(Check against delivery)

I am delighted to be here today to give the Opposition’s address. Now the theme for this year’s conference as I understand is ‘Balancing the Big Issues’. This is a particularly apt theme in my mind, as the skills crisis this country faces now and into the future, requires a big picture approach, and the skilled juggling of priorities.

All of us here in this room today recognise the importance of a good education. I am a firm believer in the role of TAFE in providing this education. TAFE underpins VET training in Australia as far and away the largest training provider of VET and it does a fabulous job. However, there is also a vital role for the private sector to play in this sphere. There are many high calibre providers in the private sector and they too deserve applause for the role they play.

We should consider the economic environment in which we are operating, with respect to Skills because if we are to achieve high incomes for Australians of the future we have to invest in their skills, for the longer term. The key economic trend right now is that we are becoming defined by the mining boom and weak consumer spending.

On the demand side, our exchange rate is adding pressure on industries

Demographic trends are influencing the volume and type of products produced, including in health and housing
Consumer demands, such as sustainability and online purchasing are influencing production and skill needs.

Economic trends and conditions are the key here – we are defined by the mining boom and weak consumer spending.

We will continue to grow, real GDP growth is trending upwards. Of course China’s boost to our income is vital.

No secret that the mining sector is King – interesting that output per worker in the mining sector is $700 000 and output per worker in the farm sector is $80 000 and output per worker in the manufacturing sector is just over $100 000. This reflects the high level of capital investment in mining and the very high value of our raw materials.

In 2011-12 the farm sector went backwards by nearly 2% and the mining and construction sectors went ahead by 6% and 10% respectively, dwarfing everything else.

As Economist Chris Richardson says;

We happen to live in the blink of an eye in which half the world’s population is having their industrial revolution – a moment in timewhen global demand for industrial commodities has leapt ahead of supply and the price of what Australia sells to the rest of the world has gone through the roof.
Demand growth for skills is high and supply growth is low – meaning there will be costs to corporates and the wider nation

Wage growth will rise putting more pressure on interest rates and exchange rates

This adds up to more skilled migrants to help meet the short term squeeze

I was pleased to see today’s announcement that the Government is about to open the door to semi skilled workers by inviting mining and infrastructure companies to bring in workers previously denied permission from coming to Australia to work. We have a huge demand for these workers, however, down the track I would hope to see a potential role for the TAFE sector in offering further training to these workers.

This potentially could go some way to addressing the significant decline in international students that has occurred over the last few years. Australian Education International data has recorded a decrease in overseas VET visas of more than 45% in 2010/1. In part this can be attributed to some dubious practices by some private sector providers, however, it has been further exacerbated by visa changes made by Minister Evans. From the 1st January 2010, students had to demonstrate or declare evidence of access to $18,000 a year to cover their living expenses. This was an increase of $6000 from the previous year, which to many has proven too great a sum, particularly now given the high value of the Australian dollar and a worsening global outlook. In addition, providers have informed me of significant blow outs in the visa approval process and student concerns over changes to the approved
migration occupations in demand list, which will prevent many current students from staying on in Australia to work in the industry in which they trained.

The Coalition has a proud record on Vocational Education and Training. We remain committed to helping young Australians undertake VET qualifications. The former Coalition Government enabled Income Contingent Loans to be extended to the VET sector in 2007, enabling provision of student loans for diploma, advanced diploma, graduate certificate and graduate diploma courses. This followed on from the provision of FEE-HELP, to domestic students who chose to undertake non-Commonwealth funded courses at universities and approved private providers.

When we were in Government we were vocal in promoting the value of a trade qualification. Too many students (and their parents) view an apprenticeship pathway as second best to a university degree. Yet the reality is that the skills Australia really needs now and into the future are based on the trades.

In addition to promoting trades, we provided generous apprenticeship incentives, both to employers and also to apprentices, particularly in the form of Toolboxes for your Trade, which were incredibly popular, providing practical assistance to apprentices.

We also established the Australian Technical Colleges. These centres provided state of the art facilities with vital industry links for school age students. This enabled them to commence a trade qualification whilst also completing a year
12 certificate. Now I understand that many in the TAFE sector were critical of these Technical Colleges, but ultimately they were part of a broader plan to help boost the status of VET in Australia and to provide a real gold class standard in training. Instead of these high end, targeted centres, we’ve now got Trade Training Centres in Schools. Unlike the Coalition’s Australian Technical Colleges which provided industry-led trades training, Trade Training Centres often struggle from lack of investment and ongoing funds. They may also create a two-tiered system within schools, with many students needing to catch the bus to Trade Training Centres, where they have been co-located with other schools. There is concern that some of these students may feel looked down on for choosing to do trade skills instead of more academic courses. We felt Australian Technical Colleges offered an environment where students all felt they were equal and were pursuing high level studies in the trades.

We do need to encourage more young people into the trades. It has been particularly difficult over the last couple of years, with many dropping out of their courses to pursue careers in the mining boom. Others unfortunately have become disenfranchised with how much their friends were earning elsewhere.

I recently had the opportunity to meet with a young Tasmanian apprentice who told me of fellow apprentices dropping out to work in a call centre- they were struggling to survive on apprenticeship wages and the money offered by the call centre seemed a far better short term option. Unfortunately there are too many young Australians who aren’t viewing an apprenticeship as a viable pathway to a career though. Recently in Melbourne I met with a Group Training Provider who told me of apprenticeships being advertised for up to 2
years, with no suitable candidates found. These apprenticeships were in areas of very high youth unemployment and were with very reputable international companies, offering tremendous opportunities to the right young people.

Under the current Government we have seen some real policy blunders in the VET sphere. We’ve seen a complete debacle with the delivery of the Productivity Places Programme by this Government- instead of really addressing areas of skills shortages, it provided a plethora of qualifications in retail and security, instead of the skills in construction and mining that the then Prime Minister, Kevin Rudd promised. The recent report indicating that funding was provided based on only 1/3 of students completing their qualifications highlighted that this was never going to be the skills saving flagship that the Government promoted. Now I do not wish to be dismissive of this training, however, the reality is that it was a complete administrative failure and did not go near achieving the stated objectives of addressing the skills crisis. It was not good value for 2.1 billion tax payer dollars.

I also have a few concerns about the Trade Training Cadetships. The very name aside- which some have told me makes them think of the Army- they seen just another add on in the piecemeal approach to training employed by this Government. I think that the system is becoming so overwhelmed with different training options- and some with little perceivable difference to other courses on offer. The prime example here is a School Based Apprenticeship. Many parents and students will wonder over the various merits of each pathway of study and become confused. We need to simplify the system to ensure that people have clear pathways presented to them and aren’t overwhelmed by choice. This is where funding could be better directed, to ensuring students are getting quality careers advice before leaving school.
We need to focus on the real reasons why people are exiting their training early. In some instances apprentices are deciding that the work on offer doesn’t really meet their expectations. Often young people in particular are not quite certain what path they want to follow when they leave school. We could ensure that young people get a real opportunity to ‘try a trade’ before leaving school. And there are others, as I mentioned earlier, who struggle to live on apprenticeship wages, particularly if they have left home.

There are a plethora of Government funded incentives on offer for apprentices and employers. Yet despite these incentives, attrition rates are still very high. Apprenticeship incentives are an area where significant overhaul is necessary. ‘A Shared Responsibility- Apprenticeships for the 21st Century’ Report’, published in January of this year did highlight a number of concerns with the existing incentive system. We do need to re-examine the ‘one size fits all’ model of incentives and ensure that incentives are most accurately targeted at those areas where the skills need is greatest and incentives will actually work. Given that the Australian Government invests somewhere in the vicinity of $1.2 billion a year to support Australian Apprenticeships, it is critical to ensure these dollars are not being wasted. Despite existing incentives, retention rates for apprentices are poor and will only further exacerbate skills shortages into the future. The Housing Industry Association undertook research in January 2010 which indicated shortages of approximately 60,000 workers in residential construction alone. This is expected to blow out to 65,000 by 2012.

Predictions for WA see a shortfall of around 170,000 workers by 2015- yet government measures such as demanding English proficiency will make
recruitment even more difficult. We do need to realistically consider whether there may be some positions where workplace fluency would be sufficient.

Another area I believe we do need to address is the often rampant duplicity between the Commonwealth and the States. Where there is clear wasteful expenditure on repetition of auditing, or programmes that really could be consolidated, then this should occur. We really need to step back and look at what is really working and what isn’t and then identify the best way forward to address areas of need in VET training. Particular areas that stand out for me are within the apprenticeship sphere where often State training bodies overlap with the Australian Apprenticeship Centres and TAFE provided staff.

Reducing red tape is another strong commitment of the Coalition. So much time is spent by organisations just complying with bureaucratic trivia- this is time that could in the case of training organisations be spent mentoring students and spending more one-on-one time with those who are struggling.

Along with my colleagues, I have received numerous letters from many in your sector, regarding the COAG agreement on national training. Now, ultimately I do support the concept of contestable funding and a more flexible training system. This being said, I do have concerns with the big stick approach of the Federal Government, which in essence is little more than an attempt to force the states on board with their plan, or risk losing funding. However, I suspect many of you have read the communiqué from the recent COAG meeting and probably like me you are wondering whether there is any more to it than broad brush statements that ultimately give no detail.

Ultimately, the sector needs to ensure that it offers the courses that are in the best needs of the community. TAFE management has to be flexible and
dynamic. I personally am in favour of more autonomous TAFEs, with each TAFE in a position to determine which courses they offer and the mode of delivery best suited to their client base.

Flexibility will be critical in ensuring that we have the right courses to meet the needs of industry. The VET sector needs to work hand in hand with industry to best tailor the courses that will meet the demand and maximise productivity. I have observed local TAFEs with well established links with local industries to deliver the training industry needs today.

I cannot give specific undertakings of Coalition policy, however, I hope my remarks have given some of our core principles in the area. We do want to see close links with industry in particular.

We will encourage young Australians to take up a trade by ensuring that trade qualifications are held in the high regard they deserve and that employers are given the necessary assistance they require to support apprentice training.

We will develop policies to increase the number of apprentices completing their VET courses. We want a system that helps people into areas where they are meeting skills needs and also setting themselves up with a real career. We want a system that doesn’t baffle with its complexity, but one that still offers genuine choice and flexibility of servicing.

Ultimately, Skills ARE the key to unlocking long term prosperity because better skills mean higher productivity.
As economist Paul Krugman says

Productivity isn’t everything but in the long run it is almost everything.

Not only that but a highly skilled workforce is a workforce with higher participation.

The more equipped with skills a person is, the more adaptable they are - and who knows what skills a person will need a few years from now. One thing we do know is the range of skills is getting wider and more complex than we could ever have imagined.