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Secretary
House of Representatives Standing Committee on Education and Employment
PO Box 6021
Parliament House
CANBERRA ACT 2600

By Email: ee.reps@aph.gov.au

Dear Secretary,

Inquiry into the role of Technical and Further Education System and its operation

Please find attached the submission of the Australian Manufacturing Workers' Union to the Inquiry being undertaken by the Committee into the role of Technical and Further Education and its operation.

Please accept our apology for the late submission.

Yours sincerely,

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**Australian Manufacturing Workers' Union
Submission**

**House of Representatives Standing Committee on
Education and Employment:**

***Inquiry into the role of Technical and Further
Education system and its operation***

'Despite years of attention from policy makers, persistent and often crippling skill shortages are still frequently cited as the number one constraint facing business.'

Innes Willox
AiGroup 2012
Financial Review 3/7/2012

April 2013

1. Introduction

The Australian Manufacturing Workers' Union (AMWU) welcomes the opportunity to contribute to the House of Representatives Standing Committee on Education and Employment *Inquiry into the role of Technical and Further Education system and its operation*.

The AMWU represents the industrial interests of over 100,000 Australian manufacturing workers employed in a wide range of manufacturing, engineering and related industries including workers engaged in food processing, metal & engineering, printing, vehicle and technical, supervisory and administrative occupations.

Manufacturing workers across all occupations, including production, trade, technical and para-professional, more than many others rely on the quality and portability of their skills for their livelihood. The structures for the delivery, recognition and credentialing of skills and, in particular, the efficacy of the standards that underpin the regulation of Vocational Education & Training Providers, are therefore of critical importance to them.

Manufacturing workers also rely heavily on our Technical and Further Education system to support their ongoing further education and that of their children in a world that is increasingly demanding higher and higher levels of both generic and directly vocational skills.

Australia's internationally regarded publicly owned TAFE system has been a significant contributor to the delivery of both social and economic opportunities for many of our member.

The AMWU supports the TAFE system and the work that is being done to lift educational and vocational standards across Australia by TAFE workers.

We support the proposition that TAFE has played a critical role in the training and development of Australians for over one hundred years. We also note that, for many Australians, TAFEs provide a critical pathway to training and skills which are increasingly required in order to access employment. They play a critical role in regions and in providing access for disadvantaged groups.

2. Context for this Submission

In many of our submissions to previous inquiries, the AMWU has made consistent observations about weaknesses in the VET and apprenticeships systems in Australia including:

- Declining quality of training delivery and outcomes compounded by the absence of effective compliance monitoring to ensure industry standards are being met;
- Pressure to leave training to the 'market' which is resulting in a race to the bottom on quality and incentives to rort the system.
- Declining apprenticeship completions due to poor pay and conditions and low quality training and employment experiences for apprentices;
- Pressure for fully institutional delivery of key trade, technical and production qualifications;

- A disconnect between training delivery and the requirements of the workplace as specified in competency based qualification specifications developed by Industry Skills Councils, ie the training is not really vocational;

It is our view that the challenges confronting training, skills and workforce development cannot be left solely to the market.

Publicly funded skills and workforce development should operate in the interests of the public and the economy generally, rather than the narrow interests of individual enterprises or worse, training providers.

There is a social justice imperative as well. Publicly funded skills and workforce development should operate to build social, as well as economic capability in the community.

The system must be more committed to quality and compliance if the economy is to get the skills it needs.

In order to successfully do that there needs to be a shared understanding of what constitutes quality in the system.

The publicly funded VET system has to focus on the quality of the outcome: that is skills that contribute to the social good and vocational skills that meet the industry standard and can be deployed in employment. ("Good work ain't cheap and cheap work ain't good")

We submit that the point of publicly funded vocational education and training is the development of skilled workers (whose skills meet the standards that industry has set) that go on to employment in the economy.

The AMWU continues to share the oft expressed concerns of the ACTU and the Australian Education Union in relation to the impacts of moves to entrench so-called demand driven funding models for VET based on 'student entitlements' that are, in our view, driving unacceptable behaviour by unscrupulous low quality providers that are undermining confidence in the VET system and undermining the TAFE system.

It is in the context outlined above that we contribute this submission to the Inquiry.

A. The development of skills in the Australian economy

The AMWU has a long and proud history of participation in the reform of Australia's training and skills development systems.

The strength of our participation is a reflection of the importance we place on skills as the bedrock of economic growth. We represent many of the key trade workers who, along with other trade workers employed in the construction, transport and many other important industries used the skills they gained from training at TAFE to improve their lot in life and to build Australia.

We were a leading player in the 1980's and 1990's as the Structural Efficiency and Award Restructuring processes transformed industrial relation in Australia and provided a platform for the restructuring of the Australian economy.

Central to those reforms was the clear and unambiguous understanding by the industrial parties that without high quality skills and without an effective vocational education and training delivery system, the economic reforms that were vital to the Australian economy would fail.

Manufacturing workers, as noted above, rely on the quality of their skills for their livelihood given the direct relationship between training and skills, and career and pay progression.

There is no doubt that productivity, innovation and participation are critical to the future of the economy. The key to improving productivity, innovation and participation is having a high quality, properly resourced public TAFE system capable of delivering competent workers with the right vocational skills to the economy where the economy needs them, and at the levels of skill that the economy needs.

This point was recognised by the non-government members of the Prime Minister's Taskforce on Manufacturing who observed in their recent report:

*'To sustain productivity growth into the future with continuous innovation in managerial and workforce skills and practices, a new national conversation between industry, unions and government around Smarter Workplaces is proposed. To recognise that productivity gains are ultimately realised in workplaces and firms, a new national partnership for Smarter Workplaces is proposed. This involves a sustained commitment from industry, unions and government to build the managerial and workforce skills and practices – and the innovation culture – that high performance workplaces demand.'*¹

There is little to be gained in having our training system dominated by market economics, where the delivery of training is a simple commodity, in the absence of a capacity to meet the requirements of the economy for skilled workers.

For manufacturing workers, TAFE is an institution upon which they rely, an institution that they trust, and an institution that has delivered for them.

An institution that should be defended.

B. The development of opportunities for Australians to improve themselves and increase their life and employment prospects

Significant growth in the resources sector of the Australian economy has resulted in significant change in the structure of the economy. This comes after a sustained period of intense competition as markets become increasingly globalised.

¹ 'Smarter Manufacturing for a Smarter Australia' (2012)

The pressure on the Australian dollar has meant that trade exposed industries such as manufacturing have had to rapidly adjust and shift their emphasis onto innovation, productivity, product and service quality, all of which rely heavily on skills, both in terms of capacity and capability.

Sadly, for those unable to make the transition, manufacturing plant closures have risen and many tens of thousands of manufacturing workers have felt the cruel blows of redundancy and unemployment.

The AMWU has participated in far too many projects established to respond to mass redundancies of our members as plants either go broke or shift their manufacturing operations to lower wage countries.

The more successful of these projects have focussed on recognising the generic capability of redundant workers and formally recognising them through alignment to nationally recognised vocational qualifications.

As a trusted and respected institution, TAFE has been able to engage effectively with our members, many of whom have bitter experience with redundancy in previous workplaces where the responses involved brigades of consultants and private training providers appearing with pre-determined solutions that generally involved generic training programs that made little difference to the employment mobility, or future prospects of our members.

TAFE is a trusted brand, and trust is an important commodity for workers whose future prospects rely on hard decisions in face of what are often limited opportunities.

This is never more evident than when a plant closure takes place in a smaller, regional community.

TAFE's role in the community goes beyond simple notions of vocational skills.

Adult education, second chance education, community building and capability building are all important additional benefits that the community reaps from its ownership of the public provider.

These are things that have long been recognised as part of the reasonable expectations of citizens in advanced and comparatively wealthy countries.

"An important example of how governments of the largest developed economies regard the need for lifelong learning is contained in the Cologne Charter which was adopted by the G8 (Group of Eight) countries in June 1999. In the Charter the important statements/conclusions reached included:

"... investing in people is the key to employment, economic growth and the reduction in social and regional inequality."

...

“A commitment to greater investment in people must be underpinned by three principles: - first, that everyone should have access to learning and training, not just those who are intellectually gifted or economically privileged, and basic education should be free of charge. Special attention should be given to the needs of the disadvantaged and the importance of combating illiteracy; - second, that everyone should be encouraged and enabled to continue learning throughout their lives, not just in the years of compulsory schooling; - third, that developing countries should be helped to establish comprehensive, modern and efficient education systems.”

...

“Teachers are the most vital resource in promoting modernisation and higher standards; their recruitment, training, deployment and appropriate incentives are critical to any successful education system.”²

The impact of market forces on the public provision of key social services such as education, VET, Health and Transport services, to name but a few, inevitably results in “cherry picking” by for profit providers while the taxpayer is left to pick up the more expensive, capital intensive activities which undermines its financial viability and often results in a withdrawal of service.

The results of this are starkly evident in the withdrawal from Mechanical Trade training delivery by RMIT after 130 years of continuous delivery. A combination of savage funding cuts and unfair competition from providers that target very narrow sectors of delivery has resulted in the destruction of a key trade training capability for which the economy will pay dearly.

Engineering trade skills are in shortage, and as evidenced by the comments of Innes Willox, quoted above, are a capacity constraint on the economy.

Engineering trade skills are critical to sustaining economic growth. Fitness instructors, not so much.

C. The delivery of services and programs to support regions, communities and disadvantaged individuals to access training and skills and through them a pathway to employment

We have commented above on the importance of TAFE as a well-respected, honest broker in circumstances of plant closures and mass redundancies in regional communities.

There is a social dividend that attaches to the functions of TAFE through their participation in capability building in regional communities with often limited access to quality educational opportunities, and where thin markets would be a disincentive to for-profit providers to establish a presence.

² Extract: ACTU Submission – Senate Inquiry Into Vocational Education And Training December 1999 page 2

Pure market-based approaches to funding and competition would place at significant risk, the continued participation by TAFE in regional communities which have the effect of forcing students to either forgo training or travel long distances to attend training.

D. The operation of a competitive training market

The AMWU opposes the introduction of market ideology into education in all its forms.

Attempts to build a 'training market' have resulted in a serious and accelerating decline in the quality of outcomes that are resulting from what passes for nationally recognised vocational education and training.

This decline and the diminution in the relative market share of training delivery by the public provider is affecting the viability of TAFE and restricting its ability to maintain the broad scope of registration that has been one of its considerable strengths.

Private providers are entering the market with a focus on activities from which they can generate the largest profit irrespective of social and/or economic needs of the broader community.

As noted above this, in conjunction with savage funding cuts and the introduction of student entitlement funding models, is forcing TAFE to make tough decisions about whether to continue to offer programs in key economically sensitive areas such as engineering trade training.

The infamous explosion in the delivery of fitness related training in Victoria following the introduction of their entitlement model demonstrates how readily students sign on to sophisticated marketing techniques and how glacial the responses of state governments are in recognising the problem and adopting solutions which often simply add confusion to the poor behaviour evident in the 'market'.

The economic damage done through the blatant wastage of taxpayer money is compounded by the betrayal of the aspirations of those students that have expended a once only entitlement based on a con.

A well-functioning, properly resourced publicly owned TAFE system should be considered an economic and social comparative advantage as Australia positions itself for the Asian Century, not a chip to be wagered in some high stakes ideological gamble.

E. Those jurisdictions in which State Governments have announced funding decisions which may impact on their operation and viability

The AMWU, in conjunction with the ACTU and other unions is conducting a case before a Full Bench of the Fair Work Commission that seeks to improve the wages and conditions of apprentices across the country.

Significant evidence exists to support the assertion underpinning the union's claim that a combination of low wages and increased costs are placing significant pressure on the ability of apprentices to afford to continue to participate in trade apprenticeship.

This comes on top of the many young people that reject apprenticeship on the basis they can't afford to participate.

In one particular case that is on the public record (Rohrlach v CEG) an apprentice, paid the minimum rate under the relevant award, was required to travel around 400 km from his home in Whyalla to attend TAFE and then another 400 km to return home again several times a year. The apprentice was required to bear the brunt of the travel and accommodation costs associated with this travel, the requirement for which arose due to the training he required not being available at the local TAFE.

The apprentice in question was studying to be a trade Diesel Mechanic, which is an engineering trade that is in critical shortage as a consequence of increased demand associated with the resource sector.

The emergence of a market culture is exerting significant pressure on training providers to shift their attention to lower cost, higher volume profitable market segments at the expense of strategically important course offerings in skills shortage areas, which is resulting in further capacity constraints and a significant reduction in course offerings which is both socially and economically damaging.