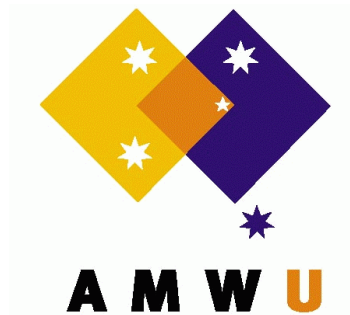




AUSTRALIAN MANUFACTURING WORKERS' UNION



**Submission to the
House of Representatives Standing Committee on
Employment and Workplace Relations
*Inquiry into opportunities to address skills shortages in
regional Australia through relocation strategies***

April 2010

1 The “Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union” is known as the Australian Manufacturing Workers’ Union (AMWU). The AMWU represents over 110,000 members working across major sectors of the Australian economy, including many employees throughout the resources sector – throughout Australia’s manufacturing, mining, and building and construction industries. The AMWU has members across all skills/ classifications/ occupations, and the vast majority of them are employed by private corporations.

2 The AMWU welcomes the opportunity to provide submissions to the Standing Committee’s inquiry into the applicability of government employment policies to address skills shortages in regional Australia, focusing on opportunities to support the relocation of unemployed workers from areas of high unemployment to areas experiencing skills shortages.

3 The AMWU has recently provided submissions to the National Resources Sector Employment Taskforce (NRSET). We have attached our written submission as an appendix to these submissions. We are of the view that the assessment by the NRSET of the skills and labour market needs of the resources sector is directly relevant to the assessment by this Committee of the implications of programs and policies which attempt to relocate unemployed or underemployed workers to areas which experience heightened skills demand.

4 As the Committee may appreciate from the attached NRSET submission, the AMWU is of the view that a sustainable answer to employers who claim they are short of skills or workers, is not simply to provide them with either an endless supply of workers trained outside the sector, or workers trained simply for the immediate job needs of a particular employer. For the sake of sustainable and transferable skills, workers need to be trained broadly and vocationally. Engaging in work on resources projects, or other projects of periodic demand, means that workers will often be required to move in and out of sectors and projects, as demand waxes and wanes. For this reason, skills must be transferable outside a particular sector or

project. A policy which attempts to satisfy only immediate employer demands for a job, or even a sector, undermines the ability of employees to maintain sustainable employment throughout their careers. It also denies other sectors the productivity dividend and capability benefits that vocational skills training provides.

5. If relocation programs are to be at all successful, then employers must focus on the sustainability of the terms and conditions of work that they offer employees. Otherwise, relocation will be a revolving door. As we have noted in the attached paper:

Terms which may affect the decision of these workers range from wages paid, the location of work, to conditions such as FIFO employment, non-permanent contract-to-contract employment and 12 hour shifts, worked for 13 day fortnights, often five weeks on one week off. Each of these factors, for instance is addressable to a greater or a lesser degree (even the location of work can be made more habitable for FIFO workers, if isolated sites are necessary). Unaddressed, these factors effectively exclude workers who wish to maintain a family or community life, especially those with caring responsibilities. Women suffer particularly from the indirect discrimination endemic in the adoption of such industry working conditions.

Policy responses that simply focus on generating a deeper labour pool to relocate to areas and projects of heightened labour demand will face inexhaustible demand if relocations are in the short term. If conditions of work cause rapid attrition of workers, then relocations will only be short term. We would submit that such unsustainability is not a policy outcome to be desired. Nor would be a policy that was incapable of including women and other workers with family or caring responsibilities as part of a relevant potential workforce. Employers implementing sustainable working conditions, responsive to the needs of a wide cross-section of workers, is a necessary precondition to sustainable policy outcomes which involve worker relocation.

6. Sustainability of skills, for the sake of meeting skills needs and for broader productivity and capability outcomes for the economy, is not served by employment practices which reduce the retention of skills and capability of industries or sectors. As we note in the attached submission, practices which undermine such skills retention include the use of workers on subclass 457 visas. As we note in the attached submission, the use of subclass 457 visa workers actually drains skills from the Australian workforce and economy in the longer term:

There are three general reasons for the AMWU's views that the use of subclass 457 visas should not be encouraged. 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 subclass 457 workers artificially suppresses wage rates and employment conditions to a point that engagement of Australian workers in the resources sector is undermined. Thirdly, the way that the subclass 457 visa program is administered has meant that subclass 457 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 subclass 457 “supplementary labour” is withdrawn.

Relocating workers to areas of labour demand requires terms and conditions of employment which will ensure that workers find such a radical lifestyle change to be attractive. Suppressing wage rates and employment conditions does not do that. If workers relocate and then face redundancy, whilst workers on subclass 457 visas do not, then a further disincentive arises. The use of such subclass 457 visa workers is another short-term response to the symptoms of heightened skills demand, but is one which will reduce the sustainability of any policies or practices which attempt to encourage relocation of Australian workers.

7. The attached submission also canvasses the unsustainably low completion rates of workers undertaking apprenticeships. For a variety of reasons, including pay and difficulty of obtaining training on project and contract-based work, workers attempting to gain apprenticeships, that will provide them with vocational skills to use throughout their careers across the economy, have their efforts curtailed. When workers are relocating to areas of heightened skills demand, it is crucial that the skills in which they train are transferable and mobile. Addressing disincentives to the completion of apprenticeships must, in our submission, be a policy which is complemented by any policy of worker relocation. Otherwise, again, relocation of workers will be unsustainable, and of limited utility to the wider economy.

8. The underlying premise of any policy which relocates workers is the necessity to locate work in locations different from workers are currently based. This is a premise which should be examined before a policy response attempts to transplant workers across the nation. We note in our NRSET submission that much pre-assembly and pre-fabrication work in the resources sector, for one, has moved offshore. For the sustainability of the Australian economy, we have strongly submitted that offshore preproduction facilities return onshore. However, there is no reason why the modular or staged preproduction of project components cannot be adapted to domestic offsite production. What this would clearly do is reduce the necessity for worker relocation, because the location of the *work* could be adapted to match the location of the *workers*. All of the contingencies and potential unsustainability of relocation policies and programs are reduced if facility preproduction is located where domestic skills are located. We submit that consideration of such an issue should be a necessary precondition to the adoption of any policy of worker relocation.

9. We submit that relocation policies must be sustainable, for both the industries or sectors which are experiencing heightened demand, and for the economy as a whole. Unsustainable policies will not deliver the productivity and capability dividends which will allow Australia to prosper across a variety of industry sectors, and not just the ones with current heightened labour demand. For a

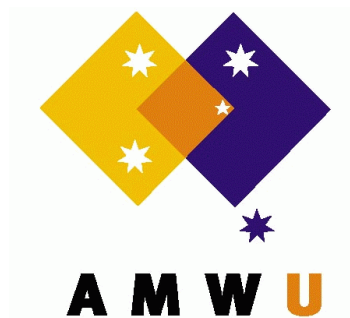
relocation policy to be sustainable, working conditions must be attractive in the long term, and must not lead to worker attrition and churning of the labour force. For this purpose, in relation to the resources sector, we have proposed in the attached submission a new Resource Sector Council, as well as industrial relations policies which promote the maintenance of standards and dispute resolution which allow both workers and employers to benefit from heightened economic activity.

10. To be sustainable, policies which promote worker relocation must complement policies which develop the vocational skills of the available workforce – deepening the pool of transferable skills across the economy. Without providing vocational training, by only training for the immediate job outcomes of a particular employer or not training at all, workers will be shipped across the country only to return burnt out, disconnected from their community, and without any skills dividend to provide themselves with a sustainable career, or the economy with sustainable increased productivity. In the attached submission, we have proposed one model for a “National Engineering Apprentice Employment Trust”, to provide a nationally beneficial, long term structural answer to the training deficit which plagues the resources sector, as it does the economy at large. We commend it to the Committee as a relevant consideration not just to the resources sector, but relevant to any policy framework of which a worker relocation policy is part.

11. A simple relocation policy might seem like an easy answer, but it is not a good answer. A shallow relocation policy disconnected from policies to develop skills will be unsustainable, and will only satisfy the symptoms of a disconnection between labour supply and labour demand in the economy, not address the causes of the disconnection. We have addressed the causes of the disconnect in the wider economy, in the attached submission to the NRSET. We invite you to address those causes as you address the suitability of worker relocation policies to satisfy any skills disconnection in regional Australia.

APPENDIX

AUSTRALIAN MANUFACTURING WORKERS' UNION



**Submission to the
National Resources Sector Employment Taskforce**

April 2010

1.1. The “Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union” is known as the Australian Manufacturing Workers’ Union (AMWU). The AMWU represents over 110,000 members working across major sectors of the Australian economy, including many employees throughout the resources sector – throughout Australia’s manufacturing, mining, and building and construction industries. The AMWU has members across all skills/ classifications/ occupations, and the vast majority of them are employed by private corporations. The impact on the labour demands of the resources sector on AMWU members within the sector, and those outside the sector who still feel the ramifications of those demands, is of central concern to the Union.

1.2 It is the view of the AMWU that the interests of the resources sector can be best served by the establishment of mechanisms for broad skills development that can serve the tri-faceted needs of the sector:

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

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 as 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.

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.

1.5 Planning for the long-term needs of the resources sector is paramount so that policies and practices generate the greatest benefits for the mobility, productivity and skills development of the economy as a whole. Amongst other ideas, the AMWU will propose one model for the development or broader skills, because such a model will serve the needs of the resources sector, the needs of other sectors, and the wider needs of Australia's society and economy. At present, the resources sector extracts not only minerals, but labour and productivity from the wider economy, by under-training workers and importing temporary overseas skilled labour. It is time that a sector which utilises the resources of a society contributes to the development of those resources. Mutuality of obligation and benefit must be the key.

2. What does the resources sector want? What does the resources sector need?

2.1 The background paper produced by the Taskforce provides some detail of what the employers in the resources sector want. It also shows what such employers have done to satisfy those wants from their labour supply. Any policy response to the labour demands of the resources sector, in our view, should also, and as a first step, focus on what the sector *needs* rather than just what it “wants”. Such a focus will produce a policy response that is in the long term interest of both the sector and the economy and society in which it exists. To focus on wants, we suggest, will lead to short term satisfaction of those wants, but will never solve the long term labour needs of the sector. It is not sustainable to satisfy the symptoms of labour demand instead of the underlying cause of that demand.

2.2 As an outline, what we see that the resource sector wants is:

- in the majority, workers who are engaged during the construction phase of projects, and are mostly engaged as employees of contractors, rather than direct employees of resource companies¹;
- a constant supply of skilled labour for remote and regional mining sites;²
- fast response by the workforce to changes in demand;³
- reduction in employee turnover;⁴
- ability to use contractors for labour flexibility;⁵
- specific qualifications for the sector, eg a pipeline specific qualification for engineers;⁶
- fly-in-fly-out (FIFO) workers for short-term projects;⁷
- workers engaged on 12 hour shifts;⁸
- separate skills sets for construction and operational phases or projects;⁹

¹ National Resource Sector Employment Taskforce (NRSET), *Discussion Paper*, March 2010, at p.13.

² NRSET at p.16

³ NRSET at p.17

⁴ NRSET at p.17.

⁵ NRSET at p.18

⁶ NRSET at p.21

⁷ NRSET at p.25

⁸ NRSET at p.39.

- workers on projects with long lead times;¹⁰
- workers who have already gained trade qualifications;¹¹
- not to train workers to gain an initial or entry level qualification;¹²
- willingness to train further to develop specific skills, but often through unaccredited training that lacks recognition and portability;¹³
- faster development of skills;¹⁴
- better connection between skills and qualifications on the one hand, and enterprise-specific task outcomes on the other;¹⁵

2.3 Added to this, there is clear evidence of employers in the resources sector wanting to use workers who enter Australia in the subclass 457 visa category. Further, offshoring of pre-production infrastructure, such as pre-assembled modules, is increasingly used, with a stated aim of lowering immediate production costs.¹⁶

2.4 An analysis of the incidents of labour demand by the resources sector demonstrates a disconnect between its practices and its wants, and an even greater disconnect between its practices and its needs. Engaging workers on 12 hour shifts on a FIFO basis will not lower attrition rates. Neither will industry practices of rostering for four or five weeks “on”, then one-week “off”, with thirteen day fortnights. Using FIFO and overseas temporary visa workers will not assist in developing long-term stability in operational workforces. Engaging temporary overseas labour, or using contract workers will not stabilise a workforce, or produce a dependable skills base for the industry. Using FIFO will not improve training of workers when there are not complementary facilities for training at either end of the

⁹ NRSET at p.39

¹⁰ NRSET at p.39.

¹¹ NRSET at p.43

¹² NRSET at p.43

¹³ NRSET at p.43

¹⁴ NRSET at p.48

¹⁵ NRSET at. p.48

¹⁶ For example, Woodside, *Pluto LNG Development Industry Briefing*, 21 November 2006, <http://www.projectconnect.com.au/Documents/Project%20Attachments/Pluto%20LNG%20Project/Pluto%20Industry%20Briefing.pdf>; Foster Wheeler, *FW News*, Spring 2008, http://www.fwc.com/publications/pdf/fw_Spring%202008.pdf.

FIFO route (or time to undertake training). A failure to invest in employees' initial qualifications (even when there are long project lead-times) will not lead to a sustainable and steady supply of skilled workers to be deployed on projects within the resources sector. A steady workforce will not be as responsive to changed wages and conditions as a mobile one – a workforce elastically responsive to such changes will not reduce workforce turnover.

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.

2.6 We would submit that attempting to satisfy demands for a self-replenishing supply of workers trained outside the sector is inherently unsustainable. This Taskforce would be unwise to attempt to find ways to satisfy such demands, because of the oncosts of such attempt for the rest of the economy and society.

2.7 If the resources sector is to be kept supplied with pre-trained workers, some part of the economy must meet the cost of such training. Cost has been shifted, we submit, out of the resources sector, to:

- State and Federal Governments, funding vocational learning;
- other industries. It is clear, especially in respect of the demand for a construction workforce, that the resource sector demands and utilises workers who have been trained outside the resources sector. To the extent that other industries are training workers with skills of value to the resources sector, the resources sector is having a free ride at the expense of those other industries, rendering such training unsustainable;

- other economies – the importation of workers on visa categories such as subclass 457 relies on training that such workers have done elsewhere. Amongst other issues that the use of such a workforce entails, relying on external training raises questions of reliability and verifiability. In addition, an expectation that well-trained workers will always be available to fill the skills needs of the Australian resources sector is a contingency fraught with risk.

2.8 It is perhaps unsurprising that employers engaged in the resources sector would take advantage of such labour supply. Such supply, however, is clearly contingent on externalising the cost of training, whilst profiting from the productivity that such training allows. Criticism of such practices are is not simply a question of fairness, but of sustainability: will government be able to continue to meet the cost of training workers to a standard which the resources sector finds acceptable – when an exponential increase in numbers of workers appear to be required. Will other industries be able to keep meeting their share of training workers in their industries, but then be priced out of employing those workers in the sectors in which they have been trained – effectively gazumped by the resources sector? Will well-trained overseas workers always be ready and willing to work productively for the Australian resources sector?

2.9 Even when these questions can be answered in the affirmative, more normative questions arise: *should* these practices be able to continue? Is it reasonable for the resources sector not to invest in their own workers' initial, or entry level training qualifications? Is it reasonable that other industries train workers for the profit of the resources sector – particularly if skills become a significant capacity constraint? Is it good for the Australian economy or society that jobs are filled not by the Australian workforce – a workforce that is not fully employed – but workers with little engagement in Australia as a whole, who are unable to participate fully in the nation in which they work?

2.10 Ultimately, if the resources sector:

1. has a workforce which does move in and out of the sector, following cycles of increased then diminished demand, which the resources sector expects, then it is in the interest of those workers and the broader economy that those workers develop skills which are mobile across other sectors;
2. wants skills adapted to the peculiarities of its needs, then it needs to be involved in the skills and vocational development of individuals who are employed in the sector;
3. wants workers trained for the resources sector in particular, then training must overcome the problems that sub-contracting, FIFO employment, 12 hour shifts and 13 day rosters entail;
4. wants a workforce that is not unstable, socially disconnected and characterised by constant turnover, then workers need to be connected to the community in which they are employed.

2.11 What the resources sector needs is a job-ready, trained local workforce, but a workforce which can find other work when resources projects fall fallow. Local workers need to be skilled up to a level where they are of productive use to the resources sector, yet have skills mobility which can be utilised by other sectors – so that skills do not grow stale when the resources sector cannot use them, and so the broader economy benefits from the productivity which those skills can provide. Because that productivity will be shared by various sectors, employers in those sectors should share in the cost burden of developing the skills that generate such productivity. Because no one sector will share the entire cost burden – or maintain the employment of all the workers it utilises all of the time - no one sector should dictate the skill set of its workers. However, because the resources sector wants skills that are attuned to its needs, the sector should involve itself in the development and design of those broad-based skills.

3. Where are the local workers?

3.1 Is the Australian workforce just too small for the resources industry? Is it the case that the resources sector does suffer from not even just a skills shortage, but a people shortage?¹⁷ Is the resources sector so different from other sectors of the economy that exceptional steps have to be taken to satisfy its labour supply needs?

3.2 It is our submission that the prospects of the resources sector include great demand for workers, and that there is a present disjunction between labour supply and the sector's labour demands. However, we do submit that this disjunction is simply emblematic of the de-skilling which has occurred in the economy over the last decade. The disconnect between labour supply and labour demand in the resources sector might be at the pointy end of the disconnection, but it is an economy-wide disconnection. The labour demands of the resources sector are not of some special character, but those demands are simply to the fore because it is a sector of intense current economic activity. What has been lacking is the skills development of individuals across various sectors of the economy – it is simply the heightened demand of the resources sector which has revealed the extent to which that skills development has lacked.

3.3 This means that when we look to “solve” the resource sector's inability to source workers with skills, we cannot merely satisfy the incidences of what the resources sector states that it *wants* from its workforce, because these wants are just symptoms of the broader malaise in skills development across the Australian economy. Addressing only the symptoms can only ever give short-term unsustainable answers for the resources sector in the immediate term. Addressing the underlying cause of the symptoms will not just address what the resources sector wants, but what it and other sectors of the economy need – boosting the skills of the wider workforce and the productivity of the wider economy. So, if we understand why there are skills underdevelopment in certain trades and geographic

¹⁷ Minerals Council of Australia, *Staffing the Supercycle: Labour Force Outlook in the Minerals Sector, 2005 to 2015*, August 2006, at page 20.

areas this will give some indication as to what are the best broad solutions for many sectors, not just the resources sector.

3.4 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%. We note the statistics cited in the NRSET discussion paper are consistent with these figure for the next half decade, but also show a fall in trade apprenticeship commencements of 23.2% for the year to the March quarter 2009.¹⁸

3.5 We do note, however, that over the nine years between 1996 and 2004 there was a 95% increase in commencements of traditional apprentices in Australia. Annual commencements increased from 29,400 in 1996 to 57,500 in 2004. Most of the growth in commencements occurred in recent years with 39% of the increase occurring in 2004. Similarly, the Taskforce background paper highlights that “private companies associated with the resources sector commenced 3345 apprentices – almost double the number of three years earlier”.¹⁹

3.6 Nonetheless, a further critical factor is the declining completion rate for apprenticeships which has been tracking down for some considerable time. Completion rates for trade apprenticeships are between 55 and 70% depending on the trade which is a serious decline. Increasing commencements is a wasted effort if the result is they do not complete. The recent lift is a lift in commencements that has not yet translated into qualified tradespeople hitting the market. We note with alarm the research cited in the NRSET discussion paper indicating only a 47% completion rate for apprenticeships commenced in 2002²⁰

3.7 The problem of skills shortages has a number of critical dimensions:

¹⁸ NRSET at p.9.

¹⁹ NRSET at p.45

²⁰ NRSET at p.9.

- stagnation of training numbers;
- ageing population;
- apprentice rates of pay, and poor treatment of apprentices;
- decline of public sector organisations due to privatisation and microeconomic reform by state governments;
- reliance on pyramids of subcontracting and labour hire firms;
- major decline in training effort by large firms;
- industry and industrial relations policies which encourage a focus on short term
- reduction in labour costs as opposed to investment in skill;
- government incentives which favour short term low level training;
- changing nature of employment relationships; and
- too high a focus on university education.

3.8 Training rates have been insufficient in many industries and in many skills areas (including in the key engineering trades that support the resources sector), though there has been a recent surge in apprenticeship numbers this trend needs to be maintained in the medium term to make inroads on the number of skilled tradespersons. This also involves making skilled trades occupations attractive to young people again.

3.9 The decline in apprenticeship completion rates will need to be addressed. This requires a review of the structure of Commonwealth incentives which have encouraged short term, low level training with little vocational relevance and which inadequately encourage completions. It also requires further work to increase apprenticeship wages and to allow for competency-based completion without undermining quality. The quality of the employment experience for apprentices must also be addressed with better mechanisms to protect them from inadequate or poor quality training and poor treatment in the workplace.

3.10 The current lift in the apprenticeship training rate will have to be maintained for around 10 years and the current decline in apprenticeship completion rates will have to be reversed to compensate for the under-investment in training that occurred in the previous decade. Just as there are a myriad of causes of any skills shortage, there are a number of policies that need to be implemented to rectify the situation centred on maintaining the increased apprentice rates and upskilling existing workers. Overall, skills shortages require a systematic approach to domestic training, skills and workforce and career development supplemented by stocks of permanent skilled migrants.

3.11 The ageing population means a large proportion of skilled workers are approaching retirement age, particularly in manufacturing, engineering and building and construction. The same can be said of the trainers in the VET system, many of whom will be leaving the workforce in the near future.

3.12 Public sector organisations, which formerly provided large numbers of jobs for apprentices have been privatised and corporatised. Numbers of skilled jobs for young people during the period of their skilled formation have declined. Private sector organisations are less likely to want to support off-site components of training. State Governments train 80% fewer apprentices than 15 years ago.

3.13 Subcontracting and the use of labour hire firms, particularly in the construction industry (including within the resources sector) mean smaller work organisation units and less opportunity to take on younger and less experienced workers with a view to the future. Jobs are increasingly project or contract based, not firm or career based, meaning that the opportunities for skill formation over the 3-4 year period of typical apprenticeships are reduced. The take up of apprenticeships by large firms has declined when compared to the take up by smaller firms. The contracting out of maintenance to labour hire and contract firms has decreased investment in training.

3.14 The resources sector has, more so in recent years, turned to offshoring of the pre-assembly and pre-production of certain elements of projects. Modularisation of projects has clearly assisted in this. The stated aim of such an approach is to lower the costs of projects – offshoring the labour costs of important elements of a project’s start-up costs. Obvious examples include prefabrication in Thailand of a processing train for the Pluto LNG plant in the Carnarvon Basin in WA, for assembly in Australia, and overseas assembly, in Malaysia and China, of offshore production systems and platforms for the same project.²¹ The increased incidence of importing prefabricated and preassembled project infrastructure is also seen in the almost doubling of steel imports into Australia between financial years 2004 and 2009.²²

3.15 The difficulty with this approach, of course, is the loss of that prefabrication and pre-assembly work to overseas producers. The skills and capability that are lost in this short-term cost-cutting will ultimately drive up labour costs with shortages in the future – to the ultimate detriment of the resources sector. This overseas pre-production is especially devastating because the bulk of apprentice training for trades has traditionally been completed in workshops involved in such fabrication work.

3.16 We have little difficulty with resource sector projects using *offsite* preproduction facilities. Indeed, offsite preproduction may well assist in alleviating many of the more deleterious effects of remotely located resources project work: FIFO can be reduced; shifts do not need to operate for 12 hours; 13 day fortnights do not need to be worked; rosters so not need to be 5 weeks on, one week off; workers need not be isolated from their families. This means that attrition can be reduced and under-represented groups like women can have their participation increased in the sector.

3.17 However, when *offsite* preproduction becomes *offshore* preproduction, then the skills base of the resources sector, and the economy more generally, is

²¹ op cit at note 16.

²² www.onesteel.com/keymarkets.asp.

decimated, and our capability to participate in major projects is compromised. Skills development occurs offshore, including the initial, or entry level, skills development in which the resources sector is so reluctant to participate. As we will note further below, in our discussion of subclass 457 visa workers in Australia, externalising training costs by importing labour – or importing the products of labour – externalises the benefits of skills and capability development for the productivity of the economy as a whole.

3.18 The solution here is to maximise local content – encouraging on site and *onshore* preproduction facilities. If offshore preproduction remains an easy answer for large resource sector projects, then Australian skills, capability and productivity are weakened. Whilst offshore preproduction seems an easy answer, it is not a good answer. To develop the skills which the sector needs to maintain its own productivity – and to benefit wider productivity across other sectors – then the resources sector needs to focus on local suppliers. For the sake of Australian productivity and capability, any policy response should encourage this focus.

4. Use the workforce you have – recognise the potential workforce

4.1 There is certainly a mismatch between what resources sector employers claim is the labour supply they want, and the labour supply that sector employees state is available. Drilling down into this claim, it is possible to more carefully reveal what the resource sector needs, not just immediate resource employers wants.

4.2 In current circumstances, there appears to be an unwillingness of sufficient workers to apply their skills to the resources sector under the terms and conditions of employment offered to them. Terms which may affect the decision of these workers range from wages paid, the location of work, to conditions such as FIFO employment, non-permanent contract-to-contract employment and 12 hour shifts, worked for 13 day fortnights, often five weeks on one week off. Each of these factors, for instance is addressable to a greater or a lesser degree (even the location of work can be made more habitable for FIFO workers, if isolated sites are necessary). Unaddressed, these factors effectively exclude workers who wish to maintain a family or community life, especially those with caring responsibilities. Women suffer particularly from the indirect discrimination endemic in the adoption of such industry working conditions.

4.3 Ultimately, increasing the pool of skilled workers recognised as available for work in the resources sector is the most direct way of addressing shortages. It is our submission that the resources sector has not availed itself of as deep a pool as it could.

5. Train skills locally

5.1 First, as noted, the sector should address the disconnect between perceived skills inadequacies in the available workforce and a failure to engage in primary skills development. If there is what the National Institute of Labour Studies calls a “Level 2 shortage”,²³ then the sector must move towards planning across the sector, so that urgent requirements for particular skills do not come out of the blue. If there is claimed to be a “Level 1: mismatch”, then the sector needs to engage in the development of technical skills which the resources sector sees as essential. As we see, however, workers move in and out of the resources sector, and the sector takes advantage of the training done by the public sector, and by the private sector in other industries. For these reasons, it is appropriate for the greater benefit of the sector and the nation, that such training requirements are focussed on *skills*, not just short-term *outcomes*, which may be narrowly focussed on an immediate project.

5.2 The AMWU has supported steps that have been taken by bodies such as the National Quality Council to streamline the review and endorsement of industry training packages, so that various industries can contribute to training package development. However, we continue to view it as essential that training providers remain focussed on the skills needs of the workers in their industry – and we have seen that these needs are broadly based – rather than just the immediate desired outcomes of immediate employers. This is a tension which is crucial to observe and assess over time. For this reason, we have called on the Council of Australian Governments to better integrate and harmonise the relationship between skills, competency and vocational outcomes, so that the quality of the VET system is centred around skills and competency for jobs.

5.3 We do not think we are alone in wishing that qualifications maintain their integrity, and so we are concerned, for example, at any prospect of opening up training development to curriculum-based courses that would artificially constrain

²³ NRSET, at p.17

the portability of skills and compromise the mobility of workers and the recognition in industry of their skills and competency. For instance, we would be very reluctant to support any move to formally recognise unaccredited training. If providers, or the resources sector, support the delivery of unaccredited training, it must be assumed that the outcomes of that training are capable of being quantified in skills and competency terms. Workers who complete unaccredited training should not be denied recognition for that training which they undertake. The reality is that the advocates of delivery of unaccredited training want recognition of unaccredited training which is conducted, then that training should become accredited. If the training is of great value, then the training should become accredited so that the value of the training can be added to the skills portfolio of the worker who completes it. Any other “recognition” of unaccredited training undermines the very integrity of the accreditation process. The provider or the resources sector should take the steps that are necessary to ensure that the standard of delivery outcomes of unaccredited training is such that the training is capable of recognition by the formal vocational education and training (VET) system. If the formal recognition process and standard of accreditation maintains a focus on skills rather than an immediate employer’s outcomes, then the outcomes of such training will benefit the employer, the wider sector, and the wider productivity of the nation.

5.4 We would therefore remain sceptical of any claims of resources sector employers that there is a need for training customised to their needs of the business, contributing to business outcomes rather than individuals’ competency outcomes. If training is skills and competency focussed, if the sector engages in skills formation - but recognises that skills must be broad-based and portable if they want to pick up workers during periods of high demand and discard them during leaner times - then training clearly must focus on competency outcomes which leave individuals mobile across sectors, but agile to be deployed in the resources sector when they are required. If training costs are to be shared across sectors and the broader economy, then training outcomes must also.

5.5 This is a core reason why the sector must engage with training, skills and workforce development and meet the cost of that engagement, so that local labour resources are best utilised, and portability flexibility and mobility are maximised. Invigorating the local labour market – be it from remote locations, under-represented groups like female or indigenous workers, or any worker who is not optimally skilled – is the best way of deepening the pool of available workers.

6. Use workers already trained – the ERMS problem

6.1 We note reference in the NRSET Discussion Paper,²⁴ to some views that during the most recent mining boom, there was some reluctance from WA mining employers to accept certain interested job seekers from other states. We would share those views – certain groups or individual skilled workers are not being utilised for what appear to be industrial or political reasons.

6.2 This short-sighted approach is demonstrated by the use of WA resource sector employers of the “ERMS” database. ERMS Solutions, now known as Bright People Technologies, has maintained employment and reference records for workers across the North-West of Western Australia, for employers such as BHP Billiton, Woodside, Newmont, CITIC Pacific, Alcoa and Newcrest.²⁵ What such database development has resulted in is an unchallengeable blacklist on which employees may find themselves. Members of the AMWU in WA – oftentimes delegates or health and safety representatives - have found their employment prospects devastated by unknown information which is reported by ERMS to a participating employer, but not reported to the employee.

6.3 An example follows, with the employee’s name removed for reasons of privacy:

The ERMS - Database or Blacklist?

On 12 July 2006 the AMWU member [name omitted] had an interview with Downers Engineering for the position of a supervisor on the COGEN Plant. The job was working for Downers on an Alinta job on the Alcoa Pinjarra site.

²⁴ NRSET at pp.25-26.

²⁵ <http://www.bright-people.com.au/about-bright/index.html>

The interview was conducted at Alcoa Pinjarra by a construction manager [name omitted]. The interview went well and the member was invited back for a second interview with the site manager [name omitted], on 14 July 2006.

That interview went well and the member was told that, pending a medical, he would be offered the position. The site manager tried to arrange a medical for the member for that day. A medical could not be arranged until Monday 16 July.

The member duly attended the medical as required.

The member received a phone call from the construction manager stating that the medical was ok and that they were just waiting for a report from an "independent vetting agency".

The construction manager phoned the member back later that day and said that they could not offer the member the job as Alcoa did not want the member on site.

The member asked if it was because of the report from ERMS and the construction manager confirmed that it was.

The construction manager said to the member that he should not worry as the site manager really wanted him on the job.

Background

From June to December 2005, the member was working for Thiess as a supervisor on the Alcoa Pinjarra site.

In October 2005 there was a safety issue where the workers refused to work on certain sites. The member supported this as it was a safety issue and he had a duty of care as a supervisor.

Thiess terminated his employment and a manager of Thiess said to the member "*you will never work again*".

The Union took the case to the IRC for unfair dismissal and were successful in getting the member reinstated. Prior to this the outcome Thiess attempted to settle the matter.

Since completing the job for Thiess in December 2005, the member has applied for positions with United and Westerns at Ravensthorpe for supervisory positions. Upon submitting his applications he has heard no more. This is despite those companies

both advertising for positions and the member being highly skilled for them - and having worked for United, in particular, in the past.

At least six other members were involved in the dispute with Thiess, and each had difficulty finding work on large construction jobs in the north west.

6.4 For many reasons, a sceptical ear must be turned to claims that the resources sector is short of people. Resource sector employers cannot pick and choose their workers for political or industrial reasons, and then claim that no-one is ready to work for them. Quite to the contrary, these workers were ready and willing to work, but were refused because of the unchallengeable “intelligence” about a previous industrial dispute about workers’ safety. Workers in the right region, with the right skills and experience – exactly the workers which resource sector employers claim are so hard to find.

7. Do not let the use of subclass 457 visa holders undermine the skills of the Australian workforce.

7.1 There are three general reasons for the AMWU's views that the use of subclass 457 visas should not be encouraged. 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 subclass 457 workers artificially suppresses wage rates and employment conditions to a point that engagement of Australian workers in the resources sector is undermined. Thirdly, the way that the subclass 457 visa program is administered has meant that subclass 457 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 subclass 457 “supplementary labour” is withdrawn.

7.2 Each of these three reasons leads us to the view that the use of temporary overseas workers, under programs such as subclass 457 visas, undermines development of skills by Australian workers. It is this lack of skills development which leads to a lack of available local workers to meet the requirements of the resources sector. Indeed, the use of subclass 457 workers leads to a vicious circle of de-skilling – it is a short-term answer to a symptom of a de-skilled Australian workforce, it is not part of a substantive solution to the causes of that de-skilling, but is quite to the contrary.

7.3 Considering local workers first before considering specific importation of subclass 457 visa workers is a core principle for which the AMWU has been advocating, with other unions, for some time.

7.4 Despite recent “Integrity Reforms” to the administration of the subclass 457 visa scheme²⁶ it is still the case that visas for workers in the ACSO²⁷ classifications 1-4 are not subject to local labour market testing prior to their grant. The absence of the labour market testing requirements can and does result in 457 visa approvals where labour could have been sourced locally. As we cited to the inquiry by Commissioner Deegan which led to the “Integrity Reforms”, specific examples are available which demonstrate this.²⁸

7.5 It has been said, in reply, that such “labour market testing” is contrary to Australia’s international legal obligations. The AMWU maintains that such an assertion is simply not borne out by any legal analysis of treaties to which Australia is a party, or rules to which Australia is subject.

7.6 We are firmly of this view for the following reasons:

1. Specific commitments to which Australia has committed itself under the General Agreement on Trade in Services (GATS) do not extend to abrogating its ability to prescribe labour market testing in the administration of a scheme such as the subclass 457 visa. The currently applicable GATS obligation allow free movement relevantly as follows:
(4)(d) Specialists, subject to individual compliance with labour market testing, for periods of initial stay up to a maximum of two years with provision of extension provided the total stay does not exceed four years.

²⁶ From 14 September 2009, see http://www.immi.gov.au/skilled/whats_new_457.htm

²⁷ Australian Standard Classification of Occupations

²⁸ see ACTU Submission, *Inquiry into Temporary Business Visas - Joint Standing Committee on Migration*, p. 14: (i) local workers have been locked out during an industrial dispute over AWAs, whilst workers on subclass 457 visas continued employment (Tey's Bros, Naracoorte SA); (ii) In a region with 18% youth unemployment, local workers only offered casual work and not offered training because sufficient workers on subclass 457 visas were employed (MaxiTrans, Ballarat Vic); (iii) visas which do not reflect a workers’ actual skills, eg a visa holder whose visa stated that he was a motor mechanic when he had never worked as one, but was instead a welder with maintenance experience (Mawpump, NT).

Specialists being natural persons with trade, technical or professional skills who are responsible for or employed in a particular aspect of a company's operations in Australia. Skills are assessed in terms of the applicant's employment experience, qualifications and suitability for the position.

Labour market testing is not required for (i) natural persons who have specialised knowledge at an advanced level of a proprietary nature of the company's operations and have been employed by the company for a period of not less than two years and (ii) if the position in question is within a labour agreement in force at the time of application.

A labour agreement is an agreement between the Australian Government, employers or industry organisations and unions for the entry of specialists from overseas.

The above commitments do not apply in cases of labour/management dispute.

Apart from the specific exemption from labour market testing at cl.4(d)(i) and (ii), a prohibition on labour market testing is clearly not made out. To the contrary provision for labour market testing is expressly permitted.²⁹

It appears that Australia has made an offer in 2005, pursuant to the Doha Round of negotiations, which would allow flows of labour of “contractual service suppliers” *without* provision for labour market testing. Five years later, this remains no more than a non-binding aspiration (if a misguided one) for inclusion at the conclusion of the Doha Round. It does not bind Australia.³⁰ We reiterate that the damage which untempered use of subclass 457 visas have done and will continue to do to the development of skills of the Australian workforce means that it should never become a binding commitment.

²⁹ <http://docsonline.wto.org/DDFDocuments/t/tn/s/OAUSR1.doc>

³⁰ http://www.wto.org/english/tratop_e/serv_e/s_negs_e.htm#offers

2. The ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) contains specific provision for commitments to free “Movement of Natural Persons” to be subject to labour market testing, to the extent that such testing is not contrary to WTO commitments. As the GATS situation shows, there is no such contrary WTO commitment.
3. Even the Australia-Chile Free Trade Agreement, which does not specifically mention labour market testing, does state that movement of “contractual service suppliers” is still subject to a Party’s immigration measures – immigration measures which could include a requirement that a sponsoring employer has conducted labour market testing prior to entering into an employment contract with a subclass 457 visa employee.

7.7 In short, claims that Australia is “bound” to not require labour market testing prior to the grant of a subclass 457 visa does not reflect a legal reality, but instead a policy position. We strongly urge that this policy position be tempered by consideration of the deleterious effects that unrestrained grants of subclass 457 visas are having on Australia’s skills development, and the consequences of that for the long term productivity of the Australian economy, and the resources sector in particular.

7.8 A further argument which has been put against our advocacy of strict labour market testing, is that the reformed “integrity review” requirements to pay market salary rates operate as de facto labour market testing, that is, in addition to the costs of recruiting overseas and potential repatriation costs, new market salary rates are high enough to act as a sufficient disincentive to employing subclass 457 visa employee before local workers. We must remain unconvinced by this argument.

7.9 The market against which salaries are tested is only the market of other employees of the same immediate employer who are Australian nationals. This has potential to reward employers who are currently paying below the markets rate for

the industry/region. That is, employers who fail to pay the equivalent of similar employers in the region will be able to avoid paying competitive rates by seeking subclass 457 visa workers as a cheaper option. The requirement to only pay the existing below market rate in the workplace rewards these employers and undercuts wages and conditions across the industry.

7.10 For employers who state that no local worker is performing equivalent work in the same workplace, the employer may demonstrate the market salary rate by reference to the applicable modern award or enterprise agreement, where available. Again, such rates can be dramatically below what is the true market rate at the time of making the application – especially when awards (and agreements) can apply across sectors and regions – not just in the resources sector in the region in which an employer is seeking to engage workers on subclass 457 visas. Furthermore it is very difficult to assess the validity of an employers' claim that no equivalent employee exists. For example, an employer may claim to be seeking subclass 457 visa workers as welders when, in fact, these workers will be required to perform higher skilled metal fabrication work. Without site access and investigation this is impossible to assess.

7.11 The “market” rate cannot fall below the “TSMIT”, which is currently \$45,220.³¹ This rate, in the vast majority of trades classification, is well below general market rates for an occupation, industry or sector. It is therefore of little use as a safe guard against undercutting market rates. So, whilst the current “market rates” requirement is an improvement on the previous system of administration of subclass 457 visas, it continues to lack the necessary integrity to prevent the undercutting of local rates. This potential is likely to be most visible as labour demand increases, as the economy recovers.

7.12 Nowhere is there a requirement to advertise locally. Nowhere is there an assessment of prevailing rates in an occupation, industry of locality. Nowhere is

³¹ Temporary Skilled Migration Income Threshold, <http://www.immi.gov.au/skilled/457-market-salary-rates.htm>

there a requirement to demonstrate what steps an employer has taken to engage in the training of local workers before engaging workers under subclass 457 visas.

7.13 Another particularly offensive aspect of the current regime relates to employers who make workers redundant. Currently an employer who has made permanent residents or temporary migrant workers redundant is presented with no impediment to accessing further subclass 457 visa workers. This is the case even where those workers made redundant have identical skills to the skills the employers seeks to access by utilising subclass 457 visa workers.

7.14 There may be a requirement for an employer to attest to having a strong record of employing Australian workers. However, such declarations are at least arid, if not disingenuous, when the same employer's history of imposing redundancies is not examined. Any Government warnings to employers who sack workers and continue to access subclass 457 visas are no more than a slap on the wrists, if that - the current legislation and regulations provide no mechanism for DIAC to take redundancies into account when assessing new applications. This has been the cause of substantial dispute over the course of the recent economic downturn.

7.15 For the sake of training Australian workers to meet the labour demands of the resources sector, the AMWU will continue to advocate for labour market testing prior to engagement of workers who hold subclass 457 visas.

7.16 The significance of this high proportion of 457 approvals in selected trades areas in relation to skills formation cannot be overstated, particularly the impacts on the availability of suitable work and appropriate jobs for newly qualified apprentices; and on the proportion of tradespersons in organisations or on work sites who will not be fully available or committed to imparting on-the-job knowledge and skills over the medium or longer-term due to the often short-run nature of their participation.

7.17 This is similar to (and may exacerbate) the deleterious effect of an imbalance of FIFO temporary workers on ongoing working relationships, which are crucial to junior tradespersons gaining vital experience.

7.18 The reproduction of occupational skills is complex. There are a number of serious implications for the skills formation system arising from the rapid growth in temporary labour flows that is part of the increasing internationalisation of skilled labour markets. One core argument put forward in support of focussing Australia's migration programs on skilled workers is that the higher level of productivity of skilled migrants will raise the overall productivity of the labour force over time. Skilled migration also represents a form of technology transfer, human capital as embodied expertise in relation to processes and techniques. However, temporary entry visas, like subclass 457, eliminate the qualifications and work experience requirements associated with skilled migration. Temporary entry undermines key objectives of skilled migration and run counter to the primary goal of raising the overall productivity level of the workforce, quite to the contrary.

7.19 Increasing reliance on temporary labour flows will have adverse consequences for skills formation. Temporary entry exacerbates many of the problems identified as underpinning shortages in key skills. Employers and employer associations identify skills shortages as impacting in three ways:

- on their immediate needs;
- on the quality or appropriateness of the skills held by available workers;
and
- a longer-term gap in the supply of skills.

7.20 As we have stated, temporary entry visas like subclass 457 are concerned primarily with employers' immediate needs. Temporary labour flows will not contribute to skills formation through vocational training, or workforce development to a significant extent. Skills learnt or developed by temporary entrants will be enterprise-based and not necessarily broadly portable. Temporary workers tied to one employer will not themselves be mobile across the resources sector or the

economy – and certainly not in the longer term. Temporary entrants are less likely to be available to train and mentor junior workers in the medium term, or to move into the VET sector as teachers. Over reliance on temporary labour flows will exacerbate rather than ameliorate the impact on employers overall in relation to the quality and appropriateness of available skills and the longer-term skills gap.

7.21 To the extent that the use of subclass 457 visas unnaturally suppress wages and conditions of employment that would otherwise be applicable to occupations and sectors, there is a reduced incentive for Australian employers to engage in training. Labour market outcomes that lead to a reduction in the attractiveness of skilled trades careers in Australia amongst skilled migrants, or in the taking up of a trades career amongst school-leavers, will have a negative impact on skills formation.

7.22 Any increase in temporary trades labour inflows will undermine the recent lift in the domestic apprenticeship training effort:

- Firstly, from the point of view of employers, given the intensification of competition within the economy firms that do not train gain a short run competitive cost advantage over those that do train.
- For prospective apprentices, if temporary labour inflows lower the market wage rate of tradespersons this reduces the incentives for high quality applicants to participate in apprenticeships – perhaps also contributing to disproportionately low completion rates.

7.23 A failure to restrain the use of subclass 457 visas in the resources sector is a failure to provide for the development of skills of Australian workers which will satisfy the demands of the resources sector, and add to productivity across the economy. Subclass 457 visas might seem like an easy answer to an employer's desire for skills and workers, but it's not a good answer. It's a short term mollification of a symptom of long term rundown in Australian skill formation. In the long term, it is counter-productive.

7.24 If subclass 457 visas are to continue - even just as a short-term stopgap whilst training catches up with labour demand - then policy measures must be introduced to prevent the use of such workers exacerbating the problem that their labour is designed to resolve:

1. there must be labour market testing – across occupation, industry, region and sector;
2. such labour must be engaged under existing enterprise agreements, just like workers of an employer who are not holders of subclass 457 visas. Where there is no such existing agreement, then reaching such agreement should be a precondition to the engagement of 457 visa holders. The *Fair Work Act 2009* provides for “greenfields agreements” to be reached by employers opening a new operation. Where such an agreement is sought, it must be made with a union or unions which can represent at least a majority of workers to be engaged on site.³² There is no reason that this accepted and legislated model cannot be adopted to cover workers on subclass 457 visas, for operations where there is no extant enterprise agreement. The reaching of such agreements will alleviate the ease by which the new market salary rates regime can be presently evaded. A collective agreement provides transparency, as well as mechanisms such as dispute settlement procedures, so that workers are not disempowered at the hands of an employer in whose control is an employee’s visa status.
3. employers who participate in such temporary skilled worker engagement must also demonstrate their participation in the skills training of local workers – so that the productivity bonus of importing skills into Australia multiplies, rather than gets lost.
4. Employers which have made local workers redundant in the previous 12 months in the same or similar occupations must be barred from engaging workers under subclass 457 visas – or at least be put to a greater

³² *Fair Work Act 2009*, s.187(5)(a).

standard of proof as to their needs before they are authorised to hire such workers.

8. Conclusions

8.1 The core of the AMWU's submission in respect of the labour requirements of the resources sector in Australia is that the resources sector is not an island. Skilled workers utilised by the resources sector are trained outside the sector, and move between the sector and other parts of the Australian economy. The resources sector capitalises on the training of workers which is done in large part by the public sector and non-resources sector employers (including overseas training).

8.2 Concomitantly, solving the resource sector's labour requirements, even when there is a perceived skills shortage or mismatch, should not be focussed just on the resources sector. To do this would ignore the fact that skills deficiencies in the resources sector are simply one demonstration of the results of devastating under-training of Australian workers in recent decades. To focus narrowly on the resources sector would be address only the symptoms of this structural failure, rather than working to reinforce the structure itself. To address only symptoms would lead to short-term solutions, which can even exacerbate long-term failings.

8.3 A further core submission that we make is that resources sector labour demands should not be managed on a short-term crisis-to-crisis basis, but from a perspective of establishing structures, principles and practices for the long-term resolution of imbalances between resource sector employer demands and supplies or workers ready willing to be employed in the sector. It is of clear benefit to the sector, that the sector has an efficient mechanism to resolve disputes from a perspective of what is of general benefit to the sector. It is also of benefit to refocus the views of the sector's stakeholders on what is in the interests of the sector generally.

8.4 The sector produces challenges to maintaining skills and labour, and heightened labour demand exacerbates these challenges. Maintaining a broad productive skills base from which the resource sector can draw, rather than resorting

to short-term fixes which exacerbate long-term problems, requires a sector-wide approach to consider issues like labour supply, skills development, attrition of workers, rostering practices, community involvement, engagement of workers currently under-represented, and allowing workers in the sector to both be employed in the sector and meet family and community responsibilities. To this end, we propose not just a one-off crisis management taskforce, such as NRSET, but the establishment of a body with a long-term existence and outlook, which will involve stakeholders across the sector:

RESOURCE SECTOR COUNCIL

Key Features

1. a model similar to innovation councils in other industry sectors;
2. tri-partite representation of government, employers and unions at a State and national level;
3. a brief to consider issues such as:
 - a. the long-term outlook for activity in the sector,
 - b. the development of skills to meet those long-term needs;
 - c. involvement of local content (in terms of the nation and of local communities) in meeting the production and preproduction requirements of the sector;
 - d. using long lead times of projects to better co-ordinate the labour and skills needs of the sector
4. a dispute resolution mechanism, so that workforce issues which affect the sector can be resolved with a view to outcomes in the interest of the sector generally;
5. adoption of a policy framework which provides solutions for the long-term structural needs of the sector, not short-term emergency remedies.

8.5 Satisfying the employment demands of the resources sector should focus on needs, not just wants – the long term, not the short. This is why we propose one

model for a “National Engineering Apprentice Employment Trust”, to provide a nationally beneficial, long term structural answer to the training deficit which plagues the resources sector, as it does 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 or social importance to the Australian economic or social outlook

- Funding from industry on a mutual obligation formula basis unless evidence provided of employment of sufficient numbers of apprentices/cadets to meet anticipated demand
- Established to complement existing Group Training Arrangements rather than competing with them.
- The trust would be the employer of record and host out cadets and apprentices (using enhanced subsidies and mentoring) to existing employers who would contribute work and learning experiences that build relevant, generic and mobile skilled workers in key occupations.
- Underpinned by appropriate rotation of apprentices/cadets to ensure breadth of skills experience.
- Training based on broad based generic National Training Package trade and technical qualifications designed to leverage mobility and flexibility.

8.6 If we re-energise the local workforce, with skills that serve the resources sector, then the sector need not take the short term steps, such as engaging workers on subclass 457 visas, which ultimately harm the skills and productivity of the sector. If we focus on portable skills in training, not just an immediate employer's short-term outcome, then such training and skilling outcomes will benefit other sectors, not just resources, and will re-energise the wider economy.

8.7 We submit that there is more the resources sector could do to take advantage of the potential workforce which already exists from Australia – workers who are ready, skilled and available should not be turned away like they have been. But the greatest single thing the resources sector could do is engage in training – training for vocational skills. For the sector's benefit, for workers' benefit, for Australia's benefit.