

SPEECH BY

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**THE EDUCATION HIGH ROAD TO
OPPORTUNITY AND PROSPERITY**

TOWARDS OPPORTUNITY & PROSPERITY CONFERENCE

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My address this morning focused on postcodes and their impact on education and employment opportunities.

This afternoon my remarks centre on what must become the key driver of productivity and economic growth: the education and skills of the Australian people.

The industries that will create the greatest wealth in the future will be supported by workers who are flexible, innovative and to some degree risk takers.

These workers will be well educated and they will be able to switch jobs, even industries, quickly. They will possess a strong general education that allows them to break out and learn new knowledge and skills, as the need requires.

They will have the confidence to back themselves.

The present Australian education and vocational system is not up to providing the industries of the future with a critical mass of such workers.

For example, photonics is a relatively new technology in which particles of light are used to control, transfer and store information. It has exciting applications in medicine, telecommunications, energy generation, the electricity, steel and other manufacturing industries and probably many others that we haven't even dreamed about.

Australia has a world-class Photonics Research Centre, but it has a 'missing middle'— a shortage of skilled technicians. This industry needs workers with general science or IT training, or even engineers with experience in other manufacturing industries to upgrade their skills but our education system isn't responding to this new need.

These kinds of industries need to be nurtured through an education and training system that is itself creative, flexible and responsive.

The curriculum content or industry competencies for students and trainees in photonics can't wait years for a committee to develop industry frameworks.

Teachers and trainers with an understanding and a passion for the potential of this industry are needed now. Senior secondary students need information about this kind of option in planning their education and training pathways.

When they leave school, those students will be looking for the best that can be offered in TAFE colleges and other vocational providers, and in universities.

They will need flexibility in delivery across these institutions and through on-line and structured workplace learning.

And they will need assessment, certification and funding systems that support, rather than hinder, the creativity and flexibility required for these exciting opportunities.

If our education and training system cannot adjust quickly to meet the training needs of a new industry like photonics when skill shortages are identified, our chances of rapidly responding to the needs of industries we haven't even thought of yet are limited.

Unless we develop a critical mass of educated and adaptable people able to quickly become the workers of the new industries, Australia will not capitalise on the wealth creation that flows from the application and commercialisation of ground breaking Australian pure research.

Australia's education system of the 21st Century must provide as many options as possible while also arousing the risk taking side of the Australian character.

This means students and workers must be able to customise their learning to suit the patterns of their working life and so that they can respond to new work opportunities as soon as they emerge.

A crisscross of pathways needs to be established within the entire education and vocational training system so that people are no longer fenced in.

These pathways would allow people to build upon their strong general education skills by adding the knowledge and industry-specific skills needed by emerging or changing industries.

To do this, our education and training institutions need to embrace flexibility and continuous change.

Unfortunately, with some exceptions, the reverse appears to be the case.

Our education and training systems, generally speaking, have developed over the last century or so on an industrial, or 'old economy' model.

As Louise Watson – the Director of the Life Long Learning Network at the University of Canberra - has demonstrated, they have generally:

- prepared people for specific occupations, rather than the reality of varying learning and employment experiences;
- developed differentiated and jealously-guarded ‘sectors’, rather than approaching more ‘seamless’ educational programs and opportunities;
- enforced distinct content, teaching methods, and assessment and certification systems, across ‘general’ and ‘vocational’ education;
- separated knowledge creation from the application of knowledge, thereby excluding, or at least delaying, the practical expression of creativity and innovation from the bulk of students;
- developed as bureaucratic institutions around content defined by ‘disciplines’ or ‘industry frameworks’, rather than in response to the more specific and changing learning needs of individuals.

Australia’s future prosperity depends on the development of an education system that is responsive.

Improving the transition arrangements between educational institutions is critical if Australia is to be part of the wealth creating industries of the future.

Greater effort is needed to get the transitional arrangements right so that we allow the customising of pathways from different institutions. The current arrangements do not do this.

For example, secondary schools offering a ‘VET in Schools’ program often struggle to meet the workplace learning requirements of the vocational education and training system.

Many universities refuse to provide full credit transfer for relevant TAFE courses on the grounds that the focus on ‘competencies’ in the vocational education and training sector was unacceptable to a university concerned with ranking students on quality criteria.

TAFE colleges and universities treat student contributions differently. Most university students defer their liabilities through the Higher Education Contributions Scheme, while TAFE students face a range of up-front student fees and charges.

Then there is the effect of different rates and sources of funding. Schools wanting to provide vocational courses to their Year 11 or Year 12 students through a TAFE college are usually required to pay TAFE fees or charges, along with other costs such as workplace materials, transport and workers’ compensation.

For most schools this is additional to their general resource allocation, and most can't afford the additional costs. But if they then try to re-train their own teachers so that they can do the right thing by their students, they face criticism from TAFE and from some employers about the relevant vocational skills and experiences of those teachers.

These are very practical barriers. They create a 'no win' for many students. And certainly a no win for the economy we need to create.

Fixing these problems should be an urgent national priority. Yet the Prime Minister has refused to place education on the agenda for today's COAG meeting.

These issues cannot be fixed by the states alone, nor by the Commonwealth alone – they require co-operation and a preparedness to put in place education systems that focus on people's needs not which level of government is paying.

Getting this right is integral to making sure Australia is on the global economy's 'high road'.

The stakes are too high to continue to falter or baulk whenever progress demands effort, change and cooperation.

Simon Crean and I are determined to achieve the kind of inter-governmental co-operation we need to break down these barriers and to move forward. We support Steve Bracks and the other Premiers for seeking to include education on the agenda for the COAG meeting today.

The Prime Minister's refusal to engage in dialogue – let alone cooperate - holds back reform and limits the capacity for Australian workers to be apart of the wealth generating industries of the future.

A key difference between the Labor Party and the Coalition is that the Howard Government is providing opportunity and prosperity to those at the top while the Labor Party wants the vast majority of Australians to be able to upgrade their skills and compete in the new economy.

In my speech this morning I spoke about the growing polarisation of Australian society – the gap between the education 'haves and have nots' and the divide between the 'work rich and work poor'. This growing inequality has been a central Conference theme.

Polarisation undermines both our social cohesion and our ability to compete in a global knowledge economy.

The task of improving access to quality education - and building an education and training system for the new economy serves two vital and interrelated goals.

It addresses the persistence of 'education and job poor postcodes' and it is also about generating the high-wage, high-skill jobs that create greater prosperity.

Strong economic growth is the essential condition for creating jobs. But if we care about the quality of jobs created we have to make sure that growth is flowing from productive investment and investment in human capital.

This means we must seriously invest in developing a critical mass of educated people with the ideas, creativity and skills to meet the demands of the knowledge economy. These Australians will not just be content to react to the demands of a changing environment they will want to shape it.

Growth that surfs on consumer spending and unsustainable increases in household debt does not generate jobs at the high skill end. This is the lesson of the past few years- the lesson from our journey along the employment 'low road'.

The best way to bypass the 'low road' is to develop a critical mass of educated, skilled and flexible workers through investment in education.

The 'mass' is important because an educated workforce is an investment magnet. It attracts and seeds the industries that create the jobs of the future.

A polarised workforce excludes a core of Australians from either creating or participating in the opportunities of the new economy. Inequality puts a brake on high quality economic and employment growth.

The emerging trends are alarming. Far from creating a nation of skilled and adaptable workers, we are potentially condemning people to joblessness or jobs with a limited future.

Australian Bureau of Statistics figures show that over the last three years, a net 600 middle-income jobs have been created, compared with 462,000 low-pay jobs.

Nine out of every ten jobs created in the last three years paid less than the average weekly wage.

And under current policies, the only significant growth in education and training has been participation in the so-called "New Apprenticeships". The apprenticeships and traineeships offered under this program are generally of short duration, with high drop out rates, and are concentrated in low paid occupations.

The Australian Treasurer has shown no concern that Australia is heading down the 'low road'. Speaking to the Canberra Times, Peter Costello, showed no concern for the lack of middle-income jobs available for people made redundant in middle age without computer skills. He said:

"It need not be computers – the growth of the service industry is obviously one area where you see a lot of people who have career changes. I don't know about you but where I live there seems to be a lot of people out on mowing rounds, or the pruning rounds."

The problem with supporting the employment 'low road' is that it brings with it lower living standards, more precarious employment and a less cohesive society.

It means an end to the egalitarian society that Australians aspire to.

Education is the driving force for Australia's future productivity growth. It is the vehicle that will indeed lead Australia 'Towards Opportunity and Prosperity'.

As Rupert Murdoch warned in a speech last year:

Without urgent support for our centres of learning, Australia is at risk of becoming something worse than globally disadvantaged: it is no exaggeration to say we are threatened with global irrelevance.

If we want something better; if we want to build a modern economy that offers greater opportunity and a better standard of living, then education must be the driver. Fostering and investing in the knowledge, skills and creativity of our people will be the wellspring of future productivity growth.

And if we want to create the kind of society where the opportunities offered in the new economy are available to all, serious attention to our education and training systems are required.

The current systems leave too many people behind and are not responsive enough - to differences in individual learning needs, to the changing nature of work and the life course, and to the skill requirements of emerging industries.

Labor's future agenda is about creating a dynamic and inclusive economy and ensuring that all Australians are positioned to participate in it.

If we are to create a fairer Australia – and a future characterised by opportunity and prosperity for all – then we must begin with fundamental reform of, and investment in, education.