

## **TRANSCRIPT OF SPEECH: HON BOB HAWKE AC - FORMER PRIME MINISTER OF AUSTRALIA AND PATRON OF WORLDSKILLS LEADERS FORUM 2006**

Date: Sunday 7 May 2006

Time: 09:00am – 12:30pm

Venue: Melbourne Exhibition and Conference Centre - Suites 1 & 2

### **Laurent Thibault (MC):**

I'd like to invite now former Prime Minister Hawke to come and address us please....

### **Bob Hawke:**

Thank you, Laurent. I would like to thank the forum for the honour you have done me in asking me to be your patron. I want to say it's not just a formal expression of pleasure. I have two particular reasons why it is both an honour and pleasure to be patron of your organisation.

The first of course is what I see is the fundamental importance of the commitment that you have. And that is of optimizing the training and vocational skills of our young people so they may be as well equipped as possible to take their place with competence and with confidence in the competitive environment in which they are going to live and operate. It's difficult to imagine, a more fundamentally important and more significant task than the one that WorldSkills is about. So that's the first reason why I genuinely have the pleasure to be with you.

The second of course is because of the profound admiration and respect that I have for your president, Tjerk Dusseldorp. I don't know whether you all know, but Tjerk Dusseldorp is a man who could have had a life of private affluence. One in which he need not have concerned himself with wider social issues and the welfare of others. That would easily have been his position in life if that was what he wanted. But rather in the very broader sense of the word Tjerk has committed himself to a life of public service. He is determined to help people around him and around the world; determined to help people help themselves and in so doing, making a commitment to forging stronger economies and more cohesive societies. There are very few people for whom I have a greater respect than him and I congratulate you Tjerk for the wonderful thing that you have created of course with the assistance now of some many other people.

Now as patron I would also like to extend a very warm welcome to all the participants, particularly to our overseas guests and most particularly to the speakers of today's forum.

Now, there has been some reference to the length of my association and I do recall during this the 25th anniversary the formation of WorkSkills. My association with the group goes back to those very first founding days. And when in 1988, our bicentennial year, I officiated as Prime Minister the opening of the Youth Skills Olympics. There were then 19 countries involved. That was 1988; now I understand there are 45 – that's not a bad rate of growth. I think that speaks volumes of not only for your concept but the way you're going about it. I think it's an enormous tribute to WorldSkills as a movement and it reflects the desire and determination by so many countries to commit to the necessary vocational education and training of the young labour force to enable them to compete in the fast evolving globalised market in which they're going to have to operate.

Now unfortunately in Australia's case, that commitment has been more in word than in deed as far as Government's concerned. I don't want to use this platform as a vehicle to launch as political attack on the Federal Government. But it would be irresponsible, for both leaders of the industry – employer side and trade union side – and for all of us who in this country have a future welfare of our nation at heart, to ignore the accumulating evidence of a crisis in skills shortage which is threatening the future of this country. And indeed I want to congratulate industry organisations in Australia for the considered and detailed analysis and criticism they are currently focusing on for this crisis of skills shortage of Australia. Those of who you have had the opportunity to have read the Weekend Australian could have seen a sobering reflection of industries' concern in this country about the critical skills shortage that exists. I believe that Heather Riddout who is the CEO of the Australian Industry Group, major employers group, who was speaking to you yesterday - and I repeat my congratulations to her and her organisation for the study of some 500 employers of this country

and looking at the problem of skills shortages. And looking at the report which came out on Friday the actual words of it referred to a systemic problem with long term consequences.

The Weekend Australian confirmed that analysis of the Australian Industry Group by two other references. Firstly there was a reference to the quarterly report by the Reserve bank which was released on Friday. The Reserve bank had noted the business had reported “the lack of suitable labour was a bigger constraint on their activities than the more traditional concerns of our foreign competition or lack of demand or sales”. This was our central bank saying skills shortages are a more critical issue in this country than any other business concern.

The second reference in the weekend Australian was the concern expressed by the industry itself was a reference to the situation in Western Australia. Those of you from overseas, WA is the largest of our states, not a huge population but extraordinarily significant to the Australian economy. There was a particular reference to Western Australia and it said “WA Chamber of Commerce and Industry revealed yesterday that major mining companies were considering postponing several large projects because of the skills shortage. The Chamber has reported a significant and growing amount of engineering construction work being held up. Over 12 months to September last year there were \$7.7 billion worth of construction projects yet to be done, an increase of 91% over the corresponding period of the previous year”.

I suggest that these are statistics simply can't be ignored. They are compelling assessments by industry and they need to be put in the broader context of what I regard as one of the most alarming statistics that any country could imagine. Now just contemplate this statistic: in the decade from 1995/96 to present expenditure on public tertiary education including vocational education declined in real terms by 8% in this decade when the average of the rest of the OECD was an increase of 38%. Every Australian should have that statistics etched in their mind and should rebel against it. Not just against the government but everyone – all political parties have to be energized to deal with that. I repeat it: expenditure on public tertiary education including vocational education declined in this country by 8% in this decade when the average of the rest of the OECD was an increase of 38%. I suggest that it almost defies belief that in this country we can allow this to happen when the most dramatic and challenging changes to the competitive global economic environment are taking place in our region.

We are on the doorstep of the most dramatic economic transformation of our history. What we witnessed and what we are witnessing is the gradual movement in the last 25 years in the economic centre of gravity of the world from mid Atlantic to mid Pacific and continuing to move west. The most dramatic evidence of that is being in regard to China. I first visited China in 1978 I now go there 6, 7 or 8 times a year. It's almost impossible to convey to people who haven't been there the enormity of change that has taken place – I won't burden you with statistics but the most fundamental and foundation of all statistics is in that period since 1978. GNP has been growing by 9% per annum – a feat never before achieved in human history.

China still has the advantage of vast reservoirs of unskilled labour. What we have to understand is that here in this country of 1.3 billion people has increasingly turned out skilled labour of high dimensions, not only on quantity but quality. China now turns out more engineers per year than the U.S, far more and here is a country which is combining vast quantities of unskilled labour with an increasingly skilled labour force. That is being reflected now – and people I think don't appreciate this much, they tend to think of China's explosion in the International trade arena being accounted overwhelmingly by labour intensive products like textiles and footwear and so on; but if you look at the statistics you will see changes have been taking place and China has become and increasingly important player in exports of electronics and machinery. Indeed in the most recent period, exports in machinery and electronics were relatively more important than exports of textiles with the former contributing over 40% to the total export growth as compared with 7% for textiles. So you can see what is happening there is not only extraordinarily important for China itself but it's increasingly impacting on the rest of the world. It's an incentive for us to think more than we have before about the importance of the task of what WorldSkills is about.

I talk about China in the presence of my Indian friends, let's not forget the importance of India. China has occupied the headlines for so long now and we tend to forget the importance of what's happening in India. Of course when we take the 2 together the population between them of over 2.5 billion, the growth rates of China are 9% and now India is starting to catch up.

We just have to understand we are living in a world which is so fundamentally different from that in which we have formed the assumptions which have tended to the governed policy. We have to revolutionise our thinking and it's my sincere hope that the WorldSkills Leadership Forum will serve as a wake up call to our leaders and indeed beyond our country – a wake up call that we do live now in a world where if we do not change and move to optimize the greatest talent we have we are going to condemn ourselves to economic mediocrity or worse.

And may I therefore say how thrilled I am that you're here, that you're touching in to this issue which I think is the most important issue facing our country. And may I conclude by saying that we tend to talk about these things, and I have myself today in economic terms, and it's important that we do because this is the critical issue in terms of whether we are going to optimize our economic capacity: that is training the skills of our young people. But just spare a thought that the considerations that we should have in mind go beyond the economic. I've talked about the economic developments that take place in the world but we also have we also have to understand that we live in perhaps the most dangerous time in human history.

We tend to think that the period of the Cold War was the most dangerous, but we are now in a quite different period of conflict. The time of the Cold War, the enemy was identifiable by geographical areas, but now we are in war against terror which threatens so much of the world and the enemy is not living in identifiable geographical areas. Of course the other distinguishing feature of the present compared to the period of the cold war: we then had the philosophy and the practice of mutually assured destruction, which meant that neither side was prepared to press the button because they feared that

it would necessarily entail their own obliteration. We are now engaged in the conflict in which the enemy not only is not afraid of destruction but welcomes the fast passage to paradise.

This is a totally different world we live in – an extraordinarily dangerous one. And of course there is a battle going on, right around the world, for the minds and hearts of young people. You've seen in Europe, France particularly, the swelling and growing resentment and dissatisfaction of alienated people. We're seeing our doorstep, here in Dili, thousand of young people rioting now because they have no education and no hope. So the issue that you're about goes not just to economics. We have in all of our countries that we come from; we have to do everything that we can to train the innate capacities of our people, to give them not only training but hope – a feeling that they are a valued part of our society; because if we don't do that then the alternative is just too horrible to contemplate.

So I congratulate you most sincerely for your commitment to what I regard as just about the most important job in this world – that is training and equipping our young people to become economically competent and sufficient and also to make them feel what they should be and that is valued members of a society that looks to them and soon depends upon them.

Thank you.