

REPORT OF PROCEEDINGS BEFORE

STANDING COMMITTEE ON STATE DEVELOPMENT

**INQUIRY INTO SKILLS SHORTAGES IN RURAL AND
REGIONAL NEW SOUTH WALES**

At Parkes on Wednesday 23 November 2005

The Committee met at 11.00 a.m.

PRESENT

The Hon. A. Catanzariti (Chair)

Mr I. Cohen
The Hon. G. J. Donnelly
The Hon. P. Forsythe
The Hon. M. J. Pavay
The Hon. C. M. Robertson

CHAIR: Good morning, ladies and gentlemen. Welcome to the fifth public hearing of the Legislative Council Standing Committee on State Development as part of its inquiry into skills shortages in New South Wales. Today the Committee will hear evidence from representatives of the local shire councils, participants in local industry, members of the Orana Regional Development Board and Area Consultative Committee, and representatives from Charles Sturt University and the Western Institute TAFE.

Evidence given to the Committee is protected by parliamentary privilege. This means that witnesses are given broad protection from action arising from what they say, and that Parliament has the power to protect them from any action that disadvantages them on account of the evidence given before the Committee. However, witnesses should take care not to defame individuals. I also remind you that the giving of false or misleading evidence to the Committee may constitute a contempt of the Parliament.

As for the media, the Committee previously resolved to authorise the media to broadcast sound and video excerpts of its public proceedings. Copies of the broadcasting guidelines are available from the table by the door. In reporting Committee proceedings, the media must take responsibility for what they publish, including any interpretation placed on evidence before the Committee. In accordance with these guidelines, while a member of the Committee and witnesses may be filmed or recorded, people in the public gallery should not be the primary focus of footage or photographs.

Under the standing orders of the Legislative Council, evidence and documents presented to the Committee that have not been tabled in Parliament may not, except with the permission of the Committee, be disclosed or published by a Committee member or by any other person. A transcript of the evidence presented today will be available on the Committee's web site at www.parliament.nsw.gov.au. Witnesses, members and their staff are advised that any messages should be delivered through the Committee clerks.

ROBERT IAN WILSON, Mayor, Parkes Shire Council, P. O Box 337, Parkes, 2870,

CHRISTOPHER JOHN DEVITT, General Manager, Forbes Shire Council, P. O. Box 156, Forbes, 2870, and

ROGER WILLIAM BAILEY, General Manager, Lachlan Shire Council, P. O. Box 216, Condobolin, 2877, sworn and examined:

CHAIR: Do you wish to make a brief opening statement prior to questions?

Mr WILSON: I would just like to extend a welcome to the Committee. It is a delight to have you in our community. Something that is starting to be of great concern to us is the fact that we seem to have a deterioration in skills training with one thing or another across-the-board. We made representation to our local member and I am pleased that your Committee has seen fit to come and take evidence today in Parkes because there are some exciting things happening and some significant skills shortages. As mayor, welcome to Parkes. I hope your stay is enjoyable. I hope that the information you glean from the people who will be giving evidence today will be of benefit. Certainly, we want to see regional New South Wales grow and benefit.

CHAIR: Mr Devitt, would you like to make a short opening statement?

Mr DEVITT: No, thank you.

Mr WILSON: I have given my welcome. I would now like to give you an overview of some of the skills shortages that have prompted us to make representation to our local member. For many years we have been very proactive as a council in trying to encourage, develop and attract industry to our town. We have been so effective in some cases that some Victorian firms have come to the area, such as Transtank, which will be coming to give evidence this afternoon. They indicated to me that they have between \$5 million and \$6 million worth of labour since they have been here and the company has grown by 400 per cent to 500 per cent since relocating to Parkes but, unfortunately, skills shortages, particularly with welders, boilermakers and metalworkers, have been so severe that they have virtually got to import their products, which means exporting jobs.

Mr Harrison, who will be giving evidence this afternoon, will indicate to you the extent of that. That is an embarrassment to me as mayor because, having gone to the trouble of selling the advantages of coming to regional New South Wales, they then get here and they cannot find tradespersons. We did a survey in the metal industry and we would have positions available for 16 welders and three boilermakers. That is a lot of jobs that could be put into the community. The other area where we are having great difficulty in attracting skills persons, even though we have comprehensive and very generous study packages for trainees in engineering and administration that we put together and we pay the Higher Education Contribution Scheme fees and books—

The Hon. MELINDA PAVEY: That is the council?

Mr WILSON: Yes, we still have great difficulty in attracting young trainees into local government, whether it be administration, engineering, health and environment, or town planning. All councils are suffering. There is an alliance with Forbes and Lachlan based at Condobolin and with Weddin based at Grenfell with respect to road safety officers and we are now looking at occupational health and safety officers that we can employ collectively as an alliance.

I have seen TAFE work with business and from 1966 to June last year I always had one or more apprentices on my staff on electrical or refrigeration disciplines. I have recently sold out but towards the end of the period the local TAFE went from being able to do one or two years automotive electrical work to not being able to do any at all and my apprentices were travelling to Tamworth and doing block release. Normally the apprentices we were employing at that particular time were ones that had done their Higher School Certificate because we found the School Certificate skill requirements for problem-solving did not equip them well enough to be able to handle the course.

Auto electrical is a problem-solving type of field and I always have complaints about people having to employ the older apprentices to be able to cope with basic maths skills.

There is a shortage in all trades because we have been through a period where everybody who has been a blue collar worker or who has worked with their hands have wanted their kids to go into the white collar field and get university education. We are now in the situation where you can make a better living as a tradesperson than you can with a university degree in some cases and we have a shortage. We used to train an enormous amount of electrical apprentices in Parkes when we were the headquarters of Central West County Council, which is now part of Country Energy.

Country Energy, I will admit, has begun the responsibility of training and they have actually developed three training centres within New South Wales, one of which is in Parkes, but it is really catering to their needs for line work, whereas before we used to put through an enormous number of electricians through the Parkes TAFE. My concern is that we have underfunded TAFE to the stage where now it is difficult to be able to deliver the courses that we require for trades.

We have also worked in conjunction with adjoining councils such as with Western Institute, where we did a survey on how we can lift the level of university participation of our kids because the area bounded by Parkes, Cowra, Weddin, Forbes and Lachlan has the lowest university participation rate of anywhere in New South Wales. Professor Battersby will be able to give you more information of that later this afternoon. Collectively as councils we instigated a study to see how we can bring university and tertiary education closer to our people. The biggest participants we anticipated were those mature age students, which has been the case in Dubbo where all but 15 per cent of their participants are mature age students.

We are in the process of developing a centre to be able to do telecommunications and we were actually making representations to the Federal Government for funding to be able to have a telecommunications centre so that students could do their external studies without having to travel hundreds of miles. Like every other centre in New South Wales we are bleeding to death because of skills shortages. We have enormous potential, as you will learn from some of the manufacturers that will be here today. I am sure the same applies in Forbes. I thank you for the opportunity to have my say because it is sad to think you work so hard to get industry here and then find you cannot get people to take up the job because of lack of trades.

CHAIR: Would you like to add anything?

Mr BAILEY: I would like to reiterate what Mr Wilson said.

Mr DEVITT: The contract impacts on local government, firstly at a professional staffing level. We have had all sorts of difficulties attracting and retaining good competent staff. For example, the position of Director of Technical Services at Forbes, it took six months to fill and that was a package of more than \$100,000. The first time round the applicants were up to the task, but they were at the tail end of their career, ready to put their feet up and have a bit of a snooze. At the other end were the upwardly mobile, without the life and career experiences to do the job as we wanted it done. The problem is we compromise and so we will take what we can, which is not always what the organisation needs.

To decrease the pool of quality staff leads to different consequences: work not done to the right standards, and things are missed. Probably more prevalent is in the town planning area, which you would have been made aware of. There are all sorts of problems attracting town planners. Again, it is the nature of the business that the poor, old council planner has to tell the developer what he cannot do and he cops it from the developer. They get out of that job and go into private industry and work on the other side of the fence where the wages are higher and life is a bit easier. For example, at Forbes we had a position for a town planner. Thankfully a young bloke had moved onto the family farm in the shire to run a dairy. He works for us 10 hours a week and another 15 hours at home, and can run his dairy. That is not ideal, but he was available and we need to take opportunities where we can get them. It is a lifestyle mixture.

Another example is that the entire planning staff at Dubbo went to DIPNR when it was created. So councils lose experienced staff. We need to do it right. From the Forbes perspective, we

have the Lake Cowal gold mine to the south. They cannot get workers, and they pay good money, as does much of the industry. But there is so much other activity happening in Western Australia and other places that poach good staff from our council and we are left with the crumbs. And that is how things roll around. In the short term, we could get away with one or two but every time we are diminishing the pool, and that has long-term consequences. That leads to the social and economic impacts, the brain drain. The young high achievers are attracted to the bright lights of the city. There are not many opportunities in rural areas and we are starting to lose the cream of the crop.

We have a young girl with us at the moment doing temporary work. The Macquarie Bank is chasing her. She is quite a bright girl and no doubt will go where the opportunities are. Good luck to her. But we miss out, again. In the medical area, in Forbes it is becoming expected that we provide a walk-in walk-out medical practice. Doctors are unwilling to buy into a practice in a country town because one day they will have to sell out and it may not be an easy market to sell. Generally, in a lot of councils, including Condobolin, it is the same. They walk in and do their job, and walk out. That is the strategy the local government is adopting to ensure we have good medical services. You do not get those sorts of people anchoring in town and becoming involved in the community, such as a family doctor. Health care can be a compromise, because of the fairly regular turnover. There is no continuity of service with a family GP.

In the trades area, as Mayor Wilson indicated, that is a big issue. The tradesmen are flat out and they can up their rates because it is supply and demand. The people who can pay do get their work done, but those who cannot pay miss out. It is a diminution of their quality of life when they miss out. Other social issues are skilled trades. We have had a significant decline in the two high schools in Forbes—the Catholic and the State high schools—and the flow-on effect is that they cannot justify the number of teachers, so the teachers leave and there is a snowball effect. That is awkward. There are concerns about apprenticeships and TAFE. This morning we were discussing the chicken and the egg situation. If councils are not putting on apprentices, TAFE will not offer the courses, but if the courses are only at Orange, or somewhere else, they will not go. A horticultural student at Forbes has to travel 1½ hours to classes in Orange.

I have identified a few strategies we are putting in place as alliance councils have worked out. The University of Newcastle has an UNISS program, which is industry scholarship program. The council is looking to put engineering students through that program so they will study and come back to work in the hope that we will hold them in our area. It is a bit of a concern when the two Forbes high schools, with 500 students each, has not one student coming out at the end of the year who could even apply for an engineering course because they have not done the right maths and science classes.

We need to get to those students in years 7 and 8, the get them thinking about technical careers. They need to pick the right pathway at that time to go into the pool, so we can pick from that group. It is a long-term project. Local government recognises there is a need that we have to address. Again, with doctors, apart from attracting them, there are concerns about the building where they work. We built units in Forbes and offered cheap subsidised rental, and pay up to \$4,000 cash to attract medical practitioners. It is obviously seen by the council as a need in the community, but it is another cost to council. And the snowball keeps rolling. It makes it tougher to deliver services to the community.

Mr BAILEY: I support what Robert and Chris have said so far. I will expand on some things Chris mentioned about council staffing. We experienced similar problems in Lachlan Shire Council, probably a little worse than Parkes, we are a little further west, about 100 kilometres from here. I have similar stories to what Chris said about trying to attract professional staff to Condobolin. It is a very limited pool at the moment. We have had incidences of trying to attract people to professional positions and we get only one application. One position was for Manager Operations, probably paying \$75,000 plus superannuation and a vehicle, and we had only one application.

Again, we have to draw the line between trying to compromise our job and getting someone in to do a job. We have had other incidences where we try to attract other professionals. We have had similar problems with trades to such an extent that once we could recruit people with a truck driver's licence. The market does not have that any more, I do not know why that is so in rural areas. But employees come to us with just a basic car licence, we have to train them up to the truck driver's licence. Once upon a time just about everyone coming into a job had a truck driver's licence.

Again, Chris has mentioned difficulties in attracting other professional people to our community, such as doctors. In our situation at the moment every doctor who is living in the Lachlan shire, about six at the moment, has trained overseas. They are coming out this way to try to earn big bucks. They are coming later in life, two are younger, but the others are over 50. They come out our way to try to earn big bucks because they cannot make that money in closer settled areas.

The Hon. CHRISTINE ROBERTSON: Doctors in the country do earn a lot more money. I am interested to know why local government areas right across the State are investing in so much housing and supplying offices? It would be a tax deduction anyway, would it not?

Mr BAILEY: It is because there are so many communities looking for them.

The Hon. CHRISTINE ROBERTSON: I understand why the doctors are coming. They earn a lot of money in the country if they get attached to the hospital and get everything provided. They hardly even bother billing.

Mr BAILEY: But they have to work very hard.

The Hon. CHRISTINE ROBERTSON: Yes.

Mr DEVITT: Yes, the first question anyone coming to Forbes asks is how many doctors, how many schools. The feedback we get from the community is how could you possibly protect the number of doctors; they are such an important part of the community for those who want to come.

The Hon. CHRISTINE ROBERTSON: Do city doctors know how much country doctors earn?

Mr WILSON: Yes, they have a pretty good network. It is the quality of life and the lifestyle and the fact they are not on call. Also their spouses, as a rule, usually have a profession of their own. Quite often the spouse is in a specialised profession that you do not normally find in a small country town, even of 10,000 or 15,000 people. There are positions that doctors' wives take. That is one of the big disadvantages. We have collectively evolved a country doctor scholarships to assist with the training of doctors. We have not seen the results of that as yet. They will find some bright new lady who specialises in rocket science or something.

The Hon. CHRISTINE ROBERTSON: Can you not set up a rocket science faculty?

Mr WILSON: We are pretty close to the centre of the universe with the dish, but we are not into rocket science. It does not help that schools are not offering chemistry and physics.

The Hon. MELINDA PAVEY: Where they are subject to choice.

The Hon. CHRISTINE ROBERTSON: Is it because spaces in those courses are not available or are students channelled into that at a young age? That is what has happened in places such as Tamworth.

Mr DEVITT: Kids choose the soft option subjects. A fair few children have physics and chemistry. I have had two children do the HSC and they worked their tails off. But the ones who chose the softer options got 99 UAI's. That is the reality.

Mr BAILEY: I would support basically what has been said.

The Hon. PATRICIA FORSYTHE: Thank you for the welcome. I assure you that we do not need lobbying from your local member to understand that Parkes is an important place to visit. You talked about TAFE and the loss of options. For example, automotive engineering courses used to be offered in years one and two but now they are not available. Has the council sat down with TAFE to explore the needs of the local community and what TAFE is offering? If not, why not?

Mr WILSON: As part of our collective we spend \$20,000. Tom Murphy from the Western Institute did a comprehensive assessment of the needs and tried to come up with a strategy to do that. In addition, we have had the closure of a large wool processing plant, which has been shifted to China. We were delighted to have that in our community. It worked hard. We had it for 11 years—I suppose we should be grateful for that. All that plant has been transported to China. As part of that process we said to the owners that we would like them to make a parting contribution—something that has been done in Dubbo. When the Nestlé Corporation left Dubbo they made a contribution to the local youth. Their parting offer of \$50,000 was subject to the State and Federal governments matching it in ongoing training. We were lucky that there were only 19 people at the end of the closure, from 108 employees at Austop, that we had to find retraining programs for.

We have a development application [DA] before council for a 500-person retirement village. Apparently a considerable amount of research and statistics gathered along the coast show the cost of people moving into private retirement villages. It has got to the stage where they cannot afford it and the offer to move to places such as Parkes, where you have a good quality of life and a reasonable climate—and you can do it for about a third of the cost on the coast—is attractive. They have done a lot of research on that. It will ultimately move to a 200-bed nursing facility. But that poses another problem: Where do we find the people to look after the 200 people in the home? One of the areas we looked at was aged care and trying to get TAFE and the university to put together a package to offer aged care courses.

The other area was transport logistics. In future two main developers are going to move to Parkes and they are talking about employing 200 to 300 people in warehousing logistics. You have to load trains so that they are actually loaded and you are not shipping air around the State. When you go to an organisation that can load a train—every carriage within 5 per cent of the load—you do not do that by accident. It requires a great deal of skill. They were the two areas that our negotiations with Elders led us. We had discussions with Professor Battersby. We have had discussions with TAFE. An association has developed between the Western Institute, TAFE and Charles Sturt University so that people can do a certificate diploma and have those two years accredited towards a university degree. There are a lot of advantages in that from a student perspective because you have two years of HECS payments off your bill. It is a great scheme if we can tailor make the courses and the curriculum to suit the needs of our area.

The Hon. PATRICIA FORSYTHE: You have had the discussions. Have you been successful in nailing down the courses and a commitment to that training?

Mr WILSON: I had a meeting two weeks ago with Professor Battersby to see just where we go. Part of our process will be around an access centre but it is very hard to get. I have letters from TAFE indicating all the courses that are available. Some of these courses need to be developed. To the best of my knowledge, logistics is only offered from one university—one campus—in Victoria. You can break up logistics into stock control and warehouse management and then you can go into the serious side of transport logistics. It lends itself perfectly to that. But I cannot seem to get the support, the inclination or the will. The Federal Government is not at all interested in helping if there is State involvement in TAFE because they have an agenda to do another TAFE thing. All that will do is destroy the last remnant of the TAFE system. That worries me enormously. If you build a duplicate in Dubbo of the existing TAFE facility, as they have promised, and even if you specialise in only a quarter of the curriculum opportunities, you will wipe out Dubbo TAFE.

The Hon. MELINDA PAVEY: What courses are proposed at Dubbo under the Federal plan?

Mr WILSON: The Federal people have proposed a TAFE.

The Hon. MELINDA PAVEY: What courses?

Mr WILSON: They have not even got that far.

The Hon. MELINDA PAVEY: What courses do you need in Parkes?

Mr WILSON: Some of the courses we have in Parkes include welding, for example, but we need participants.

The Hon. MELINDA PAVEY: So you do not have enough kids to do welding but you have welding courses here.

Mr WILSON: Yes.

The Hon. MELINDA PAVEY: But you are not attracting enough children to do welding.

Mr WILSON: Or to the second or third stages. That is the difficulty: They have to travel away to do that. You need to be able to train in aged care the women who want to come back into the work force.

The Hon. MELINDA PAVEY: Is that for the aged care development. Is it happening yet?

Mr WILSON: It is happening now. It is real.

The Hon. MELINDA PAVEY: I thought you said before that the plans were before council.

Mr WILSON: The DA is in. But we already have large aged care—we meet the Federal Government's statistical supply. We are oversupplied as far as aged care beds. Those beds will have to be exported from somewhere else and brought in. That is what the developers intend to do.

Mr DEVITT: I will expand on where we are going. We had a dialogue with TAFE. I suppose it is only come to local government's realisation in the last couple of years that we must be involved in other things, such as education locally and so on. We are learning as we go to establish relationships with the necessarily people in the TAFE system so that we can sit down and say, "Where are you going?" Two or three years ago those discussions did not happen. We thought the TAFE people are over there, that is their job and we are council. But our role is becoming broader and we are taking a proactive approach. The Western Institute of TAFE has centres of excellence around the area. That gives us some hope that there is a way forward and we can do that within the bounds of the Western Institute.

The Hon. GREG DONNELLY: In terms of the Mid Lachlan Alliance, can you give an overview of how it functions, its structure, the regularity of meetings and so on?

Mr DEVITT: Essentially, we have created a two-tier alliance board, which comprises the mayor, deputy mayor and general manager of each of the four councils. We meet on a two-monthly basis to discuss the big picture issues to set some directions and to look at the broader aspects of local government in the four areas. There are three technical groups based around the council structure. You have the engineering group, the environmental health and building group and corporate services. Council staff from each of those areas get together and address needs by running joint policies and looking at training programs. There are a lot of benefits straight away in those people coming together. Some councils have only one or two of those people so they do not have other people they can bounce ideas off. The groups are a bonus, apart from sharing the workload. That has been running for about 15 months.

Mr WILSON: It had its genesis long before that in opportunity contracting in auditing. We tendered our auditing when we purchased joint equipment—sophisticated monitoring equipment—that could be shared by the other councils. We are trying to broaden the function of it. We rotate the Chair. There is a requirement now for councils to be able to document every little function and activity. Something like 32 per cent of our time is spent in administration rather than on putting the money back on the ground because of occupational health. We need human resources documentation. We are talking about having a single officer for human resources. Design engineers are scarce. We have to compete with the Roads and Traffic Authority [RTA]. We will get a design engineer and the RTA will offer him an extra \$10,000 or \$20,000 a year, so off he will toddle to the RTA. That is very difficult for us. So we collectively thought that we would corporately restructure a design team corporation so that we can match the salaries of the RTA and do design work for the four councils. That is still under preliminary investigation.

Mr IAN COHEN: You have raised a few interesting issues. Mr Devitt, how much is the loss of skills in council due to State Government legislation? For example, the planning laws have effectively privatised many of the functions of council so they are often in the private sector. Has that hit your regional councils hard?

Mr DEVITT: It is probably has not hit as directly the private certifiers in regional areas. I think it is a slow-drip process. For example, we put a guy through a health and building apprenticeship. He got to the end of his course and another bigger council in the region offered him \$10,000 to leave. So we did the hard work. The other council did that because they lost a position further up the chain. I do not know whether there is any direct impact from the legislation. It is very important work.

Mr IAN COHEN: There is a shortage of council planners all across the State.

Mr DEVITT: The level of regulation they must work with is making the job tougher. On the other side the developer is trying to do the right thing by the community, which is a challenge.

Mr IAN COHEN: It is challenging that we hear about apprentices being trained but you cannot keep them in one area; they go off to lucrative jobs. There is a skills shortage and you talk about welders. These are reasonable kids but you cannot attract them to this area. Is there any strategy that might work, other than the benefits of cheap living and real estate in the area? Perhaps you are not prepared to pay the money to keep the people here. I know that you do not have a limitless, bottomless barrel, but you do have to recognise the problem. Do you have ways to make it work for these people?

Mr DEVITT: Local government has not sold itself well enough as a career option and we need to get to students at years 9 and 10 and say, "This is a good, challenging job with many opportunities" and let it be a career of choice. As an industry we need to do that to build up the pool of people who want to work in local government to make it more attractive and allow them to move between councils so that the total pool to pick from will grow.

Mr IAN COHEN: How many apprentices does Country Energy train and how does it keep its apprentices after training?

Mr WILSON: It is a statewide body but it is a huge organisation and they have three training centres, one of which is situated in Parkes. One of the problems confronting the regions at this stage, and it is about to manifest itself in the Lachlan region, is the mines. We have stood on platforms taking different sides of the fence with mining, but it has done an enormous amount for the economy. However, when a mine comes in, it bleeds tradespersons out of the community. Take the Lake Cowal project. They are stealing expertise from Northparkes and if the new mine comes on line, there will be further stealing. Anyone who has looked at the economy or the ability of farmers to be able to pay, you can earn in Sydney twice as much per hour as what you can charge in business in a country area.

The Hon. MELINDA PAVEY: Not in the mine?

Mr WILSON: No, but we cannot charge the double rate to match the salary structure that a mine is paying.

The Hon. MELINDA PAVEY: It costs half the amount to live in the country.

The Hon. CHRISTINE ROBERTSON: You spoke earlier about some statistics in relation to tertiary qualifications. Was that a lower number of people with tertiary qualifications or a lower number of people going to university?

Mr WILSON: Participants. Professor Battersby will be able to give you those figures.

Mr BAILEY: We talked about the ability of councils to pay. We are very limited in our resources and for that reason our ability to pay cannot be compared with a mining company or industry. For instance, rate pegging is an issue that we have to take into account. We are limited in our funds. Many of our city cousins are able to raise additional revenues from other areas that we cannot.

Mr DEVITT: When you have a good staff member, as we had with this guy who was poached, we had to ask ourselves, "Do we have to up his pay to keep him", which would cause discontent to our other good and loyal foot soldiers. There is only so much in the wage pool that you can play with because our ability to generate income is fixed.

The Hon. MELINDA PAVEY: Are you keeping a register of the shortage of unskilled and skilled labour in your region to test other marketplaces, knowing the wage rates and opportunities that are here, all the positive stuff?

Mr DEVITT: It is pretty much anecdotal.

Mr WILSON: We have actually telephoned and connected with the areas where shortages have been drawn to our attention and within our own industry organisations and municipal administration.

The Hon. MELINDA PAVEY: For the council?

Mr WILSON: They are creating and promoting these things.

Mr BAILEY: We do not have any statistics at this point in time.

CHAIR: On the farms, what are the farmers saying to you about labour shortages?

Mr DEVITT: There is a huge shortage. They cannot get people. They cannot match the wage rates of other industries. Typically, their children have to stay on the farms much longer. The other consequence is that if they have to sell out, they have to go over to the multinationals and you start to lose all the benefits of the diversity that those people bring to rural communities. We are finding that happening in the Forbes shire as well and people are leaving rural areas to go to the city.

The Hon. CHRISTINE ROBERTSON: What sort of farms?

Mr DEVITT: General labouring, equipment and irrigation.

Mr BAILEY: Over the last few years many of our farmers have been downsizing to a certain degree with the drought. We have been hard hit in this area. We have not had any significant water allocation for our irrigators for several years and our dry-acre farmers have not had any income coming in, but as things improve that will change.

Mr IAN COHEN: Have miners been hit the same?

Mr BAILEY: I cannot comment for the ones in our shire at the moment. I am not sure how Cowal has been hit.

Mr DEVITT: Local government encourages industry but you are not collecting enough in terms of resources to balance out crops in the community and those types of water allocations are not done by council.

Mr IAN COHEN: I am talking about all sorts of things.

Mr WILSON: If you go down that path, you get a return of 4,000 per megalitre whereas if you water dry land farms you get 40 megalitres return if you go into rice farming.

Mr IAN COHEN: Are you talking about councils getting that return?

Mr DEVITT: No, the economic benefits to the community.

Mr IAN COHEN: I am talking about local councils.

Mr BAILEY: I was not talking about it from that point of view.

CHAIR: We have other witnesses. I take this opportunity to thank you for the use of the premises and to the stuff you have provided and refreshments. We appreciate it. We thank you for your submission, your attendance and your contribution today.

(The witnesses withdrew)

NEIL HARRISON, Director, Transtank Pty Ltd, P. O. Box 936, Parkes, 2870,

JOHN SIMPSON, Managing Director, Parkes Steel Products, 58 Clarinda Street, Parkes, 2870, and

ROBERT COLIN HADDIN, Manager Director, Bosmac Pty Ltd, 64-68 Station Street, Parkes, 2870, sworn and examined:

The Hon. PATRICIA FORSYTHE: Would anyone like to make a brief opening statement?

Mr HADDIN: Bosmac is known as a multiskilled company but today the number of employees is probably the lowest it has been in the last three years, taking into account that the drought has caused a downturn in rural business and that we actually had to export job places, plus maintenance and rebuilding of mine equipment as an engineering company. Our problem is not a shortage of skilled labour. In our factory at the moment, even though they might be classed as skilled, they are probably not as skilled as they should be. I have been taking notes as to what I consider to be our problem and even though we train the apprentices, I could divide it into three areas: skilled training, TAFE training and government policies, both State and Federal, which we see as the problem area.

We have found that the students we are getting from the schools are not the top students. We believe this is the case because schools are downgrading the importance of trade skills in the community so the status of trade skills is no longer in the community here. The training they get at school now in maths does not assist them in the trade. The fact that we went from a five-year apprenticeship to a four-year apprenticeship on the understanding that students coming out of the schools would be actually pre-trained in some of those areas is just not happening. This year we have given up on some apprentices at the end of the day. We carry three apprentices at the moment. We would like to carry four, say one a year, but there is not the quality.

The whole community will eventually find if we cannot have good apprentices we will not have good tradesmen at the end of the day. The other problem is TAFE itself. TAFE has not gone to the steps of providing a service where the service is required. We now have to send apprentices to Orange or Dubbo. How can they get there if they are only 16 or younger and do not have a driver's licence? Their mum or dad has to drive them. They go for block relief and the amount paid for the living away from home allowance is ridiculous. People who set those rates should try to live on them. A 15- or 16-year-old student who is living away from home in Parkes or Orange faces a big change living in a population of 30,000, a change from 10,000. There is a lot more temptation in the larger population areas.

TAFE needs to provide services in the local area. We are sending apprentices from Parkes and Condobolin through to Orange because of political moves with TAFE. We find the skill level with TAFE is very good. The skill level is, but the problem is not; they cannot work out how to do the job. They can weld, they can turn, but they cannot think for themselves. I do not know if this is coming from the school stage, but problem solving is a real problem to us. In our business we have to send employees away, to go to breakdowns and different jobs. They do not go with supervisors, we might send two people together and they have to work it out for themselves. Problem solving is a really big problem, apparently. They pay low wages, and you have to remember that engineering is an international business these days. We compete with Chile and all sorts of places. That makes it very hard.

In the trade, and we are always underpaid compared with plumbers and electricians and other health-related employees. The world market today that we work in sort of determines that. We do not think that is attracting the tail end of school students. The other costs which government has put upon business, such as occupational health and safety costs and costs of training on-site, has flowed through with government subsidies for apprentices. We are not in favour of massive subsidies were people have apprentices just to rip off the system. The current system is not covering that. The average first-year apprentice costs \$21,000 in in-house training repairs. If you put a young apprentice on a lathe, all you have to do is get him working with a lathe, with the posts and all the tools, that cost is \$21,000 just to try on-site without going off-site.

The other thing that worries us is that we pay payroll tax and the workers compensation system of the State Government is a sham. The premiums might be low but once you have a claim, and with this claims experience in business, it really turns us off employing apprentices. Because they are at the high-risk end of training, it takes about five or six years to get to the peak and then it starts going off the plate. They are the high-risk area. The Government might say it has reduced premiums, but it wrecked the formula with the claims experience. We have to make a decision very shortly whether to go big or stay small. And small looks better at the moment.

Mr IAN COHEN: You have described the problems from your perspective with apprentices and responsibility. Can you see any way out, where apprentices can be encouraged to stay with the firms that trained them? Obviously that is a drain on the business. Do you have a strategy?

Mr HADDIN: Money is the biggest problem, especially with mines. Mines pay big money but no-one ever collects long service leave. People who employ labour in the mines have no intention of paying long service leave. Employees last about four years and go to a new job.

Mr IAN COHEN: The big mining corporations have a massive impact on the local area, in skills drain. Do they undertake any investment in apprenticeship?

Mr HADDIN: They have just started. Just taken on apprentices, they did not before.

Mr IAN COHEN: Obviously you are draining your reserves?

Mr HADDIN: Yes.

Mr IAN COHEN: Can you see any way they can be made to employ apprentices?

Mr HADDIN: If you look at the number of engineering companies, only half have apprentices. We used to have our own apprentices. Now we use a group apprentice system. We want to train them our way. They take the load off the hard work. Now we have four-year apprenticeships, and it was five years before. We got that extra year of work to help cover costs.

Mr IAN COHEN: With a more skilled apprentice at that stage?

Mr HADDIN: Yes. A four-year apprentice does not have the skills of a five-year apprentice. They are indentured apprentices.

Mr IAN COHEN: Once they are through they are free to go?

Mr HADDIN: Yes.

Mr IAN COHEN: Is there any role that government can play to assist in that situation that could be productive for business?

Mr HADDIN: Not unless they penalise the companies that do not carry training.

The Hon. MELINDA PAVEY: Mr Harrison, what are the circumstances of your company? How are you going with skilled workers?

Mr HARRISON: We are a relatively new company in Parkes. We came up from Bendigo a couple of years ago because of the obvious attractions here. Over that two years we have employed 60-odd people, of which we have 25. The other 35 have lasted one day, two days, or have not had the skills. It is a very high turnover.

The Hon. MELINDA PAVEY: Have you brought in people from other places?

Mr HARRISON: No, all from here. When we came here, we had a view that we would have 50 employees by 2006. We have a 3,000 square metre factory; that was going to be 6,000 square metres by 2006. All that has been put on hold. Our business has not slowed down, but we have had to outsource and we outsource overseas. We now have an alliance with a factory in China and there are

125 people in that factory. That factory works exclusively with us. That puts us in a rather delicate situation. We wanted to employ Australians. We wanted to use Australian products and put out an Australian product. We are now in the situation where we cannot be Australian because we cannot get the raw labour skills.

The Hon. MELINDA PAVEY: Was it highly skilled?

Mr HARRISON: No, tradesmen. Bob has alluded to the education system and the TAFE system. You cannot get educated kids out of the school system. The kids do not have the knowledge or the skills. We have fuddy-duddied around. Today, year 10 is not what it was 15 years ago. We have gone backwards with the kids, we do not make the kids come up to our standards. We have just lowered the standard. Kids do not have the skills or the standards. I have some documents for the Committee.

Document tabled.

Because we had a hard time to get kids with any skills, any knowledge, any commonsense, we went to a teacher in Bendigo and said, "Can you set a year 9, year 10, maths and reasoning course?" anyone who comes to us for a job or an apprentice, we sit them down and give them this test. If you have a look at the results, the best thing we can do for them is to send them back to do year 7. It is not the apprentices, it is not the lack of skills that we get once the kids are out of school. It is the lack of education before they start. We can go on forever here and say that we cannot get kids, we have get people from overseas.

The Hon. MELINDA PAVEY: Kids are not reaching their capacity?

Mr HARRISON: No, they are not. And why not? We will never fix this problem, in Sydney or anywhere in Australia, until government fixes the education system. If you think that that can happen, you are just kidding yourselves. We can all sit here on \$80,000 or \$90,000, but that will not make it work.

The Hon. PATRICIA FORSYTHE: Concerning the difference between New South Wales education and that of other States, you said you spoke to a teacher?

Mr HARRISON: We knew a teacher in Bendigo and asked him about the problem.

The Hon. PATRICIA FORSYTHE: Do you have experience of employees having been schooled in other States?

Mr HARRISON: It is Australia-wide, it is not just New South Wales or Victoria or Queensland. The education system is not there to teach the kids. I have a metal fabrication business, as do Bob and John. It would not matter if I had a building business or a plumbing business, the skills are not there. Until you address that problem we can sit on 15 committees a year, but we will not get anywhere. We have to fix the bottom line. Fix the cause, not the effect. Get to the root of the problem.

CHAIR: Do you think it is a bit late to teach them in TAFE?

Mr HARRISON: When I did my time as an apprentice, the person did either high school or, what they do in Victoria, technical schools. You took on the system, came out of primary school, went to secondary school or high school and usually by the time you did first year you knew if you wanted to do an academic course. If they want to do a course with motor cars or a plumbing course they go to a technical school and start to learn a trade. That schooling began from when you were 12 years old to start you on a trade course. Where the education system has lost the plot is that it thinks all kids must become academics. Kids do not want to be academics: they want to get out there and get their hands dirty. They want to be welders and mechanics. But the system says, "No, you need education". These kids need education in what they want to do.

We keep kids at school now until they are 16 or 17 years old. They do years 11 and 12 and they come out and say, "Gee, what am I going to do today?" Because they supposedly have an education through the system they think they can walk in, start a job and be paid as a person who has

been in the system for four or five years. You say to a kid, "I can take you as an apprentice. You are going to get \$8 an hour and for the first six months you will do nothing but sweep the floor so you can see what happens around here". They say, "No, way" and off they go. They go to two or three places like mine and they say, "There's no work out there". So they go on the dole and then they are throwing stones on Mrs Smith's roof. We have to teach kids, let them know what they want to do and teach them what they want, not what we want. We want to get them into a trade so that they can make guys like us viable so that we can stay in business and do something for this country instead of having Parkes miss out on millions of dollars because I have not got tradespeople.

The Hon. MELINDA PAVEY: Are you saying that if you had the capacity in the local workplace you would not have to go to China? You would be able to compete with their \$1 an hour wage—whatever you are earning here—and compete in terms of technology, travel and so on?

Mr HARRISON: Let us clarify that. As to the product that I build, there is only one reason it is economical to do it in China. By the time I have landed it here in Australia and done what we have to do locally it is very close to the same price as if I built the whole lot here. If I made a complete tank unit here there probably would not be 2 per cent in it—and you would not go to the trouble to do it for 2 per cent, I can tell you that. We have ships that somebody just cancels; we have \$1.5 million of stock on it and they decide they will go somewhere else. It is certainly not worth it in that sense—in a monetary sense. It is only being done because we cannot get the skills in this country. It is not just Parkes. I know people up and down the east coast, in Western Australia and Darwin who have the same problem: They cannot get the educated kids into the system.

CHAIR: What do you think is the right age to try to get kids into an apprenticeship?

Mr HARRISON: Fifteen years old is the right age to start a kid working. But 12 or 13 years old is when you need to know what he wants to do. The system goes through. You get a kid who wants to be a mechanic so he is out there tinkering with his billycart, dirt bike or whatever. He goes to school and they say, "You don't want to do that" and so he loses interest in that tinkering around because what is the point? Then he gets to 17 years old and leaves school and someone says, "Do you want to be a mechanic?" He says, "Yeah, I wouldn't mind but they didn't let me do it". So he has lost interest. That three or four years of tinkering with his motorbike, dune buggy or whatever dad lets him run around the paddock on has taught him the basic skills.

He knows that is a motorbike, it has wheels and it does this. He knows that before he gets to work. If he comes to me and I own a garage and he does not know that it has wheels and things that go boink I have to show him. So that is three years that are totally lost. So, according to the system that we have got, his first three years in an apprenticeship he could have been doing at home—he falls off his motorbike and says, "Maybe I should put the wheels back on". It is the basic life skills that are being drawn out of kids by the system.

The Hon. PATRICIA FORSYTHE: Mr Simpson, do you have a similar experience with apprentices that you have employed?

Mr SIMPSON: Pretty well. I have a smaller set-up. I employ about 15 people. We have four apprentices. My biggest problem to date is that since 1989—basically the time since the mines have been here—we train a young fellow for four or five years and we end up with some good chaps. They get their qualifications. We generally give them a little bit above the award to start off—say, \$500. Next thing they say, "We've been offered \$800 by the mine" and so they are off because we cannot match that. One chap was on \$800 or \$900 with me. In his first week at the mine he got \$1,700. That is our greatest problem. They will not stay and you cannot blame them.

CHAIR: So what is the answer?

Mr SIMPSON: We had a few meetings with the council and the mines even put on a couple of apprentices to save face a bit. But they were not employing apprentices, and they still do not of any consequence. We train them and the mine or their subcontractors pinch our men. It happens all the time. They do not do anything towards training people as such, although they train their men once they get them. But they have the money; we do not.

Mr IAN COHEN: It is self-evident that there is a real imbalance in terms of the need for some sort of social capital to be injected into what is a straight financial exchange. You are finding that there is a drain on apprenticeships and there must be some compensation. If that were to occur would we have the problem of churning, where people train apprentices and just get the money from the government for the training and move onto the next lot of apprentices? Would that be a problem if there was that support from government?

Mr HADDIN: I would like to do that. But it does not work that way. The cost of training is unreal.

Mr SIMPSON: That is why the mines do not train them. They know what it costs.

Mr HADDIN: With all the occupational health and safety in the system—which is fantastic—to carry a first-year apprentice the training and the in-house training we do to stop accidents and the paperwork that goes with it costs the same as for a tradesman. An apprentice has to have the same safety gear and training in-house. Those sorts of costs have not flowed through the system. That is the problem. We have students come for work experience. This year I was a bit cheesed off because we had one boy who was not really interested. I said, "What are you doing here?" He said, "I don't know, the school sent me here. I want to go in the army". The school put him some place because they did not have any army work experience for him in Parkes.

That is why I reckon the school is a major problem. We do not want Chinese workers in Parkes. I could employ Chinese workers tomorrow. People are ringing up twice a week wanting them. But can you imagine if I sent two Chinese workers to Eugowra to a grain depot and told them to fix something that had broken down? First, they would not know where they were going. Second, it just would not work. It is a totally different culture. We would rather see young people stay in Parkes and keep it running. If they have trigonometry at school they need to say why the kids are doing it. Fitters, machinists and so on have to do a lot of maths. They work at tapering angles, lathes and screw cutting. I do not know whether you people liked doing trigonometry, but it would help if someone gave you same practical examples while you were learning it. No tradesman came to my workshop from school doing trigonometry properly. The teachers could not give them practical examples. I would like to see that start in the second year of high school. I would like to go back to the technical-type schools and courses, but schools and TAFEs are now run on budgets.

The Hon. CHRISTINE ROBERTSON: Can you articulate how things have changed? I am a bit old and I remember that when I was at school there was not a lot of direction about exactly where what we were learning would take us. That happened when we went into our jobs and apprenticeships. We pulled back on that information with the help of our employer, who taught us to do our job. That is how it used to be. How has it changed?

Mr HADDIN: I think the amount of education relating to the trade they are going into is not as high as it was. They might have beautiful computer skills—

The Hon. CHRISTINE ROBERTSON: So you would prefer education to be targeted from a very young age?

Mr HADDIN: When they get to the stage of work experience from then education should be tailored towards what they will do.

The Hon. PATRICIA FORSYTHE: You talked about work experience. There is another form of training: the pathways concept. That is, in years 11 and 12 they can do certificate II.

Mr HADDIN: It is too late.

The Hon. PATRICIA FORSYTHE: Are you taking anybody at that level?

Mr HADDIN: I have never had one person with those skills looking for a job.

The Hon. PATRICIA FORSYTHE: Have the local high schools ever had discussions with you about what might be appropriate? Have you had discussions with them about your needs?

The Hon. MELINDA PAVEY: Have you spoken to the local careers advisers?

Mr HARRISON: We have had numerous meetings with education people around town. I sound like a broken record because this is all the stuff I spouted there as well. Yes, we have had discussions with them. We have had discussions with TAFE. I was with the mayor. I went to the State Minister for Regional Development. We went through the same thing again about 12 months ago and here I am again. Here I am sending stuff to China. There are no skills. I have six apprentices up there at the moment.

The Hon. MELINDA PAVEY: When did they come to you, at 15?

Mr HARRISON: Five of them are first year and two of those are adults.

The Hon. MELINDA PAVEY: They have retrained in later life.

Mr HARRISON: They are 21 and 22 years old. We have a third year there. It was recommended this year that he go back to school in 2006 to do mathematics and he is already a third-year apprentice.

The Hon. MELINDA PAVEY: Who recommended that?

Mr HARRISON: TAFE. We have got to the stage now that I am paying apprentices and I am sending them out to TAFE for their training and I have the same problem as Bob. These kids are young and they have to go to Orange. We have a perfectly good TAFE college here but because of the system they cannot be accredited to do certain things. Some can get year 2 done but we have been advised that Parkes will not be accredited to do year 3 in metal fabrication because they do not have the right equipment.

The Hon. MELINDA PAVEY: Do you have the right equipment on your premises? Has there been any thought given to sharing equipment?

Mr HARRISON: This is something that could be looked into with businesses around the town and I do not see any reason why you could not send an apprentice around the town. Bob has a brake presser, which is a piece of equipment that is needed, and there should not be any drama with local businesses saying that they could do their tests and coupons on those machines.

The Hon. CHRISTINE ROBERTSON: How many apprentice trainees would require this?

Mr HARRISON: I have six.

Mr SIMPSON: I have four.

Mr HADDIN: I have four.

The Hon. CHRISTINE ROBERTSON: They are not in the same year.

Mr SIMPSON: No.

The Hon. CHRISTINE ROBERTSON: Maybe half a dozen at a time in a year.

Mr SIMPSON: That would be a fair comment. There would be other businesses.

Mr HARRISON: You have three here and we have 14 apprentices. A lot of others would have apprentices.

Mr SIMPSON: The other problem was that Orange needed numbers when they took them away from Parkes. Originally, years ago, you could do it all at Parkes. Dubbo was fishing for numbers, so they pinched the ones from Parkes.

CHAIR: We will have to wind up now because we have other witnesses. Thank you for giving evidence today.

The Hon. CHRISTINE ROBERTSON: If you have further information perhaps you could forward that to the Committee.

CHAIR: We would be happy to receive further information. Thank you for your submission and your evidence.

(The witnesses withdrew)

DAVID BATTERSBY, University Administrator and Deputy Vice Chancellor, Charles Sturt University, Locked Bag 49, Dubbo, 2830, sworn and examined:

CHAIR: Do you wish to make a brief opening statement prior to questions?

Professor BATTERSBY: Just a brief one. I thank you very much for the opportunity to be here. When you met in Wagga Wagga you spoke to colleagues of mine, Ross Chambers and Colin Sharp and they spoke to the submission that we made to the Committee. I would like to make a brief comment about this region because, from the point of view of Charles Sturt University, it is a crucial region for our enterprise. As head of the campus of Charles Sturt University in Dubbo and having some responsibility at Broken Hill, this particular region, which is part of my responsibility, is one of only two regions in New South Wales that has very low participation rates—Cowra, Parkes and Forbes. The participation rate of those people 15 years and older is 2.5 per cent. To give you an idea, the participation rate in New South Wales is 4.3 per cent and in Australia it is about 4.5 per cent. Here the participation rate is 2.5 per cent. There is only one region in the whole New South Wales that is lower, which is the Far West at 2.1 per cent.

I mention numbers because one of the reasons for the establishment of the Dubbo campus at Charles Sturt University and the reason we are working closely with this community is to lift the participation rate. I say that in the context because, unlike previous witnesses, our focus is on producing professionals and graduates for the work force and clearly with such low participation rates this community, and the Far West in particular, suffer significantly with a dearth of professionals servicing the region. The participation rates and our ability to increase those has been significant in so far as the roll out of the university in this particular region. To give you one example in relation to the Dubbo campus, we receive a number of students from the Parkes community. We were established in 1997 with 11 students. We now have 500 full-time students on the campus and about 700 students who access distance education. The important thing about those numbers is that nine in every 10 students at Dubbo come from the local region, which extends beyond just this region, the Dubbo region and the Far West.

Nine in every 10 come from the local regions. Almost all of those students are first generation university students, which means that if the university was not there, those people would not go to university, but in terms of output, eight out of every 10 graduates actually gets employment in the region. If you want a better example of what is supposed to happen in relation to the university, that is what is happening in Dubbo. I know you have a number of questions you might want to ask me but in conclusion I want to say that we are working very closely with this community, with the mayor and council with respect to what it is we might do to address the low participation rates here and I suspect that the mayor has spoken about the pro-active stance with respect to forming an alliance between local government, TAFE and university and in that context there have been a number of initiatives launched here to try to lift the participation rate in this particular region.

The Hon. PATRICIA FORSYTHE: Putting your words up against our previous witnesses, on the one hand they argue for more targeted education for some students in years 7 to 10. You argue for greater participation for students at higher education. They are not necessarily going to sit well together but you both have a claim about education in this area. In looking at the subjects that Charles Sturt University has chosen for the Dubbo campus in particular, what factors dictated towards making your selection about the subjects you have identified and what are you specialising in at Dubbo?

Professor BATTERSBY: I will respond in two ways. It really goes to the heart of why we are doing this at Parkes. The first response has to do with the fact that while we do attract students from year 12, at the Dubbo campus probably about half of our students are mature age students or non-recent school leavers, as they are now called. It is important to keep that in mind because we are increasingly finding that students finishing year 12 are either taking a year off or a couple of years off before they go to university.

Likewise, many members of the community want a first or second chance in relation to higher education so it is important to keep that issue in mind. The second response, which goes to the heart of your question, is that we were very particular about what courses we would introduce at the Dubbo campus. In particular, we focused especially on those professions where there were dire

shortages throughout the region. That was in teaching, health sciences, accounting, information technology and professions like social work. We have focused primarily on undergraduate offerings in those areas and there is a direct correlation between those course offerings and shortages of professionals in the region. Likewise, the fact that we focused on those particular areas accounts for why such a high proportion of our graduates are able to get jobs once they go back to the region.

The Hon. MELINDA PAVEY: In respect to your recent school leaver and the 2.3 per cent going on to higher education as well as the previous evidence of the companies, do you have a concern about the level and quality of education in our local high schools that they are not meeting the needs of industry and perhaps not giving enough options or the level of education required to go on to higher education in terms of local teachers and the mathematics, physics, chemistry and science courses?

Professor BATTERSBY: Again I will respond in several ways. If I can go back to the demarcation between non-recent school leavers and those who go straight from high school? A number of those non-recent school leavers would not necessarily have their year 12 qualifications. Some would have their year 10 and some might have less than that. Interestingly, we find at Charles Sturt University that non-recent school leavers perform as well as, if not better than those folk coming to us straight from high school.

I suspect that has as much to do with issues of maturity and motivation as it has to do with skills and knowledge, but it is important to keep that in mind. The second comment would be about the quality of students that we do get coming to us directly from year 12. The important thing to keep in mind in terms of success at university is that there is not a high correlation between how well you perform in secondary school and how well you perform at university. Certainly the evidence I have indicates that the best indicator of success at university is if you have done science in year 10, particularly physics.

What is the relationship? I do not know what the relationship is, but I think the point is that there is not a great causal relationship between success and ability at secondary school, and success and ability at university level. The other comment I would make would be in terms of the students that we get, our biggest challenge is not so much the background of students who come from high school; it is coming to university and being the first member of the family ever to go to university. That is the challenge. There is a sense of insecurity about that. Being the first member of the family there is no strong tradition in relation to support. They are the challenges that we are concerned about, not so much challenges about the lack of ability or poor performance in secondary school.

The Hon. PATRICIA FORSYTHE: Earlier a witness referred to a number of students doing two years at TAFE and moving to other accreditation at university, therefore saving the HECS fees as a consequence. Is that a pathway that the university encourages? Are you working in a flexible manner with TAFE to ensure there is appropriate delivery of courses that meets the requirements of the university?

Professor BATTERSBY: That relationship with TAFE is crucial, for several reasons. One is that universities across Australia, certainly in New South Wales, are at the stage that probably in the future no new universities will be built because of the cost of infrastructure. When you are operating in a region like this, the recipe for success is to operate in conjunction with TAFE and the Australian qualifications framework essentially mandates that universities need to have a seamless pathway through to degree programs, taking into account TAFE studies. We have a relationship with the Western Institute of TAFE, which services this region, and that is crucial. We have a number of agreements. The model that you have articulated has to be the future model for rural and regional areas, because you are right in pointing out that it takes account of that relationship. The building blocks are there in terms of students going to TAFE, and it is less expensive.

We run a joint program out of the Dubbo campus with the Western Institute of TAFE in social work. In effect, it is a two-plus-two model. Equally we look at opportunities for students to go the other way: To start at university and combine TAFE as part of their studies. For us, it is crucial to take into account that infrastructure, combined with human resources combined with university and TAFE and the issues to do with expenses. It is an ideal model, one of which we are supportive.

The Hon. CHRISTINE ROBERTSON: Your participation statistics came from a census?

Professor BATTERSBY: They emanate from the Department of Education, Science and Training [DEST] database. DEST pushes universities to look at participation rates.

The Hon. CHRISTINE ROBERTSON: Is it distorted by you not having a major university centre within the area?

Professor BATTERSBY: Yes.

The Hon. CHRISTINE ROBERTSON: You do not have young kids picked up from anywhere?

Professor BATTERSBY: I will give an example to reinforce your point. The participation rate in Sydney East, is 5.3 per cent.

The Hon. CHRISTINE ROBERTSON: Yes, but that is a rich town.

Professor BATTERSBY: It also has to do with access, which is what you asking about. The more universities and the greater the access, the participation rates will increase.

The Hon. CHRISTINE ROBERTSON: I am trying to work through this. The New England North West, which has very low participation rates, has a university in the middle of it; with many persons residing in Armidale. Are they picked up from Armidale?

Professor BATTERSBY: Yes.

The Hon. CHRISTINE ROBERTSON: You do not have a major centre. Wagga Wagga would be the same?

Professor BATTERSBY: Yes, we do. Of the students who go to Charles Sturt University, full-time, probably about 25 per cent are from the metropolitan areas.

The Hon. CHRISTINE ROBERTSON: That is to Wagga Wagga?

Professor BATTERSBY: To Wagga Wagga, Albury, Bathurst and Orange. Once they come, the chance of them graduating and working in regional areas is probably one in three.

The Hon. CHRISTINE ROBERTSON: It is attracting local people into your campuses?

Professor BATTERSBY: And also metropolitan students.

The Hon. CHRISTINE ROBERTSON: They have the money.

Professor BATTERSBY: Yes.

The Hon. GREG DONNELLY: Professor Battersby, how does Charles Sturt University gather and analyse information about skills shortages in the region?

Professor BATTERSBY: Our focus clearly is on skills shortages of a profession rather than trades. I think the Committee is going to Bathurst tomorrow and I mention that because one of the folk you will talk to is Tom Murphy, Chief Executive Officer, Western Research Institute, which is an independent entity located at Charles Sturt University. We have contracted that body to provide us with statistical demographic and economical information on skills shortages. I suspect you have a submission from the Western Research Institute. We have relied partly on that. We rely predominantly on our databases, through the DEST information we get, and participation rates are one example.

(The witness withdrew)

PETER JOHN BATTEN, Relieving Institute Director, TAFE NSW, Western Institute, Orange,

JULIET LEE DUFFY, Executive Officer, Orana Regional Development Board, Dubbo, and

THOMAS WILLIAM WARREN, Chief Executive Officer; Orana Area Consultative Committee, Dubbo, sworn and examined:

CHAIR: Would any of you like to make an opening statement?

Ms DUFFY: I welcome everyone and thank you for coming to the region to consider skills shortages. Peter's area is larger than ours, that is Orana, and has specific skills shortages with distances and other things. In the overall scheme of things, the whole blanket approach cannot be applied to the State with skills shortages. Things need to be drilled down on a more local and regional level.

CHAIR: Would anyone else like to make a statement?

Mr BATTEN: In terms of the Western Institute, it is geographically the largest of the 10 institutes in New South Wales. It covers 60 per cent of the State, an area of 480,000 square kilometres. We have 24 campuses from Lithgow to Broken Hill, with 60 associated centres. The associated centres are generally in communities where we take courses but they do not have the facilities of the normal campuses. We cover 545 different courses and last year we trained 32,000 students. This year we are on track to deal with a similar level of training, over five million training hours across the region.

Mr WARREN: I represent the Orana Area Consultative Committee [ACC], a physical area of about 25 per cent of New South Wales, with 12 local government areas after the amalgamations. You would be familiar with that area, which has suffered severe drought over the past few years, we were probably the epicentre of the drought. That has had a huge impact on business right across the board. The drought is starting to ease off. Over the next 12 months, hopefully the conditions will continue to improve. That has had a flow-on with the dramatic needs for skills in the region. A lot of skilled people have left our region. Jobs have disappeared. Now, as things start to change, we are finding that people cannot get back into positions, anywhere from Wellington to Bourke to Walgett to Coonabarabran, and in between.

Everywhere they are screaming out for skilled people. The area that I come from has been the regional certifying body for skilled migration since it started. We were one of the four trial program sites back in 1996. I have been doing that job since then. We have been around for a while. We have done a large number of placements, recommendations, for people from overseas. They come from all around the world, and they have issues that I will talk about later. I see migration as a short-term solution. I believe we have an obligation to our young people to train them up into positions and that is where Peter's role comes in with TAFE. There is a shortfall of skills right across the board from highly trained managers down to semi-skilled labourers. We cannot get people in some of those rural and remote areas.

The Hon. PATRICIA FORSYTHE: I take issue with your last point: the need to skill up young people. The current population growth in Australia means that we will not be able to meet our economic needs without migration. There is a challenge to take their skills and overload with skills that are obviously needed here. I am not quite sure what your statement meant. We are not seeing one as exclusive of the other?

Mr WARREN: No, not at all. There is an opportunity for skilled migration to fill the immediate gap, but the long-term solution is to train up and have local people fill those positions, but not mutually exclusive.

Ms DUFFY: With the Orana region it is a bit different. A lot of areas have unemployment rates higher than the rest of the State. We have a lot of young, particularly indigenous, people in remote areas where more investment could be made for the future.

The Hon. PATRICIA FORSYTHE: I was not suggesting otherwise. Mr Batten, there has been not criticism but comments about the limited opportunities in communities the size of Parkes. The difficulty is that students who are 17 or 18 need to travel to the bigger centres such as Dubbo or Orange. There is not an easy solution to that. What is the institute doing about that?

Mr BATTEN: We are using a range of strategies, particularly the use of distance learning technologies. The communications technologies are getting better. They are slow at the moment, and we were one of the earliest adaptors of that technology. We are making more courses and opportunities available on line. We are making courses available through video conferencing. We back-up our flexible delivery and blended delivery through print-based media. We use every available media to get courses into the communities. One thing that has been a strong strategy is to work with the Department of Education, Science and Training, Western Region, to engage students in the Vocational Education and Training [VET] in schools program. A few years ago industry clearly gave us the indication that that is what they want: VET skills, particularly traineeships. We have got a very strong cohort of more than 2,000 students in VET skills programs at Western Institute. The real jewel in the crown is Dubbo. It has taken us a long time. Some 450 of those students are in Dubbo. From places like Dubbo we extend those learning opportunities to other regions.

A classic example I can give you is that we have a skills shortage in electrical trades and electrotechnology in smaller communities. This year we introduced a program of delivering electrotechnology into the smaller communities of Bourke, Walgett, Goodooga and Lightning Ridge. It is delivered using videoconferencing technology that we invested in at the end of last year. Our teachers at Dubbo deliver the program into the schools. They come together as a student cohort. It is impossible for us to have student cohorts in any one of those centres because they simply do not have enough. But when the technology is available we can get two or three in Bourke, two or three in Walgett and two or three in Lightning Ridge and deliver that program using the available technology. On-line is doing exactly the same thing for us. We are engaging people in on-line learning where we are able to do that. A real issue is what you see at Parkes. Businesses in the metal trades areas want the courses to be delivered locally. We can do that, for example, by doing the first year locally but then, because we do not necessarily have the specialist facilities, students may have to travel to either Dubbo or Orange to get access to the them.

The Hon. MELINDA PAVEY: Have you been talking with local industry and are there plans to use the equipment they may have rather than TAFE duplicating that equipment? Students could then continue their education at Parkes rather than you having to buy that equipment and the students having to travel to Orange?

Mr BATTEN: We do, absolutely. More and more of our delivery is done in the workplace. With the training packages that have been introduced there is a workplace requirement for many of the courses. So we do more and more of that. One of the issues we run into where we cannot always do that is the WorkCover legislation and safety requirements. We cannot always go into a workplace and use that equipment because it will not necessarily meet the standards that we have to meet under the legislation.

The Hon. MELINDA PAVEY: Why would an education provider have to meet it but not a workplace? Is there an anomaly in the legislation?

Mr BATTEN: I cannot really answer that because I am not in a position to answer for all the employers. When they meet the requirements we go in and use those workplaces and deliver. That includes farms and all sorts of businesses.

The Hon. CHRISTINE ROBERTSON: Would it be possible—if it is not, do not worry—for you to give us on notice the number of persons in metal and engineering courses that you are training currently and the towns they come from for each year of apprenticeship? It is a huge question. Can you include information on where students must go to attain different levels of education? That will give us an overview of the situation. We hear that you are doing everything you can but we are also hearing complaints. We need an overview of one district so that we can see the real picture.

Mr BATTEN: We can certainly do that. It comes down to the same thing as with any business: We are running a business and the reality is that we must do things economically. If we do

not have a certain number of students—in terms of trade courses it is generally 12 students—it is not viable to run the course. That is the real issue. But I can certainly give you that information. We do have it.

The Hon. GREG DONNELLY: When we were in Coffs Harbour the Director of the North Coast Institute, Neil Black, spoke to the Committee about the work that TAFE has done to improve its liaison with employers to meet employers' needs in terms of skills shortages in that area. In terms of the Western Institute, is your liaison with employers formal or ad hoc? How does it operate? Can you explain how that is done?

Mr BATTEN: We use both informal and formal networks. We have formal networks with bodies like the Orana Regional Development Board, the Central West Regional Development Board and the area consultative committees. Our permanent Director, Community Services, Health, Tourism and Recreation is a member of the Central West Regional Development Board. Other directors of our organisation are also members of those boards. We need that sort of relationship happening. We have formal arrangements in our structure where we have set up directors and people called education leaders. Part of their role is to go out to industry and communicate directly with industry about training needs and come back to head teachers so that we can then plan a profile of delivery and put that in place. Some of the best examples that I can give you of that sort of thing are the likes of the Manildra flour mill. All the staff at the mill are trained by our people in Manildra. They do not leave the workplace; we send in the trainers to do that work. We have the same sort of strategic relationship—

The Hon. MELINDA PAVEY: Is that because you have the numbers?

Mr BATTEN: Yes, the numbers are viable. They have about 140 or 150 staff so it makes it viable. Also the organisation values training enough that it is prepared to pay for it. That is key. We have the same sort of strategic relationship with catchment management authorities and other key employment bodies. For example, the Western Institute has a contract with Wool International to provide shearer training in New South Wales and southern Queensland. We are doing about 1.4 million annual student hours in non-Treasury funded activities. That is growing all the time.

The Hon. CHRISTINE ROBERTSON: So shearers in the New England region have to come here for training.

Mr BATTEN: No, we send the trainers to them.

Mr IAN COHEN: It is obvious that great efforts are going into training and getting numbers up but we are constantly hearing about trained apprentices going either to the city or to mining companies that offer better pay. Do you have any suggestions for the Committee regarding creative strategies that might build loyalties that could work with young people undergoing training in this area? How will this obvious ongoing problem be resolved?

Ms DUFFY: It is a common problem, especially with the mining industry. No-one can match the salaries they offer. I suppose young people always want to go to the city. The thing is trying to attract young people back. A lot of them come back. I went away and came back for family and lifestyle reasons. As in creating strategies, I suppose that is for the organisation. There are human resources problems with smaller organisations and succession planning. To keep someone the most obvious thing would be to offer them some equity in the business as a carrot. But I do not know how you do it from the government side.

Mr WARREN: It is worrying. I have a personal example. The 3T Toyota program started a few years back and it has been a fantastic success. My son participated in that program. He started as a trainee while at school in years 11 and 12. He came out at the end of year 12 having completed the first year of his apprenticeship. He completed a series of courses that allowed him to gain recognition that he had completed his HUS level 2 before he finished year 12. That guaranteed him a job with Dubbo City Toyota, which he went straight into after school. He will complete the program this year. In terms of his employer, he is probably regarded as one of the most loyal employees because he has been there now for almost six years. That loyalty has grown with training and support. However, as Juliet touched on, he has been approached by Cadia mine because he is regarded so highly to come

and work for them. They have said, "Look, if you come and work for us we will double your salary as soon as you finish your apprenticeship". My other son is a diesel mechanic—I have two sons in the mechanical trade.

The Hon. MELINDA PAVEY: You will be all right in your retirement.

Mr WARREN: Yes. He is working with one of the heavy industry transport companies servicing heavy equipment. He had the same thing happen to him. He is only in year two, completing this year. He has been offered \$85,000 a year to work in the mines.

The Hon. CHRISTINE ROBERTSON: To serve his apprenticeship?

Mr WARREN: I do not know. He said, "What do I do?" He is a young fellow. They are both young guys—one is 20 and the other is 21, nearly 22—and they are facing this big carrot from industry because they cannot get anyone to work for them.

The Hon. CHRISTINE ROBERTSON: The mines offer a training package but do not finish the apprenticeship.

Mr WARREN: One fellow is an automotive technician—that is the title now; they used to be called mechanics—and he said when you finish your time you have a job immediately. He has worked on heavy equipment and the mines said, "When you finish your apprenticeship we will double your money straight away".

Mr BATTEN: To quantify, in Orange when Cadia mine first started the mines decimated all the small business in terms of apprentices. You will never stop that. They could earn \$33,000, \$34,000 or \$35,000 as a tradesman in town but in the mine, utilising some of those skills, they could get \$90,000 a year, especially if they were prepared to go underground. You will never stop that flow through. It is about us then having the resources to be able to train the young people coming through to follow on. It is about us having a strategic relationship with bodies such as industry to set up that sort of training.

We should not say that all mining companies operate that way because they do not. We have a very good relationship with North Parkes mine. They spent nearly \$1 million a year on training at the Western Institute. Again, it is about our people doing the training at the mine site. It is 24 hours a day. If there are people coming off shift at five o'clock in the morning we have teachers to assist the shift workers. That is what they asked for. It is a totally different way of doing it. Please do not put Western Institute and the North Coast Institute in the same basket as your metropolitan institutes because they operate in a totally different way. We have much closer links with industry, our communities and peak community bodies, such as the development boards.

The Hon. PATRICIA FORSYTHE: Notwithstanding the differences between the various institutes, are the requirements for minimum class sizes the same for all TAFE institutes?

Mr BATTEN: They vary. The reality is that the average class size at the Western Institute is 15 across all courses, whether practical or theoretical. That is larger than some Sydney metropolitan institutes, where they should have much larger classes, because they have a different cohort of students and a much larger population. They vary within our institute with the different courses.

The Hon. CHRISTINE ROBERTSON: This Committee is pretty country stacked.

Mr BATTEN: It is good to see. We are very pleased about that.

The Hon. MELINDA PAVEY: Mr Batten, we heard evidence earlier today that there is concern that the level of education at years 10 and 11 is not as good as it was 15 years ago regarding maths and science, in particular. We have been given some results. This is probably a tough question, but is that concern warranted?

Mr BATTEN: I think more young people are staying on at school for longer periods and engaging in higher levels of education so this issue has emerged. Years ago kids probably left school at 14 or 15 and got labouring jobs. But those jobs are not available and kids have high expectations.

The Hon. MELINDA PAVEY: Was education more compressed back then?

Mr BATTEN: I think so. People left school early and got labouring jobs. In our region, for example, they could get farm jobs. But you cannot get away with that now. The requirements for working on a farm now are much greater because of the complexity of farm operations. It is certainly hard. We spend about \$3 million a year at the Western Institute addressing issues of literacy and numeracy. It is a significant issue but one we endeavour to deal with. We are obviously having success; we are well above the State average. We are talking 80 per cent and 70 per cent plus module completion rates for students in our region. One of our fastest growing cohorts of students is the Aboriginal people in our region. Last year 13.4 per cent out of 32,000 of our students were Aboriginal and they are not doing low-level courses. They are gaining mainstream education and succeeding at a faster rate.

The Hon. MELINDA PAVEY: How are they doing that?

Mr BATTEN: We have a range of strategies. We have regional Aboriginal co-ordinators strategically located from Bathurst right through to Broken Hill. They are out there dealing with the community. It is also about our head teachers, who are our front-line managers out there knowing what people want to do. I will give you one example where we had a real success. There was a government initiative years ago through the Aboriginal Housing Office and the Department of Aboriginal Affairs to use trainees to be employed in building projects.

We engaged them in those sorts of projects in places like Gilgandra, Narromine and Dubbo, but it was building infrastructure for the community. It was a \$2.4 million retirement complex for the Aboriginal community, an elders project in Dubbo, built by Aboriginal trainees. Those trainees have gone on to be apprentices and now they have that pathway. We now for the first time in 20 years have Aboriginal people coming out of the institute as licensed builders and they are going back into communities like Gilgandra and Narromine as community leaders. These are the sorts of things that having success.

The Hon. MELINDA PAVEY: Can you tell us when the graduation ceremony is?

Mr BATTEN: They will graduate through Dubbo next year.

The Hon. MELINDA PAVEY: Have you a formal process to track the shortages of skilled and unskilled labour and what to do with that information? Is there a policy or a program to pass that information on to metropolitan areas to let some of those country kids living in the city know the opportunities that are out there in the regions for other people who might want to live in regional areas and enjoy the better lifestyles and take advantage of opportunities to save more money?

Ms DUFFY: We have only just started with the board and we do a business survey on a quarterly basis. One of the areas that we focused on in the last two quarters is staffing levels and skills shortages. I have got copies of the reports for the last two quarters. That is as far as we go. We passed that back to the business community and the survey goes to all key groups like TAFE and the universities through our natural database and networking, but that is where it stops. I think we need to look at some sort of marketing strategy and not only our organisation but other organisations need to target blanket metropolitan areas to target our marketing and to pass the information on to people who live in the country before they relocate. I do not know how we would do that but it is achievable. Country Week was undertaken and the success of that is mixed.

The Hon. MELINDA PAVEY: It depends on how communities present themselves and the requirement for jobs. When that happened was there a better result?

Ms DUFFY: Yes. The second year was better because it was more targeted and that is what people asked for. As to the number of relocations, I do not know but I think we could do that a lot better. We need to back that up by gathering information. One of the board's up in the northern area

developed a portal so that people could list their skills, but when you go through the contents, and say I were an employer looking for a client, I would look there but all the content is still not there, so that sort of marketing does not work. We need to do direct marketing to redirect people to the area. That would be a good point to start.

Mr WARREN: We have a federally funded agency with an area consultative role. We do the local advertisements and local promotion of what is available through the Department of Immigration as part of our normal business activities and business plan. We then link in referrals that come offshore as well as locally. I have actually been involved in the last six months with seven seminars and universities around Sydney and New South Wales doing direct promotion campaigns to attract people who are finishing their training courses and are due to graduate, people who have been overseas who want to migrate to Australia. Those people are being attracted out under visa opportunities. The 457 SIR and the regional migration scheme are sponsored by regional organisations and the Department of Immigration has a number of mainstream opportunities to target offshore people—people born offshore who are not Australian citizens—to come and work in Australia and we are getting quite a few people doing that.

From 1 January this year we have approved 35 work sponsorships under the 457 visas, 40 SIR sponsorships and 15 regional sponsored migration ones. We get inquiries virtually every day. Yesterday a recent graduate from Perth University wanted to work with a local veterinary practice in Dubbo. That will go virtually straight through. The single biggest issue for offshore people is accreditation of their skills, whether or not they match up with the level of expertise and accreditation is not my job. The single biggest issue that they face is getting accreditation and recognition of their skills. Right across our region we actually take on a marketing program as part of our normal duties to market the opportunities for jobs and every time we put a report into the Federal Government we say "There are skills shortages, we need people."

CHAIR: You said earlier with the migration program you still think that training Australian people is the key and that migration is a gap-filler. I tend to agree with you to a point, but maybe the migration program could go further and encompass the labour sector where the skills for farm jobs are limited but the jobs are important and very hard. Those jobs are suited to people who come from outside Australia whereas the skilled jobs would come from training. Would you like to comment on that?

Mr WARREN: There certainly have been some changes of late where the Australian Standard Code of Occupations [ASCO] has been increased, in other words the standards have dropped down, which means that if you have a slaughterman or a farmer, or operator, they can come in there now. Recently we signed off on two interstate truck drivers from Italy. They came in and are actually working for Dubbo company right now under the 457 visas but I agree with you, under the definition of "skilled", especially in the farming area, I defy anybody to be able to go straight onto a machine worth \$1 million or \$500,000 and drive, for instance, one of those big headers, which people from the land like myself can do. You have to have a lot of trust to say to a person you do not know, "Get into that machine and drive that down the paddock and start harvesting". That is a big skill that really is not recognised.

Farm machinery operators really need to be given some form of accreditation that is accepted worldwide. We usually do not have a problem because we tend to massage the duties a bit to say that, "This person is really a skilled person and part of this duty is manager but the other one is operator". A classic example is we actually got a girl from South Africa who had been trained as a trainer in GPS operation and she was actually working for a company who was training the rural sector in the installation of global position tracking on the latest model equipment. She came straight in because she was regarded as a highly trained person and was the driver of a tractor and driving a header, so I think there needs to be some kind of rationalisation.

CHAIR: I am from Griffith and I am in the fruit area. I have had people come to me and say, "Look, I have been trying to get people from the migration program. I cannot fit my orange picking people into any of the programs. The closest one I can come to is "gardeners" and even that, once you go into it, there is no way that you can legally fit them into that. I believe it has changed or is changing, but that is one problem.

Mr WARREN: I totally agree with you. If you just cannot fill positions—and you used orange picking—at Bourke, for example, at various times when they have had a reasonable crop, they cannot get people to do the picking, they have actually let the oranges fall off and rot on the ground, which is a terrible waste. There needs to be some form of relaxation or redefinition of some of those visas that are allowed. There needs to be an extension so that the working holiday visa person can be of little bit older. At the moment the cut off is 35. I am not being critical but a lot of people have families who want to come over and do something different. They are very good workers, they may not be under 35 but that rules them out every time.

Another issue that you maybe familiar with is the Department of Immigration matching database. There is no way that an employer will look on the Internet and say, "There is Mary or Joe. I am going to give them an offer of a two-year job", if they have not tried them before they actually start working for them. That is almost impossible for a person over 35. There is no trial beforehand. People come in and they may not be suitable because they may not have the skills you want. It is difficult then to say to that person, "Sorry, we have to put you off because you cannot do the job."

CHAIR: Also, many farmers in the fruit industry are losing their niche export markets because they cannot get the fruit off in the required time and that is a big problem.

The Hon. CHRISTINE ROBERTSON: Many organisations in this area have joined programs. Have you done this? Have you fixed your relationship up so that you work together? It is not common across the State.

Mr WARREN: We always have and we always will.

The Hon. CHRISTINE ROBERTSON: It has not been a secret. It has just happened that way?

Mr BATTEN: No, it has not just happened. The answer is that people like Juliette and Tom actually go out with a deliberate strategy to build networks. They have gone out headhunting individuals who are in positions of influence on certain bodies or organisations like the Western Research Institute, an independent organisation based at the Charles Sturt University, headhunting people like Juliette, the board of directors, so that you get the network happening and you get the flow-through effect, information and knowledge.

The Hon. CHRISTINE ROBERTSON: So it is a deliberate strategy?

Mr WARREN: It is a deliberate strategy from organisations. Some of that goes back to the chairpersons of the respective boards. Mine was Tony Kelly, MLC. He had a proactive attitude to bringing as many people together as possible in the region that he eventually represented. In that role, he was very proactive in making that happen. He knew how to get all levels of government and businesses to co-operate. The only way to achieve that was to work co-operatively and collaboratively together for a single purpose.

Mr BATTEN: What makes it work is strategic alliance and partnerships. If we get a message from this group that is what it is, forming strategic alliances.

CHAIR: If there is anything further you would like to put to the Committee, please forward it.

(The witnesses withdrew)

(The Committee adjourned at 1.32 p.m.)

REPORT OF PROCEEDINGS BEFORE

STANDING COMMITTEE ON STATE DEVELOPMENT

**INQUIRY INTO SKILLS SHORTAGES IN RURAL AND
REGIONAL NEW SOUTH WALES**

At Parkes on Wednesday 23 November 2005

The Public Forum commenced at 2.00 p.m.

PRESENT

The Hon. A. Catanzariti (Chair)

Mr I. Cohen
The Hon. G. Donnelly
The Hon. P. Forsythe
The Hon. M. J. Pavay
The Hon. C. M. Robertson

CHAIR: The afternoon session is a public forum, in which speakers will not be sworn. Therefore, witnesses will not be protected by parliamentary privilege. That being the case, witnesses should refrain from naming or defaming particular individuals.

Mr WILLIAM ARCHER: I have put a written submission to this Committee. Before I go any further, I welcome everyone and thank you for inviting me to speak today. I am a sheet metal worker by trade, I have been in the trade for 35 years. I have been a millwright. I had my own business before I went to teach at TAFE. I left TAFE and re-established my small business in Parkes. I employ one apprentice. Obviously I do sheet metal work, but I will do anything that comes in the door. I also tinkle with fibre glassing. Unfortunately, opportunities to gain skills today, compared to the past, are very limited, especially out in the country. In my past experiences through TAFE I have pursued a spray painting trade course, a panel beating trade course, a fibreglass trade course and a mechanical engineering certificate, and I did an apprenticeship in sheet metal.

In the year dot, when I was a young boy, there was a very good prospect for people to gain skills through off-the-job training. That gave diversity to go into any field. These days I will not employ a tradesman, for the sole reason that in the country you cannot get a sheet metal tradesman who is an all-rounder. I cannot get a person whom I can tell to solder something, or weld a piece of aluminium, or work on a piece of copper. They do not exist. I cannot take time out to train anyone. There is no facility this side of the mountains where those skills can be learnt off the job. That limits young people and skilled people in having any upgraded skills and have mobility in the work force. It is a big problem.

Changes have been made to trade courses in the past. Now I am not classed as a sheet metal worker; I am classed as a metal fabricator, but I maintain that I am a sheet metal worker. The metal fabrication course is available in country centres as a boilermaker's course. To do sheet metal, if you are working with under three millimetre thickness in plate, or if you want to do anything in galvanised mild steel, or if you want to do airconditioning ducting, or if you want to do stainless steel bain maries, or aluminium or copper work, you have no chance of picking up those skills anywhere, apart from going on block release to Sydney or Newcastle colleges.

From my past experience with sheet metal, it is a dying trade. With my experience, I have known many sheet metal workers who have gone to boilermaking, or heavy metal fabrication. I have known not one boilermaker who has ever come back to sheet metal. That is because the skills are completely different; they are chalk and cheese. The skills of a sheet metal worker can be employed in metal fabrication, but vice versa is extremely hard. There are firms in country centres that employ an apprentice as a metal fabricator, they will say that that course is available at Orange TAFE. So the person goes to Orange TAFE and although they might be working in sheet metal at work—and I admit that there are four days at work and one day at TAFE—or they may be working on metal less than three millimetres in thickness, they are given skills in boilermaking only at country colleges. They do not get the diversity to have job mobility in the future.

That is definitely a problem. Today a lot of firms specialise. A lot of metal fabricators like to get into stainless steel, because that is where the big money is. It is not really big money, compared to a train driver. A train driver can earn more money than a tradesman, twice as much if he wants to work. Firms specialise. They will work in airconditioning. One firm might work in stainless steel, other firms may do general manufacturing and so forth. People who work in those firms, if they are making field bins and work for a firm for 10 years, all they know is how to make field bins. Austop closed in the past six months, with 108 people laid off. For 10 years all those workers knew was how to operate a machine, the same machine every day, they had no other skills.

That is what is happening with a lot of trades. It is hard to predict the future, but it is inevitable that if the current skilling continues there is a distinct possibility that there will be no mobility of tradesmen in the future; or there will not be tradesmen. It will be like the American system in which everyone specialises in doing one particular thing and if you ask them to do something similar they will not have a clue.

The economic and social impact of skills shortage, I believe the skilled workers in rural areas face major obstacles compared to his comrades on the seaboard. Some things they have difficulty with are with less job opportunities, due to the reduced number of employers in the area. For example, in

Parkes there might be five or six firms working in metal fabrication. If you do the rounds of those metal fabricators in Parkes, and you are sacked from three or four of them, or you have a bad reputation because you made a few stuff ups, the other companies will not put you on. What opportunities do you have? You can go to the other side of the mountains, down to the city, and hopefully get a job there. You can relocate to another town, and hope for the best. But you have to have skills to make yourself mobile to do that.

Another disadvantage for country people is less access to appropriate courses, to pick up the skills they cannot learn on the job. If someone wants to learn to fabricate something in copper, he has no chance. For example, copper smithing is a dead trade, it was taken out of TAFE 15 or 20 years ago. In 2001 I came back from the World Skills competition in Adelaide. I arrived at my house at Parkes at 9 o'clock in the evening and took a phone call from a bloke in Newcastle. He asked me to do a job that I had looked at a month ago. I told him I was not really interested in it. He said, "I cannot get anyone to do that job. The scaffolding has been up for a month." It was the clock tower at Hamilton, Newcastle, that had to be resheeted in copper. They could not get one person on the eastern seaboard who could do it. He expected me to start there the next morning.

I said, "Sorry, I will come down in a week, after I have had a bit of a reprieve, and will do the job." It was a great job. When I am dead and buried those skills are gone. I had kids from university and insisted that they work on the job with me so I could transfer those skills across. More has to be done with the assessment of the needs in rural communities, more has to be done in TAFE to assess what is needed. At present, my apprentice has to travel to Newcastle, at great expense to himself. He has to find his own accommodation and transport. He is down there for seven blocks of one week each.

The Hon. MELINDA PAVEY: In what trade?

Mr WILLIAM ARCHER: Sheet metal. It is a great impost to him.

The Hon. MELINDA PAVEY: Is that the only one in New South Wales?

Mr WILLIAM ARCHER: They can do block release in Sydney, but I will not send him to Sydney because of the costs. The other thing that has to be looked at is the declining number in sheet metal workers. In the past three or four years colleges have closed. Teachers are leaving. Once those skills are gone, who will come up and be the teacher? Some of the workshops in Newcastle TAFE have equipment from the 1970s vintage. How can TAFE say that it is teaching the current industry with that antiquated equipment? They have numerically controlled and CNC controlled machines. They have one machine in Newcastle which no-one knows how to use proficiently.

There is a lot to be said, and I have picked on only one trade. An auto electrician has to go to Tamworth to do trade qualifications. A glazier has to go to Wagga Wagga. A lot has to be done to get things going. We need at least a centre in the country. An apprentice who wants to do something in the post-trade has no opportunity to do off-the-job training. I know it means travel, but if a person is keen enough they will do it. Coming back to TAFE and trying to sell trades, in Newcastle they have tried Try a Trade. What happens is they go to displays, truck forums and things like that and have half a dozen trades there. People line up to make a box, join a plumbing fitting or something like that. We have to sell the trades to the high schools and the general public—get the kids and the parents involved. It is okay to go to year 12 but you can find that the kid who left at year 10 and got into a trade he was interested in has got two years start. There is a lot to be done with all trades and getting out and selling the trades. More importantly, if a person wants to learn additional skills off the job he should have the opportunity to do it. Bring back the pre-apprenticeship.

The Hon. CHRISTINE ROBERTSON: Who does Try a Trade?

Mr WILLIAM ARCHER: It is part of World Skills. It was something I heard about. It happened at a truck show at Newcastle. They had half a dozen trades on display—I believe they had sheet metal, plumbing and cabinet making.

The Hon. CHRISTINE ROBERTSON: Okay. We might try to find out who runs it.

Mr WILLIAM ARCHER: Ring Newcastle college to find that out. It was very good. Thank you very much for your time.

CHAIR: Thank you for your contribution. I invite Dawn Fardell, the member for Dubbo, to the table. Thank you for coming, Dawn.

Mrs DAWN FARDELL: Thank you, Tony. Thank you to the Committee for coming to the electorate of Dubbo, particularly Parkes. That is greatly appreciated. As you probably heard this morning, the Parkes area has identified the lack of tradesmen as a problem. It is an up-and-coming, progressive area and the major thing that is holding a lot of industry back is getting sufficient staff. I have jotted down some issues that tradesmen have raised with me since I was elected 12 month ago. You probably heard this morning that many tradesmen are not employing as many apprentices as they used to because of occupational health and safety regulations. It is difficult to meet all those requirements. Tradesmen are very aware of workplace relations, WorkCover and employee safety. But the penalty imposed on a fellow who has been in business for some time is not balanced against the rogues who seem to continually get away with shoddy practices.

For example, an electrician from Narromine raised with me some time ago—I have made representations on his behalf before—the points system. Many tradesmen must have 100 points and work continually to sustain that level. They have to attend courses. I am married to a self-employed businessman and I know the time it takes from his working week to ensure that his staff are skilled properly and that he is skilled to an extent. Because of the points system he has let go two or his licences. Many tradesmen, particularly in this area, have more than one licence—they might be builders, electricians, plumbers or they might construct swimming pools. They are fairly multitasked.

I believe the points system should operate in the same way as a driver's licence: We all have 12 points to start with and if we break the law we lose points and we must earn them back over a certain time. I believe who has been in business for more than five years and has a good record should receive 100 points automatically. If they do something wrong they should lose some points. It is unjust that someone who has run a business for some time and has done nothing wrong must earn 100 points, like the rogues have to. We should look at that issue. I understand that that is one reason why many tradesmen are not taking on extra apprentices. They must train their staff and you can train your employees as much as you like but you will never get rid of the idiot factor. We should consider this matter carefully.

The Hon. CHRISTINE ROBERTSON: Who controls the points system?

Mrs DAWN FARDELL: It is part of the industrial relations system. It is the law.

The Hon. MELINDA PAVEY: Ms Fardell is talking about the extra training that tradesmen must do to keep up their qualifications.

The Hon. CHRISTINE ROBERTSON: Yes, to be registered as a tradesman. Who registers them?

The Hon. MELINDA PAVEY: It comes under the Office of Fair Trading.

Mrs DAWN FARDELL: Another issue is that travel is difficult for young people in rural and regional areas. For example, Mackay's Communications in our area must send its apprentices to Sydney every three months for two weeks to attend a course. I think they go to the University of Technology near Broadway. A two-week block would be okay because of the cost of motels and transport but the course involves one week here and another week there, which creates extra cost for the employer.

Lack of transport makes it very hard. It is difficult for people who must travel from Dubbo to Orange to go to TAFE. As to the Federal Government's super TAFE proposal, although it is well intentioned I think it will simply add another layer of middle management and the money that they are finding for Australian technical colleges will not go towards training our youth. I believe that money should go directly to existing TAFEs throughout the country. They are doing a good job and we should examine their funding. Many government-funded agencies offer training course. For example,

there is a six-week backhoe course. But you cannot expect an employer to allow someone who has completed that course to operate a \$1/4 -million piece of machinery. Employers will not take that risk. People must be trained properly on the job. Employees need more encouragement and employers should put on more young people.

Middle management takes away much of the funding that should go to TAFEs. The Federal Aboriginal Employment Strategy [AES] operates in Dubbo. It is a great program. But some employers employ Aboriginal people for six months and get funded for that training. But, if the employees do not perform, rather than helping them to retrain and keeping them in the job the employers get a new lot of employees and get another round of assistance. That is one failing of the AES, although it is a good program and should be encouraged and supported.

As to apprenticeships, I spoke at the Rural Dental Forum held recently in Parliament House. I have also spoken with Professor David Battersby, at Charles Sturt University, about scholarships that encourage young people to go to work rather than waiting for State and Federal help. Dubbo City UNE Council is seven planners short at the moment and it has offered a \$5,000 p.a scholarship as part of an agreement with UNE university to someone in the Dubbo area to work with the council's planning section during holidays. I think that arrangement will be quite worthwhile. We should encourage more people such as dentists and other professional and trade employers to consider similar options. Of course, it would be easier if government could provide dollar-for-dollar support to assist employers in offering scholarships. Tony Lawler, a Dubbo pharmacist, offers a pharmacy scholarship to people from the local area.

TAFE courses have also become rather expensive. In the local newspaper this morning there is an advertisement for a 12-month full-time crash course in hairdressing for \$9,800 through TAFE. I have not seen that type of course advertised before. It is marvellous if someone can complete the course in 12 months and be highly paid when they finish but \$9,800 is a lot of money to find. There must be some other way. TAFE offers many very good courses. There are many cottage courses for people my age to do art or craft. They are good courses and should be retained as night courses to keep TAFE going. But during the day I believe we should concentrate on youth training. Many TAFE courses are now too expensive. As I said before, I think the system should get Federal funding. They are the main issues that have been raised with me. That is why many of our young people are unemployed.

CHAIR: Thank you, Dawn.

Mr BARRY HERAGHTY: I wanted to come here today and tell you about some experiences that I have had over the past few months. I have just spent two months in London. They have a critical problem over there with trades—and I mean critical. We think it is bad here but they are worse off. I have made a few brief notes about my observations. I made some very good friends in London who work in key areas of the building industry. There seems to be a trend in the United Kingdom for young kids to leave school and do one of two things: go to university or go on the dole. That is very prevalent. There does not seem to be anything like the TAFE system—it is either go to university or go on the dole.

There are private TAFE-style organisations. I saw an advertisement in a local newspaper that said, "Become a plumber in 70 hours". I took that a bit further. I became very friendly with a construction manager on a high-rise building near where I was staying. Every day I would walk past, get the newspaper and have a yarn with him. I said to him, "What's this 70 hours?" He said, "Yeah, that's right, Barry, what happens is that it will cover only one facet of the trade. You go in and do your 70 hours but all they will teach you is how to put up guttering or a frame—just one little thing. That is all you do". It just does not work.

The Hon. PATRICIA FORSYTHE: They do that in America too.

Mr BARRY HERAGHTY: They also tried for the quick fix. They brought in trades from India, Pakistan, South Africa and the West Indies. Most of those people came in with forged documentation. They had no clue—all you had to do was look at their hands and you knew they were not in the building industry.

While I was there they won the Olympic Games and I said to the same guy I had been talking to about the high rise, "How are you going to go on that?" He said, "Barry, we won't be able to do it. We are going to have to import tradespeople from Australia, New Zealand, and English-speaking countries." In other words, they are going to pinch tradesmen from here. He said, "We are going to bring them in. We will fly them over, we will give them accommodation, we will feed them and we will wash their trade clothes. We will pay them a decent wage. Then, when it is school holidays out here, we won't let them go home. We are going to bring the wife and two kids over here because if we let them go home, they won't come back. We are going to price the jobs that way."

The typical example of that was when Multiplex went over there to do the stadium. They let the contract out for the steelworks and signed the contract. Obviously, they did not do a lot of investigation on the company that they gave it to. The company then came back after they signed up and they said, "We are ready to go. Show us how to do it." That is why Multiplex lost a lot of money. It comes back to trades again.

In the not too distant future the building industry will hold us to ransom. I do not know what we can do about it, but we are going to about it but it will be critical. It is bad enough now. We run a construction company too and it is "Wait in line" to get this trade, that trade and any other trade. I do not care who you talk to. It does not matter whether it is Parkes, Dubbo, Canberra or where, it is the same problem everywhere.

CHAIR: You run a construction company here?

Mr BARRY HERAGHTY: Yes.

CHAIR: How many people do you employ?

Mr BARRY HERAGHTY: In total I employ one other person but we are 100 per cent subcontracted.

CHAIR: And you have problems getting people?

Mr BARRY HERAGHTY: With the trades it is "Wait your turn", and it is right across-the-board. You can ask any tradesman in this town. As I said, anywhere you go, they have got the same problem.

Mr IAN COHEN: Do you have any strategy that might alleviate that problem, given your local experience?

Mr BARRY HERAGHTY: I think we have to look very, very seriously at TAFE. I have a soft spot for the TAFE. Over the years we have done a few things with the TAFE at Forbes, where they have got grants and we have worked in with them and taken on apprentices. They only work two days a week in the classroom and two days a week on the site. We have done that a few times and we keep them rolling over. But things seem to be coming very, very tight TAFE-wise and I cannot understand why we have got so many people belly dancing and things like that. We need trades, we do not need belly dancers.

The Hon. CHRISTINE ROBERTSON: Do you have a belly dancing course out here?

Mr BARRY HERAGHTY: No, but I saw it advertised in the media somewhere.

The Hon. PATRICIA FORSYTHE: I would like to ask about the specialisation of trades. You talked about a plumber. That is a trend that is happening in a number of countries. Do you see that as a positive or a negative?

Mr BARRY HERAGHTY: I think that is about the only way we can go. Most of the guys my age did it the old way but to fast-track it, you are going to have to do have specialised industries. A friend of mine was over there with me and was in refrigeration. He never got out of Heathrow Airport because he could do everything in the industry. Over there one bloke would put the duct work

in, another bloke would run the wire, another bloke would put the motor in, another bloke will gas it up.

Another typical job was a bloke was doing a job and a guy was boxing up. I said, "Are you getting ready to pour the concrete paths around the high rise?" He said, "No, not concrete. We haven't got good enough tradesmen to do it. We're going to use hot mix." I said, "Hot mix?" He said, "Yes, and if they don't put it down today, we can do it tomorrow." They used four different teams to put that hot mix in. One team boxed it up, another team came in and boarded it up to a certain distance from the top of the boxing, another team came and stamped it down and the expert team smoothed it off. That is just not right.

The Hon. CHRISTINE ROBERTSON: You are saying that this is where we are going. How will this work in the country? It does not have that number of jobs.

Mr BARRY HERAGHTY: We do not have the population.

The Hon. CHRISTINE ROBERTSON: So we should shut the country down?

Mr BARRY HERAGHTY: No, do not do that.

The Hon. CHRISTINE ROBERTSON: I won't. I am from the country.

CHAIR: Thank you very much for your interest and for coming here today.

Mr BARRY HERAGHTY: Thank you for having me.

CHAIR: Is there anyone else in the public gallery who would like to say something?

Mr BLAKE O'MALLEY-POWTER: I have just recently finished a retail traineeship. I am only 21. When I did school a few things were offered to us in the way of mechanics, building and construction but you leave. I went through to do my HSC and a lot of guys did it but there is not really anything rolling on in Parkes from there. You get your qualifications to a certain degree but there seems to be a pretty big gap, especially if you want to stay in Parkes, between what happens when you finish school and getting into the work force.

I am unemployed at the moment and a lot of the positions that are advertised, or even through word of mouth, for experienced people—there is just such a big gap, especially in regional New South Wales, between having skills and getting the experience. You just cannot get experience and there is nothing to fill the void where you get skills and you go to work site and work straightaway. You really need courses to develop the skills. They might not have on-the-job experience but they will actually have some knowledge of the industry, which might help to breach that gap.

CHAIR: You are based here in Parkes.

Mr BLAKE O'MALLEY-POWTER: Yes.

CHAIR: Do you have a message to employers?

The Hon. MELINDA PAVEY: And government.

CHAIR: I am talking about here in Parkes.

Mr BLAKE O'MALLEY-POWTER: You really need to give youth a go. You cannot get experience without being given a job.

The Hon. MELINDA PAVEY: You are also saying that if there was the opportunity to do a bricklaying course for a couple of months you could go then go a builder and say, "I have done some brickie work at TAFE. I know the mechanics of that so I will not be a dead weight for a couple of months. I know the basics. Can you put me on?" You are saying that is not available.

Mr BLAKE O'MALLEY-POWTER: Not in Parkes. You would have to travel to Dubbo. I know that some people behind me are currently doing a course but they do not have transportation to get to places like Dubbo. If they could run a course in Parkes for bricklaying, as an example, there are plenty of opportunities for community projects so that they could get trained with someone at TAFE to go and do the community projects to rebuild a wall at the school. Volunteering is very important because it saves money and will give the experience. They can then go and speak to an employer after that. They are then trained and have some experience, but there does not seem to be anything like that available at the moment.

The Hon. CHRISTINE ROBERTSON: Is that like the pre-apprenticeship courses in the olden days?

Mr BLAKE O'MALLEY-POWTER: I am young so I do not know about pre-apprenticeship courses.

The Hon. CHRISTINE ROBERTSON: You are not that old.

CHAIR: There is a TAFE college at Parkes. Have you tried to get into TAFE?

Mr BLAKE O'MALLEY-POWTER: I have looked at TAFE here at Parkes and there are not many courses. It does not offer very much. They offer some business courses, a few rural ones such as wool classes, welding and basic everyday computer courses, teaching you from the very beginning but it does not go in depth.

Mr IAN COHEN: Do you have a specific skill that you would like to focus on?

Mr BLAKE O'MALLEY-POWTER: I am interested in transport logistics, warehousing and things like that which, in Parkes, it would make sense to try to get into as we are trying to push for Parkes to be the hub of Australia and I cannot find anywhere to get any training in that.

Mr IAN COHEN: Do you have a car licence?

Mr BLAKE O'MALLEY-POWTER: Yes.

Mr IAN COHEN: Can you get a truck licence?

Mr BLAKE O'MALLEY-POWTER: Yes I can but it costs a lot of money. I am living independently at the moment.

Mr IAN COHEN: Can you go to any transport companies and ask if they would help cover the cost of a licence to help with training?

Mr BLAKE O'MALLEY-POWTER: I have seen a lot of companies. I have gone and visited them. It is so quiet out here with the drought and the fuel prices the way they are. They just cannot afford to put people on and give you training as well. They want someone that they can stick in for three months and if they need you after that, they will keep you or they will let you go. It is pretty hard to get into, just with how hard it is out here at the moment. There is not much in the way of training out here. I did have a good thing previous to my last employment where there was a local mining company that did training courses in a lot of earthmoving equipment and forklift and such which helped me a lot. I got my forklift licence, which helped me get my last job, but that is not available anymore. I have spoken to my employment agency, Centrelink, and I would like to get a truck licence, but it is just not available to me. I just do not get the funds.

The Hon. GREG DONNELLY: Do you feel that you are at the point where you have to make a decision that you might have to move to a bigger centre like Dubbo where there might be more opportunities?

Mr BLAKE O'MALLEY-POWTER: I have set myself a target for halfway through January and if it is not looking very good by then, I will have to go back. My parents actually live on the Central Coast now, so it would be smart to go and live with them. I do not want to because I am 21

years old and I have lived here probably for 18 years of my life. I love it here and I want to live here. I want to buy a house, start a family and live the rest of my life here but for someone my age, it is just so difficult to get a start.

The Hon. GREG DONNELLY: Perhaps, though, if you went to a bigger population centre where you could get training underway there might be the opportunity to use that as a platform and you could then come back to this community?

Mr BLAKE O'MALLEY-POWTER: Yes, that is probably what is going to have to happen. I know a lot of Austop people just left after that fell through. I am lucky that my parents live on the Central Coast, but for a lot of other people whose families are still here, the financial factor to go out to places like Sydney, and even Dubbo, Bathurst and Orange, they are more expensive than here, it is a big drain on the wallet if you do not have any income. Thank you very much.

CHAIR: Does anybody else wish to say anything? As there is no-one else, I thank all those who have participated and those who have attended.

(The public forum concluded at 3.15 p.m.)