

REPORT OF PROCEEDINGS BEFORE

STANDING COMMITTEE ON STATE DEVELOPMENT

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

At Queanbeyan on Monday 13 February 2006

The Committee met at 10.00 a.m.

PRESENT

The Hon. Tony Catanzariti (Chair)

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

CHAIR: Welcome to the seventh public hearing of the Legislative Council Standing Committee on State Development as part of its inquiry into skills shortages in New South Wales. I wish to raise two procedural issues for witnesses, the media and members of the public before we begin taking evidence. Evidence given to the Committee is protected by parliamentary privilege. This means that witnesses are given broad protection from action arising from what they say and that the Parliament has the power to protect them from any action which disadvantages them on account of the evidence given before the Committee. However, witnesses should take care not to defame individuals. I also remind witnesses that the giving of false or misleading evidence to the Committee may constitute contempt of the Parliament.

The Committee previously resolved to authorise the media to broadcast sound and video excerpts of its public proceedings. Copies of the broadcasting guidelines are available from the table by the door. In reporting Committee proceedings, the media must take responsibility for what they publish. In accordance with these guidelines, while a member of the Committee and witnesses may be filmed or recorded, people in the public gallery should not be the primary focus of footage or photographs. Under the standing orders of the Legislative Council, evidence and documents presented to the Committee that have not been tabled in Parliament may not, except with the permission of the Committee, be disclosed or published by a Committee member or by any other person. A transcript of the evidence presented today will be available later this week on the Committee's web site at www.parliament.nsw.gov.au. Witnesses, members and their staff are advised that any messages should be delivered through the Committee clerks. I ask that everyone turn off their mobile phones.

PETER PEDERSEN, General Manager, Illawarra Regional Development Board, P.O. Box 821, Wollongong, and

VAL ZANOTTO, Chairman, Illawarra Skills Audit, P.O. Box 821, Wollongong, sworn and examined:

CHAIR: Mr Pedersen, in what capacity are you appearing before the Committee—as a private individual or as a representative of an organization?

Mr PEDERSEN: As a representative of the Regional Development Board.

CHAIR: Mr Zanotto, in what capacity are you appearing before the Committee?

Mr ZANOTTO: As Chairman of the Illawarra Skills Audit and a director of the Illawarra Regional Development Board.

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

Mr ZANOTTO: Two years ago today, 13 February 2004, a working group got together in the offices of the Illawarra Regional Development Board made up of representatives from employer groups, the South Coast Labor Council, the Illawarra Business Chamber, the Shoalhaven Business Chamber, TAFE, the University of Wollongong, the Southern Councils Group and the Illawarra Area Consultative Committee. That was two years ago and it was set up as a project of the Illawarra Regional Development Board to discuss initially the skills shortages dilemma that we are all faced with. It is certainly an interesting thing that two years from that day we are here sitting in front of you today.

Following that working group's first meeting it was decided that we needed to, first of all, identify that there was a skills shortage. We decided to commission the Illawarra Regional Information Service [IRIS] to conduct what we called an initial survey of around about 20 to 30 businesses and stakeholders and just basically ask them in very simple terms are they having difficulty filling positions. Obviously from that first meeting that was what we wanted to do and we ended up with putting this project forward to the Regional Development Board, which was funded by the development board, and stage 1 of what we would call the Illawarra skills audit took place in August 2004.

From that we received a document, which is here, called "Stage 1". We decided we needed to go on to stage 2, which was an in-depth look at the skills problem in the Illawarra. In the case that we are talking about here, Illawarra is made up of Wollongong, Shellharbour, Kiama, Shoalhaven and Wingecarribee. Stage 2 occurred mid-last year with a final report that was brought out and launched. It was only launched last month but it was brought out in November, just three months ago. That provides a very in-depth look at the skills problem in the Illawarra. In this time, in the last couple of years, the skills audit working group has met on occasions and a project has been organised to have stage 1, stage 2 and stage 3, which is ongoing updates over the next two years. So every six months for the next couple of years there will be an update on data and surveys to see how the skills problem is going.

Currently—I know it is a long opening statement, Mr Chair—this skills audit, stage 2, which is quite significant in what it says, has been sent, in particular, to all schools, with particular reference to careers advisers. It is on the web site. It has been sent and is still being sent to employer groups, TAFE, the University of Wollongong and any interested businesses that participated in the actual survey. The audit conducted a number of interviews with about 1,000 businesses or stakeholders. So all of them are getting a copy of this document. So it will be, we hope, a very widely read document and a useful tool in overcoming the problems of skills shortages in the Illawarra. I suppose from an opening statement that is probably all I need to say at this point in time. I am quite pleased and happy to answer any questions you may have. Peter may want to say something as well.

CHAIR: Would you like to add to that, Mr Pedersen?

Mr PEDERSEN: I think we will move on to the questions. Val has covered it. I suppose all I need to say is that the skills audit project came about from the Minister at the time requesting the board to look into doing a skills audit in our region and that is why the project came about.

CHAIR: What initiatives and strategies have you developed or been involved in with communities and businesses to address skills shortages issues?

Mr PEDERSEN: The main issue from the Regional Development Board would be engaging IRIS to do our research and engaging 1,000 businesses across the region to be involved in the skills audit.

CHAIR: What sort of success did you have?

Mr PEDERSEN: If we had further funding we could have done thousands of businesses. Everyone was interested in being part of this project. The response was 100 per cent to all surveys. We did not think we would go through all the data today but obviously we are handing over these documents to your Committee. It shows the percentages on what the issues are related to, why people cannot feel the skills gaps, why people do not want to be employed. There are different issues in here, which we will hand over to the Committee.

CHAIR: What relationship do you have with local governments, business, TAFE and other stakeholders? Is there good co-ordination? What, if anything, could be proved?

Mr PEDERSEN: We have a strong relationship with all our partners, being the five local government areas. We have an ongoing working group with all the five economic development managers from all councils. I believe four of the councils in our region are represented on the Regional Development Board in some capacity, either as a director at a council or as a councillor. There is no council representative from Wingecarribee. There is a business representative.

The Hon. PATRICIA FORSYTHE: Would you outline again who was part of this audit group you set up two years ago?

Mr PEDERSEN: Our working group.

Mr ZANOTTO: It was made up of the Illawarra Business Chamber, the Shoalhaven Business Chamber, the University of Wollongong, TAFE—Barry Peddle, who is the Director of TAFE Illawarra—the Australian Industry Group, the Illawarra Area Consultative Committee, which played a very important role, the Southern Councils Group and the South Coast Labour Council. I think that is it.

The Hon. PATRICIA FORSYTHE: Who took the initiative to bring you together?

Mr ZANOTTO: We did, the Illawarra Regional Development Board. This project came about, as Peter said, from the Minister David Campbell who thought this could be something that the Regional Development Board could look at. We discussed it at development board level and thought, yes, we should organise a project along this line. I was given the task of chairing this working group and, along with Peter, coming up with people that could represent organisations on this group. Subsequent to all that we ended up meeting on 13 February 2004.

Mr PEDERSEN: The South Coast Labour Council is also on the working group.

The Hon. PATRICIA FORSYTHE: Is growing regional capacity one of the mission statements of the Regional Development Board?

Mr ZANOTTO: Absolutely.

The Hon. PATRICIA FORSYTHE: There are so many different organisations in the regions that could have a stake in something like this. The issue is how do you actually get an organisation together. You said you have created one for this purpose.

Mr ZANOTTO: As you would be well aware, regional development boards exist to try to encourage business growth, economic development, what have you. We see it as a dilemma when we are trying to encourage this growth and businesses moving to the Illawarra if we do not have the people with the skills available to work in these businesses. One very clear example is a company called Seawind Catamarans that builds catamarans in a suburb called Bellambi and exports them worldwide. I do not think you ever see one in Wollongong, or very few. They take them at 4.30 in the morning along the roadways to drop them into the harbour because that is the only time they can get out there freely with these big boats. They at any one time could employ 20 shipwrights. If they want to employ a shipwright or train a shipwright, put on some apprentice shipwrights, where are these shipwrights going to do the courses? They cannot in Wollongong; there are not any courses for them. That is a real problem. We have tried to address that one issue alone with TAFE Wollongong, unsuccessfully. That is the sort of thing we have to do overall. We have to try to ensure that the skills are available while at the same time encouraging business growth and economic development.

The Hon. PATRICIA FORSYTHE: How co-operative was TAFE in the process?

Mr ZANOTTO: I think TAFE was extremely co-operative but I think some things are just a little bit difficult to do.

The Hon. PATRICIA FORSYTHE: They are structural issues?

Mr ZANOTTO: I think they are structural issues, yes.

The Hon. PATRICIA FORSYTHE: Have you made recommendations?

Mr ZANOTTO: Yes. Going back to the shipwrights, for example, they have courses available at Meadowbank in Sydney. We would like to see them, at least some of them or part of the course possibly brought to Wollongong. They are trying to work their way through that and see if that can happen. The employer in this case, for example, would find it extremely difficult to send off apprentices on a block-by-block basis, decreasing their staff numbers, to attend courses for three or four days at a time in Sydney. They would rather, if they could, do a little bit less than that and do some of it in Wollongong as they are building their skills up in the industry. The company may be able to cope with that, the staffing issue, better.

The Hon. PATRICIA FORSYTHE: That is a flexibility issue.

Mr PEDERSEN: Our skills audit from 1,000 businesses recognises that we will need to fill 2,500 in our region in the next year and we do not have the skills locally. There are many issues.

The Hon. PATRICIA FORSYTHE: Is sending the report you mentioned to careers advisers aimed at talking to students about where the gaps are?

Mr ZANOTTO: It is about changing the mindset. It is probably more changing the mindset of careers advisers. There is a common theme that comes up through this skills audit in two areas: First, there is a weakened commitment by business organisations to employing apprentices and trainees compared to what it was many years ago; and, secondly, attitudes and expectations of school leavers have changed. I think the terms are "poor attitude" and "unrealistic expectations". They are two common themes that come up everywhere. If we try to address the attitude and expectations area, we can go back to schools and careers advisers. As you are well aware, many years ago people finished year 10 or fourth form and many went on and did a trade. There has been a cultural change and many went on to year 12 and started doing trades. However, kids who go on to year 12 have an expectation that they can do better, and a trade may not be good enough. What we are trying to do as far as careers advisers are concerned — only in the area of trades, and there are many areas — is to make them realise that doing a trade is not so bad. I am a fitter and turner by trade, although I am not doing that now. I have had a lot of change in my life employment-wise since doing my trade. That is not a bad thing and many people could be doing that. However, we have expectations imposed by parents, careers advisers and schools that change perceptions in kids. They think that if they are going to finish year 12 they need to do something better than a trade.

CHAIR: What do you see happening? Do they need more money? Are they looking for more money with a trade?

Mr ZANOTTO: For those who go into an apprenticeship after finishing year 12 — and they are in the minority — an 18 year old or 19 year old is earning basically the same as the dole. A lot of them say it is not enough. They will be 22 or 23 before they finish their trade and that is a long time to wait. So they think there must be something better, something where they can earn more money. In many cases that is what they do. They leave whatever trade opportunity they have and go off in search of something else. Money is obviously an issue. If you are paying a first-year apprentice \$270 a week, for example, and he is 18 versus one at 16, you will no doubt have more opportunity to retain the 16 year old who starts as a first-year apprenticeship because he or she will think that is a lot of money, whereas an 18 year old does not.

Mr PEDERSEN: The problem is in retraining the businesses to think that they could take a 16 year old. Many will not take on a 16 year old because of the maturity issue. In the old days it was not an issue and that is why they are waiting for the year-12 students.

Mr ZANOTTO: I agree. I do not understand why many businesses want only year-12 students to take up apprenticeships. In years gone by they took year 10-students. We have students today who have a lot more knowledge in many respects with regard to media and technology. In many ways they are more advanced compared to us, but they are not good enough to do an apprenticeship when they are 16.

CHAIR: What is the view of the employers?

Mr ZANOTTO: That is going to be a cultural change for them. They have to reverse their thinking in that regard and understand that it is okay to take a 16 year old to do an apprenticeship. An outcome of the first stage would have to be to get them to commit to putting on apprentices. I remember BHP putting on about 60 apprentices each year: 60 in boiler making, 60 in electricals, 60 in fitting and machining and so on. Those numbers are approximate, there were probably more. There were also smaller numbers taken on as apprentices in refrigeration, air conditioning, plant mechanics. It was a very big employer in the Illawarra, but it stopped doing that. A cluster of apprentices were being trained by this big organisation in Wollongong and it stopped doing that. That organisation was feeding everyone else. BHP stopped and no-one else picked it up.

CHAIR: What is the role of government as far as incentives are concerned to get this training going again, be it with the employer or the trainee?

Mr ZANOTTO: As I said, we must encourage employers to commit to training first, more so than they did before. That is very important. In addition, apprentices and trainees are a business issue, probably more than a government issue. If a lot of employers took on a few apprentices, say, this year or in the next two to three years, that would go a long way to solving the skill shortage crisis. It will not take forever to fix; it will take only a few years to get on top of it. When it comes to government — and we have discussed this in the working group — there has to be some incentive. I do not think we have worked out what appropriate incentives could be made available, apart from what there is. We find that businesses that do obtain some assistance with funding, or what have you, for apprentices tend to be micro businesses and they do not have the time for the paperwork. It is a big issue for them to sit down and do all the paperwork to justify what they are doing, so they do not worry about it.

Mr PEDERSEN: I know there is talk that the current incentives are not much different from what they were 10 years ago. However, businesses have to re-invest in themselves. If they want a future they need to start putting on trainees and apprentices. I do not think it is an issue of blaming any particular area. Our working group will be looking at all areas, from careers advisers to parents, that trades are not a bad direction in which to go. If businesses do not put on people they will not have a future. They have an ageing work force and they have to reinvest in themselves. All levels of government must also re-examine what they have been doing over the past decade with regard to incentives for businesses. No particular group is at fault. It has been a culture change over the past 15 to 20 years that trades are a bad thing and everyone needs to go to university. Our aim will be re-educating people that trades are a good direction for children.

The Hon. GREG DONNELLY: I refer to the expectations of young people. Wages were raised as a potential issue that exercises the minds of young people. Were other issues raised in your survey by young people in regard to why they were not keen to take up a trade?

Mr PEDERSEN: We have that information.

Mr ZANOTTO: I have mentioned poor attitudes and unrealistic expectations. Fewer apprentices are also being trained. Career advice has come up as being a very important factor with the perception given to young people about job opportunities and limited training opportunities or courses. I mentioned shipwrights before as an example.

The Hon. CHRISTINE ROBERTSON: Were these reasons given by employers?

Mr ZANOTTO: Yes. There is a fairly common theme there. It comes back to that. The main issues are poor attitudes, expectations and weakened commitment by employers to training.

The Hon. GREG DONNELLY: You mentioned poor attitudes. What is meant by that?

Mr ZANOTTO: As I said, it is kids who have finished year 12 and could go to university or, dare I say it, feel that they are too good to do a trade. That thought may not necessarily come from them; it may come from their parents. That has played a part in their saying they will not go down the trade route but will try university or IT. The IT revolution changed everyone's mindsets in regard to opportunities that they thought might be available. They unsuccessfully go down the other road rather than the trades or caring services and do not achieve much because they may not be able to finish or cannot afford to finish university and do not have a trade, a degree or much at all. By the same token, they do not have a skill in a trade or service-oriented position.

Mr PEDERSEN: Many prefer to work in the hospitality industry, whether it is pouring a beer or working in a restaurant, rather than get dirty. They can earn good money working in the hospitality industry. The top five of the 20 key work areas in our region are kitchen hand, boilermaker, fitter/machinist, registered nurse and shipwright. People involved in those areas have to work hard in a workshop, and it is a bit different from working in the hospitality industry.

The Hon. GREG DONNELLY: In relation to rate of pay, did you find many incidents of employers paying above the apprenticeship regime to attract young people?

Mr PEDERSEN: The businesses we talked to, even outside the audit, do provide incentive payments for apprentices to stay on for the four years. A Wollongong company, C and M Leussink does that. It also has a program with the Figtree High School to work with year-10 students to encourage them. The company is sending out tradespeople to train kids in the school and bring them to the workshop as they advance to show the kids that working in a workshop these days has a lot to do with computers and not getting their hands dirty all the time.

The Hon. GREG DONNELLY: Is there any evidence that that helps in retaining them?

Mr PEDERSEN: That is a successful local company that has never stopped putting on apprentices. It realised that that was vital for its business. It did not rely on Blue Scope and BHP to provide apprentices.

The Hon. PATRICIA FORSYTHE: You identified IT as an attractive area for young people. I presume the other area is hospitality. However, you are talking about metal trades and some of the traditional apprenticeship trades.

Mr PEDERSEN: Yes, the blue-collar areas. However, the professional, the white-colour area, is a huge issue as well. That is identified here as well.

The Hon. PATRICIA FORSYTHE: Given that the Illawarra is one area in which we have seen a change in employment dynamics because of the shift from the dominance of the old BHP to BlueScope, which is not as big an employer and is not involved in apprenticeships to the same extent

as BHP was, is there any program to retrain say people over 50 years of age, particularly those who might previously have been employed at BHP? Has there been any look at that side of things as well?

Mr PEDERSEN: Not that we are aware of. However, I believe some businesses are looking at people in their early forties, because of their maturity, for retraining in a trade skill, instead of putting on a 16-year-old.

The Hon. CHRISTINE ROBERTSON: When you were preparing questions for your audit consultant, what sort of criteria did you use for that? What did you want to know—just what the employers thought was missing?

Mr PEDERSEN: The questionnaire was put together by the working group. Everyone had input to that, not just the board.

The Hon. CHRISTINE ROBERTSON: I am not questioning it. I just wanted to know what sort of questions they were.

Mr PEDERSEN: We are going to give you a copy of the report.

The Hon. CHRISTINE ROBERTSON: Are the questions in it?

Mr PEDERSEN: The questions are at the back of it. There is a screening question, for example: Thinking about the last six months, have you or organisation experienced any difficulties in recruiting suitable candidates? It goes along those sorts of lines—labour shortages, what type of schooling, what skills you think are missing, et cetera.

The Hon. CHRISTINE ROBERTSON: Was any analysis of business trends in the Wollongong area done in conjunction with the audit?

Mr PEDERSEN: An analysis to target specific areas?

The Hon. CHRISTINE ROBERTSON: Some of the research into skill shortages has made statements that employer audits are an important component but that they need to be done in conjunction with an analysis of the business sector as to how it is going itself—not an individual business, but a specific industry.

Mr PEDERSEN: Is that industry suffering because of skills shortages?

The Hon. CHRISTINE ROBERTSON: Not necessarily skills shortages, but are industry employers complementing or opposing one another where there are skills shortages? I am just interested to know whether you did that work.

Mr ZANOTTO: This was a survey of about a thousand businesses overall, picked at random.

Mr PEDERSEN: But across all industry sectors, and across the five LGAs. For instance, we did not do 200 in Kiama, because Kiama is only a small community; it was spread across the five LGAs.

The Hon. CHRISTINE ROBERTSON: So there will be enough information in the documents?

Mr PEDERSEN: Yes.

The Hon. CHRISTINE ROBERTSON: Do you work well with an area consultative committee?

Mr PEDERSEN: We have a very close relationship in our region.

The Hon. CHRISTINE ROBERTSON: Why?

Mr PEDERSEN: We have a great relationship with all levels of government in our region.

The Hon. CHRISTINE ROBERTSON: And you are from Wollongong!

Mr PEDERSEN: It has not always been like that, to be honest. Back in 2003 the Wollongong area had the Rugby World Cup. In the year leading up to that we put together a Rugby World Cup business task force, and at the time the Department of State and Regional Development invited all stakeholders to participate, and there was one common goal across all levels of government. No matter what type of government was in, we had one opportunity to promote our region to the world, and we all came together, and I believe that was the catalyst to the good relationships that currently exist in Wollongong.

The Hon. CHRISTINE ROBERTSON: So we have to have a major event in every region to achieve that?

Mr PEDERSEN: Maybe we do. However, that is ongoing. Obviously, everyone has their own issues and their own masters, but we have a great working relationship—and one that I do not see in other regions. We are very close, and we do talk to our colleagues about most things.

Mr ZANOTTO: Stage 1 of this report was funded by the Department of State and Regional Development. Stage 2 was funded, in the main, by the Department of State and Regional Development but also by Department of Transport and Regional Services [DOTARS].

The Hon. CHRISTINE ROBERTSON: So, joint funding?

Mr ZANOTTO: Yes. It was very good. They worked very well together.

Mr PEDERSEN: We are currently working on a number of projects with the Local Area Consultative Committee, LICT cluster, which we are trying to create through the Illawarra Regional Development Board. The Area Consultative Committee is our key partner, as well as Wollongong City Council and the Illawarra Business Chamber. I cannot give you the reasons that it does not work elsewhere, but it does work at the moment in our region.

The Hon. CHRISTINE ROBERTSON: In your papers you say that industries are doing a lot of work to invest in training for the future. The words are right. Are you able to assess whether they are also coming up with the goods?

Mr ZANOTTO: It is a little bit early to say yet.

Mr PEDERSEN: We need to take this document, now that it is a public document, and work with stakeholders on how to go about fixing this issue—as we discussed today, from careers advisers through to businesses and government.

The Hon. CHRISTINE ROBERTSON: Why do you think it went out of fashion for employers to train apprentices unless they get some funding?

Mr ZANOTTO: Red tape, I think, is one of the reasons.

Mr PEDERSEN: There are a lot of others costs related to putting on employees, and those are well documented. The board also is the regional certifying body for the Department of Immigration and Multicultural Affairs, and obviously sees skills migration as a short-term fix, not a long-term fix. We want to make that clear today. We will be going to London on the 3, 4 and 5 March to a Skills Migration Show to target certain employment opportunities for people from the United Kingdom to work in the Illawarra.

CHAIR: Do you work closely with the Illawarra Skills Shortage Task Force? What is your relation with that task force?

Mr PEDERSEN: The skills task force is managed out of the Australian Industry Group. Eighteen months ago, in September 2004, we were involved when there was a community meeting at which we spoke and discussed our role in the skills audit, and on that particular day the Skills Shortage Task Force was convened and had its first meeting. Our involvement is feeding information from our regional development board and other material into their group. The same stakeholders that are on our group sit on that group.

The Hon. PATRICIA FORSYTHE: That is why earlier I was wondering who takes the leadership.

Mr PEDERSEN: It was unfortunate that at the time the Australian Industry Group, which sat on our working group, did not tell us that they were requesting funding to go and do another project. So we all work together, because the Area Consultative Committee sits on that, the Illawarra Business Chamber sits on that, and so on, and employer groups sit on that. One of our colleagues that we will be going to London with, Edmond Employment Agency, sits on that group. So we all work together. Our role was the Illawarra skills audit, and we have worked with the stakeholders to come up with ideas to address skills shortages in the Illawarra.

CHAIR: Earlier we spoke about trying to get more young people into training and into trades. We also spoke about young people wanting, or being encouraged, to go to university—whether it is their idea or that of their parents or somebody else. If we were to reduce the number of young people going to universities, where they would be undertaking say IT studies, would that create a vacuum in university students in that area?

Mr PEDERSEN: I do not think so, because when we addressed this we were looking at re-educating the parents and careers advisers to understand that these young people may not finish their university degree, or once they get through year 12 may not even make it to university. We do not think that the people we are talking about will affect the numbers going to university. It is the ones who do not get through university who are being pointed in that direction—whether by parents, careers advisers or teachers—and it is those that we are aiming at.

CHAIR: So do you think there needs to be an emphasis on trying to screen some of those who are expressing an interest in going to university, and getting them to take on a trade, if it seems they will not complete university?

Mr PEDERSEN: It is hard to do that when they are being encouraged by the family to go to university. We went through a cultural change where everybody had to go to university.

The Hon. PATRICIA FORSYTHE: We have now had more than a decade of the so-called pathways programs, aimed at school students in years 10, 11 and 12 commencing training, often leading to TAFE. Did you have discussions with careers advisers at schools about the way in which that is working? The purpose of those programs was to give young people some exposure to a trade or qualification. I know a lot of them are doing hospitality and things like landscape gardening, but it was meant to be a pathway to getting some senior high school education and yet an exposure to a trade—for the very purpose you mention, addressing some of the skills shortages and encouraging 15- and 16-year-olds to recognise a legitimate pathway. Yet that has not come up in your discussion. Was it a feature of the work that you did?

Mr PEDERSEN: C & M Leussink, a large engineering firm in Wollongong, is doing that. That was done outside our process. Leussink was involved in the skills audit. However, it came up with an idea that the future for its business was to go and be part of that process with TAFE and the school itself.

The Hon. PATRICIA FORSYTHE: So when you have talked about careers advisers today, can you talk about the success or otherwise of all of that?

Mr PEDERSEN: It is only six months or maybe a year down the track on that process. They received funding for that project from the Area Consultative Committee.

Mr ZANOTTO: Careers advisers as such have not had any input to this. Whether the pathways project is successful or not, I have concerns about. I would probably say, no, I do not think it was as successful as it could have been. I think the idea was good, but the implementation of it was not there.

Mr PEDERSEN: What C & M Leussink is doing, where business are involved in that pathway, is that when they get a chance they go out to a TAFE or a school and the business. That is a good idea. It may be a model for the future.

CHAIR: This report has now been released. Where do you go from here with this report?

Mr ZANOTTO: In six months time, or a little bit less, we will have an update on this report, then there will be another update at the end of the year, and twice again next year. So the report will be updated for at least the next couple of years, because funding has been made available for that. Where do we go with it? As far as the working group is concerned, it will meet again in the not too distant future. Prior to that, as I said earlier, this document will be out and about everywhere. We are compiling a list of where this document will be sent and, although the working group has not determined this yet, I think later this year we will probably make contact with all institutions that are to receive this document and see what feedback we can get from it.

Mr PEDERSEN: With a couple of strategies implemented with stakeholders on how we fix the skills shortages. The reason that we are doing the update over two years is that as we are going through different strategies, whether it is skill migration or anything else, we will look at the issues affecting skills availability in our region. Updating the information about where we are going over the next two years we thought was important—not just to have a document that finishes now, but a document which, as we go through the different strategies over the next couple of years, actually produces updated data on whether those strategies are working or not.

The Hon. CHRISTINE ROBERTSON: Who is MayTec?

Mr PEDERSEN: MayTec is a large engineering firm at Port Kembla. It is also part of another cluster that is funded by our board, which is the Illawarra Area Innovative Network.

The Hon. GREG DONNELLY: Halfway down page 33 of your report you say that the primary reason for the dearth of suitable candidates for a number of occupations that you nominate is the fact that fewer apprentices have been trained in the region in recent years. Could you explain to me what the linkage is between the dearth of suitable candidates and fewer apprentices being trained in the region in recent years?

Mr ZANOTTO: As I mentioned earlier, we had BHP years ago training around about 60 in each of those trades per annum. So there were about a couple of hundred apprentices per annum being put through. They were feeder tradespeople not only for BHP but industry-wide in the Illawarra. As soon as BHP stopped that, which they did, no-one took it up. As a main one, no-one took up the slack to say, "Righto, we have got 200 less apprentices being trained per annum now. What do we do?"

The Hon. GREG DONNELLY: That obviously reduces the net number being trained. I do not understand the linkage to the dearth of suitable candidates. What is the relationship with suitable candidates?

The Hon. CHRISTINE ROBERTSON: Candidates for apprenticeships or for jobs?

The Hon. GREG DONNELLY: Candidates for apprenticeships.

Mr ZANOTTO: The primary reason for the dearth of suitable candidates or tradespeople available to take up positions in boilermaking, fitting, general electrician, et cetera, there are not any suitable candidates because there are not any tradespeople out there to take up these positions because fewer tradespeople have been trained.

CHAIR: You touched on the skills migration program earlier. Would you like to elaborate on that? How do you see that program going? What role do you play?

Mr PEDERSEN: That is my role at the board as the regional certifying body. We see skills migration as a short-term fix. We do not see it as our long-term fix for the skills shortage in our region. However, with skill migration we are also competing with the rest of the regions of New South Wales and all of Australia as well as the United States, China, New Zealand and so on, which also have skills issues. Currently, through the Department of State and Regional Development, on our web site we are marketing the Illawarra for skills migration. However, under skills migration, without going too far, parts of the Illawarra region do not fit within all these categories as do other States of Australia: for example, all of South Australia covers all these categories whereas Wollongong does not. We are working with skills migration agents under these programs to fix that.

One of the programs we have come up with is going to London between 3 and 5 March to go to a skills migration show. We are going with positions as in where you will work, who you will work for, how much you can earn, what is the lifestyle, what is the cost of a house—everything on the spot. We will have 10 organisations from across the region—from the employment agency to BlueScope Steel, Australian Health Management and the area health service—going up there to market our region on the spot and be able to process the right people if we are lucky enough to find them immediately for skills migration. This has not been done in the past and if this model works I think it may be moved across to other regions in New South Wales through the regional certifying body.

CHAIR: What is your attitude towards not-so-skilled migration, labouring work?

Mr PEDERSEN: I do not think we have discussed that. We are targeting high skills such as nurses and engineers, that area, for this particular show.

Mr ZANOTTO: Labourers and related workers certainly did come up in the audit and maybe that is an area that skills migration needs to look at.

Mr PEDERSEN: Obviously if we get a person who fills an area from our skills audit we would encourage that person to come to the Illawarra under the skills migration program.

CHAIR: What is your definition of skills migration for skilled and unskilled workers?

Mr PEDERSEN: Under the skills migration program the board agrees or disagrees whether that skill position is available, whether that skill is of a shortage in our region. The skills audit gives us the opportunity to say that skill shortage is a problem. So if a truck driver or a labourer comes to us with that skill that is identified by the skills task force, then obviously we will look at encouraging those people to fill positions in the Illawarra.

The Hon. CHRISTINE ROBERTSON: If you are having trouble getting unskilled labour, where have all the persons gone that used to work in factories? Are people getting enough money to come off the dole to work in unskilled jobs?

Mr ZANOTTO: That is a very good question.

The Hon. MELINDA PAVEY: It is, isn't?

Mr ZANOTTO: A very good question.

The Hon. CHRISTINE ROBERTSON: If they are not getting enough money they may as well stay on the dole.

The Hon. MELINDA PAVEY: The Illawarra does have a relatively high unemployment issue. Is part of your planning as a result of this report going to focus on getting some of those long-term, chronically unemployed people motivated and back into the workforce by being offered jobs and training and apprenticeships? Do you have some ideas about that in the future?

Mr ZANOTTO: That has not actually been a part of the audit. However, the audit has been looking at what is missing and to a certain degree what can we do about it. We have talked to you this morning a lot about younger people going into trades. Peter talked about skills migration as a short-

term solution. The other short-term solution that is going to come up significantly is exactly what you have just said. Employers and employer groups particularly are going to have to look at retraining of more mature-age people to basically gain those skills and fill those positions. There is no doubt in the world that that is going to come up. We foresee that the cultural change is going to be extremely difficult to effect in getting every young person out there or a lot of young people out there to do trades again. Even if they want to, the businesses are going to have to be there for them to do it as well. They are going to have to be committed to undertaking this. It is going to be a process that is going to take a long time. In the short- to medium-term though, retraining of mature-age people is a solution. Certainly not to send them to do an apprenticeship, but in a lot of things like truck drivers and so on.

Mr PEDERSEN: It may be an opportunity to work with the work-for-the-dole organisations in the region and identifying through those groups. We have not gone down this path as yet, so that is obviously one area.

The Hon. MELINDA PAVEY: Kitchen hands, truck drivers, delivery drivers and so on.

Mr PEDERSEN: Yes, these people might be in the work-for-the-dole programs. Those organisations are in our region and we need to talk to those organisations to find out who is going through their program.

CHAIR: Would you like to add anything that we may not have touched on?

Mr ZANOTTO: I would like to mention one thing that comes up in the document. We have talked a lot about blue collar, but there is certainly a white collar percentage, a significant white collar percentage. We have, as the rest of the State seems to have, a bit of a problem with keeping planners in Wollongong council and many other councils. We get criticised by the media down there and so does the council. The Minister for Planning comes down and has a go at us and all the rest of it. But there is a skills shortage of urban design planners—a profession that is quite significant with a lot of work available, university-trained people, but we cannot seem to fill the position. That is a State issue. It is an unknown reason why there is a problem in that area, which is quite significant. I wanted to bring that up.

CHAIR: Does the University of Wollongong have a planning course?

Mr ZANOTTO: No, the University of Wollongong does not.

CHAIR: We heard from one rural council that the closest place where people can do the course is in Toowoomba.

The Hon. MELINDA PAVEY: That was for engineering.

The Hon. CHRISTINE ROBERTSON: Sydney has planning.

Mr ZANOTTO: We can put this in the same category as shipwrights. They cannot put them on because they cannot train them. We were talking about shipwrights earlier.

CHAIR: Thank you both for your contribution today, the documents you provided and for coming such a long distance to give your evidence.

Mr PEDERSEN: If the Committee has any further questions once you have looked at our document, please forward those questions and we will answer them as soon as we can.

Mr ZANOTTO: Thank you very much for inviting us here today.

(The witnesses withdrew)

NEIL WATT, General Manager, Cooma-Monaro Shire Council, P.O. Box 714, Cooma, and

JOHN MERCER, Manager, Snowy-Monaro Business Enterprise Centre Incorporated, P.O. Box 955, Cooma, sworn and examined:

CHAIR: Mr Watt, in what capacity are you appearing before the Committee—as a private individual or as a representative of an organisation or business?

Mr WATT: I will be representing Cooma-Monaro Shire Council.

CHAIR: Mr Mercer, in what capacity are you appearing before the Committee?

Mr MERCER: As Manager of the Business Enterprise Centre [BEC] but also assisting council in a program which is called the Cooma-Monaro Growth Strategy Program, funded partly by the Department of State and Regional Development.

CHAIR: Would either or both of you like to make a brief opening statement?

Mr WATT: Cooma-Monaro Shire Council prepared a brief submission. Both John and myself are happy to expand on any of the issues that you raised and answer any questions. If time allows I would like John to be given the opportunity to talk a little bit about a current project he has been working on on population growth. It may be relevant to this inquiry.

The Hon. PATRICIA FORSYTHE: I am interested in your program because that may determine some of the questions that follow.

Mr WATT: I will hand over to John.

Mr MERCER: I need to provide some context, if that is okay. It is mostly about economic thinking because it actually guides the way we in rural areas would look at skill shortages, the answers to those problems and the impediments that we face. If I start off by saying that, as we all know, skills are really the attributes of human resources within an economy or a community. That gives us the first problem because economies are international, national, statewide and regional. They are in towns, cities, suburbs and rural areas. So, therefore, anything that happens in any of those economies or communities affects something else. You will see from the council's report that there was a major push on the fact that where there is government policy, the government policy may be totally unrelated to skills but it actually affects skills and skill shortages. We have mentioned that in the report.

It also brings out the fact that there is not one answer or one solution to any problem in an economy. That has a further problem because of the way we are structured in Australia—and it is something I have mentioned many times in many forums. We have a problem with metropolitan thinking. It is caused mostly because of the population and how we live and exist in Australia in that 95 per cent of our population is within 100 kilometres of the coastline all the way around Australia and therefore most of the policymakers, that is, yourself and bureaucrats, have been born, have lived, have been brought up—

The Hon. CHRISTINE ROBERTSON: Could I just let you know that this Committee is stacked with country members, well stacked.

CHAIR: Christine is very passionate about that.

The Hon. MELINDA PAVEY: From the inland.

The Hon. CHRISTINE ROBERTSON: And outland.

Mr MERCER: Inquiries like this are most important because they allow rural people to have a view and maybe the people sitting on those committees are rural people like yourselves. Despite that, the issue in government and the bureaucracy is that most policy making and strategy

development will be done by people who have never lived, worked or operated in a rural area. I am providing that as context to how we are looking at the program we are going to do.

The other thing that is most important is that economies or communities are made up of what I call opportunity vehicles or enterprises. The problem when we use those words is that we immediately think of the private sector. We have three sectors of enterprise: government enterprise, community enterprise and private sector enterprise. Again, the issue is that government policy that affects community and government enterprise — and we have had a lot of it in our region — that impacts on the whole economy and therefore the skills base and attributes of the human resource within that economy. It is reinforcing the fact that, whatever we do, we believe we have to do things at a local level, but we must be resourced at a local level to do it.

I will go on to the project in overview. It is not very mind-boggling; it is very simplistic, not rocket science. It is a small community looking at what has been done in other rural communities and adding value to it based on the fact that we believe that skill shortages are an outcome of a bigger thing, which in many cases is the loss of population in rural areas. The Cooma-Monaro shire was fortunate when its business enterprise centre [BEC], which did a lot in relation to community economic development, was no longer funded and the State Government funded a country growth strategy program together with council and some other local stakeholders. That meant the BEC moved and carried on with a lot of its community development activity. We are now into the second year of that program. The first year was finding out what we should be doing and in the second year we are now implementing things. One of them is the population growth program. The objective put to council is that the shire needs to grow by a minimum of 2 per cent per annum over the next 15 years. That is predicated on the fact that Cooma shire has limitations. Neil will correct me if I get the facts wrong from a council perspective.

The Hon. CHRISTINE ROBERTSON: What is it doing? Is it growing at 2 per cent, is it stable or is it decreasing?

Mr MERCER: We have a problem as well, because the ABS statistics indicate that we are going backwards.

Mr WATT: Some figures indicate there is a 6 per cent increase, but we need to test whether that is correct.

The Hon. PATRICIA FORSYTHE: Have you got structural impediments like the capacity of the town site? Are you able to grow or is that one of the factors having an impact?

Mr WATT: It is interesting you say that because council is currently reviewing its local environmental plan [LEP]. One of the reasons is that two years ago Cooma-Monaro shire was involved in an amalgamation with the then Yarralumla Shire Council in Queanbeyan. We are required by the State to have one LEP for the entire shire. We have been working on a new LEP for the past 12 months. One of the problems we are having at the moment is that we are waiting for direction from the State Government in regard to the state-wide template for the LEP. Once we get that template, which we are expecting next month, we will be able to progress the LEP, which will allow us to progress the development of the Cooma area, which is our main area for the shire, and perhaps some of the village areas. The shire is finding significant pressure being put on council in the northern area, around the ACT, for small acre development. We do not have any restrictions in regard to infrastructure, because over the past 10 years we have improved our water supply with a major augmentation scheme. Since then we have also augmented our wastewater scheme. The infrastructure can handle a population of even 50 per cent more than the 8,000 people who live in Cooma, but we have some restrictions in regard to planning.

CHAIR: I acknowledge the presence of and welcome Mayor Fred Pangallo.

The Hon. PATRICIA FORSYTHE: I interrupted the explanation of where the project was going.

Mr MERCER: That is the answer: If you look at 15,000 population, it will take a massive infrastructure cost after that to allow for growth. Looking at 2020, we would be talking about a

population of about 13,000 given what we have at the moment with that kind of growth. That growth is manageable. If we bring it back to skill shortages, it tends to be manageable providing the strategy is right and that we get a proper mix in the demography. One of the major problems of population growth, and therefore bringing in right skills set, is that if we simply target retirees or landowners and do not get a proper mix we will not have a sustainable community as we understand it. We must get the demographics right.

The Hon. PATRICIA FORSYTHE: Have you done a study of how many school leavers stay locally?

Mr MERCER: Very few.

The Hon. PATRICIA FORSYTHE: Very few stay or go?

Mr MERCER: Very few stay. A number do come back, but it is not a large number. It has been generally agreed in Cooma-Monaro shire that we cannot stop young rural students leaving. We want them to go away to be educated. In many cases they will build skill sets that they cannot bring back because there is nothing here for them. Whatever we do, we have to accept that many will not come back. But we do want to get some of them back by having a wider mix of industry within the population base. So, yes, we do have a net export of young people.

Simple things can be done with parts of this kind of population growth strategy, such as keeping databases. We have a federally funded organisation that has been strengthened called the Monaro and Bombala Workplace Learning Program. I am the chairman of that organisation and it operates out of the enterprise centre. That is looking at school to work transition and school to further education and training transition issues. One of the integrated strategies we are implementing with skill shortages is tracking the people who leave. We have the capacity to do that, especially in the vocational education and training HSC areas, because we have to keep case studies on what these people are doing. One simple answer is to include in the strategy keeping a database of where the population is going. We had an interesting meeting of joint chambers. Despite being a fairly small rural region comprising Bombala, Snowy River and Cooma-Monaro, we have an integrated community, mostly through the leadership of the councils, which are doing a lot of resource sharing.

One of the strategies is that the businesses meet as well; we have about seven chambers of commerce and progress associations in our very small region. They meet every three months to talk about various things. One of the things that came up in the last discussion was keeping a database of people who leave the region, whether or not they are students, and try to keep them informed through newsletters. It is a costly exercise, but if we are continually letting people who have already experienced rural life and who come from the original base informed of opportunities that might be available in business and employment they may come back.

The strategy of the population growth project is based on building what we call "hot prospects", which we will then hand-hold. We are putting in place processes to hand-hold skilled people who want to move here to find jobs. We are also being proactive in terms of looking at Sydney CBD or Wollongong — they obviously have issues in Wollongong as well. In Sydney there is residential-commercial creep; that is, industrial areas in Sydney are being surrounded by residential buildings. People want to take over that very expensive land for residential use. Government strategy does not help and the problem is that most of the businesses move into the outer west; they never think about rural relocation. They have issues and perceptions that are not true. We talked on our way here about some of those issues. People do not want to move to rural areas because they believe there is no education. We have some of the finest HSC results in the country. They also believe that the rural health services are falling apart. There are issues, but in many country towns we have some very good community health services.

It is too far distant from anywhere; you do not have any culture or whatever. All these things are metropolitan-thinking issues. Many of you who have lived and worked in country areas will know that they are actually not true. The problem is that the perception in metropolitan Sydney is that they are true, such as if you move a business out of Sydney you are not going to operate it in the way you want to. We want to find those hot prospects in business and hand-hold them, hopefully trying to put business cases in place, to help demonstrate to them that if they move they will make so many cost

savings that maybe the transport of raw materials, or the transport of their product back to the marketplace, will be counteracted. As we all know, they are going to get a hell of a lot better lifestyle.

There are great examples of small businesses moving to the North Coast lock, stock and barrel. These include 25-people businesses. I know of a council up there that actually took a whole business and its employees all the way up to the North Coast. I think 18 of the 25 moved up there. Can you imagine the impact of that in a rural area? Also, think of the spread of the skill base. It is quite amazing. We believe that assists us with our skills base and population growth, or makes sure we do not go backwards; and, secondly, there are little strategies, like the Country Week Expo, the continuation of which is absolutely vital, because that raises hot prospects—and it must be supported by government. We have to be proactive and go knocking on doors in central Sydney to do research and find out exactly what could be relocated, and help people with business cases. Council recently approved a business incentive scheme, which is being put in place now, that we have designed. To capitalise on all of that, we have to go down the path of the Grenfell and Boorowa example and have an open week or an open weekend, where you take those hot prospects and bring them into the community and hand-hold them for a whole of the week or weekend to show them that they can move their businesses, that they can get jobs there, et cetera.

The Hon. CHRISTINE ROBERTSON: Are the employers you have got at the moment actively involved in the training of apprentices and apprenticeships?

Mr WATT: Snowy Hydro, one of the largest employers in Cooma and the region, has a program. With smaller organisations, there is not as much involvement. In fact, in the industrial section, one of the issues is that employers are attracting employees from other businesses down the road.

The Hon. CHRISTINE ROBERTSON: Stealing from others?

Mr WATT: Yes, stealing each others' employees. When we have asked, "Why don't you employ apprentices?" we are told, "Their management is too costly, it is too much trouble," and so on. It is the same story: young people are too expensive to manage and so on.

The Hon. CHRISTINE ROBERTSON: How long ago do you think this started?

Mr WATT: I have noticed it in the past five years in particular, and that is probably because building activity within our shire has increased, as it has in most areas, in the past three years. As a result, it has really come home that there are shortages of skilled tradespeople in the area. Unfortunately, some of the tradespeople we have had in the area have gone to Sydney or down the coast because the rates paid in those places are higher, and perhaps people are able to afford to pay the bigger margins that they are expecting.

Mr MERCER: I think there is another part of that as well—and this is not a political statement; it reflects what I have been told by business people. Much of the industrial relations law we have, and the complexity of it, is seen by many small-business people, rightly or wrongly—and I think in some instances it is misread or misunderstood by them—as a barrier because, amongst other things, they believe that they will be hit with big bills when there are disputes. Maybe the advantages, as against the negativity of it, needs to be more clearly explained to small-business people.

The Hon. CHRISTINE ROBERTSON: Young people have also told the Committee that the problem with apprenticeships is that the wages are too small—although that is for a good purpose, because they up being given training—and that other jobs are less stressful for them and they can get more cash.

Mr WATT: I have heard that too. Council has employed a number of trainees in different sections within council, and the salaries paid to those trainees initially are less than we pay the labourers. But we also make sure we have a study assistance program as part of that employment, so that it does not take long before they jump over the salary level of the labourer. It is a matter of attracting young people to make of the plunge for those first couple of years, and encouraging them to enrol in university courses and do distance education. We have found in local government a dire

shortage of professional people prepared to work in local government, particularly in planning and engineering.

The Hon. GREG DONNELLY: On the issue of shortages in particular areas, does the shire council do any monitoring of shortages within council boundaries, or is the information pretty much anecdotal and what you would hear on the grapevine?

Mr WATT: I will hand over to John there, because he has been involved in the project.

Mr MERCER: It is mostly anecdotal. But again I would say that the Department of State and Regional Development has twice funded what is known as a business expansion and retention program. Basically, those programs allow for surveys. We have now had two of those programs, and we have surveyed businesses and asked many of those kinds of questions. So we have in the past done a certain amount of information and feedback gathering from small-business people on a whole range of subjects like that.

On another point, the question of apprentices and trainees: one of the really good things—and council is interested to talk about it—is that in New South Wales, with vocational education and training courses for HSC for years 11 and 12, you can actually put in place one-day-a-week traineeships. Most high schools have one day as a sports day, in which year 11 and year 12 students do not have to be involved. This allows those students to go out on a one-day traineeship, when they actually get paid, as well as carrying on at school. That is an exceptionally good process, and it is one that we are looking at and one that council thinks it can help the community with. If we can do that, as an example, maybe we can spread that concept to other things. I am not quite sure whether I answered your question.

The Hon. GREG DONNELLY: I understand what you said.

The Hon. MELINDA PAVEY: With those surveys, has there been a dominant theme in terms of issues of small business with staff recruitment and staff training?

Mr MERCER: Again, the industrial relations issue came out with this. Strangely enough, the dominant theme in both was totally unrelated. We asked them to do a rating of what they felt Cooma was like as a place in which to live and work. In both surveys—and they were both different survey groups—99 per cent of those surveyed said that they could not think of a better place than Cooma to work and live in.

The Hon. MELINDA PAVEY: Which is backed up today by a report from Deakin University which shows that Eden-Monaro is the fourth-most desirable place in which to live, and Richmond in northern New South Wales was second-most desirable. That makes the point. The study says: Even though we might be earning a little bit less in the regions, they are much better places to live.

The Hon. CHRISTINE ROBERTSON: Is the industrial relations issue related to awards or unfair dismissal?

Mr MERCER: I think the biggest issue has been unfair dismissal and workers compensation.

The Hon. MELINDA PAVEY: I think it is more than just a political issue; it is an actual issue for many. Could you explain to the Committee what are the issues at the local level with the establishment of the defence force call centre, and how the community was able to fill those positions, and has that improved your employment prospects for other people? Could you give us an idea of the numbers involved, and when the call centre opened?

Mr WATT: I am a member of the Cooma-Monaro Technology Centre Board, which was involved in attracting the defence service centre to Cooma. One of the reasons that we looked at expressing an interest in having the centre in Cooma was that at that time we had lost a number of organisations from Cooma—for instance, the local gaol closed, and 55 employees left town; the electricity authority, with 120 employees, left town, and a number of other organisations restructured,

and even Snowy Hydro at the time reduced its numbers. As well, the rural industry was in a bad way because of the severe drought. So we thought having a call centre in Cooma, besides an office of employment for young people, would provide some off-farm income for rural people as well as assist larger organisations, such as Snowy Hydro, to find employment for spouses.

When Cooma was selected there was a little bit of a mix-up. Even the local member thought the call centre, of which I am a board member, actually got the contract. It turned out it was another call centre, which has since been developed next door, and they currently employ about 110 people. Initially, there was some concern on the part of defence personnel in particular that Cooma was not large enough to be able to fill a centre like that. We argued that one of the attractions of a place like Cooma was that once people were employed they would stay there. You would probably know that call centres have a huge turnover of staff.

The call centre has now been opened about three years, and they find that we were right: the turnover is very low compared with that of other call centres, and they have no trouble filling the positions. Initially, a number of positions were filled from Canberra and the region, but that is becoming less and less the case now, with more local people being employed. So it was a good test to show that a small centre—one with less than 8,000 people—can handle a new organisation like a government agency. All the confidentiality issues and infrastructure issues, as with most of the issues that were spoken about earlier on, have been overcome, and it is now an important employer in town.

One of the problems faced by a lot of small communities, like Cooma—with a population of 8,000 or less—is that they need to have a good mix in their economies. We found that prior to the 1990s we were probably over-dependent on the public sector, and when we lost some of those employers we had to look at other options. We have tried to make sure that we have a good mix. Cooma, besides still having a good representation of public sector employers, still has private organisations such as a large export meatworks, which employ 100 to 120 people, and has consultancy companies like the Snowy Mountains Engineering Corporation, which is a large employer, not so much in Cooma but internationally. We also have a pretty good commercial centre. We have also encouraged tourism. Council spends a large portion of its budget providing visitor information and promotional activities, adding to the mixed economy. But a lot of smaller centres, particularly places that are smaller than Cooma, have not got that mix.

Mr MERCER: The community call centre is obviously a training ground for the Defence Service Centre. The other thing with the Defence Service Centre, obviously in call centre work it is very much customer service oriented. That kind of thing in a rural town, large-scale customer service oriented organisations, has a flow-on effect in skills but is absolutely necessary in a rural town for things like tourism, which Neil mentioned. The figures, by the way, which Neil did not mention I think, show in metropolitan areas it is a 40 per cent turnover of staff per year in a call centre. A lot of the staff who man them are actually visiting overseas students. Our community call centre specialises in running call centre programs, many of them government call centre programs, that are specifically aimed at rural people. So you actually have rural people talking to rural people about rural problems. They have a contract, I think, with the Department of Transport and Regional Services.

The Hon. CHRISTINE ROBERTSON: I know you can handle big conferences.

Mr MERCER: Yes.

CHAIR: I thank both of you very much for coming here this morning to give your evidence. It is very much appreciated.

Mr WATT: Thank you very much for the opportunity.

Mr MERCER: Thank you, Mr Chairman.

(The witnesses withdrew)

CRAIG FRANKLIN MURRAY, Managing Director, Country Energy, P.O. Box 718, Queanbeyan,

TERI ANN BENSON, Group General Manager, Corporate Services, Country Energy, P.O. Box 718, Queanbeyan,

WILLIAM JAMES FREWEN, Group General Manager, External Relations, Country Energy, Level 25, 44 Market Street, Sydney, and

BENJAMIN ROSS HAMILTON, General Manager, Strategy, Country Energy, P.O. Box 718, Queanbeyan, sworn and examined:

CHAIR: Welcome to the seventh hearing of our Committee inquiry into skills shortages in rural and regional New South Wales. Would each of you tell me in what official capacity you are appearing before the Committee?

Mr MURRAY: As Managing Director of Country Energy.

Ms BENSON: As Group General Manager, Corporate Services, Country Energy.

Mr FREWEN: As Group General Manager, External Relations, Country Energy.

Mr HAMILTON: As General Manager, Strategy, Country Energy.

CHAIR: Would any or all of you like to give a brief opening statement?

Mr MURRAY: Country Energy is a State-owned corporation that supplies electricity to some 95 per cent of the State. It supplies gas to a number of areas and also water in the Far West. We have approximately 3,500 staff, 130 depots and customer centres and some 400 apprentices. We are very involved in the communities we serve and our organisation, because it covers such a vast area, is broken up into 9 different regional management roles who work directly with their staff and customers. It is a large corporation. Our annual revenues are heading up to \$1.8 billion, or in that order. As I said, we employ some 3,500 staff.

CHAIR: In your submission you said that Country Energy has been developing medium- and long-term strategies to identify the gaps and develop work force plans integrating retention and attraction measures. Would you tell the Committee more about the strategies you are promoting to address skills shortages issues in your organisation across rural and regional New South Wales?

Mr MURRAY: I will ask Teri in a moment to go into a little bit more detail. Essentially we are trying to identify exactly where the organisation sits first and where we need to be both now and leading into the future. This covers a whole range of activities from general management right through the spectrum down to people in the field, blue collar workers. It has been quite an extensive program and quite an extensive training program that backs it up. The major areas we have issues in at the moment are for line workers in the west and for qualified professional engineers. We have a range of programs to address those.

Ms BENSON: We have always had an extensive apprenticeship program. We are bringing in between historically 60 to 70 apprentices a year. This year we have brought in 100. Through our work force planning initiative the company is starting to find the gaps. As Craig said, line workers are a big gap for us. The industry for probably the last 10 years did not have a lot of apprenticeship programs running. Now we are filling that gap through the apprenticeship programs. We are also facing skills shortages in technical officer areas, which is like a paraprofessional. They can get electrical and technical qualifications through TAFE. We are now starting a program where we have put some traineeships together. This year we have started a technical traineeship program. We put 20 people in who started in January. They will do a three-year course sandwiched through TAFE to accelerate progression into those areas. We are also doing graduate engineering programs. The apprenticeship takes four to five years before we get someone really into the workforce. So we are trying to complement that with strategies around traineeships and the graduate programs as well.

We always have indigenous programs running, and we are putting a lot more focus on that as well. We see that as a natural fit for us. We have some positions in the west that have been vacant for nearly a year and we have spent lots of money trying to recruit into those roles and they are still vacant. We find by attracting local labour we get a much better retention rate.

Mr MURRAY: One of the things we do find being quite successful for us is mature age apprentices coming directly out of towns. Once people have links with the community and we give them training, a job and a career they are more likely to stay. We have no issues getting staff at Ballina, Coffs Harbour and Port Macquarie. In fact, one of the issues we deal with on a frequent basis is how we handle staff who request transfers to those places from the west. It seems to get harder the further west you go, with some exceptions with the major towns. For us the issues are not so much related to places like Dubbo or Broken Hill. It is the smaller places we service outside of that—Brewarrina, Walgett, Hay, those places.

The Hon. PATRICIA FORSYTHE: Are you able to offer incentives?

Mr MURRAY: It is an interesting question. There is a remote allowance at the moment that has been operating for many years. It is quite small and does not really cover what we are doing. At the last executive meeting last week, in fact, Teri came up with a package of things that we are going to take to the board now in terms of trying to reward people who stay for a period of time. The incentive is after three years you get x amount, after five years to get x amount. We have looked at a whole range of things over the years, like company houses, but that really disadvantages people who live in the town. If you give someone a free house to come to the town, someone who is born and bred there has to buy their own house. We believe if you relate it to length of service in that particular area, in the west, then that should work well for us. But it is an issue. As Teri said, we have had close to 20 vacancies now for almost up to a year in some places. The issue we have is the lag with apprentices and the ratio we are getting between apprentices and tradesmen. In some areas our apprenticeship ratio is getting very high compared to the number of tradesmen we have in town.

CHAIR: When you talk about giving an incentive to stay in a particular place do you say, "If you stay in the town three years or five years this is the incentive" or do some areas have a better incentive than others?

Mr MURRAY: We look at all of the areas and, as I said, we are yet to adopt it in the organisation. Last week we were looking at this issue to try to cover it. What we are saying is we have drawn a line. I am sure it is based on a great deal of facts that we have researched.

Ms BENSON: It is based on Accessibility/Remoteness Index of Australia [ARIA].

Mr MURRAY: It really is west of line, if you like. It is not saying you have to stay in this one town but you can move provided you move west of there for a period of time, then there is a cash incentive at the end of three years and I think the second breakpoint was five years. That has yet to be confirmed by the board and introduced.

CHAIR: You have 400 apprentices. Is that a percentage of your total workforce that aim for year by year?

Mr MURRAY: It is interesting. This year we were looking at only taking on 70. We have an issue with the ratio of apprentices to trained staff. Whilst it is not a big problem in the larger depots, it does become a problem in depots where you only have 3 or 4 tradesmen. You cannot have 3 or 4 apprentices there; there is a ratio. This year the quality of people who applied both as mature age and school leavers was so high we upped the numbers from 74, I think it was, to 112, simply because of the quality. You get some really bright people, some really bright kids, both male and female applying for these apprenticeships.

The Hon. MELINDA PAVEY: What age span are they?

Mr MURRAY: From 17 through 40, roughly.

Ms BENSON: The oldest mature age we have had I think is around 40.

The Hon. PATRICIA FORSYTHE: Are you able to fill every apprentice place that you have?

Mr MURRAY: Yes, we can.

Ms BENSON: We had 1,600 applications for apprenticeships.

Mr MURRAY: That is why we went up to 110, 111, whatever the final figure was, because the quality level was so high that we really did not want to arbitrarily cut it off at 70.

The Hon. PATRICIA FORSYTHE: Are you the major apprentice employer in western New South Wales?

Mr MURRAY: Yes, by a long way.

CHAIR: Is it the nature of the work that you are able to attract that number of applications?

Mr MURRAY: We work hard. This sounds a bit like a slick cliché, it is not meant to. We work hard at being the employer of choice. Our salary levels are good, our conditions are good and the company overall invests a lot of money in training, not only for apprenticeships but right through. Some of our regional general managers and senior managers were linesmen just four or five years ago. We encourage staff to come in and look at the total career parameter, if you like. Sometimes it would be better if they did just want to stay where they were as line workers. We have been working very hard at that. I think most people in the bush, once they are there, want to stay there. If there is a good job, if the opportunities are there, the opportunities for growth and advancements, then it is a good place to live.

Mr FREWEN: As has been said, we recruited on that basis. We look for people with the intention to stay in their towns. They might have family roots. Just on Craig's point about regional general managers, our regional general manager here in Queanbeyan in the south-east region was an apprentice originally employed through the county councils—David Bellew.

The Hon. PATRICIA FORSYTHE: Do you have a specific program for talking to students in schools? Are you proactive? What sort of programs do you have involving careers advisers?

Ms BENSON: We do, but we are looking at how we do it again. We send out packs. We are in contact with careers advisers in all the schools. We find that a lot of school leavers do not think about electricity as an industry to go into. One thing we are looking at, and we are trialling in Dubbo and on the North Coast as well, is doing workplace placements for their last years of school. So through TAFE they can do their HSC but also start their trade with us. They work through their vacations and do a day a week with us.

Mr MURRAY: I think it is an area that we can upswing significantly.

Ms BENSON: We can do a lot better.

Mr MURRAY: Given the quality and the number of applicants we get. The other thing we do is use an indigenous consultant to get the best indigenous employees. On a number of occasions we have advertised for apprentices, Walgett comes to mind, where we received no applications at all and then used an indigenous consultant. We got two or three really bright kids. That works well for us.

The Hon. MELINDA PAVEY: One of the things that has been said regularly during our hearings is that we are short of building tradespeople, for example electricians, that blame is sheeted home to the corporatisation of electricity in New South Wales and that we have to be more aware that is bottom line. I read in your submission that you are applying to be a registered training company. Is there any possibility that you will take on apprentices who may be surplus to your needs through being a registered training provider for industry more generally?

Ms BENSON: We did it because we can provide more training directly ourselves and it was accredited. It was a business decision. However, part of the extension of that is that we can now train other people and have relationships with organisations wherein we can facilitate the training of their apprentices. We will be looking at that if we get the accreditation, which we hope will happen this year.

The Hon. MELINDA PAVEY: What has the process been like?

Ms BENSON: Luckily we have some very good people in our training area who are linked into the ITAB boards and who know how the system works. It has gone quite smoothly so far. We have lodged our submission but we have not reached the review stage.

Mr MURRAY: It has been vigorous and has taken a deal of work.

Ms BENSON: We have a suitcase full of paper.

Mr MURRAY: We have three major training centres because we do our apprenticeship training in house. We have one in Goulburn, one in Parkes and one in Grafton. They are fully fledged training facilities for our apprenticeship program. We start off each program with a two-week live-in course so that when the apprentices get out in the field they are not walking into an environment cold. They have been able to bond, they understand how the organisation works and they have done some rudimentary training, particularly in safety.

The Hon. PATRICIA FORSYTHE: There are certain skills that are common to many industries, and a lot of it involves OH and S training. As a registered training organisation are you looking at providing some of those generic skills to other organisations? Would that be possible?

Ms BENSON: It is possible and we do some work with New South Wales Rail, mainly on electrical safety in proximity of lines. We do a little bit of that now and it is possible with RTA. As I said, the priority was to address the business need, but an extension of that could be those sorts of things.

Mr MURRAY: It has been discussed in terms of opening it up into a wider business area. We have yet to come to a conclusion. We are concentrating on our core program and what we need to achieve. Once we get that up and running, which will probably take two or three years, we will look at wider involvement. We are keen to do that. The facilities we have are excellent and they might benefit from greater use.

The Hon. GREG DONNELLY: Once upon a time people entering apprenticeships were about 15 years old. In rough terms, how many of this year's apprentices are about that old, as opposed to year 12 and mature aged?

Mr MURRAY: Very few are under HSC age.

Ms BENSON: When I was at our induction camp I was surprised at the number of mature age faces. When I first started going to them I thought most of the participants should still be at school. This year about 50 per cent of the participants would have been mature aged and the rest would have been HSC age.

Mr MURRAY: It is like a catch-22. The quality of the HSC students who apply is very high and it is hard to look past them.

The Hon. GREG DONNELLY: You said earlier that there were 1,600 applications.

Mr MURRAY: For the last intake alone.

The Hon. GREG DONNELLY: Did a large number of 15 and 16 year olds apply; would they form a reasonable proportion of the applicants?

Ms BENSON: I would assume so, but I cannot tell you without checking.

Mr MURRAY: We can check that and forward the information. Most of the programs and most apprenticeships these days are aimed at HSC students rather than the more traditional year 10 leavers.

CHAIR: Are you not chasing the 15 year olds or are they not ready to take it on?

Ms BENSON: I think they are saying we have not been chasing. We are looking to go into schools at the year 8 and year 9 levels and to talk to kids about careers. I do not think anyone in the industry is proactively doing that.

Mr MURRAY: One of the issues is that it is a dangerous job and that extra degree of maturity works well for everyone.

The Hon. PATRICIA FORSYTHE: Do you have any difficulty getting applicants?

Mr MURRAY: No.

Ms BENSON: No.

The Hon. GREG DONNELLY: And good quality applicants?

Mr MURRAY: It is amazing how bright some of these people are. For some time the feeling was that if someone became a tradesman he was seen to be a failure. That is changing now, dramatically, particularly in the bush. Some of the jobs we are now offering are really up there.

The Hon. CHRISTINE ROBERTSON: Do you need academic qualifications?

Mr MURRAY: Yes and no. I do know that they specifically need HSC standard; I think they need HSC ability. I do not think they need that level of pass in terms of maths, but they would need close to that level of ability to get to that point in the training program. The lineman apprenticeship was a one-year program and it now takes four years. The habit of studying and applying discipline must be well developed.

The Hon. PATRICIA FORSYTHE: I do not know how who ask this question because you have said there are so many applicants. However, in talking to some employers the notion of a four-year apprenticeship seems to be a disincentive because of the wage structure. That does not appear to be a problem for you.

Mr MURRAY: It is not a problem in one sense. The problem is that it takes four years before the participant is qualified. We have a reasonably high age profile in the business, particularly in some of the smaller depots. We would like to get more skilled people more quickly, but then we get into the debate about skills and how skilled we need them to be. We do not have a problem attracting staff. In fact, we have a different wage structure for mature aged apprentices; they are not all employed on the regular —

The Hon. MELINDA PAVEY: Can you expand on that?

Ms BENSON: Those commencing the program who are over 21 commence on a line worker 1 pay rate, not the apprentice pay rate.

The Hon. MELINDA PAVEY: What is that approximately?

Ms BENSON: About \$950 a week.

Mr MURRAY: Up towards that order. The idea is that we attract good quality staff and it works well for us.

The Hon. CHRISTINE ROBERTSON: What is this program called?

Mr MURRAY: Mature age apprenticeships. It is all part of the one program and everyone is treated exactly the same.

Ms BENSON: By law we have to recognise mature age.

Mr MURRAY: Which we would want to do.

CHAIR: Do you pay 17 year olds according to age, ability or your needs?

Mr MURRAY: Age at apprentice 1 level. If they are between 17 and 19 and a year 1 apprentice, that is the salary they get.

The Hon. CHRISTINE ROBERTSON: Do you lose some in year one and year two on that salary?

Mr MURRAY: Virtually none.

Ms BENSON: We have a 98 per cent retention rate.

The Hon. CHRISTINE ROBERTSON: Have you analysed any of that to find out why?

Mr MURRAY: We are a good employer.

The Hon. CHRISTINE ROBERTSON: Other employers say they go away.

Mr MURRAY: Seriously, we work hard at being a good employer. It is secure and safe, they are with an organisation that works hard within the community and they have a career ahead of them. They also have the opportunity to stay in the trade or to move out later on. We work hard and seriously in terms of providing training and a good place to work. We all enjoy it.

Ms BENSON: We resource our apprenticeship program. We have a full-time apprenticeship co-ordinator who knows exactly what is happening with each apprentice, such as whether they are falling behind in course work, to ensure they get through.

CHAIR: Do you take a particular interest in each apprentice?

Ms BENSON: Their line manager works most directly with them, but we have a co-ordinator who tracks that. An ex-line worker talks to them if they start to fall behind or lose their way.

Mr MURRAY: The two-week live-in block works well because we establish the notion of the "Class of 2006" for example. It gives them an opportunity to maintain contact no matter where they go across the State. They can pick up the phone and talk to one of the mates they have made if there is an issue. It has worked well.

The Hon. MELINDA PAVEY: How do your apprentice retention rates compare with those of other energy providers in New South Wales?

Mr MURRAY: I do not know, but we seem to get far more applicants for our positions. However, that is purely hearsay. I know that about 12 months ago Integral advertised for six or 10 apprentices and got 60 or 70 applicants. Without much effort we run into the thousands of applicants.

The Hon. MELINDA PAVEY: Because it is good income for regional areas.

Mr MURRAY: Yes, and it allows people to stay where they were brought up. Young people still have flexibility later on in life; they are not locked in forever.

Mr FREWEN: I sound a note of caution. There is a skills shortage and that is why this inquiry was set up. That shortage is also a national and international problem. The competition for people qualified in the electrical trades is hotting up. Our retention rate is very good, but the market for their skills will tighten. We are closely watching Queensland, which has had dramatic increases in

pay rates recently. They could recruit our apprentices. Victoria and South Australia are very similar. We are not living under the illusion that it is a static market for these people, which is why we work so hard to retain them.

Mr MURRAY: That is right. As the skill shortage continues the demand for these people will increase. It is a catch-22: We get a good reputation as an accredited training agent and our staff become poachable.

Mr FREWEN: We are particularly vulnerable because we started earlier than most other electricity companies, so our recruits are coming to maturity and will have their qualifications earlier.

The Hon. CHRISTINE ROBERTSON: Do you do business analyses and other things in your skills needs assessments rather than simply ask vague questions about what might be needed?

Mr MURRAY: There is nothing vague about Ms Benson.

The Hon. CHRISTINE ROBERTSON: What process do you use to do the skills analyses?

Ms BENSON: A questionnaire goes to all business managers. Last year we did a short-term snapshot in looking for immediate solutions. We also tried to take a longer-term view. We did surveys of each employee in the business unit. They write down what they do each day and then we link that back to competencies and what skill sets they use to do that task. We then map those competencies to training modules to ensure we know what are the training needs for that group of people. That involves the employees and managers in the area and that goes back to a working group, which reviews it and agrees whether it reflects what is done. We then link the training and competency analysis to the result.

The Hon. CHRISTINE ROBERTSON: How do you balance that with your business analysis and what is happening in the industry?

Ms BENSON: That overlays; we get a lot of data.

The Hon. CHRISTINE ROBERTSON: You do that together?

Ms BENSON: Yes, into the same model.

The Hon. PATRICIA FORSYTHE: To what extent are you an in-house trainer and to what extent do you rely on TAFE?

Ms BENSON: We do all the technical training ourselves. We work with TAFE on frontline management and IT skills.

Mr MURRAY: We have some 300 or 350 people who are now going through external courses. We support staff up to and including masters. We have a class going through all the time.

The Hon. PATRICIA FORSYTHE: I know you also use Charles Sturt University.

Mr MURRAY: We do.

The Hon. PATRICIA FORSYTHE: How flexible and responsive are some of those organisations to your needs, and particularly TAFEs, because we are more likely to be able to make a comment about TAFEs rather than the universities because they are not relevant to us at the state level?

Ms BENSON: We have a really good relationship with North Coast TAFE. We run our programs through there. They are very proactive. Prior to my involvement, when we were setting up things like Frontline, it was not always as flexible. North Coast TAFE has been extremely proactive.

Mr MURRAY: It has gone very well for the past couple of years. They co-ordinate all this frontline management training we do. They individually put in a lot of effort.

The Hon. MELINDA PAVEY: How does that work for the other parts of the State, such as the North Coast?

Ms BENSON: They deliver it from there. The mode of delivery is so many face-to-face, and then there will be a teleconference every month with the group in that program. They come together every four weeks. I have a teleconference every fortnight with the study groups, and the course leader from TAFE will sit in on those conferences.

Mr MURRAY: We have graduation dinners around the State for staff who go through the frontline management program, essentially aimed at people in the field, not particularly at middle managers. TAFE is very much involved in that as a partner, rather than as a supplier, if you like.

Ms BENSON: We have found, as we have gone into the technical areas and got the trainee technical officers training organised with TAFE. TAFE does not have the resources, so we have had to put our own people into writing that material. However, we see that as an investment because we will not get the courses off the ground if we do not get involved.

CHAIR: What advice would you have for employers, not necessarily in your field, on trying to attract staff? What would you say to them?

Mr MURRAY: I do not know. I have enough trouble thinking about what we do to attract staff. I think it would be really to get a reputation—I do not think it matters whether you are a big organisation or a small one—of being a good place to work, of being fair and reasonable, and having enough flexibility to reward people who really do work in hardship locations. I often think that our guys working west of Cobar have a hell of a time compared with those east of Woollahra, if you like. It seems to me that the degree of pure physical effort that is required has to be rewarded. Last year we had a board meeting at Broken Hill, where it was 45 degrees every day, and that was a great opportunity for the board, as well as the management team, to be out there and really experiencing the working conditions that are staff work under every day.

CHAIR: Obviously, you have done a good job of attracting and holding onto people. What help by government would you see is needed by a company like yours to enable you to keep your momentum going?

Mr MURRAY: I think it inevitably comes back to taxation: the ability to have some form of real recognition of the differences in working in small western country towns and working in other places.

The Hon. CHRISTINE ROBERTSON: Economic zones.

Mr MURRAY: Whether you call it economic zones, or whether you call it taxation relief, or whether you call it hardship posting, at the end of the day trying to attract people who do not live there really will come down to how much money people can make, and the conditions they work under. We are now looking carefully at how we do that, and I think that needs some sort of treatment as well.

The Hon. CHRISTINE ROBERTSON: Because we are going to Moree this week, where we will be talking about Aboriginal employment strategies, could you tell us more about why you decided to target Aboriginal employment? Thirty-nine is exciting, because it is a fairly new program, but is there an equitable geographic spread, or is it the case that you cannot get other people?

Mr MURRAY: It is almost a combination of those. When you are in Moree, I would you to go and have a look at our new customer centre, which we opened just 12 months ago. We have an Aboriginal trainee working in there. We do not do any of these things because we are a charity; we do them because we think they make good business sense. It is the same with our training program and our apprenticeship program. Where we have a need for a staff member, it makes a lot of sense for us to go out and have a look at an indigenous trainee, both in terms of cost and commitment to the organisation. And, once they have started, they invariably stay. So it is a combination of a range of activities: what are our business needs, what are the opportunities in the town, and laying over the top

of that a small amount of social responsibility, if you like. It was 12 months ago that we opened this brand new customer centre in town, and we have an indigenous trainee there.

CHAIR: Have you ever looked at the skill migration program?

Mr MURRAY: No. In fact, until we read your terms of reference, I do not think it had a very high profile in the organisation. Having said that, we do attempt to recruit in New Zealand, occasionally in the United Kingdom and occasionally in Ireland, with varying degrees of success. You get very little in real terms. But, no, we have not been part of that program at all.

The Hon. CHRISTINE ROBERTSON: We have had quite a few employers tell us in these hearings that is what they want. Is there a possibility that your company does not have to think about that because you are putting in the training and hanging onto the employees after?

Mr MURRAY: No. If we could attract more skilled workers now, it would make sense for us and it is something we would do. As I have said, we have almost 20 vacancies at the moment for skilled people.

The Hon. CHRISTINE ROBERTSON: Are you talking about in the Far West?

Mr MURRAY: Yes. We have 20 vacancies throughout the Far West at the moment. Those vacancies have existed now for between six and 12 months and we just cannot attract people.

Mr FREWEN: I suspect it is going to be something very relevant at the engineering level.

The Hon. CHRISTINE ROBERTSON: Is anyone indenturing those people to keep them out there?

Mr MURRAY: Paying them to stay out there is much more basic.

CHAIR: In your field of responsibility, is there anything you can suggest to us?

Mr HAMILTON: We are to embark on a fairly major project towards the end of March, looking at our medium and long-term needs in terms of what our facilities are like around the State. So we will be working very closely with Terri's team and with our information services team to make sure that the Country Energy facilities that are in those towns are appropriate to the skill sets that are going there—so, looking at work force planning, and looking at what is going to be needed in a particular area by way of staff accommodation, how many designers we have there, how many administration staff we have there, how many line workers make up a depot, and a whole range of things like that. That is about making sure that we have the appropriate facilities there to provide the training and to provide the ongoing support to our people.

The Hon. CHRISTINE ROBERTSON: Do any other regions apart from the Far West have difficulties with staffing? Salaries, of course, are not always a good measure of the ability of a town to cope.

Mr MURRAY: It depends on your definition of Far West I guess, but in a lot of places like Dubbo and Broken Hill we do not have problems. It is in the smaller towns that surround them, for example in Wellington and Narromine around Dubbo, that for some reason it is harder. And, if you go further west and into smaller towns, that is where the real issues are, because I think with most kids, once they reach age five or six, their one ambition is to get out of town. That is why I think our more aggressive stance in the schools program, which was raised earlier, will work well for us in those sorts of places.

The Hon. CHRISTINE ROBERTSON: As Melinda was pointing out, young people up there love apprenticeships, and that has never been an issue with councils, North Power and you people, and yet they have huge unemployment and poverty issues.

Mr MURRAY: In the larger centres, like Tamworth and Armidale, there are no real issues that are not manageable. It is really once you get to the smaller, outlying towns.

The Hon. CHRISTINE ROBERTSON: Such as Warialda.

Mr MURRAY: Yes. It is more generally based in the Far West, but almost anywhere west of the Great Divide, in smaller towns you can have the same problem.

Mr FREWEN: Right now, in Tweed and Bega for example, we are very close to our competitors, so we are thinking of the future there.

The Hon. MELINDA PAVEY: Mr Frewen, if I could follow up on the engineering issues. Do you have a shortage of engineers currently?

Mr FREWEN: Yes. That is common not just to energy but to transport and aviation.

The Hon. MELINDA PAVEY: How have you gone about upskilling within Country Energy for training of engineers, and through which organisation are they doing that course?

Mr FREWEN: Terri probably knows better than I. But a number of our regional general managers started as apprentices and have obtained various technical qualifications to get there.

Mr MURRAY: Also, we have just started a professional engineers cadetship program within the organisation.

Ms BENSON: And we did target internal people who did not have an engineering qualification but have technical qualifications. I think it is eight that have just gone into an intake, and they are being sponsored through New England and Newcastle universities, two of the three universities that we have got involved in the sandwich course for them.

The Hon. MELINDA PAVEY: In previous evidence taken in the Riverina concern was expressed that the only distance engineering course that they could do was through Queensland, at Toowoomba.

Ms BENSON: I would have to get back to you, because I know when we were putting it together it was really hard to find a university to link it to. I cannot remember which organisation we went with, but I can find out for you and give you that information.

The Hon. MELINDA PAVEY: Thank you.

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

Mr MURRAY: No. I think we have probably said quite enough, and we thank you for the opportunity to talk to you.

The Hon. MELINDA PAVEY: Where are you all based, as a matter of interest?

Mr HAMILTON: Queanbeyan.

Ms BENSON: Bathurst.

Mr MURRAY: Front seat of my car.

Mr FREWEN: Ditto.

Mr MURRAY: Quite seriously, because we cover nine different regions, and we have a regional general manager in each of the nine places, which are spread throughout the State, the executive are away from home at least two nights a week. So I actually live in Sydney, but we have a family place out of Coonabarabran, and I spend most of my time in the front seat of my car.

CHAIR: I would like to thank you for being here today and congratulate you on the work you do, particularly on the number of apprentices that you take on. Well done. Thank you very much for your input.

(The witnesses withdrew.)

JOHN DEDMAN, Executive Officer, South East New South Wales Area Consultative Committee, and

JUDITH ANN CLIFTON, Economic Development Manager, Bega Valley Shire Council, sworn and examined:

CHAIR: Ms Clifton, in what official capacity are you appearing before the Committee?

Ms CLIFTON: As the Economic Development Manager for the Bega Valley Shire Council. I have made a written submission to the Committee.

CHAIR: Mr Dedman, in what official capacity are you appearing before the Committee?

Mr DEDMAN: As a representative of the Building Industry Task Force of the Bega Valley Shire.

CHAIR: Would both or either of you like to make a brief opening statement?

Ms CLIFTON: John and I prepared a summary on the building industry task force. Originally during May the Bega Valley Business Forum raised issues about the local skills shortages. An initial investigation was commenced by the forum, surveying several trades in the local area. From that we realised there was an issue and we then organised a meeting of the building industry, everyone in the local area we knew were tradespeople—builders, plumbers, carpenters, tilers, plasterers, everybody we could find. That meeting happened on 4 August 2004. That meeting identified to us some ground issues that we needed to look at. From that meeting the Bega Valley Building Industry Task Force was established. John and I are both members of that task force. From there we set about meeting with people and trying to solve some of the issues that had been raised, which initiated writing several letters and holding several meetings with industry members such as the Master Builders Association [MBA] and the Housing Industry Association [HIA]. We then went on to do a major survey.

Mr DEDMAN: Something like 72 people came to the meeting. It was really well attended. They floated a whole lot of ideas, issues and so on. Coming out of that, we decided to do a survey of the industry of a range of things. I guess the reason we are here today is we have done all this work and then we heard of your inquiry. We thought you might as well know what we know. From there you have obviously read what we have done and thought it was worth having a chat with us.

CHAIR: Certainly the Committee is interested in hearing your evidence. We will go straight to the questions.

The Hon. PATRICIA FORSYTHE: You have identified the shortage of younger people coming into the Bega Valley. When you look at the demographic picture of the Bega Valley, if I recall, it does have people coming into the Valley, older people. It is an area for retirement. As part of your skill audit in the area, did you look at the skills of older people? In other words, using their skills even though they might be near retirement or are they looking at just retiring in the area?

Mr DEDMAN: That was actually part of what we did. Our survey was about the issues in the building industry. There are a whole range of things that came into it, like the CPD points system and builders warranty insurance.

The Hon. CHRISTINE ROBERTSON: What does that mean?

Mr DEDMAN: CPD is continuing professional development. There were red tape issues, but we do not want to dwell on that today. On your point, I am working on that. You are right, the Bega Valley is attracting an older clientele in a way. I am working on how do we tap into the skills of those people, the semi-retired and retired people. I am thinking more in terms of volunteers, getting them to volunteer their skills back into the community sector. I have looked into it. There is no-one who plays this co-ordinating role. In other bigger regions they have volunteer co-ordination centres, for want of a

better term. We do not have that in the region that I service. We are playing around with that, but there is still a lot of work to be done.

The Hon. PATRICIA FORSYTHE: Do you see it as a problem that many young people, perhaps the majority of young people finishing school, say, at Bega leave the area for at least the next 10 years—in the 18-to-25 years age group it is a net outmigration? Do you see that as a problem or simply a factor in young people gaining different experiences of life? Do you want to hold them in the area or accept that is the nature of the community?

Ms CLIFTON: If there was more potential to stay—we have a situation where apprentices have to leave the area to go away to TAFE at Moruya or Queanbeyan or Cooma. They are not continuing to be schooled in the Bega Valley. Some of them might be under the impression that if they have to leave the area anyway they might as well migrate somewhere else and get the full gamut. We would like to see them stay and give them career potential within the local area.

The Hon. PATRICIA FORSYTHE: What is the overall demographic picture of the Bega Valley? Is the population growing and, if so, is that because of sea changers or tree changers? Is the community now growing?

Ms CLIFTON: Definitely.

Mr DEDMAN: It is growing. I think it is around 2 per cent a year. There is some research being done. While there is that older age group, there is also a group coming in from about the 30- to 45-year-olds, lifestyle-type people.

The Hon. MELINDA PAVEY: What percentage are re-establishing family connections?

Ms CLIFTON: I would say a percentage of them are coming back. They have got married and are coming back to have their family.

CHAIR: What are the people in the building trade doing at the moment as far as trying to attract or hold onto people in your area for apprenticeships? Are they proactive in getting them trained or attracting people they can train?

Ms CLIFTON: We are having a bit of a boom down there. I think most of them have got their heads down and their bottoms up and they are just working. They are so busy. We have noticed at another level because of collecting the CPD points some are saying, "I just do not want to take on apprentices as well as doing everything else. The work is there and that is what we are doing." They are looking for people who are already skilled.

Mr DEDMAN: There are issues in the training of apprentices. One major issue we found was the fact that the apprentices have to go away so far to do their training. It is a really big issue. The industry is saying in these days of occupational health and safety how can we be sending apprentices off to Canberra.

The Hon. MELINDA PAVEY: Is that where they have to go?

Mr DEDMAN: Wollongong, Canberra, Goulburn, Nowra, depending on the trade.

The Hon. PATRICIA FORSYTHE: You say in your submission that Bega TAFE has no courses for trainees?

Mr DEDMAN: That is right, no building trades.

The Hon. PATRICIA FORSYTHE: What does it offer?

Mr DEDMAN: I am not sure. I think they might do welding. I think welding is the only trade that I know of at Bega.

The Hon. PATRICIA FORSYTHE: In order to offer a course, amongst other things, one would presume they need to identify a need. You have established there is a shortage, so you have identified a need. What discussions have you had with the TAFE in your area—or even Illawarra TAFE, which is probably the centre—to see if they could be more flexible to the needs of the community?

Ms CLIFTON: We had roundtable discussions with them, we wrote to the TAFE. The TAFE is well aware of the situation. Obviously, a lot of our kids are going up to Cooma. If they take them out of Cooma and they start somewhere in Bega that means the Cooma TAFE could be in jeopardy. That was one of the issues as well.

Mr DEDMAN: We wrote to them asking to set up a trade course in Bega. They wrote back saying it was too expensive, they cannot do it. We also raised with them the need for improved assessment of training. I understand there is a system where an apprentice can be assessed on the job that he can do certain things. They line up the work, the assessor comes on that day and he does all this stuff. The assessor ticks them off and the apprentice does not have to go to TAFE as often, so he can reduce the travel. That did not go very far either. We felt that is a point that could be picked up on—the assessment of skills on the job.

CHAIR: Surely the larger employers in the building trade would be doing something about training?

Mr DEDMAN: I do not think we have the big employers like you might be thinking. We spoke to a builder on Friday who is probably one of the biggest. He probably has a work force of perhaps 10, 12, 15.

The Hon. CHRISTINE ROBERTSON: How many of his staff are apprentices?

Ms CLIFTON: I think one.

Mr DEDMAN: Probably one.

Ms CLIFTON: He is picking up on a lot of the other local people who are moving into the area. A plasterer might come along and he picks him up as he comes through.

Mr DEDMAN: He made the comment that he could not get plasterers when he wanted. He now has a plasterer permanently on his team.

CHAIR: Is there much poaching, for want of a better word, of people from other towns?

Mr DEDMAN: I am not aware of poaching. I heard an anecdotal story on the weekend: a carpenter from our way is working at Bombala. He went into the post office the other day and the lady said, "You're a carpenter. You have to leave your business card here because there are just no carpenters in Bombala."

The Hon. PATRICIA FORSYTHE: Translating the situation into the practicalities of building a house in the Bega Valley, are the companies likely to build a house there locally based?

Ms CLIFTON: Yes, definitely locally based. They are obviously doing several at one time because if you are building a house the builder would come for a certain amount of time then disappear for about two weeks and then come back. They are probably spreading themselves rather thin on the ground to keep the clientele up.

The Hon. PATRICIA FORSYTHE: Is there a delay in construction?

Mr DEDMAN: There certainly was at the time we started the project 18 months or so ago. Our feeling is that things have improved a little bit. The economy has perhaps slightly slowed but it is still busy.

CHAIR: What role are the council, chamber of commerce, building enterprise centre, whatever you have there, playing in trying to attract people?

Ms CLIFTON: The Bega Valley Business Forum is the name of the combined chambers. That covers all the towns.

Mr DEDMAN: That is who we are basically representing. Through that the combined chambers set up a task force as a subcommittee.

The Hon. PATRICIA FORSYTHE: They are a fairly proactive chamber.

Ms CLIFTON: Yes, they are.

The Hon. CHRISTINE ROBERTSON: How many carpentry apprentices, for example, do you think you would have in the Bega Valley?

Mr DEDMAN: I think they had 26 apprentices in training over 2 years, 2003 and 2004.

The Hon. CHRISTINE ROBERTSON: That was for carpentry?

Mr DEDMAN: Yes, that is the figure that comes into my head.

The Hon. CHRISTINE ROBERTSON: That is the first, second, third and fourth years inclusive?

Mr DEDMAN: Yes. I can tell you the Bega Valley has 35 building and construction apprentices up to 31 August last year.

The Hon. CHRISTINE ROBERTSON: That would include brickies and so on?

Mr DEDMAN: That is other trades, yes.

The Hon. CHRISTINE ROBERTSON: Do you know whether your employers have any trouble getting apprentices or if they want them?

Ms CLIFTON: There were a couple of comments about that. The level of applicants was not what they were looking for. We have got two pre-apprenticeship courses in the local area.

The Hon. CHRISTINE ROBERTSON: Has that made a major difference?

Mr DEDMAN: It is about getting job-ready people and their personal attributes. I think that is possibly one of the problems. The point I want to make is we are all sending our kids on to uni. It is a growing acceptance of uni, uni, uni, you have got to go to uni. There are lots of kids who perhaps would be really good tradespeople who are being forced to go to uni. So perhaps the kids have that. Employers are saying some of them are perhaps not so well suited. We addressed that in the work that we did and we came up with a concept of better liaison between schools, the kids and the industry itself and far more getting the industry in to talk to the kids at schools to open their eyes to what the industry is about. Also we put forward to the MBA and the HIA that they should be liaising with kids at school who are thinking about a building trade, getting them onto their database and perhaps setting something up on their web sites, so that young people who are thinking about getting into trades can start at an early age to get to know what it is about.

The Hon. CHRISTINE ROBERTSON: Do you know what the retention rate is for young people doing apprenticeships?

Ms CLIFTON: They stay.

Mr DEDMAN: I could not give you any facts.

The Hon. CHRISTINE ROBERTSON: Apparently they get very poor money, we have been told in our hearings.

Mr DEDMAN: They do.

Ms CLIFTON: These kids also have to travel and stay overnight somewhere-else as well. It is a little bit harder for them. Obviously they need a car earlier.

The Hon. PATRICIA FORSYTHE: Are there any programs being offered through high schools for years 11 and 12 to do pre-apprenticeship training in the building trades?

Mr DEDMAN: There are only VET courses. It is not like school-based apprenticeships. They have been trying to get them in our region, but they have not happened successfully. The next stage is the Australian technical college system. There is meant to be one in Queanbeyan to service our region, but it will be interesting to see how that works.

CHAIR: What you are hoping this committee will take back in relation to problems you see so we can make some recommendations?

Ms CLIFTON: We have real concerns about the TAFE situation with occupational health and safety issues. That is one of the major problems. That is a concern expressed by anyone involved in apprenticeships. These kids are travelling on the roads early in the morning and late at night. Once they finish their course they have to drive home, sometimes more than 35 kilometres and some for three hours or more, depending on whether they live in the valley. We asked TAFE to consider running courses during the winter months in TAFE, but that was rejected.

Mr DEDMAN: Apart from the travel issue, we want to make it known to the committee that there is a feeling, in the building sector particularly, that the lack of incentive to employ apprentices is an issue.

The Hon. CHRISTINE ROBERTSON: Not enough money?

Mr DEDMAN: Yes, to the employer. They get \$4,000 over four years and they are saying it is no incentive at all. It is the cost of the training, sending the kid away, the materials they destroy on the job, the inconvenience of having them away and so on. They feel that the financial incentives are not there.

The Hon. CHRISTINE ROBERTSON: I am starting to feel very old fashioned in this inquiry. I am not having a go at you, but we have heard the cry that apprentices are far too much trouble for the return. In the old days apprentices were seen as a future return for the company. Do you know when this happened?

Ms CLIFTON: Several people said that they felt that having one apprentice was their return for what had been given to them and they would not go much further than that.

The Hon. CHRISTINE ROBERTSON: So he had one bloke who was good and the rest were rubbish?

Ms CLIFTON: No, he had trained an apprentice and felt that he had given back what was given to him and he had done his bit.

The Hon. CHRISTINE ROBERTSON: It is a different culture.

Mr DEDMAN: We suspect there is a culture of not training at all because it is too hard and there is too much money to make. They get tradesmen however they can. I cannot quote definite cases, but it was an underlying tone we found.

The Hon. PATRICIA FORSYTHE: Who is the biggest employer in the valley; is it Bega Cheese or the council?

Ms CLIFTON: It is Bega Cheese. It has 500 employees.

The Hon. PATRICIA FORSYTHE: Do you know how many apprentices it would take on at the beginning of the year?

Ms CLIFTON: No.

Mr DEDMAN: I would be guessing.

The Hon. PATRICIA FORSYTHE: Is it possible that because of its dominance in the community it is taking the cream of possible apprentices?

Mr DEDMAN: The numbers are small; there are probably only three or four a year.

Ms CLIFTON: They are very mechanical.

Mr DEDMAN: It is involved in the metal trades rather than building.

The Hon. PATRICIA FORSYTHE: But it is still the major employer?

Mr DEDMAN: Yes, mainly because it has so many people packing.

Ms CLIFTON: Many of their plants are now mechanised.

The Hon. MELINDA PAVEY: The recommendations in your submission are very good. I would like further information about the reaction from the Master Builders Association and the Housing Industry Association on how they are responding to the shortage of training opportunities in the region. Could the industry groups be doing more?

Mr DEDMAN: That is an excellent point; it was my next point.

Ms CLIFTON: They attended any meetings we held and they were very keen. From the interaction we had the MBA increased its presence in the valley with a person coming each month.

Mr DEDMAN: It revved them up and they realised they had been falling down. At a meeting of 72 people it seemed evident that there was a real lack of knowledge of what was happening in the industry. Those industry associations have a big role to play to get the information out there.

The Hon. MELINDA PAVEY: To support their members?

Mr DEDMAN: Yes, and to be more regular. We proposed that they should have a base in the Bega Valley, but the best we could do was that the MBA will visit at least once a month. Before that it was ad hoc and far less than that.

The Hon. GREG DONNELLY: I would like to go beyond the building industry in terms of the work you do. Is there any anecdotal or specific evidence that these issues are manifesting in the other industries as well?

Ms CLIFTON: I would suspect there is, but we have not done any investigations into anything other than the building trade because it was very obvious to us. With a boom happening there was a focus on that area.

Mr DEDMAN: I chair a south-east labour market group. Three times a year I get together with the job network members, training providers, other agencies like the Commonwealth rehabilitation services and indigenous organisations, CDPs and so on. We get together and talk about labour markets and who is doing what. It is an information-sharing exercise. We always talk about the latest skills shortages. The hospitality sector, chefs and the motor trades are particularly mentioned. That is the constant theme of those meetings.

The Hon. CHRISTINE ROBERTSON: Is that because the people are not paid enough money? There is unemployment.

Mr DEDMAN: There is unemployment, but the apprentice wages are not particularly good.

The Hon. CHRISTINE ROBERTSON: I am talking about kitchen people not apprentices.

Ms CLIFTON: They are looking for fully trained people, not people who want training. The advertisements are for qualified people, not people looking to be qualified. That is where the vacancies fall.

CHAIR: Any further questions?

Mr DEDMAN: I work on a project with the area consultative committee. We produce a school careers diary. It is aimed at years 10, 11 and 12. It deals with labour market issues. As far as I know, ours is the only area consultative committee that does in this Australia; I am not aware of any others. I cover five shires, and Bega is just one. It goes to more than 3,000 students. The kids cannot make good choices unless they have the right information. The diary contains all the web sites and services which we know of and which they need to be aware of.

The Hon. PATRICIA FORSYTHE: Do you give them to careers advisers as well?

Mr DEDMAN: We do.

Ms CLIFTON: One of my concerns is the HECS for the kids looking at paying for their own TAFE fees. The option would be to have TAFE free for apprentices. Perhaps they could look at the HEC scheme. If the kids are taking on an apprenticeship and they have a pride in that, they will want to stay with it because they know they are paying for it.

The Hon. GREG DONNELLY: Have you been dealing with careers advisers directly? If so, do you detect a bias among advisers to get kids to year 12 and the HSC to look at university options as opposed to the trade avenue? Witnesses have said that that is an issue in the minds of careers advisers; that is, today's careers advisers are looking to tertiary education as the way to go and have left behind the possibility of people doing trades.

Mr DEDMAN: I deal with them to some degree, but not all of them in my region. I think the quality has improved. There are a few new people and I do not sense that as much as I used to. I think they are getting their act together a bit better generally speaking. A few of the older ones have retired and there has been a bit of a change.

The Hon. CHRISTINE ROBERTSON: That is interesting.

Mr DEDMAN: That is certainly an issue. The area consultative committees - there are 56 in Australia - have a chairs' reference group involving six or eight chairpersons. They have a phone hook-up and skills shortages are on the agenda. There is probably going to be some sort of push through the area consultative committee through the Commonwealth in time, once they work out exactly which direction they should be heading.

CHAIR: Thank you for appearing before the committee. We thank you for travelling so far and your contribution this morning.

(The witnesses withdrew)

(Luncheon adjournment)

SUSAN ELIZABETH WHELAN, Chair, Regional Development Advisory Council, Grosvenor Place, 225 George Street, Sydney, and

CLINTON NEAL WHITE, Executive Officer, Capital Region Development Board, affirmed and examined:

CHAIR: Mr White, in what official capacity are you appearing before the Committee?

Mr WHITE: Representing the Capital Region Development Board.

CHAIR: Ms Whelan, what is your occupation?

Ms WHELAN: I am here as Chair of the Regional Development Advisory Council, and I am a councillor of Queanbeyan City Council.

CHAIR: In what official capacity are you appearing before the Committee?

Ms WHELAN: As Chair of the Regional Development Advisory Council.

CHAIR: Would either or both of you like to make a brief opening statement?

Ms WHELAN: Yes, Mr Chairman. I thank you for allowing us this opportunity. We have already given a submission to Graham, but I would like to take this opportunity to highlight a number of issues. Those are to do with training, apprenticeships, skills migration, community demographics and work ethic, community infrastructure to support skills attraction, investment attraction, employment generation, and measuring skills shortages and project outcomes.

With training issues, there are a number of challenges. Much of that depends on expanding access to training sources for regional small business. As traineeships/apprenticeship positions are offered locally, the location and availability of training sources and institutions become less accessible and this results in the absence or dislocation from established training networks, for example, timber mill employees in the Mid North Coast. We also need to look at expanding narrow, limiting definitions for skill requirements, restricting applications for training and employment, and of course assessing the appropriateness of training offered by training providers to match the needs of employers. We also need to enable training providers to increase their capacity to offer flexible, tailored, on-the-job training for distance locations and with dispersed and/or "thin" demand. With questions, I think I will probably expand on some of those things.

The next item I would like to touch on is apprenticeships. You have probably heard some of this before, but I will try to give a perspective of the RDAC board's overviewing of 13 regional development boards in New South Wales. I hope you are aware of what we are about. Some of the challenges with apprenticeships relate to the current negative perceptions towards apprenticeships. I think once upon a time having a trade was something that was regarded as important, but over time that perception has eroded, and university is now seen as the way for most young people to go. I think we need to have a look at the image of apprenticeships and try to change that image, particularly as apprenticeships are not perceived as attractive by our young people, particularly those in rural areas.

Then we need to appeal to the trades as a career choice for school leavers. We need to provide support for apprenticeships and the capacity of regional small business enterprises to take on trainees. An apprentice only starts earning money for the business by the third year of training. The financial capacity to maintain business operations and sustain a traineeship by a regional small business can be very difficult. Conditions of traineeships need to be reviewed and some concessions made to encourage people to take on apprentices. Again, with questions, I can come back to some of those matters.

Skills migration is an issue in which a number of regional development boards are involved. We need to look at the provision of retaining infrastructure for local staff replacing previous killed workers. We need to reduce the drainage of skills from the region due to better pay and prospects in the metropolitan areas by increasing benefits. Even here in Queanbeyan, that happens in connection

with what happens in the ACT in terms of pay in particular, as opposed to what, for instance, local government here in Queanbeyan can pay, and as opposed to what the ACT Government pays. So, even in larger regional areas, that is a major problem. We need to provide skills attraction strategies that prevent the migration of skilled staff. In welding, the skill shortages are migratory where opportunities are presented in a centralised area such as the coalmines in Queensland, where income is more lucrative.

One of the other things we need to look at is the community demographic and work ethic. We need to assist disadvantaged demographic groups to find appropriate employment. A survey by Australian Business Limited [ABL] in October 2005 identified that 18 per cent of people had a poor attitude to work. Socioeconomic levels associated with a shift from dependence on income to a wage structure are also problematic to re-employment, as are mature-age people. More intense support is required to become more gainfully employed. Again, I think that comes back to changing attitudes of parents, businesses and so on. I can quote an example from here in Queanbeyan, where a while ago I did some work with children in one of the local schools and got a young man a job opportunity with a plumbing service. That sounded really great—except that the second morning the boys from the plumbing service went to pick him up at 6.30 in the morning, mum came out and told them all to "f... off" because their son was "not getting up at this hour of the morning," with a few more expletives deleted. So there are a number of issues we need to address to change people's perceptions of how they do things and what they do.

The item "Community infrastructure to support skills attraction" identifies the challenges as: to create and circulate information on associated services for family migration to rural New South Wales, such as excellent schooling, health care and medical facilities and social opportunities. We all know that these days, with both partners wanting a job, there needs to be a job for both partners, that they want their children to get well educated, and they want access to good health services. So it is not just about the skill of the worker; it is about the ancillary things that go with that as well.

Then, of course, we come to "Investment attraction and employment generation". One of the regional development boards has actually done quite a bit of activity in relation to investment attraction. Again, I can go into that if we need to. We had our development board meeting this morning, and we were talking about the fact that Clinton and I were coming here. I do not much more about it, but one of our board members, who is an ACT member, said that something worth looking at would be the ACT model and the way it approaches apprenticeships and things within the ACT school system. So maybe that is something that can be looked at too. I might leave it at that.

The Hon. PATRICIA FORSYTHE: We do that too.

Ms WHELAN: Yes, I know we do, but from what I can gather I think they do it differently, and it seems to work a lot better than the sorts of things we do.

CHAIR: Mr White, would you like to add to that?

Mr WHITE: I would like to make a couple of very general comments. Skills shortage is not necessarily something that is limited to regional Australia; it is Australia wide. So, to look at skills shortages in a global context, in the context of Australia as a nation, is just as important as drilling down and looking at the regional contexts.

The other comment of a general nature that I would make is that for a lot of regional areas—or at least the ones that I have talked to in New South Wales—a fairly common frustration is that their young people leave and go off to the big smoke, the bright lights of the cities, and overseas, where there are lots of opportunity to make a lot more money or get bigger salaries, et cetera. Also, they find the regional centres as just not exciting enough for them. Some of the regions are starting to plan for letting them go to get experience away from home, with a view to using opportunities and strategies to perhaps attract them back once they have got a young family of their own.

A lot of these people enjoy growing up in the regional centres but, when it comes to the excitement that is pursued by an older teenager or young people in their twenties, they are looking for something a bit more exciting. So I say—and a lot of regions are now saying it as well—let them go, and let us try to work out strategies to bring them back. One of those strategies could be the sea-

change phenomenon that is happening, because with that is going to come a need for more skills in the regions, across a whole range of different professions and technical areas. One area of course is infrastructure development, which is sadly lacking in a lot of regional areas. There is going to be a need for skills in that area, as well as planning and development and construction, et cetera.

Not only that, with people going through this sea-change phenomenon, the populations are probably going to age as a result, and that will lead to a need in, for example, professional areas, professional health areas, professional financial advising areas, et cetera. So there will be huge opportunities for people with newly-acquired skills and perhaps for people with young families to come back to the regional centres. So I think there are big opportunities to look at packaging all of that up and seeing what opportunities fall from that to develop some of those opportunities for skills gathering within the regional areas. Those are pretty general comments, apart from the number of specific matters that Sue touched on that are critical, particularly, in regional Australia.

The Hon. PATRICIA FORSYTHE: If I could take up the issue that you have raised of the macro problem: that is, an Australia-wide or statewide problem. Your submission talks about the need for broad solutions. Could you address the issue that the problem might be statewide but there will be local problems and potentially local solutions, and that your approach would miss the opportunity for the local solutions?

Mr WHITE: I think looking at it from the macro point of view allows some of those opportunities to come to light. It is much like if you are brainstorming, for example, a new idea about how you might deal with an issue, quite often you will start with a macro viewpoint and drill down a little further and quite often come up with a solution that suits the local environment. So I think it is worth looking at the macro view and seeing how that can be applied and adapted to produce solutions for the local situations.

The Hon. CHRISTINE ROBERTSON: Even in this environment, which includes country New South Wales, there have been incredibly diverse economic and socio-demographic regions everywhere we have been, and it would appear from the evidence of witness that have addressed this Committee—and they varied from academics to employers and employees and people who cannot get jobs—that the issues and solutions are very different in different places that we have been to. Today has been very different from what we saw in the Riverina, and later this week we will be going out in the Far West. It is very difficult for me personally to get a total hold on the macro being able to be adapted consistently, that is, only having a macro look at the issues.

Mr WHITE: This relates back to Patricia's question as well. That may well be so, and there is probably scope for learning from the local issues and pushing that learning into the macro as well—so that it is probably a two-way street. I think there are opportunities to learn from the macro, but there are opportunities to push up from the local as well. Many organisations are established in the same way. An organisation that I am associated with, and which Sue mentioned earlier, Australian Business Limited, has its head office in Sydney. It has a number of regional offices throughout New South Wales, and each of those regions has its own issues, its own demographics, its own business make-up and its own economic situations, et cetera.

Each of those identifies the needs and the issues that they want the organisation as a whole to address. So they push them back up. Quite often, the organisation will see something from here and something from there, and there will be a certain amount of commonality between the two. So that then becomes policy that can be used in an umbrella sense across the whole place. But then, at the same time, an individual community might look at the macro and say, "Well, that is a problem in a macro sense, but we have something like that, so let's look at how people are solving it in the macro sense; maybe that can apply to our community." So I think it is very much a two-way street.

The Hon. CHRISTINE ROBERTSON: I perceive that the public sector organisations operate exactly like that at national or Federal level. This is not a political statement; it does not matter whether the organisation belongs to State or Federal government. There is the perception by individual regions that the organisations have no concept of the issues they are trying to deal with on the ground. When you use a macro solution, it tends in the public sector to be in the form of a direction—that is how it has to work because it is an organisation. There is often a perception in the communities that they are not receiving anything at the end. How would you resolve this issue if this

particular question related to the whole of Australia, which, compared to New South Wales, is quite diverse?

Mr WHITE: That is a good question.

The Hon. CHRISTINE ROBERTSON: It is the same question, better articulated perhaps.

Mr WHITE: How do you answer that question? There is always a frustration that Joe Bloggs on the farm out at Deniliquin—a great example is spot rezoning. There is a view in the local environment plans [LEPs] about spot rezoning.

The Hon. CHRISTINE ROBERTSON: What does "spot rezoning" mean?

Mr WHITE: I am learning myself. I am sure Sue knows all about it. There is an argument that the attitude towards spot rezoning applies quite well in Sydney but it does not apply in regional communities where you are trying to turn previously agricultural land into industrial land.

Ms WHELAN: What Clinton is talking about is the opposition at the moment to spot rezonings in local government. It works okay in the city—well, I do not know whether it really does. The argument was that it works well in the city. But wearing my local government hat I do not know whether it really does because not even city people can actually plan for what is going on. The regional argument is that you cannot always plan for what is happening. If you are allowed to do a spot rezoning to allow a business to come in that gives you a boost to economic development, it is just a rezoning 2D, or something, that would allow that particular enterprise in there. At the moment there is a reluctance by the Department of Planning to approve that. Once upon a time they did. Now there is a reluctance to do that.

The regional local government areas are seeing that as a barrier to economic development. Once upon a time they could come in and rezone it to suit a particular business. That probably is the macro. The macro is up there at State level saying this applies across the whole of the State, but they have not drilled down and had a look at how it actually works in a practical fashion in a local government area. I do not know whether it actually does really work in some councils in the city either.

The Hon. CHRISTINE ROBERTSON: If your peak body was to get together and create this macro picture of the skills shortages issue—one assumes balanced with the business management program, not just what people thought—how would you write your final outcome so that it could be implemented across our diverse country?

Mr WHITE: I think you start with the premise that one size does not fit all.

Ms WHELAN: Absolutely.

Mr WHITE: But you do have a macro view of the situation. For example, your macro view might be that we have a skills shortage problem. That might be the macro view. We all accept that is the situation. Then the next level might be we have a skills shortage problem in areas A, B and C and it is worse than in areas D, E and F. Then you might drill down a little further and see what specific areas of skills shortages those regions are suffering. That is a very simplistic view of it. You have to start from somewhere. Starting with a macro view and then drilling it down so that it can apply to a local region is the challenge, I suppose.

One challenge in the skills area in this context is that there are lots of people trying to address skills shortages. Maybe the macro view is to look at all of these people who are trying to address skills shortages and trying to see what the commonality is, if there is one, across all those different groups and organisations and governments. An argument we heard at our board meeting this morning was there are just too many people trying to deal with skills shortages, so nobody quite knows to whom to turn when they want to ask a question in relation to skills shortage. Maybe that is where we start the macro position. We try to gather all those together and get a common view.

The Hon. GREG DONNELLY: Is there an accurate picture of the skills shortage situation across New South Wales?

Ms WHELAN: I do not think so. Some of the development boards have done audits. Some of it is done on anecdotal evidence. Even with those, no, I do not think there is a total view of what the skills shortages are.

The Hon. GREG DONNELLY: No-one is stitching up these things at a State level?

Ms WHELAN: Not that I am aware of.

The Hon. PATRICIA FORSYTHE: Do you have an accurate picture of the skills shortages in the capital regional area?

Mr WHITE: No, we do not.

The Hon. PATRICIA FORSYTHE: When was the last time you did an audit? Have you ever done an audit?

Ms WHELAN: We applied for funding to do an audit, I think, two years ago and got knocked back by the Federal Government. It drove my last executive officer to tears.

The Hon. MELINDA PAVEY: Did you apply for money from the State Government as the chair of a regional advisory council?

Ms WHELAN: The Regional Development Advisory Council [RDAC] has not looked at it yet. We made a conscious decision because of this inquiry to wait and see what comes out of this inquiry and see where we can fit in best. Partly because there are so many groups looking at what is happening, we felt rather than reinventing the wheel we would wait and see what came out of this and see where we fit in best. We are fairly limited in resources, so we thought we would wait and see.

Mr WHITE: Try this for size: you name a skill, we are short of it.

Ms WHELAN: Just about, yes. More and more things come. For instance, in local government at the moment for a long time there has been a shortage of planners. Now we are saying there is a shortage of engineers.

The Hon. PATRICIA FORSYTHE: The shortage of planners is worldwide. Given you have not got the funding to do an audit and you say "You name the skill and there is a shortage", do you have strategies for attracting young people or holding young people in the region?

Mr WHITE: That is one thing that some regions are starting to address. I know that Cooma-Monaro, for example, is talking about strategies to try to attract young people, young families back to the region. One of the strategies they have employed is to have a presence at Country Week, which is an annual exhibition held in Sydney. Their belief is that if they can attract one family to Cooma-Monaro out of Country Week they have achieved their goal for that year. One family means they want to buy a house and they are going to spend \$300,000 or \$400,000. They are going to send their kids to school and they are going to do their shopping. All of that sort of thing is a big interjection into a small local economy.

Ms WHELAN: As a board we are also involved with the skills migration program. We have an officer on our staff who is dedicated to running that program. She does other things as well but her job is to do that. She has done some really good work with that as well and had a number of people come in.

Mr WHITE: Corporations are starting to take a different view too, regionally based companies. Instead of saying, "Come and work for us", they are promoting the region and the lifestyle and saying, "By the way, there is a job here for you as well." There are strategies starting to emerge. It is pretty early days yet because there has been very much a focus on "Oh dear, all our young people

are leaving. What are we going to do?" Now it is more a focus on "Let them go and we will work out how to get them back."

The Hon. MELINDA PAVEY: In your submission you have suggested that the regional certifying bodies, which have been set up to look at the skills migration issue, be extended to also manage the skills shortage. What sort of body would that be? How many employees would it have?

Mr WHITE: That is a bit difficult to answer without sitting down and working out the numbers. However, let me make these comments. DIMA, the Federal Department of Immigration and a few other things, is considering, I understand, doing a pilot skills study in the capital region. We are waiting on them to come back to us with what they had in mind. Other than that, I do not know what the detail involves. However, we have a skills migration broker on the staff of the Capital Region Development Board. One of the frustrations is that we have to be reactive because we do not have resources to be proactive. We do not have enough resources financially or human-wise to promote the fact that we offer this service. We do not have enough resources to promote the skills shortages outside of the region.

The Hon. CHRISTINE ROBERTSON: How welcoming is your region to people from non-English speaking background countries? It is not a leading question.

Ms WHELAN: I think it would be reasonably welcoming. If you think about the history of Cooma, it had migrants for the Snowy hydro scheme. Queanbeyan has a large percentage of non-English speaking background people. Young, which is at the other end of our region, has taken some Afghan refugees and employed them in the abattoirs.

The Hon. CHRISTINE ROBERTSON: They are quite famous.

Ms WHELAN: That is right. Obviously you are going to have some pockets of people, you cannot speak for everybody. I think in general as a region we would be quite welcoming. But I do not necessarily think that is the solution: talking about promoting your region somewhere-else to bring people from elsewhere. I think it is a problem of skilling people up. It is not just about the trades, even though I did talk about those. It is about professional jobs as well, the council jobs I talked about for engineers and planners. I think it is a general problem and it has to be looked at in an overarching strategy. It is not much use just looking at skills. Who are we going to skill? Do we bring migrants in? Do we have more children?

That is part of the problem—we have not got the children coming through. I am not an advocate of women going home and having babies, by any stretch of the imagination, but that is all the sorts of things we have to look at when we talk about lack of skills. It is not just the population. We are looking at expanding the population, how do we do that and how do we do that long term. Short term is fine with the skills migration and those sorts of things but long term how do we deal with the fact that we have these needs that we cannot fill with bodies. Apart from saying to young people there is a broader expanse of careers out there, how do we broaden the base of young people we are offering these jobs and skills to?

Mr WHITE: There is also the older population. Australia's population is ageing, as we know. A lot of the baby boomers are going to be retiring and all that skill is going to go home and they will do whatever people do when they retire. Perhaps there are opportunities in that area to reskill people and tap into some of that fantastic experience and knowledge that older people have. They have a huge contribution still to make to the Australian work force.

The Hon. CHRISTINE ROBERTSON: How do you make that cultural change so that communities perceive that older people are useful?

Ms WHELAN: And to encourage older people to want to stay in the work force. A lot of them do not do not particularly want to go.

The Hon. CHRISTINE ROBERTSON: It is a whole cultural change.

The Hon. MELINDA PAVEY: It is happening. Would you explain the Regional Development Advisory Council, for the record?

Ms WHELAN: I probably should have done that in the beginning. The Regional Development Advisory Council is made up of the chairs of the 13 regional development boards in New South Wales, which are all supported through the Department of State and Regional Development. I chair that council. I am actually the deputy chair of the Capital Region Development Board, which is the one based here. I chair the council statewide.

The Hon. MELINDA PAVEY: How often do you meet?

Ms WHELAN: We meet about four times a year. We are fairly new. If I can digress slightly, it has been an evolutionary process through different Ministers for State and Regional Development. When I first got involved Minister Woods was the Minister and it was just a fairly loose meeting of the chairs. They used to get together and talk about what was happening. The Minister would come and talk to us if he had time. That is no reflection on the Minister; that is just the way it was. When Minister Campbell took over he decided to formalise that. He formalised the chairs into an advisory council that advises him on issues around the State. He might refer something to us and we can advise him about that. He regularly meets with us. When we have our meetings Minister Campbell will spend a couple of hours with us. That is set in his diary, so we meet to suit him. We meet twice in Sydney and twice in the country, so we have started going out into the country as well so we can have a look at what is happening. When we go to the country we generally have a look at what is happening within that council area as much as we can in about a day and a half. We certainly try and get out to see what is happening out in the regions.

The Hon. MELINDA PAVEY: I refer in particular to skills, which is why we are here. Has the board discussed this issue and formulated or shared information? We have had very good information today from Bega and Cooma in relation to surveys they have done and we know there are others around the State. As the chairman of the board, have you written to all councils seeking data or information?

Ms WHELAN: That is fed to us through the development boards. Each chair of the development board — and my chair sits on the board — would feed that into RDAC.

The Hon. MELINDA PAVEY: Have you received something on skills?

Ms WHELAN: We have from a number. I have examples in the appendix and I can share that with the committee. I can provide a copy of this.

The Hon. MELINDA PAVEY: That would be great. Have you set any priorities or policies on skills in particular as yet?

Ms WHELAN: We have set up a task force and we were working with the Small Business Council. The task force comprises a number of our board members. We set that up at the last board meeting, which was before Christmas. Members of that task force are meeting on skills soon.

The Hon. MELINDA PAVEY: So it is too early.

Ms WHELAN: Yes. As part of what we are doing we will get information that is fed into this inquiry as well. We did not want to reinvent the wheel. Obviously we see it as very important. We have one executive officer; that is all the staff we have. We try to get the best value we can out of it, so we are having things fed into it from inquiry and from everybody else we can think of. We have had discussions around the table as well. That is where the task force came from.

The Hon. MELINDA PAVEY: Is the impact of the skills shortage primarily on the building industry?

Ms WHELAN: It is a number of issues. It is certainly restricting development in rural New South Wales because they cannot get a broad range of skills.

The Hon. MELINDA PAVEY: Along with the planning issues?

Ms WHELAN: Yes, which slows down local government if development applications are required. It is certainly restricting development. It is adding to the costs of things and that also impedes development, particularly in the regional sector. We found that as a result of the fires in Canberra all of a sudden building costs skyrocketed because everyone wanted the services of the few tradesmen available. Builders, brickies and plumbers could charge almost whatever they wanted. That comes back again to regional New South Wales: If you want someone you are paying premium dollars because they will go somewhere else if they can get more. It is restricting development.

The Hon. CHRISTINE ROBERTSON: That is market forces; the same thing happened after Sydney's hail storms.

Ms WHELAN: Yes, it is market forces, but the lack of skills exacerbates that.

CHAIR: You said that the Young development board was one of your organisations. What is situation and what is your attitude to unskilled workers coming in through the skilled migration program?

Ms WHELAN: Does the criteria allow us to —

CHAIR: I know there is a set of criteria.

Ms WHELAN: I am not sure that it does. I personally would not have a problem, because I think we should be encouraging everybody. I think the criteria have an impact and that should be examined. Knowing what is needed, I would not have any objection to that.

CHAIR: I ask because there are criteria and it is very difficult to get people in to do, for example, fruit picking. Do you have any inquiries from those areas regarding people who do not meet the criteria?

Mr WHITE: I cannot answer that question; I would need to come back to you on that. If you would like me to I can provide more information about that.

The Hon. CHRISTINE ROBERTSON: Do you have a perception that employers are willing to take on trainees and apprentices in this region?

Mr WHITE: In general, yes. However, there are probably some pockets where the answer is no. Generally, yes, there is a strong apprenticeship and vocational education program running in the ACT.

The Hon. CHRISTINE ROBERTSON: And that flows over?

Mr WHITE: It would to some extent I would imagine, but I do not know the numbers.

Ms WHELAN: The further you go out into the regions the less flow on there is from the ACT.

The Hon. CHRISTINE ROBERTSON: Are there attitudes or problems expressed in relation to training and employing young people?

Mr WHITE: In a general sense, I would say no. But there would be some particular views on an individual basis.

The Hon. CHRISTINE ROBERTSON: Is yours the federal organisation for regional development?

Mr WHITE: No, our organisation is funded by the ACT and New South Wales Governments. The New South Wales and ACT Governments contribute half each to our

administrative funding. We have to seek funding from other sources to undertake projects such as skill audits.

Ms WHELAN: We operate in the same way as the other regional development organisations, but we have two political masters instead of one, which makes it a bit hard. The ACT is a small part of a large New South Wales region.

CHAIR: What role do the consultative committees play with your individual boards?

Mr WHITE: We work very closely. I attend the area consultative committee meetings for the capital region and for the south-east area consultative committee as an observer. The executive officers of those two committees attend our board meetings as observers. We discuss matters closely whenever we get the opportunity and we share information. We have talked about skills auditing possibilities. We have tried in the past to develop a collaborative approach, not only with the ACCs but also with other organisations.

The Hon. CHRISTINE ROBERTSON: Have you done any joint projects?

Mr WHITE: Not with the ACCs; they are purely funding bodies and do not get involved in projects.

Ms WHELAN: They have been very helpful. They report to our board; they do not simply come and listen. They give a short report about what is happening so that our board is aware of what is happening on their patch.

CHAIR: It is a good relationship?

Ms WHELAN: It is a very good relationship.

Mr WHITE: They provide federal funds for community-based and economic projects.

Ms WHELAN: We need them on side to get money.

CHAIR: Do you wish to add anything?

Ms WHELAN: I am happy to provide a copy of the appendix for the committee.

Mr WHITE: I am done thank you.

CHAIR: Thank you both for appearing and for your contributions today.

Ms WHELAN: Thank you for the opportunity.

Mr WHITE: It is a pleasure, thank you.

(The witnesses withdrew)

(The Committee adjourned at 2.40 p.m.)