

Speech to NCVER Conference, Melbourne, November 24, 2006

- I congratulate NCVER on this Project – *A Well Skilled Future*
- I believe that the work of NCVER must be folded into the fabric of all government policy decision-making in the vocational and technical education area
- This has not been the case up till now
- It is to be hoped that this major work will contribute to a new approach being adopted as to how governments and the community plan for the future and for our future skills needs
- “Piecemeal, patchy and paltry” have been more the kind of words one would use to describe much of the VET planning up to the present
- The current skills shortage and the shortage we will continue to experience have been, in part, the result of “piecemeal, patchy and paltry”
- So more power to NVCER for this undertaking
- In the brief time available I would like to comment on some of the major themes, direct and indirect, that I see underpinning the work of Sue Richardson and her colleagues
- Firstly, a common theme flowing through much of the work contained in “A well skilled future” is I believe a deep and abiding faith in all things “**market**”
- I must say I do not enthusiastically share that faith
- I believe that there must be a far more interventionist role for government in VTE policy than there has been for the past couple of decades
- The market has **not** delivered an embedded training culture in business
- Indeed, much of business has vacated the training market altogether and as our research project showed last year with the **Getting it Right** report (what employers and apprentices have to say about apprenticeships) employers only re-entered the training market once they had effectively “hit the wall” in terms of their capacity to produce as a result of strong and sustained economic growth which increased the demand for tradespersons.
- Moreover, training, as a percentage of payroll, continues to decline;
- Put simply, business and industry have NOT taken the lead in the training market;

- consequently, it is time for government to take up the leadership cudgels
- Government **must** lead and business and industry **must** strengthen their role through more effective and dynamic partnering arrangements - the role of partnerships is an area that Sue and her colleagues have clearly identified in charting the way forward
- Secondly, Sue's work also forces us to once again confront the issue of how best to sell and promote the value of VTE to potential clients, users, providers and the wider community
- We need to value VTE better
- We need to tell the stories better
- We need to demystify, de-bureaucratise and de-monsterise the thing that is VTE when planning for the future
- The role of the new Institute of Trade Skills Excellence could well make itself useful and relevant here
- Thirdly, Sue Richardson's work is further ammunition for those of us who cry out for greater government and non-government investment in VTE – in going forward, we cannot afford to just do more of the same and we certainly cannot afford NOT to invest more
- Recent work done for the National Resourcing VET Action Group (which reports to COAG) and of which I am a member, bears this out and is worth repeating here
- I only feel at liberty to do so as, whilst the report remains confidential, it has been regularly quoted in media outlets such as the *Australian Financial Review*, so I feel I am not breaking any confidences
- To summarise the research that has **already** been publicly aired :
- For the decade 2006 – 2016:
- The VTE sector will need to supply a total of 2.47 million qualifications
- The highest growth areas will be at AQF Diploma and Advanced Diploma levels
- The core of the system will remain at Certificate 3
- Based on current supply, there will be a net shortfall of 240,000 people with VTE qualifications – shortfalls will be experienced at Diploma and Advanced Diploma levels as well as Certificate 3 (including trade training which will number 112,000)

- To address this situation, a **5 %** per annum increase in investment will be required
- These projections are considered conservative and do not take into account the additional potential effort needed to increase labour force and educational participation amongst a range of cohorts including early school leavers, low skilled adults and others
- Increased investment then is paramount – yet at the last meeting of commonwealth/state training Ministers, the issue of increased funds being put on the table did not even appear to be on the agenda
- This is crazy – we cannot do this on the cheap – it is high time that all stakeholders view expenditure on training as an investment and not a cost
- Three further issues I want to touch on briefly
- In the Bill Martin paper *Skill Acquisition and use across the life course* the following point is made:

People in trades occupations display a distinctive pattern, whereby they obtain training and enter the occupations by their mid-20's and then steadily exit the occupations over their working lives, beginning soon after they qualify

- This is an extremely important observation – in effect, highlighting the “bleeding” of the trades
- RETENTION *after* completion of the trade certificate is as important as retention whilst **doing** the trade apprenticeship and just as important as getting more to sign up to a trade in the first place
- The value of doing the trade and continuing to do the trade must be embedded into the culture of trade work
- Just as we must somehow create a better training culture and trade culture into more of our businesses, we must also create a culture of value within the trades themselves
- How can we do this?
- I believe that the school system holds the key
- Retention and culture can begin in the schools
- School based apprenticeships and vocational training must be embraced in every school and in every school system

- The government's Australian Technical Colleges and various State government's Trade Schools will hopefully be key drivers in this agenda
- Moreover, retention in the early years of the trade course could be substantially aided if we were to pay them more
- The penultimate issue I would like to reflect on relates to Jack Keating's paper *Current vocational education and training strategies and responsiveness to emerging skills shortages*
- Throughout this paper, the issue of flexibility in delivery of training stands out
- And so it should!
- We use the word a lot – but still we crave for genuine flexibility in many public sector training institutions
- 2/3rds of group training organisations are RTO's – a number of them became RTO's because they wanted genuine flexibility and choice in training delivery and that often the local TAFE did not deliver
- One example will suffice here to make the point
- Believe it or not, in 2006, GTOs immersed in the traditional trades, particularly in building and construction, can be bought to their knees *if it rains for a few days* – these are the very times when they would like to rotate their apprentices back to their local TAFE, utilising their down time productively
- But they cannot
- What we are talking about here is not rocket science – just a capacity to be able to respond to short term flexible training demands – demands that clearly are still not able to be met by the majority of public providers unless they are given many months notice
- TAFE must understand industry training needs and trends and implement them at the local level – often this is not the case – processes are simply too restrictive and barriers encountered
- In charting the way forward then, we **must** pay more than lip service to these restrictions and barriers
- The final point I would like to make has to do with the role of the training intermediary in planning for the future
- Planning for a skilled future **must** include a significant role for training intermediaries like group training

- The single largest network employer of apprentices and trainees, responsible for one in five traditional trades apprentices, one in five indigenous and disability apprentices and trainees and one in three school based apprentices should be folded in at the ground floor of **any** future planning process
- Add to this the significant influence that group training wields in hundreds of communities across the nation and the social and training infrastructures that group training organisations have built, then the case for *the* training intermediary – group training – to be a critical player in future planning in VTE and our skilled future is unquestioned
- Again, I commend NCVER for commissioning this important body of work
- It is no longer enough to approach the issue of skills, skills development and future skills planning from the periphery, with small steps
- We need a consolidated, results-driven, long term strategy that deals comprehensively not only with the policy questions but the political ones as well – and this work makes a great contribution to that effort