

REPORT OF PROCEEDINGS BEFORE

COMMITTEE ON ECONOMIC DEVELOPMENT

INQUIRY INTO SKILL SHORTAGES IN NSW

At Dubbo on 29 July 2013

The Committee met at 10.45 a.m.

PRESENT

Mr D. A. Elliott (Chair)
Mr S. L. Ayres (Deputy Chair)
Ms N. Hay

CHAIR: Welcome to this hearing of the Committee on Economic Development's inquiry into skill shortages. The Committee is pleased to be in Dubbo and happy that Regional Development Australia has made a submission. I am the Chair of the Committee, Mr Ayers is the Deputy Chair and member for Penrith, and Ms Hay is the member for Wollongong. Unfortunately, Mr Gulaptis and Mr Parker are unable to attend today. Many representatives from local organisations and institutions will give evidence, including Regional Development Australia, Dubbo City Council, the Minerals Council, private companies, the Orana Regional Organisation of Councils and Regional Development Australia Central West.

FELICITY TAYLOR-EDWARDS, Executive Officer, Regional Development Australia, sworn and examined:

CHAIR: Do you wish to make an opening statement?

Ms TAYLOR-EDWARDS: I apologise on behalf of Mr John Walkom, who fully intended to be here today. Unfortunately, a conflicting priority arose this morning with about 10 minutes' notice. Of course, my comments come with the board's endorsement.

CHAIR: Do you wish to highlight any part of your submission?

Ms TAYLOR-EDWARDS: I would like to highlight that Regional Development Australia's role as a regional certifying body is to address the skill shortages that we are aware of across the region. Its role is to facilitate economic development, but not at the exclusion of social development. Our belief is that then creates communities where people like to live. That is the premise on which we undertake our role and why we lodged a submission. We also believe that through our experience over some years we have a contribution to make in terms of perhaps refining and improving as we go along. We will never arrive at a perfect end, but we believe in continuous improvement both for the lives of the skilled migrants coming through the program and also for the communities and economies that host them. We are addressing the skills needs and economic drivers within the region that are looking for those skilled people. It is a balancing act.

CHAIR: By way of background, unemployment in Orana at the moment is sitting on—

Ms TAYLOR-EDWARDS: It is variable, depending on what part you are talking about. Orana covers 25 per cent of New South Wales and it has diversified industry interests. The unemployment rate in Cobar is 3 per cent and in Brewarrina it is 17 per cent.

CHAIR: Your submission highlighted that Cobar has a very low unemployment rate. I assume that is because of the mines.

Ms TAYLOR-EDWARDS: It is because of the mines and a strong economy. They are the extremes of the figures. The stronger the economy and the industries—including mining and agriculture—the lower the unemployment rate.

CHAIR: That is probably reflected around Australia at the moment. Your submission states that there are skill shortages. What skills are in short supply here?

Ms TAYLOR-EDWARDS: A compelling need for us at the moment is to obtain more evidence about the actual skills needs across the entire region. That is our primary focus: to have a strong evidence base of the present situation and what the future holds. However, at this point we are desperate across the region generally for trades of all descriptions, particularly motor mechanics, fabricators and chefs, as well as some professional positions—for example, in the education and health sectors. We were recently informed by the Western NSW Local Health District that there are about 80 nursing vacancies. We drill down into information and communications technology, IT technicians and analysts. That is within the realm of the existing skills in demand list. That varies between skills 1 to 3—skill 1 being a degree, skill 2 being the next step down and skill 3 being a trade or a certificate III equivalent.

One of our recommendations is that we should have some discussion and contribution to the argument about bringing it down to level 4. There are positions, particularly in the agriculture sector, but also in other areas that could meet a level 4 skill which are very much in demand in the region and which are not without skill. It would assist the drivers of the economy if we could participate in skilled migration RCV [Regional Cities Victoria] recommendations for skill level 4.

CHAIR: That is music to my ears. What about 457 visas?

Ms TAYLOR-EDWARDS: We do not process 457 visa applications. However, there are employers who approach us for clarification about them. We have a role in discussing their needs to establish whether an employer-sponsored visa is more relevant.

CHAIR: Ms Hay wants me to ask you about 457 visa applications. Are the 457 visas you are exposed to an attempt by employers to get cheap labour? I know that is a leading question, but Ms Hay wants it asked.

Ms TAYLOR-EDWARDS: It is a leading question, and I will not answer it directly. However, it is our belief that employers across our region are looking for skills and are prepared to pay for them. I think what they see as an attraction in 457 visas is that they do not have to commit to a two-year contract that the employer-sponsored program visa would require. However, there are downsides to 457 visas as well, given that they have to actually attribute some of their budget for training.

CHAIR: Yes.

Ms TAYLOR-EDWARDS: And they also have to guarantee a minimum of \$53,000. Under the employer-sponsored program, if it were able to be processed more quickly—we would suggest—we have to guarantee that there is a market rate being paid but not a figure being attributed to it. I think the employer attraction to 457 visas may well be more about processing, given that they have a vacancy and they want it filled and they may or may not have a backpacker or somebody else coming through that can go on a 457 visa and actually take up the work versus long-term examples of unprocessed employer-sponsored positions and the fact that they are not having to engage in a two-year contract.

CHAIR: That is a pertinent point. They are prepared to pay for the higher wages so long as they get—

Ms TAYLOR-EDWARDS: To get the work. We have a number of employers in the region.

CHAIR: Okay. As opposed to using it to keep wages low, they are prepared to spend the money. That is a very good point. I was keen to ask about that because I had an engineer at our place for lunch yesterday and he nails me over companies using it as an opportunity to get cheap labour. He is working in the electrical space in Sydney so I am very keen to hear about it. What are the main 457 applications that you are seeing?

Ms TAYLOR-EDWARDS: I could not tell you the 457 applications, I am sorry.

Mr STUART AYRES: You spoke about level 4 skill levels. Will you give me a couple of examples of the level 4 skill category?

Ms TAYLOR-EDWARDS: Yes. They would be farm workers particularly, but those that would be operating very expensive high-level machinery that have global positioning systems and tracking and all sorts of electronics. There would be a number of other contracting positions that require skills, from harvesting, to seeding, to spraying; where there is certification required but not necessarily at a certificate III trade level.

Mr STUART AYRES: Are you saying you do not have access to those people at the moment?

Ms TAYLOR-EDWARDS: We are unable to put those applications because (a) they are unable to apply and (b) we are unable to recommend them for a visa because it does not meet skills 1, 2 or 3.

Mr STUART AYRES: Linking that back to your earlier statement about 3 per cent unemployment in Cobar, I would have thought that the ability to drive that economy further is being inhibited by not being able to access those types of people?

Ms TAYLOR-EDWARDS: Correct, and that is why we are looking for people to come to the region, skilled migration being one of them. Skilled migration has that limitation, but that is one of the strategies we are utilising through Regional Development Australia to address the skills need across the region. But it is not the only one—obviously a decade of decentralisation. This next weekend we are participating in Country and Regional Living Expo with the primary purpose of families relocating to the region to take up positions that are available and to contribute to the community, et cetera, as well. The other thing, of course, is—

Mr STUART AYRES: For want of a better term, I am going to create one here that has not already been done—intrastate migration.

Ms TAYLOR-EDWARDS: Intra as well as within, inter.

Mr STUART AYRES: Yes.

Ms TAYLOR-EDWARDS: Interstate and intrastate, metro areas to the regions. Also negotiating and working with the industry sectors and the Department of Education and TAFE to grow skills required in the region. There has not necessarily always been alignment between the skills demand of the region and what the education system has been able to skill students up for in the development and the aspiration in the first instance but also then the wherewithal and the skilled staff in order to train those students. We are working strongly in that space, particularly with mining, resources, energy, agriculture and health being the primary skills gap areas that we are looking at in establishing a virtual school—basically by coordinating all of those institution delivery points virtually across Orana to give more young people access to the skills required in the demand areas that are presently here.

Mr STUART AYRES: Before you were rattling off some of the areas where there are shortfalls.

Ms TAYLOR-EDWARDS: Yes.

Mr STUART AYRES: You then commented about future skills?

Ms TAYLOR-EDWARDS: Yes.

Mr STUART AYRES: I thought you were going to go on to that but did not quite get there.

Ms TAYLOR-EDWARDS: I think it is incumbent on us to not just be looking at the skills that are in demand right now. If we are unable to fill them immediately, there needs to be a time lag in order to either prepare students or reskill existing workers in order to meet the need now and then we are already in the future. Not only do we have to address the needs that exist at the present, we need to be able to project in the future what the skills needs will be, both in existing industries and in the growth and opportunity industries.

Mr STUART AYRES: Such as?

Ms TAYLOR-EDWARDS: For instance, in our area obviously the value-add to agriculture, an increased focus on agriculture. Agriculture is our strongest industry across the region and yet it has suffered over the past few years, as a result creating a skills gap. There is enormous potential to grow agriculture to diversify as well as in other sectors, but we simply do not have the skills at present to be able to meet that. Also, on another front, Regional Development Australia Orana has just commissioned an economic profile of the entire region, drilling down to LGA by LGA, so that we can determine the comparative advantages within our region and then compare our region to others to look at the comparative and business competitiveness. In order to do that, we needed information. What we have to do now is follow on from that—and part of that is to identify opportunities in the future, including your biomass, your value-add manufacturing niche markets off agriculture, specialty grains, manufacturing of food product that is grown in the region, not to mention hospitality and tourism, all of which have been identified as opportunities across the region. Now we need a subsequent skills audit to project what the skills will be in the future off the back of those projections, as well as what the demand is currently.

CHAIR: Is the relocation grant encouraging people to move or are they going to move anyway and they are just enjoying that as a nice cherry on top?

Ms TAYLOR-EDWARDS: Yes. It is something we have challenged ourselves with, that very same question, about our participation in Country Week. For instance: Is it sufficiently targeted? Is it only going to be those that are already going to consider that or not? I believe that we can target a market that can see the benefits to come to the region, but I believe it is more focused around business and industry relocating, which then creates jobs and further growth rather than necessarily just relocating families. I have to say, though, there might even be some tweaking necessary of the grant as it appears at present that I believe Regional Development Australia is involved in through the Regional Development Advisory Council. For instance, at the moment, if a family in Sydney chooses or wants to relocate—I do not know it well enough—but I believe they have to be able to sell a property in order to come here and buy a property. Affordable living could be an attraction for a family who cannot ever possibly buy a home in metro but could come and contribute well to the economy here. There might be some tweaking that could be done on the current approach. We are taking a far stronger and more aggressive approach in our regional planning to attract business to relocate. We are picking up on the advantages of the national broadband network rolling out here and a number of communities within the region, such as Mudgee—

CHAIR: You are getting it first, are you not?

Ms TAYLOR-EDWARDS: We are; it is underway at present. We will be live next year, so we can build a package that attracts business to relocate to the region and have access equally to whatever they need through the national broadband network. The implications, however—and it is a balancing act that I know we need to consider—is the infrastructure requirements that are then required. Relocating families may be one thing, relocating business is a different proposition, and infrastructure and ageing infrastructure is a major issue across the entire region that we are working on.

CHAIR: I have got a young family and if I was to uproot my family from metropolitan Sydney to relocate to Dubbo, my considerations would be a lot deeper than a \$15,000 grant. If you are saying to me they will sell their house in Sydney and buy one out here, as you quite rightly say, most people are going to be motivated by the decision that they can get a nice home out here. They may want to negative gear their home in Sydney, they may not even have one, so by putting that as a prerequisite, you are essentially making them pay for their grant, anyway, through stamp duty.

Ms TAYLOR-EDWARDS: The region has struggled and government agencies and other agencies have struggled for years to find means to attract professionals to the region, not just to Dubbo but further west.

CHAIR: Yes.

Ms TAYLOR-EDWARDS: I am headed further west this afternoon for a meeting and it is always on the agenda. So innovative and collaborative ways of attracting skills to those regions, particularly to service them, is huge and it is high on our agenda.

Ms NOREEN HAY: You have answered a number of the issues that I was going to raise with you in respect of the relocation grant. I would imagine it is a bit of a vicious circle to encourage business to relocate if there is a skills shortage.

Ms TAYLOR-EDWARDS: Yes.

Ms NOREEN HAY: Does Regional Development Australia Orana interact with an organisation like Regional Development Australia Illawarra—where we have high unemployment—about attracting people to relocate from the Illawarra to your area?

Ms TAYLOR-EDWARDS: In short, no, we do not. We certainly interact with offices of Regional Development Australia dependent on the issue. However, that is a great suggestion that I would be interested in exploring.

Ms NOREEN HAY: One of the things we have recently been looking very closely at is that we seem to have the highest youth unemployment in the country. I am wondering whether or not there would be potential for relocation grants—obviously it is not going to assist those types, but incentives that would identify some of those courses that you say perhaps are not matching the skills required here. We have found that in the Illawarra, too, by the way. Some of the courses offered by TAFE do not necessarily match up to the skills increase that we need.

Ms TAYLOR-EDWARDS: I would have to say that that is shifting. We work very strongly with TAFE Western out here and in a previous role I held that was very much under discussion. There has been a very strong emphasis on schools, TAFE and industries working together in order to address that very issue. In respect of relocation of unemployed youth, it is something I referred to in our submission that we do not bear the responsibility lightly of being able to manage the balance of the communities and the economies preparedness or willingness to be able to absorb disadvantage for people—that may well be a skilled migrant that comes to the region and finds themselves either unemployed or under-employed and the impost that that provides to services which may or may not even exist. It is a balancing act. We have strong economic drivers, but we also then have social inclusion and social responsibility areas.

If youths are skilled and able to access the training and then relocate to the region, I am sure there is a formula there that we can put together. That was the other reason to work with the mining companies as well as the energy and agriculture companies and the health sector in putting together this virtual school that we are

hoping to go live with next year: it is to both up-skill and reskill existing workers, particularly those impacted by the Murray Darling Basin plan for water constrained communities and also young people aspiring to get into any of those areas. We make it virtual so that (a) the capital expenditure is not built in fixed buildings and (b) we utilise some of the best state-of-the-art IT that education and TAFE Western Connect have across our region, which we are very fortunate to have. There is no limitation to where that could actually go, as long as the IT capacity is available in those communities such as the Illawarra with the Department of Education and TAFE.

Ms NOREEN HAY: Did you say you are doing a skills audit and an economic profile?

Ms TAYLOR-EDWARDS: We have finished the economic profile. There is a draft final report that I have got right now to take with me out west this week and that will be released very shortly. But now we have to build a comprehensive skills audit, both on the identified existing need, but also then the projected need across the opportunity industries that have been identified.

Ms NOREEN HAY: When the Chair was discussing 457 visas with you, the issue that you touched on was if backpackers are not available. Am I correct in saying that?

Ms TAYLOR-EDWARDS: I did.

Ms NOREEN HAY: Would we be talking about fruit-picking type work?

Ms TAYLOR-EDWARDS: Particularly further west in the Orana there are a lot of backpackers at present taking up agricultural positions, stick-picking, unskilled labour in the farming sector. They may well be OTs or tradesmen who find they would like to remain in the region and need to apply and change their visa status in order to be able to do that. Some employers are willing to do that if they go through the process or the employer-sponsored visa, or sometimes for expediency they put them on a 457 visa and then transition that yet again to the next one if they want to keep them.

CHAIR: In your submission you raise shortages in engineering and hospitality. Both of those fascinate me because before I was elected to Parliament I was the chief executive officer of both the Civil Contractors Federation and, before then, the Australian Hotels Association. I have a great deal of interest in both of those fraternities. If you have a skills crisis or a labour shortage in, for example, the engineering and hospitality industries you can do one of two things. You can recruit them from outside—like Mr Ayres said you can have intrastate and interstate recruitment, 457s—or you can train your own people. Let us take training your own people. Do you find a level of snobbery in families in having their children decide whether they are going to be a chef or a hotel manager or whether they are going to do a certificate III in civil construction and become a civil engineer? Unfortunately there are certain parts of society in which parents tell their kids they must go to university and this is creating a problem for us. For example, I pay my plumber \$150 just to turn up because we do not have enough plumbers. Do you find that a problem in the economy here?

Ms TAYLOR-EDWARDS: I am not going to answer your question about whether or not it is snobbery; I really do not think I am equipped to make comment. However, I know so many professionals who have said they expect their son/daughter to go through university and—guess what—he/she is going to do a trade. I would add further, having just done a three-day trip up into the mining areas of Queensland to look at similarities around this virtual mining school that we are talking about that they are finding the exact opposite. Young people themselves are making the choice to do a trade first—and it is based on what they believe to be knowledge—and to then do a tertiary qualification as an engineer, for example, because they believe themselves to be far better equipped as a result. That is the trend. A number of industry sectors actually advised me of that only last week when I was in Moranbah and north Queensland.

If I transition that back to this region, I would have to suggest that there is a shift in the younger people themselves in believing that a trade qualification will not only now be viable economically but it will also equip them far better in the longer term. Having said that, there are some people who still see an apprenticeship and the whole idea of delayed gratification as the way to go. I will give you examples out of Cobar, where you have a mine on your doorstep and if you are 18 or whenever you are equipped to drive a truck you can get \$110,000 per year versus the delayed gratification of becoming an apprentice. That is still something that possibly has to be looked at.

CHAIR: We are never going to be able to deal with that because there will always be a lot of money thrown around for labourers, but I am delighted to hear that. Without wanting to put words in your mouth, if the

Committee were to make a recommendation that, for example, a certificate III in civil construction—this is to assist those kids you are talking about and to allay the fears of the parents that I am talking about—was an automatic recognition of prior learning [RPL] for the first year of their degree in civil engineering, that would make life easier for people, would it not?

Ms TAYLOR-EDWARDS: Attractive; I am not sure about easy. In some of the partnerships already underway in this area—probably because we are confronted by that very issue—between the Department of Education and Charles Sturt University students are able to do their first number of units in nursing in year 12 and equally in a number of other trades, as I understand it. It would not be easy—

CHAIR: Sorry, life was not meant to be easy.

Ms TAYLOR-EDWARDS: For a student to do a certificate III at a year 12 level as well as carry the year 12 caseload I think is a challenge, but if the attraction is that they then transition and have already got year one of university under their belt and, if the positions are available, they can study in the region—because part of those skills gaps are the result of students having to go away to access tertiary qualifications—then certainly.

CHAIR: I did my masters at Charles Sturt. I would have thought that university would be one that would embrace that very progressive approach.

Ms TAYLOR-EDWARDS: Charles Sturt has embraced the Mining School of Excellence by introducing their engineering in that virtual model that we are looking at to try and address the geographic areas but also to remove the idea of boundaries in the Orana and to enable people to access it whether they are sitting in Bourke or Mudgee. However, I think there is a lot to be done to connect industry more to the training and education sector in a real way so that, firstly, kids actually aspire and can see the attractiveness and, secondly, they understand what the pathway is.

CHAIR: There is a vicious cycle here. One of the reasons it is hard for you to get civil engineers in Dubbo is because you cannot keep good chefs in Dubbo.

Ms TAYLOR-EDWARDS: Correct, they fly them in now.

CHAIR: They will come because they know they can buy a nice big house, their kids can go to a good school, they will have a nice car and they are going to be able to go on holidays and all of that disposable income, but one of the things that will turn them off is that they think they will not have the type of leisure lifestyle they might have in Wollongong or Sydney. From my observation it is not about solving one skill crisis—particularly in areas like the Orana—it is about solving a few of them.

Ms TAYLOR-EDWARDS: Yes. I do not think the skills issue can be looked at in isolation. At one end there has to be some infrastructure consideration and it has to be based on evidence, which is where the skills audit comes in, but it also has to have an entire marketing strategy attached to it.

Ms NOREEN HAY: Can you identify any new emerging industries in your area outside of the normal agriculture and mining industries?

Ms TAYLOR-EDWARDS: Some of those are actually value-add. We are struggling with this, which is why we called for the evidence and the economic study, was a local government area [LGA] like Walgett for instance. Last year Walgett turned a \$496-million crop for the LGA—third only in New South Wales to Griffith and Moree—yet it has the second most disadvantaged community within it and the second highest unemployment. In my view it is not about money; it is more around connecting the industry to the community and it is about working on the value-add and where that might be. So a young person in Walgett who is disadvantaged, who is struggling to get an education and the home life that supports that, may well not even look at that and recognise it for what it is. That is the series of the next three meetings, the next three days I will be going to with DPC.

Mr STUART AYRES: From your inquiries in Queensland, I think you said, around the mining school it sounds as if younger people are already ahead of the economic curve in some respects; they are already seeing the opportunities being created through skills deficiencies and are starting to recalibrate some of their decision-making around education choices. I think we could definitely tap into that. You also mentioned the workload, for instance, of a year 11 or year 12 student. It is critical for us to be able to provide flexibility in the school

program, particularly for students who previously would have left school at the end of year 10 and who are now at school for year 11, and for all intents and purposes year 12, in order to allow them to meet the minimum requirements around English—mathematics is no longer a compulsory subject—and to have a much more flexible selection of subject choices that lead into TAFE. In your submission you spoke about chefs or cooks, where you put an application for 40 cooks—

Ms TAYLOR-EDWARDS: The certification went through in 2009 for 40 cooks.

Mr STUART AYRES: What happened to those 40 cooks?

Ms TAYLOR-EDWARDS: They are arriving now.

CHAIR: Four years later.

Ms TAYLOR-EDWARDS: Thankfully that question was highlighted and I got our project officer to look into that. Apparently at the time there was a deluge of applications and DIAC [Department of Immigration and Citizenship] actually suspended that as a skill; however, when you suspend something there is some lag time where applicants actually apply. What happened in that case was that DIAC actually refused to process even those that had applied in the interim, after the suspension had been introduced, and these ones got caught up in it. They are just arriving now, since 2009. The fastest we have seen, and it has only been this year, was actually three weeks and that was under the regionally sponsored visa. We believe that is as a result of the streamlining of the information on its website and on all the information that they get access to, whereas the 40 cooks got caught up in something that I believe ended up being a tribunal matter.

Mr STUART AYRES: Surely the processing of those applications at the Federal Government level needs to be regionalised. If there is a deluge of cooks wanting to get into Vaucluse or Brisbane or Melbourne and you guys cannot find a chef to cook a hamburger at a local pub—

Ms TAYLOR-EDWARDS: And fly them in instead.

Mr STUART AYRES: Yes, that is the system not being able to identify where the gaps are.

Ms TAYLOR-EDWARDS: Yes. The cooks were under the employer-sponsored ones. So the need was very clear because with the employer-sponsored ones we actually have to have the employer prove that they have tried on more than one occasion to fill it locally and that the demand is in fact there. So we process those. The other thing I believe DIAC may be doing, I am advised that it batches its processing, which is what we also experienced with the engineers.

Mr STUART AYRES: Would it not be better off to batch on a regional basis instead if it is going to batch anything?

Ms TAYLOR-EDWARDS: The whole question of regional input into that process is something that we have recommended, as you would know in our response. I was advised that a regional migration agreement would allow us to be able to nominate the skills that we see as being required in this region that may or may not appear on the New South Wales or Australian list, and there were a number of examples that we have given there about that—child care workers, various lower skilled positions but still skilled positions.

Mr STUART AYRES: That is similar to your category 4 point?

Ms TAYLOR-EDWARDS: Yes, the category 4 point. But, as I understand it, the Northern Territory has been trying to lead the way in that. For some years now they have been trying to negotiate a regional migration agreement but, even though much publicised, it has still not been signed off. More recently there has been a shift to what they are calling labour agreements between industries and industry sectors directly with DIAC. For argument sake, if we say a mine was looking for 25 engineers, whether they are civil, mechanical, chemical or whatever, they actually undertake a labour agreement instead. That is something we are currently exploring to be able to add weight to our recommendations.

Mr STUART AYRES: What is the difference?

Ms TAYLOR-EDWARDS: It must be in the processing with DIAC that the difference is and it is with an industry sector rather than a region. The thing that concerns us is that it does not have a regional perspective; it has a clear industry perspective only and it may well exclude other industries that could benefit the entire region. So we have very much a regional development lens through which we look at the Orana and we would think that as long as we could actually get an agreement through that allows us over a period to identify skills gaps we would prefer to go that way. Because the point I made in the response was that we might have skills gaps in agriculture now but if we go into a terrible drought again we will not. Two or three years ago we had those gaps and potentially now we may not depending on those industry sectors and climatic factors.

Mr STUART AYRES: Surely the other inhibiting factor around the labour agreements is they rely on stronger industry. Mining has the New South Wales Minerals Council or Minerals Council of Australia, or agricultural, we could say farmers. But what is the voice for childcare in the Orana?

Ms TAYLOR-EDWARDS: Exactly. Or builders or plumbers or electricians, and that has been the challenge in determining need. A comprehensive skills audit needs to be done and it needs to be well funded.

Mr STUART AYRES: Which is another reason why plugging a regional agreement would have some significant value?

Ms TAYLOR-EDWARDS: And it would be more comprehensive. The view would be that we then establish a regional labour pool of skilled workers, not necessarily an industry in one location.

CHAIR: Ms Taylor-Edwards, thank you for your time. There may be additional questions in writing which if replied to will be made public. Are you okay with that?

Ms TAYLOR-EDWARDS: Yes.

(The witness withdrew)

KEN ROGERS, Director Corporate Development, Dubbo City Council, and

JOSIE ELIZABETH HOWARD, Economic Development Officer, Dubbo City Council, sworn and examined:

Mr ROGERS: To make you aware, Ms Howard is doing our economic development work these days, so she will answer most of the questions.

CHAIR: Before we commence our questioning your council has made a submission. For the benefit of my two colleagues, it is submission 16. That was written by Mark Riley?

Ms HOWARD: Just to confirm, I wrote it on behalf of Mark and he signed it.

CHAIR: By way of introduction, Mr Stuart Ayres is the Deputy Chair of the Committee, the member for Penrith and a Liberal member who has come from the sports marketing space before he was elected to Parliament. Ms Noreen Hay is the member for Wollongong and is a Labor member. Ms Hay has been a member of Parliament for about 10 years and was a parliamentary secretary for regional development in the previous administration. Ms Hay has a wealth of experience. We have two apologies: the member for Clarence, Mr Gulaptis, and the member for Balmain, Mr Parker. The Committee secretariat and Hansard are also present. Do you want to commence with any comments or opening statements before we start questions?

Ms HOWARD: Just to give you guys some background, my involvement has been with new resident attraction and skills-based attraction into Dubbo. I have previously been a part of the marketing branch that used to look after this and I have looked after everything from talking to new residents on the phone or via email when they first make their inquiry through to high level strategy development based around the attraction and retention of skilled professionals, which is an outcome of the economic development strategy. Hopefully I will be able to give the Committee a broad range of information.

Mr ROGERS: I think the terms of reference are great. I would make the observation that without the foundation of a skills audit we are assuming a lot and making lots of assumptions about what skills we need and what we do not have. Fundamentally there is a need for a skills audit.

CHAIR: Excuse my ignorance, have you asked any level of government to do a skills audit?

Ms HOWARD: It is part of our economic development action plan to do a program around it. I know that the Economic Development Officers Network for Orana, which the previous witness Ms Taylor-Edwards may have spoken about, is doing a skills audit of what they currently have. Dubbo is looking at doing more of a developed program around that and recently I was speaking with a workforce broker from the New South Wales Government—last week before I went away to Sydney. Rather than doing an audit of what is happening right now, we are looking at developing a program around being able to predict the skills that we will need in the future as well as taking a snapshot in time. It is something we hope to repeat every two years so that we can start getting some trends and we can look at those things in terms of the effects of climate and drought and those sorts of things on Dubbo. As it stands, Dubbo has a very different economy to Orana. That is in progress. We have not done it as yet.

CHAIR: That is consistent with what we have taken away so far. I refer you to Mr Riley's submission, which you just said you wrote. You said in the fourth last paragraph in relation to the regional skills migration visa that you would, "prefer to see a broader approach to skills attraction to regional centres." What does that mean?

Ms HOWARD: What we are talking about there is rather than focusing on skilled migration we would be looking to attract skilled professionals, regardless of migrant origin, from those over-populated areas. With programs such as Energy Vision Opportunity [Evocities] and the relocation grant, which I think in theory is a good idea but in practice was not executed as well as it could have been, we are looking at attracting people with the skills that we need rather than looking overseas for the skills we need and bringing them into regional Australia where they find it more difficult to assimilate. Rather, we are looking at people who are at the tipping point of making a move anyway and basically encouraging that move rather than looking directly at migration.

CHAIR: By way of clarification, the Evocities is a program which started with Armidale, Dubbo and Wagga Wagga?

Ms HOWARD: It is seven cities.

CHAIR: And it is like a tree-change marketing campaign, is it not?

Ms HOWARD: Yes, they call it a city change. What they want you to do is be able to say either you are going to live in a capital city, a coastal city or an Evocity, which is a regional city that has a base hospital, good education, a university, a growing population, housing prices around this range and a professional capacity of X, Y, Z.

Mr ROGERS: Following from what Ms Howard just mentioned about the attraction of skills from our metropolitan centres, there has to be a connection made between that and the decade of decentralisation. They seem to be operating separately. Perhaps they ought to be operating concurrently and together.

Mr STUART AYRES: What do you mean by that?

Mr ROGERS: The Government has this program called "A decade of decentralisation", and what we see is they are tipping more and more bodies into the Sydney basin. That is not decentralising anything. Then over here we have to bring people in on visas with skills to put out here in the regions. Why are we not doing something about marrying those two thoughts together and using the decentralisation effort to get skilled people out in the regions as well?

CHAIR: That is the cornerstone of the skills audit because it will work out what you want and need to fill up. Specifically on the matter of skills, you have a TAFE here?

Ms HOWARD: Yes.

CHAIR: What are they teaching?

Ms HOWARD: They teach a range of different things from business administration through to trades. We have the Western college which does business-type courses and the university does nursing. I do not know all the courses off the top of my head.

Mr STUART AYRES: Is that Charles Sturt University [CSU]?

Ms HOWARD: Yes. I know that the courses have recently, in the past year, changed and I am not 100 per cent sure what they are offering at the moment. They have things in classroom as well as via distance.

Mr ROGERS: They have heavy machinery.

Ms HOWARD: And some mining stuff out at the TAFE as well.

CHAIR: I will be fascinated to find out. A regional economy essentially starts and finishes, as John Howard said on a number of occasions, on tertiary qualifications and aviation links. Whether that is in the South Pacific Ocean or western New South Wales it can start and finish on it. I get that. What I want to find out from you guys is what the shortage in your mind is? Some of the submissions have mentioned—which is music to my ears—hospitality and engineering and you mentioned engineering ad nauseam in your letter, which is great because I would expect a local government area to be concerned about trades and engineers. What specifically are they?

Ms HOWARD: In terms of engineering we actually mentioned in our submission that we had an influx of engineers which we could not accommodate. Like I said in the submission, this is based just on Dubbo; I cannot speak for the whole of Orana. The whole Orana output for mining is huge compared to Dubbo, which is minuscule because we are basically a service centre for mining, we do not have any mines in our local government area at the moment, but there is one on the cards that is coming up. Obviously there are 30 mines in the service area. We were getting a lot of high-level engineers—chemical engineers and high-level civil engineers—who did not want to go into the smaller areas of Orana because they are used to living in bigger cities. They were more comfortable staying in Dubbo, which is the biggest city in the Orana. We could not find them any jobs. Stewart McLeod, who is the director of technical services here, tried to connect them up through Engineers Australia and we tried to direct them as best we could to get work experience and types of jobs that

would potentially manoeuvre them into their field, but we could not house any engineers in jobs that actually were in their industry in Dubbo. We are not saying engineers.

Mr STUART AYRES: Excuse the tyranny of distance issue, these engineers you are talking about are engineers that come to Dubbo looking for work in Dubbo but cannot find it?

Ms HOWARD: Yes.

Mr STUART AYRES: Could they live in Dubbo and work in some of your service areas or is that not what they were after?

Ms HOWARD: A lot of them do not have cars and we are limited in terms of public transport. The closer service areas that you can potentially travel to by bus are Narromine, Wongarbone and Wellington. They are not mining towns. So you would have to be going to Nyngan, which is an hour and a half away, or Cobar, which is 3½ hours away.

CHAIR: That brings them back living in those locations?

Ms HOWARD: That is right.

Mr ROGERS: In addition, the existing engineering firms—there are a couple of them in town—pretty much cover those areas anyway. There is not an unmet demand for engineering work at Trangie, for example, that somebody could go to.

Mr STUART AYRES: Could I ask a really simple and somewhat stupid question? Can you catch a train from Dubbo to Nyngan?

Ms HOWARD: No. You can catch a bus, but it would not be a daily bus that you could catch and go to work in Nyngan every day.

Mr STUART AYRES: It takes an hour and a half to get to Nyngan?

Ms HOWARD: An hour and half in a car, yes.

Mr STUART AYRES: How far is that, 90 kilometres?

Ms HOWARD: No, 120 or 130 kilometres.

Mr ROGERS: About 130.

Ms NOREEN HAY: There is not so much traffic out here.

Ms HOWARD: Yes, that is right.

Mr ROGERS: A fair point.

CHAIR: It is a straight, flat road.

Mr STUART AYRES: I had to change my maths to change the speed limit.

Ms HOWARD: The other thing to note about that as well is that we have quite a good trades base in Dubbo who are quite happy to live in Dubbo because of the types of jobs they can get and those sorts of things. They are actually climbing the ladder. Where we actually are going to be seeing the gaps, we believe, is in those lower to mid areas when these people move into those high-level engineering jobs or they leave their sheds and move into the mines that are coming up. Then we will see gaps in our construction and trades industries for people who are actually working in a shed from 7.30 till four.

Mr STUART AYRES: I assume that leads to the logical conclusion that we should be applying a regional overlay with migration rather than just looking at the skill?

Ms HOWARD: That is right. I agree. When we looked at this program, say, around four years ago when I started dealing with it, we were trying to fill skills levels at this highest level when we were actually developing our own industry to move into that space rather than attracting a skills level across the region, which is in that low to medium level where those people are actually leaving.

Mr STUART AYRES: That means that when the guy progresses from being a sort of workshop worker into running his own business or specialising or developing a level of expertise and his income increases he wants to be able to go to a restaurant and buy a meal?

Ms HOWARD: That is right.

Mr STUART AYRES: Except you cannot get chefs and cooks to come here to do that work?

Ms HOWARD: Yes. That is a gap we have identified: hospitality and getting chefs. Of course, also with the increase in mining, there might be a qualified chef but they will make twice as much money driving a forklift.

Ms NOREEN HAY: They have gone to the mine?

Ms HOWARD: That is right. Bakers, carpenters, chefs, hospitality workers: we are finding we are getting gaps in those areas.

Mr STUART AYRES: Where the shortfall in jobs for chefs might not appear in the New South Wales numbers, it is critical for you?

Ms HOWARD: Yes.

Mr STUART AYRES: We probably could list child care workers.

Ms HOWARD: Child care workers is a big one.

Mr STUART AYRES: Pick seven or eight other industries that are at that lower end?

Ms HOWARD: That is exactly right.

Ms NOREEN HAY: My understanding is that particularly around the Mudgee area all those trades such as chefs, chippies and the like now work in the mine.

Ms HOWARD: Yes. That does not surprise me. That is something we would expect to see and are trying to prepare ourselves for. I guess Dubbo is lucky in the fact that we actually can see the mines coming. Because we are a larger city we have the resources to be able to plan. That is the stage we are at now. We are trying to plan so that when these big developments occur we are resourced to be able to make sure there are no gaps. I guess it is important also to note that the city itself is growing. Not only are we looking at servicing these areas, but I think the jump in commercial DAs from last year to this year—do not quote me—has gone to 120 million this year and was only around forty-something last year.

CHAIR: That is a significant jump.

Ms HOWARD: A huge jump. We are building bigger retail outlets. We are getting a Masters and all these big developments are coming. So we need also to be looking at our existing workforce and asking, "Okay, are these guys going to move into these other areas or do we need to attract more retail workers?" Do we need to attract more chefs? Do we need to attract more chippies who do not want to be on the tools anymore but who want to get home at five o'clock in the afternoon and so can work at places like your Bunning's and your Masters and those sorts of places too?

Mr ROGERS: All of the above, I think.

Ms NOREEN HAY: Felicity said that RDA Orana was doing a skills audit and looking at future skills requirements.

Ms HOWARD: Yes.

Ms NOREEN HAY: Do you find that playing a role in RDA Orana is too big and too widespread for a skills audit for Dubbo and that it needs to be more specific for your area?

Ms HOWARD: If you lift Dubbo out of the Orana for a minute, those guys are having a lot of the same issues because their industries are very similar. They also have the same problems with people moving out of their cities and moving into Dubbo because they are trying either to educate or are working on farms and not making enough money. They also are not getting a lot of people who are taking over small businesses anymore or taking over the family farm. They are moving off the land and either moving to Dubbo or Sydney or wherever. We actually are not being a part of the skills audit that the Economic Development Office's network—that Orana development—is doing because our industries are so different than the rest of the Orana. Even if we were just going to do a skills audit as a snapshot in time of what things look like now, it would be very different to the Orana and they would skew us and we would skew them.

Mr ROGERS: Dubbo sits in the middle of the Orana region as a major regional service centre, which is very different demographically and everything else to the region that Orana serves.

Ms HOWARD: Yes. Our biggest employers are retail and health, which cannot be said for the rest of the Orana region.

CHAIR: No, I would not have thought that.

Mr STUART AYRES: What is the population of your LGA?

Ms HOWARD: Of our LGA? It is 40,882.

Mr STUART AYRES: What do you consider is your service catchment population?

Ms HOWARD: Retail we consider it to be 200,000 and service is 120,000.

CHAIR: You talked about the new resident plan. That is different to the grant the State Government offers.

Ms HOWARD: Yes.

CHAIR: What is the new resident plan?

Ms HOWARD: Basically, five years ago council created a city image branch, which was charged basically with everything around the development of marketing, promotion and image of the city externally. With that we introduced the new resident attraction program, which is now littered throughout the marketing action plan. Basically, we developed a section of the website to look at promoting people to live here. Prior to that we were very focused on tourism promotion and getting tourists to come. Then we moved into getting people to want to live and work here and bring their events here as well as people coming to visit. Part of the website was developed to push that. As well as money budgeted for new resident attraction programs we fund a part-time staff member to actually be a face-to-face contact for new residents coming to the city. They work 15 hours a week. We have a dedicated email address, which is promoted on all that new resident collateral so that people can actually get in contact with the one person each time and say, "I'm looking to move. These are my questions." We provide people with information around real estate, housing prices. We connect them to jobs websites.

We were doing all this prior to the Evocities campaign. I actually brought a new resident pack and a prospective resident pack for you to keep. A prospective resident pack is sent out to people before they arrive: when they contact us and say, "I'm thinking of making the move." Once they come, we encourage them to come down to the information centre. They register as a new resident. We provide them with a new resident pack and we invite them to a new resident night. They are held quarterly. Those nights are based around trying to get people connected to the community. If we can get them connected, they are more likely to stay. That is around getting people involved in community sporting clubs etc and if they have questions about services. We host them at a range of different sites around the city so they can get to know different parts of the city and meet other new residents.

Document tabled.

CHAIR: That is extraordinary. Why are they coming?

Ms HOWARD: Usually people come for work. A lot of people come because they are trying to climb the ladder and they find it too difficult to do in Sydney. As I said in my submission, I think the relocation grant is a great idea but, from our experience, the people moving to regional areas are not those who own a house in Sydney sell up to move their families to Dubbo. They are people starting out, just finished university or have a young family and have decided they do not want to work from 6.00 a.m. to 6.00 p.m. So they actually leave a rental in Sydney to come and buy a house in Dubbo where their rent in Sydney was more than their mortgage repayments in Dubbo. They are not getting any benefit from that \$7,000 because they are not selling a house in Sydney.

CHAIR: Returning to skills, in your submission we have highlighted trades, particularly automotive and the like. Are they being filled locally or do you need to attract migrants to fill them?

Ms HOWARD: That is a hard question to answer because at the moment it is quite a fluctuating industry. Anecdotal evidence I am receiving through council is that when they have a big project on they are able to get casual workers. They might get migrants. There are a lot of Chinese welders in the region. But when things slow down again, because they are the casual ones they also are the first ones to go. What we are doing and what I tried to highlight in the submission from Mark is that we are looking at potential developments and where we think our existing workforce will go and where those gaps need to be filled. We also are encouraging through work with TAFE and the RDA Skills Mining Centre of Excellence to make sure we can get trades to stay here because it is turning into a boom industry for employment because, as I heard you mention to Felicity, a lot of kids in school at the moment are saying, "Well, hold on a minute. I might be able to do this and make a bit of money. I can see there's a gap." We are trying to look at filling that gap between the high-level trades and those apprentices that are coming up.

Mr ROGERS: Within three hours' drive of Dubbo there are something like 30 mines operating, expanding, prospecting or waiting approval.

Ms HOWARD: It is normal for a place in Dubbo to service that area.

Mr ROGERS: Yes, three hours is nowhere. It is just around the corner. As part of our economic development program, we are developing a mining services strategy. We want to position Dubbo as a centre for servicing mines, not just the ones close to us but also overseas—really broad. You can imagine the range of skills that would employ from specific software development for mining applications through to large heavy machinery coming. It is a huge palette. Assuming we have some success and we start attracting these businesses, and assuming they bring some of their own skilled workers with them, you still have to assume that they would need to recruit additional workers in a lot of cases. But those people, whether in tens or hundreds, are going to want those ancillary services you have been talking about—chefs, nurses, doctors, et cetera. I cannot see that migrants alone will do that. It is about growing a community and so forth. One thing we have been discussing very strongly with proponents of mines and we generally have agreement on is that we do not want fly in fly out. We want them to fly in and stay.

CHAIR: But would you not find that someone migrating from overseas is more likely to stay than someone who is just coming in for work?

Ms HOWARD: No, they usually stay for their designated period. We found when we had an influx of engineers probably about two or three years ago that trying to connect them to the community to try to get them to stay was quite difficult because of some of the cultural barriers. Council has put in a letter of support to RDA and the Western Institute of TAFE, which are looking to do a program around basically educating migrants who come in on the different lifestyle cultures, for want of a better term, that are in regional Australia compared even to Sydney or further removed—the migrant origins from where they have come.

CHAIR: Yes.

Ms HOWARD: But we have found that a lot of them do not bring their families. They come on their own, they try to find something. If they cannot find something under the Regional Development Australia

[RDA] visa they are able to move to somewhere else within Australia, as long as it is not Melbourne, Sydney or Brisbane. That is what we found a lot of them actually did.

CHAIR: What is your unemployment here?

Ms HOWARD: It is under 5 per cent. It is lower than Orana's.

CHAIR: What is Orana's rate?

Ms HOWARD: Five point something.

CHAIR: And you are under five?

Ms HOWARD: Yes.

CHAIR: That is below the national average then?

Ms HOWARD: And below the State average.

CHAIR: Going back to the skills, are you finding that you have enough options to train up your young people, your domestic population, in a domestic workforce?

Ms HOWARD: We are always looking to try to build our education facilities because we do lose a lot of people going to university in other areas, even to places like Bathurst or those sorts of places. That is something that we would really like to look at developing. Even some of our trades have to go to Orange to do their TAFE and then they will come back to Dubbo.

CHAIR: If they are doing apprenticeships. That is only a day trip though, is not it?

Ms HOWARD: But it is still education. If I was moving my family and my son wanted to be an electrician or my daughter wanted to be a boilermaker and I could not do that in Dubbo then potentially I might move to Orange.

CHAIR: That is a big impediment for your trades, the fact that Dubbo does not offer certain trades?

Ms HOWARD: Certain trades, it is.

CHAIR: Can it also work to your benefit that you offer trades here that they cannot? Is there a net gain?

Ms HOWARD: Yes, and I guess that what we are trying to do with the Mining Centre of Excellence is to be able to provide that sort of education infrastructure to try to encourage people to stay or to move and that sort of thing. The other thing as well though is that we have very limited accommodation for students who do not move with their families. I know that TAFE also offers some of the only equine courses in the area. We get a lot of people who are moving from the Hunter or lots of different places to attend this equine course, but we also need somewhere to actually house them. We had one girl a couple of years ago, she must have been 17, and she was moving down to do this equine course. Obviously, her parents were quite concerned because they wanted to find somewhere for her to stay but they were not 100 per cent supportive of her staying in a one-bedroom apartment by herself.

Something else that we are investigating is whether we can provide some sort of combined student accommodation for these types of courses, because we have also got the zoo. They provide a certificate III in capture animals at TAFE, which is obviously a specialised course which has to be done somewhere where there is a zoo. They bring down about 30 people every year who are in the same sort of boat. Potentially that will be an infrastructure project which we will be looking for funding for in the next couple of years as well.

CHAIR: That is good, and that is what makes me ask about your submission where you are talking about backfilling, particularly as some of these tradesmen will leave town to go into the mining sites.

Ms HOWARD: They will not necessarily leave town, they will leave the sheds.

CHAIR: Will change jobs, essentially. What is inhibiting you from having those backfilling tradesmen getting backfilled by—

Ms HOWARD: People who are already here? I guess it would be that ability to be able to attract people for other reasons other than that education as well. If we have students who want to go into those trades at year 12 or just prior then we will need somewhere to house them.

CHAIR: What is stopping you from attracting the local families from providing those apprentices?

Ms HOWARD: I guess it is the opportunity. Say we have 30 people who leave year 12 and 15 of them want to go and become journalists and then seven of them want to go and become something else, we only have a limited population. Our population is growing but it is not growing as fast as other cities of our same size. It is making sure that we actually are promoting those or steering those people that are looking to go into that area and making those opportunities available within the city.

Mr ROGERS: There is another facet to that too. I am running an engineering business very successfully in town. Cobbora Holdings opened a mine just down the road. Three of my boilermakers now work for them. Three apprentices are not going to replace three boilermakers. That is the thing. It opens the door for kids but at too high a level. I have mentioned Cobbora specifically, although it is now off the table for the time being. They put in place a program of training apprentices, getting them job ready, in the local areas, partnering up with the local firms and basically saying to them, this engineering firm, that you take on this apprentice, we will pay for him, you teach him and then when we are ready we will take him back. I think that had a lot of merit.

Ms HOWARD: And they are still doing that. They still are paying for that. They have three apprentices in the market at the moment and even though the mine, as Mr Rogers said, is off the table at the moment, they will still pay for them to go through their trade.

CHAIR: The mine is a unique situation for you here in Dubbo. Again I apologise if this is a leading question but the Committee is going to have to indulge me. Are you finding that there are any cultural inhibitions from families? You talk about 15 of them might want to go off and do journalism. Are you finding there is any pressure locally from the families or the community that every child should go and do a PhD as opposed to being a boilermaker?

Ms HOWARD: I do not think so, no. We have quite a high percentage of people—I say quite high in terms of where we sit—who do have tertiary education but I really do not think that there is any sort of cultural preference for trades against professional services.

CHAIR: Are you finding that the options for young people to be multiskilled are here?

Ms HOWARD: I think that is probably something better suited to one of our colleagues who maybe works at TAFE or something like that, but I do remember having a conversation with one of those guys who actually said some schools are better at promoting those trades-based opportunities than others. I guess that would be maybe your answer to that.

CHAIR: Is it that non-government schools are better than government schools, or that one government school is a technical school and the other government school has got a sporting tradition?

Ms HOWARD: We do not have any specific technical schools in Dubbo, but generally from this conversation it was that the public school system is more open. Because they work more closely with TAFE on vocational sources they tend to have more opportunity in that sphere, whereas the private schools are more focused on academic projects. They open up more of an opportunity for people who study more academic projects so that they can then go into high University Admission Index [UAI] subjects and those sorts of things.

Mr ROGERS: St John's would probably be the exception to that. They are offering courses in animal husbandry.

CHAIR: That is a Catholic school, is it?

Mr ROGERS: Yes. Ms Howard can correct me if I am wrong, but I think they are also enrolled in this sort of transition from high school to trade training. In their last year they begin their trade at school, rather than just leaving school and then starting an apprenticeship. I think that model has got some merit as well.

Ms HOWARD: Some of the public schools do that too, in-school traineeships and in-school apprenticeships.

CHAIR: Are you finding here that you have got young people changing jobs too much? Are they having a problem with retention?

Ms HOWARD: Not that I am aware of.

Mr ROGERS: I do not think so.

Ms HOWARD: Younger people as they are just leaving school, obviously a lot of people in our region have to do the gap year before they go to university and that sort of thing. Obviously, there is a bit of a transient—

CHAIR: Why do they have to?

Ms HOWARD: Because they are not high enough income earners to be able to support someone, so they have to do it so that they get the—

CHAIR: Earn some money first, yes.

Ms HOWARD: That is right. Then they are able to get whatever it is, it is not Youth Allowance any more.

CHAIR: It used to be called Austudy when I was a kid. It is called something else now.

Ms HOWARD: Yes, so that they become eligible to get that when they do go to university or they do move away and study whatever they are going to study, so there is sort of that gap year training. That may be something that I can get you some more information on from our retail contacts, because I imagine that would be the most transient industry. Our hospitality would be a transient industry as well. But they are also some of the lower paid. They sort of stay in there until they can get their feelers out and work out what is going on. Then they sort of try to climb that ladder.

CHAIR: There was no evidence in any of the submissions that retail had a shortage of staff.

Ms HOWARD: Like I said, I have not heard from retail contacts that there is a shortage of staff, but I know it is quite a transient industry. There are people there obviously ready to go.

CHAIR: I have noticed that a lot of people put it in the same basket as hospitality, but it is certainly not the same basket because in hospitality, unless you are pouring a beer, you have got to do your certificate III. In your submission you did not really talk about education providers but you have just mentioned education providers now. Are you comfortable with the working relationship that you have as a local government and economic development organisation with the education providers? Are they deficient in any way at providing information?

Ms HOWARD: No, not in providing information.

CHAIR: Are they flexible with their options that they are offering up?

Ms HOWARD: I think TAFE definitely are. They have more flexibility because they are more of a head in the region here, whereas I do not think the university has as much flexibility, obviously because they are not as large in terms of other Charles Sturt University campuses. But, no, we have a great working relationship with those guys and we partner on a lot of projects and those sorts of things.

CHAIR: I suppose the focus question is: What could the State Government do to address any skills shortage that you refer to in your submission?

Ms HOWARD: I think that we need to be looking to the State Government to help us not only resource some of the projects that we are looking at locally to be able to identify what those skill shortages are now and what they will be in the next four to five years—

CHAIR: That is the audit?

Ms HOWARD: That is the audit or the program, because I consider an audit to be just a snapshot of now, whereas what we actually want is something that we can grow and that we can, as I said previously, do more than one of so that we can see some trends.

Ms NOREEN HAY: It is more of a skills mapping thing?

Ms HOWARD: Exactly, yes. Another thing that we are looking at in terms of our new resident attraction program is that one of the battles that we find is mum or dad finds a job in Dubbo and thinks it is great, but then the battle is getting the rest of the family to become invested in Dubbo. Something that we are looking at doing that potentially we will require additional funding for, because it is just not resourced in our council budget, is to be able to create short stays for those sorts of people to say, okay, come down, one weekend a quarter we host five families and we take them around the city and try to actually get them invested in the area so that the move is not so bad. The great divide between Brisbane and Dubbo and Sydney and Dubbo is the second battle once you actually say, okay, these people actually have a job here.

One of the other things I think the State Government needs to look at in terms of developing these types of programs is to actually start engaging more effectively with the workforce that is currently on the ground. Talking to our chambers of commerce, inquiries like this are great, and also talking to our local big industries such as health, trades, construction because they are the ones who are on the ground every day. They actually know what skills are moving away, what skills they are looking to attract and also how they attract their people. For example, I know Alkane, which are opening up one of the mines that will become part of our local government area, are saying that they will need high-level technical engineers but they will probably recruit them themselves, whether they get them from Australia or overseas. Regardless of whether we have five engineers sitting here on the ground, it will not necessarily mean that they are going to employ any of those people.

I think the State Government needs to look at engaging with those big developments. Through council I am happy to provide those connections. But we also need to be engaging with the workforce that is actually on the ground rather than making decisions at an Australian Bureau of Statistics [ABS] level, looking at statistics and saying this is what it looks like. I think regional Australia sometimes tells a different story once you actually start talking to people who are dealing with these people every day.

Mr ROGERS: I think from my perspective, as I mentioned earlier, it is aligning the efforts that the Government is making in terms of decentralisation with getting the skills out of metropolitan areas into the regions, as well as looking at migrants; not ignoring all of the effort that is going on in terms of decentralisation, but making use of that.

CHAIR: We might come back to you with some more questions. Are you happy for those to be in writing, acknowledging that they will be in the public domain afterwards as well?

Ms HOWARD: Yes.

Mr STUART AYRES: What is the cost to land a plane here, the landing fees?

Mr ROGERS: We charge \$13.60 per head.

CHAIR: What does Sydney charge?

Mr ROGERS: It would have to be a lot more. Sydney airport taxes for aircraft—there is a raft of charges. There is a charge for parking, a charge for landing, a charge for taking off, a charge for screening—there is a whole raft of things. Ours is fairly simple, it is full cost recovery on the provision of passenger and check bag screening, which currently is running at about \$4.90 per passenger coming and going, and our landing fee per head is \$13.60.

CHAIR: It still seems expensive, and the problem is that it is more expensive to fly here than it can be to fly to Auckland. It is just bizarre.

Mr ROGERS: Yes. It is the same throughout the country. Regional flying is very expensive. It cost me more to fly my wife and I to Sydney and back than it did for us to fly to Singapore and stay three nights in a five-star hotel.

CHAIR: I think that would change when jet services arrive. Thank you very much for coming. We may have some further questions, particularly about your program, which I think is fascinating. I could not imagine a Sydney metropolitan council doing it, but I would be interested to see if any of the other local government areas do it, because it is unique.

Ms HOWARD: Yes. Bathurst, Orange, Tamworth, Albury, Armidale and Wagga Wagga are all the other Evocities. They have people dedicated to doing the same thing, but Dubbo has received really great feedback because our staff is tailored. Tammy, who is in the public gallery, is our relocation officer at the moment. Basically it is something that has been built on and further developed with help from the Evocities staff. We could not afford to promote ourselves in Sydney, for example, but under the conglomerate we can afford to do it, and we have received really good feedback on it because basically someone can pick up the phone and talk to Tammy like she is their friend because of the way it is done. We also found with a lot of the migrants coming in that what they really wanted was a friend, so she was getting a lot of social requests and that sort of thing, which is a little bit above and beyond the position. We are happy to provide strategy information and all that sort of stuff.

CHAIR: So all the other Evocities do that?

Ms HOWARD: They have a similar program. I do not think they send out the same packs. Do they, Tammy?

Ms PICKERING: I am not entirely sure. I know that we certainly set the bar in the first stages of Evocities and virtually took—

Ms HOWARD: They came to us.

Ms PICKERING: Yes.

Ms HOWARD: And they came to us in terms of our reporting as well because we report on how many new residents we attract to the city every month, how many people we have spoken to, how many people are looking at moving or who came to us with inquiries and then decided not to move.

(The witnesses withdrew)

MICHAEL DONALD SUTHERLAND, General Manager NSW, Alkane Resources Limited, sworn and examined:

CHAIR: I welcome Mr Sutherland, who is here as a delegate of the Minerals Council and as General Manager of Alkane Resources Limited. By way of background, my name is David Elliott and I am the Chair of the Committee, the member for Baulkham Hills and a Liberal. I am joined by my Deputy Chair, Stuart Ayres, who is the member for Penrith and a Liberal as well, and Noreen Hay, who is the member for Wollongong and a Labor member, so this is a bipartisan Committee. We have two apologies, unfortunately, from the member for Clarence, Chris Gulaptis, who is a Nationals party member, and The Greens member, Mr Parker, who probably would not be as welcoming of your industry as Noreen, Stuart and I are, given our constituencies. Thank you for appearing before the Committee. Would you like to start with your opening statement, which we have circulated?

Mr SUTHERLAND: Alkane Resources Limited is an ASX and OTCQX listed multi-commodity mining and exploration company with a focus on gold, zirconium, niobium and rare earths. Even though the company is domiciled in Perth, all of our projects are actually located in the Central West of New South Wales. Alkane is currently halfway through construction of the \$120 million Tomingley Gold Mine, which is located 50 kilometres south of Dubbo. This mine will employ 120 people for the next eight to 10 years and produce 50,000 to 70,000 ounces of gold per annum. The construction workforce is a mixture of local and interstate contractors who use local content and services wherever they can. The operations team of senior managers has been employed in the first quarter of this year to ensure readiness for mining operations and plant commissioning, which will be in September and December 2013 respectively. The Tomingley operational team are highly skilled and have moved from other businesses interstate and overseas, although one of the locally sourced managers has moved from a senior local government position to work for us.

Alkane recently advertised for 80 operator positions and received 2,300 applications for those jobs. Alkane has in mind to source the workforce for Tomingley primarily from Tomingley, Peak Hill, Narromine and Dubbo, and surrounding farms. We envisage that 30 per cent of the workforce will be experienced in the mining industry, 30 per cent would have skills or a trade or at least some knowledge of how mining equipment or heavy equipment works, and 40 per cent would be greenhorns with little experience but the right attitude to align with Alkane's values. Given the current slight downturn in the mining industry and existing mining skills based locally, because a lot of people in Dubbo actually work a fair bit further afield, Alkane does not foresee any shortage of skills to complete the workforce for the Tomingley gold mine.

Another project is the Dubbo Zirconia Project. Alkane has spent 15 years developing the Dubbo Zirconia Project, which is located 30 kilometres south-east of Dubbo, between Dubbo and Molong. The environmental impact statement is being reviewed by NSW Planning and Infrastructure. This \$1 billion project is proposed for construction in the third-quarter of next year. Construction will require up to 400 workers to build a 30 hectare mineral processing facility and associated infrastructure. An engineer procure construct and an engineer procure construct and manage contract will be sought in the coming months. Construction will take approximately 18 months.

This operation will require 30 highly skilled and trained people. They will be chemical engineers, chemists, metallurgists, mechanical engineers, scientists and technicians as senior managers. It is unlikely that these managers currently reside in the Central West of New South Wales and many may have to be sourced from overseas working on similar facilities. It is anticipated that the bulk of the 250 person workforce and service providers will be sourced locally. It could potentially cause skill shortages in the electrical and mechanical trades across other businesses in the region if workers choose a career with Alkane. Alkane is committed to providing career paths for employees through training and personal development.

The transport task with the Dubbo Zirconia Project is an opportunity for local suppliers. The project will require up to 500,000 tonnes of reagents to be transported to site per annum through road and rail routes and about 75,000 tonnes of product will be exported from Dubbo, and largely from Australia. There is a very real opportunity for the local transport industry and potential transport workers to prepare for this project, which seeks a 20 year project approval. However, the reality is that the ore body will last at least 80 years, so there is a multi-generational project given the size of the ore body. Alkane has been consulting registered training organisations and educational institutions for several years. I have been to quite a few regional governing committee meetings and other forums. We have been explaining what the project is all about and the sorts of skills that will be required. We have also talked about the varied jobs that the project will create.

The challenge for the local community is to satisfy Alkane's workforce requirement. If it cannot, Alkane will be forced to look further afield to bring those people on board. Alkane has no need nor desire to have a fly-in-fly-out workforce for the Dubbo Zirconia Project, although there may be some fly in fly out during the construction period when we need construction supervisors and so on for the engineer procure construct and manage process. We are fortunate that our two advanced projects are close to population centres that can offer affordable and comfortable lifestyles. One of the great things about our projects is that they are close to regional centres, unlike many mining projects that are in the middle of nowhere. That is why we think our projects will have residential work forces.

CHAIR: That is great. Thank you for that. The zirconia project involves \$1 billion. I am glad it is not over 20 years, because that would be one hell of a depreciation schedule. It will last 80 years and that has the potential to completely change the economy. Can we take the goldmine off the agenda because you are not expecting it to experience any skill shortages?

Mr SUTHERLAND: No.

CHAIR: We can take that off the table.

Mr SUTHERLAND: The Committee might be interested to know from where we have sourced the senior managers. Two have come from a mine south of Broken Hill. Our Safety and Training Manager came from Mildura. Our mine manager came from a farm at Swan Hill. He was a farmer, but he is a mining engineer by training. Our processing technician and her offsider have both come from a mine at Cowal at West Wyalong. Our environmental superintendent is from Kuala Lumpur. She is an Australian girl but she wants to raise her family in the bush. Therefore, when a job came up at Dubbo she put up her hand and got it. The local person we employed was the finance director at Narromine Shire Council. She was one of their most skilled technicians. It is always a fear for local government that if a mine is established locally they could lose some senior staff. However, ultimately people make their own choices.

CHAIR: You have talked about a dozen jobs that pay well into six figures. These guys will make those decisions because they want professional development and the remuneration is important.

Mr SUTHERLAND: And most of them have chosen to live in Dubbo where the services are better. They could have lived at Peak Hill for half the price or at Tomingley for a quarter of the price. But people tend to go with their families.

CHAIR: It is a lifestyle choice.

Mr SUTHERLAND: Yes.

CHAIR: Your submission states that you are committed to providing career paths for employees through training and personal development.

Mr SUTHERLAND: Yes.

CHAIR: How and why?

Mr SUTHERLAND: Because people are the biggest investment we make. With the Tomingley gold project we have the training manager on the staff. As we said, 40 per cent of the people will be completely unskilled. They will need to be taken through a whole lot of procedures and learn how to do things properly. We have aligned with a couple of registered training organisations to provide on-site training and to assess whether they are meeting the task. We believe that much of the training can be provided in house through the existing supervisors. The top guys are all experienced miners, so they can train the new people.

CHAIR: Is your company a registered training organisation?

Mr SUTHERLAND: No.

CHAIR: Who will you use?

Mr SUTHERLAND: We are using Western College of TAFE. I cannot remember the name of the other one.

CHAIR: Is the Minerals Council a registered training organisation?

Mr SUTHERLAND: No. That is the plan. I have been with the company for 17 years and it has continued to train me. I am a geologist by training but I work as an environment scientist. The company has been very keen for me to sit on other committees and boards. I have done two postgraduate qualifications. It is the way we do business. We train our people and look after them.

CHAIR: You will be employing some completely unskilled greenhorns.

Mr SUTHERLAND: That is probably an American term. It might be a farming term. It means they have no idea. It is probably to do with cowboys.

Ms NOREEN HAY: They have not learned to ride a horse.

Mr SUTHERLAND: That is right.

CHAIR: One assumes that these employees will be teenagers or in their early twenties.

Mr SUTHERLAND: Yes.

CHAIR: You obviously know that that will make you very unpopular with the rest of the economy because you will be taking chefs and mechanics away and putting them through these courses. You will also be paying them copious amounts so no-one else will be able to afford to employ them.

Mr SUTHERLAND: Yes.

CHAIR: Will you have a return of service obligation?

Mr SUTHERLAND: What does that mean?

CHAIR: If you spend \$10,000 training them will they be compelled to stay with you for five years?

Mr SUTHERLAND: No, not at all.

CHAIR: What sort of courses will you be offering them?

Mr SUTHERLAND: Certificate II and certificate III in metalliferous mining and processing. TAFE runs various courses. Some of them might be train-the-trainer courses. On the processing side, TAFE runs basic metallurgy courses. Mines such as Cadia, Barrick and North Parkes are familiar with that sort of stuff. We will be borrowing the courses they have been doing. There are qualified trainers based in the Central West now.

CHAIR: You have identified that there will be a shortage. You are planning on their being—

Mr SUTHERLAND: We will not have trouble getting the people, but that will create a vacuum in other industries. We hear from farmers that it is hard to get farm workers. However, people make a personal choice. If they do not want to earn much money that is their choice.

CHAIR: It is a free market.

Mr SUTHERLAND: I want to clarify the wages. Fly in fly out to Western Australia involves very high wages and coalmining involves much higher wages. The metalliferous mining sector is the bottom of the tree as far as wages are concerned. It is not as attractive as many other areas. We are not trying to sell a huge amount of money but a lifestyle and a good job.

CHAIR: So you are expecting to be bringing them?

Mr SUTHERLAND: No, not bringing them in; we are expecting them all to be here now and we will to employ them locally.

CHAIR: But there is less than 5 per cent unemployment here.

Mr SUTHERLAND: There is, but we are after only 80 people from a town of more than 40,000 people. There is also Peak Hill, Narromine and Tomingley. There are farm workers who will choose to work off farm. I had a farm before I started with Alkane.

CHAIR: You will be sourcing and employing them locally and training them locally.

Mr SUTHERLAND: Yes.

CHAIR: Do you have any other training options?

Mr SUTHERLAND: Down the track there is the potential to offer scholarships and things like that. We would be getting ahead of ourselves to be setting them up now.

CHAIR: That is my point. You will have 18-year-old and 19-year-old boys.

Mr SUTHERLAND: They could be 23.

Ms NOREEN HAY: And might any of them be female?

Mr SUTHERLAND: Yes, absolutely.

CHAIR: I was waiting for the member to ask that. I am so sorry I used those words. Your 20-year-olds will be recruited locally and you will be putting them through a course run by a registered training organisation to get their certificate III.

Mr SUTHERLAND: Yes.

CHAIR: How do you respond to that 20-year-old person's family saying to them, "Why aren't you doing a degree or becoming an electrician?"

Mr SUTHERLAND: That could be done once they are employed if they are showing potential.

CHAIR: That is the point I am making. I am delighted to hear that. How old is your company?

Mr SUTHERLAND: It listed in 1969.

CHAIR: You have identified after 44 years that the best way to address retention and recruitment is to ensure that people get a lifelong journey through your company?

Mr SUTHERLAND: Yes.

CHAIR: This 20-year-old person will be able to do a certificate III course and in five years, when you have identified them as a gun, you will offer them a scholarship to go to university?

Mr SUTHERLAND: Yes.

CHAIR: Ideally that means that that person will retire from your company at 65.

Mr SUTHERLAND: They could well do. That is certainly my intention. With the other project, which has a much longer life, many trades will be required. Not everybody wants a university degree, but they probably all want at least a trade. The Dubbo Zirconia Project will offer them an opportunity to go from one mine to the other. However, while we are setting up one mine we do not want to pinch all the people from the other one. There will be opportunities and flexibility to move into different areas.

CHAIR: That sounds like a case study in how to do it. It is very similar to the military approach to personnel management. What happens when the 20-year-old turns 27 and decides they do not want to do it anymore? What will you do to retain them?

Mr SUTHERLAND: If they do not want to work for us anymore that is their life decision. We think we are a good enough company that people want to work for us. That is the sort of company we are and the image we want to portray. If someone leaves us, we hope two or three people will put their hand up to do the job.

CHAIR: As you know, one of the causes of the skills shortage, particularly in your industry, has been a lack of loyalty in the world. I am not saying that disparagingly; it is simply that people no longer have brand or employment loyalty. Many young people today will change careers three times before they turn 25. Often that means they do not complete a skills qualification, which exacerbates the skills shortage.

Mr SUTHERLAND: Yes.

CHAIR: Those sorts of people are not attractive to you.

Mr SUTHERLAND: That is a very hard thing to avoid. We know that other mines in the Central West have trained their people and they have jumped straight over to a coalmine or started doing fly in fly out. You cannot control that. It is luck that our resources are where they are. We think that people will want to live in Dubbo and take less money because they will spend more time with their family. We have an 8/7/6/6 roster set up for the Tomingley gold project. That is eight days on, 12-hour days, seven days off and then six days on and six days off. That is on the mining side. The project will operate 24 hours a day, seven days a week. The seventh day is a training day between the changeovers. Training will be built in for all personnel on the site.

CHAIR: That is eight days, 12 hours a day and then seven days off, including a training day.

Mr SUTHERLAND: No, the eighth day is the training day.

CHAIR: That is fantastic.

Mr SUTHERLAND: For many people that is better than doing four on, four off and having to drive to Cobar or fly to Western Australia.

Ms NOREEN HAY: What about accommodation?

Mr SUTHERLAND: They will all live locally. The longest drive will probably be half an hour, which is Dubbo to Tomingley. To Peak Hill it is 15 minutes and if you live in Tomingley it is three minutes.

Ms NOREEN HAY: Is outside activity not affected by six 12 hour shifts?

Mr SUTHERLAND: According to people who have done this work before, it is very effective. It offers lifestyle as well.

CHAIR: Are you basically one week on, one week off?

Mr SUTHERLAND: Yes, but it means, also, if you play sport—

CHAIR: People get into a momentum, do they not?

Ms NOREEN HAY: It means you are not with your family and your children. Sorry.

Mr SUTHERLAND: That is fine.

Ms NOREEN HAY: I am not knocking it. I am a person who has had to work 12 hour shifts, but the point I am making is if you are the primary caregiver for children, then seven shifts of 12 hours can be very difficult. So if you are talking about a lifestyle, it could be very difficult. That could work against having a gender balance, I suppose, is what I am saying.

Mr SUTHERLAND: Seven days off is quite nice.

CHAIR: Yes, that is right. That is the pay-off.

Mr SUTHERLAND: It means it is a triple long weekend every second week.

Ms NOREEN HAY: So none of them does overtime?

Mr SUTHERLAND: No, there is no overtime.

CHAIR: When do you start identifying what you need in your workforce?

Mr SUTHERLAND: In a feasibility study, you identify what the workforce is going to be, because you need to put that in your environmental impact statement so you can work out all the costs. We have factored all that in, looked at the ways that it will need to be paid, so the whole budget and feasibility of the project is identified fairly early on.

CHAIR: When you are doing that, how do you forecast your training budget?

Mr SUTHERLAND: That is a difficult thing to do, but I guess you put a percentage in there for training. That is not my area of expertise, but there would be a percentage of the total salaries that is just for training.

CHAIR: Yes.

Mr SUTHERLAND: One thing that is very hard to predict is the ups and downs in the minerals industry. You will see in the Minerals Council paper there has actually been 9,000 jobs shed in the past 12 months—sorry, 6,000 jobs. The previous 12 months there were 9,000 new jobs, now there are 6,000 that have suddenly dropped off. It is really starting to fluctuate.

CHAIR: It is still growth though. You are right, you would not want to be one of those 6,000.

Mr SUTHERLAND: There are mines all around Australia shedding people. We are finding we are one of the few people who are actually building a mine at the moment. It is a little bit fortuitous for us. We will have some quite good choices.

Ms NOREEN HAY: Do you mean it was past growth, because it is not growing, is it?

Mr SUTHERLAND: It has actually fallen in the past 12 months. Over the past two years you could say it is growth.

CHAIR: It is growth over two years, yes.

Mr SUTHERLAND: The other interesting thing that the Minerals Council has been saying is that there is going to be something like 12,000 jobs from retiring miners over the next five years or something. There is a huge number of people who will retire. There are opportunities there for people to move into the mining industry.

Ms NOREEN HAY: You say you got 2,300. Was that applications?

Mr SUTHERLAND: Applications, yes.

Ms NOREEN HAY: That is quite a significant pull to cull.

Mr SUTHERLAND: It is. I am glad that is not my job. We have actually engaged an employment consultant who has worked in the mining industry before and he is basically sorting through that, but there will be a fairly—

CHAIR: Why do you think you had so many?

Mr SUTHERLAND: I think people just see the mining industry as, "I want to earn money". That is not necessarily the type of employees we will be chasing. But there are people who are unemployed on the coast who will work in Henny Penny and want to get a job in the mines—"How do I get a start?"—to local people who want to change from doing fly in fly out. The last thing we want is a whole workforce of expert miners. That is why we are going for this 30 per cent of experienced miners. They will be the trainers to help us get everything going and then we want to get everyone aligned to our value and cultures.

CHAIR: You have had growth success. Do you know what your retention rate is for the company?

Mr SUTHERLAND: I do not. We are a relatively small company. Alkane own and operated the Peak Hill goldmine between 1996 and 2005, and that was a mine that had only 50 people. Very few people left for the reason they did not like working there. We had a mining contractor in place in those days. At that time most people did it that way. It saved buying all the capital equipment to start the mine. That whole mine cost only about \$5 million to set up. The cost of things has gone up exponentially, and that mine made a small enough profit—well, it made a profit that was large enough to get the next two projects to the starting line.

CHAIR: Ready to go.

Mr SUTHERLAND: We are sort of ramping up in the scale of the sort of operations we are tackling now.

CHAIR: That is fantastic.

Ms NOREEN HAY: Do you have any female operators?

Mr SUTHERLAND: We do. Half of the senior managers are female.

Ms NOREEN HAY: I am glad to hear it. What about the top managers?

Mr SUTHERLAND: The top managers—

Ms NOREEN HAY: Not quite half?

Mr SUTHERLAND: Three of the managers under the operations manager are women.

CHAIR: Three out of four.

Mr SUTHERLAND: Three out of the four, actually.

CHAIR: Three out of the four are women.

Mr SUTHERLAND: So there you go.

CHAIR: Are you going to be happy with that?

Ms NOREEN HAY: I will be happier when she is at the top.

Mr SUTHERLAND: The woman who designed the feasibility study was the lead mining engineer who put the whole project together.

Ms NOREEN HAY: I am looking at opportunities for gender balance in respect of moving through your company.

CHAIR: We should not talk about your company as a brand; we should talk about your company as a case study of the mining industry.

Mr SUTHERLAND: Yes.

Ms NOREEN HAY: Part of that case study, obviously, would be the employment—

CHAIR: Like the construction industry, the Minerals Council has a Women in Mining conference.

Mr SUTHERLAND: Yes, absolutely. They have started up a network called Women in Mining. They are doing all that networking stuff across Australia and championing some new leaders.

CHAIR: You would be pleasantly surprised to know how many women are studying degrees and qualifications in that space.

Mr SUTHERLAND: I work in the environmental science sphere for the company. That is basically what I do and most of those are actually women.

Ms NOREEN HAY: I am happy to be surprised. That is what I am trying to find out.

Mr SUTHERLAND: And there are a lot of women truck drivers. People say women are better on equipment than blokes.

Ms NOREEN HAY: I am fully aware of women truck drivers. I am just looking for balance. My question is, of the 80 vacancies, and I might have missed it in the conversation earlier, where was it determined that they need to be 20-year-olds?

CHAIR: That was me.

Mr SUTHERLAND: No, they could be any age. I suspect we will have a smattering from 60-year-olds down to 18-year-olds.

Ms NOREEN HAY: There is no age barrier?

CHAIR: No.

Mr SUTHERLAND: We are an equal opportunity employer.

CHAIR: I used 20 as an example because they are the ones who are going to be thinking about what qualifications they start.

Ms NOREEN HAY: No, he starts.

CHAIR: He or she starts.

Mr SUTHERLAND: I am sure some employees think, "I just want to drive a truck", and that is as far as they are actually thinking.

CHAIR: Yes, you are right. This inquiry, of course, is about the skills shortage, and we want to make sure that we have got our heads around what the skills shortage is and what is causing the skills shortage, the argument being you address it in two ways: you either import them or you recruit them locally and train them up to your level.

Mr SUTHERLAND: Yes.

Ms NOREEN HAY: Is there any weighting involved, for instance, in people applying for positions who are locally in the Orana region?

Mr SUTHERLAND: Yes, very heavy weighting. If we have got two people with the same skills, the most local person would get the job.

Ms NOREEN HAY: That is good to hear.

Mr SUTHERLAND: It is really about giving ownership of the community to where the mines operate. We want to put all the benefits—if they are going to have to wear the noise or the dust, not that there is very much, but if they are going to wear any of the negative impacts, they need to be in the front line of getting the benefits.

Ms NOREEN HAY: Have you considered moving to the Illawarra?

CHAIR: Multiplier effects. Some of the discussion this morning has been on the benefits of economic growth to auxiliary industries and professions. What extra demand are your 80 high-income employees going to put on the community here?

Mr SUTHERLAND: I think very little because a lot of them are already living locally. Some of the 10 managers who have moved to Dubbo have bought houses; some of them are leasing houses at the moment. They will probably wait and see if the mine is going well. The mining industry is a pretty shaky environment at the moment, but once they have made that decision, they will probably buy a house. There are plenty of houses for sale in Dubbo. There are very few houses for rent. It is hard to find it because there are not enough vacancies. I guess there has not been the investment climate in Dubbo because there is just not enough growth so people are not building houses.

CHAIR: But that is a problem around regional Australia.

Mr SUTHERLAND: Some places have done better than others. Orange has been fantastic for growth. But Orange has plateaued a bit at the moment, I understand. Tamworth has gone ahead in leaps and bounds. I think it will happen in Dubbo. So people are starting to look and question what opportunities actually exist there.

Mr STUART AYRES: I am not sure you suffer a skills shortage if you have 2,300 applicants. What I would be interested to know—and it is probably not a question for today but one that might be worth following up, not necessarily as part of the hearing—is how many of those 2,000-plus applicants met your skills criteria?

Mr SUTHERLAND: I could not answer that question at the moment. One of the interesting things is because the project has been going for a long time, we were collecting curriculum vitae willy-nilly before we started advertising. There were three piles: one for university graduates; one for tradies; and one for people with no skills. The largest pile was the university graduates. A lot of them were from Iran, Pakistan, India—a lot of IT people who want a job in the mines. The smallest pile was the tradies. That is an observation I have made.

CHAIR: I would love to find out how many of those graduates also had trades.

Mr SUTHERLAND: Not many, I suspect. A lot of them were straight out of university. They are obviously not going to get a good run at the project, because we are not going to bring someone in from India to do a job that someone locally can do.

CHAIR: Will you use 457 visas?

Mr SUTHERLAND: Potentially we could for the Dubbo zirconia project, but not for this one because, as I mentioned, we need some really specialist chemical engineers and metallurgists. We are building a plant that nobody else in Australia has ever built. Nobody else in the world has got an ore body like ours, so the technology is a little bit new. None of the individual steps are rocket science or any other science, but to put all those together is new. We do not know where those people are going to be coming from at this stage, but that search will start in the next little while. I do not know where they will come from.

Mr STUART AYRES: I think that is where your situation dovetails into what we are after. When you get into that ramp-up phase and you apply new technologies and you need discrete skills on how that comes together, I think, for us, we want to know whether those people actually exist in our market.

Mr SUTHERLAND: I do not believe they do. There are chemical engineers coming out of the University of New South Wales. We have got a pilot plant down at the Australian Nuclear Science and Technology Organisation Minerals at Lucas Heights, and that has been operating since about 2008, so there are a few chemical engineers that we would love to grab from there and bring them up here.

[Transcript redacted by resolution of the Committee 19 August 2013]

...there are not a lot of those types of people who want to give up life in Sydney to come and live in Dubbo and work on a project for the rest of their life.

CHAIR: There lies an issue that members of this inquiry have got to get their heads around. That is a decision that they made when they went to university and did that qualification. Surely they did not think that when they were doing a degree like—

Mr SUTHERLAND: Chemical engineering—

CHAIR: —chemical engineering that they would be spending their time in Martin Place?

Mr SUTHERLAND: No.

CHAIR: Surely they realised that to get to the top of their profession they are going to be working in unique environments?

Mr SUTHERLAND: Yes.

[Transcript redacted by resolution of the Committee 19 August 2013]

CHAIR: The reality is if you are in that sort of profession, you are probably not going to be spending your time in Martin Place again. [Transcript redacted by resolution of the Committee 19 August 2013]

For clarity, essentially the criticisms of the mining industry is because of their high wages and their ability to take people away from other professions and skills as far as your company is concerned, and I am pretty sure this would be indicative of the industry, it is your good luck and their bad luck at the moment?

Mr SUTHERLAND: Mmm.

CHAIR: That is fair enough, too.

Mr SUTHERLAND: We would like to be able to work with people so they do not have to necessarily give all that up. There may be some flexibility in the workforce where you can employ a farmer that fits in his roster. We might get some farmers who build resilience in those communities rather than making them less resilient. They will have off-farm income. That is what I had when I was running a 3,000 hectare farm near Peak Hill. My wife was running the farm and I was working at the mine. It actually makes you more stable rather than less stable.

CHAIR: Yes. Going by what you have said, the relocation grants are not going to be something that you have written into your agreement strategy?

Mr SUTHERLAND: We do not believe we will need to pay anyone to come to live in Dubbo. We think it is a great place to live.

CHAIR: The State gives them a relocation grant. Is that something that you are going to—

Mr SUTHERLAND: How do you let them know about that?

CHAIR: That is what I am saying.

Mr SUTHERLAND: You are happy to keep paying the money?

CHAIR: I am not.

Ms NOREEN HAY: They are going to employ people from here.

CHAIR: That is what I am saying, it is not something that they need to—

Mr SUTHERLAND: No, it is really only the—

CHAIR: The important part of these deliberations is that we need to highlight the fact that the relocation grant on solving any skills shortage has not been the saving grace that—

Mr SUTHERLAND: You have got to have a job. The jobs have actually got to be there. The beauty of our two projects is that they are brand new jobs that do not exist now. That is what you need. It takes new business to actually create opportunities; then the people will come. But if there is no job why would you come here?

Ms NOREEN HAY: That is what I asked Regional Development Australia about. What is an emerging business? What is new business? I agree with you.

Mr SUTHERLAND: But we do not want to end up with a whole lot of rural towns that are almost like ghettos because it is so cheap to live there. You can almost live on welfare, live in a very cheap house and it is basically an escape mechanism. You can probably live better in Peak Hill than you can in Sydney on the same amount of money.

CHAIR: I would hope so. Are you expecting any shortage?

Mr SUTHERLAND: Only in these top jobs. As for the rest I am hoping not, but I do not know the answer to that. I would love to see—there is a real opportunity in the transport task to get kids from school age to think "I want a job in the transport industry". They need to get their driver licence, then for the little rigid truck and big trucks. Our project is going to give an opportunity for people to be based in Dubbo and then do the long routes. We are going to be bringing 70,000 tonnes of salt from Geelong every year. We are going to be bringing 196,000 tonnes of limestone from Geurie to Dubbo. There is a real opportunity for people who want to work in the transport industry to actually be trained, be job ready and get a job working for a trucking company based in Dubbo.

Ms NOREEN HAY: Who would train them on those trucks?

Mr SUTHERLAND: I think that would be something for TAFE and or one of the providers. The whole trucking industry has a very ageing driver workforce. So there are opportunities there but the light needs to go on that we need to start training people who are that way inclined.

Ms NOREEN HAY: Who would liaise between TAFE? I have certainly found in the Illawarra region that business talks to TAFE about what their needs are and they develop—

Mr SUTHERLAND: Do businesses talk enough to that? I mean I have been on a regional governing committee for years and the only two businesses that actually go to those meetings are the two mining companies and one of those has now disappeared, which is Cobbora. So there are not the builders and the other people out there actually having that conversation.

Ms NOREEN HAY: I am looking for an idea. You say there are going to be all these opportunities for driving these big trucks but what body would work with TAFE?

Mr SUTHERLAND: I think the VET advisers and careers advisers at school need to be more in tune with what industry opportunities are out there. I do not know how you bridge that gap. I have spoken to them from time to time but I think the New South Wales Minerals Council has also seen that there is a bit of gap between industry, not just the mining industry but all industries, as to where the opportunities are. Kids sometimes just do not have any idea. I went to a skills expo, a sort of jobs expo for schools last year and set up a stand with our two projects. It was based at Dubbo senior campus and not one single Dubbo kid came up to my desk and asked about a career opportunity.

Mr STUART AYRES: Did you get others come up?

Mr SUTHERLAND: From other towns: Mudgee, Wellington, Yeoval. Those kids came up and thought it was all fascinating and had the conversation. To the locals it was just a day off school—I think it must

have been a cultural thing at the school. I was not giving away sweets, you know, snakes and different things but I thought I had a pretty interesting display. I think the penny just does not drop. People must not read the newspapers, go on the internet or do the research. I had a meeting with a senior guy from the Aboriginal lands council this week and asked him if he knew anything about our project, which we have been working on for 17 years and he knew almost nothing. He has lived in Dubbo for the past 17 years so he obviously does not read the newspaper or listen to the radio. I do not know; people just do not tune into messages that are out there.

Ms NOREEN HAY: We heard this morning from representatives of the Dubbo City Council that Dubbo does not have any mines?

Mr SUTHERLAND: It does not. We will be the first mine in the Dubbo local government area [LGA].

Ms NOREEN HAY: That might be a reason why the youngsters are not tuned in whilst at Mudgee they are.

Mr SUTHERLAND: In Mudgee they do because coalmining has exploded there in the last few years. But again the things we have been doing are in the paper and even though there are no mines in the Dubbo LGA, Dubbo is home to a lot of people who work in the mining industry, whether it is Cobar, Nyngan, North Parkes, and fly in fly out from different areas. There are quite a few miners in town. There has been some work done on that. The economic impact assessment we have done for our project is going to be on web next month and the stuff in there identified how many people work in the mining industry and things like that in Dubbo.

CHAIR: Thank you for appearing before the Committee today. Any additional questions the Committee may have will be sent to you in writing and your response to any questions will also be made public.

Mr SUTHERLAND: That is fine.

(The witness withdrew)

(Luncheon adjournment)

ROGER FLETCHER, Principal, Fletcher International Exports Pty Ltd, sworn and examined:

CHAIR: Mr Fletcher, thank you for your submission and for appearing before the Committee today. Before we proceed to questions you should be aware that everything you say will be recorded but please feel free to ask questions of Committee members as part of that process. For the record would you like to tell us something about Fletcher International Exports?

Mr FLETCHER: Fletcher International Exports Pty Ltd is a first generation family-owned company. We operate across 80 countries around the world, exporting. We are in the sheep processing industry, the sheep skin industry, large cotton growers, cotton buyers, wheat growers, wheat exporters and intermodal rail terminals.

CHAIR: How many people do you employ?

Mr FLETCHER: At present about 1,200 across the country. That is from farming to intermodals to abattoirs. We are in a lot of different things. We do see a lot more than other people.

CHAIR: Would you like to make any opening remarks or comment on the submission you sent to the Committee?

Mr FLETCHER: Yes. I am passionate about young people getting into satisfying jobs. I see an absolute problem we have and I would like to thank the person who turned my life around—that is, get into a job you like and you will be good at it. I think too many people are going into jobs because mum and dad said or someone said and they give it a go. The tragedy of that is that so many people are failing at university and then coming out labourers. They have just burnt three or four years of their lives and that is a big problem.

CHAIR: That is very much the theme of some of the questions and comments made this morning. You are appearing before the Committee in your private capacity as the managing director of a private company. What skills is your company in short supply of?

Mr FLETCHER: We are short of people who want to work and can be inspired to work; we can train the rest. Of those 1,200 people basically every single person was trained by us; we did not pinch them from another company. One thing that pulls back some companies from training people is because they say, "Why put an effort into training them when next minute someone gives them another \$20,000 or \$30,000 and they are gone somewhere else?" That cuts some out. We in the meat industry had a university course where I sent most of my kids, a short course. It closed down because the other meat companies felt they had trained them and lost. They had no binding on them. They would say, "You pay to train them and they go to some other company. Thanks very much." That is one issue. I think it is people finding the niche that they really want to work in. It is up to us to mentor them through. I think with a lot of the TAFE courses and the skill hire companies that are putting them in that you are throwing your money down the drain. No-one comes to us and holds their hand to get a job or really mentors the person. All we get is a piece of paper, usually from the person looking for a job, with someone's name on it and they get their money. I think you are throwing your money down the drain because that is not what is doing it.

We set up to get a real program in Dubbo probably 10 years ago and we took kids at risk at school. We went away from some of the school barriers. We got kids instead of sitting out in the playground in year 11 and year 12 and not going to school, we got them working one day a week. We had 70 businesses in the region that were employing those people and mentoring them through to get a job and then they get a life for themselves. I see this as one of your biggest problems. I have been tied up in Indigenous programs. Proudly I can say that our company won an Indigenous award one year and I won the Neville Bonner award. So I can say I have done a lot of work on that stuff, and I am proud of it. But when we have the bureaucracy telling people that they do not have to work or they do not have to do this it fails. One of the problems with the Indigenous programs failing—we were the first ones to have mentors working for us as full-time mentors supplied by the Government and it failed. It failed because the people getting employed said, "You work for me; you owe me." Those people, the mentor paid by the Government, he was their helping aide—"Give me some money", "Get me back to work", "Give me a lift". That was a waste of time. The best mentors are your own people on plant, buddying them up with someone, giving them a bit of confidence, giving them the challenge to go forward and you can do that.

Money is not going to solve the problems of all these people. To walk down the street today it turns me ill to see what is going on. Do not say there are no jobs here; there are jobs here but they do not want a job. Once we can get them into work, we can get them working for a little bit and give them a bit of confidence the problem is solved. Some of those people who are running the business for us today we struggled with. But you cannot give them the situation where, say, some of the people who are going to TAFE courses. I had one girl come to us one day she had done 13 TAFE courses. Was I going to give her a job because she has done 13? What is she telling me? That is not solving the problem.

CHAIR: You employ 1,200 people. That is a big employer.

Mr FLETCHER: As a private company, west of the Blue Mountains I would say we are the biggest by far, privately.

CHAIR: How many jobs have you got vacant at the moment that you are looking to recruit?

Mr FLETCHER: None.

CHAIR: What is your separation rate out of your 1,200 employees? How many positions are you recruiting for every year?

Mr FLETCHER: You have to understand we are in an absolute perishable product market: livestock, food and exports. We had a major drought so then some went back. Probably 80 per cent of the people do not turn over and there are 20 per cent that turn over regularly, all the time.

CHAIR: You would say it is around 20 per cent?

Mr FLETCHER: Absolutely that turnover all the time, probably more now because we have more backpackers.

CHAIR: Interestingly you mentioned the question about skilling. One of the earlier witnesses mentioned that there is a fourth tier qualification that people are talking about. When you are skilling up your staff one of the reasons why people do not stay in a job or they are unhappy in a job is because they do not feel that there is much worth in it. One of the ways that you encourage worth is to train someone and give them a skill. Unless you are doing a degree, trade diploma or certificate III or certificate IV there is no fourth option, there is no unskilled option for the people that you were just talking about who even though they are still called unskilled labour have to know food safety and have various qualifications. That leads me to the point of how would you react to that? You talked about return of service obligation and that people are taking their qualification and leaving for extra money?

Mr FLETCHER: No, they are only leaving to go to the same job as before. What I am saying is that people who pay to do the training are easy pickings.

CHAIR: Out of pocket?

Mr FLETCHER: I am not saying there are more jobs. I could be the same as them but I will not rob off other people.

CHAIR: How do we deal with that, what can the Government do to deal with that?

Mr FLETCHER: What we should be able to do is if we are going to send someone to do a university course such as the meat industry was running, which was a high-class one, we should have been able to say, "Well, then you work for us for the guaranteed four years".

CHAIR: Like the military does?

Mr FLETCHER: Yes. It is the same with the Police Force; they have to pay some money to go into it. But we just get picked off. We had it with electricity, the people that were supplying me power. We put all our electricians through and they just walked in one day and pinched four. I did not ring the general manager with the right tone. I said, "We will not need any electricity because you took all my electricians." Guess what they did last week: They put them all off again.

CHAIR: Did they?

Mr FLETCHER: Now we have an oversupply.

CHAIR: Of electricians? You are saying that the return of service obligation will address the problems we have relating to retention?

Mr FLETCHER: Some.

CHAIR: Which I concur with and it is the impression I have got from other people. What about the actual recruitment of them? Are you happy with the quality of employees that you are recruiting at the moment?

Mr FLETCHER: We accept what is there. It is up to me. I am proud of my workforce, I think I have the best workforce I ever had. I was at a meeting on Thursday where another company owner got up and spoke and all he done was downgrade his people. He said they come to work on drugs, they do not want to work, have days off and the rest of it. It is part of management to beat that. We have to manage them. There is one thing you point out with the education system and the universities and that; people come to us with a piece of paper and think that they are worth whatever, but that is not the job. The piece of paper does not give them the job they want and it is not the job we have got for them. Some people have been trained for a job where there is no job there so they get disheartened and end up being process workers on the line. From day one when they go to university I do not think there has been enough work put into placing them in the course that they should be going into. If you do not believe me I will line up 20 or 30 people at the abattoirs and say, "Why are you working out here?" The answer is that they failed in the first place.

CHAIR: How do we deal with that short of making a gap year mandatory and making sure everybody goes away and thinks very hard about their career decision or training options?

Mr FLETCHER: A gap year is one way because most of my senior people out there were gap year people and guess what happened, they did not go to university, they stayed on and most them are supervisors and managers in export sales and things like that. I think that is one problem. I blame the parents for some and I have asked the question—I do ask a lot of questions—"Well, why did you do that course?" The answer is, "I left school and mum and dad said, 'There is nothing there, go to university'." And they just grabbed a job. What a waste. They might have a good time at university but they have wasted the best years of their life.

I could have been a professional footballer but I was very lucky to meet the captain of Australia and he said to me, "At the end of your football career guess what you have got? Nothing." I stopped playing football, left home, went droving and made a fortune. You have to ask what you like doing and get something you are good at. You have to remember most of your life you are in that job and that is your living. If you hate the job, how can you be any good at it? If an employee tells me that they do not like the job I say, "Please go."

CHAIR: You are of the view that the employer is responsible for training?

Mr FLETCHER: Yes. I think there is more scope for us and I have seen it done in Germany. China has a problem like that at the minute. The Germans work on the ethos "You work for me and you do university at the same time". I think the university at Dubbo was instrumental in doing that. I did not think it would be much help but I was wrong. My people do part-time university courses while they work for me and they are bringing both skills together. I think that is vital. You cannot expect someone to go to university for six years or something, live within a cocoon and then all of sudden just go back to the workforce. I think that is a big problem but we can solve this.

Returning to the Chinese situation—this is not for publication but they have some problems with China in our meat exporting—in China parents did not want their kids to work on a manufacturing line and the grandparents and parents have all paid for them and helped them get a higher education. But of the kids that have gone to university 16 per cent are unemployed and with people who have not done tertiary education it is three per cent. The kids that have gone to university are all expecting too much and then there is no job for them. They have no skill in managing business. I have seen it. I have seen it with my own my eyes in my company. We dealt with this last year: They were all highly skilled but had never had their hands dirty and they did not bother, it is hopeless. It is managing that thing through. What is the point of us having kids? Have you

done a check on how many kids in years 11 and 12 do not go into the class for some subjects? Does anyone know that?

Ms NOREEN HAY: I am aware of that.

Mr FLETCHER: How the heck do you expect us to take a kid on tomorrow when he has to start work at seven o'clock in the morning and work until four, or whatever it is, and have a boss around him when the education system did not train him to do that? We are in trouble and I think it is serious.

Ms NOREEN HAY: You think the requirement for all kids to stay at school until year 12 might be a bit skewed?

Mr FLETCHER: Well, it is. I can prove it. Get that woman on the phone.

Ms NOREEN HAY: I am going to call her when I get back to Sydney?

Mr FLETCHER: She is the expert.

Ms NOREEN HAY: Do you think some of those young people who might have left school at the end of year 10 and gone into the work force and learnt on the job, like the nurses used to years ago, is what we are missing out on?

Mr FLETCHER: That is where she came from. She came here to work out why young girls were not going into the hospitals nursing and all of sudden she seen such a problem that we set this thing up in Dubbo. It is tragic. Understand something, I saw a girl Saturday and she was doing overtime for us cleaning. She is an Aboriginal. She comes from Mount Druitt but I did not know that. By the way, you see that I do not walk around with a suit on; I walk the plant and I work with them. When she first came to work for us I thought she will not make it, she will be no good. But she has now lost two stone and she is a fit, alert Aboriginal going like a rocket.

What do you reckon she is worth? How much money did I make for the Government with that person? I can tell you how much it is: I reckon \$5 million. She would have been on the dole the rest of her life, she would have had medical problems and now I would say she would fight any of you she is that fit. She is bright, the chip is off her shoulder, she is going somewhere and she is going to earn and when her kids get reared up they are going to be going somewhere. Isn't this a better investment than some of the high education investment? That is what we were doing.

I had a kid in year 11—this is where Get REAL started—this mum come to me and said, "Can you put this young bloke on? He is at school and he is just causing trouble." I said, "Right, I will try. Bring him out." I decided to bring him out. Just to show what the young people were doing, at the same time we were running ads in the paper in this town every couple of days—not good ads or top ads—and a guy from the council said, "I go down for lunch every day and I see all the people in the parks laying around doing nothing and you are advertising for workers." He thought, hang on, something is wrong, so he came on board. She came on board. This young kid when we took him on board was in year 11. I employ 15 or 20 people at a time. I do not do the upfront stuff. I usually meet them and say, "Hello, how are you going? If you ever have a real problem come and see me. Do you have somewhere to stay?"

I knew this young kid was there and it was agreed he was going to do one day a week. I said, "You are still at school?" He said, "Yes." I said, "What subjects do you do at school?" He said, "Oh, just one." I said, "What subject is that?" That was the next question. He thought for a while and he thought it was English. That is what you guys are doing. That kid just busted me. That is how we set that up. We have got him at work now. You think about this: When I went down to the school—and I do not mind saying this in front of everyone—the teachers were against me. We got it going and six or eight months later guess whose kids were doing one night shift a week, guess whose kids they were?

CHAIR: The teachers' kids.

Mr FLETCHER: That is when they worked it out: There is no more pocket money, a lot of them were doing Friday night shifts so they come home tired, do not cause any trouble, they have a sense of ownership and they have changed.

CHAIR: I want to get clear in my head what your attitude is before I ask you a question about qualifications. Your company at the moment does not have an issue with recruiting, you have enough staff, you are happy with the staff, you are happy to take a blank file on and because of the size of your corporation you train them?

Mr FLETCHER: We were the first ATO training organisation in Australia—first private WorkCover for New South Wales.

CHAIR: Have you had many failures, many kids that you just cannot help?

Mr FLETCHER: I have to say something about failures. I met a Muslim woman once, and she was on the United Nations. Her brother is now the ruler of her country. She said, "You can fail." This is one serious issue we have: people take on someone and they fail and they say, "Oh, bugger it. I'd rather do the sweeping myself or whatever it is." I always say, "You can fail but don't give up. Go back for another one." Just because you failed with that person does not mean that we fail. Everyone I can create is the greatest bonus to this country.

CHAIR: Earlier you alluded to something in which I have an interest: parents putting pressure on their kids to do something they really are not interested in doing. You said parents have said, "If you can't get a job, there's no options for you, go to university" and that the kids going to university are wasting their time because they are not graduating. Would a more flexible approach to acquiring qualifications and tertiary skills be able to address that?

Mr FLETCHER: I think you are right. That is a real issue. We have to do a fair bit of thinking about it to get that right. I suggest you get six or seven people, not a huge team, that have come out of business and maybe two or three young people who have pulled their way through that and put that woman on as chairperson. That is where there is a link with which we have a problem. It is tragic that parents come to me. It is a worry. Let us return to the parents. There is another job where we have broken the sticks. Thirty years ago virtually when I left school, I went back to the family farm and that was the way you did it, or you worked in a factory, or when the son leaves school they are told, "Well, there's a place for you when you go into the factory." That is how it was. But today with the media and everything else, people do not do that anymore. I see the best way forward—no money; throw away the money because it is only going to create problems—is mentoring people with someone to support them. I was lucky because I had two or three people voluntary who never knew that they mentored me through to where I was successful. By the way, I left school at 15 and I was told by the teacher to leave at 15 because I was no good.

There are ways. I think all the kids can make it. I do not say that kids are all bad. Do you know why? Because they are the same breeding as the last generation. If they fail, guess whose fault it is? We are failing the kids. I think we can turn it. I look at the Korean, Taiwanese, Singaporeans or kids from Hong Kong and other places who come here. They are just leaving ours for dead. I do not know whether you saw the paper two or three months ago where the highest educated kids in year 7 or year 8 were Singaporean, Taiwanese or Koreans. They were way in front of us. We were at 28 or something. What do you reckon I did? I walked round the floor and said, "How many hours do you do at school? How did you do it?" They are walking all over us. The other problem, and I am probably the wrong person to talk about it, is that kids today want to get a pay packet every week and they spend it every week. If I could change that, and I know this is not for my company, but I see a difference around the world where I think it has worked better, it would be monthly pays. You ask, "Why should it be monthly pays?" They then learn to be a treasurer and to look after their money.

Too many young people we see get their money on Thursday night or Friday morning and by Friday night they have spent it all. If you give it to them Thursday night they do not come to work on Friday: "Oh, well, I've only got to wait till next week and I'll get another lot." If it was monthly, they then learn how to manage their money better; they learn how to save first up. That would be one law I would change straight away. I have seen it work so good in every other country. We are one of the only countries in the world that pays everyone weekly. Did you realise that?

CHAIR: Not everyone gets paid weekly.

Ms NOREEN HAY: No. You talk about the 20 per cent pool of backpackers. How do you recruit them?

Mr FLETCHER: Good question. You know what we do? Nothing. How come they can come to Australia, find their way to Dubbo and find accommodation? They have enough get up and go. We do nothing. Guess what? There would be a hundred piles that deep wanting jobs.

Ms NOREEN HAY: Backpackers deal in processing work. You say that you buddy up people in packaging and those sorts of things?

Mr FLETCHER: Yes.

Ms NOREEN HAY: What about the next side of your meat business?

Mr FLETCHER: You are right. We are getting into some problems now because we cater to them and then we lose them because that is the law. Then it is harder for us to get people through. Understand one thing: in our industry we have made the jobs much easier. We have made the jobs simpler and not as manual. We have taken the manual out. I can put a girl virtually on any job on the plant and they can do it.

Ms NOREEN HAY: I do not doubt that for one minute.

Mr FLETCHER: Bar probably cutting throats. The workforce is changing.

Ms NOREEN HAY: From where does the training come for those requiring more skills in the meat side?

Mr FLETCHER: We take them through skills 2, 3 and 4. Our industry, with which I have major issues this week, has taken the meat inspection service out and trained people now to be our meat inspectors. So we have taken those people through to another skill. That is taking the place there so they can go up the lines to do these things. You come in packing first. Then we teach you to sharpen knives. Then you go into knife trades skills. Then you are a slaughterman or a boner or a QA officer. We have taken over all the QA officers. There are skills you go for.

Ms NOREEN HAY: Are the people employed in those jobs locals?

Mr FLETCHER: Mainly locals, of course. This town has 40,000 people. If we have not got enough people, we have a problem. If you took the backpackers off me tomorrow, there are plenty of people down the street here. But you guys just keep paying them for doing nothing. I am a taxpayer and I do not believe it is right. I do not believe those people should be working out there while people do not have to work. Somehow we have to change. I do not blame them. I blame us.

Mr STUART AYRES: Obviously, you have been doing this for a long time. You are a straight-talking bloke. What three things can the Government do to make it easier to get kids in jobs and target unemployed people or migrants who come to this country into work.

Mr FLETCHER: I would say get the issue on the Get REAL Program. Read it all. Understand it. I want to say this differently because I have done this: You are sitting in a classroom and you do not understand what the teacher is talking about and you have to sit there and behave. It does not work. That is one of the problems you have with this issue with kids. Go to Walgett and look at the problems there. One schoolteacher said to me, "We've got to pick these kids up and equal the class", but they said it is not fair for the good kids because you are dragging them down.

Mr STUART AYRES: So the Get REAL Program is one matter. What is another?

Mr FLETCHER: Get REAL is one. Before they leave school they do more work base. I would say one matter that was brought up earlier, and I know it is probably difficult where it fits, and I am not saying to make it mandatory but they should do one gap year—advise them that they should bump around and do a bit of a gap year. Nearly all these backpackers travelling the world are highly educated and are interested in what is happening. It is unbelievable. Do not look at them at the meat works; we have them on the cotton gins on the cotton farms. They are doing a lot of the harvesting. If we did not have the backpackers—I am warning you—take them off us in the rural areas and agriculture will just collapse. The reason that has happened—you can see why it has happened—the parents in the agriculture industry have said, "Oh, don't come back on the farm. Go

and get an education." They go to Sydney and they do not make it. Go out there: they are working for me. They end up back just doing labouring jobs.

They are some of the issues. I take it with a bit of a smile, but monthly pays teach people how to save. Do you know how many young small business people fail? Nearly the lot. Why do they fail? You did not even teach them how to do a costing. I have sat in one company after another. I hate to say it, the company got me \$400,000 the other day. I grabbed the young bloke on the phone and I said to him, "You know, this was wrong and that was wrong. Did you do any costing?" "Oh, costing? What's that?" They are the real things of learning business. I think we are teaching them half the wrong things.

Ms NOREEN HAY: You said some kids were not going to school and were going to work places one day a week?

Mr FLETCHER: Yes.

Ms NOREEN HAY: Was that unpaid work experience?

Mr FLETCHER: Absolutely not.

Ms NOREEN HAY: Were they being paid?

Mr FLETCHER: They were paid normal money. This is what breaks the barrier. Just think about this. This is a good subject. When we started there with ours, and we were the biggest, of course, there were 70 businesses in the region taking these kids and they would do either a Saturday or a Friday. We were picking the bad kids—the kids the teachers did not want.

Ms NOREEN HAY: The ones who needed help?

Mr FLETCHER: They would give them to us and we did this on a smelly rag, how much money we spent. Just think what it is doing. It is taking that kid looking forward to the one day working for us. Just think about the difference. The kid is doing only one day a week. He is excited to be at work at 7 o'clock in the morning and work till four. He is getting his money. Who was bossing him around at school? He was a big fish in a little pond at school. These are the ones causing trouble. What is he when he works for a boss now?

CHAIR: A little fish.

Mr FLETCHER: A little fish in a big pond. That is the way I see mentoring these people up. Take the Indigenous problem. Have we really got a problem? How many Indigenous people are there in Australia? Not a lot. If one person out of every 20 took one on every second year, have we got a problem? I will tell you a story because I know it is true. The postmaster in Moree took one kid on every year. That was his challenge. All those kids made it. My wife was one. She is Aboriginal. It can be done. They have another problem when they do go up the line. You have the others saying they are uptown blacks and try to drag them back. I have supervisors and all out there managing jobs. My daughter was 22 and managed 500 people and started them. She put them on, started a new factory and did the lot. She was 22 and she started the first mentoring program in Australia. It can be done. I do not think it is a real problem.

CHAIR: I think you are right. Providing the opportunity is probably a bigger issue for this Committee to get around.

Mr FLETCHER: And how much does it cost in the country?

CHAIR: I think the way that you described your modelling before, that you are getting those kids off benefits and into being taxpayers is exactly the reason why we succeed better when we are in full employment.

Mr FLETCHER: I am just going to waste one second. We did a thing at Dubbo to see what was wrong. We looked at it. Infrastructure was a problem, health was a problem, education was a problem and law and order. They are the full matrix, are they not? You know what, if you get the education right what happens to the law and order? It disappears. What happens to the health? It disappears for the young people. But we are not educating the real life.

CHAIR: Thank you very much, Mr Fletcher. We may have some additional questions that we will issue you in writing. If you respond to them the responses will be public.

Mr FLETCHER: That is fine. I have nothing to hide here because I am passionate about it. By the way, I started with one employee. I started catching rabbits at six years old and I have been able to build from one employee to at times we have got 1,300 or 1,400.

CHAIR: That is fantastic.

Mr FLETCHER: So, I mean, we have seen it. I just watch the rest of the world going by. We cannot go on. You know why we cannot go on? Because these young kids are the ones that have got to look after us when we get old.

Ms NOREEN HAY: Fingers crossed.

Mr FLETCHER: It is scary. Just one second on the nursing side. When I had it in town here and we had complete wall-to-wall people, they came from all over the State, nursing was the biggest complaint. They said here they are, they have got to go to the university to go up here and then when they come to go back into the real nursing they have not got the passion for it and they cannot do it. Why did we change it?

CHAIR: You are right. In some of the discussions I have had regarding this inquiry people have said to me that we are sending these nurses to the university and then after the three years they have come back to hospital and they have realised they actually have to clean bedpans. Your point about integrating work and study is probably something that we are going to need to take away.

Mr FLETCHER: I saved one nurse three years at university. She had done one year and she was on holidays, so naturally she went out there and I said, "My nurse can go on holidays. You can do the job." I came back from the west and I had two stitches in my finger. I said, "Can you just pull these out?" She went white. I said, "I'll handle them." She admitted she had been nowhere. She had wasted one year at university. We should be shot. We ruined her life.

CHAIR: Thank you, Mr Fletcher.

(The witness withdrew)

BILL McANALLY, Chair, Orana Regional Organisation of Councils,

BELINDA BARLOW, Executive Officer, Orana Regional Organisation of Councils, and

RANDALL PAUL MEDD, Economic Development Officer, Gilgandra Shire Council, Orana Regional Organisation of Councils, sworn and examined:

CHAIR: Could you state in what capacity you are appearing before the Committee?

Mr McANALLY: I am Mayor of Narromine Shire Council and chair of the Orana Regional Organisation of Councils [OROC].

Ms BARLOW: I am the executive officer of OROC.

Mr MEDD: I am the economic development officer at Gilgandra Shire Council and I am appearing as the chair of the Orana Regional Economic Development Officers Network.

CHAIR: Ms Barlow, where do you work? Is your office here in Dubbo?

Ms BARLOW: My office is in Dubbo and one in Bogan Shire at Nyngan.

CHAIR: I am sure I have it written down, but who are the members of OROC? It is Bogan, Bourke, Brewarrina, Coonamble—Dubbo is clearly the largest by a long shot.

Mr McANALLY: We have just taken Wellington on too. Wellington has just joined OROC.

Mr STUART AYRES: From a population perspective.

CHAIR: You have got a variety of unemployment rates there too, from 3 to 17 per cent we have been told today. I will invite you to make some preliminary remarks. We have got your submissions. Mr McAnally, do you want to make any opening remarks before we go into questioning?

Mr McANALLY: Just an overview of OROC that I am a chair of. It is probably 22 per cent of the State now and it varies from mining, agricultural to government jobs and all that, but we struggle with Mother Nature. Mother Nature rules our lives out here, with the drought and all that. What happens in a drought is you tend to lose the good people out of our societies and it is very hard to get them back. We struggle to get people that are able to do the jobs out in our communities, especially the further west you get. We as a Regional Organisation of Councils [ROC] now look towards Dubbo a lot with a lot of help with especially our councils. That puts added pressure on Dubbo too. But at the end of the day we need skilled people out here.

As I said, if we do have a drought you tend to lose them. How we keep those people in this area, the skilled people in the area in times of drought, it is a bit of a hard question to answer. We tend to lose a lot of our skilled people to the mining sector, which is gradually growing out here. That is just a bit of an overview of what we are, but it is a massive part of New South Wales. It is probably a low population and a massive area and it does not go away. It is a very strong agricultural area and a very affluent area when it is going.

Ms BARLOW: In most of our communities local government is the largest employer. Without local government activity going on we will not facilitate a whole lot of business and economic growth in those communities. That is probably something really important that highlights that there is not a lot of secondary industry out here.

Mr MEDD: As the chair of all the economic development officers within the area, our main focus has not been on migration and skilled migration; it has been about trying to address really the coalface or grassroots issues of lack of succession planning in business. When you say skills, a lot of the skills rest with individuals that own businesses. When they decide to retire or they have had enough or family circumstances change, that business closes and we lose that skill. Then that skill that is supporting that might underpin the rest of the economy in a small town. That is where a lot of our motivation and need to get involved in this sort of thing has happened. Pretty much we are at the phase where we are trying to find out what the issues are and then work on

a path to address those. We might be probably a bit further behind than where other people are, but we are trying to get a very clear picture on what the issue is and how we are going to move forward with that.

CHAIR: You mentioned succession planning. I am assuming that is worse with the farmers and people on the land. Small businesses are just as bad?

Ms BARLOW: I think agriculture is probably all over it; small business is not.

Mr MEDD: I would agree with that.

CHAIR: What I really need to know so that we can address our questions accordingly is which are the three professions or jobs or occupations which are in the highest demand? In your submissions you have pretty much said everything, and I understand the doctor issue. The funny thing is of course that even in western New South Wales our doctor-to-patient ratio is better than 90 per cent of the rest of the world. But Australians are used to better. That is fair enough; that is great. Other submissions we have seen this morning have focused on engineering and you have mentioned a few in the building profession. Talk to me about the top three and why and where you are addressing them at the moment.

Mr McANALLY: I will just start on the semi-skilled level. As we deal with farmers, our areas in our cotton gins that refine the cotton to bales that are sent overseas for manufacture, all those employees' jobs on farms and all that nowadays have been taken up by backpackers. They are on a three-month turnaround, as you would say. We cannot source those semi-skilled people out into our areas. The competition from the mines is too great and they go to them. The more skilled people go to the mines. The agricultural sector is left with the backpackers and what is left. I can say nearly 90 per cent of the farming out here during harvest or cotton picking and all that is run by backpackers from overseas.

CHAIR: And that is a problem because they can only work—

Mr McANALLY: They can only work three months, and some do not even work that. Some are very much overrated as semi-skilled. They get them off Gumtree, whatever they get these employees off, and it becomes fairly hard to maintain a business when you are relying on backpackers for the major share of your workforce. People may look at an area and say that they could do with more doctors or engineers and all that, I mean that is fine, but you need the people on the ground to do the jobs, the manual labour jobs, otherwise you cannot actually run a business out here in agriculture.

Ms BARLOW: I cannot give you evidence of what the top three skill shortages are in this region because we just do not know.

CHAIR: Do not give me the top three then, give me some that are at the front of mind for you then.

Mr STUART AYRES: Tell us what you do know.

Mr MEDD: Trades, building trades and associated trades, builders, plumbers, electricians and mechanics.

Ms BARLOW: Mechanics, auto-electricians, there are even road transporters that cannot employ long haulage truck drivers, those sorts of things.

CHAIR: They cannot employ them because they are not available or they cannot employ them because they are not skilled?

Ms BARLOW: They are not available.

Mr MEDD: Anyone that lives in our area that wants a job has a job. If you are unemployed it is probably because you have no inclination to the type of work that is available.

CHAIR: So your problem may well be retention?

Mr MEDD: Yes.

CHAIR: I do not know if you have done any modelling, but what is the turnover? We have heard today anything up to 20 per cent is the turnover of staff in any given company.

Ms BARLOW: Yes.

CHAIR: Is there any modelling on that?

Ms BARLOW: No.

Mr McANALLY: I would think that in the trucking and farming industry it is, especially in the trucking industry. If you advertise for a heavy haulage truck driver it is very hard in our area to get those people who drive trucks.

CHAIR: Why?

Mr McANALLY: Lifestyle. They do not want to be out there, they do not want to do it. People that do want to do it are already gainfully employed. You get a changeover in those, they change from different areas, the same as farmhands and all that. At the end of the day when you are running a farm, it is a business and unless you have really good staff it is very hard to look after them through a hard period. If you have got itinerant workers there, you do not tend to keep them.

Ms NOREEN HAY: Do you have vacancies all year round? You said you use backpackers and they can only stay for three months.

Mr McANALLY: Yes.

Ms NOREEN HAY: Let us say they are filled by another lot of backpackers for another three months.

Mr McANALLY: Yes.

Ms NOREEN HAY: Is there no down time where you would not need the same number of backpackers for agriculture, or is it ongoing?

Mr McANALLY: It is ongoing, but sometimes you have down periods, depending on our irrigation industry, which is highly reliant on water out of Burrendong dam. That ebbs and flows a little bit, and it is a massive employer of seasonal workers.

Ms NOREEN HAY: What I am trying to get at is if a backpacker was allowed to work for 12 months, you would not necessarily be able to keep them all for 12 months, would you?

Mr McANALLY: No, and a backpacker probably would not stay in the area for 12 months either.

Ms NOREEN HAY: Exactly.

Ms BARLOW: And when they do come to the region or come to a community they might pick up three or four different jobs. They might be working at the gin and they might have worked on a farm as well.

Ms NOREEN HAY: That is what I was trying to clarify.

CHAIR: That would be a good option if you have the option to keep them for longer than three months, surely?

Mr McANALLY: Yes, for sure.

Ms BARLOW: Depending on what sort of visa they are on.

Mr MEDD: This is something that I touched on in our submission. We think that it has coincided with a poor European economy that most of these are graduates out of university that do not have a job option. They are from Ireland or somewhere like that. Should the European economy turn around and there are job opportunities, we think there is a black hole there that might not be able to be filled.

Ms NOREEN HAY: I think it is probably a long way off—

CHAIR: I do not know if I am as pessimistic because we have always been able to attract backpackers. It is a lifestyle experience as much as anything else and when you look at the fact that part of Tourism Australia's international marketing campaign is to give people jobs as jackeroos in Central Australia, obviously this is appealing to somebody.

Ms NOREEN HAY: Touching on one of the things you said about truck driving and long haulage, earlier we heard evidence that businesses in this region should be looking at transport needs into the future in terms of long haulage, driving mining equipment and heavy trucks, and planning for training. I was trying to get an answer on what you thought or they thought would be the best way forward for training. For instance, if you had a group of people who wanted to learn how to drive one of those heavy trucks, where would those people go right now?

Mr McANALLY: You have a driving school to go and get your licence in a week or so, but actually being on the road driving a heavy haulage vehicle is a bit different. I think if some of our operators could be funded to take these fellows on for a while, say a six-week probationary period, to actually drive these things on our roads, because it is a lot different being out on a public road sometimes and doing driving courses somewhere to get your licence, and it is a very important job. That truck that he is driving is probably worth a million dollars, so it is a big investment by the person who has bought that truck.

Mr STUART AYRES: You do not necessarily want to see it coming at you with a green P-plate on it.

Mr McANALLY: That is right too, but you also have to keep the truck moving because if you do not keep it moving you do not make a business, so something like that to get them out there to these people that actually drive the trucks—

Ms NOREEN HAY: You mean like a subsidised training position with an employer?

Mr McANALLY: Yes. I do not know whether that works, but they seem to do it in a lot of other areas. It is not desperately hard to go and get a heavy combination vehicle licence at a place, you can go and do your week's training or whatever. But when you get out on the road and get tired doing your hours and that, I mean it is like the backpackers when you go out to a farm and you have a million dollar header stripping your wheat. It is very hard to put that person on that header. If they wreck that header—and it happens a lot because they are the only people that can do it, the farmer cannot do it all himself and he has to rely on them.

Mr STUART AYRES: That leads back to something we have already heard today. There is no clarity in your part of the world around where skill deficiencies are. You have anecdotal evidence, you hear stories from one town to the next around shortages in particular areas, but there is almost a need to do a bit of a skills audit around where the deficiencies are. That is one thing that has been thrown up. The other thing I wanted to ask you about was the need to localise where the skill gaps are. You could look at a list of jobs in New South Wales where we are skill deficient and child care workers are not on that list, but I can guarantee that you do not have many child care workers in Cobar or Nyngan or Narromine, or wherever you might be. So there is a localisation around particular issues and one of the recommendations that this Committee could come up with is a local original layer when it comes to assessing skill migration. That would at least allow you and Regional Development Australia [RDA] to play a role in funnelling people into particular locations where they might not exist across the State system. What do you think about that?

Mr McANALLY: I think that is a good idea.

Ms BARLOW: Yes. Can I just add that, looking at the layers of employment in this region alone, agriculture is 16 per cent of the total workforce; there is 12 per cent in retail, 11 per cent in health, 9 per cent in education, 6.5 per cent is employed in public administration and 6.5 per cent is in accommodation and food. That gives you an idea. Our main industry is agriculture at the moment.

CHAIR: And most of those others would be growing or continuing only because of the agriculture industry.

Ms BARLOW: Absolutely, yes.

CHAIR: You only have the amount of schools and retail outlets because you have the agricultural outlets.

Ms BARLOW: Yes.

Mr STUART AYRES: But in a town like Cobar, which is punching out at basically 3 per cent unemployment at the moment or near enough to it, there is full employment. On any economic curve, that is literally every person who can physically work is working.

Ms BARLOW: That is right.

Mr McANALLY: That should be too because all the mines are running out there.

Mr STUART AYRES: Yes. The only thing that is stopping that township from growing its economy is access to labour, access to people, so you have to be able to bring more people into that market, not necessarily mining jobs. There is a missed opportunity happening—and I am talking specifically of Cobar; I am sure there are variations—whether it be chefs, child care workers or retail opportunities that are not being met because they just do not have access to workers. A lot of those categories would not appear on the skills shortage list for New South Wales and therefore are not open for you guys to go out and say, "We need 15 cooks" or "We need 25 child care workers" or "We need guys to lay bitumen for new roads", or whatever the case may be—truck drivers, if that is what the issue is. But I suspect that if you flick to the other end of your sphere of influence, to an area like Walgett—

Ms BARLOW: Thirteen per cent.

Mr STUART AYRES: —where the unemployment population is higher, what you might want to do is target specific imported employment for some of the issues there that might be around Indigenous workers and running programs that allow those guys to work whilst they are at school, at least creating some self-disciplines and those types of things. That comes back to the point you made earlier that anyone who wants to work probably is working and those that are not have not got the right approach or attitude or whatever your particular turn of phrase was a few minutes ago.

Mr MEDD: Yes. That is one of our big points. As economic development managers we battled and battled to try to get a skills audit process up and we could not get funding assistance for it because at the time there was only funding for actions to address skill shortages.

Mr STUART AYRES: When you say you battled, who did you battle with? Did you battle with the State Government?

Mr MEDD: State and Regional Development at the time.

Mr STUART AYRES: That is Trade and Investment now.

Mr MEDD: Yes, and at a local level, they were trying to assist us, but there was no funding available to conduct a skills audit. We had to call our project the Skills Attraction Strategy and we did not know what the problem was.

CHAIR: A skills audit is clearly going to have to feature highly in our recommendations. Are you able to table the document you have?

Ms BARLOW: Yes, Victorian Government 2006.

Document tabled.

CHAIR: Cobar fascinates me. What is the population?

Ms BARLOW: Five thousand—5,500.

Mr McANALLY: You have fly in fly out.

Ms BARLOW: And drive in drive out.

CHAIR: That is not included in the 5,000; I am assuming 5,000 permanent residents?

Ms BARLOW: This was the estimated resident population as at 2010.

CHAIR: I assume that would have grown in three years?

Ms BARLOW: The last census data picked up the local government area of their main employment rather than where they lived, and a lot of them might live on the Central Coast—who knows?

Mr McANALLY: Or the Gold Coast.

Ms NOREEN HAY: So how many people live in Cobar, excluding the fly in fly out?

Ms BARLOW: Say 5,000.

Mr McANALLY: I think it might be a bit under 5,000.

CHAIR: What is the situation in Cobar with other professions and trades, for example, chefs and retailers? A 3 per cent unemployment rate would make the labour market very tight. I assume that wages are all very good. How do they get someone to work in retail? Who works in the pub, in the bistros and the restaurants? Who works as a street sweeper?

Ms BARLOW: I am not sure about those sorts of private businesses. I know that our council struggles to attract skilled labour, as does every council. We obviously offer incentives such as housing, vehicles and those sorts of things. Many professionals who work for the council do not necessarily live locally; they are just there from Monday to Friday.

CHAIR: Where do they come from?

Mr McANALLY: They are effectively fly in fly out as well.

CHAIR: How long does it take to get from Cobar to the Central Coast?

Ms BARLOW: They fly.

CHAIR: They are literally flying in and flying out?

Ms BARLOW: Yes.

CHAIR: And working in local government.

Ms BARLOW: Yes, they are professionals who work for local government.

Mr McANALLY: About five or eight years ago two of the mines closed and you could not give away a house. The population was depleted. If the mines start up again, you cannot attract the population back to town and the mines cannot fly them in and fly them out. That happens around here.

CHAIR: I know it happens.

Mr McANALLY: Cobar Shire Council is also struggling financially.

Mr STUART AYRES: Probably because it has a low rate base.

Mr McANALLY: Yes, it does have a low rate base. If they have had mines in the past they probably did not have property. That happens too, and it has an effect on employment. Cobar is a bit of an enigma. Motels are fully booked all the time, mostly by the mines. The hotels are the same. When I last spoke to the mayor she

said that a lot of the mines employ people in town and help local businesses. That is one way of getting around it.

Ms BARLOW: I am not sure about the demographic of people working in retail. I go to Cobar regularly and it is a thriving, pumping little town. It is going all the time. It gives an opportunity for the pastoralists or the pastoral industry to support the community. Land prices and pastoral property prices have risen, especially in the past couple of years after the 10 year drought broke, and there have been good opportunities to make money. I know councils struggle with putting on apprentices, such as mechanics. They lose them to the mines once they have finished their apprenticeship or traineeship. That happens often. It is a very competitive workforce in Cobar.

CHAIR: How should they address that? Could they have return of service obligations for the qualifications they are sponsoring?

Mr McANALLY: Do you mean mining companies?

CHAIR: Both.

Ms BARLOW: Councils and mines.

CHAIR: The miners would not have a problem with keeping staff because they are paying them a fortune.

Mr McANALLY: Western councils struggle keeping staff. Narromine, which is 30 kilometres from Dubbo, is a lovely area, but the council struggles to find engineers. It is very hard to compete with industries out there, so we are growing our own. We are hanging on to a couple now, but that is out of the ordinary.

Mr STUART AYRES: How are you doing that?

Mr McANALLY: Providing good incentives and making sure that they want to stay in the town. They are local people born and bred.

CHAIR: Do you mean financial incentives?

Mr McANALLY: A fair bit of it, yes. We are also putting them through courses and generally looking after them. That is very hard when you get a good one.

CHAIR: How are you finding the courses? Are they doing them here or through Charles Sturt University?

Mr McANALLY: Generally through Dubbo.

CHAIR: What about Charles Sturt University?

Mr McANALLY: Yes. It is hard. There was a 10,000 acre agricultural research station at Trangie. It was the biggest employer in town with 130-odd employees 15 or 20 years ago. They removed funding from agricultural research and we lost all the smart people. They now run the farm out there with about 30 people. It was leading the world in cattle research, but that is now lost.

Mr STUART AYRES: Where has that research gone?

Ms BARLOW: It does not exist.

Mr McANALLY: Ours is an agriculture-based society and those experimental farms are very important. They are very important in training people. It had its name changed four or five times. They could employ another 50 people. I do not trust them to change over. We miss the smart people in town who run committees. If they are taken out of the community it suffers.

Mr STUART AYRES: The Government talks about the decade of decentralisation as a policy position. In reality I cannot see that operating anywhere but Dubbo. Where else would the Government relocate jobs to in this area?

Ms BARLOW: That is correct. It is already evident within the public sector workforce outwards. Most of them drive in and drive out.

Mr STUART AYRES: Do they travel from other towns to work in Dubbo or from Dubbo to other places?

Ms BARLOW: They travel from Dubbo to Bourke if they work for the Department of Community Services, the Department of Families, Housing, Community Services and Indigenous Affairs or the Office of Communities.

Mr McANALLY: There are so many services going in and out of those towns every day with no proper outcomes. You can throw as much money as you want at the problem, but at the end of the day—

Mr STUART AYRES: Is that because people will not live there?

Ms BARLOW: Yes, basically.

Mr STUART AYRES: Because there are no services that allow them—

Mr MEDD: There is no culture of all those people meeting up and interacting socially because they are driving in and driving out. They do not meet other people at the pub on a Friday night and things like that. They do not have a support network, so why would they stay?

Mr STUART AYRES: You are saying there are ant trails of workers who are spreading out from Dubbo on a daily basis to various townships, and the people who are not part of that activity are probably flying in from somewhere else, staying for two or three days in a hotel or wherever, doing their work and then going back to their main base?

Ms BARLOW: Yes.

Mr STUART AYRES: That is from a government perspective.

Mr MEDD: Yes.

Mr STUART AYRES: I am trying to think this through. If the Committee makes a series of recommendations about skilled migration it will be scratching the surface. This is more about how we attract and grow skills. It seems a logical option to undertake some sort of extensive survey. That will probably be a recommendation. We should literally map the geographic location of those skill shortages and chronologically map the industries that are popping up and what value adding opportunities are arising in agricultural areas so that we can start planning now. If Charles Sturt were to run a satellite service out of Dubbo and Western Sydney Institute were to have a campus at Dubbo or wherever, what programs should they offer that would capture some of those value adding opportunities? They are all things we can consider. However, I feel there is something missing. There is a gap, but I do not know what it is.

Mr MEDD: As far as I can tell it is a living thing in Victoria. There were business retention and expansion surveys. It is a snapshot of a point in time, so it is left on a shelf.

Mr STUART AYRES: Yes. If you are not evaluating it and it is not being updated and changed you do not adjust policy settings to reflect those changes.

Mr MEDD: We need something that we can reassess in two or three years to determine whether we have made progress and whether the situation has changed. We need help with that. We have other issues and we are not skilled economic development managers. We do not have the skills to work out how to conduct that process. We obtained quotes from research people to assist us with that and they started at \$50,000. That is not feasible for small councils. Yes, we need the information and we are happy to be involved and to work on the

ground. However, we need some assistance at a higher level to tell us how to do it, what we need to collect and the things we need to constantly evaluate.

Mr STUART AYRES: As a side note, what is the connectivity between your townships? Dubbo is the service centre and the nerve centre. How do people connect? Do they rely on the roads?

Ms BARLOW: Roads and road transport are the lifeblood of this region.

Mr McANALLY: There is no passenger rail transport here anymore. They took that out after the flood and never brought it back. There was rail transport all the way to Bourke.

CHAIR: When was that?

Ms BARLOW: That was 1991.

CHAIR: Would it be picked up again?

Mr McANALLY: It would be too expensive. It could be, but it would cost a lot of money.

Ms BARLOW: There are bits and pieces of the rail left.

Mr STUART AYRES: How do the miners move their product?

Ms BARLOW: By road.

Mr STUART AYRES: It is all road freight?

CHAIR: Previous evidence suggested fears about a shortage of heavy vehicle drivers.

Mr McANALLY: Our road infrastructure is not keeping up.

CHAIR: That is because you do not have a rate base big enough to service the road infrastructure.

Mr McANALLY: Our main roads are not keeping up, even out this way. It is wrecking our road system. There are two cotton gins at Trangie and last year they dragged most of the product from Hillston. There were 6,000 extra road train movements from Hillston in one season.

Ms BARLOW: That is 6,000 extra.

Mr STUART AYRES: Freight in New South Wales is forecast to double within the next decade.

Ms BARLOW: That is correct. There are already 1,800 B-double truck movements along the Newell Highway passing through Dubbo and 800 go west along the Mitchell Highway. That is a lot of trucks.

Mr McANALLY: Dubbo is at the centre of our regional organisation of councils. It is very good to our region. We are working very well with Dubbo, but there is only so much it can do. I know there has been a panel review about amalgamations. You can amalgamate whatever you want to out here, but all that country is still out there and it must be managed properly.

CHAIR: It is the basis of the economy.

Mr McANALLY: Dubbo realises that. When a drought is on, Dubbo suffers. When things are going good, it goes well.

CHAIR: Which local government area has 17 per cent unemployment?

Ms BARLOW: Walgett has 13 per cent unemployment.

CHAIR: Is that situation worsening?

Ms BARLOW: It has always been high.

Mr MEDD: It is Indigenous.

CHAIR: How do we turn a negative into a positive? How do we skill them up to work? Are they unemployable? Could you invest in them and train them so that they could go to other local government areas?

Mr MEDD: An example of that is the Community Development Program in Gilgandra. We were able to get funding for projects and people gained skills. However, when the project finished they had no job.

Mr STUART AYRES: We have heard that.

CHAIR: That is a problem with all training. It can be training for the sake of training.

Mr McANALLY: The Community Development Program was a great initiative. We had a wonderful program in Narromine. Our Aboriginal unemployment rate fell and the people who did not work would probably never work. It was going wonderfully well. I know that a few programs were not working, but the Federal Government pulled the money from all of them. All those people are now without a job.

Mr MEDD: Their family culture may be such that no-one has ever worked. It requires patience to take them through the process of telling them to turn up every day, picking them up and so on. Our council has been involved in those processes. You cop a lot of flack in the community, but you can get some through to the point where they are able to get jobs and stand on their own two feet.

Mr STUART AYRES: It is incredibly intensive and specialised work. The best you guys can hope for is to plug into other programs that are running at the State Government level and try to get some value for money from what you are putting in. If you are all loading your shotgun full of pellets and firing them off in a million different directions hoping one will hit the target—

Mr MEDD: In terms of a negative or positive, we should get those people across into agriculture to address the semi-skilled shortages in that sector. They could be a resource in that area. How do you get them across the line and trained to drive headers, trucks and so on?

Mr STUART AYRES: The other way to approach this, though, is almost the very purpose of what this inquiry is about, and that is to say that, yes, you have got some areas of the Orana Regional Organisation of Councils that have incredibly low unemployment rates but, on the whole, those townships are relatively small, so what you need to do is grow those townships. The only way you are going to grow them is if you can get the level four skill levels where you cannot bring skilled workers in because it is not considered skilled migration. You need to bring those people in and, Bill, one of the very first comments you made was about semi-skilled backpackers. There is a skills set that these western New South Wales economies require that is not being considered by any government. It is not considered to be skills migration. I do not know whether that is because they are afraid of being accused of giving away Australian jobs in cities such as Sydney, Newcastle and Wollongong. Quite frankly, no-one is taking the job anyway.

Ms BARLOW: That is right.

CHAIR: A 457 visa is a visa for a professional.

Ms BARLOW: Yes.

CHAIR: We come back to the backpackers and maybe we have to give them longer than three months.

Mr STUART AYRES: I am not sure, Mr Chair, that it is backpackers. I come back to the point that we have touched on already a couple of times. The first layer is the regional issue. So it is identifying the skill shortages in regional issues and then it is adjusting the migration visa structure to mend those gaps, not saying, "Here is an arbitrary list of jobs where we have a shortfall across New South Wales of which most of the jobs that you have got a shortfall in did not appear on that list."

CHAIR: That is right. A vacant position in a town like Gilgandra or even Cobar is a bigger economic disaster than a vacant position in Penrith or Parramatta.

Mr STUART AYRES: Absolutely, because they get absorbed by the size and scale of the economy.

CHAIR: And the whole listing of skills does not accept that a filled job or a vacant job in western New South Wales is a bigger deal than it is in the central business district of Sydney.

Mr McANALLY: You have a look at our smaller towns in Orana Regional Organisation of Councils area. You have got a chemist there and a chemist cannot get a person to help him or employ the proper person to help them. It closes the chemist down.

Mr STUART AYRES: Oh, absolutely. I have got a bloke in my electorate who runs a co-op in the lower Blue Mountains. His wife is 87 and he still does locums. He is a pharmacist. He does it because he loves it. He goes down to Sydney uni once a week to teach the guys at Sydney uni how to cut up the drugs. Your chemist does not operate without a guy like that coming in to do his locums.

Mr McANALLY: That is right. They do not. You lose the good people from your town and then the doctor looks at it and says, "Oh, there is no chemist here", and then you lose a teacher.

Ms BARLOW: In Brewarrina, for instance, when they did lose their pharmacist they employed someone at council to pick up the prescriptions for the entire community, drive to Bourke, get those prescriptions filled, drive back, hand out the drugs and, in order to retain a pharmacist in their community, council bought the pharmacy.

CHAIR: Operated it rent free?

Ms BARLOW: As they do for the general practitioner, dentist, hairdresser.

Mr McANALLY: The western towns are doing that.

Ms BARLOW: Unfortunately the cost comes back to council, because the community says, "We need this service", and it is not core local government activity.

Mr MEDD: Was it \$22 million worth of health infrastructure that councils in the Orana Regional Organisation of Councils own?

Ms BARLOW: Yes, we own \$22 million.

Mr MEDD: We employ nearly 200 people at council in Gilgandra, 80 in traditional local government and 120 who run aged care and disability services, so our community has grown our employment base through council being the largest employer through taking up basically government contracts to run aged care or disability services.

CHAIR: If you found somebody with that skill, would the council be able to off-load responsibility?

Mr MEDD: It depends. Each situation would be unique, but we have to hold on to it until we can. We owned the dental surgery in Gilgandra until we found someone to take over. That was a five-year process. For those five years, Gilgandra Shire Council ran a dental clinic. There are plenty of examples like that.

CHAIR: We are way over time. I do apologise. We would like to open up the opportunity for us to issue further questions in writing. If that occurs, so that you are aware, the responses would be public documents. So it would be the *Hansard* transcript and the submission. Thank you very much for coming. It has been a very good opportunity for us to get a better appreciation of what the issues are and it pretty much justifies the reason that we brought the Committee out here. Thank you very much. Hopefully we will see you guys soon.

Mr McANALLY: I think a great starting point is something like the helpers.

CHAIR: Regional economic activity in Victoria was a massive political issue. That is the reason Kennett lost the election. When you think that they have three regional economies and we have 10, if not more, it is quite bizarre that they have done it and we have not.

Mr McANALLY: Thank you.

Mr MEDD: Thank you very much.

(The witnesses withdrew)

DANICA BUNCH, Project Officer, Regional Development Australia, Central West,

SANDY MORRISON, Chair, Regional Development Australia, Central West, and

LESLIE JOHN FINN, Director of Technology and Corporate Services, Parkes Shire Council, affirmed and examined:

ROBERT COLIN HADDIN, Councillor, Parkes Shire Council, and

RHONDA JOY MILGATE, Human Resource Manager, Parkes Shire Council, sworn and examined:

CHAIR: Ladies and gentlemen, thank you very much for taking the time to make a submission and to visit us here today. My name is David Elliott. I am the Chairman of the Committee on Economic Development and the member for Baulkham Hills. It is my first term in Parliament. This is only my second inquiry. The Deputy Chairman is Mr Stuart Ayres. He is a Liberal member for Penrith. This is his second part-term in Parliament, if that makes any sense.

Mr STUART AYRES: That is because I won a by-election.

CHAIR: He won a by-election. You may have read about it in the papers. Noreen Hay is the Labor member for Wollongong, so it is a bipartisan Committee, which are always the ones that we prefer to work on. Noreen has not only been in Parliament for a decade but she was the parliamentary secretary for regional development in the previous government, so she comes with a good skill set for these deliberations.

I very much appreciate the time. There are five of you and that will make time tighter for us, but if you could start off with making some preliminary comments about your submission. Essentially we want to find out from everybody if there is a skills shortage in your sector and what are those skills and then we will lead into some questioning and discussion on what the Government can recommend to address that. We will start with you, Danica.

Ms BUNCH: I work for Regional Development Australia Central West, so we work across the Government and community. We do not actually represent one specific industry. We have a project called the Central West Skills Project, which is very much looking at strategic leadership across the education and skills industries. So we are not speaking specifically about one particular skills gap, but are talking about some of the potential solutions and strategies that we can have in place.

Mr MORRISON: As the Chair of the board, our interest lies primarily with education. On our board we have the Director of TAFE, the University CSU, the University Secretary and Director of Corporate Services, and other members are involved in the skills area. Our aim is to increase opportunity and opportunity lacks in regional areas, so through education and localising—giving autonomy to our region through education—it retains youth and thereby the board sees this as our main core, our thrust.

Mr HADDIN: I have multiple hats on here, one as a councillor, and my business involves a case study for this meeting. I am a businessman of an engineering shop. I live on a farm and I am a board member of Skill Set. I am an employer of apprentices.

CHAIR: What apprentices?

Mr HADDIN: Fitting and machining and welding apprentices, and I have overseas labour too.

CHAIR: On 457s?

Mr HADDIN: Yes.

Mr FINN: Just a position statement from Parkes Shire Council. Council was a group one council under the integrated planning and reporting of the New South Wales State Government. Through that community consultation the community set us a number of directions and one of those was lifelong learning around that space. We are charged with advocacy facilitation and provision and in the scope of lifelong learning we can only advocate. We have recently been through our second round of IP and R [integrated planning and reporting] for

the local government elections and again the direction of lifelong learning came very strongly from our community to the councillors. The Parkes Shire has a diversified economy base: mining, agriculture, administration, health, retail and manufacturing. We are very pleased with that diversification but what does that bring with it? What we did learn from our community through consultation is that there is a skills shortage in a number of those sectors.

CHAIR: What is the population of Parkes?

Mr FINN: The town itself is 12,000, the shire is about 15,500.

CHAIR: Does that include Forbes?

Mr FINN: No. That is a stand-alone local government area.

CHAIR: What is your unemployment rate?

Mr FINN: Around the 6.5 per cent.

Mr HADDIN: Constant too. Never varies.

Mr FINN: That is through that diversification. Even though the 10 year drought was quite telling on the agriculture sector, the diversification allowed the shire to perform quite well on a GRP [gross regional product] basis.

CHAIR: That sounds a little bit high for the other local government areas the Committee has been speaking with, particularly as you do have some mines. Is that Indigenous?

Mr FINN: The Indigenous population last census was 7 per cent. The SEIFA index last calculation for the TCorp report was in around 29 I think. So in some areas we have very low SEIFA but then you have the two-speed economy of the mining coming in over the top of that.

Ms MILGATE: Obviously as a council we have a number of occupations that we employ but we have found that there have been a number of issues with skills shortage areas so we have taken the initiative to actually grow our own. In our latest workforce plan we have said over the next five years in our traineeships and apprenticeships we are going to aim for between 5 per cent and 10 per cent of young people coming on board.

CHAIR: How many employees on your council?

Ms MILGATE: We have got 158 FTEs [full-time equivalents].

CHAIR: Are you the biggest employer in town or is the mine bigger?

Ms MILGATE: No, the mine is bigger. We have got a regional RMS [Roads and Maritime Services] and we also have got a major Centrelink office.

Mr FINN: Allied Health is also large and the railways are still a force.

CHAIR: You never got that big airport, did you?

Mr FINN: Not as the original concept but certainly there is a redevelopment of the airport based on our freight.

CHAIR: That was the freight airport but you are going to get that when Mr Ayres gets Badgerys Creek, I would say.

Mr FINN: We may talk later.

CHAIR: You are the last witnesses who will give evidence today. The Committee came to western New South Wales because of its unique economy and I have been shocked to hear some of the figures today—regional areas have got 4 per cent or 5 per cent unemployment. So the economy is a lot stronger than I ever gave

it credit for as a metropolitan member of Parliament. Therein lies another reason why the skills shortage is such an issue and from my observations that is one of the reasons why economic growth in western New South Wales has not been as strong as it probably could have been. Is it likely that the vacancies in your respective regions will be filled by importing labour or by training labour from your existing population base?

Ms BUNCH: We are a certifying body for the regional skill migration program as well so we see that it is very much mixed. There is obviously, as you have said, a two-speed economy, so we have some increasing and some decreasing.

CHAIR: What is increasing and what is decreasing?

Ms BUNCH: Mining is very much increasing.

CHAIR: Engineers?

Ms BUNCH: Yes, the health sector is increasing significantly as well.

CHAIR: Because of an ageing population or because of the mines?

Ms BUNCH: Also because the Central West has become a major centre for health so it is actually supporting a lot of the western communities as well. It is a regional hub. Particularly in mental health we see a lot of vacancies for nurses because we are the major centre for mental health. We can also see that there is a challenge in actually skilling some of those declining industries, some of those people moving out of those positions into some of our growing industries as well.

Mr MORRISON: We are from the Central West region not Dubbo. There are some observations here that do not look at towns individually. Within our region we have the major towns in western New South Wales, so if you go past Bathurst and Orange, their economies are growing at 5 per cent per annum, and you have strong centres such as Parkes, Cowra, Forbes and Lithgow. The connectivity is really high. In terms of major employers you are looking at TAFE and the Charles Sturt University which affect education throughout the region. There is an added problem that because we are based on a rural economy we have a seasonal factor as well as a technology factor affecting employment. Our councils are responding really dynamically. They differ from Sydney-based LGAs because they are primarily aimed at attracting business. We are trying to better attract and build their economies and widen their economic base.

In the short time we have today it is an incredibly complex problem because in terms of our region we have a generation of welfare dependence and we find that retraining is an aspiration. It is not as simple as if you lose your job we will retrain you. It really is not an easy job. We had the Email business lay off 300 workers as Cadia, the mine, started to really boom. So we thought it would be easy to retrain them but we could not get one.

CHAIR: Why?

Mr MORRISON: This is the frustration of aspiration. To improve oneself and seek employment and gain higher skills is aspirational, when you want to live an easy life of doing a low-skill job and going to the pub and following the football team and things like that. It is a really complex issue. The other thing too is when you have generations of grandfathers and great grandfathers who have never worked you have lost connection with the working community. It is not an Indigenous versus white thing; the same applies at Blacktown and places like that. The chair of RDA Sydney says, "We have got the same." It is instilling an aspirational aspect. You have also got skilled redundancies. This Committee is going to be perpetually meeting because of this endless cycle of redundancies and we cannot predict where those redundancies are going to be.

My degree is in planning and architecture. When I was at university we did not have personal computers and mobile phones and we employed craftsmen and typists who have all vanished. The important thing for us, from the board's point of view rather than our professional point of view, is equipping our education institutions with the flexibility to keep pace with the change in skill sets required—once we have institutionalised education this has become very slow to respond. The other thing too is funding and taking away funding. We are training people to go into business and because of licensing fees—we teach MYOB and Microsoft packages but the institutions have to pay huge licensing fees so they are always five versions behind, which is not good. We have to have a quicker response and greater flexibility to meet the new skills required. It is a rising thing.

The other thing too is that we have small business—small business drives this country. Ninety-four per cent of our region is small business. The fundamental structure of business is really important and we do not teach it; it is all intuitive. We see most small business failing because of lack of knowledge. We find it is something where we have to equip our small businesses better to survive the future. Most of them fail because of really bad mistakes—not investing, not keeping up with technology. We have had Windsor Farm in Cowra close not because they lacked orders—they got too many orders—but they had not invested in their cannery chain for half a century and it collapsed underneath them and the cost of replacing it. So we have to be very careful of those things. I will leave it there but those are the things that seem to be important.

Mr HADDIN: Do you want me to answer this as a manufacturer or?

CHAIR: The manufacturers are the employers.

Mr HADDIN: To be honest up to this stage, up to the last couple of years, for the 32 years we have had our business we have never had a skills shortage like we have had. Even though we had recessions and droughts and everything else we adapted and went along. Where we found we got into real problems was we kept mining—our major side of mining was making the equipment for explosives—but because of the ten-year drought it drifted more into 60 per cent relying on the mines. So to answer your question today and to answer it 12 months ago it is going to be totally and utterly different because in the last few months we have had Rio Tinto wanting to sell our mine and thus there are hundreds of jobs gone, contractors and all the rest of it, while they keep the costs down and try to sell the mine, which they sold today if we can say it confidentially—

Mr FINN: We can.

Mr HADDIN: —to a Chinese company. Tomorrow if the Chinese decide to ramp it back up again we all could be flat out again.

CHAIR: What mine was it?

Mr HADDIN: North Parkes, Rio Tinto.

CHAIR: What was it?

Mr FINN: Gold, copper.

CHAIR: And the Chinese have bought it.

Mr HADDIN: What is happening with our skills shortage is we do not get people who want to take on an apprenticeship and a lot of the problem is due to the Government. I put 30 per cent of the skill shortage out here down to the Government.

CHAIR: Why?

Mr HADDIN: Because of how they have treated TAFE and how they treat apprenticeships. I get the feeling the Government is trying to get rid of apprentices somehow. An apprentice's wage is a factor in what makes apprentices accessible and if it is too high we will not have apprentices. I have said in my submission that apprentices should get paid a student allowance when they go to TAFE so it keeps the cost down for the employer. Our apprentices have to go from Parkes to Orange for TAFE and if mum and dad are working and you are 16 years old how do you get to Orange? Do not say use public transport because that means you would have to get the train and bus at 6.30 the night before, on Sunday night, to get to Orange. They have three nights living away from home and the allowance buys them one McDonalds meal for the day, so why would you encourage your children to become an apprentice? The system is against it.

With the Skillset-funded mentoring program we once had 1,100 apprentices but now we are down to 700. Then we get the Government taking away funding for group trainers. Skillset is owned by Parkes council, Orange council, Bathurst council, Blayney council, Lithgow council, Orange chamber of commerce and Bathurst council. It is a non-profit organisation trying to give assistance to tradesmen who want an apprentice but do not want to do the paperwork all the time and will pay a fee for it. Because the funding has been cut back Skillset is pushing for larger employers where they can get more efficiencies. To tell you the truth with the

mines I have to wear two hats: Without the mines we would not have survived but with the mines we pay extra money now. The way we got around it is when our employees go to the mines we pay them an extra \$5 an hour and we pay our apprentices over the award payments too.

So on one side if we want the mines we need to work with the mines but on the other side they push up the hourly rates. When the mines have a hiccup and decide to go slow or reduce production your hourly rates are so darn high you are not competitive outside with other industries. We did a lot of work with Transfield on the Broken Hill to Adelaide rail project and things like that. We just cannot figure out what is going on. We could not foresee that Parkes would have the hottest driest summer on record and in June have the wettest month on record. Previously if there was a drought going we had the feel and we would potter along and go for 10 years and work out all these things and survive. Today there are too many unknowns.

It is impossible to get that six odd per cent of unemployed people in Parkes to go to work. You would not believe some of the excuses they have. Even if the employment agent can find them, goes and grabs them and brings them to your work site they last a couple of days and just disappear and that is the end of them. It is a complex thing. We export explosive-making equipment but the Australian dollar killed that. We do a lot of shipping to the workforce in Western Australia and we used to have good sales in the French Pacific but now because of the Australian dollar they can actually buy things from France cheaper.

CHAIR: That is a variable.

Mr HADDIN: I know, it is outside your scope.

Mr FINN: My response is largely about local government and Parkes Shire and I will confine my comments to that. The inquiry would be aware that local government is undergoing an independent review at the moment and a good hard look is being had of local government. One of the comments made during that process is that there are not enough skilled people to service 152 local governments in New South Wales. Without going into their work, it is acknowledged that skills are needed for local government. When we say local government it is more about the level or quality of service delivery to the community that brings with it a whole range of benefits such as prosperity, good planning, good service and economic development and all those sort of things. We are focussed on that level of service delivery to our community.

Your question concerns a skills shortage and what are we going to do about it? As previous witnesses have said, there is a skills shortage when you live in a community that has a large resource such as a mine, a regional Roads and Maritime Services office or a railway cohort. There is always migration from the business, in our case local government, because put simply on the award basis we cannot pay enough to match those wages so there is an out-migration. How do we fix that? Ms Milgate will talk about the home-grown innovations we have implemented. The other option is to buy the skill in. To buy the skill in we have to be a little bit clever about how we then differentiate ourselves as an employer of choice in a diversified economy that is paying fairly well for those skills such as engineering, planning, drafting, finance, accountants, human resources and the list goes on.

As a government we have succession planning and we differentiate ourselves on family friendly policies but private industry has not got that luxury. A lot of private industry in the central west has not got the luxury of strategic planning, an immediate knowledge of what to do or a backup plan. Business is intuitive, based on the dollar and the profit for purpose motive. The council has time to plan and we are doing that. Council, as an advocate for the community, is seeing more and more, particularly through business, that the lag-time between recognising the problem and solving the problem is too great, particularly when institutions such as TAFE have really been wound back over the years and we just do not have that available.

I will give you a quick overview: Economic rationalism will take the larger TAFE training opportunities to a centre like Orange. About 20 or 30 years ago Parkes, Forbes, Condobolin and Orange had TAFE campuses that offered welding courses. I could go and learn to weld. Today if I want to learn to weld somehow or other I have to get to Orange TAFE. Whereas a 16-year-old in Orange, after his evening meal, can go to TAFE a chap from Condobolin who is an hour further west than Parkes, which is an hour further west than Orange, has to somehow or other do a three-day block release away from home. Whilst economic rationalism shows there is some logic in bringing it together into one location for the economic benefits of scale it really plays against some of the regions in which mining is very prevalent because they are remote and they are regional. To get the skills you have to go further afield. It is a little bit of an intangible. They are some of the

comments from council. Ms Milgate will talk about what we are doing. I think the skills gap is real and more elusive than ever given the models available to provide the skills to the people, particularly the young people.

Ms MILGATE: Certainly you would have heard from previous councils that the skill shortages in local government are engineers, town planners and water and sewer. Because there have been major changes to the water industry we have to have qualified water and sewer operators. That is coming in. We also have problems recruiting labourers and plant operators. Obviously when the mining industry is up and running and going well you cannot get labourers or plant operators because they leave us to go to the mines to get the better wages. At the moment there has been a downturn in North Parkes mine and we have the best plant operators ever and the best qualified labourers. That is great. My concern is even if we want to recruit labourers the educational requirements of even a labourer is that they have to have the basics: They have to be able to understand work health and safety and be able to read signs. In this day and age you are finding that you have labourers or kids out of school that really aren't at the standard they should be at. That is something that I really think should be addressed. I know it has been bounced around forever.

The next stage is TAFE and recently internally I noticed a difference in TAFE. They just went through some sort of internal upheaval and I am just not getting the responsiveness or the support that I need and depend on for a local area like Parkes. We have our local TAFE campus and they have partnered with Charles Sturt University and are doing some really great things but I would hate to see the demise of that. There is not going to be the opportunity for kids coming out of school, even if they are not quite there with the literacy and numeracy, to be able to go to TAFE and learn a trade like welding because, heaven forbid, they have to travel an hour, two hours or three hours and their parents have to fork out the cost for getting that education or that opportunity for employment that everybody should be able to rely on.

This is the first year council has introduced school-based traineeships. That is where kids, while they are still doing year 11, come to work for council for 100 days over a two-year period and it has been a success story—no doubt about that. We have four great kids: One in horticulture, one in civil engineering, one in administration and one in water and sewer. It is a success story. They are doing great. They love it and they are committed. I hope we are going to continue to build on that year after year because I think it is a great initiative. At the end of the day we are relying on our registered training organisations: We have Skillset or TAFE to deliver that training for those school-based traineeships.

Mr STUART AYRES: Where do you get the people that you do not have?

Ms MILGATE: Our engineers are of non-English speaking background but with that comes a problem too: Most of them are from Sydney so we have to be able to relocate them and support them. I have found that it is certainly the family unit that needs to be relocated, it is not the engineer himself because obviously you might have him for 12 months and then he says, "This was good, thank you very much, but I really do need to be with my family who are back in Sydney."

CHAIR: Because the family will not come out?

Ms MILGATE: Generally, yes.

CHAIR: I notice in your submission that figure was extraordinary. The original sponsored migration visas in 2006 numbered 13, five years later you had 187.

Ms MILGATE: We never had a non-English speaking background employee prior to five years ago.

Mr STUART AYRES: These guys have heard me say this a couple of times already and you have reinforced other evidence we have heard today; where we have a skilled migration program from overseas that targets a series of skill shortages that are essentially laid out on a State by State basis those State by State macro figures do not really mean much when you get out of Newcastle, Sydney and Wollongong. The skills shortage you have may not represent statewide skill shortages, so you cannot access them through visa programs. One of the things that has come out of this visit is that there has to be another layer, a regional layer, assisting skilled migration.

What is skilled migration? There needs to be another level below that. What is the level for skill sets that do not always open themselves up to 457 visas or an RDA regional assessment? We have to find a way to get those people in the program. That might be a recommendation from the Committee for Government.

Listening to you guys they are a couple of things we have to work on. I know this is a simplistic statement but you just have to get bigger. Governments rationalise things because they do not feel there is a service pie that is large enough so we have to figure out a way to make you guys bigger, which is the only way to make this work. I have sat and listened to this all day and it has been sitting on the tip of my tongue.

Mr HADDIN: Centralisation.

Mr STUART AYRES: It is not just centralisation, there is a whole core of townships and cities such as Dubbo, Parkes, Orange, Cobar—it is a little bit smaller—and Cowra and we have to connect them better. They have to feed off each other otherwise the markets are just too isolated.

Ms BUNCH: When RDA Central West started its skills project, when we were out scoping that project, we held a skills roundtable for the region and when we started speaking to different organisations that work within the skills education employment sector we found there were a number of similar forums planned for the same time in that year. It is just that organisations were not connecting well. We re-scoped the project and formed a Central West Education Skills and Industry Community where we actually get all of those organisations together on a bi-monthly basis to just talk about what is happening within the region, what is happening with the different levels of government, what is happening with funding so that we can get a bit more of that connectivity happening across the region. That actually represents the whole central west region. It is the first model of its kind that we could find. It actually is being rolled out in other regional development areas. I know they have just rolled out a similar model in the Orana region. I can submit a report.

Document tabled.

Mr STUART AYRES: I agree with that. That is important, but I think that model needs to be applied on a more macro-economic scale. Dubbo has 40,000-plus people. It is a service hub. It has an airport and a fantastic proposition for a freight interchange, for want of a better term, at Parkes hub that can become an economic driver and its own thing. Those two townships need to complement each other in a broader economic environment and pick up others along the way. What happens is that government returns things like TAFE services to areas because there is scale. That is where the breakdown is here. Those townships are not connected well enough.

Ms NOREEN HAY: You talked about engineers and Dubbo talked about engineers it could not utilise. I asked RDA Orana whether it interacted with other RDAs about incentives. For instance, RDA Illawarra has high unemployment. I agree with my colleague, not that you need to get bigger but to interconnect better.

Ms BUNCH: Funding also needs to be provided to RDAs because many of these sorts of projects are self-funded from our own organisation. It is not driven externally. We need to see some consistency across the RDAs so they are able to provide that strategic leadership.

Ms NOREEN HAY: When State and Federal development organisations amalgamated, I was aware as Parliamentary Secretary for State and Regional Development that the whole operation and overview of the RDA became entirely about Federal matters. That is all very well until you come down to things such as regional State skill problems. It might sound terrible and I am not saying it should be RDA Central West, but perhaps we need a bigger model and fewer RDAs. I do not know; I am not an expert. Perhaps what is needed is a group that amalgamates Dubbo, Orana and Central West into one to interact with subcommittees. I do not know.

Mr MORRISON: I will answer that. I was the chair of the RDB [regional development board], so I was a State chair before I became an RDA chair. The work of Central West RDA has never flinched. We have always been consistent. The work we did under the State we did consistently. Regions are based on community of interest. To work together effectively you have to work on community of interest. Dubbo is the beginning of the Orana region, which goes out further west, and it has different problems. Let us talk first about being bigger. We have a regional development paradox. We send away the people who want to stay here and governments are obsessed with trying to attract people who do not really want to come. We send our youth away. I have two boys. If you go to any regional community and speak to anyone who believes in their community and is trying to promote their community, they will tell you they have sent their children away because of lack of opportunity. In terms of the skills inquiry, this comes back—

CHAIR: What did you send them away to do?

Mr MORRISON: My two boys, I have a 34 year old and a 30 year old. One is a senior site manager with Lend Lease. He did a building degree at University of New South Wales. The other is in advertising. He works for Grey International. We send our brightest away. The classic case is doctors. I am sure in the skills inquiry we have talked about the health professional crisis. We have asked CSU—I am on the medical committee—a very simple thing. CSU has the largest allied medical faculty in the country and lacks one thing: a few doctors. We have a chronic shortage of doctors. We have every university from Sydney because we have empty hospitals putting interns and residents into our empty hospitals and filling them up so they can go back to Sydney. If you send a child at 18 away from the environment he wants to live in and put him in Sydney and train him for the next 13 years, something happens in that period. It is the mating period. They bond. They bond with someone who has a lifestyle that is Sydney. If you train them in the country, you train them in the environment they want to work in or we need them to work in, they will meet people who are anchored there and they will remain.

The most successful skills migration program we have had is bonded teachers. I know; I married one. They came kicking and screaming from Sydney at marital age and they are now retiring and staying at the same location that they went to for their entire working career. CSU tracks its graduates. So it knows that its graduates remain in rural areas. It is a matter of building autonomy and opportunity and retaining youth. The other important thing is that it is not a matter of getting bigger; it is a matter of building a wider economic base. Most of rural Australia is a very narrow agricultural base. It is a narrow sector. So in agriculture service towns, agriculture is the only thing they service. The impact of the Internet is really hitting hard in these areas. These Buy Local campaigns are the last vestiges of hope for local business. They are going. If you want to buy and make savings, for example, if you want to have 20,000 litres of Roundup, glyphosate, a basic farm chemical, you do not buy it from the local bloke. You go straight to the Internet and buy it directly from China. We have to broaden the economic base. Parkes is a really interesting example. Since I became chair in 2000 it has had a consistent policy and clear strategy of broadening its economic base.

CHAIR: How?

Mr MORRISON: A former mayor of Parkes said to me, "We were concerned about our future, so we sat down and did a simple swot analysis. We worked out that we had one strength, a million weaknesses, no opportunities and then we built on it." It was the junction. They worked on the transport hub tirelessly for 20 or 30 years. The other interesting thing about Parkes is that it is the best place in Australia to run a computer-driven business. Why? Because it is the conjunction of the three main coaxial cables that unite the country. A business like banking or anything else, should be located in Parkes because those three coaxial cables have to break down, all three of them, to put you offline. In Sydney you only have one coaxial cable coming in. We have to develop these opportunities.

We are looking at mining, not because of what mining does now but because it gives us a bloody headache because it pays too much and all the other employers are not prepared to pay for it. We are looking at developing the skills, preventing our tin bangers and fabricators from taking up the skills of mining to become precision engineering. When the mining goes you are looking at exporting high precision products to the rest of the world or construction to the rest of the world. We have done that with Lend Lease, which is operating and constructing the London stadium and things like that. We are looking at building those things, broadening the economic base, bringing autonomy and opportunity to our region. That is the important thing.

CHAIR: What stops local government getting more out of mining?

Mr FINN: A couple of factors. Specifically to local government on an income-stream basis is that rate pegging will affect the overall rate burden. You can move it up and down. I know other local governments have targeted mining within their rate burden. Of course, the danger always is when the mine is off stream, the remaining ratepayers then have to pick up the 10 per cent or 20 per cent.

CHAIR: Perhaps not because if mining creates a false economy with high wages and roads needing better care when it is humming, when it comes off or wages drop the roads do not require as much. Why would you not subsidise the extra workload as an LGA by getting it from the people costing you?

Mr FINN: There is nothing wrong with that strategy. Certainly we have explored that. At the moment we have not gone any further.

CHAIR: We might have a further discussion on that. Unfortunately, our time has concluded. We may write to you with some further questions. I would not mind workshopping that matter further with you.

Mr FINN: We would be more than happy to come down for another session.

CHAIR: That is probably a good idea. Bearing in mind what Mr Ayres said earlier about getting bigger, it is all about critical mass. This morning we were saying that when the jets start coming in and out of Dubbo the multiplier effect will be extraordinary. If that is the obstruction, perhaps that is where we need to go. We may send extra questions to you. If you respond to those additional questions, they will become public documents as all evidence was given under oath. Is the matter of North Parkes mine confidential?

Mr FINN: No, it is on the public record. It was announced on the media this morning. Sumitomo is a 20 per cent owner.

CHAIR: It was an existing 20 per cent owner, was it not?

Mr FINN: An existing 20 per cent. It is allowed to match the bid under the agreement.

Mr STUART AYRES: You cannot get a train from Parkes to Dubbo, can you?

Mr FINN: No.

Mr STUART AYRES: But you can get a train from Parkes to Orange?

Mr HADDIN: A bus. It links.

Mr FINN: It is called CountryLink. It links.

CHAIR: Thank you for your input. It is very much appreciated.

Mr FINN: We really would look forward to continuing these discussions.

(The witnesses withdrew)

(The Committee adjourned at 3.59 p.m.)