



FEDERAL LABOR LEADER KEVIN RUDD MP

CHECK AGAINST DELIVERY

EMBARGOED UNTIL DELIVERY

MEETING THE CHALLENGES OF AUSTRALIA'S FUTURE

ADDRESS TO THE AUSTRALIAN DAVOS CONNECTION'S 'FUTURE SUMMIT 2007'

**MELBOURNE
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It is a great privilege to be here at the Future Summit 2007.

I would like to particularly acknowledge Michael Roux, the Chairman of the Australian Davos Connection (ADC).

When the world's social, economic and political leaders gather at the World Economic Forum in Davos, Switzerland, there is one thing overwhelmingly on their mind – the future.

For those of us in politics, we are in the future business, or at least we should be in the future business.

If we are not, we shouldn't be in politics.

The task that the people charge us with is to anticipate, to comprehend and to deal with the challenges of the future.

And then, to identify a vision for the nation's future and to lead the way.

This is what politics is about. This is what Davos is about. And this is what I want to talk to you about today.

The agenda of this Future Summit is broad, covering geo-political power shifts among the community of nations, the shifts in the global economy and changes confronting companies and communities.

The ADC brings together today's leaders and recognises the need to harness and develop insightful leadership for tomorrow.

Future Challenges

Right now we are living through an era where change is the only constant.

Change that goes to almost every aspect of how we live, how we work and how we interact with the global community.

Changes in modern medicine, the wonders of technology, the information revolution – which all make our lives easier, yet more complex; more interesting, yet more difficult.

Changes that affect not only us, but other nations – such as climate change, globalisation and the new geo-political and economic partnerships.

In these rapidly changing times, a defining feature of any government is how well it prepares the country, its economy and its citizens to deal with change – and the challenges that change brings.

Because these changes bring not only opportunities, but immense challenges as well – challenges for nations, for businesses, for people and for communities.

And right now, in the opening decade of this century, we are faced with a raft of new challenges:

- securing our prosperity beyond the mining boom;
- dealing with climate change and the water crisis before it is too late;
- the ageing and greying of our workforce;
- the future of the fair go and balancing flexibility with fairness in our workplaces;
- the need to reform our Federation of governments so that they are able to deal with these challenges;
- the rise of China and India;
- the rise of militant Islam; and
- rebuilding our standing in the global community.

And if we are to truly succeed in this world of rapid and far-reaching change, we need to get ahead of the game – and we do that by making the most of the good times and preparing the nation to face that future.

In last week's Budget Reply I quoted a great US President who said simply to the America of his generation:

“the time to fix the roof is when the sun is still shining”

And that is our challenge to the Australia of our generation.

Because nothing lasts forever – and certainly mining booms don’t last forever.

That is why we have to prepare for the future now.

To prepare for the new wealth-generating industries of tomorrow.

To prepare for the clean energy revolution that has the capacity to be the great generator of the next tranche of economic growth and employment.

I recently had the pleasure recently of catching up again with Tom Friedman from the *New York Times*. He is one of the world’s most insightful futurologists.

The argument about the next great economic revolution centring on clean technology and clean energy is front and centre to Friedman’s thinking as well.

As Friedman writes:

“to a degree the market is already at work on this project because some venture capitalists and companies understand that clean-tech is going to be the next great global industry.”

But there is a catch. You must have a market. And a market which allocates resources taking into account economic imperatives such as a carbon target with a timeframe that is capable of stabilising the planet.

And here is the double tragedy of the last half decade or so in Australia.

- First, unlike other competitor economies, Australia has failed to establish a national emissions trading system because for short-term political reasons the advice of key public service advisers was ignored.
- Second, before setting up the rules of the market, the government has already decided to pick a technology winner – nuclear power.

These are two core economic policy failures – and as a result we are falling behind in the clean technology/clean energy revolution.

A clearly defined national emissions trading system with clear market rules would have sent out clear price signals for the Australian market to invest.

Instead the government, four months before an election, says it may now move - having squandered the last decade and, as a result, compromised the commercial development of clean coal technology and the renewable energy sector.

Australia cannot afford to miss out on the next great global economic transformation that will come from clean technology and the clean energy revolution.

The Government, failing to understand the future, has yielded to the old politics that says to act on climate change is to destroy the economy.

New politics tells us that to fail to act on climate change is to destroy the economy.

That is why Governor Schwarzenegger of California (himself a product of the American Right) describes climate change as the first post-partisan political challenge of the 21st Century.

Friedman puts it cleverly. He argues, again referring to the American political context, that:

“green is the new red, white and blue”

That’s why the demands of the 21st Century economy demand that we forge a new national consensus on climate change.

That is why I convened a National Summit on Climate Change in March with business.

To harness the market to deal with the overarching moral, economic and environmental challenges of our age.

To turn challenge into opportunity.

Not to yield to the old politics of turning challenge into threat for short-term political advantage.

An Education Revolution

In addition to dealing with climate change in substance rather than in sound bite, Australia needs to deal with our long-term economic prosperity once the mining boom is over.

Despite living through a time of strong economic growth and a strong world economy, we have not sufficiently reinvested the economic dividends of these prosperous years in capacity building for the future.

Our productivity growth is well below what it was in the 1980s and 1990s.

These poor productivity numbers are masked in the general economic data by the magnitude of the impact of the mining boom.

Averaging 3.2% per annum in the mid 1990s; falling to 2.2% per annum by the turn of the decade; and falling to the projected 1.5% per annum for the decade ahead.

And the stunning number implied in the Budget papers last week was a forecast of zero labour productivity growth in 2006-07.

Why is this so?

We're falling behind our competitors in how much we invest in education.

Our businesses are wrapped up in a red tape revolution – rather than being enhanced by an Education Revolution.

Our infrastructure needs new investment.

The weight of international evidence overwhelmingly supports the case that the best way to increase productivity and deliver long-term prosperity is to invest in education at all levels – from early childhood, through schools, colleges, universities and our research institutions.

Our lack of a reliable high-speed national broadband network is a national economic disgrace.

These days you can get better broadband in the Slovak Republic than in some parts of Australia.

The only way an economy can continue to grow is through a program of long-term economic reform.

And you can't make great gains in your economy if you are not making gains in productivity.

That is why I have called for an Education Revolution – to turbo-charge the education, training and skills of the next generation of Australians.

I want us to set a vision for ourselves to become the best educated country, the most skilled economy, the best trained workforce in the world.

That is my core economic vision for Australia's long-term economic future.

And on this there should be no compromise.

If we fail to act we will continue to fall behind our competitor economies.

To this end, we have already launched several chapters of our plan for an Education Revolution:

- investing in early childhood learning for all four-year-olds;
- boosting the numbers of our maths and science teachers;

- establishing a new National Curriculum Board and developing a national curriculum;
- funding the construction of state of the art shared facilities between government and non-government schools – like libraries, trade workshops and science labs;
- ensuring all children starting school receive a health and early skills assessment so they get off to the best start in life; and
- introducing a National Action Plan on Literacy and Numeracy to boost the skills of Australian school children.

Trades in Schools

And last week, I announced another chapter in Labor's Education Revolution – our Trades Training Centres in Schools Plan.

At the heart of this trades plan is the need to boost school retention rates and provide our students with the best education to support their career pathway.

Access Economics estimate that raising Year 12 completion rates to 90 per cent would add around \$9 billion to GDP by 2040 and that the cost, in additional educational expenditure, would be only one twentieth of the increased GDP.

At present it is a national disgrace, a lost economic opportunity and a social policy disaster that at a time of global high labour force demand, 540,000 Australians aged 16 to 24 are not in full time study, training or work.

Our Trades Training Centres in Schools Plan starts with a commitment to lift school retention rates from 75 per cent to 85 per cent by 2015, and to 90 per cent by 2020.

I want all of our kids to have the best future possible – whether it is via a university degree or a trade and technical certificate. Both are critical to the country's economic future.

Despite considerable improvement in the late 1980s and early 1990s, school retention rates have plateaued in recent years.

This is worrying because staying on at school, and receiving a good education, is critical to lifting the long-term employment and earning prospects of our students.

Increasing the nation's skills and training is also essential to plugging the gaps that are holding many of our enterprising firms back, as they are unable to find the skilled workers they need to meet current demand and to grow in the future.

This is vital to lift our productivity, grow our economy and preserve our prosperity.

The centerpiece of Labor's Plan is a \$2.5 billion ten year capital program to build new trade centres or upgrade existing trades facilities in all 2650 of Australia's secondary schools.

This plan will provide between \$500,000 and \$1.5 million to each secondary school to build new or upgrade facilities such as metal or woodwork workshops, kitchens, computer labs and other technical facilities.

It will also be available for the purchase or replacement of equipment such as lathes, ovens, tools and computers.

We also want to build on the linkages between schools and businesses, particularly local businesses, to develop innovative, high quality work and training programs for VET in Schools students.

We will provide \$84 million over four years to provide on-the-job training for 20 weeks a year for all VET students from years 9 to 12.

Labor's approach is to put trade facilities, in coordination with business, directly into the schools system where they are needed most, benefiting Australian students.

So our vision is this – to build a state of the art trades and training centre in each of the 2650 secondary schools in Australia – a core building block of Labor's Education Revolution.

These reforms are necessary if we are to build a dynamic, diverse and innovative workforce of the future in order to boost our productivity and secure our future prosperity.

Infrastructure

I have talked about building the workforce of the future.

The other side of the productivity coin is how we provide the platform for business to grow.

The critical driver of business growth is investment in infrastructure, especially in our major cities.

That is why we have announced a plan to revolutionise Australia's communications infrastructure by creating a new world class National Broadband Network.

We will invest up to \$4.7 billion with the private sector, over five years, to connect 98 per cent of all Australians to high speed broadband internet services – at a speed more than 40 times faster than most current speeds.

This will provide a platform to build and expand Australian businesses, give our children faster access to the world's learning resources and help all Australians find and use the services they need, more quickly and efficiently.

It is part of our nation-building tradition. Broadband follows the path blazed in the 19th century with the railway, and in the 20th century with the electricity grid.

Major investments in broadband are happening right now all around the world, while we are being left behind.

If we fail to invest in broadband now, then we will remain a broadband backwater – failing to give us the services and opportunities we need to expand our economy.

Business Regulation

But if we are to really enable our businesses to grow and to prosper, we also need to radically reduce red tape. To make it easier to do business. To deal with the strangulation of enterprise that is occurring because businesses are turning into unpaid compliance agents of government.

Last week, I announced measures to reduce the regulatory burden on small business, including:

- establishing a Superannuation Clearing House for businesses that want it, so that those operating under the choice of super schemes can make payments into one central clearing house;
- introducing a simple, standard disclosure form for financial services products of no more than 3-4 pages; and
- giving small business the right to charge Commonwealth departments and agencies interest on bills not paid within thirty days.

These are practical measures to reduce the regulation burden on business – so they can get on with the business of doing business.

Today, I have talked about preparing our workforce for the future.

I have talked about providing the infrastructure platform for growth to help small business formation.

But in this competitive, fast-paced and ever changing world, corporations also need to take up the reform baton. And the good news is that by and large they are.

In recent times, there has been no more significant force shaping the way we govern, the way we do business, or the way we live, than globalisation.

And those economies and companies that have been most successful are those who have been able to embrace the opportunities of globalisation – to

turn challenge into opportunity, rather than through inaction, allowing challenge to become a threat.

The economic reform legacy of the 1980s and early 1990s provided our companies with the opportunities to better compete in a globalised business world.

These reforms also did something else – they created a generation of entrepreneurs who took our goods and services to the world.

And right now, not only do we need to prepare our workforce and our economy for the future, we also need to drive a culture of enterprise.

We need to continue to do all we can to imbed a culture of enterprise – from the boardroom to the workplace.

In short, we need to train the managers, the entrepreneurs and the leaders of tomorrow.

To produce the next great generation of entrepreneurs.

Einstein once said that ‘imagination is more important than knowledge’.

He understood that imagination is the springboard to creativity.

And without creativity, there is no entrepreneurialism.

And without entrepreneurialism, there is no long-term prosperity.

From the earliest years of a child’s education we need to foster a culture of creativity, innovation and enterprise.

A culture that positively encourages our young people to think about how to create something from nothing – to turn an idea into reality.

There is nothing remotely contradictory in promoting creativity and enterprise on the one hand and a fair go on the other.

To regard these as polar opposites is old politics – both of the right and the left.

I’m advised that in parts of Scandinavia, innovation is taught from the earliest years of a child’s formal education. Together with other core social skills of sharing, cooperation and playing as a team.

In the Australia I want to build for the future, the spirit of enterprise goes hand in hand with the spirit of the fair go.

Conclusion

Today I've spoken about the need to embrace rather than ignore the challenges of the future economy - including the great new challenges of climate change, clean technology and clean energy.

I have spoken about the need to foster a culture of creative enterprise for our young people – a culture of encouraging new business formation while maintaining the core Australian value of a fair go for all.

I have spoken about the need to unleash the creativity of our businesses through a wholesale assault on the red-tape revolution that is now strangling Australian business.

And I've spoken instead of the need for an Education Revolution that transforms our workforce, and together with new technologies like broadband, turbo charges our long term productivity growth.

I'm glad at last we're having a debate about education.

It's a debate we're proud to have placed squarely on the national agenda.

But let's have a real debate – not just one based on pre-election posturing.

It's a debate about national funding priorities and why we've fallen so badly behind our competitor economies.

It's a debate about raising the national standards – not just the quantity of what we invest but also the quality of what we produce.

And it is therefore also a debate about the culture of our schools and the total learning environment of our little ones.

Mums and Dads across Australia know first hand the seriousness of school yard bullying.

I speak to Mums and Dads all around Australia.

They are the ones waiting at the school gate for their kids to finish and run out when the bell rings.

They are the ones who sometimes see their kids come out red faced, distressed and distraught.

They are the first point of contact for these children and know what it does to the souls of these little kids.

We need a national consensus in Australia – one which bridges the political divide – to bring an end to school yard bullying.

Because in the 21st century bullying not only persists in the school yard, it is moving to new levels.

It's in cyberspace.

It's on blogs.

It's in chat rooms.

It's done by text-messaging.

This is a serious problem. Kids can be scarred for life when bullying gets out of control.

The self esteem of a young child affects their ability to learn, develop and socialise. Bullying can destroy a kid's self esteem if not acted on.

Before the 2004 election, the Government said bullying was a problem.

The Government is saying it again today – on the eve of the next election.

The Government already initiated a program in 2004 it said would deal with the problem and committed to a National Safe Schools Framework.

There was legislation, a new website, posters and plans to tackle the issue.

On 22 June 2004 in the run up to the last election the Prime Minister stated:

The Australian Government has led the development of a national safe schools framework that provides a set of agreed guiding principles for schools to follow so that every school can have in place a comprehensive set of protocols for providing a safe learning environment, and for handling incidents involving bullying, violence or any form of child abuse. The legislation will make as a condition of funding the adoption of this framework and prominent display in all schools. \$4.3 million will be provided to school authorities to support the framework's implementation.

Now just before another election, the Prime Minister says it is still a problem.

I ask the Prime Minister: Has the last pre-election program failed?

And I ask the Prime Minister, if it has failed, why wasn't it a significant initiative in this year's Budget?

Similarly with greater principal autonomy. This was raised by the Commonwealth ahead of the last four year schools funding agreement.

In June 2004, once again on the eve of the last election, the Prime Minister stated that his schools funding legislation would include:

as a condition of funding that school principals have a significant say over staffing issues in their own schools. Further, it will require state governments and school authorities to commit to providing principals strengthened autonomy over, and responsibility for, education programs, budgets and other aspects of the school's operations.

And on 13 February this year in Parliament, the Prime Minister again talked about the importance of principal autonomy.

I ask the Prime Minister: Has the Government's last pre-election commitment on greater autonomy for principals also failed?

And again I ask the Prime Minister, if it has failed, why was this not a major initiative in last week's Budget?

School reporting is a third example.

Minister Kemp raised this back in 1998 - nine years ago.

The Government has had two four year school funding agreements since then to make it a reality.

And this job is still not completed.

The debate about transforming the culture of our schools is an important debate - and it should not just be a debate.

It should also be about a sustained program of national reform – not simply an exercise in short-term pre-election politics.

We should set an agreed national objective and program to eliminate bullying; to increase the autonomy of principals; and to significantly increase academic and trade-based outcomes that are properly reflected in robust and readable report cards for parents and students.

This is all about preparing Australia to face the challenges of the future.

And it's all about having a national vision for ourselves that is bigger than being China's quarry and Japan's beach.

It is a vision which says let's use the windfall from the resources boom to create the most educated country, the most skilled economy and the best trained workforce in the world.

And if we are elected to become the next government of Australia, it is to this challenge that I am committed.