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**SPEECH**

**THE BIG SKILLS CONFERENCE**

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Thank you for that welcome and let me personally thank you in return for attending this important conference, which is the most significant gathering of Australians interested in skills and training for over a decade.

I want to especially welcome overseas guests who have travelled so far and from whom we can learn so much. It is terrific to see the international links being featured at this conference, and I warmly acknowledge the learning from the Americas, Asia and Europe taking place this week.

Today I want to talk to you about the future. Today, I will be outlining the Rudd Labor Government's response to the tertiary sector elements of the review conducted for us by Emeritus Professor Denise Bradley and her team.

Yesterday, I commenced outlining the Government's response at the Universities Australia conference.

A universities conference one day and a vocational education and training conference the next. Two great opportunities with the leaders of two great systems of education, equal in value, driven by separate missions but with a common purpose of preparing Australia for a new age of human capital development.

### **A pathway to the future**

However to understand properly the Rudd Labor Government's vision for the future, it will help if we understand the past.

We value and salute the extraordinary role of our vocational education and training sector in building our nation and our society.

In the good times and the bad, VET has been pivotal to the development of this nation's wealth and its social cohesion.

You can see its contribution everywhere you go. Whenever you visit the suburbs of any Australian city, and see the skills, rewards and independence enjoyed by everyday Australians, you're seeing the pay-off from decades of investment in vocational education and training.

In Australia today, you don't need a university degree to consider yourself successful. That's one of our greatest achievements. And VET did it.

The labour movement played a key role in building this way of life through the workingmen's colleges and mechanics institutes of the 19<sup>th</sup> century. In the 1980s and '90s, Labor created a modern vocational education and training system alongside massive improvements in school retention and university enrolment.

But the success of today's VET system derives from the educators, the employers, the unions, the group schemes, the apprentices and the students who built the system even during the days of government neglect - even during the days of the last government when a sentence of praise for VET was only delivered so a sentence criticising universities could be delivered next.

Because of the efforts of those within the system, 1.67 million Australian students and more than 1-in-2 Australian employers today benefit directly from access to the VET system.

Employer satisfaction levels are high.

And the success of our system is recognised internationally.

Last year the OECD found that Australia "has a very well developed VET system, which enjoys a high degree of confidence."

The OECD singled out our system's strengths: its strong employer engagement, its well-established and understood national qualifications framework and its flexibility and openness to innovation.

We have a world class VET system.

But we can't rest on our laurels because relentless technological, economic and social change is placing new demands on our VET system that will increase in the decade to come.

Technological change is narrowing the gap between the realms of 'pure' knowledge – traditionally the preserve of universities – and vocational skills – traditionally the preserve of VET.

Advances in environmental science are creating new 'green collar' industries and employment opportunities where knowledge of science and practical skills are equally important.

It's the same in biotechnology, where our laboratory assistants and technicians need a sophisticated understanding of the building blocks of human life.

Expanding service industries, like early childhood education and aged care, are pushing VET further into new professional and para-professional directions that require an understanding of physiology and psychology.

The demand for higher levels of knowledge and skills is growing in almost every industry you could name.

The pressure is increasing and has been given an immediate jolt by the world financial crisis. Training and retraining will be an essential part of Australia's economic recovery.

### **Achievements to date**

Our central commitment to the Australian people in November 2007 was to deliver prosperity and equity by making Australia one of the most highly educated and skilled nations on earth.

VET is crucial to this.

We've already made a strong start to improve our VET system.

We have established a new multi-billion Education Investment Fund, open to universities and VET institutions alike, to invest in the capital requirements of our further education providers.

Last December we launched the \$500 million Capital Fund for VET and community education in order to improve the quality of teaching and learning right across the system.

And our Trade Training Centres in Schools Program will also provide \$2.5 billion over 10 years to enable all secondary schools to access new trade facilities in traditional and emerging fields.

### **The task facing VET in a tertiary environment**

The common thread running through these investments is how they embed VET into our schools and how they insert VET into the centre of the emerging tertiary educational landscape.

Beyond this project of modernisation, however, is the need to leverage these investments into stronger and richer vocational learning and pathways.

This is why the Bradley Review is so important because of the platform and logic it provides for our vocational and academic systems to work and talk together.

This is not about bolting on new policies to an already complex system. It is about fundamentally rethinking separate systems and institutions to create better connected learning for millions of individual students.

We must offer students a broad band of learning that engages them intellectually and technically; that stretches their imagination, ingenuity and problem-solving skills.

It must connect students intimately to the world of work, with all the richness and frustrations that sometimes entails, so they understand how to work in partnership with others to reach their potential.

This new pathway must be the start of a journey that opens doors to different fields of learning in trades, services and professions; to employment and self-employment in businesses large and small.

VET has to be there to provide a career path for the teenager who left school at 15 - and to teach business skills to the lawyer who left law school at 35.

It must be there to teach English to new migrants – and to teach Mandarin to the descendants of First-Fleeters.

To train early childhood educators – and provide the universities of the third age.

And it must give new skills and new opportunities to our remote, Indigenous communities.

It must remain what it is – one of the great enabling institutions of Australian democracy.

### **The principles of reform**

This role in Australian society can only be further realised however if we enhance the capacity and strengths of VET.

The Government will follow principles that are consistently guiding our reform of the nation's schools and universities.

There must be an emphasis on choice, quality, benchmarked outcomes and full public transparency.

There must be a stronger external review and analysis of the sector's performance and contribution.

Access and skill formation must be driven by the right balance between student choice and employer need. What happens in workplace training will be crucial.

And there must be an emphasis on the development of pathways and qualifications of greater depth, breadth and rigor – all the way from foundation and entry-level courses through to artisan and highly specialised skills.

All providers must play a role in raising quality. But I want to emphasise just how important TAFE and the community sector are. They are the engine rooms for much of Australia's training effort and success. Much will depend on the continued health and sustainability of these public providers.

Equally, much will depend on being able to consistently assure students and industry of the quality of training being offered and delivered by all providers. The growth of market forces in VET has taken place at a cracking pace, and I am determined that the integrity of provision and qualifications will be maintained and enhanced.

States must remain as major funders and owners of facilities, and important contributors to policy. They have a direct stake in skills and the economic development and social inclusion of their communities.

The reform process in VET will be a positive partnership between the Commonwealth, the States and the Territories. But we will also engage more openly and meaningfully with industry, providers and other stakeholders in coming months.

### **The key pillars**

Our aspirations for reform of VET can be summarised by the following key pillars:

A national system. With robust, nationally-accredited qualifications of breadth, depth and intrinsic merit that connect to further pathways in work, learning and the community.

A quality system. A sector that embodies quality in all aspects of delivery and is transparent in its governance, funding and performance.

An accessible system. Where those new workers, existing workers, youth and industry who will benefit from access to the VET system can readily get that access.

A diverse system. Encompassing public and private providers tasked with meeting existing and future skill needs.

A productive system. Learning that builds the capacity, innovation and productive potential of industry and communities.

In coming weeks and months I will elaborate on these pillars.

### **Speaking the same language**

Australia's vocational and academic systems must be able to speak a common language. They must work together to address Australia's knowledge economy needs and they must develop easier pathways between each system for Australian students.

Like an Apple Mac and a PC, our university and VET sectors need the right bridging software to connect effectively. The seamlessness of qualifications, fees, income support and regulatory oversight will all have to be re-examined as we look to the future.

We know this is already happening, with both systems currently awarding knowledge-based and vocationally-based qualifications. TAFE institutes are now awarding undergraduate degrees in areas traditionally the preserve of universities and university courses are featuring strong technical and practical components.

But we need to take this interaction and joint purpose to the next level. It needs to move beyond individual agreement and recognition to systemic reform.

In the qualifications sense, it involves creating better links between competency-based qualifications and merit-based qualifications.

In the physical sense, it involves better use of infrastructure for teaching and study. It means better sharing of facilities, better planning of course offerings and better student interactions.

In the teaching and learning sense, it means a new intersection of design and technique across disciplines and sectors to meet new demands created by sustainability, the ageing of the population and other important trends.

In the construction arena for example, university-based architects, engineers and climate experts will have to create new synergies with instructors in plumbing, carpentry, electronics and other skilled trades.

Ultimately, we need the two systems to work together to produce integrated responses to national needs in knowledge, skill development and social inclusion.

Two systems, one shared vision: a stronger and fairer Australia.

To build these vitally needed pathways between universities and VET, I announce today that the Government will commission the Australian Qualifications Framework Council to improve the articulation and connectivity between the university and VET sectors to enable competency-based and merit-based systems to become more student-focused.

Today I am also announcing that the ambit of Skills Australia will expand to encompass the full scope of Australia's labour market needs, to give advice to the Commonwealth about the effectiveness of both the university and VET systems in meeting the broad range of Australia's skill needs.

This extension of Skills Australia's remit is an important step because it recognises that in planning and thinking about workforce needs a holistic approach is necessary.

Skills Australia will have access to the level of research and employment market intelligence it needs to make a real impact on future VET provision.

During 2008 proposals to extend a student entitlement model of funding for VET aroused great passion. I welcome the recent policy seminars conducted by the National Centre for Vocational Education Research and also taking place at this conference on this issue.

Victoria is most advanced down the path, with assistance from the Commonwealth.

Movement in the direction of a student entitlement for VET represents a significant change, the merits and implications of which should be publicly debated and discussed. I also look forward to recommendations on this issue coming forward from Skills Australia.

### **A national system.**

In a globalised, knowledge economy, skills are no longer state-specific. That sort of thinking goes back to the days when Australians from different states drank different beer and followed different football codes.

The type, quality and availability of skills are all now a *national* concern.

Indeed the market for work and skills is international. Our universities are increasingly pitching to a global labour market. My goal is to ensure that vocationally qualified workers have similar opportunities to compete on a global scale.

A key step is the need to be more nationally consistent and rigorous in the way we register, accredit and monitor courses and providers and the way we enforce performance standards.

Our starting point will be the formation of a single tertiary education sector ministerial council, with representatives from all tertiary education and training systems. We need the Commonwealth, the States and the Territories working cohesively across Australia's knowledge and skills needs.

At the same time we will take heed of the recent Skills Australia paper on governance. That paper revealed the extent of the administrative clutter strewn across the VET landscape.

A key task is to consolidate roles, clarify responsibilities, streamline committees and agencies so that the task of governance is comprehensible and logical. And so that all participants in the sector have clear and unambiguous accountabilities.

Yesterday I announced the Government's aspiration for a new national regulatory and quality agency for higher education to streamline current regulatory arrangements to reduce duplication and provide for national consistency

Regulation in the VET sector is currently fragmented between jurisdictions. The auditing and monitoring of provider performance varies from state to state. The benchmarks used to assess providers can lack transparency.

To counter this, the Government will work with the States and Territories to develop strong and cohesive national regulatory arrangements for VET. It is important that this work progresses alongside the establishment of the proposed higher education regulator.

Improved quality assurance will throw a spotlight on areas such as retention, exit standards and graduate outcomes.

The sector as a whole needs to focus squarely on the unacceptable rates of completion of VET courses and apprenticeships.

There are a number of reasons for low completion rates, but the inefficiency, waste and lost opportunities represented by current levels of non-completion must be addressed.

It is a challenge I put before the whole sector for analysis and, in consultation with stakeholders, resolution.

### **Skills for recovery**

Finally, let me turn to the issue everyone is discussing - the global financial crisis.

We know that a crisis arising in the sub-prime mortgage markets of the United States of America has led to the collapse of some great financial houses. A resultant breakdown in trust and lending has pushed the world towards a global economic recession.

We know this is a tough time for businesses, now ever more anxiously keeping an eye on the bottom line.

But even in this period of gloom, we must recognise that our future economic strength is going to depend on developing the right skills needed to underpin the next period of prosperity.

We know from experience the great cost of not using the good economic years to build and strengthen our skills base. We must not let the current economic downturn diminish the skills effort of governments and industry.

Manufacturing, tourism, finance, mining and others are going through very significant and painful periods. The Rudd Labor Government has already acted decisively to support jobs and to support skill development for workers losing jobs and sectors going through serious structural adjustment.

We have to do all we can to keep on Australia's apprentices.

The Rudd Labor Government has acted to support out-of-trade apprentices, and is working with the States, employers and group schemes to make good on the hope and hard work of our aspiring tradespeople.

The \$950 Training and Learning Bonus paid to students and people outside of the workforce returning to study will encourage many to make the decision to improve and modernise their skills.

We have boosted the national training effort by providing more than 700,000 Productivity Places designed to enhance the skills of jobseekers and existing workers. 85,000 places are earmarked for apprentices.

## **Conclusion**

The next wave of prosperity for Australia will depend on the extent to which we develop a higher level of value-added production and services.

That is why the sweep of reform the Rudd Labor Government is embarking upon across education and training is so important. Unless we overcome the fragmentation and complexity across our post-compulsory landscape, we will not make the transition to a knowledge based economy and society that is necessary.

Just as important as attracting people into training will be the need to see that the skills and knowledge they gain produce personal, social and community benefits.

The strategic focus of government will increasingly shift to opportunities for workforce development:

- to build the foundation skills in literacy and numeracy that are needed;
- to advance technical expertise; and
- to actively link skills and innovation.

My message today is: how we can turn VET from a system that has served Australia so well in the past – to a pathway that can serve us even better in the future.

VET is the vital ingredient that can spark a whole new tertiary landscape for Australia.

And with the global financial crisis, it steps onto centre stage of economic policy.

Our mutual task – government, industry, educators, participants and communities - is to ensure that VET helps the nation come out of this crisis more highly skilled, more economically and socially resilient and more capable of preparing for the next era of growth.

Your contribution will be crucial.

Thank you.