Acknowledgments

- Thank you for your warm welcome.
- I wish to acknowledge the traditional owners and custodians of the land on which we meet today—the Wurundjeri people—and pay my respects to their elders, past and present.
- I extend that respect to other Aboriginal and Torres Strait Islander peoples who are here today.
- I’d also like to acknowledge: Mr Iain Mcdougall, Chair, GTA, Mr Jim Barron, CEO, GTA, Mr Chris Caton, Chief Economist, BT Financial, Dr John Hewson, Former Leader of the Liberal Party.

Introduction

For much of this year I have taken great interest in exploring the broad subject matter relating to how we here in Australia are today experiencing an economy in transition.

That there are human, geo-political and scientific tides, or forces, at work no matter who is in power and that our movement into a new 21st Century environment is not really a choice but a powerful, inevitable reality.

The only real choice here of course is whether we shape the transition or passively sweep along with it.

I am proud to support and be part of a Government that is not afraid of this future and indeed has confidence that we can shape the inevitable change in a way that bends towards Australians in a welcome ways.

The forces I am talking about here include the potent re-emergence of Asia, the technological kaleidoscope of digital information flows, that demographic truth that we are living longer, the rise and rise of the services economy and the need to forge a more sustainable, less carbon polluting future. I think the march of women through our corridors of power and influence is another irresistible cultural tide.

There is much benefit in framing our analysis and thinking about the future of Australia and our economy in this way.
In so many ways it's fundamentally a meta-debate about new versus old. Laziness versus energy. Tired imaginations versus innovation.

But in coming here to speak with you today it has given me pause for thought that in spite of these powerful transitional forces, this allure of the new, there are some things in our economy that are not really changing and are indeed as important and valued in October 2011 as they were in October 1911 – or even much earlier.

One of these enduring economic truths is the utility of practical skills in our workplaces.

The importance of trades in the task of building not just a competitive economy but a modern community of ballooning wellbeing.

The importance of applied learning and skilled physical capacity rather than the accumulation of knowledge that may in fact eventually find difficulty in expressing itself in the workplace.

We have been through a period towards the end of the 20th century where perhaps university degrees took on a certain self importance – at least by comparison to their vocational certificate cousins.

Where the prospect of becoming an apprentice, a tradie a 'hands on man or woman' was frowned upon by some in a way that lacked perspective and wisdom.

But I'm sure I'm not the only University graduate in this room who, as an impoverished student in their mid-twenties, looked to their friends from high school who had chosen a different path –a 'tradie path' - and observed that life didn't look too bad on the other side of the fence.

Because the simple, enduring fact is that our modern 21st economy – of services, sustainability and innovation – needs vocationally qualified, skilled trades people in the workforce just as much as a 20th century economy required it.

We need well trained and skilled apprentices to build the NBN.

We need well trained and skilled apprentices to work on the high tech manufacturing factory floors of the future.

We need well trained and skilled apprentices to renovate bigger, greener houses; landscape more water friendly gardens; construct more energy efficient shopping centres.

We need well trained and skilled apprentices to host visiting tourists from China and our other Asian neighbours, entertain the growing middle classes with more money to spend than ever before and to transport us around when we move from city to city or city to countryside.
In other words apprenticeships are just as important to an economy in transition (which we now have) as they are to an economy in more stable, predictable periods (which perhaps we had during parts of last century).

So we in the Gillard Government recognise the important work of Group Training Organisations in supporting Australian Apprentices.

GTOs were an early starter when it came to delivering support services and pastoral care – initiatives that lead to greater retention of Australian Apprentices.

Further, the flexibility your sector has already demonstrated in response to changing training needs will be invaluable into the future.

The economic challenge

In these challenging economic times it pays to be flexible.

Not to mention smart and innovative.

We all know that Australia's economic fundamentals are strong.

A snapshot of the Australian economy is cause for optimism on key indicators.

Our GDP has shown robust growth and is significantly higher that it was before the global financial crisis.

As other advanced economies struggle to make up lost ground, Australia moves steadily forward.

The most recent labour force statistics show that employment grew by over 20,000 in Sept, and unemployment fell to 5.2 per cent.

The most pleasing aspect of this result was the rise in full-time employment, growing by 10,800, with part-time employment increasing by 9,600 to reach a record high.

The most recent national accounts figures showed our terms of trade rose 5 percent in the June quarter ... to be at their highest level since 1950–51.

These figures show that despite heightened global instability, Australia's economy continues to display underlying strength and resilience.

This is a reflection of Labor's commitment to Australian workers, in particular, Australia's future workforce, which is such a vital component to securing our future prosperity.

And as the custodians of Australian Apprentices, organisations such as yourselves are a key element to achieving this outcome.

At the end of March this year there were 458,900 apprentices and trainees in training – the highest level ever recorded.
This is something that all of us should be proud of.

Globally, there is no denying that we are living in a very volatile environment – underscored by events in Europe over recent weeks.

The International Monetary Fund reminds us in its world outlook that all the risk is on the downside and there will continue to be a degree of global volatility.

And while over the coming years, Australia will enjoy an historic mining boom on the scale of the 1850s Gold Rush, there is no room for complacency.

We can't afford to take our good fortune for granted.

We must harness the windfall of the resources boom to manage our future growth, to make certain that all Australians benefit and to maximise the potential of all Australians – regardless of their age or background.

To do this we must build a highly skilled, productive and educated Australian workforce that meets the needs of a diverse economy including the booming resource sector.

It's clear that the massive pipeline of investment in the resources sector is creating unprecedented demand for skilled labour across a range of industries.

In fact, the Department of Education, Employment and Workplace Relations estimates that the Australian economy will require nearly an additional 1.3 million workers over the next five years to 2015-16.

And Skills Australia puts it in context for this forum. They forecast that Australia requires an additional 4.6 million qualifications over the next 15 years.

By 2015, we will need an additional 2.4 million people in the workforce with qualifications at Certificate III and higher, taking into consideration the loss to the workforce from the retirement of the baby-boomer generation – which coincidently starts from this year.

Some pessimists like to describe this skills challenge as a crisis.

But as my colleague Chris Evans is fond of saying: with the United States' unemployment rate hovering at around nine per cent, ours is the better sort of challenge to have.

Inherent in the challenge facing us is opportunity – the opportunity to give all Australians the education and training they need for skilled, productive jobs.

**Australian apprenticeships**

The Australian Apprenticeship system is central to the Australian Government's aim to build a skilled, flexible and internationally competitive workforce.
For decades, the apprenticeship system has been the pathway into rewarding jobs for many Australians.

Apprenticeships are a critical training vehicle for the Australian labour force providing essential skills to drive the economy.

Australia's apprenticeship and traineeship numbers have increased despite the global financial crisis.

For the 12 months to March 2011, this includes an 11.5 per cent increase in commencements compared with the previous year.

The economic benefits from the Government's policies across education, training and participation are substantial.

In fact, modelling by Econtech has estimated that achieving the Government's higher education and vocational education targets could generate up to around an extra $50 billion in output in the Australian economy every year on average for the next 30 years.

In other words, investing in skills and building a better skills system will pay a very significant economic dividend.

The Group Training national network has been part of the success story supporting thousands of apprentices and trainees in metropolitan and regional Australia.

It has been at the forefront of promoting Australian Apprenticeships as first-choice career path which we saw again earlier this month during the inaugural National Skills Week.

During National Skills Week, hundreds of events were run across Australia highlighting great stories from people whose lives had been changed by learning new skills or a new trade.

It also showcased the innovative work and diversity of training being delivered by so many of you as Group Training Organisations and Registered Training Organisations.

We know the group training model has a long history of being active and effective in generating apprenticeship and traineeship opportunities for Australians.

**Reforming the apprenticeship system**

But like all systems, Australian Apprentices needs to be reformed and modernised to suit the needs of today and to prepare for the future.

Reform is needed because there is evidence the system isn't keeping up.

For example, we know that about half of all apprentices and trainees fail to complete their qualifications.
This was one of the main statistics referenced by the Expert Panel which the Government established to review Australian Apprenticeships.

The seven member Panel, with representatives from industry, employers, academia and unions, has been given the task of advising government on how to build a stronger Australian Apprenticeships system that is simplified and responsive to the needs of industry and the economy.

In its final report, the Panel recognised Australian Apprenticeships system as an effective vehicle for employment based learning and an important pathway into many occupations.

It also highlighted that the combination of quality on-the-job and off-the-job training is a formula that works.

But while it concluded that the Australian Apprenticeships system is not fundamentally broken, it needed to be reformed.

This is why in the May Budget, the Government focused efforts on two of the most important issues facing the Australian Apprenticeship system and allocated a total of $201 million for new solutions.

The first measure – the Australian Apprenticeships Mentoring package – aims to cut the unacceptably high dropout rate for apprentices and trainees.

There are many reasons why they drop out.

Some are lured away by higher pay, others change their minds about the choice they've made.

Quite often though, they give up because there is no one to advise or support them.

Mentoring is one of the best ways to tackle this which is why the Government is providing around $100 million for mentoring assistance and advice for Australian Apprentices over four years.

Under the package, mentors will provide support and guidance to apprentices who may face additional barriers to participation, such as people with disability, Indigenous Australians and mature age apprentices.

The second reform measure in the Budget, the $100 million Accelerated Australian Apprenticeships initiative, seeks to further the reach of competency-based progression through an Australian Apprenticeship.

Although it has served us well, the idea of a four-year apprenticeship is becoming increasingly difficult to justify in the fast-turnaround world of the modern economy, when people want to get on with their lives and industry needs skilled workers.
As well, this time based arrangement is not always relevant to mature-age apprentices, who are now making up an increasing proportion of the total intake of all Australian Apprentices.

It's not about cutting corners; it's about reducing unnecessary delays; and it's about focusing on the modern skills that industry needs and taking advantage of prior learnings.

Proposals submitted for funding under this initiative will have to demonstrate that they maintain the quality of training and the qualification gained.

We believe it will ultimately benefit employers, apprentices and the wider economy.

It's about saying to existing workers – you've got skills, you've got experiences that should allow you to progress to certificate level and take those opportunities that are available in a much quicker time, provided you've got the key competencies.

Once again, it's not about lowering standards, it's about giving people in the workforce opportunities.

Australia faces unique challenges compared to the rest of the world. Job creation is one of the main benefits that Australia will enjoy as a result of the mining boom- jobs that will last far beyond this period of historic investment.

In the short-term however, the economy is experiencing genuine structural adjustment as a result of a range of pressures, including the high Australian dollar.

The Government recognises that some Australians industries are doing it tough, with the high dollar weighing on tourism, education and manufacturing sectors.

To meet these challenges, my colleague Chris Evans recently announced Australian Government Skills Connect, to immediately target the pressure points in our patchwork economy, meets skills shortages and match skilled workers to new jobs.

Australian Government Skills Connect will see the consolidation of a number of skills programs to allow the Government to target the pressures emerging in the economy and ensure employers and workers are better able to access training support.

It will allow industry to come to government with a whole-of-workforce proposal that can draw on:

- the Accelerated Apprenticeship Program to provide competency-based pathways that recognise skills as they are acquired
- the Apprenticeship Mentoring Program to support apprentices to complete their training
• the Workplace Language and Literacy Program to support the large number of workers who don't have the language and literacy skills needed to access training

• and the Workforce Development Fund, where industry can identify their current and future business and workforce development needs and apply for funding to support the training of existing workers and new workers in the area of need.

As a result, employers who need training support on a range of workforce issues will be able to work with their industry skills council to develop a proposal for funding that potentially covers all of these areas.

It will be a one-stop-shop.

To lead this effort the Government has appointed most of the members of an interim Board for the new National Workforce and Productivity Agency.

The Government will act as a skills broker.

We will work in collaboration to match the needs of emerging industries such as clean energy, along with established and booming industries such as mining and construction, to those sectors confronting the pressures of structural adjustment.

To support the Agency, the Government will focus its skills and training investment to ensure that workers are given the training they need to make the transition from sectors in our economy which are facing decline to areas in which there is strong and growing demand.

Now more than ever we need to accelerate the training of apprentices, boost apprenticeship completion rates and equip all workers with literacy levels that enable them to achieve higher qualifications in their workplaces.

We must be responsive and flexible to build workforce resilience and better support the transition of displaced workers to new jobs.

**Conclusion**

As I have said, the fundamentals of our economy are strong.

We are a relatively small nation, fortuitously located on the edge of Asia and blessed with an abundance of natural resources.

We have a stable and effective system of government with enviable education and health systems.

We have challenges and we have competitive advantages.
But we must not be complacent.

We need to be clear-sighted about the forces at play in our economy and, as a government, we must be both responsible and responsive.

To meet the challenges of an economy in transition and in particular the skills challenge requires a concerted, collaborative approach.

Working together with organisations like yours and industry, we can match supply with demand.

We can create a new and flexible training system to provide Australian workers with the assistance they need to transition to new jobs in booming industries.

And we can secure the future growth of our economy and ensure that all Australians are able to share in our success.