries. Its ambition could be to connect our immediate and long-term labour market (human capital) needs, supporting industry initiatives and projects and providing an anchor to address our national capacity to meet the needs of economic transition.

Key Functions

JSA should perform a range of functions in support of the national economy and workforce development including skills assessment and planning; apprenticeships development; integration with the skilled migration system; addressing key national challenges such as the energy transition, an ageing population, digitalisation, developing our health and social care industries, advanced manufacturing, and defence industries among others; improving workforce participation & maximising employment services; promotion and advocacy; training product development and overall oversight of Commonwealth contracts, expenditure and investment in VET and skills.

A core output of JSA could be a **National Skills Plan** that provides a set of priorities for the application of the nation's skills investment over a five-year time horizon.

JSA could work closely and oversee soon to be established Industry Skills Clusters.

Additional functions, objectives and priorities should be developed in consultation with unions and employers in industry as a matter of urgency.

Governance

JSA could be understood within the context of a shared accountability between unions, employers and governments. It should be an independent body established under legislation to operate supporting the work of National Skills Ministers and governed by a multi-disciplinary Independently Chaired Board whose composition would be determined in consultation with National Skills Ministers.

Relationship with existing entities

To ensure an effective and coherent national skills system, the functions of several existing and proposed entities could be incorporated into the JSA such as the National Skills Commission, the Australian Industry and Skills Committee, and proposed Industry Clusters, for example, with other's to be determined.

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