



Part 2

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 2

This paper represents the second of a 2 part series designed to interpose a manufacturing workers' union view into the debate about the future of Australia's vocational education & training (VET) system. The debate comes at a time when crucial decisions are being contemplated that will shape the system for years to come.

The environment is dynamic and beset by social and economic upheaval. The COVID-19 pandemic, a climate emergency, and re-emerging skills shortages are having an enormous impact. A pandemic-inspired collapse in the availability of temporary skilled migrant workers has laid bare some fundamental weaknesses in our skills and workforce development architecture.

It is crucial that the decisions we make about reforming our VET system are the right decisions, made for the right reasons.

Part 1 dealt with the importance of having a clear and unambiguous shared understanding of the primary purpose of the VET system in Australia. It recognised and called for the need to restore certainty and confidence in the system, as a matter of grave urgency.

This paper deals with the AMWU's views on how fitness-for-purpose, certainty and confidence in the training system can and must be rebuilt as a precondition to creating the skilled workforce we need, to achieve the future we want.

Part 2: In whose interests?

In our first paper, themed "What problem are we trying to solve?", we expressed our deep concern that:

"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.¹

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, and 'micro-credentials' - is still not producing higher skilled employment outcomes for most students and workers."

The VET system is failing students. They are not getting the employment related skills they signed up for. Nor are employers getting what they require from VET.

In 2012 Innes Willox from the AiGroup observed that:

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

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

Employer organisations have continued to point to skills shortages as being a persistent and critical constraint on growth.

If you wanted to be glib, you might think that decades of so-called reform appear to have led us back to where we started.

Something really does have to give!

The reforms to our training system, championed by industry and governments in the late 1980's and early 1990's, collectively known as the National Training Reform Agenda, made a virtue of putting skills and workforce development at the centre of what had been an industrial relations system wracked with narrow thinking and confrontation.

The agenda was bold and unashamedly industrial and economic. It was about building capability and capacity in the Australian economy at a time of stagnation, disputation, and declining prospects for many industries. The reforms were enacted under the watchful eye of the Australian Industrial Relations Commission, and their impact agreed between the ACTU and employer organisations. They occurred and had their origin in the context of the economic reforms of the Hawke/Keating government. They ushered in a new mentality geared to joint efforts by the previously warring industrial tribes, and government, to improve productivity, efficiency, and the international competitiveness of industry. In effect, the enhanced skills and knowledge of workers was our contribution to the great productivity leap which commenced from that time. It meant that the investments in new technology would be able to be utilised and exploited by an upskilled, committed workforce.

The reforms were heavily dependent on growing skills and capability. Of necessity, they had regard to the weaknesses of the then-existing training system. (See Part 1 for a broader analysis of these issues.)

The core of the reforms was the creation of a workforce with the skills required to achieve the tripartite aims of the industrial parties and government, towards a better and more productive Australia. It was to better position industry in a rapidly changing global environment, and at a time of substantial deficits in both industry capability and balance of payments. It was to improve productivity as well as to create better paid and more secure jobs.

The system created was designed to pivot to cater for the skilling needs of industry and workers. But this wasn't just about trade and technical workers who enjoyed relatively easy access to formal vocational training; it was also about those workers who had previously not enjoyed such access to formal training nor processes to have their skills recognised.

It's hard to believe or recall in these increasingly divisive times, but genuine bipartisan industry leadership was the key to gaining support across industries - employers both large and small, unions, and across all levels of the workforce.

In the belief that the hard work and trust created through this process would endure, the trade union movement took a chance and led change along with key employer organisations and government. As noted above, this change occurred at a time of significant economic and social disruption, and it would have been easy for unions to reflexively oppose collaborating with employers over such complex and difficult challenges. One of the early major achievements was gaining a consensus between industries,

employer organisations and unions, who were often in conflict, that consistent industry level approaches were more likely to succeed. In this spirit of consensus, we put our collective shoulders to the wheel.

The circumstances confronting Australian industry today are not that dissimilar to those of the mid to late 1980s in some ways. The responses of governments, sadly, have been very different.

Fast forward 30 odd years from the 1980s and the tripartite commitment so important to the success of the reformed vocational education & training system has become disrupted by the ideological obsession of governments with competition, market forces and choice as (misdirected) ends in themselves. The trust which unions showed in the bona fides of governments and employers to deal fairly and equitably with issues has been repaid with continued assaults on union's right to organise and continued attempts to remove the voices of workers from the skills debate.

Nobody expected the Accord processes first negotiated in 1982 to outlive a Labor Government. In fact, by 1990 the Accord was symbolic rather than real in its actual impact on industrial relations. This was emphasised by the transition to so-called enterprise bargaining beginning in 1991. But these days the system's primary purpose no longer appears to be contributing to nation-building efforts. The creation of skilled and adaptable workers and the quality employment which goes with it has disappeared. Along with the loss of that sense of purpose, we have also lost the public good (and confidence) that used to be produced in return for the massive (if declining) amounts of taxpayer funding which are pumped into the system every year.

There is no doubt that a skilled and adaptable workforce, productively deploying its skills in the economy, represents a high value public good that is worthy of public investment in vocational education & training.

Investment in VET generally has been reduced to miserable levels. Allied to this such funds as are available are often misdirected or driven by ideological considerations. The extent of the transfer of VET funding to for-profit private providers at the expense of the publicly owned TAFE network is a disgrace. For-profit VET providers have consistently failed to meet their obligation to produce graduates whose skills meet industry standards and represent an affront to hard working taxpayers.

Taxpayers are entitled to demand a better return on their investment.

In whose interests?

Governments always love to talk in terms of 'industry leadership,' as if industry is in charge of vocational education & training and standards. The lived experience of workers and many employers over the last 15 years or so has not seen much by way of actual leadership. Too often, bureaucrats, whose wisdom is often augmented or even substituted by highly-paid consultants, tell industry what they will have. Meanwhile the weaknesses of Federation play out with the Commonwealth, States and Territories preferencing their desire to control the system over the needs of industry, students, and the broader community.

Increasingly, in this polarised political environment, some governments have come to define 'industry' in incredibly narrow terms as meaning individual employers.

It is generally accepted that the publicly funded training system exists to produce a public good. The AMWU shares that opinion. This is best characterised as individual skilled workers combining to form a workforce, productively employed across the broader economy with skills that are relevant, portable and transferable. Skills that enable the individual to not only work in their current position but to enable broader employment and career mobility based on those skills.

A person, trained only to meet the immediate narrow interests of an individual employer, represents crass corporate welfare that is not worthy of public funding.

It is worthwhile noting in passing that it is the student who is the actual customer of the training system not the employer. In an environment where students are often expected to complete VET qualifications before they enter the workplace, this can be forgotten. Employers may be crucial to the operations of the VET system, but at the end of the day, they are the consumer of the skills produced by it, not the customer.

More 'Reform'

The qualification reform process currently underway is just the latest example of the incessant meddling in the system that has generated ongoing confusion, reform fatigue, risk aversion and, more importantly, a distinct lack of fitness-for-purpose.

Views about the purpose of the VET system now vary wildly depending on whether you come to the debate as one of 8 State or Territory governments, the federal government, a regulator, a training provider, an employer, a student or one of the myriad other 'stakeholders' with vested interests.

The resultant lack of certainty is driving a growing hesitancy about engagement with nationally recognised training on the part of industry (employers and workers), and students.

Like some bizarre parody of the excesses of the Soviet Union, regulators are fixated on the requirement that everything conform to an artificially constructed one-size-fits-all template definition of a 'Training Product', rather than the needs of industry and students. Instead, the starting point should be the skill and knowledge requirements of the job or occupation, in language that the industry stakeholders understand, and with a verifiable industrial outcome in the shape of an award or other recognised classification level.

Qualification reform is a third or fourth order issue, yet States, Territories and the Commonwealth attach an extraordinary level of importance to it. Industries and prospective workers are more interested in ensuring that, if they engage with formal training, the outcome will 'qualify' them for the employment aspiration they are pursuing.

We say that, rather than starting the conversation with what a qualification should look like, perhaps it's time to start the conversation with what the skills and capability requirements for the job or occupation look like.

Industry Leadership

Yet again, the Commonwealth has chosen the holiday season and the lead up to a series of elections to engage in yet another round of consultations about the VET system. Our fear is that this will be yet another exercise in piecemeal approaches. In our view this problem can only be addressed holistically.

VET cannot solve problems which originate outside the training sphere. In all cases VET must come from a perspective based on clarity *of* purpose and fitness-*for*-purpose.

Industry (employers, unions and workers) are without question the best source of advice about the skills and workforce development needs of their own industry. Industry must be allowed to lead in setting the standards for those jobs that are suited to the establishment of an Occupational Standard.

Any reform proposals for defining occupational standards, and the collaboration with training professionals over what it takes to produce skilled workers, must be genuinely led by industry.

The current approach of the Commonwealth represents 'more of the same'. As we know, if you always do what you've always done, you will always get what you always got. Leaving the establishment of bodies to be formed to determine occupational standards and provide intelligence about industry level skills and work force development requirements to a random expression of interest process that does not prioritise legitimate representation of industry by legitimate representative industry bodies will be leaving it to the market yet again. In the meantime, valuable exercises such as the Digital Transformation Skills Strategy ² languish because there are only limited ways for such strategies to negotiate the thickets of bureaucracy before they lose currency and momentum.

The weaknesses of the Commonwealth's approach have played out in the failed experiment with Skills Services Organisations and Industry Reference Committees.

The arbitrary alignment of 'industry sectors' to the Commonwealth's proposed Clusters model based on flawed ANZSIC and ANZCO codes is flawed and counterproductive.

The AMWU believes in and remains steadfastly committed to the establishment of a truly national training system, with bipartisan definition of the skills and knowledge requirements for jobs and occupations. That does not however automatically translate to a belief that Training Package qualifications or other formal educational credentials are necessarily appropriate or desirable for every job or occupation.

Not every job can be defined in terms that are consistent enough to warrant a formal national Occupational Standard. It is important to consider whether it is ever in the public interest for public funding to be directed to training that is specifically designed to meet only the narrow interests of an individual employer. In the AMWU's view, training courses should only ever attract public funding if they lead to nationally-recognised accreditation and align to an industry-endorsed occupational profile.

The tensions between consistency, transferability, and portability, on the one hand, and competition, specialisation, choice, and flexibility on the other, need to be reconciled; at the very least, the tension should be recognised, and not papered over. As we argue above, competition and flexibility are seen as the litmus test for public support. Yet the public interest is best served by supporting high quality delivery and assessment that delivers in turn consistent, transferable, and portable skills that meet the standard defined by industry for the occupation.

² The Learning Country – Digital Transformation Skills Strategy (digitalskillsformation.org.au)

The reforms being proposed in the leadup to the next election must not be yet another quick fix. They should not be confined to rearranging previously cobbled-together committees and entities and requiring them to develop standards that meet neat educationalist views of qualification frameworks. The reforms must fundamentally alter the paradigm. They must encourage genuine industry leadership in setting occupational standards for those occupations where such a standard is warranted.

Occupational Profiling

We welcome the introduction of language like 'occupational standard' and 'training standard' into the VET lexicon as part of the national skills reform conversation. That language better reflects the requirements for industry. The concern, of course, is that skills ministers will succumb to micro-managing the definitions for both and force them to conform to an educationalist view, rather than a practical industry-led view, of how they should be constructed.

Many of the weaknesses in the current system stem from attempts to use competency standards as the basis of regulating and funding the delivery and assessment of vocational education & training programs. Competency standards were not designed for this purpose; rather, they were designed to be packaged holistically, to reflect the application of knowledge and skills required in the workplace. They were not designed to be used on a unit of competency by unit of competency basis.

The fragmented and transactional nature of regulation, funding, and delivery and assessment (again, unit of competency, by unit of competency) has done great damage to the capacity of professional vocational educators to build proper pedagogy into learning methodologies. This is the only way to ensure that graduates have the cognitive, critical thinking and collaborative skills required to thrive, and which are becoming essential in the digital workplace.

Our need is for a whole that is greater than the sum of its parts. Any approach that delivers and assesses units of competency in isolation dooms those parts to remain fragmented and partial.

A vocational education & training system that trains people only in the knowledge and skills they need to perform narrowly defined work is similarly unworthy of public funding. Generic problem solving, critical analysis and other cognitive skills are required to transform technically proficient students into skilled workers. Sadly, funding and regulatory settings constrain training packages from adequately defining the challenges of digitisation, automation, technology convergence and innovation so important to our immediate future. Many of those capabilities are simply not able to be properly defined in individual units of competency.

In addition, policy makers in the VET system appear to assume that the only use of competency standards and training packages is as a basis for delivery of training programs. Competency standards can be the basis for work organisation and job design. There is – or should be – a direct relationship between competency and classification & pay, as deliberately intended in the industrial and training reforms of the 80's & 90's. Such a connection can only be ignored either through sloppy thinking or ideology.

The key accompaniments to competency-based training - Recognition of Prior Learning, Trade Recognition and workplace training & assessment - have all been sidelined by the regulatory and

funding preference for formal training delivery by registered training providers. And for them, the big money is not to be made in doing RPL or trade recognition.

There are still a significant proportion of highly skilled workers without formal qualifications in the workforce who develop their skills experientially and/or through workplace training, much of it unaccredited. The costs and bureaucracy associated with having to enrol in a formal qualification with a Registered Training Provider in order to access validation of their existing skills are a major disincentive. This despite skills recognition being a major goal of the move to a competency standard as the basis for work organisation, job design and classification & pay systems in the first place.

The role of workplace delivery and assessment has been all but wiped out. Regulators attempt to deal with the unconscionable behaviour of some rogue providers by 'raising the barriers to entry' and being seen as the 'tough cop on the beat.' This occurs at the expense of the original goal under the National Training Reform Agenda of making formal training and skills recognition more accessible.

The reforms of the 1980's were not intended to merely alter the way we train people. They were intended to fundamentally alter the industrial and economic landscape of the country. They breathed life into our aspiration to build more dynamic, productive and competitive industries keen to compete on an international basis. The productivity boom which occurred following the 1990-91 recession can in large part be attributed to these reforms, as well as the cooperative industrial arrangements and investments in new technologies which occurred.

The Commonwealth, joined by the States and Territories, are united in their pursuit of more 'training places' and 'enrolments.' Instead of driving productivity improvement and innovation they have frustrated the efforts of industry to set effective occupational standards.

The focus on the narrow needs of individual employers has fed a massive proliferation of training products many of which read like standard operating procedures for narrow specialised tasks. They have little regard to the portability and transferability of skills that we need to create an agile and mobile workforce.

For some years now, the AMWU has been proposing the establishment of 'Occupational Profiles.' Based on a number of components, these would include an occupational standard and a collaboratively developed national industry framework curriculum or training standard.

Our proposals stem from our growing concern that graduates of the training system are not able to put their skills to work in their intended occupation or vocation. Recognised trades and like descriptions mean something; most workers and most employers know what a person qualified as a fitter or electrician does. By creating "associates" and others who become "qualified" for a particular employer, the important shorthand of Australia's industrial landscape is individualized to the needs of a particular employer or even a particular process. Through the introduction of "stacked" competencies a worker's skills need only be recognised by individual employers who could insist that the worker meet the standard expected in that workplace. Such workers would not be given the broad vocational education so important to building their effectiveness as both workers and citizens.

The disconnect between the training being delivered and the capability required in the occupation is growing because we do not have an effective mechanism to properly connect them.

If, as the The Macquarie Dictionary defines it, the word vocational means 'of or pertaining to a vocation or occupation', or as the Oxford Dictionary defines it, 'a divine call to, or sense of fitness for, a career or occupation' the renewal of the system must lie in reinvigorating our sense of vocation.

This cannot be limited to training in just the specific skills and knowledge required for a narrowly defined job in a particular workplace. It must also include the underpinning generalist vocational education required to produce thinking, well-rounded and socially resilient workers as citizens.

Our concept of an Occupational Profile contains several important elements:

- Industry level categorisation of jobs and occupations into 2 categories:
 1. Occupations where there is a high level of consistency and mobility in the skills and capabilities required and where there is industry consensus that a full nationally recognised Occupational Profile is warranted. These occupations would generally require a qualification and feature:
 - Industry endorsed entry pathways that include non-qualification based pre-vocational, pre-apprenticeship & VET in Schools programs.
 - Specified competency standards and qualification profiles (linked to definitions in industrial arrangements) that directly reflect the capability needed to perform the work associated with the vocation, and to form the basis for skills recognition of existing workers without qualifications or workers transitioning from industries in decline.
 - Industry-endorsed National Framework Curriculum and Learning & Assessment Plans including plans for the delivery of learning in the workplace, delivery modes and assessment methodologies.
 - Availability for delivery under formal Training Contract arrangements where mandated by industry or otherwise supported by relevant apprentice/trainee regulators.
 - Project-centred, formative assessment regimes based on logical clusters of units that reflect the growing capability of the student/apprentice. These would be negotiated by industry with TAFE and other high-quality industry providers.
 - Formal nationally recognised Qualifications
 - Skills Clusters (Skills Sets, micro-credentials and other nationally recognised training products) designed to logically supplement rather than represent an alternative to a qualification.
 - Priority for public funding for delivery and assessment
 - A definition of the vocation and associated capabilities designed to promote higher-level skills progression underpinned by higher-level qualifications and/or logical skill clusters. This would support enhanced portability and mobility of skills as well as career progression as occupational requirements evolve.

2. Occupations that may require consistent underpinning foundation and core skills, but the inherent diversity of work associated with the occupation would make an Occupational Profile inappropriate. These occupations may feature:
 - Industry endorsed entry pathways that include non-qualification based pre-vocational, pre-apprenticeship & VET in Schools programs delivered with public funding support.
 - Workplace-based induction programs.
 - Formal training and assessment against nationally recognised training products on a fee-for-service basis
- Structured and systemic collaboration between the industry bodies responsible for determining the Occupational Standard and the Training System through the establishment of Industry Curriculum Centres of Excellence in each of the Industry Sectors established to determine Occupational Standards with a remit to establish model industry endorsed National Framework Curriculum designed to reflect both the established Occupational Standard, and such other curriculum as might be required to build capability, cognitive, problem solving and other critical core skills required to build resilience and adaptability.
- Structured and systemic collaboration between the industry bodies responsible for determining the Occupational Standard and a restructured National Occupational Skills and Workforce Development Commission bringing together industry, training system and governments in a coherent and integrated way to lead the development of the Australian workforce into the future.

Conclusion

More of the same, in terms of government led 'reform' of the VET system, will lead to more of the same.

The pandemic has shown us we have neither the time, nor the luxury of indulging in ideology if we are to meet the challenges of recovery.

The training 'market' has failed, as it was always going to; even Adam Smith could have told you that. Competition and choice, whether exercised by governments through funding priorities, or employers and/or students through the allure of marketing, were also doomed to fail in a system too often driven by public funding and a profit motive.

The primary weaknesses in our VET system are a lack of certainty in what the system's purpose is - leading to a lack of confidence in the system. This in turn fosters an environment of micromanagement and incoherence.

More than anything, we – workers and employers - need certainty.

In the absence of a solid consensus about the purpose of the system, the current approach of governments will fail.

What we need now is some bold thinking about purpose, a significantly enhanced leadership role for industry, a fundamental restructuring of the regulation of occupational standards and training, particularly the role of State & Territories in that process, and finally, cooperation in the national interest.

High quality, fit-for-purpose vocational education and training is a precondition for economic and social prosperity and, done well, is worthy of public investment. But it must, in the final analysis, deliver skilled and adaptable workers to relevant employment in the economy in all of our interests.

Skills matter! Without them our opportunity for prosperity will be constrained.