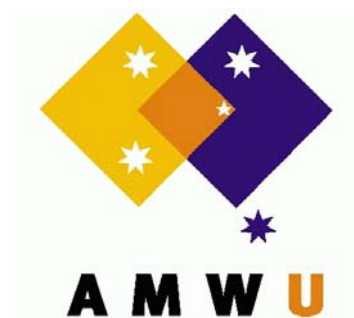


AUSTRALIAN MANUFACTURING WORKERS' UNION



SUBMISSION

Senate Employment, Workplace Relations and Education
Legislation Committee

Skilling Australia's Workforce Bill 2005
Skilling Australia's Workforce (Repeal and Transitional
Provisions) Bill 2005

July 2005

Introduction

“This is a very unusual bill but it may well be one of many we will see this term that force parties to enter into arrangements they do not want to enter into.

The Prime Minister likes to get up on his soapbox—and he is of a stature that probably makes that all the better for him—and say, ‘Third parties should not intervene in agreements between industrial parties.’

But here we have a government introducing a set of bills which, if enacted, would compel another party to offer AWAs to their employees.

We have a remarkable, and I would say unprecedented, situation of using education and training to force through an IR agenda.”¹

Brendan O’Connor MHR

1. The Australian Manufacturing Workers’ Union (AMWU) welcomes the opportunity to make submissions to the Senate Employment, Workplace Relations and Education Legislation Committee on the Skilling Australia’s Workforce Bill
2. The full name of the AMWU is the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union.
3. The AMWU represents approximately 140,000 workers in a broad range of industry sectors and occupations within Australia’s manufacturing industry.
4. As Australia’s largest representative of skilled and qualified manufacturing workers, the AMWU has a strong interest in how Australia services the growing demand for, and strategic importance of, skilled manufacturing workers.
5. In making this submission, the AMWU adopts and supports the submissions of the ACTU in respect of this Bill.

¹ Brendan O’Connor MHR, Federal Member for Gorton 14 June 2005

Inquiry into the provisions of the Skilling Australia's Workforce Bill 2005

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Recommendations

The AMWU urges the Senate Employment, Workplace Relations and Education Legislation Committee to make the following recommendations:

6. That the Senate reject the legislation as not being in the interests of the Australian economy, the Australian community, or Australian industry.
7. In the event that the Committee declines to reject the Bill, we urge the Committee to consider a number of amendments as follows:
 - The Bill should be amended to provided for increased representation of the interests of working people through the ACTU.
 - The Bill should be amended to reflect a proper determinative role for a properly constituted NQC with adequate representation of working people that reflects proper industry leadership in the approval process for training packages and competency standards.
 - The Bill should be amended to reflect the importance of the role and functions that Industry Skills Councils play in contextualising the system to the needs of industry.
 - The Bill should be amended to remove the provision that requires states to remove references to minimum time periods for the completion of VET programs from state awards.

Context

8. The inquiry which is the subject of this submission must be considered in the context of the current challenges that confront the economy and industry including:
- A dramatic decline in our balance of trade in elaborately transformed manufactured products. Those economies which have a strong base in the production of elaborately transformed manufactured products are those countries with more stable economies and better living standards. Although exports of elaborately transformed manufacturers have increased, this increase has been overshadowed by the dramatic increase in imports.
 - The emerging threats posed by a plethora of free trade agreements, most notably the proposed agreement with China which will place even more pressure on Australia's ability to compete in a global context:
 - It is worthwhile to consider that in 2003 prices for every plasma television Australia imported, Australia had to export in the vicinity of 150 tonnes of iron ore. If Australia is to maintain and improve its standard of living, a trade and industry policy built on the 19th and early 20th century view of Australia as an agricultural and mineral supplier for the rest of the world is clearly neither economically nor environmentally viable.
 - At a time when developing nations are building information technology industries from the ground up, Australia must do better than relying on trade and industry policies aimed at encouraging the exportation of low value added products. In terms of exporting high and medium-high technology goods the only OECD economies Australia performs better than are Turkey, Greece, New Zealand and Iceland. This is not a formula for a high wage - high growth economy of the future
 - Significant and ongoing skill shortages, particularly in areas of traditional trades and in specific regional areas.
 - Growing levels of income in-equality, particularly on a regional basis.
 - Persistent levels of high unemployment, particularly in regional areas and amongst younger persons.
 - A dramatic growth in forms of non standard, precarious employment, particularly casual and contract work. Between 1982 and 2002 casual employment more than doubled to 27.3% of the workforce. The

increase in casual employment accounted for ¾ of all jobs growth and 90% of these jobs were low paid earning - less than \$500.00 pw.

- Decreasing job security with increased levels of involuntary job mobility.
- Declining levels of employer investment in vocational education and training, particularly vocational education and training that leads to portable national qualifications.
- Decline in enrolments and course offerings in the post-trade and para-professional levels in key skill areas such as engineering.

Skilling Australia's Workforce Bill 2005

9. The new national training arrangements envisaged by the Skilling Australia's Workforce Bill are purportedly guided by three principles:²
 - That industry and business needs must drive training policies;
 - That there should be better quality training outcomes through more flexible and accelerated pathways; and,
 - That processes should be simplified and streamlined.
10. The effect of the Bill, however, places at serious jeopardy the product of almost 20 years of reform to Australia's vocational education and training system.
11. The AMWU is opposed to the Bill. We call on the Senate to reject the legislation.
12. We oppose the legislation for a number of critical reasons, principal amongst which is the affect the legislation will have on the capacity of the system to deliver the right training in the right skills to the right people at the right time.
13. In particular, the AMWU is opposed to the linking of funding in the VET sector to delivery of the government's oppressive IR program regardless of the detrimental effect the government's oppressive IR program will have on Australia's capacity to meet the challenges that are emerging as Australian industry struggles to find the skills it needs to survive.
14. In addition we believe that the Bill does not provide a proper basis for the operation of the VET system.
15. In particular the Bill fails to enunciate a coherent role for the National Quality Council and fails to support or recognise the contribution of Industry Skills Councils.

² Bills Digest: Skilling Australia's Workforce Bill 2005 p3

16. Should the Bill not be rejected by the Senate we call on the Senate to make a number of amendments to the Bill to overcome some of the most critical deficiencies identified.
17. Whilst this submission deals specifically with the content of the *Skilling Australia' Workforce Bill 2005* it follows that, by virtue of our position on this Bill, we also oppose the *Skilling Australia's Workforce (Repeal and transitional Provisions) Bill 2005*

Industry Leadership and National Consistency

“Action is needed to ensure that both Government and business invest in the skill base of the workforce. Improving the skill base of the workforce cannot be regarded as a last-resort, defensive activity, undertaken to relieve unexpected temporary skill shortages or to cope with the threat of retrenchments. Education must be an essential component of long term corporate strategies to maintain and strengthen competitive advantage.”

“Industry has been allowed to slip into the bad habit of regarding a skilled workforce as a free good. Training was regarded by industry, with some exceptions, as a cost and not an investment. Skill shortages were something that could be made up for by importing or poaching, and a prime target for this latter activity was the public sector which took its training responsibilities more seriously than most.”³

John Dawkins MHR - 1987

18. The major strength of the system as it has evolved has been the collaborative, tripartite commitment of government, employers and unions.
19. The abolition of ANTA, and the effective marginalisation of trade union representation in the replacement structures is a capitulation to the narrow, short term enterprise interests of big business at a time when job mobility, job insecurity and rapid structural change are on the increase.
20. The proposals in the legislation have the potential to lead to a shift in emphasis from the industry partners as leaders to bureaucrats and employer bodies through a shift in emphasis in the legislation away from the industry partners. Such a diminution of the role of the industry partners, who have been critical to the success of the national system, has the potential to seriously undermine the on-going success of and future functioning of the national system.
21. The national training system has been driven, in large part, by a need to ensure the development of a skilled workforce where workers are developing nationally consistent, portable qualifications that meet the on-going and constantly evolving needs of business.

³ John Dawkins MHR, Federal Minister for Employment, Education and Training addressing the launch of the *Report of the ACTU/Trade Development Council Mission to Western Europe 1987*

22. The 1989 Structural Efficiency Principle⁴, upon which much of the reforms to Australia's vocational education and training system are based, recognised that, for reform to be effective, there needed to be an industry, rather than enterprise approach.

The decision provided for (in part)

"Structural efficiency adjustments allowable under the National Wage Case decision of 7 August 1989 will be justified in accordance with this principle if the Commission is satisfied that the parties to an Award have co-operated positively in a fundamental review of that Award and are implementing measures to improve the efficiency of industry and provide workers with access to more varied, fulfilling and better paid jobs. The measures to be considered should include, but not be limited to:

- i. Establishing skill-related career paths which provide an incentive for workers to continue to participate in skill formation;*
- ii. Eliminating impediments to multi-skilling and broadening the range of tasks which a worker may be required to perform;*
- iii. Creating appropriate relativities between different categories of workers within the Award and at enterprise level;*
- iv. Ensuring that working patterns and arrangements enhance flexibility and the efficiency of the industry;*
- v. Including properly fixed minimum rates for classifications in Awards, related appropriately to one another, with any amounts in excess of these properly fixed minimum rates being expressed as supplementary payments;*
- vi. Updating and/or rationalising the list of respondents to Awards; and*
- vii. Addressing any cases where Award provisions discriminate against sections of the workforce."*

23. The AMWU submits that the Award restructuring processes that flowed from the Structural Efficiency principle were designed to bring about widespread fundamental changes in the way work was planned, organised and performed. This was intended to:

- **Improve productivity and efficiency** so that Australian manufactured goods become more competitive with products made overseas. In this way sales will increase as a result of increasing exports and the replacement of current imports.
- **Provide job security.** With Australian firms selling more products, there will be more jobs created.
- **Increase the skills** of individual workers and improve the overall skills base of the industry through recognised and accredited formal training programs.
- **Improve the quality** of Australian made goods through the application of better skills at work.

⁴ Australian Industrial Relations Commission National Wage Case – 7 August 1989 Print 9100

- Improve the quality of working life by creating **more varied, fulfilling and better paid work** through changes to work organisation and job design.
 - **Improve the processes for consultation** to give workers an opportunity to contribute to decisions which affect their working life.
24. The objectives as contained in the Structural Efficiency Principle and the Award Restructuring process were, and remain, an effective response to the issue confronting the Australian economy.
 25. The ACTU and unions, including the AMWU played a critical role in the reform of the training system on behalf of their members and have a legitimate and on-going interest in the future of the system.
 26. The role that unions have played has significantly enhanced the system's credibility and sustainability - credibility and sustainability that the Bill seriously undermines.
 27. Australia's vocational education and training framework was considered in the Senate and reported in *Bridging the Skills Divide*.⁵ That report said of the development of the system:

"The national training system in its current form has evolved from a national training reform agenda begun in the 1980s as part of a broader micro-economic reform agenda, discussed in the preceding chapter.

To recap, key features of the training reform agenda have been: a move to competency rather than time-based training; competencies defined in terms of national standards to underpin industry recognition and national portability; an increasing emphasis on flexible and workplace delivery; a focus on demand-driven, rather than supply-driven approaches; government separation of its role as a purchaser from that of a deliverer; the development of a training market of providers underpinned by national registration standards; and significant expansion in the numbers and industry coverage of apprenticeships and traineeships."
 28. The AMWU submits that effective cohesion and direction, and progress on national consistency can only achieved through properly structured industry leadership.
 29. Sadly, the Bill ignores the importance of the role of Industry Skills Councils and the strengths of the industry representation on both ANTA and the NTQC.
 30. The new system gives too much power to the officials group and restricts the national industry skills committee to an advisory role. This puts industry leadership, the credibility and the strengths of the national system at risk
 31. The composition of the National Industry Skills Committee and the National Quality Council does not provide an adequate voice to employees through the ACTU.

⁵ Senate Employment Workplace Relations and Education References Committee, *Bridging the Skills Divide* November 2003 Canberra

The role of the National Industry Skills Committee

32. The AMWU submits that the limitation of the role of the National Industry Skills Committee (NISC) to that of an advisory body to the Ministerial Council has the potential to seriously erode industry confidence in the operations of the Committee.
33. To perform its functions the NISC must have fair and effective representation of the industry partners, independent of government, who have the capacity to make a meaningful contribution to the future of the national training system.
34. To this end it is our submission that there needs to be increased representation of the interests of working people through the ACTU.

The role of the National Quality Council

35. The national vocational education and training system has been underpinned by three agreements between the States and the Commonwealth:
 - the agreement which led to the establishment of ANTA and which provided for a n integrated pool of resources for the VET system , a single planning instrument, cooperative and industry led policy setting
 - the funding agreement
 - the principles, and guidelines for the NTQC.
36. The Skilling Australia bill provides a limited basis for the first two although, as discussed above, the assertion of industry leadership is problematic, but the definition of the NQC in the bill does not include the critical determinative powers for the agency under the principles and guidelines that applied to the NTQC - national qualifications, training packages etc.
37. The NTQC has played a critical role in the national training system with three key functions:
 - Advising the ANTA Board on training packages, the Australian quality training framework (AQTF), the Australian qualifications framework (AQF) as it relates to VET, and quality in the VET system;
 - Endorsing training packages and stand alone competencies;
 - Developing quality assurance policies and providing advice to state and territory bodies.
38. National consistency, the bedrock of the system, has its foundations in the work of the NTQC - in particular their endorsement of national qualifications and competency standards in training packages which are then recognised by the States.
39. The work of thew NTQC has been critical in reducing duplication and encouraging consistency of application across the states.

40. The NQC has had stripped from it the responsibility of determining national qualifications and approving training packages and stand alone competencies – functions that are vital to the success of a truly national VET system.
41. These are critical functions that demand effective industry leadership and the involvement of all the industry partners. They are functions that support the quality and integrity of the national training system.
42. The Bill needs to be amended to reflect the responsibility for this role with a properly constituted NQC with adequate employee representation.

The role of Industry Skills Councils

43. The failure of the Bill to reflect the important role of the Industry Skills Councils (ISCs) through recognition of them in the Bill is a direct indication that the Government lacks commitment to the concept of industry leadership in the ongoing development of the VET system.
44. The ISCs have been established to contribute direct industry intelligence and context in four critical areas:
 - Providing accurate industry information about current and future skills needs and training requirements;
 - Supporting the development, implementation and continuous improvement of quality, nationally recognised training packages;
 - Analysing data and commissioning research to address skill shortage issues;
 - Providing innovative solutions to issues of skill development and need.
45. The Bill should reflect the role of the ISC's to underscore the government's commitment to basing their decisions about the development of the VET system on the genuine and collaborative needs of industry.
46. To not give recognition of these bodies in the Bill is to consign them to a precarious position ever subject to being dispensed with at the whim of government with no accountability for such action.
47. The ISCs, and before them Industry Training Advisory Boards (ITABs), have played a crucial role in both the development of training packages and the gathering of information on industry developments.
48. The ISC's are best placed to offer considered insights into the challenges facing industry and to propose innovative solutions to the labour and skills shortages currently constraining industry.
49. The systems capacity to anticipate demand will be seriously compromised if ISC's fall victim to a declining government commitment to their contribution.

Skills Shortages and the failure of the Bill to address them

50. The government has sadly neglected skill shortages in Australia. This is a serious issue for business and a serious capacity constraint on GDP.
51. The Bill ignores the critical skills and workforce development issues facing industry today preferring instead to continue the government's obsession with marginalising trade unions.
52. A business survey conducted in April 2005 identified the availability of skilled employees as the number one constraint on business investment.⁶
53. This legislation does nothing to address this critical issue.
54. The AMWU believes that the skills shortage issues facing Australia have their roots in the attitudes of Australia's employers and are evident in the following comments⁷ of Mr. Peter Hendy, CEO ACCI:
*"... ACCI's 2004 Pre-Election Survey found that 79 percent of employers are concerned about their ability to **recruit employees with appropriate skills** and ACCI's quarterly Survey of Investor Confidence reported during the last year that the **availability of suitably qualified employees** was now the number one constraint on future business investment decisions."(emphasis added)*
55. The comments reproduced above are symptomatic of the problem with skill development in Australia. Australian employers believe that it the responsibility of some-one else to deliver up to them "employees with appropriate skills" and "suitably qualified employees"
56. The AMWU supports the sentiments of the ACTU as expressed in its decision of 22 March 2005 (Skills Shortage) and in particular commends the following sentiments to the inquiry:
"... Executive notes that there is now widespread recognition of a major skills shortage in the traditional trade areas (including construction, metal manufacturing, electrical and vehicle trades. Executive notes that this skills shortage has been recognised by the union movement as critical for some time but, until recently was ignored by federal government and employers. " and,
"... Executive recognises that the existing skill shortage requires immediate action and sustained longer term strategies. In doing so Executive endorses the role of Industry Skills Councils as a primary source of relevant and timely information on emerging skill needs for Australian Industry." and,
"... With increased government and employer investment and some policy adjustment a skills crisis can be averted." and,

⁶ ACCI Survey of Investor Confidence April 2005

⁷ Speech – Peter Hendy - Australia's skill shortages and the need for reform, Australian Mines and Metals Association National Conference 10 March 2005

"... Executive strongly opposes any attempts by employers and governments to use skills shortages to implement short term knee jerk strategies that do nothing to address the long term need to develop a sound skill base in Australia." and,

"... Executive also rejects any attempts to 'solve' the skills shortage by the use of guest labour or implementation of narrow and/or enterprise based apprenticeships where this is not in accordance with the principles underlying the national training framework of developing nationally recognised portable skills that are appropriately remunerated." and,

"... Further Executive rejects attempts by employers to use skills shortages as an excuse to globally outsource or send jobs offshore, Not only is this damaging to local employment but will exacerbate the skills shortage crisis." and,

Executive recognises that the current skill shortage and activities to avoid future skill shortages will only be successfully addressed in circumstances where unions and employers work co-operatively and with a shared objective."

Competency based training

57. The Bill seeks to force States to remove any time based approach to VET and replace it with a competency based approach without ensuring that the quality of the outcomes is not compromised.
58. The AMWU supports the principle of competency based training.
59. The AMWU believes that apprentices who are competent should receive both the appropriate qualification and trade recognition.
60. The AMWU supports arrangements that provide for more flexible approaches to training and learning to facilitate competency.
61. The AMWU however, is also cognisant of the reality that the 'market' approach to VET often mitigates against flexible delivery and competency based approaches due to simplistic funding arrangements and the additional resources that are often required.
62. The Bill does nothing to improve processes for the recognition of prior learning or to improve the quality of assessments and market practices engaged in by registered training organisations whose funding arrangements are the greatest impediments to greater flexibility.
63. The funding regime provides a financial incentive for training organisations to maximise contact hours with students and is a serious disincentive to the proper application of effective recognition of prior learning.
64. The AMWU remains concerned that the central element of the national training system – national consistency – will be compromised if this proposal is progressed without corresponding safeguards and changes to RTO audit, assessment, funding and the inter-relationship between work experience and competency assessment processes.

65. The AMWU submits that current system provides for competency based approaches, but for the reasons outlined above, the 'market approach', frameworks and funding regimes mitigate against effective implementation.
66. The AMWU submits that it is inappropriate for the Commonwealth to attempt to intervene in the industrial arrangements between award parties to prematurely impose a policy position that is unworkable in the current circumstances.
67. The Bill should be amended to remove this provision.

The Market for Training

68. The Skilling Australia's Workforce Bill 2005 exacerbates a growing trend by government to ignore the fundamental objectives of the VET system – that is to ensure the supply of quality training, skills and qualifications to Australia's workforce – in pursuit of a training 'market' geared to the narrow, short term interests of individual employers at the expense of the community as a whole.
69. The Bill, and the abolition of ANTA, threatens directly the fundamental strengths of the current system:
 - Tri-partite industry, union and government commitment
 - National consistency, built on national industry standards
 - Portability of qualifications
70. In an environment where job mobility, job insecurity and industry and enterprise structural change are on the rise, and skills and labour shortages are also on the rise, national consistency in relation to skills and qualifications are even more important:
 - Important to individuals in respect of their careers, pay and security;
 - Important to employers in respect of certainty, recruitment costs and capacity to adapt to change,
 - Important to the economy in respect of certainty of outcomes, flexibility and adaptability.
71. The Australian Industry Group, in the forward to their "*World Class Skills for World Class Industries – Accelerating Reforms to Vocational Education and Training*"⁸ report make a number of assertions that are self evident:

"World-class industries demand a world-class training system." (p1)

"The past decade has seen unprecedented growth in the productivity of Australian industries. Over the same period of time reforms to the vocational education and training (VET) system, led by the Australian National Training Authority (ANTA)

⁸ *World Class Skills for World Class Industries – Accelerating Reforms to Vocational Education and Training* AiGroup 2004

have significantly improved vocational education and training arrangements. Despite these reforms the training system remains fragmented and supply oriented.” (p1)

“Labour supply problems are being experienced in many industry sectors, but those that have heavily relied upon the traditional apprenticeship system as the major means of recruiting and skilling new entrants have experienced greater difficulties in sourcing skilled labour. The latest Ai Group survey has placed ‘the availability of skilled labour’ as the second highest issue impacting upon business.” (p1)

“Over the next decade the Australian economy will also have to respond to and adapt to the emergence of the Chinese economy and to a lesser extent India. The burgeoning and rapid growth of both of these economies will challenge the Australian economy as a whole to work smarter and to become more knowledge intensive.” (p1)

“The combination of the impact of the growth and emergence of the powerhouse Chinese economy and the US FTA will demand the development of a highly skilled workforce and innovative industry.” (p2)

“Australia needs to take a strategic approach to acquire the world class skills we need to develop world class industries.” (p2)

72. Sadly, this rhetoric is revealed for what it is by a telling paragraph in another AiGroup report “*Australia’s Skills Gap – Costly, Wasteful and Widespread*”⁹:

“Positions for machinists, boilermakers, electricians, engineers, fitter and turners, mechanics, plant managers, process workers, sheet metal workers, welders, wood machinists and so on remain unfilled because employers cannot find applicants with the right skills, qualifications and/or experience to meet the needs of industry.” (emphasis added) (p5)

73. The AMWU submits that it is not the function of our vocational education and training system to maintain a ready supply of “**applicants with the right skills, qualifications and/or experience**” who wait by the telephone for employers to offer employment.
74. Our evolving national system is being placed in an increasingly precarious position given the constant tendency to establish market mechanisms as the principal driver of the system which is encouraging a supply side control of training delivery as user choice and employment incentives marginalise strategic workforce development.
75. Providers and brokers are driven by the commercial imperative of seeking customers and government grants and inevitably look for market advantage through a minimalist approach and the delivery of cheaper, shorter duration, less intense training and market differentiation through delivery of their own distinct qualifications - leading to excessive fragmentation and a decline in the relevance of national qualifications and the disintegration of the flexibility that the system supports.

⁹ *Australia’s Skills Gap – Costly, Wasteful and Widespread* AiGroup 2004

76. The market nature of the system breeds tensions between the short term interests of training providers, brokers and employers at the same time as the more strategically important issues of economic, industry and workforce development are pushed to one side.
77. The Bill perpetuates this approach.

VET, Labour Market and Industry Policy

78. It is quite clear that an underlying cause of these problems is the lack of any effective, coordinated policy which links vocational education and training, labour market, and industry policy.
79. Current policy settings focus on allowing market forces to determine the direction of vocational education and training. Labour market and industry policy settings run totally counter to those necessary to promote a positive vocational education and training system that is capable of matching demand and supply.
80. The AMWU submits that Australia must adopt a more strategic approach to establishing its capabilities in the vitally important areas of:
- Increasing investment in the medium to long terms skills needs of Australia;
 - Building capability in anticipating shifting patterns of demand;
 - Eliminating the impediments to the take-up by young Australians of apprenticeships, particularly in manufacturing and engineering trades, which include:
 - Discriminatory wage structures that fail to recognise both the increasing ages and educational achievement of prospective apprentices;
 - A downward trend in the availability of traditional apprenticeships that has seen commencements in companies employing over 100 employees halve;
 - Despite some adjustments to the Commonwealth incentive scheme, there is still a bias towards shorter term traineeships which do not require intensive training or support which encourages New Apprenticeship Centres and Registered Training Organisations to concentrate on areas which provide the greatest commercial return rather than meeting demand;
 - The lack of protection from abuse and exploitation including the absence of training, failure to observe minimum conditions of

employment, failure to meet the obligations of the Contract of Training amongst others.

- In particular, studies have shown that many trainees do not have an agreed training plan as required by the contract and many report that they receive very little quality off-the-job training.
- Improving performance in the critically important area of apprenticeship completions which continue to trend dramatically downwards compared to historic levels; and,
- Australian governments at both a State and Federal level must take immediate action to improve Australia's trade performance, including a commitment to a co-ordinated strategy to ensure the future of the Australian manufacturing industry in a competitive global economy.

The Way Forward

81. The AMWU submits that Australia needs a coherent and integrated policy approach to skills development capable of operating at the industry level in the national interest.
82. Given the high levels of labour mobility and high levels of precarious employment, skill formation policies and training policies, including skilled migration programs, which are simply geared to the internal processes of a firm are inappropriate and counter-productive.
83. The external labour market for firms, that is the recruitment of labour externally, has become more important than internal skill formation. It is also quite clear from studies for the Victorian Manufacturing Council and elsewhere that many firms are unable and unwilling to provide adequate resources and time for skill formation and training on the job.
84. Many firms, particularly smaller firms, are not able to provide trainees or apprentices with the necessary variety of work and training experiences to be able to acquire broad based qualifications to support the development of the wider industry labour and training markets.
85. In this context, the significant skill shortages and the significant decline that has occurred in traditional apprenticeships in manufacturing can only be addressed through more collective industry wide approaches.
86. Given that the workforce is ageing, addressing the skills issues for manufacturing requires an examination of existing workers separately from the issue of entry level workers.
87. But in respect of this there are a number of considerations that must be factored in to any policy response:

- Levels of subsidies to employees do not reflect the significant additional costs involved and time involved in engineering and printing apprenticeships.
- The funding for registered training organisations is based on student placement and therefore it is much more profitable for registered training organisations to move into areas such as business services where equipment capital costs are low and teaching costs are also lower.
- Linkages between pre-apprenticeship or block institutional training and apprenticeship arrangements.
- Apprenticeships or Cadetships with higher level qualification outcomes need to be promoted. This could be more attractive to young people as it promises higher wage outcomes. It can also be more attractive to industry in providing more flexible workers to meet new demands of technology and work organisation.
- Reviewing the entry level wages for traditional apprentices.
- Significant change to the incentive arrangements to adequately reflect the additional costs to employers of engineering apprenticeships and training and the much greater global competitive pressures under which they operate.
- Much closer links between incentives for research and development and incentives for training.
- Significant programmes are required to develop appropriate partnerships between schools and TAFEs to promote engineering apprenticeship commencements in schools.
- Specific programmes are required in respect of the promotion of engineering careers through professional development for teachers.

88. In respect of existing workers it is quite clear that the spread of recognition of prior learning towards national qualifications for existing workers has been very poor. The major obstacles are as follows:

- The process of identifying within firms what are the competencies which workers already hold and what are the competencies which are needed for future development, that is, the development of a training plan is quite expensive and time consuming.
- Most employers and employees have considerable difficulty in identifying what it is they know, and what it is they need to know. Where this process has been undertaken it removes a major barrier to

the future participation by both firms and individuals in further training.

- The funding arrangements for registered training organisations are positively discriminating against their involvement in effective recognition of prior learning. The time and expense involved in identifying training needs of firms is not taken into account in assessing funding.
- Fragmented enterprise bargaining has also encouraged competition based on lowering labour costs and intensifying work. This has pushed the issues of training and skill formation off the agenda for the purposes of improving productive performance and industrial negotiations.
- Significant decreases in training have also accompanied processes of privatisation and contracting out which have been encouraged by both general government policy and industrial relations and labour market policy in particular.

89. The solutions to the problem of lack of investment and access in training for existing workers are complex but include the following:

- Introduction of measures to increase the level of employer investment in training. This should include linkages between research and development assistance funding and training incentives. It should also include taxation relief and taxation penalties linked to firms investment in training that leads to national qualifications and serves the interests of the overall industry and economy.
- Government incentives to promote collaborative and collective arrangements between firms and involving trade unions to promote increased training investment and cooperative training and skill development arrangements.
- Introduction of schemes to promote investment in recognition of prior learning and the development of training plans.
- Introduction of appropriate regulation and measures to improve skills transition for workers facing restructuring and potential redundancy.
- Specific programmes to address the very sharp decline in para-professional training and qualifications are also needed. This should include specific funding to support Cadetship type arrangements and programmes for workers to progress to these higher level technical qualifications.

90. The AMWU supports and adopts the detailed submissions of the ACTU in respect of :

- The objects of the legislation

- Lack of a clear equity focus and reference to employees in the objects
- Lack of adequate growth funds.
- The proposed funding is inadequate
- User choice
- Micro-management of the TAFE sector
- The AWAs requirement
- The link of AWAs and funding
- The AWA provisions breach ILO conventions