



AUSTRALIAN TECHNICAL COLLEGES (FLEXIBILITY IN ACHIEVING AUSTRALIA'S SKILLS NEEDS) AMENDMENT BILL 2006

Second Reading

21 June 2006

Ms GRIERSON (Newcastle) (6.17 p.m.)—I rise today to speak on the [Australian Technical Colleges \(Flexibility in Achieving Australia's Skills Needs\) Amendment Bill 2006](#) and support the amendment moved by the Deputy Leader of the Opposition. But I must also note that the previous speaker, the member for Moncrieff, is obviously wearing his white shoes today. The legislation before us seeks to bring forward funding for the proposed 25 Australian technical colleges from 2008-09 into 2006-07. While the total funding amount from 2006 to 2009 remains the same, some \$88 million is being bought forward.

Labor does not oppose the move to bring this funding forward—heaven knows the Australian technical colleges scheme needs it after the way the Howard government has bungled its implementation. What we do oppose is the systematic way in which this government has underinvested in the skills of this nation's people over the past 10 long years. Even with bringing forward this funding, these Australian technical colleges will not produce their first qualified tradesperson until 2010. That is 3½ years away. That seems a funny way to address what everybody else in the country is calling a massive, immediate, shortage of skilled workers. Indeed, the skills crisis has got so out of control under the Howard government that by 2010, according to the Australian Industry Group, this nation will need an extra 100,000 skilled workers. The Howard government's Australian technical colleges will have produced just 300 skilled workers by that time. What a pathetic outcome for the \$350 million the government is spending on this.

Only four Australian technical colleges are currently operating, despite their being one of the centrepieces of the Howard government's election campaign back in 2004. Indeed, looking at the locations of the technical colleges does give a clue as to why that might be. Nineteen out of the 25 proposed colleges are located in Liberal or National Party seats, many of which are marginal. Eighteen months after the election, only four of these colleges are up and running. And with recent reports suggesting that four are in danger of being scrapped altogether, it is clear that skilling our workforce is not the high priority that the Howard government pretends that it is. Apparently, it is interested in the skills crisis only around election time when it can pork-barrel with proposals to build these new colleges in its marginal seats.

The government cannot say it has not been warned about the skills crisis. The Reserve Bank of Australia's latest statement on monetary policy clearly stated that the national skills crisis is holding back our economy. The RBA said:

... that lack of suitable labour was a bigger constraint on (business) activities than more traditional concerns about the adequacy of demand or sales.

Most recently, an international survey found that half of Australian businesses felt constrained by a lack of skilled staff. Comparing us to other nations, it found that only Botswana had a bigger skills crisis. And the government also has its own report into skills shortages and the ageing population, the *Workforce Tomorrow* report. This report deals with Australia's ageing population and its projected shortfall of skilled workers. Unfortunately, since its release in November last year, the government has done nothing but use *Workforce Tomorrow* as a justification for its Work Choices package. That is a shame because the report actually raises serious questions—but the government has got the wrong answer. The response by the Minister for Employment and Workplace Relations, Mr Andrews, to this report, that that is why we need Work Choices, would be laughable if it were not so serious for the workers of this country. How driving down wages and conditions, doing away with penalty rates, removing protection from unfair dismissal and all but abolishing collective bargaining creates a skilled workforce is anyone's guess. In fact, it defies logic. What it actually creates is a new class of working poor, vulnerable to exploitation and dependent on the goodwill of the boss, not the law of the land, to maintain their dignity as workers.

Unfortunately, the Howard government has no plan for sustaining this prosperity in the future. It has wasted its opportunity to do something in this latest budget. It has wasted the past 18 months when it should have been getting these technical colleges up and running. It has wasted the past 10 years when the looming skills crisis was brewing on its watch. Australia is the only developed country which has actually reduced public investment in TAFEs and universities. Public investment in Australia's universities and TAFEs has fallen eight per cent since 1995. The OECD average is an embarrassing 38 per cent increase, yet all this government can manage, when it comes to investing in knowledge, is a measly eight per cent decline.

On budget night we saw yet another wasted opportunity, with all serious commentators and economists crying out for the Treasurer, Peter Costello, to use his \$17 billion surplus to invest in the skills of our workforce—but the Treasurer did nothing. So the budget was all about the Howard government giving up on increasing productivity by not acting on this skills crisis. It was the Howard government saying that importing 270,000 skilled workers from overseas is an adequate response to that crisis. It was the Howard government saying that technical colleges, with their paltry 300 graduates in 2010, is an adequate response to the skills crisis.

It was the Howard government saying that an eight per cent decrease in public investment in universities and TAFEs is an adequate response. And it was the Howard government saying that stripping the rights of workers through its extreme industrial relations regime is an adequate response.

Well, it is not an adequate response.

The Howard government would know this if some of them came out into the real world and asked some real people about it. They should perhaps ask the 8,000 people aged between 15 and 24 who are unemployed in my electorate of Newcastle whether they think it is an adequate response. Ask the 300,000 Australians that the Howard government has turned away from university and TAFE whether it is an adequate response.

Ask the 40 per cent of people who do not finish their New Apprenticeships training whether it is an adequate response. That is not true either? No, I think it is true. Ask all those workers around Australia who have been sacked and rehired for lesser pay and conditions whether that is an adequate response. The answer is clearly no, it is not an adequate response; it is an absolutely pathetic response.

A real response would be to take up Labor's proposals to promote skills training in our schools. Under Labor's skills blueprint, trades technology and science would be taught in first-class facilities; a trades-in-schools scheme would double the number of school based apprenticeships and provide extra funding per place; specialist schools would be established to teach trades technology and science in senior years; and a trades taster program would allow years 9 and 10 students to experience a range of trade options. We need to give our kids a go at trades in our schools. We need to get to them early and get them involved. Labor's skills-in-schools plan would get them in. Labor's plan to overhaul the New Apprenticeships scheme would keep them in.

Under Labor's apprenticeship plan, a range of incentives would be offered to increase the number of young Australians completing their training. These would include an \$800 per year skills account, which would abolish up-front TAFE fees. They would also include a \$2,000 trade completion bonus under which apprentices in traditional trades would receive a \$1,000 payment halfway through their training and a further \$1,000 payment at the completion of their apprenticeship. This scheme aims to lift the Howard government's woeful 40 per cent apprenticeship completion rate to at least 80 per cent.

Labor is also committed to abolishing the Howard government's skilled migration visa so that young Australians are given the opportunity to train first. Labor's plan recognises that young Australians are crying out for opportunities and that Australian businesses are crying out for skilled workers—tradespeople, chefs and child-care workers. This is particularly true in my electorate of Newcastle, where our industries are building a growing reputation for innovation, value adding and excellence. This reputation can only be maintained and enhanced if they have access to a skilled workforce and the means to train young apprentices.

The Howard government's proposed technical college in my region is expected to enrol year 11 students in October next year. That is three years after it was promised at the 2004 election.

These year 11 students will finish their training by around 2010. That is what this government's commitment to skills and training in our region adds up to. Yes, the Howard government has given up. Fortunately, though, Labor has not given up on training our young people and nor have our local businesses and training organisations. The Hunter Institute of TAFE has a well-deserved reputation for

training people in the areas which our local industries need. The institute's electrical engineering department provides a recognition program for avionics technicians from RAAF Williamstown. This process enables current technicians to upgrade their skills and qualifications to meet current aerospace industry demands and standards. This section also provides advanced training in electronics and communications to RAAF students.

The Hunter Institute engineering faculty is providing training for new apprentices in recognised skills shortage areas that are required for the manufacturing, engineering, mining and defence industries. Last year its apprentice enrolment in trades included 568 in metal fabrication, 432 in fitting and machining, 687 in electrical, 119 in electronic and 120 in detailed drafting. To assist all local industry to meet the need for skilled workers, the Hunter Institute has provided prevocational training. These courses equip young people with technical training and also provide them with vital work placements and assistance with communication skills.

In 2005, a total of 373 positions were offered across relevant trades, funded through a combination of state and federal programs. An additional 225 prevocational places will be made available under the federal government's New Apprenticeships Access Program funding. These courses are delivered through an innovative partnership between Alliance Training Solutions and the Hunter Institute and provide a five-week accelerated training program in metals or electrical trades. The focus of these programs is placement in real work, and it has resulted in 82 per cent of graduates gaining employment in engineering or related fields. I say to the government: give us more of that and then we might make an impact. The technical colleges certainly will not do that.

An additional 50 prevocational places in metal trades have been offered to long-term unemployed people in partnership with Job Network members, and a further 45 prevocational places in metal trades and electrical trades have been offered through the state government's TradeStart program. That is a total of 693 young people who are gaining skills that are highly valued in the workforce in preparation for employment—an investment in the skills future of our region.

Some time ago, the Hunter Institute also played a leading role in providing training for workers using composite materials for the minehunter project. At present the institute is providing further composite training for apprentices based at RAAF Williamstown in aerospace companies and tailors training courses for individual firms who are carrying out defence work. With Sensation Yachts and Azzura Yachts opening business in the Port of Newcastle, we know that that training is a real investment in the region's future that will sustain our prosperity.

Because our TAFE works with local industry in such a strategic way, it is not surprising that demand for enrolments at TAFE increased by about 6.5 per cent this year, following a 30 per cent increase the year before. Construction and engineering were among the areas of highest demand and that is great news. It shows our young people are eager to learn a trade at our excellent local TAFE.

Unfortunately, the Howard government is not so eager to have these kids learn a trade, allocating no new funds to our TAFE or indeed to any TAFE in this country.

Instead of putting up some money to meet a clear demand in a well-established institute of TAFE, the government is trying to starve it to death by diverting funds to a private technical college that will only produce graduates by 2010. The minister said that I am wrong; I hope he can prove it. We will track the number of graduates from that college, if it ever gets off the ground.

I would also like to put on the record my admiration for other local organisations involved in skills training. A significant cluster group, HunterNet, was established in 1992 and is an innovative cooperative of small and medium sized Hunter based manufacturing, engineering and consulting companies. It promotes advanced networking to combine skills, resources and industry knowledge to reinforce the Hunter's reputation as a prime national manufacturing region. HunterNet led the way with group training initiatives based on industry needs. The results of HunterNet Group Training's work has been outstanding. More than 80 per cent of the apprentices and trainees who go through their system complete their indentures and remain in full-time employment with the host or parent company that they trained with. Another great example from our region is the Hunter Skills Development Program, initiated by the Australian Industry Group in 2004. The program has been able to boast a number of successful outcomes in its first year, including a 40 per cent increase in manufacturing and engineering trade apprenticeships. It also provided assistance to over 60 industry members with upskilling and training advice for employees. It facilitated the participation by over 200 people from business, schools and training providers in two industry school forums, and established a 10-week marketing campaign on manufacturing and engineering pathways, run by *Rural Press* newspapers and circulated to over 323,000 readers across the Hunter region.

The Army Reserve Traineeship and Apprenticeship Program enables young people to undertake a traineeship or apprenticeship through HunterNet Group Training and to concurrently enlist with the Army Reserve for the duration of their training. Apprentices spend 75 per cent of their time with a civilian host employer and 25 per cent of their time with the Army Reserve. At Adamstown Barracks there are currently 20 heavy vehicle drivers, four armourer fitters and two chefs in training. This program is a partnership between the Army Reserve, HGT Australia and the Hunter Institute of TAFE. This regional skills commitment would be the envy of many regions in Australia. It certainly creates a culture of excellence and has allowed businesses in our region to cope with the skills deficit much better than most.

Last week, Jessica Paton, a chef at Wests Leagues Club at New Lambton, was named apprentice of the year at the New South Wales Group Training Awards. Jenna Doherty was named school based trainee of the year. HunterNet Group Training Australia, based in Broadmeadow, won the best practice category in the state, while the Hunter Valley Training Company was highly commended. But these dedicated organisations cannot do it on their own. They also need real support from the Howard government if we are going to fill all the skill shortages that currently exist. Instead, the Howard government has recently withdrawn funding from two of the key training groups in Newcastle. The Department of Education and Training New Apprenticeship Centre, DETNAC, and the Australian Business Ltd New Apprenticeships Centre have not had their contracts renewed in the latest round of tenders to provide apprenticeship services. This is despite the fact that DETNAC has been providing excellent support and services to local apprentices and businesses since 1998. Instead,

contracts for the region have been awarded to MAS National, MEGT and Mission Australia.

It should be noted that the Newcastle region also covers the New South Wales North Coast, so I would hope that these new contractors will establish offices in our city. I know that both Mission Australia and MEGT have offices in Newcastle delivering other services and that Mission Australia intends to open its Newcastle new apprenticeships centre soon. MAS National appears to be a Melbourne based company, with no existing or prior links to our region. I would not like to criticise these companies before they begin their work, and I wish them well. However, with the determination of the Howard government to drive down costs in its contracting arrangements, or perhaps support some favoured companies, the needs of local communities are often ignored, as are the local knowledge, expertise and networking track record of existing companies. Between them, DETNAC and ABL currently provide 90 per cent of the services in the Hunter, so the government's tendering process will see almost all of the services that exist having to go through a new provider. That does not sound efficient or sensible to me. It seems a very unnecessary shake out of services that have been delivered very well up until now.

DETNAC has an apprentice, trainee and employer satisfaction rating of over 90 per cent, yet has not been considered worthy of a new contract. Both groups also have a great deal of experience, a high profile and the essential contacts and commitment to our region to enable them to work effectively within our community. I understand that one major user of new apprenticeships centres in Newcastle will now access services out of Sydney so that they do not have to change providers. Other users have reported concerns about proper arrangements being in place at the time of the new arrangements coming into force on 1 July. We cannot afford a six months delay or a three-month delay in getting these services going.

At a time of severe skills shortages, if these new arrangements do not work out for apprentices or for businesses who rely on new apprenticeships centres, it will be necessary to hold the government to account. It will be their fault. In areas such as migrant health support services we have seen what happens when the government bungles its contracts to the detriment of the Newcastle community.

To go back to the legislation at hand, we support bringing forward funding to try to do something—anything—to get the government's private technical colleges off the ground. But we know it is a limited response that has had more to do with pork-barrelling than building the skills of the nation. Newcastle is a region committed to training its workers; it always has been. Our dedicated local organisations will continue their good work. It is time the government came on board with some real solutions of its own. Unfortunately, the Australian technical colleges are not a real solution and will not build the future of this country.