

**REPORT OF PROCEEDINGS BEFORE**

**STANDING COMMITTEE ON STATE DEVELOPMENT**

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

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**At Wagga Wagga on Monday 31 October 2005**

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**The Committee met at 10.10 a.m.**

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**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

**COLIN JAMES SHARP**, Director, Office of Planning and Audit, Charles Sturt University, Panorama Avenue, Bathurst, and

**ROSS CAMERON CHAMBERS**, Deputy Vice-Chancellor (Academic), Charles Sturt University, Boorooma Street, Wagga Wagga, sworn and examined:

**CHAIR:** Would you like to make an opening statement?

**Professor CHAMBERS:** I would like to make a brief statement. Thank you very much for the opportunity to meet with the standing committee. We have made a written submission in which we have emphasised the importance of addressing skill shortages in rural and regional New South Wales with regional development. There are two or three points I would like to make regarding the role of regional-based universities in meeting regional work force needs.

Firstly, in relation to recruitment I would like to draw the attention of the standing committee to the evidence we have put forward that training students who come from the country in the country is by far the most effective way of addressing skill shortages in the professions. Our experience with courses like pharmacy and so forth is that it has only been when you have had courses based in the country and that have links with country practices and that have drawn largely country students that we have achieved a significant turnaround in the recruitment of pharmacists and other professions.

The other important point I would like to make in that context is that one of the most important ways of meeting work force needs is through upgrading the qualifications of people who are already in the country. The capacity of universities such as the Charles Sturt University [CSU] but also New England and other regionally based universities to deliver by distance education or by other flexible modes is an ideal way of upgrading those qualifications. For instance, we had many experiences of towns where they found it extremely difficult to attract registered nurses, but when we targeted the enrolled nurses who live in those towns we have been able to find people who have been able to upgrade their qualifications. That is really the only way those towns would have coped and employed registered nurses.

In this context I again stress that one often sees data that says, for instance, if you look at the number of veterinary science graduates in Australia per head of population we are producing enough. The better question is why are there 400 vacancies for vets in rural Australia? Looking at those figures is not enough. We are convinced that in the area of veterinary science we will only address the shortage of vets in rural Australia when graduates start emerging from our veterinary science course, to which we recruit on the basis of suitability for rural large animal production practice. So, those are issues around recruitment.

I also stress the importance of retention. In many instances in many professions there are enough graduates. The problem is retaining them. A lot of effort goes into graduating more and more people in some of these fields when retention is important. Again, regionally based universities have an important role to play, firstly, in providing continuing professional development for regionally based people. That has been shown to be one of the major ways to keep people interested and developed and you retain people.

Secondly, we put a lot of effort, in partnership with bodies like the Department of Community Services and the Department of Health, into induction programs. Again, one of the factors that influences retention is effective induction. Our view is that we need to pay more attention to managing people in that first year or two after they graduate to induct them into working in regional communities. That can help with retention.

One of the biggest factors in retaining professional people in rural communities is education for their children. That can be easily overlooked. You will get better retention in regional communities when people feel they are coming to an environment where there are opportunities for their children to undertake university education. So, retention is a very important issue. Again, our analysis of our data on our graduates—again, the pharmacy students are the ones we have tracked very well—shows that we have achieved very high levels of retention over the first five-year period.

Finally, I draw the attention of the Committee to a very important issue affecting our ability to recruit and prepare sufficient numbers of people in the allied health areas. This is an issue that affects both State and Commonwealth. Currently there is good demand for training in these areas from very well-qualified students but there are limits to how many students we can take. Those limits come from the availability of clinical practice opportunities. In any courses such as physiotherapy, nursing, radiography or occupational therapy, and so forth, there are significant requirements for students to undertake supervised practice. So, the limit on the number of students you can take is how many of those opportunities exist.

This is something that is partly within the control of the New South Wales Government through the health department. We find there is a culture within the health department that emphasises very much cost recovery. So, students on placement are seen as a cost and there are increasing pressures on universities to for pay students to undertake clinical placement. Secondly, this is seen by many in the health department as a Commonwealth-State issue, so quite commonly we are told that tertiary education is a Commonwealth responsibility, why would we put any money into taking students on placement?

I think there is a need for a whole-of-government approach involving the Commonwealth and the States looking really carefully at how we provide clinical practice opportunities for students. At the moment this is a significant limit on the ability of universities to provide the numbers of people in these allied health areas who are needed. In that context of course I just make a little note. In relation to work force planning, one of the biggest challenges facing our regions is the ageing population. We know that there will be significant levels of demand for allied health workers. It is something we cannot afford to delay.

Perhaps that is all I should say at this stage, except basically to make one last point by way of example. I mentioned earlier induction and the importance of induction, and I also mentioned continuing professional development for retaining people in the countryside. We have a good arrangement with the Department of Community Services in that we share a senior appointment in social work. The aim of that is to manage induction of new social workers and to provide continuing professional development. It has been successful and it has lasted for a number of years. We find that this appointment is continually threatened at the State level by people's approach to budgets which state, "Why have they got that when other regions do not have it?"

This sort of notion of uniformity can be very damaging. I think there needs to be an affirmation that the needs of regional areas and regional services can often be very different from the needs of service providers in Sydney and the fact that the Department of Community Services in Sydney may not want to have joint appointments with universities. The pressure for a uniform approach to staffing establishments and so forth really should not be allowed to stop the development of these valuable initiatives that meet the needs of our regional communities and represent these kinds of partnerships.

I want to make one final point. The thing about regional communities is that they thrive in vibrant partnerships. There are partnerships between universities and other parts of the community; there are partnerships between universities and TAFE; there are partnerships between universities and various health providers; and there are partnerships between universities and social services providers. Partnerships between universities and industries are far more important if we are to deliver services to our communities than they perhaps are in metropolitan areas.

**CHAIR:** Mr Sharp, do you want to make a short opening statement?

**Mr SHARP:** I underline one aspect of Ross's statement. Charles Sturt University obviously takes great pride in developing regional students. Again one thing we find is that if we have courses of sufficient calibre and profile we can attract metropolitan students to regional communities where they have shown the propensity to take up work in regional areas as well. That to me is a significant achievement in itself. Charles Sturt University has looked to have courses on campus with a profile to pull metropolitan students over the Great Divide. Significant numbers of them take up work in regional areas afterwards.

**The Hon. PATRICIA FORSYTHE:** Professor Chambers, can you outline the flexibility of the university to respond to demand in an area? What is the lead-time on planning courses and is there flexibility to respond to demand?

**Professor CHAMBERS:** There are two elements to that. If it is a wholly new course it broadly takes us around two years to introduce a new course. For instance this year, in 2005, we had our first intake into our veterinary science program. We spent much of 2003 doing our planning, negotiating with the Commonwealth about places and looking at costs and so forth. The real limiting factor—I imagine that most people around the table would know that the university Admission Centre book is the book that tells students about courses. That really goes to bed about March of the previous year. So any new courses we wish to introduce will really have to meet that deadline. That is at that level of attracting mainstream courses that, of course, attract school leavers.

On the other hand we have other kinds of courses that are usually shorter courses—for instance, graduate certificates and other sorts of programs—which we have been able to develop with our industry partners very quickly. The lead-time on some graduate certificates would be six months. So it depends on the sort of training. I always distinguish in my mind between the deep needs that require the introduction of a fully professional degree and responding to more immediate needs. We are able to do both.

**The Hon. PATRICIA FORSYTHE:** I know that Newcastle University introduced a masters degree in pharmacy to pick up the gap in pharmacy by offering it to recent graduates in allied health areas. Have you looked at that sort of approach for your area?

**Professor CHAMBERS:** That is an interesting point. Yes, we have. We have had it under review. One of the points I make in that context, however, is that they are not yet able to provide Commonwealth supported places to those initiatives. So that development would be a full fee-paying development. Our priority at the moment is access. Our intention predominantly is to offer pharmacy on a Commonwealth supported basis. There is that element and I think that is what interests us. On the other hand, we are not sure in our kind of region how much capacity there is to pay the fairly steep fees that are asked for those kinds of programs.

**The Hon. PATRICIA FORSYTHE:** In your submission you referred to the percentages of students who studied on campus and who then took up initial employment in regional areas. For how long does that initial period extend? Do you continue to attract students beyond their initial employment and, if so, what are the longer-term outcomes?

**Professor CHAMBERS:** We do monitor that and the outcomes are quite good. Colin has the detailed data on that.

**Mr SHARP:** The Graduate Careers Council of Australia monitors people throughout their careers in particular areas, for example, pharmacy. The faculty does it more generally across the university. It is difficult enough to get their initial employment in a graduate survey without tracking further out into the future. So we do not have across-the-board information on that. But in particular instances like pharmacy we do follow that.

**Professor CHAMBERS:** Do we have the data on that? What does the five years involve?

**Mr SHARP:** The pharmacists have not been going out for that long so we do not know that.

**Professor CHAMBERS:** The other point I could make is that at the Charles Sturt University, most of our students are mature age, distance education students. The typical Charles Sturt University student would be someone living in the community who is either changing their career or upgrading their qualification. Those people are not recent school leavers who go to university and look around for a job and perhaps might be attracted to the country versus the city; they are people who are already established in rural communities and who will remain there, essentially. I think that is less than or about 25 per cent of our intake of recent school leavers.

**Mr SHARP:** We have 19,000 domestic students studying by distance education students and approximately 3,800 commencing on-campus students.

**The Hon. MELINDA PAVEY:** With reference to your opening statements and in relation to the vocation and induction program of the Department of Community Services, do you have figures or any examples of what the rate of vacancies for social workers within the region is because of that program?

**Professor CHAMBERS:** We introduced social work here in about 1990 when there was a real shortage of social workers in regional New South Wales. We have some figures which indicate that most social workers in regional New South Wales are now our graduates because our program has been going for a very long time. Certainly, anecdotally, if anyone appears anywhere in this region, the social workers will be our graduates. That is a very good example of our program that has been in now for 15 years and has really changed. The only other hard evidence would be, as I said earlier, that the regional director of the Department of Community Services [DOCS] has had to defend the position on a number of occasions as part of the budgetary review process of DOCS which has always been, in the end, successful, despite some of the tendencies I have spoken about. She has produced the demonstrable impact on their ability to recruit and retain staff which had been a huge problem for DOCS, as you know.

**The Hon. MELINDA PAVEY:** Is that across regional New South Wales, or is that related to southern New South Wales?

**Professor CHAMBERS:** The DOCS region goes up to Dubbo. It is huge. It is the Western region of DOCS.

**The Hon. MELINDA PAVEY:** I know there are northern regional issues.

**Professor CHAMBERS:** The DOCS region goes down to the border. It is everything from Albury up to Dubbo and down to Broken Hill. It is huge.

**The Hon. CHRISTINE ROBERTSON:** How does this joint program work? Do you fund it, or does DOCS fund it?

**Professor CHAMBERS:** We fund it on a 50-50 basis. As I said earlier, it is something that I and the University have become very interested in—the transition to work—and it is an investment in that transition to work. But also, part of the job of that position is to help our students who are doing practicums as well.

**The Hon. CHRISTINE ROBERTSON:** The value of it is pretty obvious. It has been a huge problem, particularly for social work for many years, as you would know. There is no support: they get dumped in the community and then they fall over, and this happens with Health as well. Can you tell us what arguments can be used to say that this is an employment-training support position? What are the pushes to say that the State should fund this when the State's agenda is really about service? I am not confronting you; I want to know.

**Professor CHAMBERS:** As people have looked at, say, child protection and other services provided by DOCS, burnout is a huge problem. The more you can retain people for a long time and develop an experiential base, the more that is a huge issue for the quality of service. This position has, for instance, been shown. As well as greatly improving retention, it has also allowed a sort of career structure to emerge in a sense. There is a position overseeing where people can become kind of senior workers who provide counselling and support of their colleagues. That is one of the programs. I would say burnout and retention are very important issues for the quality of service, as is continuing professional development.

**The Hon. CHRISTINE ROBERTSON:** So this is about an individual position?

**Professor CHAMBERS:** Yes.

**The Hon. CHRISTINE ROBERTSON:** I am trying to look forward with the process. Obviously, professionals need support in the country.

**Professor CHAMBERS:** Yes.

**The Hon. CHRISTINE ROBERTSON:** Still I am feeling that the arguments would come back to say that this is a Commonwealth issue because it is an employment-training issue.

**Professor CHAMBERS:** I want to be absolutely clear that we are certainly not looking to have it anything other than jointly funded. We think it is very valuable.

**The Hon. CHRISTINE ROBERTSON:** I am not talking about your one position, though.

**Professor CHAMBERS:** No.

**The Hon. CHRISTINE ROBERTSON:** You are very lucky.

**Professor CHAMBERS:** Yes.

**The Hon. MELINDA PAVEY:** And we want the luck to continue across the State.

**The Hon. CHRISTINE ROBERTSON:** We are trying to extend this thought along.

**Professor CHAMBERS:** That is right, yes. We have three joint positions: two are in mental health up at Orange as well and they are with the mental health workers at the Bloomfield Hospital up there. It is a model that we think is very effective. You alluded to the issue of what are the responsibilities of, say, the Department of Health or NSW Health in relation to inducting people into the professions. In the end, I think there has to be a whole-of-government approach. The health services would not survive here without training students. They need them. They are not going to get them from the city. The pressures within the NSW Health for full cost recovery are really constraining the practicum placements. We could graduate more physiotherapists and we could graduate more occupational therapists, if there was a slightly different regime in relation to clinical placement.

**Mr IAN COHEN:** Does the partnership with DOCS fill the gap funding-wise? I might be right off course here, but you hear so much about city-based universities have full fee paying overseas students. How do you ride on that? Is there any attraction to your university of full fee paying overseas university students to help to keep the faculties overflowing?

**Professor CHAMBERS:** Charles Sturt University has one of the largest groups of overseas students of any Australian university but they are overwhelmingly offshore. We have used our distance education capacity to deliver programs to 6,000 or 7,000.

**Mr SHARP:** It is 6,000.

**Professor CHAMBERS:** There are 9,000 students outside Australia, and that creates a kind of interesting and valuable income stream for us, as well as helps internationalise our courses, which I think is important for a regional university. On the other hand, marketing inland Australia to overseas students is not actually easily. There is great pressure on sort of going to the coast, so we have relatively small numbers of on-campus students. Secondly, the offshore activities are overwhelmingly in the area of information technology and business. We look for these kinds of arrangements as a win-win situation. We are happy to tie up some of our positions and DOCS has been happy to tie up its. To come back to another point, I think everybody has an interest in inducting people. The better you can manage people is the first year or two, the more chance you will have that they will settle in happily and stay and build their careers. We have an interest in that and it is something that DOCS has an interest in as well.

**Mr IAN COHEN:** You mentioned retention quite a bit. Are there any niche strategies that you have in terms of retention? Obviously it will vary from department to department. Is there any way that there can be further support from the State Government level to assist what is obviously of assistance across the board for rural communities?

**Professor CHAMBERS:** I know that things are very tight with health budgets, which I think is the area where assistance is most pressured. Everyone knows about the very high pressures there are

also on DOCS. I think one of the things that has suffered in terms of budget stringencies has been a capacity to invest in continuing professional development. That is really a key to retention—making people feel valued and making them feel that they are going somewhere with their careers. I think the other factor that is not exactly a retention strategy is the strategy of targeting people who are already living in communities and are upgrading their skills. They are the people who are most likely to stay and work productively.

**The Hon. GREG DONNELLY:** He spoke about the importance of collaborative and partnership arrangements, particularly in regional and rural communities. Could you elaborate on that a bit and explain it in the context of types of partnerships and collaborative arrangements that you might have with other education providers in the region?

**Professor CHAMBERS:** We have two levels. I should perhaps make the point initially that I would say that we are by far the major provider of teachers in schools and early childhood teachers and workers in our region and we work very productively with both the Department of Education and Training schools and the Catholic schools. That has been a very valuable relationship. In terms of creating training, I think one of the most important aspects of partnerships in regional areas—and it is at the heart of access—is that there are still levels of access to higher education in our region that are still well below State averages.

One of the most effective ways of addressing that is to work very hard to create pathways or what I always think of as kind of ladders for people so that they can start doing something and then move on to something else. At the heart of that is our relationship with the TAFE system. Where the university sits, its footprint is very close to the footprint of two large TAFEs—the Western Institute of TAFE, which is really based around Orange, Bathurst and Dubbo, and the Riverina Institute of TAFE, which is Wagga Wagga, Griffith and Albury and lots of smaller communities. We have made a particular point of working very closely with TAFE so there is good articulation between their programs. But we are also responsible for what at least the Department of Education, Science and Training [DEST] at the Commonwealth level tells us is a unique program where we actually have what we call joint programs.

A student can be simultaneously enrolled in a TAFE award program and a Charles Sturt University [CSU] program. Instead of doing TAFE then university, they can do both. TAFE is very, very good at working with people from educationally disadvantaged backgrounds. We have really been able to pick that up. But the other thing we have noticed—and I am sure this may be very relevant to your inquiry but I do not know if you know it or not—is that there is also quite a significant movement from university to TAFE. I find that people always think of the movement being from TAFE to university, but a lot of graduates now go to TAFE to hone some of their application skills. By creating these joint packages, it has worked quite well. We think that that has brought in another group of students. It would have been no good if we had taken students who enrolled with us just yesterday, anyway. We believe this has brought in another group of students who benefit from doing the early years predominantly with TAFE.

**Mr IAN COHEN:** Is that something that is more prevalent in the rural situation than in other areas, do you find?

**Professor CHAMBERS:** My judgment would be that articulation with TAFE is quite strong across the university sector, particularly in universities that have had a strong engineering and technology background. It would not surprise me, for instance, if the University of Technology, Sydney and Newcastle did. Newcastle often gets awards for its relations with TAFE. That is a good part of the Australian university system. The kind of course I have spoken about and that sort of really embedded relationship is something that, as I say, DEST would say is pretty unique here at the moment.

**Mr IAN COHEN:** Is it targeting specific regional or local skill needs? Another inquiry I was a member of looked at the residential component of an agricultural college. We saw there were some very specific needs in catering for the local community. Is that something that you find has niche potential?

**Professor CHAMBERS:** That has not been primarily why we developed it. We developed it mainly as a way to try to improve access. I do not think there is an access problem in Wagga Wagga but if you move west of here you have access problems. So, the initial impetus to these programs is trying to figure out ways of encouraging access. As it happens, that has led us into looking at niche areas, because we need to work on areas where TAFE is strong. TAFE is very good at picking up demand for skills in their community. So, some of the TAFE courses with which we work are embedded in the community.

**The Hon. CHRISTINE ROBERTSON:** The resource impulses for clinical placements across the board are fairly high?

**Professor CHAMBERS:** Yes.

**The Hon. CHRISTINE ROBERTSON:** Who supplies the resources for medical students? I know it is not your field.

**Professor CHAMBERS:** Again, that is a combination of the Commonwealth and the State. State contributions are through making clinical appointments and so forth. I personally would like to see something like that approach directed towards some of the other allied health professions and nursing as well. I cannot see why you can appoint clinical professors in a whole of areas of medicine and then say there is no case for having clinical professors in nursing or physiotherapy. That would make a lot of difference and it would be very useful for the kind of team-based approaches that underpin health provision in these areas.

**The Hon. CHRISTINE ROBERTSON:** I guess a long time ago the decision was made to move the training, particularly for nursing, out of the hospital sector?

**Professor CHAMBERS:** Yes.

**The Hon. CHRISTINE ROBERTSON:** And then resources were removed?

**Professor CHAMBERS:** That is right.

**The Hon. CHRISTINE ROBERTSON:** So the health budget would have to be able to turn itself upside down to be totally responsible again for clinical placements, would it?

**Professor CHAMBERS:** No. I apologise if I have given the wrong impression. I think it is a case of the Commonwealth and the States co-operating. I do not think it is at all appropriate to say that it is the case that clinical placements should be wholly met by the State. If I can make another point here, the Commonwealth funding for nursing and allied health has a significant difference. At the moment, the Commonwealth gives universities a component for clinical costs for nursing. That is a result of history, to which you referred. But, in areas like physiotherapy, occupational therapy, speech pathology, radiology, pharmacy and so forth there is no provision from the Commonwealth at all, and that is where the real pressures are.

**CHAIR:** Professor Chambers, one area that seems to cause communities, particularly in rural areas, problems is councils. Some of the smaller rural councils, for example Hay, have been critical of the fact that they have been unable to find appropriate training locally. Hay council has reported to us in one of its submissions that it has had to send employees as far as to Toowoomba in Queensland for engineering qualifications. How do you respond to this criticism? It does not happen just in engineering; it also has massive problems as far as town planners and what used to be health surveyors and building surveyors.

**Professor CHAMBERS:** The best way perhaps of understanding this is to say there is a certain term we use often at university, "critical mass". To run a university course there has to be a certain critical mass there—enough students enrolled to sustain.

**The Hon. PATRICIA FORSYTHE:** What is that critical mass?



**Professor CHAMBERS:** It varies from course to course but we would say at CSU that unless you are enrolling 40 students at least a year into a course it is very unlikely to be able to sustain the numbers of staff required. In some of these areas, the ones to which the Hon. Tony Catanzariti referred, it is not simply a university decision. There are very stringent professional requirements. For instance, if we were to run an engineering course or a town planning course we would have to get that course accredited by some professional body, which would have a great list of how many staff you had to have, what sort of resources you had to have, and so on.

Funding of those programs is really tied to the number of students enrolled. Also, to some extent, the educational experience is linked to that. You do not really want a small course where students are only exposed to one or two people's views. That is not a good education. It is disappointing people. We looked very carefully at engineering because we had representations from the Shires Association. If you look at engineering across Australia, there is an overprovision of places in engineering already. The Australian Vice-Chancellors Committee publishes each year data on where there is excess demand and where there is underdemand. Unfortunately—and it is a major issue for the whole Australian community—science-based courses generally, including engineering, are undersubscribed by Australian students. So, there is an excess capacity.

I personally think that what has been worked out at the University of Southern Queensland at Toowoomba is a very good program, because it is capable of offering engineering by distance education. My understanding is it is a program where students may have to spend a year or two at Southern Queensland but then can come back and work in the shires and study simultaneously by distance education. To my mind, that is probably the best way. You cannot be all things to all men. There are enormous pressures on regional universities.

The Commonwealth prepares a table that looks at the number of fields a university teaches. Right at the top you might have the University of Sydney, which teaches everything, like dentistry, engineering and architecture—more or less every field—and further down you might have much more specialised institutions like Macquarie, and so forth. Under the Sydney types are the regional universities like CSU, which has this very broad profile of programs because of our determination to meet the needs of our community, but that puts enormous pressure on.

**CHAIR:** One of the particular issues that Hay council was talking to me about privately was the fact that it cannot attract anybody with any qualifications, particularly in those fields. So, it tries to get someone who may be interested in, say, engineering or health surveying or planning or whatever, and it sends them to Queensland, say. They do their training and come back and one of the closer councils seeks to take them away. So it is finding that a problem. Where do those councils go? Is that the end of them?

**Professor CHAMBERS:** I still think that the approach that has been adopted is probably the best approach. I understood that the trick is to bring the students back after about one or two years, so they have not finished their degrees. They study while working for the council. I still think that is probably the best solution. I think you will attract people who will welcome the opportunity to start work in a career and so forth. It is a difficult problem. My own view is that that solution is the one that is most likely to work.

**The Hon. PATRICIA FORSYTHE:** Earlier, in answer to a question about Hay council, you made reference to accreditation. Do you have any comments to make about the accreditation process in general and skills recognition as part of that?

**Professor CHAMBERS:** I think it would be true to say that we do not always find the accrediting bodies initially very open to the conditions of education in rural communities. For instance, I mentioned earlier that partnerships are very important. We had quite an interesting situation recently with our physiotherapy course where, on the one hand, they congratulated us for being one of the few physiotherapy programs that covered the whole range of physiotherapy, but then they castigated us because a lot of that teaching that enabled us to cover all those ranges was being done by people who were essentially working in hospitals and acting as adjuncts or part-time staff at the university. So they would say we do not have enough full-time staff. We were saying this is a good thing, because it embeds our relationship with these providers. The students are being exposed to practitioners, and this is how you have to do it.

An interesting example of this is veterinary science. As you probably know with veterinary schools, one of the characteristics of the four existing metropolitan-based veterinary schools is that they run a veterinary hospital, which mostly spends its time treating cats and dogs. We made a decision that if we set up a veterinary hospital we would probably drive half of the local vets out of business. That would be very inappropriate, and it would be much better if we co-invested in some of the large veterinary clinics so students could go and work there. We set aside a lot of money to do this. We are having the devil's own job with the accrediting bodies, getting them to shift and say that that is much more appropriate for a regional community, where we have to work together with what is there

**The Hon. MELINDA PAVEY:** Picking up on your earlier evidence in relation to training more allied health professionals in speech therapy, and so on, have you thought of pathways, of relationships being developed with local councils and local communities about clinical placements where the shortages are, in scholarships or something more tangible in regions where we have the skills or whether we have clinical placements in regional areas, and some funding?

**Professor CHAMBERS:** I can give you two examples. Mostly, the scholarships we develop are with the professions. So, for instance, in pharmacy or veterinary science or physiotherapy the scholarships tend to come from the local practitioners and their regional professional associations who are very keen to work with us. The other thing that is relevant to what you are talking about is that in some areas we are moving into partnerships in running clinics, and so forth.

An example of that is a field I have not mentioned to date, but if you look at the health work force analysis—I think it is No. 2, podiatry, and everyone tends to overlook podiatry but it is tremendously important in an aging population and where there are rising rates of diabetes—attracting podiatrists nationally, let alone in regional areas, has been a major issue. We have established a podiatry clinic in Albury as part of an attempt to create a base to increase the opportunity for students to practise, but that clinic also links into local health centres in smaller communities and provides podiatry services in partnership with those. That kind of model is slightly different from the one you are talking about but the one we feel has some legs.

**The Hon. CHRISTINE ROBERTSON:** What do you think about forcing professionals to stay in country areas for periods of time? For instance someone who is trained by the council and then gets a better job in a regional council. Do you think that is possible?

**Professor CHAMBERS:** I think there is a long history of various types of bonds and special things. I do not think they have really ever worked. My view is that they do not work; they are more trouble than they are worth. The trick is to create vibrant regional environments and vibrant professional environments and also to train people who want to live in rural communities. I think we quoted the figures on pharmacy but when there was just pharmacy at Sydney University three out of about 200 graduates came west of the ranges. Only three of our first 50 graduates went to Sydney. That is because we are educating them to be comfortable with living in regional communities. That is the trick. I do not think that bonds are worth anything.

**CHAIR:** Mr Sharp I believe you have some statistics that you would like to table?

**Mr SHARP:** I have some sundry statistics that might be of use to the Committee.

**CHAIR:** Thank you.

**Professor CHAMBERS:** There is one other point that I wish to make. Charles Sturt University paid more than \$7 million in payroll tax. Essentially we take in students' money and Commonwealth money and hand it over to the State Government. If the New South Wales Government wanted to do something for regional universities that would be an interesting place to start.

**CHAIR:** I thank both witnesses for their submission and for their contribution this morning.

**(The witnesses withdrew)**

**THOMAS WATSON**, Chair, Riverina Area Consultative Committee,

**MICHAEL PAUL BRAYBROOKS**, Chairman, Riverina Eastern Regional Organisation of Councils,

**PETER STANLEY DALE**, Executive Officer, Riverina Regional Development Board, and

**JULIE MARIA BRIGGS**, Executive Officer, Riverina Eastern Regional Organisation of Councils, sworn and examined, and

**PETA OLIVE MARY BEELEN**, Executive Officer, Riverina Area Consultative Committee, and

**KELLY SUSAN PAINTING**, Riverina Skilled Migration Project Officer, Riverina Regional Development Board, affirmed and examined:

**CHAIR:** Do any of you wish to make a short opening statement?

**Mr DALE:** We probably all came prepared to do that. I would appreciate an opportunity to make a short opening statement.

**CHAIR:** Before you do so, if you should consider at any stage during your evidence that certain evidence or documents you may wish to present should be heard or seen in private by the Committee, the Committee will consider your request. However, the Committee or the Legislative Council may subsequently publish the evidence if they decide it is in the public interest to do so.

**Mr DALE:** First of all I extend to you Chair and to members of the Committee a warm welcome to Wagga Wagga. I note that the Chairman of the Riverina Regional Development Board, John Dal Broi, who also happens to be Mayor of Griffith, will be addressing you tomorrow. Specifically that is why he is not here today but he has asked me to address the Committee on his behalf. I will refer briefly to the background of the board's involvement in addressing skills shortages. All the board's activities are generally within the framework of a strategic plan, the most recent one being strategic plan 2004 to 2010. One of the nine interdependent strategies in it is employment, education and training. It is within that, that skills shortages are specifically addressed as one of the activities, or it addresses skills shortage as an activity of the board.

I have been with the board for five years. Even prior to that time the board was in partnership, dare I say, with the area consultative committee. We are fortunate in this region to have a close working partnership not only with the area consultative committee but also with the Riverina Eastern Regional Organisation of Councils [REROC] and the Riverina Regional Organisation of Councils. In 1999 a Riverina regional business survey and skills audit was produced which looked at the issue of skills shortages in the region. That is something that no doubt the area consultative committee would like to address. Various initiatives have flowed on from the recommendations made in that report. It is quite a substantial report of which you may well be aware.

While it was limited somewhat in the responses that were received, it still clearly showed the importance of addressing skills shortages to the growth and development of a region without the skills. We really cannot grow our existing industries and attract new industries to the level that we would like to. That is not to say we are not doing something, but we would like to do better. We have also had couple of other major initiatives. I make reference to the New South Wales Premier's Department Riverina Murray Work Force Availability series of forums that were delivered as part of the regional service delivery plan initiative of the Riverina-Murray Regional Co-ordination Management Group. Those series of forums, which were held in Wagga Wagga, again referred to the critical need of addressing skills in the region. I quote briefly from the recommendations that come from the 2001 workshop, which followed the year 2000 first forum. They state:

Recommendations from the forum included the need to develop pride in communities, industries and people; improve perceptions of regional areas as great places to live, learn and work; increase the capacity of local people to meet shifting regional workforce needs; and develop clear linkages and pathways in skills of career development. The forum declared that these recommendations could be best achieved by developing partnerships between business, industry, government and the broader community.

Those principles are adopted, dare I say, by all those agencies represented here today. The board has specifically addressed the skills shortage issues on two fronts. Under one of the heads of the terms of reference today we have a very significant role as a regional certifying body gazetted with approvals on behalf of the Commonwealth Department of Immigration, Multicultural and Indigenous Affairs. We believe we are the only regional certifying body in New South Wales that has employed a dedicated project officer, that is, Kelly Painting, who was sworn in a little earlier, as a skilled migration project officer to take advantage of the skilled migration programs that enable skilled people to fill the shortages that are evident in the region.

Also, the board is about to launch a project called the C-Change Bureau, which involves 15 local government entities in the Riverina and Murray areas. Those councils will have individually and in partnership with business and industries from their community an opportunity to promote their respective local government areas in the metropolitan areas of Sydney and Melbourne with the intention of promoting the lifestyles of those regional communities and specifically the job opportunities that exist there. So as an organisation we are working within a strategic plan and we are launching specific projects and are involved in specific projects that will address the skills shortages in the region.

**CHAIR:** Does anyone else wish to make a short opening statement?

**Mr BRAYBROOKS:** I address you today as Chairman of the Riverina Eastern Regional Organisation of Councils. REROC is a voluntary regional strategic alliance of 13 general-purpose councils and two water county councils in the eastern Riverina and it is based in Wagga Wagga. As councils, we employ over 1,000 people and we serve a population base of 130,000 in excess of an area of 45,000 square kilometres. Councils in our region are either the largest or amongst the largest employers in their communities. Remember that councils are also strongly involved in promoting development in their communities and consequently work closely with business and industry to achieve positive economic outcomes.

Generally, the skills shortages that are being experienced by our communities, which are basically rural communities, are occurring in every sector of employment—professional trades, process workers and even the areas that have been traditionally labelled as unskilled, such as seasonal workers, cherry pickers, or whatever. Business and industry across the region are having difficulty filling many vacant positions from the process workers positions to highly specialised positions such as stainless steel welders. Accountants and solicitors are in short supply. Obviously the lack of health professionals continues to gain considerable publicity. Specifically, local government is facing a serious staffing problem, which is aggravated by many staff reaching retirement age.

For example, last year REROC managed to obtain information from the New South Wales Institute of Public Works Engineering Australia, the association that covers civil engineers working in the public sector, in which almost 40 per cent of its membership is over the age of 51 and almost three-quarters is in excess of the age of 40. These figures clearly indicate that the filling of government engineer positions will steadily become even harder. Quite simply, the skills shortage is aggravated in rural and regional areas by the ageing of existing skilled staff.

Members of the Riverina Eastern Regional Organisation of Councils [REROC] are aware of skill shortage problems faced by their own communities as well as those among their own staff. We have embarked on a number of initiatives over the past few years to help to alleviate this. Mr Dale referred recently to two of them, and one of them was the Riverina Area Consultative Committee which launched a project four years ago in conjunction with the Riverina Regional Development Board to attract new residents to this region. The slogan was "take the job ... get the lifestyle—Riverina, naturally", and it was supported by information from all local government areas and a video. All local government areas were encouraged to use those resources.

In November 2000, REROC also took part in the Work Force Availability Forum, which was conducted by the New South Wales Premier's Department. From that has come the C-Change Bureau, which again Mr Dale has noted and which REROC fully supports and takes part in. Specifically, in mid-2003, REROC initiated the professional placements program [PPP] in partnership with the Charles Sturt University, particularly at the Wagga campus. The program placed undergraduate and

postgraduate students from CSU in short term work placements with member councils. At the conclusion of the placement, council supervisors wrote reports on students' performance, which were provided to the students, and each student was also presented with a certificate. This idea of the program is to promote the advantages and also the sheer fact of living and working in rural and regional communities as an alternative to working and living in urban areas, and specifically promotes careers in local government, obviously.

The obvious aim is to promote a positive image to students. Unfortunately many undergraduate students studying at even regional universities often believe that they have to move to a metropolitan location after they graduate if they really want to get good prospects for future jobs. The program demonstrates that this is not necessarily the case. Since its inception nearly two years ago the program has placed over 50 students, of which a number have obtained permanent work with our member councils. They have been in a wide range of disciplines, including agriculture, geographic information systems [GIS], accounting, administration, social welfare, environmental science and information technology. My own council took on a GIS student from CSU. We then offered her full-time employment and she stayed with us for nearly a year. She is now working for the police local area command as a GIS operator. I did not realise that the police actually GIS survey all the major crime scenes and that is her present job.

**The Hon. PATRICIA FORSYTHE:** You might explain what GIS is?

**Mr BRAYBROOKS:** It is a geographic information system. You use the system to survey and pinpoint. The Charles Sturt University careers office supports REROC in arranging many of these professional placements and we have had full support for this from CSU. We are working with CSU to extend this to our neighbouring regional organisation of councils, MurrayROC, to students at the campus at Albury. Probably one of the initiatives with which I am most pleased is the initiative we have undertaken with the University of Technology, Sydney [UTS]. In August last year we were invited to talk to some of those students about the possibility of undertaking a six-month work placement internship within their degree course within rural councils in this area. On successful completion of these placements, it allows the students to be awarded a diploma in engineering practice in addition to their engineering degree.

Last year REROC had six internships on offer. Subsequently, all six were filled—four in the first semester of 2005 and a further two in the second semester. Students who completed their placements were very positive and have promoted their internship to their peers. REROC has again offered internships to UTS students in 2006 and we are expecting the same level of success. It is an indication of the success of the internships that some of last year's students came to this information day at UTS to actually help us promote it to their fellow students. As an aside I make the point that our engineers interviewed some more students at the end of last week. I was a little horrified to be told that out of the seven applicants who will probably be given placements, six of them admitted they had never been farther from Sydney than Campbelltown. That is a frightening thought. They had been to New Zealand, but they had never been to country New South Wales.

**Mr WATSON:** As you know, the area consultative committee [ACC] is one of the several ACCs throughout the Commonwealth, and we are part of the Commonwealth Government's regional development network. Our main purpose is to promote regional development and economic growth while working closely with other bodies, such as the development board and local councils. Like the development board, we have a strategic plan which we make available to all the other organisations we work with. We are very proud of the fact that we have a very close relationship with all these organisations. We have a formal memorandum of understanding which we have had in place for some time. That enables us to work very closely and effectively on the various projects that are committed to addressing major issues in the region, including the skills shortage that obviously you are concerned with today.

The skills shortage in the Riverina is not something that is new. Ten years ago in the middle of the recession we used to constantly surprise our colleagues elsewhere in the Commonwealth by the fact that we were desperate to attract labour, particularly to the Griffith region which was growing very, very rapidly. That skill shortage has now extended to virtually all parts of the Riverina. There are businesses, both large and small, that are now being constrained in their growth by the shortage of labour, both skilled and unskilled. Businesses coming to mind would be Cargill's in Wagga that I

know are having difficulty in getting their expansion under way. They have everything else in place but it is the shortage of labour that is making it difficult to get the full expansion under way. Visy in Tumut would no doubt have similar problems and Bartter's in Griffith, plus the whole range of small to medium businesses that are finding difficulty in getting that sort of labour to enable expansion to take place.

Obviously at the Federal level, we have issues that perhaps are not the province specifically of the State. That raises some issues, such as taxation and welfare. I am actually on the Chairs Reference Group [CRG] which consists of approximately eight Chairs and sometimes a couple extra, and advises the Minister directly on local issues, including the skills shortage and telecommunications. As a matter of fact I am meeting with the Minister tomorrow to speak about a range of issues, including health and skills shortages. It seems to me that we have to start thinking much more holistically in dealing with the issue of skills. It cannot be dealt with on a single basis: it has to be a multipronged approach. If we are going to deal with that effectively, I think we have to look at issues such as taxation, welfare and even such issues as health policy.

I think there is a significant proportion of people in the community who could be part of the work force but for a variety of reasons are unable to be part of it. Part of the constraints are the signals that are sent out by the community. What I mean by this is that in some cases, it might be more attractive not to work, than to work. Anecdotally, quite a few of the local businesses that talk to me have said, "Look, we simply cannot get people to take employment because actually they fall behind in their income as a result of taking employment when you take into account travelling costs, extra clothes and so on." These are real issues. The initial response when they are raised often is that this is the dole bludger's syndrome. I think that is a very simplistic way of looking at it. I think the taxation system and the welfare system combine to produce very perverse outcomes, and one should not blame the unemployed. One should in fact be looking at the signals that the system is sending out.

We are aware that the Commonwealth Government is becoming more cognisant of that issue. There are reforms under way in the welfare area. I am sure there will be further reforms in the taxation area. But it seems to me that those issues are becoming much more urgent. I will give you one example. If you take the taxation-free threshold, at the moment it is approximately \$6,500. People can earn up to \$6,500 tax free, but to restore that to its real value when it was first introduced, it would have to be raised to somewhere between \$15,000 and \$17,000 a year. With the introduction of the GST, it would be reasonable for people who are earning up to \$20,000 or \$25,000 a year not to be paying any income tax at all, or very little. In other words, there is a disincentive to move into the work force as a result of the taxation system and not keeping up to date, if you like, with the impact that inflation has had on people's earnings.

I think it is very important to recognise that, linked to that, is that the welfare system of Australia has been cobbled together in an ad hoc way since its introduction back in the 1940s. Initially it was designed only as a temporary form of support to assist people when they were unemployed, but over time it has ended up with almost perverse outcomes. We need to be much more proactive. There is nothing worse than having individuals who are on welfare for long, long periods of time. From my perspective, I think if we are really going to grapple with the skills shortage in a macro sense and get far more people actively involved in the work force, which is good for the people who are going to take on work and good for businesses and good for the local community, we have to think in macro terms.

Increasingly, if we have a skills shortage in the region, we could attract to some extent the labourers and the skilled labourers from elsewhere in the Commonwealth. That is no longer the case. From our perspective, as long as the economy remains relatively buoyant, most of the unemployment that exists is structural in nature and has to be dealt with by structural policies—looking at welfare, looking at taxation, looking at ways, in a nutshell, of increasing work force participation. To me, that is the priority at the present time, if we are going to deal with skills shortage in a meaningful way.

**CHAIR:** Before going to questions, if at any time you feel that you want to add to an answer or want to answer a question, please do not hesitate to do so. I direct this question to whoever would like to answer it: What do you believe to be the major causes and consequences of the skills shortage in rural and regional New South Wales?

**Mr DALE:** I wish to make a brief comment in relation to one industry specifically, or one factor, or one job description in that one industry, and that is welding. The skills shortages are migratory: there is so much competition within Australia for various skills sets. As I understand it, there are a whole series of coalmines that either have been commissioned or are ready to be commissioned in Queensland. My understanding is that whatever spare welders there are in Australia are up there, earning a lot more money than they might earn around here. There is one particular industry a couple of hundred metres away from here that constantly is advertising for welders. There are any number of other industries in the region that readily talk about taking a trip overseas—and these are not junkets—to try to secure a skilled person to keep their business going, and there are so many big industries in the region that are growing. It is organic growth that we really want and need. They simply cannot secure the people.

I think Mr Braybrooks highlighted the issue of familiarising people with the lifestyle and opportunity out here and getting them across those famous sandstone mountains. There are a whole lot of other issues too, such as integration of all the types of services that skilled people want or that professional families want. They want an excellent schooling, they want excellent health and medical facilities, and they want excellent social and environmental opportunity. That is part of the process that we are jointly doing. We are trying to sell all that and we are saying, "It is here."

**The Hon. PATRICIA FORSYTHE:** What is the strategy? What is the program? How is it being funded? What sort of success have you had?

**Mr DALE:** I mentioned earlier the C-Change Bureau program. It is not yet implemented. I suppose there have been a number of other programs. I think that Paul Braybrooks mentioned the "take the job ... get the lifestyle" campaign, which has been a regional initiative in the past. The C-Change Bureau project is a tripartite funding proposal where those councils from the Riverina and Murray region that are participating are making financial contributions to it. The New South Wales Department of State and Regional Development has already approved funding of \$99,000 towards this particular project and we are waiting on Mr Watson's parent organisation, the Department of Transport and Regional Services, to approve the other part of the funding so that we can run these dedicated promotional events in the metropolitan areas, principally in the major shopping precincts where research has been done by Julie Briggs on the demographics of these areas.

It is not a hit and miss thing. We research the demographics of these localities and the type of work force that is likely to be there as well as the social and economic circumstances of the people in these environments. So, we can go to their territory and say here we are representing Wagga Wagga, Griffith, Tumut, whatever council is involved with their business partners, whoever they choose, and give people the opportunity in that environment where there is just one town, not with competition from another local government at that site, and that one town, that one shire can promote its attributes. Background research says that the primary hook for getting people to come anywhere other than where they live is lifestyle. The underlying intent from all of us is to attract the skills. So, if you can sell them on the lifestyle and the things that go with it you will pull in the skills. That is our strategy. Hopefully you will see this launched with some fanfare early in the New Year.

**Mr IAN COHEN:** You are talking about the sea change project. The very concept is contradictory to where you are at and it works against the whole concept of encouraging regional development. You are giving a contradictory concept out to people in the city and they will say, "I will go on up the coast, thank you very much."

**Mr DALE:** Can I just qualify that. I make it clear that this is only "C" for country change program. It is a bit quirky I suppose.

**Mr IAN COHEN:** It might work.

**Mr DALE:** It will work.

**Mr IAN COHEN:** You have to find a circuit breaker. All over the country areas we are hearing about this lack of attraction to fill acute needs in all aspects of society—employment, skilled, semi-skilled, the whole lot. Riverina naturally—I am a Green so it is going to appeal to me—is a very

catchy phrase but it needs that independent badging that is vital. People do not know what is there for them.

**Mr DALE:** On the sea change for the coastal strip, there have been reports in the media this weekend about the massive social pressures faced by some of these seaside towns that do not have any capacity to accommodate more people and more growth. We do have that capacity and capability, and the program that has been developed with C-change is specifically designed with all of those backup capabilities so that people know exactly what it is they have the ability to come to. We will have all of the participating councils fully trained in what it is that they can best offer that will be the attraction for people and specifically target their attributes. Some of the towns in the region may not want to be seeking people with skills shortages because they might not be able to accommodate that but they might have other things they want to satisfy such as a specific tourism capability. Whatever their major capability is they will have the ability to promote it.

**Mr IAN COHEN:** How effective and appropriate has the Department of State and Regional Development been in dovetailing into your regional needs to create effective assistance?

**Mr DALE:** I think I can fairly say from the development board's perspective that we could not expect any greater co-operation for assistance than what we are currently offered.

**Ms BEELEN:** Just on the statement about how responsive they have been, I think the closest we have come with C-change at the moment is probably what REROC has been doing with UTS. We have gone up there and run a promotion. We have sold ourselves, the lifestyle and the type of jobs. We have never been able to get interns out of UTS before. It has been impossible for us. This year we have nine applications to do summer work because they have finished their placements so they cannot come, but they want to come for summer and they will come for six weeks. So, I think the one-on-one selling has worked positively. We have sold lifestyle. The video that Peter did for TAFE on jobs and lifestyle, we have used that, and have also used images of the kind of work students will do. That has been very successful.

We were able to go up there because the Department of State and Regional Development assisted us with \$5,000 from the Country Lifestyles Program. That \$5,000 has been used to do this stand, the large 2.3 by 2.9 metre stand. It was important to us that we presented professionally. There is often a perception that when you come out to the country somehow you do not get a quality product. So, it was important to us to sell a quality product. The money we got from the Department of State and Regional Development helped us put together a quality product and to fund part of the trip up there. Engineers came up with us. They talked about their individual communities. We were selling individual communities. If you want to work in the snow, go to Tumut and Tumbarumba. We do that kind of thing. That has worked very successfully.

I know that is just a microcosm but I think it is a fair analogy of what we are going to try to do with C-change. As Paul said, six out of seven of the kids we brought down last week had never been out of the city. Of the six we had in placements this year, five had never left the city. One, who went to Gundagai, rings every week and will be offered a job at the end of the year to see how things are going. One has taken leave. He is doing his placement now and has taken a further six months leave from university so he can stay for 12 months in Junee. The girl we have in Tumut has never been out of the city, and she is loving it in Tumut. Her family says she is high on life.

So these are positive results for us and I think they show that a concept like C-change can work because we are selling one-to-one. There are no large advertising campaigns or any of those types of things. We are talking one-to-one, answering questions that students have about what it is like to live there, what kind of work is there, what opportunities are there. We are entering those kinds of questions one-on-one and that is having a significant change, and the Department of State and Regional Development has helped us to do that.

**The Hon. CHRISTINE ROBERTSON:** Why did you people make a decision to not be involved in the Country Week Program?

**Mr BRAYBROOKS:** We did. We took part in both. My council took part in both. In Country Week we took quite a considerable display. We took down job vacancies, everything. We



were that successful that we won the award for the best presentation, et cetera, for councils under 10,000 this year. We went to the weekend with specific answers, with specific offers of jobs, et cetera, and what you could expect if you came to a town like Cootamundra. We decided we would take part in both. We saw them being somewhat different because obviously people have to make the effort to go to Country Week. C-change will tend to pick up quite a lot of passing interest because it will be promoted through shopping centres, et cetera, so we decided that they were complementary and that is why we took part in both.

**The Hon. CHRISTINE ROBERTSON:** So the difference is the target centre?

**Mr BRAYBROOKS:** We felt as a council the difference was the target and we thought we would get a much broader approach if we took part in both.

**The Hon. CHRISTINE ROBERTSON:** Apart from the educational institutions, what other places has C-change gone to?

**Mr BRAYBROOKS:** C-change will be going to shopping centres and expos and this sort of thing. In other words, where people are passing rather than making the effort to come to the expo, which is the case with Country Week.

**Mr DALE:** I think Paul spoke from the perspective of his individual council. Quite a lot of local government entities in the Riverina chose not to go to Country Week because they saw it as being thrust into an environment where they were competing with 40-odd other councils for the same piece of pie, plus the additional question mark over attracting people in the metropolitan area out to a location such as Rosehill Gardens. In addition to that, quite frankly a lot of councils looked at the cost of participating in the event and decided that the C-change promotion that the development board and its partners were promoting offered better value for money and more likely sustainability.

There were differing views and some publicity was generated from the promoter of Country Week making certain comments about the Riverina. That was probably based on the limited participation of Riverina councils for those reasons. However, it is true to say that the promoter of Country Week and the promoters of C-Change Bureau had agreed sometime ago that the two initiatives were complementary and would be recognised as such and respected as such by each entity. Certainly we have fulfilled our part of the bargain.

**The Hon. CHRISTINE ROBERTSON:** Can you just clarify what sustainability means?

**Mr DALE:** Being able to continue on with it year in year out and to get positive results from it.

**The Hon. GREG DONNELLY:** Mr Dale, in your submission you highlight that you are one of 13 boards throughout New South Wales.

**Mr DALE:** Yes.

**The Hon. GREG DONNELLY:** Across the boards is a standard methodology used to collect information about skill shortages?

**Mr DALE:** I do not believe so.

**The Hon. GREG DONNELLY:** In a lot of submissions we have received a lot of material is based on rather small sample sizes, and in some cases not even that, just anecdotal commentary about skill shortages. I wonder whether there has been discussion about standardising the way in which the boards and other bodies might collect and make available information about skills shortages?

**Mr DALE:** No, I do not believe there has been any. However, if I might just comment on the role of our skilled migration project officer, Kelly Painting, who is here today. One of the requirements of the role is to build a database of skills shortages in the region. We are pretty much all operating on anecdotal stuff and reports we get from the Department of Employment and Workplace Relations and associated bodies. We are currently working with Australian Business Limited on a

joint survey of the whole region to try to get a picture of what the skills shortages are now—actual—and what they are likely to be in the foreseeable future. But, in answer to your primary question, no, there is no co-ordinated, common process.

**The Hon. PATRICIA FORSYTHE:** Are you aware of any company in the region that has been forced to close—you said earlier there was little company not far from here who needs welders—or has not been able to proceed in a certain direction because it does not have skilled workers? In relation to the role of business itself and the C-change project, you referred to 15 councils participating. What about private enterprise, what about business? Are they playing their part?

**Mr DALE:** In answer to the first part, I cannot think of any specific one. Kelly would like to comment. Certainly a number of major businesses said to us that if we cannot get the skilled people and semi-skilled people—and that is another issue—to operate our industries, mainly food processing and related, we will have to contemplate going somewhere else. That is really disastrous stuff for us to hear. I am sorry, what was the second part of the question?

**The Hon. PATRICIA FORSYTHE:** In relation to C-change?

**Mr DALE:** Oh yes, in relation to business involvement?

**The Hon. PATRICIA FORSYTHE:** Yes.

**Mr DALE:** I think I mentioned earlier local government entities that are involved and their business partners. So when they go to these promotional locations they will invite, through their community connections, any business or industry association to come with them so they will be there on the spot.

**The Hon. PATRICIA FORSYTHE:** But are they paying? In other words, are they making a financial contribution?

**Mr DALE:** There will be a factor for them to contribute to the process, yes.

**Ms PAINTING:** I just want to give you a small example of the business that is suffering due to lack of skills. There is a quantity surveyor within the Wagga Wagga area, a sole operator, who has gone into semi-retirement, and I have been working with them to try to find a replacement, a quantity surveyor, from the Skilled Migration Program. The result is he is not having much luck finding somebody. Another business in Wagga Wagga was using his services. It was a project business. It could not find a quantity surveyor unless it sponsored that person to bring in his skills. So, one business suffering has a flow-on effect to the next one.

**The Hon. MELINDA PAVEY:** Is there a welding certificate course here at the TAFE?

**Mr DALE:** I do not know the answer to that.

**Mr BRAYBROOKS:** At Cootamundra there is one.

**The Hon. MELINDA PAVEY:** There is at Cootamundra but not at Wagga Wagga?

**Mr BRAYBROOKS:** I am just saying that Wagga Wagga TAFE is a lot bigger.

**The Hon. MELINDA PAVEY:** For the purposes of the skilled migration program is the definition of skills too narrow? Is that program working effectively to increase the supply of labour in rural and regional New South Wales?

**Ms PAINTING:** To address your first question, we believe that the definition of skills is too narrow. According to the Federal department of immigration it is basically any occupation that requires a trade certificate, diploma or degree. In an area such as the Riverina, due to its large agricultural industry, we believe there are some positions that require skills but they do not fit into that definition. The inability of employers to bring in skilled migrants to fill those skilled positions that we cannot fill locally is having a disastrous effect. So we believe the definition is a bit too limited.

**The Hon. MELINDA PAVEY:** Is the program generally working effectively to increase the supply of labour in rural and regional areas?

**Ms PAINTING:** Yes, it is. Within my role over the last six or so months that I have been in the position I have assisted around 20 to 30 employers to bring in one, two, or three skilled migrants from overseas. At the moment an employer has successfully sponsored two overseas families. They are based in Hillston and the two families that are coming in have two to three children. So that is working. A Wagga business sponsored two locksmiths. So it is definitely coming in with results. It is a solution that is actually working, but again it is a short-term to medium-term solution for the region.

**The Hon. CHRISTINE ROBERTSON:** Mr Watson, exactly what did you want to do with the welfare system?

**Mr WATSON:** I state at the outset that the welfare system as it currently stands is not overly generous. It is not as though it is something that provides a wonderful lifestyle for people who are exposed to a situation where they have to depend on income apart from working. I state that at the outset that it is not an attack on the welfare system as such or the level of sustenance that it gives to people. But I think the way in which the welfare system as a whole operates has to become much more proactive and much more closely linked with the wage system in order to get people off the welfare system more rapidly.

I think one of the hallmarks of having a system that is working is that we are creating—and we have created particularly in outlying areas and in the more remote parts of Australia—an extraordinarily debilitating welfare dependency syndrome. I go so far as to state that that syndrome is possibly as damaging, or at least it is second in line as it were, as the stolen generation so far as Aborigines are concerned. The system we put in place more or less to put people on a dependency situation indefinitely is tragic. It is tragic socially, it is tragic in relation to health outcomes and it is tragic in relation to the inability of individuals to move into the economy in general.

Obviously, that is much more pronounced in indigenous communities and, as you are all aware, members of indigenous communities are becoming much more conscious of that and they are trying desperately to get local communities to move away from that. But that can only be done in concert with substantial changes to the way in which the welfare system operates. Many more resources have to be put in place to get people off welfare and into productive work.

I see this as an absolute priority, particularly in remote areas. If that were done we would have a much greater flow of individuals available for work that was satisfying. It would provide much better health outcomes for local communities and make communities much more resilient in dealing with the rapid changes that are taking place, not just nationally but globally. I could not emphasise enough that we urgently have to address the issue of getting people off welfare and into productive work.

**CHAIR:** In Griffith the citrus industry is facing massive problems in trying to get labour to pick the fruit, as it virtually is all hand labour and no machinery is involved. On any given day there might be 40 or 50 vacancies. What is your organisation trying to do to alleviate those problems and to increase the number of workers? Remember that in the citrus industry the work is not seasonal; it is virtually full-time work, 12 months of the year.

**Mr WATSON:** I reiterate that we are working closely with all the organisations in the Riverina to address that issue. But one of the interesting things—and I think Peta Beelen will agree with me on this—is that somehow the harvest seems to be collected. Every year there is talk of a crisis but somehow it seems to happen. How it happens perhaps no-one really knows, but it does happen. How do we address the longer-term issue? Well, as you know, there is talk at the moment about bringing in people on a short-term basis from overseas. That obviously is a controversial issue that has been ruled out in the last few days by the Prime Minister.

There are some issues in relation to that involving the Federal department of immigration. There is the extra expense involved in looking at security issues and so on for people working here on a short-term basis. I reiterate that throughout the Commonwealth there is a realisation that comes from

feedback from the chairs of all the Area Consultative Committees throughout the country. There is a realisation that we cannot deal with this just by ad hoc measures. We have to look at raising work force participation and making sure there are more people right across the nation to be involved in productive activity.

**Mr IAN COHEN:** Surely it is a case of dragooning people into doing this or offering better conditions and wages? We often hear that people cannot get skilled employees, but it is a matter of giving them worthwhile wages and conditions. Those who are on unemployment benefits are known to struggle. They go out and get a job but they go backwards because they cannot get the conditions they get when they are on unemployment benefits. It is not that they choose to do that; it is just that they do not get any decent offer of wages. So how do you resolve that issue? Is it the responsibility of the community, which is trying to attract people, to do that rather than saying it cannot get them?

**Mr WATSON:** There is a related issue as well which I think reinforces what you have said, that is, that housing has become increasingly expensive. Affordable housing, or the lack of it, has become a major constraint on attracting labour into a number of areas. Certainly in Griffith, not so much now but five years ago, it was much more expensive than anywhere else. The wages simply were not high enough to compensate people for the high expense of living in an area like Griffith. That was certainly a constraint for some time. But that brings me back again to this issue.

In most instances businesses are in a very competitive situation, both nationally and internationally. Their survival depends on paying competitive wages, no matter what our ethical views are on that. They have to survive. If they do not survive they will not employ anyone. That is why this gets back to the issue of taxation. I say again and cannot say it strongly enough that the level of income tax on low to middle income earners is extraordinarily high. The inflation and bracket creep that has occurred has produced levels of taxation that should be imposed on people who are relatively rich, not on people who are relatively poor. We must more or less scrap income tax up to a level of about \$25,000 a year.

In my view that is affordable, given our budget outcomes, particularly if there were other reforms to the taxation system to get extra revenue by broadening the taxation base. We would make it much more attractive for people to move into the work force. Incidentally, it would also make it more attractive for people from elsewhere to move to Australia because they would have a much higher after-tax income. So I think taxation reform is an absolutely vital component to addressing the skills shortage.

**The Hon. PATRICIA FORSYTHE:** In some areas of the Riverina you have 4.5 per cent unemployment. You are projecting this as though the issue involves people outside the work force. Is the issue not that growth has outstripped the availability of workers?

**Mr WATSON:** Unemployment is expressed as a percentage of the available work force; it is not a percentage of to the population. Therefore, if work force participation increases the unemployment rate could still remain the same. The whole point is that there are a lot of people out there who are not actively seeking work; therefore, they do not appear in the unemployment figures. That is what has to be focused on.

**Mr DALE:** I focus specifically on your question about addressing some of the problems in the horticultural citrus industry. Kelly Painting I am sure can respond to the limitations. She alluded earlier to the limitations in what comprises a skill so far as us utilising the regional migration skilled programs. Perhaps she could also allude to the New Zealand experience in viticulture.

**Ms PAINTING:** I wanted to say that within my role as representative for the board and our duties as a regional certifying body we work specifically with three visas only. Because I work for the development board I am more interested in the development of the region. I do look at other visa options that exist within the Federal department of immigration that may help the area. One of the key ones at the moment which commences tomorrow—there is a change in visa—is the working holidaymaker visa. Visa holders will be able to apply to extend their stay in Australia for another year if they can demonstrate three months worth of harvest work.

We believe that can provide some benefits to the region. So it is about communicating that offer to employers and then ensuring they are involved in the publicity of the harvest trail so we can ensure we attract people who are willing to undertake the harvest work in areas such as Griffith. Peta just alluded to an example in New Zealand. Its definition of occupations has been updated. It has created some more specific occupations, in particular, in the viticultural industry. I think Australia will benefit from them. At the moment there are some occupations that employers can define but they cannot be defined into an Australian standard of classifications of organisations code. So when it comes to trying to assist an employer to sponsor somebody, if the Federal department of immigration finds it difficult to classify that occupation, often it is a struggle to push it through. It has to make sure that it meets the steps the department needs. That is the difficulty.

**CHAIR:** Thank you.

**Ms BEELEN:** I wish to address the question you raised some time ago, which is why there are skills shortages in New South Wales. From our experience over the last few years in a number of things we have been involved in, I do not think New South Wales is unique in Australia. Obviously we all have similar problems. That includes most of the western countries whose economies are similar to ours, whether it is Canada, America or even England at this stage. One of the underlying issues when you are talking about harvest labour that is particularly relevant is that there has been a real change in what people perceive work to be. There is a change in what parents expect their children to now go and do.

In the past few years we have been involved in the school-to-work organisations. We have looked at how to encourage young people to look more broadly at their career options. It is a huge issue. I am not telling you anything you do not already know when I say that the skills shortage issue is complex. It covers a whole range of things, some of which are quite intangible. These things include people's perceptions of jobs and people's desire for their children to do things beyond what they have done. That is where all the harvest issues come in. A lot of people on the land, in particular, in the western part of our region, which is dry area farming as well as irrigated farming, are not saying to their children, "We are building this for you and you will stay."

And so it goes on. What they are saying is, "We do not want you to be stuck here in the same situation that we are in, particularly with the drought over the last few years." So they are encouraging them to move on to university and into other careers. That means in our areas and in others there is a drain of young people. Obviously if there is a drain of young people you get a drain of the labour pool. In Griffith a few years ago we did a survey of students in years 11 and 12. We looked at what their expectations were and in what sectors they thought they would be working.

In our region, 30 per cent of our industry, or 30 per cent of our employment opportunities, are in the agricultural industry, and 5 per cent of students said that they were interested in undertaking agricultural pursuits, broadly. Obviously there is a huge mismatch there, just in our own region—that was just in Griffith—so there were a few programs put in place to try to encourage some of the people in Griffith to actually look at rural jobs. If you live in a rural area, it does not mean that you work on a farm.

There are a whole lot of people in rural and regional areas who do not even understand what working on the land is about, and that is another perception. I think there are a whole lot of issues. There are traineeships, there are apprenticeships, and there has been a lack of government support for traineeships—perhaps not so much traineeships, but apprenticeships in the past—to the point that, whereas we used to have a whole pool of trained people, now we do not. The industry is saying it is the Government's role, and the Government is saying that it is industry's role, and meanwhile nobody is doing it.

There are some companies that take very seriously the role of training apprentices, and Bartter's is certainly one of them in Griffith where they say, "We have to train". But then what happens is that they train people, and other people pinch them, so there is all of that going on as well. With the C-Change project, we understand that there is a need for both short and long term approaches to skills shortages. The short-term stuff is to steal them from someone else—that is the reality—but if we go to Sydney or Melbourne and attract people, we are just stealing them from someone else. This

is not to say that we are not happy about that, but of course we understand that there is an effect of that for the regional area or the city. It is a vicious circle.

**Mr IAN COHEN:** Do you go to the city like the Army does, and sort of set up and get out there?

**Ms BEELEN:** Absolutely, yes. Why not?

**Mr IAN COHEN:** In the western suburbs of Sydney?

**CHAIR:** We will have to move on.

**The Hon. CHRISTINE ROBERTSON:** May I put a question on notice?

**The Hon. MELINDA PAVEY:** I have not heard anyone address the issue of young people who have gone to the city or the cities to have their life experiences and who come back to the region. Has anyone seen a trend on that, or statistical information on that?

**Mr BRAYBROOKS:** Certainly statistics from Cootamundra, which is a typical country town, show that we lose an awful lot of our young people of 18 years plus to universities, TAFE and even the bright lights, whatever. We see a percentage of them return to Cootamundra when they have married, started having children and are in their early to mid thirties. We have a real problem in retaining the 18-year-olds. We get some of them back in their mid thirties, yes.

**The Hon. MELINDA PAVEY:** And they are getting good jobs?

**Mr BRAYBROOKS:** They are coming back because of the lower cost of housing and the availability of jobs, and the social problems or whatever they perceive in the city, or whatever it is. They have fond memories of their upbringing in their country town and come back.

**Ms BEELEN:** And family support, which is a major issue.

**Mr BRAYBROOKS:** And family support, yes.

**Ms BEELEN:** When we went to other areas to try to attract people, that family support was a real issue.

**Mr BRAYBROOKS:** Yes.

**The Hon. CHRISTINE ROBERTSON:** My question on notice relates to people on extended visa. Could you let us know what is happening about working conditions for those people?

**Mr DALE:** May I table the documents that have been circulated to the Committee? One is the list of skill vacancies by employer in the region. The other is the board's recent newsletter, which explains the C-Change, and the other is the skilled migration position.

**Documents tabled.**

**Motion by the Hon. Melinda Pavey agreed to:**

That the documents be published.

**CHAIR:** Thank you very much for your contribution this morning and your submissions. I am sure that the Committee will have other questions that they would like to put to you. If so, we will send them to you and we would be grateful for a response. If there is something that you think we have missed today, or something that you would like to give us more information on, please feel free to do so. We would certainly appreciate that. Again, thank you very much for your submissions and for your contributions this morning.

CORRECTED TRANSCRIPT

**Mr WATSON:** On behalf of all of us, we thank all the members of the Committee for coming out and listening to what we have had to say.

**Mr BRAYBROOKS:** Yes, thank you.

**(The witnesses withdrew)**

**LEA ROWDAN JOHN BROWN**, Administration Manager, RIC Electrics Pty Ltd, 34 Edward Street, Wagga Wagga, and

**PAUL GEORGE GIANNIOTIS**, General Manager, ICG Construction Group, 34 Edward Street, Wagga Wagga, sworn and examined:

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

**Mr BROWN:** No. I think that everyone else has covered those sorts of things.

**The Hon. PATRICIA FORSYTHE:** I will direct the same question to both of you. Could you provide an explanation of how your businesses work together, and what benefits you have seen from the collaboration? We understand that you have been involved with the Regional Development Board and the Skilled Migration Program. We would like to know how that has worked for you.

**Mr BROWN:** Earlier the lady spoke about a sponsor for the two locksmiths. We had the third son who came to us for an apprenticeship. He came on a student visa and we now have him employed as a second year apprentice electrician. Our only hold-up there is that we cannot formalise it because the Department of Education and Training is still looking at his passes to see if they will line up with the modules for electrical, but in the meantime we are still employing him.

**The Hon. PATRICIA FORSYTHE:** Where was he from?

**Mr BROWN:** South Africa.

**Mr GIANNIOTIS:** I represent ICG in Wagga. You literally described my life 10 minutes ago when you spoke about the person who grew up in the country and left for 10 years but then came back. That is basically me. I originated in Dubbo and I am back in Wagga now. I represent a building company that is a series of smaller-range building companies in Wagga. Whenever a project worth over \$5 million came into town, one of the big city firms would roll in and use their own subcontractors. A group of subcontractors got together and Lea represents the electricians in that group. There is also a plumber and a builder. They formed a company. We are looking to take on the bigger work in Wagga.

Where we come into it is what I think Kelly Painting described earlier. We basically got a quantity surveyor through the Department of Immigration and Multicultural and Indigenous Affairs because we were unable to get hold of anybody else. It was a sheer stroke of luck that she was at university. She was doing a business course. We found her and offered her a job here. Basically she is from China and she happens to like Wagga. She is going to pack up her family and move here permanently.

**Mr IAN COHEN:** What did you have to offer her to get her here in terms of wages, conditions, housing and that type of thing? Is that something you can answer? I think there is a lot of debate about what is needed to get people into this area.

**Mr GIANNIOTIS:** If you have been to China, I think you would appreciate that she found the place quite polluted and she found it quite crowded, and she just did not like it.

**Mr IAN COHEN:** Sure, but there is also a huge Chinese community that is very much inner city bound, and in the inner western suburbs they are very happy to be staying there, in their community.

**Mr GIANNIOTIS:** To be honest, she has never seen the city. I think she rolled in and she stayed in Sydney for a day and came out to Wagga because she was going to UTS out here. She likes the space. She likes the lifestyle. We were just fortunate to find her. It was a real stroke of luck.

**The Hon. MELINDA PAVEY:** How is the company going in terms of your contractors having enough skilled workers within your organisation?



**Mr GIANNIOTIS:** You can probably divide skilled workers into a couple of categories. You can either talk trades, and you are talking subcontractors, or you can talk about skilled workers. We have won a couple of projects, for example, and hopefully we are about to win another one. I will be looking to employ again. We will experience problems across the board because we know that the local subcontractors do not have the capacity, or the trades are not here to subsidise the amount of work that is coming to Wagga, no matter who gets it. We will be looking out of town for it and we will have to get people in from Canberra, Sydney, Melbourne, or you name it.

**The Hon. MELINDA PAVEY:** How will you get those people? Will you have to pay them above the award rates?

**Mr GIANNIOTIS:** You pay top dollar.

**Mr BROWN:** It is always a question of money—always. Conditions have nothing to do with it, or lifestyle. Forget it: it is money. On average, we have a four-year apprenticeship and we have two in each year, so we have eight apprentices at any one time on our books. We always have two in group training. Out of a staff of 35, 10 are apprentices. What happens is that when they finish their time, we do not retain them. It is a very nomadic trade. You are a young guy of 23 years of age when you finish your apprenticeship and you have a worldwide trade. You can travel the world. But we also know that these people will come back in three or four years.

**The Hon. MELINDA PAVEY:** When they have had their fun.

**Mr BROWN:** We have been there for 30 years and we know how it works. They come back not to go on our books; they come back as contractors. We always have five or six subcontractors on our books. We have just finished a major revamping of the Cargill meat processing plant out here. We had 24 staff members out there and six of them were subcontractors. We have a large sign always at the front of our premises that says, "Electricians wanted."

**The Hon. MELINDA PAVEY:** So you have not had trouble getting apprentices?

**Mr BROWN:** Never.

**The Hon. MELINDA PAVEY:** You do not have to pay them above the award, or do you?

**Mr BROWN:** We have a workplace agreement. I pay above the award.

**The Hon. MELINDA PAVEY:** You get the best and keep them, and then they do their training for their four years.

**Mr BROWN:** We find that to get the best guys, we picked guys who had just done their Higher School Certificate [HSC]. They find the maths very easy. We do have younger people, but they have to work harder. They have infrastructure inside our own company that tutors them through. We bring quality tradesmen out of our establishment—but it is the retention, the ability to keep them.

**The Hon. MELINDA PAVEY:** Are you different from most companies in terms of the money that you are putting into training?

**Mr BROWN:** Electrical contractors?

**The Hon. MELINDA PAVEY:** Yes.

**Mr BROWN:** We are one of the biggest. What we find is that the smaller guy does not want to train them. They would rather poach them off us at the end. Our biggest issues—and I am sorry if I upset anyone—are the occupational health and safety issues [OHS] and the costs associated with that. If I bring an apprentice on and he is straight out of school—we all know, if we have kids, how they mature all over the place in the next four years after they leave school—before he can be employed with us, he has to go through an OHS safety induction. It was called a green card but now they have changed it to a white card. That means he has been given instruction on safety. If he gets into one of our cars and drives up the road and a police officer pulls him over for speeding, who does he fine?

**The Hon. MELINDA PAVEY:** Do you get fined?

**Mr BROWN:** No, that is the question. The answer is he fines the person driving the car. You know the rules of the road and you disobey them. If I give that same person instructions to go on the roof after he has been inducted and he goes up on a roof and falls off it, who does WorkCover fine?

**The Hon. MELINDA PAVEY:** You?

**Mr BROWN:** Exactly. So, we can put all the training into our guys only for someone else to come and pinch them at the end.

**The Hon. PATRICIA FORSYTHE:** But it is a level playing field, surely, with all employers? You might train that group and lose them but someone else will come in, surely?

**Mr BROWN:** At a much higher rate. We only employ subcontractors that we know because of the public liability and insurance issues. Because of our sign we have had three people in the past week, highly qualified people, come in and want to subcontract to us, sometimes at a very large hourly rate, but we do not know them.

**The Hon. PATRICIA FORSYTHE:** I am missing the point of your concern. Why are you concerned that you do the training and then somebody else takes them up? Is that not something that happens in life generally in all businesses?

**Mr BROWN:** Sure. People say there is a work skills shortage. In our trade at any one time, yes, but if you yell loud enough and throw enough money at it you get the people. I have a son who believes that just throwing money at any problem fixes it. It works for us at times. When the crunch comes at the end and the long weekend has to be worked at Cargills and we needed, like I said, 24 people, in a staff of 25 people you are not going to get everyone to volunteer to work the long weekend. Hence, we ring around the subcontractors and the work was done.

**Mr GIANNIOTIS:** It is not only that. We are at the upper end of the scale for construction so you are looking to subcontractors who can handle the larger end of the scale of work. So you go to RIC Electrics, the biggest electricians in town. If you go to another trade, for example tilers, there is a job coming up and we need something in the order of more than 15 tilers on site. You have no chance of picking them up from this town because they are all one-man bands. What Mr Brown is trying to say here is while they are a big electrical company it is very hard to retain them within the organisation because they all go off on their own and then they become—particularly on the larger jobs—unemployable because you do not want to employ 15 different tilers for 15 different rooms.

**The Hon. CHRISTINE ROBERTSON:** You explained one of the issues in relation to the cost of occupational health and safety. There are two—training, and if someone is injured WorkCover fines. What other imposts, financially, does the occupational health and safety issue impose?

**Mr BROWN:** Trainees are exempt from workers compensation. Apprentices we have to pay. I put trainees on, clerical, and sometimes we have to look at—

**The Hon. CHRISTINE ROBERTSON:** That was the Commonwealth subsidy thing?

**Mr BROWN:** That is correct. Trainees are exempt from workers compensation and apprentices not. The apprentices more likely—we are talking electricity here and they have a rule that nothing gets worked on while it is turned on, but kids are kids and things happen. I am not saying we have a high death rate but we have been known to have people killed.

**The Hon. CHRISTINE ROBERTSON:** I understand it is a risky business.

**Mr BROWN:** That stays with you on the books for five years but it stays with you personally for a lot longer.

**The Hon. CHRISTINE ROBERTSON:** Trainees are not covered under workers compensation, is that what you are saying?

**Mr BROWN:** No, we do not have to pay.

**The Hon. CHRISTINE ROBERTSON:** I see, the Commonwealth assists with the payment. Thank you very much.

**The Hon. MELINDA PAVEY:** You mentioned about the 15 different tilers. Is there any recommendation or solutions to that or is that just the way it is and the free enterprise system works?

**Mr GIANNIOTIS:** A solution does not come to mind immediately. The solution is you go to your cities and you do get the bigger groups, to Sydney or Canberra, and you hire out of town, which is totally against our philosophy because we want to keep the work within the town and the local subcontractors.

**The Hon. PATRICIA FORSYTHE:** Mr Brown, can you take me through what you see would be a better approach for an apprenticeship system?

**Mr BROWN:** Steps in the past three years are improving—recently the abolition of payroll tax. We have also had reductions in workers compensation. It has been revalued. The Government has also increased work shortages identifications in our trades so it gives us more money for apprentices. That is not the reason we put them on. We put them on to train people because we want to get bigger. We have done work in other States. We have work overseas. We have done four projects in China. Our guys go over there as supervisors. We are looking to expand without the cost flowing on to us all the time with the training. Like I said, we get money from our apprentices when they finish their time, not as they are going through.

**The Hon. PATRICIA FORSYTHE:** Are you involved in, say, the schools pathways program? Do you take any year 11 and 12 students who are effectively doing pre-apprenticeship vocational courses at the same time as doing the Higher School Certificate?

**Mr BROWN:** Whenever a school rings us for work experience we always say yes. There is a pathways gentleman from one of the local high schools for three months.

**The Hon. PATRICIA FORSYTHE:** But not the two years?

**Mr BROWN:** No.

**The Hon. MELINDA PAVEY:** Is there a reason for that, why you would not have taken someone from the school doing their Higher School Certificate?

**Mr BROWN:** We have never been approached. I think you will find that TAFE runs it themselves.

**CHAIR:** What support or assistance do you think would be beneficial to your organisation to secure long-term and sustainable outcomes to attract and retain skilled workers and training in particular?

**Mr BROWN:** I do not think there is one. Like I said, our trade is a nomadic one. They go away when they have got their piece of paper. They go out into the big wide world and when they get ready to settle they come back to roost. They do not always come back onto our books as employees. We have maybe three. They come back as subcontractors to us. Like I said, of the five subcontractors we have on our books four did their apprenticeships with us. We know their skills and we know they are good. They had just been out, had a look around and got a bit more diverse knowledge in their four years of wandering around. Whenever we have big projects we use those guys so they have a cash flow with us.

**Mr GIANNIOTIS:** We are going to struggle with the amount of work coming up to get hold of professional staff to run the quantity surveying side, the management side and the engineering side

of the company. I have already started the battle to try to find the right person for the job. If you look around town there is no shortage of accountants and that is because there is a course at CSU here locally that covers that discipline. There is no engineering course, of recognition, anywhere around Wagga Wagga, particularly at CSU, and therefore you do not retain people in the country. So, if you look at my example, I went to the University of New South Wales, and people get staid in their ways. For example, a lot of accountants leave high schools in Wagga Wagga and they go to CSU for accountancy and come back and stay in the town. CSU and your local institutions offer these kinds of courses of greater diversity, and you will find it is easy to retain them in the country.

**CHAIR:** Nothing from TAFE either?

**Mr GIANNIOTIS:** That will not cover an engineering degree.

**(The witnesses withdrew)**

**TRACEY-LEANN LONERGAN**, Director of Finance, Commercial Response Unit Pty Ltd, P.O. Box 5974, Wagga Wagga,

**ROBYN THURSTON**, Executive Officer, Wagga Wagga Chamber of Commerce and Industry, 95A Fitzmaurice Street, Wagga Wagga, and

**MARK ANTHONY CUNNINGHAM**, Marketing Manager, Riverina Community College, 94 Murray Street, Wagga Wagga, sworn and examined:

**CHAIR:** Would any of you like to make an opening statement or shall we go straight into questions?

**Ms LONERGAN:** I think my submission is self-explanatory. I point out that the Commercial Response Unit contracts to council and I am no longer an employee of council, but I am here representing Wagga Wagga City Council.

**The Hon. PATRICIA FORSYTHE:** We started with a premise that there is a skills shortage in regional New South Wales. Do you agree with that premise and, if so, what strategies do you think would be significant in addressing it? Do you perceive it to be a worsening trend?

**Ms THURSTON:** I have only recently moved to Wagga Wagga from Sydney. I am not fully up to speed with the information that perhaps Ms Lonergan or Mr Cunningham will have. On behalf of the chamber I emailed to every member we have, which is a database of about 300, today's proceedings and I only received a couple of submissions back that were in email form. Mr Cunningham has very kindly come along today and the two gentleman who were here prior to me were Chamber of Commerce members, so they have made their own arrangements to appear before you. However, on behalf of the chamber, I hear anecdotally from our members that there is a skills shortage, mostly diesel mechanics, mechanics and automated industries. Aside from that I have no other evidence. It has just been anecdotal discussions that there is a general shortage of skilled labour in the Riverina.

**The Hon. PATRICIA FORSYTHE:** Of course, you may be a case study for us of what attracted you to Wagga Wagga, but perhaps the others may wish to comment?

**Mr CUNNINGHAM:** From my point of view and from the point of view of the Riverina Community College, we are a job network agency as well so we deal directly with employers. Ninety per cent of our business is through that. We find from speaking to employers that basically apprentices are leaving at third year, and being poached to mining or oil exploration or something like that where there is more money for them. Also, other industries take apprentices at that stage because they are profitable to that industry.

Employers are telling us that the incentives from the Federal Government and the State Government to put on apprentices are low, that apprentices' wages in Griffith are low and we have a lot of trouble finding apprentices because they can get \$15 an hour driving a tractor and they get \$5 to \$6 as a first-year apprentice. There is no incentive for them to look at the long-term end. In some apprenticeships—something like painting, bricklaying, beauty therapy or hairdressing—we find it takes four years for the person to be qualified.

**The Hon. PATRICIA FORSYTHE:** It is four years under a TAFE program, but there are private colleges that do something in two years.

**Mr CUNNINGHAM:** You cannot change the length of the apprenticeship.

**The Hon. PATRICIA FORSYTHE:** But you can do the training in two years. Queensland is now offering hairdressing as a two-year training program.

**Mr CUNNINGHAM:** In Queensland but not in New South Wales.

**The Hon. PATRICIA FORSYTHE:** That was my point.

**Mr CUNNINGHAM:** The availability of training places is one of the hurdles as well. If someone wants to put on an electrician and he or she happens to employ that person in April or September, that person will not be going to TAFE until the following year to take up that training. So as a fourth-year apprentice they will still have to go to TAFE. That is when they are most profitable to the employer. So they are working for 36 days a year.

**The Hon. PATRICIA FORSYTHE:** That is a structural issue. What would you do about it?

**Ms THURSTON:** It needs to be more flexible. A module system works quite well. You could start module one at any time of the year, then module two comes after that and module three comes after that. So you could have something like that. I used to work for a company that was training 800 apprentices. That was a problem all the time, depending on your local TAFE or where you were. If you were situated in Albury you could get your apprentices in the Victorian TAFEs easier than you could get them in the New South Wales TAFEs. So you would send them to Victoria.

**The Hon. CHRISTINE ROBERTSON:** Easier than what?

**Mr CUNNINGHAM:** Enrolling them in New South Wales TAFE courses.

**CHAIR:** Is it just easier to enrol them or are the courses shorter?

**Mr CUNNINGHAM:** No, it is because they were flexible in what time of the year they would take those students. They would take them in May and it was a lot easier for the employer.

**CHAIR:** Why is that?

**Mr CUNNINGHAM:** A different structure and a different set up so far as the State training authority is concerned.

**The Hon. GREG DONNELLY:** I refer to the issue of the skills shortages, which is a subjective question. Is it getting worse and deteriorating, or do you think what you are experiencing now is no worse or no better than what has been the case for a period of time?

**Mr CUNNINGHAM:** I think it is getting worse. We are finding it harder. Through the job network agency a lot of people come to us and say, "Find us a motor mechanic", and it is impossible; we cannot find them. So those jobs are not filled. I go to each job network agency and unless they are offering more money or something different they will not find them. The last refrigeration mechanic we brought across from Perth stayed in Wagga Wagga for six months before someone in Albury offered him more money and he moved to Albury.

**Ms LONERGAN:** From council's point of view, when we compiled our submission we went round and talked to a number of people in a lot of different areas. Again, all our evidence is anecdotal. One of the most difficult things has been to find out exactly where the shortages are. We are hearing this from odd businesses and then we hear from someone else that that is not a problem. Overall, as Mark and Robyn said, the automotive and mechanical trades are the biggest issues. I think a lot of that is about the perception of those trades. Those trades have changed a lot over the past 10 to 15 years, but kids still have the perception that it is a dirty trade and that they will always be working on the floor. They do not realise that those trades are now quite computerised.

As representatives from ICG Wagga Pty Ltd said, they are more likely to take on year 12 students. Then the pay is appalling for people who have left school. Their parents expect them to be self-sufficient—they want to be self-sufficient at 18 years of age; they do not want to be totally dependent on their parents—and then they have to do four years training. It is hard to get young people to see that those four years will build their future. Council has a few ideas that it would like to try out in the local community. Our leaders in business all started in the trades, but we need to sell that. There has been 10 years of people saying, "You have to go to university to make it." That is what their parents think.

It is selling to parents more than anything else. The careers co-ordinators have really changed and started to push it, but the parents still believe that their kids will not make it unless they go to university, and that is not necessarily true for everyone. So we have a few ideas and programs that we would like to implement. We would also like to change that anecdotal evidence and find some real evidence and do real business surveys of the city or the region, if we do it regionally. But obviously that is a resource cost to get everyone involved.

**CHAIR:** How does Wagga Wagga City Council, which you are representing here today, keep staff? Does it have a large turnover?

**Ms LONERGAN:** They have similar problems, especially in the trades, in particular, planners and engineers. Poaching is a really big issue. To get someone to come to Broken Hill they will pay a planner \$75,000 a year. Our local government obviously cannot afford that, so we struggle to get planners and engineers. I noted what the ICG guys said earlier about not having a regional engineering degree. It is a bit of an issue because engineering is one of the professional areas in which we are really lacking, whereas we have lots of accountants.

**CHAIR:** Do you train local people in those jobs?

**Ms LONERGAN:** In accountancy, yes, because we have an accounting degree at Charles Sturt University.

**CHAIR:** I am talking about engineers? Do you train them?

**Ms LONERGAN:** Wagga Wagga City Council takes on engineers, but it is not at an apprenticeship level. They have cadetships.

**The Hon. PATRICIA FORSYTHE:** You talked about paying someone \$75,000. If you compared what \$75,000 buys you in Sydney in rental real estate I would have thought you would have been much better off in many of our regional cities, in particular, Wagga Wagga.

**Ms LONERGAN:** You will not get that money in Wagga Wagga.

**The Hon. PATRICIA FORSYTHE:** There is a comparative analysis between lifestyle and benefit. How does council market its promotional tools? Does council work with the chamber of commerce to promote Wagga Wagga to people?

**Ms LONERGAN:** Yes. One idea that council has had is the regional cities program. Attracting and retaining people is a huge issue for council across all sectors. People think that there is either the city or the bush. They do not realise that there are big regional centres where there is all the infrastructure, lots of jobs, and lots of opportunities. There are lots of jobs out there. We have very low unemployment; it is consistently 1 per cent or 2 per cent below the national average. So we have banded together with a few other regional councils in New South Wales—we did that only recently; there are about 10 of us—and we are looking at developing a targeted marketing campaign for regional cities to differentiate between a regional city and what the opportunities are.

You could say that people come here for the lifestyle. They do and that is why they stay, but they do not come here for that. They have to have a job or a business opportunity. There is no driver for them to come; they will not come without a job. Obviously there is a perception that wages are a lot lower. They are not a lot lower, they might be 8 per cent to 10 per cent lower—that is pretty much the average—and the cost of living is a little lower when buying a house. Rental is a little lower but not hugely lower. Then there are other costs that offset that. If you have family in the city you go back and visit them every month and that adds to your cost of living. There are a lot of benefits to living in regional cities.

There is no doubt that lifestyle is what makes most people stay. I am from Sydney. A huge percentage of the professionals in Wagga Wagga come from Sydney or Melbourne. They would never go back. We came because there was an opportunity. We have to sell those opportunities. We do not have the resources locally to do it on our own. To mount a marketing campaign in a capital city you need millions of dollars.

**The Hon. MELINDA PAVEY:** Have you looked at Victoria Government's "Country Victoria—It's a great place to be" campaign as an example of a marketing campaign?

**Ms LONERGAN:** Yes. We are actually working with ASIC, which developed the jigsaw campaign for Victoria. We are looking at doing something similar. The Victorian Government did that but the New South Wales Government has not done anything similar. That is why we are joining up with other local governments to try to do that on our own—to develop a marketing campaign that will help us do that.

**The Hon. MELINDA PAVEY:** Could you give us a list of those regional cities?

**Ms LONERGAN:** There is Albury, Wagga Wagga, Griffith, Bathurst, Dubbo, Tamworth, Orange and Armidale.

**Ms THURSTON:** The larger cities as opposed to small country towns. We are trying to promote inland cities.

**Ms LONERGAN:** Inland cities do not have that beach thing to which everyone is attracted. We have different demographics in relation to our populations. We have much younger populations.

**Ms THURSTON:** As I said earlier, I have only been here for six or seven months but Wagga Wagga in particular reminds me very much of Sydney prior to the Olympic Games. We are all looking forward to something and we are all looking forward to taking the next step. Six months on I still feel that very much but I also know now that the next step, whatever it is—and we hope it is growth and not a backward turn—is being hindered.

We need development for jobs but where do we get the people for the jobs? In all sorts of industries it just seems to be, "It is going to happen", but there is no date. It is not 1 October or 30 September when it needs to happen. In all sectors of industry there is just this statement, "It is going to happen." We are all trying to work together to do that. Certainly there is a lot of co-operation with council, the chamber and various other business organisations just getting there.

**The Hon. PATRICIA FORSYTHE:** What if it has already happened? You already have some of the infrastructure that is needed for regional development. You are saying that, if they had that, they would be able to take it on. A university is critical and a hospital with the standard of care that you have is also critical. You also have a significant government office presence. You have three of the criteria in any analysis for regional development.

**Ms LONERGAN:** The city is growing phenomenally but there is a shortage of staff, so that hinders people's growth. Referring to the perception about the hospital, while staff members in Wagga Wagga are fantastic, attracting new people to that hospital is difficult. These problems have gone back for years. It is not only a problem of government; businesses did not take on apprentices for 10 to 15 years. That is where the poaching ended up. Businesses were not really proactive. They have decided that they need to be proactive now because they need the staff, but they were not proactive for the last 10 to 15 years. We brought them to the table and said, "You have to do this as well." It is not up to local government or the training authorities. The training authorities are there to train as many as possible, but businesses have to take some responsibility for this as well.

**The Hon. PATRICIA FORSYTHE:** Do you do a regular analysis of where school leavers go? What program do you have in place to work with schools in the region? I do not mean just in Wagga Wagga; I mean in regional centres such as Junee, for example, to identify where those students go at the completion of years 10, 11 or 12? Do most of them stay locally at that point?

**Ms LONERGAN:** There is no formal program in place. We do not have the resources to do that. But we would really love to track where our students go. Anecdotally, people tend to go away when they leave school or when they finish their trade because they want to experience the world and that is acceptable. Our main thing is getting them back in when they decide to settle, for example, when they are in their late twenties and they want to raise a family. We want them to think Wagga Wagga is a place that is growing, that is going ahead and that their families will have a great life here.



We have to change people's perceptions. Locally a lot of people would not realise how quickly Wagga Wagga is growing. Strategically, we are very well placed.

**The Hon. CHRISTINE ROBERTSON:** Does your community college have an extension of the adult and community education program?

**Mr CUNNINGHAM:** Yes. We have standards in Deniliquin, Griffith, Leeton, Cootamundra, Tumut, Temora, Gundagai and Corowa. Corowa does not have a job network agency, but all the others do. Across the whole region we do a schools seminar. If anyone invites us to speak as a job network agency, we do. We find a lot of kids from year 10 go to those things because they want to leave school and become an apprentice, but employers do not want someone out of year 10, they want someone out of year 12. We have a lot of problems with the school-based traineeships in New South Wales. As a training organisation, we have only two school-based trainees with us. When I worked for a group training company that had a group training organisation which was on the border, it had 95 in Victoria and one in New South Wales.

**The Hon. PATRICIA FORSYTHE:** You said we have problems. What are the problems?

**Mr CUNNINGHAM:** Basically you need six parties in New South Wales to sign on a school-based trainee and to sit down at the table to sign the documentation. Getting those six parties together is not my job. It is the new apprentice's job.

**The Hon. CHRISTINE ROBERTSON:** And the parties are?

**Mr CUNNINGHAM:** There is the school, the employer,, the parents, the student, the new apprenticeship centre has to be there as well, and the training organisation has to be there.

**The Hon. PATRICIA FORSYTHE:** And in Victoria?

**Mr CUNNINGHAM:** There is a simpler form. Basically they fill it out, the kids take it home, the parents sign it, and the kids bring it back.

**CHAIR:** Is it signed only by the parents?

**Mr CUNNINGHAM:** Yes, and then taken back to the school.

**Ms THURSTON:** Again anecdotally, one of the things that some of our members have been saying is that while we have a very good university and a very good TAFE here, some of the courses that are on offer—and I am sorry that I do not know all the courses—are not relevant to meet the needs of the businesses in Wagga.

**The Hon. CHRISTINE ROBERTSON:** This is TAFE as well that they are saying it about?

**Ms THURSTON:** Yes.

**CHAIR:** What would you do about that? What would you suggest has to be done?

**Ms THURSTON:** I have only just found that out since we received this information. I think that, again, it is worthwhile discussing it with the council and the planning organisations because the whole process has enlightened me and the board of the chamber of commerce to the existence of big gaps there.

**The Hon. CHRISTINE ROBERTSON:** Are there any examples?

**Ms THURSTON:** This again was in the automotive industry and it always seems to come back to that. I have an email that I can read out and I have copies to pass around from the truck centre, but it seems that with the growth of Wagga there has been a complacency. It is a town that is not reliant on agriculture. It has the defence bases and a lot of Federal and State government service organisations here. The drought has not affected Wagga very much, only in the last few months, but

that is just about over. Hopefully, the economy is going quite well, but there are clearly shortages in some sectors of the industry.

**Ms LONERGAN:** We really need to get hard data on where the shortages are because we hear the same thing all the time—there is no automotive—but TAFE is taking on anyone who puts up an apprenticeship. They do automotive apprenticeships.

**Mr CUNNINGHAM:** But they do first year apprentice motor mechanic to do light vehicles. If they do trucking, they have to go away.

**The Hon. MELINDA PAVEY:** That is important evidence.

**Ms LONERGAN:** Yes, that is really important.

**Mr CUNNINGHAM:** They have to go somewhere else to do their second year and third year.

**Ms LONERGAN:** To do the heavy automotive.

**The Hon. MELINDA PAVEY:** Do you know where that is?

**Mr CUNNINGHAM:** I think it is Goulburn or it could be Sydney. If you are an airconditioning mechanic or a refrigeration mechanic, you will be at Ultimo TAFE only in New South Wales.

**The Hon. PATRICIA FORSYTHE:** So there is no real incentive for kids leaving school, or dare I say for their parents, to encourage them into an area that they know in 12 months time may effectively take them out, or force them to travel to undertake the course.

**Mr CUNNINGHAM:** That is right. Until recently there was not a beauty apprenticeship course in country New South Wales. That was held at Newcastle on a Monday. If you wanted to do it, a lady from Griffith was flying her daughter to Sydney to get the train to go to the course every Monday.

**Mr IAN COHEN:** What is the lower threshold to make a course, such as refrigeration mechanic or whatever it might be, viable through your organisation and for it to be undertaken in this area? How many people would you need to be trained on a yearly basis to make something like that work locally?

**Mr CUNNINGHAM:** Well, that would be a question for TAFE rather than us because we are limited in who we can train. We cannot train apprentices in this region. Basically I suppose what the State Training Authority is worried about is that if there were private organisations that could do motor mechanic training, there would be a drain on TAFE. You would have a building there and half the apprentices would go to TAFE and half would go to a private of organisation in the country and that would effectively cut the market in half.

**CHAIR:** At Griffith, is there not a hairdressing and beauty therapy course?

**Mr CUNNINGHAM:** That has just started, yes.

**CHAIR:** That just opened on Monday.

**Mr CUNNINGHAM:** Yes.

**The Hon. PATRICIA FORSYTHE:** In relation to the chamber of commerce, you said you have been in Wagga Wagga six months. In that time, how many meetings would you have had with the senior executive of TAFE to look at issues such as this?

**Ms THURSTON:** One of the senior executives is on our board. At a board level, it is discussed every month.

**CHAIR:** Before we forget, could we have a copy of that email?

**Ms THURSTON:** Yes.

**Mr IAN COHEN:** An earlier witness mentioned wages and said that young people can get \$15 for working on a tractor, and \$5 or \$6 as an apprentice. Is that across the board?

**Mr CUNNINGHAM:** Yes.

**Ms LONERGAN:** It is ridiculous.

**Mr IAN COHEN:** That is appalling in terms of the cost of living in this community.

**The Hon. CHRISTINE ROBERTSON:** But then a previous employer told us that they are useless to them until they are finished.

**Ms LONERGAN:** They are a cost to their organisation in their early years of training and they start to pay back in their later years, and that is fair enough. I think we have a big trucking industry here and I think that is probably another drawback. A lot of the kids who are 18 go into a trade and they realise that the truck drivers are earning three times what they earn, and that drains them. The employers put them on as apprentices and they say, "I want to drive a truck. I want that money." It does not take you four years to become a truck driver. Because they are only 17 or 18, they do not see that in the long term they are better off with a trade and that they will still be driving that truck for the same money in 20 years' time.

We need to change those perceptions and help them to realise that putting the time in over the long term is worth it. That is something we would really like to do. We would like to say that the people who have made it have done their time. The people who are really the leaders in industry, they are the ones who went through their apprenticeships and built up their businesses. They are not still driving trucks or whatever it may be.

**Ms THURSTON:** The way we are trying to promote Wagga is as a hub between Sydney-Melbourne and Sydney-Adelaide. Road transport will be growing—we are certainly hoping so—with the plans that this city has. A copy of the correspondence that was just given to you indicates the need for diesel mechanics. If we are going to plan this, this is a great opportunity to go forward.

**The Hon. GREG DONNELLY:** Over the course of the morning, we have had a number of organisations taking us through the issue of skills shortages in the Riverina. I am just wondering whether all these organisations are linked up and pursuing this issue as a unified group in the Riverina, or whether we have a range of organisations just trying to shout the loudest. I am not quite sure. For example, among your own three organisations, is there a formal linkage between them, or is it all very informal?

**Ms LONERGAN:** We have tried to set that up quite recently—this is in Wagga, not for the region. We would love to go to the regions. We do talk to all the organisations you have seen today. We all know each other very well and we talk about the issues. We tried to set up a formal group that would discuss the issues and we brought along businesses from Wagga, TAFE, the community college and other training organisations. It is difficult to bring them together but because people are so aware there is an issue, they were happy to come and work together.

**The Hon. GREG DONNELLY:** This is a development over recent times?

**Ms LONERGAN:** Yes. We have only just started. We have actually put in for funding. I will give you a copy of the program we tried to put up to the Department of Education, Science and Training [DEST] which had a program going forward. It was supposed to be decided in June but it still has not decided anything, so we have had to look at another way of finding it now. We really want to take this forward because it is a real constraint on businesses in the city.

**Ms THURSTON:** Kelly Painting, who gave evidence earlier, writes articles on skilled migration for our newsletter. We are working as closely as we can.

**Ms LONERGAN:** We promote that widely.

**Ms THURSTON:** We are trying to not do this in a disparate way. I think people have just realised in the last six months that they need to work together to push the region forward.

**The Hon. CHRISTINE ROBERTSON:** You spoke about young people who all think that they should go to the university. Many young people do not. What happens in this town to those who do not get to university?

**Mr CUNNINGHAM:** We have a lot of employers who would like to use the traineeship system to put on young trainees.

**The Hon. CHRISTINE ROBERTSON:** Is this long term or are they short traineeships to get their subsidy?

**Mr CUNNINGHAM:** Basically, a certificate II in retail is one year. The employer will put the person on, but it also gives the employer, if they access the training award, a lower rate of pay for that trainee. That trainee will historically get \$5 or \$6 an hour whereas the same junior position would be \$10 or \$15 an hour. We have employers who take advantage of that.

**Ms LONERGAN:** There is abuse, yes.

**Mr CUNNINGHAM:** Yes. Employers take advantage of that and have a high turnover of staff. We have other employers that embrace the system and want it to work and want to take the person from certificate II to certificate III to certificate IV.

**Ms LONERGAN:** To become a great employee when they get through.

**Mr CUNNINGHAM:** Yes.

**Mr IAN COHEN:** We hear a lot about people who get their training and go, and you almost start saying, "The poor employer"—or some of us might. Is that happening across a lot of different areas? You are talking about retail and training, but if we are talking about specific skills such as mechanics and so on, I guess that is primarily in the apprenticeship area. It just seems that resentment could build up when people are employed at virtually slave labour rates and they decide, "I am out of here. I owe no loyalty."

**Ms LONERGAN:** Because they never get to that position where they are earn reasonable money.

**Mr IAN COHEN:** They feel they have actually been exploited for that period of time.

**Ms LONERGAN:** I think, too, that it is natural for regional kids to go to the city. They want to experience the city, and that is when they have already got their training if they have been through a training organisation. They go there and they get more money and they think, "Oh, I am not going back there", because of their experience. They do not realise that they are much more valuable once they have gone out, got some experience, and have come back.

**Mr IAN COHEN:** Sure, but are they getting that sort of recognition of their value to bring them back? There seems to be a gap of money and support.

**Ms THURSTON:** Mr Cohen, I would agree with that. Recently I helped to chair a forum that the local member, Daryl Maguire, held here at the behest of one of the employment agencies to try to get staff out to Bomen, which is a big estate just outside Wagga Wagga. It will not be just for Cargill's. There will be other industries going out there. The biggest problem in getting workers out there is that there is no transport. The Department of Transport and Regional Services was willing to subsidise a bus run to get the low skilled workers out there for training—not just at Cargill's, but at

Cargill's to start with. We held a series of four meetings. I chaired them, as well as one of the board members who was from TAFE.

Daryl Maguire wrote thousands of letters that were distributed throughout all the suburbs in Wagga that have a traditionally high unemployment rate. At the first meeting, we got 12 people. At the second meeting, we got four. At the third meeting, we got about 15, and at the last meeting we got about 15 again. It was a very poor response. Daryl was very ho-hum about it simply because we hear of all the unemployment in town and we were trying to do everything. The employment agency was trying to work. We had a lot of very good media. It was advertised well. There are still people who just do not want to participate. They were given an opportunity and there will be a lot of growth out there. These employers are offering Wagga people the jobs first.

**The Hon. PATRICIA FORSYTHE:** What sort of work was it?

**The Hon. CHRISTINE ROBERTSON:** It was for chopping up meat.

**Ms THURSTON:** That is at Cargill's, but there was also Heinz Wattie's that are expanding out there. Tracey could tell you other industries that are going out there. To get this, though, they need transport. Public transport needs to know that it will have —

**Ms LONERGAN:** So many customers.

**Ms THURSTON:** Yes, even subsidised. It was going to cost the people \$2 a day at a subsidised rates for people to go out there, and that is a very good deal, but we did not even get the people at the meeting.

**Ms LONERGAN:** I think that Cargill's has the same perception problem, though, that some of the trades had—that people do not want to work in an abattoir. The wages are actually very good and they put you through training.

**The Hon. CHRISTINE ROBERTSON:** My question relates to professionals. Do you know anything about an issue, when you do attract people from the city, about the spouse employment?

**Ms LONERGAN:** Yes, we have done quite a bit of work on that. We have a professional working group in town. We have had it going for about four years, on and off, and that was a really big issue in the past. People who came to town who were a doctor, or a lawyer, or whatever, needed to find staff employment. It was a real issue and we tried to help them. We have a "welcome to Wagga", and we try to integrate them into the community and try to get them to meet people in their field. We recently had a professionals meeting. The medical community say that they are not finding it so much of an issue now because often the medical fraternity marry within the medical fraternity, so they get jobs very easily. It is more of an issue if you may be an accountant or an architect. Although the jobs come up, they may not be there at the time that the person moves here. Often they have to wait, and that is a bit of an issue.

**Mr CUNNINGHAM:** I think you find that with the defence forces as well. They come to town and then their spouses are stuck at Kapooka.

**Ms LONERGAN:** They tend to be lower skilled, so that is a different category.

**Mr CUNNINGHAM:** There are 330 defence housing association houses in Wagga, so if you put a family in each of those, say, a spouse and two kids—

**The Hon. CHRISTINE ROBERTSON:** It is an issue both ways.

**Mr CUNNINGHAM:** Professionals tend to be married to professionals.

**The Hon. CHRISTINE ROBERTSON:** Are there no support structures?

**Mr CUNNINGHAM:** The defence association has a welcome and shows what is available, but that is about it

**Ms LONERGAN:** If they are not trained they help them write resumes and they have a centre and they try to get them out there.

**CHAIR:** Thank you for your time and for the submissions you put in earlier.

**Ms LONERGAN:** What will happen now?

**CHAIR:** A report will come down, including the recommendations to government. If you feel there is anything we ought to know more than what you have told us already, please do not hesitate to let us know and we will add that to your submission.

**Ms THURSTON:** As Ms Loneragan said earlier, everything we hear is anecdotal. It is very hard to get people to put things down.

**CHAIR:** If you do get hard evidence in the meantime please let us know. The submissions are all on the web if you want to see them.

**Ms LONERGAN:** It would be good to see what other regions come up with, because it is hard to tell how to benchmark yourself. Are we experiencing skills shortages that everyone has or are they specific and can we do something about it? That is something that would be really valuable.

**(The witnesses withdrew)**

**(Luncheon adjournment)**

**REPORT OF A PUBLIC FORUM BEFORE**

**STANDING COMMITTEE ON STATE DEVELOPMENT**

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

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**At Wagga Wagga on Monday 31 October 2005**

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**The public forum commenced at 2.00 p.m.**

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**PRESENT**

The Hon. A. Catanzariti (Chair)

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

ALSO PRESENT: Ms Rosemary Campbell, Mr Andrew Clinton, Mr Daryl Day, Mr Terry O'Connor, Mr Mark Koskiniemi, Ms Erica Smith, Mr Richard Pickersgill, Mr Andrew Smith, Ms Barbara Hull.

**CHAIR:** Before we open the public forum I will clarify how we intend to proceed. I am pleased to note a good number of organisations and individuals have already notified the Committee of their intention to speak, and I thank you all for helping us to manage this forum appropriately. I will go down the list of registered participants firstly and then, time permitting, I will open the floor to anyone else who wishes to participate. When I call your name please come to the table and your statement will be recorded. Please state your name, job title and organisation that you are representing before you begin your statement.

Due to time restrictions we will allow approximately five minutes for each speaker. There will be a limited opportunity for members to ask questions at this stage. However, should the Committee want to ask questions at a later date we will contact you. At the end of your allotted time please return to your seats. We will not be swearing witnesses. Speakers will not be protected by parliamentary privileges so they should refrain from naming or defaming individuals, not that I am suggesting that that will happen. If there is time after all the speakers have had the opportunity to speak, we might ask questions then.

**Ms CAMPBELL:** Thank you for the opportunity and thank you everyone for taking the time to take into account this very important issue. I will be very brief. I have a short statement, which I will leave with you. I really want to focus on one or two points. The thing I am really concerned about is perception. From the TAFE New South Wales point of view we do not believe there are a lot of skills shortages that cannot be addressed by us. I will speak only for TAFE New South Wales. The issue is getting highly capable people to apply for the areas and jobs that I am talking about, the skills shortages that can be supported through vocational education and training [VET]. From our perspective, working with the industries in the region, the key movers and shakers in the area are people who initially started their qualifications through TAFE. They are the tradespeople and the retailers, nurses and managers, the chambers of commerce. All of them tend to have gained their qualifications through TAFE.

The key issue they say is that they are finding it extremely hard to attract really capable young people to the jobs that are available. They see enormous career pathways through their companies but the quality of the applicant is very poor. I emphasise there is an absolute need—and I know this is not a new idea—for the opportunities that are available through vocational education and training to be really promoted and for parents and teachers who are considering this for their children to give them a realistic idea of the incomes and lifestyle available through going through vocational education and training, and particularly apprenticeships.

When one considers that most of the teachers in high school have never had any experience of apprenticeships and training and very few of the people who are advising them have, it seems to me there is such pressure to go on to only one outcome—the university. We are really depriving ourselves and our young people of a balanced view of the opportunities available. It is my considered opinion that highly capable young persons, whether they choose to go to university or through a trade, would have equally excellent outcomes in income and opportunity if they were to go that way.

When one looks at the opportunities for setting up companies, self-funding or working with the big international companies, the big construction or engineering companies, the opportunities are exceptionally good for highly capable young people, yet they are being dissuaded from going into that area because it is said to be of a lesser status. I cannot emphasise too much the impact of the aspirational ideas of people, that for some reason or other moving into a skilled occupation is somehow selling yourself short. Time and again in the paper emphasis on VET is seen as selling the students a second-rate option. This perception is killing the trades. One thing you could possibly do is for us to have a fair, strong and powerful advocacy of the opportunities available through apprenticeships and the careers and the exciting opportunities that are available that way.

I strongly recommend that we do not invest in guest workers being brought from overseas and that we invest in the opportunities of training our young people in the regional areas so we build up a really strong cohort of highly qualified people. I realise I have only five minutes and I have probably taken my five minutes, but if there are questions people wish to ask I would be more than happy to answer them.



**Mr IAN COHEN:** Ms Campbell, can you comment on the status and sense of self-worth? The rates of pay for young apprentices and the fact that we were hearing in the inquiry before that people get trained here and there seems to be very little scope for any loyalty due to the bargain basement prices on which young people are being introduced to these apprenticeships. Would you care to comment on that?

**Ms CAMPBELL:** I agree. When they are apprentices the rates of pay are very low. They are certainly not something people rush into. I am talking about when people graduate and can set up their own businesses and also going to higher-level cadetships or supervisory levels.

**Mr IAN COHEN:** Would there not be some remedy in the pay scales right at the beginning? We are told that young people can get \$5 or \$6 an hour as an apprentice, or drive a tractor and get \$15 an hour.

**Ms CAMPBELL:** I would totally support improving the pay rates for apprentices as they are going through.

**The Hon. PATRICIA FORSYTHE:** May I clarify your last comment about guest workers? The guest worker concept, as I understand it, is the one that is currently being provided to bring people in specifically in unskilled areas for seasonal work. Are you using the words guest worker to mean the Skilled Migration Program?

**Ms CAMPBELL:** Skilled migration, when you are thinking to solve your problem in unskilled areas by importing people from overseas. Increasingly, those people are coming from countries that can least afford to lose those skilled people anyhow. Guest worker is probably a generalist term.

**Mr CLINTON:** My name is Andrew Clinton. I am a director and shareholder of the Junee Railway Workshop, which is a railway repair facility up the line a bit. If you have some time on your way to Griffith, call by. We play trains. We have a fair dinkum, full-on train set—locomotives, carriages, wagons and so forth. We also have a few challenges in our industry. If you look at the number of people who were involved in the rail industry in, say, 1990 it was about 12,000 people in New South Wales. Today it is lucky be 2,500. What has happened is that nobody has trained anyone for 15 years. It is a real problem. I am not sure of the exact number but if you read the report of Mr Justice McInerney into the Waterfall inquiry, he mentioned that the average age of train drivers is 52. That is a scary number if you think about it. Where are all the young people coming through our industry?

We are a privately owned company. We have shareholders and staff. We currently employ 20 people, 18 of which live in Junee. We are a significant industry in our local town. Our local payroll is about \$800,000 a year and the workshop foreman and I spent a third of a million dollars last year building dwellings in town. I have personally lodged development applications for about another \$1.5 million worth of dwellings that I propose to build over the next 18 months. So, we are a significant player in a small town.

A number of things could be done to help us because we know we have to train our own. One quarter of my staff are apprentices. I am looking to take on two more next year. Things could be done to make life easier for us. Firstly, I believe we need to be able to talk more closely with the TAFE system because our apprentices are trained through TAFE. Unfortunately, the TAFE system as it is at the moment does not exactly provide the course we really want. So, the first suggestion I would make to this Committee is that TAFE be empowered to go out to industry and try to customise courses for the benefit of the industry.

The second point relates to the paperwork surrounding apprentices. It is painful. For the past five years we have employed all our staff on salary. When you fill in the paperwork for the TAFE application or the funding there is no square to tick the salary. It is what this, what this. I have had problems trying to get the paperwork through because I have apprentices on salary. You have to pay apprentices well to keep them. You talked about skills shortages and apprentices leaving at the end of their time, but we do not have that problem. One guy who is working with us has been with us for 10½ years. He started as an apprentice and he is still there. But you have to pay the kids a decent

wage; you cannot just pay them \$5 or \$6 an hour. I have two daughters aged 15 and 12. I would not get them to work for the sort of money that apprentices get paid. We have a philosophy that at the age of 18 give them \$18,000; at the age of 19 give them \$19,000; and at the age of 20 give them \$20,000. But when they get to the age of 21 they should be on adult wages.

That is our view and that is how we get to keep good people. Years ago my dad taught me, "Pay them well and work them hard and you retain your staff." The second point I want to make is that the paperwork for apprenticeship funding can be made simpler. We have to take into account the fact that some people employ apprentices on salary. The next point I want to make is that apprentices cost us money. I am not asking here for a handout. You probably are aware that there is a significant cost in employing apprentices. Another point I would like to make refers to the Vocational Education and Training program [VET] that exists in this State. Junee High School has been one of the flag leaders, one of the leaders of the Vocational Education and Training program.

Every apprentice we have now and the kids we are proposing to take on next year have all come to us through the VET program. Some kids turned up for one day and we never saw them again. Imagine the chances of them turning up the next day because it was too dirty, too cold, too wet or whatever. We found an invaluable screening method that lets us choose who we want to take on. I ask this Committee to make a recommendation that the VET program be continued and fully funded to keep it going because it is a really good program. As these skills shortages are developing I believe some thought should be given to a methodology within the workplace of trying to appoint emeritus professors—people who have worked there most of their lives and, as retirees almost, come back and so forth.

We savagely go and copy notes that everyone took as an apprentice. There is no limit on the budget to photocopy manuals because we know we need to retain that skill set while people are still alive. The consultants, engineers and electricians that we get in are all men in their seventies, so we have a real problem. The final point I want to make is that we are about to start on a rebuild project, for those who are aware of it, of the 48-class locomotive—that is, the light weight locomotive you need to drive west of here on the branch lines. Basically, we are about a week off technical feasibility. So far we have probably spent half a million dollars of our money.

We would like to know, as an outcome of this Committee, that some allowance is given, maybe through the departments of State or regional development, or somebody like to that, to encourage people who are trying to maintain in Australia the knowledge to rebuild railway locomotives from new. I cannot be any more specific than that. We are just about to do it and we would hate to have to go offshore because we cannot get any support from regional development—mind you, we have not applied for it yet—to proceed with trying to keep those skills onshore. Right now most of our railway rolling stock is imported from China. On your way to Griffith come and have a look at the quality of Chinese rolling stock. It is interesting. After two years they are back to the third rebuild. That is about it, I think. I reiterate my invitation: If you want to come and play trains on your way through to Griffith we will take you on a run around the track.

**CHAIR:** Thank you very much.

**Mr DAY:** I am managing director of Precision Parts in Wagga Wagga, which is a manufacturing company. We employ about 85 to 90 staff. I would like to touch on a few things. We probably employ about 12 apprentices and various tradespeople. We put on about one or two apprentices a year. Our labour requirement is about 10 people per year as the attrition rate declines. In our area, when we talk about apprentices, we always talk about the large number of people getting into trades such as IT and higher. But going back to the butcher, the baker and the candlestick maker, we are finding that kids in years 9 and 10 are at a stage in their lives when they are trying to determine where they want to go with their careers. They are vague about whether they will move on.

Some kids go to years 11 and 12 before making a decision about what they should do with their lives. I believe we should check out our children in years 9 and year 10—early in their lives—to determine whether we have people with skills, such as musicians, or practical people who might be a butcher, a baker, a candlestick maker, or whatever it might be. On too many occasions we have found that children who are going for jobs at our facility and who have year 12 education did not do too well

at year 12 education and they want to go to university. We need a lot of Indians out here; we do not need all the chiefs. That is where our skills shortage is.

In the last 18 months or two years, when we put out a job for someone to be a picker or packer in our dispatch department, we would get 50 applicants. Of those 50 applicants there would be 10 that we would look at. Of that 10 we would find four who were any good and we would pick one. Today out of those fewer than 50 applicants—there are fewer applicants—we would get 10. Of those 10 applicants there are six we would not have seen before, and four that were worse. So the skill levels coming out of our schools is declining for simple processes such as trying to pick and pack. I would like to see some sort of agenda that addresses the practical side of children leaving school. Start earlier on profiling people to see whether they are practical people who want to be mechanics.

Certainly at that early stage of education we can determine whether they are going to be a doctor and so on. There are many skills in that area. As we are exporters there are economic and social impacts on us. Our exporting business has grown and it comprises half our business at the moment. We export to the United States of America, to the Middle East and to South Africa. We are dealing with China at the moment. Skills shortages at that level are affecting our export growth. Currently our export business, which is bringing the greenback to Australia, is in excess of \$US5 million. We are looking at expanding in that area.

My last point might be a very simple one, but we have a software program called *SimCity*, which is a game. If you play it properly it determines how many butchers, bakers and policemen you should have in the city. I have often wondered whether there is a model that determines if we should have 10 or 50 policemen in Wagga Wagga or a certain number of teachers.

**CHAIR:** Thank you very much.

**Mr O'CONNOR:** I am an Australian Workers Union [AWU] official for the Riverina at Wagga Wagga. Mr Chair, and members of the Committee, I was here earlier and listened to a few points and I was then given an opportunity to make some remarks. Basically, I will read through them and make it brief and short. A company was mentioned earlier this morning when reference was made to skills shortages. I do not have anecdotal evidence; I have factual evidence. For one reason or another those who are applying for positions at that company are not contacted and offered employment.

One person who walked into my office—a past member of the AWU in another work force—lost his job as a result of redundancies. At the time he received a severe injury on his right arm and the scar was quite prolific. However, it did not impede his work over the last 10 years with Riverina Wool Combing [RWC]. In the job application form he made reference to his injury and he can only assume that that is what kept him away. I believe that his work record at RWC would have been good enough, especially if he was going to be packing meat and that sort of thing. My daughter applied for a position out there and never received any notification.

There are two factual references but there is also other anecdotal evidence. I have been told that a number of people applied but for one reason or another the company just does not get in touch with them. When that company is mentioned it is handpicking exactly whom it wants. If you are looking at unskilled people being trained to have skills, that is a perfect example of where this could work. It is an expanding company that is advertising for positions. It can train these people the way it wants to, but it is not doing that. There is another company that was not mentioned today that looks for labour all the time.

If I had monitored all my phone calls from people who work at that company I could quite clearly show you why it has difficulty getting employees to stay there or go there. Some people do not even bother going there because they are well aware of the management at that place. I suppose that is anecdotal evidence because very few people would ever step forward and show their faces. The people who do work there get their heads chopped off. That is related to those two companies. Reference was made earlier to skilled and unskilled labour and to companies applying for people to fill those positions.

I will jump forward to what Mr Day just said. His proposal takes me back to my years when I was a young kid at school. By the time I was in year 10 kids were looking then at trades that they would like to go into or transition into over the next few years. It reminds me of the old saying, "Be a jack of all trades but a master of none." After 10 or 15 years in a job people were told that if they got sick and tired of it they should change and go looking for something else. Maybe there is some credence in the old ways. If people decided to have a look at or to review a job and they liked it that was the direction they pursued. I have my own thoughts about apprentices.

One of the major problems with apprentices is the very low wage on which they start. It is quite obvious that an apprentice who might be really focused on what he would like to be—whether it is a mechanic, electrician or something like that—needs financial assistance in one way or another outside whatever other assistance the Government is offering. For example, if there were a mechanic's position or apprentice position at Cootamundra or even Junee, which is only 40 kilometres away, the cost for a young person living at Wagga Wagga to get there would outweigh the wage that he or she would get. He or she would need financial assistance from their parents. That could mean living at home—if it was in Wagga Wagga that is what they would be required to do—or if the apprenticeship position was too far away they would require accommodation assistance because their wage would not be enough.

The other disadvantage for apprentices in the first few years is that they leave school, socialise with their friends and in some instances their friends get casual work. It is hard to put an old head on a young person's shoulders. Casual work usually puts more dollars in the hands of an apprentice at the end of the week, so that he or she could go out on a Friday or Saturday night and have a really good time.

His friend, who is doing the apprenticeship, does not have the money to do that. They start to miss out on the social side of their life and as a 17, 18 or 19 -year-old person, I think that is pretty important in this day and age. All of a sudden they say, "I want to do these things", and so they head that way and they give up their apprenticeship and they go chasing the quick dollar, which we have already heard about. I think that poaching apprentices and workers has always been the case. Even when I was a kid, it was never any different. My brothers and my father were shearing contractors. We trained a learner shearer every year but we fully expected them to get off and experience life and have a look around, and that has always been better.

I was pleased to hear a report this afternoon—I missed the lady's name—and I believe in relation to our unemployed that there is only a very minor percentage who do not want to work. I think that the majority of them are quite prepared to work if they can get the assistance, help and guidance that is required. I was quite pleased to hear about the resources that are made available for our so-called overseas backpackers. If they were directed in any way, shape or form to our Australian citizens who are sitting there on unemployment benefits, I think Australia would be far better off by developing our own culture inside the work force that we have here.

We talked about a backpacker in relation to the fruit industry and that they can start from the top of Queensland and go through to South Australia on a seasonal basis and just dovetail on the back of everyone else. Why do backpackers from overseas, particularly Europe, know all of that information? They know where to land, they know what bus crew or employer to get on with so that they get employment the whole way down. The first dozen you talk to on unemployment in Wagga will not have a clue about it. I think those resources should be directed to those sorts of people.

**The Hon. MELINDA PAVEY:** I am sorry to interrupt you. That is a really important point. You are saying that there are people who want to do that work, and they do not know about that work.

**Mr O'CONNOR:** I do not believe that every person on the dole is a dole bludger.

**The Hon. MELINDA PAVEY:** I am not disagreeing with you.

**Mr O'CONNOR:** No, but I am just saying that if they are given the opportunity and given that assistance and given resources that appear to be available for the overseas backpackers, and if there is more put into place for our Australians, I think we could get a wonderful result. I might have my head in the clouds, but I do not believe so. I have more faith in Australians who are on the dole in

that sense. The other problem we have is a perception. We have a lot of young children at high schools who get part-time jobs with some of the larger chains. As their schoolmates start to drop off, maybe some of them can ask for a few more hours, but the phone calls keep coming through my office saying, "What can we do?", "What can we not do?" One of the biggest problems with perception is that as they get close to the age of 18, their hours are reduced to the point that they cannot support themselves, cannot live on that, and they leave and head for somewhere else. Really, that is just a kick in the guts for those young people because the employer is not doing the right thing by them.

**CHAIR:** As there are no quick questions for you, I thank you very much.

**Mr O'CONNOR:** Thank you.

**Mr KOSKINIEMI:** I apologise in advance for my accent. I thank the Committee for commencing this public hearing program on this important subject. I am the managing director for Buckman Laboratories Pty Ltd in Wagga Wagga. I believe that I am in a unique position among those providing comment to this esteemed body in that, while I am a regional employer, I am also a skilled migration applicant. As a regional councillor for Australian Business Ltd, I also assist in representing the needs and concerns of businesses in the Riverina.

I will begin my remarks with my experience of Buckman Laboratories. We are a specialty chemical manufacturer serving the pulp and paper, leather and water treatment industries. We moved our regional head office to Wagga Wagga some 12 years ago. We maintain our regional technical services laboratory and manufacturing for the region in Wagga Wagga as well. We produce a range of polymers, dispersants and defoamers in our product line. As it relates to staffing issues, our experience of regional and rural New South Wales has gone through cycles of feast and famine. While we have generally been fortunate to find suitably qualified candidates for open positions, our biggest challenge of our local head office laboratory has been, and will continue to be, in the area of skilled industrial laboratory personnel.

While I have successfully developed a pool of available candidates, there is sufficient movement of personnel out of the State, generally for family reasons, so that pressure continues to be high in finding and retaining staff. I expect to see another round of this occurring in the next few months. In addition to moves out of the State, I suspect that part of the pressure comes from our own community's being a victim of its own success: that is, as the regional economy grows, more suitably skilled staff are required. Local competition for staff is likely to increase with significant expansion projects under way, such as Cargill Beef and BOC Gases. This is likely to create lag time for positions to be filled, taken from the community, either for those growing, or if staff move from location to location locally.

So while the good news is that Buckman Laboratories is able to keep its operations ticking over with high quality staff, the bad news is that the ability to fill positions outside New South Wales occasionally has an impact on the New South Wales operations. We have occasionally found it difficult to find suitably skilled staff in both South Australia and Tasmania and have successfully used to the Commonwealth's skill-matching database and the Regional Sponsored Skilled Migration Scheme to address these issues. Delays in locating staff in regional and rural areas of other States has an impact here, however, in that the inability to create more business opportunities outside New South Wales means that there is less throughput for our plant here, and less economic impact. This means that the local economy is not able to grow as fast as it could, due to a bottleneck somewhere else.

To illustrate what I mean, I point out that our ability to secure appropriate staff in another State—and I will not name the State—through the use of the Regional Sponsored Migration Scheme has allowed us to retain and grow over \$200,000 worth of business in that State that can be directly tied back to our operations here as throughput in our plants. In another case, difficulties in securing staff in another State have put nearly \$500,000 worth of business at risk. We are managing the situation at this point but it is one for which we would like to have a skilled person available full time instead of doing what we are doing to maintain the business.

Despite the popularity of DIMIA-bashing lately, I can say both personally and on behalf of Buckman Laboratories that, in dealing with DIMIA on a number of fronts, I have found my interaction with the Commonwealth's department to be overwhelmingly positive. The same is to be

said for the Riverina Regional Development Board and the other State agencies that we have encountered. I believe that this panel also will be hearing from the Riverina Regional Development Board, either through Peter Dale or Kelly Painting, and both of those are but two examples of the quality of support that is available to businesses in addressing their issues. Kelly and others have recently assessed further the needs of regional and rural businesses in the form of surveys that have been listed over the last several months.

I believe the Committee has received the submission from Australian Business Ltd on the results of its survey into this issue. While several key recommendations were made in that submission, I would like to highlight two: establishing a skills priorities analysis that is dynamic and reflective of the current and projected needs, rather than based on historical data, and development of support for youth to remain in regional employment. With regard to the first issue, it is easy to observe that comment on the fuzzy nature of the skills shortage in regional and rural New South Wales. This reality is caused by the diverse nature of businesses in regional and rural New South Wales. While there are obviously skills shortages in health care, for example, the not-so-obvious ones, given the example for skilled laboratory staff, tend to shift every few months. It is necessary for regular assessment and projections to be carried out on the shifting sands of shortages in regional and rural New South Wales and also for there to be sufficient communication between States to ensure that the mosaic of changing requirements across Australia can also be considered.

As has been demonstrated, New South Wales does not operate a vacuum. Co-ordination of research and tracking is advisable. The work force has become increasingly mobile and economic development in one region can easily starve another of staff. On the second issue, which relates to development of support for youth to remain in regional employment, local institutions should consider more focus on the local and regional opportunities. A considerable amount of promotion, going back to Terry O'Connor's previous point as well, is done for overseas opportunities and even capital city opportunities when, in reality, excellent opportunities exist in nearly every corner of New South Wales. More information on the Australian Business Ltd's survey and its recommendations can also be found at [www.australianbusiness.com.au](http://www.australianbusiness.com.au).

We must be conscious that there is not one solution to this issue, nor is there just one time to address it. With continuing shifts in the global economy it is likely that solutions addressing the issue through just simply increase the volume of participants without regard to specific projected areas of need could result in a serious follow-on issue for retraining of those for whom the market has shifted away. The issue is one that requires regular attention, improved communication and co-ordination, and sound planning. I believe that a large part of the framework is in place to meet the requirements of business with the systems and programs available from DIMIA as well as the New South Wales Department of State and Regional Development, and that increased engagement with business in educating them on their options will only improve the results. This is currently under way, but it needs to be sustained and supported. Thank you again for seeking input on this from regional and rural New South Wales.

**The Hon. CHRISTINE ROBERTSON:** Does your business participate in any training?

**Mr KOSKINIEMI:** We participate in a considerable amount of training for our staff and we do work with the likes of TAFE and other providers.

**The Hon. CHRISTINE ROBERTSON:** So the laboratory staff, do you have them, or do you wait for them to be trained and pull them in?

**Mr KOSKINIEMI:** We do a little bit of everything so we actually have brought in youth and then had them go through training. Obviously we train our staff who have come in with degrees and skills, and we generate some of our own training as well as using training from outside resources.

**The Hon. PATRICIA FORSYTHE:** Looking at your experience in other States, is there any specific lesson that we can learn for New South Wales?

**Mr KOSKINIEMI:** I was struggling to think of that coming into this presentation. Really we have had more luck in New South Wales than we have had in the other areas, so I guess I do not have any that I have drawn from those States at this point.

**The Hon. MELINDA PAVEY:** Is it a maths and science issue? We have heard evidence previously that there is not enough focus on the maths and sciences and we have shortages of people wanting to go to do university courses that are based around those disciplines. Do you see that as an issue?

**Mr KOSKINIEMI:** I think it is a small part of the issue. We have seen, for example, at the local educational institutions that there is not a lot of people tracking through this kind of area, although we keep in touch with them. I think the bigger issue is just simply that co-ordination and communication issue between the educational institutions, the business community or government. I know that Kelly has put a .pdf on their web site that identifies some of the areas where they are looking for sponsors and things like that. It is more of that—getting what is known out there. As Terry O'Connor commented, make people know what is available seasonally. It really is a lot of that, in my opinion.

**CHAIR:** Thank you very much.

**Ms SMITH:** I work at the Charles Sturt University. I am an associate professor in vocational education and training. I am not speaking on behalf of the university in any way. I am reporting on some evidence from some research projects that I have managed which I think might be relevant. I am mainly talking about evidence that is based on two projects. Both of them were funded by the National Centre for Vocational Education Research and they are both national projects. They did have a New South Wales component but I am not confining what I am saying to what we found in New South Wales.

The first one I want to talk about, which is actually not published yet but will be shortly, is called "How Workplace Experiences While at School Affect Career Pathways", and this project was a follow-up study of a couple of earlier projects where we looked at young people's workplace experiences while they were still at school. One project in particular was looking at school-based new apprenticeships, but we were following up ex-students from both those projects. What we did was we went back to these young people when they were aged 20 and 21. We were trying to establish what they had done since they had left school, and how the contact with workplaces while they were at schools affected what they did afterwards.

I think some findings were particularly relevant. It was interesting to find how their contact with workplaces while they were at school affected what they did afterwards, in particular remaining in the same industry area as the workplace contact they had had while at school. If we are looking at skills shortages in the traditional trades, I think this is pertinent. We found that while VET in schools programs is very valuable, we found the main determinant of what kids did after school was their part-time work. While it has been traditional that young people while they are at school work in retail and fast food—and that is their main industry area—it does not mean they can only work in those industries. They normally work in those industries because they are the industries that offer them part-time employment. That is for a variety of reasons such as working hours, the mindset of the employers, and sometimes licensing and health and safety regulations, and so on. Even when we come to school-based new apprenticeships we find they are predominantly in those industry areas although more likely to be in the traditional trade areas.

We found that kids who had not thought about an industry area as a career opportunity, having worked in the industry began to regard it as such. We found kids were on average staying in their part-time jobs for at least 18 months after they left school, sometimes concurrently with education and other training but sometimes as their only employment. So, they were shifting what they had intended to do as a result of what they were doing while at school. This has really big implications because it implies that industries that are not in the part-time student working game these days are missing out on a really valuable source of future labour and the chance for young people to try an occupation and to only enter it full-time if it is attractive to them rather than, for example, starting an apprenticeship and then leaving it after six months or so because it was not what they expected. That was the main message I wanted to convey. Employers need to look at offering part-time work opportunities, and we need to look at offering school-based apprenticeships in New South Wales as well as school-based traineeships. That was one project.

The other project I wanted to talk about, and again this is a skills supply rather than a skills demand issue, enterprises commonly complain about lack of skills and lack of good applicants but they tend to believe that these skills should be recruited from outside. They tend to neglect the opportunity to train their existing workers. Recently three colleagues and I completed a project on enterprises' use of nationally recognised training for existing workers. I do not want to go through the findings now because there obviously is not time but I will provide a copy of the key messages from the report. Many employers were using this method of upskilling their work force to great effect and perhaps greater information needs to be made available to employers, and employers need to consider whether they can get the skills they need, not by looking outside but by looking within their companies. They are the two messages I wanted to convey.

**The Hon. CHRISTINE ROBERTSON:** When will the paper be released?

**Ms SMITH:** The first one on the school leavers?

**The Hon. CHRISTINE ROBERTSON:** Yes.

**Ms SMITH:** It is currently in press at the National Centre for Vocational Education and Research, and as soon as it is available it will be downloaded from that web site. I expect it will probably be about one or two months away.

**Mr PICKERSGILL:** I am Richard Pickersgill, School of Education, Charles Sturt University. I work with Erica Smith and Andy Smith. I would like to make some quick comments, more about a strategic approach rather than individual points. The comments are based on some of the research that I have done with Erica and Andy and also previous work, particularly in manufacturing industry. Skills shortages in rural and regional New South Wales can be seen as part of a wider issue about skills shortages. One of the characteristics of Australia—we basically have fairly small firm sizes—means that people move around. It is called occupational labour movements. That is moving between firms, not up and down within a firm.

That makes Australian experience quite different from, say, Japanese and North American models. It makes the way our labour market works much more similar to Germany. This needs to be kept in mind when we look at overseas models. It suggests that effective funding and policy to assist skill formation is best directed at generic and occupationally based skills rather than enterprises and specific skills. Skills shortages, and particularly those in trades and related areas, tend to be cyclical, which suggests that policies need to have a countercyclical component. In economic downturns enterprises reduce their investments in training, which means that when things get better you have a major skills shortage. Currently there is growth in both the traditional apprenticeship areas and in the traineeship areas.

I am doing some work with a colleague using Department of Education and Training data. I am pleased to say that New South Wales still separates apprentices and trainees. I am lucky. There has been an increase in traditional apprenticeship take-ups. But, to a large extent, that is based on economic growth which is also the result of not particularly Australian internal policies but world trade, particularly our commodities from China. If there is a downturn there we go straight back into the same cyclical problems. At the moment at the macro level it is not bad but policies need to be aware that when a downturn comes we need to keep up the effort. In that regard governments have traditionally played a major role in skills formation, particularly through the apprenticeship system.

As a friend of mine, Phil Toner, has clearly shown, downsizing and corporatisation and outsourcing, particularly in the late 1980s and 1990s have meant that this process no longer occurs. Previously roughly 10 per cent or 15 per cent of apprentices moving into industry were trained through government agencies—the railways and the like. This is no longer the case. The same has occurred in big businesses. Big businesses have also cut down their entry-level training and the result throughout the 1980s and the current lack of skilled people is a result of that employer failure. The Government has withdrawn and it has not been taken up by other sources.

One of the issues that flows from that is that we need to look at some supply side issues not just demand side issues. Group training is one method where this has been able to be addressed. Group training is particularly important in regional areas. We have small firms, sometimes not able to



support full-time persons in training but maybe a part-time person in training. So, various ways of been able to co-ordinate placements have become particularly important in regional areas. This has an interesting effect on one of the points I was hearing about before, pay rates of apprentices and trainees. Nothing stops the employer from paying more. This can be done, except often with group training situations where the placement occurs it is not the employer that becomes an issue at that level.

Certainly in manufacturing industry and the old metal industry award the trick was that first years be paid at second year rates as long as they got 70 per cent of the TAFE examination; that third years be paid at fourth years, and fourth years were paid adult rates. There is no fundamental reason why employers cannot raise the pay rates. The changing nature of work and in particular the changing employment relationships are not supportive of a macro of skilful nations. Again, this is a generalist thing. A lot of evidence shows that the more individualised the employment relationship becomes the less likely that substantial occupational based skills and training will be delivered. I have some data that I will make available to the Committee on that. That has some serious long-term implications for Australia.

Just on the rural and regional situation, there are particular difficulties in rural and regional Australia due to the way labour markets operate. Generally speaking, it is low density of skills so the pool that people can draw on is much less than if you were in the outer metropolitan of Sydney or the Hunter or Illawarra. There are two issues to look at. One is the initial skill development issue, that is transitions of young people to employment and the labour market, and, secondly, how do you recruit externally?

To keep kids in regional employment means that if we are looking at the skill formation we also have to look at industry support and development. That means the sort of infrastructure development of which groups such as the Regional Development Board, Wagga Wagga City Council and so on are an important component in developing social capital and infrastructure that supports employment. That became particularly obvious to me in some work I was doing on regional innovation and vocational training.

The final point I like to make, and again I stress the importance of organisational development, is that to externally recruit skilled people—and skills are a continuum—one must look at how family structures are changing. Basically, if you want to recruit from outside most families require two incomes. So, at a local level, we need to consider placing two people, not just one person, and I know what the city council and the Regional Development Board have been considering.

**Mr SMITH:** My name is Andrew Smith. I am a professor of human resource management at Charles Sturt University. As my colleague said, the information I want to present to you today is a personal view rather than that of the university. It is based on research and my professional experience over the years. I want to make three distinct points today. The first is that when we are talking about skills shortages, and this is particularly true of the media, there is often a focus on what we call the traditional skilled trades. In other words, talking about skills shortages tends to focus very much on those jobs that we normally understand involve an apprenticeship attached to them, and so on. Those jobs constituted slightly less than 15 per cent of all the occupations in the work force. I think by focusing solely on those jobs, important though they are, we get a distorted view of what skills shortages are across the economy.

The growth in jobs over the next few years is projected to be in many, many different sorts of occupations. The other day I came across some figures that had been generated by Monash University's Centre for Policy Studies. To underline this for me, they were looking at the number of job openings likely to occur between now and 2013. They predicted about three million job openings would occur over that period of time across Australia. Of that, about 980,000 would be in the professional or associate professional group, which is by far the fastest-growing group of operations in the work force. The second-fastest group will be 970,000 job openings, which will be in both the elementary and the intermediate clerical and sales occupations—the other end, if you like, of the skills spectrum. So, it is clear that a lot of jobs growth is occurring at the highest skilled and slightly lower skilled ends of the labour market.

By comparison, the traditional trades will have about 220,000 job openings during that time, which is significant but nowhere near as high as the levels we are seeing in some of the other occupations across the economy. So, it is important when looking at skills shortages and what we can do about them, whether they are at national or State level or regional or rural, that we bear in mind that we are looking at a problem that is very much across the board.

The second point is that if we focus on the traditional trades and the traditional skilled areas, it is often the case that the policy measures we put in place—I think of the recent policy measures that have been announced by the Australian Government, in particular to do with supply side measures, for instance, the number of apprentices we take on and the number of skilled migrants we encourage to come to Australia—often are not necessarily going to be the answers to the problems that we think they might be.

If we take, for instance, the number of apprentices going into skilled trades across Australia we have about 140,000 apprentices with traditional skilled trades. That is out of a total of about 390,000 new apprentices, or apprentices and trainees altogether. On the face of it, the traditional trade apprentices account for about 36 per cent or more of all apprentices and trainees that we are training in Australia at the moment. That is a considerable amount, and it is double the representation in the work force. They are also growing very strongly. Last year and this year they grew at about 21 per cent per annum, which is a strong growth rate. So there is no doubt that we are attracting a lot of people into apprenticeships for skilled trades.

The ratio of skilled workers to apprentices is about one to 10. It has been that way for quite a long time now and that is a traditional ratio. Arguments that we have not necessarily got enough people coming into apprenticeships for skilled trades are not quite right. The other issue is one of migration. In Australia we have been operating a skilled migration program for some years with a view to bringing in people who can fill those trade occupations. In 2004 we had net migration into the country of about 7,200 people in the skilled trades area. That is a very small number indeed. When we compare that to about 1.5 million people across Australia employed as skilled tradespeople we can see that that constitutes about only one half of 1 per cent of the total.

So I think it is a little misleading for us to look to migration and skilled migration as an answer to this problem. In fact, one would have to think about upping the skilled migration program 20 or 30 times to make a real impact on the number of people coming in from overseas. The reality is that Australia operates in a globalised labour market. That means that the skills we are looking for are the skills that every other country is looking for. So the days when we can attract large numbers of skilled migrants into Australia have long gone. The third point I want to make reflects on some of the remarks of my colleagues. Much of the answer to skilled shortages lies with the employers themselves.

One of the things that struck me in looking at this is to do with wastage rates in the skilled trades. If we look at the number of people who have left the skilled trades, having joined them, we find it is high indeed. Over the course of skilled tradespersons' lifetimes there is a 65 per cent chance that they will leave. So one way or another about 65 per cent of our skilled tradespeople leave their tools. Of course, some of them go into better jobs as they have been promoted to foreman and so on. So it is not a necessarily bad thing that they have left those jobs. However, many of them are not and they are going into unrelated occupations or unskilled occupations where their qualifications are of no use to them.

**The Hon. MELINDA PAVEY:** Do you have a percentage?

**Mr SMITH:** It varies with the age level. Over time about 60 per cent will leave, so it is a high figure indeed.

**The Hon. MELINDA PAVEY:** They are being down skilled rather than promoted?

**Mr SMITH:** I do not have those figures with me but the figures I am quoting can be obtained from Monash University. Researchers looked at the reasons why people leave those trades and established very clearly that it has a lot to do with their employment conditions. One of the interesting things is that one of the highest turnover rates is amongst chefs and commercial cooks.

Having participated a few years ago in a skilled industry forum that was looking at this issue, it is clear that the reasons people are leaving that trade is to do with their antisocial working hours, the tough conditions they experience in many commercial cookery situations, the poor pay, lack of prospects and so on.

So it is to do with employment conditions. I think employers can do a lot for themselves in improving human resource management standards and retaining those people in the work force rather than letting them go. The second point about the role of employers is to echo Erica's point, which is to do with the retraining of existing workers rather than simply relying on the importation of ready-made skills into the workplace. Employers have a lot of discretion to be able to look at the training of existing adult workers in the work force to make up the sorts of skills issues they need. Those are all the points I wanted to make.

**CHAIR:** Thank you very much.

**Ms HULL:** I am the executive officer of the Murray Regional Development Board, which is based in Albury-Wodonga. We cover an area that ranges from Albury through to Balranald, Wentworth, Murray shire and Deniliquin shire, so it is quite a large area. We always classify ourselves as below the Murrumbidgee, and the Riverina board as being above the Murrumbidgee. Kelly, who represents the Riverina board, will be speaking shortly. We are a regional certifying body appointed by the Federal immigration department.

Just to clarify that, we are able to certify three visas through the immigration department. Those visas are: regional sponsored migration visas, three-month to four-year temporary visas for overseas skilled workers, and skilled independent regional [SIR] visas, which are approved by the State Government. We can bring in overseas skilled workers who comply with our points testing. They have 12 months on a three-year visa to find a job within their profession within a regional area in New South Wales and in other States that nominate SIR visas. That final visa is an exciting one as it allows employers to have the opportunity of meeting overseas migrants they do not have to sponsor as they are here seeking employment.

In the past 12 months—the Department of Immigration and Multicultural and Indigenous Affairs [DIMIA] introduced the visa on 1 July 2004—we have sponsored quite a number of SIR visas. The profession has to be classified under a SIR visa as being a skills shortage. We have sponsored accountants, valuers, surveyors, doctors, nurses and so forth. It is quite varied and very exciting. Most of the people that we sponsor have families, husbands, wives and children. Overseas workers have to make that commitment to come to this country. They are not here for the short term; they are here for the long term.

We have found, by being a regional board and working closely with employers to ensure that these skilled workers settle into our region, that we have achieved great outcomes. Just digressing a little, earlier in the year one of the questions asked of us related to skills shortages. We were asked whether we had any recommendations that could be made or whether there were other occurrences in Australia that could address skills shortages. Earlier in the year I attended an immigration conference in Adelaide that was held by DIMIA. We sat around and listened to all the representative States throughout Australia.

Queensland was really flying. Representatives said, "We are bringing in all these skilled workers and we are doing really well, and our increases are there." We went through to Western Australia, which is a little behind but which is doing okay. South Australia, of course, is absolutely booming because its regional certifying body is the Government. So it is certainly way ahead. When figures for those States were listed they were quite sensational. The Northern Territory is doing a really great job. Representatives from Victoria stood up and said, "We are doing this and that." Again, the State Government is supporting the regional certifying body program.

Victoria is also supporting it by way of funding for each of its councils in regional areas. It is funding its councils \$90,000 over three years to put in place a project co-ordinator or officer who will support settlement of skilled workers in that region. It does not have to be overseas skilled workers; it could be people from Melbourne being brought into regional areas to work, which is fantastic. I happen to work with the settlement officer who is based in Wodonga because it is only 15 minutes

away from me in Albury. She works with skilled workers, brings them from Melbourne and gets in contact with overseas employees who are interested.

I then work with them on their visas and so forth, certify it as a skilled shortage and hopefully bring them into the Albury-Wodonga and Murray regions. That is very exciting. I would like to see that style of support from the New South Wales Government. When it came to the New South Wales Government's presentation at the DIMIA conference in Adelaide earlier this year, there was no presentation by New South Wales. Kelly Painting from the Riverina board and I made some presentations but there was no formal presentation by the New South Wales representative for immigration. I was a little embarrassed because I love New South Wales and I believe it has a lot to offer.

What makes us unique in New South Wales is our regional development boards. I take my hat off to the Minister for Regional Development who supports us very well. He supports us well to a degree. The Minister says to us that employment opportunities are part of our strategic planning and that we should go out there and build up the economy. However, we need some support for the real people on the ground. I believe the regional development boards could do that if the Government gave them financial and back-up support.

**Mr IAN COHEN:** There is a tendency for the Department of Regional Development, which supports those businesses, to go through those applications. Often small businesses do not get an opportunity. Is there a similar situation in Wagga Wagga? Do medium to larger size businesses have the infrastructure that is necessary to organise that far better than do struggling small businesses that are employing young people? Is that an issue?

**Ms HULL:** That is an issue. Regional boards like ours often tend to spend a lot of time with smaller businesses in an attempt to gain their confidence. We talk to employers and say, "It is not that hard if you do certain things." You have to sit down with them, spend time with them and guide them. They have to be guided, as they cannot do it alone. They need that support.

**The Hon. CHRISTINE ROBERTSON:** From where did the design come for the program? I can understand that people are somewhat excited about it, but I am having difficulty establishing whether or not it has a scientific basis.

**CHAIR:** Thank you very much. Those are all the people who elected to speak to the Committee today. I now open up the inquiry to anyone else who wishes to speak.

**Mr VELLA:** I represent the people, the skilled workers, who have been put in a position where it is difficult for them to stay in a regional area. I have two diplomas in information technology. My difficulty emanates from the fact that I am a single parent on a pension and I am trying to raise my children. I came back to Wagga Wagga because I have children here. I am not inclined to go anywhere else. I left the business that I had in Penrith city to come here and to start interacting more with my children. I have been presented with certain difficulties. One of the things that concerns me is that there is only a little bit of casual work around. My youngest child is now aged over 16 and I have to find work. There are little bits of casual work that might pay more money per hour, but every week and every month it is difficult to survive and to look after a family. There are not as many opportunities around as people think there are.

The other problem with casual workers is that it is not sustainable to look after a family: I cannot do that. I would be much better off staying on the pension, if I could. Unfortunately, now I cannot. I have to look for work, and that is fine. I am really happy with that. The problem now is that also, because I have not had consistent work, the diplomas that I have had are now outdated. Information technology has travelled really fast. What I did in 1994 and 1996 is no longer valid or current any more. There is new 2000 software and new 2003 software and it is all outdated. No-one is willing to put me on to do training; that just does not happen. They are willing to put me on, on the basis that I know it all and I can fix the computer systems.

So now what has happened is that I have been put in the position where I am outdated in my skills and now but I have been put into an unemployment situation. The opportunities for training have become very difficult again, especially at a later age. I have already spent many years doing

study. Now I will have to do another two years or whatever, just to catch up. It seems a little bit unreasonable, considering that I am trying to look after and raise teenagers and all that as well. What is happening is that, with going onto unemployment benefits, I am faced with a whole new drama. Firstly the transition is not really connected between going off the pension and going on to unemployment benefits.

There are weeks when all my resources are being drained as I wait for the new payments to come in. During that time, as you may be aware, I would have been better off in an environment where I can get a job quickly. Again, the city would have been an ideal area. Being out here in the country is rather difficult. As I have said, I am not inclined to move because I have children here, so I will sustain that. But I have noticed that there is a big transition problem. Already four weeks have elapsed from when I was paid on the weekly rates, and I am surviving weekly. Now it is four weeks later, a month, and I am still struggling just to get my first payment to get approved and all that sort of stuff, so that makes it difficult.

But I am also aware that with going onto unemployment benefits, there is a difficulty in that I am supposed to be looking for work. Now, I have no problems looking for work; what I am having a problem with is that it is a requirement that I look for work, but there is not enough assistance or help to find me that work. It is really difficult for me to try to find something that is in the computer area. Nobody is telling me. I have to keep on doing jobs and because the jobs are very limited, they are not available like they would be in the city. It is sort of like I have to do an extensive amount of research around the community and knock on doors and all that sort of stuff as opposed to where I was, which was basically that every second business had an opportunity to do work.

I have also noticed that after three months or after six months, there comes a time of mutual obligation, which sounded great to me. I thought it was fantastic, you know. It was like I know that right now I am supposed to go looking for work, and now we get to this mutual obligation. But the mutual obligation is that I have to do more work; I have to do more stuff. There is nothing mutual about it. The Government is not really helping me find that job. There is a legislation that says that these job network agencies are supposed to help me, but they do not, other than suggesting that I can do a motivational course to encourage me to be a little bit more proactive and teaching me how to do my résumé. But my résumé is not really the problem. The problem is in trying to find the job, but there is nothing there to say, "You guys need to be connecting him, and if you do not connect him, then you are falling down on your obligation."

I considered restarting my own business again and getting that up and going, but I understand that with information technology it is a little bit more difficult out in rural areas. You are either a large company and you have your network staff and your computer trained staff, or you are a small company and you are likely to get somebody who is fresh out of college and who is up to date and has recent knowledge of technology. Generally the smaller businesses tend to want to focus on a system that they already know. They are not necessarily proactive. For me to start my own business, it would take a lot of time and it would be very difficult to get off the ground as opposed to the opportunities that I had in Penrith.

**CHAIR:** Would you like to conclude?

**Mr VELLA:** I just wanted to address that. Now what is happening is that I have to relate to one of the previous speakers who said that I am now in a position where I need to change my trade. I have to give up my information technology trade. Again that will put me way behind. I am already behind in my technology, and now I will have to look towards maybe business administration, which is another skill I have. It is sad to see that my programming skills are going to have to disappear; otherwise I will have to move to the city.

**CHAIR:** Thank you very much, and thank you also for the submission that you have put in.

**Mr VELLA:** Thank you.

**CHAIR:** Is there anybody else who has not had the opportunity but would like to say something? If not, I thank everybody for being here this afternoon and for contributing to this inquiry.

**(The Committee adjourned at 3.20 p.m.)**