



AUSTRALIAN HIGH COMMISSION PRETORIA

First Pan African TVET & FET Conference, Cape Town, 2008

Speech by Head of AusAid in Africa, Mr Percy Stanley

Thank you firstly to the Southern Africa Chapter of the International Association of Community and Further Education Colleges who have invited me here today to speak to you.

I wish to convey the apologies of Australia's High Commissioner, Mr Philip Green OAM, who unfortunately couldn't be with us today. However, given the themes of the conference, and as the Head of the Australian Government's aid program in Africa, I am very grateful for the opportunity to speak to you today.

I am very pleased to see that an Australian University - the University of Newcastle – is a gold sponsor of the conference. I understand that the University of Newcastle is committed to building its activities and engagement with Southern Africa. We at the High Commission in Pretoria certainly welcome and encourage the University's work here, and I know that South Africa, Botswana, Lesotho and other countries in Africa are already seeing real benefit from the University's engagement.

I have been asked to share with you today Australia's recent experiences in dealing with skills shortages. African countries are not alone in being confronted by this challenge. This is of course a global phenomenon - whether it is a developed or developing economy, the need for large-scale investments in human capital is undeniable. I would also like to take the opportunity to highlight some of Australia's support for skills enhancement and capacity building through our development co-operation program in Africa.

Although Australia has seen a number of years of continued prosperity and growth, a particular challenge being faced by the country is an increasing skills shortage within the economy. It is predicted that Australia is currently heading towards a skills shortage of around 240,000 skilled workers by 2016.

As South Africans and delegates from other African countries can no doubt appreciate, there is a growing awareness that skills shortages threaten future economic growth, contribute to higher inflation and interest rates, and limit productivity.

I would like to outline for you, as a form of case study, how Australia is helping to foster vocational and technical skills.

Transforming Australia's Human Capital – Australia's recent experience

Coming to power on the promise of an “education revolution”, the new Australian Government, led by Prime Minister Kevin Rudd and Deputy Prime Minister Julia Gillard, who also is the Minister for Education, Employment and Workplace Relations and Social Inclusion, has accorded a high priority to education and skills related initiatives, which form part of a comprehensive plan entitled: “Skilling Australia for the Future” for tackling skills shortages in Australia.

A new body focused on skills

The first step undertaken was the establishment of a statutory body called *Skills Australia* - Australia's new vocational education and training leadership body. Reflecting the high priority the new Government has put on building skills, the legislation establishing the body was one of the first pieces of legislation to be dealt with by the new Australian Parliament in February earlier this year.

Skills Australia is intended to provide the Government with independent, high quality advice on current and future skills needs to assist the Government in targeting its investment in training, encouraging skills formation and driving ongoing reforms to the education and training sectors.

The new Australian Government has also started the roll out of a reform plan for vocational education and training. A “Skilling Australia” discussion paper launched in April this year, set out a timeline and a road map for additional training places over a number of years. This is part of the policy initiative - the “Productivity Places Program”, whereby the Government will invest A\$1.9 billion in 630,000 training places over the next five years. As part of the launch, 20 000 training places were made available immediately for people outside the workforce to undertake Certificate II and Certificate III courses in areas of skills shortage.

New long-term targets have also been adopted: halving the proportion of Australians aged 24 to 64 years without qualifications at Certificate Level III and above and doubling the numbers of higher qualification completions (diplomas and advanced diplomas) by 2020.

An industry demand driven approach

A key part of the Australian policy is understanding what industry needs. That is - the alignment of skills development policies and training delivery with industry priorities, in particular by strengthening Industry Skills Councils, who will work with employers to identify their skills needs and match those needs with nationally accredited training.

Education Investment Fund

Another new initiative has been the establishment of an Education Investment Fund, the key priorities of which will be capital expenditure and renewal and refurbishment in universities and vocational institutions as well as in research facilities and major research institutions. Surpluses from the 2007/2008 & 2008/2009 budget, totaling some A\$11 billion (about ZAR77 billion) will be directed towards the fund, to be

spent over the coming years in helping transform Australia's higher education and vocational education and training sector.

Trade Training Centres

In recognition of the importance of trades and vocational education to the economy, another important element of the Government's policy has been the creation of Trade Training Centres. This entails a commitment by the Government to spend A\$2.5 billion over ten years to establish Trade Training Centres in secondary schools in order to give young people the opportunity to study a trade at school. A number of additional initiatives to complement the Trade Training Centres include:

- Access to On-the-Job training
- A program "Mentors for our Students", which will match recently retired tradespeople and professionals with their local schools to pass on skills and industry knowledge in critical skills shortage areas; and
- Improved schools-business linkages

Closing the gap between indigenous and non-indigenous Australians

The new Government is also focused on ensuring that indigenous Australia doesn't miss out. The Government has contributed significantly towards the establishment of the Australian Institute for Indigenous Learning and Skills Development. The new institute will play an important role in delivering on the Government's commitment to halving the education and employment gap between indigenous and non-indigenous Australians.

Australia's skilled migration policy

Before I go on to speak about Australia's contribution to skills development in Africa, I want to touch on the topic of skilled migration. Although I have only recently arrived in South Africa to take up my current position, I grew up in the region and am aware that the subject of South Africans emigrating to Australia has received significant media coverage. I wish to take this opportunity to make some points about our skilled migration program, and the way in which it interrelates with the challenge of skills building in South Africa, and more broadly in Africa.

The first thing that I would say is that the challenge of keeping your skilled workforce at home is one that many countries share. I'm sure we will hear about this problem from other delegates from other African countries. In Australia's case, around a million Australians or around 5% of Australia's population of 22 million people live and work around the globe.

Secondly, we are honoured that people from around the world choose to make Australia their new home. In the case of South Africans, a number of South Africans in recent years have chosen to migrate to Australia under our global, non-discriminatory migration policy.

Let me emphasise that our migration programs are global and – vitally for our multicultural population – non-discriminatory. It is fundamental to our approach to

migration that people from all countries have the same right and opportunity to live in Australia. So we could not think about excluding South Africans (or some other nationals) from our migration programs, or somehow make it harder for South Africans to compete than for other potential migrants.

Importantly however, we do **NOT** encourage – nor discourage – South Africans from emigrating. For instance, given the current substantial skills shortage in Australia, the Australian Federal Government is actively marketing Australia as an attractive migration destination for skilled workers in a wide range of countries around the globe, but not in Africa. Over the past two years, Australia has run a series of successful migration expos in the UK, Germany, the Netherlands and India. These expos present Australia as an exciting and prosperous location for people to visit, to migrate, and to do business. More such expos are planned.

The reason that I mention this is to emphasise that no Australian Government-sponsored expos have taken place or are planned in South Africa or elsewhere in Africa. The government has deliberately chosen not to market Australia as a migration destination here, in view of the issue of skills leakage in this country and more broadly in the continent.

While many South Africans choose to migrate to Australia, I am told by my colleagues at the High Commission that they often encounter a couple of erroneous assumptions about the actual numbers of South Africans emigrating to Australia and the size of the community there.

There is a popular misconception that South Africans make up a large part of our multi-cultural population. In fact, South Africans represent only a very small fraction of overall migration numbers. Of new migrants under the skilled migration program, South Africa makes up between five and six per cent of the total. By contrast, 25 per cent come from the UK, 16 per cent from India, and 15 per cent from China.

Further, the South African community in Australia, while not insignificant, is one of the smaller migrant groups in Australia. The South African born population of Australia is around 118,000 people – about half a percent of the total of our population. And this very small proportion of our population who were South African born becomes even more modest when you consider that a massive 25 per cent of our total population was born outside Australia.

The make-up of our overseas-born population also underlines the wide range of countries from which migration to Australia draws, and the fact that South Africa is not among the major source countries. 23 per cent of the overseas born population come from the UK. About nine per cent from New Zealand. After that come Italy (4.5 per cent), Vietnam (3.6 per cent), India (3.3 per cent), Philippines (2.7 per cent), Greece (2.5 per cent) and Germany (2.4 per cent).

In short, while many South Africans continue to be interested in making a new home in Australia, they do not represent a large proportion of our skilled migration program, nor is the South African born population in Australia large, compared to other migrant groups.

Having said all that, I should reiterate that we are honoured that South Africans and, indeed, other Africans, continue to consider making Australia their home. And I certainly don't want my comments to be misconstrued as suggesting that we do not welcome them.

The point I wish to make very clear though is that we are very much interested – like everyone in the international community - in seeing a South Africa with a strong, successful economy. Clearly, skilled migration programs of other countries means that unfortunately for South Africa, and Africa more broadly, many of these émigrés take their much-needed skills with them. Accordingly, we are very much conscious of the impact, on a country in a phase of development like South Africa's, of the loss of skilled people to the economy.

Africa's challenges – how Australia is helping

I would now like to focus on what Australia has done and is doing now with its development cooperation, and what we plan to do in the coming years to help alleviate the skills shortage in Africa.

The evidence is now converging around the central importance of human capital – knowledge, skills and capabilities – to future economic growth and poverty reduction. Of course, South Africa faces its own challenges – the legacy of apartheid has left a huge skills gap, which the government has made strong efforts to fill. One of the key constraints to South Africa's economic growth, indeed Africa's economic growth, is the question of skills.

Broadly speaking, the new Australian Government is very eager to build relations with Africa. To quote from the speech of Australia's Foreign Minister, Mr Stephen Smith on the occasion of Africa Day this year:

“The new Australian Government wants to bring a wider perspective to Australia's relations with Africa. We want to broaden and deepen our engagement with your continent and your nations.”

One concrete example of this is a growing development cooperation program in Africa. In 2008-09, the Australian Government will provide over A\$115 million in development assistance to Africa, an increase of more than 20 per cent over the previous year's budget.

This additional funding will be delivered within the framework of a new Africa strategy currently under development and will focus on supporting Africa's progress towards selected Millennium Development Goals.

In addition, Australia's contributions to multilateral organisations whose work has a strong focus on Africa, such as the World Bank (A\$87.5 million in 2008-09 to the Bank's concessional lending arm, IDA); the Heavily Indebted Poor Countries Initiative (A\$22.7 million in 2008-09); and the Global Environment Facility (A\$19.6 million in 2008-09) constitute a significant investment in development on the continent. A further \$26.57 million has been set aside for arrears clearance and \$40.82

million for the Multilateral Debt Relief Initiative. Of the 41 countries benefiting from debt relief through these initiatives, 33 are African.

One of the underpinning principles behind Australia's development assistance in Africa has been a focus on areas where we can make a difference. We are not a large donor and we have found that by focusing on areas where we have something to offer we can achieve real impact for our contributions.

A good example of this is in the area of skills development.

Since the 1960s, over 3600 students from Africa have studied at Australian Universities with Australian Government support, mostly at Masters level.

We fully agree with our partner governments' view that the development of appropriately trained leaders who will be in a position to advance key regional reform and policy issues related to achievement of the MDGs is critical.

And for us, a focus on developing the human 'agents' of change in Africa through scholarships to study in Australia presents as an opportunity: an opportunity to utilise our comparative advantage in international education, to add value to the significant institutional capacity building programs of partner governments and other donors, and to strengthen Australia-Africa links through person-to-person and institutional linkages

By the term leaders, I do not refer simply to the formal political leaders, and certainly not only to the 'great men and women' of history, but rather to a wide range of individuals (some in formal positions of power and authority, some less formal; some national, some local) across many domains of society – in both the public and private sectors.

A good example of this is that one of the candidates chosen this year for a Masters degree scholarship from South Africa is heavily involved in the reform of the vocational and technical education sector in South Africa. While not a political leader, he is certainly a leader within his field and with Australian Government assistance, will be focusing on possible reform to monitoring and assessment methods through his upcoming study.

We are also supporting smaller-scale but equally important skills initiatives in Africa. Through our small activities scheme which operates in over 15 countries in Africa we have funded a number of programs seeking to build practical skills within communities. We have funded:

- equipment for technical colleges;
- skills and enterprise development workshops for youth interested in the creative industries;
- skilling programs for the unemployed;
- programs aimed at upskilling teacher capacity in maths, sciences and the technical vocations; and
- programmes aimed at introducing children to the opportunities offered by technical vocations at an earlier age.

Turning specifically to South Africa, Australia has played a role in skills development that not many are aware of. Since 1994, the Australian Government has provided development assistance to South Africa worth more than 700 million Rand.

A large part of this assistance has been through capacity building programs where we have linked Australian and South African organisations in order to share experiences and implement best practice reforms. A big part of that work was done in the education sector, particularly in higher and vocational education.

I want here to mention the South Africa Australia Vocational Education and Training Program. This was a three year program that ran from 2002 and delivered apprenticeships or learnerships programs. This was very much a needs-driven activity that represented more than 10% of such courses in South Africa at the time. Importantly, the program assisted with the establishment of a policy and regulatory framework which enabled policy makers to engage with employers in the small and medium enterprise sector in order to provide meaningful employment opportunities for unemployed early school leavers and other young adults.

Last year, following a request from the Deputy President of South Africa, Australia increased our scholarships program to South Africa by 50% and aligned the focus of the scholarships to the sectoral priorities outlined by the deputy president in the South African skills development initiative – Joint Initiative on Priority Skills Acquisition or JIPSA. As part of this increase we have offered a number of short-term fellowships to South Africans to travel to Australia to upgrade their skills in project management - a key skill gap identified by JIPSA as necessary to ensure improved service delivery by the Government. The first of these groups is currently studying in Australia and the Royal Melbourne Institute of Technology.

Recently, skills building in sport has been a new area in which we have been engaged in South Africa:

- We are partnering with the Soweto Rugby Club to establish a schools rugby program in Soweto which amongst other things builds life skills and provides broader educational opportunities for participants also builds the capacity of coaches thus providing them alternate career pathways. Of course this is a decision we may rue in super 14 and World Cup tournaments in ten years time!
- Australia has also funded the development of township-based active community clubs in Eastern Cape and Kwa-Zulu Natal drawing on the expertise of the Australian Sports Commission.
- And we are partnering with the Australian Football League in their ambitious plans to spread to South Africa the wonderfully Australian game of Aussie Rules and the tangible social benefits it has brought to many rural communities in Australia. Our funding is again focusing on broadening the life-skills of participants (which now number upwards of 10,000) and providing alternate career pathways for the volunteers involved through building their skills capacity.

Now though, our development relationship with South Africa is evolving. While the new government in South Africa was still finding its feet, there was a greater role for countries like Australia to assist. However, the relationship now is moving beyond Australia's donor status and South Africa's previous recipient role.

South African institutions are increasingly being seen as a mechanism through which we channel our aid to assist the development of Africa as a whole. For instance, we have provided over 25 million Rand in funding to South African institutions over the last few years to support the delivery of democratisation and trade-related capacity building programs across nine countries in Eastern and Southern Africa.

And we continue to explore opportunities with the South African government to expand this cooperation both within South Africa, and in Africa more broadly. We look forward to working closely with our partner governments in Africa to play our part in equipping the people of Africa with the skills they need to participate in today's global economy.

Thank you very much.