

# Transcript

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Program: **ALAN JONES**

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Compere: **ALAN JONES**

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Item: **DISCUSSION OF THE ISSUE OF SKILLS SHORTAGES AND THE NEED FOR INCENTIVES TO ENCOURAGE RETRAINING AND HIGH PARTICIPATION RATES IN TRAINING.**

**INTERVIEWEES: HEATHER RIDOUT, CEO, AUSTN INDUSTRY GROUP; EXCERPT: IAN ARMSTRONG, MP**

<b>Demographics:</b>	Male 16+	Female 16+	All people	ABs	GBs
	94000	101000	195000	39000	106000

ALAN JONES: The Prime Minister addressed the issue of skills shortages yesterday, he declared the problem was the unavoidable product of economic growth. He challenged the states and territories to make their schools and TAFEs more responsible to employer demands.

He identified three challenges, improving basic skills in the work force, raising apprenticeship completion rates, increasing opportunities for people to gain high level skills, particularly in science, engineering and technology. And he said the nation's education and training systems needed further far reaching reform.

Well, the Australian Industry Group's Chief Executive Heather Ridout has said that the inability of businesses to secure the skilled workers they need poses the biggest threat to the competitiveness of industry.

Heather Ridout is on the line. Heather, good morning.

HEATHER RIDOUT: Good morning, Alan.

ALAN JONES: Heather, you people change your names so often. Please explain to our listeners who the Australian Industry Group are.

HEATHER RIDOUT: We were formed in 1998 by the merger of the Metal Trades Industry Association, which you were very familiar with, Alan, and the Australian Chamber of Manufactures. And we formed this big organisation called the Australian Industry Group —

ALAN JONES: Representing how many businesses?

HEATHER RIDOUT: Around 10,000, around Australia in every state, manufacturing, construction, IT, transport, call centres, labour hire. It's a very big organisation.

ALAN JONES: Right. Now earlier this morning, I spoke to Ian Armstrong about this issue, because I know you're talking about a billion dollar fund to boost the capability of the existing work force. Ian Armstrong, I happen to think, is one of the finest MPs for rural Australia that you'll ever get. And he made this point, Heather.

[Recording excerpt]

IAN ARMSTRONG: I could start probably 20 welders, 10 drafts people, probably 15 or 20 engineers just in my own electorate this morning if we could get them. I've got skilled trades people sort of 55 years of age, including a couple of painters, who are probably technically illiterate in these days, yet they are required to go and do these confounded skills tests, which they're not prepared to do often because there's a certain amount of embarrassment, I guess, and they retire early.

Why is it, Alan, look, I've got two stock and station agents, both have had more than 50 years in the agency in the business in the country, they've got to do upgrading skills every year, it takes them a week to do it. These fellas should be doing the lectures, not doing ... not having to do the tests. [End recording]

ALAN JONES: How do you answer that? That's a good question, a good comment.

HEATHER RIDOUT: Well, Alan, one of the big solutions is to focus on skilling up people. Now our members are telling us, Alan, every two to six years their skills change, the needs of the workplace change, so they have to focus on skilling their workers.

But older workers learn differently, they don't want to go and sit in the classroom and pass tests like a school leaver. So one of the things we're arguing for, a key thing yesterday, was to shift the way you assess people ... assess the way you teach them to the way older people like to learn.

Now one of the other issues is that so far those welders who don't have a formal qualification, don't have them recognised, so that they can't move from employer to employer—

ALAN JONES: So we need a system which makes them comfortable...

HEATHER RIDOUT: Exactly.

ALAN JONES: ...about relearning, rather than put everyone in the same hole.

HEATHER RIDOUT: That's exactly right. And we need to make sure that their skills that they have are properly recognised. So if you're a welder, you're tested and you've got a qualification that says I can weld according to these skills. It's a very technical area, but you have your skills recognised and they're portable, you don't just rely on an employer to give you a reference, who you might have had a falling out with, or whatever.

So we've said, at the beginning of the process, everyone has an entitlement to have their skills recognised. Now—

ALAN JONES: So you're talking the same lingo as the Prime Minister, train the existing work force to address the skills shortage. Now you can't do that without money. You're asking for a billion dollar fund. That oughtn't be beyond a rich country like this, should it?

HEATHER RIDOUT: Absolutely. And we've got all this money and we're all worried about inflation and interest rates going up. The best thing we can do is spend our money on our people, because we've got an ageing population. Those welders Ian Armstrong was talking about are 55, well, they've got at least another good 10 years left in them...

ALAN JONES: Yes.

HEATHER RIDOUT: ...and, you know, why wouldn't we invest in them?

ALAN JONES: I agree. Do we need, Heather, a man – I know this sounds like social engineering – do we need a manpower planning policy, so that we can think ahead as to what our manpower needs might be down the track?

HEATHER RIDOUT: The Irish are very good at this. They have exactly that. They don't call it manpower planning, that's a very old fashioned term, you and I would be well aware of that, but it's a labour forecasting board and they tailor a lot of their education and training system from their higher education to other areas, you know, technical education and they charge different fees according to what skills are going to be in demand in five years time. It's a very successful policy and it's been a core policy in reducing unemployment in Ireland to virtually zero.

ALAN JONES: A high drop-out rate in apprenticeships, why?

HEATHER RIDOUT: It's because kids don't understand workplaces and workplaces don't understand what the kids are like and they go in and they just don't enjoy the job and they leave and they haven't got the right attitude for employers so the employer says I don't think you're for us.

One of the things we're doing, we've got 28 careers advisers based in industry around the regions and cities of Australia and we're working at bringing skills and industry closer together. And you'll find if that works we won't have these drop-out rates in apprenticeships.

ALAN JONES: See, I find, Heather, I mean, if there's a weakness on the skills front or, for example, with dentists, or rural doctors, or with school teachers, why don't we build a bias into the education system which provides, one, an incentive to an employer to take on an apprentice, or an incentive to a student to become an apprentice, or a dentist, or a school teacher, which because of the bias encourages them to do something at a concessional rate?

HEATHER RIDOUT: We've actually argued for technical occupations like engineering and science to be given a national priority status for HECS fees. That means you get charged a lower HECS fee to go into them.

Part of the proposal yesterday was to say that we should give additional incentives to individuals and to employers to take on the training of older aged workers.

ALAN JONES: So an employer, if you take on a certain number of employees for retraining, the tax system will be different for you?

HEATHER RIDOUT: That's exactly right, that's exactly right and that's what we're saying should be employed.

ALAN JONES: Is anyone listening?

HEATHER RIDOUT: Well, I think the Prime Minister was listening yesterday. I mean, we put this forward, we put a big report out in May, we've been working assiduously on the detail, we've had discussions with the Prime Minister's office. Yesterday was a pretty important day in that he did actually acknowledge that this was a new direction we had to go to. So we're wildly excited about it.

ALAN JONES: Yes. I find it hard to believe though that in a strong economy, no matter how strong, young people are lured into unskilled work with better pay. I saw someone say that yesterday. I mean, no parent is going to sort of encourage a child into an unskilled job knowing that when the tough times come, you may be out of a job.

HEATHER RIDOUT: I agree. It's terrible. We have 13.7 per cent of all jobs in Australia that don't require a qualification, yet over 50 per cent of Australians don't have one. So we've got this 50 per cent and a bit chasing 13.7 per cent for the jobs.

ALAN JONES: That's it.

HEATHER RIDOUT: And that is the biggest public policy issue that state and federal governments should be having and putting in a very comprehensive policy to look at, because we've got three billion low paid workers entering the world economy, China and India and Russia, et cetera, and they're not low skilled, and we're going to be competing with them. And I just think it's tragic when people don't get qualifications.

ALAN JONES: You're talking to a lot of parents right now as you speak. Is there a bias in their minds in education towards having their son or daughter into a university education, even though they mightn't be suited for it, even though there might be a glut in that faculty? Whereas if they were trained in an appropriate skill, there is a lifelong and rewarding vocation.

HEATHER RIDOUT: Absolutely. And I think there has been a bias, but I think it's changing. When you hear electricians being paid \$250,000 a year up in Western Australia, I mean, the bias is changing. But certainly

parents have seemed to be prouder of their child if they go to university.

But, you know, if you are up on the Central Coast, an apprenticeship is gold to young people and parents are recognising this and I think we do need to remove that systematic bias, not only in parents but in school teachers, in the minds of the kids themselves and start to lift the technology capability of the Australian work force.

ALAN JONES: If many Australians aged between 25 and 64 didn't finish high school, which is true, they may be without good literacy and numeracy skills, let alone mechanical skills. Retraining can be intimidatory. How do we speak gently, persuasively to them, to encourage them to re-skill?

HEATHER RIDOUT: Well, there is a lot of reluctance for older workers to come forward and take part and that's what we're saying, that there should be new training approaches put in place. We need a whole lot of new trainers experienced in this issue. There needs to be a lot of mentoring. They need to get confidence by having their existing skills recognised from day one and that will give people a lot of confidence. And it needs to be done in a fairly appropriate way that is non-intimidatory. And putting people in a classroom, asking them to answer questions--

ALAN JONES: And treating them like 16-year-olds.

HEATHER RIDOUT: Yes. It doesn't work, it doesn't work for older workers--

ALAN JONES: The unions say there should be a higher minimum pay rate for apprenticeships. Is that the answer?

HEATHER RIDOUT: There has been. This year there was a raise, a lift in the level of apprenticeship wages and the safety net is now reasonable. It's still quite low, but at the same time you're getting a skill that's going to take you through life. And we've also argued that it shouldn't take you four years to get through an apprenticeship and that's part of the Commonwealth Government--

ALAN JONES: So accelerate it?

HEATHER RIDOUT: Accelerate it, make it quicker. I think you can get through most of them in about three years.

ALAN JONES: A lot of the people you're talking to now are smaller and medium sized businesses who can't afford to, one the one hand, restructure work arrangements to allow their employees to learn and earn at the same time. How do we accommodate them?

HEATHER RIDOUT: One of the issues we've suggested, particularly in regional areas, is that industries get together and form little clusters, they have learning, teaching support into those clusters and workplace learning support and try and tailor the arrangements to work. I know we've got

a lot of small companies and they are reluctant, but they've been great trainers of apprentices over the years. And there are ways you can do it.

ALAN JONES: And if there's to be a one billion dollar fund, who are the best people to manage that fund and distribute the monies?

HEATHER RIDOUT: Well, they can be regional networks, they can be industry organisations working with local communities, they can be government agencies. There shouldn't be a one size fits all, they can be individuals getting an incentive and using the market signal to go off and do something themselves. You know, there's a whole lot of ways this money can be spent. But at the end of three years, hopefully we'll have given a whole lot of people a new lease on life and given Australia a new lease on life, because we badly need it.

ALAN JONES: We need to get started yesterday, don't we?

HEATHER RIDOUT: We do, we need to get started yesterday and it's one of the ... I think it's arguably the top economic priority for Australia.

ALAN JONES: Good to talk to you, Heather. Thank you for your time.

HEATHER RIDOUT: Thank you, Alan.

ALAN JONES: A big issue, that. That's Heather Ridout, from the Australian Industry Group.

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