

REPORT OF PROCEEDINGS BEFORE

COMMITTEE ON ECONOMIC DEVELOPMENT

INQUIRY INTO SKILL SHORTAGES IN NEW SOUTH WALES

At Sydney on Monday 19 August 2013

The Committee met at 9.25 a.m.

PRESENT

Mr D. Elliott (Chair)

Legislative Assembly

Mr S. Ayres
Mr J. Parker
Mr C. Gulaptis
Ms N. Hay

CHAIR: Thank you for attending. It is 9.25 a.m. We will commence the public hearing into skill shortages in New South Wales and for those who I have not met before I am David Elliott, the Chairman of the Committee. Mr Ayres is the Deputy Chairman, member for Penrith and a Liberal member. Mr Parker is the member for Balmain and a member of the Greens. We have delayed apologies for another two Committee members who may show up at any time, Mr Gulaptis, who is the National Party member from Clarence and Ms Noreen Hay, who is the Opposition member from Wollongong. So please excuse them if they come in half way through these deliberations.

We are seeing a number of industry associations and groups, stakeholders today, including the Migration Institute of Australia and I acknowledge they are here, as well as Unions NSW, a number of Local Government and professional organisations, the Australian Industry Group, Charles Sturt University, the National Disability Services, the Australian Medical Association and the Auburn Employment Working Group.

As I mentioned, I am happy to declare the hearing open at 9.25 a.m. If I can ask everybody to turn off their mobile phones, that would be fantastic.

MR KEVIN HAROLD LANE, Professional Services General Manager, Migration Institute of Australia, sworn and examined:

MS ANGELA CHAN, National President and NSW and ACT President and Chair of Skills and Policies Procedures Committee, Migration Institute of Australia, sworn and examined:

CHAIR: I suppose some of you, like the three of us, would have listened to this morning's news and again the matter of skilled migration was part of public debate and I noticed that the unions commenced a media campaign in the lead up to the election which was getting some good air time this morning. I suspect that that would mean that your organisation is in a fair bit of demand at the moment and so I do appreciate you taking the time to make a submission to this Inquiry.

You did make a submission, are there any issues that you would like to raise from your submission that we could commence discussion about this morning. We do have a half an hour, so if I could maybe invite you both to make some opening remarks before the three of us get down to questioning.

Ms CHAN: The Migration Institute of Australia is a peak organisation of registered migration agents throughout Australia. We have over 2,200 members throughout Australia and internationally. We do a lot of skilled migration through our members. They would do the bulk of most skilled migration applications for the program.

We are very concerned that the economy and the needs of Australia be addressed and to not be seen in the light of political rhetoric, a whole lot of sensationalism and that the facts and the issues be addressed.

We would like to see that proper research is carried out in this area; that the Government of New South Wales and even the Government nationally, whoever that may be, should be able to make reasoned statements based on evidence on what the skill needs of Australia and New South Wales in particular for this hearing are.

We know from the work that we do, from the work that our members do that there are employers and there are a whole lot of countervailing and competing issues on processing, government departments trying to compete with each other. For example, the state and the federal departments' regional certifying bodies trying to assist with applications. For example, the Department of Immigration may decide that there is no need even though a regional certifying body has said there is a need for this particular position in the area.

What we would like to see is a more balanced approach without the politics to look at the benefit for the economy and to the growth of Australia.

Mr LANE: Quite clearly from all research and evidence there is a continued need to somehow meet our skill shortages and it is quite clear that the education and training that we have in this country at the moment will not meet the need, so there is a need for migration to fill some of the gaps.

In particular there are problems in regional areas and even though in our migration program we have regional types of visas, which in many cases have less stringent requirements, those requirements have been tightened up and it is very hard to see the difference between regional type visas and non-regional visas.

In fact, some of the planned regional type visas such as regional migration agreements and enterprise migration agreements simply have not seen the light of day yet. So I think there is a need for some sort of comprehensive look at what is going on in regional areas.

In many ways the Department of Immigration does that by consulting people and coming up with solutions. I think it needs some sort of wider work on this so that under some sort of independent facilitator the Department of Immigration, State Governments, regional certifying bodies, industry groups, educational providers in regional areas, such as Charles Sturt University—who you will hear from later—get together and sort out what is going on.

It is quite clear from the submissions there needs to be more labour market analysis done in regional areas, because what is done is not drilling down deep enough into what is going on there, which then makes it difficult for people in governments to work out what should be done.

CHAIR: Can I begin by asking, what professions or trades do you find in higher demand at the moment? I know that is not necessarily in your mandate as an organisation but your members are obviously processing these visas.

Ms CHAN: Nurses, engineers, rural workers.

CHAIR: Can we start with nurses. That is registered nurses or enrolled nurses or both?

Mr LANE: I think it is both actually.

Ms CHAN: Yes.

Mr LANE: It actually then goes into the aged care, disability care areas, which are not actually nurses.

Ms CHAN: Midwifery, the whole lot.

CHAIR: Aged care as well as midwifery, about the same?

Ms CHAN: I do not know whether they are the same, but there is a need in those areas.

CHAIR: Could you tell me which one is in the highest demand out of those two?

Ms CHAN: Probably aged care.

CHAIR: I am glad you said that, because that is consistent with the media commentary over the last couple of days.

Engineering, is it civil, electrical, mechanical, structural?

Ms CHAN: Well that is hard to know. There is a whole series of classifications of engineers that have just been taken off the list that State Governments can nominate for regional migration, whereas we know from the submissions that the Local Governments are still crying out for engineers. I am sure that people like Transfield Services must also have quite a large need for engineers and the larger companies, the construction companies.

CHAIR: You mentioned rural workers. That is unskilled labour, is it?

Ms CHAN: A lot of it is unskilled.

CHAIR: So fruit picking?

Ms CHAN: Yes and I think that you will find when you go into the rural areas, a lot of the young people enjoy it when they go there; the people who go there for their second working holiday visa and they enjoy working in those areas. I have actually done quite a few applications of people who wanted to stay in those areas, particularly in the Riverina area. They have actually settled in very well there, started their families and everything.

We do not have the abattoirs but meatworks, basically the agri-business.

CHAIR: You have not mentioned hospitality?

Ms CHAN: Yes, hospitality, that is a major problem. I actually have a group—I can only call them the Masterchefs of Sydney—which include Neil Perry, Mark Best, Guillaume Brahimi, Armando Percuoco, John Fink, who owns a whole range of restaurants, et cetera and they are always crying out for skilled migrants to come here or to be able to sponsor workers who have had experience overseas because in the hospitality industry for example overseas it is a career, whereas in Australia a lot of the young people have the view that when you are 15 or 16 you go and work and serve coffee in the local coffee shop. Then when you are a bit older you can go and work in the pub and that is what you do to fill in to earn some casual money while you are working your way through university or earning a bit of extra money at night. But in Europe it is a career.

They have these incredible courses. They spend three years. They actually work their way through but it is a vocational scheme. It is through high school. Then they go on to what we would call the equivalent of TAFE but it is a higher level.

CHAIR: The European hotel schools are better than our hotel schools here?

Ms CHAN: I think that the general experience that they have, because they start in high school, is better. They start in the vocational way and I think that this is what we have got to be looking at in New South Wales and in our education system. When you and I were all at school everyone said, what do you want to be when you grow up? I want to be this; I want to be that. So you just were shepherded into a course.

I think you have got a better chance of getting kids who are more committed and have a better knowledge of what they really want to do in life and develop their skills if you start in the high school area.

CHAIR: Before I hand over to my other colleagues could I be devil's advocate on that?

Ms CHAN: Yes, of course.

CHAIR: What you are saying is something that I have got a great deal of interest in and passion over. How do you respond when I come to you and say, Angela, the problem with me investing more vocational training into high school is that these kids are going to change careers three times before they reach 30?

Ms CHAN: What can I say, except it is a matter of choice but it is those people who stay in that industry and who develop those skills who will remain in those jobs and you have to give them that opportunity.

CHAIR: You would argue that by investing that time, effort and money into their vocational training would make them more loyal to that vocation?

Ms CHAN: I think it would give them the opportunity to develop skills in that area and I think it changes the mindset also of how people approach their careers and their jobs. I do not think investment in education is ever a waste of money and I do not think investment in educating young people is ever a waste of money.

Mr LANE: I think almost everyone in this room has changed careers; no one was born a politician or whatever.

Ms CHAN: Yes, that is right.

Mr LANE: Everything we have learnt has been beneficial to what we end up doing, so I do not think it is a waste of time.

CHAIR: You are right. I would be very surprised if my colleagues have a different view when it comes to making use of unemployment-proof. How many times have we heard a son say, "I want to join the coppers or I want to join the army, I want to join the fire brigade but dad said, I should get a trade first; but mum wants me to go to uni first".

From my mind that is contemporary Australia's way of saying, "Do what you like son, do what you like daughter, but first you're going to have something to fall back on".

Ms CHAN: That is exactly right.

CHAIR: I am glad you said that and I hope I did not put too many words in your mouth.

Ms CHAN: I can tell you from experience, I wanted to be a singer and my mother said, "Get a job first." I said, "I've got a job singing".

CHAIR: All these people who study law who never end up being lawyers.

Ms CHAN: That is right, I studied law. I actually decided that I did not want to practice in law.

Mr STUART AYRES: Kevin, you mentioned in your opening remarks about enterprise agreements and regional agreements that had not seen the light of day. Can you just elaborate on that a little further? What do you mean by that?

Mr LANE: There are things called enterprise migration agreements for huge projects and there are regional migration agreements for Local Government areas perhaps or even states. They are based on what are known as the labour agreements whereby a company can arrange with the Department of Immigration to employ a larger number of people and some of the requirements for subclass 457 visas might be relaxed or negotiated.

Those regional migration agreements and the enterprise migration agreements, none have happened.

Mr STUART AYRES: Why is that?

Mr LANE: Well you perhaps should ask the Department of Immigration.

Ms CHAN: I think they might have a pile on their desk.

Mr LANE: Apparently they are extraordinarily time consuming and difficult to negotiate. The first one that was going to happen with the regional migration was with the Northern Territory Government. That was announced a couple of years ago and then more recently, perhaps towards the end of last year, it was re-announced but it just has not happened.

I do not know if it is because the Department of Immigration's requirements are too arduous. I really think the Department of Immigration would have the answer to your question quite frankly. I am just guessing.

Ms CHAN: I think it would be a good idea to find out how many regional migration agreements they do have and enterprise migration agreements. The first and last enterprise migration agreement that anyone had ever heard of was the Roy Hill enterprise migration agreement, which was approved and kind of not approved.

What we are looking for is to try and make it easier, less restrictive for employers to be able to meet their skills demands, whether they be in the city or whether they be in the rural areas, because otherwise the economy is going to slow down.

Mr STUART AYRES: The premise of my questioning is by way of extension from evidence that we heard when we visited Dubbo. I must admit, I am utterly amazed that we got through an entire hearing in Dubbo and we did not hear anything about regional migration agreements when every Local Government and the Regional Development Australia are entities that operated in those areas could rattle off quite specifically the areas that they were short on staff. They have done some of that more drilled down work that you spoke about earlier.

They also spoke about the need to have a more state-wide audit process and pointed the Committee in Victoria's direction; that it had undertaken a process and had also kept that information live—for want of a better term—it was a living document for them.

I am very interested and perhaps for the Committee staff to perhaps have a look into this for us as well, to hear a little bit more about the opportunities that exist for regional migration agreements in New South Wales, whether there are actually any pending and perhaps we should be looking at what the impediments for their approval actually are.

CHAIR: We had them under the Howard Government and I do not think the legislation has changed. I am getting very nervous about you saying it is sitting on a bureaucrat's desk. I know one of the last ones I heard about in the hotel industry in north western Australia, there were a lot of Indonesians coming out—

Ms CHAN: Would that have been under a labour agreement?

CHAIR: A labour agreement, yes. That was very well used.

Ms CHAN: There have not been any regional development agreements or enterprise migration agreements approved by the Department of Immigration.

CHAIR: Since when?

Ms CHAN: Since this term of Government.

Mr LANE: The one you referred to was not an enterprise migration agreement or a regional development agreement, it was a labour agreement. These particular regional development agreements and enterprise migration agreements were devised and announced maybe two or three years ago, but nothing has happened. They have not seen the light of day.

Mr JAMIE PARKER: Thank you for making your submission, I found it very interesting. As Stuart said, there is a lot of similarity about the need for more detailed market analysis to be able to determine shortages and have common indicators and common ways that we understand the shortfalls and under supply.

The regional suggestions are really worthwhile. I am the member for Balmain so for me I am not as clear on the regional issues but obviously there are opportunities to make a real difference.

Working between federal and state is complex and one of the things the Committee has to do is see what we can do and what we cannot do, and look at the capacity as well for the New South Wales Government to be able to work in this immigration sphere and this migration sphere.

One thing which I did notice and I thought was very interesting was the New South Wales Public Service, which of course is wholly within our remit, and suggestions that you are making about employment policies in the New South Wales Public Service, that a range of different skilled migrants that are on provisional visas for example and temporary visas, are able to join the New South Wales Public Service.

If the New South Wales Public Service employment policies were aligned with the New South Wales Strategy for Business Migration and Attracting International Students, what difference do you think you would see from your perspective? What impact do you think that would have on the capacity of the New South Wales Public Service to be able to attract some of these visas classes?

Ms CHAN: I actually think that it would provide an avenue of skilled migrants. We just cannot forget that there is a skill shortage and until we have the education system to match that skill shortage, then we need to think of ways that we can get skilled migrants into work in different areas.

A lot of students do not just come here and do their courses and they are not just learning what they are studying at the moment. They have had experience from overseas and they are improving their skills by coming to Australia to study.

You also have people who may be partners of other subclass 457 visa applicants who are on temporary visas who can work and they also might be skilled workers too. There is a whole number of people who may be on a temporary visa who may be skilled.

If you then have people who have experience in the Australian workforce, local experience, it certainly makes for an easier pathway for people to settle permanently in Australia, because what often happens is that there is not this nexus between coming to Australia and working in Australia. There needs to be some type of integration and often intervention programs put in place for people because settlement in Australia is not an overnight thing, it is not a two year thing, it is a generational thing. I know that from my own family's experience and from many of the people who migrated here after the war.

Mr LANE: There are good and powerful reasons why in certain areas of the public service you would want Australian citizens to be employed and not temporary residents. We already have in the New South Wales Government for example, sponsored subclass 457 visa holders through the

health system.

I am not sure of the exact nature of every department and their requirements but I think it is something that could be looked at in terms of is there an opportunity to use people who are already here but do not have citizenship status or permanent residence status to get them employed.

Ms CHAN: They have the skills, the knowledge and the expertise.

Mr LANE: There is a problem that we have skilled migrants here who are not working in their skilled occupations. Sometimes that is because an employer might feel that their English is not up to standard or they do not seem to fit in. I think this raises another whole issue of settlement and orientation that Angela referred to earlier. I think there needs to be a less piecemeal approach to that. In fact, in some areas where it happens, there has been a cutting of Government funding for those services and I think that should be looked at again.

I think not just a wider area of settlement, but actual workplace orientation education. There needs to be some better and more comprehensive system of dealing with that, because when overseas workers do come here, sometimes there are wonderful success stories.

You have been to Dubbo, I do not know if you actually visited some worksites but I have been to worksites there where there are overseas employees who came to Australia on what was the regional subclass 457 visa with less requirements, they had very low English requirements but excellent work experience and qualifications, those people could not come here now. Those people are still working, they have got permanent residency, their children are topping the high schools; they are fitting in beautifully.

There are examples of what is going on that could be shared more broadly on a more formal basis perhaps.

Mr STUART AYRES: One of the things that came out of the evidence in Dubbo was the need to support people with a more pastoral care arrangement, as they came into a community.

Mr LANE: Yes.

Mr STUART AYRES: This seems fairly logical to me, if you are relocating from Balmain to Dubbo, you are going to need some pastoral support to actually adjust to the new environment, new working arrangements, new community that you are embedding in. So you can only imagine that those circumstances would be exacerbated if someone was coming from a non-English speaking country. So any work that can be supported in that space—

Mr LANE: That can be dealt with in two ways. One is through local neighbourhood centres and migration resource centres, which are under-funded at the moment, but there is also a need to educate employers about how that can be done. I know of cases in that particular place where an employer has gone out of his way to arrange bar-be-ques with all the staff so they get to know each other, so in informal ways but carefully managed by the employer, that pastoral care happened.

CHAIR: In Dubbo the Mayor has a cocktail party for anybody that migrates to Dubbo and they get a package so they know what church to go to, where the scouts are, which school the children should be enrolled in. Then they have a case officer and a counsellor and every three months the Mayor has a reception for migrants. It is extraordinary.

Ms CHAN: The other thing that needs to be looked at is that there is proper infrastructure and services for people when they settle in these areas. Everyone needs a dentist, everyone needs an accountant; everyone needs a doctor.

CHAIR: The counsellor does that for Dubbo.

Ms CHAN: But Dubbo is probably one of the largest regional centres, but if you go to places like Lightning Ridge, the accountant comes in once a month, the doctor comes in once a month. The emergency medical centre is the ambulance centre and that's the local hospital during the day and someone has to trolley you off to somewhere else. That happens all over Australia.

Mr STUART AYRES: These things are inextricably linked though.

Ms CHAN: That is right.

Mr STUART AYRES: You actually need the dentist to come on a skilled migration visa to help get the engineer to come as well.

Ms CHAN: That is right.

Mr LANE: Which is why there needs to be some overall look at what is going on in regional areas, what the needs are and what the capabilities of the area are.

Ms CHAN: And co-ordinated.

Mr LANE: All co-ordinated because there are so many people who have got a good knowledge about this sort of thing, but there is too much piecemeal work going on. It ends up being a waste of resources quite frankly.

Mr STUART AYRES: I wanted to ask one other question. What are your views about us, perhaps entering—for want of a better term—the supply chain a little late when it comes to supplying skilled migrants to the workforce? I wonder whether we can look at, in a similar fashion to the way universities have looked at attracting overseas students at the university level, whether we should be looking at the vocational tier of education bringing overseas students more aggressively into that vocational side of things, where we can actually fill some of those skill shortage gaps and identify them early but package it up with education, because obviously the earlier that they are here, the greater interaction with communities and education improves their liveability—for want of a better term.

Mr LANE: There was a pathway for students to come here, study, get to know the Australian environment, work practices, et cetera and then go to permanent residence. Now that has been clamped down because it was abused. We had tens of thousands of hairdressers and cooks that had gone through our vocational education training sector and were driving taxis, for example. You are almost asking for that to happen again but it has got to be much better managed than it was.

Mr STUART AYRES: I would not expect us to open up—

Ms CHAN: I do not think that is what the member is saying. I think that as far as the need for bringing in people, you could look at almost an overseas apprenticeship scheme.

Mr STUART AYRES: You have painted a reasonable example around where if you open up a migration channel immediately a non-government education entity opens up—

Ms CHAN: That was just a ridiculous non-regulated area.

Mr STUART AYRES: I think there are appropriate regulations but hospitality is obviously a clear example where this could make a huge difference. Everywhere I have gone with this Committee and everyone I have spoken to talks about chefs as a good example.

Ms CHAN: Absolutely.

Mr STUART AYRES: I think it is just a blatant statement of fact that we are not producing school students who are thinking I want to become a chef. If you have to wait so late in the workforce supply chain to identify that problem, perhaps what we should be thinking about is the same way we target a skilled migration visa, a skilled migration education package.

Ms CHAN: I actually have been talking to employer groups who provide apprentices, particularly in the hospitality industry. They actually had a proposal where they would like to be able to have an international apprenticeship scheme. It would be in conjunction with the people being students in Australia. It would be of no cost to the Government or to the employer because basically they would be paying for their education fees. They would then be working as apprentices, but these people would bring, I think another attitude, another mindset that would make apprentices in Australia have a greater sense of professionalism, a respect for their particular industry, that it is not just a part time thing, it is not just a fill in job; it is a profession.

That is the type of thing that I think that you could maybe look at, the international apprenticeship.

CHAIR: Have you done anything on that, because it was not in your submission?

Ms CHAN: No but it is something that this group of restaurateurs did put to the Government and the Opposition. The apprenticeship rules also have to be changed as far as the Department of Education & Training is concerned. It is not just an immigration issue.

CHAIR: Have Restaurant and Catering Australia done that?

Ms CHAN: No, not Restaurant and Catering Australia, this is a private group.

CHAIR: So they have made a submission to the Commonwealth Government?

Ms CHAN: I am sure that they would not mind if I provide you with a copy of that submission which was made.

CHAIR: I would be very interested to see it.

Ms CHAN: I would be happy to table that and provide it to the Committee.

CHAIR: Just before we conclude, Chris Gulaptis unfortunately was late. Did you have any questions outstanding?

Mr CHRIS GULAPTIS: You may have answered them. I do apologise for being late; I just got here.

Mr JAMIE PARKER: You have got a long way to come.

Mr CHRIS GULAPTIS: Well I did not walk but it is a long way to come. I do come from a regional area on the north coast and whilst it is coastal regional electorate, it still has difficulty attracting both professionals and lower skilled workforce. For example, your farm hands and we have high unemployment. You would think you would be able to fill those voids; however you cannot quite do that.

There are small successes and those successes that we try and build on are trying to develop those areas where there are shortages and deliver courses at both university and TAFE that will up-skill our locals. Because once you have up-skilled locally, then more than likely they will stay locally

rather than leave. This only has varying success.

In another life as a surveyor I worked in Mackay, obviously affected by the mining industry, managing a survey office there, we lost a lot of professionals to the mines. So we attracted, literally in the last year I was there, someone from South Africa, someone from New Zealand, someone from Canada. These are all English speaking countries very similar to Australia in terms of culture. But they found it extremely difficult because of the regulatory regime and also because of the idiosyncratic nature of your profession in different areas.

That is really extremely different, to think that somebody even from a culture similar to ours, can come in and fill the gap. They cannot do it and there is a huge impost on the employer to bring them up to speed. You have to be prepared to do that. The firm I was with obviously was, because there was nobody else.

Ms CHAN: That supports what we were just saying, that if employers are going to sponsor skilled workers from overseas, then they also need to address the cultural differences. A whole lot of integration needs that these people will need for settlement. It is all about settlement. It is not new. We are not re-inventing the wheel. Settlement issues have always been something that the Department of Immigration has always been supplying for a long time, but as programs get cut the reliance and the responsibility is going to have to be put more onto the employer or onto local community groups.

Mr LANE: I do apologize if I gave the impression you were asking for unregulated policies, because I just wanted to say that what is happening is we get policies and programs that go across the whole sector without targeting particular things.

For example, skilled occupation is a national one from which the states can pick little pieces, but it leaves out a whole lot of things, for example, that regional people cannot do.

CHAIR: That is what this Committee's recommendations will hopefully address.

Mr STUART AYRES: Kevin that has been really clear in the evidence here. Chefs is probably a reasonable example of this, where you will have a regional centre, particularly in regional New South Wales, where there is a catastrophic shortage of a particular skill-set that is just not anywhere near the national skill shortage list. So the ability to refine the selection process or how you identify those particular people is completely life changing for a regional economy.

Cobar, for instance, has got an unemployment rate of something like 1.5 per cent or two per cent they were telling us. It is a small town, it has got 5,000 or 6,000 people in it but literally everyone in that town is working. There are no vacancies.

If the pub actually cannot have a chef to make meals, that removes the ability for say a mining company who might want to be injecting people to live in that particular township, they do not live there, they drive in and drive out or fly in to Dubbo and drive to Cobar and drive back to Dubbo and fly out again. Those types of skill shortages really become a contracting influence on a local economy.

CHAIR: That is the reason why I say we needed to get this Committee to meet with the hoteliers and restaurateurs in Coffs Harbour, because for the same reason we wanted to make sure we spoke to engineers, the recurring themes of engineers and hospitality came up.

Stuart is right, what we got out of going to Cobar was do not stand at the corner too long because you will be shanghaied and put into a job.

We will conclude there. Kevin and Angela, thank you very much for your submission. Thank you very much for your time. We do, as a Committee, often ask witnesses if they would maintain an open line of communication just in case we have any other questions and those questions would be responded to in writing so that we can publish them as part of our deliberations.

Ms CHAN: Sure.

CHAIR: I will also wait to hear, Angela, from you if you can give us a copy of what you have given to the Commonwealth.

Ms CHAN: Can I email it to somebody?

CHAIR: You certainly can. Thank you for coming.

(The witnesses withdrew)

MR CHRIS CHRISTODOULOU, Assistant Secretary, Unions NSW, affirmed and examined:

MS KATE MINTER, Research Officer, Unions NSW, affirmed and examined:

CHAIR: We do appreciate you both taking the time to come and give evidence in person and appreciate the submission that you have made as well. You have made a number of recommendations. What I might do Chris and Kate, is invite you to make any opening comments and then we will defer to the Committee at large to ask any outstanding questions.

Just as an administrative matter Chris, the only Labor member of the Committee is Noreen Hay. She has car trouble, but she is due here any minute. So I apologise for her absence at the moment.

Mr CHRISTODOULOU: I also have an apology. We had to slightly amend our submission. I have got some copies here and I will be able to easily indicate where those changes are.

For the purposes of the Committee, I have put in bold where the additions are and you will see on recommendation 1 there is an additional sentence that talks about consulting systematically and regularly with industry stakeholders. That same sentence appears under the heading of skill shortages on page 3. The substantive change occurs on page 6. We have taken out a couple of references there where we talked about the privatisation of TAFE, which is not correct in a sense and we have replaced it with what is the factual situation and our concern in relation to TAFE and the Smart and Skilled program and the fact that we are opening TAFE up to contestability. That is the only substantive change in relation to the submission.

Mr JAMIE PARKER: It is pretty much privatisation anyway; by stealth anyway.

CHAIR: I will be interested to come back to that, having worked for a couple of registered training organisations.

Mr CHRISTODOULOU: Thank you very much. I will not speak too long to the submission. The major issues that we highlight in our submission first of all are the changes that are taking place with TAFE in relation to its commercialisation and also the fact that the Government is going to be promoting contestability next year, which will introduce competition with the private sector.

It is something that has happened in other States and the most disastrous attempt of that was in Victoria several years ago. We believe that the Government needs to think very carefully about this policy where effectively it will take resources out of TAFE, which we think is a great institution, has been over the years and possibly giving those off to private sector operators.

The other area of concern is we think there has been too much emphasis on the use of subclass 457 visas. It seems now that this is where most employers seek to use subclass 457 visas as the panacea of filling skill shortages. We say what we should be doing is actually coming up with the solutions as to how we provide more access to training, how we better target where training needs to occur so that in fact the myriads of unemployed people that we have do get access to quality training outcomes where we can lower the number of subclass 457 visa applicants that are coming into the country.

In terms of subclass 457 visas, we are not opposed to them, I want to make that clear, where there are genuine skill shortages. The trade union movement is not opposed to the use of subclass 457 visas but we do have genuine concerns about the fact that sometimes they are abused, particularly in regional areas where workers may not know what their rights at work are, particularly when they come from different cultures that do not have access to trade unions and the like.

There should be more emphasis on providing people with subclass 457 visas with information about their working rights when they come to Australia.

They are my opening comments. There is a set of recommendations there and we would be happy to answer any questions.

CHAIR: Kate, anything you wanted to add?

Ms MINTER: No.

CHAIR: Is there anything in the Commonwealth legislation to stop somebody on a subclass 457 visa from joining the trade union though?

Mr CHRISTODOULOU: No, I do not think so.

CHAIR: In your recommendation 3 and your updated/revised comments and your comments relating to TAFE as the provider of choice in New South Wales, and your clear endorsement of TAFE, what about companies like Comet Training and how the unions run training organisations, as to the industry associations. Why do you feel that TAFE is better than them?

Mr CHRISTODOULOU: I am not saying that they are necessarily better than TAFE. TAFE is the core organisation that has always provided training in New South Wales. We are very concerned that if you open it up to private-for-profit organisations there may be a philosophical attempt, in a sense, to start shifting resources for private-for-profit because there could be this philosophical view that somehow private-for-profit can do things more efficiently than TAFE.

Our view is that TAFE has been the core training provider for more than 60 or 70 years in New South Wales. It has done its job well. Yes, you do have other not-for-profit organisations that have been set up by industry groups, whether it be Comet Training or the electrical training or other groups and yes, they do a good job, but ultimately we believe TAFE is the main organisation that the Government should be supporting.

CHAIR: I appreciate you are being transparent in that answer, but why is it okay for Comet Training to run a non-government private-for-profit organisation?

Mr CHRISTODOULOU: It is not for profit.

CHAIR: It certainly is. It makes a lot of money for the trade union movement.

Mr CHRISTODOULOU: But no individual is making that money.

CHAIR: I understand that.

Mr CHRISTODOULOU: I should use the words private-for-profit. It may make some money but it does not go to an individual or a shareholder or anything like that.

CHAIR: I just wanted to point that out early so that we do not get ourselves into a philosophical debate about who gets the return for their dollar and who does not, because as you and I both know, there are a lot of industry associations that run registered training organisations and their skill training at a loss. They are subsidised by the industry.

Quite frankly, I prefer industry associations to subsidise and run training at a loss than TAFE to run at a loss where the taxpayer is indebted to the industry association, particularly if it is the same syllabus. But again, that is probably going to be a philosophical issue more than anything else.

You mentioned in your submission that measuring skill shortages in New South Wales is faulty. Why do you say that? What do you base that on?

Mr CHRISTODOULOU: Just based on our own experiences. A number of our people have been involved in industry training boards. Of course, we have our unions that know them directly, make up the shortages themselves, whether it is in the construction industry, in the hospitality industry or in regional areas. But I do not think there is any one body at the moment that has really got a good handle on where these shortages are.

I know through the consultation that has been going on with Smart and Skilled that they have been trying to get a handle on where the shortages are. I have got to tell you, I think that that consultation that was actually introduced by Government as part of Smart and Skilled, we got invited to one meeting at the Department of Education head office. We got there and we were given 30 questions without any notice, which was not good enough.

CHAIR: Who gave you the questions?

Mr CHRISTODOULOU: The Smart and Skilled representatives. It was not until last week or the week before they finally, at our instigation, came and spoke to some of our affiliates. That is not really a way of trying to work out where skill shortages are.

You need a systematic approach. You need an organisation that can really drill down and get quality statistics as to where the skill shortages are both geographically, industry by industry and in some cases maybe with larger sized businesses as well.

CHAIR: I am absolutely thrilled you said that Chris because every submission and every discussion we have had thus far, whether it be employers, now unions, as well as Local Government—and I am concerned that you just raised the matter of the survey from the State Government—every one of them has said that there is no qualitative data on the skill shortage.

Some of them have asked us to recommend a skills audit. Without wanting to put words into your mouth, can I include you as being somebody who suggests to this Committee that we do a qualitative skills audit?

Mr CHRISTODOULOU: Can I say, we go a bit further. We have actually said that we think TAFE has got the resources and we think TAFE should be the one to be resourced to do that properly.

CHAIR: There will be two recommendations. One is that there is a qualitative skills audit. The second one will be that Unions NSW has suggested TAFE be the organisation that does that audit.

Mr CHRISTODOULOU: The organisation that did it under Smart and Skilled was not TAFE. I think it was some private organisation that the Government had engaged.

Ms MINTER: Also, even within regional areas, what we found was where the information existed there were really broad groupings of where those areas were in terms of skill shortages. It did not seem very specific. I know you were mentioning to the last speakers that there were problems with that and we found they could not provide very specific and detailed information.

CHAIR: It seems to be very anecdotal, does it not?

Ms MINTER: Yes.

CHAIR: I agree with you. It is hard, particularly with a Committee like this, for Government to go and speak to any employer and organisation and then try to work out whether that is just that employer's situation or if it is the situation for the local economy.

Chris, you and I have had similar career paths, obviously me on the employer's side and you on the employee's side, but how many times have people come to their industry association or their union and tried to use their own situation to argue a point for the entire industry or the entire workforce? It does not do anybody any good.

Mr CHRISTODOULOU: That is right.

CHAIR: I might hand over to the Committee before I end up taking over the entire debate.

Mr CHRIS GULAPTIS: Just going back to TAFE, I have got a couple of TAFEs in my electorate and I know how important they are in terms of delivering tailored skills to your specific area.

In your report you are talking about the TAFE cuts that have been made. It is adding to the skill shortages across the area. Can you be more specific with those skill shortages because that was one of the things that Government was aiming to avoid with any cuts to TAFE?

Ms MINTER: One of the big problems with the TAFE cuts of particular staff was the support staff and that was raised to us by the Teachers Federation, who were concerned about how that would affect access, particularly in regional areas for students who were from more disadvantaged backgrounds in terms of accessing and staying at TAFE. That was our concern, how that passes on in terms of them being able to attain the skills that they needed to fill the shortages.

Mr CHRISTODOULOU: But we do have another submission that we did send to TAFE in relation to their cutbacks. I could undertake to get that submission and send it to the Committee. That outlines some specific areas of concern, whether it be in hospitality, childcare, aged care. I think there were some specialised areas in engineering that they were shutting down or they were rationalising to one area, which meant that people no longer had access nearer to their homes and were travelling from western Sydney back into the city. There is information like that that we can probably pull together and send to the Committee.

CHAIR: We would be happy to see that. Are you referring to block releases Kate, when you are talking about the support staff being withdrawn and the difficulties that that creates?

Ms MINTER: The Teachers Federation were concerned that outreach co-ordinators in western TAFE have been reduced.

CHAIR: Western New South Wales?

Ms MINTER: The western TAFE area, so from Lithgow to Broken Hill had had six outreach co-ordinators and two career advisors removed. I guess those support services that existed in the TAFE—

CHAIR: I was raised in Dubbo and I am assuming it is the same thing. I can confirm that though.

Mr JAMIE PARKER: Thank you for making your submission. Thank you for taking the time to come in today. The principles that you talk about, which is training and skill development is the key to addressing labour skill shortages is very important and I strongly support that. Obviously we have heard a lot from different organisations that are supporting the migration industry and so from their perspective they want to try and encourage that but obviously focusing on skill development here is really important.

Just a brief comment about TAFE and contestability; I think the Adult Migrant English Service that was subject to contestability actually had a significant impact on TAFE here in New South Wales. I think that demonstrates some of the risks of contestability.

I wanted to ask about apprenticeships. I think that is really important. In your submission you talk about quotas and other ways that you can try and develop apprenticeships. I know in Local Government and State Government as well the apprenticeship pathway is really critical. I was having a look at some of the information you talk about in your submission, that there has been some analysis done on the amount of young people involved in apprenticeships and what your solution to that is.

The United Services Union talked about employees aged between the ages of 15 and 24 are 10 per cent of the workforce. They report that apprentices make up only 2.5 per cent of the Local Government workforce. Can you talk a little bit more about your solutions for that?

Mr CHRISTODOULOU: I think if you roll the clock back 15 years, almost institutionalised within Government and TAFE was that for every tradesperson you had, you had to

have an apprentice. Indeed, during the time of the great infrastructure build in the lead up to the Olympics and post the Olympics, in all of the construction project awards—and I know because I negotiated them all—we actually had provisions in there which said that on major projects that the Government funded there would be so many apprentices, viz a viz, number of tradespersons.

All that got taken away, I daresay with the Building Industry Code that the Coalition Government had introduced federally and really because of the industrial relations framework you can no longer put those clauses in agreements which basically say depending on the size of the project and how many skilled tradesmen you have as to how many apprentices you should have on board.

That meant that a lot of employers, big employers that can afford to put on apprentices basically devolve themselves of that responsibility and now they are saying but we cannot get enough skilled labour. We cannot get enough electricians or we cannot get enough form workers or whatever and I think it is as a consequence of people actually taking a much more de-regulated approach.

The trade union movement's view would be that depending upon the size of the employer, particularly big employers, well resourced employers, there should be some regulatory obligation on them to take on apprentices commensurate to the size and the number of skilled tradespersons that they have.

CHAIR: I was on the other side of that agreement as you may recall, I do not think that the employers and the industry had an issue with the mandatory ruling on apprentices but when there were obligations under that agreement that you had to have certain minority groups represented, and I remember one of them said that you had to have X percentage of indigenous, X percentage of women, so it just became such a difficult thing for them to endorse. If you had a major construction job in the northern beaches, you just were not going to have access to a large indigenous population to put on as trainees or as apprentices.

Whereas in say western New South Wales the guys were getting all sorts of bonuses out of it because they had access to a couple of hundred young indigenous males that were looking for work.

Mr CHRISTODOULOU: I do not think there has ever been one about affirmative action with women.

CHAIR: There was in the construction industry.

Mr CHRISTODOULOU: I do recall in some of the project awards or agreements there was something in there about indigenous employment. But I think you need to be sensible about this. The clauses can be drafted in a way that where you have got access to people that are available to do that work. No clauses are perfect but it is the intent which I think needs to be there and if both parties have got good intent, you will find in many cases they will be able to take those clauses up.

CHAIR: You are right. Certainly the civil construction industry's view was you should not be penalised for not having them, how about we just reward people that do have them? As the Deputy Chairman has said, if you went to Cobar tomorrow, they do not care, they will employ anybody. So having those clauses in there potentially is going to be a hindrance to the employers.

Mr JAMIE PARKER: It is actually interesting because Mirvac is doing a big construction development in Glebe at the moment and through community pressure we have got some indigenous apprenticeships because there is a big indigenous population in Glebe.

I think that is very important and the role of the State Government in terms of promoting traineeships and apprenticeships is really important.

I just wanted to hone in on your specific recommendation that there should be quotas in the workplace. In other words, you are saying that state and Local Governments should develop an agreement that if there are 40 professional trades, that there should be three apprentices, that type of thing?

Mr CHRISTODOULOU: Yes but now because of outsourcing, where they do not employ the trades themselves necessarily because they have outsourced that work to someone else, I think you have got to be a bit broader in what the formula might be.

I have not got a particular formula other than the fact that if there is intent then of course you bring the industry parties together to actually put together a formula that people think is practical and could actually meet the objectives of beginning the process of starting to up-skill.

Mr JAMIE PARKER: My last topic is skill certification. You talk about this in your approach to skill certification, the competency based certification approach considered by the State Government et cetera. Can you maybe talk a little bit more about that to the Committee?

Mr CHRISTODOULOU: I think there has been an argument for some time, and one can I say within the trade union movement, so that is why we have amended that to say the approach would need to be carefully managed.

Whether simply having a time based system on apprenticeships and traineeships is necessarily the best way of judging whether a person is competent; some people can excel much earlier depending upon their experience, their exposure to work, et cetera. Therefore it may well be that we need to think differently, for example instead of having a three or four year apprenticeship, it might be two years.

We are thinking it should be based on people's competencies and ability to do the job, but we have to be very careful when you look at that that we are not undermining the quality outcomes that you expect of a fully trained person.

CHAIR: That is a good point that I will come back to.

Mr JAMIE PARKER: That is actually really important.

CHAIR: Just on competency based certification, which has been rolled out, to an extent and I agree with you, it is not a one size fits all approach to skill certification because there are some bright young people that are doing it.

I just want to have a discussion with you about the culture of employment in New South Wales for young people. It is a discussion we had in Dubbo with a few of those that gave evidence. One of the issues that we have got to deal with here in New South Wales and it is particularly relevant in Sydney is this notion that migrant families and Australian families are saying to these young people, you are too good to do a trade; you have got to go to university.

I am finding it in my electorate in western Sydney a lot. I have got a massive aspirational demographic and it is right across western Sydney now. You only have to look at the way the electorate votes now, there is a massive aspirational demographic there. A lot of them are from migrant families. Dad might have come over or grandfather might have come from overseas, migrated to Australia in the sixties and they have decided that their children have got to be aspirational and they have been completely directed away from vocations in trades.

Is this an issue that needs to be addressed? Is this an issue that this Committee should make recommendations for? I know, certainly in the civil game, but it also is the case in mechanics and in electrical engineering, these children probably want to do a trade. They want to have a couple of years working on the tools. They probably want to go and leave school a little bit earlier and do mechanics or become an electrician or get a certificate III or certificate IV in civil engineering. But parents are saying that is going to be a waste because you want to go to university.

There has been some open discussion about how we should approach the university sector, the tertiary sector and say if an apprentice does his three year electrical qualification, should we be making it a lot easier for them at say 25 years of age to go straight into the second year at university?

In the civil game it was particularly relevant, because we have got these civil engineers out there that do not know a grader from a dozer and if they go and do the certificate III in civil

engineering and go straight into the second year of a civil engineering degree, mum and dad are happy because they are telling everybody that little Johnny is going to be a civil engineer; the industry is happy because we have got young people that actually know from the start of the job to what the chief executive officer is going through.

Mr CHRISTODOULOU: It is actually interesting you raise that point. I am not totally convinced that it is mum and dad. It could actually be young children themselves that are making this conscious decision that they may want to go to university.

To give you an example, I am having this discussion with my son, who decided that at 16 years of age he wanted to be a police officer. I said, "Don't you want to go to university rather than be a police officer?" So yes, I was in that category. He decided in the end that no, he wanted to be a police officer but in the interim he got himself a labourer's job at Wollongong City Council while he waits to go into the intake. He is on the list.

After having waited for a year and a half he has now said, "Look, I actually think I might go to university because I'm a bit concerned if I get into the police force and get my diploma and I'm in the police force for three years, then I've got to start all over again when I go to university."

So I think just the example you have given, is something that should be considered. I think it is eminently sensible that if people have actually got particular qualifications and training, that that should count for something when they go to university rather than have to start again.

Ms MINTER: Could I just add as well in the role that we play, we have recently been looking at applications for the excellence in trade skills training awards and there was one man who applied that we were reading about who had started off a TAFE degree, doing it simultaneously with a university degree and had been able to do that, including an apprenticeship at the workplace.

I guess it is occurring now. There are a number of options. Whether or not they can be done concurrently or whether they can be done one after the other and just being able to provide the opportunities for that to occur at ease.

CHAIR: That is what it all comes down to, how easy are we going to make it? I think it is Charles Sturt University will give you advance standing and recognised prior learning for pretty much anything that is a TAFE qualification or a registered training organisation qualification, but they are in the minority. It really needs to be made a lot more formal the way I look at it so that we can say to these young people and the parents—let us say they are both equally to blame—that three year trade certificate is not going to be a waste of effort if you decide at 25 years old like every other young Australian that you are going to change career. That is actually going to give you significant advanced standing as you pursue your new career.

Mr CHRISTODOULOU: I must say, you will probably disagree with this point, but one of the other things that I think is starting not to attract or is a disincentive for a lot of young people to go into the trades at the moment young people have high expectations about income. They want \$100,000 on day 1 when they get into the workforce. I think we seriously have to look at the rates of pay for trainees and apprentices. They are very, very low. I know that people say you put them up, there is going to be a disincentive for employers but at the same time I think it is a major disincentive at the moment for young people to take up those options.

CHAIR: Chris, I do not disagree with you but I also believe members of Parliament are not paid enough, some members of Parliament.

Mr CHRIS GULAPTIS: Let us not go down that road.

CHAIR: What you are saying is right, which is why we have got a two speed economy in so many parts of New South Wales. We were taking evidence in Dubbo three weeks ago and we were advised that the Government is paying too much for their apprentices and they cannot compete with the private sector. So if you are going into the Government as a trade, you have won Lotto and the private providers, the private businesses just cannot afford to compete with them.

You are right, an 18 year old can probably go into the army and make about \$40,000 or \$50,000 a year and the rest if he does peace keeping or something like that and then in 10 years' time has nothing, whereas the guy that earns a third of that and does an apprenticeship in 10 years' time can probably have a very, very successful and productive career ahead of him.

What do we do? Do we drop everybody down? Do we bring everybody up? Do we tell everybody that they cannot do unskilled labouring and earn \$60 an hour because they are not going to get any qualifications?

Mr STUART AYRES: Can I make a point Mr Chair? I think something that has come out in evidence today which I think could be factored into our report is the need to be more competency focused.

CHAIR: Yes.

Mr CHRISTODOULOU: That is the way you fast track it then to a full rate.

Mr STUART AYRES: One of the bigger impediments, if you are talking about young people, is the idea of being trapped or locked into something for four years. If you are 18 or even younger than that, 16 or 17, four years can look like an eternity. I also think the idea of competency dovetails quite well into being able to structure more formal agreements with higher education providers like universities, because for them it is not actually the amount of time that you studied, it is what you have studied.

If you are able to create a pathway of competency based training that allows you to then matriculate into a university program, there is a clearer and a more identified pathway for you there as well.

CHAIR: What you are saying Chris is we can actually address both your concerns by saying if you are ambitious about your income you can get your competency expedited by making sure that you concentrate on your training and be a good student?

Mr CHRISTODOULOU: It will depend on the individual of course. Not all individuals will have the capacity to pick up everything in a shorter period of time.

CHAIR: Yes, that is right.

Mr CHRISTODOULOU: And it also depends who your employer is and what sort of training the employer is giving you in a practical sense, et cetera. It does need to be carefully managed and that is why I think that you probably would require a tripartite group to look at this in a more detailed way, because if you are going to introduce a system like this, you want to try to make it as consistent approach as possible and something that is measurable and transparent.

You would not want something happening with one particular employer only or with one particular industry or one particular institution having a particular view on it, you really do need to have a look at this carefully.

Ms MINTER: I think a concern as well would be those who are not able to pick it up as quickly being stuck for a lot longer than the period now, if it is competency based, being on those lower wages and in the apprenticeship for six or seven years.

CHAIR: Do you not think that if an 18 year old is saying I have got a better option as an unskilled labourer, so I am leaving my trade, if we can say to that 18 year old, okay, if you want to get up to the higher income bracket, you put your effort in, you get through your competency base, it is not a time in rank scenario anymore. You have got to make sure that you have proven these competencies and your three year certificate III can actually be done in two years because you are going to be way ahead of the next bloke.

Ms MINTER: Yes. I have a particular concern if someone does not have access to the same on the job training skills and mentoring that another young person does, that they would be disadvantaged or be stuck even longer.

CHAIR: I accept that. But what you are saying is right Chris, that is why you have got chefs in Perth walking away from five star hotels and \$60,000 salaries because they can go to the mines and lay tiles or do an unskilled labourer's job and get \$120,000.

Mr CHRISTODOULOU: I am not sure you will ever be able to overcome that. That is a market; that is about generating income. I do not know if you will be able to overcome that necessarily but in terms of encouraging young people to take on apprenticeships and traineeships, I think the competency based model is something that we should have a look at.

CHAIR: I am happy to include that in the recommendations. It is 10.45, we promised to get you out of here at 10.45. We may have some further questions for you both. If you are happy, that will be done in writing and your responses will be part of the public submission.

If you want to have any further conversations, please feel free to give me a call. I just wanted to thank you very much for making your submission and your time.

Ms MINTER: There was one question which we took on notice for some more information; is it possible to get that emailed?

CHAIR: Yes.

Mr CHRISTODOULOU: I will try to find that submission and we will send it through.

(The witnesses withdrew)

MR PAUL DAVIES, Director NSW, Director of Planning and Development, Association of Professional Engineers, Scientists and Managers Australia and Co-ordinator Australian National Engineering Task Force, affirmed and examined:

MR GORDON BROCK, Director, Local Government Engineers' Association and Part Director Association of Professional Engineers, Scientists and Managers Australia NSW, affirmed and examined:

CHAIR: Thank you for attending this Inquiry. If you could turn your mobile phones off if they are still on. I am David Elliott, for those who have not formally met me. I am the member for Baulkham Hills and Chairman of this Inquiry. I am a Liberal member. The Deputy Chairman is Stuart Ayres, he is the Liberal member for Penrith. Mr Jamie Parker is the Greens member for Balmain and Chris Gulaptis is a National Party member of Parliament from the Clarence. Have you met Chris before?

Mr DAVIES: No I have not.

CHAIR: In a previous life Chris was a surveyor, so he knows what he is talking about. He is the token intelligent one.

Noreen Hay is the Labor Member of Parliament from Wollongong who will be attending very shortly. She had car trouble this morning. Speaking of Ms Hay, here she is now.

CHAIR: You have both made submissions which we do appreciate. I am assuming that those submissions have not been amended. What I might do is invite you both to speak to your submissions to start with and then we will commence deliberations.

I just wanted to note, Paul your submission was sent in the name of your chief executive officer.

Mr DAVIES: Yes. The Association of Professional Engineers, Scientists and Managers Australia has a particular interest in the professional engineering workforce and as the submission highlights, we have done a lot of work over the last five years to understand a skill shortage if I can use a general term, capability problem within that workforce at a national level but also mining down, if you like, into various sectors.

This submission has been informed by that work and in particular the work of a collaboration that we put together, which I want the Committee to understand, called the Australian National Engineering Task Force. It comprises members who are employer organisations through Consult Australia, the professional association through Engineers Australia and the education sector through Council of Engineering Deans and the Academy of Technological Sciences and Engineering.

That work, which came under the head of the Australian National Engineering Task Force also led to a Senate inquiry in the Commonwealth Parliament last year, which we refer to in this submission. If it pleases the Committee, that inquiry held focus on engineering, took more than 70 submissions and made what I think a really valuable report, mainly on the findings of fact, and our submission largely reflects those findings of fact. I must say, in just about all cases, it confirms the work that the Australian National Engineering Task Force has done.

These are the facts. We have a problem with engineering capability, not so much to do with the supply of engineers into the workforce but to do with the investment in the development of the existing workforce of professional engineers.

We have about 6,000 graduates a year. We import approximately 6,000 from overseas but there is still estimated to be a problem with capability in the public sector, which also affects the

ability of the private sector to undertake its role in providing publicly funded infrastructure.

If I can backtrack a moment, our concern is mainly around publicly funded infrastructure, road, rail, water, electricity. My friend, of course, will talk about Local Government.

There is a shortfall in the capacity of the public sector of engineering capability which means that governments are uninformed purchasers of services, which means wasted money, which means a risk that flows onto the public.

Where does it come from if it does not come from a problem with sufficient graduates? It comes from a degradation of the skill base within the public sector. I am not sure whether this Committee will allow me to hand up some other documents, will you?

CHAIR: Yes, I do not have a problem with that.

Mr DAVIES: What I have brought along today which I thought might help, is a document which is the consideration of the Australian National Engineering Task Force of the Senate inquiry report. So we looked at the Senate inquiry report, which said we have got a problem with engineering skills' capability. This is a cost to the State on money and reliability of your infrastructure, according to the Blake Dawson report, prepared for the Australian Constructors Association, close to 20 per cent of the value of major capital works investment. What does that mean? If you spend a million dollars, you waste \$200,000.

What I want to hand up is our response to that. The Senate says there are these problems, what do you do to fix it? I do not want to waste your time with going through the detail and the evidence of the problem because I think that Senate inquiry and hopefully the evidence you have received in this Committee, confirms the fact that there is a problem. What we are concerned about is what to do to fix it.

We have identified three public policy initiatives. One is reforming the procurement process. Our partners in the construction sector, that is through the Australian Constructors Association through Consult Australia, employers for the major firms conducting major public sector infrastructure work, agree that the procurement process is bust. They say that it does not allow for proper investment into the engineering workforce and therefore you get a degradation of skills over time. It is market failure.

CHAIR: I have not seen it. When did they do this?

Mr DAVIES: The Blake Dawson report which the Australian Constructors Association commissioned—

CHAIR: They endorsed Blake Dawson did they?

Mr DAVIES: They got them to do it in 2008. I think they did a subsequent report in 2010 confirming the problem.

CHAIR: That is when the Senate inquiry—

Mr DAVIES: The Senate inquiry picked up on that report and the Senate inquiry—

CHAIR: That is when Walt King was president of the Australian Constructors Association?

Mr DAVIES: Yes, I dealt with an executive officer. They have confirmed, among others, but I think it is important to acknowledge that they in their response to the Senate report within the Australian National Engineering group have said that the procurement process is bust. Consult

Australia, representing the consulting sector, say the same thing. Why? It does not facilitate investment into workforce development of engineers. Therefore, it is a race to the bottom. It is a structural problem.

CHAIR: Because there was no consistency? Because there was no long term planning?

Mr DAVIES: All of that. It may well be the situation is turning around in New South Wales I understand from media reports but major construction projects are not easy to plan for and therefore workforce planning is difficult. The competitive nature of tendering for these projects means that the existing workforce gets cannibalised—if I can use that term and there is therefore a structural degradation of that capability.

CHAIR: I think that is an excellent point which we will need to ensure that we put in our report.

Mr STUART AYRES: You said that your taskforce had recommended three policy initiatives.

Mr DAVIES: That is the first one. How do we reform it? We do not have the detail of what we need to do to reform it because you might jump to mandating investment where a certain percentage goes to workforce development.

CHAIR: But it would happen naturally, would it not Paul if we had, as we do have in New South Wales and we have for a little while, long term plans like regional plans? Unfortunately they get changed with the premiership but if we have long term master plans for development in regions and cities, as you say, unless somehow we find \$100 billion so we can start building everything now, which we cannot do. I saw those media reports and I discussed them with the Roads Minister; that the Civil Contractors Federation said we do not have the staff to build these major infrastructure projects over the course of the next five to seven years.

Mr DAVIES: That is right.

CHAIR: I then took the Minister to some civil engineers and they denied that report was true. I may have to give a business card to the new Parliamentary Secretary for Roads to meet with the Vice President of the Civil Contractors Federation who wants to reconfirm to him that there is no shortage. Sorry, the industry is not pessimistic about its ability to have those projects ready to go.

Mr DAVIES: I think there is a mis-match between the perceptions and the interests of individual players in the market and those who take a more global view.

CHAIR: I think you are right.

Mr DAVIES: Can I jump to the second recommendation, which I think might address some of the points that you are making. I agree that a planned approach should assist firms and the sector to adjust to plan for their workforce needs.

The second point I want to make is about the risks being characterised as a bureaucratic solution, but it is not. In the trade sector with the advent of more competitive tendering for construction projects et cetera over the last 30 years, the Government response to the possibility that there would be a degradation of skills because of the corrosive effect of competitive tendering was somewhat dealt with by industry skills councils and training boards, which oversaw skills needs in a collaborative way, tripartite arrangement to take a high view about skills needs that would be emerging.

Regardless of some of the detail, I think most people would agree that those industry skills councils and industry training advisory bodies have largely achieved their role in avoiding skills' gaps and rebuilding or assisting those workforces to meet demand.

A similar thing does not apply for engineers at the professional level, so there is a gap in the architecture for skills' development, therefore there is no way for anyone to properly forecast and understand the skills you need that emerge over time.

You might have those plans that you talked about but no one is considering them in a proper fashion and therefore making a decision about what you need to do to take graduates who are graduating this year and making sure they are work ready and work ready for the types of industries and the types of demand that is coming down the line. That is just not happening. No one does it.

CHAIR: So how do we fix it?

Mr DAVIES: You have it through an engineering workforce development council modelled on the industry skills councils but dedicated towards the engineering profession and related professions.

So you take a tripartite response to the need for workforce development. You understand therefore what is working. We have got great models for bursary schemes and cadetship schemes that are working at making sure that graduates are not just getting into the workforce and are unable to do anything, but they are actually getting lots of on the job training as part of their degree and then they are being transitioned into the workforce in a much more productive fashion.

We have got models that would work. No one knows where to find those models—I am talking generally—and mainstream them. Such a body that I am talking about—we have labelled it an engineering workforce development council but it could be called anything—would identify that best practice and would allow it to be mainstreamed. It would also be able to forecast, demand and make plans that would be flexible enough and responsive enough to meet those needs. That is the second of our recommendations.

The third recommendation I will not go into too much detail about because it is frankly something that I am not competent to talk about but it is nevertheless in our recommendations and it goes to a tax incentive modelled on the research and development tax incentive for training investment for engineers.

I can tell the Committee that further detail on that can be obtained from Consult Australia and I can tell you who to go to. The senior policy person is Jonathan Russell.

The fourth of our recommendations that I have hinted at, is more industry led cadetships. In a sense, that is the activity that would be driven by a more conservative approach to workforce development, as I have contemplated with the workforce development council and investment and hopefully that will flow with a better procurement model.

They are the four recommendations. If it pleases the Committee, if I can hand up that document. They are the main points that I wanted to make.

CHAIR: I will let Gordon make some preliminary remarks and then there are some questions that we will come back to. Your submission is very consistent with some other things that we have heard but there are some inconsistencies with the evidence that we have heard from other people as well.

Mr BROCK: Just to clarify, the Local Government Engineers Association is a branch of the

Association of Professional Engineers, Scientists and Managers Australia. So there is a clear connection between us and you will see littered through our submissions references to the Australian National Engineering Taskforce material that Paul has referred to. I leave the data to people like Paul but a lot of the data upon which we rely, certainly for more global statistics, comes from the Australian National Engineering Taskforce experience.

What I am able to submit is a more in depth, drilled down look at Local Government in particular. As the Committee would understand, Local Government, particularly in regional and rural New South Wales is often the major employer in the community. There is a focus on Local Government with this present Government. A lot of the material that is included in this submission is based upon material that we have included in other submissions which we have made in relation to the Government's independent panel review into Local Government.

Dealing with the issue of skilled migration particularly, I guess the key point that I wanted to make is that it has certainly made a valuable contribution to dealing with skill shortages in engineering in New South Wales Local Government. It has for a number of years; in fact quite a few years now.

Local Government in New South Wales has been relying upon the importation of engineers, be they people brought out on visas or be they people who have otherwise migrated to Australia but have their qualifications conferred through overseas institutions.

Whilst it has made a valuable contribution, the skill shortage still certainly continues to exist. In New South Wales Local Government, it is not a demand side problem. It is really a supply side problem, which is probably somewhat different to some other industries. The demand is there for engineers in New South Wales Local Government.

The statistic I was trying to find from the Local Government infrastructure audit, is that the total infrastructure backlog—and this is on the bottom of page 3 of the submission—for all New South Wales councils is estimated to be \$7.4 billion. \$4.5 billion relates to roads and related assets and \$1 billion relates to buildings. The rest would be in the form of parks and footpaths, bike tracks and wharves and those sorts of things.

This means something in the real world. The current Government is certainly looking at the structure of Local Government and the funding of Local Government with a view to fix that but I guess one of our submissions to that process, and certainly a point that I want to make here today to the Committee, is that without addressing the skill shortage, you are not going to fix the problem because if you do not have the people in the industry to competently do the work, then I think a lot of councils are going to feel overwhelmed by the task they have got ahead of them.

I mentioned that skilled migration has been one of the responses to dealing with skill shortage for engineers in Local Government but the councils have looked to do a number of things. I have set them out at section 5 of our submission on page 6. What have they been doing? A number of them have been trying to grow their own and that is picking up cadets and trainees and graduate engineers.

Consultants are certainly getting an increased piece of the action. Once upon a time, and I guess this is anecdotal in terms of talking to our members; consultants were used for specific purposes. Increasingly they are used because there is not a design engineer function within the council or there is not a sufficient number of civil engineers now being employed within the organisation, so they are increasingly more substitution rather than enhancement strategies.

They can be expensive. They can be expensive in a number of ways in which Paul indicated

in terms of cost blow outs, but also the need to rework designs or to come back to the organisations and the organisations might say well that was not exactly what we wanted. So there is a lot of that wastage in terms of using consultants.

There has also been an informal scheme of encouraging retired or semi-retired engineers back into the industry. That has been quite useful. They are termed the Grey Nomads. They often not only provide experience but they mentor staff within the organisations.

I suppose the other less successful strategy in our view is that there has been a tendency to replace or fill vacancies for engineering positions with people that do not have qualifications. They just have not been able to get the people to replace those people.

That has certainly been the way it has been responded to and as I said, it has also been the use of the migrant engineers or people with qualifications from a non-Australian institution. Have they provided the solution? No they have not. The skill shortage continues. We do not want to say that they have not been valuable. They have certainly made a valuable contribution.

I have set out some statistics in our submission at page 8 which indicates that when we are talking about migrant engineers in the industry, we are really talking predominantly about people from Sri Lanka, Bangladesh or India. That is by far the largest group. In putting together this submission we discussed our experiences with a number of them.

A number of them have indicated, that both the people that they are working with and the migrants themselves, in their view, more can be done to assist the process, to make it more successful. Certainly the thing that keeps coming up is the need to provide councils with more support to help these people integrate into regional communities.

Sri Lankans, as a general comment, seem to thrive in regional New South Wales. They might be a good cultural fit, however certainly I think at least in those initial stages more could be done in terms of a champion process to assist the councils and themselves in overcoming any cultural issues.

CHAIR: I am assuming from a cultural point of view Sri Lankan engineers would be fluent in English?

Mr BROCK: Yes they are and certainly a lot of them come from regional areas and I think they fit in, but these are generalisations.

CHAIR: Without wanting to deflect the substantive part of the discussion, I have got a large Indian community in my electorate and they assimilate exceptionally well into Australian society. Families that have been here for five years, you would think that they have been here for generations. What exactly is the difficulty for the Sri Lankan engineers in regional New South Wales? What else do they need? Obviously it is not cultural issues.

Mr BROCK: There can be some cultural issues.

CHAIR: Like what?

Mr BROCK: Well just in terms of understanding the Local Government structure, understanding the local council structure in terms of the democratic processes. Some of the regional rural towns, certainly my discussions with some of our members, they are not insurmountable problems but certainly in the initial days—

Ms NOREEN HAY: Can I just ask because I have a large Indian community and a large number from Sri Lanka who, as has been said, have settled in very well. We have organisations like

the multicultural support networks. I just would be interested if you have an example of something that council could do or is required to do that they cannot currently do when these people are fluent in English and are settling into regional communities such as my own very well.

The example you give that council needs more funding to provide that kind of support, I would be keen to know if you have an example of that.

CHAIR: Because I just want to confirm what Noreen is saying. One of the recommendations of this Committee is going to be, I suspect, advice to Government or a suggestion to Government to make sure that professional visas are a lot more targeted. We are researching where they need to go but more importantly, why they have not succeeded to the extent that they should have succeeded thus far. One of those reasons we are getting from right around New South Wales is that people have difficulty in settling in to regional New South Wales. Dubbo, for example, has a wonderful program where they even get an invitation to a cocktail party by the Mayor, anybody that moves in to work there.

Ms NOREEN HAY: They do not drink much.

CHAIR: This is an important part of the deliberations of the Committee and I think Noreen is right; this is part of our recommendations.

Mr BROCK: What I wanted to draw your attention to is a program which we understand, and I have not had direct experience with it because I have not worked in Victoria, was somewhat successful. That was the Government in Victoria funded through the Victoria Local Government Association an overseas qualified professionals project.

It was a project which had 30 participants, at least initially. This is where I think it probably differs from New South Wales somewhat but in Victoria they had 30 participants which they placed in 16 week work placements around Victoria Local Government. The majority of those were engineering. I do not have the statistics as to what country they originated from, but I am sure they would have included people from English speaking backgrounds as well.

Ms NOREEN HAY: Is that financial support to the council to employ people themselves?

Mr BROCK: It was a little bit more than that; it was more centrally co-ordinated. Whilst Dubbo does have a good approach, there would be other councils that would not have—

CHAIR: They would not have the money.

Mr BROCK: That is exactly right.

Ms NOREEN HAY: Dubbo had too many engineers. Then Regional Development Australia – Orana said they could not get enough engineers.

Mr BROCK: It is patchy but the Victorian experience was that they provided them with a case worker. A case worker was there to follow up each of the participants. There was cultural training. They were assigned a mentor within the organisation that they were placed with. From my perspective, it is not a demand side issue. There would be councils which would readily say, “Look, we would like to have engineers there” and they are advertising and getting applicants but to the extent that there is an applicant from a migrant background, then perhaps it can be more centrally co-ordinated in terms of the assistance that is provided.

Ms NOREEN HAY: I think perhaps probably what has diverted this is the statement of Indian and Sri Lankan migrants. I think what you are saying in my area is probably very appropriate

to those migrants not from the backgrounds you are discussing.

Mr BROCK: I have only included those statistics because they are the statistics I have.

Ms NOREEN HAY: I understand.

Mr JAMIE PARKER: Thank you for coming along today and taking the time to make a submission. We have heard from other witnesses here about including incentives or requirements or quotas when the State Government is engaging in programs. From your perspective, you are suggesting with the subsidised infrastructure funding that there be a requirement or at least some kind of criteria where Local Government needs to have engineering graduate trainees.

Is there a barrier to Local Government taking on engineering graduate trainees? Is that a problem at the moment, that they are not taking on trainees and if they are not taking them on and they need them, why is it that they are not taking them on?

Mr BROCK: Again it is patchy. There are some councils that do, and as we say in the submission, there are some councils which are really active in the graduate strategy, whether they be trainees or young graduates. There are other councils that do not because they probably do not have the resources and certainly what we are talking to the Government about at the moment is different structures to Local Government which might encourage sharing of resources across regional organisations. That may make it more attractive for the graduates and trainees to be appointed.

Mr JAMIE PARKER: Just one other question about the engineering workforce development body you are thinking of establishing. You have modelled that on other organisations. Is it funded by the State, is it funded by industry, who pays for that?

Mr DAVIES: The organisation we are suggesting is modelled on the industry skills councils model, which is government funded, although it is made up from representatives from industry, education sector and the workforce.

CHAIR: The skills councils were not that expensive to run, were they?

Mr DAVIES: No.

CHAIR: Are they still going?

Mr DAVIES: Yes, they are still going.

CHAIR: But not all industries though, did we not lose a couple?

Mr DAVIES: The issue I am raising is that their scope of responsibility is industry for trade sector. We are talking about a professional sector, a tertiary qualified workforce. So first of all, it does not fit within the scope of skills of the skills councils because they are professionally qualified, so the skills councils do not see them—that is a metaphor.

Secondly, if they did see them, there would be at least six or seven skills councils, so the coordination is impossible. We need an occupationally focused skills council for this workforce.

CHAIR: The skills council always seemed to be a vocational place as opposed to a professional place?

Mr DAVIES: That's right.

Mr CHRIS GULAPTIS: In your report Paul it says, "There are nearly 2,000 unemployed

overseas born engineers in New South Wales and more than 10,000 not in the labour force.” It goes on, “There are 800 unemployed Australian born engineers in New South Wales and 8,900 not in the labour force.”

Mr DAVIES: That’s right.

Mr CHRIS GULAPTIS: Is there something wrong with our skill migration program?

CHAIR: That is what I wanted to come back to Paul. That is inconsistent with the other evidence that we have received. Everybody that we have spoken to so far has told us that there is a shortage of engineers.

Ms NOREEN HAY: Except Dubbo.

CHAIR: No, Dubbo did, it is just that Dubbo Council got their modelling wrong.

Mr DAVIES: Our submission is that there is not a shortage, if you look at it purely from a supply/demand perspective, supply is not a problem. Under-employment is a problem and investment in the development of the workforce is a problem.

An anecdote would be something like this. Most construction companies or consultants in particular who win work for a road or a rail corridor will want somebody who has at least five years’ experience, hit the ground running, get the job done. That is what they want. That is who they will employ. In the past they have relied upon the State agencies to develop up graduates and cadets and then somehow they will transition into employment. But there is a five year gap where who knows what happens to them.

That is one problem; you do not have the graduates who come out of university. I am not being disparaging but often they are regarded as not being work ready, not being able to hit the ground running and that may well be a perception issue from employers—I do not know. We do say that is a real problem and you could fix that by using the apprenticeship model really, looking at what you could do while they are at university to assist in them being better adjusted to the workforce but also post graduate, when they have graduated, how do they fit in?

There needs to be something that fills that gap. At the moment it is not there. There is no money to make that happen either. We think the Workforce Development Council would identify where there are practices that could fill that gap and I have mentioned the bursary program run by the Australian Power Institute for the electricity industry. It is a very small program. I think they have about 30 people a year, but it works and the industry buys into it. We say look at that, mainstream it and of course you will need to adjust it to various needs.

Ms NOREEN HAY: Is that where you bring in the cadetship?

Mr DAVIES: The cadets or bursars, whatever you want to call them.

Ms NOREEN HAY: Would Local Government be able to take on those cadets?

Mr DAVIES: Absolutely. So that is the problem of adjusting supply to meet demand, if you like, from the education sector. But there is also this huge problem of under-employment of the migrant workforce, many of whom of course come in under subclass 457 visas and then the statistics are 70 per cent of permanent residents have come through that stream. You would assume they do have employment when they come in under the visa, but it does not last.

That is where you get that figure of a few thousand of them being under-employed. Taxi drivers would be the main example.

Mr CHRIS GULAPTIS: So that comes back to my question. Is there a fundamental problem with our skilled migration policy?

Mr DAVIES: Well, I have not put my mind to the detail of our migration policy. The Association of Professional Engineers, Scientists and Managers Australia would argue there are fundamental problems with the way the subclass 457 visa program is worked.

Ms NOREEN HAY: Do you think that engineers are being brought in on subclass 457 visas when it is not necessary, when there is the ability to fill those positions with Australian engineers?

Mr DAVIES: No, I do not think we would go that far. We would say though, highly skilled people from—you mentioned India and Sri Lanka, so we will stick with that—that area and of course they produce huge numbers of graduates every year, 400,000 or something from India I think. So there is a readymade, if you like, pool of graduates there.

They will be employed to do work in our construction sector. I do not think there is an abuse of process there. It is about how the employment is sustained over time; how they are developed over time to become increasingly valuable and employable. I think there is a huge issue, a cultural issue perhaps, with the way they are accommodated or understood and how they are assisted to understand the regulatory requirements of engineering and other workforce requirements.

Gordon talked about that model in Victoria. We are also proposing a model that could be run through vocation or the education sector in New South Wales which would target that workforce, assist them in meeting the regulatory requirements for the engineering profession in Australia as well as assist with the technical English language. I do not think it is a problem with everyday English, I think there may well be an issue with technical language proficiency.

Mr STUART AYRES: Paul, essentially the premise of your evidence today, if I was going to summarise it really quickly, would be to say that we have got a migration system that allows for us to bring people out where we identify a skills gap, but if we do not plan appropriately the procurement process over the mid to long term, that those people that come in initially just get lost.

Mr DAVIES: Absolutely and also the graduates, our domestic students, also do not get employed. That is wasted investment in our education system.

Mr STUART AYRES: In the ship building industry they call it the Valley of Death, which essentially means if you do not have another ship rolling off the production line, everyone that is involved in the construction, engineering, design, development and everything to do with that ship, all of those skills get lost.

So if we are not turning over a particular road, buildings, whatever the particular case may be, engineering project, that we are not providing a pipeline of activity for that workforce to stay current.

Mr DAVIES: And you are using that investment to up-skill and build the capability of that workforce because it changes over time. We also have, earlier in the work of the taskforce that I talked about, we have looked at the economy across the country and people have argued that it would not take a lot to enable transitions between sectors. At the time we started our work there was a huge construction boom in the mining industry and there were arguments about how you could easily transition people to meet that demand.

On the tail end of that there would be the question, how do you allow people that have been working on civil construction in Western Australia and Queensland mining projects to come into, if

you like, civil construction work in the eastern states around traditional rail corridors?

Mr STUART AYRES: Paul, one of the things that would help us manage our workforce better, whether it be skilled migration or even just domestic skill sets would be a more consistent procurement and planning process around major projects.

Mr DAVIES: So the thing that we have looked at also, we have drawn on Building the Education Revolution Taskforce and they found, similar to us, that there was a problem with public sector capability; that therefore things were not scoped properly and there was huge waste.

That was focused back on the procurement issue itself. I did not want to be too prescriptive on what we were recommending with regards the detail of a procurement solution, because I think there are many possible components of a solution, but one way of bringing those solutions together would be a centralised government unit to look at procurement, possibly called a procurement unit.

CHAIR: We call it the Department of Finance & Services here.

Mr DAVIES: Maybe not, with respect, but that unit would draw upon the advice of the engineering workforce development council. This would be the tripartite body modelled on the industry skills councils. They understand what is needed. They understand where best practice is. They can forecast what is needed. They could inform how the money that is liberated through the procurement unit could be best spent.

CHAIR: Unfortunately our time has come up and I see Mark is here to give evidence at 11.45 on behalf of the Australian Industry Group. I will just have to conclude on that point.

What we do ask is if there are any further questions from the Committee, we reserve the right to send you an email. Just be aware that any replies will be part of the public evidence as well. So if you have got no problems with that we may actually go down that path if there are any outstanding questions.

There are a few matters to take away for us there. Paul and Gordon, thank you very much for the submission.

(The witnesses withdrew)

MR MARK ANDREW GOODSSELL, Director NSW and Acting Director QLD, Australian Industry Group, affirmed and examined:

MS GAIL SILMAN Senior Policy Advisor, Education & Training Officer, Australian Industry Group, affirmed and examined:

CHAIR: For the purpose of introduction, Jamie Parker has just had to step out. Stuart Ayres, the Liberal member for Penrith is the Deputy Chairman. Also on the Committee we have the member for Clarence, Chris Gulaptis, who is a National Party member and Noreen Hay from Wollongong is the Labor Party member. Jamie, as you may know, is the Greens Member of Parliament from Balmain.

Welcome to the Inquiry into skill shortages in New South Wales. The Committee is a standing committee on economic development. We have received your submission, which we very much appreciate. What I might do, maybe ask Mark and Gail if you would like to make any preliminary comments relating to the submission that you have submitted and then from there the Committee will reserve the right to question, comment, critique your submission. We have got about 45 minutes, so no real hurry at the moment. I acknowledge the fact that you interviewed some other industry associations, including the Australian Constructors Association, which we have already discussed this morning. They are members of yours, are they not?

Mr GOODSSELL: We manage the association.

CHAIR: Mr Barrett is no longer the chief executive officer there?

Mr GOODSSELL: No, Lindsay le Compte replaced Jim.

CHAIR: I do not think we have met him.

Mr GOODSSELL: Skill shortages, skill acquisition are a key issue for the Australian Industry Group and it is something that we put a lot of energy and time into. It is an important issue for our members across all its facets. We understand that this Inquiry has a particular focus on skilled migration but we take that as being a subset of a broader issue.

Just some opening comments on that, there are a lot of factors that play at the moment, affecting the market for skills as it affects our membership. I broadly classify our membership as the middle part of the economy, manufacturing, logistics, engineering, construction, broader construction, ICT, that part of the economy, for many of whom skills is a key part of their business success and a key part, for those industries of Australia's differentiation with the rest of the world in terms of competitiveness and that remains so.

There are a couple of different factors going on, there are downturns in general manufacturing general industry and many parts of the construction sector at the moment. That has had an effect on the skills' market. The mining boom has exacerbated it and made it difficult for some of those sectors to hang onto skills.

I think there has been a positive effect from the mining boom and that has reversed a couple of decades of trend where being a tradesman was seen as a low income career. There is now a view that that may not be the case. So there has been a positive effect from the mining boom.

But it has been difficult for many of our members who are not directly involved in mining to compete and many of them have struggled to come up with strategies to hang onto skills.

We are seeing from the mining boom, from about this time last year, driven by the price of coal, the mining boom's drag on our members in manufacturing has abated somewhat. We are seeing

a little bit of a flow of skills back from the mining sector.

That is short and medium term. In the long term there are structural issues that have affected the market for skills. Long term reduction in training of traditional trades by the public sector, public sector utilities and public sector agencies has been significant.

A big issue that we have been quite vocal on recently is STEM skills in schools, science, technology, engineering and maths. We are seeing on the ground significant effects of what is coming out of the education system and the focus or lack of focus and the teaching of those skills is affecting a lot of the industries that we represent.

In terms of people's willingness and interest in working in science technology based companies and also if they do have an interest, just their base level of skills going into further education.

There has been again a long term issue about job security in manufacturing, a perception that manufacturing is dying. What is happening with manufacturing is it is going through the trend that it goes through in most advanced countries, where it becomes a smaller part of the economy in terms of the labour force, but it is still a major employer of full time high wage jobs. But it is becoming more based on innovation than traditional mass manufacturing.

There are perceptions about whether it is a good industry to be in. As I said earlier, that has been somewhat ameliorated by the view that being a tradesman is actually not a bad career with the mining boom, but that is slightly different to being a tradesman working in a manufacturing company.

Fourthly, I think the responsiveness of the training system, both in a policy sense and in an operational sense, primarily delivered through TAFE, there is a lot of affection for the TAFE system amongst our members but there is also some frustration that they do not always keep up with what industry needs. So that customer focus of TAFE is a very important issue.

There are short and medium term issues and longer term issues, which means at any point in time the supply and demand for skills is not always evenly matched. That is where skilled migration plays an important part in making up the gap.

The type of skills we are talking about, are skills that are traditionally obtained between a one and four year traineeship or apprenticeship. So they are not easily spat out of the training machine. If there is a short term spike in demand from some sectors, and the ability of the local training system to provide those skills, combined with those longer term factors, means that you are going to have skill shortages and in latter years skill migration has played an important part in helping the companies that needed those skills and the industries that needed those skills, cope with those short term and medium term spikes.

There is another important issue about skills in the fate of our industries and surveys we have done of our members; particularly innovation is an important part of the future of the industries that I am talking about. When we survey companies and chief executive officers about what drives innovation in their companies and their adoption of new technologies, the surprising amount of it is driven by their skill base.

So it is not a matter of skills coming in to help you do the things you want to do, a lot of the times it is having the skills in the first place that allow you to develop the idea. So it is a big driver of innovation. It is not just a reactive thing. Having the skills is an important part of the innovative culture and the ideas, particularly those of a successful manufacturing company.

If you look, skill we think is a competitive advantage for Australia, our skill base is still a competitive advantage in very competitive manufacturing industries. Our other traditional advantages

or barriers to competition have been reducing. Our cheap energy is clearly no longer and not expected to be a major differentiator with overseas locations for manufacturing. So our advantage in cheap energy is diminishing.

The other barriers, the traditional barriers of tariffs, travel costs because we are long way away, those kinds of barriers to import competition in particular, have also been reducing.

So when you reduce it, skills are an important ongoing competitive advantage for those kinds of industries continuing in Australia and that is why it continues to be important for us.

The last point I would make is there is a lot of cross fertilisation between skills in those three industries I represent—manufacturing, engineering, commercial type construction and ICT. A lot of the people who work in engineering construction got their skills in manufacturing. They are trained in factories and then they go and work on site, because of the cyclic nature of site work, it does not always allow for long term apprenticeships and things. There is a big cross over between manufacturing and construction.

CHAIR: What do they do on the construction site, labouring?

Mr GOODSSELL: No, they would do boiler making, electrical. A lot of the people who work, tradesmen on engineering construction sites, particularly the traditional metal trades, have probably learnt their trade in a factory or in a government agency rather than on a construction site.

That is perhaps not the case with building trades, say carpenters, roofers and people like that, but in terms of your infrastructure builders, a lot of those skills are learnt in manufacturing. The other cross effect is information and communications technology is now embedded as an innovation enabler, as I said earlier, in both construction and manufacturing. So information and communications technology skills are not just for the information and communications technology industry, they are for all industries to drive their productivity through innovation.

I perhaps will leave my opening remarks at that.

CHAIR: Gail, did you want to make any comment?

Ms SILMAN: I think Mark has covered it pretty thoroughly.

CHAIR: Mark, under construction, as you know, when we worked together in a previous life, you said at page 2 of your submission under construction that:

“The ACA survey revealed growth of 11.3 per cent last year. The rate of increase in the total value of engineering commercial construction work is expected to halve to 6.3 in 2013 followed by and easing to 5.5 in 2014.”

You have said that this moderating growth outlook is due to supply constraints. You are saying, which I think is what David Carseldine at the Civil Contractors Federation said in a public statement earlier in the year is the same but from a different angle.

You are saying that you believe the restriction on construction in New South Wales at the moment is because of the supply of qualified engineering staff?

Mr GOODSSELL: I think it is a major factor.

CHAIR: That has come from the Australian Constructors Association?

Mr GOODSSELL: Yes, it comes from the Australian Constructors Association. The message that has come out of the construction industry is it has been driven in recent years by the

mining and mining related infrastructure boom and that was not as high and was longer than originally forecast at the beginning of it because of supply constraints.

CHAIR: The Premier and the Prime Minister and the alternate Prime Minister who has been spending the last 12 months announcing civil works all over the shop, are going to have problems with the timetables of those jobs because you are saying that the supply of these professions is going to put a lot of pressure on timelines?

Mr GOODSELL: It has been a factor for some time in the engineering construction industry. Capacity has taken the top off it and spread things out because of just getting people. That is not a problem that exists right now; it has been going on for a couple of years.

CHAIR: Essentially, this is no longer a long term problem; this is a short to medium term problem?

Mr GOODSELL: As I said in my opening remarks, the skills' market is influenced by the combination of long and short term issues and skilled migration is the balancing item, if you like, because it is the tap you can turn on with reliable quality fairly quickly, whereas the traditional skills' market is a two, three, four year cycle of turning skills on and if you talk to some employers in terms of employability, it may even be longer than that. Someone just out of their time is not always your best worker.

When you have got an economy that has got some significant peaks in it and sectors booming, as opposed to a steady state economy, then you are going to have those kinds of problems and that is why skilled migration from a lot of employers has been seen as that swing item to make up the gap.

We have been very strong; most of our members are very strong to say it is not a substitute for domestic training, because going back to the point—

CHAIR: Well the unions said that this morning too.

Mr GOODSELL: Going back to the point I made earlier, if you are talking about the country's long term strategic advantage, then drawing from a global pool is not a strategic advantage. It is a short term issue but you really want to be creating the skills yourself to lock in your own local strategic advantage.

Mr STUART AYRES: I think that is a core point for the Committee.

Mr JAMIE PARKER: Absolutely.

Mr STUART AYRES: Is to recognise that skilled migration, which is the premise of this Inquiry, is to have a better understanding of, for want of a better term, its short term responsive nature. The Committee should probably acknowledge that the longer term benefit for not only New South Wales but more broadly the nation, is to have a strong skill strategy and use skilled migration as a mechanism for supplementing the gaps as they appear

Mr GOODSELL: Indeed.

Mr JAMIE PARKER: The effective way of understanding where other skill shortages are, what are they? Where are they in regional areas and be a bit more nuanced in the data gathering and understanding of the short and medium term gaps that can emerge.

CHAIR: Can I just go back to that Mark, have you made that point to the Prime Minister and the Opposition Leader that your members are advocating that subclass 457 visas remain an

important short term solution?

Mr GOODSSELL: Not since the election was called. We make our policy statements up to the point of the election and then we tend to take a more subdued position during the election. That is our political culture.

But we have made the point consistently that subclass 457 visas and skilled immigration is a really part of the mix, particularly at the moment, but it is not a substitute for the nation have a very good skill strategy for a balanced economy.

CHAIR: I was interested in the second paragraph under your heading of construction that:

“Growth in transmissions and telecommunications is likely to exacerbate the difficulties in sourcing skilled people as a result of the NBN and related investment.”

You are saying that the national broadband roll out is actually creating some significant labour issues?

Mr GOODSSELL: Certainly the national broadband program is a challenge for the skill supply that would support that kind of roll-out. We are involved in some projects, quite large projects but there is a combination of skill and labour market programs to address that shortage, including long term unemployed people. The size and nature of the national broadband roll out does create some challenges for that part of the labour market.

CHAIR: Finally, I just wanted to ask your opinion. We have heard from Unions NSW about TAFE funding, which was probably predictable, which is great. Skill development, how are we going? Who is the better provider? Does industry like being the registered training organisation? Are you happy with TAFE at the moment? Do they want it to be a more significant provider, less significant provider?

Ms SILMAN: I think as Mark mentioned earlier, TAFE brand with our members in particular is quite high. There is a lot of respect and trust with the TAFE and that is probably because the construction and the manufacturing sector are big users of it. Well over 90 per cent of our members would use TAFE to develop the skills for apprentices and trainees. So far they are happy. Mark said, they will have their grumbles. There is some concern about not being responsive enough to industry needs but we feel that is turning around and certainly we have ongoing discussions with TAFE itself to make sure that it is responding.

CHAIR: You have got some members that are registered training organisations, so what is their preference?

Ms SILMAN: From industry?

CHAIR: Yes.

Ms SILMAN: It depends what that is. For apprenticeship training I would say TAFE is the big provider and preference there. When we get into traineeships or other new and emerging areas, there have been a lot of private providers out there who are very flexible and are providing that training.

CHAIR: Do they find TAFE is value for money?

Ms SILMAN: Well—

Mr CHRIS GULAPTIS: You have to pay something.

Ms SILMAN: The apprentice pays an apprentice fee and under some awards the employer will pay that.

Ms NOREEN HAY: But you would not imagine they would hold them in such high regard if they did not feel they were getting value for money, would you?

Ms SILMAN: Well I would think that is right. They will call if they have got a grumble but generally we will take that up for them with the TAFE.

Mr GOODSELL: I think TAFE may suffer a little bit from the market leader syndrome, in that it is such a strong brand and a lot of the people who employ apprentices were apprentices themselves. They have a lot of attraction to TAFE, they understand the system. But for a big organisation that can sometimes act as a barrier to reform, because everyone is saying you are great, why do you need to change? I think you do need to keep the pressure on to change.

I think as we use the term brand loyalty, there is a lot of affection, particularly in relation to traditional trade four year apprentice type skills in that format, TAFE is a very strong performer. When you get away from that; that is probably where there is more competitive tension with private providers. Some of the programs looking at getting unskilled and semi-skilled people in production to do competitive manufacturing, which is lead manufacturing, there are a lot of private providers in that area because they tend to be able to be more flexible.

This is a big issue for industry, is to be able to have flexible modes of delivery with the skill to use that particular equipment that that factory uses. Whereas some parts of TAFE it is a shop that you go away to offsite and improving that interaction is a challenge for TAFE. So I think its success is its weakness, if that is what I can say.

Mr STUART AYRES: The size and scale of it means that it is not nimble and does not react to changes in the market.

Mr GOODSELL: It is not nimble and can be a bit bureaucratic, but despite all that, whenever we test it, particularly in relation to apprenticeship training, people still see that TAFE does a great job.

Mr STUART AYRES: I think one of the challenges with TAFE is we have spent so much time talking about the people who work in TAFE and not enough about the people who study in TAFE.

Mr GOODSELL: That is probably right.

Ms SILMAN: Right.

CHAIR: I might use.

Mr GOODSELL: Or the people who use their skills. One of the things that we have said to TAFE, they talk the talk about industry engagement and customer focus, but it is not quite a leading edge version of that. There is still a tendency to say industry engagement means telling industry what you are doing. In fact, it is more about asking questions.

Mr STUART AYRES: That is exactly right, and the areas in TAFE where individual leadership plays a significant role there, where they have taken that approach they have got to that—to use your phrase—leading edge—which I think is a good one. What is the industry doing? How can we respond to that? How do we reform our course offerings, curriculum structures? It is a bit more responsive to what is happening there rather than the other way around.

Ms SILMAN: Yes and I had TAFE visit me this morning to ask that very question. What should we be doing? How can we be more responsive?

Mr JAMIE PARKER: Something is working.

CHAIR: Gail, do you find—although you might not be in a position to answer this—that the core role of TAFE is at risk because of the non-core activities it often takes on? We heard in the Parliament it certainly is the Government's and the Executive's desire to make sure TAFE remains as an institute of choice for trade teaching. The same type of support and subsidy goes towards the TAFE courses in say pottery and macramé. From an industry point of view, is there any push back in the fact that with scarce resources that all governments are now faced with, that maybe there should be a back to basics campaign within TAFE, on Stuart's point, the people that are being pushed out that are going into industry as taxpaying tradesmen should be the priority as opposed to anything else?

Ms SILMAN: I would not like to draw that line. I think that the priority for industry is meeting their skill needs. They have skill shortages; they need high level skills so they do want to see some investment there. I think it is about balance too. Using the example of the pottery, I am not sure—

Ms NOREEN HAY: Some people actually sell ceramics and so that is a business and employs people as well.

Ms SILMAN: Yes. We can talk about the arts being an enriching part of the community and society as well.

Ms NOREEN HAY: A very essential part actually.

Mr GOODSELL: We are not Philistines.

Ms SILMAN: Yes.

Mr JAMIE PARKER: I wanted to ask a question about competency based training but in defence of the creative industries, one of the highest levels of employment is in the creative industries, whether it is film making or art or graphic design or architecture or whatever.

I think TAFE is very important and thank you for raising it. TAFE is something that we are obviously considering as an important provider. One issue that has come up and it has been part of the submissions, and it goes to your point Mark about flexibility of skilled delivery, is this issue of competency based training over time served—for a better word—training. I have a large TAFE soon to be in my electorate, Ultimo TAFE and I have another TAFE, Petersham TAFE, which is the Sydney Institute just on the edge of the electorate, both of which are very significant training providers. That issue about agility and nimbleness is very important. There are constantly new courses and adaption for large employers.

Does the Australian Industry Group as an organisation have a view on competency based training? Is it something you would like to see more of? How would you like to see it implemented? What are your concerns? What do you think the opportunities are?

Ms SILMAN: We have a project with the Federal Government currently on competency based progression and completion; so yes, we are supportive of competency based training. The Federal Metal Industry Award has competency based progression and completion as part of the award for apprentices. So yes, we are.

Mr JAMIE PARKER: What does that mean in practice? What is the difference in the metal award you are talking about that an apprentice could see in the amount of time served under competency as opposed to other traditional kind of time served processes?

Ms SILMAN: It would mean that as you progress through with the agreement of your employer, so we have got the registered training organisation, TAFE for example, has a course of study that they will deliver, units of competency, there is a log book that the employer gets and the employer ticks off those competencies along the way in consultation with the registered training organisation and the apprentice.

Mr JAMIE PARKER: It could mean six months? It could mean a year, is that possible?

Ms SILMAN: Yes.

Mr GOODSELL: It could be a year and a half off a four year apprenticeship.

Mr JAMIE PARKER: That is a big difference.

Ms SILMAN: We have seen instances where apprentices have been signed off at three years and one I heard of was at 2 ½ years. It all depends on what prior experience, learning knowledge and so on this person brings with them to how that affects how they go through the competencies.

But you can get some very bright young people who have completed their higher school certificate, have gone into an apprenticeship and there is something about the way in which, when we are talking to young people and their parents, the whole idea of going through a four year sentence is something—

Mr CHRIS GULAPTIS: Sentence, it is enlightenment.

Ms SILMAN: Many of them will take four years to achieve full competency. But it is about their perceptions of that. One of the rewards of being able to go through and achieve competency earlier, under the Federal Metal Industry Award they can actually then go to the next stage of rate of pay under that arrangement.

Mr GOODSELL: The other way I am aware of it being used is people still take perhaps four years but they get extra qualifications during that process. So they come out at a higher level than a base tradesman through the four years.

Mr JAMIE PARKER: That is interesting.

Mr GOODSELL: There has been a bit of tension in our membership about it. As I said earlier, there is a very traditional view of apprentices amongst some employers and some employers have taken a while to get their heads around the nature of competency based apprenticeship. I think the expectations most employers have is maybe five or 10 per cent of their apprentices might be the ones who would be eligible to finish earlier, whereas the experience probably amongst apprentices is probably half of them think that they can finish earlier. So there is a bit of tension.

There have been some issues about the system engaging with the employer and getting confirmation from the employer that in the employer's view they had reached the required level of competency. Because what was happening was TAFE was signing them off and therefore people were assuming they have now progressed or they have now finished their completion without confirming, as far as the employer is concerned, the important part of the workplace skills, use of those skills in the workplace and in some cases employers have said we do not think they are ready yet and TAFE is saying, well they have done our bit, but they have not always consulted properly and created an expectation amongst some of the apprentices that they were now a tradesman but really only half the

paperwork had been done. They had not been dealing properly with the employer.

There are some teething problems but we have supported it for quite a while because we realised very early on that there was a market problem with traditional apprentices amongst the generation that are going into them now. Particularly a lot of them stay on another two years at high school, so they are starting two years later. So the enthusiasm for a four year sentence is even less when you are 17 or 18 years of age than it was when you were 15 or 16 years of age.

Mr STUART AYRES: That is an absolutely critical area that we need to think more about from a public policy perspective.

Mr GOODSELL: It is. You are getting a slightly different type of young person.

CHAIR: Are you saying that the vocational training at the higher school certificate level should probably be considered as maybe the first year of your apprenticeship?

Mr GOODSELL: To some extent that is already happening.

Mr STUART AYRES: School-based programs.

Ms SILMAN: There are some vocational education and training in schools.

Mr STUART AYRES: School-based traineeships?

Ms SILMAN: Yes, school-based traineeships, school-based apprenticeship. They have got the vocational education and training in schools framework courses that give them an introduction, but mostly the theoretical knowledge. We would like to see some greater links.

Mr STUART AYRES: If you are talking about long term planning around skills in this country, when the former Government—and this is not a criticism of it—made that decision to keep students in schools longer because there was a view that that led to better outcomes, what has not been backed up with that is the need to then create a more flexible school environment to meet the needs of a whole cohort of students who would have left at year 10.

How you make what is the most foreign and restrictive and ugly environment for them work for them in that extra year they have got to do at school and in fact go one step further, how do you actually get them to the end of year 12 then? Because you have got them in a captive environment, you might as well try and make that arrangement more flexible.

Mr GOODSELL: Yes.

Mr STUART AYRES: That has got to include industries and employers. What we do with traineeships and apprenticeships, we have got to find a way to integrate that better.

Ms SILMAN: Exactly. Even in our submission at the time we did suggest an alternative framework needed to be established because you just cannot get these young people who are disengaged from school who have to stay on until they are 17 years of age, enrolled in standard English and a whole range of other subjects that are covered by the Board of Studies without giving some alternatives that engage them in learning.

We talked about science, technology, English and maths (STEM) and the decline in science and maths engagement for year 11 and 12 because you do not have to do maths in year 11 and 12 and yet numeracy skills are going to be important for everybody in the future. I think you can do that through some sort of a vocational education and training in schools program that takes in maths in real life, for example, carpentry and joinery through engineering and a whole range of different areas,

where it is applied mathematics. We need to build the skills there.

Mr GOODSSELL: We have been supporting a program in the Hunter Valley at the moment looking at this very issue. The problem was children doing maths at school, the way it was taught and its relevance to the real world. So we have a program where industry gives the schools, the maths teachers, real life problems to solve and we have already seen a tick up in the take up of high level maths and people going on to do maths in tertiary education out of that sort of thing. It is like most areas of policy, when you fix one problem you start to see other problems. That whole school to work interface is a continuing work in practice. It is even earlier than the last two years of high school; it actually goes two years earlier than that.

Mr STUART AYRES: I think the decision to keep students in schools until they are 17 years of age is like turning on the after burner for that issue. We saw it building up over time and then all of a sudden we went alright, now we are going to lock you in here and they just disengage at the school level.

Mr GOODSSELL: Yes, without engagement strategies and looking at some of the other problems, the teaching of maths appears to be a problem that has been around for a while. We all learn maths at school and wonder what the hell it has got to do with the rest of our lives.

CHAIR: That is exactly right. How many times have we learnt French and sat through that lesson.

Mr JAMIE PARKER: French is very worthwhile.

CHAIR: Then I went and addressed the French Chamber of Commerce and I really embarrassed myself.

Our time is coming to an end, so are there any further questions?

Ms NOREEN HAY: I would just like to get back to skill shortages in terms of where we were talking about engineers. Certainly we have heard from other evidence that the mining boom took a lot of skills. We were given the example of cooks not working within the hospitality industry and going off to work in the mines, creating all those voids. I note that you have said that your members have had difficulty with recruitment.

Mr GOODSSELL: Yes.

Ms NOREEN HAY: Would you say that some of those skills are coming back from that mining boom?

Mr GOODSSELL: Yes.

Ms NOREEN HAY: Is that sufficient?

Mr GOODSSELL: It is helping. I think that the high point of just not being able to get a metal fabricator or a welder for love nor money, that has past us. But it was not just people who were tradesmen going to work as tradesmen in the mine, there were quite a lot of people who were working as tradesmen and then going to work as non-tradesmen in the mines.

Ms NOREEN HAY: That is my point.

Mr GOODSSELL: And basically leaving the trade. They could earn three times the money by driving a truck. The mining employers liked them because they had a trade background, were organised and had a level of literacy, but they were not using them as tradesmen, they were using

them in production, specialised production process or driving trucks, et cetera. Those people are lost to the trade sometimes.

The other thing is, there is anecdotal evidence people are coming back from the mines with inflated expectations. So basically walking back to a factory and saying can I be a boilermaker for \$180,000 a year and getting an appropriate response. I think that is probably a transitory problem which will wash out. That kind of dislocation is still making it difficult for there to be a smooth transition back to people working in manufacturing from mining.

CHAIR: We have to call it there. It is 12.30 p.m. so thank you Mark and Gail. The Committee reserves the right for any further clarification of questions to you in writing. Just be aware that if that does occur, your reply will form part of the public submission that you have already made.

Ms SILMAN: Yes.

CHAIR: If you are happy with that, we will thank you very much for your time.

Mr GOODSSELL: Thank you to the Committee for the opportunity.

(The witnesses withdrew)

MR MARK BURDACK, Director Corporate Affairs and University Secretary, Charles Sturt University, affirmed and examined:

CHAIR: Just by way of introduction, I am David Elliott, the Committee Chair, member for Baulkham Hills and a former student of Charles Sturt University. My Deputy Chairman is Stuart Ayres, the member for Penrith. He is a member of the Liberal Party. The member for Balmain, Jamie Parker is a member of the Greens, to my right is Mr Chris Gulaptis, National Party member of Parliament from Clarence and Ms Noreen Hay, Labor member of Parliament from Wollongong.

Can I welcome you and thank you for your evidence and the submission that you have made. Are you based in Bathurst?

Mr BURDACK: I am in Orange on the Orange campus, yes.

CHAIR: You made a very comprehensive submission, it was fantastic. You have already impressed the member for Balmain.

Mr JAMIE PARKER: I always like the academic submissions.

CHAIR: We do have a good 40 minutes for this particular deliberation so what I might do is invite you to highlight any part of your submission that you would like us to particularly focus on and then we will leave it to the Committee for questioning, comments and critiquing.

Mr BURDACK: Thank you Mr Chair and thank you for the opportunity to present to the Committee. I do apologise for Professor Vann who is unable to attend today. As you are probably aware, Charles Sturt University is the largest regional higher education provider in Australia and also the largest single provider of online and distance education in Australia.

Our mission is to meet the needs and aspirations of people in western and south western New South Wales. So labour force and skills development is a critical part of what we do on a day to day basis. This Committee's hearing in terms of reference is obviously relevant and important for the communities that we serve at Charles Sturt University.

Our key role as an institution is to increase opportunities for rural and regional students and indigenous students to gain access to higher education locally. What we know from the research is the financial cost of travelling to attend university is one of the greatest barriers for rural and regional students in accessing higher education opportunities. So providing local access to higher education in rural and regional areas has become a critical strategy for improving the overall level of professional skills in broader regional areas.

We also have a particular role in providing relevant programs that are designed to meet the needs of rural and regional communities. It may appear on the surface that one degree or another are largely the same from particular universities. One of the things that we need to do as a rural and regional provider providing professional labour force for rural areas is ensuring that our students understand the factors that are relevant to being an independent practitioner in those areas and have the resilience and capability to often work in an environment where there is less professional support networks and structures that sit around them.

To give you one example, our bachelor of dental sciences program is a five year program. It is one of the longer end programs. We spend a lot more time in clinical practice training because the day after our students graduate, they need to be able to drill a hole in your head and we want to make sure that they know exactly what they are doing and they have done it sufficient numbers of times, because they will not have the professional networks around them to apprentice them into the profession.

So a lot of what we do is very work integrated and very professional practice focused. We are the only university in Australia with a particular research centre looking at professional practice learning and education. We also operate one of the largest centres for research into professional ethics, the Australian Centre for Public Philosophy and Ethics, which is a joint centre with Melbourne University. We aim to embed within our students the capabilities for professional practice in the environments in which they are likely to work.

I should say however, our goal is not to create students who only work in rural Australia. Our goal is to create students who can work anywhere in the world, it is just that they are more equipped to work in environments where they are not necessarily supported by a large professional network.

The other important thing about skills we would like to make which is very important to the university is the great knowledge transferors of Australia are students who graduate from university. They take with them new knowledge, new capabilities into business, which aids innovation, productivity and new potential inside businesses. It is an important part of what sending a graduate with new capabilities into a workplace is all about. It is that knowledge transfer and equipping students with the latest expertise that is available within a particular industry sector.

They have graduates of other universities who play an important role in building capacity within industry regions, whether they be rural areas or the cities.

Very briefly, more than 70 per cent of our on campus students are from rural and regional areas. More than 70 per cent of our students from rural and regional areas go into employment in rural and regional areas.

Mr CHRIS GULAPTIS: You answered my question.

Mr BURDACK: Hopefully I am not predicting everybody's questions. More than 40 per cent of our online students are from rural and regional areas. It is a critical point that for a lot of our students distance is too big a barrier to get to university or they are unable to leave their existing circumstances for family or work related reasons. So offering an online capability for students to be able to study remotely from the university campuses is critical to meeting the diverse skill needs that exist in geographically isolated areas.

It is also why we have a very strong partnership with the tertiary and further education sector. We have very strong partnerships with TAFE that allows students to, for example, commence a degree at TAFE, obtain credit through an agreed mechanism for recognition of competencies and gain admission to a university program either on campus or online to complete that qualification, allowing them to complete their higher education degree in some instances without leaving a smaller rural town.

These are important mechanisms that we put in place to make sure that students in the most far flung sections of our State are able to access similar opportunities to those that are available in major cities.

The key feature of our submission is, and perhaps it is somewhat a rehearsal of or a restatement of some of the outcomes of the previous New South Wales inquiry into rural skill shortages but we perhaps emphasise a number of points a little more strongly.

We believe that we need a balanced approach to skills development that better reflects the needs of each region. All regions have similar needs for underlying skills, education, health services, essential business skills and they should be addressed consistently across all regions.

Other regions have differential capabilities and advantages that need to be addressed in terms

of skills development as well.

One of the gaps we see at present is the lack of reliable independent data on labour force projections identifying where those skills needs are coming from. This has been raised previously. It continues to be a problem in rural areas in particular.

Whilst I can go onto a website today and tell you which region has a tick against it for a skills shortage, I cannot tell you how many of that particular professional occupation is needed, what the likely impact of changing demographics in rural regions is going to be on the future demand for that or the retirement rates and exiting of particular professions is, up-skilling, re-skilling to new professions. So our ability to project and therefore determine the load in particular disciplines is compromised by a lack of solid data. I think those concerns would be shared by other organisations as well, TAFE and some sections of industry, Local Government and regional development, where to some extent we are all searching around for the same data and the biggest risk of that is we all come to very different conclusions. Therefore the planning is very difficult.

It is not possible to project down to the last person how many doctors, dentists or optometrists you are going to need in a particular region, but it is possible to get a sense of what the emerging trends are so that we do not end up with shortages in particular areas that could otherwise have been identified and resolved in advance.

We need more, in our view, integrated planning. We recognise that there is no single solution for any region. One of the challenges I think is that different regions have different characteristics, different recruitment and retention capabilities.

We are familiar with the fact that young people leave inland areas for major cities. People leave cities for coastal areas. There seems to be a trend of international migrants coming into rural areas and then relocating to coastal areas or to other states.

So we need to understand better what the push and pull factors are and to what extent different mechanisms can play a role in different regions in addressing skills shortages in the short term, medium term and long term.

The overall goal I think is to try and embed skills in the long term in particular regions. What I think we are left with at the moment is a much stronger emphasis on short term filling gaps rather than building overall capability within those regions. That presents serious risks, particularly for inland regions, but also potentially for coastal regions as well.

The last point we would like to make is that regional universities do have a role to play. We are a major skills provider and as the data shows, a substantial of our graduates go into rural practice. A study by the Australian Centre for Educational Research in 2010 for the Federal Government showed that 65.7 per cent of all graduates of regional universities go into rural employment and are still in rural employment 10 years later.

It is a long term contributor to skills and capacity building in the regions. Regional universities have a critical role to play. One of the points that I think is really important from a New South Wales Government perspective, because New South Wales universities are incorporated by the State but funded federally, sometimes universities can be overlooked in thinking around State planning for skills.

If I look at some of the regional development plans or regional action plans, the references to universities in regions is scant and I think there is an opportunity to think not only about vocational skills and perhaps professional skills, but the role of higher education more explicitly in planning for skills development and retention of young people in rural areas.

I will leave it there so I do not take up the entire time.

CHAIR: Thank you for that. I will commence with a few questions and commentary and then my colleagues will ask some questions and initiate some discussion.

My first question is, in your submission at page 4, the projected population growth that you have pulled from the Department of Planning, I am just fascinated, and there is a reason for that which I will come to in a minute. Three non-coastal growth areas are central west, Murray and Murrumbidgee. Everywhere else west of the Great Divide is projecting a population decline. Where in central west, Murrumbidgee and Murray is that specifically? Are you aware where we are talking about? The central west growth; is that Orange or Dubbo or is it Bathurst?

Mr BURDACK: NSW Planning provides forward data on total regional growth. I might make the point, south eastern New South Wales, which incorporates the regions surrounding the Illawarra down to the south coast is also predicted to grow.

CHAIR: They are all sea-changers and retirees that we are looking at.

Mr BURDACK: I think the south east is probably more Queanbeyan related and the southern highland area.

Mr STUART AYRES: We got some data on that last year.

CHAIR: The reason I ask that question is because in your recommendations 4 and 5, which are consistent with the recommendations to us thus far, "to establish a centre for data research statistics to provide information and advice in planning and it should be commissioned on the capacity for skilled migration to address research needs on a region by region basis."

Somehow, if we went ahead with that recommendation and I can see Noreen smiling already without even looking at her, we would have to find a region.

Ms NOREEN HAY: Indeed we would.

Mr JAMIE PARKER: Inner west Sydney region.

CHAIR: We would have to find that region to host that.

Ms NOREEN HAY: There is only one region.

CHAIR: If I could just say Mark, we have had a day and a half of evidence and we have received 47 submissions and most of them at the moment are pointing to the fact that there is a lack of qualitative and quantitative data.

Mr BURDACK: Indeed.

CHAIR: We are looking into a skills shortage and everybody has said to us why are you looking into a skill shortage because there is no data to suggest there is one? It is just something that we might have read in *The Sydney Morning Herald* or something.

I think one of the key recommendations for this Committee is going to have to be evaluating exactly what is in demand and to what extent the demands exist. Is that something that Charles Sturt University would obviously be interested in putting its hand up for, or if not, who and where?

Mr BURDACK: I think the recommendation and I think the reference was to the Bureau of

Crime Statistics and Research, as a potential model for how you might develop this. I think one of the challenges for Government, and I made this point earlier, you often get different calculations because people incorporate different assumptions around population projections, is to get a relatively independent estimate of population growth because obviously if you project higher population growth in a particular region it has an impact of requiring high levels of servicing and high levels of infrastructure support. I think these are real challenges for Government and different agencies of Government to make judgments in relation to what are appropriate assumptions without you getting to different assumptions from every agency about what the population growth would be.

I know in the central west for example, there is some question mark over whether the population projections for the central western region are consistent with historic trends and the Regional Development Australia body, which I should also note that I am a member of, has raised queries and had a separate report done that suggested that the population growth figures there may be higher.

I am not saying what is correct or incorrect, but what we do not necessarily have is a consistent way of doing projected population growth that is quite independent where agencies get a consistent set of assumptions and a consistent set of data to plan against so that health, education, policing are all using common data sets.

My first point would be a centre that is independent and can be relatively authoritative and respected.

CHAIR: You have just given yourself a great plug then, have you not?

Mr BURDACK: Well perhaps, or not, depending on your perspective.

CHAIR: You gave me a certificate.

Mr BURDACK: Indeed. Should I declare a conflict at this point?

I think the point I am making is that an independent data set is there, so that TAFE can go to it and say we have got a clear understanding of where things are. Health can go to it and we can be confident that health are using a set of data that is consistent with the data and demographic projections for TAFE, because one of the things about regions, which we make the point in our submission, is you need to integrate that planning very effectively. You can address skills. You can address infrastructure but if you do not do both together you are likely to exacerbate the problems experienced in some parts of regional and rural New South Wales.

So we need to get a package together that is all based on a common set of understandings. Having that expert central capability would be the first call. Why do we say in a rural area? Where it is located influences your outlook and the assumptions that you make and so there is a view, and we would certainly put this forward, that there is a level of nuancing that is required of data that reflects the real position of what is occurring on the ground in different regions. Regional Development Australia committees have a potential role to play in forming the data sets more effectively because they might know, for example, that there is about to be \$3 billion worth of investment in green energy initiatives in a particular region and that will drive potentially a new industry sector and new skills requirements that may not be known in a more centralised area. They might know that the industry may not actually create any new jobs; it might just simply suck up existing capacity within the region.

So it is a question of getting that better understanding at a local level of what is actually happening on the ground. It gives more granularity to the data that Government is then able to use to make decisions about health services, education services, infrastructure needs.

Should it be at Charles Sturt University? There are many, many able universities.

Ms NOREEN HAY: Wollongong.

Mr BURDACK: Indeed, Wollongong is one of the great universities of New South Wales. But the point I would make is the unique characteristics of Charles Sturt University –and I am not pitching here—is it has a campus in Albury Wodonga and the Murray region, Wagga and Griffith in the Murrumbidgee, Bathurst and Orange in the central west, it has a campus in Dubbo, in Orana in the far western and Port Macquarie in the mid north coast. So it has a reasonable stretch of different regions that it feeds into and feeds off.

We did not make a proposal in here that we wanted to create this university centre, simply having an independent objective source of data that informs multiple agencies and organisations is I think the key.

It is not that we have all read skill shortages in the newspaper and have convinced ourselves that they are there, I think we know they are there. We have seen the skills occupation list, we have seen the skill shortages list that come out of NSW Trade & Investment Department and we see on the ground that these skill shortages exist through conversations with employers, Local Government and other agencies.

So I do not think it is a question of whether they exist, but a question of whether we really understand what they are and how to best address those shortages in the long term.

Mr JAMIE PARKER: First of all, thank you for taking the time to come along and thank you for the submission. I thought it was interesting because some of the data in here corroborates are anecdotal views about engineers being taxi drivers, for example.

I think that table 2 is really interesting about internal migration of recent migrants with bachelor degree or high degree qualifications demonstrating that these skilled migrants are potentially only providing a short term solution and are not providing any kind of long term solution, in particular in some of those inland regions that the data points us to.

I think that is very important for us and supports our view that we need to be educating and improving the skills domestically rather than relying on migration as some kind of long term or medium term solution.

I did want to ask you, if I could, to address briefly the rural tertiary education investment fund. It is quite diverse. It talks about TAFE, university, pathways. There is a lot in there but there is not a lot in the submission that talks about it. Could you just spend a minute talking about that?

Mr BURDACK: I certainly can and thank you for the question. You would not expect a university to come to a committee of the New South Wales Parliament and not suggest the creation of a fund. I did not want to surprise you.

CHAIR: I am glad you said that, because I was just going to ignore that part of the submission.

Mr JAMIE PARKER: You have got to ask.

Mr BURDACK: We do think it is critical. Over the last five to eight years the Federal Government has been supplying money to the higher education and subsequently to the tertiary education sector through the education investment fund and also through the health and hospital fund federally. The ability to lever access to those funds for universities and for others has been reliant upon the State Government putting in a significant component of co-contribution. The absence thereof has been critical in the ability to get access to funds.

What the risk of not having identifiable sources of funds at a New South Wales level for co-investment, which other States do have, is that we do not get significant investments in New South Wales infrastructure, which is itself an economic need for the State as a whole, but we are not able to target specifically the types of infrastructure that are necessary to address skills needs in New South Wales as identified by the New South Wales Government.

New South Wales has been successful in getting some of those funds. We got \$35 million for a national life sciences research facility and teaching facility in Wagga. I think most universities have received it, however the lack of certainty about the availability of co-investment funding from the New South Wales Government, it has always been a rush job at the end to negotiate a co-contribution from the State Government and it has always been difficult in those contexts for the State Government to identify where those funds might come from in terms of the budget allocations that have been made and whether they can align them with existing allocations.

The first thing is that ability to get co-investment capacity to leverage funds into New South Wales is important. The second thing however, and this is partly built on Victorian regional tertiary education fund, is to look at the critical relationship between TAFE and higher education, which is a particular thing in regional and rural New South Wales.

As I noted before, more than 30 per cent of our students commence on the basis of a TAFE experience. I think we have a better performance of articulating students than dual sector universities in some States.

We have no interest in being a dual sector university. We think TAFE is very good at what it does and we do not want to get into that terrain as has happened in other States, but we do think that those pathways need to be well supported so that we have the capacity to work with TAFE to design a diploma to bachelor qualification pathway in different locations that is based on the needs of those particular areas, and if need be, to provide additional investments potentially where student load can be sufficiently large enough, to provide investment into TAFE facilities in smaller rural areas where we think they have the capacity to teach in that location.

To give you an example, last year or the year before we received funding for a new teaching facility in Wangaratta in Victoria. It was a co-investment with Goulburn Ovens TAFE and the Federal Government in Victoria. It is targeted at agricultural schools in northern Victoria where there has been a significant retreat of agricultural science and agricultural business expertise, but with a large dairy industry that needs an injection of skills.

So we were funded to establish a particular centre in Goulburn Ovens TAFE in Wangaratta that would be a pathway program taking students from dairy industry management and agricultural management into the university's agricultural science management programs but allowing them to complete that program entirely in Wangaratta.

That is the sort of investment we are thinking is worth considering in New South Wales to facilitate those sorts of partnerships where they are suitable for smaller communities.

Mr JAMIE PARKER: Is it the case that as a proportion of overall funding nationally that New South Wales is receiving a smaller proportion of that funding because of the lack of identified fund to use for co-investment? Would you say that was right?

Mr BURDACK: No, I would not have that information. I could certainly find out. I certainly think that the level of investment from education investment funds in major cities has been significantly greater than investment in regional areas.

Mr CHRIS GULAPTIS: I do not have any questions. I think Jamie was right, a very good submission.

Mr STUART AYRES: The premise of doing something like a skills audit and then mapping across geographical locations, I have got no doubt probably it interacts with organisations like Charles Sturt University. For me the natural fit is the trade and investment portfolio in Government and I think that is probably the area, if we were going to make some recommendation, I see it interacting with Regional Development Australia, various universities, industry groups. But I kept coming back to it is probably trade and investment.

Then there is this mechanism for making sure the data stays relatively live, because it is pointless doing it once and just having it sit on the shelf for us to potentially make a whole raft of decisions only to see the market change or mining come off and infrastructure ramped up in mining means that there is a gross product gap in various economies around the State.

Do you have any other idea around where we might park that task?

Mr BURDACK: I think through trade and investment makes a deal of sense, because its responsibilities do relate to State development and industry. I think there clearly needs to be a relationship between industries and skills.

I agree with your point that it needs to be an ongoing data set. It cannot be fixed in time because changes do occur. We know, for example, in the central west there was a significant mining boom brought about by the gold prices going up. The construction phase has now ended and there is a significant down cycle. There is now a growth cycle for mine development throughout north western New South Wales, which will see similar shortages start to emerge and which is an issue identified particularly by Dubbo and councils in those areas.

I agree with where it needs to be located. I would again make the point that independence is I think a critical feature because we need a body that has a specific responsibility to ensure that the data is what the data is. Whenever you use data, and you do this in academic circles, if you are trying to make a point, you can make the data make that point.

Mr STUART AYRES: Hence the reason your reference back to the Bureau of Crime Statistics and Research.

Mr BURDACK: I think the Bureau of Crime Statistics and Research is an interesting model. I was listening on the way down from Orange this morning that the Bureau of Crime Statistics and Research have released a new report, the relative difference between crime rates in major cities and rural areas. They identified there were obviously issues in rural areas that needed to be addressed with some targeted things. They made a number of suggestions about things Government might be considering.

That capacity to analyse independently and come back to Government and say here is what we have found. Here are a few suggestions about the things you might be doing. This program seems to be working very nicely on the mid north coast. It does not seem to be working quite so well over here. We think the differences are this, that or the other and this is the suggestion for program variation that we think might be helpful.

That sort of a model is not always easy, having been in the New South Wales Public Service for many years, for different departments to link that thinking up across departmental levels, that ability for an organisation to think across departments and say this might be actually a question of a bit of infrastructure there or we might need to build capacity in schools here in maths and science education because we have seen there is a tail off in enrolments in these subjects.

That ability to look across the picture from outside the prisms of individual departmental responsibilities and think about development is critical.

So independence, but I would still argue that if we are creating such a body, it should be in a regional area and preferably in a rural area as it would be a good opportunity to make an investment and to get close to the ground on some of these issues.

Mr CHRIS GULAPTIS: Hear, hear.

Mr BURDACK: But then I come from a rural area.

Mr STUART AYRES: I am from Penrith, so I know exactly what you mean. Anything past South Dowling Street, we all have the same problem.

CHAIR: Just going back to pathways, the notion of continuing education and also the cultural issues relating to families, young people who think that the only way that they are going to get anywhere in life is if they have got a university degree, which leaves us with some holes in the labour market on the odd occasion.

You have got a very good program of pathways of TAFE to university which is something that I am fascinated with and I would like to explore.

Mr BURDACK: Yes.

CHAIR: If a year 12 student then goes to TAFE and does his trade qualification, let us say he does an electrical qualification and then at 25 years of age the family gets their wish and the young man goes off to university. What type of advanced standing would you offer the tradesman or the enrolled nurse or the early childcare worker, because you did mention this in your submission, what sort of recognition of prior learning do you offer and what faculty do you direct them to?

Mr BURDACK: There are different arrangements for different diplomas. Trade is more complex because there is not necessarily a competency equivalency that scales into a bachelor qualification. But certainly diploma, certificate IV pathways are strong. If you take early childhood or social work, a diploma in children's services, community services, depending on whether we have come to an arrangement with an individual TAFE in relation to how that is to work and ensuring the competencies are met within that TAFE environment, which is a collaborative process we go through, we can offer potentially up to 18 months of a two year program towards that bachelor qualification. I say up to because it will be dependent upon the particular TAFE arrangements that we have.

We have things which are simply straight articulation. Any TAFE student can come to us with a certain qualification and say I have this qualification and we will have a look at it and say, okay, we are comfortable that these competencies map to this degree. We are not going to give credit for these competencies because it is not a bachelor qualification and then we will provide them with a package on an individual basis.

Other arrangements are more integrated, where we have a specific arrangement with Riverina Institute, the Western Institute, but also places like North Sydney Institute, Holmesglen TAFE in Victoria, the Canberra Institute of TAFE where we have very specific agreements that say if a student completes a diploma of X at this institute, we have looked at it, we have essentially moderated certified competencies in relation to that, we will provide a set package for that student to come along and complete their program.

There are two ways they can complete that, depending on the model we offer. They can do it online for the completion of the program if it is available in that mode; so they do not need to leave where they are. As I was indicating in relation to Wangaratta, it will be taught in Wangaratta. In

Griffith we do the same, they have specific programs there that are taught in conjunction with Riverina TAFE in Griffith or they can come on campus and have the remaining period of their degree.

I should make the point, a number of universities do this, this is not exclusively a Charles Sturt University thing.

CHAIR: What other universities do it?

Mr BURDACK: I think you will find most universities do but with varying degrees of success. Why it is so important to us, TAFE has an extremely thorough network of campuses across New South Wales. They can get into, in effect, places like Lake Cargelligo, West Wyalong, Griffith, Deniliquin and provide localised solutions for students from those smaller rural communities or larger regional towns that are also service towns for a range of other places.

For us to set up a campus in Griffith or Deniliquin would be one, duplication and two, too expensive. So it is an effective way for us to extend our reach into those communities without having to duplicate anything and also recognising that people are extraordinarily well skilled by TAFE in that process.

CHAIR: You touched on overseas migration, and am I correct in saying that you are not an advocate for subclass 457 visas?

Mr BURDACK: No, I think the data that we put in there was to illustrate some of the challenges. That each region has different push and pull factors in relation to both internal migration, people from cities.

So we have got programs now to try and encourage people from cities to come and live in the bush. We have got programs for skilled migration. Different regions have different outcomes that reflect different practice.

I think the point we are trying to make is not that skilled migration is or is not part of the package. I think what we are saying is skilled migration, both internal migration and international migration, will inevitably be part of the solutions that we need to be packaging but we need to make sure the policy drivers are relevant to the region and we are realistic about the likelihood of different types of methods to deliver particular types of outcomes.

I think the point we made is, and we are not drawing conclusions here, but just to illustrate the point, you might well say that in coastal regions international skilled migration may have a bigger role to play in addressing skills needs in the long term than it does in inland regions based on the current policy settings.

Can we shift those current policy settings? What are the factors that we need to look at that would increase the retention of people from overseas communities with skills in inland communities. I think we need to better understand what the factors are, but we need to draw conclusions as well.

It may well be that the particular countries that we are drawing immigration from are not suited to inland or remote communities. They are very different sorts of places to most places on earth, the further you go west. They are fantastic but they are very different communities. They are smaller. They have different dynamics, as each region does, as each community does and I think we need to understand that.

The answer is no, we are not at all against subclass 457 visas. What we think is, that is simply saying that increasing immigration under subclass 457 visas is going to solve regional shortages, but is not going to be very effective unless we understand what factors are going to draw people to those communities.

CHAIR: Thank you Mark. We appreciate the time that you have taken to get here and to make a submission. If there are any other questions that we have of you, we will put them in writing and just so that you are aware, any reply will form part of your submission.

Mr BURDACK: Could I make one closing observation?

CHAIR: Of course you can.

Mr BURDACK: One observation I would like to make as a major theme, we spend a lot of time thinking about how we can get people to live in rural Australia who do not want to live there and we spend very little time thinking about how we keep younger people in rural communities to provide the skills for the future.

We know that rural children leave for a range of factors, but one of those factors is the lack of access to higher education opportunities in their own communities. One of the major points we would like to leave on the table for you, is we know we have the capability to provide more opportunities for rural and regional young people in their own communities. I can point to Wollongong as a very, very good example. It now has participation rates for people over 15 years which are higher than the State average in higher education because specific investments were made and a strategy developed to transition the Illawarra economy towards a knowledge economy using the university as a lynch pin for that development.

I suppose a key factor is in thinking about skill shortages, there will be a mix of domestic capacity building and migration, both internal and international, those factors will be different for different communities but the core should be to provide New South Wales residents who wish to go to university, as much opportunity as we can to do that in the regions, because we know all the data supports that they are most likely to be the new professionals that will meet the skills needs in those regions.

Ms NOREEN HAY: Absolutely, I could not agree more.

CHAIR: We have certainly heard that message. Thank you, Mark.

(The witness withdrew)

MR SCOTT HOLZ, NSW State Manager, National Disability Services, sworn and examined:

MR MIKE FIELD, Manager Carecareers, Workforce Development Project, National Disability Services, sworn and examined:

MS JAY RICHARDSON, Industrial Relations and Workforce Development Project Manager, National Disability Services, affirmed and examined:

CHAIR: Welcome to the public hearing of the Committee on Economic Development on the skill shortage in New South Wales. I ask you again to put your mobile phones on silent or off. The first appearance this afternoon will be from National Disability Services and I welcome Mr Scott Holz, Mr Mike Field and Ms Jay Richardson. Thank you very much for taking the time to make a submission and to see us this afternoon.

We have got approximately 40 minutes to discuss your submission and any other issues that you would like to raise.

We might commence with inviting you to make some opening remarks about your submission. I note that you made some recommendations at page 9 of your submission which is probably where most of our discussions will centre on.

For the purposes of the exercise Scott, if you want to give us a quick background of National Disability Services. I am assuming your organisation pre-dates the scheme, so you are going to have a demarcation dispute about the abbreviation at some stage I am quite sure.

Mr HOLZ: I would like to thank the Legislative Assembly for the opportunity to appear. National Disability Services is the peak organisation for non-government providers of specialist disability supports in Australia. So nationally we have over 800 organisational members. Here in New South Wales we have got around 260 organisational members and we provide policy advice to Government, we provide support to the sector in terms of how it delivers outcomes to people with a disability who are the recipients of the support of the funds that the various governments provide.

To say the disability sector is going through quite significant reform at the moment would probably be an understatement. The advent of the National Disability Insurance Scheme has been likened to Medicare in terms of its scope, in terms of the size and magnitude of reform in this country.

Within New South Wales we also have a congruent reform, which is Stronger Together 2, which has been funded to increase the funds in real terms by \$2.02 billion in support to people with a disability between 2011 and 2016.

Unlike other jurisdictions around the country, New South Wales has real growth before the full rollout of the National Disability Insurance Scheme. However, from 2016 when the full implementation of the National Disability Insurance Scheme commences to roll out in earnest through to 2018, the magnitude of the growth will present some real workforce issues for this State.

We are looking at a current investment of around \$2.5 billion a year in disability supports a year in this State. By the end of 2018-19 that investment will grow to \$6.4 billion. We are looking at providing for around 55,000 people with a disability in the State now to 140,000 people in 2018-19.

In real terms we estimate that that is going to mean an increase of around 30,000 jobs in the disability sector between now and 2018-19. We do not think that there is any silver bullet solution to addressing that issue but there are many areas that we are very keen to explore with Government as we move forward to achieving those sorts of growth rates.

That is probably as much as I would like to say by way of opening statements, just to draw your attention to the size and the scope of the issue that is facing us and to understand that some of that is going to happen well and truly before we see the full rollout of the National Disability Insurance Scheme.

Mr FIELD: I guess just to add to that, Carecareers that I manage is a recruitment and retention scheme that is backed by the New South Wales Government and has been developed by National Disability Services. It has been very successful. I can quote statistics in terms of getting people into the system, but we thought at the moment the goal posts have moved, so over the next few years there will be an enormous demand on what we are doing.

The New South Wales Government has backed some quite innovative schemes but part of our pitch today I guess is to ask for continued support as the problem gets bigger.

Ms RICHARDSON: My role is project manager for Industrial Relations and Workforce Development, so we are developing, with the support of the New South Wales Government, a series of tools and resources to support organisations through the change and to provide good human resources practice around attraction, recruitment and retention of employees in the sector.

A big part of the tools are linked in with Carecareers. It is around promoting the sector as a sector of choice for future employees, but as Scott as already mentioned, there is a significant gap between the existing potential workforce that is available and the workforce that is actually required moving forward. That is really what we wanted to talk about today.

CHAIR: I just want to commence questioning from the Committee and I might start with you Jay. You talked about retention then and I think you touched on it in your submission.

Ms RICHARDSON: Yes.

CHAIR: Do you find that you have got a high turnover of staff in the sector generally speaking?

Ms RICHARDSON: Yes, generally high turnover of staff.

CHAIR: Why is that?

Ms RICHARDSON: We are competing with additional areas like community services and aged care, who also are in growth activity at the moment as well. Another big issue has been around low wages and also perception of career opportunities that are available within the sector as well.

With regards to wages, there has been some movement to address that through the equal remuneration order that was brought down by Fair Work Australia last year. But there is an eight year implementation process around that.

Mr JAMIE PARKER: Is that the Social and Community Awards?

Ms RICHARDSON: Yes, that is right, yes. The majority of employees within the disability sector fall under the SCHADS model award and the social and community services component of the SCHADS modern award. So there has been some move but there is still a huge gap. The gap range is between 19 and 45 per cent compared to equivalent jobs in the Government sector.

That has been an ongoing issue within the sector already, as well as the perception of limited career opportunities and the potential to grow and sustain a long term career in the sector as well.

CHAIR: The perception of a career opportunity is the complete opposite to what the reality is because you are talking about so much growth over the next six years?

Ms RICHARDSON: Yes.

CHAIR: What sort of qualifications do you start with to get into the sector?

Ms RICHARDSON: It varies. In a lot of cases at the moment what we are doing is recruiting people with the right general attitude and if they have a qualification that goes along with that and some previous experience, then that is an added advantage to us.

We get a range of people who do have experience and those people that do not. Mike might be able to provide more information to back that up as well.

Mr FIELD: Carecareers is a marketing campaign as well as a career advice service and a website that provides resources. We attract people into the sector with campaigns that feature workers in the sector and really demonstrating the rewards of the work.

When they come to us we ask them to register. After four years over 30,000 of them have registered and two thirds of them are new to the sector. In terms of who they are? They are about 80 per cent female. The archetypal applicant would be a mother returning to the workplace, wanting perhaps different circumstances to the job she left, perhaps looking for part time work, something more flexible. But we also attract students and people looking for a career change.

CHAIR: People that are looking for a mid-life career change?

Mr FIELD: Yes, that is very much it.

CHAIR: If I am a bank manager and I have been made redundant and I want a career change, how do I get into the disability sector? Do I have to do the certificate or AJT?

Mr FIELD: It is not essential. Many organisations will take you without qualifications. They regard your soft skills, the kind of person you are, your people skills are more important. Others will look to the certificate III in disability as a minimum.

CHAIR: That is through TAFE or a registered training organisation?

Ms RICHARDSON: A mixture of both, registered training organisations and TAFE. The certificate III is the basic. There is a series of disability and community services qualifications; certificate III, certificate IV, diploma, advanced diplomas in disability or community services or welfare. But also other areas around skills people might have, so allied health is a big area of recruitment for us.

People who have occupational therapy and speech therapy, psychology, physiotherapists in some areas as well, we are looking for and there is a big growth area in the area of taking on people with that allied health experience.

Mr HOLZ: If I can add a couple of points to that. It is not just about the training of people coming into the sector. There are skill shortages within the current workforce for the work that is going to be needed to be done into the future.

The fundamental way in which support is delivered to people with disability is going to change over the next five years. At the moment it is all what we call block grant funded under specific programs, be they funded through the State or the Commonwealth—largely through the State—which are very prescriptive in the way they are delivered and the outcomes and outputs from those services.

Into the future, choice and control will rest with an individual and funding will be streamed via the individual person with a disability in a support package where they will purchase the supports that they choose.

That means that frontline workers are going to have to have quite a different skill set, whereas in the past they have had to follow program guidelines, now they will be working with an individual in a very customer service orientated way that they have not necessarily dealt with before, and it will involve conversations around financial transactions as well.

Adding to the point that Mike made and Jay made in terms of turnover, because people come into the sector late, it usually is a second career choice, having, for whatever reason, changed the direction that their career is going. That in effect means that currently the demographics of the workforce are that 20 per cent of the workforce will retire within the next 10 years. That as well adds to the size of the issue.

Mr JAMIE PARKER: Is that included in your 30,000 new roles number?

Mr HOLZ: No, that is on top of the 30,000. That 30,000 is new jobs as opposed to new people. If you were to factor in the turnover, the numbers would escalate quite rapidly. We think that there is a lot that needs to be done, particularly with school age students in selecting likely careers, perhaps choosing a career in the disability sector. I might defer to Mike to talk to you about Project Able which is a fairly modest but significant project that we are running with school children.

Mr FIELD: With Project Able, we run workshops for year 10 and 11 students. It is a three hour workshop held at the premises of one of our service providers. It will be about half disability awareness and the other half talking about career possibilities. One of the basic messages we want to get across is that there are bank manager type careers, there are information technology careers; there are human resources careers as well, not to limit it to just frontline support.

After those three hour workshops we offer those that are keen, further training opportunities and looking to put volunteer opportunities and work based traineeships as well, with the option to filter them into the sector.

CHAIR: I have got to disclose this; my sister works for NOVA Employment, an agency that all three of you would know. As soon as I got pre-selected and elected, I just avoid her completely because if you ever needed a lobbyist, you have got one in my sister.

She came into the sector on the northern side of 40 years old. She worked in another sector before working in disabilities. I would assume, probably erroneously but hopefully not too far off the mark, that your average employee, new recruit into the sector is like her. Is that right?

Mr HOLZ: Yes.

CHAIR: So why would you not concentrate on your strengths, on the fact that you are looking for mature, experienced people who are potentially going to offer you 20 years of service? I do not understand why anybody would employ somebody less than 25 years of age today because they are going to change their career three times before they are 30, whereas opposed to the 45 year old recruit, you are going to have them for 20 years potentially.

Mr HOLZ: That is a great observation. I think there are a couple of things in there that are worthwhile teasing out. You are absolutely right. People who have that life experience have a lot to bring to the table in working with people, particularly when it is about integrating them into communities and participating both socially and economically within the community.

But we also need to think about the future leaders of the sector as we move forward. Yes, the vast majority of growth is going to be in frontline support workers but we are going to need all the tertiary services, allied health professionals, occupational therapists, speech pathologists, behavioural psychologists, all of those kinds of professional areas. We are going to need good management leadership within the sector. We want people to think about it not just as “a caring role” but also as a career opportunity to come into this sector. We will need chief executives into the future and dare I say it, whilst it is not necessarily around economic development, but we are going to need people who have thought about this right from a young age, to ultimately be board members or organisations.

With the growth nationally to be around \$22 billion by the year 2020 in the sector, we are going to need really good governance and leadership. Even if it is not their first career choice, we do want children at school to start at least contemplating disability services as something that they could see would be an alternative for them.

Ms NOREEN HAY: Can I actually say, I have seen the Carecareer model and I was very impressed how it did open your mind up to thinking about other things with disabilities, because I, like others saw National Disability Services as some back office work and the frontline.

What I am interested to know is with your new model will you have some kind of new middle management to go in and work out with an individual what they need? You are not going to have a frontline worker going and negotiating with a client are you, because that might not be their skill. Their skill might be in the delivery of the service. I think that is perhaps where it could be broadened out in terms of employment of that career path, starting at that middle consultative liaison type role. I am asking a question here even though it might sound like a statement.

Mr HOLZ: The way we anticipate it will operate into the future is, be it Ageing, Disability and Home Care in New South Wales as they roll out individualised support packages or be it through Disability Care Australia through the National Disability Insurance Scheme, they all have planners who are employees of those relevant agencies who will work with an individual to plan out the types of supports they will want.

It will then be really that person then engaging with a service provider, if not at the frontline with a direct support worker, probably with somebody who has frontline management responsibility, to work with them to tailor that package to that individual in a way that suits their need. That is how we see it rolling out.

Ms RICHARDSON: Could I add something as well with regard to the profile of the workforce. At the moment money has come from the Government and we have been offering services out to clients. Our clients are obviously going to be the ones who are making that choice and they may not want to choose a female over 40 who they cannot relate to. We deal with people from the age of zero through to the completion of your life. So you might have a teenager or somebody who is in their twenties who is looking for a different sort of person to actually support them, or they may be from a different cultural background. There is a small number of male workers in the sector. The profile of people who we want to attract is broader than the target audience that we have now.

CHAIR: You are going to be like the teaching profession where you have got a shortage of males in the sector, it is not a reflection of the community.

Ms RICHARDSON: Yes.

Mr CHRIS GULAPTIS: I read through this with interest and it really surprised me, but one of the things that surprised me the most was there was a paragraph in there which I really highlighted and I keep coming back to, which essentially says if the workforce issues are not addressed, and not just skill shortages but there are a lot of other components in there, then it basically says that the National Disability Insurance Scheme will fail. I think that is what really took me by surprise,

especially when you talk about a shortage of 30,000 in those coming years.

The whole of the country has embraced the National Disability Insurance Scheme. Governments have embraced it, the sector has embraced it, the community has embraced it. It screamed at me because this is an issue that really needs addressing. To be honest, I do not know what the answer is because you have got all those problems that you have raised before. It is not a one size fits all; it is lowly paid and it is one of those areas where people, unless they are directly involved because of family members or friends, they rarely become a part of this sector.

It is really a comment but it just frightened the daylights out of me thinking that the country has invested an enormous amount in this National Disability Insurance Scheme, not just in terms of money but as the salvation for a lot of people and that is what concerned me, is that statement. How close to the mark are we?

Mr HOLZ: You are absolutely. There is no jurisdiction that is more pressing than New South Wales because not only was New South Wales the first State to sign up to the full implementation and our implementation schedule is ahead of most other States, but also because of that real growth money committed under Stronger Together 2 means that we will see the bulk of that \$2 billion investment by the New South Wales Government flow out between now and 2016. The pressure is on right now. I must say, if you have got to have a problem, it is a wonderful problem to have.

Mr CHRIS GULAPTIS: But you have got to be able to deliver.

Mr HOLZ: But you have got to be able to deliver, absolutely.

Mr JAMIE PARKER: First of all, thank you for taking the time to come along today and thank you for the submission. Obviously it is very complex. There are a whole range of different issues we have heard already that allied health professionals are in demand anyway in regional areas.

Mr HOLZ: Correct.

Mr JAMIE PARKER: Let alone the increasing demand in the client led kind of model that is being rolled out. Obviously I have disability providers in my electorate and I know the major impediment to actually working in the sector is very low wages relative to the Government sector and consistent contracts. I am on a six month contract, then I am on a 12 month contract, then I am on another contract; so there is very little job security.

I know that is being addressed over the coming years as the gap gets covered by the equal opportunity case about pay equity. So my question first of all is do you think the biggest impediment to people engaging in the sector at the moment in the not-for-profit sector is wages, salaries and conditions?

My second question is you have highlighted specific ways where skilled migration can be made more flexible to increase the skilled migration. Has there been any forecasting or has there been any modelling done on how these 30,000 new places will be addressed?

So first of all, what are the major impediments to people entering the sector and has any modelling been done on how these places will be filled?

Mr HOLZ: I might just make a brief opening and then hand across to my colleagues. Without doubt, salary, wages and conditions are a major impediment. It would be fair to say that most people who come into this sector come in because they want to get more out of their work than a salary and that salary consistently rates—in any surveys that we do—around about the third or fourth reason.

Mr JAMIE PARKER: That is because the salary is so low.

Mr HOLZ: It rates as the third or fourth reason why people work in the sector. Having said that, we know moving forward we need to make it look more attractive from that perspective. At the end of the day, particularly with younger people if we are going to go down that path, as well as the older people who we are already attracting, we are going to need to make it more financially attractive for those folks to come into the sector.

I think it would be fair to say most people who we speak to who have not been involved in the sector think it is really about caring for a person in terms of wiping down the drool and helping them get dressed. It is much, much more than that. It is around assisting a person to integrate fully within their community to their level of capacity to integrate into their community, be that in every domain of their life—social, economic, et cetera.

That fundamental message is not out there. People do not understand it is around that. Mike will talk in a moment about how we are attracting people from the retail and hospitality sector because they actually do get the fact that this is about assisting people to fulfil their goals and achieve what they are going for.

I might hand over to Mike, if you want to talk about the statistics there.

Mr FIELD: Referring to research, the images that Scott was talking about very much came through in the research that led to the Carecareers campaign. What we are doing is addressing much of that. In general the sector is under researched. The best statistics about the size of the sector date from a National Institute of Labour Studies back in 2011 and on those figures the Productivity Commission based the National Disability Insurance Scheme model. That is much of what we are using.

That is based on a survey of service providers. One thing you have to realise about the sector is only around half the people in the sector work full time. There is an enormous amount of part time and casual labour to keep the whole sector going. That certainly is a potential source of new labour in future. Some of those people are under-employed and would like to work longer hours, certainly. It is hard to quantify exactly but there is the potential there.

Based on that National Institute of Labour Studies survey, they estimate about 70,000 people nationally work in the area, which is 34,000 full time equivalents and the New South Wales figure in the current workforce is based on that. The 30,000 new providers is effectively doubling the size of the sector.

Mr STUART AYRES: I noticed you made a brief reference to the live in care model and the migration program Canada has put in place.

Mr HOLZ: Yes.

Mr STUART AYRES: I wanted to get your ideas around how you see migration playing a role in filling that quite astronomical gap that is coming in this particular sector. I just cannot see how we can fill that gap without having a really clear thought out strategy which specifically targets migration.

Ms RICHARDSON: I think it is a two pronged approach. We need to do a lot of things within the sector and organisations in New South Wales in general. I think it should be done in parallel with some changes to the migration approach really.

Through the Canadian model they look at that as a short term fix but with the potential that some of those people will continue to fill that gap longer term as well. Some of the barriers around the

subclass 457 visa or the regional visa at the moment is there are some quite strict restrictions—minimum salaries, minimum hour requirements, which is full time hours—

Mr STUART AYRES: You mentioned that.

Ms RICHARDSON: That obviously means, particularly in our sector when you are in a low paid sector which probably cannot reach that amount and in some cases and also when generally the profile is people looking for part time or return to work type environments, then it rules out all of those people to potentially fill those gaps.

Our recommendation would be to look at maybe some of those elements and having a bit more flexibility around that to meet our particular needs, obviously underpinned by very strong workforce data. One of the things that we would like to say today is around the lack of that data. Mike talked about some of that and it is quite dated already.

The world has moved on quite significantly since that original report and what we would like to do is have more localised workforce data within New South Wales.

Mr JAMIE PARKER: I think we have heard that a lot, have we not?

Ms RICHARDSON: Because it is very difficult to say, there is an extravagant amount of work in this area without having a really good understanding about what is already there, what is the local profile of the workforce and the potential that is already existing in that local area.

Mr STUART AYRES: I think that will help you but I think where your sector is different is that the massive ramp up that has to happen in such a short space of time.

Ms RICHARDSON: There are lots of other strategies we are working on at the moment. For example, addressing some of the lack of stability in the sector that you mentioned earlier on, we are looking at how we can—again in that profiling—understand to make sure that we actually have the right mix of types of contracts within the sector.

At the moment there is a lot of fear from service providers that we work with that we do not know where the money is going to come from. We are used to this fixed block grant and now potentially it is a changing model. So we cannot contract people on a permanent basis. We are trying to make sure that they understand that they are going to have a model that is going to be quite flexible, so you will have your casual employees, you will have your part time, you are going to have your full time; you are going to have your fixed term contracts. We are trying to give them better guidance and understanding about how to encompass those things in their business planning processes.

We think that that will assist in addressing again to have a clear understanding about what the needs are in that particular area.

Ms NOREEN HAY: Is that going to result then in difficulties with the new model being designed around a fit for a particular individual and their needs? One of the things I was thinking about before there was an award for home care service was that in trying to find that fix, and at the same time skill up your workforce, there was the introduction of the train the trainer program and the like, but one of the most important things to develop in a career path within that as an award was established, was a salary stream.

So one would hope that part of this whole new process would mean a lift to some of those very low salaries, would it not, in terms of how are you going to create a career path if the salary does not reflect the additional skills and qualifications?

Mr HOLZ: It goes to I guess one of the great unknowns about these reforms—and I will use the term how the market will operate—obviously there will be great demand and the capacity to supply may not be up to that demand and that may have all sorts of perverse implications or unintended consequences on the prices of things. I guess that is an issue for greater minds than mine, but wherever you introduce a huge increase in money—

Mr STUART AYRES: The market mechanisms are the biggest risks to National Disability Insurance Scheme in its ramp up phase; there is no doubt about that. Your very first statement about being short 30,000 staff just tells you straight away that the people with the skill sets and the ability to supply the service are going to be able to have a greater determination around pricing.

Mr HOLZ: Correct.

Mr STUART AYRES: Which I think comes back to one of the reasons why governments need to work with the industry, particularly around how we accelerate people into the sector.

Ms RICHARDSON: Yes.

Mr STUART AYRES: I suppose it is a little anecdotal, but we have been sending young Australians to the United Kingdom for the last 30 years to be nannies. If we get our messaging and for want of a better term, marketing right, I can see a whole group of people with a strong social conscience in places like Canada, like the United Kingdom, larger population bases, South Africa as well, who we could play a role in ramping up our skills force if we get those settings right in relation to migration.

I think where States can play a role here is because we are the experienced tier of government when it comes to disability services, if we are not bringing some of that expertise and some of that thinking to the National Disability Insurance Scheme, we are not going to be able to fill that gap.

I think that is one area where the State can make recommendations around migration settings or rules to help us fill the gap in a new area, because quite frankly, the Federal Government has absolutely no idea about it.

Mr HOLZ: We would certainly welcome that. The other area we are exploring closer to home is the potential indigenous workforce. Within New South Wales we have been auspicing a very successful program called Aboriginal Jobs Together. That project has to date placed 108 trainees or cadets who are people who are Aboriginal into either mainstream or Aboriginal specific disability service providers.

Mr JAMIE PARKER: Who funds that program?

Mr HOLZ: I wish that was an easy question. Our agreement is with Aboriginal Affairs but it is through funds appropriated through Ageing, Disability and Home Care. It also gets some funding from the Department of Education and Training and it is also a collaborative with the Commonwealth and wage subsidies are paid from the Department of Education, Employment and Workplace Relations. It is quite a complex project that we drew together.

The beauty of it is we have placed 108 people who are Aboriginal into traineeships or cadetships with over an 80 per cent retention rate in those roles; 100 per cent success rate on those that have graduated from the traineeship into being offered either part time or full time employment. The real impact that is having is not only is it providing jobs for people who are Aboriginal, it is opening the pathways for people in Aboriginal communities to access mainstream services. The reports that we are getting back from mainstream services are saying 300 and 400 per cent increases in the number of people from Aboriginal communities who are accessing their services.

So it is kind of win/win all round. But we see that the indigenous community has a lot to offer this sector, particularly in areas of skill shortages like regional areas. There are reasonable populations of people; but also in the cultural approach that they bring to caring for people. That is something that we are very keen to explore further.

CHAIR: What are the top two or three reasons why people want to work in disabilities and what are the top two or three reasons why they leave?

Ms RICHARDSON: One of the main reasons that they choose to work in the sector is around working with people and making a difference. Would you support me on that Mike?

Mr FIELD: Yes, absolutely.

Ms RICHARDSON: To me that is the main thing that continually comes back. We have just run a series of employee surveys with 27 organisations across New South Wales. Funnily enough, pay is not the main reason why people leave their jobs but it is becoming an increasing factor with the increasing cost of living as well. Career opportunity or perceived career opportunities is another reason why people leave.

Mr FIELD: Work/life balance, flexible opportunities, some people like part time work.

CHAIR: There is no reason why that makes you unique to anybody else in any other sector other than the fact that you are wanting to—

Mr STUART AYRES: It does mean that their workforce is more adaptable to migration patterns. So people who do not want to work full time or are not permitted to work full time or want some more flexibility, it makes them an ideal target for their workforce.

CHAIR: Given that you can recruit people based on personality, they do not necessarily have to go and do a two year diploma or a three year degree—

Ms RICHARDSON: It is an added advantage if they have got that and the personality.

CHAIR: That is an added advantage and that means that they will be going into management roles and all that sort of stuff but with your 30,000 person deficit in the foreseeable future you do have the luxury that you do not necessarily have to start investing in universities and TAFEs right now, you can get a level of your workforce straight from the street, just depending on their personality.

Ms RICHARDSON: With the exception of allied health.

Mr HOLZ: Also there is the competition with adjacent sectors as well.

CHAIR: That was going to be my point.

Mr HOLZ: You have got aged care which is ramping up. We have got an ageing population who are going to require support there and you have got increased focus on childcare, getting parents back to be able to participate economically quicker.

Within that whole space, they are very similar in terms of their attraction for potential workers in the sector.

CHAIR: The question we need to ask ourselves for your particular sector is what can we do to attract and retain employees, that does not necessarily mean that we have to add an extra 20 per

cent on your wages bill? I am assuming that this fringe benefit tax amendment with cars is going to hurt your sector.

Mr HOLZ: Yes, without a doubt.

CHAIR: That is probably one of the small financial benefits that your staff can get.

Mr HOLZ: Correct. Certainly the capacity to salary package and the fringe benefit tax exemptions that exist are particularly attractive to people, particularly as they move up into management roles and the tax breaks that that can create.

So in a sector where your capacity to compete in an open market in terms of attracting good staff is limited by the amount you can pay, those fringe benefit tax exemptions are crucial. I might add, the upper threshold of that has not been changed since its implementation well over a decade ago.

Ms NOREEN HAY: What about insurance?

Mr HOLZ: In what way?

Ms NOREEN HAY: For your employees that use a car and pick up a client. How is their insurance covered?

Mr HOLZ: Typically within organisations if the organisation owns the vehicle, it would have comprehensive motor vehicle insurance package which covers all the company vehicles. In other instances where an individual engaged that is understood that they would use their own private motor vehicle from time to time to transport people, then in that case generally speaking the organisation would ensure that that individual does hold comprehensive motor vehicle insurance and they would be compensated. It varies across organisation to organisation but the most common practice is to reimburse on a per kilometre basis.

CHAIR: What possessed you to ask that question?

Ms NOREEN HAY: Well because I actually go back in the industry to prior to when the Commonwealth Home and Community Care system was introduced and one of the major problems for staff was the fact that they had to get their own insurance.

CHAIR: You think that was turning people off?

Ms NOREEN HAY: I can tell you because the home care service did not supply the car, they therefore did not supply the insurance but the employees were still expected to pick up somebody and then the question was who is responsible if the person you are taking to a shopping centre injures somebody else.

CHAIR: One would hope it has progressed a lot since those days.

Ms NOREEN HAY: I am trying to ascertain that.

CHAIR: It was a strange question to ask, but now you have explained why you asked it.

Mr HOLZ: That is true, those arrangements still do exist.

CHAIR: It is 2.30, so we have to move onto the next witnesses. Can I thank the three of you for your submission and your time today. That 30,000 figure is frightening I suppose.

Ms NOREEN HAY: Exciting as well though.

CHAIR: Yes, I think as Noreen said, it is better than the other option. At least you are not telling us you have got to shed 30,000 jobs.

The Committee reserves the right to put any further questions to you in writing and just so that you are aware, if you do reply to those questions in writing, they will form part of the public document that is this Committee's inquiry.

Mr HOLZ: Thank you. We look forward to any additional questions that you may have.

(The witnesses withdrew)

PROFESSOR BRAD SCOTT FRANKUM, Board Member, Australian Medical Association of NSW and Chair of the Hospital Practice Committee for Australian Medical Association of NSW, affirmed and examined:

MR SIMEON JONATHAN MEAD, Director Policy and Communications, Australian Medical Association of NSW, sworn and examined:

CHAIR: I am David Elliott, the member for Baulkham Hills. I am joined by my Deputy Chairman, Mr Stuart Ayres who is a Liberal member from Penrith and Mr Jamie Parker who is the Greens member from Balmain, Mr Chris Gulaptis who is the National Party member from the Clarence and Ms Noreen Hay, who is a Labor Party member from Wollongong.

Welcome to the Economic Development Committee and our deliberations on skill shortages. It is a bipartisan Lower House committee. In fact, it is a quad partisan. But having said that, we do not throw rocks at each other at these committees, it is very much an ecumenical affair.

We appreciate you taking the time and of course your submission which was dated 21 June. I suppose we might commence by inviting you both to speak to your written report and if there are any supplementary remarks about your written submission, then the Committee will commence into deliberations. We have got a good 40 minutes, so we are pretty keen to commence. I might start with you Brad.

Prof FRANKUM: Thank you very much for listening to us. I will just start by saying that for many years now overseas trained doctors or international medical graduates as they are known, filled the voids in our health system. This has been and remains the case predominantly in rural and regional and outer metropolitan New South Wales in both private and public practice and in general and specialist practice.

At the hospital where I predominantly work, which is Campbelltown, which as you know is in the fastest growing region of the State, and we have the second or third busiest emergency department in the State, there are no full time staff emergency medicine specialists working there. There are several working part time who are employed by Campbelltown, others rotate in, but most of the middle level staffing is provided by Sri Lankan doctors who are here on subclass 457 visas.

This is replicated across many hospitals in the State and not far from here even. It is not just out in rural areas. A lot of rural general practice is also being held together by international graduates on those visas. We owe these people a great debt that they are doing the work for us, but I think the aim is to be self-sufficient with our medical workforce and that has been stated by Government.

The reasons for the shortage I guess are many and complex and historical, and I will not go into them, but the end result is, in my opinion, that there is inequitable provision of quality health care across the State. I think the inequities are really quite marked and the skill shortage is a large part of that.

If you think about it, if you have a lack of highly trained staff in a hospital for example, that is not just going to impact upon the health care given to an individual who presents to that hospital, but it affects the whole. People do not move through the hospital as quickly, so there is bed blockage. You hear about bed shortages all the time. You have unnecessary admissions when perhaps skilled care could have prevented that presentation or admission in the first place. It delays discharge, particularly when there are issues with unfamiliarity with the system or what is out there available in community health to help manage people. You often have cultural and communication difficulties, that also result in mistakes or errors, medical error if you like, and patient dissatisfaction.

I think the other big problem is that there is a real lack of access to general practice and specialty service for many sections of the community, so people in some small rural towns wait for

weeks to see their general practitioner, whereas in the city people can just drop in and see a doctor often, or they cannot and they end up in the emergency department being seen for general practice problems when they would be better served being seen in general practice.

To conclude my opening remarks, if you are an aspiring Socceroo but you happen to be growing up in Claymore in Campbelltown and your parents are poor, and you break your leg on a Sunday, there is every chance you are not going to get specialist high quality orthopaedic care promptly or without pain and a lot of people cannot afford to pay for that. Whereas if you are lucky enough to be the aspiring Socceroo in the northern suburbs, then there is every chance you will get a specialist on call who can fix you.

We need to have much better distribution of those sorts of specialist skills and availability in my opinion so that all of our community, and particularly our children and elderly people get better care.

Ms NOREEN HAY: Hear, hear.

Mr JAMIE PARKER: How do we do that; that is the question?

Mr MEAD: In our submission I think we tried to make a simple point and that there is a once in a generation perhaps opportunity to solve some of these medical workforce problems and the key point that we make is we do not want to miss that opportunity.

As we say in our submission, if you go back to 2004, all Australian Governments recognised the need to address medical workforce shortages, increase the number of places in the medical schools to the extent that they have more than doubled and those graduates are starting to come through right now.

The problem is of course that in 2004 the economic situation was a bit different to what it is today and I think governments are much—governments are always concerned about their budgets obviously but I guess they are much more concerned now than they were then—and the responsibility for the training has changed from the under graduate level, which is Commonwealth responsibility to post graduate level, which is State responsibility.

There is this need to ensure that there is enough post graduate training going on to get these graduates out of medical school, through to the general practice and specialist qualifications that they need.

As we pointed out, that is a five to 10 year process from the end of medical school through to being a general practitioner or a specialist. We are not going to address those medical workforce shortages unless we provide that training to get people into a general practice qualification or a specialist qualification.

We biggest risk we think that we face is that we get all these medical graduates out of medical school and we fail to turn them into general practitioners and specialists because it does cost a lot of money to do that. So I think that is the key point that we want to make.

CHAIR: Before I open up to everybody, you used a word in your submission which is unique to the economic community and that is ethics.

Mr STUART AYRES: Speak for yourself.

CHAIR: I think you alluded to it Brad.

Prof FRANKUM: Yes.

CHAIR: With the exception of, I think Cuba, we have the best ratio of doctors per capita of any country in the world. I was delighted to see you say that the notion of giving a subclass 457 visa or indeed, offering permanent residency to a doctor from a third world country is quite immoral when you think about it. I must admit, in my electorate I have got one of the largest Indian populations, in my seat of Baulkham Hills than any other electorate. A lot of them are doctors, cardiologists and the like. I have got to say, I am a bit worried that the nation of India really does not have the opportunity to train too many doctors per capita and we are taking them over here. Who is left over there with a booming population?

When do we have enough doctors per capita and why is it then that even your fraternity is still allowing the doctors to come from third world countries, or is it just something that we as a State and you as a fraternity cannot control?

Prof FRANKUM: Well, we do control it I think it is fair to say.

CHAIR: You examine them when they arrive, do you not?

Prof FRANKUM: Yes.

CHAIR: The Australian Medical Association examines them as they arrive.

Prof FRANKUM: So people who train overseas have to go through the Australian Medical Council process to be eligible to practice in Australia. Many of the people who have come from overseas have had limited provider numbers, so they have only been able to practice in certain areas of need, which is often rural and regional places.

We do control that but the need for those area-of-need positions has been because locally trained people do not choose to go and work in those positions. I do not think our problem has necessarily been a lack of numbers in Australia; it has been a lack of people willing to work in the less desirable places.

I do not fully understand that myself but one of the reasons has been the lack of diversity in medical school training and we have addressed that in many ways. I am Deputy Dean at the University of Western Sydney Medical School. The University of Western Sydney Medical School is set up specifically to train doctors in greater western Sydney to work in greater western Sydney. Wollongong was specifically designed to train people who are comfortable and keen to work in regional and remote places.

That is coming through and hopefully we will redress some of those problems that you alluded to. But I think the other thing is the community expectation in this country is that we will have ready access to general practitioners and ready access to specialists. When you say there are a lot of doctors per capita, there is also a lot of community usage of the medical system per capita compared to other places. It is a community expectation I think.

CHAIR: I went to the University of Western Sydney. I did my under graduate study at the University of Western Sydney and like Stuart I represent a western Sydney seat but you cannot compare western Sydney to say, western New South Wales. It is not hard for a doctor at Parramatta or Penrith or Campbelltown to commute from a more affluent part of Sydney if they decided to go to university in the central business district and live in Vaucluse.

Mr STUART AYRES: The point is they are not.

Prof FRANKUM: They have chosen not to so far. Well, not all of them, I work at Campbelltown.

Mr JAMIE PARKER: What the evidence has shown us though is that if you study at the university in an area where you live, you will stay in that area.

Mr CHRIS GULAPTIS: Generally.

Mr JAMIE PARKER: Convincing high skilled, high paid professionals like doctors to move somewhere else is very difficult.

Thank you for making your submission and thank you for coming along today. I was made very strongly aware of this internship issue. I am in the electorate of Balmain, so there are probably a lot of doctors, sons and daughters wanting to be doctors as well. Quite a few interns were quite active in the area about the fear, which was resolved at the last minute I think, about not being able to gain internship places. So they have spent all that money—some of them—doing their degrees and they are concerned that they cannot move on.

That is something obviously that as a State Government we can work to ameliorate and fix, and that is exactly the point that you raised. What is the future for the intern situation in our hospitals? I should say that in my electorate I am just on the edge of Royal Prince Alfred Hospital and even at Royal Prince Alfred Hospital there are subclass 457 visa staff. That would be, I would have thought, a very desirable location for doctors to work.

So it is clear that there is the capacity for us to generate domestically trained professionals in the health sector to be able to work in what I think is one of our premier hospitals.

What is the way forward for internships, taking into account this displacement that you have talked about, more senior doctors being displaced and the other issues that you have raised in your submission? Where are we at the moment and what would you suggest that we do to help solve it? I am not sure who the correct person to answer that is.

Prof FRANKUM: We can both have a go at that one.

Mr MEAD: This submission was written in June obviously and there has been some further information about next year's internships. The Commonwealth Government just announced, I think a week ago, some additional funding for some internships.

Intern numbers are always a bit of a guess in terms of how many people are going to apply, so it is a bit of a fuzzy area, but the guess at the moment is that there is probably a gap of around 200 between the number of applicants—this is nationally I should say—for an intern place next year and the number of places available. There is another 60 that the Commonwealth has just announced reduces that by 60 obviously.

Last year it became apparent that there are a number of overseas fee paying students who apply for internships in both Australia and their home country and I guess juggle the timing and the whatever, and end up going back to their home country. The best estimates that we are getting is that the gap this year will be close to that 60; possibly there will be some people who will miss out in terms of getting internships.

Our concern is always that this issue does not just focus on those internships and in particular on the overseas students who are trying to get internships. Our concern is very much to emphasise that the point is that the Health Workforce Australia planning data shows that we actually need all these doctors and probably a few more.

Every medical graduate that we do not provide a post graduate training place for is a doctor that we do not get to become a general practitioner or a specialist and another doctor that we are short

in terms of the projected estimates that have given. At least 3,000 doctors by 2025 nationally. More likely somewhere in the region of 15,000 to 20,000 doctors nationally. I think State Government New South Wales, Commonwealth Government and other governments are working really hard to address that internship problem. I think, probably, as I say, guesswork, largely succeeding and that is obviously very good, but the issue is starting to be the years beyond the internship and we are starting to get—we have not got any hard evidence, we have only got anecdotal evidence that there are people missing out on jobs beyond that intern year, which obviously you provide them with an internship, that is good but they are still not going to become a general practitioner or a specialist unless they complete that training pipeline.

Prof FRANKUM: Domestic students have first choice of intern placements and then international fee paying students have second choice. There has really been no question that all of the locally trained Australian citizens will get an intern position. The dilemma has been finding positions for the international students.

You could argue is it not good that people might go back to their home countries to practice. In the long term that is good but in my opinion the internship is really just an extension of your under graduate years. If we do not complete that training with a year at least in the hospitals I think we are letting these people who have paid a lot of money to come here and study, down.

Secondly, I think most of us feel that it is desirable to have locally trained people staffing our hospitals rather than overseas trained people, where there is a significant adjustment period when people first arrive, trying to adapt to our system.

That is why we think there is an imperative that all of these students we are training have an internship and second year. It is a two year contract in New South Wales, but then of course, as Sim was saying, our concern is that there needs to be an ongoing career path for everybody as well because it takes many years of additional training before you can practice independently really.

Mr STUART AYRES: Brad, this is another policy area that suffers from a clear lack of understanding around where the funding for health comes from in this country. Sim, you said right at the start that the Federal Government is responsible for under graduates and the State Government is responsible for post graduates, except everyone with a quarter of a brain would recognise that the internship is a natural extension of the under graduate program.

We run into this situation around how we fund these positions. We all know that we could do with having extra doctors around and so until we get some real clarity around the funding mechanisms, and it is not necessarily finding the places, it is actually funding the places. If you fund them, the places are available. They almost certainly become available. If the Federal Government decides that it wants an extra 60 internship places out there, it puts enough money on the table to fund an extra 60 places and those 60 places get filled.

If they chose 140, they would get filled. I think it is a pretty simple scenario, in that if we get greater clarity over what happens between State and Federal Governments with relation to health and getting rid of the duplication and the co-tenancy of health in this country will go a long way to addressing some of these concerns.

The New South Wales health should be able to manage its own workforce and at the moment it is not because it has got to cry poor back to its Federal Government counterpart around what happens with relation to funding.

If you wanted to get me even more angry about this issue—if you have not already recognised that I am a bit fired up already—I can cite a Facebook post that happened last week in my electorate about a Federal member of Parliament who is obviously a candidate of this election, who posted about their wonderful infrastructure investment in a particular hospital and the moment

someone jumped on there and said but I have had some issues with service delivery in that hospital, that member of Parliament jumped back on Facebook and said, that is not my problem, go and talk to your State member. It is like, you are killing us. Seriously. We either deal with this problem –

Ms NOREEN HAY: Mr Chairman, if I start getting political I am sure you are going to bring me to order.

CHAIR: He did not mention the party.

Ms NOREEN HAY: He is plugging Facebook at the moment.

Mr STUART AYRES: Fair enough. My point here is that until we actually get jurisdictional control sorted out over health, it does not matter whether it is infrastructure, investment or workforce planning. We are going to run into the same problems.

Prof FRANKUM: And it goes beyond that because the Commonwealth pays for general practice training positions and the State pays for specialist training positions as well. But a lot of specialist practice occurs in the community and that is funded largely by Medicare and yet trainee specialists in hospitals do not have access to that training in the community with existing specialists, again because of the funding arrangements.

Not only that, I think the State still does not have a really good idea of exactly how many people are training in what specialties. There is no plan about how many cardiologists we need at Tamworth and Armidale, and Albury and all this sort of thing.

Mr STUART AYRES: I agree with you Brad.

Prof FRANKUM: So that sort of detailed planning is essential, but the State hospitals do not actually have training positions based on the projected need of the community for that specialty in the long term. They have training positions based on the staffing needs of that hospital at any one time, which if you think about it is a really poor way to determine how many people are trained in a specialty.

Mr STUART AYRES: Absolutely it is.

Prof FRANKUM: It is just to run Prince Alfred or Campbelltown or Liverpool Hospital safely and yet at the end of it we do not know how many people we need to go and practice in the various places. So really I think that a really specialist workforce plan is lacking.

Mr STUART AYRES: That is the same as the audit we have had.

CHAIR: You are saying to us that you cannot tell us where the specific regional shortages are?

Mr JAMIE PARKER: From a patient need perspective you are talking about?

Prof FRANKUM: Correct, yes and both the hospitals and for community practice. So I can tell you what is happening at my hospital where we have three neurologists and we need at least four or five because we have a huge neurology service and we cannot attract a neurologist. But I cannot tell you if that is happening at 20 other hospitals around the State.

CHAIR: The only time you can really identify that is when you read about it in the newspaper I am assuming?

Prof FRANKUM: Well we would rather not do it that way.

CHAIR: I agree. As I said, as Stuart just alluded to, this has been the consistent, if not every single one, of our submissions have said that they need a skills audit and you are pretty much saying exactly the same thing.

Prof FRANKUM: Well the Australian Medical Association does that sort of work but it varies.

CHAIR: But only for doctors.

Prof FRANKUM: Only for doctors. It is very difficult.

CHAIR: There would be a lot of allied health workers as far as the registered nurses and not to mention specifically the various types of registered nurses that you are just not going to be able to identify.

Prof FRANKUM: Well Health Workforce Australia's figures show that the nursing shortage is much greater than the medical shortage I think, does it not?

Mr MEAD: Yes.

CHAIR: At the risk of getting off track, what is the Australian Medical Association's position on nurse practitioners in regional New South Wales?

Prof FRANKUM: Do we have a stated position? I do not know that we do.

Mr MEAD: So you are talking about Australian Medical Association New South Wales?

CHAIR: Yes.

Mr MEAD: There is a federal Australian Medical Association office which does a lot more in terms of producing position statements than we do and I am sure they have got a position statement on that.

CHAIR: They have got a bit more policy?

Mr MEAD: Yes. I think you have got to distinguish between the hospital workforce and the community workforce. Certainly in the hospital workforce—I emphasise when I say this, this is not an Australian Medical Association policy position, this is my observation of talking to doctors.

CHAIR: Yes.

Mr MEAD: I think that doctors in hospitals pretty much are strongly in favour of nurse practitioner and when you talk to people in emergency departments or other sections of the hospital, there will be a lot of support for nurse practitioners in appropriate positions obviously.

I think in the community it is a much more difficult issue and you are really getting into questions of what you think the regional health workforce should look like. I think you get into a very difficult position by saying are you going to provide a nurse practitioner where there really should be a doctor?

CHAIR: Yes, that is right. It is a cheap way out.

Mr MEAD: And are you saying to the regional population of New South Wales, well you can have a nurse practitioner but we cannot afford or we cannot get you a doctor.

CHAIR: Or do we go to them and say this is as good as it is going to get? It is better than nothing.

Mr STUART AYRES: This comes back to the same premise about identifying where the needs are. You have got to be able to identify where those deficiencies are and if you take Jamie's intern issue, and Brad you used this phrase before, one of the dominating phrases when we talk about that is that these students have come to Australia, they have trained in our system, which is our preferred method and they have done it at great expense. We are constantly talking about we should find an intern position for this person because they have invested a lot of their own money.

My view about this is that we should be finding an intern position for them because our system actually needs them. Yes, they have made the investment but the reason why we have not been able to do that is somewhere along the way it becomes a question of dollars because we have not planned our workforce requirements strongly enough.

CHAIR: No, you are quite right.

Mr MEAD: I agree with that but what the Council of Australian Governments has done is funded Health Workforce Australia to look at exactly that question, what is the community need and hence, their projection through until 2025 that we will still be short of doctors, even if we train every single one of these medical graduates through to general practitioner or specialist level. Hence my concern that the issue is not just to find a place for international medical students because they paid a lot of money to get their degree, but because we actually need those people to stay in Australia and become a general practitioner and go and work in Bourke or wherever.

Mr JAMIE PARKER: Can I just ask, that research that you mentioned about the numbers by 2025, does that drill down to specific situations that you were saying where there is a lack of clarity, does it say that we need 15 in Campbelltown and 20—it is just like a broad brush?

Mr MEAD: It is a national picture of it.

Mr JAMIE PARKER: It is not good enough for us?

Mr MEAD: No.

CHAIR: At the risk of stating the obvious, what is the reason you cannot get a doctor to regional New South Wales, money, lifestyle?

Prof FRANKUM: It is not money in my opinion. A lot of country towns have offered huge financial incentives to people to go and practice there and still have been unsuccessful or people do not last. I think the main issues are lack of professional support. It is not a lot of fun practising in isolation and so people burn out. They are basically on call all the time and it is very hard to find suitable locums to replace them so they can have leave, go to conferences, that sort of thing.

There is variable support for people from the larger base hospitals and the teaching hospitals. So if you have got an extremely sick patient in your little emergency department somewhere and you are ringing around trying to find somebody to take the patient or organise a transfer or whatever, those systems are improving but it is very, very challenging.

I think also the general practice is such a diverse field now. Most general practitioners actually specialise within general practice so the thought of being the sole practitioner in a town somewhere is very challenging professionally and similarly for specialists. I was the sole immunologist at Nepean Hospital, a big hospital in Sydney for 10 years before I left there and I have not been replaced at Nepean; so Nepean has no immunologist.

Part of the reason I left was to work in a group of specialists where we can learn from each and build up a unit together and all that sort of thing. So I now work with three other immunologists at Campbelltown in a service. I think a lot of us, we train to be in teams and then we find ourselves not being able to work in those teams. It is schooling for children I think as well.

Mr CHRIS GULAPTIS: Lifestyle services. We had fly in/fly out doctors and medical staff and we are on the north coast. So lifestyle and provision of services to suit those lifestyles is a determining factor.

Prof FRANKUM: But hopefully programs like the Wollongong program will equip people better to work in those situations. I think our under graduate and graduate training has been really quite poor at teaching those very different skill sets that people need to work in those situations.

The fly in/fly out is better than nothing but I think it is not the same as having doctors who are part of the community, which is really important.

Mr STUART AYRES: You have just made an interesting point that I had not given a huge amount of thought to. Your productivity in your immunologist team at Campbelltown is going to be significantly greater than if the three of you were operating individually in three different hospitals. Perhaps part of the arrangement here is—to use your case study as an example—rather than actually filling one position, how do we actually create teams so that you can feed off each other, work off each other?

In rural and remote areas it is not about finding one doctor, it is about finding three that can work with each other, share that load, share that experience, et cetera.

Mr CHRIS GULAPTIS: That will be difficult.

Mr STUART AYRES: I just wonder whether we are focussed about—

Ms NOREEN HAY: It is happening more and more now too in places like Wollongong. My personal doctor is an Indian doctor but they set up a family medical practice which started off with two doctors and there are now seven doctors from all kinds of cultural backgrounds in that one practice; so perhaps if you had a team or even started with two, that that might grow through the success of those two practitioners.

Mr STUART AYRES: There is also the economy of scale factor with health as well from a general practitioner perspective.

Prof FRANKUM: Yes.

Ms NOREEN HAY: One of the examples that came up in my electorate was whether or not there is a recognition obstacle for some of the doctors. There was an Indian paediatrician working under the senior paediatrician at Wollongong Hospital for seven years and the senior paediatrician came to see me about the fact that he could not get him released from the requirement to be supervised even though he had been there basically working unsupervised for a couple of years up.

Do you see that as an obstacle for doctors? Is it too difficult for them to get out from under that supervisory requirement?

Prof FRANKUM: The reason that arose was that people would come in from overseas and go and work in Griffith or somewhere remote for a year or two and as soon as the requirement for them to be there ceased, they would hot foot it for the eastern suburbs of Sydney. I think it was the Australian Medical Council came up with very long term supervision requirements and specified

where people could work for a long period of time.

Now that seems very harsh for that particular individual who is probably a very competent practitioner but it was a necessary thing to actually achieve the reason why they were allowed to come and practice in the first place and that is ongoing. I have supervised quite a number of overseas specialists who have worked at my hospital over the years for varying periods of time. I think the main problem is that the rules seem to be different for everybody. It seems a little unfair at times.

Ms NOREEN HAY: Seven years seems a long time.

Prof FRANKUM: It is a long time.

Mr STUART AYRES: It would be a deterrent in itself.

Mr JAMIE PARKER: Very interesting; it goes all back to the data, does it not?

CHAIR: It does. You will be relieved to hear I think Brad that you are pretty consistent with every other industry in some of these challenges that you have got. Probably the only outstanding issue for you is the unique role that the doctor has in the community and certainly the pathway to become a general practitioner makes the isolation of working in regional economies probably a bit more of an influence on decisions of where you are going to go and what you are going to do, but everything else is consistent with what we have heard from everybody else.

My take away is that we need to encourage Charles Sturt University and the University of New England to establish medical faculties. We need to do a skills audit.

Ms NOREEN HAY: Just wait till Wollongong University gets going; we will be able to send them all out.

Prof FRANKUM: I am not sure about that. I think it is starting to work actually, the rural programs that have been in place for some years. I think we have been a little premature to think they have failed. We are just starting to see some people who spent time in rural clinical schools now becoming general practitioners and specialists and moving back to rural areas.

I think people will go off and work in the city for a while or go overseas or whatever, but the long term aim is to get people to settle in the country and we are starting to see it. I think what we have got in place is starting to work.

CHAIR: That is still part of their education, going to the clinic, we are still getting them out to that clinic to do part of their training.

Prof FRANKUM: Yes.

CHAIR: It all comes down to that at some stage in their training they need to be able to realise that there is a legitimate and attractive option in working in regional New South Wales.

What is stopping us from implementing, like the military does with its medical officers, a return of service obligation say to the people of Wagga Wagga that they have to lock into a long term commitment as opposed to a contract?

Prof FRANKUM: Well there has been the bonded rural places whereby people get an under graduate position that they would not otherwise get if they agreed to spend time there.

CHAIR: That is the difference, the community saying to a graduate doctor come to our community because we are going to give you a free house, they are sizing up, well I have finished

now, do I want to take the free house in this community for X years or do I want to go to the eastern suburbs, which is the example we just had, as opposed to giving it to the 18 year old first year student, you are not going to carry that Higher Education Contribution Scheme debt for the rest of your life, we are going to pay for it all upfront and in six years' time you are going to give us a return of service obligation.

Prof FRANKUM: Students do everything they can to get out of it. It seems to work better for the Defence Force than it does for the State Government.

CHAIR: I was in the army with doctors. They break their legs, they do everything to get out.

Prof FRANKUM: I do not think conscription works because the financial rewards in medicine are quite substantial for people if that is what they are chasing anyway and they will basically make enough money if they push this envelope in the city somewhere. So I do not think that actually works. I think we have got to make rural practice an attractive option in other ways.

I talked about isolation being a bad thing but independence is a good thing. For rural practitioners, you get to do more, you are more part of the community, you are less regulated. So I think we should be pushing all those freedom of practice things rather than conscription.

CHAIR: Why do you think it works for the military then?

Prof FRANKUM: I think people who actually sign up for that want to do it.

CHAIR: They want to be a military officer.

Prof FRANKUM: Whereas most of the rural bonded students, they sign up because they want to be doctors, not because they want to be rural bonded students. They will do anything they can to do medicine and then once they get in they think well why should I have a different situation to these other people?

Ms NOREEN HAY: That is a bit poor ethically?

Prof FRANKUM: They are students.

Ms NOREEN HAY: Just on that basis though, because I do agree with David on this—not on much but on this—for many, many years BHP was undertaking contracts to sign people up overseas, particularly in Britain, on two year contracts, you can come out here for 10 quid—I paid my own way, by the way—and you have got to stay for two years. Conversely though, when BHP started to go bad and they had brought all these people out, after three or four months they terminated all their contracts. But it did not alter the fact that those people would have been required to give that two years; that was the deal.

Mr MEAD: I think we have got to be cautious about making working in a regional community a punishment.

Mr JAMIE PARKER: I agree with that.

Mr MEAD: I was out at Orange Base Hospital earlier in the year and they place junior doctors out there. A lot of junior doctors go to the country on a rotational basis, they work at Royal Prince Alfred and go to somewhere for three months or whatever. But Orange Base Hospital has a permanent group of junior doctors of roughly 20 I think. I was talking to their supervisor and he said in the five to seven years that he has been supervising that group, they had the opportunity to go back to the city to do a term, so the opposite sort of rotation, only one of the doctors in that five years has

taken that opportunity for one term; so one out of 100 doctors. So they create a really good teaching environment at Orange. They have got good supervision, as Brad said—

CHAIR: But Sim, with respect, there is a big difference between Orange and West Wyalong and Orange and Tibooburra.

Mr MEAD: Yes.

CHAIR: I would be quite happy to take a senior management role in Orange any day because you can be back in Sydney at eight o'clock on Friday night.

Ms NOREEN HAY: I think it is important to record, in my description I am not suggesting it is a punishment at all. What I am saying is that if you have a contract, I truly believe, having lived in Wollongong now for over 30 years, that once they go and experience it they will then love it and see the benefits of it, not as a punishment but as an incentive, an encouragement and then they will see the pleasures of not living in the hustle and bustle of the central business district.

Prof FRANKUM: I think West Wyalong needs to be in a network with Orange and other successful places where those doctors form a co-operative group, and we have not done that as well as we should.

CHAIR: I think you are right.

Mr STUART AYRES: Collegiality of the profession is critical.

Prof FRANKUM: Yes.

CHAIR: Thank you gentlemen. We may have some further questions for you which we will submit via email probably to you, Sim. Just so that you are aware, if you respond to those, they will form part of the Inquiry's deliberations and therefore a public document. Unless you have got anything else to say, we wish you a good afternoon and thank you very much for taking the time here today.

(The witnesses withdrew)

MS ADAMA KAMARA, Community Projects Officer, Auburn Employment Working Group, sworn and examined:

MS PATRICIA FROST, Chief Executive Officer, Inner West Skills Centre, Auburn Employment Working Group, affirmed and examined:

Ms NOREEN HAY: I should declare I used to work under Patricia, as a specialist migrant placement officer.

CHAIR: I should declare that I went to school in Auburn. Thank you very much for taking the time to write a submission. Patricia, have you appeared before this Committee before?

Ms FROST: No.

CHAIR: I am just trying to work out where we have met before.

Ms FROST: I have been around a while.

CHAIR: What we might do to commence the proceedings is invite you both to speak on behalf of your submission and make any supplementary remarks you may wish to put on the record. Unfortunately our Deputy Chairman, Mr Stuart Ayres, had to go back to Government Macquarie Tower. He has just been promoted to Parliamentary Secretary so he is trying to juggle about three jobs at once at the moment.

But the other Committee members are Mr Jamie Parker, who is a Greens member of Parliament from Balmain, Mr Chris Gulaptis, who is a National Party member of Parliament from the Clarence and this is Ms Noreen Hay, who is a Labor Party member of Parliament from Wollongong. You have actually got all four political parties represented here today in the Legislative Assembly, which I suspect is very unique.

Ms KAMARA: I thought I would highlight a couple of things before we go into some questions. The Auburn Employment Working Group was established in 2006. Employment is not Local Government's key responsibility but because of the high unemployment in Auburn, which is about 8.6 per cent of the population are unemployed council, in partnership with local providers, so they receive funding from the Federal Government to provide employment services. There are registered training organisations, as well as community service organisations that are part of that employment working group. The idea of the working group is to come together to address employment issues because it is a high unemployment area.

In Auburn there are two key distinct groups that we target our work with. One is highly skilled and qualified migrants and refugees and the other is looking at low skilled refugees. They are quite distinct needs and barriers they face in seeking employment.

I just want to distinguish that unlike probably the previous people you had speaking, there are two groups that we are dealing with predominantly in Auburn.

Some of the key barriers they are experiencing in seeking employment are lack of local experience, the professional networks, not being familiar with or having a professional network to be part of so that they can gain that local experience to get the employment. English language is a barrier, particularly for those low skilled refugees. There is also skills recognition, the high costs and the long period of time it does take to have overseas skills recognised.

Those barriers have a significant impact on their employment and what we do find in Auburn, and that is not unique to Auburn, is that they are often going into quite low skilled jobs just to pay the bills and to just get on with life and provide for their families. Particularly with the high

skilled, high qualified refugees, they are looking at getting into low skilled jobs.

Ms FROST: I guess I am part of the system that fails them in a way, in the fact that as a provider of employment services, we are seeing these people with very high skills come to us for assistance but be categorised as very low level of assistance. They want to work. They do not want to go into some of the other options that are available to them. They have come to Australia to work and that is a priority, and because we are unable to assist them right away because of funding issues, what tends to happen is they disappear and go into low paid jobs and very frequently cash in hand jobs where they have got no protections at all and they disappear off our radar.

We are actually losing people that have the potential to fill high skilled jobs and at the same time when they are taking lower skilled jobs, they are displacing other people that might have taken those jobs.

CHAIR: I just want to disclose, I was born and bred in Bankstown and I went to school in Auburn. My best man was a Lebanese guy and my groomsman was Croatian and my wife's bridal party, they were all Maltese. So I am a product of where you live. It was very much a United Nations upbringing. So I am very, very conscious of the challenges that you have in your particular Local Government area and I am going to try to be as objective as possible.

The first question I want to ask is, you talked about the skilled refugees that have got to dumb down their work life because of these challenges that you have put here. For us, we have just sat through two days of submissions, I know exactly what is going through everybody's head at the moment, and that is, how do I get your unemployed people to Cobar where there is 1.5 per cent unemployment? That is probably what everybody is thinking at the moment.

What are the types of qualifications that these skilled migrants have got that have to dumb down for their work life?

Ms FROST: Engineering is one; teaching is another, accounting, a lot in the finance industry and high level administration people.

CHAIR: Where do they come from? What languages do they speak? Where do their qualifications come from?

Ms FROST: The highest number would be from Afghanistan and then probably Iran, Iraq, and increasingly from African countries.

CHAIR: These are boat people essentially that have come over?

Ms FROST: Not necessarily.

Ms KAMARA: It is reflected in the intake, the humanitarian refugee intake. So right now you have got people from Afghanistan who would be the highest intake. That is all through the offshore process, so it is not through boats. All these people have gone through offshore visas and have arrived here.

Ms FROST: And a lot of them have spent a long time waiting to get here, trying to make a better life for their family and the fact that they are unable to find work is causing huge stress on them.

CHAIR: Auburn is not a good example because when we are comparing to parts of regional New South Wales because it is a very multicultural area. How are they assimilating do you think with Australian society, albeit in Auburn, which probably is not a typical Australian society?

Ms FROST: I think they are quite often staying within their cultural groups. There have also

been some very successful things where there have been numbers of say Afghani people, a lot of them are farmers and have worked on the land. There have been successful things where they have been relocated but in a group, not just a one off person.

CHAIR: Have we got a situation here where it is going to be like the post war migrants where the first migrants had to take whatever manual jobs they could get and the next generation, the Australian born generation or the generation that came out prior to the commencement of their formal education, are now the bankers, the politicians, the doctors and the business owners? Are we just simply waiting like we had to do in the Chinese migration of the late 19th century, the post war migration, are we now just waiting to find the next generation to assimilate?

Ms FROST: We are seeing multi-generational unemployment in Auburn but that is second and third generation.

CHAIR: If it is first and second generation unemployment and we look at your barriers, that cannot be because of English and communication skills; that cannot be because of social networks, I suspect it is not because of computer skills or any of these issues. So why are they unemployed?

Ms FROST: I think sometimes the assimilation into Australian society is quite difficult.

CHAIR: They are born here.

Ms FROST: But even ones that are born here, we are seeing a lot of young people who are caught between a culture at their home, which is probably the culture that they came here from plus the culture that is out there now with young people and there are a lot of second generation young people who are now either involved in criminal activities or gang activities. They are just not engaging with society and I think the problem started with the issues their parents faced when they first came here.

Mr CHRIS GULAPTIS: Can I just jump in on that particular point? Is that because the first generation, those that came here, could not find employment as the others did, like the Chinese and the Greeks and the Vietnamese, who seemed to find employment in Australia at that particular time?

Ms FROST: I think it probably is, yes.

Mr JAMIE PARKER: Thank you for the submission and thank you for coming along. This is actually a very important question about how we manage—and it is not really the purview of this Committee—inter-generational disadvantage.

I should say, my mum taught at Auburn for about 15 years, she was an English second language teacher. We know that one of the most important factors in determining the performance of a young child is the educational level of your parents. If your parents do not speak English or speak English very badly and do not read and write English, the performance of that young person is significantly compromised. So that person is less likely to finish school, less likely to have a high level of education, less likely to go onto further study, more likely to be an unskilled worker, et cetera, et cetera.

We know that that disadvantage can travel through generations and we know it ourselves, because our mum and dad would have helped us at school and that kind of thing. That is one point.

I should say that my personal experience is predominantly in the Burmese community. There is a significant Burmese community in Auburn.

Ms FROST: Yes.

Mr JAMIE PARKER: I know that the Burmese community has a big focus on education and they are very focused on trying to get children to progress, but still there are problems and difficulties in that community.

What I took out of this document that you put to us is that we have heard about engineers, there are all these overseas professionally trained engineers that we are desperate for, but we cannot get them out of that position of a taxi driver or a cleaner and get them into engineering work where we really need them. So we have to identify what those barriers are.

It is a lot cheaper to get somebody who already has overseas qualification and get them into work than us having to put people through university and so on.

Specifically when it comes to this Committee we are looking at how we can manage this skills issue. What additional things do you think as a State Government— or it might be advocacy to the Federal Government— that we could be doing to free up that situation? There are two which you have identified most clearly, which is the credentialisation problem and I know for example, a Burmese friend of mine who is a doctor in Burma who is having a heck of a time trying to become a doctor here.

The other one is a question of keeping contact with them, which you mentioned before. Are there other things that you think as a State Government we can be doing to try and help people with these high skills get into high skilled work?

Ms FROST: I think, and it is a Federal Government responsibility, but when they are initially assessed for the job support services, the fact that they might be highly skilled, when they go through the process of assessment, actually bumps them to a very low level of assistance.

Basically all we can do with them is maybe help them with a resume and give them access to a computer for a period of time until they are eligible, and then they are only eligible for minimum services. I know it is a Federal responsibility but the way they are assessed is definitely putting them in the wrong place.

Mr JAMIE PARKER: In order to see if we could facilitate more highly skilled migrants being able to fill those highly skilled roles, what would you suggest should happen with that classification of person?

Ms FROST: That they were eligible for a high level of assistance.

Mr JAMIE PARKER: What would that high level of assistance involve?

Ms FROST: It could involve paying for training because there is tons available and work experience. Work experience is incredibly successful for people who have come to Australia and do not have Australian work experience. It is one of the biggest reasons they are told why they are not successful in the attempts to get a job. Any number of programs can be purchased on their behalf to be able to get them through that threshold.

Even if at first it is not straight into the job at the level they were at, it might be a pathway towards that.

Mr JAMIE PARKER: In the field somewhere.

Ms FROST: At the moment they are going into entry level positions.

CHAIR: We have got two types of people here. We have got the 8.5 per cent unemployed,

which is not that high, because I remember in the early nineties in Bankstown it was 15 per cent, so we are actually doing pretty well. Then we have got the under-employed, as opposed to the people that are not doing enough hours, we have got people that are in positions that they are completely over qualified for.

Ms FROST: Yes.

CHAIR: Where did we get it wrong? Why is it that as Chris alluded to, that we had a migration intake 60 years ago that went straight into the workforce and we have got a migration import now that is unable to find employment? The other question I would love you to both address for me is how do we go into Auburn and recruit people to go and work in regional New South Wales where there are lots of jobs available?

Ms FROST: For the first one, I think it is a different group to the previous intakes. I think this group of people are very commonly the survivors of trauma and torture.

CHAIR: Post World War II people were significant survivors of trauma.

Ms FROST: I accept that, that is true. Also, they have been sitting in refugee camps before they get here. Their expectation is that they are going to have this better life and they are going to have this job, and the jobs for them just are not there.

CHAIR: Who gave them that expectation that they were going to be employed?

Ms KAMARA: There is a whole orientation process before people arrive in Australia, these are the services you are entitled to, this is the support you can get to be able to build a life in Australia and part of that is employment as well.

Ms NOREEN HAY: I agree entirely, I think there is a big difference between encouraging skilled migrants to migrate and refugees. What I was going to ask before David just asked, why are all these refugees, whether they be from African background or whether they be Afghani, finishing up in Auburn in the first place when we know over the years that I was involved in Auburn that there was always this problem of skills recognition?

Then you have organisations that the Australian Federal Government pay for overseas, giving really what is the wrong advice, because when we were told to come to Australia, that all these skills were in demand—I had never heard of Wollongong in my life until we were told to go there. What they did not tell us is that they were two years behind and as we arrived, BHP was laying off 20,000 workers.

CHAIR: But your story is very unique.

Ms NOREEN HAY: I do not think it is.

CHAIR: Well maybe not for Wollongong but it is unique. I have got lots of British migrants in my electorate that went straight to work. I know your situation was very sad.

Ms NOREEN HAY: I came later; I only came in the eighties. So I am thinking that the info—and it has been proven by a number of different people, because in working with immigrants as well, quite often the information being given overseas firstly to prospective migrants is a couple of years behind, but for refugees, you say why do they have the expectation? Because things are so bad and this country is painted as God's own country overseas. Everyone thinks there are jobs growing on trees here.

My issue is how do we get those refugees, once they are accepted of course, to settle in an

area where there are jobs that they could fill rather than what I have seen in my time working with migrants. I gave examples to members of this Committee, you will be interested to know, of me working with a chemical engineer who was employed filling up cars in a petrol station—mind you, they do not pay anyone to do that now—but at that time he was filling up cars in a petrol station. Those issues have not changed.

For me I suppose Patricia, your position was because they are being assessed too highly, probably because they have got skills and can speak English, then they are not entitled to the funded assistance that they really need. Is the answer if they were assessed lower, they could get additional assistance?

My question to you is, would they be better getting something before they actually set foot on our soil so that they could set up somewhere where there are jobs available to them?

Ms FROST: I think you get back to the two groups that we were talking about before. If you are looking at the ones that are unskilled, I think something that encouraged them to go to regional New South Wales is part of a solution and I think it has worked. I know in Griffith there is a group.

I think that where it has worked is where it is planned. It is not just sending one person off. Where it is planned, where you make sure there is the mosque and you make sure there is the Islamic education available. So you nearly have what they are needing as a community there.

I think everywhere that I have read about it happening that the regional communities have accepted the refugees very, very well.

CHAIR: I accept that but you mentioned the example of the mosque. When we had the Greek and Italian migrants coming out and the Chinese migrants coming out over the course of the last 150 years, none of them were told that there was going to be all of those support services when they migrated. I just cannot believe that somebody would leave their homeland, put their life at risk to migrate to Australia as a refugee and then decide that they are not going to move somewhere for a job based on their social circumstances.

Ms KAMARA: I think the people are moving. The experience is that people are moving out of Auburn and outside western Sydney and moving out to regional areas because the cost of living is so high and employment is so difficult. That is what we are finding, that people are moving.

CHAIR: That is exactly what we are trying to get to the bottom of. I cannot understand why a refugee or a skilled migrant would want to live in Auburn, pay for Sydney real estate when they could go to part of regional New South Wales like Bathurst or Wollongong or Orange, some of the examples we have been given.

Mr JAMIE PARKER: For us as a Committee then, what is it that we need to be doing?

CHAIR: This Committee is trying to work out where we are going to find our skilled migrants from overseas and how we are going to spend a fortune on training and manipulating a young workforce into where this labour shortage is, whereas on our doorstep in Auburn we have people ready to go. We have been determining whether or not we bring in more subclass 457 visas or we just go for the medium to long term investment into training people in regional New South Wales into these professions that are in demand; whereas we have got right in front of us an entire population base that somehow we have got to market to them career changes and lifestyle changes.

Ms FROST: There are some good things going on from your Government.

CHAIR: Sorry, I interrupted first. What did you want to say?

Ms KAMARA: I just want to say whilst people are often not working in the areas they are skilled in, it is the support networks. I think that is probably the most common reason people are staying in Auburn. If your language skills are very low and you have got a community around you that speak your language, you have got that informal support that is provided by the community in Auburn. That is probably one of the key reasons, because if they are moving outside of that community, the whole social support is not there. So you have got mothers that are looking for employment or trying to learn English, they have got a neighbour who speaks their language who they trust; they understand they can leave their children with. So that social support network is quite important.

CHAIR: But refugees would have known when they came to Australia it was an English speaking country.

Ms KAMARA: Yes.

CHAIR: If that is all it takes, how do we not find English second language teachers to go to Orange and Cobar and Wagga Wagga? At some stage they are going to have to learn to speak English.

Ms KAMARA: I think that what we are finding, because I have worked in settlement services working with humanitarian and refugee arrivals is that the support that is provided within the metropolitan area is significantly more than the rural areas.

CHAIR: If that is all that needs to be addressed—

Ms KAMARA: So that is why people, sometimes if they are moving out of rural areas to the metropolitan area, it is because of that support. There are limited services out there, and this is just general service across the board, not just targeting refugee and humanitarian entrants or migrants. You are looking at a vulnerable group who will probably need more support. If there is not already sufficient support for the general population then we are going to put them in quite a vulnerable position.

CHAIR: The question for this Committee—to go back to your point Jamie—is how do we get into those areas that demand labour and a workforce that the Auburn community can provide? How do we establish those support networks in these areas of high demand? How can we tell the people that we need to get in there that the payoff of losing some social network in Auburn is going to be the great Australian dream of an affordable house on a quarter acre, a great school and a lifestyle that they would have literally dreamed of in the country that they have left?

Because as you say, regional New South Wales has a fantastic reputation of embracing—despite what some people believe—new migrants. It starts at Woolgoolga with the Sikh community and you work your way right down to Griffith with the Italian community.

The runs are on the board for us. If that is the only thing we need to do, it is like low hanging fruit for this Committee.

Ms NOREEN HAY: I think the point that is being made, and I actually agree with, I do think that in the fifties when people came to this country, they came seeking a better life and they went to where there was employment. Then their families came out behind them, because you were not restricted to 500 family reunions, you could bring your family out.

One of the things they did in England many years ago to get people to leave London, they went out and built up what they call new towns. They actually put all the infrastructure out there. They built a hospital, they built schools.

CHAIR: China is doing it.

Ms NOREEN HAY: And you would be amazed at how many people agreed to go. They did not have to agree to stay there for a particular period of time. I think that a lot of what has been said on both sides of the table today is really in agreement. It is just the means by how we reach it.

We heard from Dubbo how many jobs they have got, how cheap houses are, how good the community is and they still cannot fill their needs.

Ms FROST: Maybe we need to be telling that story in Auburn somehow.

Ms NOREEN HAY: Exactly.

Ms FROST: Because that is not happening, that message of guaranteed jobs and that sort of support, that story is not getting through.

Ms NOREEN HAY: Patricia, just so that you are aware, when we were in Dubbo and I asked whether or not the Orana Regional Development Australia had spoken to the Illawarra about those vacancies, because we have got high unemployment, they had not and that goes back for years. You have still got all these providers that do not communicate with each other sideways.

Mr JAMIE PARKER: Can I ask a specific question about your project, this employment working group. First of all, as someone from Local Government, Local Government always does the heavy lifting. Local Government does all the work and the State follows up the rear after a while and sometimes throws a bit of money that way; so first of all congratulations for getting that together.

The Auburn community I do not think is isolated in terms of communities where there might be the same migrant stories. I think you are right, that it is not effectively communicated that there are fantastic job opportunities in rural and regional New South Wales.

In terms of what the New South Wales Government can do, you have talked a little bit about how we might be talking to Federal Government about things they can do. Is this model that you have together, obviously there needs to be more to help make this work, something that we could work with or that could be looked at in other areas? For example, getting someone from the Clarence or a community there to speak to this working group? I know you had that employment seminar in 2006, you had a thousand people there and you focused on individuals; the Evocities campaign, which is this idea about getting people to regional centres. Is there a way that you could tell us a little bit about what you do and how we as a State Government could help try and interact with that or have some kind of a process where connections are made?

Ms KAMARA: I think that the idea behind the Auburn Working Group, the first thing is there is lots of competition between employment providers. They get funded based on key performance indicators and outcomes, so there is not necessarily an incentive to work collaboratively. But in Auburn there is a need. We saw that there is a need; the clients' needs were not being met. I guess council did the heavy lifting—in your terms—to bring them altogether, because all the players were experiencing exactly the same thing, the hard to reach community, lots of challenges were similar.

The idea of a working group is to bring everybody together in the same room where there is combined training, combined activities like the employment expo and ongoing workshops targeting job seekers. I guess it is a collaboration. Our information is on our website. I do get asked quite a lot about our model. People from Tamworth have called me; people from Wagga have called me about it. So they are quite keen to see how we were able to get local services as well as employment providers working together. At the end of the day the focus is on the job seeker.

In May this year we had what we called, it was not an expo, it was individual advice where someone could come in with a resume they had just drafted and get advice on improving their resume. There was no competition between whether or not you were eligible for government employment services or not. You could spend 45 minutes, up to an hour with a provider on how to improve your resume, how to fill in a job application or what career path you could take or getting your overseas skills recognised, which was quite needed.

It is a model that I think could be replicated and I think looking at the regional areas, now that you have highlighted there are jobs out there that the local Auburn community is not hearing about, there is an opportunity for us to tap into that so people are aware that there are employment opportunities, just not in Auburn. You might need to leave the city of Sydney.

Mr CHRIS GULAPTIS: It seems that you need to be connected with Regional Operation Centres and Regional Development Australia to find out where those areas are that require employment.

Ms KAMARA: That is something we are happy to work on.

Ms FROST: And working across those areas there would be no competition between providers or anything. You would be doing what was best for the client, which is what we all want.

Mr CHRIS GULAPTIS: And at the end of the day they could then look at providing the sort of support services based on their need. If they have got a great need, they will provide a higher level of support services.

Ms FROST: Yes.

Mr CHRIS GULAPTIS: One of the areas that concerned me a little bit in regard to your skilled migrant labour force that is under-employed or unemployed is that they will clearly lack experience in Australia, which is a difficult thing to achieve if no one wants to employ you. But the other thing is, and apart from having your qualifications recognised, understanding regulations. That is a huge issue. We are tied up in so much bureaucracy in this country that it is very difficult for someone coming from another country with qualifications and experience in another country to try to do the same thing. It is a big ask. But the starting point, in my opinion is how desperate regions are to bring in migrant labour.

Ms FROST: But if we knew regions that desired a certain labour force, we could be preparing the people for that and maybe even physically taking them there.

CHAIR: That would not necessarily have to be done by the Regional Operation Centres. if we were going to make this recommendation for a skills audit and some data to be made available, you would just need to get online and look at the report and see exactly where employment was available.

How good would it be for you to be able to say to the civil engineer that comes through your door or the enrolled nurse that comes through your door or the driver or whatever, from a data base, the area with the highest demand for your skills is in Griffith? Here is a railway pass, go and have a couple of interviews and come back and tell your family you are moving.

Mr JAMIE PARKER: As you say in Cobar, what is it, 1.5 per cent?

CHAIR: 1.5 per cent unemployment in Cobar at the moment.

Mr JAMIE PARKER: So they cannot find people to do basic jobs.

Ms NOREEN HAY: Of course, it is not just about the skills audit, but skills mapping. It is essential that we deal with skills mapping because the audits, as we have seen over the past through evidence given, that they do not always tell you where everything is.

Ms FROST: And the lower skilled group have often come from agricultural backgrounds, so they would probably settle better in a regional area than they do in the city.

Ms NOREEN HAY: And they would probably find supplementary employment.

Ms FROST: That's right.

CHAIR: Because one of the submissions we have had today has come from the disability services sector, have said there is going to be 30,000 more employees needed over the course of the next six years. They are unskilled employees, 30,000.

Ms NOREEN HAY: Plus 20 per cent that are going to retire.

CHAIR: That is not counting the natural attrition that is going to occur. That is not necessarily all in regional New South Wales. You will probably find that more than half of them are in metropolitan New South Wales.

Ms FROST: There are some good things happening. From the State Government we received funding from the Department of Education & Community to run specific courses in skill shortage and we found both in aged care and children's services that a high proportion of the people in the course are either refugees or people who have not been in Australia for a very long time and women that often have never worked. It is really good to see that because we are getting a high success rate of people working in that industry.

I guess that is also preparing them if they were to go to regional areas, at least they would be going with even a certificate III level qualification and doing that education and the work experience that is part of that course is probably a better way to increase their English language skills than having them sitting in classrooms.

Ms KAMARA: Yes, that is right.

CHAIR: I think Adama you might have mentioned cultural infrastructure like the mosque or the temple or the social club. That is not something that the State or the Commonwealth or even the council would necessarily do. The council will give them land but that is about as far as they can go. What is the priority? Would we be better off investing the money in teaching English or would we be better off spending the money in offering that sort of social infrastructure to encourage them to get out there?

Say you have got a middle class Afghani family, the father is a civil engineer or a chef, and you go to him in your capacity as a community projects officer and say there is a position in West Wyalong. You have got a hundred dollars to spend. Would you spend it on making sure that they have the social infrastructure for them to go to, so to encourage them to relax and reduce any anxieties about going to an area where they do not have any social network or would you spend the hundred dollars on giving them English lessons so that when they get there they can communicate better?

Ms KAMARA: I think that the communities in Auburn are quite good at the social infrastructure without any support at all. I think that is one of the things that they do quite well; they support each other quite well without any external support. So I think that would happen naturally.

CHAIR: When this person moves?

Ms KAMARA: Yes. If they have got individuals around them, that they are quite good at forming associations that do regular activities and the support they might require from Government could be funding for a particular activity.

In Auburn there are so many things there, groups that run English classes for the community for those that are not eligible for English classes. They do that quite well. I think it is those skills that are needed to navigate life, so the English classes would take priority, because once you learn English doors open.

CHAIR: Everything else is going to happen.

Ms KAMARA: Yes.

Ms FROST: And you mentioned before the foundation skills, and that is knowing how employment works in Australia and knowing your rights.

Ms KAMARA: Yes.

Ms FROST: How the system works.

CHAIR: I am relieved to hear you say that and I think that that is probably a pertinent point for us to take away, is that if the only extra funding that we would need to recommend to get your unemployed or under-employed workforce into these areas of high demand is an investment into their language skills, that is a pretty easy thing for us to justify.

Ms KAMARA: I think it is a little bit more than just the language. I think that local work experience makes such a difference.

CHAIR: Yes.

Ms KAMARA: That is one of the barriers people face. So how do you get that level of work experience?

CHAIR: They are not only facing that in Auburn. We have sat around and listened to people at the moment who are prepared to do anything to get staff.

Ms FROST: Maybe there needs to be a link there with providing that work experience in a regional setting.

Ms KAMARA: I think that is right.

Ms FROST: So that before they actually make that commitment to be there, that they had a bit of a try.

Mr JAMIE PARKER: Had some work experience.

Ms FROST: Had some work experience, yes.

Mr JAMIE PARKER: That could work.

CHAIR: Are there any other questions?

Mr CHRIS GULAPTIS: No, all good.

Mr JAMIE PARKER: Very interesting; thank you.

CHAIR: It is 4.15 p.m. so I would like to thank you both for taking the time to make the submission and to be here. It was a good submission for us to conclude the day on.

Thank you to Hansard, you have been sensational today under very, very trying circumstances.

We may have some extra questions for you, which we will email through to you and just so that you are aware, any responses will be part of the deliberations.

(The witnesses withdrew)

The Committee adjourned at 4.15 p.m.