

**SPEECH**

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**SUSTAINING PROSPERITY:  
NEW REFORM OPPORTUNITIES FOR AUSTRALIA**

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'Blind Freddy' must be aware that Australia is suffering a skills crisis and that it can only be solved through reform of our education and training systems.

Australian businesses are crying out for more skilled workers. Every day we hear new stories about the skill shortage driving up costs and wages and jeopardising industry projects.

Skills as a driver of productivity has dropped 75 per cent over ten years. Everyone from the Reserve Bank to the OECD is shouting warnings about Australia's skills crisis.

In the face of all this, the Howard Government is trying to pull off a little magic act.

The Government says that wage inflation, increased business costs and upward pressure on interest rates are the economic equivalent of cod liver oil – something that may taste harsh and bitter but is mysteriously good for us.

They are trying to claim that skills shortages are actually a sign of success - the result of lower unemployment.

But let's just insert a few facts into this bizarre argument.

Firstly, Australia is not running out of workers, we're running out of *skilled* workers.

Just two weeks ago, the ABS revealed that more than 600,000 Australians want more work – that is Australians who are employed but want more hours. That's on top of the 1.2 million Australians that want to work but aren't in the labour force. All together, there are more than 2 million Australians who want to and are able to work more.

It's not Australians who can work that we're short of. It's people with skills and training that we need.

Second, skill shortages are not an unavoidable result of lower unemployment.

Skill shortages are the result of bad economic management.

In Denmark, for example, unemployment has averaged 4.9 per cent since 1997. But there are no serious skill shortages. Why? Because the Danish Government's earlier focus on training has meant areas of economic need have been catered for.

Which brings me to the real basis of Australia's skill shortage. You don't have to be Einstein to work out why Australia is suffering a skills crisis.

Australia has a shortage of skilled people because the Howard Government has massively cut education and training investment since coming to office.

An OECD report this month found that Australia had one of the largest declines in public investment in universities and TAFEs of any OECD country. We dropped by 8.7 per cent while the majority of our competitors *increased* their investment.

We are one of only seven OECD nations to actually reduce government funding for tertiary education per student between 1995 and 2001.

The Howard Government missed the opportunity to reform Australia's education and training systems to address skill shortages. From the time it was elected it has confused cutting education investment with real reform.

Instead, this Government's response to Australia's skills crisis has been to import more skilled workers.

Australia is already ranked third in the OECD for reliance on skilled migrants to address skills shortages.

This Government has been quietly increasing skilled migration over the past nine years.

But skilled migration is not a long-term solution to Australia's skills crisis. It's a bandaid response that is clearly not working.

That hasn't stopped the Howard Government importing 178,000 extra skilled migrants since 1997.

At the same time, 270,000 people have been turned away from TAFE since 1998 and around 160,000 qualified applicants from universities since 1997.

The ambitions and potential of Australians have been squandered. Is it any wonder that Australia now doesn't have enough skilled people to keep up with economic needs?

The only effective way to deal with Australia's skills crisis is reform of Australia's education and training systems so that more Australians get training in areas of economic need.

We simply must get more Australians training in the traditional trades. This should have been done years ago.

Incomprehensibly, most of the growth in the Howard Government's New Apprenticeship Scheme has been in areas where there is no skill shortage and the number of traditional trade New Apprentices actually dropped between 2000 and 2003.

We must start promoting the value of a career in areas of skill shortage at a younger age.

That does not mean, as the Prime Minister says, encouraging kids to drop out of school early.

This suggestion from the Prime Minister is simply reckless and irresponsible when we know that young people who leave school early are twice as likely to become unemployed as people who finish Year 12.

The Prime Minister's comments are also plain wrong. Employer groups say they want their apprentices to complete Year 12 so they have broadly-based skills to build on.

That's why, unlike Mr Howard, Federal Labor wants to keep more young people in school and give them more options to learn a trade as part of completing Year 12.

One of the policies Federal Labor took to the last election that I was particularly proud of was our *Youth Guarantee* – Federal Labor's commitment to give every 15-18 year old the backing to either learn or earn.

Labor's *Youth Guarantee* responded to the fact that under the Howard Government 45,000 young people leave school early each year and don't go on to full-time work or study. The policy targeted apprenticeships, TAFE places and training mentors. Labor's *Youth Guarantee* included a commitment to reduce – not increase – the incidence of early school leaving.

I had thought that the reform question was *how* to increase school retention, not *whether* to increase it. It is amazing to me that in the 21<sup>st</sup> century this is a point of political contest.

A centrepiece of our *Youth Guarantee* was paying the fees for secondary students who wanted to study TAFE courses as part their schooling. TAFE fees can cost students or schools hundreds of dollars and too many students are missing out on vocational education because of the cost.

Labor's reform would mean that cost would no longer stop students accessing vocational education. More teenagers in every school and every state would immediately be able to start a vocational qualification while at school.

Federal Labor is committed to reforming secondary schooling to provide more vocational options as part of school in cooperation with the states and territories.

We believe the most effective way of encouraging young people to study a traditional trade is not by duplicating things that are already in place and hiving off traditional trades into an alternative stream. It's by making vocational courses and subjects a mainstream part of the curriculum in all schools.

We need to make subjects like woodwork and metal work an attractive option for younger secondary students so that the facilities rival popular electives like art or hospitality. We need to include school-based apprenticeship and pre-apprenticeship programs in all schools' curriculum and foster cooperative and productive relationships between schools and the local TAFE.

There are fabulous VET in School programs that are full to capacity that could start training more students right now with more federal support.

Contrast Labor's proposed reforms with the Howard Government's misguided and restricted technical colleges.

Labor will not stand in the way of the Howard Government's technical colleges - anything is better than the Howard Government continuing to do nothing.

But look at the facts. The technical colleges will take years to get off the ground and will not result in a single qualified tradesperson in the workforce until 2010.

Even when the colleges are fully in place, they will only graduate around 3,600 people a year – compare this to the Australian Industry Group projection that we will be short of over 100,000 tradespeople by 2010.

A serious skill shortage in the professions, especially the sciences, is also taking its toll.

Civil engineers and medical scientists have been on the Government's National Skill Shortage List for years and the number of Australians starting a science degree has fallen from a 1997 peak. Last year, the total number of Australians at university dropped for only the second time in fifty years.

Year 12 enrolments in physics, chemistry and advanced maths are falling steadily.

Clearly, young Australians are not being sufficiently engaged by the wonders of science.

Reinvigorating interest in Physics, Chemistry and Engineering is vital for key Australian industries, particularly mining, construction and technology.

We need to find new ways of instilling children with the wonder and curiosity at the world around them through a strong program of popular science in our schools that starts from Day 1.

If 'chalk and talk' and 'rats and stats' were the trademarks of twentieth century science teaching, then it's time to introduce of culture of 'touch and wonder' to twenty-first learning about science.

We must also close the door on the dusty, 'Dickensian' workshops that for too many young students is their first introduction to subjects like woodwork or metalwork. Schools must be able to take pride in their trade facilities.

It's time for a culture of 'valuing the tools in our schools'.

We need to keep more children in school through a fresh smorgasbord of popular options from metal work to mandarin to mathematical science.