

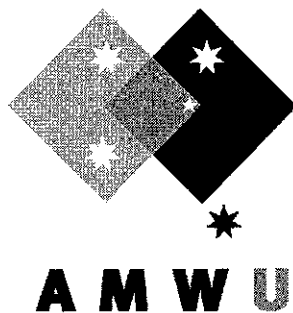
INQUIRY INTO SKILLS SHORTAGES IN RURAL AND REGIONAL NSW

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Date Received: 7/09/2005

Theme:
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Summary

AUSTRALIAN MANUFACTURING WORKERS' UNION



SUBMISSION

New South Wales
Legislative Council
Standing Committee on State Development

Inquiry into skills shortages in rural and regional NSW

August 2005

Introduction

1. The Australian Manufacturing Workers' Union (AMWU) welcomes the opportunity to make submissions to the NSW Legislative Council Standing Committee on State Development Inquiry into skills shortages in rural and regional NSW.
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 nationally and approximately 40,000 in New South Wales 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 workers.
5. In making this submission, the AMWU adopts and supports the submissions of Unions NSW in respect of this Inquiry.

NSW Legislative Council
Standing Committee on State Development
Inquiry into skills shortages in rural and regional NSW

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Recommendations

6. The AMWU urges the Committee to make the following recommendations:
 1. That Australian governments at both a State and Federal level be urged to reduce Australia's growing dependence on skilled migration by taking action to improve Australia's skills formation performance, including a commitment to a co-ordinated strategy to ensure the future of Australian industry is not compromised by a continuing decline in training investment by employers. The strategy should include:
 - A thorough review, in consultation with bi-partite industry advisory bodies and national Industry Skills Councils, of the processes adopted to identify occupations and skill sets deemed to be in demand or shortage.
 - Validation by industry advisory bodies and national Industry Skills Councils of the content of the Department of Employment and Workplace Relations 'National and State Skill Shortages List', the Skilled Occupations List (SOL), the Migration Occupations in Demand List (MODL) and the Employer Nomination Scheme Occupation List (ENSOL).
 2. That the NSW Government undertake a thorough review of the state's vocational education and training sector to ensure that the resources devoted to the sector are effectively meeting the demand for skills and qualifications associated with employment and to build and enhance the state's skill formation and training capability.
 3. That the NSW Government reject the assertions of those who promote skilled migration as a solution to Australia's skills challenges and determine that any further liberalisation of Australia's regulations for entry of skilled and temporary migrants is not in NSW's interests.
 4. That the NSW Government take such steps as are necessary to ensure that government incentives and other support measures are prioritised in support of training and apprenticeships in skill shortage areas of strategic importance and particularly in the traditional trade disciplines.
 5. That the NSW government take such steps as are necessary to significantly improve and expand the spread of recognition of prior learning to national qualifications for existing workers. The major obstacles that government must address include:
 - The costs to industry of identifying the competencies which workers already hold and what are the competencies which are

needed for future development which is prohibitively time consuming and expensive.

- The funding arrangements for registered training organisations which positively discriminate against their commitment to effective recognition of prior learning. The time and expense involved in identifying training needs of firms is not currently taken into account in assessing funding.
6. That the NSW government call for the resources of TRA to be substantially increased to facilitate a stronger industry involvement through industry advisory bodies and National Skills Councils in the assessment process and to provide enhanced accessibility including the re-establishment of state offices of TRA across the country.
 7. That the NSW government call for TRA's mandate to be expanded to operate in conjunction with state training authorities to improve integration of trade recognition process having particular regard to the recognition of the skills of existing workers through recognition of prior learning.
 8. That the NSW government subject short term skilled migration to the following conditions:
 - Skilled migration is not accepted as a solution to the skills shortage;
 - A genuine shortage of skills exists on a short term basis;
 - The employer must demonstrate that all avenues of up-skilling existing workers and recruiting locally have been genuinely exhausted;
 - The employer must demonstrate that any workers engaged under skilled migration programs are afforded all of the terms and conditions of employment that are prescribed by the award and enterprise agreement that applies to permanent workers at the workplace;
 - The employer must demonstrate that they are making an acceptable contribution to the skills base of Australia;
 - The employer must reach agreement with the relevant union/s about the number of and duration of the employment of skilled migrants;

- That appropriate monitoring systems are in place to monitor arrangements in respect of travel, accommodation and recruitment practices.
9. That the NSW government review, in consultation with Unions NSW, the protections afforded to trainees and apprentices, having particular regard to:
 - a. Failure to deliver the training specified in the Contract of Training;
 - b. Failure to observe minimum conditions of employment;
 - c. Failure to observe and apply the provisions of the relevant state legislation; and,
 - d. Failure to meet the obligations of the Contract of Training.
 10. That the NSW government legislate for the introduction of training levies to alleviate persistent skill shortages and build skill formation and training capability.

Context

7. The inquiry which is the subject of this submission must be considered in the context that skills shortages are occurring.
8. The AMWU argues that Australia clearly faces some very significant problems 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, socially, 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 rural and regional basis.
 - Persistent levels of high unemployment, particularly in rural and 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.

VET, Labour Market and Industry Policy

9. 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.
10. 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.
11. The AMWU submits that the current focus on using skilled migration as a solution to perceived widespread skills shortages is naïve and risks distracting attention from the more strategic issue of what Australia needs to do to establish its capability 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 current and future demand for labour

12. The AMWU supports and adopts the submissions of Unions NSW on this issue.

13. The AMWU also believes that the skills shortage issues facing Australia have their roots in the attitudes of Australia's employers and are evident in the following comments¹ 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)

¹ Speech – Australia's skill shortages and the need for reform, Australian Mines and Metals Association National Conference 10 March 2005

14. The comments reproduced above are symptomatic of the problem with skills and workforce 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"
15. 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,

".... 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."

The economic and social impact of the skills shortage

16. The AMWU supports and adopts the submissions of Unions NSW on this issue.
17. The AMWU also notes the assertions of the AiGroup² that privatisation, globalisation, increased contracting out and the perception that trades are unattractive career propositions are significant factors that have resulted in a

² Contemporary Apprenticeships in the 21st Century (AiGroup 2005)

serious capacity restraint on the growth of Australian industry and have led to skills shortages estimated to total some 18,000 to 21,000 positions.

The strategies and programs of local governments to retain and attract skilled workers including opportunities for strategies and programs in conjunction with non-government bodies such as regional business organisations and Area Consultative Committees and Regional development Boards

18. The AMWU supports and adopts the submissions of Unions NSW on this issue.
19. The AMWU also believes that the issues associated with the retention and attraction of skilled workers are complex but have their roots in the very nature of the region and the nature of the employment.
20. In respect of the regional drivers of retention and attraction, the AMWU believes that the uncertainty that is consuming industry in regional and rural NSW through the emergence of threats associated with globalisation and Free Trade Agreements will act, with an increasing potency, as a major impediment to retention and attraction of skilled workers to regional and rural areas of the state.
21. The strategies of local governments must be integrated into a state-wide strategy designed to maximise confidence in the longer term viability of regional and rural areas through investments in community infrastructure and community services.
22. Industry development is currently too heavily centred on the individual enterprise, many of whom lack the critical mass required for effective workforce development.
23. The state could add value to these efforts by encouraging sectoral, or regional workforce development plans in conjunction with community development activities.

Disconnect between industry demand and supply and resourcing structures – funding wrong things

Consider appropriate models from other states in interacting with the Commonwealth's skilled regional migration programs

Skilled Migration

24. There is evidence that skilled migration is in fact compromising our ability as a nation to become more self sufficient. A case in point that illustrates the

concern is the recent importation of Chinese boilermakers and welders by a Ballarat truck manufacturer:

"Labor demanded answers from the government today about why Maxitrans Transport imported Chinese boilermakers and welders instead of training Australian workers, blaming the situation on the skills shortage.

*Prime Minister John Howard said the furore over the case was misplaced because the Chinese workers were not acting as substitutes for the apprentices, but as experienced, qualified workers, and the company had agreed to employ them last year, before the 2005 intake of apprentices. He said he had sympathy for the young men whose apprenticeships were put on hold. ..."*³ (emphasis added)

25. The AMWU submits that the growing belief that Australia can in some way 'solve' skills shortages through skilled migration is flawed when seen in the context of growing evidence of international skills shortages.
26. The government approach is one that clearly establishes Australia in the global competition for skilled labour at a time when our reputation in the areas of humanitarian migration and our treatment of asylum seekers is under increasing attack for its mean-spiritedness.
27. If Australia is to encourage the migration to Australia of migrants with skills that are in demand, we must significantly improve our reputation in the area of treatment of those who migrate to Australia.
28. The AMWU has bitter recent experience of the appalling treatment of skilled migrants. It is our submission that the risks of exploitation outweigh the perceived benefits:

"Push for Racism at Work

Australian Defence Industries (ADI) wants to duck Australian laws so it can deny jobs to thousands of citizens on the basis of their nationality or race.

ADI has applied for an exemption from Western Australia's Equal Opportunities Act so it can sack or transfer employees to comply with requirements attached to specific US defence contracts.

Unions WA has been formally joined to the company's application and AMWU secretary, Jock Ferguson, is promising to fight ADI every step of the way.

"This application is a direct attack on Australian values and the Australian way of life at the instigation of a foreign power," Ferguson says. "It's industrial apartheid, it's outrageous and it is unacceptable because it reinforces negative racial stereotypes.

"When migrants come to this country we expect them to abide by Australian laws. It is not unreasonable to expect their employers to do the same thing.

People born in at least 20 countries, including China and Vietnam, are barred from working on specified US defence contracts but the ADI application would allow it to deny work to anyone not born in Australia or the US.⁴ and,

“Freespirit Renounces ‘Slavery’”

Months of AMWU pressure have convinced the WA “slave labour” roort company to cut ties with programs organised by the state’s powerful Chamber of Commerce and Industry.

“The company only entered into this area on the invitation of the CCIWA. Freespirit will not get involved with any of these programs again,” managing director, Paul Rigby, pledged last week.

The decision followed AMWU claims that 29 skilled tradesmen had been imported from South Africa and paid effective rates as low as \$8.60 an hour.

The pipe fitters, welders and boilermakers walked off sites around WA two months ago to protest their treatment.

One boilermaker likened his situation to “slavery”⁵ and,

29. The Construction, Forestry, Mining and Energy Union also reports serious concerns about the motivation of some employer participation in skilled migration schemes:

“Vanstone Shows Brickie’s Cleavage

Thousands of foreign bricklayers and carpenters will hit the Australian building industry as the boom tapers off, under changes to the skilled immigration program.

And foreign childcare workers, included in the Migration Occupations in Demand for the first time, will be shipped into Australia without having any formal assessment of their qualifications.

CFMEU national secretary John Sutton says the extension of the skilled migration program comes at precisely the time in the building cycle and will leave Aussie tradesmen on the scrap heap.

Under the changes announced by immigration Minister Amanda Vanstone this week, the Migration Occupations in Demand list will now include: bricklayers, carpenters, joiners, fibrous and solid plasterers, as well as cabinet makers, plumbers and electricians

Sutton says the net result of the intake would be a new pool of cheap labour in the industry, just at the time when activity is slowing.

“You do not need to be an Einstein to work out that if there is a downturn in the industry, it will be the cheap imports that will keep their jobs,” Sutton says.

“In our experience, employer sponsorship of migrant workers has resulted in scandalous exploitation of those workers as cheap labour.

⁴ Media statement – Jock Ferguson, AMWU State Secretary WA. www.amwu.asn.au

⁵ Media statement – Jock Ferguson, AMWU State Secretary WA. www.amwu.asn.au

"Migrant workers who are unaware of Australia's health and safety regulations have been exposed to serious injury and in one case death."

Sutton says the Federal Government would be better off employing 20,000 young Australians as trades apprentices, rather relying on migrant intakes and sending 10 department officers to boost employer expertise in engaging migrants."⁶

30. The few examples cited above are, in the view of the AMWU, indicative of the factors that too often motivate employers to engage in skilled migration, those being:
- Avoidance of their obligation to contribute, through training, to the national skills pool;
 - Avoidance of their obligation to respect Australian law as it relates to the terms and conditions of those they employ.

Tradesmen's Rights Recognition Process

31. Current arrangements for overseas skills recognition through the Tradesmen's Rights Recognition process are subject to stresses which result from chronic under resourcing.
32. A legislative Review⁷ report into the operation of the Tradesmen's Rights Regulation Act 1946 indicates that applications for assessment have 'trended downward since the early eighties'.
33. The AMWU submits that the downward trend results from the rationalisation of the operations of TRA to the extent that applications were discouraged and that the costs associated with applications became excessive.
34. The AMWU submits that the recent announcement by Senator Vanstone, Minister for Immigration and Multicultural and Indigenous Affairs, of additional resources for TRA will not alleviate the problem, or improve access to the services of TRA, if the additional resources are geared to providing direct support to individual employers rather than making the services of TRA more generally accessible.

Co-ordination between Local, State and Commonwealth Governments, to attract and retain skilled workers

35. The AMWU supports and adopts the submissions of Unions NSW on this issue.

⁶ Media Statement – John Sutton National Secretary, CFMEU http://workers.labor.net.au/259/print_index.html

⁷ Report of the Legislation Review of the Tradesmen's Rights Regulation Act 1946

36. The AMWU also submits that the direction mapped out by the Commonwealth in respect of vocational education and training will place considerable capacity restraints on the states as they balance identified needs with funding criteria which will add little to Australia's ability to meet the challenges of a global economy.
37. The Commonwealth direction is fundamentally misplaced and represents a view of vocational education and training that will further entrench skills shortages.

The impact of the Commonwealth's regional migration programs including assessing the long term jobs and investment outcomes and considering possible recommendations to encourage sustainable regional development in NSW.

Skilled Migration

38. Skilled migration as a distinct migration category has grown rapidly in the last decade. Over the period 1995-96 to 2003-04, skilled migrants to Australia, as a proportion of the total number arriving under the 'Migration Program' (excluding humanitarian commitments), increased from 29 per cent to over 62 per cent. The planned proportion for 2005-06 is 70 per cent or about 98 000 people⁸.
39. The table below demonstrates that the increase in skilled migration has been at the expense of family immigration. The AMWU argues that the short term fix of skilled migration not only reduces the long term productivity of the Australian economy but also unfairly penalises citizens attempting to reunite with their overseas families.

Australian Migration, selected categories							
<i>Category of migration</i>	<i>Units</i>	<i>1985-86</i>	<i>1990-91</i>	<i>1995-96</i>	<i>2000-01</i>	<i>2003-04</i>	<i>2005-06 (planned)</i>
Migration program							
Family	%	79.2	54.6	68.3	41.5	36.9	30.0
Skill	%	20.2	44.4	29.0	55.2	62.3	69.6
Family	no.	63,439	61,261	56,689	33,453	42,199	42,000
Skill	no.	16,180	49,817	24,070	44,497	71,246	97,440
Temporary entry							
Business	%	-	-	58.7	53.6	52.8	-
Total	no.	88,800	139,000	310,855	562,362	641,904	-

⁸ Productivity Commission, "Economic Impacts of Migration and Population growth", Issues paper, August 2005, p.7

40. We have also seen a massive increase temporary skilled migration under the heading temporary business entrants. This category has increased by 86.3% between 1995-96 and 2003-04 (182 000 entrants to 339 000 entrants).

41. Rather than increasing the long term economic potential of the economy there is evidence that skilled migration is in fact compromising our ability as a nation to become more self sufficient. A case in point that illustrates the concern is the recent importation of Chinese boilermakers and welders by a Ballarat truck manufacturer:

"Labor demanded answers from the government today about why Maxitrans Transport imported Chinese boilermakers and welders instead of training Australian workers, blaming the situation on the skills shortage.

*Prime Minister John Howard said the furore over the case was misplaced because the Chinese workers were not acting as substitutes for the apprentices, but as experienced, qualified workers, and the company had agreed to employ them last year, before the 2005 intake of apprentices. He said he had sympathy for the young men whose apprenticeships were put on hold. ..."*⁹ (emphasis added)

42. The AMWU submits that the growing belief that Australia can in some way 'solve' skills shortages through skilled migration is flawed when seen in the context of growing evidence of international skills shortages.

43. Paul Baker, Director of Federal and NSW Government and Social Infrastructure for Hudson Global Resources has argued that immigration will not solve the skills shortage:

*"The downward spiral of a declining workforce over the next 5 to 7 years will not be solved by immigration...Canada boasts that they have the skilled immigration workforce sewn up; we have given them five years start...Australia is no longer the preferred destination for skilled overseas workers and conditions in their own countries are significantly better than they were."*¹⁰

Temporary versus Permanent Skilled Migration

44. While permanent skilled migration has a role, albeit a small one, in a modern economy, the AMWU submits that temporary skilled migration is counterproductive. Temporary skilled migration is a substitute for skills training and in the long term reduces productivity by reducing the long term ability of Australia to build skills capacity.

⁹ Media release by Ms Jenny Macklin MP 12 November 2004

¹⁰ Workplace Info, "Poachers of skilled workers should be penalised, seminar told", 22/8/05, p.2

45. Furthermore the long term skill needs of industry are not served by tying skilled migration to individual firm needs. This represents classic short termism and will reduce the long term productivity of the Australian economy.
46. Temporary skilled migration undermines current and future skill formation and is likely to have an impact on the future competitiveness of Australian businesses. As Pickersgill has argued:

*"The major problem for skill formation is that the demands for flexibility from employers are expressed in ways that do not support coherent skill formation practices'."*¹¹

47. It is an issue that the Business Council of Australia also seems concerned about. Recently they argued that a form of short termism¹² has been infecting Australian businesses. Short-termism occurs where there is:

*"an excessive preoccupation with projects, activities and investment designed to deliver improved near-term returns and outcomes at the expense of those that could deliver higher returns and outcomes over the long run."*¹³

48. The implication of this short tenure is that 'local CEOs have just two to three years to deliver concrete results before their jobs are at risk. A corporate strategy that delivers negative returns during this period, even if it will deliver strong longer-term results for the company, can be fatal to the CEOs' tenure'¹⁴. It leads to a situation where managers favour 'investment in highly observable projects, where progress is easy to demonstrate' and to lower investment in 'less tangible projects, such as in human capital or certain types of R&D'¹⁵. Nowhere is this short-termism better demonstrated than business's obsession with temporary skilled migration.

¹¹ Pickersgill R. (2001) *Skill Formation in Australia and Beyond*, International Journal of Employment Studies, Vol. 9, p.134

¹² The causes of this managerial short-termism are documented in a recent Business Council of Australia report. This short termism takes the form of a number of pressures:

- global of integration of capital markets and acceleration in the net flows into and out of countries in search of investment;
- an increase in the volume of funds under management as a result, for example, of compulsory superannuation. Competition amongst superannuation funds and the pressure of quarterly reporting 'is seen as a problem because it encourages group herd- that is, decision-making on the basis of short-term movements in the market and among competitors' (BCA 2004: 42)
- the short tenure of funds managers, just under three years in Australia (BCA 2004: 42) and of CEOs of major corporations at 4.4 years which is half the global average (BCA 2004: 44).

¹³ Ibid., p.37

¹⁴ Ibid., p.44

¹⁵ Ibid., p.41

49. In addition, to its short term nature, the AMWU also submits that there exist significant levels of fraud in employer sponsored temporary migration. There is an incentive for individuals seeking to migrate to Australia to fraudulently claim skills, especially if they are working with unethical migration agents.
50. There is also a fundamental equity issue at stake here. Foreign nationals residing in Australia on temporary student or tourist visas holders who complete skills training in skills shortage areas can apply for permanency while here. In contrast, refugees must apply offshore. This is a policy that is fundamentally discriminatory.
51. This discriminatory policy is worsened by anecdotal evidence suggesting that some student/tourist visa holders who remain in the country on this basis intentionally choose to not secure employment in the area of skills shortage they were trained in. The skilled migration entry is just a loophole for some to obtain permanent residency.
52. The changes in arrangements announced recently by the Minister for Immigration and Multi-cultural and Indigenous Affairs, Senator Vanstone, compound the flawed policy approach of government in that they continue to encourage and resource skilled migration on a narrow enterprise based focus in the absence of an industry wide strategy to meet the challenges of skills shortages.¹⁶
53. Should Australia continue to increase its skilled migrant intake, the federal Government must ensure that adequate resources are devoted to recognise skills sets. However, the system to accredit migrants' skills must not differ from accreditation for Australian citizens. That is, we should not set minimum standards skills recognition for migrants when much higher industry standards are set for Australians retraining.

The adequacy of current measures used to record and report on the skills shortage

54. The AMWU supports and adopts the submissions of Unions NSW on this issue.
55. The AMWU also believes that the principal source of advice about industry training and skill needs must be industry itself. There is a strong argument for better resourcing of state and national bi-partite industry training advisory bodies.

¹⁶ Media Release – Senator Amanda Vanstone: 2005-06 Migration (Non-Humanitarian) Program
http://www.minister.immi.gov.au/media_releases/media05/v05052.htm

56. Current arrangements for recording and reporting on skills shortages lag the real time needs of industry and lack direct linkages to accurate and timely industry intelligence that can be collated into a coherent industry training and workforce development plan.

The methods used by training organisations including TAFE to assess skills needs in rural and regional NSW and their response to identified needs

57. As stated above, the AMWU believes that the best source of advice about industry training and workforce development needs is industry itself.
58. The AMWU submits that TAFE, as a service provider, must play a key role in responding to identified industry needs in partnership with well resourced bi-partite industry advisory bodies.

The Way Forward

59. 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.
60. 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.
61. 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.
62. 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.
63. 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.
64. 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.

65. 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 manufacturing 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 TAFE's to promote engineering apprenticeship commencements in schools.
- Specific programmes are required in respect of the promotion of engineering careers through professional development for teachers.

66. 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.

67. 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.

