

REPORT OF PROCEEDINGS BEFORE

COMMITTEE ON ECONOMIC DEVELOPMENT

INQUIRY INTO SKILL SHORTAGES IN NEW SOUTH WALES

—

At Coffs Harbour on Monday 16 September 2013

—

The Committee met at 9.30 a.m.

—

PRESENT

Mr D. Elliott (Chair)

Legislative Assembly

Mr M. Coure
Mr J. Parker
Mr C. Gulaptis

CHAIR: Welcome everybody to the public hearing of the Committee on Economic Development which is enquiring into skill shortages in New South Wales. Firstly, let me acknowledge the hospitality of Coffs Harbour City Council for hosting us today, especially Mr Barry Davis from council for his assistance. I am very pleased to be able to bring the Committee to regional New South Wales again. It is always worthwhile to take the work of the Parliament away from Macquarie Street. We are always well received on our visits and always return better informed.

I might just note that I have already done some media interviews. It looks like there is going to be some interest locally as well.

My name is David Elliott, member for Baulkham Hills and Chair of the Committee. Today I am welcoming with me Mr Mark Coure, who is the member for Oatley and the newly elected Deputy Chair of the Committee on Economic Development, as well as a soon to be father we found out this morning too. So congratulations Mark. Jamie Parker is the member for Balmain and a member of the Greens. Chris Gulaptis, member for Clarence is on his way and should be arriving shortly and Noreen Hay, member for Wollongong is an apology.

This is Mr Coure's first meeting on the Committee having been appointed last week; I welcome him and thank him for being able to travel at such short notice.

I would also like to place on record the important work of Mr Stuart Ayres, the former Committee member and also Deputy Chair of the Committee, member for Penrith who has been discharged from the Committee on his promotion to Parliamentary Secretary.

Today the Committee is hearing from representatives of Local Government, the trade, tertiary and education sectors and of course local industry, including manufacturing, hospitality and information technology.

I declare the meeting open by reminding everybody, including myself, to switch off their mobile phones or put them on silent and also to make sure that when you are speaking you press the microphone button.

I would now like to call on our first witness, Mr Barry Davis from Coffs Harbour City Council. Thank you for appearing before the Committee on Economic Development today to give evidence.

BARRY HENRY DAVIS, Economic Development Officer, Coffs Harbour City Council, sworn and examined:

Mr DAVIS: I am probably appearing in a couple of capacities, very little as a council representative but I will talk on that when requested. I am appearing mainly on behalf of industry and business in the Coffs Harbour area.

CHAIR: In that capacity, have you got anything you would like to commence your evidence with? Would you like to make any opening statements?

Mr DAVIS: I certainly can. I guess in respect of council, we have some documents, I assume I can tender later. This council works closely with a couple of our neighbours, Bellingen and Nambucca. Bellingen provided me with a copy of their workforce management plan.

One of the things that we have got in local government is that our workforce is ageing, obviously along with the rest of the community. I will go to that area first. The median age in Bellingen is 44 years; in Coffs Harbour it is 42, that is the whole community. But within New South Wales local councils, 52 per cent of the workforce is aged between 35 and 54 and 20 per cent is aged 55 and over. Bellingen has 31 per cent of its workforce aged 55 and over.

I guess those skills are then starting to be removed from our workforces and we need obviously to train people up to fill those gaps as they become evident, as those people leave our workforce.

In Coffs Harbour 26 per cent of our workforce is 55 and over. We do need to ensure that our skills training and job position filling has the skills that those people have built over a number of years in this industry, if you want to call it that.

We understand that the retirement age was set by Otto von Bismarck I understand way back and he selected the age of 65 when the life expectancy was 50. People who are complaining these days that we are bumping it from 65 to 67 have not seen anything yet. I think if we used his formula, I think it would be 81 or something that would be the retirement age.

Even though these people are ageing, we do not really want to lose their skills out of the workforce. One of the things I guess that I would be hoping that the Committee or other arms of Government can achieve is how do we retain those skills within our workforce, using in this particular case councils as an example?

I can talk on local government from that perspective if you want to ask questions.

CHAIR: What is your unemployment rate here at the moment?

Mr DAVIS: About 6.7 per cent.

CHAIR: That is above national average?

Mr DAVIS: It is.

CHAIR: It is above State average?

Mr DAVIS: Yes.

CHAIR: Who are the unemployed?

Mr DAVIS: That is a good question. Some of them are what we might call lifestyle unemployed because this is a cheaper place to live than the middle of Sydney or other centres. I think it attracts some of those people to live here. The other thing is that we did have unemployment 15 or 20 years ago up in the high teens, nearly 20 per cent and so on. Our economy was based on a couple of industries, banana growing and tourism. We have since diversified it a lot and I think some of the skill level that we have had over the years probably was more suited to those sorts of industries rather than the high skills that are in demand today.

Mr MARK COURE: That unemployment rate, if we can dissect that very briefly, what is the rate of youth unemployment?

Mr DAVIS: There are a couple of areas. One is the general youth unemployment, which is probably double that I would say, but our Aboriginal youth unemployment is in the low 20s. That is probably an area that we would like to spend more resourcing on and achieve some better results in.

CHAIR: In many respects that 6.7 per cent does not reflect the demand for labour in this area, because you are saying that it is a conscious decision for some of those people to not be in the workforce?

Mr DAVIS: Yes, although it may be that their circumstances are such that that has

happened.

CHAIR: It is such a soft 6.7 per cent. It could easily drop down to about four per cent with good policy?

Mr DAVIS: I am not sure. One of the other problems is under-employment. There is a lot of casualisation for instance in the tourism industry and retail, which are a couple of the major employers. There is a lot of casualisation, so people are under-employed, the number of hours they have I think they would like to increase in a lot of cases.

CHAIR: Just on that matter then, are you finding that you are losing the skilled labour to larger cities? Are you finding that you have got people that are getting skilled up or partially skilled up or desire to be skilled up and they are leaving Coffs Harbour and not coming back?

Mr DAVIS: Not to a major extent. I think what we do lose is a lot of our potential good skilled people, in that our teenagers and early twenties aged people leave to see the big world or because the opportunities are not great enough for them here. We do attract some people out of the bigger centres but we need more work in areas like tele-working and so on to attract those skills into a region like Coffs Harbour.

CHAIR: What skills are you in need of here? I know in your submission you talked about a whole range of them but if you could just summarise that?

Mr DAVIS: I think probably some of the other speakers later on may be able to give you a bit more idea on those various areas. Whilst the unemployment rate is not too bad, I think a lot of our employers are not expanding due to the global financial crisis and general economy. The demand for skills is lower now than it was two and three years ago.

CHAIR: I note you have got a demand for drivers. We took evidence in Dubbo last month and they made the same observation, that they thought that in regional there was a demand for heavy vehicle drivers.

Mr DAVIS: Yes.

CHAIR: Can we go to your evidence. Can you expand a little more about the initiatives that you offer; the tellusyourskills website?

Mr DAVIS: If I can find my evidence here.

CHAIR: It is here. The Chair acknowledges Mr Chris Gulaptis, the member for Clarence.

Mr DAVIS: The tellusyourskills website, that was set up initially by Greater Taree Council and is used in several other areas. I guess some of the demand—I do not know whether it is possible by innuendo, but some stories are that 70 to 80 per cent of jobs are never advertised. Whether that is true or not, or whether it is 50 per cent or 40 per cent or whatever, I am not too sure. But there is certainly a level of opportunities that do not get put out into the public arena.

We have some of our employers, there are 110 or so on there at the moment, that are happy to be on that website and see if anybody ticks the same sort of skill box that they have ticked as an organization looking for skilled workers.

We have had people from all over the world register on that website. It is a useful resource but it is not meant to compete with employment agents or the other job skills agencies and so on.

Mr MARK COURE: Can I just ask, is that a council run and facilitated website? Is that

something that you have put together?

Mr DAVIS: Yes it is, as I say Greater Taree Council came up with it. They have—

Mr MARK COURE: Shared it with surrounding councils?

Mr DAVIS: We share with Bellingen. That one is called Coffs Coast Jobs and usually when we talk about Coffs Coast; that includes Bellingen and Nambucca Heads. So it is the three local government areas that fund it.

CHAIR: Does the council market Coffs Harbour as a preferred employment destination, a place of employment?

Mr DAVIS: We do. It is difficult to get to the right sort of avenue to do that. A few weeks ago I was in Sydney at the Country and Regional Living Expo; that is the sort of thing we go to. About 12 months ago we tried advertising in some of the local suburban newspapers in Sydney to see how that went. We did not get great results from that. It seems funny, we used to have a lot more people register on this website than we have in the last couple of years. It seems that people are not willing to move at the moment because of the security of employment and so on that they have in the bigger centres.

CHAIR: You said that you have got a lot of under-employment. Are they people that are looking for a semi-retirement lifestyle and they would like to do a couple of shifts a week?

Mr DAVIS: I think some of it is employee driven but some of it is employer driven. The demand for their labour is only required for a certain number of hours per week to meet the needs of the business. Some of it is that semi-retired people would like to be in the workforce for sometime but also want to enjoy non-work, if you like.

CHAIR: Have the relocation grants been taken up here?

Mr DAVIS: I have not seen a lot. When we are talking to people interstate and within the big cities, we talk to people about that but it does not seem to have driven the sort of numbers that we would have thought initially.

CHAIR: Why do you think that is the case?

Mr DAVIS: I am not too sure. Maybe again it has hit at the same time as the global financial crisis and people are not willing to relocate as they would have been in more secure circumstances.

CHAIR: Without wanting to lead you as a witness, Dubbo Council suggested that the \$7,000 was not enough to put somebody through that trauma of moving from a city to a regional location, is that your view?

Mr DAVIS: If I could talk from personal experience, we did it about 10 years ago and the cost was close to \$70,000.

CHAIR: On the matter of section 457 visas—even though it is not within our jurisdiction, there has been some commentary about them—are you finding that those that are actively seeking employment that employees have used them?

Mr DAVIS: I have not seen a lot of use in the local area. Again, probably not an enquiry that I would make generally when I am talking to businesses.

CHAIR: So they would not tell you necessarily, you would not be aware of that?

Mr DAVIS: They may not disclose it but also it is probably not a subject that I would often—

CHAIR: That is probably something that they would not raise?

Mr DAVIS: Yes.

CHAIR: That is probably something that we would have to ask the hoteliers.

Mr DAVIS: Yes, I think there are a couple of other witnesses that may be able to give you a bit more information.

CHAIR: What is your economic growth rate here?

Mr DAVIS: The last figure was 6.8 per cent but statistics, when I think the national was about 2.4 per cent or something like that.

CHAIR: That is a big figure.

Mr DAVIS: Yes, so we have got a couple of balloon-like things in there. Obviously we have got this upgrade of the highway going on. I am not too sure how the figures are calculated with that sort of thing. We have got the broadband rollout occurring. In the longer term I do not think it is quite that high but it is certainly not unreasonable. I would imagine it is up around the three per cent or thereabouts.

Mr JAMIE PARKER: Can I just ask a question about your relationship with training providers. You talked about a lowering of demand for higher skilled jobs but obviously whether it is midwives or nurses or those types of roles, there is still always demand for them. Does council have much of a relationship with the TAFE or other providers or can you let us know about your feelings on the provision of training and education in the area?

Mr DAVIS: We liaise very closely with TAFE from time to time on different issues, employment initiatives and so on. I guess what is occurring at the moment is TAFE had a certain sort of role in the community but that is under review at the moment. Probably the competition with other registered training organizations and I understand that the Independent Pricing and Regulatory Tribunal is currently looking at the funding for tertiary education. There is some concern about the registered training organizations, including TAFE, about how that is going to affect their ability to deliver services.

Mr JAMIE PARKER: I think at the moment TAFE in particular or other registered training organizations are doing a good job. Is your relationship with them strong or do you feel that there are issues there that need to be addressed?

Mr DAVIS: I guess everybody can do better but certainly from what I have seen externally from TAFE, they do deliver a pretty good result. Employers, when you ask, probably would prefer them to do better but I think with the resources they have and the change in demands or their skills, I think they do not do a bad job.

Mr JAMIE PARKER: My final question is, on the Committee we have had a lot of questions about how do we identify skill shortages? Where are they? How do we know about them? That is a real challenge that we have and TAFE as well as other registered training organizations have that challenge, what are the skill shortages? How do we provide them? Where do we deliver those services? Do you have any specific data on what shortages there are or how do you get a sense of that data in your work here?

Mr DAVIS: No, we do not have any specific data on it. Really it is talking with the businesses in the community and I think our little jobs' website is a good clue as to who is looking for people and what sort of people they are after. Then obviously it is just the normal sort of job ads that we would see. For instance, I looked the other day at the medical area, nursing and so on, that seems to be in high demand at the moment. But if I took that picture two years ago, we had a high demand for accountants in the local areas. It does seem to shift a little over time.

Mr MARK COURE: My question leads into what Mr Parker was asking then and that is, you have got obviously a close relationship with Chambers of Commerce. They are certainly a good indication of what jobs are needed in the area. How is that relationship developed other than just a website?

Mr DAVIS: Sorry, the relationship?

Mr MARK COURE: That relationship you have got with Chambers of Commerce. Obviously it is strong and that is an indication of what jobs are needed out there in the community. How do you progress that relationship? How do you work with them on a yearly basis?

Mr DAVIS: I guess we probably work more closely with the registered training organizations to try and figure what the demands are being made on them. Probably specific sectors of industry have their own spokespeople I guess. Certainly the chambers are good across the board indicator. We certainly have a very close relationship with them. In a place this size, quite often people wear more than one hat. Some of our Chamber of Commerce people we would meet in other forums where employment and so on is discussed.

For specific meetings and so on, we do not necessarily have that, although we have just developed our next economic development strategy and we took input from a lot of local organizations, including Chambers of Commerce on that document which will reflect hopefully their views on things like employment.

Mr CHRIS GULAPTIS: I apologise for being late today. I can blame the bypass or the roadworks but it is not entirely true.

I missed the early part of your statement. Unemployment in Coffs Harbour would be fairly high I presume; given it is a coastal community. Is there a mismatch between the unemployed and employers seeking specific skills within the workforce and can that mismatch be resolved through better training programs?

Mr DAVIS: Unemployment is currently at 6.7 per cent but I was talking about under-employment as well. Some of that can be addressed through training but a lot of it I think still needs to go back to the old fashioned way of on the job training, in that a lot of employers have a role that fits a square box and they look for somebody that fits that box. You cannot quite often go out and find somebody else off the shelf that will do that.

I think some of the thinking of the employers with regard to roles needs to change in that they need to start thinking about how they can develop their own people. All of us multi-skill on the weekend I would imagine. But the employers, when they see somebody with a certain level of skill, tend to think that that is what is going to meet the need of the job rather than how they can take a good resource and train them to do the role that needs to be filled.

CHAIR: First of all, you mentioned your economic development policy, is that a paper you have just recently published, is it?

Mr DAVIS: Economic development strategy, yes.

CHAIR: That is your strategy. I might seek leave to get a copy of that, if that is alright?

Mr DAVIS: Sure.

CHAIR: Assuming it is not a private document. When did the university come here and what faculties does it have if you could just refresh our memories?

Mr DAVIS: I cannot remember the year. It was before I started with council but it has been here for at least 12 or 13 years I think. The faculties, I cannot tell you exactly but obviously there is hospitality type stuff. Lismore has a broader spread of Southern Cross University than Coffs Harbour. I would have to take that on notice and give you that information.

CHAIR: I would be particularly interested to know if there is any qualitative data that suggests how much benefit it has brought to the local area and also I would be interested to find out if that has encouraged professionals to stay, knowing that they can study here or having studied here, does it encourage them to stay?

One of the matters that has been drawn to our attention is the fact that brain drain occurs and young people have to leave a particular region to study, they just do not come back. Nature takes its course and they do not come back.

Does council do anything to complement the relocation grants? Do you have your own unit that encourages professionals to come from other parts of the State or other parts of Australia to the Coffs Coast?

Mr DAVIS: Sure. We do not have any financial incentives but we do engage in investment attraction activities. For instance, we do have our own health website which we found that like a lot of regional areas we were short of doctors and health people. So that was set up five or six years ago and there are people on there that have come from overseas and people who have relocated from intrastate and interstate.

We have various other activities where we do try and make sure that professionals are catered for in a small area like this one and if we can attract them we certainly do whatever we can to keep them.

CHAIR: How do you do that?

Mr DAVIS: Mainly working, if we can, with any professional association or as I say, those relocation expos, those sorts of events are the main avenues that we use.

We have a website called switchedoncoffs which has people on it telling their story about why they relocated to a place like this. I do not know if you saw, just down the street we have a medical practice that has got a sign on it saying welcoming new patients. I do not know that there are too many regional areas that would be able to have a sign up like that at the moment. Obviously we try to find people who are successful.

Mr MARK COURE: Is there a particular age bracket that you are trying to market yourself to or is it just everyone and anyone?

Mr DAVIS: We do lose people in their teens when they go to tertiary education elsewhere. We do seem to be able to attract people who have moved from here back when they do decide to have a family. If they can find employment here, quite often they are welcome to come back.

So we do aim for that group that everybody is after, the 25 to 45 age group to keep the

balance in our population with a median age of 42.

Mr MARK COURE: Can I just expand on that point, Mr Chair? What are you doing exactly to market the region for that outcome to happen?

Mr DAVIS: I guess it is mainly using the electronic media, social media and the other various websites that we have. Then from time to time we have people out at various professional conferences and so on that are talking about what we do here.

We have got a conference in a few weeks' time called the Sustainable Economic Growth for Regional Australia. We have various others that are here from time to time during the year driven by our tourism and conference people and obviously we use whatever opportunity we can with those people to demonstrate the lifestyle they can enjoy in a place like this.

CHAIR: What industry is your largest employer here then?

Mr DAVIS: Well on a seasonal basis it is the blueberry farm. Bananas have been superseded by blueberries as the main agricultural crop here. They can employ up to 1,500 people in the picking season.

CHAIR: How do you get them?

Mr DAVIS: The main employer seems to have a regular workforce. I am not too sure what that workforce does for the rest of the year but they are sourced from around the Woolgoolga area and so on. But that is seasonal. W E Smith Engineering Limited I think is one of the witnesses; they are one of the largest employers here. Obviously the health campus and the university are reasonable employers.

Mr CHRIS GULAPTIS: Tourism would be up there I would have thought?

Mr DAVIS: Tourism is, without a single employer but—

CHAIR: That is what I meant, sorry, what industry?

Mr DAVIS: Well the biggest is the health and social assistance sector, followed by retail trade and then the accommodation and tourism trade.

CHAIR: Retailing is higher than tourism?

Mr DAVIS: It is but when you talk to the economic gurus, they will always tell you that part of your retail figures include tourism economies.

CHAIR: Absolutely.

Mr MARK COURE: Facts on tourism.

CHAIR: Las Vegas' retailing now well and truly outweighs gaming, which is quite extraordinary. What has Coffs Harbour got that is better than anywhere else to encourage retailing and tourism?

Mr DAVIS: I am not too sure why the retail figures—I think the retail job numbers are going to go back to that under-employment I was talking of, that there is a high number of individuals in there but the number that are working a 35 hour week I do not know. I would suggest it is not as high as we would like.

Healthcare, I think we are starting to build a bit of a regional hub if you like due to the University of New South Wales being here and Southern Cross University. I think when that sort of attraction sorts to occur that you can build on it.

Obviously with being a lower cost place and we have a demand for the social services side of it as well, so people will live here that are maybe not able to live in city centres.

CHAIR: Just touching on tourism, are you getting into the convention space?

Mr DAVIS: We have been in there for a long time.

CHAIR: Where do they have their conferences and conventions?

Mr DAVIS: At various private resorts around town. One of the things we would obviously like is a decent sized convention centre. We have been working on a central business district master plan which that was one of the elements of, but we have not gotten far enough down the track to say that that is going to be a drawcard for us.

Mr MARK COURE: What brings tourism? You have got an airport that we have just visited; we came in this morning. Is that airport significant for the size of Coffs Harbour? Is there a need to maybe enlarge it, improve it to cope with the demand?

Mr DAVIS: That is the third busiest airport in New South Wales after Sydney and Williamtown. You can land a 767 there now apparently.

Mr COURE: Council owns the airport do they not?

Mr DAVIS: We do own it, yes. I do not know whether the big tarmac machine was working out there today but they are doing more work on it. There have been upgrades to the terminal but because it is a council owned resource, we do not have the enormous amount of capital that we would like to spend on the terminal.

CHAIR: It is a good question because it is certainly one that was raised in our previous day's deliberations in Dubbo. I think I am right with these figures but Newcastle airport met its 20 year growth plan in 18 months. I think the Premier on the weekend announced \$11 million funding for the airport but it is restricting economic development in Newcastle because of the fact that people just cannot park there, let alone get on planes.

Are you saying that with the —I am not going to say the death of railway because I am a fan of railway— retirement of railway or superseded by aviation because of the cost and the size of the planes these days, that council's inability to invest the money into Coffs Harbour airport is potentially restricting or slowing or hindering economic growth?

Mr DAVIS: Yes, although I would probably put it the other way around. If we could invest more capital in it I am sure we could drive much more economic growth out of it. The waiting times in places like Brisbane, Sydney and so on are very restrictive for people who are travelling, so the opportunity for regional airports is obviously increasing in aviation related industries as well as the pure domestic travel requirements.

CHAIR: That is interesting. If we put a recommendation to the State Government to say that you could access money to spend on airports; that would encourage economic growth?

Mr DAVIS: I think so and certainly if we could build industry around it that the people we call the lab coats would be attracted as well.

Mr MARK COURE: That is the point that I am making, is there a master plan for the airport?

Mr DAVIS: There is. I have not got it with me at the moment but we have been working towards it for a few years, yes.

Mr MARK COURE: Expanding that airport I think that is the first step of an ever growing city.

Mr DAVIS: Yes, it would be and there is actually overflow benefits for the smaller other airports around where traffic that currently goes in there could be diverted to those while this one does a bigger task, if you like.

Mr CHRIS GULAPTIS: Barry, just on that same point in terms of international flights. Are there still international flights coming to Coffs Harbour?

Mr DAVIS: No, the capacity is there but we do not have any direct flights out at the moment.

Mr CHRIS GULAPTIS: I recall there were flights to New Zealand.

Mr DAVIS: Yes, before my time I think, but yes that was certainly the case.

CHAIR: Were they to Auckland or was it region to region?

Mr DAVIS: I do not know.

CHAIR: We need to find that out. The council would never sell the airport?

Mr DAVIS: I cannot say that for sure.

CHAIR: It has never been put on the political radar though?

Mr DAVIS: I am not too sure on the political radar. It is obviously something that comes up from time to time when you see these sorts of waves come through a country, like all the other airports being sold off. I guess it is a commercial consideration but I think it is a good economic driver so I am not too sure whether letting it go would be a wise move. But that is only a personal view.

CHAIR: We are finding that airports are becoming hubs for commercial activity. They are putting direct factory outlets into them and they are putting hotels there I think. Part of the Newcastle expansion is finally getting an airport hotel. With that you get the increased industry, as some of the previous questions from members have commented on.

That is all I have got to ask. Are there any other questions from anybody?

Mr DAVIS: Could I just add one thing?

CHAIR: Yes Barry, of course.

Mr DAVIS: The reason we are keen to have the broadband rolled out in this area is that we see there are good opportunities in the way of education and training. I do not know whether the Committee is aware of things called for instance, haptic devices where you can have somebody train on—it probably mainly starts in the medical area because we prefer our medical people to be practising on devices rather than real human beings, but the same could be applied to expensive machinery and so on.

There are devices available now where people can learn a skill without actually putting at risk either the particular piece of machinery or the individual in a human aspect. I think that is an area that maybe the Committee could see there is potential for growth.

Are you aware of ACBI (Australian Centre for Broadband Innovation) up in Marsfield for instance, part of the Commonwealth Scientific and Industrial Research Organization is investigating the sorts of skills enhancement area. They are doing a lot of research into using devices for training. I think that is a way of regional areas being able to get the skills upgrades that we need without having to get the full blown university professor in for 35 hours a week; whereas they can be accessed remotely.

CHAIR: I am not across that but I can certainly have a look. Obviously the national broadband is in the Federal jurisdiction but I can certainly have a look at it.

Mr DAVIS: I think the State is already involved in part of it.

CHAIR: I am not familiar with it. I know Dubbo is very keen to be the guinea pig. They are the first ones that are in the national broadband rollout if I remember correctly.

Mr DAVIS: Armidale was the first. University of New England is working up there and then Kiama and then Coffs Harbour.

CHAIR: Thank you for that. We appreciate you taking the time. We may have some additional questions which we will put to you in writing. Just be aware that your responses will be put on the public record as well. That may or may not come about but I would love to see your strategy and in fact, if I could not only see that strategy but also Mr Coure asked you about the master plan. I would be interested to see that as well.

(The witness withdrew)

ROBERT PAUL TROTMAN, Manufacturing Manager, W E Smith Engineering Pty Limited, sworn and examined:

CHAIR: I would like to welcome Paul Trotman from W E Smith Engineering Pty Limited. Thank you Paul for taking the time to present evidence at today's hearing.

Mr TROTMAN: I have been asked to come here on behalf of the engineering in the area and manufacturing. W E Smith Engineering is probably one of the larger employers here and we do have issues with skills and special skills needs and skill shortages.

CHAIR: I might invite you to make any opening remarks and then we will proceed with the questions.

Mr TROTMAN: I have been given a basic rundown on what this is all about as far as skill shortages. I think it would be best if you just ask me the questions and I will try and answer them as well as I can.

CHAIR: We will start from the top. Does your company and the engineering faculty in the Coffs Coast have any vacancies?

Mr TROTMAN: No we currently do not. It has not been the case for a number of years though. The problem that we do face in manufacturing here is it is fluctuating. It is either a feast or a famine. We have just gone through quite busy times but actually we are finding now that the work is dropping off a bit. We do have to place our resources accordingly. We do try to keep our major skill basis here. We employ around 130 people generally. That has risen in the 26 years that I have been there up as far as in excess of 250 and probably as low as down to 60. It does fluctuate but it's very hard to get a steady even flow of work.

CHAIR: What other engineering firms are around here; you said you represent some of them.

Mr TROTMAN: There is Pacific Engineering, Pearce Engineering; there are quite a few construction type engineering companies.

CHAIR: Civil or building?

Mr TROTMAN: Both, civil, just structural, W E Smith is probably a little bit more specialised in that we are manufacturers of heat exchangers and pressure vessels. We require very specific skills or high skill levels there which are very hard to get in this area, being more of a resort type town and holiday area. W E Smith did come under the decentralisation from Sydney, it was one of the companies to come to the country areas, they picked the area for the weather and the lifestyle, which does help us in that way, that we can attract people that come here for a better lifestyle and not chasing the dollar so much.

CHAIR: Just to clarify. You have moved from Sydney to Coffs Harbour, when was that?

Mr TROTMAN: That was back in the late sixties, early seventies in the Gough Whitlam era I think it was.

CHAIR: So you took advantage of the decentralisation policies that were offered.

Mr TROTMAN: That is correct.

CHAIR: And the incentives that were offered.

Mr TROTMAN: Yes.

CHAIR: How many do you employ?

Mr TROTMAN: We generally employ around the 130 mark as a rule. That has been the average for quite some years now. They did come up. It was 68 when they opened here. The actual company is over 90 years old, so it is about a 94 year old company. It has been going for a long time.

CHAIR: What qualifications do the majority of your tradesmen have?

Mr TROTMAN: Most of our tradesmen do require what we call post trade certificates. The basic skills of the tradesmen that we put on are generally boilermaker pressure welders, fitter machinists but there are several post trade certifications they can get for the pressure welding pressure tickets. I was basically more involved in the welding side; that is where I came through before I became the manufacturing manager.

We have a close association with the TAFE which have helped us to run courses in those areas for pressure tickets, which we do what we call skills audits on our tradesmen all the time. If they request a skills audit, if they are required skills that we need, we do pay them extra for it. So they can get promotions and get onto higher levels of pay.

CHAIR: For clarification, do you work in the high frequency welding space as well?

Mr TROTMAN: Yes. We do the high end exotic materials, anything that is one off or very difficult ones. We do compete on a global market; we do not have a local market as such in Coffs Harbour but who we supply to, all our clients are generally in the oil and gas industry, all the refineries, all the major places. It could be in gas and oil, fertilisation, anything that needs pressure vessels, heat exchangers and things made out of exotic materials that are hard to weld.

CHAIR: Your peers or competitors are companies like National Can?

Mr TROTMAN: No, most of our competitors unfortunately, a good group of them have gone by the wayside.

CHAIR: Like Everett Highfield?

Mr TROTMAN: We still do have probably about less than four major competitors in Australia. It is more on a global market. Probably one of our biggest competitors on the east coast and we actually work in with them, we have a close relationship with them, L&A Pressure Welding in Sydney, Louis down there. There have been a lot of other larger companies that have done our type of work, Australian Submarine Corp Engineering Division building Pressure Vessels, they are no longer in existence, different parts of Transfields that used to be down at Yennora but it is more in a global market. We probably find our biggest competitors are in South East Asia and Korea, China. We are actually owned by a Malaysian company now. Our head office is based in Kuala Lumpur and the head office is there. They have different engineering companies throughout the world for this type of thing.

CHAIR: Before I get back to the point at hand, do you export straight from Coffs Harbour or do you export via Sydney or Melbourne?

Mr TROTMAN: Yes we do. We have been able to work in closely with the council here and we have actually put in a barge facility down at the harbour where we have had some very large jobs go out of that harbour there. It is been there for some years now. It is a temporary barge facility as such because the land is Crown land where it is, but as recently as a few months ago we did put a

large diameter, 6.5 metre diameter, 250 tonne vessel out of here.

CHAIR: Could I get back to your workforce. When was the last time you did have to recruit? What were your difficulties and did you need to put them through post certification training?

Mr TROTMAN: Probably the biggest one that we have gone through would have been four or six years back when we had major difficulties getting skill bases that we required in the country and we actually used section 457 visas on two occasions.

CHAIR: What year was that?

Mr TROTMAN: Sorry, I would have to check. I do not know off the top of my head.

CHAIR: Was it two years ago, five years ago?

Mr TROTMAN: No, I am thinking more six years ago.

CHAIR: That was not to replace anybody obviously that was a creation of two new jobs.

Mr TROTMAN: Yes, we were having troubles getting people because of the boom in the mining area. It was very difficult to get tradesmen anywhere in the area. It does fluctuate, like I say.

CHAIR: Do you remember where those two came from?

Mr TROTMAN: Yes, the first six I got were actually from China, through an agent and we got six operators from China, boilermaker welders. Then the next time round it was actually six operators from Singapore.

CHAIR: Singaporeans?

Mr TROTMAN: No they were not, there were Singaporean Chinese, I think there were three that had come over from China in recent times to work in Singapore, they were on a visa there and Indians.

CHAIR: Are they still here?

Mr TROTMAN: Yes they are. We have lost them though. They are still here in the country, they have managed to get permanent residency. We did keep them for the full duration of the visas, which was right up until just recently, probably in the last six months the last guy left.

CHAIR: Where did he go?

Mr TROTMAN: Over to Western Australia.

CHAIR: Why?

Mr TROTMAN: Cash; the rates that they can pay. We cannot compete with the types of rates that they can make in the mines. We know that. We work with that. We still put apprentices on. We put them through their apprenticeships. I do not even condemn some of the young single guys that are in the position to go, I think it does them good if they can go. A lot do come back for that reason; they have been from this area. It is a difference in lifestyle but the ones that are in the position to go up and do it, who can condemn that, if they can not have a mortgage after a few years of working at such a young age?

CHAIR: What is your opinion of section 457 visas?

Mr TROTMAN: It is difficult. We sort of went into it fairly blindly the first time around because of the language barriers and the acceptance criterias. I think with the first lot it was not as stringent as what it is now for the English that they have to obtain a certain level. We did have some communication problems at first and also the different agents that you have got to go through. They seem to have a very close, I would not say relationship, ties with the agent sometimes that they may owe them money, they help them to get here in the first place, so they seem to have an alliance to them for other jobs that they go to.

CHAIR: How could we improve them?

Mr TROTMAN: I think definitely by ensuring that they do at least have good basic English skills. The other thing is it is very difficult getting anyone from over there, knowing their full certification, whether they have got Indian certification or Chinese or whatever, it is very hard to compare to ours in as much as it is much harder to get your certification in Australia than what they bring with them. It is a much better, longer duration to do your trade.

CHAIR: On the trade skills, do you employ them with their post certification qualifications or do you find that you employ the boilermaker and then you put him or her through the next stage?

Mr TROTMAN: The latter is generally the case, however we do get some people that travel to the area for whatever reason and they have been in the industry. Sometimes you are lucky that they have actually done some pressure tickets. It is limited because structural people building truck bodies do not really need that requirement. It is just a higher standard than normal.

CHAIR: Where do they do that, at the local TAFE? It is offered here in Coffs Harbour?

Mr TROTMAN: Yes.

CHAIR: Is that why you came here or was it already here?

Mr TROTMAN: I personally came here, my wife was actually born in Macksville and we shifted up when her parents shifted back to the coast. I was originally born out at Forbes, western New South Wales, but after her parents shifted we came to the area because of the same thing. I actually knew that W E Smith were up here then, because I had worked on a lot of sites and had seen a lot of their vessels everywhere. I sort of went into it also in conjunction with the TAFE. I used to actually teach the pressure tickets for some 18 years, a part time teacher of a night and a big group of those were actually our own people. There were others from other industries around the area too.

CHAIR: When you put them through their post certification qualification, do you put them through a return of service obligation?

Mr TROTMAN: No, we do not hold them to that. We do offer, as I said, an additional payment if they get these certifications, so it is good for them to get them because they can get higher rates of pay and they can go further on levels from what we call a standard tradesman out of their apprenticeship time after four years, their classification is a C10. They need an additional 12 points to go to the next level to become a C9, which is a higher rate of pay. It might be five per cent increase from their pay if they get these certification points. Then they can go another level and another level. There is a bit of a career path there for them if they can obtain additional certification, they can get more money.

Mr JAMIE PARKER: First of all thank you for coming along. You should be on the job today I guess.

Mr TROTMAN: No, that is fine.

Mr JAMIE PARKER: I just have a few questions about section 457 visas firstly. Did you feel that the section 457 visa staff that you were working with met the skills standard that you were expecting?

Mr TROTMAN: Probably in hindsight, no. I believed it at first when we did put them on but I soon found out, particularly in the earlier days, they were not meeting our standards but at that point of time we had no choice. There was just no one available. We were fairly desperate to have to do that, hoping that we could have employed someone local, but there was just no one available because of so much work on at the time.

Mr JAMIE PARKER: I just wanted to ask a broader question about competitiveness. You are obviously competing against global firms, against firms in other countries?

Mr TROTMAN: Yes.

Mr JAMIE PARKER: What does W E Smith Engineering deliver? What is its point of difference? Is it quality, which is obviously related to your skill staff set? What is it that you deliver that makes you competitive?

Mr TROTMAN: Quality is one of the biggest things, W E Smith Engineering have been renowned for having such high quality. I think our Australian standards that are set up ensure that they get a quality assurance and quality control on anything that is built. That has been a major factor but unfortunately in more recent years it has come down to the dollars, with the dollar being so high, it has thrown us right out of that competitiveness in a lot of areas.

We can compete with anyone in the world; it is just whether we are competitive on price these days. Unfortunately a lot of the big companies, refineries and things of such have gone down the track of getting something cheaper, but it is only in more recent times they are finding they get what they pay for. We are actually getting some work now, it is coming back to us, that have been built overseas, solely because the quality has not been there and they are having to replace in less than five years, whereas the type of equipment we build, we still have equipment in service that is over 30 years old.

Mr JAMIE PARKER: My last question is about your relationship with training organizations. You mentioned TAFE and you have got a good relationship with TAFE. Good on you for keeping apprentices on as well. What is your relationship like with training organizations? You mentioned TAFE but do you work with any other training organizations? Secondly, how do you feel TAFE is performing in the area? Do you feel like it is delivering?

Mr TROTMAN: That is a difficult question because it does change a lot and it appears that they have a lot of things change in their systems on how things are run and everything is so competitive, even with the TAFE. They have got budgets to meet, which puts prices up. It puts a lot more expense onto the employers.

There have been different things that have come and gone as far as rewarding the actual apprentices or the companies put them on. But as far as other training companies, we have a lot of in-house training, that there are certain things that they can actually get because we specialise. There is a lot of equipment that we use that is not available in the TAFEs or in other areas, so we have to teach that ourselves in-house, but they are still graded and rewarded for the skills that people actually get and the skills they use and that the company needs.

Mr MARK COURE: Mr Chair, my questions to Paul, what can the three levels of government do to address the skill shortages here in Coffs Harbour?

Mr TROTMAN: You have probably heard it all before but one of the biggest ones that I believe is in the past the local content has been very hard for us, the way it has been dealt with. I understand having been owned by another company from overseas, I see how other countries actually look after local content and Australia has been way behind in as much as it is difficult because they need a competitive market. We just have not been getting our fair share of the work because some people at the higher levels have made the decision to go out globally and buy it cheaply. That has really burnt a lot of our competitors and that is why I think they have gone by the wayside.

Whatever laws can be put in to make sure it is really a level playing field; that we do not have other countries subsidising transport or things that do happen. We have been in situations where we have got right down to getting the order that we thought, gone through so many clarifications only to find out that we have lost it because one of our major suppliers was from the same country against a competitor that we were going against. So all of a sudden our forging costs would go up to millions, so we would lose the thing.

That is the most important thing if we want to keep some manufacturing companies going in Australia. Apprentices, whatever can be done to make it easier for companies to employ apprentices and want to employ apprentices. I understand there are problems too with some companies taking advantage of young ones when they do employ them; promise them things and do not actually put them through the apprenticeships properly. We are right against that, so we try and work in closely with the TAFE to make sure that does not happen. It certainly does not happen in our company or anywhere that I am aware of locally here, but I do hear of a lot of places where they have long trial periods and things as such, which is not really fair on the young ones.

Mr MARK COURE: You talked about apprenticeships, what further assistance could levels of governments provide particularly Federal and State, in regards to helping with apprenticeships?

Mr TROTMAN: Cost is one of the biggest things. It is getting more expensive to put apprentices on. It is very easy for the company, for us to decide well look if it is getting too expensive, we know in the first couple of years we get very little to no productivity out of that person. We do not expect to. They are there to learn. They are only very young.

Mr MARK COURE: Training.

Mr TROTMAN: They are training. The only thing that we make sure in the first couple of years if they are learning, they are learning safely so they do not injure themselves. That is one of the most important things we think about. When they get into the third and fourth year, the costs that we have had to pay out, we do need them to start producing and fortunately at our works they have got a pretty good area where they can gain a lot of skills. But other places, they put apprentices on and it is such a limited training environment that they are in, if they only build one component, then that is what they build, that apprentice when he comes through his time, it is extremely hard for him to get that training in that place where he serves his apprenticeship.

That is where we find we do pick up quite a few even locally that want to change their apprenticeship and hand it over if we would take them on in their third or fourth year solely because they want to get more skills basis. We have done that with a couple of companies and worked in with them. We certainly do not want to take anyone else's apprentices.

Mr MARK COURE: You talked about apprenticeships there. In probably all of those cases they would be studying part time, working for you full time, would that be correct?

Mr TROTMAN: No, we advertise every year; have done from the time I have been with the company there. We generally try and put on as a minimum either side an apprentice in the boiler shop side and the fitting machining and genuine workload looks quite good we put at least two. We cannot

get too many because there is four years of the apprenticeship so if we start getting above say 16 apprentices at any one time; you need enough of a ratio for the tradesmen that you have got so that you can move them about and get the training.

Mr MARK COURE: They would only be studying part time, would they not?

Mr TROTMAN: No, we advertise, I have all the supervisors including myself, there is probably about four or five of us that interview them, the ones that do apply as per the ad and we start them on a trial period for three months. We do sign them up straight away and rarely after that trial period if it was not going to work, we would part ways then. We generally put them on just before Christmas so that they start TAFE in February or we start them in January to start in February, sorry. But often we will do the interviews before Christmas so that is lining up with when kids are leaving school. We do not stipulate whether they have got to be Year 12 or Year 10. We have gone both ways on that in the past.

Mr MARK COURE: The question that I am actually heading towards is are you finding that TAFE is adapting to change, expertise, are up to date with the technology that they are teaching students or apprentices?

Mr TROTMAN: Yes, I think they are. I can only talk about the local TAFE here. They are certainly trying to do that but I do find that because the restraints that they are under, it does put a lot more back onto the employer to be involved in signing off on what skills that they have actually reached, not so much just being examined or trained at the TAFE and say that they get a Statement of Attainment to say that they have been trained in it, they are starting to set it up to actually reach that skill level; which is a good thing.

Mr CHRIS GULAPTIS: Thank you Mr Chair and thank you Paul for coming in. Along the same lines as what Mark was asking you about, however I am just thinking about Coffs Harbour being such a terrific place where people obviously come for the lifestyle. Do you think it is one of reasons why it is difficult to find staff at times, even though there are a lot of training organizations like TAFE, the university is here and I believe there are a lot of other training organizations, but I guess what I am saying is a lot of people come here for the lifestyle and work is secondary?

Mr TROTMAN: No, I believe that is a correct statement. We have often toyed with wondering why the actual original owners did pick Coffs Harbour and it was basically straight out because of the lifestyle, because of the weather, they looked it up, it is supposed to be an ideal weather climate and it would be a good place to have a factory and continue on building. They could say I think that is correct, it is not like when we are in the capital cities, you could pick up someone or close by that might be out of work down the road there.

Most of those engineering places, they contract a lot, because of this—when I say isolation, it has made W E Smith Engineering provide a one stop show where we have to cover a lot of areas, where we would normally be able to contract it out to, an example, non destructive testing operators, where they do x-raying and ultrasonic welds. We had to have a fully National Association of Testing Authorities approved laboratory. It probably cost us in excess of a million dollars a year to run. We were always being audited but we had to have that facility here. We cannot be just bringing someone from Brisbane or Newcastle or Sydney daily, travelling backwards and forwards when we need them on the spot.

Mr CHRIS GULAPTIS: I started asking that question as if it was a liability living in a lifestyle region but it should also be an asset because you should be able to attract someone who is living in the city and wants to come and work in a lifestyle region.

Mr TROTMAN: It definitely is. I could put myself in that position. We stayed here because of the lifestyle. If we want to get a higher paying job we know that we have got to leave and go to the

other areas and the remote areas obviously pay the best, but they pay the price because of the lifestyle there.

Mr CHRIS GULAPTIS: I have got some other questions. Do you have to compete with other industries for your workforce, like manufacturing has to compete with somebody else or not so much?

Mr TROTMAN: Not so much. We do have a broad range. When we think of engineering we have areas such as sales, estimating, we have engineering, all of those things, non destructive testing, as I mentioned to you, all those things as part of the company, it is not just the shop floor type of thing. No, there is not that much competitiveness in other places here for the skills that we require.

Mr CHRIS GULAPTIS: Do you have a high retention rate with your apprentices? If they go through W E Smith Engineering do they stay with W E Smith Engineering?

Mr TROTMAN: Yes they do generally. Like I said, I am not totally against young guys if they do want to go out and get more training and earn better dollars if they can go in the mines. I do not condemn that. I do not stop them doing that because I think it is good for them and often they do come back as a better highly skilled tradesman, grown up, mature, they have seen what it is like to work in other conditions and often the lifestyle brings them back when they find it is not all about money.

Mr CHRIS GULAPTIS: That is true. Just finally and this is probably not so much to do with your skill shortages but it does play a role in it. Are you constrained at all by your transport operations here?

Mr TROTMAN: It is difficult. We are constrained because of the infrastructure that has been set up here over the years along the east coast, which is not really up to standard for the types of things that we need to do. Even as recently as local roadworks, bridges and bridge heights; have certainly put major constraints onto us for the type of work that we do build. Sometimes it would be just easier to say we will just shift to Brisbane but we do not want that. No one in the company wants that. We are here because we like living in Coffs Harbour.

It would be a lot easier just to go to one of the capital cities right at the dockyards where you can build them and roll them straight onto a barge and send them around to Western Australia where a lot of our equipment does go or overseas.

CHAIR: It is the wharves that are the infrastructure that you need?

Mr TROTMAN: Yes, well, no we have to go to that, which is very expensive and that makes us less competitive. If we have to barge it is far more expensive. If we could road transport, it is the road transport infrastructure that has let us down in as much as they have got such less limits on bridges, they have not upgraded them. For an example, we used to send things south or the Macksville Bridge became a constraint there. We just had to stop building things for down Geelong and places like that down in Victoria where they just could not go that way or we had to send them interstate to work their way down there. So there are bridges—

Mr JAMIE PARKER: I am sorry, why could they not go by road, because the bridge is too low, is that the issue?

Mr TROTMAN: Well they are loading; they are actually de-rated for weights on those. Some of them are height restrictions with bridges too.

CHAIR: If you had better roads, road access to the capital cities or Newcastle for example, you would be more competitive and you would be able to expand?

Mr TROTMAN: Definitely because even if something does have to go by barge, if it could be done at a capital city, go by road to an easy barge facility compared to having to come into Coffs Harbour, the costs that we have got to take it from Coffs Harbour to either Brisbane or Newcastle are substantial because of the barge itself and the tugs. You are talking not hundreds of thousands, you are into the millions. It can add a lot to the price.

CHAIR: On your non-engineering workforce, do you have an issue attracting staff for the secretarial positions, support, administrative positions, payroll, occupational health and safety?

Mr TROTMAN: Probably the more difficult ones are the project engineers because once again, it is an area where they have an opportunity in the mines to make such good pays.

CHAIR: They are degree qualified, are they not?

Mr TROTMAN: Yes, generally say a mechanical engineer. We do have probably about four project engineers out there. We have some five design engineers. We are currently looking for a sales manager again now.

CHAIR: Sales?

Mr TROTMAN: Yes, sales.

CHAIR: That is a position you are advertising for at the moment?

Mr TROTMAN: Yes.

CHAIR: How are you going with filling that?

Mr TROTMAN: We are working through it. We have got an agency, a head hunter for that type of salary that we require.

CHAIR: What type of salary is that offering?

Mr TROTMAN: I think it is \$90,000 to \$100,000.

CHAIR: That will bring a white collar family into Coffs Harbour.

Mr TROTMAN: Yes.

CHAIR: What this Committee has found on a number of occasions with a number of inquiries, that the 25 to 35 year old either trade qualified or even degree qualified engineer, chef or whatever, they decide that their chosen profession does not suit them or it is not challenging or they want to improve themselves. What do you say to the 27 year old bloke that has just got engaged and he is a trade qualified engineer and he wants to up-skill himself? What options do you offer him to keep him here or her here?

Mr TROTMAN: Probably in the past we have looked at that, if that type of situation arose, to see whether we can offer them something that is going to be better job satisfaction in another area like we have had design engineers that have got that stage exactly what you are saying. We offer them the opportunity to go more into projects, so becoming a project manager, having ownership over the jobs and not just doing calculations.

CHAIR: How do you skill them up to do that, is that on the job, in-house?

Mr TROTMAN: Yes, it is in-house. Sometimes they may do some up-skilling on computer skills as far as different software; that we run there for projects that might be different to what they are running in engineering, so more of the information technology stuff.

CHAIR: In my previous life before I got elected to Parliament—we are all first term members of Parliament so most of us are fresh out of the workforce—I was a chief executive officer of the Civil Contractors Federation, you probably know some of my former members that operate up here. We found that a 25 year old certificate III civil construction contractor inevitably, if he had any ambition in him would decide that he wanted to be a civil engineer, he did not want to be a certificate III qualified contractor, he actually wanted to go and design the bridges and design the roads.

As a registered training organization they now have to go out and find a university that is going to give the certificate III, certificate IV qualified or more importantly the diploma qualified civil contractor to get him enrolled in a Bachelor of Civil Engineering and try to convince them somehow that that eight to 10 years and the certificate IV should be given recognition of prior learning for the degree. Is that something that you would be looking at because I know it is something that the automotive industry is looking at, certainly the electricians are looking at it and of course as you would well know, given your background, how many guys out there are degree qualified civil engineers who do not know a grader from a roller and could not tell you the difference between cement and concrete.

The profession, they actually are dying for this because they are getting guys from the tools into the offices and into design as opposed to graduates in there who do not even have a white card.

Mr TROTMAN: Ours are all mechanical engineers, so I suppose a little bit different to the civil side of it, but like I said, we do have some that we have changed. They had the same qualifications, it's generally mechanical engineer degree, whether they go on as a designer of the equipment that we make, if that is not the way that they want to go, sometimes we have offered them the opposite and gone into projects. Others that we have actually employed as a project engineer have crossed over and were more interested in getting involved in design, they both had the same qualifications, so we swap them about a little bit.

CHAIR: Is that hard to do? Is it something the Government needs to look at the policy of? One of the recommendations I want this Committee to make is a formal recommendation to the Government, maybe to the Vice Chancellors, that a certificate III or certificate IV diploma in any of these trades, whether it be chefs to mechanics, electricians to boilermakers, their trade qualifications should be automatic recognition of prior learning for a degree in that faculty, because the burden and the modern workforce were clearly finding out—people have been identifying it for 10 years—is that young people are going to change their career three times before they are 30.

They are getting their degree and then they are joining the police force and 10 years later they might want to do something else. I think it is a burden because there is going to be a cost to that. It is not a burden when it comes to society, a lifestyle because people want different things, so we have got to manage that change without losing them from industry.

Mr TROTMAN: Yes, I agree with what you are saying there wholeheartedly. It is a problem. Even with what we do have, probably on a small scale to what you are actually discussing there, but we have generally been able to try to accommodate them if they still want to stay in the area, they are just looking for something different, we do try and keep people interested because we are isolated here.

It is a big thing for us to lose them, so we do what it takes to try and keep them there or bring people from the shop floor more importantly into our estimating, from the shop floor into project management.

CHAIR: You are very lucky to be a business of a size that can do that.

Mr TROTMAN: They do turn out far better because they have got the experience from the shop floor.

CHAIR: I am still fascinated to find salesmen in the engineering fraternity that are not engineers. I still cannot get my head around that. It is like you would not go to a person that is not an electrician to give you a quote to wire up your house; that is for sure.

Mr TROTMAN: It does not help the companies I believe. We try and get someone with a technical background because it has probably burnt us on a couple of occasions.

CHAIR: I can imagine.

Mr JAMIE PARKER: You have mentioned that a lot of the competition for staff is the mines.

Mr TROTMAN: Yes.

Mr JAMIE PARKER: And pay is an issue. Just so we get a better sense of it, for someone like a project engineer, how much would they be earning approximately here as opposed to how much they would be getting in the mines, so we can understand what type of differential draws people away?

Mr TROTMAN: Probably a young project engineer at W E Smith Engineering would be around the \$80,000 and they would probably get treble that to go to the mines.

Mr JAMIE PARKER: Three times that?

Mr TROTMAN: Yes. Depending on what is actually happening, someone like a pressure welder with all their pressure tickets, they have been in great demand when things are really booming, and think that has dropped off a lot just recently, but in the past a young boilermaker, if they work a lot of overtime, working Saturdays and Sundays, they might make \$70,000 or \$80,000 here at W E Smith Engineering. They could go away and make four times that.

CHAIR: But as you said, you cannot begrudge the young tradesmen for wanting to go and start out like that. We have got to manage it.

Mr MARK COURE: You talked about one of the barriers for your business and small businesses or medium to large businesses across the area and that is of course the transportation, the shipping of goods. You mention in particular bridges. Most of here are city slickers and we have no issues with bridges. Is it a significant issue affecting the region?

Mr TROTMAN: Yes it is. When I say bridges, just in the local area we have found along here with the highway being upgraded, some of the overpass bridges have not gone up in height, they have actually lowered a couple there that we have had to bypass the roadworks, actually put an access around the bridge for us to take a few jobs out of here just in the last year. That is something that has just been built but through no consultation—

Mr MARK COURE: Which will add obviously to the cost of the whole production, the whole service?

Mr TROTMAN: Yes.

Mr MARK COURE: So it is not a level playing field, as you mentioned before.

Mr TROTMAN: No and not everyone has got big vessels that they want to take out of an area like this.

Mr MARK COURE: Is it the age of the bridge, is it the lines, is it the height?

Mr TROTMAN: Yes or even the new ones, we need to look ahead and cover other States. Once we get out of New South Wales there are no restrictions on bridges from here to Western Australia on load weights over bridges and height restrictions, which is a bit of a problem I suppose that New South Wales has not been looking at and watching for a long time, a lot of years.

Mr MARK COURE: I understand we are now.

Mr JAMIE PARKER: So this new bypass, they built a bridge that you cannot get a loaded rig with a vessel on underneath?

Mr TROTMAN: Yes.

Mr JAMIE PARKER: And this was built just recently?

Mr TROTMAN: Yes.

Mr JAMIE PARKER: Was there not consultation with the council or the community? You mentioned a 250 tonne vessel.

Mr TROTMAN: Yes, it was lack of consultation there on the height restrictions type of thing.

Mr JAMIE PARKER: How much higher does it need to be? Is it a few hundred millimetres or is it metres?

Mr TROTMAN: That is the trouble where we cannot give a definitive answer because in recent years things have just kept getting bigger. When W E Smith Engineering first came to Coffs Harbour with the size rating that they believed, you would never build a heat exchanger in excess of 100 tonne. We have built autoclaves that have gone for Ravensthorpe in Western Australia that were 450 tonne. Diameters are normally only down two to three metres, now we are getting so many inquiries for things in excess of six metres.

Mr JAMIE PARKER: Six metres?

Mr TROTMAN: Yes, we have actually got six metre jobs out of here just recently but on the roads it is very difficult.

CHAIR: Sorry, you answered Jamie's question and I should have listened more intently. Did you say that you were not consulted when the road was upgraded?

Mr TROTMAN: There was a lot of lack of consultation, yes. We have had to get more involved. We actually had some orders and we were building them, this is while the actual bridges were happening, and it was not until we had raised with the Roads and Traffic Authority or Roads and Maritime Services that it is now—

CHAIR: So the take away information for this inquiry is that the engineering fraternity is robust but you do not have at this present time a skills shortage because you are clearly experienced in training them up and recruiting them. That is probably more good management than anything else but economic growth and the growth of your industry, the only obstruction to you demanding more

skilled employees and a more skilled workforce is pretty much transportation and local content?

Mr TROTMAN: Local content is a really big one.

CHAIR: That is something that we would have to refer to the Commonwealth. There are State contracts that we can look at.

Mr TROTMAN: Yes, we follow that one up all the time because it is a big one for us.

CHAIR: There are precedents out there that the State would say that State tenders and State contracts have to have a percentage of local content in them but some of them got a bit weird. I know some of the civil contracts that were out there, you had to have five per cent apprentices, which is fine, one in five of them had to be female and one in 10 had to be indigenous. People just walked away because it was too difficult to manage.

Mr TROTMAN: All we were talking about though for the type of equipment that we build, we are specialists but we are world leaders as well. The big companies have been getting away with meeting local content requirements by building roads, by putting concrete slabs down, doing all the infrastructure, meeting their 10 per cent requirement, therefore they can buy all the equipment to put on those roads and concrete slabs and everything from overseas cheaply. It is the actual equipment and things that we need the local content on, not just the civil works around it.

CHAIR: Does anybody have any other questions? Paul thank you very much, that was very, very good. It is interesting, it is an inquiry into skills shortage but you do not have the skills shortage at the moment but it was a very much worthwhile exercise for us.

We may have some additional questions which we will put into writing. Just so that you are aware, the replies which you respond with will form part of your evidence and therefore it will be a public do, so be conscious of that. Do not send us anything commercial in confidence because then we will have to meet again and strike it from the public record.

(The witness withdrew)

GERARD FERDINAND KLINKERS, Business Co-ordinator VERTO and Apprenticeship Consultant, Australian Apprenticeships Centre, sworn and examined:

CHAIR: Gerard welcome. Thank you for attending the public hearing into the skill shortages in New South Wales by the Committee of Economic Development. I now welcome you formally as a witness and you representing the Australian Apprenticeship Centre is very much appreciated.

By way of introduction, I am David Elliott, the Committee Chair, member for Baulkham Hills, I am a Liberal. The Deputy Chairman is Mark Coure, he is the member for Oatley and he is also a Liberal. To his left is Chris Gulaptis, he is a National Party member who you may know, is from up here in the Clarence and to my right is Jamie Parker, he is the member for Balmain and he is a Greens member of Parliament. It is a bipartisan Committee. We have got one apology today and of course, Mr Hale is the Committee Clerk and Dr Groves is also on the staff here.

We might get you to make any opening remarks and then we will commence with some questions.

Mr KLINKERS: As business co-ordinator for an apprenticeship centre, I communicate with businesses every day and that is businesses, organizations through all industries. There is no specific one, there is no specific size that I am focusing on. It is from the small businesses, one person, sole trader to larger organizations like a council and also engineering organizations, disability organizations, so a wide scope. I am hearing about human resources staffing problems and issues every day.

Regarding the skills shortage, there are lots of comments that I am hearing and for me there are a few definitions for skills shortage. This is probably what we will discuss today. I do not want to take away any questions beforehand but I see skills shortage as one part where there is formal certificates required and people showing a certificate saying I am confident in this area and there is the practical skills that may be complementary to the paper certificate.

From employers I am hearing more questions, comments, criticism about the practical skills of staff and that is also commitment, ethical, reliability of staff, maybe even more than the taught skills and the certificates that people may have.

CHAIR: Thank you for that. Are you involved in the establishment of the curriculum of any of the apprenticeships here?

Mr KLINKERS: Not as such, where we come in is where employers are looking for staff, trainees or apprentices, can be existing staff or new staff. We work together with job service agencies, disability agencies and the employers themselves. We come in then to officially register and get the registration for traineeships and the apprenticeships approved through State Government.

CHAIR: You are not part of the consultative process about syllabus?

Mr KLINKERS: No.

CHAIR: How many apprenticeships have you got vacant in this area at the moment?

Mr KLINKERS: I do not have lists at the Australian Apprenticeship Centre. At the moment the demand for apprenticeship is mainly focused in hospitality, cooks; lots of questions from employers. It is a dynamic industry anyway so there is always a bit going on. At the moment that is the only industry that I really find that there is demand from the employers.

CHAIR: Commercial cookery?

Mr KLINKERS: Yes.

CHAIR: That is the certificate III apprentice chefs?

Mr KLINKERS: That is right.

CHAIR: You do not have any data on how many you have got at the moment in demand?

Mr KLINKERS: No.

CHAIR: Could you give me your opinion as to whether there is a high demand at the moment comparatively speaking or is it a soft demand at the moment?

Mr KLINKERS: No, there is a high demand for cooks at the moment. There are a few things happening of seeing people moving around, also people leaving this area going to the mines, people in apprenticeships cancelling here and transferring out to different areas.

CHAIR: As chefs or as other apprentices?

Mr KLINKERS: As apprentice chefs.

CHAIR: The mines are taking the apprentice chefs as well are they?

Mr KLINKERS: Yes, as well.

CHAIR: Not to do mining, to do cooking?

Mr KLINKERS: Cooking, yes facilitating all the staff there.

CHAIR: The workforce?

Mr KLINKERS: Yes, that is right.

CHAIR: I note that you have a mentoring role.

Mr KLINKERS: As well.

CHAIR: Are you finding that employers are bypassing you and going straight to the section 457 visa option or are they keen to employ, train and retain locally?

Mr KLINKERS: They do not go through the section 457 visa, that is not my experience.

CHAIR: I understand that but surely for a local resort or hotel or restaurant to seek a chef on a section 457 visa, do they have to get you to sign off that they have actively sought to retain or employ or train somebody locally?

Mr KLINKERS: I do not know. I have not come across a request like that.

CHAIR: Because they do have to do that as part of the process, so I am just interested to see that they have not brought you into it.

Mr KLINKERS: The section 457 visa is the only exemption for staff to be signed as an apprentice. The only visa that is exempt for registration training or apprentice. Other than that it has to be an Australian citizen or a permanent resident.

CHAIR: In your opinion there is a high demand for apprentice chefs in the Coffs Coast at the moment?

Mr KLINKERS: Yes.

CHAIR: Comparatively speaking, compared to other times in recent history, it is high?

Mr KLINKERS: I feel that is the case. The season is like that as well.

CHAIR: Of course it is seasonal. What are you doing to address that? What are you doing to make chefs and trainee chefs attracted to Coffs Harbour?

Mr KLINKERS: For me as an apprenticeship centre, one of our roles is to promote traineeships and apprenticeships, so we attend general trade shows where school children attend, Year 10, 11 and 12. They can start at Year 11 already with school-based apprenticeships for example. Wherever we can we promote that as a general activity.

What we also try to do and I am dealing with that with a few boys at the moment, they try and hire second year apprentices but cannot find any. If I hear of any cancellations, because sometimes an employment just does not work, I try and get them onto those vacancies. There is a lot of going around in the local area as well, not just new apprentices.

CHAIR: Is the demand for chefs higher in the resorts? Is it in the pubs? Is it in the restaurants?

Mr KLINKERS: Yes, all over.

CHAIR: Is it in the airport?

Mr KLINKERS: It is a generic shortage.

CHAIR: Nothing jumping out at you?

Mr KLINKERS: No.

CHAIR: The convention space is not in higher demand than the hotel space?

Mr KLINKERS: Not necessarily. If there is an area it is just small cafes, restaurants. It is a dynamic environment as well I find. There is always a high turnover with cooks but at the moment I just sense a higher activity level.

CHAIR: We are going to be hearing from Tourism Accommodation Australia later on, I am sure you are very familiar with them. The hotel industry is saying that they have got a big problem with retention when it comes to chefs because a lot of the young people are going into it because they see Masterchef or they think that they are going to be the next Luke Mangan or something like that and then they are finding that reality sets in when they are in their mid twenties that it is a very anti-social profession. They are not all going to be on the front page of the *Good Food Guide*. Is part of your mentoring role telling them that it is not all Masterchef?

Mr KLINKERS: It is a very common problem. Again, last week I was dealing with two actually, where their expectations of the apprentice is very high. It is not just an apprentice problem; I think it is a generational issue as well where younger people in apprenticeships or traineeships expect a lot from their first or second workplace. They expect to be at a high level without having the years of experience, especially in cookery in a high pressure environment. It just blows up reasonably quickly.

CHAIR: Government needs to address this at some stage or maybe it is not Government's role but we need to find out if it is our role, that young people are going to change their careers three times before they are 30. How do you think they can do that in commercial cookery? Do you say to them in their mid twenties that they should go and acquire management qualifications? I know now you are finally getting some of these five star hotel general managers who have actually come from commercial cookery, whereas in the past they normally came from sales and marketing. Unfortunately some of them are coming from accountants; some accountants are becoming general managers. I know that a number of leading five star hotels in Australia have had former chefs as their general managers. Is that something that needs to be promoted to retain people in the profession or do you think they are going to wander off anyway?

Mr KLINKERS: They may wander off but in general of course you get better managers if they understand what they are talking about, whether that is engineering or in hospitality. I see another development locally anyway where there are small business owners, whether that is a baker, owner of a sushi bar or a previous cafe owner, all three, and it is just happening now, interested in moving towards becoming a teacher at TAFE or any other registered training organization.

They are half selling their business or in the process of and want to move into passing on their experience, which is of course fantastic, but after a few years in that high pressure environment of having your own business in hospitality, there is a natural progressing into either another industry or another business or in this case I see there is an interesting shift going towards teaching their skills; which I think is a very good development.

CHAIR: Do you have a hotel school in Coffs Harbour?

Mr KLINKERS: Not that I know of.

CHAIR: They are teaching at TAFE are they?

Mr KLINKERS: At TAFE, yes.

Mr JAMIE PARKER: First of all thank you for taking the time to come along to speak to us today. When we talk about skill shortages we often think about employers seeking a role to be filled and not being able to find the person they are looking for. You raised an important point, which is about certification not matching practical skills, so employers looking for particular skills, using the certification I guess as the gatekeeper to see whether or not that candidate is the right person for the job.

Can you tell us a little bit about why you see that mismatch between skills certification and practical application? If that is an issue in terms of searching for skills, meaning that employers have to do a whole lot more work to determine whether or not that candidate is suitable, that is obviously an issue for us. Could you maybe spend a little bit of time explaining that? Is it problems with TAFE? Is it problems with the students? What are the issues there?

Mr KLINKERS: I think that is a critical question. What I am seeing now and you may have heard about the whole concept of competency based completion in traineeships and apprenticeships. That is basically early completing trainees and apprentices in any qualification that they do, whether it is in business or traditional trades.

What is now happening is as soon as a trainee or an apprentice have achieved their formal qualification through TAFE or any other registered training organization, they can apply for early competency based completion. In some cases it is an automatic process and that is a recent change.

The result is that hairdressers for example can be finishing their apprenticeship in one and a

half years roughly. Only four or five years ago when I was in this job it took four years and the intention was not to sign off early. Hairdressing was four years. Now it is basically reduced to one and a half or two years. As soon as they complete their TAFE they will mostly be signed off.

So there is an experience gap of a few years where only last week I spoke to a hairdresser in Grafton and she was really worried about that aspect. She said she has got her certificate ticked, the qualification is there. Is she skilled? No she is not. She has only done one and a half years at TAFE and one and a half years of work in a hairdressing salon. She was worried about safety as well. How can you be competent in one and a half years?

A local electrician here in Coffs Harbour, a very good reputation, similar thing, two and a half, three years an electrician can be signed off. There are obvious safety risks for working with electricity. He was worried about his third year apprentice finishing off TAFE to be deemed competent after completing TAFE, because that is now an automatic process.

There is the certificate III electrician from TAFE, automatically being competent, completely proficient apprenticeship where that may not necessarily be the case.

There is the formal qualification versus the actual competency. Of course you learn as you are going and get more experience but three years is not a lot of time really to learn the whole spectrum of certain industries.

It is the same for fabrication probably and even cookery, cookery is a three year apprenticeship nowadays. After two years it is completion at TAFE. You cannot expect someone who is 17 or 18 years of age doing two years cookery to be the master chef everyone thinks they are.

Mr JAMIE PARKER: Is your concern that the signing off of the competency is incorrect and they are in fact not competent or is the issue that even though they have mastered the competency, they do not have the experience to give employers the confidence?

Mr KLINKERS: Competency and certificate; that may be two different things. It is always individual I think and it always depends on the workplace they are in. An apprentice cook can be in a small cafe doing their qualification or can be in a resort or a specialist restaurant at the high end. There are different levels of the same qualification really and the same experience. My issue is that having a theory certificate does not mean they are skilled.

Mr JAMIE PARKER: Changing tack slightly, just on the issue of the current skill shortages, in other words, the vacancies that are available for chefs. You mentioned the mines have taken some of them, what are the other reasons why you feel in this category in particular there are more vacancies than there was two years ago? Is it just the mines that have led to this or is there something else?

Mr KLINKERS: I think it is a general dynamic issue within the industry and that is the industry itself plus the mentality issue with the apprentices themselves.

Mr JAMIE PARKER: What do you mean mentality issue, that they do not stay?

Mr KLINKERS: Yes, commitment, expectations.

CHAIR: We have talked a lot about chefs, which is good because that is the reason we came to Coffs Harbour, to talk about the hospitality industry. Are there any other skills that are in short supply here do you think?

Mr KLINKERS: The only message that I am hearing is registered nurses and general practitioners.

CHAIR: Health.

Mr KLINKERS: Yes, that is a growth industry for the area, especially the Coffs Coast.

CHAIR: That is because of the ageing population and the retirees that are coming?

Mr KLINKERS: Yes, correct.

CHAIR: They are in high demand. Are you training any locally?

Mr KLINKERS: It is not available as traineeships.

CHAIR: The enrolled nurses are, are they not?

Mr KLINKERS: Not as a registered nurse traineeship.

CHAIR: Enrolled nurses?

Mr KLINKERS: No, we can do certificate III and IV in aged care, disability, not in nursing.

CHAIR: Not as an enrolled nurse.

Mr KLINKERS: No.

CHAIR: That is probably something we will take up with the university when they come in and give evidence to us.

Mr KLINKERS: They are preparing for that of course. They noticed the demand so you will hear from David probably on that.

Mr MARK COURE: What can levels of Government do to address the skill shortages in the area, all three levels of Government, not just New South Wales?

Mr KLINKERS: What has been done is, you may be familiar with this National Skills Shortage List; that is what we work with as an apprenticeship centre. It is a long list of skills shortage and linked to this are extra incentives for employers and apprentices. That helps. That is part of the problem. I am not sure if all of these are actual skill shortages in this area.

Mr MARK COURE: That was my next question. Out of that long list there, which ones can be identified as being a shortage here in Coffs Harbour?

Mr KLINKERS: Not a lot I can say, not locally or even in Grafton. We mentioned the cookery but also it is not just an issue with lack of students. It is also I think promotion and education of new candidates, new apprentices, what to expect and how is your commitment during your two, three or four years. The mentality issue is a serious one.

Mr MARK COURE: The program that this is based on, your organization I think it is an outstanding program. Do you work with councils, Chambers of Commerce, obviously you work with levels of Government but particular Chambers of Commerce and major industry providers in the area to advertise the services that you have, that you can offer? Some of us here have been in small business before. I was in small business before too. Certainly what you offer here is outstanding but obviously getting that message across to businesses that your organization is out there.

Mr KLINKERS: We do. There are four branch centres in this area and we are all out marketing, trying to communicate with employers directly and also through organizations like Chambers of Commerce, ABL is one of the organizations as well. There are different levels of infiltration so to speak into the local communities and businesses.

Mr MARK COURE: One final question from me, do you think levels of Government are doing enough to financially lure businesses to take on apprenticeships but also do you think levels of Government are doing enough to assist people, young people in particular, to take up apprenticeships?

Mr KLINKERS: The first question, the financials, over the last year we have seen a few decreases in financial incentives to employers.

Mr MARK COURE: From a Federal level?

Mr KLINKERS: Federally and that has not helped in the number of signs that we are doing. So the numbers have dropped and that relates to, for a large part, the decrease in incentives for part time trainees and just recently for existing worker trainings. The numbers have dropped because of the cuts in incentives for those areas. What was your second question?

Mr MARK COURE: The second question is do you think Governments are doing enough to financially assist young people taking up apprenticeships? If I can piggy back that question with a little statement, I think one of the best things that the Howard Government did was to actually provide a tool box allowance. I come from a family of cabinetmakers, in fact I am the only one in the family that is not a cabinetmaker, but the take up rate early on, and I do not know if that is still around, so maybe you would be able to answer that question too, of a simple allowance to provide tool boxes with all the equipment. That was a really good idea, common sense, a no-brainer.

Mr KLINKERS: It is a good idea and it is still around, tools for trade payments, it is still around for apprentices in traditional trades, it is \$5,500 at the moment. It has never been better financially for apprentices to start an apprenticeship with those incentives. For employers, it has not increased over the last few years, so employers are a bit behind in terms of the apprentices' incentives have gone up where the employers' incentives have stayed the same over the last few years.

It is not only that financial incentive I think, it is that mentoring, supporting, educating the apprentices and trainees in terms of what to expect from an apprenticeship and traineeship, that you have to work and you have to commit. Pretty basic education, that it is really important. Through schools I find, the high schools, Year 10, 11 and 12, there is a bit of promotion going on as well through school-based traineeships and apprenticeships. I find that program quite successful, where the children complete their higher school certificate and in the meantime start a traineeship or an apprenticeship.

Mr MARK COURE: That is the vocational education and training courses, is it not?

Mr KLINKERS: Yes, that is correct.

Mr MARK COURE: So children have got that career path of either a higher school certificate with an Australian tertiary admission rank and the vocational education and training course where they can do courses similar to what they want to do when they do finish school at TAFE?

Mr KLINKERS: Or some even go beyond school, like the traditional trades, mechanics, cooks, the traditional skills, they continue after the higher school certificate is over. They will be signed up for five years, Year 11, Year 12 are considered to be equivalent to first year of the normal apprenticeship and then continue with that employer, three years after. It probably will not even take three years now with that competency based completion.

Mr CHRIS GULAPTIS: Gerard, just staying with the hospitality industry, certainly on the coast and me coming from Clarence, there is a lot of emphasis placed on the hospitality industry and training people. The shortages that you are finding, are they shortages at the top level with people who have completed courses and are experienced as in chefs or are they in people that want to get into the profession at the ground level as apprentices, because the schools themselves, TAFE and other providers provide a lot of training within the hospitality industry. Where are the shortages, at the top end or at the bottom end?

Mr KLINKERS: It is towards qualification as a chef. What I am hearing from employers at the moment is that they cannot find apprentice cooks. I agree with you Chris, there is plenty of training going on, but it is important to keep them going and provide quality and committed training to anyone, especially hospitality is very dynamic, as I said before, so lots of dropouts while they are in training. There is that commitment issue again.

Mr CHRIS GULAPTIS: Are the conditions attractive?

Mr KLINKERS: Not always I think. It is high pressure, the working hours, weekends late, it is not necessarily attractive. You have to be attracted to the industry and be fascinated about the job like in any job. It is extra difficult in hospitality, that why it has been traditionally a very dynamic industry where people find out as they go that it is not for them or not for long.

CHAIR: Do you find that the school-based training is working? Is it weeding out people that probably do not want to be chefs or do not want to be electricians or is it encouraging them or preparing them well so that they know what they are in for? The whole idea of that, as you know, was not only to give people a taste of the profession but it was to also give them an opportunity to work out if they do not like it. Is that working?

Mr KLINKERS: I think there are two sorts of children that I sign up for school-based traineeships and apprenticeships, one is the very committed children that do not like school, hands on mentality and they know they want to be an electrician or a carpenter. They may do it through their father's business or just know what they want to do.

The second group is children that are high performing and doing higher school certificate plus want to do this extra, so they have got an extra certificate II or III when they complete their higher school certificate.

There are the children that do not like school, who are not good at bookwork, who are more practical and the children that are just high performers wanting to do an extra higher school certificate activity.

CHAIR: What are we doing for the young people when they finish their trade and have a couple of years and realise in their mid twenties, like everybody else does, that they want something more.

Mr KLINKERS: They can do another apprenticeship or traineeship.

CHAIR: It is unlikely these days though, is it not, because of the money?

Mr KLINKERS: I have come across several people who are doing a second one, even very closely related between electrician and air conditioning. They complete one and do another one after that or electricians doing national broadband network related work at the moment or lines work. There are still different qualifications you can do.

CHAIR: Can we go back to Mark's question to you, what can we do as a State Government to assist you in getting your chefs and your health workers that are in demand?

Mr KLINKERS: In centres it is an easy one. What we have seen in general, the cutting off in centres on a Federal level has not been good at all in terms of take up of trainees; that was mainly for trainees. Other than that, I think the promotion and mentoring starting from the schools, Year 10, 11 and 12 that is where you educate and set them up with their expectations and basic employability skills and employment skills rather than the technical skills that they will learn when they are in the job. It is more about expectations, what is a workplace like and how does that work.

CHAIR: I get worried about making recommendations from these Committees and the Treasurer is going to be very upset with Mark when he reads this transcript that he even mentioned money. I get very nervous when everything always comes back to money because if I can get the Committee's indulgence, I inherited a job five years ago, the chief executive of an organization that had a 67 per cent staff turnover every year. It was appalling and it was in a lot of trouble. After a brief audit of the staff, we introduced three things. We introduced an annual performance appraisal, everybody had half an hour with the chief executive. We introduced an employee of the month award where they got a \$100 David Jones' voucher and I think we introduced a Melbourne Cup lunch because in the past management used to go off on Melbourne Cup day to the races or to Melbourne or parties and everybody had to stay at work and watch it on television for 15 minutes.

There was also a bag of money offered for people that wanted to do work related training. If you were a secretary and you wanted to go and do Word for Windows or if you were an accountant and you wanted to go and do a master of business administration, there was always a bag of money. Hardly anybody ever touched it, but it was there.

The staff turnover went from 67 per cent to five per cent within two years. That did not cost the company anything. It was one lunch and \$1,200 in award payments. That is the sort of thing we need. In my mind that is what the Committee needs to be making recommendations for Government about. It has got to be cultural.

In your opinion is it going to be the ongoing burden of Australia's labour market that we will have every young person under the age of 30 changing their career three times? Is that a burden or is it something that you believe we can provide more discipline to them?

Mr KLINKERS: Well I think it is a fact, it is not just in Australia it is a global thing that will happen.

CHAIR: Not in Cuba and China it is not.

Mr KLINKERS: No, the western worlds. I do not know. I think there are a lot of small businesses here. Small businesses, they are not really into those incentive schemes and everything.

CHAIR: But small businesses have employee of the month awards. They do not have to give three warnings, but only a very foolish small businessman would not do a staff appraisal.

Mr KLINKERS: Maybe from that angle, teaching employers more about getting them to do management skills. That is another pathway of course. How do you deal with the change of mentality of staff?

CHAIR: Having Chambers of Commerce roll out programs for how to retain your staff?

Mr KLINKERS: I know the chambers in Grafton and Coffs Harbour very well. They are quite active in communicating that with the local businesses at their breakfast meetings, getting speakers in to talk about those changes in the mentality and generation-wide issues.

CHAIR: That is a good recommendation for this Committee, that the Government could

assist Chambers of Commerce roll out plans for small businesses on how to train and retain staff.

Mr MARK COURE: Business enterprise centres, we have got a few of them scattered in Sydney, I do not know if there are any here. They are sort of in between what the Chair was talking about just then and a Chamber of Commerce sort of thing where they monitor, they mentor and they do some of the things that in fact your organization also does.

I do not know how much assistance the State provides business enterprise centres, I think it is more Federal assistance, but seeing them grow and prosper, and obviously assisting small businesses would make a lot of sense, would it not?

Mr KLINKERS: Yes, definitely. Talking to business enterprise centres, small business owners as well, I notice there is lack of management skills with employers. Lots of employers start because they are good at certain skills, they are a good carpenter or like working with children in a childcare centre but that does not mean they are good business people so their skills may have to improve as well.

Mr MARK COURE: Particularly mentoring where the business owner is retired, they are in their sixties and seventies; they are a great source of information, advice and mentoring.

Mr KLINKERS: True.

Mr MARK COURE: I do not think there is any program really that grabs that knowledge and uses it, and puts them in touch with the young person down the road who has just set up a business.

Mr KLINKERS: There are a few programs, I do not know of them but I know there are programs in development or maybe already around in that area, getting experienced retired staff in to pass on their knowledge and experience. I do not know the names of the programs.

CHAIR: Time is coming to an end.

Mr JAMIE PARKER: Just very quickly, we have talked a little bit about skills development. I just wanted to ask your opinion about TAFE in particular. Are you finding that TAFE is providing the kind of support that you need in the role that you have in terms of dealing with apprentices or are there other registered training organizations that are delivering the service that you need to be able to do your job?

Mr KLINKERS: In general I think I am happy with how they work. We have to work together very closely. The registered training organizations have to produce a training plan and we need to follow up on that. I think that works really well. Of course, it comes sometimes down to individual campuses and teachers, how it all comes out at the end, but I think the foundation and how the mechanics work is pretty good at the moment.

CHAIR: In conclusion, in Dubbo we interviewed TAFE, they came as witnesses and they indicated to us that one of the biggest problems for apprentices in the central west was the block release, because they cannot get to TAFE every Tuesday or every Wednesday night like you do in Sydney, so they had to go to another town and have the block release. That was creating a skills shortage because apprentices were saying, particularly in the senior years, bugger this, I am going to leave Dubbo and move to Orange because that is where the TAFE is that is providing my certificate III or worse still, they will go to Sydney and live with Aunty Joyce and they will get a job there.

Is that a problem for you here?

Mr KLINKERS: Not on the level that apprentices are moving out of the area where there

is no block or weekly release but I noticed there are differences between TAFEs, between campuses, between qualifications. For example, an electrician at Grafton is a day a week, whereas I know there are quite a lot of smaller employers here in Coffs Harbour that love to bring their apprentices to Grafton but they cannot for their four or five apprentices to go out every day a week. So they are going to Tamworth or even Queensland with their staff because there is block release over there and that works well and works better for the company here.

It is an issue and I think for a registered training organization is in an opportunity for them to be more flexible with their delivery.

CHAIR: Thank you Gerard, that was fantastic. Can I tell you that if there are any additional questions that we have or that you have of us, note that they will be in writing obviously and that therefore they will be part of the public evidence that we will table. What I am saying is if we do correspond to clarify anything that was said today, or if we ask any questions offline, just be conscious and do not send us anything that you do not want read in the *Daily Telegraph*.

(The witness withdrew)

JENNIFER DOREEN KEW, Operations Manager, Regional Development Australia, Mid North Coast, sworn and examined:

JACQUIE HOULDEN, Director of Janison and member of Regional Development Australia, Mid North Coast, affirmed and examined:

CHAIR: Can I formally welcome Jenni Kew and Jacquie Houlden from Regional Development Australia, Mid North Coast. I appreciate you both taking the time to present evidence to us today.

Ms KEW: I am here in the capacity of representing the executive officer.

Ms HOULDEN: I am also on the Regional Development Australia but I am here today as the Director of Janison, which is a software company based in Coffs Harbour.

CHAIR: What we will do now is invite you both to make some opening statements and then we will proceed with the questions. As far as procedures are concerned, it is very casual and the questions will probably take the majority of our time. It probably was remiss of me not to introduce everybody. Jamie Parker is the Greens member from Balmain. I am David Elliott, I am a Liberal member for Baulkham Hills. The Deputy Chair, Mark Coure is the Liberal member for Oatley and Mr Chris Gulaptis is the National Party member for Clarence, who you probably know. David Hale is the Committee Clerk and Abbie down there is a very happy South Sydney supporter.

Ms KEW: I thought first of all I would give you a bit of background on Regional Development Australia. Regional Development Australia was a joint initiative of the State and the Commonwealth, formerly known as the Area Access Committee and the Regional Development Board. My understanding is that they spoke to a similar inquiry back in 2005/2006 into skill shortages in the region.

There are a number of things that we as Regional Development Australia do to identify, understand and to try and assist in terms of skill shortages in the region. We sit on various education skills forums, Port Chamber of Commerce, Coffs Harbour Chamber of Commerce. We have representation at business hubs, manufacturing groups, we sit on task groups, industry reference groups and we also have very strong collaborative partnerships with local government, State Government representatives and in particular the Department of Education, Employment and Workplace Relations, local area local employment co-ordinators. We have two that cover our region.

The region I understand that you are looking at today, and please clarify if I am incorrect, is Coffs Harbour, Kempsey, Bellingen, Nambucca, Port Macquarie and Taree. Those are the areas that I will be referring to.

CHAIR: Great.

Ms KEW: We as Regional Development Australia are the certifying body, the regional certifying body gazetted by the Department of Immigration and Citizenship, in particular for the section 187 visa, which is the regional skills migration scheme. We work very closely with local employment agencies, registered training organizations, job service providers and advisors, universities, TAFEs, local businesses. We try to keep our ear to the ground to have a very real understanding and appreciation of those areas where employers are not able to find people locally.

You will have heard I am sure people talk about the natural attrition of the young people leaving the region to train, which is a common problem and also our ageing population. We have a median age here on the north coast of 45.5 years of age and the State average, on my understanding, is 38. We are already seven years older than the rest of you around New South Wales and correspondingly, it is impacting the skill shortages here on the mid north coast, in particular the health

and the aged care sectors.

As I mentioned, we are currently the certifying body for the section 187 visas but we have recognised that that requires employers to come to us with a demand for skills in the region. We are currently in the process of discussing with the Department of Immigration and Citizenship the potential for us to undertake the section 489 visas, which again is regional migration but enables us as a region to be more targeted in terms of the skill shortages and how we can work with employers to address them.

We also are at the moment working with the State Department of Housing to line up some of the correlation between the 2021 State plan, in particular developing a north coast ageing strategy.

The sectors that have come out over the last three years that we have been in the current shape that we are, I can give you a list and I am sure you have heard them earlier today. We have mechanics, auto electricians, the average age of an auto electrician here in the region is 58 and the number of trainees coming through is impacted by the location of the training organizations able to deliver those services, the red tape and I hate to say, the bureaucracy that goes with the traineeships; the time that it takes an individual employer, particularly small business, to undertake and deliver a traineeship or apprenticeship.

Health and allied services, doctors, no news there, both general practitioner and specialist, nurses, registered and aged care and I need to make note there that something that keeps coming up is the disparity between the wage received by an aged care nurse and that received by a registered nurse, which is impacting those wanting to move into that sector.

CHAIR: Is that not because the aged care worker is a TAFE qualification whereas a registered nurse has got a bachelor's degree?

Ms KEW: Not necessarily. We are having more and more aged care providers and centres here on the mid north coast going from both your low degree of care right through to high care. Basically once you are in there, they are ready to have you die in your bed and hopefully with as little disturbance as possible.

So yes, formerly it may have been a TAFE qualification but they are now utilising more equivalent registered nurses, but because I understand and do not quote me on this one, but because they are working in the aged care sector, the recognition of their qualification puts them on a different award and different pay scale. That, in turn, is impacting people moving in.

Another area that has quite a shortage—and this is also relating to aged care and teeth—dental assistants, technicians and prosthetists. There is nowhere on the mid north coast where these people can go and train. They have to go to Sydney to train.

CHAIR: And they are not coming back?

Ms KEW: They are not coming back unfortunately. There is no local course. I understand that Charles Sturt University commences a dental course in 2015 or there are plans underway for that but at the lower level, the advanced diploma or diploma level of a dental assistant or technician, there is no undertaking at this point in time and that is having an impact.

Accountants, we have a shortage of accountants here. We also have a shortage of engineers. We have a couple of larger industries, manufacturers here on the north coast. Stebercraft in Taree, Birdon Marine in Port Macquarie and there are some manufacturers that have moved into the Nambucca region. They are experiencing quite a pronounced deficit in terms of engineers.

In hospitality a lot of the applications that we receive under the section 187 visas are the

chefs, cooks and even kitchen hands. Despite being a tourist destination, we really struggle and that is where a lot of the local employers are using their connections both in the cities and overseas to cover those positions.

I mentioned engineers. Welders are another area that we are noticing is deficient. Science technicians, teachers, secondary, particularly maths and science there is also a deficiency. We are sending our children away and they are not coming back.

Horticulture, the region north of here, Woolgoolga has quite a large blueberry production. They have changed from tomatoes and cucumbers to blueberries which apparently give them a better return. They struggle to find people who are not itinerant.

We do have a very transient population here on the mid north coast. People come here, children move away and then a lot of parents follow where their children are going.

Jacque is going to talk more from the information technology perspective so I will allow here to do that. The other area where we have noticed a strong deficiency is in the area of planners, both urban and regional.

I heard you ask a question of the previous gentleman whether there were any mentoring facilities here in the region. Edmund Barton Centre has been an operation based in Port Macquarie for about two years. They are an organization that utilises the strength and the skill sets of the older people, whether they be retired or experienced to work with the younger businesses, both start up and emerging.

Ms HOULDEN: Janison, just by way of background, is an information technology company employing about 40 people in Coffs Harbour. We also have people in Western Australia, Brisbane and New Zealand. We have a team of programmers in India, because we cannot get enough people here.

We have been in existence since 1998. We started in Tamworth and moved it over to Coffs Harbour because we felt it was going to be an easier place to attract people to work and to build the company.

Initially we had quite a lot to do with the TAFE and we got some employees from TAFE but as our company became more sophisticated we found it very hard to get employees here. For example, the sorts of programs that we are working on, we just won a tender with the Singapore education system to offer online assessment for all of their school students. So we are working at an international level and we require people who are pretty well qualified.

We have struggled to find people. Sometimes we advertise in SEEK and we actually cannot find a single person. We advertised recently and this last round, probably about a month ago, we had 15 applications that we could consider. I think we are employing three of them. The work is there if we can actually get people to come here.

One of the things I think we have realised is as an employer we have to show incredible initiative in trying to attract people to the area. We cannot just put an ad in the paper or in SEEK. We have to put on the bells and whistles. The last ad involved a blog on our website and had videos of it and so forth.

We also have to pay people to come up here to do an assessment I guess more or less. We will do an assessment and we bring them up here for a week. That is another cost that we have to bear as well as regional employers. We have got a chap who has just arrived yesterday from Sri Lanka and he is here for a week. We hopefully can employ him and it is a worthwhile investment but if not, it is a week's wages, the flights and the accommodation and so forth. We have to bear those extra costs.

Our company is mainly made up of people who have either grown up in the area, have family in the area or who have spent some time in a regional area. For example, Armidale or Newcastle or somewhere like that. It is almost like the people who we get are the people who get it, that you can actually live outside of the city, it is a good life and there are advantages.

At the moment out of the 39 that we have got, 33 of them would have links to the area previously and then we have had a couple of people, foreign nationals I guess, coming in. So we have three Germans, an Indian, a Korean, someone from New Zealand, China and the chap from Sri Lanka hopefully today.

That is always a little bit tricky for us, actually getting the staff. We tend to keep the staff. We do not have a high attrition rate, which is I suppose something to be said for perhaps us but also once people have made the decision to move here, they tend to stay.

We feel like we have had some support from government along the way at certain times, but it does tend to be a little bit ad hoc and it depends on what sort of government initiative is on at that particular time. You cannot really count on it as an employer, you just have to get out there and push as hard as you can to get people and then keep them.

As an aside, a lot of the people we have got are young people wanting to start families and so forth, tending to be mainly male. We probably have 10 women out of the 39 staff but most of the programmers are male at this stage. I just actually ask them what their wives' qualifications were because I believe that we have a huge under-employment in the regional area. We have a lot of people who come here as partners, do the family stuff or whatever and then they are here. Their children go off to school and they are very under-employed.

We have got degrees in commerce, education, physiotherapists, science, statistics, construction, events management, psychology and business. These are all women who are sitting at home at the moment who are probably going to feel pretty disconnected from the workforce after the four or five years which they spend at home. If there was some way of tapping into their skills—we are not going to lose them because their partners are here, so I do not think we are going to lose them as residents of this area but surely we could be making better use of their skills somehow.

I know a lot of them are actually thinking of retraining; it may well happen but it would be nice if their first skills could be used as well.

Initially we had, as I mentioned, a bit to do with TAFE. We have found it very hard to find common ground with the university, probably because the areas that we operate in are fairly high level in terms of programming. Perhaps regional universities find it hard to keep pace with the latest developments in programming.

There has not really been an opportunity for us to take on their students apart from at a lower level media production level. We might get people in to develop courses if we are building courses for people. We tend to get students perhaps who have gone through Newcastle University which seems to be a bit more responsive to programming developments.

We also manage to get one employee through the regional skilled employment scheme, which I cannot remember which number it was because it was a couple of years ago. I found it a very time consuming process and also very expensive, because at that stage we had not ever done it before and we got a migration assistant to help us. I think it cost about \$5,000 and it probably took us about eight months. We simply cannot wait that long.

If we sign a contract with Singapore for example, they are expecting that we can actually get the work done straight away. We hire people and we expect them, within reason, to be here in the next

three or four weeks and hitting the ground running. Whilst the regional skilled employment schemes are good, they probably need to be a little bit more streamlined. They may well be now, I have not actually used them for a while.

A couple of the things that I would like to say that I would like to see would be perhaps some way of us having a skills register for people who are here but not employed and perhaps a visible skills register, so if I am looking I can see that there are these people that may be available for part time employment. They might not even have thought that there was part time employment feasible or available but at least if there was a skills base that we could all check into, that could be something possible.

The other thing is perhaps making universities regional centres of excellence, getting them to focus on something in particular. To be honest, it really does not matter what it is. Coffs Harbour lends itself to a hospitality school; we do not have one, like a Billy Blue or whatever they call themselves in Sydney. Something like that would be perfect here. That is just a couple of other things I had in mind.

CHAIR: Thank you very much. Just a couple of quick questions from me, regional relocation grants, have many of your staff that have come in taken up that option?

Ms HOULDEN: I think up until recently the grant was that you had to sell your house.

CHAIR: Yes.

Ms HOULDEN: A lot of these people probably do not have a house in Sydney, they are probably renting, which is one of the reasons they want to come to a regional area, because they can afford to do it.

The change in that you actually get a cash amount, I do not think we have had anybody take that up. Maybe the people who are coming through in this last lot will take it.

We have capacity for 60 or 70 people but we cannot get them. We cannot actually grow to get the people. We have always been growing organically. It is a bit limiting for us.

CHAIR: Are any of your staff on section 457 visas?

Ms HOULDEN: No.

CHAIR: The Sri Lankan person?

Ms HOULDEN: I actually have not sighted what visa he is on yet. We will see if they are happy with him first.

CHAIR: The staff that you have retained in India, you would not think about bringing them over on section 457 visas?

Ms HOULDEN: We could.

CHAIR: Why would you not?

Ms HOULDEN: If we can get people who are already in the country, from a time perspective, that is one advantage. There is also a certain amount of hand holding and acclimatisation that you have to do. We do it and we have been happy to do it, but it is fairly time consuming.

What we had thought of doing is bringing the lead programmer over here and having him

stay in our office and manage people from our office. But I think we would prefer to be employing people here. Even though people can say you can work from anywhere as a programmer, we actually prefer to have people in Coffs Harbour because from a team point of view they can collaborate much more easily.

CHAIR: A question for both of you, the top three trade qualifications, professions that are in demand at the moment? Have you got jobs vacant at the moment? We have had somebody already today come and give us evidence that does not ever have any jobs vacant, so I do not know how they would know about skill shortages. Have you got jobs vacant? What are they and what are the hardest three to fill?

Ms KEW: The first would be doctors, having doctors relocate regionally. They tend to work in smaller practices, which impacts working hours and demands on on-call locum. Horticulture, primary products inspectors, there is a limit to the growth in terms of the agriculture sector unless they can have the employers to facilitate that and I think information technology, as Jacqui said, followed very closely by motor mechanics.

Ms HOULDEN: I guess software developers and project managers. I have actually brought the latest statistics in.

CHAIR: I would be happy to have that tabled.

Mr JAMIE PARKER: Thank you for taking the time to come along. I know time is short, so I will try to be quick. First of all Jenni, how do you define a skills shortage? How can you say that to us? What data do you use to justify that?

Ms KEW: Skills shortage for me is when an employer is unable to fill or has a lot of difficulty in filling an identified position in an organization. That is without them having to adjust the level of remuneration and where they are being reasonable in terms of the skill set that they want to apply to that position.

Mr JAMIE PARKER: You said for example that dental assistants, getting training for that type of role is not possible. Is that because there are only a small amount of people that would be interested in that, that is why an organization like TAFE is not providing the training or a particular registered training organization is not providing the training? What do you see as the reasons why a skill which is obviously in short supply, that there is no training provided for it locally?

Ms KEW: From what I understand of the course, there is the theoretical perspective and there is also a fairly intensive hands-on component, practical. I do not know whether it is inhibiting to the TAFEs as far as the equipment provided, whether it is not sitting at the top of their priority list for training. We had three people from Port Macquarie alone on the current intake at the Institute at Randwick in the July intake. If you look at our population and that is just Port Macquarie, I cannot speak for Coffs Harbour and so on, that is a fairly high proportion regionally having to travel.

Ms HOULDEN: I think there is almost a different mindset that needs to happen. I think areas need to be designated for training. There is no need for everybody to be trained in Sydney or in a city area. Students from Sydney could actually be required to move if they want to do dental technician training to come to Dubbo or Tamworth or Coffs Harbour or wherever the Government sets up the facility or the university decides to focus on it. I think regional areas should not just be about regional students being trained in regional areas. People from the city could also perhaps be encouraged to move out of the city.

Mr JAMIE PARKER: What the evidence shows us is that does not work, especially for doctors for example, doctors who have incredibly expensive training who will be remunerated very handsomely, even in those particular environments, to tie doctors to a rural area, even that is

incredibly difficult. They try to get out of it.

What we have found is that people that live in the local area are most likely to stay in the local area. So we want to try and provide as much equality between the regions and the cities as we can so that like you said, most people in your organization live here or come from this area. I do not want to speak for the Committee but we want to try and enhance training opportunities.

I wanted to ask you a question if I can?

Ms HOULDEN: Can I just comment on that though?

Mr JAMIE PARKER: Of course.

Ms HOULDEN: I think that if people train in a regional area then they build relationships in a regional area and ties to the regional area.

CHAIR: That is right.

Ms HOULDEN: So doctors who are trained in Newcastle for example, they probably realise there is a life outside Newcastle and they will move elsewhere in a similar area. I am thinking if you can hand hold people out there, then they will stay there. We have a lot of people committed to the area who did not grow up here as well. That was just my comment.

Mr JAMIE PARKER: That is a good comment and that is what we are here for. We want to try and understand some of those things. I am the member for Balmain, so in my electorate, especially in the Camperdown area there is a lot of digital economy type of work, and even in that area it is very hard to attract good quality staff that are doing really high end work. They are always at south by south west are trying to recruit people or trying to get people engaged. It must be a real challenge for you, so I wanted to say congratulations for having a go.

My question is in terms of your engagement with the university sector. You are saying that the university training does not deliver a high enough level or a complex or up to date enough standard. Is that just because of the quality of the institutions in this area? Would you say the Sydney University or University of Technology or somewhere would be producing that calibre of candidate or is it just that you are in a particular area where the skill development is more on the job?

Ms HOULDEN: No, I think you would have to say without putting the university down in any way that they do not deliver the same level of education in information technology—I cannot speak across all areas—as universities in the city. Whether that is not their focus, whether they are not funded to do it, whether the lecturers do not keep up to date, because as you know, information technology is an incredibly fast moving area, but that is the case.

Mr MARK COURE: My question is to Jenni. You talked about bureaucracy and red tape and the level of red tape and bureaucracy. Can you give me examples?

Ms KEW: We have next door to our office an auto electrician's business which is how I know the average age of one in the region. He undertook an apprentice who was required to travel from Port Macquarie to Kempsey to undertake his studies. Unfortunately this student did not live up to expectations for a number of reasons. When he initially took on the apprenticeship he was overwhelmed by the amount of paperwork, despite the fact that he did have somebody there to assist him. But trying to get out of the apprenticeship and to take on somebody else generated so much red tape that he has been left in a position where he has an apprentice who will never be more than capable of working on mufflers is where it came back to rather than having a fully fledged apprentice as an auto electrician.

I am talking from the experience of a couple of people that I have spoken to personally who find the paperwork overwhelming on top of their small business requirements, whether it is the accounts or the paperwork, whatever, they are overwhelmed. It is deterring them. They would love to have younger people come through. They recognise that there is a shortage and unless they do something, the businesses are going to go elsewhere.

Mr MARK COURE: On a different issue, you both mentioned that businesses cannot grow because they obviously cannot get the people. We talked about training here at a TAFE and university level, what about the promotion of the mid north coast to Sydney? I holidayed every year of my life in Port Macquarie, so I know how good Port Macquarie is but others do not. They do not realise that there are jobs there. There is a different lifestyle there, away from the hustle and bustle of Sydney. I think promotion of the area, the community—

Ms KEW: One of the things that we have undertaken recently and I am talking as recently as the beginning of August, was a collaborative partnership with the six local government areas where each of them sent representatives to Sydney to exhibit at the Country and Regional Living Expo. This is not tourism focused; it had more of an economic development focus. They were encouraging people to come and live here, to work here and to invest here. Each council contributed. That is one of the things that we are doing to raise the exposure.

We also have a fairly large tourism group here, Destination Pacific which has a presence from north of Sydney right the way through to the border. They are working collaboratively to bring people through to show them the potential of the region from a holiday perspective, but also from a lifestyle living and working perspective. So we are getting there, slowly but surely.

Mr MARK COURE: I think at the end of the day it is about educating others that there is a great lifestyle up here, there are jobs, there is potential to move up and have a great life. I do not think we see enough of that in Sydney in terms of advertising that you can escape—

Ms KEW: It is expensive to advertise in Sydney. It is expensive to take a group of people there to represent a region, particularly from the council local government perspective who have very tight budgets as it is. If you have a solution, we would like to hear it.

Mr CHRIS GULAPTIS: Thank you both Jacquie and Jenni. I have lived in the Clarence for 30 odd years and recognising it as a lifestyle region, I understand what you say about the transient population coming and going. What is the answer to that? I have not been able to find it in 30 years and I know we have got all sorts of training organizations that have come in to provide training. We have tried to manufacture something out of the problems that we have got. I have not seen it work as of yet. At the end of the day we have high unemployment because we are a lifestyle region and you are better off being unemployed here than you are at the back of Bourke for example. They are problems that we are always going to have. Do you see any solution to this?

Ms KEW: I think part of it comes down to education, as was identified. We have been in the Port Macquarie area for 15 years now, prior to that we were up in Sydney. We came here for work, for lifestyle choice, for raising children. The majority of family and friends in Sydney saw us going on a holiday. They did not view our region as having potential for investment, manufacturing, for agriculture. We were going to the beach.

Mr MARK COURE: That is the point I was making before.

Ms KEW: It comes back to educating.

Ms HOULDEN: I think people always find it hard to believe that we have got this world class software company in Coffs Harbour. They find that astounding. But I think having employment for people is extremely important in conjunction with education. I actually taught at Boggabilla

Central School for a while as an aside right down the other end. The children there had nothing to look forward to, no employment, no prospects. They really do not have quite that situation here but really if there is nothing to keep people here or to bring them here, because there are no jobs, it is hard not to be seen as a holiday destination.

Mr JAMIE PARKER: It is actually interesting you say that because I know even in my electorate people in the software and digital technology area are saying Australia is so quiet, it is like a holiday. They all want to move to the United States to do their work. In a sense this region is reflective in some ways of the views some people have of Australia.

I think that is a really important point that you raised about that tension between promoting the area as a holiday tourism destination yet there is really hard benefits here. There is an economic base here. Obviously we have to look at it from a State Government responsibility, from a council perspective and from your perspective. How are you seeing that tension being managed in that regional development space?

Ms KEW: We have Department of Trade & Investment located in Port Macquarie covering from Taree right through to northern rivers and a bit further north. The international investment aspect is quite prominent here. Sorry, I have lost my train of thought.

Mr JAMIE PARKER: It was just about how to manage that tension between a place which is a holiday destination but actually there is a real economy going on here as well beyond just having a holiday.

Ms HOULDEN: While Jenni is collecting her thoughts, just in reply to what you were saying about people moving to the United States, I think it is a bit like what happened in the seventies. I think as Australians we can say no we are good enough; we do not need to go to Silicon Valley. We can actually make exactly the same thing here. If our programmers are going there, why cannot the Government designate this as the silicon coast, set up some incentives for people? We would have the national broadband network, or we did have it.

CHAIR: What sort of incentives do you think Jacquie?

Ms HOULDEN: Perhaps incubators, something like that can help or incentives for people to actually move their micro businesses. I imagine if I had a business in Balmain it would cost me a huge amount of money for rental space and so forth. Even just to get people started, because what we have found a little bit constraining as well is we are like the only elephant in the zoo here in many ways. There are a couple of other little animals but really we do not have people to collaborate with. We do not have people to form a hub with. If we had some way of incentivising people who leave here and we could be the lead and welcoming—

CHAIR: But we need to make recommendations to Government about what those incentives are.

Ms HOULDEN: There is something on your thing that says if I can get back to you with some more details.

CHAIR: I would be very happy to hear and obviously the States had a long deficit that we are trying to get out of, so think outside of the box so far as the funding is concerned.

Ms HOULDEN: When you have a business in a regional area you have to think outside of the box all the time. We are pretty good at doing that. Byron is Byron, but this place is ripe for some different identity I think. The council would be incredibly supportive, I know that.

CHAIR: What is stopping economic growth in your industry here? Is it transportation, like

some of the people who have given evidence this morning have said it has been the size of the airport, it has been the size of the port?

Ms HOULDEN: We wear the transportation. Sometimes we have to pay over \$500 just to get to Sydney one way, it is just horrific.

CHAIR: So a bigger airport with more competitive aviation market would probably be good for you?

Ms HOULDEN: It would not hurt, because we are an hour from Sydney. It is amazing. I can get to the airport—

Mr JAMIE PARKER: It just cost me \$330 to go to Malaysia.

Ms HOULDEN: I can get to the airport without going through a traffic light and I live five kilometres north of here. I can see the beach and dah, dah, dah. There is really lifestyle here.

CHAIR: Stop boasting.

Ms HOULDEN: It is a critical mass. If there was something here, a larger body of us, then we could attract more people here, because young people obviously like a bit of life, they like the sea, they like surfing and so forth. They like to be around people of their own age.

Mr MARK COURE: You mentioned before about the other half, in most cases the wives, coming here while the husband has a job, or vice versa. There are more home based businesses in Australia and home based businesses make up a large parcel of the small businesses around the country. Is there anything that your organization does in terms of assisting or helping those people?

Ms HOULDEN: I guess not so much home business but we do try and employ and purchase locally as much as possible. So if we can get the services from a local provider, whether it is printing or whatever, we will do that. I do not think the people who I mentioned, the partners; it is very hard work starting up your own business. I think these people are just under employed and need somehow to be able to be brought back into the workforce to increase the capability of the community as a whole.

Janison has been doing a fantastic job of boosting school numbers by the way too. I think we have probably got 50 small children associated with the company of 40 people.

Ms KEW: Ninety five per cent of the businesses here on the north coast employ one to five people; so we are talking a very small end business. One of the ideas that I did have was in the same way as you are offering the \$10,000 relocation grant for individuals to employment positions, is their capacity to offer something similar to businesses to relocate to regional areas.

The other one was mentoring and I think there is potential there in terms of growing businesses to take them from beyond that five employee level.

CHAIR: Mentoring has been a repeated thing that we have heard today and talking to the Government about working with the Chamber of Commerce. There are mentoring programs for young people.

Ms KEW: It is cheaper for you to fly one person here than it is for us to fly 10 people to Sydney.

CHAIR: Thank you. We will now thank Jacquie and Jenni for their time and their submissions. I note for the minutes and if I could have general consensus in thanking Jenni because

you have come up from Port Macquarie. Thank you very much for taking the time out of your day to come up. Now you have got another long drive home again.

Can I also highlight to you both that we may have further questions for you. I think Jacquie if you would like to ponder what incentives you think we could put forward, we would be happy to see those suggestions. Just so that you are aware, any of that correspondence will be put on the public record. That is a matter of course.

(The witnesses withdrew)

DENE PAUL ZAHNER, General Manager, Novotel Coffs Harbour Pacific Bay Resort, and President, Local Tourism Coffs Coast Association, sworn and examined:

PAIGE DEBORAH SINCLAIR, Chief Executive Officer, Pet Porpoise Pool Dolphin Marine Magic, affirmed and examined:

CHAIR: Thank you to Mr Zahner and Ms Sinclair. My name is David Elliott, the Chairman of the Committee, member for Baulkham Hills. On my left is the Deputy Chairman, Mark Coure, Liberal member for Oatley and Mr Chris Gulaptis, National Party member for Clarence, who you may know. Mr Jamie Parker will be joining us when he returns from lunch. He is the Greens member for Balmain. Mr Hale and Dr Abbie are our Committee staff.

Ms SINCLAIR: I guess I am from the tourism industry. I have a background in hotels and tourism operations.

CHAIR: You have got a hotel?

Ms SINCLAIR: No, this is one of the major tourist attractions in Coffs Harbour.

CHAIR: It used to be the pet porpoise pool?

Ms SINCLAIR: It is still.

CHAIR: I used to go there as a child. So you must be 50 years old at least?

Ms SINCLAIR: Forty three and I am older than that.

CHAIR: Not you personally, I mean the company. Paul, how long have you been the general manager of the Novotel?

Mr ZAHNER: Six years.

CHAIR: So we have never met before?

Mr ZAHNER: No.

CHAIR: Because I was the Deputy Chief Executive of the Australian Hotels Association. I left there in 2008. We might have just missed each other. Thank you for your submission and thank you for taking the time to appear. As I said, I note that Mr Laahoven is not appearing.

I might invite you both to make some opening remarks to your submission and any other comments that you would like to present to us. Then we will open to general discussion and questioning.

Ms SINCLAIR: I guess I will just start with a bit of a background. I have been in the tourist industry my whole life, having grown up in Canada with a tourism background and a hotel background. I have been in Coffs Harbour for probably 23 years and in that time I worked out at one of Dene's competitors, Opal Resort, for probably about 14 years in capacities of housekeeping, purchasing, activities, financial controller and the last was the financial controller for probably six or seven years. In that time we employed a number of people, so I can talk about the hotel industry as probably Dene can.

In my capacity as the chief executive officer of Pet Porpoise Pool Dolphin Marine Magic, I have been there for nearly nine years now, we have horrible trouble getting staff, in particular in the hospitality tourism sectors.

I also sit on the regional advisory board for Southern Cross University and the School of Hospitality and Tourism so we are trying to now work with the university to try and get skills in those areas that can be used in towns like Coffs Harbour where it is predominantly a tourism driven economy to some degree. One of our biggest economies is tourism.

The problems that we find and I have found over the years in trying to find staff, is it is very transient staff that comes to Coffs Harbour because the long term full time jobs just are not there and then the money is not there. We have awards these days, we pay people on the awards but it's not the sort of money that they get in the bigger cities. In regional areas it is very difficult to attract staff on the sorts of wages that are typical of this area.

The area that I have found troubles in most recently is certainly in training staff. I have had to bring staff in from Scotland, Croatia, England, just to get skills in animal training. That is a very sexy job for a lot of people but it is not a place where you can get a lot of skills or experience before you do it. You have to do a lot of volunteering with a lot of organizations or training dogs because to come in and train seals and dolphins—you train those animals the same as you train a horse or a dog or whatever.

So those are specialised skills but just in the cafe I am still trying to find a fully qualified chef that can run our functions and our cafe. It is a full time job. I must have interviewed three or four people recently for the last job and could not find anybody suitable. I put someone on and I had to let him go because he just was not cutting the mustard for me.

CHAIR: Why?

Ms SINCLAIR: Well we had two functions recently and we did hire him as a function cook; that was one of the skills I was looking for, that he could cook for hundreds of people. The first function that we had was the Too Big to Ignore campaign and it was just a bacon and egg roll. This is very embarrassing for me but we had probably 100 people and we were making coffees and bacon and egg rolls and 20 minutes after it was supposed to start we finally got some food up. He did not even know how to count. That is the first function. I started cooking, because I have a background in cooking, I can cook for a hundred people; it is not a problem.

The second function we had, we had 100 people and we ran out of food. So I said to him, listen mate, you have had two goes, you are not my guy. I am sorry. He was under probation, so I let him go.

CHAIR: Was he local?

Ms SINCLAIR: Yes and he has had his own restaurant and everything else. He had probably 15 or 20 years of experience. Yet, in these two functions he let me down. So I am looking at a different way of doing that but trying to find wait staff, baristas. These are all sorts of skills that I guess are not seen as careers for people, they are seen as probably stop gaps as they devolve into their careers.

That is why I sit on the regional advisory board at the university, to see if we cannot put some sexy back into tourism and make it a career choice rather than a stop gap.

Trying to find good administration skills in accounting, I have had problems in that area in the past. I have got a good girl now but to get that girl it was again, people thought they could do the job and kind of grew into it. The last lady I had, I put her through a diploma in accounting.

CHAIR: Yourself?

Ms SINCLAIR: Yes.

CHAIR: Did you put a return of service obligation onto that?

Ms SINCLAIR: No. She is now valuable to me. In my capacity I have probably 50 staff, about 26 full time staff down at the pool now and more than 17 of my staff out of those 50 are all doing some sort of training.

CHAIR: How many?

Ms SINCLAIR: Seventeen.

CHAIR: Out of 50?

Ms SINCLAIR: Out of 50.

CHAIR: One in three?

Ms SINCLAIR: Just about. We are putting them through certificate IVs, certificate IIIs, whatever it is.

CHAIR: Are they locals?

Ms SINCLAIR: Yes.

CHAIR: Are they doing the course locally?

Ms SINCLAIR: Yes. We have good providers here. We have a lot of providers in training. There are probably about six or seven really good training companies that—

CHAIR: Registered training organizations.

Ms SINCLAIR: Registered training organizations yes that can deliver the courses. Most of them are done on the job, some of them are done at TAFE; some of them are done through online courses or are self paced. This is what happens now, if you put someone through an animal course, a certificate V in captive animal care, two people in the last two years have gone through the course and then as soon as they got their qualification, gone.

CHAIR: Where did they go?

Ms SINCLAIR: They went to probably travel overseas and work in organizations saying that they have had two or three years experience in animal training; whereas they do not. They worked at the pool for two or three years but they did not have the experience in animal training because in order to be an animal trainer I think it takes three to five years to learn those skills.

You have probably experienced this yourself if you have got a dog and you have maybe stuffed up in the training and it does not come to you, you have got to start again and you have got to start again with something different to attract it to come back to you. I taught dog training for eight years and the number of people that could not get their dog to come to them was just amazing.

It is a skill. It is not something that everybody can do, just like working in a cafe. Dene would probably have the same problem. Our cafe is closed at four o'clock; there is no night work involved. It would be a dream job for a chef, to come in and cook hamburgers, bacon and egg rolls and whatever and then the odd function on a weekend night. As someone who has cooked in the industry, you have to want to work nights and a lot of people do not want to work nights.

CHAIR: Why do you think they go into the profession in the first place?

Ms SINCLAIR: They have a passion.

CHAIR: Sorry, Dene we are not ignoring you. It is an issue I am trying to get to the bottom of. Everything you are saying now and everything that is in your submission is what I used to do; Carol Giuseppe that wrote this is what I used to do previously so I am acutely aware of it. But the question I have got to ask now when we are making recommendations to Government is why are these people becoming chefs and want to get into the hospitality industry? Do they not realise that this is not a nine to five job? Is that what we need to do as an industry? It is not a government's just, it is the industry's job to tell them. The government can assist them to the nth degree but do we have to tell them they are going to be like police officers and nurses where they are not entering a nine to five lifestyle. They have got to love people to do it, so therefore they are probably social people and they are going to miss out on their social life.

Not only do some of you operators have to get people to work those difficult hours, often these resorts are not in capital cities, so you have got to get them to work unsociable hours outside of a capital city and by the way, if you are going to work unsociable hours outside of the capital city, you might as well go to a mine and earn five times as much. I know the five star hoteliers in Perth were screaming and still are screaming out—

Ms SINCLAIR: I lost two people just recently going to the mines.

CHAIR: Doing what?

Ms SINCLAIR: One was a handyman and he was good because he crossed over in photography. He had his responsible service of alcohol certificate so he could work functions. I like to multi-skill my staff to make it easy for them.

CHAIR: It is not that difficult to multi-skill them in hospitality either, is it?

Mr ZAHNER: No, not at all.

Ms SINCLAIR: No and to work at the pool, people in this town think working at the pool is fantastic because they are working with animals, but yes, at the same token you are still working with people and I will not hire people without customer service skills. We used to hire animal trainers that did not like people, well hell, sorry, you have got to deal with people all day long so you have got to have animal skills and you have got to like people.

Mr MARK COURE: People skills.

Ms SINCLAIR: Exactly. I had one lady say to me and I will tell you, it was nine o'clock, we were just opening the gates and we were two minutes late. I went into the staff room and said hustle people, your guests are waiting. They are not my guests she says. I said, well just excuse me, they are your guests and I will just remind you who pays you.

Mr MARK COURE: This is a staff member?

Ms SINCLAIR: This is a staff member and I said I will just remind you who pays your pay cheque. I may sign the pay off; it is the guests coming in the door that pays your wage. You be nice to them and she was so snotty to me. Then she complained because I made an example of her and I said well listen, I am just telling you who pays you. You do not have to make me happy, you have to make the guests coming in the door happy so that I am happy.

CHAIR: That is very true. Dene, let us hear you. I want to come back to Paige.

Mr ZAHNER: I am on the board with Paige so I know what she is like, so that is okay. I am used to it. A lot of what Paige has said is exactly right. One of the big problems that we have in hotels and resorts is chefs, finding good qualified chefs or even getting people to be apprentices these days, is a real struggle.

There are a couple of things, obviously the hours and working conditions but also the pay that they get from an apprenticeship point of view.

CHAIR: This is Jamie Parker.

Mr JAMIE PARKER: I actually got lost.

Mr ZAHNER: I think that is a struggle because a lot of young people these days do not find the tourism industry that sexy industry that it used to be 10 or 15 years ago and I think the mines have impacted on that greatly. We have lost people to the mines as well; in catering chefs have gone out there just because they are on bigger money. They go out there and earn the big bucks for a couple of years and they come back and they are set. We are finding it a bit hard in regards to that.

One of the reasons we outsourced our housekeeping department was because we were struggling to find people to do that type of work.

CHAIR: But you have still got to find a contractor that can find those people to do those sorts of jobs.

Mr ZAHNER: Yes, that is right.

CHAIR: You are one of the big companies so there are a lot of benefits for people that go and work in your resort.

Mr ZAHNER: From a staffing incentive point of view, staff accommodation, discounts, all that sort of thing, definitely. We are the big operator in Australia and New Zealand and we still struggle to pull people into our industry. When you find that small group that want to have a career in the hospitality industry, you have got to grab them and nurture them and secure them pretty quickly because they get picked up by the other hotel companies if you are not careful.

Ms SINCLAIR: Sorry to jump in at your time, at the Southern Cross University we had a mock interview with the students out there just recently about—

CHAIR: They do tourism here, do they?

Mr ZAHNER: Absolutely.

Ms SINCLAIR: We have a whole program here. I have to say that there were probably 45 students, five are Australian students, the rest are from China.

CHAIR: And they are not going to stay, are they?

Mr ZAHNER: No.

Ms SINCLAIR: It was sad. So these people are now getting their degrees in hospitality and tourism to be people like Dene and I when they grow up. I told the students, I said you are going to have to clean toilets and you are going to have to sweep floors and you are going to have to do this in order to be Dene or I, because that is what we have done. I said having your degree is great—

Mr ZAHNER: But Generation Y do not want to hear that.

CHAIR: This comes to the first question I have got for you; you are quite right about Generation Y. How are you going to address the retention issue? You are very lucky having this university here because you are able to then say to your chef or your gaming—have you got gaming?

Mr ZAHNER: No we do not.

CHAIR: So your chef or your food and beverage manager or whatever you have got that if they want to be the Vice President of Hilton, even though they have got the certificate III in commercial cookery or they have got their certificate IV in hospitality and tourism, when they are in their mid twenties and they are all going to change jobs three times before they are 30, instead of losing them to the mines or losing them to the police force, you can say to them, now you can start your Bachelor of Commerce, Bachelor of Business, Bachelor of Tourism and because of your trade qualifications and your experience you will get a recognition of prior learning for the first year. Is that where you feel you are going to be going? These challenges are the ones that Generation Y are giving us.

Mr ZAHNER: Yes, that is exactly right. From us, we have taken recruitment a whole different way because we can no longer rely just on experience. We have to recruit more on attitude and customer service skills, how they come across in an interview. When you are an 18 or 19 year old coming in for your first interview, that is quite daunting for some of these young people.

I think people who have been in this industry for a long time are coming back to Coffs Harbour for retirement type situations, we are getting a lot of the older community coming back and looking for casual part time work. One thing about Coffs Harbour is it is so seasonal, so it is very hard to offer full time employment. It is either casual or part time at best.

CHAIR: What is stopping you running programs as an industry in the Coffs Coast to say to those retirees or semi-retirees as the case may be, if you are 60 years old, retire at Coffs Harbour, get your responsible service of alcohol qualification and you can have a part time career? What is stopping that as a marketing campaign?

Mr ZAHNER: I do not think anything is stopping it.

Ms SINCLAIR: Nothing is stopping it.

Mr ZAHNER: I just do not think anybody has taken it on board to run it.

Ms SINCLAIR: I do not think there is a body in Coffs Harbour that actually looks at that sort of thing.

Mr ZAHNER: Can do that sort of thing.

Ms SINCLAIR: And does that sort of thing. The university is here, but again, as Dene says, I would rather have an attitude over skills these days. I can train skills. I can put them through TAFE and I can put them through customer service, if they have got the right attitude towards the job. If I have got someone that is motivated I can do that. My turnover at the pool, more than half my staff have been there over 10 years and they are long termers.

CHAIR: That is very unusual in the tourism industry. What do you put that down to?

Ms SINCLAIR: I put it down to that it is a unique place. It is the only place in New South Wales that has the seals and the dolphins so it is a privileged sort of place to work. But it is the casual

staff. It is just not enough money for some of the people, particularly the young ones.

One of the things I have noticed is people are coming back, the retirees but those people that were children here and grew up here decided to piss off and go to the big smokes, they are coming back here with their young families. Those are the people that I am finding, I have just employed two recently that have young families that they have been here, lived here and now they are coming back here to bring up their families.

CHAIR: Are they good employees?

Ms SINCLAIR: Yes.

CHAIR: What are you going to do to keep them here or do you think they want to stay here?

Ms SINCLAIR: They do want to stay here. They want to raise their family here because they do not want to raise their families in the big cities.

Mr ZAHNER: The one thing that Coffs Harbour does have going for it being a regional town is price of living, cost of living is significantly cheaper than a capital city like Brisbane or Sydney. That is for sure. Although Coffs Harbour is probably not growing at the rate it probably could, it is growing and we are seeing more and more of those types of people coming to reside in Coffs Harbour, which is helping all industries, not just the tourism industry.

CHAIR: Dene, have you got any vacancies in your operation today?

Mr ZAHNER: Right now?

CHAIR: Yes.

Mr ZAHNER: No, we have got nothing.

CHAIR: Have you Paige? You have got two jobs?

Ms SINCLAIR: Two jobs.

CHAIR: What have you got?

Ms SINCLAIR: I have got a full time chef and I have probably got another two casuals in wait staff or barista, cafe sort of work. I am looking for a trainer as well.

CHAIR: Potentially five jobs available. When was the last time you recruited?

Mr ZAHNER: We have just finished a recruitment process prior to the rally coming on this week, so we employed two more chefs, four more food and beverage staff and a front office person.

CHAIR: A month ago you did have positions vacant?

Mr ZAHNER: Two months ago. We have been looking for that long.

CHAIR: What is your occupancy rate at the moment?

Mr ZAHNER: Today it is sitting at 68 per cent for the month.

CHAIR: For the month today, 68?

Mr ZAHNER: Yes.

CHAIR: And that will change next month with the school holidays?

Mr ZAHNER: We will probably hit about 75 for the month.

CHAIR: Revenue per available room?

Mr ZAHNER: Revenue per available room is probably sitting at 135 at the moment.

CHAIR: That is not too bad?

Mr ZAHNER: No, it is a good month.

CHAIR: Are you full?

Mr ZAHNER: We were last week, but they all emptied out today.

CHAIR: Is that four star?

Ms SINCLAIR: Four star.

Mr ZAHNER: Yes, four star.

CHAIR: It is interesting that you are the fifth witness today, you are the first one in the hospitality game and everyone before has mentioned the airport. What is your growth plan like?

Mr ZAHNER: Well since Tiger Airways has come on board into Coffs Harbour there has been some growth in numbers to Coffs Harbour because of that reason. We have access issues, we need flights to and from Brisbane out of Coffs Harbour.

CHAIR: You do not have them now?

Mr ZAHNER: We do not. We have one, Brindabella fly in and out of Brisbane, that is one flight a day at certain times but it is not like our access to Sydney. For example, our owners were up on Friday, he lives in Brisbane; it was quicker for him to go from Coffs Harbour to Sydney, Sydney to Brisbane than hang around and get the one flight out of Coffs Harbour back to Brisbane.

CHAIR: He just flew in for the day, did he?

Mr ZAHNER: Yes. If you are only here for a day, you cannot get in and out of Brisbane.

CHAIR: That is access. What about the capacity of the airport, do you feel that that is enough?

Mr ZAHNER: I think at the moment it is. There has been lots of talk about trying to get international flights into Coffs Harbour and things like that. If that happens it would be great. I do not think it is an urgent thing that we need to happen right now. I think we get the domestic in and around Australia, especially now that the Australian dollar is down underneath the US dollar; we are really seeing people holiday. We have, over the last two or three months, back in Australia.

Something we can attribute to the current winter, it was not cold, the ski season was not very good or the snow did not last very long, so a lot less people went skiing, they came to the coast because the weather was so good.

Mr JAMIE PARKER: Thank you very much for taking the time to come along and forgive me for being a little bit late.

Mr ZAHNER: That is alright.

Mr JAMIE PARKER: I just wanted to ask a question, because I am not really aware of the details, in the submission it talks a little bit about the support for mentoring program to encourage apprentices and trainees to stay in industry, a commendable model supported by the AHA/TAA that is run by HTN, a New South Wales based business specialising in attracting" and so on. I understand there has been some government change to the way that has been supported. Can you tell us a little bit about that group and what they do so we can get more of an understanding about that? Are you aware of this one?

Mr ZAHNER: No.

Mr JAMIE PARKER: This is a submission from head office. I do not know if you are aware of it. If you are not, we can follow it up with them. It says "an organization that focuses on attracting, retaining and mentoring individuals interested in pursuing commercial cookery." Maybe that is something that you have not been directly involved in, HTC, no?

Mr ZAHNER: No.

Mr JAMIE PARKER: I just wanted to ask a question about staff. We always hear about the mines, whenever we come to places, the mines and I want to get an understanding of the differential. I have asked the previous witness. The differential and the salary from say a chef who would be working in a tourist environment here as opposed to in the mines, what is the salary, 20 per cent more, 50 per cent more, how much per cent more?

Mr ZAHNER: It depends on the mine and it depends on the area but it can be anywhere from 30 to 50 per cent more.

Mr JAMIE PARKER: So that is huge.

Mr ZAHNER: It is huge.

Mr JAMIE PARKER: That is really significant.

Mr ZAHNER: Yes.

Mr JAMIE PARKER: Can I ask about trends over time. Obviously you said it is very seasonal here, which is obvious. In terms of the amount of time you have been here, have you seen skill shortages change? What are the drivers that both of you think in your area is driving the skill shortages? You mentioned the mines is one, were there other things you could really identify that would be driving that? Is it training? Is it salary levels, those types of things?

Mr ZAHNER: Like we said before, the industry is not 'the industry' one of the hot industries at the moment I do not think, as it was 10 or 15 years ago. It is seen as a stop gap industry where you get people going through medical school or studying to be an accountant or a lawyer, they get a casual job to get themselves through university. They will come and get a waitressing job or something like that, so it is stocked up with people that are not totally focused in the industry itself. I think that is an education process that the industry needs to do. The education areas for the tourism like we have here, the universities need to get behind it and help promote it. I think that is part of it.

Ms SINCLAIR: I also think that part of the problem is in Coffs Harbour it is not the job or the place that you know, it is who you know who gets the job, because it is very closed community. If

there is a job going, you just have to mention it to a couple of friends or in your circles and you will probably get a few people applying for the job. But if you do not know anyone and you are new to town, I think employers sort of look at you like, are you going to stick around? Are you going to be here for a long time? These people coming in from the bigger cities also have qualifications and probably have been someone that has been an accountant or a lawyer or has specialised skills and cannot get work here.

I talked to a group of people today just before coming here, I said what are your problems with skill shortages and they said we just cannot get the staff that are committed to stay there in full time jobs; they cannot find them. We can put ads in papers and you get all these people. If you put an ad in the paper for a full time chef, you get all these people that just do not have the qualifications or the experience to do the job.

Mr ZAHNER: I think a lot of the students from the university, we have interns that we take from the university; they do their course plus a set number of hours with us. It is great while we have got them, but then they want to go to the big city and they want to go to Sydney or Brisbane where the action is because they basically can progress their career a lot quicker, which is great, and part of our industry is being mobile. They have to be mobile if they want to progress their career to be in my position.

CHAIR: Particularly in your company.

Mr ZAHNER: Yes, that is exactly right. Getting that across to them and just explaining to them how the industry works and what it is all about, but it is when we lose them; then we struggle to get new ones to replace them.

Ms SINCLAIR: Accor is a big organization, I used to work for Accor, I was 10 or 15 years in Accor myself, I thought we had some reciprocal deals with other hotels or if you had someone that was coming through as a potential manager that they would move you onto another property to learn the ropes at another property. Do you not have that?

Mr ZAHNER: Within Accor that is what we do have, especially interstate.

CHAIR: You have your training as well.

Mr ZAHNER: But that is only because we are such a big organization. There are 40 hotels just in New South Wales.

CHAIR: Were you in Parramatta?

Mr ZAHNER: No, I was at Brighton and Darling Harbour in Sydney.

CHAIR: The Novotel Brighton?

Mr ZAHNER: Yes.

CHAIR: We met when I was there. Accor has got a unique situation where you have got your own in-house training program and all that type of thing.

Mr ZAHNER: Correct.

CHAIR: Traditionally you would go up to a food and beverage manager in the city, then you go and get your first general manager job in a regional area, then you would come back to the city in a general manager role.

Mr ZAHNER: Yes.

CHAIR: You are very, very lucky in that regard, but they are not all like that.

Mr ZAHNER: That is right.

Mr CHRIS GULAPTIS: It is a common theme.

Mr MARK COURE: It is a common theme.

CHAIR: What can the Government do to assist? Is it industrial law that needs to be amended? What can we do to assist you? You are going to have 100 per cent occupancy for a month from Christmas no doubt, or close to it?

Mr ZAHNER: Yes, it is not quite what it used to be but there will be a three to four week period in December/January where we will be busy.

CHAIR: You will be extremely busy Paige in that time?

Ms SINCLAIR: Well yes; just for the last few years we were sitting at 90,000 guests every year and then we had the global financial crisis and it dropped in two years by 20 per cent. That was when the Australian dollar was really high, you could go to Bali for the same price as you could go to Byron Bay or here.

This year we are up by nine per cent on the financial year in visitation so we are not back quite halfway, but it is certainly showing me that people travelling domestically is improved for Coffs Harbour.

I think what the Government can do and I do not know, I think somehow we have to try and put the sexy back into the tourism industry and I do not know how you do that. These people that are prepared to come through can travel all over the world with these sorts of skills. If you go to Europe, people make their careers being a waiter.

CHAIR: It is a career in Europe.

Ms SINCLAIR: It is not here. It is seen as something I am going to do for a few years until I get my real job. That is a shame. I am from Canada and North America where the waiters and waitresses work for tips and they can make hundreds of dollars a day if they are good. The price of everything is so much less in the sense that the minimum wage is so much less so in order to get the big money you have to be good.

Here you do not have to be good. This town in particular does not know that much about customer service from my point of view.

Every restaurant on the restaurant strip is closed on Christmas Day and weekends because it is costing us too much money to stay open.

CHAIR: That is an industrial relations issue.

Ms SINCLAIR: It is.

CHAIR: That is not necessarily going to stop the skill shortages in this area.

Mr ZAHNER: No, that is a different issue.

Ms SINCLAIR: No.

CHAIR: The skills shortage is going to be addressed by training and retention.

Ms SINCLAIR: I think we have to try and make it so that these jobs are seen as careers, not as stop gaps and I do not know how you do that. I think universities and training organizations can go a long way and maybe there should be some incentives and stuff for people to learn those skills and pick those careers. I do not know how you do it.

Mr ZAHNER: Every group of students at the university that I go and address, I make it quite clear that it is a great industry to work in as long as you are willing to be mobile and if you want to progress your career, do not just stay in one spot, move around. You have got to educate them on what the industry is like. If you want to work nine to five, well maybe it is not the industry for you. So tell them how it is.

CHAIR: Do you think that they are worded up about the industry when they arrive at university and TAFE to get their first job? Do you think they realise what it is about?

Mr ZAHNER: No. I think some of them do but do they actually know what is required and that there are shifts that you work from midnight until seven in the morning.

CHAIR: And you do have to clean toilets.

Mr ZAHNER: Exactly.

CHAIR: Is tourism and hospitality part of the school base? We are not getting it out there?

Ms SINCLAIR: As I said, I sit on the Regional Advisory Board for Southern Cross University the School of Tourism and Hospitality. It is only just a new organization but we have had one meeting and we have been invited out to talk to students about careers in tourism. We are going to be looking at ways to get the retention of these students, because a lot of the students, as I said, were from China.

These children have been pushed over here to do a course in something to appease their parents and then they possibly will work in Australia for a little while and then go back and try and get jobs in China.

China is growing at a terrific rate, as we all know and these people are expecting to be chief executive officers and general managers of hotels, and all that sort of stuff. But they still have to go through their internship. The students that I spoke to really I do not think they were there because they are motivated to be there, I think they are there because they had to be there.

As I said, there were five Australian students, the rest were Chinese. I do not know how we get to those people who like people, who want to work with people because that is what the whole job is all about, is working with people, who do not mind working the odd hours and have a philosophy on working.

Mr ZAHNER: Is that a Government job; I am not sure?

CHAIR: No, it is not a Government job but the Government I think certainly is a stakeholder. We provide a climate to allow you to make that plea.

Mr ZAHNER: Industry has got to get up and start pushing it. Universities who also teach those courses have got to jump on board and promote it. Two months ago we had a tele-conference just with New South Wales general managers with the regional manager for China because he has got

another 40 hotels opening over the next 18 months and he does not have enough general managers to put into those hotels.

CHAIR: In China?

Mr ZAHNER: Yes.

CHAIR: Is language going to be a barrier or are they going to take the people that are over here at the university?

Mr ZAHNER: Well, interpreters, those sorts of things are all involved. The majority of the hotel owners over there do speak English to some degree so the communication is not too bad. The staff and the department heads speak English as well as Chinese.

Ms SINCLAIR: But that is probably why all these Chinese students are here, because they are here to learn English and they are here to learn tourism and hospitality.

CHAIR: That is right. They all live in Mark's electorate. Are you losing many staff to the mines?

Mr ZAHNER: Us personally at the resort?

CHAIR: Yes.

Mr ZAHNER: We have been quite lucky. I think over the last six years we would have lost about maybe 10, 11. From a hospitality and tourism industry, not a lot but if you talk to other industries like the car industry or mechanics or electricians or the tradesmen, they will tell you a different story.

CHAIR: Paige?

Ms SINCLAIR: For me, in the last couple of years only two but Coffs Harbour is a fly in/fly out destination and the people going to the mines have families here, they go there, they come home, they come cashed up. So it is good for our economy but it is not necessarily good for staff retention. But for me personally no, you cannot train dolphins in the mines. Obviously you can train monkeys, but not dolphins.

CHAIR: How are you going with convention work, are you attracting it Dene?

Mr ZAHNER: The last 12 months it has been starting to come back, which is great. The previous two to three years was very, very slow.

CHAIR: So why is it coming back? Is it the dollar going back down?

Mr ZAHNER: I think that is part of it. Also the central business districts are starting to fill up. I heard Brisbane is getting busier, Sydney is getting busier, Melbourne is getting busier, so you have got to find an alternative cheaper option. They are starting to push out further to the regional areas, which is great.

CHAIR: Any other questions from Committee members?

Mr JAMIE PARKER: No.

CHAIR: Thank you very much. In conclusion, if we do correspond with you for any clarification or if you have got anything else you want to send to us before the Committee Inquiry

concludes, just be aware that that will be on the public record; that correspondence will be on the public record, so do not send anything commercial in confidence or anything that criticises the Chair.

Mr ZAHNER: Okay, no problem. No problem at all.

(The witnesses withdrew)

DAVID ERNEST LYNCH, Head of Campus, Southern Cross University, affirmed and examined:

CHAIR: Thank you very much for appearing before the Committee. We are here at Coffs Harbour as part of the Committee of Inquiry into the Skill shortages as you are aware.

Prof LYNCH: Yes.

CHAIR: I am the Chair, David Elliott, I am a Liberal member of Parliament for Baulkham Hills. To my left is the Deputy Chair, Mark Coure, who is also a Liberal member of Parliament for Oatley. To his left is Christ Gulaptis, he is a National member of Parliament from Clarence. To my far right, which is the only time he has ever been on my far right, is Jamie Parker, the Greens member for Balmain. David Hale is the Committee secretariat and Dr Groves down there is a South Sydney supporter.

We have an apology from Noreen Hay, who is the Labor member for Wollongong who could not be part of the deliberations today unfortunately.

What I might do David is invite you to make any comments or opening remarks based on the submission of Professor Lee and then we will commence deliberations.

Prof LYNCH: I think if I talk about specifically my role here in Coffs Harbour. Southern Cross University shares a campus with the North Coast Institute of TAFE and the Coffs Harbour Senior College. This is fairly unique in Australia. There is another one down in Victoria in Gippsland which was actually modelled on the Coffs Harbour campus.

What is unique in it is we actually co-exist. We share facilities. We also have a variety of different articulation arrangements which means that students can enter, do Year 11 and 12, into TAFE and into the university.

Theoretically that works pretty well. There are some impediments in the sense of some students not getting full credit. Primarily that has to do with various accreditation requirements from the diploma, if you like, into the degree program.

The University has three campuses. Our headquarters is at Lismore, Coffs Harbour and also Tweed Gold Coast. I have been in the position now for three years and the university has been very strategic and very focused if you like on building its presence in the region.

One of the things that we are very big on is the amount of networks that we maintain and develop, particularly through our course advisory groups. That is one of our key mechanisms through which we respond to what is happening skills-wise let us say.

CHAIR: I am glad seeing in the submission you have actually confirmed, and as you are probably well aware, we are all university graduates here but we are also first term members of Parliaments so we are straight from the workforce.

Sometimes business and academia do not always meet eye to eye on solutions but I did note thankfully that you have highlighted through the data there that the vast majority of your graduates are employed in regional areas after they have been trained in regional areas, which from Dubbo to Coffs Harbour this Committee has been told that people are staying where they train. If we lose them at that important part of their life, in their late teens or as they are looking to graduate or commence study, you never get them back again.

Prof LYNCH: Yes.

CHAIR: So you have clearly identified that?

Prof LYNCH: We took the strategic initiative of actually doing a study because we were—

CHAIR: That was through Regional Universities Network?

Prof LYNCH: That is correct. I have got the full Southern Cross University breakdown here, because we wanted to know what was actually happening. I would make the comment that the challenge we face is having reliable data.

Let me just give you an example and I am quite happy to table it if you like, of the sort of scenarios that play out in Coffs Harbour. When I was appointed the head here three years ago, here is what we found. This is Year 12 school leaver market. I will give you an idea.

First of all, to get these numbers it was like pulling teeth. The first thing is that this is not readily available. If I am going to respond, and there is a lag time between identifying what the skills are, because it is all infrastructure; we just cannot offer a program in a classroom. It would be nice if we could but we need labs, et cetera.

For example, in the year 2010 and that is the latest data we have, there were 2,410 Australian tertiary admission rank eligible Year 12s in my region. 240 of these people went to TAFE. We assume—this is where it gets really hazy—that 1,400 got their first preference and went. Of those we would take 600. But 738 we have got no data on.

What I am saying is that out of all those Year 12s, we are assuming that 700 per year are not in TAFE, not in university and they are not likely to be in employment in droves because unemployment is around 25 per cent.

My point is this. We have got a fairly comprehensive university out there with a variety of programs and through our advisory groups we track as closely as we can. For example, right now our next growth over the next five years is allied health. We do not have that here. For example, from aged care right through to physiotherapy; there is quite a lag time because you have got to develop facilities, et cetera, et cetera.

My point being that if we are going to think about retaining local people and the keys are to have an educated society, one, I cannot get data to work out who these people are and there are a lot of assumptions.

Let us say we work on this and there is a lot of carriage to this, there are 700 Year 12s in my area that could be at university. We have gone one step further because a significant number of that 60 per cent are first in the family at university. That plays out very differently to somebody like myself and my children because we are a family of university goers.

In line with that we established Southern University College because we knew that first in family, we are not talking low Australian tertiary admission rank; we are just talking first in family, that they would require support. So we established Southern University College, which was designed for people to come into our program and basically have a supportive program.

We do it in partnership with TAFE so it has a practical component. They can leave us after a certain period of time with a qualification that allows them to go straight into employment if university is not the way to go.

But having the data at my fingertips easily and this is 2010 and I am at 2013, my personal assistant at present, the anxiety is building up because I am going to ask her to do it again and trying to find this data is very difficult.

Getting adequate data is important. That Regional Universities Network was very important because we cannot operate on assumptions.

CHAIR: One of the things that we heard time and time again in Dubbo when we took evidence there was the need for a skills audit. Is that something that you would benefit from as well?

Prof LYNCH: Absolutely. We endeavour to do that ourselves in-house but once again, it comes down to data. Absolutely a skills audit would be important but let me say though, every school, and there are seven in the university, has various advisory groups. I ensure that they are also convened locally here. So we rely upon that to give us that on the ground data. In the main that works fairly well, which is why we know that allied health is where we need to move fairly quickly to in the future.

Having a more broad series of data would be very helpful because the other phenomena of course is that I am very focused on us being the regional university but the reality is I cannot just afford to focus regionally. We are in a global world and we are having students globally. Competition is pretty fierce between universities for students.

CHAIR: Do you find that your post graduate courses are regional students as well or are they city based graduates who want the flexibility that Charles Sturt University and Southern Cross University both offer?

Prof LYNCH: A bit of both but it is one of the areas that we are now about to focus on. We have been strategically looking at under graduate, as I talked about. For example, we will stage our first post graduate evening in Coffs Harbour on 24 October—do not quote me on the date—purely and simply because we are now getting murmurs from the ground that people want further qualifications. That is a space we are growing into.

CHAIR: University of New England have really grown their post graduate qualification or their courses because they have been able to say to post 25, post 30 year old professionals that you can come and do your masters degree. Charles Sturt University has done the same thing and they have made an entire market out of it, an industry out of it, having you come up for a week and do your residential school and then going away and doing your e-learning. You do not need to be reporting to a campus every day or every month when you are doing a thesis or a dissertation.

Is that where the growth for regional universities might be?

Prof LYNCH: Well I do not want to disclose commercial in confidence other than to say that we certainly will be tackling the market very vigorously in time to come. What I am finding, the secret to higher education is course offering for a start, but secondly, how you deliver it. What I heard the previous witnesses talking about, internships. You will start to see more of those. The university now has to be very responsive, which is what we are working towards, to how employers want people prepared.

Let us just say that flexible model is most certainly part of our game plan.

CHAIR: My electorate covers a little bit of Parramatta and the Parramatta Eels are sponsored by the University of New England. I must say I was quite taken aback as to why the University of New England would be sponsoring a western Sydney football club but the Parramatta Eels is well and truly housed and their home is the Parramatta central business district where there are law chambers, solicitors, doctors, accountants, all the major banks and Deloitte, you name it, they are at Parramatta.

Quite clearly they have decided that they are not going to be getting the big end of town post graduates that Sydney University would be taking out of Martin Place and George Street, but they are going to have a very nice second tier market there.

Prof LYNCH: I do not want to be commenting as if I am playing catch up, but you will have to watch this space with us.

CHAIR: I think it is very smart.

Prof LYNCH: What I think you are really saying, which is the challenge I have got, for example, let us take psychology. The researchers there are world class and we have two particularly in our campus. We attract and we are one of the biggest intakes of psychology students from around Australia. Our market for psychology is from around Australia.

Even though we are a regional university we have got to keep our eye on the region. The reality is that if my mind space was to just focus here, we would not compete, for all the reasons that you are talking about. That is the new market.

CHAIR: It can only be good for the region to have a whole bunch of post graduate students, professional post graduate students coming in and out every three to six months. I did post graduate education at Armidale University of New England; I did my masters at Charles Sturt University in Bathurst. Every three months or every six months there was a truckload of post graduate professionals going into those areas and spending up for a week. As a result these regional areas have got ambassadors in the central business district of Sydney.

Prof LYNCH: I would just add the comment too, that what we are also finding is that people come to regions such as Coffs Harbour in the promotional range and it is at that stage, they are generally younger, that they want to do their post graduate qualifications. It is certainly a space that we will be playing in. We have to be flexible of course. The turn up regime, which was way back in the eighties; that is not the case today. People cannot afford to turn up Monday to Friday for study.

Mr JAMIE PARKER: Thank you for taking the time to come along. First of all, the submission is great because it emphasises what we have heard from other witnesses about the importance of educating where we want the jobs to continue and the employment to be.

I just wanted to ask a little bit about the model that you have which is quite unusual, this TAFE university arrangement. I think we can learn a lot from that because obviously we are looking at how to deliver skills and to identify where skill shortages are.

Firstly you have identified the data problem, which I think the Chair would agree, everyone has said to us it is not really clear for us to determine how we respond to skill shortages because we do not know where they are.

I note that there have been some cutbacks to funding to universities and there has also been some belt tightening in the TAFE sector. Has that affected the way you think a TAFE is able to deliver this model or you as a university? Is there anything you could tell us about this model that you think is interesting that should be considered elsewhere?

Prof LYNCH: I cannot make a comment about TAFE, I do not know. If I answer first of all the arrangement and then if I talk about the university in terms of funding.

Mr JAMIE PARKER: Sure.

Prof LYNCH: I guess the first thing is that the higher education market is extremely competitive and money is tight. We have to be increasingly creative—well I do as the site manager here, because it is me who makes sure it works.

It is smart. I have got three players on one campus and we share. Nobody owns any space.

We have the opportunity to use every space. We have some plans for some building work to happen over the next five years, which are specialist but TAFE will have access to that.

The point I am making is that we have got strategic advantage straight away, my university, because we are sharing resources. We do not duplicate, for example, the university looks after information technology. The whole information technology of the campuses we look after on behalf of TAFE and we also provide it in a format that TAFE requires. We do the library. TAFE does facilities. So we do share.

That fundamentally represents on our bottom line a significant cost saving for us to do business; absolutely. I would suggest TAFE would probably see it the same way.

If we had to occupy a traditional campus, TAFE and the school, you would multiply it by three.

I think the second thing is that it has all the foundations for a birth through to university environment in Coffs Harbour because of that relationship.

I think that is the point I want to hone, those synergies that I talk about, particularly first in family, to finish Year 12, for a lot of children is a really big achievement. Going to TAFE and doing a diploma is another big achievement for some of these children. Then going onto a degree and our logic is to make that as seamless as possible. So in other words, to ensure that students are not losing credit in that arrangement. But it is not as easy as that.

I would like to say to them they can do a two year diploma and get two years credit on a degree, but it does not work that way because of the accreditation requirements. That is external to the university so in a sense it requires that students actually have to do more study as opposed to coming straight into that degree.

But it works and I think that it would be fair to say that the TAFE College and the university are working on that.

As an example, the university is currently planning for a senior position on the campus, whose job it is to drive teaching innovation as we call it and it is designed to tackle that. When I talk about challenges, I do not see these things as insurmountable. It just means we have to influence and we have got to be smart about how we do business. That campus arrangement is fundamental to how we can be smart about how we are doing business.

Southern University College for example, essentially what you are doing is the first two years of a degree in business, health or the arts. I think we have also got science coming on board. So you can do two years and then graduate and go into employment, as I said before, continue without losing credit into a full degree.

We do that with TAFE. So TAFE do part of the teaching. For example, some of those courses require a certificate IV. It is a really fantastic model.

Mr JAMIE PARKER: It is a good model.

Prof LYNCH: Absolutely.

CHAIR: But you are not the only university doing that, are you? Western Sydney University is doing it too. They have got a college, have they not?

Prof LYNCH: We were one of the first. We have been there 19 years. Gippsland is probably a pigeon pair to what we are doing. There are other initiatives happening but in my mind it

certainly is the future.

CHAIR: Before I pass onto Mark and Chris, one of the things that we have seen and I obviously have been an advocate for since I have taken over the Chair of this Committee is that it is quite clear that we need to address Generation Y's tendency to change jobs and careers three times before they are 30.

Prof LYNCH: And courses, and within courses.

CHAIR: That was always happening. If we are going to terminate the decisions by 25 year old mechanics, certificate III civil contractors and stop them from going off to find themselves as tour guides in Nepal or joining the Police force or something like that and if we are going to encourage the parents to really accept the fact that a TAFE qualification does not mean that your child has failed, we need to also package it up by saying to them, do your TAFE qualification, then have a couple of years in industry because when you are 25 that TAFE qualification is going to be seen by the university as your first year or your second year.

We really need to highlight the fact to mum and dad, particularly Asian parents, that this is the first year of their degree. They have not failed. They are just going a different way. Southern Cross University has accepted and acknowledged, given you an iron clad guarantee that if you succeed in this trade qualification or this certificate III, they will accept you and give you recognition of prior learning. It was not a waste of time. You can boast to your neighbours, family and friends that your child is at university at some stage.

Not only does it offer that cultural encouragement, it also says to these children when you are 23 or 24 years old, this is not the end. Life-long learning and all that type of thing, but this is not the end of your professional learning. In fact, the best is yet to come.

That is one of the recommendations I can see this Committee making, is to highlight the fact that what you are doing is spot on because it is the only way we are going to be able to get people to take a 10 year ownership of their career.

Prof LYNCH: Absolutely. The other reason is that traditionally university is seen as school leavers. That is no longer the reality. We are having people enter a university from a different regime. Those models that we offer to students have got to change. They have got to meet that requirement.

CHAIR: That is so right.

Prof LYNCH: I would also add a parallel there; we also as a university have a role to make courses attractive to students. In our audit of where things are going and where the needs are, we have looked at our Bachelor of Tourism and Hospitality as a case in point. To give you an example, what we found is that we have to be very clear about what the messages are that the degree represents. What we are looking at at present is, without commercial in confidence, but essentially looking at calling it a different degree, purely and simply to represent what the career options are.

For example, when people tourism and hospitality, one of the things we have found in our market research is that they think they will end up being a glorified waiter or waitress. In actual fact our degree allows a lot more scope.

What I am saying is that the traditional degree offerings and what we call them, we are also innovating around so that we actually do target the market so they see themselves differently. With this particular generation, this younger generation we are talking about, that is crucial.

CHAIR: A degree in tourism and hospitality is the best thing that we can do to retain these workers because they take ownership. In my previous career I was an army officer. I trained at

Duntroon and I would have been very bitter and twisted if I had not gone overseas as a peacekeeper, because I would never have used that training.

If you go and do three years of training in tourism and hospitality and you do not end up spending the equivalent getting your money's worth out of your quality education, then you get very bitter and twisted and you want to keep driving to make sure that you have justified the expense and the time.

That is enough of that.

Mr MARK COURE: Just a quick question, from your background is there anything that levels of Government, particularly us, the New South Wales Government, could do better to address the skill shortages and before you answer that, I would be interested to know how many international students do you have enrolled on campus?

Prof LYNCH: In Coffs Harbour?

Mr MARK COURE: Yes.

Prof LYNCH: I am going to talk optimally for a start, which is around 300 but in recent times we are probably around 200. That has to do with the economy but it also has to do with competition. I would be really upfront in saying that our international market is a strategic advantage for a regional university. You have to have international students in there, it is what gives you the regional flavour, but also it is part of our business plan. It is how we are able to offer some fairly expensive courses.

It is one of the things that we are looking at but in a global economy we have taken a hit on that.

The second part of your question was?

Mr MARK COURE: Just in terms of how can both State and Federal Governments do better to address the skill shortages?

Prof LYNCH: From where I sit in my job, I pretty much have on my mobile phone most of the principal policy advisors of ministers that I can call. So access at that level, I have no problems with. If you provide me with data I am able to go to the next two steps.

Let me go somewhere with that. I have given the impression thus far that we are responding to the community, which is how we do do courses but also I have got a Director of Research in Coffs Harbour who is part of the senior tenure whose role is to drive research here.

The research findings we also use, for example, in terms of how we plan. We have identified that pilot training internationally, globally there is a shortage. Kempsey airport for example is a very robust airport but it is not used very often. We are now investigating that we will be offering pilot training as a case in point. That in itself is an economic driver.

But it comes about because of the quantum of research that we are doing as a university. We also have the capacity to identify where future opportunities are to move forward. It comes down once again to data. It is very expensive for us to get to that point to know adequately where things are. We are doing that largely ourselves. I am sure this data is held.

Dealing with the State Government is fairly good. Do you want me to talk about the Federal Government?

Mr CHRIS GULAPTIS: They are just taking your money off you. I am sure that the Greens are happy with you to go overseas as a peacekeeper. They are happy to see you as a lover, not a fighter.

David, the TAFE model that you have a connection with is responding to local needs obviously and not just about getting a first generation through university.

Prof LYNCH: Yes.

Mr CHRIS GULAPTIS: The data that you are looking for is also data that we are looking for. What sort of participation rate do you think you are having not just with that model, but that model as well as the university presence in Coffs Harbour generally in terms of meeting local employment needs?

Prof LYNCH: When you say participation rate, are you talking about from TAFE to us?

Mr CHRIS GULAPTIS: No, from TAFE and university to the workforce locally.

Prof LYNCH: I would have to take that one on notice to give you something, although I would suggest it would be fairly significant. If you want accurate, I will have to take it on notice and provide it.

Mr CHRIS GULAPTIS: What I am interested in is to see what the local participation rate is from the people that you train in the local workforce.

CHAIR: But stay is the rest of the question.

Mr CHRIS GULAPTIS: Yes.

Prof LYNCH: It is about 60 per cent that end up here.

CHAIR: That was in your submission.

Prof LYNCH: Once we go probably post those sorts of surveys that we have, then it becomes very blurred, tracking people. If we were able to track our graduates more long term, that would be very helpful to find where they are. That is where it gets blurry and that is part of that data pack that I am talking about. As you see, if we are going to make responsive decisions, and they have to be timely, you require data.

You have also got to think about destination. In their first year they have a survey that is sent out to them where basically they are asked to make some judgments, which is where we collect some of this data from but post that it becomes very blurry. We try to maintain it through our alumni but that is only from clients who sign up to alumnis as a case in point.

CHAIR: Do you not get a percentage of it to make it a qualitative study in the alumni?

Prof LYNCH: I would be guessing, I really would be guessing I think. I can take it on notice and find out, happy to, if that is helpful.

CHAIR: I think that is pretty much all that I have got to ask. Jamie, have you got anything else you want to ask?

Mr JAMIE PARKER: I think it is great to have someone that is definitive, data driven, delivering answers about what things work. For me the most important thing was just understanding the TAFE/university relationship and seeing how you are trying to meet skill shortages. Obviously

your own internal data and the advisory boards is a really important way to do that.

Prof LYNCH: That is chiefly my role here, to be responsive and to generate that.

CHAIR: As an employer though in the area, do you have any positions now?

Prof LYNCH: No.

CHAIR: You are full?

Prof LYNCH: We are full. We have just gone through a round of redundancies.

CHAIR: You would not be the only university.

Prof LYNCH: I will not make comment on that.

CHAIR: That was based on funding obviously?

Prof LYNCH: It always is.

CHAIR: How many student vacancies have you got?

Prof LYNCH: None.

CHAIR: So you are full?

Prof LYNCH: We are nowhere near full. That was my point when I said first off school leavers. I have got infrastructure there for 3,000 students. I would have 1,500 and they are not full time students. The full time equivalent would be probably 1,100. I could go to 3,000. I have got more capacity. In terms of classrooms I have got capacity; that is not an impediment. It is about enrolling more school leavers, more people in Coffs Harbour into the university. We have looked at why that is the case in terms of those who do go to university—competition. That is the first thing.

CHAIR: Too many universities in Australia?

Prof LYNCH: Well, a call for somebody else but if you are mobile, for example, you can choose anywhere in Australia. A lot of other people are dis-enfranchised though because they cannot move. The second one is that the course offerings that we do have, for example, allied health, that is where we are going next but I need infrastructure. If you want to do allied health with Southern Cross University it is some at Lismore, most of it is at the Gold Coast. People will need to travel for that.

We are exploring alternate options. For example, I am very strategic in how I am going to grow the campus. For example, we just offered engineering in Lismore as a response. That is millions of dollars to establish facilities, so what we are looking at is creative ways that we can exploit that facility because we have got residences, et cetera, slight vacation schools that you said before. We have got a real challenge in how we deal with this but you have got to have the courses is the case in point.

We are moving towards that. Data once again would be very helpful so I can get a really big lead on that, because there is a lot of lead time to that. We have got to be creative how we use our resources, not just this campus. For example, the other campuses, if the residences in Lismore are only used for 30 weeks of the year, we have got 22 weeks of the year where perhaps we could have students going up there and studying and using the lab work and coming back and doing the theory part here. Those are the sorts of models we are looking at. We have to be smart with our money and our strategy.

CHAIR: That is how University of New England works. They always have their residential schools on the college breaks.

Prof LYNCH: University of New England, that is a university somewhere down there, is it not?

CHAIR: Yes.

Mr JAMIE PARKER: That is how Harvard does it as well, how about that?

CHAIR: Yes, that is right. I suppose this is the juxtaposition of this Committee's line of inquiry, but there is no excuse for a child in Australia not to get into university really.

Prof LYNCH: We need the data. If you come to our university for example, if you do not have the required Australian tertiary admission rank, we will enrol you in the Southern University College, which basically provides that support everywhere from literacy, numeracy right through to further study to get into university.

CHAIR: They are mature aged students?

Prof LYNCH: They are a variety.

CHAIR: They are normally a pretty good risk when it comes to university because they have got a real fire in their belly to study?

Prof LYNCH: Yes, although in that mechanism it is across the board but if they come as mature age students, let us say 25, absolutely, they are a guarantee because they have made the decision that I want to get through. We are really geared up to deal with that market.

CHAIR: You have got a very broad list of faculties. The only one I think that you do not have was medicine. Is that coming or are you going to concentrate on allied health?

Prof LYNCH: I just have to be careful about commercial in confidence but let me just say that the demand for regional trained doctors is very high. I will leave it at that.

CHAIR: The Dubbo submissions all suggested that.

Prof LYNCH: I would add this though, if I am going to do medicine, I am going to do it in partnership with a major medical faculty because a regional university like us setting up a medical school is nonsense.

Mr MARK COURE: Similar to what they have done at Macquarie University?

CHAIR: You go to a hospital?

Mr MARK COURE: Yes.

Prof LYNCH: University of New South Wales already deliver years four, five, six I believe. The first one or two years you have to do in Sydney. The way I will be pursuing this will be partnerships. That is the only way strategically I can make it sustainable.

CHAIR: Thank you David, that was fantastic. We do appreciate that. We may have cause to communicate with you again. You may even think that you want to supplement your submission today with further information or we might take some questions away. But just so that you are aware,

any response that you give us will now be part of the public submission as well.

Prof LYNCH: Exciting times in the region.

(The witness withdrew)

WAYNE KENNETH LOWE, Manager Business Development, Nambucca Shire Council, and

ADRIENNE SMITH, Co-Founder, Director and Business Co-Ordinator, Mid Coast Trucks, and

REANNA GRACE, Macksville High School, sworn and examined:

CHAIR: Ladies and gentlemen, thank you very much for coming this afternoon. If we start now, we can get the majority of the work done as some of our members have to leave at 3.20 p.m.

My name is David Elliott, I am the Liberal member for Baulkham Hills and I am the Chairman of the Committee On Economic Development. To my left, both politically and physically is Mark Coure, the Liberal member for Oatley and he is also the Deputy Chairman, newly elected today and his wife is having a baby. So it is a big time in Mark's life.

To his left is Chris Gulaptis, the National Party member of Parliament for Clarence, who you probably know, given that he is from these parts. To my right times two is Mr James Parker. He is the Greens member for Balmain and of course you have Mr Hale and Dr Groves, who are both Committee secretariat staff.

Thank you for coming today. This is our second regional day of taking evidence. We have been to Dubbo and now obviously in Coffs Harbour. Primarily because we wanted to have a chat with the engineering industry, particularly the mining industry in Dubbo and the hospitality industry here in the north coast, because much of the evidence we have received thus far is suggesting that the skills crisis is very much a burden in both the mining and hospitality industries. One is often seen as causing a bigger issue than the other.

First of all, welcome Reanna Grace. Is this the first time you have appeared before a Parliamentary inquiry?

Ms GRACE: Yes.

CHAIR: The first time you are going to be mentioned in Parliament, not adversely before.

Ms GRACE: And not the last.

CHAIR: That is good to hear. I bet when you started work experience this week you did not think that you would be appearing before a Parliamentary inquiry? That is going to be something to tell the principal when you get back to school.

I might ask you Wayne if you would like to commence by making some opening remarks about the issues you are facing in relation to the skills shortage and the labour market in Nambucca Shire. Then I will be keen to hear from you Adrienne as to what your issues are.

I might add in preparation for you, evidence we have received both here as well as Dubbo, Dubbo extremely so, is forecasting a massive shortage of drivers in New South Wales so I will be interested if you are going to confirm that. I have a sneaking suspicion you probably will. You have at least seen it because of the demand for your goods and services.

Wayne, if you want to commence?

Mr LOWE: I have been manager of business development and economic development for the past 15 years at the Nambucca Shire Council. We have sat before this Committee I think going back some five years ago or so.

CHAIR: Was that a Federal Parliamentary committee or a State Parliamentary committee?

Mr LOWE: I think it might have been State.

CHAIR: I will have to check on that.

Mr LOWE: Basically I have got some papers here that I would like to table as well.

CHAIR: Yes.

Mr LOWE: The Nambucca lost a meatworks back in 1998 and with a loss of 350 fulltime positions. We set about building the economy and set the building blocks. What we found was we had some motivated businesses that told us in council that they had a future. Then we decided to work with those companies to help grow that future.

We found ourselves located halfway between Port Macquarie and Coffs Harbour. So we felt we were fairly strategically located to capitalise on the growth of the region, which has now got to about 350,000 people. There is only 19,500 in the Nambucca shire.

We have attracted a lot of manufacturing companies to the shire, which is in the economic development plan that I have put in the package as well.

Because we had a lot of low socio-economic and unskilled people in our economy, we targeted manufacturing and we had large available industrial land stocks. It equalled to facilitate manufacturing and go out into the market place and attract manufacturers to the area.

Over the years we have attracted about 11 manufacturing companies into the Macksville industrial estate and a couple into the Nambucca Heads industrial estate. At least five of those companies were around the vehicle body manufacturing. The most recent one is the Abigroup Precast Solution that is building all the major highway infrastructure bridges along the highway. They are employing around 100 people at the moment. They fluctuate as the jobs and the contracts have been given out for the highway. They will probably go to over 130 to 150, including the concrete batching plant.

The vehicle industry cluster has grown from five people across three companies to probably 250 full time staff, \$30 million in turnover and a significant economy generated from the Nambucca economy.

To continue to grow that manufacturing sector we need to have those skills and training in place to nurture these companies and help them to continue to grow. That is what we have been about for the last 10 years at least. I have documented most of those processes, which I have got here as a report for the Committee as well to have a look at.

In 2009 we were successful in winning a trade school under the last Government's model. In my eyes I do not feel that that serviced the need of the skills shortage. It was basically taking children from Year 11 and 12, keeping them at school where our vehicle body manufacturing cluster really relied on those Year 10 children that were coming out. If we are going to be competitive globally and nationally on the products that we manufacture, we need to have a lot of trained, skilled young people under the tradesmen to get the economies of scale out there and the efficiencies for those small businesses to be able to work within margins where they make profits and can be sustainable.

That is not stacking a whole heap of fully qualified people highly paid on the floor; that is putting skilled tradesmen with a lot of young apprentices under them. Adrienne will probably deal with that more when she has a talk as well.

We have got a really good strong manufacturing cluster. I believe with the Kempsey bypass

bridge that we just built, we were in excess of \$250 million in turnover in our economy after the global financial crisis. So we actually are one of those small communities that grew post the global financial crisis because we saw the infrastructure projects coming along. I contacted Abigroup and got them to relocate into our area. It was about \$130,000 a week extra into our economy once they established. That was just after 2010.

We had a bit of a shield there from the drop that everyone else had, but now we are finding that the vehicle industry, the buses for the mining that Paul develops, and he is the largest school bus manufacturer as well; he is continuing to grow. Adrienne with Mid Coast Trucks, biggest truck dealership in the southern hemisphere in our backyard as well, plus Maddocks Trailers, Kara Kar Horse Floats, Sable Engineering, a whole range of small fabricators and manufacturers that all work in an industry cluster.

I think our vehicle industry cluster would be one of the most sustainable long serving clusters. It is not an incorporated body, so I suppose it is not recognised along with the Mains and the Hunter nets, but when you look at it, it is a sustainable group of companies that have worked together for the last 15 years, we have got it, it is still going and it is over \$30 million in turnover for a small regional town.

CHAIR: That is extraordinary.

Mr LOWE: What we are saying is we would like help. We would like training. We would like to build our capacity to continue to grow our businesses in the valley and we have struggled to achieve that.

CHAIR: There is a lot for us to come back to there. Adrienne, do you want to make any comments as well?

Ms SMITH: Yes, I am a last minute addition to the speakers in front of your today because Mr Paul Hoffman from Express Coaches is very sick with the flu. While we are only a small employer of 48 staff, it is the largest employer in town and we are very proud of it. But we are the largest used truck dealership in the southern hemisphere and we turn over about \$40 million a year.

I have seen our business start with two and grow to what it is today. In 22 years it has been very hard consistently to recruit, train and keep young staff, and also at the other end, recruit skilled labour for the other roles that we have.

My special interest is young people and training young people, to get them trained and creating jobs for them in the local valley, because these children are country children to an extent.

It is tough when you see them just leaving by the droves for major centres to get trained and to find jobs. I am really proud of the jobs we create and Express Coaches create; they put on quite a number of apprentices every year.

I really want to see more training facilities and more engagement of children at a younger age. I am really frank and brutal because I am not paid to be nice and put things across the way people want to hear them. I will tell you the way I think they are and the way business is.

I am a chair of Manufacture Coffs Coast, which is the networking group in this region. I constantly listen to businesses in my capacity. It is hard to train people and keep them in the community. That is what I really want from here today—how can we engage and stop mollycoddling young people, sending them to Year 12 and telling them they have to go to university, because it does not work, it is not working, it has not worked and this is what we need from our school children, to be good tradespeople.

CHAIR: I agree and you may have heard my discussion with the Professor, that what we need to do is to address all of those issues, the cultural issues, the desire for Generation Y to continue to be challenged and the desire for Generation Y to change jobs three times before they are 30, my view is let them go through their trades and then tell them that there is a university option and they have got an advanced standing or recognised prior learning.

Ms SMITH: And encourage them in Years 9 and 10. I know that might seem ridiculous to a university professor, it would seem ridiculous and to school teachers. Our children went to school and the teachers thought we were crazy introducing a trade in Year 9 and 10, but I pushed through and got that. Our boys did not go through university but they are already great young businessmen; they are 22 and 17.

They did it the old fashioned way. Not every child is geared for university.

CHAIR: That is right.

Ms SMITH: Not every kid needs that education at 18.

CHAIR: Exactly right.

Ms SMITH: They might go back at 25, as you said or 35 and do it, but I really think we should open up these apprenticeships to younger and younger children, because 50 years ago they were a man working with men at 15 and 16. What is wrong with doing that today?

CHAIR: That is right. Thank you for that; we totally agree. Just some data to commence the discussions, Wayne what is your unemployment rate at the moment?

Mr LOWE: Well, I am very proud to say it is at 8.2 per cent. Basically when I came into the position it was 21 plus per cent because of the closure of the meatworks and the loss of 350 jobs. We have progressively come down to 15s, to 12s, to 10s, to 9s. I could give you a whole history of it. We have continued to fall and this is pre the highway works, the new dam infrastructure that we have got going on now and the growth of the vehicle cluster.

CHAIR: So 8.2 per cent?

Mr LOWE: 8.2 per cent.

CHAIR: How long has it been since it was 20 per cent or whatever it was?

Mr LOWE: 1999, 2000 we were at 21 per cent and we do not count anymore.

CHAIR: In 20 years it has halved and some?

Mr LOWE: Yes.

CHAIR: Adrienne, do you have any positions vacant at the moment? What have you got?

Ms SMITH: It is very rare that we do not have a position vacant.

CHAIR: What have you got vacant?

Ms SMITH: We have only just been able to recruit an auto electrician, because that is a very niche type position.

CHAIR: Yes, of course.

Ms SMITH: That was just filled. But I can do with more truck technicians. We are about to build a new dealership site where all our sites are on one and if I could have another three trained truck technicians, not apprentices.

CHAIR: What is a truck technician?

Ms SMITH: A mechanic in the old terms, they call them technicians now. If we had three more guys like that, we could just plough ahead with business. Also I need bodymakers, so these are guys who are trained in building truck bodies and I also need a full time accounts clerical person. I also need a chief operations officer, which I am going to have to recruit that from outside that position for sure; well most of them from outside. It is really difficult to fill those roles.

CHAIR: Where are you located?

Ms SMITH: We are located in Macksville and it is probably a 50 minute drive from here.

CHAIR: How far away is Nambucca Heads from Macksville?

Ms SMITH: Ten minutes drive.

CHAIR: I cannot understand why nobody at that sort of income would want to live at Nambucca Heads?

Ms SMITH: Well, whenever we are recruiting, that is what we recruit, lifestyle. I find while the children do go away when they have finished their apprenticeships, they want to discover the world as well, they come back when they are ready for families because it is affordable housing and it is a lovely lifestyle, beaches, rivers, it is just fantastic.

CHAIR: Reanna, are you going to depart the mid north coast or are you going to hang around?

Ms GRACE: I think I would probably depart.

CHAIR: What is your plan?

Ms GRACE: I want to go down to Victoria or the Gold Coast, just because there are more opportunities up there.

CHAIR: What do you want to study?

Ms GRACE: Business and law.

CHAIR: You want to do business law?

Ms GRACE: Yes.

CHAIR: Would you see yourself coming back to be a country town solicitor or do you think you would stay in the city?

Ms GRACE: I think I would stay in the cities, just because I prefer cities over the country.

CHAIR: Because you were born here or born in the city?

Ms GRACE: Born here.

CHAIR: Do you find that your friends are all in that same mindset?

Ms GRACE: Yes. A lot of them want to go off to trades but they cannot do them here because they cannot afford it or something, so they would rather go to the army or the city.

CHAIR: Quite right too. You have not considered going to university at Southern Cross University?

Ms GRACE: I have but I would prefer going to the city where you would probably get that more experience being around more people who want to do the same thing.

CHAIR: So bigger firms and a bigger faculty?

Ms GRACE: Yes.

CHAIR: Wayne, that is a big boast to be able to bring your unemployment rate down to such an extent, bearing in mind that much of that 13 years there was strong economic growth in Australia but you have obviously capitalised a lot better than some of the other regions.

Those 8.2 per cent unemployed at the moment, be brutally honest, are they the unemployable? We got told this morning that there is lifestyle unemployment.

Mr LOWE: We have got a lifestyle community, people come up for that. But I look at this, 500 children a year coming out of the schools across the valley and all of those children want a future and a direction. I raised three children myself, two of them have left. One is in Karratha working as a logistics manager in the mining for Rio Tinto, the other one is a marketing manager, started with Ripcurl in Victoria and now is working—he is a lifestyle lad. My other one is an electrician locally doing switchboards but he is going to move to the bigger dollars as well too.

We cannot help that, but the trend is that they do come back. We measure that through Paul and his 106 staff that he has through the bus company. We let them go freely but we have them back just as freely, if they come back.

The number one thing that we find is that the children do not have the parental support and the family structure when they go away and it costs a lot of the local people big money, like it did to me, to send your children away and support them. Obviously this young lady and her parents will be doing the same.

CHAIR: Yes.

Mr LOWE: I see the importance of having that family structure while they do their trades at home rather than have to leave and you obviously find that in the northern rivers as well; if that has answered your question there.

Mr JAMIE PARKER: I am really interested in this vehicle body manufacturing cluster. Obviously we are here to talk about skill shortages but I just wanted to ask very briefly before I go to that specific question, the firms that are in this cluster, where did they come from? Did you bring them from other areas, other States or were they kind of home grown? Secondly, did you provide any particular incentives to get these businesses to come to set up?

Mr LOWE: Three of the companies were home grown, Mid Coast Trucks, Express Coach Builders and Sable Engineering. Kara Kar came from further afield and we had Maddocks Trailers there, but there is another trailer firm operating locally that has taken over them. We have a boat

building company that has been and gone.

Basically what I was looking for was it is good to have a group of companies that do not make the same products and they work really well as a cluster. I have got a cluster plan that I will give you before you go so you can read the things that we have done to support that in our regional area.

Mr JAMIE PARKER: Was that some kind of incentive or cheap land?

Mr LOWE: We just naturally had cheap land. We had land at 10 bucks a square metre and even now when we are talking—

Mr JAMIE PARKER: Ten dollars a square metre?

Mr LOWE: Yes, well even now when you speak, our land for industrial is \$60 a square metre, developed.

Mr JAMIE PARKER: Absolutely incredible.

Mr LOWE: We had that high unemployment rate, so they had a pool of people to draw from and it was a big pool. These are the things that were attractive to companies to move to the area. Not only that, a lot of people said to me the old cold calling does not work, but I did not believe in that. I moved 11 companies into the valley by seeking what we needed and going after them, searching out where they were. I found most of those companies in the western suburbs of Sydney, around the Seven Hills area there. I found most of those businesses owned their premises. Anyone further out west had 10 year leases and they were younger families, so they were not in that footloose area to move.

But in that band around say from Cronulla right through to Hornsby there, I moved dental manufacturing companies out of there. We have got two dental clusters starting to build now with two dental companies. They will move but it just depends on the life cycle that they are in. You can almost look at that by just looking at a Sydney map and see the further out west the bigger the leases that they are tied into.

The inner cities will not move because their properties are moving with inflation and getting better returns, so they are not going to move. But that middle band, people that are caught in all the congestion and are happy to go, and are going to realise really good money and come to a beautiful place like we have. They can realise nice properties on the waterfront and good factories and good lifestyle after that.

Mr JAMIE PARKER: I am still stuck on \$60 a square metre. You have outlined some of the issues about skills challenges. I know from the Mid Coast Truck perspective you have also struggled. Are there things that you have done that have worked in terms of addressing the skill shortages? Can you tell us a little bit about that; maybe it is TAFE or whatever it is?

Ms SMITH: TAFE have worked really closely with industry and through Wayne and the cluster that we have, we used to have to send our young people away to Tamworth on block release. So you had a 16 year old young person uprooted from the country and leaving his family for a week at a time living in a caravan park. So it was not safe and it was not healthy and it was not good for that young person. But that was our only training for a bodymaker for instance for the trucks.

So we have worked very closely with TAFE and because we have a strong cluster of networking, they listen to the voices of business and now I am really proud to say that Coffs Harbour TAFE, I feel as a business person, is one of the best TAFEs to deal with. All I have to do is speak to those people there and say I need this unit delivered or I need this kind of training for an apprentice and they move heaven and high water to help us.

They will do units or they will do a full apprenticeship but they cater to our needs. We now have on the job training for mechanics and for bodymakers or they come to TAFE and train. We are not losing them to Tamworth and so forth for block release.

I know there is an electrical firm here, Faircloth & Reynolds. They have to lose their boys on block release to Grafton I think it was. They are losing them to be refrigeration technicians to Sydney for block release because we do not have any training facilities here in Coffs Harbour.

Mr LOWE: Electricians go to Grafton.

Ms SMITH: Yes and refrigeration is to Sydney.

Mr LOWE: My son travels from Scotts Head to Grafton, which is at least an hour and a half travel each way to attend TAFE every week.

Mr JAMIE PARKER: Thank you for that.

Ms SMITH: The children at Macksville were getting on the bus, my son when he was doing an engineering certificate III, in the morning at 6.15 a.m. outside the house, we are only five minutes from town and he was getting back at seven o'clock at night; just to do an eight till four TAFE course. It is tough on these children. This is why we were looking at the training centre where we are in Macksville because we are situated near so much affordable industrial land, we need the training facilities.

The attraction for business to come here is the low cost of land. Our wages for a number of years were lower than Sydney and big cities. We could get our staff maybe three to five dollars an hour cheaper. So that was really attractive for businesses to move to the country. But now, as you have heard, with the mining boom, it is so hard to keep our staff. We are paying good money now, equivalent to Sydney but we still cannot keep them.

Mr MARK COURE: If I can ask a question about skilled migration, just changing tack a little bit. What is your experience with skilled migration as a strategy for addressing skill shortages in your area?

Mr LOWE: I work with the Chinese people and introduced them to Paul Hoffman of Express Coach Builders. After several interviews and talks with those guys, he just felt that communication was not something that—we are 99 per cent mainstream Australians and farmers and farmers' children. I do not know, Paul just felt that the communication level within the company was something that he would really have to struggle with.

Each time we sat down in a cluster meeting it was overwhelming, everybody standing there, but we want to train our own. Why have you got children sitting around here still at eight per cent unemployment? Why are we thinking about bringing people in from outside? It is just something that sits in your forehead and you cannot get past it.

Then Paul looked at people from England and Great Britain to come over. Once again, we looked at that but he is putting on about 35 apprentices every year locally. Then we went to mature age, to bring the mature aged people with semi-skills and re-skilling them.

Ms SMITH: Wages were killing them. They had a family to support in their forties or fifties and we were trying to train them as an apprentice but could only afford adult apprentice wages, which is still well below a normal adult labourer's wage. So that was really difficult.

Mr LOWE: Imagine our mainstream culture getting in the way. I do not think it is as

acceptable in our neck of the woods, it is not racism in any way, do not get me wrong.

Ms SMITH: No.

Mr LOWE: I just think they are just used to everyone being 90 per cent mainstream Australians on the floor and the communication level and that, so we just have not adopted it.

Ms SMITH: I found there were so many thorns on it; it just got too hard. Mind you, I am only an employer of 48 people, 50 people. I had to sponsor them, I had to bring their wife and children out and pay for that. Then I had to guarantee insurance. It just got so hard.

Mr MARK COURE: Bureaucracy, red tape and the whole lot.

Ms SMITH: It really got too hard.

Mr MARK COURE: With the unemployment rate, what was it again, eight per cent or something?

Mr LOWE: 8.2 per cent now.

Mr MARK COURE: If we can dissect that a little bit, how much of that is youth unemployment, but also how much of that is mature age? You touched on it just then actually, mature aged unemployment, people who are over 55?

Mr LOWE: In my job I wear many hats, I am manager of tourism as well. I see what comes through the visitor information centre and they are usually those people that are a few years off retirement. They are all going for that, I will do the voluntary hours at the visitor information centre. There is a raft of those guys. On the back of this report I put the economic profile. Our economic profile says we have tradesmen in our economy that are not working but we are not going to get them to work. They have either gone into occupational health and safety or they have got further professional development.

That is what we keep saying with the training, the children will come in and train as apprentices and as they go through their life cycle they will—like I was a pastry cook by trade. I am now manager of business development for the council in senior management. We all change and mature as we go on so we have to keep that regime of getting the youth in there and getting them disciplined and trained in trades. Then they can move on to progress into higher levels of education. That is where we see it.

Ms SMITH: We have to make trades interesting again. We have to make them valuable. A tradesman now, it costs 150 bucks just to call a plumber to come and look at your tap, never mind fix the tap. I know it sounds ridiculous, but when are trades going to make themselves sexy again or do something? We have to come up with some ideas to make tradesmen and women valuable and important and get that through to the schools at 15 and start training tradespeople. This is why we have the shortage.

Mr MARK COURE: The previous speakers today talked about having the vocational education training courses linked in with the higher school certificate where instead of doing the Australian tertiary admission ranking, you can do a vocational education training course that is in line with what you want to eventually do.

Ms SMITH: Yes.

Mr MARK COURE: Cabinet making, carpentry, electrician, all that sort of thing.

Ms SMITH: Can we start that earlier? That is my feeling with business and a lot of business people that I speak to in trades; they do not want the children to wait until they are in Year 11 and 12 to start an apprenticeship. I know Year 9 might be really pushing the boundaries for a lot of people in the schooling system, they do not think it is right, but what about Year 10 even? My son did one day at TAFE one day at work and three days at school to keep him in school in Year 10 and that was great because it gave him a taste of a trade.

Mr MARK COURE: It gave him experience. I think that is the key.

Ms SMITH: And got them in the real world, underneath people who are working for their money and earning a good day's pay and a good week's pay, and feeling valuable. They have got their hands on something, rather than just floating through school not knowing what I want to do. If I fail at that higher school certificate I am really up the creek. I think the whole programming has to change.

Mr MARK COURE: That is a good point.

Mr CHRIS GULAPTIS: I have not got much more to add to what Mark suggested but simply to also inform the Committee that Wayne has a pretty good reputation within local councils of being fairly successful with economic development and Nambucca shire has done exceptionally well. That comes from the business chamber from the North Coast. Congratulations Wayne, I have got to say that.

Obviously Adrienne what you were saying in terms of having a great relationship with TAFE and TAFE coming out to work on site and I know they have done that up in Maclean with the boat building industry. The problem is it is only part of the solution.

Ms SMITH: It is.

Mr CHRIS GULAPTIS: I think what you touched on before was probably a really important part with their PET training and to make it sexy at high schools again to make the trades attractive. It is very difficult when you have got a lot of career advisors at high school that are encouraging people who really do not have the capacity to go to university, and that is that they are not interested but they are forcing them to go through to Year 12 to do an arts degree which is really not going to make them anymore valuable to society or to themselves than a trades course.

Ms SMITH: I am so glad someone is so frank. My husband is a truck mechanic and he is extremely successful.

Mr CHRIS GULAPTIS: Quite frankly, that is what is wrong with a lot of country towns in particular, is the trades that we were expecting out of our high schools and out of our TAFEs are not there anymore. They have gone to do things that are—can I say more nebulous—it is frustrating from my perspective because we are not getting the nuts and bolts within our communities.

I do not know what the answer is but I think you did touch on it in relation to high schools.

Ms SMITH: Yes.

Mr LOWE: If I could say something there, one thing that I have learnt from that training, because it was something that we worked against, we did not work against it physically but just academically we threw in the negatives of it. The negatives were that they were being trained by a non-tradesman person on the ground and they were taking the benefits the business would have gained when they actually went to the floor, they were not going to be allowed to claim their first year claim for that apprentice.

Straight away you took away a financial incentive and then you told them that you gave them

experience from somebody who was a non-tradesman. There are two bug bears straight away. If you massage that it could probably work better but we have got a trades school there, we would love to say it is working for us but it is not. That is the fact.

Ms SMITH: I find the TAFE working with the schools is the best model that we have seen.

Mr LOWE: I think it works for some trades like hospitality, hairdressing, pastry cooking, those areas I think it works for but for the metals and engineering and the hard core skill shortages that I have identified in this paper here, I do not think it works in those areas myself personally.

Mr CHRIS GULAPTIS: Thanks Wayne and Adrienne and Reanna.

CHAIR: Regional relocation grants, have you felt that they have been used?

Mr LOWE: No. From my position as an economic development manager, I see that favouring, majorly the large centres, because most people move to the large centres. Under the previous Government when we had the relocation grants for businesses, that helped me move 11 companies into the Nambucca but the actual relocation grant you have to—

CHAIR: Do you think that was a defining reason or do you think that—

Mr LOWE: It was one of the tools in the tool kit so to speak, yes, most definitely, because it just offset some of those costs if you have to bring 17 semi trailers worth of stuff up the highway, some sort of financial contribution, because it is downtime, these businesses if they are going to move have to switch off and my job was to make that a seamless exercise.

CHAIR: Two weeks, yes.

Mr LOWE: That is what I worked really hard to do. I guaranteed those businesses that I could give them seamless relocation; that is why they decided to make the final decision. The whole lifestyle thing was begging in their mind, but the seamless relocation was the key and that is getting through all the town planning and all the set ups in council. We had them laid out so they knew exactly where they were going to be, their approvals were right, that when they made the jump they were safe. I think that is why I was successful in that area above others in my game.

CHAIR: Do you have a local program to supplement regional relocation?

Mr LOWE: No, we just use the advantages that were there, there was a high level of unskilled labour and a high level of industrial land at a low cost.

CHAIR: I do not think Mark has asked this question. What could the State Government do to assist you in your demand for skilled labour?

Mr LOWE: For the best possible way that we could have training facilities. I put it in here, they consult with us but they do not listen. They are just following political agenda. I am not knocking any political parties of any sorts. They are following what they want and they are consulting us as industry for the sake of consulting but not really listening or implementing anything.

CHAIR: At the end of the day Adrienne, it is essentially a training college?

Ms SMITH: We would love a training college and we have got all these young people. There are young families everywhere and we have got all these young people that can be trained. You know what, if we do lose them, they eventually come back. That is okay. But we are giving young people skills. They do not have to leave to get skills.

CHAIR: Sure.

Mr MARK COURE: You are talking about training college as opposed to more assistance for TAFE?

Mr LOWE: Well, we went down this road with on the job training. How does industry work with TAFE and the Government to deliver what we all want? We did that last time, we talked about it and we said bring the teachers in and train them on the job. I understand investment in bricks and mortar is the problem because no one has got the big bucks to throw all that around, but we have got a trades school sitting there, totally under-utilised but nobody wanting to adopt the concept that we are talking about.

Mr MARK COURE: Where is the trade school?

Mr LOWE: In Nambucca Heads, linked to the whole bus system. All the children can jump on the bus, wherever they are in the valley, end up there and get trade training, and it has got the infrastructure in there to do that.

Mr MARK COURE: How long has that been operating for?

Mr LOWE: Since 2009 we were successful on that one. But it is not training the skills and the needs that we have got at the moment.

Mr MARK COURE: In the region?

Mr LOWE: No.

Mr MARK COURE: It is not addressing the skills shortage list that you have identified?

Ms SMITH: No, that is right.

Mr LOWE: And the industries just are not taking it up. I do not know if it is industry's fault or whatever, but they are just not seeing that model as one that is beneficial to manufacturing.

Mr JAMIE PARKER: This is the big challenge and I am trying to be a bit respectful to my colleagues. TAFE has been smashed; \$800 million has been taken away from TAFE by the Government.

Mr LOWE: It has been slashed, I totally agree.

Mr JAMIE PARKER: This is the problems. I am not trying to make this political but the trade schools are a hopeless distraction. This is what TAFE said in the beginning, it is a hopeless distraction. You have got to actually invest and support TAFE. All the people that have come here have all said TAFE is good, it responds, it listens, it tries to improve, everything could be better. But this is the problem and the cuts to TAFE are going to hit regional areas the hardest.

I have got a TAFE in my electorate, Sydney Institute, which is massive, thousands and thousands of TAFE students there. It is a great TAFE. It is going to be the TAFEs up here that are going to be feeling the pressure.

Ms SMITH: Has anyone spoken to you about the cost to business of cutting the funding for TAFE? It is going to cost us \$4,000 on average to put an apprentice through his apprenticeship or her apprenticeship.

Mr JAMIE PARKER: You need to speak to your Liberal and National Party colleagues.

Ms SMITH: Can that be noted, the cost?

Mr JAMIE PARKER: Well it is being noted now, you are saying it.

CHAIR: Why cannot we use the same system that we had with the universities and just put that debt onto the students' tax bill?

Ms SMITH: Like the higher education contribution scheme are you saying?

CHAIR: Yes. I did three degrees; I inherited three lots of debts. I accept that as a cost of doing business and it has been paid off, because I had a higher income.

Ms SMITH: Higher education contribution scheme debts, I would love to know what is still outstanding in payments?

Mr JAMIE PARKER: Billions.

Ms SMITH: What is the percentage of repayment of these debts?

CHAIR: You can get that, it is actually not too bad but there are a lot of people that go to university, do the degree and decide not to go for the high income jobs. That is great, so society has got something out of them, because they are doing a low paid job, probably in the not for profit or in the non-government agencies, some go overseas and you never see them again.

I had absolutely no problem with it. I do not think that a mechanic or a plumber or a carpenter or an electrician really should have a problem with it either because most of them these days are pretty well paid and if they are not well paid that is pretty much their choice. My electorate is full of white collar tradesmen because they are people who have gone to do trades and have been very successful, often worked for their father or their uncle or whatever, but we call them white collar tradesmen because you go to the pub on a Friday afternoon and they have got the best utes that are immaculate, clearly do not go to the job sites very much, children are all going to non-government schools, they holiday every year in Fiji and they vote Liberal, because they are tradies but they are very successful at what they do.

I look at those people and if their sons and daughters are going to follow them into the trades, I would be very, very surprised if I said to them we are upping TAFE costs, but you do not have to pay it off until your child ends over \$50,000 a year. I would be very surprised if any of them, who are all aspirational, did not just accept that as a cost of doing business.

Mr LOWE: Yes.

CHAIR: I think that is the best way of putting more money into TAFE. I have absolutely no problem in subsidising a panelbeater or a mechanic through TAFE. I have absolutely no problem with that at all. What I do have a problem with and I think my colleagues would agree with me, although Jamie does not necessarily, but I have a problem with taxpayers subsidising macramé and pottery. I do not think that money should be spent in TAFE and taken away from those young tradesmen that are going to have 40 or 50 years as taxpayers.

Ms SMITH: The simple thing is do we have skill shortages in macramé and pottery? We have a skills shortage in electricians and mechanics and plumbers and whatever.

Mr LOWE: Speaking on behalf of TAFE, it is the foundation that we actually build our credibility globally on. We cannot change that. We have one area of competition in this country and that is at the top end. We have been hanging onto that for the last 10 years in the Nambucca,

manufacture a quality product and you will stay there. If you pull the funding from TAFE and we do not have those quality tradesmen there, regardless of how it is funded, to pull it from under you will be pulling out the foundations that underpin everything that Australians have been working for.

Ms SMITH: We have worked so hard for a benchmark. They are the recognised training organization. I do not know what it is going to be like—

CHAIR: It is a unique beast because now you can go and do a diploma in business administration at TAFE as well as your electrician's qualification, as well as your certificate III in civil construction.

Ms SMITH: That is flexible for business.

Mr LOWE: They moved right into soft infrastructure training via the internet because it was the only way that they could actually generate money. They could generate quick at cost effective ways. I watched the whole thing over the last 10 years move because I was competing trying to get our part of the pie. I am a bit the same as you, I think that those core trade training skills that we need, we need to invest in and the others, well they just have to pay.

CHAIR: The others are nice to have. I do not see why TAFE cannot use those other things as an income source.

Mr LOWE: Exactly.

CHAIR: There is always going to be the 60 year old retired woman who wants to go and do pottery and macramé but she has to pay a commercial rate for it and the TAFE can use that profit to subsidise those tradespeople.

Mr JAMIE PARKER: This is where I have to speak in defence of the arts. I am just going to put this out there, the macramé and pottery thing is a bit of a straw man. There are ceramics courses, for example, but if you look at electorates like mine, the arts is a massive industry in my community, whether it is producing television shows, whether it is exhibiting art, whether it is designing chairs, whether it is architecture, the creative industries are really important.

I think obviously we need to be prioritising where there are skill shortages. No one is saying that should not happen. What this Committee needs to do is actually get data, because as you are saying, 10 years ago it was a totally different set of parameters and the problem is a mismatch between a provision of the services, provision of the training and the data.

As we heard from Southern Cross University, they need to be planning 10 years ahead, because they have got to spend millions of dollars on infrastructure. You do not want to hear us. We want to hear from you. The important thing that I have taken from this is that in particular in regional and rural areas, we have got to get TAFE, councils, industry working closely together. This collaborative approach, this clustering is really important.

If we can do one thing, I think Mr Chairman, we need to be looking at recommendations to say that we want to be promoting and disseminating best practice collaboration between industries, councils, maybe unions, I am not sure what their involvement is in this area, together to try to generate that kind of collaborative arrangement, because we are all a community in the end.

Mr LOWE: They have taken regional development funding away from businesses under the O'Farrell Government, basically they could put it towards those groups that do cluster and group together and give those clusters the funding to help them achieve what they want as collective as a group, like the enterprise connect.

Mr JAMIE PARKER: Yes.

Mr LOWE: If you over a certain threshold you can group five companies together and go through together. It helps people work together and feed together and move. I think that is exactly where the funding needs to be. I have seen times where we have given companies money to expand and they have expanded for the money and failed, but if you give it to them as a cluster together, it is a common need that helps a group of five companies to be sustainable in a regional area, you would get far greater outcomes.

Mr JAMIE PARKER: Could I just ask a question about clustering, because people say if you look at the academic evidence on clustering it is quite strong, especially in the germination of the cluster, is sharing of resources. Someone might say you have got this piece of equipment which I do not have to buy because I can borrow it off you if I really need it. Is that something that you can tell us as an on the ground experience is real?

Ms SMITH: Yes, definitely that has happened.

Mr LOWE: That is the difference between when you have a cluster like Express Coaches and Bus Furb, we won the contract to refurbish the Sydney transit buses. Bus Furb from time to time, they are not a big company but they are just getting their piece of the action. From time to time Paul has needed an extra spray to spray a bus to get out on contract. So he has just sent all of his guys around to Kerry's spray booth, they have sprayed the bus, he has got his private contract for the mines and in times when that has happened to them, they have gone over to his and sprayed their bus without going to the expense of building another \$300,000 or \$400,000 spray booth.

Ms SMITH: Some contract might be over and they have got three technicians sitting on the floor and the next contract has not come through, they will ring someone else in the cluster and say we have got three boys here, we are a bit worried about the workflow, can you handle it? Yes, we have got an over-supply at the moment so come and work for us for a month or whatever until things even up. So you are not losing the skilled labour out of the area.

Mr JAMIE PARKER: That is something that rural and regional towns can do that the city does not do so well, because it is all about competition in the city. Do not give them a go because they might try and take our business down the track. But in rural and regional New South Wales the corporation model seems to work a lot more effectively. It is a more efficient use of resources.

Mr LOWE: Kara Kar had the equine influenza and their business was shut down. They had 48 full time staff at that point. So what we did, we shared those tradesmen amongst the businesses and then we gave them back when they were ready to run again. That might have been three or four months that they were down.

Ms SMITH: You just knew you had that person.

Mr LOWE: And they knew they had their people to take back as well. That is true clustering. That is why I believe we have got the true cluster model in New South Wales. Others are big networks supported by mining companies and have mining executives sitting on the board, here we have industry people working and talking together in a regional area, which is a true clustering model.

CHAIR: Adrienne, just to clarify one question, how many jobs have you got vacant in your organization?

Ms SMITH: At the moment I could easily do with another few technicians, truck technicians to be able to work on the trucks, a bodymaker to build the truck bodies and chief operations officer.

CHAIR: What happens if you do not get those staff? How are you looking to recruit them?

Ms SMITH: We have used newspapers, we have used radio, we are using employment agencies, word of mouth, we have used Wayne in his capacity.

Mr LOWE: Facebook. We targeted through Facebook and Google AdWords. As soon as we heard the mining industry was going through a downturn, I set up a Google Facebook AdWords so when anyone has put in a new job, my ad zipped up beside them on Facebook and said hey, come to the Nambucca Valley. I had about 250 applicants but we actually did not move any over.

CHAIR: Which is the most successful do you find Adrienne?

Ms SMITH: I get a lot through SEEK but the quality and the suitability is not as good as probably through the local papers or the council or networking, word of mouth. For instance, I had a couple of gentlemen apply for an accounts type role, they were qualified accountants, only accounts payable/receivable, so very clerical and I found it extremely hard over the phone to speak to these people. They were new to the country; I do not know whether they were in on visas or what. But it was extremely difficult to even understand over the phone. They were willing to move from Perth, so I am assuming they came in to work in mining, I come to your house today. They just could not understand the way we do it and the procedure. It was very difficult. I could not understand them.

CHAIR: Given the demographic of Nambucca Heads, this is the issue that we had in Dubbo, they said with the section 457 visa applicants coming in for the mining industry, it is a big cultural shock.

Ms SMITH: It is a shock. Do you know where I am? The east coast. Have you Googled my business? No, no, but I come. It was really difficult, very challenging.

Mr LOWE: We had 10 Asians and they own the Chinese restaurants, which we love them for that and the Thai places.

Ms SMITH: The biggest thing that I want to convey to you is skilled young people. We need to harness that. We need to train them and we need to keep local people.

CHAIR: Train them locally.

Ms SMITH: Keep local people in the area.

CHAIR: That is a theme that we have had for the last two days. In conclusion, are you finding you are losing staff to the mines?

Ms SMITH: We have done, they are more the young boys.

CHAIR: Unskilled?

Ms SMITH: No, technicians, yes, skilled.

CHAIR: In other words, someone you do not want to lose.

Ms SMITH: They are bodymakers or a truck technician.

CHAIR: Are they coming back?

Ms SMITH: They have not as yet but they all say we will be back when we have children,

because we can afford a house here and we love the lifestyle.

Mr LOWE: My daughter and son in law, they are buying a house from Karratha in the Nambucca Valley.

CHAIR: We gave you nearly an hour.

Mr LOWE: We really appreciate that.

CHAIR: We do appreciate you coming up. We may have need for further communication with you. If we do that, it will be via email. Just so that you are aware, whatever you respond to us with or anything further you give to us while this Inquiry is going on, either responses to questions from us or any supplementary information you want to give us, that will be a public document as well. So do not give us anything commercial in confidence and certainly do not under any circumstances criticise the Chairman.

Mr JAMIE PARKER: That is my job.

Mr LOWE: I do not have any of those but I have got some papers to table.

CHAIR: At 3.45 p.m. we will declare today's deliberations over. Thank you to Dr Groves and Mr Hale for spending your Monday with us here in Coffs Harbour in the rain.

(The witnesses withdrew)

The Committee adjourned at 3.45 p.m.