

**REPORT OF PROCEEDINGS BEFORE**

**STANDING COMMITTEE ON STATE DEVELOPMENT**

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

---

**At Griffith on Tuesday 1 November 2005**

---

**The Committee met at 8.30 a.m.**

---

**PRESENT**

The Hon. A. Catanzariti (Chair)

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

**MARK TAYLOR**, General Manager, Griffith Skills Training Centre, 124 Benerembah Street, Griffith, sworn and examined:

**CHAIR:** Would you like to make a brief opening statement?

**Mr TAYLOR:** Yes. As you know, I clarified with you some of the things. Basically, I want to give you a bit of background about the Griffith Skills Training Centre. We are a community organisation that has been around since about 1989. Our focus is the training and employment of unemployed people. As such, we run quite a number of courses and programs. We are also the largest job network member in the region. So we are part of the employment scene. We are also heavily involved in the supply of labour, certainly to growers and grower groups. We run a couple of backpacker hostels. We do those sorts of things as well. That is just a bit of background of where we are coming from.

I can talk about a lot of different things across those three or four different aspects of what we do, but I would certainly appreciate some questions to put me in a direction so I can be a bit more specific, if that would suit you better. As I said, there are certainly lots of issues, particularly in our employment section. We probably lodge up to 1,000 vacancies a year in Griffith. We probably only fill about 700 or 800 of those. There are various reasons for that, not necessarily all of them because of lack of skills, but that is a big part of why we cannot fill lots of vacancies here.

**The Hon. PATRICIA FORSYTHE:** You said you were a community organisation. Can you tell me how you are funded and a little bit about who participates in the running of the organisation and are you unique to this area or are you part of a broader training network?

**Mr TAYLOR:** I guess we are an individual organisation, not part of any other network, although we certainly have membership of organisations like Jobs Australia and places like that. Our organisation is managed or overseen by a committee of local employers, business representatives, some retirees—basically a broad cross-section of the community. Most of the funding we operate under is through government programs such as Jobs Network. Labour market initiatives like work for the dole and those sorts of things we co-ordinate and run. We also do a little bit of commercial training, skills training to the broader community, but that in itself is really only a minor part of what we do.

**The Hon. PATRICIA FORSYTHE:** When you say you do the training, do you have a physical building where you do the training?

**Mr TAYLOR:** Yes, we do. We have a physical building where we have a computer lab and those sorts of things.

**Hon. PATRICIA FORSYTHE:** Is that in competition with TAFE? Do you see yourself in that same market?

**Mr TAYLOR:** Not really. In the computer training area, for example, we have seen a decline in the number of people who are participating in that sort of thing. Whether that is because there is more opportunity for that to be had in other places or people are saying okay, we know all about computers now, we do not need to do this any more, I do not know, but I do not see us in competition with TAFE. We run a different type of program.

**The Hon. PATRICIA FORSYTHE:** I saw an advertisement on television last night for training for, I think they were under 18-year-olds, in the hospitality area under the auspices of your organisation.

**Mr TAYLOR:** Yes.

**The Hon. PATRICIA FORSYTHE:** Is that funding that would come from local businesses to sponsor that sort of advertisement?

**Mr TAYLOR:** No. That is funded by the State Government, to basically skill people for local needs. We do some of those things. We do some of those programs.

**Mr IAN COHEN:** Which department is funding that?

**Mr TAYLOR:** The Department of Education and Training.

**The Hon. CHRISTINE ROBERTSON:** Were you the adult community organisation before?

**Mr TAYLOR:** No.

**The Hon. CHRISTINE ROBERTSON:** What were you when you took on the jobs network role?

**Mr TAYLOR:** We used to be a skills share, and there was quite a network of those people.

**The Hon. MELINDA PAVEY:** In our evidence yesterday in Wagga Wagga the question was posed to one of the witnesses that every year there is a crisis with fruit pickers. Every year the fruit seems to get picked. Are there any recommendations we can make to stop that feeling of crisis happening or is it always going to be thus?

**Mr TAYLOR:** There are a couple of points there. As I said, we run the local backpacker hostel and a couple of accommodations. I do not think just the labour supply is one answer in itself for seasonal labour. There are lots of issues there—pay rates, competition with other regions, the nature of the workers. They will move on for an extra dollar an hour somewhere else. As you quite rightly point out, I certainly have not heard of any growers who have not been able to get their crop off due to lack of labour. I do not know the answer to that. At the end of the day we are certainly very busy at the hostel with backpackers picking fruit basically between now and next April. Yes, there is a demand but there is also a problem in the consistency of that work. Yes, we need a worker now. There has been a break in the weather, or the packing shed does not want the fruit, so now we do not want the worker. So there are lots of inconsistencies as well that impact on that availability. Do you know what I mean?

**The Hon. MELINDA PAVEY:** Yes. What has been the trend in recruitment over the past decade? Have you had to meet market expectations relating to higher rates?

**Mr TAYLOR:** Yes. As I mentioned, it seems to be a very competitive field. Workers will go from here to Mildura if they can get an extra dollar an hour for a bin and that sort of thing. I guess that is an issue you would need to address with industry rather than me. As a bystander looking at those sorts of things it does not appear that the pay rates have moved forward as they have in other areas. But I understand the whole issue surrounding oranges, imported oranges and things like that also impact on it.

**Mr IAN COHEN:** Are those pay rates about which you are talking in industry around here, the problems for growers, and the urgency of getting adequate workers disincentives for local people? What is the situation? Some people are saying that there are no incentives to work because people cannot get off the dole to go and take these sorts of jobs. Is that a fair call, or are there unreasonable conditions?

**Mr TAYLOR:** The unemployment rate in Griffith is very low. You could argue that if you really wanted to work in Griffith you would be working in Griffith. The other side of it is that because the unemployment rate is so low—it is 3 per cent or 4 per cent—the people with whom you are dealing are what you would call disadvantaged because it is hard for them to get into employment. On the other side of that you also have a fruit picking industry that is competing with wineries where workers can earn \$1,000 a week. They would have to do some hours for that, but an unskilled labourer could earn that sort of money, as opposed to picking oranges and earning a couple of hundred dollars.

**The Hon. CHRISTINE ROBERTSON:** What is the price for oranges at the moment?

**Mr TAYLOR:** I could not tell you off the top of my head.

**CHAIR:** Is there competition between grape growers when workers are picking or working in the wine industry, and citrus growers where most of the harvesting is paid on a contract basis—so much a tonne rather than so much an hour?

**Mr TAYLOR:** It is very difficult. We are finding that even with our backpackers. Backpackers say, "I heard that so and so worked in the wine industry last year. Can you get us one of those wine industry jobs? We do not want to pick oranges." It is very difficult.

**The Hon. CHRISTINE ROBERTSON:** Do pickers work in gangs, as do cotton pickers?

**Mr TAYLOR:** Not all of them.

**The Hon. CHRISTINE ROBERTSON:** But there are some gangs?

**Mr TAYLOR:** Most of them around here generally work in ones, twos and threes. We do not see a lot of contractor gangs that go in and clear a crop. There does not appear to be much of that happening around here.

**The Hon. MELINDA PAVEY:** Would you have a crisis if you did not have that backpacker mob coming in to pick fruit? One of our witnesses said to us yesterday that plenty of local people would be able to do it. I am keen to get your opinion. If you did not have these young people coming through what would happen?

**Mr TAYLOR:** I think there would be somewhat of a crisis. I do not think the local people would pick up the amount of work that needs to be done.

**The Hon. CHRISTINE ROBERTSON:** Were you around when itinerant workers picked fruit around the State and then went to Queensland, following the seasons?

**Mr TAYLOR:** They are still doing that. That is what we are seeing. We are still seeing them moving through the State and up to Queensland.

**The Hon. CHRISTINE ROBERTSON:** Who is doing that? Is it the backpackers?

**Mr TAYLOR:** I think it is the backpackers nowadays.

**The Hon. CHRISTINE ROBERTSON:** Were you around when a group of backpackers were doing that?

**Mr TAYLOR:** Yes, but that does not appear to be happening like it used to. I do not know why.

**The Hon. CHRISTINE ROBERTSON:** Are they still there in those villages?

**Mr TAYLOR:** Yes. I think there are still some. The growers who are a little more thoughtful and have provided on-farm accommodation—they look after some of their people—get return visits.

**The Hon. PATRICIA FORSYTHE:** I refer again to the hospitality area. Is that targeting students leaving school at the moment? How many people would you expect to respond to an advertisement like that and what sorts of employment opportunities present themselves? Will everybody who is trained effectively be able to get a job?

**Mr TAYLOR:** We would expect to get a maximum of 10 to 15 responding to advertisements. That has been our experience. I think you will find that most of the people putting up their hands are kids who are leaving school.

**The Hon. PATRICIA FORSYTHE:** Are they given certificates?

**Mr TAYLOR:** Yes, they will get nationally recognised qualifications for that. There is every possibility that they will pick up employment as a result because it is an employing industry.

**The Hon. PATRICIA FORSYTHE:** Are you working with local high schools, for example?

**Mr TAYLOR:** Yes.

**The Hon. PATRICIA FORSYTHE:** Are pathways courses being offered at high school?

**Mr TAYLOR:** Yes.

**The Hon. PATRICIA FORSYTHE:** Do you work with them to advise them of industry's needs in the area?

**Mr TAYLOR:** Yes. I am on the local community partnership committee. We are reasonably active in working with local industry to get ideas about where it wants to go and what it wants the kids to do. In turn, that opens up another can of worms—kids picking up jobs, traineeships, apprenticeships and those sorts of things. We see quite a number of jobs filled in this area.

**The Hon. CHRISTINE ROBERTSON:** Is there an award system for fruit picking?

**Mr TAYLOR:** There is an award system, yes.

**The Hon. CHRISTINE ROBERTSON:** Do you know whether backpackers are paid on awards?

**Mr TAYLOR:** I think the local industry sets a price for the picking per bin, per tonne, or whatever. That is generally the price that is paid.

**The Hon. CHRISTINE ROBERTSON:** So the award is about conditions rather than dollars?

**Mr TAYLOR:** No, I think the award is also about dollars. Harry Goring would be the person to talk to about those sorts of things.

**The Hon. GREG DONNELLY:** Earlier you referred to labour shortages. In your judgment is it worse now than it has ever been, or has it always been difficult? We just need to get a sense of where we are at the moment.

**Mr TAYLOR:** I think it has always been difficult. Griffith has always had a low unemployment rate, even through recessions. The unemployment rate is very low here. I know that there have been many attempts to try to attract people to move to the area and so on. There have been lots of initiatives in the area.

**The Hon. CHRISTINE ROBERTSON:** Do people want pickers to move here?

**Mr TAYLOR:** No.

**The Hon. CHRISTINE ROBERTSON:** So it is a general labour force?

**Mr TAYLOR:** They want people to move here to take up some of the jobs.

**The Hon. GREG DONNELLY:** So it has been a difficult labour market in some areas over a long period?

**Mr TAYLOR:** Yes, it has. I can remember sitting on a harvest labour subcommittee 10 years ago.

**Mr IAN COHEN:** Is it impossible to regulate this labour market—perhaps it is a question for some of the unions later—or is it deliberately kept in an unregulated manner? Is there work for locals outside of picking seasons in these types of operations?

**Mr TAYLOR:** I think there is work for locals all year round. Again, that is probably mainly in the processing industry—the wineries, Bartter's and those sorts of things. Again, I think it is just a matter of numbers. It is not necessarily a matter of wages and conditions and those types of things for general positions. It is just a matter of numbers. There just is not the numbers. The industry is moving and developing quicker than there are workers available to supply the work to backfill the jobs.

**The Hon. CHRISTINE ROBERTSON:** Apart from backpackers, how does this community—I do not want to use this word, but I am going to—treat the itinerant workers when they come here?

**Mr TAYLOR:** I think they treat them okay. I have not seen any evidence to suggest that they are not treated very well. As I am sure you all know, Griffith is a very multicultural place, I guess, and there are people from all walks of life here.

**CHAIR:** What do you think should be done to try to attract the itinerant workers that we need here, and how do we hold onto them? What are we doing wrong? What is your vision to try and address this position that we are in?

**Mr TAYLOR:** Again, there have been lots of attempts to try to resolve this issue. Unless you can actually persuade people to move to the area and bring their partners and their kids to bolster that labour pool, then I really do not see any other way of doing it. As I said, there have been attempts in the past where things like affordable accommodation and all those sorts of things were looked at, and there are things that I think need to be addressed. In terms of how do we get additional people to move to this area, we need to be looking at accommodation. There are the jobs, so we need to be filling the other things around those jobs, such as the education system and housing availability and affordability—those types of things.

**CHAIR:** What about in industry, like in the building trades and engineering and even the council workers as far as their professional people are concerned? That seems to be a problem as well. Can you elaborate on that as to what is happening there, or am I reading it incorrectly?

**Mr TAYLOR:** Again, I guess most of the people in most of the positions and jobs that we deal with are probably at the lower end of the market, I guess, rather than the professional type or the professional field, but we do get a number of those. We certainly get demands for tradesmen and you just cannot fill them. They are just not there. We get demands, as I said, for some of the professionals or the more skilled and experienced senior type of staff, but again we cannot fill them. Again, it is more of a holistic thing. You need to be attracting these people from out of town.

**The Hon. CHRISTINE ROBERTSON:** Do you think a product of the lower unemployment rate has been a high level of aspiration among the population? Do they actually get the chance to dream from school that they can get a better job than picking fruit?

**Mr TAYLOR:** Possibly. It is certainly an issue with young people taking apprenticeships and things like that.

**The Hon. CHRISTINE ROBERTSON:** When I came here on another inquiry, we asked some Aboriginal people why they did not run the picking, and they said, "No, we do not want to be pickers."

**Mr TAYLOR:** Yes.

**CHAIR:** Mark, your organisation covers a fairly broad range of areas, quite large areas.

**Mr TAYLOR:** Yes.

**CHAIR:** I understand that in some areas such as Deniliquin or Finley, there is a high rate of unemployment. Why can we not attract those people to jobs here?

**Mr TAYLOR:** You can, some of them, but the vast majority of them I guess they live in Deniliquin, their family is in Deniliquin, and they are not going to commute so we will have to ask them to move to Griffith. Again, it opens up those issues in terms of them selling their house in Deniliquin and getting \$150,000, whereas to buy an equivalent in Griffith it will be \$300,000. Those sorts of issues, for the people we are trying to attract, seemed very daunting. I think those initiatives are worth exploring because there are the people there.

**CHAIR:** Has industry attempted to do that themselves, or asked people to do it?

**Mr TAYLOR:** I think generally most industries will do that. They will make a bit of an attempt to advertise in the local paper to see if they can get someone, but I do not know whether they actually sort of go out there and, you know, talk about the opportunities that are available in their particular business and try to actively recruiting centres like Deniliquin, which would probably be an idea.

**The Hon. CHRISTINE ROBERTSON:** Are there other itinerant accommodation places available other than the backpacker hostels in town?

**Mr TAYLOR:** Yes, they are a couple of caravan parks and there is another accommodation facility up at Pioneer Park, which is a museum that is run by the council.

**The Hon. CHRISTINE ROBERTSON:** What are the prices like?

**Mr TAYLOR:** To stay in a hostel or a caravan park around here for an itinerant worker, it would probably be \$15 or \$20 a night.

**The Hon. CHRISTINE ROBERTSON:** But they are not earning very much, are they?

**The Hon. MELINDA PAVEY:** What is the range of wage that they bring home?

**The Hon. PATRICIA FORSYTHE:** They do earn a fair bit.

**CHAIR:** They do, some of them. It depends on what they are doing.

**The Hon. CHRISTINE ROBERTSON:** No, orange pickers do not earn much.

**Mr TAYLOR:** It is very hard to quantify.

**The Hon. MELINDA PAVEY:** What is the range?

**Mr TAYLOR:** If you are picking a couple of bins a day, you might earn \$80 a day, if you are lucky, or \$50 a day. I would say between \$50 and \$100. If you are only earning \$50 a day, you are paying for your accommodation and food on top of that.

**The Hon. CHRISTINE ROBERTSON:** You get more chipping.

**Mr IAN COHEN:** At those wage levels, you really are looking at people who are basically on holidays and who want to get a bit of extra pocket money as part of their holiday.

**Mr TAYLOR:** Yes.

**Mr IAN COHEN:** You are not getting serious workers. At that rate, someone is better off sitting on the dole.

**Mr TAYLOR:** You have sort of answered the question in terms of why we cannot get locals to do it.

**The Hon. PATRICIA FORSYTHE:** In reality, that is seasonal work the world over. It is exactly the same sort of pattern. If you look at picking tomatoes in Spain or Italy, it is the same concept. It is short term. It actually is not a requirement for skilled labour; it is a requirement for labour.

**The Hon. CHRISTINE ROBERTSON:** But the oranges are cheap. You get more in Stanthorpe and you get more in Moree. The oranges are cheap and that is why they are losing them to the wine.

**CHAIR:** Mark, you know I have a special interest in citrus growers and I probably should not be saying too much, but the other problem that faces citrus growers concerns the larger farmers. Some years ago they said, "Get big, or get out", so quite a few of them bought and developed other properties. They are looking for more of a permanent nature of pickers. Have you heard anything of that from the hostel side, or from growers who come up to you?

**Mr TAYLOR:** We still do not, no. We do not get much of an approach for that type of thing.

**CHAIR:** What do citrus growers say to you? As an industry, what are they saying to you?

**Mr TAYLOR:** Basically what we get is a quick phone call, "We need three pickers today." It would be great if we got a phone call, "Listen, we will need five pickers in a month's time. Can you organise that for us?" That would be great.

**Mr IAN COHEN:** The growers get whoever comes around first or whoever looks likely to handle the job well. Really it is a little bit like the Depression where you would line up in the morning and hope that you would get a job for the day.

**The Hon. CHRISTINE ROBERTSON:** Exactly.

**Mr TAYLOR:** Yes, only we have the scenario where there are more jobs than pickers, so it is those who get in first who get the pickers, at the end of the day.

**CHAIR:** Thank you very much for your time this morning and particularly for coming in at such an early hour. I know that you get to work pretty early anyway, but I thank you very much for your contribution this morning. We appreciate your attendance.

**(The witness withdrew)**



**HAROLD DAVID GORING**, Organiser South Western Region, Australian Workers Union, 103 Banna Avenue, Griffith, sworn and examined:

**CHAIR:** Would you like to make a brief opening statement?

**Mr GORING:** Yes, if I could. The comments I am making are based on any number of submissions. Certainly Unions NSW has made a very detailed submission. Without rewriting the law unto I am not going to touch on every one of those points. I am a local and I have a few concerns for the local area. I certainly applaud the putting together of this Committee. Taking some of those points, the crucial things I see are identifying the problems and how to go forward. In the local area we talk about the skills shortage. I must say, there is some confusion, even in the draft you have to look at, between some of the things you are after.

It goes without saying that the impact of regional skills shortage is there. We can take it down to the obvious. With so many people I talk to it goes down to our apprenticeships and our training and to the businesses I am with. As late as yesterday I was talking with a number of people who are appearing here today about training in their organisations. Basically we are all on the same page. From a local's perspective what impacts do we have? How does a local person have a say in or an impact on these issues? The starting point, obviously, is local industry and from there are local councils. The conflict I talk about is co-operation between local, State and Federal.

The Federal will not recognise the local. That has an impact. People who are well away from us make decisions in good faith—we will talk about Federal—without fully understanding or without fully taking into consideration the flow-on effects at local level. What is a great announcement at the Federal level on regional funding or compulsory competitive tendering or the other things that are imposed on our small businesses, when it comes down to the local level the intentions are lost and the impacts are huge on small communities. They are exacerbated and multiplied by the loss of one industry out here—out here being Griffith—and it is such a huge impact compared to the closure or failure or the moving on or the breaking up of a business in the city area, where the effect on people can be absorbed by the community into other jobs.

**Mr IAN COHEN:** Are you referring to a specific industry there?

**Mr GORING:** No.

**Mr IAN COHEN:** Can you give an example?

**Mr GORING:** No. Oh, I can give an example, surely, but so I do not go jumping around, if you do not mind. From a local point of view they have huge impacts. The other part I would like to comment on are the strategies we have asked about and the relationship between local, Federal and State on regional support through our regional migration or skill support. Certainly in my experience, I have found that when you go to talk to immigration at Federal level—I will not be too critical—there is a snobbery and a power base up there. Unless the people at local levels, councils and our regional councils and industry groups want to go outside the guidelines, they cannot get full value for what they are after.

What I am saying there is that under regional skilled migration policies, if ever we can get around a few of the key words—the key word here being skills—it is all well and good if we have a welder or someone a specific industry requires with a skills base, we can comply with that. Basically all you have to do is go through the channels and guarantee that they can earn a certain amount of money. When you come down to the definition of skilled labour and get it out of the tertiary area, that is where we get into trouble. We have growing industries out here, viticulture of course, but the example I will give is our wineries. They are very proactive in giving skills to their workplace. They are very proactive in going out and retaining skilled workers and giving them training. That is AQF training. You will not find it in awards or anything else but they are doing it and giving their people recognition.

If we were to use the same scenario with immigration under the regional skills base, those people would not comply. That is a frustration. The ultimate frustration is when we go forward and say we need this and we need and people in high places point to these things as a solution without realising that we have been there, done that and we cannot get past level two. From my point of view that is a frustration when we have tried to work with local industry to access some of that.

There is an impost on even getting our local skill levels up. The TAFE here is very proactive and I will not walk away from the fact that I support TAFE and I wish more resources were put into TAFE, not just into the teaching that they do so well, but resources so they could then play a part in the co-ordination role. If we could repeat the TAFE system model across the whole of the Australian States so we have conformity and consistency across all the trades we could have a smooth flow right through. I was talking to a potential son-in-law last night. He is in Melbourne. He went down to finish his fourth year in heavy vehicle mechanics. He had six months of hell trying to co-ordinate and line up his courses, et cetera, from New South Wales to Victoria. For all the goodwill, we have to have uniformity at that level.

**CHAIR:** You mean across the States?

**Mr GORING:** Yes, Australia wide. The one thing there is we talked about the strategies using local and regional industry boards. Not having had anything to do with those boards, the frustration for me is when I see the smarties as I call them—they are businesses, whether they are local here or local anywhere else and they have access to the State and Federal systems—consistently having their hands out for money and their picture in the paper being given a cheque, et cetera, and within a short time having them fall over knowing full well that half of that money has gone into the kick of the wrong people. That is demoralising. If you want examples, I know I have a running battle with a local entrepreneur here—Parle Foods is the company. It is no longer operating to the same extent that it was, but it grew and grew on whatever assistance it could get—that is, Federal, State and local. The local council put money out establishing these places.

Nugans is not in the same context but I use them as another example. When a decision is made to build something, you put it on the back of all this employment we are going to bring to the place and out goes the hand for access and help with sewerage and everything else. It is great stuff if we can get them here, great stuff if they then produce in jobs, et cetera. I will finish up with an example from immigration. It is not just hearsay what I am saying. I have had dealings with a group, Harvesting Specialists Pty Ltd, a South African mob working out of Dubbo, who were importing South African labour under the regional skilled migration. It was flying them in. They changed planes at Sydney, flew to Griffith, were driven to Hay, 70 kilometres of the other side of Hay, were put on a property and there they were, skilled migration operating tractors. Very skilful work!

I found them out there three months into their two-year program. It is a tick and flick exercise in South Africa. These are white South Africans struggling out there and happy for a start only to be locked out the other side of Hay. The only thing the company had to comply with, after the tick and flick exercise and the use of a migration officer, was that they had to earn a minimum of \$21,000, and these people were working seven days from go to dark. My heart went out to them. These people were looking for ways to the front gate to walk back to Sydney when I found them. I compared that to the example of what we tried to do here for the citrus industry when we tried to investigate ways of bringing in skilled labour or using the migration scheme, and the doors were shut in our face, only because we were trying to do it by the law.

I will leave it at that. Be aware of where are I am coming from. I am biased in favour of the locals and the worker. I have huge concerns. We have a town here that is not so much boom and bust but we have some good times and we are of a size that we can take a bit of up and down. But anything like Shepherds, the Moxham's place in Cootamundra falling over, the wool scourers in Parkes falling over recently. We were in a position to absorb Evans and Tate, one of the wineries. So many of our companies have been family companies and now they have grown to such an extent, Casella's, Miranda before they were taken over, Bartters, Bruno Altin, these are people who were brought up on family ideals and values. They are now big companies and heaven forbid if they started outsourcing or whatever else was going to happen.

**Mr IAN COHEN:** Those workers from South Africa in Hay, what work were they doing and what sort of pay rates were they on to pay that sort of money back?

**Mr GORING:** Here is the new thing and pull me up if I get off the track. The new thing in farming in some of these big places is what I call risk free. It is not a farmer going out there and taking all the risk of sowing and harvesting and maintaining crops. Ravensworth is a huge entity where they get contractors in to sow, to care for the crop and to harvest the crop, et cetera. I call it risk free because it has to be bringing outside benefits. These guys came out there purely as plant operators. They were given some training on site on how not to run over yourself, et cetera, and were driving pretty big machinery. The argument from the employer was skilled labour, and I am not going to argue with that, I am not going to demean what they were doing. But in the context of what it was I had a huge problem.

Referring to how they complied with the \$21,000, when I got there I found they were there seven days a week, working whenever required. Obviously you have your peaks in each of those seasons. When I got there they were very low in morale because they had finished the sowing and were scraping for some work to do. They had been sitting down for three days during the week with no pay because this person was working them purely and simply for those hours.

**The Hon. MELINDA PAVEY:** What were they earning when they were working?

**Mr GORING:** They were working under the pastoral award—the outer rate of the Federal pastoral award, which is a Federal minimum award, and they were earning the basic wage. At the end of the year, how were they ever going to earn the \$21,000 minimum? They would have done that easily, purely because of the huge number of hours they had worked during the peak periods. Since then I put industrial relations onto them, et cetera, and hopefully those people have been taken to the cleaners. Last I heard they were still being investigated.

When I was there on Wednesday I had one of the men on a plane on Sunday morning back to South Africa with his fair paid. Something that was held over their heads was that they had to pay their return fare. It was heart-wrenching stuff. I tried to get a response here in Griffith, hence the trouble of having them re-sponsored with reputable people. That was a huge problem for me. I can at least sleep all right knowing I have identified the problems.

**Mr IAN COHEN:** So they were unable to get work on the open market?

**Mr GORING:** Oh yes, definitely. They are locked in under that scheme, under the sponsorship deal, to work for that person for two years. The only way out that enables them to stay in the country is to have another sponsor take over that sponsorship.

**The Hon. MELINDA PAVEY:** Has that contractor been taken out of the game?

**Mr GORING:** He has. He is now complying with the hourly rates. Last I heard he had modified what he was doing. Six weeks ago he was still employing people. Ravensworth was still employing a subcontractor to supply labour.

**The Hon. PATRICIA FORSYTHE:** I assume he is bringing in people from South Africa because he cannot get workers here to do the task?

**Mr GORING:** There are people in Hay that are willing to go out and work on this property—it is an established property—but no doubt not at the rates that they were offering.

**The Hon. PATRICIA FORSYTHE:** Does the Australian Workers Union have a role in training accreditation courses, or does it have any involvement in training?

**Mr GORING:** I can only speak for our branch, but most of our training is done through the affiliation of Unions NSW. Obviously we run specific courses for our organisers in safety training. We do not have a registered training arm, which is different from some of the other unions. We made that conscious decision. I will not go into the politics of it, but we certainly see it as being in the hands of the experts. We were very proactive in the last round of our State awards in ensuring we had

traineeship provisions in there. We see that as a huge advantage from that angle. Having them in our State awards took away any doubt and it took away any negative thoughts by employers who said they could not put on trainees, et cetera.

**The Hon. GREG DONNELLY:** I refer to the issue of labour shortages in the region. Would you care to identify what you see as the major causes of these shortages in the community?

**Mr GORING:** Certainly. Speaking from Griffith—I come from Narrandera previously, a town of about 5,000 people—I have seen both sides. In relation to skilled labour, as industries are getting more sophisticated they require more of our labour force. We have this imbalance with the award system and recognition, compared with what companies require. Earlier I touched on the wineries. Seller hands that are working out there have certificate four accreditation in winemaking. From there we are to some extent causing our own problems. We are training up our people and raising expectations but you also have to remember that we are promoting the flexibility of workplaces. People are being encouraged to move around, et cetera.

There is no better time to look at your options than when you have skills that are valued. Last night I referred to apprenticeships and to skilled tradesmen. Fifteen years ago heavy plant mechanics were good on the tools. They could do X, Y and Z with a motor, whereas now they have to be an expert in airconditioning, computers, hydraulics, et cetera. Those specialised areas open up so many more opportunities for them. Once they dealt only with heavy machinery, trucks or cars. Now they can go into computers and everything else. I refer in particular to caterpillars and to technology in tractors. When I look at a tractor I see a tractor.

The technology is huge. When large components wear out you do not fix them; you just take them out and throw them away, hence the change from the spanner guys. Multiply that across many other trades and you can see that people get a look in, or half a leg in, to something else, which is great. However, we need to bring that back to the local level and to couple it with someone doing an apprenticeship with his father. In the past he might have said, "I am going to be a plumber, a welder, or whatever else, and that is where I will stay and my kids will do the same." That is all gone; it has changed, et cetera.

Couple that with the uncertainty of business and the casualisation of the workplace—stuff over which no-one in this room has any control, but we have to live with it. I am referring not only to unskilled labour; I am referring to everybody. Businesses out here are getting bigger. I give, as an example, Casella's—a business that is still in its expansion phase. There is good coverage out there and it has good representation. I am contributing to that place. There is huge growth out there. Somebody might then come in and have the same mind set as McGuigans, which bought Mirandas. Straightaway it wanted to offshore its bottling operation; it did not want to take it to Victoria. You can now see what I was saying earlier. We build up these places and they can be very successful, but if they start farming off parts of their operations they come back down.

**Mr IAN COHEN:** The offshore issue about bottling is interesting. I might be wrong but I think there is monopoly in Australia on bottled production. Australian Glass has a lot of styles. There is control on that so that presents a problem right along the industrial chain. A number of winemakers told another inquiry that they had to go to Italy to get the right shape and style of bottles so they could sell their products. Australian Glass refused to go into those various styles and it had a monopoly on the market.

**Mr GORING:** That is coupled with the age-old argument that we can no longer call champagne by that name. The other day I saw an article in the paper that stated one of our cheeses cannot be called by its present name. I do not know whether going offshore would solve that problem. The reality is that McGuigans made a decision. It said, "We are in business to make money. If it is cheaper for us to go and bottle over there, regardless of the bottles, that is what we will do."

**CHAIR:** There are skills shortages in just about every industry. How can we to alleviate that shortage of skilled and unskilled labour?

**Mr GORING:** I use Griffith as an example, if I may, because the citrus industry is one of the key industries referred to regularly in the papers. I am not about to say that there is no skilled labour

because we are all doing other stuff. It is not that at all. It comes down to the age-old question: Who is going to pick the fruit? It is not necessarily an attractive job because it is hot in Griffith and there are lots of flies. The question that we have to ask is: Where do we get the labour? We have had falls; we have been in the same room; and we have talked about backpackers and whatever else.

We are now talking about importing labour, et cetera. At the end of the day, whether it is Griffith or anywhere else, if we are to come and work in the area rather than as guest workers, as we call it, we need the infrastructure to keep us here, we need a job, we need pay and we need a house. One of the biggest constraints in this town relates to itinerant workers and to accommodation. People want to stay here but they cannot because of the cost of housing. People think it is a regional area, but it is one of the dearest places in the country in which to live and sustain themselves, because of house prices and rents.

What is the answer? Getting down to the nitty gritty, do we import labour? I do not have the answer to that. If we knew that there were safeguards in place—and I get back to the old chestnut of local, State and Federal governments—for me as a citrus grower I do not care about migration or anything else. All that I want is 20 people to pick my crop. I will give them accommodation and all those things, I hope that they do the right thing and I hope that they go home. However, that might not be good enough for immigration. What is the answer? I do not know. I can see that the system is coming down.

With my union hat on I can see the negativity. I do not want to be negative but we have created a two-tiered system in this country. If citrus growers and others can hang on long enough they will find a second tier of workers to come and work for them. However, I do not know whether they would want them living in the vicinity of their houses. I do not have the answer to that.

**Mr IAN COHEN:** Young people in local areas are out of school and are working on their skills development in apprenticeships. How is that working? Yesterday we were told that the pay rates were amazingly poor. We were told that apprentices were being paid \$5 to \$6 an hour when those same young people could be driving tractors for \$15 an hour. Do you know of a solution to encourage more skills development through apprenticeships?

**Mr GORING:** Certainly. The apprenticeship system, outside the training part of it, has not changed one iota. An apprentice coming in under the metal or any other trade gets a percentage of the trades rate, as per the awards. That percentage has not changed hence apprentices are being paid \$5, \$6 or \$7 an hour. Those same apprentices might well be coming out after year 12 as against year 10, so we are talking about 17-year-olds or 18-year-olds who may even have a family or who may be starting a family. It does not help them when it comes to decisions being made by employers, correctly so, under the award.

The apprentice system is kept outside. It may well be that they have a good negotiated enterprise agreement with higher pay rates and that they can access a percentage of the award. Last night I wrote down a few things in preparation for this question. One thing that has not changed is the percentage of those wages on which somebody is living in this town. We need to encourage our young people to get into the trades and there have to be dollar values. You referred earlier to that young person's mate working for the same wages. My father sat me on his knee and said, "Son, stick with it. Do an apprenticeship. I know the blokes down in the pub. They have plenty of money."

The argument has not changed one iota and nor have the percentages or the pay for these kids. We have to remember that we also have adult tradesmen who are basically locked into a minimum wage for two years or four years. I see a call for accelerated traineeships for seniors. I have read in the paper that there are accelerated traineeships or apprenticeships for young people. In some small workplaces, rather than large workplaces, some second-year and third-year apprentices are panel beaters. The ones I am referring are under the thumb and are being bullied, but their parents are saying, "Stick with it son, get through and you will have a trade." It is a carrot. How do they do it?

We are alienating another sector of young people who more or less have to live at home in order to be able to do that. They have to do that today. How do we fix it up? We have to make it more attractive. We must extend that even to our trades. When I am out of my trade in five years time I would have had a gutful of it. I am working in my trade, I have enjoyed it and I have gone as far as I

can in my industry. Then I look over the road and see that there is a job at Barrick goldmine in West Wyalong. So I go and ply my trade but I do not get the job. Workers at the goldmine are working 11 hours seven days a week—four weeks on and one week off. What am I doing here when I can be up there making thousands of dollars? There is no answer.

**The Hon. MELINDA PAVEY:** In relation to your comments earlier about the Regional Development Board's area consultative committee and chambers of commerce, are you a member of the local chamber of commerce?

**Mr GORING:** No.

**The Hon. MELINDA PAVEY:** Have you made any approaches to any of these organisations to talk about the merits of you, as a worker's representative, being involved in these organisations?

**Mr GORING:** Certainly not the chamber of commerce, only because of ideological differences, especially here locally. We do not get on, unfortunately.

**The Hon. MELINDA PAVEY:** Harry!

**The Hon. CHRISTINE ROBERTSON:** No, he is straight up.

**Mr GORING:** I am honest. I have tried to contribute. I walk into these places in a shirt and I am very outspoken. I consider that I have more value on the outside contributing positively rather than being there. I have the same philosophy in a number of workplaces in relation to outspoken delegates who want to be on the safety committee. I tell them, "Go on the safety committee, that is fine, but you will be looked at. You will be the only voice in there, and you will be part of the solution, but also part of the problem. On the outside at least you can monitor the system and make sure that the system is working in the best way it possibly can for your constituents." But I take your point.

**CHAIR:** Thank you very much for your contribution this morning. If anyone from the Committee has further questions, we will put them to you in writing and we would appreciate your answers. If you have anything that you would like to add, you could send that to us and we would be happy to consider it along with other submissions.

**Mr GORING:** Thank you very much. Good luck with your deliberations in a difficult area.

**(The witness withdrew)**

**JOHN DAVIS**, Regional Human Resources Manager, Bartter Enterprises, McWilliams Road, Hanwood, sworn and examined:

**CHAIR:** Thank you for coming to the inquiry, particularly as an employee of one of the largest employers in town. In what capacity are you appearing before the Committee—as a private individual, or as a representative of an organisation or business?

**Mr DAVIS:** As a representative of an organisation.

**CHAIR:** Do you wish to make an opening statement?

**Mr DAVIS:** Not at this stage, no. My submission would be sufficient in relation to that. Just briefly, the reason that I was hoping to appear before the Committee today was to put forward some of the challenges—certainly, as you have pointed out, as the biggest employer in the region—that we face in relation to skills and employee shortages, both skilled and unskilled for that matter, within our business across the Riverina.

**CHAIR:** Would you give us a brief outline of the company, what it does, how many unskilled workers you have, and how many skilled workers you have, for the benefit of the Committee?

**Mr DAVIS:** Bartter Enterprises has now developed into a national organisation with the acquisition of the Steggles business back in 2000. As a result, our Riverina operations are what we term the heartland of our national operations in that we have our breeder operations here. Bartter deals with the production of chicken and chicken products for the wider consumer market. Some of our biggest customers are Woolworth's, Coles, Kentucky Fried and Red Rooster—these types of consumers. As a result, our operation here in the Riverina employs in the vicinity of 1,100 people.

Of that number and we have roughly 500 to 600 people involved in our processing operations. We have 300-odd people involved in our farming livestock operations. We have another 100 or 150 people involved in what I would term our trades environment where we cover engineering, mechanics, plant operators right across the board, with the remainder of our employees within this region made up on the administration side of things within the logistics, sales and marketing and general administration areas, such as payroll, human resources and finance. So we are really our own little micro business within a business.

**CHAIR:** Of the people you employ, you have a large number of multicultural employees, so there is the big cultural range.

**Mr DAVIS:** That is right. I am very proud of the fact that we employee 53 different nationalities across our business. We have probably the greatest examples of diversity within a processing operation where we have about 50 different nationalities operating in a processing plant at the moment.

**CHAIR:** I guess the question we all want an answer to is this: being a large employer, you obviously have a lot of problems attracting people and retaining them to do the work that you need to have done to keep your company going. Could you give us an idea of a what happens there and how it goes?

**Mr DAVIS:** Absolutely. As in my initial submission, the business carries in the vicinity—and this varies, we find; it is seasonal in relation to our greatest demands in relation to employees—of anywhere between 30 to 50 vacancies at any time. Those vacancies are across the spectrum of our skills and trades within the division. We have a percentage of those which are unskilled labour, which I would term as our processing type of environment, but we also have difficulty in attracting and retaining those, within the trades particularly. We have a very good example of the majority of trades within our business. As I mentioned, we have mechanics, fitters and turners, electricians, carpenters and virtually you name a trade and we employ an individual within that field.

Traditionally, yes, it has been difficult for us to attract and retain those people. We find that to be able to retain them to do that, we have to pay absolute premium rates as there is a degree of poaching within the business community within Griffith itself. The individuals in those trades within this community are certainly paid, if not what you would be expecting to pay for one of those trades in a capital city, then very near to that.

**The Hon. PATRICIA FORSYTHE:** Can I compare and contrast your operation here in Griffith? I presume you are in the Hunter Valley if you took over Steggles.

**Mr DAVIS:** Yes, we are, at Beresfield.

**The Hon. PATRICIA FORSYTHE:** Other trains similar in both places? Do you have different sets of vacancies types of issues?

**Mr DAVIS:** My counterpart in the Hunter region, Mike Annear, who is the human resources manager up there, has the advantage in Beresfield of having a far larger pool, being only 15 minutes from Newcastle which has a population of nearly 1 million people, from which to fill their vacancies. It is a challenge for them as far as trades are concerned, as I think it is for most businesses, certainly—not just within our industry—so it is certainly a challenge for them in that regard, but they do not carry the same number of unskilled vacancies as we do.

**Mr IAN COHEN:** When you were saying that you have 53 nationalities across your business, are you referring to full-time work for 12 months of the year—regular employment and award wages?

**Mr DAVIS:** Yes, absolutely. We have only a very small representation in our business of casual employees. The vast majority of our employees are permanent, full-time employees.

**Mr IAN COHEN:** Could you describe to the Committee your strategy? Do you have a strategy of training apprentices and maintaining apprentices?

**Mr DAVIS:** Yes, absolutely.

**Mr IAN COHEN:** This appears to be one of the biggest issues of that long-term projection for the industry and also to give security to the work force while keeping your workers beyond apprenticeship.

**Mr DAVIS:** Exactly. The Bartter business, in recent times, has invested a great deal of time and financial equity in the process you are talking about, the training of our employees. Not only do we have a large number of apprentices but just at the moment in our Bartter operations we have 17 apprentices at different stages of their trade, from first-year right through to fourth year. We have also recently commenced a number of initiatives, one of them being what we term the Bartter diploma of business where we take a select number of our employees who we believe have management potential, for instance. They are exposed to other members of our business from across Australia. We send them for four one-week blocks to the police college at Sydney. We use the accommodation facilities there and we have an external provider who comes in and actually delivers the diploma of business.

We also have an extensive frontline management training program under way, which is provided by an external provider. We have in the vicinity of 45 to 50 of our supervisors and leading hands who have gone through that. I have a group at the moment who are undertaking that. We have another 20 people involved in that at the moment. Until recent times we were our own registered training organisation. We delivered nine nationally accredited certificate courses relating to such things as certificate I, II and III in meat processing and these sorts of things. Due to the sheer administrative load of maintaining the registered training organisation [RTO] status, the business decided that it was no longer able to follow that format. In the last 18 months we have no longer maintained our RTO status and we have looked to external providers. We contract those providers for the delivery of training. With apprentices, we certainly ensure that they maintain their minimum requirement in relation to what they are required to do to get through their apprenticeship, but we provide a lot more than that as well. My friend, Harry —



**Mr IAN COHEN:** Are you talking wage levels there, or are you talking conditions?

**Mr DAVIS:** No, not in relation to wage levels, but in relation to developments—the opportunity for training. I was interested to hear some other comments of my friend, Harry Goring, with whom I deal on a regular basis, as you can imagine. In relation to recommendations for individuals to participate in occupational health and safety committees and these sorts of things, we are a very safety conscious organisation and we fully recommend that our people undertake training at the company's cost in relation to occupational health and safety, and that certainly goes for our apprentices as well. We certainly try—and it is a developing process—to create career paths for all of our employees, such as for those who have come through the trade process into a management role.

We have a number of examples of individuals at the moment who are performing management roles. They started out in our processing plants operating on some of our manual deboning machines or mechanical deboning apparatus and these sorts of things. We have some people who have progressed through frontline management who are now undertaking the diploma of business management and are in fact in management positions. That creates a great deal of pride certainly for me, as a human resources manager, and certainly for people such as Peter and David. We can show these people that they have a career path. I believe that is particularly important for those apprentices, for instance.

To give you an example, I have a 14 -year-old son and he is getting to the stage now where we are starting to talk about what he will do when he leaves school. He is getting on to years 11 and 12 and these sorts of things. There really does appear to be a perception among children of that age that trades are not the way to go. One of the things they comment on is the pay rates. In discussion with him and a number of his peers, that has come through quite clearly to me and is of concern to me in a business where it is crucial to maintain apprentices and tradespeople.

**Mr IAN COHEN:** Have you looked at above award pay rates for apprentices in your location? Can you give the Committee now or perhaps on notice the retention rates you have?

**Mr DAVIS:** Our retention rates of apprentices is very high. I cannot recall an incident where we have had an apprentice leave us other than for personal reasons where they had no choice. I cannot recall one in my 2½, nearly three, years with the Griffith operation of one leaving due to pay rates or anything like that. As I say, we maintain award rates for apprentices but once they attain their trade the rates they are paid are well and truly above award rates.

**Mr IAN COHEN:** In your business?

**Mr DAVIS:** Absolutely. Our tradespeople are remunerated well and truly above award rates. We have to do that simply to keep them.

**The Hon. MELINDA PAVEY:** But not so much your apprentices?

**Mr DAVIS:** Not our apprentices at this time, no.

**CHAIR:** You also had some child-care facilities out there. Is that still operating?

**Mr DAVIS:** That is. The child-care facilities were at one stage owned and operated by the business. That is not the situation any longer. The child-care facilities are now operated by an external entity but Bartter employees have the opportunity of placing their children within that facility.

**The Hon. PATRICIA FORSYTHE:** Can I ask about the fact that you were a registered training organisation?

**Mr DAVIS:** Yes.

**The Hon. PATRICIA FORSYTHE:** If the administrative issues were resolved so that it was a more simple process for you, which you go back to being a registered training organisation? Did

it give you an advantage, what you offered by way of training packages that is not now available by any external provision or similar course?

**Mr DAVIS:** We would certainly consider it. In my previous role as national training manager for the organisation, the advantage of having your own registered training organisation was the ability to be able to modify your packages so they fit beautifully for your employees. So there are certainly advantages to it. From a financial perspective, at the moment, as I say, we outsource our training and development and there is a cost to that. We would certainly be able to do that much cheaper if we were our own RTO.

**The Hon. PATRICIA FORSYTHE:** What was it about the administration process? Can you give us some guidance? To me that is an area on which we should be making some recommendations.

**Mr DAVIS:** The previous structure that was in place within our operation, the classification structure, the means by which our employees moved through different levels and as such different pay rates, was a very laborious, labour-intensive process by which, for our roughly 500 employees in our processing operation, we had a training and development full-time staff of 10. Having not been here at that time myself it is a bit difficult for me to comment exactly but I can certainly get back to you on that and clarify that for you.

**The Hon. PATRICIA FORSYTHE:** That would be helpful. It is an area that is important in this inquiry.

**Mr DAVIS:** Absolutely. I know it was very labour intensive.

**The Hon. GREG DONNELLY:** With a business as large as Bartter in this region, with the labour shortages that do occur—I am trying to gauge the extent of it—obviously if you cannot fill vacancies there is a frustration of not filling vacancies but does it get to the point where it impacts on productivity of the business in that hard economic sense?

**Mr DAVIS:** Absolutely.

**The Hon. GREG DONNELLY:** If it does, could you give us an example of how that might play out?

**Mr DAVIS:** I can give you a very recent example, in fact. Demand for our product has never been higher than it is at the moment. Our business is currently very heavily involved in an analysis process looking at significant expansion of our operations. Our customers are demanding more product, shorter time frame from the time of the bird being killed to the time of the product arriving in the supermarket. As a result, we have daily changes in product demand. My operations manager constantly has to allocate the labour pool she has to meet that demand. Often we will short customers of product as a result of simply not having the labour pool to produce the product in the required time frame. That occurs weekly.

**CHAIR:** Just on that, do you do any of your packaging outside the Griffith area now?

**Mr DAVIS:** Yes, we do. We have a distribution centre at Marsden Park in Western Sydney. It is something in the vicinity of seven prime movers a day of product that leave our processing plant here and go to Marsden Park. Some of the product is packed but an amount of it is not packed and is then packed at Marsden Park and sent out to customers from there.

**CHAIR:** That is because of the shortage of labour here?

**Mr DAVIS:** That is one of the drivers. Another driver is customer demand. Certainly, labour shortages here are not the one and only reason for that, but it is one of the factors. If I could, one of the major concerns I have as the human resources manager here is significant expansion within the region here. We are talking about the building of extra farms and sheds and increasing our processing. At the moment we process in the vicinity of 420,000 to 450,000 birds a week. We are talking about

increasing that virtually up to three-quarters of a million birds a week. So, we are talking about a massive increase. That will just be keeping pace with customer demand.

The major barrier we have to being able to do that is our ability to be able to source labour. My concern here is—and I have had discussions with Peter and David in recent times—that if we cannot source the labour here in the Riverina, we still have to meet customer demand, which means we have to create expansion in one of our other operations. Obviously, we do not want to do that, simply because we produce the best and cheapest chickens in the country here. Geographically this is ideal. We are right in the middle of the major wheat belt in the country, or one of the major wheat belts in the country. To get it down to the nitty-gritty, we convert wheat to chicken meat. The cheaper wheat you get and the more chicken meat you can produce, obviously the more money you make. So, we want the expansion to go ahead here. Obviously Peter and David have a vested interest in it. This is where it all started, and we make that very clear with all of our communications through the business and we want to keep the business here but the real challenge really is locating the labour.

**Mr IAN COHEN:** With such an astronomical expansion of your production, are you knocking off other competitors in the industry or are you saying the potential market is that great? Is it a domestic market or also an export market?

**Mr DAVIS:** No, is just a domestic market at this moment. We export very little. We do not know what the effect of current issues overseas will have upon us. There could well be export demand that will build on that. With the increase in bird numbers I am talking about, there is a requirement there for specific cuts or specific types of a product. As a result we need different size birds, and so on. So, there is an increase in those numbers so we can meet that demand.

Our customers, for instance McDonald's and so on, are very specific in relation to product specification, so we have to produce a product for them that is very specific. As a result, we need that increasing production. It also means that if we streamlined some of our processes we can increase our output as a result of that, and we are looking at that at the moment. We have a massive undertaking going on in the business at the moment where we are looking at that very thing—process flow mapping—where we are making things a lot more effective than they have been. As a result, our output can increase and the demand in the market is increasing. There are two big producers, as you are probably aware. There is us and Ingham's, and we produce the best. As a result, the customers want to come to us to produce more product for them.

**The Hon. MELINDA PAVEY:** Do you think a substantial increase in the tax-free threshold would have a positive impact on freeing up the labour force to be able to work?

**Mr DAVIS:** Quite possibly. I have to support Harry Goring on his comment that one of the real challenges we find here is the availability and cost of housing. A great deal of our work is with a number of our workers who find it difficult to move to a regional area. Harry hit the nail on the head. To move to a regional area and almost pay capital city rates in relation to rent and housing—

**The Hon. MELINDA PAVEY:** Is that a land release problem?

**The Hon. CHRISTINE ROBERTSON:** It is a growth problem.

**Mr DAVIS:** Yes. Obviously, as commented, the infrastructure needs to be able to support that increases as well.

**The Hon. MELINDA PAVEY:** My other question is in relation to the 53 workers you have. Do you deal with the Riverina market group dealing with skilled migration?

**Mr DAVIS:** Yes.

**The Hon. MELINDA PAVEY:** One of their issues was freeing up some of the visa requirements for skilled migration. Is that an area that you are also looking at?

**Mr DAVIS:** Absolutely. In my submission I made reference to the fact that we have historically placed a large number of Afghan refugees, for instance, who were here on protection visas

and such. We went through a lot of angst and heartache with those individuals with the processes they were subject to, going from protection visas to full-time visas, work visas and work classifications and such. We have people working for us at the moment who are on different levels of visas and so on, and one of the real difficulties that we have with it is that their work status changes during the course of their application for permanent residency and these sorts of things. The impact of that is that immigration will arrive on site—and we have a great working relationship with immigration, I must admit—and a couple of months ago immigration arrived on site and removed 12 of our people. These are some of the challenges we have.

On a monthly basis we check with the department the status of every single employee that we are aware of who is here on a certain type of visa, but we still have some of these challenges. In a lot of cases, obviously getting to know these people, they are genuinely unaware their status has changed. The vast majority of these people are outstanding workers. If you could set up a profile of what you wanted as an example of a great worker, these are those people. They come every day. You have no absenteeism. They work all day, every day. They go to their breaks and they create that multiculturalism, which is fantastic within the environment. They are wonderful people. Unfortunately, every now and then we have to say to them that we are sorry we can no longer provide you with employment. This really affects us because these are our best workers in some cases. These people and their families have to leave the area, and it is devastating.

**CHAIR:** You have a large business and you are looking at expanding. What would you want from, say, local, State and Federal government to help your operation? What is of utmost importance to you?

**Mr DAVIS:** I think the situation we were just discussing would certainly give us the ability to utilise the immigrant work force and to streamline the process. It would also give us the ability to provide affordable housing and that sort of thing within the Griffith area, which is crucial. From our point of view our moral right as an organisation is to become an employer of choice. That is something on which we are working stringently to portray to employees that we are an employer of choice. We have a great amount to offer individuals. We would like to be able to develop people within this community so they become valuable members of the community. We want Bartter as a key part of that process.

**CHAIR:** Is there anything else you would like to add, John?

**Mr DAVIS:** No, not at this stage, Tony. Through this forum I am really interested to see whether we can get something up and running. As I said earlier, that is absolutely crucial to us. We see ourselves developing and expanding and we want that to occur here.

**CHAIR:** The Committee will be gathering evidence from a number of other people. We anticipated that we would report back to the Government in December, but that will not be the case. It will probably be the middle of next year or a little before that. We will make our recommendations to the Government. Once our report is tabled we will send you a copy of it.

**Mr DAVIS:** If at any time in the future Committee members would like to look at our operation—obviously that is not possible on this visit—or see the environment in which our people are working and those sorts of things, the group can come out at any time, with appropriate notice, of course. I would be more than happy to take you through and show you our operation.

**Mr IAN COHEN:** Taking into consideration the size of your organisation and its success, what part does your workplace relationship play to ensure your survival in the industry?

**Mr DAVIS:** It is absolutely crucial. In the last 12 months the business has really recognised the importance of that. At the moment we are putting a great deal of effort into our employee relations process. We are communicating a lot better with our employees and we are keeping them up to speed with what is happening in the business. We want every one of our employees to be a representative of the organisation in the wider community. Once they go into the community and they are with friends on a Saturday night having tea or something like that and they are asked who they work for, we want them to be able to say, "I work for Bartters and this is what is happening there. It is a wonderful

CORRECTED TRANSCRIPT

operation and we want you to be aware of this." Those are the sorts of things we are trying to develop with our employees. A great deal of effort is being put into doing that at the moment.

**CHAIR:** Thank you for your submission and for your contribution today. We might like to talk to you again at a later stage. If that is the case would you be available?

**Mr DAVIS:** Absolutely, at the shortest possible notice.

**(The witness withdrew)**

**(Short adjournment)**

**VICTOR ANTONIO NARDI**, President, Leeton Citrus Growers,

**PETER ALEXANDER MORRISH**, Executive Officer, Riverina Citrus, and

**FRANK BATTISTEL**, President, Griffith Citrus Growers Inc., sworn and examined:

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

**Mr MORRISH:** Yes. The three of us represent over 500 citrus growers in the Riverina citrus region, 45 packing sheds and seven processors. Within that area there are a number of skilled positions. With the focus changing towards fresh production we see an even greater requirement on skilled labour, in particular, permanent staff working not just in production but right through that handling change due to the shorter harvest window and also ensuring fruit quality for fresh service production and for the service industries that support the citrus industry.

**CHAIR:** I place on the record the fact that I am a citrus grower in this area, even though I am chairing the Committee.

**The Hon. MELINDA PAVEY:** You mentioned in your submission that increasingly citrus growers are turning to contractors to supply labour. Can you explain the consequences of that and how it affects the running of citrus farms?

**Mr MORRISH:** People are turning to contractors particularly on the harvest side of things where it is not necessarily 12 months of the year. The fresh production focus is mainly through that May to September period. There is a requirement to have skilled people in the orchards. With travelling workers coming through it is difficult for growers to train them up when a week later they have shifted on. Using contractors, they have a lot of background training and they are already available to run. There are also occupational health and safety requirements associated with that. Rather than growers continually doing inductions they are using contractors who are coming through. They have induction and occupational health and safety requirements with contractors and the contractors manage the staff.

**The Hon. MELINDA PAVEY:** Is it an extra cost to growers to use contractors to harvest the crops?

**Mr MORRISH:** Overall, while there might be a slight extra cost to growers, in relation to efficiency it is probably a saving. They are able to get the crop off a lot quicker and a lot more effectively and maintain the quality of the fruit.

**The Hon. MELINDA PAVEY:** What would a picker earn for one day's work, working for one of the contractors?

**Mr NARDI:** I have never employed contractors but they would have to earn in excess of \$100 a day.

**Mr BATTISTEL:** There is a big variation. With picking a real skilled person could end up with \$200 and someone who is unskilled could earn \$10. There is a big variation between certain pickers. Not just anyone can go in there and earn \$100. Some cannot make enough money to live and some make quite good money. The important thing is that the skilled ones are the ones who are making the money. One of the things we try to promote is getting people who are skilled to stay in this industry. At the moment we have none left; they have all moved on to other areas because of the work shortage.

**Mr NARDI:** It is one of those jobs to which not everyone is suited. You give it a go and you may find you are not suited to it. You might not be physically fit, fast enough or whatever. They are the ones you hear are not making much money out of it.

**The Hon. PATRICIA FORSYTHE:** How long does the season last and how much work is involved?

**Mr NARDI:** In this area it is almost 12 months of the year. In winter we are picking navel oranges for export. Then we are also growing a fair bit of fruit in this area for processing, for example, Valencia oranges area. The factories require that fruit nearly 12 months of the year.

**The Hon. PATRICIA FORSYTHE:** So it is not really a seasonal job?

**Mr NARDI:** There is peak demand in winter when you are picking navel oranges.

**Mr MORRISH:** It is essential at that time of the year to maintain the quality of the fruit. Traditionally, in this region Valencia oranges are used for processing and we can harvest for 12 months of the year. However, navel oranges, which are for fresh production, have to be taken off within a three-week to four-week window to ensure their quality on the shelf for consumers.

**The Hon. PATRICIA FORSYTHE:** Somebody coming in who has not done it before has to be told how to pick the oranges. Are there other requirements such as occupational health and safety, and what level of training is required?

**Mr MORRISH:** There is minimal induction by growers, and growers oversee that in the orchard.

**The Hon. PATRICIA FORSYTHE:** Are we talking about a tonne an hour?

**Mr MORRISH:** It could be as little as an hour, or it could be up to a day, depending on the size of the operation and on what is involved.

**The Hon. MELINDA PAVEY:** Do you think people know they could earn \$200 if they were fit and fast at picking oranges? Is that known in the wider community? We heard evidence earlier that \$80 was the top that one could earn. Do you think if people knew what they could earn there might not be such an issue?

**Mr BATTISTEL:** It is only skilled people who earn that sort of money. Most of them struggle with it. It is not only skill; it is also fitness. You have to be fairly physically fit. Most of the people who turn up on farms are not fit. They have possibly been on the dole and they have not been used to early starts, working all day and that sort of thing. If they are prepared to do it and stick with it they can make good money, but most of them do not stick with it.

**The Hon. PATRICIA FORSYTHE:** You said in your submission that government policy has hindered the work of growers. Could you elaborate a little on what you mean by that?

**Mr MORRISH:** That comment was made about the paperwork side of things. It relates to inductions, occupational health and safety and superannuation requirements for someone who comes on a property maybe for two days and who then decides to move on. There are extra requirements on the paperwork side of things. With itinerant workers coming through there are visas checks and requirements on that side as well. The majority of growers in the industry want to be out on their farms working. Unfortunately, they are being pushed further and further back into their homes or offices to keep all the paperwork up to date. It is not just the paperwork; it is also the quality assurance side and the food safety side. It is a huge requirement and a burden on growers.

**The Hon. PATRICIA FORSYTHE:** Notwithstanding that, if they do not employ the people they will not get a crop taken off?

**Mr MORRISH:** Exactly, yes.

**CHAIR:** What is Riverina Citrus as a group or an organisation doing to try to attract the labourers that are needed for this work?

**Mr MORRISH:** It is an interesting one with the six functions of Riverina Citrus that we currently have. We are restricted in a lot of ways. The main areas we are looking at are the promotion of industry as a whole, working with growers to encourage them to uptake best practice, and also to

provide facilities for harvest workers coming through. There is another huge issue relating to people travelling around. There are the accommodation and travel side of things. We have to decide on backpacker accommodation and that sort of thing. We have to keep information up to them. We also have to assist in taking phone calls that are coming in and provide information to employment agencies about the direction in which harvest labourers should go.

**CHAIR:** Reference was made earlier to the amount of money that people could earn. You said it depended on skills and how they handled the situation. Most of the picking is being paid on a piecemeal basis. What would be the average paid per tonne or bin? A bin is about 450 kilos, or half a tonne.

**Mr MORRISH:** Working on a blue classic 450-kilo bin, on navel oranges—and we are talking about fresh production—we are paying somewhere between \$22 and \$28 a bin. On grapefruit that is down to \$16.80 because they are bigger pieces of fruit. Mandarins are higher; they could be anything up to \$90 a bin, depending on the quality requirements of the fruit.

**CHAIR:** The variation of between \$22 and \$28 would be mainly because of the size of the trees and that sort of thing?

**Mr MORRISH:** Definitely the size of the trees. There is a lot of work and there are different quality requirements for Valencia oranges going to processing. The handling does not necessarily need to be as specific as it is for a fresh piece of fruit, which we try to keep perfect. There is also the demand side of things too. There are demands on harvest labourers. If there are not many out there they have an opportunity to get a higher rate, if they can get it.

**CHAIR:** What is the price for Valencia oranges?

**Mr MORRISH:** Valencia oranges are probably running at about \$18 to \$25. Generally they are not that much different from navels, depending on the season. During the winter period when we have to get all our navels off, climate becomes a big factor. If we have two or three days of rain the harvest labourers do not stay in the region; they move elsewhere where it is a little dryer so they can earn their money. Because we are producing quality pieces of fruit we cannot afford to have it picked during that wet time because it affects the look of fruit on the shelf.

**CHAIR:** How many bins of navels or Valencia oranges would an average picker pick in an eight-hour day?

**Mr NARDI:** In an eight-hour day a good picker would probably pick about five or six bins, on average, whereas with Valencia oranges he might start, say, early in the morning, work six to seven hours and probably pick five bins again. With the Valencias, a really good one might work a longer day and get up to eight bins a day. I would like to touch on the way that some people expect to earn so much. Shearing is probably one of the hardest jobs of all. I have had a go at it, and a good shearer will probably shear around 100 to 150 sheep a day. I sheared 15 in half a day and then I quit. You have to put in the time, train yourself, and build yourself up to be up able to do that. You cannot expect to go in on the first day and pick five bins of oranges if you have never done it before. There is no use coming back afterwards and whingeing that you cannot make any money in that job because you have not really put in the yards and the training for it.

**Mr IAN COHEN:** I think there is a bit of a difference between fruit picking and shearing in terms of skills levels, but I take your point.

**Mr NARDI:** I was going to touch on that, too.

**Mr IAN COHEN:** I take your point on the need for skill, but I would put to you that we have had some other witnesses talking about higher pay levels, looking after their workers and retaining their workers, which is a major problem out in this area. I put it to you that your industry is giving bottom line wages and pretty tough conditions. You get no loyalty from your workers, local or seasonal, and they walk at the first opportunity. We have heard evidence from other industries in the area that they get a significant retention rate of their workers by giving them a decent go. In these sorts



of industries, you have to pay well if you want to retain your employees. What do you think about that?

**Mr NARDI:** We realise that you do have to pay well if you want to retain, but I put it to you that in this area particularly, we have been relying on Valencias for a number of years. Up until last year, we were getting very low prices for our fruit, so there is not a lot to pass on. Hopefully, things will turn around. We have just heard that we have probably got market access into China. The area has planted a fair bit more navels in the area. Things, hopefully, in time will pick up.

**Mr IAN COHEN:** So you would pass that on to your workers, in part?

**Mr BATTISTEL:** Definitely.

**Mr IAN COHEN:** Surely this is the big problem, is it not? You have a disgruntled work force. If they get an offer of even \$1 extra an hour or per bin somewhere else, off they go.

**Mr BATTISTEL:** I agree with you. I believe that our pickers deserve more money, but we have not got any more to give them. Actually, most of the time the picker is making more money than us. We are picking Valencias now at somewhere around \$100 a tonne. A picker at \$25 a bin is getting \$50—or more than \$50, probably \$80 a tonne to pick them, and we are getting \$100. You say we have to pay more. We are actually making nothing now. How can we pay more? If we were making what we are supposed to deserve—look, I reckon they deserve more. They deserve heaps because I reckon it is a hard job.

**Mr IAN COHEN:** Hard and hot.

**Mr BATTISTEL:** I have done it all through my childhood and still do it now, and it is a very hard job. If we could pay more, I would be the first one to say, yes, heaps more. But we have to try to work with what we have. We do not make any money. We tried to look at what they need to earn to make a decent living out of it and we do not sort of reward them more than we have to because we do not have anything to reward them with.

**Mr NARDI:** You will always find people who are disgruntled. I mean, I have people who pick for me and I provide them with free accommodation. If they do not have a car, I will run them into town. They usually come and ask you to drive them to town when you have just come back. There are a lot of fringe benefits, you know, that you do not count, really.

**The Hon. PATRICIA FORSYTHE:** What strategies is the association in this area using to attract people? Do you have a broad advertising campaign? How do people find out about the jobs?

**Mr BATTISTEL:** It is advertised all through the backpackers web site, which attracts a fair few backpackers into the area. That has probably been the most successful to date.

**The Hon. PATRICIA FORSYTHE:** That will target the backpackers.

**Mr BATTISTEL:** Yes. I suppose it is not targeting skilled workers. Every growing region in Australia is trying to pull them from one end to the other. We are trying to pull them out of Sunraysia and they are trying to pull them out of our area. There is just not enough of them there. We are basically pinching one from the other, so we have had a problem.

**The Hon. PATRICIA FORSYTHE:** Have you, for example, negotiated with Centrelink so that people who are going there or who are on the dole are made aware that there are opportunities in the area?

**Mr MORRISH:** There is a national harvest trail program as well which follows on from that. The majority of the people were directed towards that because we know they are itinerant people who are working through the district at peak times. While we try to keep them here as long as we can. They are looking for the place where they can earn the most money.

**The Hon. PATRICIA FORSYTHE:** Within the industry, is there any career structure? By that I mean can somebody who has picked oranges for a period be eligible to have a certificate that they can do X or Y, or can they move on to do something else? Do you look at ways of retaining some of your people by giving them skills, such as operating other machinery?

**Mr BATTISTEL:** We have tried that. If they are good pickers, we try to bring them in as permanent workers just on general farm duties. Again, it is the time required to train them and to get their skills that has to be considered. A lot of the stuff we do today on farming is getting fairly high tech. Mostly farms are all computer irrigated, or mine is. A hell of a lot of time is required to try to train these people to operate that sort of machinery.

**The Hon. GREG DONNELLY:** In relation to the extent of the impact on the industry from the labour shortage that you are experiencing, I gather the issue of attracting labour to do the picking is not a new phenomenon. What has been the impact on the industry over a period? Does it mean that the industry has hit a level and is not going any further? Is it clearly impacting, from what has been said, on the profitability of running the orchards? Can you take us through what the impact is of the shortage?

**Mr MORRISH:** I think there have actually been a couple of points that impacted. One is the change in focus of the industry toward fresh production rather than processing production and therefore shorter time frames. We are all trying to peak in that same window. While that has had a big increase, the numbers and emphases on skilled labour coming through for harvesting probably has not. On the other side of that, going away from the orchard, we are getting into the packing sheds which have to handle a lot more fruit in a shorter space of time as well. They also have requirements on people packing, sorting, as well as on transport, handlers, and all that sort of thing. It is not just the skill at the bottom level: it is all the way through the chain that there is a greater amount of fruit being handled because of the change in focus of the industry. I think that skill level is still trying to catch up.

Over the last 10 years, the growers have changed. We have seen 1,000 hectares of Valencias converted to navels in the last five years in this region. That is fruit that might have been harvested in that November to April period that is now back into the April to September period. It has had a big impact on the industry. Even though five years seems a long time in terms of bringing that skilled labour through, it is not necessarily such a great period. It takes a lot longer than that to bring the number of people we require to handle all that fruit in the industry.

**The Hon. GREG DONNELLY:** The downward pressure on the price of oranges, is that coming ostensibly from imports from overseas, or from the way in which the retail companies in Australia are putting pressure on the producers, if they are, or is it a combination of both?

**Mr BATTISTEL:** Both.

**Mr MORRISH:** It is both, and probably more. The reason the growers have changed to the fresh production is the prospect of the export markets that have not necessarily opened up to favour our growers, as we would have liked. There have been further fruit fly sanitary requirements put on by the export markets. For example, whereas we might have been able to get 10,000 tonnes in before, we might only be getting 2,000 or 3,000 tonnes into some of those markets now because of those extra requirements on the growers. Fruit fly issues in this region have probably had a bigger impact than anything else in terms of the export markets and the extra requirements for cold sterilisation and treatment of that fruit to get into those markets. Therefore there is a higher cost in this region.

**Mr NARDI:** With export markets, you have only a limited window of opportunity to get them in. Some countries still have tariffs. If you go outside that window, you pay enormous tariffs. You have to rush to try to get them in within that six weeks or two months period.

**Mr MORRISH:** In terms of the fresh imports, they generally are not a huge competition for us because they are counter season, apart from the Valencias that are for 12 months of the year. The navels are coming in from overseas, particularly from America. We are sending more navels to America than are being sent here to Australia and they are counter season. There are wide overlaps at either end but we are fortunate enough that the area that is affecting us is the cheap concentrate that is coming into the region. It is coming in at Western harvest and picking costs rather than at the cost of

production. By the time you do all the figures, there is no money to give back to the growers for what they can bring it into Australia for. That is where the imports are really hurting this industry, yes.

**The Hon. CHRISTINE ROBERTSON:** In relation to the itinerants trail, as you call it, or the circuit, you have explained how the change in the type of orange has changed the requirements. Do you still have the same sorts of numbers of regular itinerant workers turning up for work seasonally, or has that dropped off here?

**Mr BATTISTEL:** That has dropped off considerably. It was quite easy years ago to find itinerant workers. Now it is a real struggle.

**The Hon. CHRISTINE ROBERTSON:** Mostly they were ones that came in, were they?

**Mr NARDI:** They were the same ones. They were getting older too, I suppose.

**Mr BATTISTEL:** Some were retiring and some probably moved on to a job that was not as physically demanding probably—because they had become older, or whatever.

**The Hon. CHRISTINE ROBERTSON:** But whole families used to play, so the kids came back, did they not, in the old days? You just think that that particular market of workers is going away?

**Mr NARDI:** There is a mentality that we are losing, too. I remember when I was a kid that kids used to go after school and pick a bin of oranges and you would pay them whatever it was at the time. There was no paperwork to fill in then. The kid did not have to worry about a tax file number. Now that is all discouraged, that sort of mentality. Kids do not want to go picking oranges after school. It is too much paperwork.

**Mr BATTISTEL:** It is too hard.

**CHAIR:** A lot of farmers around here now have more than one farm. Quite a few years ago they said to citrus farmers, "Get big, or get out", so they bought neighbours out and what have you. It is more than just itinerant workers that they need. They need the permanent side of things. How is that going at the moment? What is happening there? Is there any improvement in that situation, or is it just as bad?

**Mr BATTISTEL:** We have a couple of farms and we were wanting a permanent worker to work. It took us probably nearly six months before I was actually able to get a permanent worker who was prepared to do that sort of work that we were requiring, and who had enough skills that we could start them. Obviously we are training all the time on the go but there was nearly a six months wait. We had it registered at all the employment agencies. Even getting permanent farm hands to do just general farm duties, not actually picking, is a real struggle.

**CHAIR:** One about the migration program? What is happening there as far as the industry is concerned? Has there been much of that?

**Mr MORRISH:** In terms of the industry, we definitely had correspondence to work towards with a number of different people. Also, currently in the Murray valley, based around Mildura, they are working through a program. While it is an important issue and it may assist in peak times, I think it is still important that we encourage the Australian side of things. At times of the year we were required to bring these extra people in, yes.

**Mr BATTISTEL:** Just with the extra ones coming in from different countries and those that in the past have come in from different agents, the reason why they have been so attractive is actually that they basically come in skilled—not so much skilled in actually picking oranges, but skilled in doing farm work. When they arrive here, you can virtually put them out to the field and show them a few basics. They will be able to make good money because they are all used to the hard type of work—the manual labour that they have done in their own country. They have the physical fitness to be able to handle it and they basically have the skills of doing manual hard work.

They have been probably the best for doing that picking work to date, but obviously there has been a problem with a lot of Government regulations about bringing those sorts of people in. I, as a farmer representing our industry, would like to be able to see some more of those people to do that basic sort of work, just picking work. They seem to be the people who can handle that sort of work.

**CHAIR:** As from today, the Federal Government's new law on backpackers allows them to come in for a two-year period provided they can prove they have done three months working experience or three months working on a farm. How do you see that? Do you see that as a big advantage to the industry?

**Mr BATTISTEL:** Having employed quite a few backpackers myself I think there is a small advantage. It is not as big an advantage as they might think, for the simple reason that most of those guys are young kids who have just finished school in their own countries and they are not really skilled in anything other than going to school. They require a lot of training. You will spend time training them and then within three months they are off. I know there are a few coming out who have been working in places in the city and they are moving out to the country to work in the country so they can extend their visas for another 12 months. So, a few more are coming through than there was but I do not think that is the answer for the sort of work we want to do, picking work. I find a lot of them have difficulty making money out of it. Some do. They are not all the same. We have found in the past that most people who come out of the Asian region and who have previously been on farms in the Asian region are capable of doing that continuous work.

**Mr NARDI:** You have to remember the reason for backpackers being here is to see the country. They do not want to make a career out of fruit picking. They do not want to spend their whole time picking fruit.

**CHAIR:** If there is no drastic change in getting permanent workers to do the picking side of it, what holds for the citrus industry? It is all virtually manual labour.

**Mr MORRISH:** That is probably one of the biggest downfalls of the industry, the manual labour side of it. There are investigations into the processing side of the fruit, to get machines in, particularly from America, to try to get the fruit off the trees but, once again, we are handling a fresh product that has to be picked during a wet period and has to be handled. It will become a bigger and bigger issue for the citrus industry this manual labour for harvesting the fruit. It is not just there, it is right throughout the cool chain process getting it to the shopfloor. We will need more and more people, unfortunately, and machines cannot do it for us.

**CHAIR:** Is there anything you would like to add?

**Mr MORRISH:** I just make a point at this stage with reference to people out there harvesting. They are saying all the fruit is coming off even though we have had a disastrous year. Part of the reason that fruit is still coming off is the fruit fly issue we have here. Plus, a lot of that fruit is currently being harvested by bulldozers or pruning machines and being put out on the ground. I just wanted to bring that point up, that while fruit is coming off it is not necessarily bringing a return to the grower.

**Mr NARDI:** Nor is it coming off at the optimum time.

**Mr BATTISTEL:** That is right, it is missing the US market. There are only a few months when it is required and if it is picked a month late it deteriorates by the time it gets there. It is coming off but probably not at the time it should be coming off.

**Mr NARDI:** We have focussed probably entirely on fruit picking but is not just fruit pickers we are short of. We need people who can prune the trees. If my father was to come in to run the farm he would not know where to start, there is so much involved. It is highly technical now. There is more bookkeeping. If you are going to employ someone to look after the second farm, he has to know how to do that in order to keep an eye on the people who do that. Who is training them to do that?

**(The witnesses withdrew)**

**RAYMOND CHARLES PLUIS**, General Manager, Leeton Shire Council, 23-25 Chelmsford Place, Leeton,

**STEPHEN LEONARD JOYCE**, Economic Development Manager, Griffith City Council, 1 Benerembah Street, Griffith,

**PETER MICHAEL KOZLOWSKI**, General Manager, Carrathool Shire Council and Secretary, Riverina Regional Organisation of Councils, P.O. Box 12, Goolgowi, and

**GARRY DAVID STOLL**, Manager Economic Development, Leeton Shire Council, 23-25 Chelmsford Place, Leeton, sworn and examined:

**CHAIR:** Would any one of you like to make an opening statement, or is there more than one?

**Mr PLUIS:** Perhaps if I can go first, I have some additional information I would like to have aired and which has come to light only since our submission was made in early August. Since we made our written submission we have become aware of an issue with one of our local organisations that has been providing vocational education training in Leeton and Narrandera. Leeton has a population of about 12,000 and Narrandera has a population of about 8,000. We have four high schools—Leeton High School, Narrandera High School, Yanco Agricultural High School, which is a boarding college to year 12, and St Francis de Sales Regional College, which is also a boarding college to year 12.

The Leeton Narrandera Vocational Education Training Scheme is a local community partnership which covers all those schools. It has received national acclaim for success in placing young people in work experience with local employers and has had a very high success rate in achieving full-time permanent placements. There is much more information, which I will table, if that is all right, and I will leave it with you for later information.

I would like to use this scheme as an example of how government policy changes can impact on regional employment opportunities and training. The Leeton Narrandera VET scheme operates under two main banners—the LYNVET workplace co-ordinator program and the Leeton Narrandera LYNKS program. The LYNVET program is directed at years 11 and 12 students and co-ordinates the compulsory 70 hours of workplace training that students undertake as part of their VET framework. Over the four schools that accommodates about 280 students a year in Leeton shire. I do not want to focus too much on LYNVET at this stage because it seems to be capable of surviving under the changed regime, which I will get to shortly.

The Leeton Narrandera LYNKS is directed to year 10 students, particularly those students who are at risk of either not going on to further education, not getting into traineeships, not getting into apprenticeships, and that type of thing, and are at risk of dropping out of the system altogether. Approximately 80 or 90 students from the four schools participate in this scheme each year and they receive on-the-job training one day a week over a 20-week period due to the support of a large number of local businesses that are eager and very supportive of the program.

The local scheme co-ordinators and the board have been advised that the Department of Education, Science and Training funding will not continue beyond the current year and will be replaced by funding under a new national strategy known as the Australian Network of Industry Careers Advisers Initiative. I am advised by the co-ordinator of the program that this new strategy will place financial pressures on LYNVET and has a high probability of causing the demise of the LYNKS program. They believe LYNVET can survive under the new regime but the guidelines provided under the new scheme do not allow them to continue with training for year 10 students.

The ability of LYNVET to continue to deliver the current level of service will depend on ongoing funding from the board of vocational education and training, which is a State scheme. To date no commitment has been received that this training will continue beyond the current year. The new strategy has guidelines which precluded the application of funds from that source to the present LYNKS program. For want of a small sum of money of about \$30,000 to \$40,000 per annum, this

worthwhile and highly successful program could be lost. Other sources of funds are being investigated however the co-ordinator and board of the Leeton Narrandera local partnership are not particularly hopeful of success.

Each year the LYNKS program assists between 80 and 90 year 10 students from the four participating high schools. Their success rate has been, we believe, rather remarkable. In 2004 from the 80 or 90 students, 27 per cent have gone into traineeships and/or apprenticeships; 13 per cent have gone into related employment or other training such as certificate 3 in agriculture at an agricultural college or TAFE; 58 per cent have decided to stay on at school and go through years 11 and 12 because of the additional training and improvement to their self-esteem and their own opinion of their abilities and what they can achieve; and only 2 per cent have not returned to school and have not participated in any other program and have effectively dropped out of the system altogether, as far as we know. They have been particularly successful and we believe the achievements are remarkable by any standards.

As I said earlier, the presentation packs I have tabled contain much more information, including testimonials from students, parents and employers. I urge the Committee to look at this information. Any influence you can bring to bear to ensure the continuation of the board of vocational education and training for LYNVET would be appreciated. Further, the creation of additional State Government funding to assist programs such as LYNKS would do much to enhance the ability of local community partnerships to deliver local programs that will support the State Government's efforts to address the vexing issue of skills shortages in rural and regional New South Wales. The sum of money required in the two communities of Leeton and Narrandera is approximately \$30,000 to \$40,000 a year. No doubt the board will be trying to raise some of that money itself and I have no doubt it will be able to achieve 50 per cent of that money. If we can identify sources of the other 50 per cent, it will be a worthwhile outcome and, applied statewide, it will probably cost nothing more than \$12 million to \$15 million.

**Mr JOYCE:** The Griffith region is one of the most vibrant regional economies with a large export sector and mature and developing enterprises in value-added food and wine production, retail, manufacturing, residential and industrial development, tourism and agriculture. The uniqueness of the area is evident not only in the diversity of the product and services that come out of the area but also in the rate at which that growth is happening. The growth, coupled with a low unemployment rate of 4.7 per cent creates a great demand for both skilled and semi-skilled labour.

The effect of having a large semi-skilled demand is that it draws people away from obtaining a skill or a trade due to competition in the market and the rates of pay that can be obtained. This is an area we believe needs to be addressed to attract more people back to trades and apprenticeships. If there is no significant movement in this area soon regional Australia will feel the greatest effects. For example, a school leaver can get a job as a seller hand at any of the wineries for six months of the year and earn in excess of \$1,000 per week due to the hours and the rates of pay, whilst a first-year apprentice carpenter will earn \$192 a week. The apprentice will then have to do that for the next four years.

The wine industry creates a unique problem with skills shortages as they create hundreds of job vacancies, usually over a four-month to six-month period, and most of the work is classified as semi-skilled labour. Most of these workers are then able to find work in other industries such as rice harvests, picking fruit or in other harvesting areas. There is then an attraction for school leavers to move straight into this type of work instead of getting a trade for life. That is not to say we do not have a demand for skilled labour, as the drain that the semi-skilled work force puts on the area creates a void in the skilled area. Thus we have businesses that have to recruit staff from overseas to meet their requirements at great expense to those businesses.

Griffith is a true testament of a multicultural society with the area attracting many nationalities for the diversity of careers that are available and the wonderful lifestyle it offers. With limitations, costs and the red tape that is involved in getting a skilled migrant to the area this is a major turn off to a lot of companies looking at that approach. The Riverina Regional Development Board has a wonderful initiative with a skilled migrant officer being employed to help with attracting skilled migrants to the area. But as we are aware, that has only limited funding at this stage. The position has become an important part of the area and needs to be continued.

The true measure of multiculturalism in the area can probably be best summed up by Bartter Enterprises, which currently employs close to or over 50 different nationalities and which would still have 40 vacancies available. These vacancies include both skilled and semi-skilled labour. The skilled labour positions that exist in the area include medical specialists, food technologists, accountants, electricians, town planners, builders, engineers, managers and many more. These are all positions for which companies are offering above-average wages and they are also looking at other incentives. Griffith City Council has been proactive in looking at solutions to solve skilled shortages in our area.

We believe that the work we have already done with businesses and community groups is helping. We now need State and Federal governments to recognise the problems that we face and we are working collectively with local and regional governments to help fix this problem. Some of the initiatives of Griffith City Council include creating an employer network for the purposes of sharing information and best practices around employment, training and labour attraction. This will involve being proactive with local schools.

Other initiatives include: establishing a marketing committee involving community and business representatives to look at the best ways to market the area for labour attraction; supporting the Riverina Regional Development Board's C-change project, which we believe will give us greater exposure in both the Melbourne and Sydney markets; supporting the Griffith Registered Nurse Support Fund which involved the community raising funds to attract nurses to the area. Over time, that attracted some 14 nurses to the area. We are also leading the cause when it comes to traineeships as we look to grow our own town planners, engineers and building inspectors by working closely with schools and organisations such as Lead-On.

In summing up, Griffith City Council is fearful that the skills shortages could have a major impact on the expansion of local businesses and they could be forced to relocate to other areas or look at other alternatives when it comes to expansion. Council has plenty of skills shortages such as planners, designers, engineers and other key staff. We currently work closely with all businesses in our area to ensure we are aiding their growth and we pride ourselves on being a positive contributor to that growth. We will continue to look at initiatives that will attract new labour to the area. As we have highlighted, the skilled and semi-skilled shortages are vast and as the rice industry starts to get back on its feet after the drought it will put a greater strain on these shortages.

We are a progressive council and we have been very proactive in our approach to attracting skilled labour to our area. We will continue to do that. We call on the State and Federal governments to work together to assist us in marketing ourselves to larger markets with the purpose of attracting new skilled workers to the area. We are also in the process of attracting assistance for university education, either on-line or face to face. We call on the Government to assist us in attracting new workers to the area. I thank you for allowing Griffith City Council to contribute to this hearing today.

**Mr STOLL:** Thank you for providing Leeton council with an opportunity to address the Committee this morning. Further to the submission that council lodged in August I reiterate that Leeton has a strong and viable economy based on a diverse agricultural and industrial sector and it is supported by a vibrant service support sector. We have been advised that our current growth is 0.4 per cent per annum, which is expected to continue at that rate for the next 30 years. Council has three main issues. The first issue is strong anecdotal evidence that severe skills shortages currently exist in Leeton.

A recent survey of the seven largest employers indicates that they are all suffering from a shortage of skilled labour, in particular, electricians, welders, fitters, mechanics and stainless steel welders. Further evidence provided by local employment agencies indicates that demand for professional people, such as accountants, teachers, health workers and engineers, is also strong and is not currently met. The second issue is that, as the Committee may have recently heard, Leeton's agricultural industries rely heavily on itinerant workers to pick and process annual crops. Leeton Shire Council conducted a recent study in conjunction with Griffith Shire Council and I wish to table that report.

That study indicates that there are approximately 15,000 picking jobs available per annum which are currently filled to only 68 per cent a year, which leaves a large void. The third issue is that

council identified, following the closure of the Murrumbidgee College of Agriculture and current threats to the LINKS vocational education program, that local training opportunities have either been removed or are currently being threatened. These must be renewed to permit local school leavers to have the opportunity to source local training and apprenticeship opportunities.

**CHAIR:** What do you believe to be the major causes and consequences of skills shortages in rural and regional New South Wales? Do you think it is worse now?

**Mr JOYCE:** I think the skills shortages are worsening as time goes on. Probably the major consequences will be the expansion that a lot of businesses are looking to do. They are unable to get that skilled labour. They are unable to attract the skilled labour that they need. In a number of cases they have to look for second best and to take people that probably do not have that high level of skill that they need to do the job, or they have to contract out a lot of their work. A number of businesses pay quite a lot of money for contractors.

**Mr PLUIS:** I think there has been a great reduction in the take-up of available apprentices over the last few decades. That is certainly contributing to the difficulty in the trades area.

**The Hon. PATRICIA FORSYTHE:** How are you monitoring skills shortages across the region?

**Mr STOLL:** At Leeton shire we regularly talk to our major employer groups. We have regular meetings with them, mostly on a quarterly basis. We sit down with them and discuss their issues and their needs. That is what is coming through at those meetings.

**The Hon. PATRICIA FORSYTHE:** Yesterday we heard from some organisations and also from people at an earlier inquiry on the North Coast about problems local government is having with skills shortages. An example is obviously town planning. I think that is a worldwide problem but that is the example that was given to us. With your local government knowledge is that an issue in this area? What strategies have you put in place, for example, for resource sharing?

**Mr KOZLOWSKI:** I can add to that. As secretary of the Riverina Regional Organisation of Councils, which comprises seven councils—Griffith, Carrathool and Leeton are three of the seven—town planning is definitely a problem issue for this area. That problem is also shared in other rural areas—in engineering, finance, environmental services, health and building type people, information technology and even senior administration. So it is a real concern. Over the last 10 years it has got worse. As an example from Carrathool shire, our turnover was well below 5 per cent 10 years ago. Now it is more like 15 per cent plus, in relation to staff.

A number of staff members are moving on. I think it is a generational type thing. People do not want to stay any more than two or three years. We are finding that, because of the lack of professional courses—and that seems to have disappeared over the last 10 to 20 years—the knowledge coming in with people who have been appointed is far below what we would expect, particularly in these demanding times. So that is having an impact and quality is down. We would have received 20 to 30 applicants for an engineering position. We received none 12 months ago. We advertised again for the same position six months ago and received three applicants who were unsuitable.

Carrathool is a small council. It is large in area with 19,000 square kilometres and it has only 3,000 people, so it is really having a big impact. This issue is shared with the seven councils, so it is a big issue. What are we doing about it? It varies because of the capacity of individual councils, for example, their financial situations, et cetera, and obviously their proximity to educational institutions. It varies from partnerships with tertiary institutions, scholarship schemes, and secondary partnership levels with secondary schools. However, I believe that all this is far below what is required to turn the situation around.

**The Hon. PATRICIA FORSYTHE:** You referred to the loss of professional training at the time. When did that occur? Is the Local Government Association providing those courses? How can we address that problem? Is that something that should be looked at by TAFE or by the association?



**Mr KOZLOWSKI:** I think it is a combination. I think it has changed. I have been in New South Wales for three years and I am hearing a lot about this. The people we used to employ such as shire clerks do not exist any more. There was a traditional line of study as well and that has changed over the years. They have become more generalist type courses, which open up people to the market and make it difficult for local government to compete in some areas. I think we have an image problem. There should be far more promotion of local government and what it is all about.

**Mr PLUIS:** I use the engineering profession as an example. A number of years ago engineers could come up through the local community school, do a part-time or external study engineering degree through a number of universities, work six months, do a sandwich course of six months at university and by the time they finished their university course they not only had formal qualifications they also had considerable experience and were valuable members of staff. Nowadays, if the kids want an engineering degree, they have to leave the area and go away to a university and do the course full time. They give up all their networks, their friends and their expectations from living in the bigger communities, and where they go to is where they tend to marry and stay for the rest of their working lives. It is very hard to get them back.

Just recently we had an example of one of our young guys who left school at year 10. He is now probably a 27-, 28- or 29-year-old, but he is showing an ability with design work and with survey and that type of thing. We took him from the field and put him into our office and he started doing a course through Sydney tech. He is in his second year of the course and they have told him he will not be able to complete it because they will no longer be able to do it. We are working with TAFE to try to identify the courses that may allow him to develop and hopefully get to the stage where he can get a lot of credits in some kind of an engineering degree that hopefully will get him to an external or distance education course. Inquiries recently indicated that the only way he can do that is probably through the University of Southern Queensland.

**The Hon. MELINDA PAVEY:** At Toowoomba.

**Mr PLUIS:** Somewhere like that, yes. They are the difficulties that people are facing now if they want to get formal qualifications. They leave the area and develop their networks, and very, very few of them ever come back.

**Mr JOYCE:** One of the areas we have identified in western Riverina as being probably one of the areas where we are a little lacking is in the area of higher school education. We do not have a university out here. The closest university is Wagga. Due to probably a lot of the cultural aspects and the way that a lot of families are brought up, they are reluctant to leave home and they are reluctant to leave mum and dad. I am the chairman of a western Riverina higher education reference group which is working with TAFE New South Wales and the Charles Sturt University on a pilot program to present some combined education. We have just had a funding application knocked back which would have been able to expand that to other aspects, which would have been nursing and we were looking down the line of engineering. The idea was that with TAFE and the relevant university, the university would give us the program and TAFE would deliver the program. It has been very successful in the first two years and we have a lower dropout rate than the universities have.

**The Hon. MELINDA PAVEY:** But you had your funding knocked back?

**Mr JOYCE:** We had funding knocked back. We had the funding application in for a co-ordinator. The idea behind the co-ordinator was to be able to firstly promote the program that we have run and secondly to be able to look at other programs and do the work behind that program. It is very hard for TAFE and for the Charles Sturt University to do that outside their own boundaries. The reference group is made up of business people, industry representatives, council representatives and educational people.

**CHAIR:** Why were you knocked back? Why was the funding not given? Did they give you a reason?

**Mr JOYCE:** Basically there were 10 applications that were funded and there were hundreds of applications put in.

**The Hon. CHRISTINE ROBERTSON:** From whom?

**Mr JOYCE:** It was from the Department of Education, Science and Training [DEST].

**The Hon. MELINDA PAVEY:** You are still running the service, but you just do not have your co-ordinator.

**Mr JOYCE:** We still have the money to run the program that we are currently doing, which is an advanced diploma in business management and an associate diploma in business studies. I think it is the combined course that is happening. The other thing that this course does is allow people who are either currently working to study full time also—and being full time, they will study for three days a week and they will work for three or four days a week in their part-time jobs—so it is a course that allows people who could not travel or leave their families to proceed. If they were to go to the Charles Sturt University in Wagga, they would basically have to move there, uproot their families and take them across there, or study by correspondence or by distance education, which is very difficult. A lot of people cannot do that type of study. So we have given these people an opportunity.

**The Hon. GREG DONNELLY:** Yesterday when we were in Wagga, a number of witnesses spoke in some detail about the C-Change program that has been promoted in the region. I gather you would be familiar with it. Do you think that that program, and programs like that, have potential to deal with some of the issues of attracting people to the region?

**Mr STOLL:** Yes, I think it has. The Riverina councils and the western councils have not taken it up as much as the eastern part, but I think it does. I think the whole issue of promoting the country lifestyle is critical. There is a lifestyle issue, and it varies considerably with the seven councils. It is one thing to get staff from our local government point of view to a small place such as Carrathool, but it is retaining them as well.

When you realise that you have one doctor in the area or that it takes six weeks to get your tooth filled, or that you have to go to Wagga for some specialist, we are talking about a situation of second-class citizens as far as I am concerned out in this area. While it varies considerably, Griffith has many facilities that are fantastic. But at the end of the day there are still people in this region who have to go out of the region for very basic services. The whole promotional program is important, and the C-Change and the other program, Country Week, and whatever else comes along, are extremely important for this area.

**Mr JOYCE:** I think the importance of it is to change that perception. I think that is probably one of the biggest killers of all regional areas, perception. A lot of people within city areas are struggling to look for jobs. I know of a couple of places I have heard of that are talking about 17 per cent or 15 per cent unemployment. To me, it is unfathomable to have that sort of unemployment here. We struggle to fill the jobs that we have. I think it is a perception issue. One of the reasons that C-Change is appealing is that it is changing the perception over time. It is not something that is a one-hit wonder that goes for a couple of days and gets a very targeted audience. C-Change has been done over six to eight months and it has been done gradually. It is getting more exposure to different people. We are part of C-Change, and we actually find it to be very good.

**CHAIR:** This question is directed to all of you. This morning we had one of the major employers giving evidence. One of the things they were very concerned about was that there is no low-cost housing for workers that they are trying to attract. How do you find that in your individual councils? What are you doing about that to try to attract people to the area?

**Mr PLUIS:** As a group of councils, we have tried to work together to see what we could do about the provision of low-cost housing, but we have not really got many answers.

**The Hon. CHRISTINE ROBERTSON:** What are your public housing stocks like?

**Mr PLUIS:** I cannot give you the figures but I know there is a backlog of people requiring and seeking public housing.

**The Hon. CHRISTINE ROBERTSON:** About how many?

**Mr PLUIS:** I do not know the significance of that or the scale of it.

**CHAIR:** We might be able to get that, could we?

**Mr PLUIS:** We can certainly take that on board and get that for you.

**The Hon. CHRISTINE ROBERTSON:** I am sorry to have interrupted you.

**Mr PLUIS:** No, that is fine. We have a few little villages that are scattered throughout our region that are extremely cheap, but people do not necessarily want to live in areas that are remote from the main towns. Leeton and Griffith, because of our growth, are both in situations where the demand for housing, for private housing particularly, is such that we are dearer here generally than is Wagga, for example. Leeton is dearer than Wagga, and Griffith is dearer again than Leeton. I think the factor relates to growth in the demand for the provision of private housing. Some years ago the Leeton Shire Council was involved in subdividing and developing land simply because private developers would not be involved. Back in about 1984 and 1985, private developers started coming in and providing residential subdivisions and housing. The Leeton Shire Council got out of that business and concentrated on providing industrial land, which is still being provided by the council because the developers are not prepared to provide industrial land.

**The Hon. PATRICIA FORSYTHE:** You tell me that housing is more expensive in Leeton than in, say, Wagga Wagga, but what about at the rental level? Is there any rental property?

**Mr PLUIS:** I cannot speak for the other communities, but Leeton has quite a bit of rental accommodation as far as units, flats and townhouses are concerned, and that is an ongoing development in probably any given year. This year there are probably 20 or 30 more coming onto the market. As far as three or four-bedroom houses are concerned, there are very few rental premises available.

**The Hon. PATRICIA FORSYTHE:** And the cost of rent, how does that compare with other places in the broader region, such as at Wagga Wagga?

**Mr PLUIS:** I think they would be very comparable. I do not know that we are dearer in that market, but Stephen or Garry might have more information. I think the rental side of it is very comparable. I do not think there is a lot of difference across the region.

**Mr STOLL:** Typically a two-bedroom unit would be \$200 a week and a three or four-bedroom dwelling would be \$300 plus.

**Mr KOZLOWSKI:** Carrathool shire is quite different. Carrathool shire has 13 blocks of land that it has developed in Goolgowi, which is 50 kilometres north of here, and we cannot give them away. We are talking about a distance factor here. Although we have walnuts 20 kilometres south of us that is expanding at a rapid rate with a vegetable processing plant halfway up at the moment 20 kilometres south of us and a substantial holding feedlot that has a high turnover for a feedlot in Australia—that is my understanding, but do not quote me—so there is certainly a demand for labour.

Hillston council has a number of blocks available to be developed. The rental is certainly less than the bigger centres. It is very difficult to rent at certain times of the year because most of our problems are seasonal workers. At the moment it is quite critical, the council expanded its caravan park—and that happened about five or six years ago. Council basically doubled it for seasonal workers, more than for anybody else. The council has spent a fair bit of money in that area, but this year we will have in the order of 300-odd people in the Hillston area for about eight weeks, and there is just no way that we can really cope with that. I understand that there will be 500 next year and probably 800 the year after. We are talking about a town of 1,000 people. It is quite amazing. How they are coping is that they are moving people to and from Griffith.

**Mr JOYCE:** As far as affordable housing goes in Griffith, the council is in the process of acquiring land. We have quite a few hectares of land out at Lake Wyangan which we will turn into affordable housing. We have been waiting on the ruling of the public-private partnerships [PPPs] and

we are now moving down those steps. We have already done studies in relation to it. Because of the demand for land and the demand for rental properties, we see it as a major part of attracting people to the area. So, we are moving down those steps.

**The Hon. MELINDA PAVEY:** How far is that from here?

**Mr JOYCE:** Lake Wyangan is about five kilometres from here, just out past Tony's place.

**Mr IAN COHEN:** What sort of numbers are needed to resolve the housing crisis around here? What is the number of allotments that will be needed in the next couple of years?

**Mr STOLL:** Leeton council has approved 500 allotments in the last three years which are nearly all taken up. They are the sorts of numbers that we have been working on. We are looking at trying to do that again over the next three years.

**Mr JOYCE:** The biggest problem with allotments recently has been that the Griffith City Council has a GS2030 plan that is our 30-year plan of where we are opening up the land. We are currently reviewing that. The reason we are having to review it is that growth was a lot quicker than we actually expected. Once again, it is a costly exercise to review any growth strategy like that. We would have been knocked back for funding on that one, too. In saying that, as soon as we open up parcels of land on the eastern side of Griffith, they are pretty much snapped up. They are bought very quickly, more for housing or units, so the idea behind the affordable housing will be that it will be exactly that—it will be low-cost housing, and it will be kept at that. We are going to try to look at the area, not to have it as a housing estate or anything like that, but as a place where people will want to move to, and actually be able to afford the housing that is there.

**Mr IAN COHEN:** Is there a specific formula to maintain the low-cost housing component in a development like that, in the mix, and how do you expect to maintain it when in other areas prices go up anyway and you are stuck in a cycle where you are not attracting those parts of the community in most need of it? I am looking here at some semi-skilled or unskilled labourer people?

**Mr JOYCE:** There is a formula. I am unaware how it has been worked out. We have done a full study on it, on the low-cost housing, and I am quite happy to get that and provide that. It is something council has thought about for a long time. When the land became available we saw it as an opportune place. It is an established village at the moment. It has a school. We have looked at that also, being able to expand the school. It has a small shop. It is close to other residential areas.

**Mr PLUIS:** Is an extremely complex issue. It gets back to the cost of development, the ability of people to pay. Over the years with rate pegging in New South Wales local councils have been strongly encouraged to finance their infrastructure through section 94 and section 64 contributions. Councils are recognising that they need to do that to fund their infrastructure. A number of years ago they probably did not recognise that or, if they did, they buried their heads in the sand and did not commit to it.

In Leeton Shire Council's case that is adding about \$7,000 to the cost of a block of residential land. Our prices are relatively cheap when you compare them to the city. Whereas 20 years ago we were probably talking about \$12,000, \$13,000 or \$14,000 for a block of developed land in Leeton, we are probably talking about \$45,000 or \$50,000 or \$60,000 now for a developed block of land fully serviced. Affordability is definitely being affected by all those cost implications and by other government legislation. There are benefits and advantages but there are costs associated with that as well, in the upfront costs of providing allotments and buildings.

**CHAIR:** Given the shortage of skilled labour, be they engineers or town planners or whatever, do you share amongst yourselves or try to work together with one another to take an extra engineer and work together on that or do you try to work alone?

**Mr PLUIS:** I guess we are all suffering the same shortages. Basically, none of us has the human resources that we can sublet, if you like, to other councils on a temporary or part-time basis. We have engineers groups and town planners groups, for example, across the RIVROC councils who work together on projects. Instead of everybody from every council investigating the same issue and

reporting independently to council they tend to divvy it out between them—you investigate this issue and you investigate that issue—and we share resources in that way in reporting back to our councils and short-circuit the decision-making process instead of spending so much time in those areas. It is very basic co-operation at that operational level and is assisting in many ways.

**Mr JOYCE:** Instead of us sharing physical labour, we are more or less sharing the mental side. A lot of the projects we do are done through REVROC. I know the five economic development officers or economic development managers from around the area meet regularly. The idea behind that is that we are able to look at ways to attract businesses or people to the area. It is something we do as a collective group off our own bat so we can look to the future and solve a few issues that come along.

**CHAIR:** Is there anything you would like to add or that you would like to see us take back?

**Mr PLUIS:** I think we have covered it fairly well in our submissions. Thank you and your Committee for the opportunity to appear before you and present our case.

**Mr JOYCE:** I would like to table a skills shortage survey, which has probably already been tabled in other places, from Australian Business Ltd and which was done for the Murray Riverina area.

**Document tabled.**

**(The witnesses withdrew)**

**HELEN MAREE WILLIAMS**, Human Resources Manager, Casella Wines, and

**PAUL ANTHONY FOLEY**, Human Resources Manager, De Bortoli Wines, P.O. Box 21, Bilbul, affirmed and examined:

**CHAIR:** Do either of you want to make an opening statement or go straight to questions?

**Ms WILLIAMS:** Straight to questions.

**Mr FOLEY:** Yes, I am happy to go to questions.

**The Hon. CHRISTINE ROBERTSON:** What is happening to your industry in relation to the labour shortages in this area that we have heard about for the past two days?

**Ms WILLIAMS:** I guess we have had particular difficulties meeting the growth. In the past two years we have gone from having 100 employees on a permanent placement to having 400, and particularly in the areas of skilled labour from a professional and trades perspective it has been difficult to attract and sometimes has taken a great deal of time to attract people into those roles. In semi-skilled labour we look this year to employ an additional 180 people during the vintage. It is also difficult when you are talking about those sorts of numbers for a three- or four-month period to fill all those positions.

**The Hon. MELINDA PAVEY:** How many are you short at the moment in your full-time work force?

**Ms WILLIAMS:** We would be looking for five to six tradespeople and currently have vacancies or have had vacancies for the past six weeks for some senior winemaking positions, which I think we have now filled, so that is good. Also, we did struggle for a long time, about four months, to attract senior accounting staff.

**The Hon. CHRISTINE ROBERTSON:** Do you offer different wages and conditions when you are in these circumstances?

**Ms WILLIAMS:** Yes. We have probably to some degree caused a bit of a wages blow-out in this region because we took the path of offering higher wages for trades positions. We would be offering wages similar to Sydney, and that is the only way we can get people. If you are looking at Sydney at the moment, an average electrician would be earning \$28 to \$29 hour, and we have to match those sorts of things.

**The Hon. MELINDA PAVEY:** Understanding your competition is beside you, what are some of the innovative ways you have found to get people from the city to come to Griffith?

**Ms WILLIAMS:** For the trades positions, I guess we have participated in some things. For example, not that it had much success, but Kodak shut its Victorian plant for a day and we went down to that to advertise positions.

**The Hon. CHRISTINE ROBERTSON:** To talk to Kodak employees?

**Ms WILLIAMS:** Yes. We participated in the London Trade Show. At the moment we are negotiating with English tradesmen.

**CHAIR:** Mr Foley, do you want to add to that?

**Mr FOLEY:** In wages and salary we are prepared to pay what it takes to get someone to the area and we offer perks such as accommodation, relocation expenses. They are fairly standard but we are finding that our salaries are starting to be comparable with metropolitan wages, just as a means of encouraging people. There is this perception, unfortunately, that we are on the wrong side of the mountains and we have a lot of people who apply for senior roles within the organisation, and one we are advertising at the moment is chief accountant. Just to give you an indication of the lack of

perception, some of the applicants request to meet with you in person prior to them departing the country, without really understanding that we are located 6½ hours from Sydney and five hours from Melbourne. There is just that absence of understanding of where we are located. People throw their hats in the ring and we get back to them and say would you like to come down for an interview and they have absolutely no idea where we are.

**The Hon. CHRISTINE ROBERTSON:** It is only a quarter of an inch on the map.

**Mr FOLEY:** Yes, and some of the overseas people see that and say it is not that far from Sydney really.

**The Hon. MELINDA PAVEY:** Can you run us through your company's situation? Is it similar to Casella's?

**Mr FOLEY:** It is quite different. We have nine sites here in Australia. We have our overseas offices, which tend to look after themselves. Our main production and processing facility is here in Griffith. We have about 220 staff at our local facility, which is all production and processing oriented. The remaining 220 odd staff members are located either at our sales offices in Sydney, Melbourne, Brisbane, Perth and Adelaide or at our other processing site, which is in the Yarra Valley in Victoria. As Helen said, we struggle to find skilled labour. It is a big issue for us because our industry is changing.

**The Hon. CHRISTINE ROBERTSON:** What do you define as skilled labour for your industry?

**Mr FOLEY:** To explain that, we have people who are packaging staff. In the past they have been trained as operators or line attendants. There is less of a requirement now for those types of people because they are operating bottling and packaging machinery, which costs in excess of \$500,000. So they are no longer just line attendants; they are operators and, therefore, the skill requirements for those people have changed and we are after technicians. We do not find them and that is probably one of the areas in which we really struggle. We need people who understand the system. Usually the best people who understand those systems and processes are trades-based people. We had an incident about 12 months ago when we advertised for a warehouse supervisor on three separate occupations.

**The Hon. MELINDA PAVEY:** What sort of money are we looking at?

**Mr FOLEY:** The salary range was between \$55,000 and \$65,000. We thought that was a fairly reasonable salary for that position and we were prepared to pay relocation expenses. We advertised locally, unsuccessfully. Then we used a recruitment agency based in Victoria, and we were unsuccessful. We advertised in the *Age* and we were unsuccessful. Based on a conversation at a video store locally we then ended up making an appointment. So it is really ironic.

**The Hon. CHRISTINE ROBERTSON:** You stole someone from somebody else?

**Mr FOLEY:** No, we did not. We would not do that sort of thing; it is unethical.

**CHAIR:** Obviously it is costing your company a lot of money just to advertise. Do you have any idea what it costs you each year just to advertise for workers?

**Mr FOLEY:** As an estimate, we put \$5,000 on each position. That is just solely advertising and basic recruitment.

**CHAIR:** When you say you put \$5,000 on each position, how many applicants would you have, on average, every year?

**The Hon. CHRISTINE ROBERTSON:** But that would not be for your unskilled labour.

**Mr FOLEY:** To advertise, whether it is for one position or for numerous positions, I think it would be upwards of \$25,000 to \$30,000. I imagine that would be on the high side. We are looking at just basic recruitment expenses.

**CHAIR:** Is that \$25,000 a year?

**Mr FOLEY:** Yes. I think that would be fairly conservative.

**Ms WILLIAMS:** If you ran an advertisement locally, on average it would cost you, say, \$700 per advertisement per insertion if you just ran it in the area news. If you start to advertise in the *Age* or the *Sydney Morning Herald* you are probably looking at between \$5,000 to \$7,000 per placement for each advertisement. If you start to run advertisements for staff in Albury it soon adds up. In the course of a year, just in advertising alone without looking at, say, recruitment agent's fees or anything else, you would probably be looking at upwards of \$200,000, depending on the sorts of vacancies you have.

**CHAIR:** That is a massive amount of money.

**Mr FOLEY:** And that is prior to training.

**The Hon. PATRICIA FORSYTHE:** Does the chamber of commerce, regional development boards, or whatever they have a package of promotional material about Griffith that you send out to people considering applying for positions? Do you make it an attractive place to which people would want to come?

**Mr FOLEY:** We do. We try that. We use every strategy.

**Ms WILLIAMS:** We bring people down, we bring their families down for a weekend, we take them out and we show them around.

**Mr FOLEY:** We have—and Helen is probably the same—a reluctance to appoint people prior to them travelling to the area, just so they can see how isolated they are. I am a local and do not view it as isolation, but for someone who has grown up in a metropolitan region it could potentially be viewed as extreme isolation.

**Ms WILLIAMS:** You would probably find the same thing when you are dealing with professional or skilled roles. If someone is married or in a partnership quite often both parties work. One of the difficulties is career opportunities or educational opportunities as well for people with children. We had a scenario recently where a senior executive's partner was a psychologist. I am sure there is a lot of work for psychologists in the area, but as a company we go and look at what is available and we try to put them into contact with people. Often that is an issue. They might also have children going into higher education and those sorts of things.

**The Hon. CHRISTINE ROBERTSON:** You have one benefit here; you have a fairly high to middle-class society. That is often a problem in poorer country areas. So the spouses will have a social life.

**Ms WILLIAMS:** Yes. I do not know how easily these people would necessarily fit in. I have heard those sorts of comments being made.

**Mr FOLEY:** I have also heard them being made a few times.

**The Hon. CHRISTINE ROBERTSON:** Is there any difficulty fitting in?

**Ms WILLIAMS:** It is a reasonably cliquey community.

**Mr FOLEY:** The comment I have heard a few times from people whom we have employed is that it is a closed community. It is a very hard community to break into, which is interesting because someone outside walking in gets a different perspective.



**CHAIR:** In trying to get people to fill these positions you do all this work and spend all this money. What more can you do?

**Mr FOLEY:** Our philosophy is to grow our own trees. De Bortoli grows its own trees and manufactures its own timber. That is about training people up, identifying people with potential and offering them training and in-house support. We just do not seem to be able to attract the volume of people we need. One of the things that are often overlooked is that we employ people who come to the area. They are not locals, so to speak, and they find it difficult and perhaps a little cliquy from a community point of view. We might get 18 months or two years out of them and then they return to the city.

We try to pick people who are local. We have an internship, a graduate arrangement within our information technology department, whereby we tap people on the shoulder and we often get emails through from people who are studying, for example, at Wollongong University. Their parents live here, we get them in and they do some sort of paid work time with us. We do not ask them to sign off on anything or to commit to the company, but quite a large percentage of people return to families in this community. At least with those people we know that we have stability. They know the area, there are no surprises for them in the area and they tend to be a lot more stable.

**Ms WILLIAMS:** We tend to do some similar things. This year we were involved in Careers Day. We offer two scholarships a year through Charles Sturt University, from a viticulture winemaking perspective. We offer financial assistance to staff to complete tertiary education. So we have staff members identified as having potential and they have expressed an interest in working in a certain area. We subsidise about 20 employees at the moment doing everything from graphic design, winemaking, accounting, CPA and all those different sorts of things that people do.

We then offer a lot of short course training to develop managers. At the moment we have 45 staff going to a growing front-line leaders program. That involves them doing individual coaching and training—quite a comprehensive internal training program, which also is not cheap—in an attempt to grow staff internally. More often than not, unless it is very specialist, things like warehouse supervisor roles are internally appointed.

**CHAIR:** We are not talking about basic labourers; we are talking about positions with some prestige. Years ago if you worked in the wine industry it was a labourer's job. You worked 8.00 to 5.00 and that was it. Now you are talking about a job where you need somebody and you are still having problems. It is pretty hard if you cannot attract people here.

**Mr FOLEY:** The nature of our industry has changed. If you look at De Bortoli's you will see that we have had double-digit growth for the past eight or 10 years. We have just had to think of more and more creative strategies to try to get the people we need. At the end of the day if we do not have the people ready to process the fruit there are some major issues for the company from a quality point of view and that impacts on what we can manufacture. It has got to a point where we have to think more creatively and say, "Okay, we realise there is a finite labour pool in this area. We have to look at other areas." One of the areas that we have focused on is southern Victoria, purely because there appear to be some unemployment issues down that way and there is a bit of a history. In the past we have had some people come to do vintage with us as a result of word of mouth. We call them the Warrnambool connection. They are spreading the word that De Bortoli's is looking for vintage staff.

**CHAIR:** I noticed from some of the evidence we heard that other wineries have already started to advertise for workers for this coming year's vintage. I guess you would be doing much the same thing?

**Mr FOLEY:** I think it was a couple of weeks earlier this year. I know that Helen is after 180. I have to find 80, so that is 240 people at just two wineries.

**The Hon. CHRISTINE ROBERTSON:** This is for within the processing plant?

**Mr FOLEY:** This is for processing during vintage—receiving of grapes and processing of fruit. That does not include people working on the packaging line; it is purely to process the grape intake. So there are 240 people between those two wineries.

**Ms WILLIAMS:** I know that this year Orlando is looking for 60 or 70. So across the wineries this year in Griffith we are probably looking at needing an additional 500.

**The Hon. CHRISTINE ROBERTSON:** For what period will they be required?

**Mr FOLEY:** Approximately four months.

**The Hon. CHRISTINE ROBERTSON:** Is accommodation available for them?

**Mr FOLEY:** Limited accommodation. There is some accommodation. Some of our staff members use an international hostel and caravan parks. We have a number of connections internally and we rent out some houses.

**The Hon. CHRISTINE ROBERTSON:** So the pickers will also be requiring accommodation?

**Mr FOLEY:** That does not include pickers. We are just talking about our staff in processing.

**The Hon. CHRISTINE ROBERTSON:** Yes, I know what you are talking about, but I am just thinking of what is happening to the town.

**Mr FOLEY:** Fortunately, a lot of the picking these days is done mechanically purely because of the need of the winery to have the fruit processed at a certain point in time, and that is in our scheduling.

**The Hon. GREG DONNELLY:** In relation to that, we have been talking about people with less skill than the people we were talking about earlier, but will you have to address this in the same way—by increasing rates of pay to attract people—do you think?

**Mr FOLEY:** Yes, without doubt, which then puts pressure on your existing staff or the salaries you are paying, or the wages that you are paying your existing staff because it is necessary to pay a higher rate, just to attract staff. What will happen is that they will say, "Helen at Casella is offering me this. What are you guys prepared to pay?", or "What is Orlando's prepared to pay?"

**CHAIR:** Why would you want to go and pick oranges on top of a ladder with a picking bag around your neck?

**The Hon. CHRISTINE ROBERTSON:** What are the social and safety implications of dragging all those hundreds of people into your towns for a short period?

**Mr FOLEY:** The safety implications?

**The Hon. CHRISTINE ROBERTSON:** And social implications for the people who are working. They would be excluded from the community, would they not?

**Mr FOLEY:** Well—

**The Hon. CHRISTINE ROBERTSON:** That is a leading question. Would they be excluded from the community—she says, in the proper way in which he should have asked the question?

**Mr FOLEY:** They form their own communities. I know we had a crowd of people at the local caravan park and they were a little community of people, or a group of people who formed a little community. They are so busy, they do not tend to need to integrate into the community for that four-month period. We also have people who are transient and they are here just to do vintage. They tend not to get too involved in community activities or the social culture. They tend to be here just for the work, and they move on.

**The Hon. MELINDA PAVEY:** What sort of hours and rates of pay, or what sort of money could they earn over that four-month period? How many hours a week would that be?

**Mr FOLEY:** This is one thing that we do, and I am sure that Helen does it as well. We emphasise their earning capacity. For a cellar hand working vintage—and they are working long hours—they are potentially netting up to \$1,200 or \$1,300 a week.

**The Hon. GREG DONNELLY:** Is that for a 60-hour week, or more?

**Mr FOLEY:** More.

**The Hon. GREG DONNELLY:** What, 70?

**Mr FOLEY:** Seventy.

**Ms WILLIAMS:** We have actually cut hours and hired more people from a safety perspective because of the large numbers and the volume that we put through. We made a conscious decision from a fatigue management perspective and some other issues that, on average, our guys work a 50-hour week—50 to 60. That was a conscious decision that we made last year. We found a lot of issues. We have the extended vintage because of where we take grapes from, so our vintage is actually longer than the other wineries. We found that when they were being rostered over the greater period, we had absenteeism issues anyway. So their earning capacity is effectively the same, but over a longer period.

**CHAIR:** Does that mean you have extra machinery as well?

**Ms WILLIAMS:** Yes. We have tried to automate a lot of things.

**The Hon. MELINDA PAVEY:** What are your thoughts on the C-Change project that is being pushed by the Riverina organisation of councils?

**Mr FOLEY:** I am not aware of it.

**Ms WILLIAMS:** I have heard it touted at a couple of meetings, but I have never actually seen any detail on it.

**CHAIR:** Do you have anything you would like to add to what you have already said?

**Mr FOLEY:** Not from my point of view.

**Ms WILLIAMS:** No.

**CHAIR:** I thank you both for being here this morning and for your contribution as well as for your submissions.

**(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**

---

**At Griffith on Tuesday 1 November 2005**

---

**The public forum commenced at 12.00 p.m.**

---

**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: Mr John Collins, Mr John Dal Broi, Mr Gordon Dunlop, Mr Peter Fussell, Mr Jim Geltch, Mr Mike Hedditch, Ms Karen Hutchinson, Ms Gillian Kirkup, Mr Brett Tucker.

**CHAIR:** Before we commence, I acknowledge and welcome the Mayor of Griffith, Mr John Dal Broi, and thank him for attending this afternoon. Before we open the public forum, I will clarify how we intend to proceed. I am pleased to note that a good number of organisations and individuals have 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 and then, time permitting, I will open the forum to anyone who wishes to participate. When I call your name, please come up to the table at the microphones and make your statement, which will be recorded. Please state your name, your job title and the organisation you represent before beginning your statement. Due to time restrictions, we will allow approximately five minutes for each speaker. There will be limited opportunity for members to ask questions at this stage. However, should the Committee wish to ask questions at a later date, we will contact you.

At the end of your allotted time, please return to your seat. If you have brought a prepared speech, please let a member of the secretariat know so that we can take a copy for Hansard. For the sake of brevity, we will not be swearing in witnesses. Witnesses will not be protected by parliamentary privilege. Witnesses should refrain from naming and defaming particular individuals—not that I am suggesting you will, but I need to make these matters clear. If there is someone who has not made contact with the secretariat but wishes to speak, please see Laura, who is to my right. Everybody's mobile phones should be turned off—not on silent mode, but turned off.

**Mr GORDON DUNLOP:** I represent the Isolated Children's Parents Association of New South Wales [ICPA]. The lower retention rates for students completing year 11 and 12 schooling is a major concern for rural and isolated areas. The limited subject choice and peer support in remote secondary schools makes it harder for students to compete for university places.

Fact: 75 per cent of students who attend universities across Australia live at home. The introduction of a more locally based apprenticeship or traineeship and increased student incentives would alleviate the skilled labour shortage in time. Retention of our children is a valuable asset to rural communities which should be acknowledged by State and Federal governments. Rural students are the most practical and economical solution to providing services for rural and remote communities—now as well as in the future—and that is well worth supporting.

Fact: 85 per cent of teachers who have experienced a rural-based schooling stay in rural communities. ICPA feels the need to voice its concerns at the disturbing 40 per cent to 50 per cent dropout rate of apprenticeships, especially at a time when rural towns are experiencing an increase in skills shortage. The following issues appear to be major factors: a low wage, or conversely cost of gaining access to an apprenticeship or a university or a TAFE, especially when young people hear of the much more generous wage that their peers can earn who are working in mines, as contractors in grazing industries or by being employed in casual jobs on the coast. Living away from home apprenticeship training rates for this year to the end of June 2006 are \$77 per week in the first year, \$38.59 in the second year, and \$25 in the third year. I am also presenting a document from our Federal ICPA relating to tertiary access which focuses on costings. The document relates to the points I have just mentioned.

The lure of the coast is a strong attraction, with such a broad range of recreational choices: a relatively long period without holidays, the opportunity to return home, and visiting friends after coming straight from school with its regular holiday breaks. Employees have concerns about the general lack of commitment they are noticing that has been increasing in their apprenticeships. That may be the generation X trait but also may be due to the factors listed above. This is the most vulnerable generation that has ever come through, so why are these young people under stress in 2005? First the average age of puberty now is 12 years whereas it used to be 16 years. Students need more anger management and problem-solving tuition now. It is a social change. It is the higher divorce rate right across Australia. It is the decline in social capabilities. Students have a hole in their soul.

There are fewer volunteers to help out in communities. The second family has emerged as a factor of increasing significance. The friends of young people are more important than their family. Technology and computers are a problem. There are parenting dangers. Giving the children too much

freedom relates to drugs and alcohol problems. These are all very serious issues which are affecting the retention rate in all of these isolated areas. The Australian Government has highlighted the shortage of skilled workers with a plan to introduce 25 technical colleges in rural areas across Australia over the next few years. The Government's aim is to fast-track students' skills in conjunction with their obtaining a higher education certificate. The colleges are of no significant benefit to isolated families if there are no residential facilities attached to them.

Families must have their children of school age boarded in a safe, supervised facility with a concomitant duty of care. ICPA had a major input into the Murrumbidgee college inquiry. Of the six recommendations that were made, one important one was that it is imperative that the Department of Primary Industries explores with other agencies innovative ways by which residential facilities can be reopened, recognising that residential facilities are essential for isolated students. We have already put forward the submission. I think it has gone right round Australia, and everyone we have spoken to has read it. We are very definite that this direction will solve the problem of a shortage of skilled workers. If you know ICPA, you know that it will stay on the agenda, like it did with hostel funding over the past 34 years, and we will achieve it in the end.

This submission calls for the reopening of full-time residential facilities at Murrumbidgee college to accommodate a senior residential college for students who wish to pursue a career in agriculture and related industries, but who do not wish to continue the traditional school curriculum. This could result in students graduating from year 12 with an equivalent Higher School Certificate in English and maths and a level III competency in agriculture, in sheep and wool, beef and dairy, cattle production, grain production, pastoral management and horticulture—just to name a few subjects. They would also obtain their occupational health and safety competency related to the operation of chainsaws, motorbikes, tractors and four-wheel drives that will equip them for any job in any pastoral industry. This is related to the significance of the Australian farming economy.

In 2001-02 we provided 20.3 per cent of all goods and services exports for agriculture. Farmers are the vital custodians of the land, with agricultural activities covering 60 per cent of the Australian land mass. Rural families and rural communities depend upon agriculture for their prosperity. Rural communities provide productivity growth which has been driven by declining farm terms of trade. That is quite a big issue because it is the low commodity prices, the cheap imports, and the heavily government-subsidised overseas farmers that are having a major impact on our rural skills and our employment.

The terms of reference of this inquiry go beyond the scope of the New South Wales ICPA's expertise. However, the focus of ICPA has always been access to education because access is the limiting factor in rural and isolated communities in education. For the purpose of this inquiry, the ICPA is able to address the issue of the form of accommodation because most students and trainees will be too far away for daily commuting and will not be old enough to hold a driver's licence. Like other trades, agriculture is facing a dearth of young skilled people who wish to leave school and gain employment.

The fear of prosecution under occupational health and safety legislation is another factor that prohibits employment. However, if the employee was already trained in certificate III level competency and had been trained in the use of basic equipment, employers would feel less threatened and the school leaver would also have confidence in the ability of his or her employer. ICPA believes that this is a very practical and innovative use of the empty facility located at Yanco and gives students the opportunity to further their knowledge and skills in the industry that will become their career, as traditional schooling ceases to become relevant to them. The new look Murrumbidgee College of Agriculture provides a secure environment for this to happen.

**The Hon. MELINDA PAVEY:** I heard a figure of 40 per cent to 50 per cent of rural children are not finishing apprenticeships once they start. Is that right?

**Mr DUNLOP:** Yes, that is right.

**The Hon. MELINDA PAVEY:** And those figures came from?

**Mr DUNLOP:** The 40 per cent came from Dr Brendan Nelson from the Federal survey and the 50 per cent came from a Queensland rural area.

**The Hon. MELINDA PAVEY:** So the ICPA would argue that if accommodation was provided in their regions, they could do their training. Perhaps they could go home at weekends, if they are within a two or three hour travelling-time radius. Would that ensure a greater completion rate for those apprentices?

**Mr DUNLOP:** Yes, certainly. Also, the three agricultural public schools are full—Hillston, Farrer and Yanco. The three hostels are full, apart from Hay and Cobar.

**The Hon. MELINDA PAVEY:** Recently I attended a briefing by the ICPA. One of the issues that that was raised by your members was that many trades people may be leaving regional communities because their children cannot access courses at local high schools. Do you see any solutions to that issue? Families are moving away from isolated areas because their kids cannot do the subjects that they need for their Higher School Certificate. Are there any solutions that would be available for those people who may actually live in those towns?

**Mr DUNLOP:** The solution is choice in education so that students can meet the individual needs of their outcomes. It is a very simple thing because if there is one school in a community, we do not have a choice. Fifty-five families have left the Walgett, Brewarrina, Lightning Ridge and Wilcannia district in the last two years, and that represents 107 students. Those families will not return.

**The Hon. MELINDA PAVEY:** So, if there had been available the isolated students program for those students to travel to a larger regional centre maybe their families would have stayed in those communities?

**Mr DUNLOP:** Yes. In Walgett 60 Aboriginal students attend the four fully funded hostels. They get ABStudy. If they cannot get ABStudy as an Aboriginal family because they are working or they are living in a house, they are disadvantaged. They are leaving the Walgett community and going back to Redfern and Dubbo and larger areas like that. So, we have always lobbied for equal access to education, and at present it is not equal when you do not have the equivalent subject choices. That is going to become a big issue, and I have had one hour to speak with the university this morning about that.

**Mr FUSSELL:** I am Peter Fussell, President of the Chamber of Commerce and also Deputy Chair of the Riverina Area Consultative Committee. I think they presented yesterday in Wagga Wagga. I will not go into anything that they said yesterday. Probably all I want to touch on today, and a lot more detail will come from other people, is things like apprenticeships and traineeships. That is probably one of the key areas I see, and businesses in the Chamber of Commerce see, that are affecting the potential for growth. Obviously, seasonal is a full-time problem out in these areas but the traineeship system is a one-year, obviously a bit longer, whereas the apprenticeship is still a four-year system and has been for a long time.

I will probably raise some questions for you guys to go on with. Is that system old, should it be changed, is part of the problem the four-year apprenticeship? For a year 10 student it is terrific because they have to mature and there are a whole of processes going on but for a year 12 student, who wants to come out of school and do a four-year apprenticeship starting at wage of \$5 an hour? It is not very attractive. The old scheme is probably part of the problem. In private universities in Queensland you can do a three-year degree in two years. Is there some way of looking at the apprenticeship structure to see whether it should be quicker and are there things boys and girls can do in years 11 and 12 that may shorten their potential apprenticeships they may want to do later?

Apprenticeships have lost a bit of attraction. There is what I call a dumbing-down approach. It was not sexy to do an apprenticeship. Only people who could not go to university would do an apprenticeship. That has been in the system for long time. It is starting to change a bit now but that is taking a fair bit of changing. If you are doing a trade, why did you not go to university? If this Committee can address some of that in conjunction with your local and Federal counterparts, that would go a long way towards solving some of that.

A comment was made before about families moving away so the kids can get the education they want at school, and the subjects they need. That is part of the problem. Part of the problem in the reverse is attracting families here to live in areas like Griffith where it is relatively expensive compared to other areas. Do State and local governments need to look at incentives through stamp duty and payroll tax to encourage families and employers to take the risk on people and get more skilled migrants out here? I was in Dubbo on the weekend, at the CSU campus there, which is terrific. I understand it has something like 1,100 students for next year in total. It was not designed for that but it shows the demand when those resources are put in regional areas.

In Griffith there are some campus studies going on but areas like Griffith and other outlying areas need that facility. That would help some of those children to stay. If your children can stay in a local regional area you have a much better chance of the community continuing to grow. I understand people have to go off to university in Sydney, but Griffith is a bit different. It has a very strong ethnic Italian community and—no offence to anybody—when mamma says come home a lot of Italian boys and girls come home. That is a great thing and is part of the strength of Griffith that a lot of other centres do not have.

How will centres that do not have that get the kids to come back to a dry, dusty town further out from here? That is part of what I think this Committee, in conjunction with local and Federal, need to address to make it attractive. Let us not be Sydney centric, Newcastle centric or Wollongong centric and close down facilities that were out here that were great, forcing people to go to Newcastle for education when they did not have to. A lot of people from regional centres are from lower socioeconomic groups and they struggle to send the kids away. They struggle to send the kids even a couple of hours, the ones who come back on weekends, because they simply cannot afford it. Surely they deserve the same right as other families and kids growing up.

Going back to my first point, something needs to be done to say that that provision for four years is too long. How do we make that sexier? Australia is facing and will continue to face a trades shortage. Yes, we can import migrants for so long but we should be encouraging our kids. This is about building a career, and if it is as a welder or as a builder or as a mechanic that is a good thing. You do not just have to be a lawyer, a doctor or an accountant to be well regarded. That is briefly what I wanted to say. It is about those key areas and modernising the approach to trades and making them sexier for people. That would go a long way to helping.

**The Hon. CHRISTINE ROBERTSON:** What ideas do you have about modernising apprenticeships?

**Mr FUSSELL:** One of the comments I made was whether you could in years 11 and 12 start to include subjects that give you a time credit so that coming out of year 12 it is only a two-year apprenticeship. I think that is an avenue. Does it have to be four years? It is three years of training and the fourth year is your time. Surely that is a bit old. Three years including time and training should be enough, the way TAFE does it, compact the hours, go three semesters. I know there are three semesters in some areas.

I run a motor dealership. That is one of my key interests. Compact that so young boys and girls can get through a course faster and also get rewarded. So, they are not just getting \$5 hour when they come out of school and working when their mates are getting \$10 hour to serve at McDonald's or Repco or whatever. I appreciate that that involves employers paying money as well, but it needs to work together with employer groups and government groups.

**Mr IAN COHEN:** Have you made any submissions at any level of government as an employer and a Chamber of Commerce member, et cetera? It seems to me there is general agreement that the partnership system has some terrible faults, and one of the things that seems to be occurring is a huge amount of resentment at the level of remuneration during that period. You have mentioned shortening and the possibility of employers chipping in. Other issues were raised in this inquiry about it being cheaper for business to support and protect local people and help them gain employment with people in the local area rather than trying to get people in and stop this drain of people going to other areas. Are there any strategies that might work where you can hold on to these people and really



support them for projects so that despite the temptations elsewhere they will stay in their local communities, other than the Italian mother syndrome?

**Mr FUSSELL:** Griffith is a bit more than the Italian mother.

**Mr IAN COHEN:** But it is part of the reason?

**Mr FUSSELL:** It is part of the reason.

**Mr IAN COHEN:** There need to be equal incentives, and it seems to me there is a gaping hole here in the strategies to hold on to particularly young people who have grown up here and who may be able to study here if things were made more amenable for them.

**Mr FUSSELL:** As an employer we try to pay above the award through the apprenticeship ranks and we pay above the award once someone has finished. I have 41 staff and sometimes it is fulfilling that mother and father role of a bit of nurturing when things go wrong—an apprentice comes in one morning and he is DUI, and it is a process you go through with kids. If they are good kids it is about keeping them on board. That is what we have done from our personal point of view. There needs to be probably an avenue where employers can work better with government to make some of that happen a bit more. I have done what I think we can do at this stage but obviously there is more we can do. We lose a lot of kids back to the farm. They do their trade and then go back to the farm. They have the skill, they work with mum and dad and hopefully that will work on the farm. If it does not, they still have the skill that they can come back to at a later stage.

One of the things I did not touch on with apprenticeships again is interesting. I have only been president of the chamber 12 months but one of the points I raised at RACC last year when there was a lot of talk about how successful Federal Government figures were on apprenticeships and traineeships. I asked the question how much churning is there? No-one could answer the question because they do not do a study on that. By churning I mean how many people after 12 months go and the employer recycles through this nice system. No-one is analysing that figure, or they were not at that stage. So, sometimes figures from the Australian Government may look fantastic because there is a record number of traineeships or apprenticeships but it does not mean anything if all the employer is doing is churning. That is an underlying problem that needs to be fixed as part of looking at how to retain good staff. If kids think they are getting churned they will not be interested either.

**Mr COLLINS:** I am John Collins, Manager of Continuing Education at the Murrumbidgee College of Agriculture at Yanco. Murrumbidgee College is a unit within the Regional Relations and Education Branch of the New South Wales Department of Primary Industries [DPI]. It was substantially closed at the end of 2003 when full-time courses ceased there. In the past two years it has been revitalising a program of short courses for rural enterprises and for rural residents. The college's short-course program is funded from a variety of sources including DPI consolidated revenue, Department of Education and Training's contracted training provision program, trusts and foundations for Aboriginal training, industry organisations and fees from participants.

A person attending a short course may pay variously nothing, because of a full, 100 per cent subsidy, or may pay 100 per cent of the commercial cost of running a course, which, for most of our courses ranges from about \$200 a day to about \$350 a day depending on the course. For instance, chainsaw courses are capital expensive and can only take a very small number of people, so they are more expensive, for instance. The degree of subsidy available depends upon a number of things, including the criteria of funding organisations, competition policy, market conditions and definitions of private and public good, among others.

The short-course program is run not just at Yanco but wherever we can get a quorum, a quorum sometimes being defined in educational terms, what is enough people to make the class work, and sometimes being defined more commonly in financial terms—how many people can we get together paying what they would regard as a reasonable fee to learn what we have to teach them? Currently, the college has a staff of nine full-time education officers and six full-time support staff. Part-time and contract staff add probably another three or four equivalent full-time staff. One of our staff members is based at Wagga Wagga, another is at Trangie.

I have chosen three of the terms of inquiry of this Committee to concentrate on. One is the current and future demand for labour. Another is economic and social—and I have added environmental—impacts of skills shortages in rural and regional areas, and the other is strategies and programs of local governments. The current and recent demand for labour, and as far as we can tell increasingly the future demand, is very strong indeed. We are able to base that sort of an assertion on simply unsolicited calls from rural enterprises looking for people who may have completed our old full-time programs or who may have come through some of our short courses and we may be aware they are looking for work. On farm enterprises in particular are looking for people with general front end career training, which they can then mould to their enterprise culture and train those people up as managers.

So the farms for the most part are looking for people with general rural training. The off-farm enterprises—and I am thinking here of retailers, wholesalers and other support industries—tend to be looking for people with particularistic skills rather than general training. So one piece of evidence for the growing demand for skilled rural labour is the unsolicited phone callers.

The other piece of evidence comes from our regular contacts with industry organisations, such as irrigation associations or various rural political bodies. There the definition of shortage tends to be focused on the off-farm sector rather than the on-farm rural sector, generally speaking, one step above the individual farm. So there we are looking at retailers, wholesalers, designers, contractors, advisory businesses and so on, where individual farmers go to seek advice for learning about selecting and implementing new technology on their farms. The shortages of competent staff at that one step above the farm means that farm operators and farm managers are inhibited from adopting new ideas and machinery because one major, ill-advised decision can spell financial ruin for individual enterprises.

We are advised by these industry organisations that the types of skills that are in short supply include not simply technical and physical skills, such as how to fix this or how to fix that, but also managerial skills such as improving the confidence of farmers and finding, negotiating and engaging with advisers, including on-farm consultants, for instance, or encouraging farming families to communicate more openly about things such as farm succession plans, which are every bit as troublesome as a drought, a plague, a fire or a flood for individual farming enterprises. That is what I wanted to say about current and future demand for labour.

In relation to economic, social and environmental impacts of skills shortages, without well-trained labour and advisers, individual farmers become less confident about implementing changed practices that could improve productivity, assist in meeting the community's new environmental standards and improve quality of life for whole rural communities. Young people who might otherwise infuse new blood into farming do not find conservative farming industries attractive. This observation extends even to the sons and daughters of existing farmers.

Family holdings are thus managed not as continuous enterprises but increasingly as providing a retirement nest egg, or as a means of generating retirement income for the older generation, perhaps in the hope that the farm might be able to be broken up into hobby farms or rural retreats. This further limits productivity on existing farms and the adoption of new technology and environmentally sensitive practices.

The third point relates to strategies and programs of local governments. The college has communicated extensively with a number of local governments on the matter of training in rural skills. Earlier this year, as one result of such negotiations, we attempted to raise funds for establishing a generic induction program for horticulturalists especially in this region who find themselves continually inducting new labour who may or may not stay more than a few hours on the farm. The model proposed was based on a practice already established in the Lockyer Valley in Queensland. Unfortunately, although that application for funding was made in April, we still do not know whether we have been successful. Another initiative of the college has been in the field of irrigation.

We are in the process, we hope within the next couple of weeks, of employing an education officer specifically to deal with irrigation practices and improving those practices in the area. I have a document that I would like to table.

**The Hon. PATRICIA FORSYTHE:** In relation to the last program, the generic induction program, you said you had applied for funding. To whom have you applied for such funding? How much funding is needed? Have you looked at an alternative means of funding, for example, such as each of the associations that support the viticulture, rice and citrus industries?

**Mr COLLINS:** That funding was to the Federal Department for Agriculture, Fisheries and Forestry for the regional skills shortages program. I might have got those terms the wrong way around. The point I am making in saying that several months afterwards is that from an institutional point of view we have to schedule staff, projects and programs as well. To some extent the moment has passed for us.

If the money were to become available we would do our best to use it, of course. But in the meantime we do not have the fat to have staff sitting around hoping that we can get this program established. We applied for about half a million dollars. At the time it would have been completely useless I think to approach industry associations. With the apparent breaking of the drought that might well be a more useful approach.

**CHAIR:** Thank you, John, for your contribution today.

**Mr GELTCH:** I am Chairman of the Murrumbidgee College Advisory Council. Thank you Mr Chairman and members of the Committee for the opportunity to make a presentation to you. I am making this presentation on behalf of the advisory council for Murrumbidgee college and also on behalf of Tocal Advisory Council, which is the other agricultural college in New South Wales. We have made a joint submission to your Committee and you should have received that written submission. My understanding is that Tocal Advisory Council will be making an in-person presentation to you when you are in Sydney.

You have heard, if you like, the department's point of view from Mr Collins, with which the advisory council concurs. I suppose we would like to put the advisory council's perspective on some of those points. I refer to the terms of reference for the inquiry and state that I would like to talk about the current and future demands for labour. I think Mr Collins demonstrably pointed out that there certainly is a current need. I perceive that there will be a continuing future need and demand for labour. I wish to quote from Bill Kinsey, Deputy Principal at Tocal, who said:

I receive regular (weekly) inquiries from companies and individuals involved in beef, cropping, horse and mixed farming industries looking for employees. Some require trained and keen young people while others are looking for more experienced graduates to employ as overseers and managers. These positions exist throughout NSW and interstate. In most cases, employers are offering above award wages and good working conditions for the right people. This strong demand for employees has been a real issue in recent years and has increased considerably over the last year or two.

I have evidence of that as well. With the legislative requirements on farm occupational health and safety issues and also increasing skill requirements on farms I think most people would be surprised to go on farm and see the amount of technology that is applied in current farming operations. One sees the use of global positioning systems, auto steer subsurface drip irrigation and the automation of those things, which are certainly world class. But to be able to operate and manage that type of technology you obviously need skilled people.

I think without doubt currently, and certainly looking to the future, there is a demonstrable need, if you like, for up-skilling rural employees. The other issue I want to talk about is the training responses for these identified needs. As you are aware, there was an upper House inquiry into the closure of the residential course at Murrumbidgee college. There were two recommendations that came out of that. One is recommendation No. 5 on page 47 of the report, which states:

That the Government recognise the uniqueness and importance of agricultural education in NSW and continue to provide adequate financial, human and capital resources to the Murrumbidgee College of Agriculture, Yanco and the CB Alexander Agricultural College at Tocal.

The other recommendation was recommendation No. 6 on the same page, which states:

That the Minister, in conjunction with the advisory councils of the Murrumbidgee College of Agriculture and Tocal College, continue to seek improvement of courses offered at the Colleges and effectively market these courses, to ensure both colleges remain centres of excellence in agricultural education.

It would be fair to state that there have been some positive moves in that area. I suppose it is the cynic in me that says that Murrumbidgee college, in the not too distant future, will be back where it was, and that perhaps the brouhaha that we went through two years ago was really to fill a short-term financial need. Notwithstanding that, we have the infrastructure in place, we have the resources and we have a demonstrable need. I think that was identified as well by the Isolated Children's Parent's Association in Gordon Dunlop's presentation.

In conclusion I state that this demonstrable need can be met by Murrumbidgee College of Agriculture. We have the wherewithal to be able to deliver those courses. What it needs is will from the current Government to be able to fill those requirements and need.

**Mr IAN COHEN:** Does the facility still have quite substantial buildings and residential facilities still intact on site? How would that mesh in with specific apprenticeship training courses to work on that side of the educational spectrum?

**Mr GELTCH:** You are right. As you are aware, you saw those facilities. To the department's credit, and certainly to the credit of the new Director-General of Primary Industries, he visited the college soon after his appointment and he went and had a look at the infrastructure, which I thought was different. He certainly made a commitment that the infrastructure would stay in place and staff would use all means to identify ways in which to utilise them. That is happening. I know that the motel accommodation you saw is being reopened for community use and also for short courses that John Collins oversees. In short, I state that the capacity is there, but again I think there is a requirement for the Government to recognise this real need for residential training and to be able to reopen it for these needs that are out there to up-skill rural employees.

**The Hon. MELINDA PAVEY:** What sort of income is the college getting through that community use and what does that community use involve?

**Mr GELTCH:** Twelve months ago it was zero. We are an advisory council and I could not lay my hands on those figures. John might be able to answer that question for you. Collectively, I am sure we can get back to you with those answers. It is not huge at this point in time. If money is spent on the kitchen to upgrade it and bring it up to occupational health and safety standards there will be a real impetus to utilise that infrastructure a lot more.

**The Hon. MELINDA PAVEY:** Who is using it at the moment?

**Mr GELTCH:** I think John could answer that question from the floor.

**Mr COLLINS:** People who are registering for our short courses are church groups, community groups and family reunion type activities.

**CHAIR:** Thank you, Jim, for your contribution today.

**Mr TUCKER:** I am the current Operations Manager with Murrumbidgee Irrigation and Chief Executive elect as at December. I will start off by talking a bit about our company and our significance in the local community. Then I thought I would touch on some of the difficulties we have had with specific recruitment in the past six to 12 months to give you more of a feel from their perspective rather than our company's perspective necessarily. Murrumbidgee Irrigation is an unlisted public company. We were formed in 1999 after a brief transition as a State-owned corporation.

Prior to that we were part of the Department of Water Resources and, before that, the Water Conservation Irrigation Commission. We have eight directors and about 2,700 shareholder customers. To be a shareholder you need to own land and water within the district. So, effectively, we operate like a co-operative but we are structured like a company. We have 185 staff. In the heyday of the department that was probably more like 450. Over time, there has obviously been some rationalisation. Company turnover is of the order of \$38 million per year and there is about \$500 million in assets under management.

In terms of skills shortages, ours is somewhat different to some of the other presentations. Ours have predominantly been within the professional disciplines, principally engineering. Within the engineering ranks, we struggle mostly with senior engineers. This is certainly a common problem throughout Australia, let alone in rural areas. Most of the applicants we have for engineering positions come from the subcontinent. We very rarely get Australian nationals applying for the positions. I will talk a bit more about what we as a company are trying to do to promote our competitive advantage. Also in the area of project management, again there is a need for building and construction disciplines and drafts people or draftsmen. More recently we have had some difficulty at the senior geographic information system [GIS] level. At the GIS operative level, we seem to do okay, but at the architecture design level within GIS disciplines, we have struggled.

Key issues that we have identified with staff—I will refer to this in more detail later—are certainly distance, facilities and more often than not family and spouse requirements, which I will touch on. In terms of the other part of the Committee's brief, which is where we are heading as a company, certainly across all our business units we are looking at skilling to reflect the changes in the infrastructure that will take place over the next 10 years. Just as an example, of the original gazetted horticultural areas in this district, there are about 12,000 hectares that are predominantly still flood irrigated. Within the space of the next seven to eight years, that will be completely converted to drip irrigation and company-sponsored and joint government-company investments in improved irrigation. As a consequence of that, there will certainly be a need for more agronomics irrigation technicians at the skilled farm support level. At a company level, the current role of the channelling, which is principally about delivering water through an open gravity system, will change very much to pumps, valves, motors, PLCs, and electronics. It will have a completely different role over the next three to five years for us.

In terms of some of the company initiatives, I will break these into what we are trying to do to be competitive and then talk about some of our more recent initiatives and alliances. Certainly we recognise that rural wages are generally uncompetitive compared to city wages. It is difficult to convince people of the cost of living here versus the city. People compare on face value packages, but we are certainly aiming to pitch ourselves somewhere better than the median—probably somewhere around the top quartile of professional and middle management wages. We have been moving towards flexible work practices and we have particularly been trying to increase our attempts to redress the gender imbalance. We are currently 85 per cent male dominated in the work force and I would like to build that to somewhere in the order of 30 per cent over time, so we will be looking at working from home and part-time work. As part of our new construction of a new office facility, we will be looking at crèche and day care options for our staff.

We are moving towards performance-based remuneration to move away from the one size fits all approach. We are identifying current and future competency requirements, as I touched on before. Customised development programs will be developed for individual staff members. Secondments between ourselves and consulting engineering companies will be arranged, particularly to promote some interaction between the organisations. More recently we have been looking at making better use of related area housing fringe benefits tax provisions that are available. In terms of strategic alliances, we have focused on training providers and contractors, as well as local government more recently. We have entered into partnerships with local government for shared internships. We have an arrangement with the University of Technology, Sydney, whereby jointly between ourselves and either Leeton or Griffith, we will bring in engineers for a 12 month period—six months with each organisation. We have struggled to find undergraduates who are willing to come out to this area. We have one current and one open at the present time.

We have certainly made limited use of apprenticeships and traineeships. There is not as big a call for that within our organisation as there used to be. We have at various times had three to five apprenticeships on the go. Within our existing work force we have adopted more recently a front-line management program for our prospective managers and middle managers. We are promoting very heavily vacation work for engineers and environmental scientists through the universities, just for periods of up to 12 weeks in vacation breaks. We went through the torturous experience of obtaining a work visa and attracting a software engineer from Sri Lanka via India in recent months. That was an exhausting process. I think it took us in the end over six months. These are issues that challenged us as opposed to attracting the person. In this case we had some contacts over there through some existing

staff. More recently we have identified, but have not yet implemented, the need to do expatriate monitoring.

I will draw on my own experience, which might be useful. I am from this area. We shifted away five years ago for the reasons already identified—future education for our children and choices. Italians are not the only ones who like to come home to mum, and certainly what drew me back into the area was family support, sense of community and obviously a good job opportunity. As a company we feel we could do a better job leaning on that support network. Particularly with both parents working these days, it is good to have that family support so we intend to start monitoring tertiary entrance, keeping in touch with them over the three to four year period that they are at university and look at opportunities to try to attract them back to the area, given that there is a reasonably strong pull with family connections.

In terms of the key issues, as I said, I will draw on some of the comments made by applicants or failed attempts by us to attract people to our company. Key issues are really health, education, child care, housing and transport—the infrastructure issues. The most common comment we have had from prospective employees is "two hours too far from anywhere". The drive coming up from Melbourne, once you reach the river, during that last two hours makes people think, "My goodness, where on earth is Griffith?" Likewise, coming from Sydney, once you reach Wagga, people think it is truly remote. Having lived and worked in the district, obviously we think differently, but for somebody coming from Sydney, it appears to be a long way.

The most common problem has been the inability for prospective applicants to convince their family, and their spouses particularly, that shifting to Griffith is a good idea. Concerns are about the health system and how it is declining in rural areas, education choices, the lack of the university here, the lack of private education or a reasonable level of private education, although child care facilities have improved dramatically here in the last five to 10 years, as has housing. Ten years ago housing was much more unaffordable here than it is at the present time. Transport also comes into this—that is, the need for good rail links, good air links and good road facilities to and from capital cities.

I guess the other area where the State Government can assist in trying to make us relatively more competitive, certainly on a State basis, is in terms of key issues such as payroll tax and workers compensation. We are a medium-size employer with 185 staff and a payroll of approximately \$13 million. Payroll tax is \$700,000 a year and workers compensation is \$400,000 to \$500,000 a year, or \$450,000. While they are not direct costs of employment, they certainly affect our ability to be competitive in the marketplace compared to other employers. Thank you, Mr Chairman.

**The Hon. PATRICIA FORSYTHE:** I presume that last point about competitiveness means compared to a company in Victoria or somewhere?

**Mr TUCKER:** Correct, yes.

**CHAIR:** Thank you very much. If you have not got through all that you wanted to say, we can still incorporate it.

**Mr TUCKER:** No, that is fine. Most of it is fine.

**Ms KIRKUP:** Good afternoon, and thank you for inviting me. I am an irrigation farmer involved in predominantly rice irrigation. I represent the Rice Growers Association of Australia. Thank you for inviting me to participate in today's proceedings. Unfortunately, when I looked at the terms of reference of this inquiry, I found that I will not really be able to contribute very much at all. That is because the terms of reference centre around two main themes: government strategies, programs and initiatives and their impacts, as I see it, and the discussion of attracting skilled workers to our area. From my experience as a farmer, farmers do not really receive a lot of support from the Government in the way of programs for employment of workers, particularly since the Farmbiz program has stopped with training. Also, farmers at our level really do not import skilled labour into the area. They advertise and use the labour that is here.

Having said all that, there are a few points I would really like to put forward for consideration, and that is why I am here. To address the first two points, the need for both skilled and

unskilled labour continues to grow in our farming irrigation enterprises because they have become more intensive and more sophisticated, as was stated earlier. Without this increase in labour to our area, two things will occur: our businesses will not be able to continue to expand at the rate at which they are expanding at the moment, and our towns and regions will actually go backwards in the sense that the businesses or the value adding of the farms that is currently under way will go elsewhere, where the labour can be provided. It is really important that we attract the skills and continue to develop the skills that are here.

While it is important to attract skilled labour to our region, it is even more important to train and maintain labour within our areas. Perhaps your terms of reference, which do not cover this area at all, could be expanded to include those. Experience, as well as personal experience, shows that country people are more likely to remain in rural and regional areas if they are employed productively than are city people coming to the area. City people are more likely to return to the city at a later date. Career opportunities within our region need to be better promoted and catered for with our youth. At the moment, many young people have had to move to cities for further education and training—some of which could well be done locally. I think that was also mentioned earlier.

I turn now to say a little on employment for our farming enterprises. Within the agricultural environment there is currently very little opportunity for entering the work force other than as a labourer. There is no traineeship or apprenticeship scheme that is specifically for farming. This is an area which needs really serious consideration for our region. Since the Yanco Agricultural College closed down, there has been no clear training and career path opportunities for young employees within our area. Not every farmhand needs an agricultural science degree, but there are basic levels of training that are absolutely essential for farmers to acquire. While the TAFE system allows for some of these training opportunities to be obtained, such as first aid and various machinery handling licences, there is no formal traineeship or apprenticeship that a farmhand can do, as I have said. I know that there are some training colleges around, such as Tocal, but often it is not practical for young employees to travel and attend these colleges and live away from home, particularly when they are only 16 years of age.

Also, there is no tailored course structure specialising in our farming practices—for example, farm irrigation flood practices in the Tocal college which are mostly dry area farming. Having said that, I have been talking to other people and I have a couple of general suggestions that might help you regarding training. The Leeton and Narrandera district has a program known as LYNKS. This is a community partnership program that has worked well over the years.

**The Hon. MELINDA PAVEY:** We have had a briefing on that today.

**Ms KIRKUP:** Good. I really wanted to say that it was a case of try before you buy it. I will not go into that any more, if you have had an involvement in it. All I wanted to say is that it has worked well. It is a shame to see that initiative stopped when it is working. The other comment I would make about year 10 is that instead of commencing year 11 work at the end of year 10, perhaps it would be appropriate for a block gap of a couple of weeks, or even during the last month, when students could become more employable. By that I mean that they could do basic courses.

I know that first aid is done at the end of year 10, but perhaps courses for basic occupational health and safety skills and perhaps the green card or forklift licences and machinery licences could be undertaken. TAFE has short training courses that young people could do on chemical handling and basic bookkeeping skills. The question was asked a little earlier about how the apprenticeship scheme could be improved. From an observer's point of view, I state that a higher profile must be given to apprenticeships. There is currently a stigma attached to those types of careers for school leavers. University degrees are seen as superior to trades.

Apprenticeship TAFE components have to have the flexibility fast track students handling the course easily or to provide help with basic skills such as reading and writing for those who have the ability but are struggling with the academic side of the course. I know that is currently done but it is really important. A lot of the kids who take these apprenticeship courses have the physical ability but they struggle with the academic side of it and they are really good workers. Also, farmers and others need a traineeship that can have a certificate at the end of traineeship so they have proof at the end of their course, and that traineeship could count as part of the apprenticeship.

Someone suggested something to me about the different allowances such as the toolbox allowance. Currently it is paid weekly. Apprentices treat it as extra income. It should be paid half yearly or annually so they can physically have the money to go out and buy something worthwhile with it. As an aid or an incentive to the employer to employ an apprentice, maybe the TAFE fees or workers compensation should be paid by the Government—in other words, give a helping hand to employ an apprentice—and give a longer trial period before an employee must sign up for an apprenticeship. This works both ways, so the apprentice and the employer can both try before they make that the decision to take on the role.

Lastly, skills shortage in general: Farming enterprises suffer from skills shortages in one other main area. Because most businesses by default are some distance from town they find it hard to gain the services of contractors, who have plenty of work to do in our town. We have a vibrant economy here but electricians, builders and people like that do not want to travel out to the farms. Also, funding programs are available through the land and water management plan, for example, but farmers are unable to complete some of these works due to the lack of skilled people to implement the works. For example, a mandatory component of our enviro-wise program, the land and water management program, is to complete a farm plan. There is a lack of surveyors in this area who are qualified to do that.

Horticulturalists are also implementing high-tech pressurised watering systems as part of the program but there is a shortage of suitable businesses able to implement the systems. It is all very well to have incentive programs but if the programs cannot be carried out effectively because of inability to implement the work the funding and most importantly the program benefits are lost to the region. As a result, the program will be seen as not being effective because the targets have not been reached and the outcomes will not be fully met. I feel really strongly about that.

While I have not answered your questions, thank you for the opportunity to talk. As a footnote, the National Farmers Federation has also done a study. If you have not had access to that study on the skills shortages, I would be happy to get it to you.

**CHAIR:** We might be able to get it ourselves.

**The Hon. CHRISTINE ROBERTSON:** Do you know of many farmers who would be willing to participate in a farming apprenticeship scheme if such a thing was developed?

**Ms KIRKUP:** I think there is a real need out there for probably the combination of what I said, for both. The answer is yes. You cannot get skilled farmhands. It is one of the hardest things to do. The college addressed it at one stage.

**The Hon. CHRISTINE ROBERTSON:** Of course, employers have to be an active component of a successful apprenticeship scheme. You perceive that many farmers would be happy to be that?

**Ms KIRKUP:** Certainly in this area. I am speaking locally of a vibrant farming industry. The rice industry has been very vibrant over the past few years.

**Ms HUTCHINSON:** My name is Karen Hutchinson, Executive Director of the Murrumbidgee Horticulture Council, a not-for-profit industry body representing the interests of high security irrigators and the wine grape, citrus and stone fruit growers of the Murrumbidgee Irrigation Area [MIA]. It has about 1,300 people. I would like to use this opportunity to reiterate the key points from our submission and strongly encourage the Committee to review the benefits of a guest migration program. Labour shortages are being experienced throughout Australia.

This morning's national news included reports on skilled migration programs for the welding and plumbing industries and initiatives to address childcare shortages through promoting single parents into family day care schemes. Rural Australia is no exception. Agricultural areas are doubly at risk from the lack of community resources, including trade and family support services, but also from scarce and high-priced seasonal labour. Impacts go beyond the farm gate profitability to family wellbeing, mental health and community sustainability.



Our submission relates specifically to (a), (b) and (f) of the Committee's terms of reference. The first is the current and future demand for labour. The perennial horticulture industry remains heavily reliant on seasonal labour for crop establishment, harvesting and maintenance. Local anecdotal evidence is well supported by government reports highlighting a chronic lack of labour at critical seasonal times. There is a lack of skilled labour at the middle management level—that is, overseers, supervisors, vineyard managers and trained personnel who can direct unskilled labour. Integrated pest and fruit management and pruning are two examples of where skilled labour and supervision are critical to the efficient management of the enterprises.

The second term of reference is the economic and social impact of the skills shortage. I refer first to the economic impacts. Labour shortages directly impact on farm gate profitability. Key impacts are increased labour costs, reduced work efficiencies—retraining new staff and making do with less labour—and lost opportunities for market or crop management because of timing constraints. The increasing number of larger corporate farms is also exacerbating labour shortages on smaller, family operated holdings. Large-scale operations use large seasonal labour forces and can inflate labour price expectations beyond the reach of smaller landholdings. Anecdotal evidence reports citrus harvesting costs in the MIA at up to \$100 a tonne this season. In most cases this is more than 50 per cent of gross return. In addition, pruning costs for wine grapes have been reported at double last year's rates.

With respect to social impacts, farm profitability directly impacts on regional sustainability. Reduced farm income affects small businesses supporting rural communities. As communities become less profitable, fewer resources are available for the provision and maintenance of essential services, particularly health and education. The problem becomes cyclic in that reduced community infrastructure inhibits a region's ability to attract and retain skilled professionals. Mental health is a real and ongoing issue in rural communities. Increased labour costs place stresses on families through reduced economic return. Additional work demands, directly related to skills shortages, compound of these stresses. General health and wellbeing as well as mental health are known to be adversely affected by periods of prolonged stress.

Finally, the impact of the Commonwealth regional migration programs including assessing the long-term jobs and investment outcomes. A guest workers scheme for horticulture has been in operation for some time internationally, notably in Canada, the United Kingdom and the United States of America. A report by the Institute of Social Research identifies significant potential benefits to rural communities in Australia as well as to the countries where the labour is sourced. Benefits for sourced countries include enhanced housing, nutrition and education support for workers' families. Direct benefits for the Australian horticultural industry arise from increased labour reliability. Indirect benefits include expanded employment opportunities in tertiary industries, including transport, construction and fruit processing. Additional benefits for rural communities result from seasonal workers spending on goods and services in the community.

In 2003 the Senate Foreign Affairs Committee recommended that a pilot scheme be developed that recruited workers from Pacific Island nations. The Murrumbidgee Horticulture Council encourages the Standing Committee to support the development of such a pilot program. In essence, our submission is about community, recognising the importance of the rural communities and taking steps to sustain those communities. It is our belief that a guest migrant program would enable not only the support of our communities as they are, the expansion of those communities and an increase in the vibrance of those communities, but would have the added social component of supporting our Pacific neighbours, if you like, so the benefits are extended. Internationally, where this has been the case, they have found long an ongoing benefits to housing and education, and so on, in developing countries.

**The Hon. GREG DONNELLY:** The international experience you referred to, do you have any idea of the impact those programs have had on the rates of pay?

**Ms HUTCHINSON:** I know of various experiences and there is a very strong need to set those pay rates. What we are not asking for is reduced rates of pay. We are asking for availability of skilled workers to fit that middle management level. In the United States there were specific requirements for pay rates and also for housing, accommodation and food requirements, and so on. One of the other studies was looking at a cousins scheme where family members were also brought

over as part of that scheme. Again, it was adding to the community. But certainly we are not looking at a subsidised rate.

**The Hon. GREG DONNELLY:** Are you suggesting to legislatively set the rates of pay somehow?

**Ms HUTCHINSON:** That is how it was done in the United States, I believe.

**Mr HEDDITCH:** My name is Michael Hedditch. I am General Manager of Grower Services with SunRice. I should start by apologising for SunRice chairman, Gerry Lawson, who was invited to be here today. As you may know, at the moment he is caught up with meetings in Sydney and Canberra regarding that thorny issue of deregulation. He would probably rather be here than there, I suspect. SunRice is a major employer in the Murray Riverina region. We are a food processing company, focused mainly on rice foods. At the moment we employ around about 700 people in the Murray Riverina region. Regrettably, over the past three years or so we have been shedding labour not putting labour on. That is an impact of the drought that it appears we are finally starting to shake off. We are looking forward to moving back into labour recruitment and getting on with life and churning out food products.

Our view is that there certainly is a major shortage of skilled labour in regional New South Wales at the moment. Our experience in recruiting in the past three of four years—when we have not so much been in that game—but from the limited amount of recruiting we have been doing we have found it extremely difficult to engage skilled tradespeople. In our view, it is less difficult to recruit professionally trained people, tertiary trained people, but I agree with Brett Tucker's point earlier that there is a twin problem here and it is skilled trades labour and professional people.

I think the problem will become more serious going forward. It has been a problem for a number of years already but going forward as more and more of the baby boomer generation retire and leave the work force it will become a lot more difficult, particularly in regional areas, to replace those people. In our view, the shortages are already having quite a severe economic and social impact. The economic impacts are that in our business we are finding it harder and slower to carry out routine things such as essential maintenance and planned maintenance programs that 10 years ago were not difficult to have the staff on hand to do. Nowadays if you have the staff you are lucky. If you have to outsource that function it is difficult to get people in a timely fashion to do that sort of essential maintenance.

It is becoming increasingly difficult, because of the skills shortages, to introduce new technology. It does not matter whether you are providing irrigation services or are in food manufacturing and marketing, as we are, there is a lot of new technology around and it is increasingly difficult to get people to implement that new technology. That is putting pressure on resource allocation for us as a business. As governments are putting in place—and I am not critical of this at all—more onerous requirements to implement through safety regulations and to implement occupational health and safety improvements, you have to put your focus in those areas. That is making it more difficult to do the more routine jobs that have to be done. In social impacts, we are certainly having to work our smaller number of skilled trades people much harder because we cannot recruit and fill positions. I know that is having an impact on their social lives. They are working double shifts, doing a lot of overtime, and a lot of those people do not have much of a family life. That goes too far for people filling professional positions.

I refer to overcoming labour shortages. We believe there has to be a major change in the community mindset, particularly in relation to trades careers. Other people have made this point. I just want to emphasise that there is no doubt that trades careers are not regarded as sexy, and people just are not drawn to them. We have to encourage and put in place programs so that the education system can make trades careers appear much more meaningful, much better rewarded and, basically, careers to be in. How can we do that? I am not an expert in that area. One of the things I am quite sure would help is that I think in training tradespeople we have to put in place career pathways so that trades trained people can aspire to being more than just a tradesman in a food processing industry. Those people have to aspire to being the manager of a plant or a division, a general manager, or even a chief executive officer in a company. In my view there is no doubt that trades qualified people can fill those jobs just as well as people who are tertiary trained.

But we have to ensure that there is some incentive in trades education through apprenticeship schemes for those training programs, to introduce people to business management skills, to encourage them as they complete their apprenticeship or their trades training to go and undertake a business administration qualification or something in that area so they have a clearer pathway to getting what they originally trained for and are business managers in regional areas in future. I think there is also a need seriously to review and overhaul the apprenticeship system.

Somehow we have to put in place an apprenticeship system that fast tracks the delivery of trade skilled people. The current system where people are training one day a week, one day a month, or whatever it might be, and spending the bulk of their time working in the business, I do not think is delivering the results that we need at the moment. I think we have to consider having those people trained in larger blocks of time to develop their skills That means going away to their TAFE college or hopefully doing it locally. Whoever their training provider is, they must do their training more contiguously with that institute.

I would not be at all adverse to people having to be away from the workplace for the bulk of the year, obviously having some initial familiarisation time and some other time during the year when they come back and reacquaint with business, but developing their skills and qualifications much more quickly. In that way business will be able to get more value from the skills those people are trained in. That means business will be prepared to remunerate them better and I think just make their career overall a much more attractive one for them. Obviously there is a problem with pay rates because I have touched on that.

I think in any overhaul of the apprenticeship system pay rates definitely need to be looked at. It is a difficult issue because the issue of increasing pay rates for apprentices to make those career pathways more attractive to them has to balance up a business's ability to pay. There may be a role for government to play a part in assisting in that way. If it were deemed suitable for people to be away from business more to accelerate their skills development, obviously their labour would not be available to the business and that may have to be something that the Government needs to take into consideration in relation to compensation.

In the professional areas the main problems for us as a business are in financial skills, encouraging people with accountancy or other financial management skills to come to regional areas, and in information technology skills. We are finding it almost impossible to recruit in those areas and to attract people to come to regional areas. As a business we have been able to overcome that to some extent and we are a little unusual perhaps in that we need to have for a marketing focus a major office in one of our capital cities. We have a major office in Sydney. More and more we are having to locate people with financial and information technology skills that we need to have working in our business in our Sydney office rather than down here.

I do not say that with any pride at all. That is not good, but it is a fact of life that if we want to have these people, and if they will not come to these areas, we will have them but working from Sydney. I think the issues we have to come to grips with in overcoming those problems are that we have to, as a community, accelerate the work that we are already doing in consultation with local government. Local government is showing a lot of terrific leadership in this area but we have to accelerate the work in pointing out to people in urban areas that the lifestyle in regional areas can be absolutely tremendous.

People that you convince to come here are not here long before they realise they should have made the move earlier. But they have to be bold enough to make that first step, in relation to change. Referring to lifestyle I think Brett Tucker went into a lot of terrific detail on what professional people and tradespeople for that matter are looking for when they come to these areas. I conclude with those few thoughts and I will make a more extensive submission in writing to your Committee.

**CHAIR:** Thank you, Mike, for your contribution today. As we are coming towards the end of our session is there anyone who has not yet had an opportunity to speak who would like to make a few comments?

**Mr DAL BROI:** I am the Chair of the Riverina Regional Development Board and Mayor of Griffith City Council. First of all, thank you for having this inquiry in Griffith and also Wagga Wagga. We welcome this inquiry. I will not make a presentation to you, as I know one was made yesterday in Wagga Wagga by our executive officer, and this morning a submission was made by Griffith City Council. Skills shortages have been a problem here for many years.

I participated in the Committee inquiry this afternoon and listened to some of the issues that were raised by people who addressed you. Those issues have been common for many years. I am sure it is a challenge for the Committee to come up with some answers because this region thrives on skilled and unskilled labour. A belated welcome to Griffith, and I wish you well in your deliberations. Thank you, Mr Chairman.

**CHAIR:** I declare the inquiry hearing closed.

**(The Committee adjourned at 2:22 p.m.)**

---