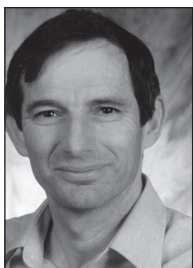


Quality education and quality work



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Julius has had a leadership role in the area of skills and training over the past 20 years. He has been a member of the Australian National Training Authority (ANTA) Board, the National Training Board, the National Training Quality Council and related bodies.

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Abstract

This paper argues that there is no uniform trend to work which requires higher skills, higher levels of discretion and autonomy, increased teamwork, and increased multi-skilling. The link between increased opportunities for quality education and training and better quality work requires an integrated and new labour market, industry and education and training policies. The deregulatory and market-based policies applied to education and training, labour market and industry funding and regulation over the past decade have had negative consequences. It is open to Australian governments to develop an integrated approach to industry, the labour market, and education and training that would decrease inequality, increase participation in the labour market, increase productivity and ensure that the Australian economy is strong in areas of the highest productivity growth.

Introduction

The evidence is unequivocal that individuals with a broad-based education and qualifications experience decreased unemployment, increased income, better health (especially for women) and more satisfying and secure employment. The absence of a broad-based education and qualifications is associated with poor quality and precarious work, unemployment, imprisonment and poor health. This is clear not only in Australia but throughout the OECD countries.

The evidence is also clear that increased investment in broad-based education and training is critical for improved levels of participation in the workforce and productivity. However, increased investment in education and training is not sufficient to achieve these outcomes. Education and training policy must be linked to appropriate

labour market and industry policy if the benefits of productivity and participation are to be achieved. With the right complementary policies, growth in qualifications can help drive economic and social development. These policies can help drive high-wage/high-quality employment and growth in the sectors of the global economy with the fastest productivity growth. The work of the OECD and in Australia by Michael Keating and other economists shows that investment in education and training is a much more important variable in lifting participation and productivity than the deregulatory policies such as removal of regulation of business and privatisation which were in vogue throughout the last decade.

Global trends in the quality of works

The trade unions have argued strongly since the mid-1980s that there is not some inexorable and uniform trend in the labour market which requires higher skills, higher levels of discretion and autonomy, increased teamwork and increased multi-skilling. There has been endless romantic talk about the end of Fordism. Talk of how computerisation and automation would produce an end to repetitive and boring work, and about how the demands for customer focus and quality would require great adaptability, greater autonomy, higher skills and teamwork. Much of this talk is similar to the romantic idea of the paperless office.

What is certainly true is that changes in the global economy, technological developments (especially in IT), and reduced costs of communication and transport have opened up the possibility of a high-skill/high-wage pathway for some nations and some workers. I have seen some remarkable examples of these forces at work. For example, one company I was dealing with was concerned about the militancy

of the workforce at the plant that produced most of the aluminium cans in Australia and they decided to close that plant and invest in a new plant in regional Victoria. More than 150 workers were engaged in the work at the old plant but in the new plant there were only 25. What's more, about 80% of the labour in the new plant was about quality control, maintenance and logistics, whereas in the old plant 80% of the labour was engaged in physical production processes. In another example, I saw how in automotive and truck factories in Germany and Sweden from the late 1980s onwards up to ten different models could be produced on the same production line; how all members of the work team were highly skilled and qualified; how the proportion of workers in the work teams with at least trade level skills was very high; and how work teams had a high level of autonomy.

In contrast I have seen how the production of surgical instruments has shifted to Pakistan where it is carried out in primitive conditions by young children on dirt floors who are welding and grinding with no eye protection. I have also seen how information technology and globalisation have been used to create a global race to the bottom in respect to social, environmental and labour standards for workers and their communities. The new systems create much more sophisticated forms of time and motion studies and control over workers.

The Sony Corporation decided in 2000 that in order to achieve effective multi-tasking (that is, operation of more than one machine or process at the same time by a single operator) workers at the factories that assemble TVs and other electronic equipment should stand rather than sit throughout their shifts. Their studies showed that the women workers wasted less time moving from one work station to

another if they were in the standing position. The company sought to enforce this new work practice in factories in many countries throughout the world. In Indonesia it led to a strike. After a long struggle supported by the International Metalworkers Federation and the threat by our union as part of this campaign to expose the company during the Sydney Olympics, the Indonesian workers won an agreement. However, the company then shifted significant production away from the Indonesian plant to other more compliant factories.

Our members who work for the road patrols who fix your car when it breaks down are tracked by GPS and face enormous pressure to spend no more than a fixed, limited time attending to your needs. The same applies to call-outs for gas, electricity, plumbing, Internet installation and so on. In call centres, banks, supermarkets and factories standardisation of procedures and intensification of work have increased exponentially. New systems of benchmarking are possible. In manufacturing processes the multinational companies benchmark tool changeover times between plants internationally. They benchmark the number of workers involved in particular teams and processes and then tell the workers that if they can't meet the 'best' – that is, the greatest level of work intensification or the worst from the workers point of view – then they will shift their jobs to the places that can.

The marketing promise of corporatized globalisation is a dazzling array of products and services tailored to your particular needs if you can afford it. However, the real choice is often in the marketing and packaging rather than in the substance. Banks, telephone companies, electricity companies, sports shoe companies and car dealers spend huge amounts of money telling you how responsive they are and

how their product will change and liberate your life. However, real and personal customer service to meet your actual needs is often very hard to come by. It is exactly the same when it comes to the promise of more liberated, interesting, higher skilled and autonomous work.

Australian approaches to job design

It is true that the fastest growing employment sector is Australia is professional and para-professional employment. It is also true that there is a growth in jobs for which higher level vocational or university qualifications are the norm. However, there are also many jobs that are being deskilled and devalued and there is significant growth in some sectors of low-skill employment.

There are many work redesign strategies which run directly contrary to the high-skill/high-wage/autonomous team worker model. For example, in English-speaking countries there has been an explosion of contracting out. All sorts of functions are spun off from the main business. Essentially this is an exercise in driving down wages and conditions and subscribing to a new form of Taylorist ideology. This new ideology goes by many names but one of the most common is called 'core business'. This means that real multi-skilling (as opposed to the much more common multi-tasking) and teamwork becomes impossible. It means that many procedures become standardised. It means that responsibility for training, human resource development and improvements to work systems and organisation no longer lies with the principal company and its management. These things become costs to be driven out of the system.

It is the experience of many workers that instead of operating one machine or administrative process they now

operate many, but the basic level of skill is the same. The level of real control over the work is actually reduced as procedures are more standardised and monitored, and the work pressure is more intense. This multi-tasking often includes incidental tasks which were previously performed by other workers – ‘working with both hands and with a broom up your backside’ is how many workers describe it.

Contrary to popular myths, it is not the executives and managers who need their obscene bonus and performance payments to compensate for their terrible working lives, but it is the new army of deskilled workers in precarious employment who face an epidemic of work intensification and insecurity. The diseases of modern society – heart disease, diabetes and so forth are of course directly linked to these occupations. The healthiest workers and the least stressed workers are those who have autonomy or control over their work, and who have the satisfaction of utilising their skills and knowledge.

Education and training alone cannot change these realities. A combination of labour market, industry policy and education and training policy can. Without complementary labour market and industry policy initiatives, many of those who get higher level qualifications suffer the frustration that their skills and knowledge are not utilised in their employment.

National strategies can make a difference

The nature of the Australian labour market is not some inevitable product of international global forces. National governments can and do make a difference. Among developed countries there is wide variation in productivity and participation and in the related factors of investment in education and training, qualification density, rates of

precarious employment, unionisation rates, density of collective bargaining, income inequality and the nature and extent of government industry policy intervention. Consequently, there is wide variation in the quality of work and the quality of education.

Of course, no country can be immune to the effects of the enormous increase in the power of the multinational companies. International governance has been moulded to meet their interests in the World Trade Organization, International Monetary Fund, World Bank and international financial markets. So in every country there have been strong pressures towards deregulation in the interests of the multinational companies and a consequential increase in precarious employment and income inequality. However, the extent of these trends varies widely depending on the national policy responses.

Australia is part of an axis of English-speaking countries committed to the policy settings which guarantee those countries will remain the leaders in income inequality, precarious employment and hollowing out of high-skilled manufacturing jobs. Recent work by Doug Fraser (*Are Australian jobs becoming more skill intensive? Evidence from the HILDA dataset*, AVETRA Conference 2008) demonstrates that the expected growth in more autonomous and skill-intensive work is not occurring in Australia.

Similar research in the United Kingdom over more than a decade by Ewart Keep and Ken Mayhew (*From Skills Revolution to Productivity Miracle – not as easy as it sounds*, Oxford Review of Economic Policy Vol. 22 No. 4 2006 is a recent example) shows that despite significant investment in education and training by the Blair Government the gap in productivity and participation and ‘high-skilled, autonomous job opportunities’ between the United

Kingdom and Germany and Scandinavia has not significantly narrowed.

Australia has led the developed world in the growth in precarious employment. Precarious employment is of course associated with few education and training opportunities, poor levels of unionisation and protection, poor occupational health and safety and low levels of autonomy and utilisation of skill in job organisation. This growth in precarious employment has not been an accident; it has been a result of deliberate government labour market and industry policy. For example, in Australia, unlike most other developed countries, there is no requirement to limit casual or temporary work to genuine short-term work requirements. In Australia you can be employed as a temporary or casual worker without protection from unfair dismissal and without leave and other entitlements in the same job for 20 years. These policies have made it easy to increase profitability in the short term through sweating labour, contracting out, privatisation, artificial corporate restructuring and decreasing wages and conditions, rather than through investment in skills, education and innovation. The collapse in private R&D investment and in productivity growth have been an inevitable by-product.

The evidence has been clear for some time. The introduction of the *Employment Contracts Act* and the radical deregulation in New Zealand in 1990 was accompanied by a long-term collapse in productivity and R&D investment and dramatic growth in income inequality. Despite the free trade and economic partnership between Australia and New Zealand, the gap between Australian and New Zealand wages grew strongly and has never recovered.

Trends in the quality and effectiveness of the Australian vocational education and training system

The effectiveness of Australia's education and training system has been undermined by the lack of complementary labour market and industry policies to encourage the investment in quality jobs. Furthermore, the system's effectiveness has been further undermined by the spread of the same neo-liberal policies to the management of the education and training system itself.

The strengthening of the Australian VET system in the late 1980s and early 1990s has been admired internationally. A nationally consistent system of industry-defined national qualifications was achieved and is still largely in place. This provides a firm basis for linking quality training and quality work, and for linking industry, labour market and education strategies. There was also a significant expansion in investment and participation in the VET system during this period. The competency basis of the system provides the foundation for linkage between work and learning and theory and practice and also for effective recognition of skills and knowledge acquired on the job. However, during the past decade funding has not increased and there has been an increasing focus on neo-liberal market-based approaches.

The National Skills Policy Collaboration comprising the Australia Industry Group, the ACTU, the Australian Education Union, Group Training Australia and the Dusseldorp Skills Forum in their paper *Facing up to Australia's Skills Challenge*¹ has identified

at least six compelling reasons for the Government to act:

- 1 Australia faces a significant shortfall in the supply of workers with the required vocational qualifications. Currently 87% of available jobs require post-school qualifications, but 50% of the workforce lacks these qualifications. The best estimate is that if the supply of people with VET qualifications remains at the same level as in 2005, a shortfall of 240,000 can be expected over the ten years to 2016. To meet the shortfall, net completions will need to increase by 1.9% per year for the next decade.
- 2 Australia faces a significant shortfall in the supply of people with the necessary high-level technical vocational and tertiary qualifications. In recent years, the highest levels of employment growth have occurred in associate professional (e.g. engineering, building, medical, technology) and professional occupations. A serious skills shortage exists in the sciences and mathematics, with an estimated shortfall of 19,000 scientists and engineers by 2012.
- 3 Australia is struggling to lift school completion rates. Other OECD countries have managed to progressively improve school completion rates, but these rates have barely shifted in Australia over the past 15 years. A dimension of this is reflected in the fact that among 25–34 year olds, Australia now ranks 20th among the OECD countries in terms of school completion.
- 4 The ABS recently estimated that 46% of adults – or seven million Australians – had poor or very poor skills across one or more of the five skill domains of prose literacy, document literacy, numeracy, problem solving and health literacy. This means they did not attain the

skill levels regarded by most experts as a suitable minimum for coping with the increasing and complex demands of modern life and work. Early school leavers are especially likely to have lower levels of literacy and numeracy.

- 5 Australia's total public spending on education at 4.8% of GDP is below the OECD average (5.4%), and well below the Scandinavian countries, France, New Zealand, the UK and the USA.
- 6 More than a decade of sustained economic growth and prosperity has provided the country with an unprecedented opportunity to seriously tackle educational exclusion and disengagement, and to do so in ways that can deliver greater social equity. It is imperative that all Australians have these opportunities in order to lead productive and fulfilling lives.

The observations of the National Skills Policy Collaboration are consistent with the observations of the AMWU in that:

- Despite the long economic boom, workforce participation rates in Australia are low when compared with the most productive economies.
- There are still more than 11% of the workforce who are unemployed or underemployed.
- The proportion of young people not engaged in full-time work or full-time training has remained static and these (up to half a million) disengaged youth are much more likely to remain unemployed or underemployed and affected by depression, crime, drug abuse, homelessness, poor health and poverty.
- The number of existing workers completing higher level VET qualifications has declined significantly in the past few years.

¹ Facing up to Australia's Skills Challenge – 13 March 2008
<http://www.dsf.org.au/papers/200.htm>

- The VET qualification completion rate in the 15–24 cohort is estimated by NCVET to be 23.7%.
- There will be a major shortfall of trained tradespersons in the medium term unless there is a change in policy settings.
- Completion rates for traineeships are very low and the completion rates for apprenticeships in most of the key engineering trades have declined significantly during the current decade.
- In the years from 1997 to 2005 there has been a very substantial 25% decline in federal funding per VET student.

To address these problems policies are required to lift demand for training in the qualifications that meet trends in the economy, but also to help shape those trends in the direction of quality work and to develop the leading edge industries. Public investment must be directed to lift the demand in the right areas and to ensure that the quality training is delivered. Policy must also be directed at leveraging increased investment by employers – through time off for training and payment for training. Public policy must also be directed to ensure that training delivery and pedagogy is flexible to meet the needs of students and effectively translated into applied skill and knowledge, and that existing skills and knowledge are appropriately recognised. The market-based approaches of the past decade have stood in stark contrast to this.

The problems of the market-based approach to VET

The deregulatory labour market and industry policies pursued have reduced demand for quality training and this problem cannot be overcome simply by a generalised increase in the supply

of training. Investment by employers has fallen. Many workers and employers cannot participate in training because the intensification of work has meant that there is no time for training. (The work of John Buchanan and others from Sydney University has demonstrated this in a number of detailed studies.) The response to this problem by governments in the last decade has been to rely on the very market-based mechanisms that are the cause of the problem rather than its solution. These market-based approaches shift public funds to the least intensive training and to those who are easiest to train. This is the natural way for providers and the intermediaries who are engaged to recruit students and employers to maximise their returns in the market. This is best illustrated in the apprenticeship and traineeship market. The results despite massive investment have been:

- continuing skills shortages in key trade areas (Group Training Australia still reports there are up to six applicants for every position in traditional trades in Victoria)
- massive overtraining in areas where there is little need
- massive diversion of public funds to very low-level induction training which employers had previously funded and which they would still fund without government funding and subsidy
- a great deal of very poor quality training and in some cases no training at all
- a dramatic fall in completion rates
- a proliferation of intermediaries who 'generate' the demand in the areas which maximise through put and seek to place trainees where there is the least training effort to maximise returns.

In other words this is natural market behaviour in conditions where there is confusion about who are the providers and who are the customers. Is a company like McDonald's the purchaser or the provider when it runs its own Registered Training Organisation? Similarly, what about Group Training Schemes linked to employer organisations which also operate RTOs? What about Australian Apprenticeship Centres which effectively dispense government subsidies but are linked to providers or employer organisations? And who is the customer – is it the employer or the worker or the student? Under the apprenticeship funding system it is the employer who is the user who chooses, but in a flexible labour market shouldn't it be the worker or student.

Another reason why the market approach is also failing is because there is clearly inadequate demand in some areas and too much in others but the funding is provided regardless. The result is that the providers, the intermediaries and the employers generate the demand in the easiest and most profitable markets.

One other factor with these blunt policy instruments is their tendency to lead to unexpected and unintended consequences. For example, when the Federal Government cut subsidies to existing worker traineeships at AQF2 to avoid roting and churning there was a big increase in AQF3 traineeships in the same occupational areas.

So the experience of this experiment over a long period of time would surely lead us to be cautious about the efficacy of the market principles of contestability and general entitlement (i.e. not picking winners) in meeting the outcomes. However, these principles seem to be central to the current COAG agenda driven by the work of the Boston Consulting Group.

In a labour market where there is considerable mobility and lack of employment security it is quite inappropriate for the individual employer to have the choice given that the worker may soon face the need for change and that the skill needs for the industry may already be changing. Of course, more client focus and responsiveness in training delivery is important but demand should be driven by broader industry, workforce development and community needs and analysis. The sum total of 'individual business choices' will not meet the broader future needs of industry, the workforce and the economy.

The Howard Government tried a similar free market approach to the problem of existing workers without any post-school qualification by introducing a voucher scheme. Of course, those who take up such vouchers are those who are the easiest and cheapest to train – these are the clients that the providers and intermediaries seek out to maximise their uptake and their return. Such schemes don't deal with the real barriers to existing worker participation in training – fear of training, lack of time for training and lack of appreciation of the value and relevance of training. What is required is a scheme that actually involves the workforce and develops union and workplace representatives as champions of training and advisors on training. What is required is an industry-led process of skills needs analysis that recognises existing skills and develops a training plan to meet the future needs of the workforce and the industry. The current approaches either seek to meet the immediate and usually narrow needs of individual employers (in other words, put public money into training which the employer would otherwise have to invest in themselves) or seek to meet the needs of the training provider to maximise utilisation at minimum cost.

The importance of qualifications

The most recent free market ideological trend in training has been the attempts to undermine the importance of and integrity of qualifications. This attack has usually come from those who enjoy their strong positions in the labour market due in part to their acquisition of higher level broad-based post-school qualifications. They argue that others really only need 'just in time training' or skills sets to meet the immediate needs of their employer. This can be delivered quickly (and so helps solve alleged shortages without having to pay workers more). So instead of training carpenters, we just train people to install formwork; instead of training plasterers, we just train people to install plasterboard – no cornices, no capacity to repair old plaster. This move is directly related to the labour market deregulation policies and is driven by the desire to undermine the labour market power these broad-based qualifications gives such workers.

The argument sometimes gets dressed up in more sophisticated sounding clothes. Some argue that knowledge today is constantly changing, is totally specific to the particular context and is generated by the work team, and they use this to justify the skills sets approach. This, as I have argued earlier, grossly exaggerates the changes in the work organisation reality for most workers. It also confuses skill and knowledge with its application. The fact is that the core of most occupations is remarkably stable, even if the situations in which that core skill and knowledge are applied is changing quite rapidly, and even if there is a great deal more multi-tasking. Qualified workers often require incidental skill and knowledge in areas outside of their core occupation and qualified workers will often require updated knowledge and skills to deal with new techniques and technology.

However, the base of a broad-based occupational qualification is the most efficient and effective underpinning.

A system which is more strongly directed at the needs of the future workforce and which could link to an effective industry and economic development policy is required. In such a system the primacy of broad-based qualifications which meet the future industry needs is required. This is essential for the mobility and flexibility of the labour force and to reduce transaction costs when hiring labour. Furthermore, not all training and qualifications should be regarded as equal. There is nothing wrong with the Government saying that it does not want to pay for more students to go into forensic science if there are far too many students being trained in that field. Demand for forensic science amongst school leavers is artificially inflated by the popularity of CSI and other crime shows on TV. There is also nothing wrong with the Government saying it won't pay for induction training for the fast food industry given that the employer would have to provide this training to successfully operate the business and that the sector is not trade exposed. There is nothing wrong with the Government saying it will pay extra for training nurses because it anticipates a growing need for nurses.

The role of the public provider – TAFE

The public provider of training (TAFE) has in some ways been corrupted by the developments of the past decade. In order to maximise their market share in the competitive market, the TAFE directors are actually driving the devaluation of qualifications – pushing to be able to achieve marketing advantage by accrediting their own courses to meet immediate and narrow needs. This runs directly contrary to sensible labour market and

workforce development policy and will disadvantage students and workers in the labour market.

The TAFE directors are also pushing for the Government to fund and allow them to accredit partial qualifications so that they can attract employers to the system by providing public funding for narrow and short-term in-firm training and for fee-for-service training currently paid for by the employers. The opposite strategy is needed – recognise the value of the in-house training by mapping it against the broad-based national qualifications and providing funding for a training plan to enable the workforce to build on this training to complete the national qualifications.

The TAFE directors are also pushing for more full-time institutional delivery of trades and other occupational qualifications. Again, this runs counter to labour market and industry policy needs where greater integration of work and learning and theory and practical application are required. If public funding of such full-time options was allowed, providers would seek to maximise entrants into such courses as they will be easier to fill (hence lifting their revenues). The consequences will be a decline in apprenticeships and traineeships; much poorer quality training outcomes (less competent new workers) and a big decrease in employer investment in skills development as employers move to the cheaper option of full-time up-front training where the training costs are borne by the State and by the individual alone.

Conclusion

Many of these issues are not new but they are emerging in new forms. Employers have always been ambivalent about the issue of broader based qualifications as opposed to training to meet their short-term needs.

Employers have always resisted their responsibility for skills development if they can get away with it. However, this can be overcome. For example, prior to the Second World War apprentices went to night school and did not get time off for training. 'The days are for tech, the nights are for love'. This was the banner displayed by the young metal and building apprentices in their campaign against night school in demonstrations and strikes in Sydney and Melbourne following the Second World War. These workers, all of whom were aged from 15 to 20, won their struggle. From the 1950s until today apprentices had the right to time off during the working day to attend technical school, which is now called TAFE.

In the same way, I believe that those involved in the provision of Vocational Education and Training can join forces with those who are fighting for quality work and decreased inequality and can achieve the integrated policy approaches and the increased public investment required.

In conclusion I hope that I have established that:

- it is essential to deal with education and training policy in conjunction with industry and labour market policy
- that the deregulatory and market-based policies applied to education and training, labour market and industry funding and regulation over the past decade have had negative consequences
- that governments can make a difference and that it is open to Australian governments to develop an integrated approach to industry, the labour market and education and training which would decrease inequality, increase participation in the labour market, increase productivity and ensure that the

Australian economy is strong in areas of the highest productivity growth.

I am optimistic that we can create the climate for a new education and training policy which is linked to a positive labour market and industry policy. This would be a policy that links increased opportunities for quality education and training to increased opportunities for quality work. This linkage is essential for a more just and productive social and economic future for this country.