



**Submission of the  
Australian Manufacturing Workers' Union**

**Senate Education and Employment  
Legislation Committee**

**Migration (Skilling Australians Fund) Charges Bill  
2017 and the Migration Amendment (Skilling  
Australians Fund) Bill 2017**

**December 2017**

## Introduction

The AMWU represents the industrial interests of Australia's manufacturing workers employed in a wide range of manufacturing, engineering and related industries, including workers engaged in food processing, metal & engineering, printing, automotive, technical, supervisory and administrative occupations.

Manufacturing workers across all levels and occupations, more than many other workers, rely on the quality, integrity and portability of their skills for their livelihood. The structures for the funding, delivery, assessment, recognition and credentialing of the skills that underpin the VET system generally, and the apprenticeship system specifically, are therefore of critical importance to them.

So too are temporary skilled migrations programs that undermine their conditions of employment and disadvantage them in the labour market as employers seek ever cheaper forms of labour.

In the period leading up to and throughout the most recent mining construction boom, the weaknesses in Australia's trade training efforts were laid bare.

Notwithstanding the widespread recognition at the time that critical skills shortages were emerging in the economy the consumers of skills, particularly resource developers, failed to bolster their trade training efforts and instead relied on a mix of precarious employment options including contracting, FIFO and temporary migrant workers.

*"The resources sector's overall share of trade apprentices is lower than its share of trade employment. The NCVET examined the contribution made by the resources sector to the employment of trade apprentices relative to their trade employment share and noted: We find that the sector employs considerably fewer apprentices than would be expected from its share of trade employment. In fact the sector would have to double its number of apprentices to be on par with other industries.*

**Karmel and Mlotkowski, 2010: p. 7"**

### **National Resource Sector Employment Taskforce Report p.33**

During the Resources boom, the failure to adequately invest in the vocational skills of Australians led Australian businesses to become lazily dependent on the importation of disposable temporary visa workers at the expense of young Australians: the same Australians who are being marginalised from training opportunities that result in the sort of high quality employment that our economy needs.

In our April 2010 Submission to the National Resource Sector Employment Taskforce<sup>1</sup>, the AMWU made the following observations that we submit are worthy of consideration today as we approach another pivotal time in our skills formation history. A copy of the Submission is available on request.

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- 1.3 Because of the bell-curved nature of demand of individual projects, the sector itself has shown a tendency to capitalise on a labour force which has been trained outside the sector. Further retraining is sometimes added, but the sector has not demonstrated that it is able or willing to develop the entry level skills and qualifications of individual workers which it later desires to utilise at the most demanding phases of a project. But one project is not (an) island, and the resources sector is not, and cannot, be self-contained – and policy decisions about labour resourcing and skills training should not further encourage the sector to consider itself self-contained.

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<sup>1</sup> AMWU Submission to the National Resource Sector Employment Taskforce – April 2010 p.2

- 1.4 It would be unwise, in our submission, to approach the labour demands of the resources sector as a crisis management issue. Policy responses to resources sector labour demand should not be at emergency settings. To inform policy responses, the long-term impacts of heightened demand for resources on skill formation and on the training of workers across the economy, should be examined. The ramifications for labour supply of that heightened resources demand extend well beyond what the resources sector itself perceives as urgent. From a national perspective, heightened resources demand is less an emergency for resource sector employers, than it is an opportunity for developing and retaining skills across the economy. Policy responses must address what is important, not just what appears urgent.

... “

We maintain the view that “Policy responses must address what is important, not just what appears urgent.”

In the same submission the AMWU made observations that are equally capable of broader application in the current circumstances:

“ ...

- 2.5 It appears that the resources sector wants to have its cake and eat it too. A job-ready trained workforce ready to work on new projects, but one that resists job mobility between projects. A job ready trained workforce, but without the sector having to invest in training. Contracting of workers during the boom, but remaining uninterested in those workers when those workers are not required during the fallow period of a project or the sector. Indeed, it appears that it is not a cake that the resources sector wants to eat, but a self-replenishing magic pudding, which it can summon at will.<sup>2</sup>

... “

In the initial stages of the largest defence engineering spend in Australia’s history and the transition to a rapidly changing technology and innovation driven economy, we risk a repetition of the laziness experienced through the resource boom with the most recent NCVER Apprentices & Trainees Report<sup>3</sup> as at 30 June 2017 showing a devastating and consistent decline of over 21,000 trade apprenticeship commencements between 2014 and 2017, i.e. The period of the current Liberal Government.

In an act of economic sabotage, this Government has thrown a monkey wrench into the training system, and now appears shocked at the impact. The figures for cancellations and withdrawals follow the slashing of funding to vocational education and training almost scientifically. All Australians should be outraged by this betrayal of our youth and our industries..

Critical skills shortages are re-emerging across key trade and technical occupations. Industry confidence in the capacity and capability of vocational education and training, and our apprenticeship system, which has served us so well, continues to diminish. And with it, critical industry investment in the future capability of our economy also diminishes.

Nobody should be shocked by these developments. They are the direct result of specific policies and concomitant neglect by Governments at federal and state levels.

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<sup>2</sup> AMWU Submission to the National Resource Sector Employment Taskforce – April 2010 p.6

<sup>3</sup> <https://www.ncver.edu.au/publications/publications/all-publications/apprentices-and-trainees-2017-june-quarter-australia>

Any consideration of a skilled migration program must address the need to develop and maintain the workforce that will build Australia's future and inspire coming generations of innovators and technologists. That in turn demands that the consumers of skilled labour recognise their mutuality of obligation to contribute to that which they consume.

## This Submission

This submission is framed in the context of the following broad themes:

1. The urgent need to rebuild Australia's vocational education and training capability, and in particular, the publicly owned TAFE to enable prospective workers to achieve the foundation and other vocational skills they will need to contribute positively to Australia's prosperity and social cohesion.

The urgent need for a substantially greater funding contribution from employers in producing the foundation and other vocational skills that they profit from **The urgent need to rebuild Australia's vocational education and training capability, and in particular, the publicly owned TAFE to enable prospective workers to achieve the foundation and other vocational skills they will need to contribute positively to Australia's prosperity and social cohesion.**

The society we enjoy in Australia today, and have experienced for much of our history, has been one of diversity, migration and adaptability. Population growth has driven economic growth and much of that growth has come on the back of migration.

Whether it was the migration associated with the gold rush era, or that which occurred after the Second World War.

That has been challenging and culturally difficult at times, but there are few that would argue that Australia would have been better off as an isolated and insular continent. We are richer culturally, socially and economically.

We are richer also in terms of skills and economic capability. The question is whether that remains true when we seek to build temporary skills and capability in the economy instead of a sovereign permanent capability.

We continue to support skilled migration for what it brings to us socially and economically. But that support is based on an unequivocal preference for permanent migration. Our society does not profit and grow from the isolation and exploitation that has characterised the most recent iterations of temporary skilled migration that was once complementary and genuinely temporary rather than one that abrogates our responsibility for national development and the training and education of coming generations. And which, by default, hands over to employers the sponsorship of temporary migrants who wish to then become permanent residents and ultimately citizens. Migration should be a matter of public determination and decision making, not something based on the exigencies and market-based decisions of selected employers.

Our national interest is best served by maintaining and growing our ability to meet the future with skills, knowledge and confidence in our ability.

There is an inadequate supply of tradespersons due to a long period of underinvestment in apprentice training. The annual average apprentice training rate over the eleven years between 1982 and 1992 was 13%; between 1993 and 2003 it declined to 11%. This is a reduction of 16%.

The training rate is now at a dangerously low 9.6%

Weaknesses in the training system have been well documented and there are well known factors at play in the training and apprenticeship systems that are affecting quality and completion rates. They include the increasing pursuit of an ideological theory that increased competition in education and training will result in better outcomes for industry, learners and the economy when the exact opposite has been the experience.

It is notorious that the general experience of the VET-FEE HELP process was characterised by excessive profits to training “providers” who delivered training through various means, few of them legitimate, and left behind a series of young people with a mountain of debt and a dubious “qualification”. The vocational education sector still suffers from this disaster.

Debt write downs of \$2 billion, corruption and rent-seeking by dodgy for-profit training providers, and rapidly declining outcomes as measured by the number of training providers being closed down, but not before they have banked substantial profits at the expense of the taxpayer and the aspirations of too many of their students lumbered with student loans that will follow them for decades in many cases.

Turning vocational education and training into a commodity to be trawled for profit has done serious damage to the sector and damaged the brand at a time when vocational skills are more important than ever.

Skills are crucial to our future.

Our ambition should be to render temporary skilled migration practically redundant. That will only occur when we restore the confidence, the capability and the status of our once world renown VET sector.

### **The urgent need for a substantially greater funding contribution from employers in producing the foundation and other vocational skills that they profit from.**

It is clear that employer investment in meeting their skills needs is insufficient.

The AMWU supports the imposition of a levy on those who would sponsor temporary workers, but for it to work it must result in a net addition to the stock of apprenticeships and cadetships available to Australians.

To that end we support the inclusion of additional requirements in the legislation that would:

1. Require employers that sponsor a temporary worker to employ an Apprentice, Cadet or Trainee through a Training Contract in the same trade/vocation in which the temporary workers is engaged for each temporary worker engaged.
2. Require employers that sponsor a temporary worker to be required to pay a nomination fee which is the either the fee expressed in the draft Bill, or the Training Fee associated with the qualification associated with the trade or vocation of the temporary worker in the state or territory in which the temporary worker is based, whichever is the greater. Such fee may be waived if the employer employs more than the required number of Apprentices, Cadets or Trainees.
3. Any expenditure of monies raised through these fees and related charges should be restricted to building the pool of apprentices and trainees available to industry.
4. Satisfying the employment demands of the economy should focus on needs, not just wants – the long term, not the short. This is why we propose a model for the establishment of a series of industry apprentice employment trusts that could receive funding support under the proposals outlined above.

For example, the establishment of a “National Engineering Apprentice Employment Trust”, could provide a nationally beneficial, long term structural answer to the training deficit which plagues the industry in particular and the economy at large. The proposal is set out below.

## ***NATIONAL ENGINEERING APPRENTICE EMPLOYMENT TRUST***

### **Introduction**

The project centred and cyclical nature of the heavy engineering, defence engineering and resources engineering industries in Australia present skills and workforce development challenges for the Australian economy.

The long lead times required to develop the highly skilled engineering trades and technical workers are inconsistent with the often time-limited nature of the projects that drive demand for such skilled workers.

Employment demand often spans from limited demand in the lead-up to a project, to massive demand in the construction/establishment phase, to more modest demand in the operational, or through life support phase.

### **The Trust**

The AMWU proposes the establishment of a National Engineering Apprentice Employment Trust as a vehicle for the employment of apprentices and engineering cadets in the key engineering trades and technical occupations critical to the future of Australia's heavy engineering, defence engineering and resources engineering industries.

The Trust would establish itself as, or would engage, a Group Training Company responsible for sourcing companies that could host apprentices, the cost of whose employment would be supported by funding from existing Commonwealth & State funding programs and additional funding from heavy engineering, defence engineering and resource engineering contractors whose projects will require large numbers of skilled trades and technicians but whose projects are not yet able to employ apprentices.

An appropriate formula for the industry contribution to the Trust would need to be negotiated.

### **Key Features**

- Bi-Partite governance
- Not-for-profit business model
- Restricted to specified trades and technical occupations expected to be in high demand or in legitimate skill shortage
- Designed to support projects and endeavours that are deemed to be of economic strategic or social importance to the Australian economic or social outlook

## Conclusion

Over an extended period, well documented cases of unconscionable sorting and exploitation of temporary workers exist. The AMWU advances three general reasons why the use of temporary worker visas should not be encouraged unless there is clear evidence that the employers that engage in it are making a significant contribution to building our skills base such that our reliance on temporary skilled workers is drastically reduced.

First, the use of temporary employees on such visas does not add to the skills base of Australian workers which can be shared across the sector and across the economy – when the temporary overseas workforce is continually churned, the productivity dividend of upskilled local workers is lost for the wider economy.

Secondly, the use of temporary workers artificially suppresses wage rates and employment conditions to a point that engagement of Australian workers is undermined at a time when everybody from the OECD and the Federal Treasurer state that what is needed is wage rises, not wage cuts.

Thirdly, the way that the temporary worker visa program is administered has meant that temporary workers are not a last option – they are often a first option, with local workers who are ready and able to work (or potentially so) not even being considered by certain employers, or made redundant before “supplementary labour” is withdrawn.

Each of these three reasons leads us to the view that the routine use of temporary overseas workers undermines skills development for Australian workers. It is this lack of skills development which leads to a shortage of available local workers to meet the requirements of industry. Indeed, the use of temporary workers leads to a vicious circle of de-skilling. It is the problem, not the solution.

Unless steps are taken to address the chronic issues associated with our vocational education and training system, our disastrous apprenticeship commencement and completion rates and appalling employment skills and training investment levels by employers, Australia risks becoming dependent on temporary skilled migrants for any technically demanding job or project.

Failure to address this will result in our long term economic sabotage, and the trashing of the hopes and dreams of many young people, denied a place in the Australia of the future.

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