



Part 1

**The skills we need for the future we want**



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**Cover Art**

The cover art was created by AMWU Member John Lean as part of a series commissioned by the AMWU in the early 1990's to represent the struggle of workers in the period of traumatic change they confronted following the opening up of the Australian economy and the restructuring of industrial relations.

# The skills we need for the future we want: Part 1

## Introduction

The future we want will not fall from the sky. Like any period of great challenge that we have had to confront, it will take careful planning, sound strategy, leadership, and a clear sense of purpose if we are to successfully navigate the post COVID-19 recovery and grasp the opportunities to reskill Australian workers and industry that await.

But of course, that future is not assured. It must be won. Properly done, increasing the nature, latitude and intensity of our skills and workforce capability will win that future.

Major reform to vocational education and training is being contemplated. The current environment is coloured by social and economic upheavals; to list a few, the COVID-19 pandemic, a climate emergency, re-emerging and potentially crippling skills shortages, the challenge of digital, and the lack of availability of temporary skilled migrant workforce. Australia has become increasingly dependent on the latter. All of these issues by themselves could be described as a crisis. However such thinking does not absolve us from addressing the fundamental weaknesses evident in our workforce development architecture.

There is a risk that, rather than genuine nation building reform, the reforms being contemplated now will go the way of so many others and degenerate into a debate about the mechanics of training, how we regulate it and fund it, rather than building a shared national understanding about what the purpose of vocational education & training is.

The complexity of the current social and economic environment means that we must get VET right. It is as important as any decision on infrastructure, tax reform, and the environment; it will affect people and the economy for many years to come. The social and economic case for reform that has as its aim the restoration of national confidence in VET is accelerating rapidly. It becomes more urgent as we begin to emerge from the pandemic and confront an economy constrained by skills shortages and a lack of employment and skills mobility.

There is also a technological imperative for skills reform, as industry and the community generally are transforming because of rapid digitisation (often referred to as Industry 4.0), new materials and new technologies in medicine, education, and many other sectors. These advances are not just the province of professionals with degrees but depend heavily on the vocational skills of Australia's trades, technician, production, and service workers.

This paper deals with the importance of having a clear and unambiguous shared understanding of the primary purpose of the VET system in Australia, and the urgent need to restore certainty and confidence in the system.

Part 2 in the series will deal in more detail with the AMWU's views on how that certainty and confidence can be rebuilt to take the system forward.

## What problem are we trying to solve?

The most succinct description of the problem with VET is illustrated by a Productivity Commission finding that 85.1% of people engage with the VET system 'for employment related reasons', yet only 17.8% are employed at a higher skill level after training.<sup>1</sup>

This sad fact indicates that our VET system, after almost a decade of 'reform' - fiddling with a veritable infestation of solutions ranging from national training entitlements, income contingent loans schemes, flirtations with fully institutionalised delivery, skill sets, 'micro-credentials' - is still not producing higher skilled employment outcomes for most students and workers.

The training system is struggling to produce workers with the skills the economy needs. Whilst this is the major problem it is by no means the only problem:

- The system is trying to serve too many masters. There is a so called 'national' training system whose coherence is undermined by eight separate State and Territory VET systems all with their own consultation arrangements, VET funding rules, and apprentice training contract registration arrangements amongst other differences.
- There is a lack of certainty amongst employers, students and the community about what the VET system is producing. The economy depends on a highly skilled, agile and mobile workforce based on recognition of portable and transferable vocational skills, yet the VET system is under increasing pressure to cater for flexibility and specialisation designed specifically to meet the narrow interests of individual employers rather than the industry.
- We have the conundrum of strong support for the mechanism of Training Contracts while confidence in the outcomes of current traineeships, trade apprenticeships and technical cadetships is diminishing
- The number of people who complete their VET study continues to stagnate.
- Industry and students lack confidence that their engagement with the VET sector will produce the outcomes that they seek. Even if industry succeed in getting appropriate content in national or State qualifications, there is no guarantee that the training delivery market will consider it profitable enough to deliver.
- Employers struggle to understand the capability they can expect from people holding vocational qualifications.
- The long term reduction in VET's share of education funding means there is a race to the bottom on cost and quality led by for-profit RTOs that is forcing high quality public TAFE and not-for-profit industry providers to join the race.
- Students and employers have little chance of becoming the informed and demanding consumers our VET system desperately needs while the current levels of disconnect and incoherence prevail.

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<sup>1</sup> [Productivity Commission Report on Government Services 2020 page 5.1 & 5.22](#)

These problems are in no way confined to our vitally important manufacturing & engineering industries. They play out in most if not all industries including aged care, early childhood education, disability care, tourism and hospitality.

## Can we learn from the past?

This is not the first time that Australia has had an urgent need for reforms to VET to support structural change and growth in community and in the economy. The National Training Reform Agenda of the late 1980's was a period of equally profound change following the Hawke/Keating economic reforms of the mid 1980s. The National Training Reform Agenda had a clear purpose and a detailed set of objectives e.g.

- industry's desire to use vocational skills in order to increase flexibility, mobility, productivity and hence competitiveness in the economy
- a need for VET to focus on generic as well as technical skills
- national recognition arrangements for vocational qualifications and skills
- skills development and recognition that crosses occupational boundaries
- recognition of the importance of reforms to management education and training to the success of VET reform
- skills defined through industry ownership of the process and the direct involvement of the workplace
- the need to ensure VET reform includes 'semi-skilled' and 'unskilled' employees
- openness of the training system to public scrutiny in terms of content, quality and delivery methodology."<sup>2</sup>

The union movement, particularly the then Amalgamated Metal Workers Union (AMWU) strongly supported the above changes and set a policy for:

- The establishment of one nationally consistent training system based on competence
- Competence defined by skill standards developed by the industry parties
- Promotion of key skills and not narrow specialisation
- Classifications linked to qualifications and wages
- Recognition of prior learning based on industry skill standards

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<sup>2</sup> [Structures in tertiary education and training: a kaleidoscope or merely fragments? NCVER 2013 \(Jenkins/Curry\) 2013](#)

The industrial environment in manufacturing and many other industries at the time was one characterized by narrow demarcation, limited opportunities for career progression, and a workforce with a post-school qualification achievement sitting at around 40%.

Back then, as it is now, something had to give. The industry partners buried their natural animosity and along with Governments drove fundamental change in the industrial relations landscape in the hope that industry would capitalise on the opportunities to retool, and to invest in skills and capability.

The sword was sheathed so we could jointly drive a new era of prosperity, placing skills formation at the centre of industrial relations and industry policy.

We should not get hung up on all the changes that have happened in technology and society since the late 1980s. To do so would be just an excuse to disregard the real lesson of the National Training Reform Agenda: that intense, properly funded national efforts to establish a common strategy and shared understanding of the purpose for VET can deliver many benefits at the individual, industry and economic level.

## **Our Proposition**

### *Defining the Purpose of VET*

No national reform can effectively address the vocational education & training challenges we face without first articulating a clear and unambiguous statement of purpose for the system. That purpose must unashamedly be truly vocational.

We propose that the purpose of the system be stated as follows.

***“The primary purpose of the VET system is the production of skilled and adaptable workers productively employed in the economy in occupations related to their training.”***

Achieving this purpose requires industry to properly define the competency required for the occupation (occupational standard) and then linking that competency to the training system. If we want skilled and adaptable workers who can work in mining in one year and manufacturing or another industry the next, and move freely between regions, industry sectors, and large and small employers then we must develop occupational standards and associated training delivery at the level above that designed only to satisfy the needs of the individual employer, worker, or training provider.

This does not mean that training delivery should not be flexible and able to be customised, but that is not the same thing as recognition. Australia is a large, diverse and technologically advanced country and the public interest is best served by its public funding of the national training system being prioritised to produce workers with portable and transferable occupational skills. There is no public interest that is served by limiting training to the narrow needs of individual employers.

### *Defining skills*

Portability of skills plays out in a worker’s occupation and the industry they work in. This should not be seen as a competitive tension but rather recognition that portable skills can be applied in and across industries with some sets of skills being naturally more industry specific (i.e. mostly applied in a specific industry) and other skills that are commonly applied in many industries. The most important issue is

that skills and capability must be defined to the standard required in the workplace, not tied to specific workplaces.

If effective skills and capability definitions are to be achieved, then industry must lead the process. However, Australia has a poor history of establishing effective mechanisms for this industry, defined as employer and union, leadership. This is because of two inter-related problems:

- Defining the scope of VET industry leadership too narrowly
- An unwillingness by Governments to truly 'let go' and let industry lead

#### *Defining industry leadership*

Australia has had Industry Training Committees that were advisory, then Industry Training Advisory Bodies (ITABs) that transitioned from advisory to limited defined functions, to Industry Skill Councils, with the most recent iteration being Skill Service Organisations that support Industry Reference Committees. All these mechanisms for 'industry leadership' suffered from the same problem – they were not allowed to advise on and genuinely lead the full VET process.

In addition, the things they have been responsible for, defining the content scope in VET qualifications and the standard of skill to be achieved, have too often been micromanaged and constrained by regulatory and approvals bodies that have shaped and limited the form and nature of the standards industry is charged with developing. It goes without saying that the situation is politically charged as well.

We do not accept the criticism that competency-based training is responsible for narrowing the outcomes of vocational education and training. The AMWU does however acknowledge that regulatory and particularly funding models, combined with the micromanagement of training package development referred to above, have combined to make it almost impossible for training providers to adequately deliver a broader generalist vocational education. This needs to be integrated with competency-based training in order to produce the well-rounded, capable and adaptable worker that industry requires.

It is our view that the funding mechanisms and regulatory rigour are being applied to the wrong component of the system.

The Howard Government's Training Package reform of the mid- 1990s was trumpeted as a new era of industry leadership. It based national qualifications on industry-derived competency standards, yet it formalised a strong split between the activity of industry in setting standards and vocational training delivery.

Under the Howard reforms, industry was denied a say in:

- The development of learning resources (curriculum) to deliver the outcomes found in the industry developed standards. In effect, this aspect of the system was 'left to the market'.
- Decisions on which qualifications attract public funding and the hours of off-the-job funding that would be supported for training (especially qualifications that support apprenticeships and traineeships)
- Registration and quality auditing of training providers.

Recent arbitrary decisions by Ministers to delete qualifications and units of competency that have not been delivered in the last three years off the national register can only again send a strong signal that it is the delivery end of VET, the part with the least involvement of industry that is really driving Australia's VET system.

Current policy setting in effect pits Training Packages against the delivery of training and assessment by training providers, rather than encouraging their integration. Funding and regulatory arrangements are all focused tightly on whether training and assessment are likely to lead to competency against the requirements of individual units of competency in isolation.

Of course, competency standards were never intended to be delivered individually in isolation, as if they were separate 'subjects' to be taught as part of a course. The inter-relationships and interdependencies between various competency standards render that impossible.

They were intended to be packaged into logical groups that reflect the requirements of the job or occupation, with training delivery and assessment intended to be more holistic. Because of many factors however, the system has become transactional to the point that the whole is now less than the sum of its parts.

### *The Future*

The AMWU believes that the establishment of occupational profiles and related competency (occupational) standards, and the development and delivery of consistent national industry framework curriculum must be brought together in a logical way.

Skills play out at the level of the occupation. But it takes more than just skills in a dynamic industry environment. It takes resilience, it takes complex problem solving, it takes critical thinking, it takes creativity, it takes people management, judgement and decision making, and collaboration amongst many other characteristics. Above all it requires the patient accretion of knowledge away from the transactional and often hostile processes which typify bargaining.

The mistake that we as a country made in the late 1990's was the shift to the education-centric view that gave us 'Training Packages', and to thereafter assume that all of the broad characteristics required of a 'skilled and adaptable worker' could be defined, firstly in competency standards, and secondly within Training Package qualifications.

The tension between Training Packages and industry curriculum should not have been dealt with in binary terms of one or the other. It was an error not to explore more thoroughly how the two should coexist and complement each other.

The recent proposals by the Commonwealth Department of Education, Skills and Employment (DESE) for VET qualification reform at least open up for public discussion the alignment of standards and curriculum. However, the reform process currently underway focuses narrowly on 'training' rather than skills and capability to the standard required in the workplace. If this continues it will go the way of the myriad other reform processes carried out by successive governments seemingly more concerned about enrolments and subsidies than in building the capability of the Australian workforce.

The existing qualification reform consultations are premature in the absence of the discussion we need to land about the fundamental purpose of our vocational education & training system and how it should contribute to meeting our skills and workforce development needs going forward.

Like it did in the 1980s, Australia now faces major imperatives that demand deep and coordinated industry involvement in skills development. We desperately need a nationally coordinated skills and workforce development focus capable of driving:

- Growth in sovereign manufacturing capability
- The establishment of the skilled aged care workforce we need to meet future community needs
- A workforce capable of meeting the needs of the digital challenge, as typified by the naval shipbuilding and other major defence and renewable energy projects over the next thirty years
- A skilled and adaptable disability care workforce, and a skilled and adaptable early childhood education workforce.

The above in no way represents the full list of industries with huge skill challenges. In addition, every industry will face additional major challenges and opportunities from the rapid digitisation of systems and processes (Industry 4.0) to the need for new skills to support climate change mitigation and environmental initiatives.

The AMWU is calling for a true national skills reform process. One that has industry as a true partner in coordinated reforms with Governments, major TAFE systems and other providers. The current DESE reform process must either pivot towards, or make way for, this true national initiative. It must overcome the weaknesses of Federation and be not just a Commonwealth initiative for the part of VET it is responsible for while States and Territories continue with their uncoordinated initiatives – some good – some bad.

### **Our Next Policy Paper**

The AMWU has been engaged in conversations about the need for substantial change to VET architecture, and in particular, the need to differentiate the setting of an occupational standard from the methodologies that used to produce or train a person to meet that occupational standard.

Our second paper sets out our argument for the establishment of Occupational Profiles, Occupational Standards and National Industry Framework Curriculum, and how they should form the basis of a properly functioning VET system, the purpose of which is the production of the skilled and adaptable workforce that Australia needs to build the future we want.