

REPORT OF PROCEEDINGS BEFORE

COMMITTEE ON ECONOMIC DEVELOPMENT

INQUIRY INTO SKILL SHORTAGES IN NEW SOUTH WALES

—

At Sydney on Wednesday 9 October 2013

—

The Committee met at 9.50 a.m.

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PRESENT

Mr D. Elliott (Chair)

Legislative Assembly

Mr M. Coure
Mr C. Gulaptis

MARTIN LAWRENCE RUSH, Mayor of Muswellbrook, Muswellbrook Shire Council, PO Box 122 Muswellbrook, NSW, 2333, affirmed and examined:

JANE HELEN HOLDSWORTH, Economic Development Manager, Cessnock Shire Council, 72-82 Vincent Street, Cessnock, sworn and examined:

CHAIR: Thank you all for attending this fourth public hearing into the skills shortage. My name is David Elliott, I am the Chair of the Committee, member for Baulkham Hills. With me is the Deputy Chair, Mr Coure, who is the member for Oatley and is in his first term of Parliament. By way of background, Mark was in local government, he is a solicitor by profession but working in the banking industry before he was elected to Parliament. The member for Clarence is here, Mr Chris Gulaptis, who is the National Party member, also in his first term, also came from local government and is a surveyor by profession.

You have actually got the very unusual situation of a Committee that have all had employment in the real world before they got elected. I do not think there are many of those Committees around, not that I belittle or begrudge my Parliamentary colleagues.

Noreen Hay is the Labor member for Wollongong; she is an apology, as is Jamie Parker, the member for Balmain. I will obviously be actively engaging with them over the course of the deliberations of this Committee. They have been very good Committee members.

We have previously met in Dubbo and Coffs Harbour, as well as in Sydney. We have had the opportunity to hear from businesses, unions, councillors, council officers, manufacturers, miners, hoteliers, community workers, trainers, public servants and even a high school student—which I am assuming was published in the newspaper. Did anybody see that?

This is a wonderful cross section of our community and a testament to the interests that people have in the work of the Parliament. We will now be hearing today from local government representatives, engineering, the hospitality industry, mining industry, as well as TAFE and NSW Trade and Investment.

I have the pleasure in declaring the Committee deliberations and the hearing open at 9.50 a.m. I just ask those of you who have got mobile phones to make sure that they are on silent or turned off.

Mr RUSH: I am the Chair of Muswellbrook Shire Council and it is in that capacity that I appear before this Committee.

Ms HOLDSWORTH: I am the Economic Development Manager at Cessnock City Council and I am here to represent the Council.

CHAIR: Thank you for taking the time to come down. I know you are in a hurry Martin, so I might invite you to make some preliminary opening remarks about the skill shortage in your local government area and Jane to you as well; then we will go from there.

Mr RUSH: Thank you. I thank the Committee. I am in the Committee's hands and we want to most usefully help the Committee with its findings. I am interested particularly to hear what the Committee would wish to hear from us in terms of our submission.

But the submission in short from us is that centres of excellence we think are an important promising development for the delivery of vocational education in this State and that Muswellbrook is adequately geared up to deliver that regional centre of excellence for mining for the State of New South Wales. There is a skill shortage in the mining industry in New South Wales and that is so

because Muswellbrook and Singleton Councils, between them, deliver approximately 70 per cent of State coal extraction and a considerable percentage of the mining service industry is also located in those local government areas.

The second point I want to make is that having a defined skill list in regional New South Wales in our assessment will be detrimental to the correction that will be required over time to organic changes in the industrial mix in New South Wales and particularly in regional New South Wales.

There is often a subtle adjustment of industry skills and therefore the needs of vocational education to adjust to those industry changes over time, the State Government has done a lot of work diversifying and planning for the diversification of the Upper Hunter economy and critical to that is the ability for the skills mix to change with it. If we have a defined skills list, no matter how well the State does its planning, no matter how much it consults with industry, it will only be a point in time assessment of what that skills list should be and it will introduce a layer, a rigidity in the correction between labour market on the one hand and industry on the other if we continually try and introduce layers, rigidities to that organic correction over time. That is precisely what a defined skills list would mean for regional New South Wales.

I want to speak briefly, if I can, about the importance of the mining industry. It has obviously come through a construction phase boom. Despite the end of that construction phase boom, which is far more labour intensive, as you might imagine, we are now in an operational phase boom, despite what you may have heard, operational phase mining continues to expand.

With that will come a subtle change in the labour skills required for the mining industry and increasingly a change in the way in which the Government needs to deal with delivering those operational phase miners. At the moment we mostly import them. Obviously the Queensland floods was a help for New South Wales because it drew a lot of operational phase miners into New South Wales at that time. But that has ended and there is now a net flow of workers back to Queensland and that skill shortage still needs to be dealt with.

From Muswellbrook's perspective it has its TAFE, which is the main TAFE campus for the Upper Hunter sub-region, the sub-region that produces 70 per cent of the State's coal, a mining industry skills specialisation and particularly a unique program which takes school leavers directly in to the mining industry. This Committee will appreciate the mining industry is an inherently unsafe industry and therefore it is critical that there be that articulation from school leavers into the mining industry so as not to affect all other industries that are competing for that labour, because otherwise if you are just recognising the prior learning of people in other industries you are denuding all those other industries of their labour.

If you can create an efficient articulation of school leavers directly into the mining industry, then you are not only increasing the amount of skills available to the mining industry but you are limiting or mitigating against the impact of that on other industries.

We have done that. We have done it through the mining industry skills centre. Approximately 30 to 40 apprentices a year are apprenticed directly to the mining industry. This year council is building a residential student college, because the biggest problem for a small local area in getting its TAFE to the critical mass to be able to support a centre of excellence is residential accommodation for students, affordable accommodation for students. Council, despite not having the responsibility for it, in conjunction with the Federal Government, is building a \$6 million 63 room student residential college to support the coal industry.

It will allow school leavers right across the State to be able to study there and enter the coal industry, something that they have not had the opportunity to do before.

CHAIR: That is at the TAFE?

Mr RUSH: That is at the TAFE and in fact be located on the TAFE campus. So our submission in short to the State Government is to support that. That is not only an organic change that is occurring, but if Government has a role in this area and it most certainly does, then it must be in supporting that development of that facility. It is critical to the economic development of the State, that is the mining industry is the largest export industry in New South Wales.

If we want to support that, then we need a labour supply and the best way to support that is for the State Government to take the Upper Hunter TAFE campus, particularly its mining skills campus, seriously.

Unless I can assist the members further they are my submissions but I would be pleased to take questions.

CHAIR: Are you in a hurry Jane? You are not under the same pressure as Martin?

Ms HOLDSWORTH: No.

CHAIR: Then we might just stay with Councillor Rush if you do not mind because there are other issues that we would like to talk to you about regarding the hospitality side of things.

Martin, the 30 apprentices that you are employing there, what trade are they actually doing? Are they mechanics? Are they doing certificate III in civil engineering or what are they doing?

Mr RUSH: It is now a certificate IV in mining operations but they do end up getting a trade. So it is a certificate III or IV, depending on the trade of course, in their particular field. It is electrical, automotive and fitters. But of course, in years three and four, those automotive and fitting skills tend to be diesel fitting, so they end up as diesel fitters. As you might imagine, this is all diesel equipment.

CHAIR: It is interesting that you mentioned you have taken responsibility for building student accommodation because two of the other local government areas that we have spoken to in central western New South Wales have said to us that the massive burden to their communities is the movement of young TAFE students from one town to another and losing them because if they do not want to do their block release, then they have got to go and do their trade at Orange, whereas their family might live in Dubbo and then you do not get them back to Dubbo when they have finished their trade. You have actually given us something to record in the report.

Mr RUSH: I think I should respond to that. I understand that sentiment. I was born in the country town of Young which has lost a lot of its apprentices, so I understand it, but the State Government should not be swimming against the tide. The jobs are being created in parts of New South Wales. If we are going to go down the road of trying to prevent that migration of apprentices from various country towns, then you will import inefficiency into the way we train and you will import inefficiency into business.

Ultimately it is about competitive advantage. The reason young people are best trained in somewhere like Muswellbrook for the Upper Hunter coal industry is because that is where industry is. That is where the deep industry links are. That is where the face to face learning is and vocational education is about face to face learning.

While I have enormous sympathy for that issue, the truth of the matter is those apprentices need to be trained where the jobs are.

CHAIR: That is what they are all saying. Are you in favour of skills audit? Would you be lobbying in favour of skills audit, because what you are saying to me is you are just thinking that is

going to be snapshot of what is happening in 2013? I have had a number of submissions from people to say that one thing New South Wales needs is a skills audit but you are suggesting that that is probably not going to be helpful.

Mr RUSH: I do not think it is helpful at all.

Mr MARK COURE: Why is that?

Mr RUSH: Because no matter how good the planning, no matter how good this Committee and the department is in consulting with industry, it will only ever be a point in time. Surely the best system ultimately for vocational education in this State is a flexible one; one that removes rigidities, allows the labour market and particularly the market for vocational education, to adjust swiftly to industry needs.

Overly planning just introduces a layer of rigidity. Individual TAFEs, individual departmental heads within TAFE need to have the flexibility to try new things. They need the flexibility to be able to adjust their courses.

Mr MARK COURE: If of course, there is a downturn in a particular industry. You talked about that in your report, where power and mining in Muswellbrook is the biggest industry despite a downturn. That is effectively what you are getting at, is it not, to have that plan B? Is that what you are saying?

Mr RUSH: No, what I am saying is that the labour market and the market for vocational education, that is the way that we are training people, needs to be able to respond swiftly to changes in the industrial mix.

In a place like Muswellbrook, that is not a small organic change or a subtle one. Since 2002 we have gone from having about eight per cent of our land use as mining to approximately 50 per cent. We need to be able to respond swiftly to organic changes in the industrial mix and layering, skills audits and defined skills lists which only introduce inefficiencies and rigidities into that correction. The better way is to empower heads of departments, empower TAFEs to choose, to make those critical choices to try things, to try new courses, to be innovative.

That is the better model. Increasing the flexibility with which education and the labour market can adapt to change in the industry should be the objective of this Government.

Mr CHRIS GULAPTIS: That depends heavily on the relationship that your learning institutions have with industry, because if your heads of department have got their noses in the sand and they are not watching what industry is doing, then you are going to be poles apart.

Mr RUSH: I could not agree more.

Mr CHRIS GULAPTIS: I wanted to pick up on the skills list and the difference between say, a skills list and having a centre of excellence, because essentially you are really trying to aim for the same thing at the end of the day. What you are saying really is to ensure that your learning institutions are in tune with what industry is doing in the region.

Mr RUSH: What I am suggesting, and at first glance it does appear to be contradictory, one is at a macro level, that is what we want to be doing at a macro level across the State, a flexible system. At a regional level my submission to what our speciality is, is essentially that it needs to be mining because that is where the skills shortage is. In a way they are not contradictory I am just making a State submission on the one hand and a regional one on the other, because I know that if you can increase the amount of mining education that occurs in Muswellbrook, and this State Government will have before it in the next round of resources for regions for example, a \$10 million application

from Hunter TAFE for a second limb to their mining industry skill centre which will allow them to articulate vocational courses into associate degrees, TAFE having now become a university.

That is critical. I will tell you why it is critical. One, because nowhere in the Hunter can you have four years of mining engineering taught, if you can believe.

CHAIR: Newcastle University does not offer a mining degree?

Mr RUSH: It does not offer a mining degree for the full four years. You have got to go off to Sydney to complete the degree.

CHAIR: Right.

Mr RUSH: That means that at every citizenship ceremony I am welcoming two or three new mining engineers from South Africa and other countries around the world, but importantly, there is no articulation between the vocational education and the university education.

The point I make at a regional level and concededly selfishly, is that that facility would improve the skilling and the flexibility of the skilling, and the depth of the skilling for the New South Wales coal industry.

At one time, and it may well still be the case, that labour supply was the greatest supply site impediment to expansion of the New South Wales coal industry, because their price tag is on the other side.

CHAIR: Martin, I know you have got to go. Your submission highlighted that your unemployment has got to be one of the lowest in the country, 2.8 per cent and mining obviously is the largest employer. That might be slightly different in some of the other Hunter councils but in yours it is mining.

Mr RUSH: About 20 per cent.

CHAIR: How do your other industries feel about the mining industry? Do your chefs wander off from restaurants and go and earn three times the amount of money in a mine and how does the pricing of labour in some of your other areas compete?

Mr RUSH: That is exactly what happens. The Chairperson is quite correct when he says that. Because we have not got the skills shortage issue dealt with, council loses its engineers and its environmental planners particularly, but others also. Our nurses, I can give an instance of a doctor leaving his profession to drive trucks in the coal industry. There is an enormous misallocation of those scarce education dollars if we do not deal with the issue within the region and of course, in our region there is an additional layer of the drive in/drive out, fly in/fly out problem. There is enormous cost, enormous misallocation of those resources if we do not get this right.

The other consequence is that if you do not get it right, if you do not get your labour market and equilibrium and you end up, as we have ended up, with an over-heated economy—it is not popular to talk about over-heated labour markets, particularly when you are in a room with mayors from western New South Wales, but the truth is an over-heated labour market is every bit as burdensome as an undercooked one, because it means the cost of living rises at a faster rate than the marginal rate of the face value of labour, which means real wages, purchasing power of wages actually diminishes. That is no help to anyone.

You need to get that in equilibrium. We are moving towards equilibrium now as the construction mining boom has ended and because the operational phase mining is more predictable in terms of where people are coming from and what the needs of industry are. That is helping but the

greatest help of all would be for the State Government to essentially accept that that is the private sector trend. There is no point building additional skills where the jobs are not being created. We need to swim with the tide where the jobs are being created. The role of Government surely should be to assist the labour market move as swiftly as possible towards correcting as to where we need to be.

My submission to the Committee is the best way to do that now in the Hunter is to embellish the mining industry skills centre in Muswellbrook through its resources for regions funding which the State Government has generously provided or appropriately provided for regional New South Wales and particularly for mining communities.

That should be a priority finding in my submission for this Committee, that that money should be used to embellish and expand the coal industry and its ability for labour to support that industry, because in doing that you are creating growth at the margin for New South Wales because it is the largest export industry in New South Wales and as you would know, it is the largest coal region in Australia.

From a regional perspective, and as I have said, a selfish perspective, that is our principal submission but in terms of the State issue broadly, removing rigidities in that correction, empowering heads of department, freeing them up to make appropriate decisions, that should be the focus of the consultation. That should be the focus of the regulatory regime, not a skills audit and a defined skills list. That is a very planned way to run an economy and all that will happen is you will introduce inefficiency and rigidity.

CHAIR: I am conscious it is 10.10 am, do you need to leave?

Mr RUSH: Unless I can assist the Committee further?

Mr CHRIS GULAPTIS: Chair, just one final question. Martin, you have really talked about TAFE being the vehicle, is that the appropriate learning institution to assist you in the Hunter?

Mr RUSH: For us, yes, unquestionably. The problem with the private sector is twofold in delivering these same skills. They will not be able to do it immediately. This boom is upon us. The opportunities for the State are upon us. TAFE is a vehicle by which the Government can quickly match the skills shortage or meet the needs of industry by filling that industry gap in skill shortages.

The second reason is because if we start having five or six private industry players, and there are a number already in the Upper Hunter, none of them have libraries, student facilities or residential student colleges. If we are going to start duplicating that infrastructure, then we are going to have a very inefficient vocational education system in the Upper Hunter. I cannot speak for how that might affect other towns. I know some towns, and it may well be in the honourable member's part of the world, where the private sector are doing some amazing things in delivering vocational education but in the particular circumstances of Muswellbrook, TAFE is the only vehicle that will be able to swiftly deliver the labour education requirements in the time that they are needed.

Mr CHRIS GULAPTIS: For the mining industry?

Mr RUSH: For the mining industry.

CHAIR: Thank you Martin. We might have some follow up questions that we may send to you. If that is the case, just be conscious of how you respond. Your response will be put on the public record as well.

Mr RUSH: Of course.

CHAIR: It is a given that all the evidence will be placed on Hansard. Thank you for coming

down. Sorry we were running a little late. We very much appreciate the time and the effort that you have made in both your submission and your presentation today.

Mr RUSH: I thank the Committee for the opportunity and if I might be excused?

CHAIR: Yes, of course.

(Mr Rush withdrew)

CHAIR: Jane, mines and wines or something is it not?

Ms HOLDSWORTH: My Hunter Valley now.

CHAIR: I might invite you to make a few opening remarks and then we can continue with our deliberations on the Hunter Valley.

Ms HOLDSWORTH: Cessnock city is a couple of hours drive north of Sydney. We have 53,000 population; from that we have around 22,000 workforce and on each day 13,000 work locally or within the local government area and we have 9,000 that actually leave the local government area for other work, some of these are to the mines going into other local government areas, but we also have 5,000 people that arrive on the doorstep to work there as well. Obviously there is an opportunity as well as a problem.

With our skills we do have a problem. We have two socio-economic areas in the central business district; we have a lower socio-economic area where there is high unemployment for example. We have 6.6 per cent unemployment when you go out into the vineyards, which as the Hunter Valley is the third most visited place in Australia, and it is internationally recognised but we have a problem with skill shortages there because it is not balanced in terms of what we can offer for jobs and because of the social gap that we have.

From a skills point of view we do have hospitality of excellence school there, I would like to add with Councillor Rush, the problem is it is all too rigid to what is there.

CHAIR: Who runs the hospitality training?

Ms HOLDSWORTH: I believe the TAFE. I am not quite sure how that works but it is Government funded. The problem we have, I do not believe you can take skill shortages in isolation from economic development. I think you have got to look at skill shortages and look at other factors as well.

For example, you have got to look at housing, what is housing there? Can people afford to come there? Like the mining, they have high rentals. We have the same problem. We still have high rentals.

I think you have got to look at infrastructure as well. A problem with skill shortages, we may be able to train them up, but there is no public transport to where the jobs are, so if you are an apprentice, you have got to have a car just to drive to work. So again, with isolation, you need to look at it from an economic development perspective and not just necessarily a skills shortage to make sure that what you do marries with what else is there.

For example, the tourism industry, hospitality, we have a big shortage there. Our retail industry is the same. We have no soft skills and whilst we have a hospitality course there which is very, very good, it is not teaching soft skills because of the people we have.

We have a problem from that point of view. We also have a strong manufacturing plant and

things have changed with mining leaving Cessnock. We have lost some large manufacturing businesses as well. We now have this problem with losing what has always been there and trying to get a cultural shift into other industries and probably more industries that encompass management skills and soft skills.

CHAIR: When you talk about soft skills, you are talking retail, you are talking front of house, food and beverage?

Ms HOLDSWORTH: I think customer service is absolutely critical, even the way people talk, answering phones, we are missing all of that. We can also train them up into hospitality but that does not mean they know anything about wines.

CHAIR: The presumption in the Hunter Valley and Cessnock is that if you are a waiter, every wine recommendation is going to be a good one I am assuming.

I am conscious we are on a timeframe and I just want to ask you a few quick questions. You said central business district unemployment is at 6.8 per cent. What is the local government area unemployment rate though?

Ms HOLDSWORTH: The local government area is not much less than that, round about the 6.2 per cent mark.

CHAIR: So you are saying that some of those unskilled labour roles and the people with soft skills, their biggest burden in getting to where the jobs are is transportation?

Ms HOLDSWORTH: Yes.

CHAIR: There is obviously nothing that the Government can necessarily do other than maybe subsidise bus services, which is a very expensive way of getting people about.

The strongest employer is still the mining industry I am assuming, followed very closely by hospitality?

Ms HOLDSWORTH: No, hospitality employs about 3,000 people, so that is quite a lot.

CHAIR: You do not have the same problem that Councillor Rush does in the sense that one heavy industry is sucking the labour market dry.

Ms HOLDSWORTH: No, we have different problems.

CHAIR: I do not care if it is politically incorrect, but can you give me a definition of your unemployed? Are they unemployable? Are they people that generally cannot find work in their skills? Are they under-employed people? Are they partners of people there in professions? How do you define your unemployed?

Ms HOLDSWORTH: Probably all of the above. We also have another issue in that we do have a high security prison there. Because there is no public transport to Cessnock, it is very difficult to get to, so people do tend to come to the area so they can do visits as well. We have a small section in the central business district that comes regularly as well.

CHAIR: Prison visitors?

Ms HOLDSWORTH: Yes, prison visitors. But we also do have a lot of young people. It is a generation thing as well because now that the mining has gone, we have got this other generation coming through when we do not have those sorts of jobs. It really is about solutions. It is easy to come

up with problems. There are skill shortages everywhere; there is no doubt about that, right across Australia, in fact in many other countries but what we believe is that you can have courses in the cities, but you cannot do a one size fits all with regional centres. I believe regional centres should be treated a little bit opposite to how cities are treated in terms of funding.

A good example was just before the end of June some funding came up for courses obviously money left over in a budget or whatever, but we have needed to spend it. We had three weeks. Everyone in training met around the table because we do have those constant meetings and all of a sudden, there are conditions on it, we cannot do this, we cannot do that. So all you are doing, in my opinion, is just ticking boxes.

CHAIR: Red tape.

Ms HOLDSWORTH: We are getting funding but it is not hitting the mark and I do not believe there is a strategic approach for regional centres. A little bit different from Councillor Rush, we need a skills audit but I am not talking about getting expensive consultants in to do nice big beautiful looking reports with lovely pictures.

Mr MARK COURE: Pie charts?

Ms HOLDSWORTH: Yes. What we need is a far more practical approach. I have done it before up in Western Downs where we had the same issues in Queensland with 1.9 per cent unemployment. We did a skills audit because we needed to know exactly what was there. But then it was about using it to strategically get people, to place them in jobs and that is the only way you can bring businesses on board. We cannot look at training people up. You have another market here. You have got to pull those two together. They have got to work together.

With funding, Cessnock is happy to be the crash test dummy. We could easily do a skills audit, say this is what we need and then look at who we have, and marry them up. I can tell you that TAFE do a really good job, but this earn or learn program where you have got unemployed children going to these TAFE courses, they swear at teachers, they sit there on their mobile phones but they are all passing. I can tell you stories of that. It is just such a waste of money, it is annoying. We could certainly do something far greater with that money, still using TAFE but getting far greater outcomes.

You are far better off getting 50 people who are work-ready, going out there, getting a job than putting 200 people through who do not give a toss because they are never going to get a job.

CHAIR: Martin has been the only person who did not argue for a skills audit.

Mr MARK COURE: Reading the Cessnock 2020 plan, in fact over the weekend, which I think is on your council website.

Ms HOLDSWORTH: Yes.

Mr MARK COURE: It talks about many things but I think it also mentions the urgent need to remind people of the benefits of living in Cessnock.

Ms HOLDSWORTH: Yes.

Mr MARK COURE: Could you expand on that? What does Cessnock do in terms of advertising where they are, what they do and the benefits of moving into the Cessnock city council area?

Ms HOLDSWORTH: Yes, I can answer that. We have been very lacking but we have now done an economic development strategy, a very comprehensive one, to look at where we are at. One

of the things that has shown up is that we have this fantastic opportunity to meet the State Government's goals with tourism and things like that but we have not been doing it correctly.

We are also very conscious, that you cannot look at one factor without looking at all of the other factors from an economic development point of view. You need infrastructure in place. You need appropriate training and education to meet the needs of that area and decent strategies, which is what we are doing now.

Mr MARK COURE: It is a bit like a jigsaw puzzle, is it not?

Ms HOLDSWORTH: It is, absolutely. That is a good way to put it.

Mr CHRIS GULAPTIS: I just noticed reading through your submission that one of the areas you felt was really wanting was for the national broadband to be extended through Cessnock.

Ms HOLDSWORTH: Yes.

Mr CHRIS GULAPTIS: I am presuming that that is to take care of your transport problems in relation to distance education?

Ms HOLDSWORTH: Yes.

Mr CHRIS GULAPTIS: It played a fairly major role in your submission, it is mentioned a couple of times.

Ms HOLDSWORTH: Again, you can train people up, we can do that, tourism, hospitality we have lots of room to grow, and with manufacturing. The problem is that visitors come to our area and there is a lack of mobile phone coverage. When you travel, what is the first thing you do, get on your phone to ring home, get your emails. Again, we need to look at it holistically for a regional centre, a little bit different from a city where you can go to Bankstown, you can go to Strathfield or you could go to Hornsby on a train and still get training. In a regional centre you are restricted so you have got to make sure these things are married up, like a jigsaw puzzle for a regional centre.

So again, the national broadband network plays a huge role because we can attract more visitors to Cessnock, we can do better education on site. I do not believe for the contribution we give just from Cessnock, I believe we should be able to offer people a master of business administration course from Durham University in England if that is what they want. Again, that is what attracts more of the knowledge economy to a region, which is what we need, so the whole thing falls into line from that point of view.

CHAIR: Subclass 457 visas, do you find that your major employers are using many of them?

Ms HOLDSWORTH: No, not a lot because without the mining there but again having worked in a mining region, subclass 457 visas are fine but to be very honest with you, having worked previously with energy industries, and a \$180 billion worth of investment and I can tell you that the industries are not taking up what they should be contributing to this. It is all very well for them to take give a little back but really, we need to have more. They should be training a lot more people. Why should the local government be worrying about having to provide all this? That is what they should be paying for and not use subclass 457 visas at all.

Mr MARK COURE: What is your experience with relocation grants, are they targeting the right people to Cessnock?

Ms HOLDSWORTH: For relocation to Cessnock?

Mr MARK COURE: Yes.

CHAIR: Are you entitled to them or not?

Ms HOLDSWORTH: No, we are not.

CHAIR: A bit too close to Newcastle.

Ms HOLDSWORTH: We are too close. You have got to be 100 kilometres from a major city and we are not.

CHAIR: Are you finding that your workforce is going to Newcastle?

Ms HOLDSWORTH: Yes, they go into Newcastle. We also have a lot leaving going up to Singleton and further up to the mines. That is not a bad thing but if fossil fuel suddenly goes out the door, then they will have the same problem Cessnock has, suddenly we have got all these people out of work. Transferrable skills and more diverse skills are needed. I am not so sure just training people up in one area in mining is the right way to go. I think you have to have a diverse range of training. Again, that fits with the local government area of what we need for our industries, because it is all very well having mining but if all the other businesses are leaving because they cannot get workers, you lose your liveability and it is your liveability that people go for and stay.

CHAIR: Yes.

Mr MARK COURE: That is very true.

Mr CHRIS GULAPTIS: Something that I picked up on in a couple of submissions, do you think that school leavers in the region are work-ready? Do you think our educational institutions like our high schools are training the young people up sufficiently where they can actually move into the workforce as a trainee or an apprentice or as a new worker?

Ms HOLDSWORTH: I have to say it would be my personal opinion, it may not represent council's view here, but I can tell you. I do not believe so. We are doing some work with some of our high schools and they are doing very well, but I can tell you customer service is lacking. Every child should have a customer service course because it does not matter which industry you work in, you need customer service skills. It does not have to be a week long \$1,500 course.

Mr CHRIS GULAPTIS: It starts at home.

CHAIR: I think you are right.

Ms HOLDSWORTH: That is quite interesting because children do not even know how to answer the phone. I have done a course before and it was endorsed by the Federal Minister for Education, we did a two hour hands on course for children who got a certificate. It was so much easier for them to get jobs because people want those basic skills. Maybe that is something that should be incorporated.

CHAIR: It is very much a generational thing but you are right. Some of these unemployed people, I call them unemployable because you are right, they just do not know how to answer a phone. They do not realise they need simple manners and basic things that was taught at home but even the schools seem to ignore now.

Jane, thank you very much. We have got to move on with the rest of the witnesses. We do appreciate the time that you have taken to come down and present to the Committee.

Can I suggest to you if we have any further questions we will email you. You do not have to respond but if you do respond it will be put on the public record.

Ms HOLDSWORTH: No problem. Thank you very much.

(The witness withdrew)

CAROL GIUSEPPI, New South Wales Director, Tourism Accommodation Australia, Level 15 Hudson House, 131 Macquarie Street, Sydney, and

DAVID BARK, General Manager, Crowne Plaza Hunter Valley, 430 Wine Country Drive, Lovedale, sworn and examined:

Ms GIUSEPPI: Tourism Accommodation Australia in New South Wales is a representative organisation for owners, operators and managers of three, four and five star hotels and serviced apartments in New South Wales.

Mr BARK: I am actually here as a board member of Tourism Accommodation Australia.

CHAIR: We have got 45 minutes. We will open with remarks from you both respectively, you can comment on your submission and any issues particularly that you would like to highlight from your submission. As you have just seen, we will open discussion with the Committee members as well as yourselves.

Ms GIUSEPPI: I think I will start with saying what we are actually looking to achieve from the submission and this process.

In regional areas the areas of greatest shortages for the hotels, resorts and serviced apartments are skilled workers in actual fact. We need people who are trained and committed to the industry. You are aware we have got the Sydney tourism employment plan at the moment happening, so we have got high skilled staff shortages in Sydney, meaning that hotels in regional areas find it difficult to compete for talent.

The key areas that we think need to be addressed are improving the vocational education and training in schools program, more consistent recognition of vocational education and training qualifications. The comment that keeps coming back to me is vocational education and training still remains the poor cousin to academic pathways in schools. Support for mentoring programs to encourage apprentices and trainees to stay in the industry and build their skills.

The actual hotels, resorts and serviced apartments, there is only one per cent of employment of apprentices across the industry, 1.8 per cent in regional areas, reflecting all those comments, because of the attitude and the types of people, the feeling that it is not really a career, we do not tend to get people who stay in the industry. There is high turnover in the industry.

Support for mentoring programs to encourage apprentices and trainees to stay in the industry and build their skills, to increase the number of staff moving from supervisor to management. One of the key issues David will talk about, InterContinental Hotels Group and the big chains talk about, is this ability to move people from that supervisor position to the management positions.

While not the subject of this review, we would also advocate for a review of visas. The working holiday makers visa in the tourism industry, to extend that for a second 12 month period like the agricultural communities, we advocate for that and a review of the subclass 457 visas in particular because of the low salaries in the tourism and hospitality sector, a review of the temporary skilled migration income threshold and intra-corporate transfers, allowing more flexibility in terms of that.

A lot of these are big chains; they have workers overseas, so allowing that movement between hotels. It is a lot more flexible in other countries. That would be a great benefit to some of these chains.

Those are the three big areas that we need to look at.

Mr BARK: I concur with what Carol said. I think the other thing is creating the sexiness of hospitality. I think what happens is that in the vocational education and training system it is seen as the poor cousin for growth in careers. When you get to levels like myself and beyond, you are managing a \$100 million asset value business. You need to understand the fundamentals as you move forward. We have got to build this industry up as sexy, as something that people want to actually join.

Everyone sees the opportunities in high interest industries and off they go. The biggest problem is we just cannot attract talent. It is impossible.

CHAIR: But David, how does the taxpayer justify spending money promoting hospitality as an employer of choice?

Mr BARK: It is not necessarily that, I have got an 18 year old son and we are going through the career choices. I am Queensland based but we are trying to rank him. Hospitality is the lowest end; it is seen as the simple easy entry point to get your points. That is the problem. It is not necessarily a simple entry point. It is actually a complicated industry that we run.

CHAIR: I get that but the issue for the young people is the fact that they can go into hospitality as a waiter or in some low level role and then they can earn X dollars an hour or they will go to the mining industry that requires just as few skills and they will get X times three dollars an hour.

Why is it the taxpayers' job to promote one course of career over another? Then the other issue on top of that is you have got the guy who leaves school or the girl who leaves school and is going to go into hospitality but during the same time decides to do a degree in commerce and major in marketing or go to a hotel school with the view of becoming vice president of Hilton International. He is the same guy that is working in food and beverage or she is waiting tables but with the eye on the prize of graduation and then going up through an international brand to senior management roles.

Who is going to be more loyal to the industry? The girl that is doing the degree or the guy that is doing the degree. The other issues we saw that were highlighted in Coffs Harbour from the hotel operators up there, in Australia, in many respects in hospitality, especially the unskilled hospitality roles, they are not seen as a career, whereas in western Europe a waiter is a career. You are a waiter and you take pride in the fact that you are a waiter. Often you are pretty well reimbursed because you have got some good customers that keep on coming back to you because you know what they want and they know what you want. You have got that personality that embraces that.

But in Australia I think it is interdependent with Paul Nicolaou's submission where he basically said that we have got children that are just idiots that are coming out of the industry. So did some previous witnesses. It was a great line, "employers in this industry and I am sure it applies equally elsewhere, constantly complain that youngsters are not properly equipped when they leave school. They do not write legibly, read with expression, such as to be desired and attention to detail and accuracy seems to be treated as an unwanted personal imposition."

He is right and everybody else that has come before this Committee has pretty much said that.

Ms GIUSEPPI: I think there are two things. There is what the taxpayers' funds can do and there we are talking about vocational education and training in schools. Vocational education and training in schools works a lot better in Queensland than it does here in New South Wales because there is a lot more flexibility around vocational education and training in schools. In Queensland all students need to do is earn 20 points for the higher school certificate and 12 of those points can be with certificate II, certificate III, certificate IV. They can actually have hospitality as 12 of their points out of 20.

Here it is very marginal. You only do a certificate II. There is no flexibility. The remarks that I get back about the teachers are they are not well qualified, often have not had industry experience, often the schools do not recognise the pathways. My understanding is the State schools are a lot worse than the catholic and the independent schools. This is the feedback I get from the industry in terms of understanding the actual pathways.

On the other side, from an industry point of view and I am happy to say InterContinental Hotels Group recently and Accor have cadet programs. But they normally get people with a degree. They do through an intensive recruitment process. At the moment I know one young girl going through it and it has been a three month process, three phases. There is a fourth phase still to go through.

So that is getting people who are committed, looking for a career, they have to be really keen to want a career in the industry. I think there are two sides to this.

CHAIR: I think the mentoring line is something the Committee will have to take away, because it does not just apply to the hospitality industry. It could apply across most roles.

Ms GIUSEPPI: Yes.

CHAIR: I also think that what Mr Nicolaou and other people that have made submissions about simple communication skills. We have got a generation that thinks that all communication can and should be done through Facebook.

Mr MARK COURE: Or short message service.

CHAIR: As politicians we are the worst. I have worked out that is an easy way of talking to a thousand constituents three times a day and that is a pretty attractive tool. That is what is happening today. We need to make sure we go back to simple face to face communication.

Hospitality is one of those industries that can lead the way when it comes to vocational education and training because as you quite rightly said, it is the cornerstone of the hospitality industry but it is not just the hospitality industry that relies on that customer service. I am sick to death and I know that I am not alone, both as a Member of Parliament because we have to go to a lot of functions, but it was even before then, of the lack of service in customer service. The public service is sometimes the worst perpetrator. There is no service in public service anymore. It is very hard to find a hospitality outlet, food and beverage, restaurant, hotel, where you are always going to be 100 per cent happy with the level of customer service, whereas in the United States and western Europe, because they do have mentoring programs and they do have people that want to have a career in that profession, they take ownership of it. They are, God forbid, proud to do their job.

I think maybe the Committee might take away that line about mentoring. We only saw that as early as this week, reports that the New South Wales Government can rely on some significant growth in tourism. I think this is an opportune time for you to tell us how we can capitalise on that because benefiting on better manners and service is not just something that the tourism fraternity is going to be able to take away, I think there are a whole lot of other people that are going to do that.

I know from my time in the hospitality industry, so many of them will leave and then eventually come back to different areas in their lives. I have got a friend who started off in the hospitality industry and is now going back 10 years later because he wants to earn some extra money to take his children to Disneyland.

I could talk about it for ages. Mark, have you got any questions?

Mr MARK COURE: Just a quick question. I think you have covered a lot of the questions

that we had. What relationship do you have with TAFE, colleges, universities out there in the Hunter Valley?

Mr BARK: Ours is locally with the hospitality TAFE based at Kurri Kurri. A lot of that is in culinary. We are very supportive with them and also my chef is involved in being a mentor to some of the students who actually want to really take it to that next level, but also imparting the knowledge. I think sometimes what happens is you go into the TAFE kitchen, it is very glossy and it has got all the latest mod-cons. When you come to reality you do not have those things.

We have taken some of our students into our kitchen and taken them through. We are a very large business in the area producing a lot of meals every day, and this is how it is actually done compared to what you have at TAFE.

Mr MARK COURE: Work placement with work experience programs with TAFE at Kurri Kurri?

Mr BARK: Yes and we do the same on the service side as well. When we are short on conferencing, we bring TAFE students in to assist us but also to allow them to see what is actually happening in reality.

Mr MARK COURE: That is what Crowne Plaza does but do the other hotels or motels do it in the area?

Mr BARK: The other resorts do, yes, definitely. Hunter Valley Gardens, Paul O'Rourke does, the Vintage does as well.

Mr MARK COURE: Which obviously builds up that rapport between the individual and the organisation.

Mr BARK: I guess the key thing is, and I go back, I understand your point David about where taxpayers are, but it is wanting people to make a career out of it. To Carol's point, some of the tutors are not necessarily the most—and this is not very nice—but the brightest people on the planet that are spruiking our industry in those formative years.

Mr MARK COURE: Using your term before, how do you make the industry sexy?

Mr BARK: I think at the end of the day it is the pathway as to where you can go. I am purely talking hospitality, in a resort you can specialise in your marketing field. That is pretty exciting stuff. You can do finance if you want to; it is pretty exciting stuff there. There is risk management. It is not just about being a waiter. There are actually many fundamentals. There is a legal side in our business. I think, David you know about that. What I do on a daily basis is sales, marketing, revenue, legal stuff, human resources and all sorts of things. There are a whole bunch of skills that you need.

Mr CHRIS GULAPTIS: I hope you make your bed in the morning.

Ms GIUSEPPI: Engineering is one of the big shortages in fact.

Mr CHRIS GULAPTIS: I was really interested Carol when you said that Queensland seems to do their vocational education and training better. I wonder whether there is that conception out there that Queensland is a holiday state. You have got the islands, you have got the Barrier Reef, you have got the greatest job in the world which they advertise and they market themselves so well for someone to work on Hamilton Island for example.

Is that something that industry and the New South Wales Government should be working on, to be able to promote a sexy tourism and hospitality industry in New South Wales, because certainly

when you think of Queensland, the first thing that comes into my head is I am going on holidays if I am going to Queensland. We have got every bit the same excitement in New South Wales but we do not get the same excitement about it generated within our communities.

Ms GIUSEPPI: I would have to say from a taxpayers' point of view Destination NSW is the forum where the taxpayers' funds go in and there are funded regional tourist organisations who are doing their role to market. I think that has needed to improve and I think the destination management planning process needs improvement, because you look at the Hunter Valley and the problems there with Newcastle/Hunter Valley, it has been in disarray with the number of associations all trying to compete and market and none effectively.

I think that is going in a direction that it needed to go in, where the funds are better spent and produce returns. Currently with the Hunter Valley my understanding is, Will Creedon is the chair up there of the regional tourism organisation. They have got somebody now who is heading up the regional tourism organisation. They have got a new person who is starting later on. Their occupancies up there are 50 per cent below. That is unacceptable. In regional New South Wales that is the sorts of occupancies that they are getting and that is not profitable.

You have got to love a resort to be doing that. You have got a number who have gone through very hard times. So yes, I think the marketing is definitely one thing. With Destination NSW and the destination management planning, et cetera, we are moving in the right direction. We can always improve and there is still a lot of work to be done, because there are some areas that are getting the funding but some areas have not put together acceptable destination management plans.

Mr MARK COURE: Carol, you mentioned before about subclass 457 visas.

Ms GIUSEPPI: Yes.

Mr MARK COURE: Could you expand on that point? Obviously there will be changes to subclass 457 visas.

Ms GIUSEPPI: There are a number of things. The temporary skilled migration income threshold at the moment is \$4,900. In a lot of the chef categories where the big shortages are, you are paying them less than that. That is the industry. That is what we pay. You are paying them above award rate if you are bringing them in on a subclass 457 visa which upsets the whole morale and the ethos within the team who are working in the kitchen. You cannot have all this disparate salary levels. That is a big concern for us.

In terms of the stringent requirements for English speaking, for a lot of these jobs it is not that necessary. Some of them are, some of them are not but the employer would obviously look to that, if they are going to sponsor somebody, what is the position? Where are we going to put them? Do they need those stringent requirements?

The other big issue for us is the intra-corporate transfers because as you know, we have still got labour testing. We did a submission to the labour testing for the subclass 457 visas but intra-corporate transfers; they should be a lot easier. You are bringing talent from overseas. You are exchanging it with talent. It is a short period of time. We should be able to have that exchange of talent if we are going to be a global tourism sector. We have international chains here. We should be able to do that.

CHAIR: I am assuming that your national body has made that point to the incoming Minister?

Ms GIUSEPPI: Yes.

CHAIR: I have seen your submission, but David, what positions are you advertising for today?

Mr BARK: Culinary is certainly a big concern area. The other concern area is actually supervisory and management, specifically on the food and beverage side of things. Just listening to Jane before, the liveability is a concern. Bringing people to the regions may seem attractive to some but when they get there they go oh dear, there are no cafes, there are things missing. I have had consultation with Cessnock City Council on this because it is a concern.

In the newspaper on Tuesday it was stated tourism is one of our five pillars of growth in the future. We need whole of government and whole of area to actually create liveability for people to come here.

Ms GIUSEPPI: Transport.

Mr BARK: Transport is certainly one but it is availability of accommodation, encouragement for investors to build rental accommodation if that is what is required. I am currently looking at renting several houses for short term colleagues to come and work for us, because if I do not, they are not going to come. They cannot come and get it, it is too difficult. It is a real concern.

I have just taken on six short term colleagues out of America for six months to get me through my busy season.

CHAIR: To do what?

Mr BARK: Waiting.

CHAIR: You are employing waiting staff. What are you paying them?

Mr BARK: Normal award wages, six months out of America. That is to the level of concern that it is. I cannot get food and beverage supervisors. I am lucky my kitchen is stable at the moment, I have got a good chef but we are in a growth spurt from an investment point of view and we need to add another three to five chefs. I cannot find them. They are just not there.

You may be able to employ someone a little bit junior, but you know what happens then, the eggs come out overcooked, you get a complaint and it snowballs into this infectious problem.

Mr MARK COURE: How do you advertise for vacancies?

Mr BARK: Locally, SEEK Newcastle and now we have even extended out to Sydney and obviously within our own corporate sphere. I use LinkedIn myself for the senior positions; they are out there on that. We are using as wide a sphere as we certainly can.

Mr MARK COURE: We just heard there about people from overseas. What is the percentage of local talent versus people from maybe Sydney?

Mr BARK: I think talent is maybe a loose word. Workers, we may have about 60 per cent local. We have a lot of population coming out of Newcastle up to us, but that is more in the middle management and supervisory level. They choose to live in Newcastle and work with us, which is great but how long is that sustainable. I guess it is the same as the Central Coast to Sydney, how long is someone living on the Central Coast going to drive to Sydney? How long is that sustainable for? I suppose if you were a Greenie you could take it to the next step, there is the impact on the environment, emissions and so forth.

I enjoy what I do and I guess that keeps me going. My family lives on the Gold Coast so I

commute between here and the Gold Coast. I suppose it get away but if I was there on my days off, what would I do? I enjoy golf.

Mr CHRIS GULAPTIS: You go to Queensland for your holiday.

Mr BARK: I do.

CHAIR: You are a fly in/fly out in the hospitality industry. Do you fly in and out of Newcastle airport?

Mr BARK: Every week.

CHAIR: From the Gold Coast?

Mr BARK: Yes or Brisbane/Newcastle.

Mr MARK COURE: Monday to Friday?

Mr BARK: Probably Sunday through Tuesday. I am usually at the resort on Saturday because it is busy.

CHAIR: This is obviously not something the Government can necessarily interfere with but you mentioned that you have got a deficiency in middle managers. Brendan Nelson when he was Opposition Leader and he was addressing some labour market issues made a fantastic speech and he highlighted the fact that in the hospitality industry he was hearing that there was a certain demographic of young people who were keen to take up a career in the hospitality industry but their parents decided within this particular demographic of an ethnic community, that they were not going to go into hospitality, they were going to be doctors, accountants and lawyers.

Without giving it away, the member for Oatley is very, very well in touch with this particular demographic. Brendan Nelson found himself explaining to a lot of parents that your child is not a failure because he or she wants to go and work in the hospitality industry.

Then when it was said to these families, who were very influential in the young people's decisions, that you could go to one of the great Swiss hotel schools or one of the Australian hotel schools and then you could end up as the vice president of Hilton or you could end up on the board of Accor Hotels, things started to change and their attitude started to change. All of a sudden there were families who were saying, go and do this for a few years and then we are going to send you to a Swiss hotel school and you are going to go and run Sheraton Resorts or something.

How do you link those two together? Are you as an industry able to address your shortages at middle and senior management by saying to these young people, because we all know and we have heard it here in this submission and I found it in the tourism industry association that I worked for, one of the biggest problems was that parents had decided their child was going to be a university graduate. The child did not know what he wanted to do yet and coincidentally industries, particularly in the engineering fraternity where I spent some time working, were finding they had these wonderful civil engineers who did not know which end of a backhoe to use. There were these fantastic civil engineers who did not know the difference between asphalt and concrete. If they had gone through and did the certificate III in civil engineering before they had done their degree, not only would they have got a couple of years worth of income before they went off to university but they would have been very, very well versed in the profession.

I know the hospitality industry is very similar. I worked for a fellow in the hotel industry who used to hate it when accountants became general managers of hotels. It was his pet hate but it was starting to happen. He used to say why cannot you find a food and beverage manager to become the

general manager? Why cannot the chef become the general manager? Why is it always the master of business administration accountant that becomes the general manager, because all of a sudden tiny little cuts come?

Mr BARK: I guess an answer to that is we do work with industry. I sit on the advisory board of Blue Mountains Hotel School last year and looking at their program and what actually needed to be put in that program to be successful and also using, as I mentioned before, the streams of revenue management, sales and marketing and then how you would up-skill to being a general manager and what we actually require now out of the general manager and to those next levels of operations and so forth. Creating that pathway and looking at the leadership. In the past you might have started as a waiter and moved your way through, you sort of fumbled your way through, you were the best and you got there. In this day and age, Four Seasons Hotel sold for \$650 million. You are talking \$250 million assets. My hotel is \$45 million, turning over \$30 million a year in business.

CHAIR: This mentoring program is obviously something that we need to implement. It is not just your area, it is something that probably we will need to establish across the board.

Mr BARK: I think so.

Ms GIUSEPPI: Yes, definitely.

Mr BARK: It is those base skills of leadership. It does not matter whether you are in mining, it does not matter whether you are in agriculture you need to harness the fundamentals of what leadership is about. That is simple easy stuff.

CHAIR: This is probably a recommendation that we should be making in a number of industries as part of this submission. Carol, would a skills audit assist you?

Ms GIUSEPPI: Well we have sort of done a skills audit in terms of our members et cetera. We have done a major benchmarking research in New South Wales hotels and labour shortages, where the shortages are and all the rest of it. We have done that. It is more the mentoring. We are involved with Hospitality Employment Solutions, which has a mentoring program for chefs. Their retention rate is 44 per cent versus 38 per cent in the general industry. So it does improve retention rates because the chef goes from cook to chef because they put them through their training programs as well.

When you are talking about that category, the kitchen staff et cetera, you are looking at restaurants, clubs, pubs, everyone wants them. It is such a broad market, not just hotels. It is moving them through the kitchen so that they understand the different parts of the industry and what the career paths are. That is very important.

Can I just say one other thing, apparently there are some changes, there is a vocational education training reform as part of Smart and Skilled. In my discussions with industry there is some concern with this vocational education training reform in terms of the costs. The Independent Pricing and Regulatory Tribunal has recommended that instead of \$478 per annum for a two and a half year cookery course, that it goes to being capped at \$3,000 for that two and a half year course. So the actual cost is increasing, which is having a reaction. This is the reaction it had in Victoria, that the TAFEs and the registered training organisations are reducing the number of courses they offer and where they offer those courses.

We have got an example in terms of Newcastle, which is offering cookery at Central Coast, but they have closed down cookery at their Wyong and Cessnock schools.

CHAIR: Is it lack of numbers?

Ms GIUSEPPI: No, because of concerns that with the rise they will have a lack of numbers.

CHAIR: David, what is your preferred training provider? Do you prefer TAFE or do you prefer Blue Mountains Hotel School?

Mr BARK: I think there are different levels of personnel going through. Obviously the Blue Mountains Hotel School is a private scenario, but they are equally as good coming out of TAFE. You cannot box it into TAFE or you cannot box it into the private institutions. Each one produces good people. I guess it is just getting that next level and saying it is actually an industry where you can do many, many things in. The life skills you learn in our industry compared to maybe if you are in a mine, at the coal wall, whatever you do, it is pretty boring stuff. What we do every day is exciting and not every day is the same. It is never the same.

Ms GIUSEPPI: It is probably a cost thing though. Private schools are a lot more than TAFE, so it is whatever people can afford.

Just in terms of schools, the Escarpment Group which owns the Hydro Majestic, Lillianfels and Echoes has set up their own hotel school up at the Blue Mountains. If you talk to the owners there, the reason they did that is they cannot get staff. They want control over the staff they get. They are opening the restaurant first as part of the Hydro Majestic and then moving into the accommodation. They want top quality and so they are bringing in international students. They have got 50 starting next year because they cannot get people here.

Mr MARK COURE: Do you think that is what many groups or organisations will be doing in the future?

Ms GIUSEPPI: No. It is very expensive. They have a specific way of addressing a need because they want that restaurant within the Hydro Majestic to become a training forum.

CHAIR: It is a unique circumstance because they are spending \$20 million or \$30 million to bring the Hydro Majestic back to its former state of the 1930s, so he wants to make sure that it is good. It is a desperate measure.

Ms GIUSEPPI: It is a desperate one.

CHAIR: I understand if you are going to invest that sort of money bringing a hotel like the Hydro Majestic back to its former glory, you want to make sure that it is right.

Ms GIUSEPPI: It is a necessary investment.

CHAIR: I am not surprised. David, did Hilton have their own school?

Mr BARK: We have got our own

Ms GIUSEPPI: And Accor have their academy.

Mr MARK COURE: Sorry David, you are linked to where?

Mr BARK: InterContinental Hotel Group.

CHAIR: In conclusion, the one thing that you think that the State Government could do to make your life easier so far as training is concerned?

Mr BARK: Do you want to go first?

Ms GIUSEPPI: If it was us—I suppose there are two things, because we want the vocational education training in schools, changes to that and more flexibility, and also the mentoring program, really looking at that seriously.

CHAIR: I think the mentoring program is obviously something the hospitality industry could benefit from if we refined it as far as the curriculum is concerned but it is not just the hospitality industry. It is quite clear that retailers would probably benefit from it. Let's face it, there are not many professions and vocations these days that do not require some sort of public relations and some sort of communication skills. This Facebook generation needs to realise we are not always going to be able to rely on Facebook to communicate with your fellow man.

Any other questions?

Mr MARK COURE: No.

CHAIR: Can I just put on the record at the risk of cash for comment; David's property is one of the best in the State. If you have not been to the Crowne Plaza, you should go.

Mr MARK COURE: I have been, many years ago.

CHAIR: When I was with the Australian Hotels Association, my children used to nag me to go up there and they still do. The restaurant called Redsalt and their kids' club, Water Dragons is one of the best kids' club.

Mr BARK: We have got the best owner in Jerry Schwartz and he is investing lots at the moment. There is a new micro brewery opening.

Ms GIUSEPPI: There is a new conference centre.

Mr BARK: A conference centre that seats 1,200 people.

CHAIR: As voted by Lachlan and William Elliott, Water Dragons is one of the best kids' clubs.

Mr BARK: We have trains and carousels.

CHAIR: Thank you Carol and David. We appreciate you taking the time. If we have any further questions, we will email you. Just be aware that any responses will be part of the submission.

(The witnesses withdrew)

(Short adjournment)

LUKE FRANCIS AITKEN, Senior Manager, Policy, NSW Business Chamber, 140 Arthur Street, North Sydney, and

NICHOLAS ANDREW MINTO, Senior Policy Advisor for Employment, Education and Training, NSW Business Chamber, 140 Arthur Street, North Sydney, affirmed and examined:

CHAIR: Welcome to the NSW Business Chamber. Thank you very much for taking the time to make submissions. Thank you both for your comprehensive submission to the Committee. I might just invite you both, maybe start with you Luke, to make some opening remarks based on what the key recommendations in your submission were and then Nick we will turn to you. Then we will have some other discussion through the Chair, there will be some questions and the like.

Mr AITKEN: I might allow Nick to kick it off.

Mr MINTO: Thank you for inviting us along here today to present the recommendations that we included in our written submission. Obviously skill shortages and skilled migration are important issues for the business community and industry in New South Wales and obviously an important productivity issue.

Just by way of introduction, the NSW Business Chamber is one of Australia's biggest business associations. We have about 14,000 members and service about 30,000 businesses across New South Wales. We represent all major industry sectors, so we do not focus on any specific industry sector. We have a strong regional presence with offices in all of the major regions of New South Wales.

We provide a range of support services, specialising in workplace management, workplace health and safety, industrial relations, human resources and various consulting solutions.

In addition to those services we are also contracted to deliver Australian apprenticeship services, our Commonwealth Government contract there. We also have a group training organisation, a registered training organisation and also a range of recruitment services.

Following on from that I might just talk about some of the key themes from our submission and go from there.

First of all, the Chamber has really consistently advocated for a flexible and responsive skilled migration system over a number of years. One of the recent concerns I guess has been around the debates prior to the election in relation to the subclass 457 visa scheme and the introduction of some changes there around labour market testing, various sanctions, English language requirements and also visa pricing and so on.

We had the general feeling that a lot of that was not based on robust evidence, it was a very political issue at the time and we would like to see perhaps some of those issues resolved by the new Government.

As I mentioned, we also had some concerns around the new civil sanctions on top of the existing criminal sanctions that were in place previously.

In addition to the subclass 457 visa scheme and sponsored skilled migration, we also emphasised the importance of general skilled migration, also enterprise and regional migration agreements, which have not got off the ground so far, which has been a bit disappointing.

In terms of skills shortage areas, the Chamber does survey its members from time to time around some of the key skills issues and we do ask our members about skills shortage issues. We

generally find that around about 30 per cent of our members regularly report skills shortage pressures. We have noticed since 2010 a slight downturn over that period and that is consistent with what we have seen with the Department of Employment figures over that period as well.

In terms of the major industry sectors that tend to be reported in terms of having skills shortage pressures, it is usually health care, social assistance, construction, accommodation, food and beverage services, manufacturing, retail trade, professional scientific and technical services and also information and communications technology. Those are the main areas which covers a fairly broad range of industry areas.

The other point we wanted to make in the submission was that skilled migration, while it is important, it is only one component in terms of addressing skill shortages pressures and it is certainly no substitute for the domestic training effort and investment in training locally.

Moving on from that, we feel that there is a need for a continued focus on youth attainment and transitions policy. We have seen some recent success with the national partnership on youth attainment and transitions. We are hoping those sorts of policies will continue. Also structured workplace arrangements for higher school certificate candidates in New South Wales.

The Chamber has also advocated for senior secondary schooling reform in recent years, which was initially part of our 10 Big Ideas to Grow NSW in the lead up to the previous State election.

One of our general premises is that governments need to view the education and training system more holistically and not focus on things in a silo mentality.

We would like to see a strong commitment to the Australian apprenticeship system. There have been some concerning trends recently following the removal of Federal Government incentives for apprenticeship, so we have seen a massive decline in traineeships and a levelling off of traditional trade apprenticeships.

On top of that we have had the recent Fair Work decision around apprentice wages and conditions, and whatever impact that may have in addition to the Independent Pricing and Regulatory Tribunal recommendations for the State Government.

I might leave it there for the moment because there is a whole list of things rather than keep going. I might address each of those as we go along.

Mr AITKEN: I think Nick has covered it pretty comprehensively. I think the main point for us being here today is that New South Wales does need a flexible approach to this and industry definitely needs a motivated workforce. We do believe that having addressing skill shortages is something that needs to be approached holistically, so there is no single panacea to the issue. I think we do need to be open to all options and have those options on the table for industry.

CHAIR: Nick, you mentioned 30 per cent of your members reported a skill shortage. Can you go through some of those? I know you listed a whole lot of them but can you just give me the top six?

Mr MINTO: In terms of industry areas?

CHAIR: I have construction and information technology.

Mr MINTO: The consistent ones we tend to get in terms of each quarter is probably construction, manufacturing, which might be a bit surprising, but that probably reflects our membership base as well. Information communication technology comes up and probably health and

community services. Those are probably the ones for us that come up regularly.

CHAIR: Nothing in mining?

Mr MINTO: Not so much but that is probably a reflection of our membership base.

CHAIR: Nothing in hospitality?

Mr MINTO: Hospitality does come up from time to time and so does retail.

CHAIR: And retail as well?

Mr MINTO: Yes, retail.

CHAIR: We have just received an email from the Retailers Association who want to give us some input. You did not include information technology though, you included information communication technology?

Mr MINTO: Yes, that is right. That is what we include generally in our survey, information communication technology.

CHAIR: Not information technology?

Mr MINTO: No.

Mr CHRIS GULAPTIS: Thank you very much for coming in. I read your submission with interest because I think it really reflects business given the number of members that you have right across New South Wales. I was really interested in your comments regarding our secondary school system and getting children ready for the workforce. You see it as a bit of a failure I guess and what I am looking at is how we can improve that. Does TAFE, for example, or other training institutions fill the void, get our children work-ready in your opinion?

Mr MINTO: Well I guess just to provide you with a bit of background. As I mentioned, that was part of our 10 Big Ideas to Grow NSW and those proposals around secondary school reform came through significant consultation with our members. The central premise of that was the secondary school system is still largely based around university entrance requirements, despite the fact that around three and four students do not actually go onto university.

So we wanted to look at a range of different ways to engage those students that are not following a university pathway, look at the vocational options, look at school-based apprenticeships and so on and make sure those young people are engaged in school.

That is particularly important given the recent changes to the school leaving age and so on, and some of the concerns that I spoke about in the submission here with the Auditor-General saying that disengaged young people in school were causing a range of issues.

Turning to your question about TAFE, we want to avoid situations where the vocational education system has to address what may be failures of the secondary school system. We have listed a range of measures there whereby we feel there could be improvements made to the secondary school system to broaden options around vocational training, to look at the adequacy of career advice in schools, which we feel is still a major issue, looking at things like literacy and numeracy and minimum standards, and a range of other issues.

We have been advocating for this for some time. We have been working closely with the Director-General and the department, and slowly making progress in some areas. Our initial

recommendation was for a broad ranging review but at this stage it does not look as though that will be going ahead.

CHAIR: The National Assessment Program Literacy and Numeracy is supposed to be labelling where the literacy and numeracy deficiencies lie but it is not doing anything to address it, just highlighting where the problems are.

Mr MINTO: That is right and our proposal was all about looking at solutions to that problem rather than identifying where the discrepancies are and so on. We also wanted to look at a review similar to the Kirby review that they had in Victoria which looked at youth connections to the labour market more broadly. So it was not just about curriculum and so on, it was actually about the transition from school to work.

Mr CHRIS GULAPTIS: The importance that the role of career advisors play in schools, how do you see them influencing the people that you get ultimately in the workforce?

Mr MINTO: I think it is an enormously important area that young people have some sort of direction or just access to information from an early age and maybe some career guidance and career planning. I think at the moment we really are not seeing that. We see situations where former school teachers are standing in as career advisors who perhaps do not have a broad understanding of industry and what is required in the workplace.

We do see research overseas that shows that decent career advice provision does result in reasonable outcomes for young people in terms of providing them with a broad idea about what the options are and what directions they may choose to take.

Mr AITKEN: Some career advisors with depth of industry knowledge is absolutely critical. We have heard of programs up around the Hunter where there has been a bit of engagement with industry that has produced some really good outcomes for young people up there.

CHAIR: Did they focus on the mining industry?

Mr AITKEN: And the manufacturing industry. Some of our members have been involved in that and it has been quite successful in terms of letting young people understand that there is a broad range of options out there in industry, especially around manufacturing as well because as Australian manufacturing changes, there is a whole heap of new options available for people that they would not normally associate with the traditional understanding of what manufacturing is about.

Mr MARK COURE: We might explore that point, it is a good point—the training provided to career advisors. I know at Kogarah Marist Brothers we had a great careers advisor but I certainly would be shocked to see if she had any formal training and she certainly was on her way out.

Mr CHRIS GULAPTIS: Connection to industry is critical.

Mr MARK COURE: Absolutely. I think that is something that we will need to explore even further.

Certainly in your report, which I read over the weekend, you explore subclass 457 visas and the hot potato it has been during the recent election. Hopefully that will all be rectified and addressed in the incoming months. It is certainly a big issue in my electorate of Hurstville. A lot of Chinese businesses that I have spoken to over the years find it extremely difficult to hire not just chefs but cleaning staff, people with speciality trades particularly from China and chefs is the one that comes to mine. Hopefully that is something that can be addressed over the next coming months of the new Government.

I read in detail over the weekend where you spoke in your report about the decline in apprenticeships. It is certainly something that we explored last time at Coffs Harbour during the Inquiry. What can governments do? I come from a family of many apprenticeships, my father, brothers, grandfather all had apprenticeships in a particular trade, mostly cabinetmaking, except for me. What can governments do to really address this because it is something that really needs to be addressed? What builds business as we know, in any trade for that matter, are apprenticeships? So what can governments do, local, State, Federal?

Mr MINTO: There is a broad range of things really and if I can break it down into two parts. I talked a bit in the submission about commencements and the recent trends with commencements following the removal of government incentives to take on apprentices. Largely the decline was in traineeships and there was a very slight decline in trade apprenticeships but that has levelled off. That just raised some broad concerns for us in terms of the future of the apprenticeship system.

That also quite clearly showed how significant the incentive scheme was in terms of ensuring that there is employer engagement there. Employing an apprentice is a price sensitive exercise and any increases to the costs of apprenticeships will generally result in a lack of engagement from employers. That was clearly reflected in terms of the removal of those incentives and then the decline and lack of engagement from employers. Incentives is one area.

Moving away from commencements and looking at completion rates, which is another issue that has come up with many apprentices not completing. There is something in the area of around 50 per cent of apprentices do not complete.

Mr MARK COURE: Why is that do you think?

Mr MINTO: There are a whole range of reasons really.

Mr MARK COURE: Have you surveyed your businesses, your membership data base on that issue?

Mr MINTO: We have, yes. One of the main issues which comes through some of the research and also some of the discussions we have had with members comes back to the initial recruitment and induction phase of the apprenticeship whereby often you do not get a good match between the apprentice and the employer and there is not a clear understanding between the two parties as to what is expected.

Mr MARK COURE: So it is the process?

Mr MINTO: Yes, it is the process. That was reflected in some of the New South Wales Board of Vocational Education training research that came through as well. At the moment with the Australian Apprenticeships Centres who are largely focused on sign ups and so on, there has not traditionally been much support in terms of that recruitment and induction phase. We feel that is an area that can be improved through perhaps expansion of apprenticeships in the services. Obviously prior to the election there was a review of apprenticeship service delivery and we were hoping that an expansion of those services would lead to better outcomes for apprentices. We have seen some pilots with mentoring and advisor positions which has shown some good results in terms of retaining apprentices. There is a broad range of reasons why apprentices do not complete.

CHAIR: Also, surely the main reason is just culturally, people change careers three times before they are 30 years old now.

Mr MINTO: Yes, that is right.

CHAIR: They might decide they want to be a police officer.

Mr MINTO: That is part of it as well. One of the arguments we made earlier on when some of the apprentice completion figures were not looking so good, was that in the official data collection some of those transfers may be from one apprenticeship to the next but that was counted as a non-completion. So it did not capture the full picture there. That is right, with the reality of what it is like as a young person moving around different options.

CHAIR: We introduced in this country long service leave to reward and encourage loyalty to an employer, which is why when the Labor opposition 10 years ago under Mark Latham wanted to introduce portable long service leave it was completely repugnant to the spirit of the legislation. The legislation was there so that we could say to people, you are a loyal employee, you will get long service leave after you have completed 10 years service. I think it is a good thing.

Do we now therefore say to apprentices there is a mini long service leave and you will be rewarded for finishing your apprenticeship? That worries me that 50 per cent of people for whatever reason are not finishing their apprenticeship. That is an expensive way for generation Y to treat the Australian economy, particularly the New South Wales economy. That is unsustainable. No wonder people are not putting on apprentices if there is a 50 per cent chance that you are going to lose them. How do you think the industry would feel about having a government/industry sponsored reward scheme for people that finish their apprenticeships?

Mr MINTO: I guess perhaps some incentives for apprentices to stay on would work. Obviously the reasons for not completing are quite complex, so it may not get around some of those other issues. What we do find through the research as well is that those apprentices that do complete do recognise there is a wage premium at the end and the low wages in the beginning are an investment in their training and all the rest of it.

Mr MARK COURE: That research that you were referring to, is that freely available?

Mr MINTO: Yes, there has been a lot of research over the last few years. The apprenticeships for the 21st century expert panel released a lot of material, I think in 2011 and just in the whole apprenticeship reform process that we have seen over the last few years, there has been a whole range of different reports coming out with various findings.

Mr MARK COURE: We might try and circulate a copy if we could.

Mr MINTO: Yes.

CHAIR: Subclass 457 visas being rorted?

Mr MINTO: That was one of the claims obviously before the election but clearly there was no significant evidence that this was a widespread activity. We recognise that this does happen from time to time but the existing legislation was able to deal with that. To introduce additional civil sanctions we felt was going too far.

What we would like to see is more of an evidence-based approach to this and actually have the figures on the table and have a reasonable debate about what degree of rorting is going on and what sensibly can be done about it, rather than producing new red tape.

CHAIR: I have to say, this Committee was looking at it before the election when we commenced this inquiry and I happened to foolishly say to a journalist that I have got no evidence that subclass 457 visas have been rorted when the matter has been raised. I was inundated with emails and calls from people who said subclass 457 visas in the information technology industry are being rorted. I specifically said to them can you give me the evidence and I never heard from them again.

Everybody is telling me that there are these rorts going on but when you specifically ask for people to give evidence, it is always my next door neighbour's cousin lost their job or five people I know through an organisation that I used to be a member of lost their jobs and nobody knows who the companies are and who is doing what. I have said to them the Committee would have no choice but to refer it to the Department of Immigration if we were given evidence that some sorts of laws had been broken, but I have not got any evidence.

Mr CHRIS GULAPTIS: According to your submission, 0.125 per cent of employers were sanctioned and 0.5 per cent were warned. That is not exactly wholesale rorting.

Mr MINTO: That is right and those are Department of Immigration figures there that we cited.

Mr AITKEN: Those things should be pursued vigorously and sanctions applied when people have abused the process, but I do not think it should be a determining factor in how we move forward with the policy.

Mr MARK COURE: No, that is true.

CHAIR: Exactly and from the feedback we are getting from employers is that if we lost the scheme we would be in serious trouble. We have had evidence this morning that there is a resort in New South Wales that has actually had to bring in six waiters from the United States. We have got some serious problems there and that is in an area where there is 6.8 per cent unemployment. You would think you could find somebody that could wait a table when there is 6.8 per cent unemployment.

Mr MINTO: You may have already heard from one of our members actually, Bindaree Meats from Inverell who employ around about 50 subclass 457 visa holders, they employ 600 local people and they quite freely make the point if they were not able to use those subclass 457 visa options then the sustainability of their whole business would be undermined because they are sourcing to some of the best supermarket chains.

Mr MARK COURE: What relationship does the NSW Business Chamber have with TAFEs, colleges, universities?

Mr MINTO: A lot of our members use TAFE and we have been involved in some of the consultation processes earlier this year in terms of TAFE transitioning to a more competitive market place. We actually did survey our members and ask them a number of questions about TAFE, including how satisfied they were with TAFE delivery. Over 70 per cent of them said that they were quite happy with the services that TAFE provide, however they did provide us with a number of comments in terms of how things could be improved, particularly around the flexibility of training provision and delivery in regional areas.

A lot of that is perhaps going to be captured under the Smart and Skilled reforms as well. There will be a lot of changes to TAFE there so we will wait and see what happens there. But yes, we did have a good relationship with TAFE.

Mr MARK COURE: In your submission I also noticed that you talked about reducing the visa fees for people coming to Australia. Are our fees uncompetitive compared to other countries or is it just another obstacle?

Mr MINTO: Well the fees have gone up significantly recently. That is just a broader concern in terms of the affordability, particularly for small businesses. What we find from our members when we survey them is that a lot of them rely on the general skilled migration independent pathways so they employ from the general pool because they just cannot afford to sponsor through

subclass 457 visa arrangements. Increased pricing is just going to make that more difficult for small businesses.

Mr MARK COURE: What are we talking about? Let us say I own a local Chinese restaurant, what would it cost me to hire someone under a subclass 457 visa?

Mr MINTO: I have not got the fees in front of me right now but I think broadly speaking it used to be around \$500 to nominate somebody. In some cases now it would be over \$1,000. It depends on a whole range of factors and I would have to look at the specific figures but that is broadly what I have looked at.

CHAIR: Have your members been using relocation grants, taking advantage of relocation grants at all?

Mr MINTO: I have not had much feedback from members about those sorts of things.

Mr AITKEN: Not specific feedback from members. I know the government has some figures on regional relocation grants but we have not surveyed our members on the utilisation of those.

CHAIR: I do not want to put words in your mouth but they have not said to you they have been a fantastic success or they are an abject failure, they are just not on the radar?

Mr AITKEN: Just not on the radar really.

CHAIR: We have talked about career advisors and mentoring. How do you think that your members and maybe even the private sector generally would feel about some sort of State or government mentoring programs, not necessarily sponsored but maybe a semi-mandatory mentoring program to the industry? Would that be seen as just more red tape or do you think that they would genuinely see it as something that was there to benefit them?

Mr MINTO: Do you mean in terms of the career advice side of things for young people?

CHAIR: We have got to make a recommendation to Government; that is what this inquiry is for. A lot of the feedback we are getting is there a need for a skills audit; that is pretty much the number one recommendation from the inquiry. We need to address the fact that people are changing their careers three or four times before they are 30 and we need to reduce that really if we are going to address skill shortages. Every day that a person spends training for a vocation that they end up leaving is a day wasted essentially unless you actually finish the trade and go and use that to bounce into a degree or into a profession that requires that sort of training.

How do we word, embrace, recommend as a Government or a Parliamentary Committee to the Government a mentoring program? As you know Luke, I have been an executive of two industry associations so I know the private sector is not really fond of more government recommendations or red tape. Is this going to be seen as something that the Government is forcing upon industry employers? How do we make them realise this is to benefit them?

Mr MINTO: I am not so sure it will be taken as a negative thing. We have been talking recently about the need for a greater focus on career development right throughout somebody's working life and that that is an existing gap at the moment. A lot of people obviously face difficulties when then get to a certain age in terms of their engagement and they become disengaged from the labour market and it is very difficult to get back in.

It is an area we are broadly supportive of so if the Government was looking at providing specific mentoring support for individuals and career guidance, I am sure that would be a positive

thing.

CHAIR: I am glad you say that. I had a man come into my office once, he had been in the organisation for nine years and he walked in with his resignation to go and take another job offer. The only mentoring I could do for him was say to him you are nuts mate, because in 12 months' time I am giving you three months salary for free. That is as far as it got. Surely we need to be able to offer them something more than just long service leave if we are going to mentor them and encourage retention? Training would obviously be part of it.

The evidence that the Committee has observed is suggesting to us that those employers that engage and offer continuous improvement, up-skilling, training and qualifications, lights at the end of the tunnel and degrees and all those sorts of things are obviously the employers of choice.

Paul Keating tried to introduce a compulsory training levy and it was rorted to boot but this is more than probably just training. It needs to be training plus long service leave, plus career development, plus workplace flexibility, plus superannuation benefits.

Mr AITKEN: I think with the mentoring, it does need to go both ways, because like I say, it is not just apprenticeship wages that are stopping people from completion, it is the whole range of things that go on in a workplace. One of the things that we have also investigated in our research is around management and leadership skills, the lack of management skills across Australian enterprises. I think some mentoring should be looked at from both sides, not just from apprenticeships' viewpoint but also from their employers and a support network there. We do have our workplace advice line but I do not have any statistics on how many calls we get about apprentices. They come through to our apprenticeship centre. But some support networks there for businesses to ensure that they have got the right advice, they have got a knowledge base to work off in terms of engaging with young people.

CHAIR: Yes.

Mr AITKEN: There is obviously a generation gap when you are engaging with young people these days but I think you need to take that sort of holistic approach so you are not just focusing on the apprentice, but also the person employing them.

CHAIR: The Facebook generation as we heard this morning, needs to be addressed. These children have got to realise that Facebook is not the only means of communication. It is clearly having a detrimental effect on the end result of the education system.

Mr CHRIS GULAPTIS: I am becoming increasingly alarmed about the fact that we do have a skills shortage and we have high levels of unemployment; and we cannot mix the two together. It is really a concern to me. There is obviously something fundamentally wrong with our education and training system if we cannot get the two to connect.

Mr MINTO: That is right. I guess that is the big challenge really, that everyone is trying to grapple with, that discrepancy. We continue to hear about skill shortages yet we have high levels of youth unemployment all across the country. It is a major concern.

CHAIR: You are right but we have got unemployment at 1.8 per cent in Cobar.

Mr MINTO: But you do not want to be unemployed there.

CHAIR: You do not want to be unemployed. In previous evidence this morning we have seen communities highlighting the fact that a heightened labour market is just as damaging to the local economy as a dead one.

Are you happy with the level of Government consultation over the labour market and skills?

Are Industry Skills Councils working? Are you involved in the Industry Skills Councils?

Mr MINTO: We have a bit of involvement there. There are probably issues with Industry Skills Councils and how industry needs are communicated and how this filters through to the training system. There are probably things that can be improved there, both with Industry Skills Councils and New South Wales Industry Training Advisory Bodies at a State level.

I guess one of the challenges that we need to think about also is education training is sometimes seen by employers as not core business. It can sometimes be difficult to achieve a reasonable degree of employer engagement. I can certainly see some of the challenges that Industry Skills Councils are facing.

I will not talk in anymore detail about that but there are probably things that the new Federal Government will look at in that area, how that informs the vocational education training system.

CHAIR: Without wanting to lead the witness, are you in favour of the Government spending time on the skills audit or do you think that is something that is unnecessary?

Mr MINTO: Labour market research can be useful. It is always enormously difficult in this area to identify future projections and what industry sectors might be growing and where the skills are going to be needed. You are never going to get it right. You are never going to get it perfect.

What we are proposing, based on some of the work we have done with some of our members and some of the discrepancies we see at a regional level, is often the national and State based labour market research really does not capture some of the requirements of individual regions. What we would like to see is perhaps annual regionally based audits that capture that detail and then we can tailor the local training provision to some of those detailed requirements rather than having high level skills lists.

That is useful but in order to drill down to some of those more specific issues then more of a regional focus might be more helpful.

CHAIR: Thank you very much. We may need some clarification or following up of any of the issues that you have addressed, so just be aware that your response to any of the questions will remain a matter of public record, so do not criticise the Chair in any responses.

Thank you very much for your submission and your time today, we appreciate it.

(The witnesses withdrew)

(Luncheon adjournment)

ANDREW McMAHON, Director , People & Skills, NSW Minerals Council, PO Box H367, Australia Square, NSW, 1215, sworn and examined:

CHAIR: Welcome to the inquiry into skill shortages. Thank you Andrew and please thank the Minerals Council for their submissions. It is now 1.45 p.m. so we will reconvene deliberations.

What we will do now is invite you to make some preliminary remarks about your submission, the one that I am assuming you wrote but Stephen Galilee took the credit for, and we will then go into some discussion about the issues that are particularly relevant to the Minerals Council and see if there is any consistency with the other themes that we have had over the course of the last three and a half days of deliberations that we have been taking evidence.

By way of background, Mark is the Liberal member for Oatley and Chris is the National Party member for Clarence. The other two members are an apology today but we will back-brief them on these deliberations today. It is really open to you.

Mr McMAHON: I will just keep it brief in my opening and then you can bombard me with any questions you have got.

Obviously thank you very much for the opportunity to provide comment to the inquiry today. An essential element of our industry, which is the New South Wales mining industry, is a highly skilled workforce. We cannot do it without them; it is just pure and simple. The key requirements to achieve this include attracting a steady stream of highly skilled workers who are not only appropriately educated, but we need to ensure that the training provided matches the needs of the industry as well. Then our other key challenge obviously is retaining those people.

Essentially we have to be fairly proactive we find and I will explain probably in question time the differentiation between the unskilled kind of workforce and then the highly skilled people that we are looking for.

There are plenty of proactive things that we have been doing as an industry to try and source employment locally as a key plank of our operations but we also work with member companies to establish programs to not only inspire, promote and excite local students to consider a potential career in the mining industry but then also to retain the people that we get.

We provide a lot of mining scholarships, both through the Minerals Council but also individual mining companies do it for their local regions. We run a very extensive women in mining network now, so trying to tap in and explore that undeveloped marketplace because I am sure everybody knows that we are a highly male orientated industry but I am pleased to say that that is turning around and we have some quite exciting initiatives.

We have just recently signed an industry based agreement with the New South Wales Government on Aboriginal employment and enterprise development. So we are actually looking at that from another perspective. That is just a range of the programs but then also various companies, as outlined in the submission, have their own quite detailed programs.

I guess I will just finish up by saying it is imperative for us that we have people that can fill the available roles through all of our industry cycles. I am sure you know where we are in ours at the moment, so that is why we work with a range of people, companies, education providers, to make sure we secure that.

Essential to us is quality education, training and re-training, because that is critical for us to be able to retain a highly skilled workforce.

CHAIR: What I might do is go through some of the questions that have been raised over the course of the inquiry, particularly this morning, to see how much synergy you have with some of the other industries because you would probably be aware that you get blamed for the labour shortage a lot.

Mr CHRIS GULAPTIS: A lot of other things as well.

CHAIR: I was just saying to the Secretariat, it is interesting, we have barely spoken to any actual miners. There was one miner that we spoke to in Dubbo, but if you talk to anybody else in the labour market at the moment, the reason the wages are so high is because of the mining industry. They do not dislike you for what you do, they dislike you for how much you pay your employees.

Indeed, we saw Cobar, because of the mining out there at the moment, there is 1.8 per cent unemployment, if you stand on a corner too long you will get shanghaied into a job.

Let us start with subclass 457 visas. I know in your submission that you spoke about the fact that it is an important scheme, quite rightly because at the higher end of your industry there is a need for people to move in and out of various countries in senior management roles. Without wanting you to inform on any of your members, have you got any evidence that it has been rorted at all in your industry?

Mr McMAHON: No evidence provided to us and we do not have any anecdotal evidence either.

CHAIR: No one has complained to you about rorting?

Mr McMAHON: No.

CHAIR: Not even mal-administration?

Mr McMAHON: No. Ours is fairly genuine. It is based mostly around engineers; that is our critical shortage. We actually do not have enough graduate capacity to get out through the universities to meet the demand, just for mining engineers, let us not go to any of the other ones. As an industry, including the Minerals Council Australia and everything, have invested millions of dollars to try and build that. We are only just this year starting to meet capacity with the record of graduates coming out of the University of New South Wales. Unfortunately that happens to be the year when we are like this and none of them actually are going to get a job placement, which has totally been the reverse of the last decade.

That is why subclass 457 visas have been important for us, let alone the level of experience that they also bring, because as you mentioned, our operations are highly hazardous, particularly with some of the underground coal, experienced mining engineers is a key control to managing that risk.

CHAIR: Just on the decline in the industry and before I get onto scholarships that you mentioned in your submission, what will happen to these graduates since they are not going to be offered jobs in mining? Do you think that they will go and park themselves somewhere else until something comes up or do you think that they will go and do post graduate studies and we will lose them forever?

Mr McMAHON: No, I personally was a victim of the last downturn. I am a geologist by training. When I graduated there were no jobs for geologists so you had to find something else in the industry. I am still in the industry; I am just not doing anything to do with rocks.

We have had discussions with the students. We sponsored their recent young professionals dinner so that we could actually have a chance to interact with them and talk to them about first of all

resetting expectations about how much they are going to earn, because that has been part of the problem, and at the moment it is a bit of a re-shift.

CHAIR: You are not telling me that you are losing engineers in the mining industry to become truck drivers in mines?

Mr McMAHON: I do not think so in this current environment. We have plenty of those people that step up. A lot of those junior engineers also need to get some practical experience underground. Some of the suggestions that have gone out to them is actually just go and be on a crew for example and get your hours underground because that gives them a whole heap of exposure and then they are working with a company. The next time jobs are on offer that is basically how they will get one.

I am sure most of them in due course will get there. What we are trying to deal with right at the moment is the fact that to graduate as an engineer for example you have to have done a certain amount of practical experience during your last couple of years and we are struggling to have enough supervisors to meet that demand. We are looking at a couple of programs at the moment to try and make sure that we do not turn the tap off in this time when we are down, so that the next time that we start to boom back up, which evidence says always happens, that we will actually still have enough people.

CHAIR: How are you going to get them to get that experience?

Mr McMAHON: We are working with companies at the moment to make sure that they do not just turn the tap off in its entirety. We have some trust fund with the University of New South Wales that we invested in quite some time ago collaboratively. We are looking at using some of that trust fund at this particular time to offset some of the costs of taking on those traineeships as an incentive to keep those going, to maintain some of the scholarships that are at the University of New South Wales to make sure that people still want to go there and that sort of thing; a range of different programs.

CHAIR: Those scholarships that you mentioned in your submission, are they funded through the Minerals Council?

Mr McMAHON: By the members, correct. We put a call out to the members, who would like to sponsor and they say we would like to get 10 in our region. We put out a call and then they are assessed on their various merits and they are sponsored from Year 11, 12 and then in first year of university. They have actually got to give back as well. So we get them to come along to some of our careers events where we are trying to inspire and promote the next generation and say how good it was. We try and get that self-perpetuating thing happening.

CHAIR: How are you finding the quality of entry into the industry? Are they briefed on the options, the possibilities of the careers that the mining sector can offer?

Mr McMAHON: We invest quite a bit in careers promotion, not only as a council but also individual companies. This year we have attended close to 12 careers events, including for the first time we actually went to the Sydney Careers Expo and the Western Sydney Careers Expo. Of course we go to the major ones at Newcastle, Illawarra. We have taken a different tack this year but in the past we have been running individual dinners in some of the regions targeting some of the schools.

We certainly run programs to try and make sure that people have the opportunity to ask questions. We have got a fantastic website called People for the Future and on that you can choose whether you like to work outdoors or indoors and that kind of thing. Then there are videos from truck drivers and geologists. Then it tells you what your indicative salary might be. It tells you what kind of study you have got to do. Then it tells you what you might have to do in that kind of job. A lot of

young people want to find things out from technology, not actually speak to a person anymore, so we are trying to meet that particular angle as well.

Just the week before last we sponsored a group of students from Aboriginal Employment Services who are doing traineeships. We took them out to Coal and Allied in the Hunter Valley so that they actually had an opportunity to crawl over gear and ask questions. We had a great study where one of the young girls said I want to work in administration but they keep talking me into doing a trade and all this sort of stuff. So we went and got some of the people from the administration, they sat down with her and she said, I have never been able to talk to anybody before. This is perfect. I still want to do that.

You cannot personalise that the whole way, but we try and provide that range of different options to make sure that they are aware of what they can do.

CHAIR: You are recruiting at the entry level. How is it that we are getting other employers like hoteliers and retailers—we had an example today of even a doctor, giving away their careers to go and work in the mining sector. These are not entry level people, so is that just the individual mining companies advertising for X position, which is obviously an unskilled position, whether it be driving or just in a pit and then qualified people are applying for the position because of the salary or do you actively go out there and undermine people?

Mr McMAHON: Certainly not, we get overwhelmed. I go to barbeques and I get the same accusations on weekends from people. For an example, last year we had several companies, they advertised for six apprenticeships, they had over 2,000 applications just from their local region just for those six jobs.

CHAIR: What were those jobs?

Mr McMAHON: They were fitters, electricians, that kind of thing. Most companies are taking something like eight a year in. I think there is currently 420 apprenticeships and traineeships across the top 20 members that we have got in New South Wales. Each of those companies are getting 2,000-odd applications and that is from a whole range of people, mid-life looking for something different through to just out of university, just out of school or even in school.

We do not actively go and target any other areas, apart from one area, some of those skilled areas we still cannot get people. Through the Minerals Council Australia we did run a program trying to see if there were any adults out there who had started an apprenticeship and had not finished it, who wanted to finish that apprenticeship and get into the industry. There has not been anything in New South Wales, it has been all in Queensland. Out of one advertisement in the paper they had 5,000 people put up their hand.

CHAIR: But is there not a knowledge gap there?

Mr McMAHON: They were basically assessing them and saying okay you got to there, so you only need to do this portion, you do not have to go and start again.

CHAIR: They will individually assess them?

Mr McMAHON: Yes.

CHAIR: Because after five years you might have forgotten what you learnt.

Mr McMAHON: They do an independent assessment because they also add life experience. You learn some of that stuff that you learn at TAFE along the way as well.

CHAIR: At the risk of sounding like a psychologist, I just want to put to you two or three line comments and see what your responses are. Skills audit, needed, not needed; something that the Minerals Council has thought about? Are you doing your own skills auditing within the industry?

Mr McMAHON: We are always looking at that, mainly because it is a shifting industry. Technology, for example, would not have been considered previously but we have now got a mine at North Parkes that essentially is run by computers where people sit in a box upstairs with a joystick.

CHAIR: We got told about that in Dubbo. What about the quality of school leaver?

Mr McMAHON: We do have some views around that. Our members are trying to support a maths in trades program up in the Hunter Valley because the level of maths that we are getting for students that are coming out, they cannot even start an apprenticeship with. We cannot even get any students to actually start a local apprenticeship yet we get accused of not taking on local apprentices.

We are sponsoring that and we have got another program which I think is in a couple of weeks trying to target Year 9 where they will come along to a trade fair and all the different companies will have a little maths quiz to try and start to cultivate that a bit more. We have sponsored some science, technology, engineering and maths projects. We sponsored F1 in Schools program recently so that children are designing mini F1 cars but that is all about engineering and maths. We are trying to get them excited about engineering and maths.

Mr MARK COURE: The first question is relocation grants, have your members had any experience with those, any comment regarding relocation grants to rural parts of New South Wales?

Mr McMAHON: I would have to take that on advice and check with my members. They have not raised that or any issues about that with me, but I can follow up with our network for you.

Mr CHRIS GULAPTIS: I am a surveyor and I have been associated to a degree with the mining industry, both in Western Australia and Queensland over a different period of time, so I do understand the industry a little bit.

I was really pleased to see the proactive approach that you are taking in relation to skilling children up through those mentoring and scholarship programs. I think that is terrific. I am really alarmed at the fact that they are leaving school without basic maths essentially or maths enough to get them to a particular level to be able to enter mining or engineering for example. I will come back to that in a moment.

The fly in/fly out workforce; does that solve some of your skill shortages?

Mr McMAHON: It is not a very big part of the operations in New South Wales, mainly because most of our operations are around existing townships, because New South Wales is fairly well populated across the board. I think White Haven is probably the biggest user of fly in/fly out at the moment simply because they are an establishing mine and only really just getting off the ground from that point of view.

Fly in/fly out for us is very different to how it is in Queensland and Western Australia. It is just not a component of what we have got. I will admit that we probably have got a bit more drive in/drive out just simply because I think from anecdotal evidence, a lot of people like to live on the coast on weekends or their time off. That is just the choice that people decide to make.

Mr CHRIS GULAPTIS: Just coming back to that question to do with your training and where your shortages are, earlier on you were talking about the lack of mining engineers. Obviously you can reach saturation point with mining engineers. What is the core employment level that you need? What do you basically need most of in that mining area, fitters and turners or diesel mechanics?

Mr McMAHON: There is probably not one particular position because we are such a diverse industry. At the trade stand for example, all the other children are asking questions and you ask one particular child what they would like to do? I am not interested in mining; I want to go into childcare. We say, you know that we actually run childcare centres in mines—that is an essential part. What? Then the same with nurses, doctors, accountants, lawyers, the whole works. That is why Our People for the Future website is so comprehensive. It explores the whole range of different positions that are available.

So I could not put my finger on one apart from saying mining engineering because it is such a super critical role of the industry. Obviously then there is a fairly bulk lot of general employment people where the coal face kind of workers, but most of those, we have got a very high percentage of people in our industry compared to the general public with a minimum of certificate III and that is because to do certain things underground you need a whole heap of certifications from a safety perspective, because we have learnt through a tortuous hundred years, our history has taught us that we need to do certain things.

We have a competence board, so if you want to do certain things in our industry you have got to not only study, but then go before a competence board and all sorts of things. That increases the level of competence that we have across our industry.

There are some significant hurdles just to even get in our industry but obviously a lot of people find it attractive from both a wages point of view and the lifestyle point of view as well.

Mr CHRIS GULAPTIS: We heard earlier today for example in Muswellbrook they were really pushing to have a centre of excellence focused on mining of course. What do you think about that?

Mr McMAHON: That is something that we are actually actively exploring at the moment. Dubbo were also keen to get one. They nearly had one off the ground supported by the Federal Government but funds fell through. We have been talking with Orana Regional Development Australia. We took them on a field trip to Queensland to explore a mining academy that exists in Queensland. We do not think that model is appropriate for us but we are still in the process of it.

But yes, we see that as a missing gap between school and tertiary and the vocational education training sector as something we might be able to explore about these mining academies. We are starting to think maybe a bit more virtual academy rather than bricks and mortar, if you know what I mean. We are still forming that up at the moment. We have just done a study tour and we are trying to work that through.

It is something that we are considering at the moment. Obviously the marketplace at the moment says we are not training that many people if you look at coal services, mines rescue for example, we do a lot of entry level training. They are basically shut down because it is just so low at the moment. But it is probably a good time for us to actually get some of that stuff in place so the next time we start to ramp up we have got things in place. We are actively looking at that, we just have not come to a decision. We just do not think bricks and mortar are the right way to go because as you see, we ebb and flow, we move around to where the resource is, so if you put a bricks and mortar in one place, it might not work well when you shift.

Mr CHRIS GULAPTIS: You really do not need to, you have already demonstrated that with your automated mine for example.

Mr McMAHON: Yes.

Mr CHRIS GULAPTIS: You can do it from wherever you want to do it, but you have got

to be able to get the technical expertise into that spot to be able to instruct.

Mr McMAHON: Yes and it is a lot of stuff to pull together from that point of view. We have made a lot of comments about the vocational education and training sector. We made a submission to the House of Representatives inquiry with the Minerals Council Australia collectively with the Queensland Resources Council as well, trying to make sure that we do have a vocational education and training centre that is actually focused on what industry needs not what it thinks industry needs. There is often a little bit of a gap there as they are focused on qualifications and we are very focused on skill-sets, people who can do the job.

Then the next step is actually into the quality of training that we are getting both from vocational education and training and private registered training organisations. We are actually running a project at the moment with SkillsDMC and the Minerals Council Australia on vocational education and training quality and actually trying to come up with a very innovative scheme. You could almost call it the TripAdvisor of training where you would be able to view and rank training from various providers. It is being piloted at the moment.

Mr CHRIS GULAPTIS: In your opinion how did you compare the quality of training in Australia as opposed to say those that come in on subclass 457 visas or those that come in and actually immigrate to Australia from that mining background?

Mr McMAHON: I probably do not have any evidence to make a comparison on that. I certainly know that we have an awful lot of people who want to come and train over here. That being said, there is an awful lot of great mining engineers that come from some great mining countries like South Africa, America and Canada for example.

Mr CHRIS GULAPTIS: There are a lot of cultural differences though, language differences and standards.

Mr McMAHON: That is where Australia stands out, is our standards and they have started to become de-facto standards internationally, the way that we do risk management for example is world leading and is being adopted elsewhere. People want to find out about it.

Mr CHRIS GULAPTIS: What about our environmental laws?

Mr McMAHON: Similarly I think they are held up quite high as well; whether they are adopted by other countries or not, I do not know.

CHAIR: Given you are the evil empire when it comes to every other employer in New South Wales, what are your challenges in the labour market? Everybody points to you as being their challenge, what is your challenge in the labour market? At the end of the day if you survey every other employer in New South Wales they are going to say the reason why they have got a skills crisis is because the mining industry is paying people so much money.

But you have got a skills crisis too. Why is that? What have you got a skills shortage?

Mr McMAHON: I think partly it is a perception issue, people think that there are plenty of jobs in mining and they pay an awful lot of money, and hang on, I am just going to take off and do that. That is the anecdotal evidence that is out there. In reality we have plenty of people who want to put up their hand in local areas where we work. Our problem is getting highly skilled people, so that technical level. The electricians for example, there is still a major issue and the engineers that I talked about.

CHAIR: Your skills shortage is literally in the high skilled area?

Mr McMAHON: Correct. We have contributed a lot to the Government. We have got a range of different things that ebb and flow. There was a shortage of geologists for a while there. One of our worst enemies is the cyclical nature of our business because right now there are a whole bunch of university students who are thinking about mining engineering going maybe I should not, yet in three or four years time, by the time they finish university, if you look at the ups and downs, they will probably be coming back on, but short-sighted, I am just out of school, what should I do? That often does not do us any good and we get people who just cut and run to something else.

Probably our other biggest factor is the other States that mine, Western Australia and Queensland, we are not in a closed marketplace here. They get trained here and those skills are highly regarded in the other States and are recognised. So it is very easy for that mobile workforce to pick up and leave. Townsville is a very attractive town and plenty of mining nearby. We actually fight other States for people as well.

Mr MARK COURE: Andrew, what is the percentage of skilled migration in the mining industry?

Mr McMAHON: It is very low. I can get you the actual figures.

Mr MARK COURE: Because I do not see it in your report.

Mr McMAHON: I do have that data there. In New South Wales for example, it is only 1.2 per cent of primary subclass 457 visas.

Mr MARK COURE: You do actually have it.

Mr McMAHON: But I can give you the broader break down for the industry. We are not a very big user at all.

CHAIR: The word mentoring has been used a lot. People are finding that the best way to retain quality staff is to mentor them and give them lifelong learning options. Is that something that the Minerals Council currently does? Is it something that you would look to the Government to assist you in?

Mr McMAHON: I know our mining companies all run various ranges of programs, leadership programs, supervisor training programs and I know from a health and safety perspective, one of the areas we know that some of the people coming into our industry do not have, are what we call ANTS, which is associated non-technical skills and that is just the basic behaviour, situational awareness, ability to communicate, that kind of thing.

We have been exploring mentoring programs focused on that and then it would roll into that career kind of thing, because that for us is a really critical issue. We have got young people who start on their first day and you say rule number one, do not walk under unsupported roof. They are going, what is unsupported roof—because they do not have that situational awareness from that point of view. That is one of the areas that we have been working with the Mine Safety Advisory Council. We have pooled together and had a symposium with education providers to try and see if we could find a way to teach that, rather than us having to put bandaids on it, to actually fix that issue, because we do not think we get young people anymore that actually have that kind of skill-set.

I know some of our members have a varying range of programs.

CHAIR: How do you think they would feel if this Committee made a recommendation to Government, Government took it on advice, for a mentoring program, some sort of semi-formal mentoring program where we said to industry, you have got to run it, but this is the template for a mentoring program so that we can have best practice in New South Wales in the various professions

and trades. Would you see it as something that would be an imposition on you do you think or do you think it is something that they would embrace?

Mr McMAHON: I think as a concept they could possibly embrace it as far as being too detailed I think could be an issue because our companies operate in vastly different ways and they need that flexibility. As we put in there, we have spent 5.5 per cent of our payroll already on training across Australia. We do not turn up in the national training statistics but we do a lot of that training ourselves, therefore it does not end up in there. But we are a very, very big trainer and we have got a report that we put out this year that details the level of that kind of thing.

CHAIR: Does that include things like first aid, occupational health and safety?

Mr McMAHON: The gamut is quite enormous. We often get people that come with a certificate saying they can drive a dozer but I am a mine manager, I am ultimately responsible so I need to know that you can drive it and this is my trusted guide. We might put them through another course or whatever to add to that skill-set because ultimately whoever that mine manager is, by law as set out there, is responsible.

CHAIR: What could the Government do to make your life easier when it comes to attracting and retaining staff?

Mr McMAHON: I think certainly the education sector, so from a school point of view, but more importantly that vocational education and training sector. I think getting more responsive to industry needs. The Government is currently rolling out Smart and Skilled and we have had varying levels of consultation on that, probably not as much as we would like and probably not as positive as a response as we would like regarding the industry's ability to contribute ideas. I think some committees have been set up that industry is not part of and we have Stephen and a range of other heads from the industry associations meet with the Minister and sought some advice.

I think probably some encouragement around those areas to actually listen to industry and deliver what it needs so we do not end up with a situation like we had in Victoria where we gave vouchers out and now we have an over-supply of personal trainers because everybody got a free iPad for doing personal training, yet there is no market for personal trainers, there is no demand. Now you can get personal training for next to nothing an hour.

We have got to get a balance. People obviously have a career that they would like to pursue and you have got to support that, but also we have certain needs, otherwise you might be doing training that will not get you the job.

In certain areas that is quite responsive. The Hunter for example, most of our members up there work intimately with Hunter TAFE driving specific programs. We will continue to work from that perspective but from an over-arching perspective that would be useful.

Some of the other ones, I am not quite sure what you can do; it is just the ebb and flow. We often turn on very, very quickly. When we ask for people, we want to get something ramped up fairly quickly.

CHAIR: What we are finding is that a lot of regional areas are complaining that unless staff are trained in a regional area they just have a great deal of difficulty in both attracting them and keeping them, but that is not necessarily happening in your industry, is it?

Mr McMAHON: We still have retention issues simply because there are a lot people who come in with unrealistic expectations about where you have got to live, what the work hours are. It is not for everybody. Shift work is not for everybody, doing night work, that kind of thing.

I think you heard from Mike Sutherland from Alkane at Dubbo. As they have been progressing he has been trying to work with the local community to try and express what hopefully their mine was approved or has been now, this is what I will need and work in with TAFE. That is a nice luxury to have. Sometimes things turn on quicker. That is what we have got to get better at, working together to try and understand that.

I know the Government is currently sponsoring an Upper Hunter workforce development plan. It is being done by the Department of Primary Industries and a whole range of the councils up there in the north, trying to look at that holistically to say what is on the radar both in mining and other areas? Then we will break that down saying this is what we need. Therefore then we break it down and literally say we need to educate in these kinds of areas, this is what we can foresee. Doing a bit of that planning stuff, we have been calling for a lot of that so that you look at that holistically. That has been quite successful in Queensland. Two different regions up there have had those plans done and provide quite a nice picture of where we should be. It is not set in stone because the marketplace tends to shift things a bit.

CHAIR: Thank you Andrew. We may have some extra questions for you which we will send through on email. Just be aware that anything you respond with will be part of the public submission. We are conscious of the fact, as a passing remark which I will take up with the Committee probably at the end of today during deliberations; we have not really met with many actual miners. We may talk to you about actually going and physically meeting at least one or two of them because I have come from the industry association space and I know that you are well and truly engaged with your membership but I think it is always good to speak to the workers that are—pardon the pun—at the coalface. I might have a chat with you about that at some stage soon.

Mr McMAHON: I am certainly happy to facilitate that.

CHAIR: Thank you very much Andrew.

(The witness withdrew)

JOHN BERNARD ROYDHOUSE, Chief Executive Officer, Institute of Public Works Engineering Australasia, Level 12, 447 Kent Street, Sydney, sworn and examined:

CHAIR: Mark is the member for Oatley and former councillor on Kogarah Council and Chris is that National Party member for Clarence and is the former Mayor of Maclean Council. John has made a submission. He has been recently promoted into the role of chief executive of the Institute of Public Works and Engineers. He has made a submission and gone to the great expense of putting a Powerpoint presentation together.

Mr ROYDHOUSE: I am not going to go through the submission; you have all had a chance to read it. I think it is fairly straight forward. I thought I would do a Powerpoint presentation because there is one bit in the submission that is best shown physically through the screen.

First of all, the Institute of Public Works Engineers Australia is a professional association representing the interests of engineers, works officers, works supervisors to those in the civil construction space involved in public works in infrastructure and services. We also represent road safety officers of all people, who are very much engaged with local roads and road safety. That comes through to design. Actually, if you talk to the road safety officers you would think they run the whole local government of New South Wales and their view of the world at this point is fascinating.

We obviously have a big interest in skills shortage. Every time you pick up the paper in recent times there is something on skills shortage and certainly in terms of economic development that the way of the future at the moment is public infrastructure. Every second day in the *Financial Review* for example there is something on public infrastructure.

Local governments are very interesting beasts and primarily most of our members do come out of local government. The Treasury Corporation report that came out recently on the sustainability of local government is a very topical issue. You can see there is a huge infrastructure backlog and understanding the maintenance of assets.

I guess the reality is even if we had all the money that was available and threw it at the infrastructure problem tomorrow, there is not enough people to do the job. So it is a two stage process and certainly coming out of the integrated financial reports, there is a requirement on local governments these days. The long term financial management plans are being done. The asset management plans are being done. The workforce management plans are still being problematic for the division of local government, getting that information out of individual councils.

How does it affect local communities? There is the problem of managing the rising community expectations, maintaining the existing service commitments, local government is faced with constraints of rate income and overcoming their skills shortage.

It is affecting professional engineers, the tradespeople, so those out there on the road gangs, et cetera, the works officers, the supervisors, it is even coming down to librarians and planners, that there are shortages of those people in the infrastructure space.

Coming out of the SkillsDMC and Civil Contractors Federation occupational review report in 2010, these were the additional people required to fill existing places up to 2012. Works leaders and supervisors—8,478. The interesting one is bridge constructors—1,413 and they are primarily to do with timber bridges in New South Wales. Then you can see the figures there for road construction as well.

To give you an idea of the size of the problem, timber bridges in New South Wales, there are still 2,150 timber bridges in New South Wales, of which 645 are in poor condition. They all have load limits on them, which means that transport, especially for heavy vehicles, they are having to take detours. Certainly in the northern and coastal parts of New South Wales there are lots of timber bridge

problems.

There is a further 1,065 in fair condition only and again, many of those have load restrictions on them. The situation actually has improved over the last couple of years, primarily due to flooding and the removal of those timber bridges. It is not really an answer to the problem.

It is interesting that with the road network in New South Wales local government is one of the two major road authorities or owners. Local government through the regional and local road network has 160,000 kilometres of roads to deal with and maintain.

If you had to go and replace those at 30 June last year it would have cost \$61.8 billion, so it is a significant problem for New South Wales to maintain those. As I said, if we had the dollars, we do not necessarily have the people.

A bit of a snapshot of the industry, and this is reflected through our own membership surveys, there is a bit of a graph of the age breakdown. As you can see, over half of our respondents to our survey are between 40 and 60 years of age. There is that ageing population and trying to attract new people into the industry. Even more alarming is the gender balance. I am very concerned, we actually have 1.4 per cent not willing to disclose. So whether they do not know or whether they are just not prepared to put that information forward as to themselves. But there is a huge gender imbalance as well. Certainly the engineering civil construction space has not been seen to be friendly for female engineers but we would hope that that is changing.

The submission deals with three aspects, one is the long term aspect of dealing with school children and attracting them to consider engineering and civil construction as a career. Then we move on to look at the vocational education and training sector and a further short term measure as well in the submission.

I wanted to spend five minutes going through build a bridge and to give you an idea of what this program is about. It has been running for seven years now. Last year there were 128 people who actually applied for 24 places on this three day live in camp coming out of the Riverina Eastern Regional Organisation of Councils. It is run in conjunction with Compact which is a training organisation working with local schools down in the Riverina and ourselves and Roads and Maritime Services.

It is a three day camp that is trying to encourage students in Year 10 to 12 to consider a career in civil engineering. They participate in practical hands on activities in this camp that would all them to experience the life of a civil engineer. They actually build a bridge and on the last day they walk over it to graduate.

To give you a bit of an idea, there are five steps. They research and select a structure through things at Borambola camp, which is just east of Wagga. They construct a small scale model of chosen materials and select from materials that are lying around the camp. They do a project plan. They go through a tender process and award a winning tender and construct and test a full scale structure.

CHAIR: Do they have an expense account to help with the tendering process?

Mr ROYDHOUSE: I will talk about that David. There is a team building exercise as well. They are put into four teams to compete against each other. They do a bit of introduction to engineering, looking at levels, structures and all those sorts of things. They are mentored by our own members; Roads and Maritime Services engineers come along and give up their time for the three days.

They are given a brief on how to design a bridge. They work out a material inventory on a budget. They go and buy those materials on the first evening and work through it. On day 2 they

actually go through—there is an example of a completed bridge. On day 2 they actually go and construct that model bridge, cost it all out. They usually have to buy more materials. They have got to account for wastage. It just replicates everything that happens in a real life situation.

They go through that. They actually do their peer judging presentations on the second evening. The winning team acts as the project manager on the third team and the other teams provide the labour.

On day 3 they go through and actually build a bridge which is a reflection of the winning model. It is a great little project. They go and test it. I went down last year and I was the heaviest person there so I actually had to load test it. So I was the first one to walk across it, which was pretty dicey I have to say. There is the finished product; what they have built in three days.

Their graduation is they walk across the bridge and receive their certificate. Parents, teachers and even the local member quite often comes down and is part of that process. It has really good advantages. It is exposing young children to civil engineering and construction. As I said, it has been running for seven years. There are 48 now that have gone on to study a science based degree at university and there are 24 of them who have taken engineering and are either still studying engineering or have finished their engineering degree and working in local government in the regional areas. It is absolutely fantastic.

CHAIR: Where do they do their degrees?

Mr ROYDHOUSE: The University of Wollongong; so they are going away and then coming back.

CHAIR: If they do not get their Australian tertiary admission rank do they go onto TAFE or to one of the registered training organisations and do certificate IV or whatever?

Mr ROYDHOUSE: They are tending not to. That is one of the problems we have got, there is no progression from the certificate IV diploma level up to a bachelor degree.

CHAIR: Yet.

Mr ROYDHOUSE: And that is an issue that needs to happen. This is a great program. It is getting results. The benefits are that our membership are coming out to mentor them for three days, so it is getting that connection. The engineers who are already involved in local government identify future cadets and there is a funding opportunity through a cadetship at the university. The students are actually finding a mentor to advise them on their career. So it is a win/win situation.

The reality is it costs \$15,000 per year to run for the Riverina Eastern Regional Organisation of Councils, which is pretty reasonable. Roads and Maritime Services put in \$5,000, the Institute of Public Works Engineering Australasia put in \$5,000 a year and for the Riverina Eastern Regional Organisation of Councils put in \$5,000 per year.

CHAIR: So the young people do not pay anything?

Mr ROYDHOUSE: The children do not pay anything, it is free, but it is very competitive to get into it. It started off a free for all but now there is real competition. They have got to be signed off from the school principal that they are actually capable of undertaking an engineering degree to get into it. It is a model that could be rolled out right across New South Wales.

Mr CHRIS GULAPTIS: What age are they John?

Mr ROYDHOUSE: They are primarily Year 10 and 11. We have the occasional Year 12

child but that is almost too late. Year 10 and 11, because they start to realise why they need that maths and science; so that is when we are trying to catch them.

Mr MARK COURE: What is the success rate in terms of take up rate of Year 10 or 11 students taking engineering at university?

Mr ROYDHOUSE: That is a really good question. I will have to get back to you on that overall.

Mr MARK COURE: I think it is a fantastic program.

Mr ROYDHOUSE: Out of these ones we are problem 40 per cent taking a maths or science degree and not necessarily engineering but actually going on to take a maths or science degree after trying it for three days, which is absolutely phenomenal out of a regional area.

Mr MARK COURE: We need more of these.

Mr ROYDHOUSE: There is a graduation pretty wet and happy at the end of it. Then they have got to dismantle and put it away.

Mr MARK COURE: That is the best part.

Mr ROYDHOUSE: A great three day program. Some of our other issues that are addressed in the submission are looking at uniform pathways between TAFE and university qualifications. There is certainly an emphasis and many local governments are going through training at the moment, bringing up those certificate IV levels. Certainly the Institute of Public Works Engineering Australasia is a recipient of the critical skills investment fund and have arranged for 184 people to do a certificate IV in civil construction through local government in New South Wales. They are just finishing that program at the moment. There is that recognition of para-professional. Certainly in the area of asset management, a lot of the data entry and stuff can be done by those certificate IV level people.

Some of the problems that we have found is this competition between the individual TAFEs. They do not talk to each other. They do not share resources. We have got the situation where Eurobodalla Council for instance has now put 36 people through a certificate IV in civil construction. They have developed their own training program, engaged Riverina TAFE to provide the registered training organisation thing but they are doing their own training because they could not get it and the TAFEs do not have the resources to develop the training.

We have a great publication that we put out, the Gangers Handbook. TAFE NSW officers had asked us to map it to that competency. They do not have the resources to do that, we as a small professional association cannot afford to do that either. That is a classic example there of a bible for civil construction space begging to be used, but to map it to units of competency is a real issue.

CHAIR: Can I come back to para-professional. Civil is a great example of this, we are finding that there have been cultural reasons why families have pushed children into university and for whatever reason, they are too young or they do not want to make the commitment or whatever, they might decide they want to start their career off in a trade and parents are saying no, no, no. The children are saying I am going to change my job three times and my career three times before I am 30.

I know that in your submission you talked about the relationship between Southern Cross University and one of the TAFEs up there, how hard is it, how hard would it be and should we be making it part of a workplace journey for the certificate III in civil and any other engineering for that matter, for trade to be the first year of the degree, so that when the children are telling their parents that they are going to go and do the trade, their parents do not have a cardiac arrest because the

children can then say when I am 25 I will have recognition of prior learning for a bachelor of civil engineering or recognition of prior learning for a bachelor of electrical engineering.

Mr ROYDHOUSE: The first way to answer that question is that I go and talk to my more senior members who went through the old sandwich course at the University of Technology in engineering where they were out there doing six months work experience, six months in university. They were on the tools doing the job as part of their university training. Anecdotally they are the best qualified engineers.

CHAIR: You are right. I have got one up in my electorate who keeps on getting into my ear. He did the University of Technology sandwich course and at 40 years old he is in the succession plan for Leightons—not that that is much to boast about at the moment.

Mr ROYDHOUSE: And he obviously does not have a master of business administration?

CHAIR: No. It is extraordinary the difference. I knew at my time at the Civil Contractors Federation how some of these larger companies would go and employ these graduates that did not know their way around a construction site because they had never been to one, but they had a fantastic piece of paper from University of New South Wales or the University of Technology saying that they were qualified in civil engineering.

My view, and correct me if I am wrong, is that a trade to degree journey will give the student a lot more ownership of their qualifications?

Mr ROYDHOUSE: You are exactly right and the reality is by doing the job they are going to understand what they are doing and why they are doing it. That is evidenced time and time again, those that have gone through a very theoretical qualification who have had no hands on practical experience have to still be taught how to be an engineer.

The constant thing we get a request for is to lobby the University of Technology to go back to that sandwich course. So the things like build the bridge, they are a short three day example of teaching children exactly that. They can try it and see what it is all about.

CHAIR: Mentoring has become a repeated theme over the course of the deliberations of the inquiry.

Mr ROYDHOUSE: It is another example and we will not even get to the degree level, I will quote Eurobodalla Council who have put their 36 operational staff through the certificate IV in civil construction supervision. They have now split their six road crews into nine with the same number of staff, they need less supervision because they have up-skilled that staff so that they have increased their productivity by about 50 per cent. That is just through that investment in training. They now all the way through from school leavers see it as a career pathway because the council is actually investing in training.

CHAIR: Who is your major competitor as an employment option?

Mr ROYDHOUSE: Local government is our main membership and for one reason and another they are going out to the private consultants and then moving up into the mining, but that is stemming back at the moment. They go and chase the dollar, then they come back for the lifestyle and re-invest in the community.

There is that recognition that local government has traditionally not been a great provider of income stream for a career path but it has lots of other advantages—a great way to bring up children, a nice community, a chance to make a difference to your community, make a few dollars for a few years and then come back. Certainly at the moment there is a push coming back.

Mr MARK COURE: Is there something that the New South Wales Government or for that matter, any level of government could do better to address skill shortages here in New South Wales?

Mr ROYDHOUSE: Certainly look at the TAFE sector.

Mr MARK COURE: To improve it?

Mr ROYDHOUSE: To improve it. Look at the competitive nature and have a central pool of teaching resources that all TAFEs can use. You are not going to have a north coast TAFE compete with a Riverina TAFE in the civil construction space and one develop resources because if they share it they have lost their competitive advantage.

Mr MARK COURE: What you are saying is having a TAFE system where, for example, one TAFE that is specialising in something in particular?

Mr ROYDHOUSE: You have got an overriding TAFE NSW which is the managerial body for the individual TAFE colleges, maybe go back and look at them developing those teaching resources in conjunction with industry to make it industry relevant training. You would utilise things like that.

Mr MARK COURE: More synergies.

Mr ROYDHOUSE: And fund that and send it out because the previous gentleman was talking about fitness trainers and things like that. That is the reality because that is where the marketplace was, it was easy to develop resources to teach that, there was a demand for it, go and do it. We have identified there is a skills shortage in the civil construction area in particular and engineering so there is always going to be an issue attracting people to come and stay.

Mr MARK COURE: What about the Federal Government, what can the Federal Government do?

Mr ROYDHOUSE: The Federal Government also did look at it. There was a Senate inquiry in 2012 into skill shortages in engineering, very specific.

Mr MARK COURE: Was that in 2012 was it?

Mr ROYDHOUSE: In July 2012 they came out with their report with 12 recommendations that were made. We are still waiting to get a response from the Federal Government in regard to that report.

CHAIR: Has your national body contacted the new administration about it?

Mr ROYDHOUSE: Not yet.

CHAIR: But you will?

Mr ROYDHOUSE: We will be. One of the key things that we are pushing for is the national registration of engineers, which I have covered in there. It is one of the 12 recommendations that has been recognised. There are engineers out there packing supermarket shelves that have come from overseas. They are not up to scratch. That is diluting the problem a little bit. Some of it is English and literacy skills, especially the written reports. Others are coming up to speed with Australian standards.

Mr MARK COURE: That leads me to my next question. Should the educational

requirements of those coming from overseas for engineers increase or testing be more rigorous?

Mr ROYDHOUSE: If there is a national registration scheme or even a State-based registration scheme, which Queensland has at the moment, it does not matter where you come from, you have to meet those standards.

Mr CHRIS GULAPTIS: I just want to touch on what you said before about this surplus of personal trainers. It is a lot easier, quite frankly, to train a personal trainer than it is to train an engineer.

Mr ROYDHOUSE: Of course it is, but even that lower level of certificate III, certificate IV in civil construction. We are running a course today and there are 15 people attending it out at Forbes in timber bridging maintenance and inspections, level one and level two inspections to attend a bridge and how to assess it. They have come from everywhere. We are the ones in New South Wales running that course.

Mr CHRIS GULAPTIS: My concern really stems back to secondary school and those Years 10 and 11 where students are not doing maths and sciences and therefore they do not have the eligibility to go to university or to take on those particular courses. That frustrates me. My background is I am a surveyor, so I did basically maths 2 and 3 or extension maths, physics and chemistry. I just think that those core subjects that you need for your sciences are not being promoted by careers advisors. I think careers advisors at your secondary schools are too focused on a lot of other industries rather than your engineering industry for example.

I think engineering is not a sexy industry to be involved in. That is where we are finding a huge hole, is that children are not prepared for it, even if they do decide to do it when they are 23, 24 or 25, because they just have not got the background and they are not encouraged to do it at secondary school because the careers advisors are telling them to go and do something creative. Creative is terrific but we do need some people that actually can make things with their hands.

Mr ROYDHOUSE: I would agree with you entirely and that is the long term problem; that is how to get people back into maths and sciences, because they are skills that are required.

Mr CHRIS GULAPTIS: There is a huge skills shortage in that area.

Mr ROYDHOUSE: Yes.

CHAIR: Chefs are a skills shortage too and they do not necessarily need science. In hindsight, I suppose they do.

John can I ask you, on the back of what Chris has just said, I am pretty sure you and I have had this discussion previously, do you find that the quality of school leaver that is coming into your profession is deficient in maths, science and English? Is the faculty being forced to forfeit some training and skills because they have got to backfill a deficiency? Because one of the things that we have been hearing in the last few days of these deliberations has been that the quality of education has meant that when they do get to university they need to be up-skilled in those subjects?

Mr ROYDHOUSE: I have had on numerous occasions those frustrations expressed to me at a university level, at the TAFE level and certainly the local government level. I will go back to Eurobodalla Council where they did their own training and one of the first things they had to do for their operational staff was not even maths and science but actually teach them how to use a laptop. That was part of their training, was actually how to use an Excel spreadsheet, start recording data, which now they have got those people trained is absolutely fantastic. They have got their operational staff being able to do their own reports of things but they had to actually go and teach them this is what an Excel spreadsheet is. They went out and purchased laptops for all their staff and have trained

them through it.

CHAIR: So a catch up.

Mr ROYDHOUSE: Yes, a real catch up. Yes, the expression from university lecturers, especially at the University of Technology as well as the University of Wollongong, that they are spending significant additional time mentoring and doing that catch up in maths and sciences. They have still got their curriculum they have got to deliver but they are helping students out of hours to catch up on maths in particular to be able to go and do it.

CHAIR: That is quite scary.

Mr MARK COURE: John, if I can raise the issue of apprenticeships again?

Mr ROYDHOUSE: Yes.

Mr MARK COURE: What can governments do better in regards to apprenticeships, particularly the Federal Government?

Mr ROYDHOUSE: Certainly funding of positions and making them available, especially in that local government space.

Mr MARK COURE: Councils do apprenticeships, do they not?

Mr ROYDHOUSE: Some do, some do not, in various trades.

Mr MARK COURE: Back to my council days, I know Kogarah Council does.

Mr ROYDHOUSE: Councils do everything these days just about.

Mr MARK COURE: Particularly at the council level, it is such a great idea.

Mr ROYDHOUSE: If you get into plant and fleet management, there are still apprenticeships there, even mechanical skills and those sorts of things. When you start getting into the roadworks, getting into water and sewer and those sorts of things, there are not necessarily apprenticeships. There is quite an effort by a lot of councils to have a cadetship, to have a cadet engineer on. They would all welcome going back to those sandwich course type of arrangements.

Mr MARK COURE: What you are saying is councils should be more proactive in hiring apprentices?

Mr ROYDHOUSE: They should be but I also recognise that it is a problem also finding the relevant training for them that is close by. It is very hard to have an apprentice if you are on the north coast for instance of if you are out in the Riverina and the nearest training is in Sydney. It just does not work. You cannot have them coming to work one day a week or whatever, and yes, there is flexible learning and all those sorts of things, but you still need to supervise them. It is the training delivery, so with an apprenticeship how do you provide that training, unless you have local training resources it is not going to work.

Mr MARK COURE: One thing that has been raised a couple of times over the last few days of hearings is the hiring of mature aged people. It is a big issue to be honest. How can you see industry or governments looking to address that issue because only last week in fact I was interviewing a constituent who is 52, from memory? He is a tradesperson. The company closed down and he has spent six months trying looking for a job.

That is a major issue, not just in my electorate but right across the country. How can governments address that do you think?

Mr ROYDHOUSE: I will be honest and say I am not too aware of that problem, certainly within our membership of engineers. We have plenty of engineers in their early seventies that are still working and it is very hard to let them go. One of our actual real issues, even at that works officer, works supervisor role, is succession planning, of actually letting guys go. I would say it is more of an issue in their industry of the knowledge that those more mature age workers have got, with passing that on to the younger ones.

CHAIR: What, they are not doing it?

Mr ROYDHOUSE: Well there is so much local knowledge of what happened to a road during repairs over 30 years, how we have patched it up and what we have done because there is a unique little drainage problem there and that sort of thing. It is how you pass that information on. That is a real issue.

CHAIR: That is throughout the civil world.

Mr ROYDHOUSE: Exactly, until you scratch the surface a bit you do not know what is underneath. That is our problem, which does not really answer your question but I have to say we are not finding a real issue with mature aged workers. They are valued.

CHAIR: You have just shown us those figures; you do not necessarily want to push anybody out unfortunately because you have got no one to replace them.

Mr ROYDHOUSE: No, we have got to get the new ones in.

CHAIR: What are we doing wrong? What can we do to assist the industry to train and retain?

Mr ROYDHOUSE: To train and retrain?

CHAIR: The first thing I wanted to raise with you was subclass 457 visas. Have you got any examples of your industry rorting subclass 457 visas?

Mr ROYDHOUSE: No example.

CHAIR: Are they using subclass 457 visas?

Mr ROYDHOUSE: To a limited degree.

CHAIR: Not very much.

Mr ROYDHOUSE: There are enough engineers around who are looking for work. There are overseas ones who are not on subclass 457 visas, they actually got their visas out here, family visas or resident visas that are looking for work but just do not have the skills. So no, I would say we are not seeing the rorting.

CHAIR: What can we do to assist you? Yours is a slightly unique problem because it is more of a demographic issue. It is not as if you have a big deficiency of civil engineers like some of the other engineering professions but you will have. You can see it coming.

Mr ROYDHOUSE: We will have. It is an ongoing problem and as there is more and more demand to build public infrastructure and to maintain public infrastructure, to address that platform, it

is not just engineers, it is that whole civil construction sector, attracting people into it. I will go back to school children, encouraging maths and science, that is a clear option. There are all those issues there and as I say, a uniform pathway into TAFE, having TAFE resourced correctly, particularly in that vocational education and training sector and the transition through so there is a pathway from a TAFE through to a university; so if you could go from a diploma through to a bachelor degree.

CHAIR: You are a fan of expanding the university/TAFE relationship obviously because you have got it in your submission about the Southern Cross University and TAFE relationship?

Mr ROYDHOUSE: That and we are also a fan of University of New England running a bachelor of technology and engineering, which has also been a pathway which has been recognised.

CHAIR: I did not realise the University of Technology had dropped the sandwich course.

Mr ROYDHOUSE: Yes.

CHAIR: When did they drop it and why?

Mr ROYDHOUSE: They would say that it was not getting enough support.

CHAIR: Because it was unique.

Mr ROYDHOUSE: Yes. We are trying to get it back and we have presented figures of demand to them. Councils would put someone on tomorrow to go through that course. It does not fit their model anymore.

Mr MARK COURE: John, a couple of people and yourself raised the matter of attracting more children to study maths and science. Do you offer any scholarships or have you looked at any scholarships for children to do maths and science, then go to university and become teachers, actually take up the teaching of maths and science in schools?

Mr ROYDHOUSE: We do not.

Mr MARK COURE: There is a massive skills shortage out there in science teachers and maths teachers, particularly science teachers.

Mr ROYDHOUSE: I would agree with you there.

Mr MARK COURE: My wife is in the catholic education system at Our Lady of the Sacred Heart at Kensington and they are desperate to find science teachers and maths teachers; not just that school, but all the other schools, public and private, independent.

Mr ROYDHOUSE: I have got to be honest, wearing the chief executive officer's hat, we are a \$2 million organisation, it is an industry association, we could not afford to do that.

Mr MARK COURE: I was not really looking at you to fund that.

Mr ROYDHOUSE: But the industry as a whole?

Mr MARK COURE: Yes.

Mr ROYDHOUSE: I do not think local government could do that. I think they have got enough on their plate trying to manage what they do in the community without entering the education side of things as well.

CHAIR: It is probably going to need more than just a couple of scholarships.

Mr MARK COURE: Yes.

CHAIR: Scholarships are a good thing for people to aspire.

Mr ROYDHOUSE: It is not going to fix the problem.

Mr MARK COURE: No.

Mr ROYDHOUSE: It needs a really brave move to say they are going back onto the curriculum and they are compulsory.

Mr MARK COURE: Absolutely, 100 per cent.

CHAIR: That is what you are suggesting?

Mr ROYDHOUSE: I just said it.

CHAIR: What do you think?

Mr MARK COURE: Definitely maths. I was shocked to learn that maths is actually not compulsory.

Mr ROYDHOUSE: English and maths should be back on the compulsory list.

Mr MARK COURE: English is.

Mr ROYDHOUSE: But maths should be as well.

Mr MARK COURE: And obviously religious studies at catholic schools is, but certainly not maths and science.

Mr ROYDHOUSE: Maths should be.

Mr MARK COURE: I think maths certainly should be compulsory; definitely. That is another recommendation.

CHAIR: The article that you had on the Powerpoint presentation which was also in the *Telegraph* this year that the industry was not going to be able to find their skilled labour and fulfil the demands on civil works.

Mr ROYDHOUSE: Yes.

CHAIR: You were in my office two months ago when the Roads Minister mentioned that and a prominent civil contractor said that is not true. Everybody will be jumping at the work. However, what was not said was the fact that the supply and demand of labour meant that they will get the job done, it is just that the cost will be more expensive because of the lack of civil engineers.

Can you give me your interpretation about what is going to happen to the cost of providing infrastructure in this State if this issue is not addressed reasonably quickly?

Mr ROYDHOUSE: The impact on cost is one I would disagree with that contractor because so much work is being done through local government and smaller contractors, not necessarily one large contractor, who are limited to very much federally funded State highways, the

Pacific Highway in particular, and yes, they are scratching for a bit of work, some of them, at the moment. That is the availability of dollars. Mind you, the workforce has moved around they are transient across State borders.

If you threw all the dollars out there that you had at the moment to address the infrastructure backlog, there are not enough workers. So I do not see the cost going up greatly, David because the workforce is just not there to do it.

CHAIR: Even if we threw them triple the amount of money, you are still not going to get the workforce?

Mr ROYDHOUSE: You are still not going to get the work done; it is as simple as that.

CHAIR: Thank you very much for your submission and taking the time today. Please pass on our regards to your board. We may have some follow up questions. So you are aware, any response that you give to any follow up questions will form part of your submission on the public record.

(The witness withdrew)

(Short adjournment)

CATHERINE JANE BURROWS, General Manager, TAFE Strategy and Finance, TAFE NSW, 35 Bridge Street, Sydney, affirmed and examined:

MARGY OSMOND, Chair, TAFE Commission Board, TAFE NSW, 35 Bridge Street, Sydney and

DAVID COLLINS, General Manager, State Training Services, Office of Education, 35 Bridge Street, Sydney, sworn and examined:

CHAIR: Welcome to our public hearing into the skills shortage. I appreciate the time that TAFE and the Office of Education have taken to make the submission and appear today. This is the fourth day of deliberations. We have obviously received dozens of submissions. What I would like to start with is maybe having you individually make some preliminary comments on your submissions and then we will spend about half an hour discussing some of the things you have put down and getting a bit of background from you on some of the themes that we have picked up over the last three days.

I do not know if you have met Mark Coure? He is the Deputy Chairman. He is the Liberal member for Oatley. He is in his first term in Parliament and is a solicitor by education. He came from the banking and finance sector before he got elected and also came from local government.

Chris is the National Party member for Clarence. Chris is a former mayor and also a surveyor. He is in his first term as well. This is probably the only committee where all three Coalition members came from the private sector and had jobs before they were elected to Parliament. Of course, David Hale is the Committee secretariat and Dr Groves is also and Hansard here is recording everything you say.

I might invite you to make some opening remarks. As I said, we have developed a whole lot of things which probably to you will seem like they have come out of nowhere but when we were talking to some of the other witnesses, which include local government and industry associations, the mining sector, hospitality and the tourism fraternity, there has been a fair bit of discussion around transport and infrastructure, as you would expect.

Mr COLLINS: For the Committee's benefit, I am general manager of State training services, which is the part of the Department of Education and Communities that deals with policy funding, regulation of training across the State. We work very closely with TAFE, which is the Government's major agent in terms of delivery of skills, particularly in these sorts of priority areas. We also work with the training market, private training organisations. We work very closely with industry across the State. We work on a regional basis. We have a regional network of staff who work closely with their communities and businesses in their communities to look at how we can target what we do to best meet skill needs.

State training services also is the part of the organisation that regulates apprenticeships and traineeships. If you are an apprentice or trainee in New South Wales you are registered with us and we are responsible for your education and training program, also for your welfare.

While we have been working for a number of years in managing the relationship with the training sector and looking at how we can use the training market to complement what TAFE is doing in meeting skills needs, we are now leading the process of reform. The Government has committed to reform the training system and focused very much on how it can move to better align I guess student demand with industry and skill needs; moving to a demand based training arrangement working with TAFE and the training market again.

The reform is known as Smart and Skilled. The motivation around it has been to encourage increased participation in training, to get more people into training, also to encourage people to move up to higher level skills, particularly in areas that do align with skill priorities. What that means for us

is we are now engaged in a very intensive process of working with industry and with providers to identify what the State's skill priorities should be, where the skill needs should be and through that to identify the areas in which the Government should be investing its funding in training delivery.

This is an issue that may have come up in some of your earlier discussions and something that I am happy to talk about through the course of today.

CHAIR: How do you identify the skills that are in demand or the roles that need to be fulfilled in the Smart and Skilled scheme?

Mr COLLINS: The process we have been through, there are a number of layers. We started by commissioning labour market projections. We got the Centre for International Economics to do labour market projections. We aligned that with information from various sources about skill shortages. We used the Commonwealth Department of Education, Employment and Workplace Relations skills shortage list, also the information from the Australian Workforce Productivity Agency and used the Australian Bureau of Statistics data to develop profiles. We then went out and consulted. Across the State we brought together something like 30 industry and regional based working groups, if you like, industry groups and tested the evidence we had in that process.

We also went through a process of seeking submissions and consultation and through that process we built up a profile of qualifications that align to where we see some skill needs being.

CHAIR: Were those findings made public?

Mr COLLINS: Not yet. The process is still in train. The process is leading into the implementation of the reforms and the range of reforms is still under development and has not yet been announced. We are still finalising that process, with some final consultation as well over it.

CHAIR: Because David every person that has made a submission or given evidence, bar one, has told us that they want us to recommend to Government that we do a skills audit. The only person that did not make that request to us was a local government mayor whose view was that it is probably not going to be worthwhile because it is only a snapshot of the day that the skills audit occurred, but by the sounds of it, that data that you have collected is as good as a skills audit. Is that right?

Mr COLLINS: By skills audit I am assuming you mean looking at the profile of existing skills?

CHAIR: Yes and what is in demand and what is going to be in demand.

Mr COLLINS: I think what the Government will be getting is a good picture of what is in demand across the State.

CHAIR: When will that be available?

Mr COLLINS: It is an issue that the Minister needs to go to Cabinet over and so it is difficult to estimate the timing.

CHAIR: We can discreetly ask him about it. Margy, would you like to make an opening statement?

Ms OSMOND: Thank you very much and thank you for the opportunity to have a conversation today. Our submission I suppose really covered two particular areas, the first was the central role of TAFE, which will not come as any surprise and its importance to the economy. Also the need to improve access for international students, which is a fairly significant issue and one I

would have to say we were very pleased to hear Minister Pyne's announcement today in terms of the streamlining of visas, which will make a significant difference.

CHAIR: I missed it, what did he say?

Ms OSMOND: He has actually made the announcement today saying that they will streamline this process and that the vocational education and training schooling arrangements will be part of that arrangement in future.

CHAIR: For foreign students?

Ms OSMOND: That is right.

CHAIR: So you can start marketing yourselves to a lot more of them?

Ms OSMOND: Yes. We have a very strong place in that area anyway but this of course gives us a whole heap more certainty at a range of levels.

Mr MARK COURE: That is fantastic.

Ms OSMOND: It is and given the context of the reform process and the contestable market and a whole range of other issues about us being competitive in the marketplace, it is a bit of a win. So we are very happy about that one.

Perhaps to share some statistics and I am sure on these occasions it is impossible to ignore them but you would be aware that TAFE is 10 institutes, it is 130 campuses and it has the most unrivalled industry coverage of any training provider.

In 2012 we had something like 570,000 enrolments, over half of which were qualifications at or above Australian qualifications framework certificate III and over half of those were in regional and rural communities. I think it would be fair to say we are very focused on the responsibility that we have to regional and rural communities and the critical role that we play in their local and social economies that goes way beyond just being a training provider. I think that makes us unique in this space.

Between 2008 and 2012 more TAFE students graduated with higher level qualifications. We were looking at graduates with certificate III and higher qualifications increased by over 40 per cent. That is 61,000-odd in 2008 went up to over 86,000 in 2012. As you would I am sure gathered as part of this process, enrolments is one thing, completions is another. That is the critical part of the exercise. Graduates with diploma and higher qualifications increased by 48 per cent.

I think this tells a story that there is still a very strong connection to the TAFE network which goes beyond us just being a fairly pervasive brand. There is a real and genuine appreciation of what is being provided.

We are not, however, perfect. I am not going to suggest that and I would actually like to go on in a moment and talk a little bit about the Let's Talk About TAFE project which we have had underway for some time.

I mentioned certificate III a couple of times and I mentioned it because it is an important tipping point in terms of the study process. With a certificate III you are much more likely to get a job and stay employed throughout your working life. If you lose a job you are much more likely to re-enter the workforce as a result of it. That means stability of employment, higher earnings, which has a whole range of other social implications which go way beyond the norm.

We deliver training in industry areas to meet demand. We are working very closely with a whole range of employer organisations and stakeholders but I think it would be fair to say that we have done a great deal of learning ourselves as part of the Let's Talk About TAFE process in terms of how that can be done better and how we can be more receptive. We have got a much better understanding of those things that for them perhaps are not up to scratch or need to be changed.

I know that you have had presentations from a number of industries and associations and they have probably touched on some of that.

I think one of the other things that is critically important to us too out of the consultation process we have gone through, and it does relate back to the rural and regional aspect of this too, it relates to one of the big growth areas for training and skills, which is the service industries.

When we talked to the service industry people during this process, one of the really important points they made was you cannot train people in Sydney and expect that they are going to work and live in Orange or further west or further north. You have got to grow locally. It has to be organically grown. People have to be able to gather those skills locally, which is part of what we see as a critical future for the TAFE network across the State, making sure that those skills are grown, invested and developed locally for those communities.

Since we made our submission there have been a couple of critical developments, not the least of which would be the statement of owner expectations. I am wondering, have you had the chance to see this yet? We brought you goodies. You do not have to look at them now but it does contain a range of information which I think you will probably find quite useful.

The Minister for Education has now actually released the statement of owner expectations in relation to TAFE, which if you like is our compact with the Government and the community in terms of what we should be delivering, how that will be benchmarked and how we will be measured. Admittedly there is a range of imponderables that still exist within the reform process which are things in David's good hands at this point in time in terms of Smart and Skilled.

The statement of owner expectation explicitly recognises our role as a public vocation and education training provider and that we are the backbone, if you like, of the training system. It also sets out the need for reforms, what that process of reform will be and what is valued and not valued in a competitive environment by the Government and what they expect from us.

The overall reform agenda within TAFE is designed ultimately to give the institutes much more autonomy to manage their finances and operations locally and respond to those local needs and local employers whilst still respecting and embracing the fact that we are the public provider and that we have a set of responsibilities that go way beyond your normal registered training organisation.

I mentioned Let's Talk About TAFE. Let me give you a little more detail about that process, because in the same way you are asking questions and consulting, for us it is part of the reform process, it was critical that we give people the opportunity to tell us, warts and all, what needed to change and what the future had to look like from their point of view.

The stakeholder groups that we spoke to covered the widest possible spectrum, but in addition to that we did a fairly major Newspan piece here in New South Wales. We spoke to students, teachers, employers, everybody you could possibly imagine. I suppose the TAFE brand we have seen out of that process is seen as providing quality training. Ninety six per cent of those that we spoke to were aware of TAFE and said its services add value to their business. Ninety seven per cent believe TAFE is extremely important or very important in providing apprentice training.

This kind of process you might say it is a bit obvious that they think you are pretty good. We were a bit surprised ourselves at how good the figures were and even the guys from Newspan said this

is the most positive species of results they have seen in one of these ever. People really did understand this central role in regional and rural communities.

But it did also tell us some things that we needed to change. I think that is as important as knowing that there are good things to say. We need to be able to respond more rapidly to employers and customer needs. They have got to have better access to information, much of which is about digitising our services. Our enrolment systems have to be much more flexible and customer focused. It is part of a natural change process and it needs to move more quickly than it has. We need to cut out the red tape elements that for the business community make it sometimes, while they recognise us as quality training, a less easy process than perhaps it could be.

Those are all things that have been taken on board as part of our approach to the reform process. We will be looking to develop those commercial and entrepreneurial capacities at institute level. We will be looking to be much more flexible and meet those expectations more fully and continue the consultation process. There is no point asking the question once, walking away and saying terrific, done. That is not the case at all.

For example, even the union consultations and so forth, it is our intention that those will be continuing, ongoing, we will keep having that conversation because they have to be part of the reform process, not otherwise. The same will apply to stakeholder groups, employers, industry associations.

So if you like, this is a bit of a turning outwards exercise as well. Catherine has charge of this. Beyond understanding that in future we have to be a far more customer oriented entity, we also have to be a much more open and transparent entity so people feel they have the opportunity to say that is good, that is not and be heard; most importantly.

We dealt with the skills migration, I do not think I need to say anything more than thank you very much Mr Pyne.

In terms of skills in regional areas, I suppose I have touched briefly on some of the learnings out of Let's Talk About TAFE which made it clearer and clearer to us that you cannot afford to simply say across the board we offer training. There are geographic issues that make it necessary for these things to be offered in particular communities on the ground. In some of those growth areas like service it is just incredibly critical.

You may have seen some recent press about Deloitte Access Economics have identified five key growth sectors in New South Wales—tourism, international education, wealth management, gas and agri-business. We provide training in all of these areas. We anticipate growing—across a whole lot of areas, but for example, agriculture farming, information, communications and technology staff to support agri-businesses and accommodation and hospitality managers to support tourism as being particularly important.

I think sometimes there is a bit of a sensation that TAFE is a bit about macramé and pottery. It could not be further from the truth. For example, if you were in Hong Kong at a racing track it is likely that every jockey that you are seeing there was trained in New South Wales. From a digital perspective, digital film making and animation, the training would have occurred at TAFE. Our design students find their homes in fashion houses in New York—which may not necessarily be your bent gentlemen, but people like Diane von Furstenberg have TAFE graduates amongst their staff.

This is a far more sophisticated beast than people often give it credit for. The interaction in places like the Hunter with the mining industry I would have to say is probably just about world's best.

I could go through a whole lot of fabulous case studies from different institutes but I am probably conscious you would like to ask some questions as opposed to have me bang our drum, which I am always happy to do.

I do think that one of the other issues that has come up as part of the discussions which we have seen is this issue of school transitions. It is something we are very focused on. The institutes in the main work very closely with their local schools and in 2012 there were nearly 24,000 TAFE delivered vocational education and training enrolments here in New South Wales. I might let Catherine talk a little bit more about that.

But most importantly in that same period, Aboriginal TAFE delivered vocational education and training enrolments increased by 80 per cent between 2008 and 2012. For us, once again, those issues about being a public provider and understanding the role we play in adding to the community beyond the skills factor, and therefore in fact saving governments money, because we can tell you how much it costs to train a young Aboriginal apprentice and how much it would in fact cost if he went to gaol as opposed to getting a job.

Those sorts of things are very important in terms of the ultimate outcome for government and making best use of taxpayers' dollar.

Higher education is another growth area for us and there would be a lot of people who would say why would TAFE be engaged in university degrees? It is not that we are setting out to compete with the universities; that is not what it is about. It is a new pathway model and it is specifically designed in many instances to support those students who are coming from lower socio economic and regional environments where they would not have a pathway option at all if it was not for this.

There were something like 650 students in 10 higher education programs in nine locations with one qualification, which is a graduate diploma of leadership being delivered entirely online. I think that is the other thing to understand about TAFE, that while we have 10 institutes we have a fabulous mechanism called OTEN—Open Training and Education Network—which I think at last count has 80,000 or something close to that, enrolments. It is massive. It is our outreach education mechanism if you like. It was originally looked on as distance education. It is now proving to be such a boon, particularly for women. We have a much higher proportion of female enrolments, particularly in second chance enrolments, than probably anybody else.

Mr MARK COURE: That would be stay at home mums in some cases?

Ms OSMOND: Quite often, yes. As I say, originally it is a distance learning exercise designed to go out into parts of the State where perhaps they do not have access, but we are now finding other interest in the system.

CHAIR: Mature aged students, a whole lot of them.

Ms OSMOND: Yes. It also has obviously some wider application from an overseas perspective. I suppose all of that is an attempt to take a minute of your time and draw a slightly different picture of TAFE than you might have encountered previously. I should have apologised up front, it is very easy to be passionate about it.

Mr MARK COURE: You have answered all our questions. We can all go home.

Ms OSMOND: Excellent news.

CHAIR: Catherine, do you want to make an opening statement?

Dr BURROWS: I think Margy has very eloquently covered everything.

CHAIR: I have some comments and some questions that I am keen to ask as the Chairman's prerogative and then I am sure Chris and Mark have some as well.

There is a great TAFE on the border of the electorate of Baulkham Hills which ironically is focused very much on the hospitality industry. There is a great restaurant called 2153 which as you can tell I am a great fan of. That is fantastic and it has done very, very well. I know having had some exposure to the hospitality industry, it is well sought after.

If you just indulge me, having done three degrees since I have left school, I am so glad to hear you say that you are streamlining the enrolment process because I used to call it enrolment 101 and from my experience if you got through the enrolment process of a tertiary institution it generally meant you would be able to graduate because enrolment was so difficult. It used to put people off.

Ms OSMOND: Exactly.

CHAIR: It was awful. I do seek your indulgence on one point because I am very keen to explore a theme that we have had over the course of the deliberations. This is my personal experience. I had a gap year. In my gap year before I took up the offer to go to university my father, who having come from a very working class background and a graduate of TAFE in accountancy, said to me, do not lose the momentum for study. Go and do something at TAFE part time so that when you do university after a gap year you have not lost that momentum, because as a 17.5 year old higher school certificate graduate, that ability to lose concentration was very, very high.

I went off to TAFE and did a couple of communications courses and an economics course because I was going to do a bachelor of arts. I rolled up at university the following year and none of those subjects that I did at TAFE, even though they were clearly offered as part of a bachelor of arts, were worth anything. They would not give me any recognition of prior learning for them.

I then went and did some post graduate study in economics. The economics that I did at TAFE had no recognition of prior learning, despite the fact that the text books could have been written by the same person.

Fast forward to my last two pre-Parliamentary careers and I will be interested to hear what Chris has got to say about this too because he has had a similar professional experience. Two industry associations that I worked for were fighting for young people to come into the industry. One was engineers and one was hospitality. What are the great demands that we have heard about over the course of these deliberations? We have not got enough engineers. We have not got enough chefs or people in the hospitality industry.

What the problem is of course is mum and dad have a high expectation of little Johnny and little Mary and there is no way that little Johnny or little Mary is going to be a chef or do a certificate III in civil engineering. Little Johnny or little Mary is going to be a hotel manager or they are going to be a civil engineer.

But the industry is finding that young people that are coming into the profession out of university have no practical experience whatsoever at all. Little Johnny, he wants to buy a car and little Mary wants to do a bit of travel, so they are quite happy to do an apprenticeship right now, get into the industry and then think about up-skilling their trade to a degree in their mid twenties when they have decided that they actually like the profession.

That statement is a long winded way of asking how are we going to make it easier for those of us who decide to go to TAFE straight from school or for little Johnny and little Mary who decide that they want to play around and do a trade first, for them to be able to go to the university and say to the vice chancellor when they are 25 years old, here is my qualification from TAFE, I have got the certificate III, what is my recognition of prior learning so that I can enrol in this university degree?

I can tell you as an industry association executive, I would employ a TAFE qualified

university graduate any day because they not only know how to design the bridge, they can actually work a grader and know the difference between concrete and cement. I am pretty sure the same situation would apply to the space that Chris has come from.

Everybody that we have spoken to over the course of these deliberations has shown a great deal of sympathy to that. What you have just told me means that that is a very, very practical thing for employers in New South Wales to expect from TAFE and university. Why is it so difficult? Why is it not happening?

Ms OSMOND: There are pathway projects in place that I am going to let Catherine talk about.

Dr BURROWS: That is a really good question. We have about 1,000 agreements with universities for different courses that articulate and give advanced standing into university courses. We have a lot of support from vice chancellors and deans who see it as a savings measure, as well as good for students and with some universities, Charles Sturt University is a very good example, we actually have some joint programs where people articulate. They are starting TAFE, then they do a joint program with Charles Sturt University, then they finish with Charles Sturt University with a diploma and degree.

It is in the hands of the universities really. Ultimately what we have heard anecdotally from some ex-students of ours is that they go expecting the agreement to be honoured and for one reason or another there are times—and it certainly is not every university—when their expectations are not met when they go to enrol at university.

We might have an agreement at a particular level but that is not always honoured. One of the reasons for that I think is that it is not always as simple as it sounds. The sectors are more different in the eyes of the teachers. They think there are more differences than we might think from the TAFE perspective.

We have about 5,000 graduates go off to university from TAFE every year but we also have about 50,000 graduates of university coming into TAFE every year. One pathway seems to work really well.

I do think there is an issue here that you have identified and it is a real issue.

CHAIR: Again, this Committee's Inquiry needs to find a practical solution. I know from the civil engineering space, it is an expensive degree to do. I do not understand why the universities would not really embrace somebody that has already proven their academic bona fides by doing a certificate III in civil. It allows the universities to attract a whole new demographic because these children are probably going to be able to work their way through university. But they do not want to think that they have wasted the three years doing the certificate III or two and a half year certificate IV depending on how bright they are.

Ms OSMOND: I think there is another interesting aspect to this, if I may, of a different kind of success story in this space too, which involves industry buy-in at another level.

CHAIR: Yes.

Ms OSMOND: I am thinking about the Hunter and the mining industry in the Hunter.

CHAIR: We actually just heard from them. We have heard today from Cessnock City Council and Muswellbrook City Council who have told us exactly that.

Ms OSMOND: It has been a remarkably successful exercise. I think one of the things that

really stood out for me is that as part of the Let's Talk About TAFE we went up to the Hunter to have this conversation and we met a young girl up there who was actually at the mining institute. She had sufficient marks to actually go to university and do medicine but she was not intending to do medicine. She was always intending to be an engineer and a mining engineer.

But she made the active choice to take up this action in the Hunter instead of university because of the industry support of the course and the profile of the course itself. I think that also in that space there is a role for industry to make plainer what it is they value in this mechanism because clearly from her point of view—it was a delight to meet her, I am sure in 20 years' time she will be the head of BHP—it was really impressive but I think that story about people choosing to take the TAFE option rather than university because of the industry support of the exercise is quite important.

CHAIR: We can make an argument in these recommendations to Government that you would endorse it. As a government we should be putting the pressure on the vice chancellors because as far as you are concerned you back your qualifications into university.

Dr BURROWS: If I may, I think with the vice chancellors you would get their full support already. The pathways that we have created with universities, as I said before, frequently work very well but there are times when they do not and there are times when I believe that that is happening - not at the vice chancellor level.

CHAIR: So we need to make it a case that whatever blockages or obstructions that are occurring, we make sure that the Government is well and truly there to make sure those obstructions go away.

Mr COLLINS: Can I just make a comment on this too?

CHAIR: Yes.

Mr COLLINS: The former Board of Vocation Education and Training has been doing some work in this area and recognising, as Catherine said, that TAFE has got something like 1,000 agreements with universities. The Board has commissioned some work that is to try and come up with a more universal way of doing it. It has commissioned a few projects that have been about collaborative projects such as Catherine has described to try and come up with a model that can be more universally applied through TAFE, but also elsewhere to make that transition.

Within Parliament at the moment is legislation for the new Skills Board, the body that is to replace the Board of Vocation Education and Training and in its terms of reference quite explicitly is reference to the need for work around pathways between vocation education and higher education, to commission that body with doing more work to try and crack the nut.

CHAIR: I am glad you say that. It is not a one size fits all but if this inquiry is about making sure that we address the skills shortage in New South Wales, the one thing to do that is to stop people from leaving their various professions that are in demand. It would be very, very disheartening for a 23 year old person who wants to go to university and do a degree to be told that the three years he has just done at TAFE is worthless.

I know if you talk to anyone from the profession they will tell you that a three year diploma in accountancy at TAFE is probably worth two and a half years of a degree because most of it is very practical accountancy. But if you talk to an engineer, they might say that it is a little bit different and of course, people in hospitality and marketing might have a completely different view as well.

I know Mark is dying to ask some questions but I have two quick things to say. First of all to you David, we have had a lot of people over the course of the four days of deliberations comment to us that the quality of academic skills of high school students has been found wanting when they come

to the trades, the professions, the universities, they just do not have the basic academic skills that are required. Their English is not as good as it should be, some of them do not have maths, some of them have zero scientific experience or exposure, simple stuff. I think one of the industry associations wrote to us and said basically it was found completely wanting and there was no desire for people to improve their ability or find a proficiency in English that is acceptable in the workforce. Is that something that you are finding at the moment?

Mr COLLINS: It is feedback that we get. I do not think that it is universal. I think that we do find looking at apprenticeships and traineeships for example, there is a mix of people going into those areas. It is not an uncommon response from employers that people do not have the level of English and maths. Some of the more technical areas, that the maths expectations are pretty challenging; then it does seem that students coming out of school may not have that.

I think the growth of vocation education in schools and that opportunity is very positive in exposing students, also schools to the reality of what employers expect. I think one of the positive elements of that—and something like 40 per cent of year 11 and 12 students are now doing a vocational course—is that it is really focusing those students and those schools on what employer expectations are.

CHAIR: I remember as a child people saying when you are studying Shakespeare, I am never going to need this because I am going to be a policeman. Guess what? You do need to have an understanding and appreciation of the English language if you are going to be a policeman or if you are going to be anything.

Finally, one thing that we find a desire for, which Margy you might be able to answer, is a notion of mentoring people through their careers from vocational training at high school right up until you take over the role as chairman of BHP. Is that something that you think the TAFE would be able to work with? Is it something that you think Government should be encouraging? Obviously it is not something the Government would force on people but all the industry associations who I expected to tell me to go forth and multiply, said yes, mentoring is something that we think should be done. Some professions already do it. Is that something that you could work TAFE into, mentoring people through so that when that young ex-demographic girl decides that she is going to work in hospitality, is there a mentor that will get her and her family to appreciate that first she would become food and beverage manager, then you get your qualification, then you go and do your accountancy qualification and then you go and apply for a manager's job?

Ms OSMOND: It is happening already I think but informally. You would not say that it is an organised program. I think at institute level, at individual institute levels and I think it is important to understand that all of those institutes are hugely entrepreneurial and part of their thing is to make sure they get as many enrolments as possible. So part of that process means they have to offer a range of extra-curricular support, if you like. It is better in those institutes that have a closer relationship with local business communities who are willing to be engaged in that kind of mentoring program.

I would have to say yes, it is happening, it is informal; potentially there is a way of making it a more formal addition to the brand that is TAFE. Catherine, did you want to add anything to that?

Dr BURROWS: Just that when you hear success stories from our students, they talk about the people as well as their family who have made that success and they always talk about someone from their industry, particularly apprentices often talk about an employer who has just made the difference for them and they often talk about their teacher as having had that kind of a role.

Yes, I agree, informally but those kinds of links with the industry where the person is working or is going to work I think are absolutely critical for success. Yes, TAFE certainly is currently doing those things because for our training to be relevant for industry we need to have the links with industry. It is not enough to have an isolated program that has no connection with the

industry. Where we work best is where our industry links are best and those mentorships are part of that.

Ms OSMOND: It is not impossible as part of the ongoing reform process that some of these sorts of things could be viewed as part of the brand offering of TAFE in future and become a more formalised process. That is not impossible at all but what it would need is significant buy-in from the business community that says it sees the value in it. It is one of the reasons why we are looking at a whole range of alumni programs within the TAFE family itself, so that people who are successful come home to momma and come back to TAFE. Because as I say, people who have been through the TAFE system seem to have a remarkable affection for it and this is an opportunity for a larger contribution. So not impossible at all, David.

CHAIR: I can tell you that every person that has presented today and over the course of the three days has said to us that they very much rate TAFE. You are actually held in high esteem.

Mr MARK COURE: One of the questions I have raised to almost every one of our speakers today is apprenticeships. How can we all work together to improve the number of apprenticeships or increase the number of apprenticeships out there, local, State, federal, TAFE?

Dr BURROWS: Perhaps David I will start and you jump in. It is an issue that we both deal with.

Mr MARK COURE: I want to look at raising the number of apprenticeships, making it easier for business. I come from a family of cabinetmakers, except for me of course, and there is a lot of stress out there.

Ms OSMOND: Just before Catherine starts, it does come back to the completion issue too. You can start, but you have got to finish and there has to be sufficient stimulation and incentive for those apprentices to finish. I think that is another aspect of the TAFE mechanism which shows how critical we are with the structure of things. If you have a company that for some reason fails and has an enormous number of apprenticeships, as we have seen on a number of occasions here in New South Wales, it would not be unusual for us as an organisation to get a call from Government with its economic development hat on, going crisis, we have got 100 apprentices that no longer have a position or a support mechanism through their company, take them on.

TAFE steps in in that set of circumstances and picks up what would otherwise have been a massive hole in the skills base. I just flag that with you as something else that happens with our space.

Mr COLLINS: That said, the majority of apprentices in New South Wales are with companies with less than 15 staff. Over 50 per cent are with very small employers. Only 20 per cent of apprentices are employed with a company of 50 staff or more, so we are relying on small business to drive this.

Ms OSMOND: That is true.

Mr COLLINS: It has been a big change since the days when we had the apprentice nurseries in government and in some of the other major employers. We are relying on small employers and there is a real challenge for those employers. There is also a real challenge for the apprentices. The majority of apprentices are probably in an environment where there are a couple of other people employed; there is not that sort of mentor arrangement. There is not the sort of support that there might be where you have got a cohort and it is a real struggle for them too, to actually undertake and complete that training.

I did not mean to cut you off, but I am on a roll now. Through the Board of Vocation and Training over the last couple of years we commissioned some work on apprenticeships. We engaged

actually a market research firm to do some analysis of the characteristics of employers and of apprentices and found that there were some distinct groups of apprentices and distinct groups of employers ranging from those who are deluxe made for it and where everything is going to prosper, down to both the employer and the apprentice where it is really not a good fit. The employer probably needs to be encouraged to think about another way of getting skilled workers and the apprentice needs strong intervention.

Mr MARK COURE: There is of course work placement, work experience if you are doing a four year course.

Mr COLLINS: If you are an apprentice you are employed. It is a job. You are employed and you go to training. There are all sorts of responsibilities on you and your employer. You are getting a wage but the priority is to do that training and applying those skills at work.

Dr BURROWS: I was just going to say that apprenticeships are very much dependent on the economy. Taking David's point about small business, a small businessman or woman needs to be doing well enough to feel that they can take on an apprentice and that their business is prospering enough to take on an apprentice.

There have been some government programs where part of the contract is a certain percentage of your employees should be apprentices and that is something that has been done by Government at the State and federal level to boost apprenticeship numbers. Really the bottom line is the economy because as David said, it is about a job.

Mr MARK COURE: In your introduction you talked about distance education. When we went to Coffs Harbour a few weeks ago you and I were talking Chris about the distance between TAFE and some places out there like Macksville and other places. Of course you have got distance education that you mentioned before. What is the take up rate, particularly for rural and regional people that their nearest TAFE is two days away or a couple of hours away?

Dr BURROWS: I might tell you that in Australia almost 69 per cent of all flexible delivery is delivered by TAFE NSW. That is Australia-wide. It is a statistic that we are very proud of.

In the time that I have been in TAFE there has been a huge push to try and make our services more flexible, to move training out of that classroom setting and to take it to where workers are and to where people live.

In western New South Wales, you may have noticed from our submission, the Western Connect program which is blended delivery and they actually take the training out as well as allowing people to train using online services. It is a massive new program.

Mr MARK COURE: Obviously not in every field or course but what would the major ones be?

Dr BURROWS: Actually mining is one, there is a mining simulator. It is a truck and they take the mining simulator out. There is also a heavy vehicles simulator because there is quite a lot of work for heavy vehicles out in western New South Wales. The purpose behind TAFE Western Connect was actually to increase the number of different programs because the small regional communities, especially remote rural ones, were saying you are offering us a very limited number of programs in our communities and basically our people deserve better than this.

Responding to that challenge, the institute director there, Kaye Baxter, came up with TAFE Western Connect. It also includes a barista, which they have a little truck that they take around. It is a very wide range of programs.

Mr MARK COURE: David, you mentioned this before about the resource sharing or links between school and TAFE and university. How can they improve do you think?

Mr COLLINS: We have got partnerships happening at either end. We do have partnerships happening between schools and TAFE. We have got a lot of students who are going to TAFE to study in vocational areas and other areas where the schools are providing and collaborating.

As Catherine said, a number of qualification partnerships at the TAFE to tertiary level are there. We do need to look at what opportunities there are, particularly in regional bases to look at how we can share resources more effectively and how we can look at the individual, what the individual's needs are and how we can support that more effectively, particularly the market transition from TAFE into university.

Ms OSMOND: I think the other aspect of that too, if I can just add, TAFE is undergoing a process of reform at this point. We have been blessed that the Government has taken a very judicious view of that process and how long it should take, what should be part of that process and not rushed into it as perhaps they have in other States.

Part of that reform process means that we are looking at these opportunities from whether or not it is how many classrooms and assets and goodness knows what else we might have that we might collaboratively be able to use better in conjunction with schools and universities and others. In a strange kind of way the reform process around the contestability exercise is also focused on a whole other range of opportunities.

Mr CHRIS GULAPTIS: I think most of my questions have really been asked and answered. I just wanted to reiterate on what David did say. The conundrum really is that there are skill shortages and we still have high unemployment. Most of the industries that we have spoken to speak very highly of TAFE as being the solution, but we are not seeing the solution and that is the issue.

They also did raise the issue that children leaving high school, secondary school, really do not have the skills to go into the workforce. Coming from a region I appreciate the value of TAFE and I think the numbers that you talked about in terms of enrolment, half a million, and half of those in regions, just goes to show how important TAFE is in the regions.

I know you cannot solve all of those skill shortages because there are a lot of industries that are very lowly paid and people just do not want to work in them. You have got childcare, you have got aged care; you have got some of the hospitality jobs. They just do not want to go there. I do not know what the answer to that is but certainly the connection between TAFE and industry is pivotal to solving this skills shortage problem in the country because that is what industry has told us over and over today and in other meetings that we have had.

That is really something for you and industry to collaborate on and if there is anything that the Government can do to assist, then we need to do that.

Ms OSMOND: If I can just say to you, one of the things that each of the institutes have is an industry advisory council that is linked to the institute and is made up of representatives largely of the business community. It might be the chief executive officer of Manildra in a particular area is the chair of that advisory committee. One of the things that we have been working very hard to do over the last 12 or 18 months is to start utilising the skill bases that sit on those advisory councils in a much more aggressive way with each of the institutes so that we can promote a much closer relationship that breeds, whether it is that mentoring option or just greater engagement with the institutes in terms of their skills planning. So maximising the input from some of those industry opportunities has been very high on our agenda for the last 12 or 18 months. I will not say we have got it licked at this point in time but we are very aware of it and aware that it represents an opportunity.

CHAIR: We are running a bit late so I will wrap it up there. Surely if the higher school certificate is the new school certificate TAFE is the new higher school certificate and maybe it should be rebranded to accept that challenge. Just call them colleges like in the United States. I know you have had that debate and did not particularly like the idea of rebranding but if that is going to help the demographic that wants their child to go straight to Harvard, then so be it.

Ms OSMOND: The trick is valuing the brand we have and value adding to it.

CHAIR: That is what I mean. It is of high value but I do not think that is going to drop. We may have some further questions for you so just be aware if we do send some questions for you, your responses will still be on the public record because they will be forming part of this deliberation.

(The witnesses withdrew)

AMANDA CHADWICK, Executive Director, Innovation and Industry Policy, Department of Trade & Investment, MLC Centre, King Street, Sydney, sworn and examined:

CHAIR: We appreciate you taking the time to attend. I am sorry we are running a little bit late. We have been running directly on time, if not ahead of time all day, but as soon as Margy Osmond walks into the room it goes to pastry.

Ms CHADWICK: TAFE issues are very interesting.

CHAIR: By way of introduction, I think I knew your mother, did I not?

Ms CHADWICK: Yes you did.

CHAIR: I am David Elliott, the member for Baulkham Hills who as a very young Liberal worked in the New South Wales Upper House for work experience.

Mr MARK COURE: I think I did work experience for your mum as well.

Mr CHRIS GULAPTIS: I did not know your mother at all.

CHAIR: Mark is the member for Oatley and Chris is the National Party member for Clarence. The three of us are in our first terms and have come from the private sector. There are two apologies from Jamie Parker, the member for Balmain and the member for Wollongong, Noreen Hay. David is the secretariat and Dr Abbie is the brains of the outfit. To your left is Hansard.

We have received your very lengthy submission. What I might do Amanda is invite you to make any opening remarks on your submission and then we can enter some good solid healthy banter to find out what indeed the Department of Trade & Investment is going to do to solve our skills shortage crisis.

Ms CHADWICK: I am attending in my capacity as the Executive Director of NSW Trade & Investment. The department is responsible for the NSW Skilled and Business Migration program under an agreement with the Commonwealth. The Commonwealth has recently changed the name of its department; it was previously the Department of Immigration and Citizenship and is now the Department of Immigration and Border Protection.

We have provided a submission. I need to provide a revised copy of the submission today. There is a clarification in the wording in relation to two places where we refer to the regional sponsored migration scheme as an employer sponsored migration scheme. We wish to make clear that it is an employer sponsored migration scheme managed by the Commonwealth and not by the State and to update the numbers given there from the fiscal impact model which Deloitte manage for the latest statistic for 2010/11.

The other thing I want to do is put our work in a context. We perform a job with a very specific operational role in relation to business and skilled migration. It is one piece of a broader picture of education and training programs, employment programs, internal and international migration programs undertaken by governments at all levels in Australia and also by non-government organisations. We are but one piece.

Our role is to process the applications of those visa classes that are solely dependent upon a New South Wales nomination to qualify. We provide these services in order to assist New South Wales businesses and the economy to support jobs and to provide short and medium term human capital that meets the business needs of the economy.

Our submission obviously refers to our strategy. It represents the Government's proactive and

assertive approach to working with the Commonwealth and with industry to grow business and skilled migration to New South Wales and it recognises the role that this has as part of the overall picture in contributing to reducing skill shortages.

The submission refers to some work that we commissioned earlier this year from the Centre of International Economics about the role and benefits of business and skilled migration to New South Wales.

In summary, the Centre of International Economics identified that if business and skilled migration were to stop in New South Wales for a five year period, the economy would be 2.3 per cent smaller at the end of that five year period. So it makes a significant contribution.

Our submission also identifies the seven sets of actions that are underway to improve our impact on skilled migration.

I am happy to answer any questions.

CHAIR: Can I start with the migration plan. We had criticism this morning from a regional man who was just concerned that the professions and qualifications and vocations that are on that priority list just reflect a snapshot of the time that it was taken and it is not an organic list—I think was the word he used. It does not acknowledge the fact that from one week until the next steel mills in Newcastle might close down or the Australian dollar might jump five per cent and our wine is all of a sudden too expensive to export.

What is your response to that?

Ms CHADWICK: I guess I would have a response in two parts. The first is that the New South Wales Government has a role in relation to regional skilled migration and that role relates to a visa class called 190 visas. In those visas what we are doing is identifying skills that are needed in our economy that fall form a subset of skills that the Commonwealth have identified. The Commonwealths a list of occupations that it believes Australia needs. Of that list New South Wales can then identify a set of occupations that it believes New South Wales needs. So we start from one and move to the second.

We have delegated our role in relation to nominations for the 489 visas to Regional Development Australia organisations to partner with us in this activity; so four Regional Development Australia organisations have agreed to participate in the program. They have then nominated from the Commonwealth list and New South Wales list the regional list that is those skills that they believe their communities need on the basis of their local knowledge.

That list is reviewed on a periodic basis. It does not have perhaps the short term turnaround that this stakeholder is referring to but it follows from that process, that that is how that visa class works.

We have committed to review the New South Wales component of the list from which then the other skills are identified at a regional basis and we have committed to review it in this calendar year. We will commence that review once this Smart and Skilled list is available from the Department of Education and Training. We will use that as the basis for that review process.

By way of finalisation around that visa class, what that visa in fact does is give the applicant a number of additional points towards their visa application. They get five points for the New South Wales nomination and an additional five points for being regionally nominated. So that assists their process through. That is a good way for some of the skills that are in high demand that might have only the minimum level of English needed for that qualification to get through the process so that they can form part of the economy.

It is not the only regional migration scheme that there is. There are also employer sponsored regional migration schemes and 11 of the Regional Development Australia organisations are assisting in that process. Those visa classes which are managed by the Commonwealth and do not come from the same skills list. They have perhaps a degree of flexibility.

The feature of business and skilled migration is its complexity. The number of different parties, the number of different visas and the importance of clarifying which visa type people are talking about when they make a criticism or comment.

CHAIR: While you are on regional issues, the one matter that has been raised with varying degrees of support or disdain has been the regional relocation grants. From your experience have you got any data to suggest they have been successful or not successful?

Ms CHADWICK: My unit recently supported the Decade of Decentralisation Task Force of the Government and also had a role in the preparation of the Government's response to that task force. One of the recommendations of the task force was that those relocation grants be examined and opportunities to improve them be identified. They made a number of suggestions. The Government's response has now been published and my team are working now on a bill to be brought this session.

The position that the Government has agreed to is that a number of changes will be made to those relocation grants. At the highest level those changes are in two aspects. The first is that it has been identified that there is a group of people who would contribute well to a regional economy and would be potentially willing to move to regional locations, but they do not qualify for the grant at the moment because the grant currently requires that you sell a property in Sydney in order to move to a regional area.

CHAIR: No one is going to sell a property in Sydney.

Ms CHADWICK: Or you may be a long term renter who has been locked out of the Sydney market and have the appropriate skills that could contribute to a regional community but simply not qualify.

One of the loosening ups of the program is that it is proposed that the bill be brought to the House that recommends that if you have been a long term renter, if you have rented for two years in a metropolitan area, that that would be a qualification for the grant. If you have been a long term renter, you move to Wagga and you buy a property in Wagga, you would qualify. That is one of the proposals that is being brought.

The other is that the way that the relocation grant works at the moment, it has perhaps not been as responsive to the needs of employers in regional locations. It is proposed that a new skilled relocation grant is included in the bill that is brought and that would in fact be the slightly higher level, \$10,000. That grant would be available for people who move to fill a vacancy in a regional job that has not been able to be filled with the resources available in that area.

If it is a bona fide job and you go and you stay for two years, you would be eligible for \$10,000.

CHAIR: I am glad you said that Amanda because that is something that has been raised with us. That opened up a whole lot of other discussion and if Jamie Parker was here, he would say to you, which he quite rightly could say to you, what happens if you are a de-facto couple or a gay couple or a couple where there is a second marriage or a couple where for whatever reason one partner has the entire house in their name and so therefore they are going to be denied it because the other partner is the one that is going to be taking up the move?

There are a whole range of reasons that people would be living in a house that was not in their name and they are going to be completely denied access to the scheme.

Ms CHADWICK: The existing grant has some of those features. The change to the grant that means if you are a long term renter moving, my understanding is that if you were a long term renter and your name was on the lease, regardless of your family or other relationship factor, that you have moved and your name was on the lease are the qualifications for eligibility for the grant.

The \$10,000 skill relocation incentive I believe is the last named grant is available for the individual who moves to the job. So I hope that those are not features.

CHAIR: Any questions Mark?

Mr MARK COURE: Not at the moment.

Mr CHRIS GULAPTIS: I do not have any questions at the moment either.

CHAIR: Can I then go back to your comments about the relationship between the State and the Federal agencies. We have got a new Government, are you aware of any further changes? Obviously there were some things on the election manifesto but are you aware of any other changes that are going to come about that are going to make your life more difficult?

Ms CHADWICK: A number of the things that are listed in the New South Wales Business and Skilled Migration policy relate to issues of policy and advocacy with the Commonwealth Government and obviously that has continued since the policy was in place in March 2012. A number of the things that we are looking for in terms of changes to how the migration system works are policies of the new Government and there are some that we will continue to work towards.

The key priorities for us are to continue to work towards the streamlining of the significant investor visa process, which is perhaps outside the terms of reference of this Committee. Our other key priorities are in terms of the way in which the working holiday visa works so that there is greater recognition of other regional occupations that could be the grounds on which a visa holder could apply for their second year extension. At the moment there are limits there in terms of age and the regional occupations that qualify for the second year. Those are issues that we will continue to work towards.

One of the issues that we have worked towards for some time in terms of international students in vocational education, I know it is a policy of the new Government.

CHAIR: We did hear from some people in the agricultural space in Dubbo who said that the visa that allowed students to work 15 hours a week was actually creating an unfair burden to people in say Griffith who relied on more than 15 hours a week to get the fruit picking over and done with. So you were finding that people were coming in at the beginning of the fruit picking season, chewing up their hours and then the farmer was caught without enough labour for the rest of the picking season.

To me the whole idea of these visas which allowed a 15 hour working week was to encourage some of these backpackers to stay here a little bit longer, because ideally they would spend the money that they would earn, but also provide a quick and easy labour source for people in some of those seasonal industries and seasonal employment opportunities.

The latter just is not working because you cannot half way through the picking season lose half of your workforce because they can no longer work the amount of hours that they were brought out on their visa for. Is that something that you are addressing?

Ms CHADWICK: There are a number of issues there to unpick. The first is in relation to international students. The capacity to work in Australia is in fact one of Australia's competitive advantages in the international student market. It is one of the really important things that distinguish us from the United States, the United Kingdom and to a lesser extent Canada. It is a big part of why international students are our second biggest export earner. I guess I would advise caution in that area because it is a big part of the economy.

The second is in terms of working holiday visas, which is a different class. Working holiday visa holders are people who come from a variety of countries with which we have arrangements. They can come; they can work for specified periods of time. Those specified periods of time are subject to agreements that the Commonwealth department reaches with the relative country and in some instances they vary between the countries.

A really important feature of the policies that we are advocating for is in relation to what it takes to extend those visas. At the moment there are limitations. The majority of those visas are available only up until the age of 30. We are suggesting that they also be available for people up until the age of 35. The other is that the majority of those visas, you are able to qualify for the second year of the visa if you do a certain number of hours in fruit picking or other agricultural work. Regional tourism and other regional activities are equally crying out for this group of people.

They do serve a really important role in agriculture but they have the potential to play an important role in other parts of regional economies and the numbers of working visa holiday holders are increasing. You are right to say they are also a really big part of the tourism market.

We want to say the door is open to working holiday visas. We want to open the door for year two as well, but we want to do it in such a way that it supports regional economies in New South Wales. We would like to open up the criteria so that these people who come in growing numbers can be used more effectively in New South Wales.

CHAIR: For the purposes of this Committee's report, are you making that case to Scott Morrison?

Ms CHADWICK: We have written to the new Government under the signature of the Deputy Premier in relation to all of our areas of activity, to each of the relevant ministers and yes, the issues in relation to working holidays were raised with the last Government and will be raised with the current Government.

CHAIR: I can imagine there is a difference between giving the visa to one country over another when it comes to say, fruit picking and tourism because obviously the fruit picker does not need to be able to speak English, whereas the waiter in the pub, one would assume, is required to speak English.

Ms CHADWICK: I was just going to say that there is quite a bit of anecdotal evidence in relation to working holiday visa holders who travel to regional New South Wales and then ultimately choose to migrate or choose to apply their skills. There are lots of people who come on working holiday visas but in fact have tertiary qualifications from their country of origin. There are a whole lot of reasons why you might apply for a working holiday visa.

In the same way that young Australians have gap years and young Australians then meet young Canadians and ultimately migrate to Canada or elsewhere. There is a really strong correlation about the nature of the people who come to those communities, the contributions they make and then the life choices they might make in a year or two thereon.

It is our experience that those regional communities have been really welcoming to people on working holiday visas and we are in fact working with a couple of the Regional Development

Australia organisations at the moment to better connect them to the educational institutions such as the English language colleges. So if you are a young Brazilian coming to Australia on a working holiday visa, you might do a four week stint in an English language college in Sydney to brush up your English before you start travelling. So those colleges are really well placed to tell people about the option to extend their visa in year two. One of the things we are trying to do is to make sure colleges are aware of Regional Development Australia organisations so that they can get up to date information on regional opportunities.

Mr CHRIS GULAPTIS: You talked about relocation grants. I was just thinking in terms of the opportunity for businesses to relocate and what opportunities there might be there.

Ms CHADWICK: We have a variety of programs for regional businesses. For example, the regional industries investment fund, which is a program that assists businesses that are creating jobs in regional New South Wales that qualify for certain eligibility. That is one tool that can be used to help businesses that are relocating or expanding.

But equally we think about businesses when we design the relocation grants. Dominica spends quite a bit of time to make sure that the way in which we design the bill that is being brought to the House ensures that a small business owner who is moving their small business to Wagga—going back to that example—is equally available to qualify for the grant. They are an employee of their own business. Everything is moving.

We do try and keep that frame of reference available in all the work that we do because fundamentally we are about growing the resilience of the New South Wales economy and business is at the heart of that.

CHAIR: We had a spectacular example of a business in Coffs Harbour that had migrated from western Sydney some years ago and it was clearly one of the employers of choice in Coffs Harbour. I can imagine that there would be plenty of businesses in Sydney, particularly manufacturing, but any business really with the exception of maybe hospitality and tourism, there is no reason why anything could not be in regional New South Wales in 2013.

There is a North American pharmaceutical manufacturing company at the moment that is looking at coming to my electorate. One of the reasons they are coming to my electorate is because they think that they can get their labour market from my electorate and they do not want their workforce to have to commute in Sydney.

Ms CHADWICK: At the very recent business leadership forum we profiled a couple of businesses, one of which was on the Central Coast and that was very much the story that they gave as to why they were in that location. Transport access was good, capacity to attract people from Sydney for greater liveability conditions and added to that cost of living, they have been able to grow an internationally based business there.

The Australian Bureau of Statistics has recently done some good statistics about migration within New South Wales and the rate of migration from metropolitan areas to regional locations has been growing steadily over the last four years.

CHAIR: Thank you Amanda. We may have some further questions for you which we will put in writing to you. Just so that you are aware, any responses will be a matter of public record as well.

I think that concludes our deliberations for today. Thank you Amanda and Dominica.

Ms CHADWICK: Thank you for your time.

(The witness withdrew)

The Committee adjourned at 3.53 p.m.