

REPORT OF PROCEEDINGS BEFORE

**STANDING COMMITTEE ON
STATE DEVELOPMENT**

**INQUIRY INTO SKILLS SHORTAGES INTO SKILLS
SHORTAGES IN RURAL AND REGIONAL NSW**

At Sydney on Monday, 5 December 2005

The Committee met at 10.00 a.m.

PRESENT

The Hon. A. Catanzariti (Chair)

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

CHAIR: Good morning and 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.

Regarding parliamentary privilege, 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 you that the giving of false evidence or misleading evidence to the Committee may constitute a 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 the Committee proceedings, the media must take responsibility for what they publish, including any interpretation placed on evidence before the Committee. In accordance with these guidelines, while a member of the Committee and witnesses may be filmed or recorded, people in the public gallery should not be the primary focus of footage or photographs.

Under the Standing Orders of the Legislative Council, evidence and documents presented to the Committee that have not been tabled in Parliament may not, except with the permission of the Committee, be disclosed or published by a Committee member or by any other person.

A transcript of the evidence presented today will be available later in the 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.

Could I also ask that mobile phones be turned off. Only three microphones will be allowed on at any given time, and that is because they will interfere with the others.

ALLAN JOHN SMITH, Executive Member, Local Government and and Shires Association, 28 Margaret Street, Sydney, and
Councillor of Dubbo City Council,

BARRY CAMPBELL JOHNSTON, Vice President, Local Government and Shires Association, 28 Margaret Street, Sydney, and Mayor of Inverell Shire Council, and

SHAUN CHRISTOPHER MCBRIDE, Strategy Manager, Local Government and Shires Association, 28 Margaret Street, Sydney, sworn and examined:

CHAIR: Would one of you or any of you like to make a short opening statement?

Mr SMITH: Thank you, Mr Chairman. Yes, I would like to make a short opening statement, first of all just introducing the Local Government and Shires Association of New South Wales, which represents 152 general purpose councils in New South Wales. Special purpose county councils and regional Aboriginal land councils are also members of the association. In 2004 councils employed over 51,000 employees and many infrastructure assets worth \$55 billion. The total income of each council ranged from \$4.1 million to \$185 million per annum. In short, this means the New South Wales councils represent a \$6 billion industry.

For the purpose of the association's submission, challenges have been reported from two perspectives. Firstly, it reports from the Local Government Association's role as one of the single largest employers in rural and regional New South Wales. Secondly, the submission provided a community perspective that has evolved from local government's critical role in engaging and co-ordinating business and community networks and through its direction in economic development strategies. The challenges for local government have been that the association acknowledges that strong economic growth and democratic trends have created skill shortages throughout the economy, including the metropolitan areas, but nowhere have the shortages been felt more than in rural and regional areas. The Training and Professional Skills Task Force, which was established by the Department of Local Government to address skill shortages in New South Wales local government, has reported that anecdotal evidence from the members of council has suggested for a number of years most rural and regional councils are experiencing significant skill shortages and we are actually aware that there are even greater emerging skill shortages in New South Wales local government and rural and regional New South Wales faces a number of specific challenges, Mr Chairman.

Identified areas of skill shortage. The Department of Local Government task force reported that some of the highest skill shortage areas in local government are in town planning and engineering. Recent studies by the Australian Institute of Planning and Public Works Engineering unequivocally support these figures. Equally important, however, are the reported skill shortages in areas such as environment, health, building, trades, accountancy, financial management. Basically there are skill shortages across the board in rural and regional areas.

Also a problem, Mr Chairman, is the effect of an ageing workforce. In 2004 the association reported or produced a report on planning in local government, response to age and place. The report foreshadowed an even greater contraction of the labour market. It concluded that in the next five to seven years rural and regional areas could expect an unprecedented change in the labour market in exit and entry ratios. There will be even more exits than entries and the cross-over is not expected to be as affected as in the greater Sydney area until 2022.

I think that is the starting point, Mr Chairman, that I would like to address, although I could say that the skill shortages are also having demonstratable economic and social costs through direct economic costs including enhanced salary packages to local government, overtime payments, additional traineeship scheme costs, upskilling and hiring of consultants. Can I say in relation to hiring of consultants, in Dubbo just recently we have had staff that believe that it is naturally greener on the other side of the fence and have gone to private enterprise, to private consultancies, and because of our skill shortages - in our planning area we are seven staff short and are having trouble recruiting them - we have had to hire those same staff back in at much enhanced salary packages and

at much cost to the local community. So that is just a straight problem that is happening in one regional city.

Skill shortages, as I was alluding to, result in direct cost increases to local government and the capacity for local government to meet its statutory obligations is also diminished by skill shortages. The socio-economic cost includes increasing employees' workloads or over time, less time devoted to family activities and increased sick and stress leave. That is also a spin-off from skill shortages that we have within council, especially when councils are struggling to meet their statutory obligations. There is also the emergence of what we would call the toxic workplace.

Forward planning is paramount if local government is to overcome its skill shortages, but so too is intergovernment recognition and support for work in New South Wales local government. Thank you, Mr Chairman.

CHAIR: Before we go to questions, would either of you two gentlemen like to make an opening statement ?

Mr JOHNSTON: Thank you, Mr Chairman and members of your task force. It is not only in local government that skill shortages are a problem but it is also having a significant impact on our community. While there can never be a precise match between the type of skills that are required and the type that are available, the desperate shortages in rural and regional area workforces have been obvious for a number of years and I support the remarks made by Councillor Smith. Medical nursing and allied health professionals are some of the latest professions to receive obvious and well known media coverage in regard to their current and projected shortages in rural and region areas. Other professions such as trades people and managers are encountering the same difficulties. The costs to the regions are significant, as they are directly to local government, lower rates of product innovation, constriction on output and investment and over the long-term waste cost inflation.

Accompanying this, of course, may also be further population decline, loss of employment and the associated socio-economic problems. In our particular town, Inverell, I would be inconsistent if I did not promote it as a good area to live. Statistics show that under the age of 18 we are above the State average in population, between 18 and 38 we are below the State average and from 38 on we are above. This is of course where I fit in the equation. 18 to 38 years are the most innovative years, the education years. That is when couples get together and start having their families, and they are more likely to contribute to new ideas and new concepts and to take up new skills. Now, with them seeking their education and follow-up employment somewhere else, there is a difficulty and it is contributing to the fact that Councillor Smith mentioned. And so this forum of yours provides a valuable opportunity to assess the needs and the faults that are occurring within the community to provide those continuing skills.

The associations and local government with their local communities have implemented a range of innovative programs to address the chronic shortage of skilled labour within local government and the rural and regional areas. Currently, 50 rural and regional councils are actively participating in strategic alliance, 13 alliances, such as the Barwon Darling, the Cudal area and Armidale Dumaresq. There are other alliances less structurally developed but still working to try and address that issue. Through their involvement in regional development strategies local government has also become involved in regional promotion, such as Country Week and the global annual migration event called MI Great.

Without intergovernment recognition and support for addressing the skill shortages, this will continue to be a difficult process for rural and regional local government in New South Wales. Councils by the nature of their role are heavily involved in a variety of regionally focussed projects, such as regional development boards in addition to State and Commonwealth Government organisations. A number of opportunities exist to improve efficacy of these relationships, including the necessary surveying and research for the development of regional specific skill shortages.

Attempts by some regions, such as the Riverina, to collect and maintain their own information on regional skill shortages have been successful. Due to the financial implications for

local government, this is not a financially viable option for the majority of regional areas. If the value or potential of regional skill shortages is to be captured, a fundamental commitment from the Commonwealth Government to fund the necessary surveys and research will be essential.

In many rural and regional councils experiencing the population decline that I referred to migration is being considered as a serious option to address chronic skill shortages, and in fact the major employer at Inverell has embarked on a program of encouraging migration from other countries and they are attempting to provide training to meet the skill shortage in their particular industry. The Commonwealth migration program will assist the resolution of skills shortages. However, it is generally acknowledged that skilled migrants often make a decision on where they will settle before they arrive. That is why that particular company has set out to attract them at their original source.

The association believes that the development and funding of practical and achievable complementary programs that draw on the attractions and opportunities in regional New South Wales is crucial to providing a long term solution. Increased Commonwealth funding of educational and vocational training in rural and regional New South Wales is equally important if long term shortages in supply of labour are to be accessed.

I am not sure whether you have received any submissions related to the possible introduction of bonded trainee scholarships and traineeship packages. Our particular council has been offering support to youth. We have been endeavouring to encourage school leavers to take up either engineering, health and building, nursing, and we have actually offered some support funding, but as yet we have not gone to bonding because it is not seen as being acceptable to the education system. I do not have to declare my age but it is over 70 and when I was young if you actually got a bonded scholarship or traineeship when you were leaving school you felt as if you had won the lottery because you could go to university or TAFE and pick up the skills that you may not otherwise have been able to achieve. It may well be with the increasing cost of education, which is a fact of life, that it is an issue that could possibly be considered. I see you shaking your head but--

The Hon. PATRICIA FORSYTHE: It is not constitutional.

Mr JOHNSTON: That could well be the case. It is only an option that I felt I should mention because it has been discussed at our council. Regardless of that, we have been endeavouring to provide in-house training and support for external funding from universities. The difficulty is that when you get people newly trained with the skilled shortages that are out there, there is a bidding war for attracting them to some other area, and local government is just like any other employer, they compete in the market place to fill vacancies and he who offers the best package attracts the staff. So it is certainly a very important issue to us, not only from local government, but from our wider community.

We thank you for the opportunity being heard here this morning.

CHAIR: Mr McBride, would you like to make an opening statement?

Mr McBRIDE: No.

CHAIR: The Committee has heard about scholarship programs for students and trainees in town planning and engineering who would spend periods of time working on rotations through local councils during their training. Do you have any comments on this or other practical initiatives that are being developed to address skill shortages in these areas?

Mr McBRIDE: I think the program you are referring to specifically is probably one sponsored by the Local Government Managers Association in partnership with, I think, the private consulting firm Chandler Macleod. We believe that is a positive initiative. I am not sure what the participation rate of councils is. It is a program where councils pay significant fees over a three year period as I understand it and that covers recruitment costs, a structured training program to go with it and then involves rotation within councils and between councils. We think conceptually it is a good initiative.

My only qualification on that would be I have had some feedback from councils relating to what Barry has just alluded to, that it becomes very much a victim of poaching. One council contributes several thousand to set up a scholarship, they are training somebody up and in a year or 18 months down the track another council makes a better offer for that person, and so the initiating council's investment walks out the door. All such programs I think are probably vulnerable to that. Short of bonding, it is hard to see how you can get around that situation.

Mr SMITH: Could I just add, Mr Chairman, leading on from that, Dubbo City Council has only just entered into a program with the University of New England which follows on from what we have just heard about. We have given a scholarship in the town planning area to recruit a person from our own local town or our local government area into the town planning program at UNE with the proviso that that person comes back for their 12 week placements over the year to operate in our council, but the fear that we do have is that at the end of the period of their degree, hopefully because they are local and we have given them assistance they will work for us, but we have nothing binding on them and they could be off, or naturally will be off to the highest bidder unless we strike some loyalty thing during the process.

The Hon. PATRICIA FORSYTHE: I was wondering whether anyone has any comments to make about the extension of the temporary protection visa concept for guest workers from outside Australia. Do you see that as being any sort of solution?

Mr SMITH: It is basically a short-term solution, not necessarily a long-term solution, because remember that the temporary protection visa is about refugees or people who are in trouble, and from my perspective anyway, and I think from most people's perspective within local government, we would like to see less turmoil so there are not any refugees. That would be the base we would come from. Again, it is only short-term. I do not really believe that it overcomes the longer term issue of training, which we have to develop internally. It does address it, but my personal personal belief is I would like to see us run out of refugees. I think it is more appropriate for the world that we live in.

Can I just say as well we have had some experience in Dubbo with unskilled labour with temporary protection visas at an abattoir. The gentleman who owns that has used Afghan refugees, very successfully, to give them work while they are on their temporary protection visas, but, again, that only worked out as a temporary process on behalf of unskilled labour.

Mr JOHNSTON: If I could just add, we had a similar experience with two of our major employers, and whilst it is quite an acceptable concept, I agree with Allan that it is short-term, but it does at least give some encouragement to people coming from other countries not to just settle in the inner cities and then possibly contribute to the problems that have been developing down here with an excess of unskilled workers. So we support it we but we do not believe it is the whole answer.

The Hon. MELINDA PAVEY: Just moving on to strategic alliances, you mentioned Cudal and Barwon Darling have alliances with sharing of professionally qualified staff. Is this a solution to the problem we have in front of us at this very moment and what measures are the shires and the local government areas throughout New South Wales doing on that front?

Mr JOHNSTON: We certainly actively support the concept of alliances. It has been promoted by government, but also we believe that it is only a short-term measure because you would probably be attracting some streamlining in the workload but eventually that will catch up as the ratios that are mentioned in the ageing workforce also catch up. There will still be the need for recruiting of younger staff to replace in the long term. So, again, we believe it probably puts the workload over a bigger area. That means that there is some streamlining of the staff numbers but eventually the same issue will occur because of this lack of trained staff.

The Hon. MELINDA PAVEY: Are you doing it up your way in Tenterfield or Dumaresq or Armidale?

Mr JOHNSTON: No. We are outside the Armidale alliance. The Armidale alliance is Armidale, Dumaresq, Walcha, Uralla and Guyra. Inverell borders Guyra and Uralla, but we have opened discussions with Tenterfield. Glen Severn is only a newly created council, so obviously we will talk to them, similarly our neighbours on the west, but there is a lot of parochialism between local government. It is not easy to start alliances because some people see it as the first stage of a takeover. I know we have parliamentary privilege here.

The Hon. CHRISTINE ROBERTSON: An Inverell takeover?

Mr JOHNSTON: Some people might see it as that. I do not think I should comment on that because it is not our intention.

Mr SMITH: Could I please add to that? Just in our area, Dubbo is still growing reasonably well. Because of our shortages though, we have made attempts to see whether there were any opportunities to perhaps buy in some services of staff from maybe Narromine, Gilgandra or Wellington. We have an opportunity to see whether we could buy in some assistance from those councils, if they had any spare or redundant time available. The unfortunate part is because of the streamlining of local government, especially in the smaller councils for some years now, and the skill shortages, they are basically operating in the areas that we were looking for extra help, maybe with just one staff member in the planning area or two, which does not allow the opportunity for us to buy in services across. The staff that we have trained and who have left us to go into private enterprise we have had to buy back in at a very much enhanced price, which is unfortunate.

The Hon. GREG DONNELLY: Councillor Smith, in your submission you spoke about the skill shortage impacting on the council's abilities to meet its statutory obligations. Could you elaborate and explain some examples how that is impacting?

Mr SMITH: A very simple one is the time constraints which are placed on us. If a development application comes in there is a time for actions to be taken, certain steps that have to be handled, and as an industry generally we perform reasonably well but in some cases just meeting the timeline slips when the staff are not available to address all the heads of consideration that may need to be addressed within a development application, so then the time for the approval process slips out, and that is a very common one within local government and one that we are often lambasted about by the general public and by government.

Mr COHEN: Councillor Johnston or Councillor Smith mentioned the problems of shortage of town planning and engineering. I know local councils before have talked about unfunded mandates created by the State Government, but the fact that we have had planning reforms which have effectively privatised those functions, taking it away from local council can create a situation where local councils have possibly lost an important income stream, and as well as losing an important income stream they have also had a brain drain to the private sector. Would you care to comment on that?

Mr JOHNSTON: Certainly allowing private certifiers has taken a function or attempted to take a function from council but in some areas the availability of private certifiers is quite low. It has been a two edged sword. The people who are moving to private certification have probably been trained in local government, so they have picked up their training and moved out to private employment, either for themselves or with a private enterprise group. That took away trained people from local government in the areas where they have not chosen to settle, and they have obviously chosen to settle in the most populous areas with a higher growth rate, which means that councils are still carrying out those functions in other areas.

As you are probably aware, councils as a whole have attempted to resist the move away from councils for certification because usually when something goes wrong between a developer and a private certifier the certifier can walk away and councils are then asked to what we regard as pick up the mess and resolve an issue between the level of the standard that was required and that which was being carried out. So in some cases it has increased the workload of council and decreased the opportunity to staff it.

Mr SMITH: As well as the bits we have heard about, the issue you have raised with undfunded mandate, every time there are planning legislation changes, allegedly for simplification, sometimes there are changes which bring in other heads of consideration, and each time there is new simplification but more workload comes in on the people who have to pass the development approvals. There is a lot more work to be done. That issue means that you have a growing need for staff to make sure that work gets done and the specialist staff just are not there to grow that process.

Mr COHEN: Is there a specific area that that is most apparent in terms of your staff shortages in regional and rural councils?

Mr JOHNSTON: The environmental area that Councillor Smith mentioned, whilst we respect, and this is not meant to refer to your political alliance at all--

Mr COHEN: I wasn't expecting it.

Mr JOHNSTON: We respect the need for better management of the environment and a number of councillors involved in catchment management authorities are endeavouring to put those State targets back on the ground. Having said that, at the local government level there is certainly greater scrutiny required of development applications and therefore there are skills that need to be met and those skills are currently scarce.

The other thing when you referred to, unfunded mandates, anything that passes an additional cost back to council, and with the rate pegging legislation being as it is and other sources of funding not growing as some other levels of government may be, obviously the first thing that suffers is basically infrastructure, management and provision and you cut the works program, cut other services because you have to meet other requirements. I do not want to get into the rate pegging issue, but you did mention unfunded mandates.

Mr COHEN: Councillor Smith, you have talked about the emergence of what you referred to as a "toxic workplace". What were you actually referring to there?

Mr SMITH: The toxic workplace is the workplace where because of the work that people are being asked to do, the extra load being placed upon them, you get increased sick leave, you get increased absences, you get a breakdown within the workplace through the relationships with each other because of the pressures being applied. So the workplace becomes a much angrier, a much less liked workplace to come to work each day and so it could be related to a toxic workplace. You do not want to go into that toxic environment, so people start to back away from it and look for every excuse not to go to work.

Mr COHEN: And this would have a cumulative role in terms of casting skilled people out into the private sector and other areas?

Mr SMITH: It does, casting out into the private sector, and also it is not long, if that continues to happen, that the word gets out into the community that if you are looking for a career path, planning is most probably a very good thing, but do not plan for it in local government because it is not a great place to work.

The Hon. CHRISTINE ROBERTSON: I would like to go back to the issue of unskilled and semi-skilled workers in the migration scheme. How does this fit with the massive unemployment that some shires, particularly in north western New South Wales, have?

Mr JOHNSTON: As you know, Bindaree, because they were suffering skilled and unskilled shortages, were prepared to go out into the market place to attract people from wherever and through other organisations, they went back to countries where there may be migration to try and attract them before they landed in Australia. Given that that is an opportunity, those that wish to stay eventually will stay, but as we said in our presentation, it has been a short-term assistance for a long term problem.

The Hon. CHRISTINE ROBERTSON: I guess my question relates, Councillor Johnston, to the issue of massive unemployment that is already in the region.

Mr JOHNSTON: Obviously the shortage of skilled people contributes to that because the people that are there cannot meet the requirements to meet those skills.

The Hon. CHRISTINE ROBERTSON: Are there programs to resource those persons to actually be employed?

Mr JOHNSTON: There is certainly some workplace training going on and there could be other areas where unemployment is greater than Inverell but it is not particular high. I am referring in this case to Inverell, but maybe Shaun has some information on the wider question?

Mr McBRIDE: We are certainly aware of the high unemployment rates in the north west and we have had a long association with the Barwon Darling alliance which has been specifically trying to address that problem. We recognise that that area of the State has the lowest socio-economic standing of any local government area in New South Wales. It is certainly very low by national standards and we have been supportive of initiatives that the Barwon Darling alliance has taken. They have their own enterprise zones initiative and so on, just trying to do something about the employment situation in the area.

One of the problems that we have even discussed with them is that while there have been skill shortages in the south west to the south, particularly the Riverina and Murrumbidgee areas are crying out for fruit pickers and all types of unskilled workers, there appears to be a reluctance of people to move from the north west, probably for cultural and social reasons, to the south west to take up that type of employment, partly because some of that employment is not very well paid either. So it might not be attractive to relocate from the north west to the south west. So we are aware of the specific regional problem there, and it is a very dire problem, but different regions of the State are experiencing different circumstances. Some of the problems we are talking about here relate to the other regions of the State, like Cowra talk about their truck drivers and things like that.

The Hon. CHRISTINE ROBERTSON: The north west for example has lots of abattoirs, chickens and sheep, and yet villages and towns in that area are not attracting the people to work in them. They are bringing people from outside I mean.

Mr JOHNSTON: There are a couple of programs. In Moree there is the mentors program and that has been attempted in Inverell. One of the problems is to find mentors to carry that program a bit further back in the community there. It has been picked up in Tamworth, and as I said Moree, but you are probably also aware from your local knowledge that the south Inverell program is working extremely well where it is endeavouring to lift the skills of people that were, without being in any way personally critical, unemployable because of their heritage or socio-economic status, and that program has certainly improved a lot. A lot of children were not even going to school. The program over there picks the children up, provides them with breakfast and takes them to school. That might take some time to flow on but I can assure you it has improved the whole atmosphere in that area dramatically. So it is working but it will take a while to get through to where they are at the age to have some fairly basic work skills but it is making some progress and it is a good program.

The Hon. CHRISTINE ROBERTSON: On an entirely different tack, the area consultative committees and the regional development boards in some areas across the State work really closely and tightly together, and the central west is a good example, and some of them do not. I am wondering if you have got any ideas why this happens?

Mr SMITH: I can just say for the area where I am, which is the central west, in the central west there seems to have been a long history of the ACCC type operation, the Federal and the development boards building very close relationships, nothing of a direct, structured nature but that is the way the history has developed. In the Orana, there is good communication but there has never been a history where the two operations are always doing things in a more co-operative approach. I

think the history has developed over the years. The history is just there that even though they may be trying to achieve very much the same results, one being federally funded and one being State funded, there just has not been that history of the organisations being close together. What I am leading to is I think just based on the history rather than the structure, that actually brings them together.

The Hon. CHRISTINE ROBERTSON: Do you think Complec is a big waste of money?

Mr SMITH: I think it is a leading question. I would not like to comment.

The Hon. CHRISTINE ROBERTSON: The only other question I have relates to the fact that local government bodies in New South Wales were responsible over the years for many of the traineeships and apprenticeships. Has this gone back in recent times?

Mr SMITH: I can only talk for my council and for the ones that I have seen around in the areas that I guess are more localised ones. It has been the cost. It has been harder and harder for councils to meet costs and to meet their obligations. It has also been harder and harder for them to develop as much as they used to traineeship schemes and apprenticeship schemes and things like that. So there has been some slippage. We recognise that. We recognise that we have to lift our game again, but again that is going to cost the community. If we increase the cost, that means there will be less we will be able to deliver to the community.

Take apprenticeships for instance; my council is a larger council; we do have an apprentices process in our depot for mechanics. We can train them in heavy machinery, we can train them in small plant, but when it comes to the motor vehicle component, we have to then move them out because the small fleet of cars is serviced regularly these days, and that creates a problem for us.

The Hon. CHRISTINE ROBERTSON: So have you thought of joint apprenticeships?

Mr SMITH: We have looked at joint apprenticeships, we have looked at group apprenticeship type operations and we have had lengthy discussions about traineeship schemes, how we can best give training with the traineeship process and we have even put in a traineeship scheme to try and promote further opportunities for Aboriginal people as well, because we believe that with the community specialised housing in the west it is time to see a few more black faces in local government.

The Hon. CHRISTINE ROBERTSON: In your submission you have put forward quite lengthy discussion on data collection and suggestions. We found as we went around a lot of the data collection has been a lot of perception, rather than data, a lot of information. Have you got any specific ideas how it could be structured?

Mr JOHNSTON: Ideally, we think it would probably best be collected by the Department of Workplace Relations, otherwise perhaps the State and Regional Development because we believe they have got easy access to those figures. Can I just go back to when you were talking about apprenticeships and one of the disadvantages, basically what has developed, it has become an unfunded mandate, as was mentioned Mr Ian Cohen, because of the additional costs that Allan referred to. When training was liberally provided in years gone by, people were seeking those positions. Now we have to seek people and match them to the positions, and that comes with a cost.

(The witnesses withdrew)

BRIAN SEIDLER, Executive Director, Master Builders Association of New South Wales, Private Bag 9, Broadway 2007, and

MICHAEL PETER HALL, Training Manager, Master Builders Association of New South Wales, 52 Parramatta Road, Forest Lodge, affirmed and examined:

CHAIR: Could I ask you whether you would like to make a brief opening statement before we start the questions, either one of you?

Mr SEIDLER: Thank you, chair. I guess just a brief opening statement as far as the submission that we made. A lot of the submission that we put to the Committee came from statistics based on a national approach and through our national organisation, Master Builders Australia, so I guess to bear that in mind on the basis of what is happening in New South Wales, and from our evidence of surveying and discussions with members, that is Master Builders Association members, what is actually happening on the ground may appear to be a trifle different from that in the statistical presentation.

If I may just give a very brief overview of Master Builders New South Wales, it currently has about 6,600 members and the membership is based on companies as opposed to individuals. Membership ranges from the mums and dads builder right up to the multi-national type constructor. Our association is broken up into regions and divisions across New South Wales and representatives from those individual divisions or regions represent their constituency on what is known as Council of Management, which has some 36 members, and they represent the issues and matters of concern at local levels.

We also have sector groups which compile or are made up of individuals working in particular sectors, such as specialist contractors, housing sector, commercial builders and large commercial builders, and so we get a cross range and diverse opinion across the membership. I guess it can be best described that I have and Mr Hall has 6,600 bosses, so it is very difficult to come to a consensus on some matters, but I guess what we will say to you is from the grass roots and what matters at grass roots level, as opposed to perhaps what is shrouded in statistics.

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

Mr HALL: I am happy for the Committee to go straight to questions, other than to just reinforce what Brian Seidler has said and the fact that these representative divisions he just mentioned are honorary positions, so it is certainly a very democratic organisation and therefore the views that come forward are diverse in their nature.

CHAIR: How do the Master Builders Association's regional divisions work with regional government agencies, such as the regional development boards and the area consultative committees? Is this a fruitful consultative arrangement in terms of developing solutions to some of the issues you face?

Mr SEIDLER: Historically, it appears that the MBA works at a local level based on, I think, personalities, for example in the relationship of the MBA with the local TAFE or TAFE teachers. If that relationship is sound, then there is certainly an approach where TAFE and the Master Builders works closely in promoting apprenticeships for instance in the local areas. As far as having any formal standing arrangements, there is none, and it goes on whether the MBA and TAFE work closely to promote young people in the industry. Recently, for instance, at a Newcastle and Central Coast level we have been promoting with TAFE excellence in construction for apprentices. So we back the apprenticeship system, I might say the historic apprenticeship system.

The Hon. MELINDA PAVEY: What does that mean?

Mr SEIDLER: That is a four year skill based, as opposed to I think what is now being touted or discussed where you can opt in and out of the apprenticeships at what they call skill entry or

exit points. So young people can pick up, let's say, a particular skill, then work with that skill and then if they wish to enhance their skills they go back into the formal education process. We do not necessarily subscribe in New South Wales to that, although other MBAs think that that is a good idea.

The Hon. PATRICIA FORSYTHE: I was going to ask you about that. We have had evidence from people saying that if you look overseas, for example, people do very specific training in one aspect of industry. Is that what you are talking about there?

Mr SEIDLER: Exactly, Deputy Chair. There is a school of thought that suggests - which I think primarily comes from the larger project home constructors, which say, "I need a young person who is skilled in standing of frames", so when you have large tracts of land released and hundreds of homes to be constructed, you may employ a young person who can just stand frames. However, the argument is that if the large tracts of land are not released, Master Builders Australia has surveyed industry and found that nearly 60 per cent of homes now are more than 20 years old, between 20 and 50 years old, and while the knock down and rebuild may be attractive to some, still the majority of people will be renovating, putting additions on or restoring, and also include in that heritage work, which is becoming more and more important, and our submission would be that the people who are skilled in simply frame standing will not have the skills to do the additions.

The Hon. PATRICIA FORSYTHE: But they would not have specific experience. I presume that where we are heading to in that concept is one where you have a specific certificate from short-term training in a specific area. Is that not a solution and if at the end of the day the market does not need it, people will move on to something else, but does it not provide you with an immediate short-term solution? The argument that was put to us is that young people are turned off by the concept of four year training, four year apprenticeship, and that this may give them the opportunity to get a certificate, to get a skill, and even if it is narrowly based, it is a starting point and gets them into an industry.

Mr SEIDLER: Certainly, Deputy Chair, there is that approach. However, if we look at the way construction is going, there is more medium density, less likelihood of huge tracts of lands being released, then if I could cite an example where Mr Smith has a roof that may be collapsing and needs it to be reframed, or at least half reframed, the young people we are training on the project homes would not be skilled, we would suggest, in restoring that home.

The Hon. PATRICIA FORSYTHE: Presumably they could not do that and it was not just in that area. People were suggesting that in the United States, for example, you may be trained in one element of plumbing, you are not a master plumber in the context that we understand it but that you are skilled in an aspect of it, and it is a very different concept from our approach to traditional trades. What I am putting to you is: Is there any reason why we should not be pursuing something like that?

Mr SEIDLER: Again, there are differing views within industry and certainly some of those I think would be most concerned to hear of splitting up the plumbing trades for instance. We would think that breaking off small portions of the traditional apprenticeship would in some cases be I guess dumbing down the industry, and I think historically young people who do a course will not go back to the course and when the work runs out you will have a whole host or a pool of young people with minimal skills who perhaps will not be employed legally or cannot actually undertake work in other sectors of the industry. That is a major issue of entry and exit points, and certainly for the project home builders, who are the major ones in numeric terms, the ones who are undertaking the work, but I have got to say, historically again, the people who train apprentices are the mums and dads.

The Hon. PATRICIA FORSYTHE: Given, as your submission suggests, more people are leaving the industry than entering the industry, what strategies does the MBA have in place to attract and hold apprentices and trainees in the industry?

Mr SEIDLER: I guess the first strategy is making the building industry a first port of call, rather than being the third or fourth rung down the ladder, and that is a very difficult thing to do. The Master Builders runs a group training company and each year we probably have between five and six hundred applications from young people to take up an apprenticeship. So the young people are

certainly there.

The Hon. MELINDA PAVEY: How many do you get?

Mr SEIDLER: In the end there is probably between 70 or 80 who find positions through our scheme, but we have between five and six hundred applications, and after you sift through them and interview and find out whether or not they really want a job in the building industry, you might come down to two to three hundred, but it is not an issue of not having the young people interested. It is about finding employers who are prepared to take them on.

There is a whole host of incentive schemes out there from both Federal and State Governments, but if you talk to the mums and dads who are the trainers, that is where the young people will get good advice, good instruction, they are not willing to put the kids on for fundamentally two reasons. One is the incentives. You could double the monetary incentive and you would still not have a take-up we say. It is an issue of workers compensation exposure to small companies and occupational health and safety issues, not shying away from companies wanting to practice proper occupational health and safety practices. However, the onus now is very strict in New South Wales and so people are opting not to train but to perhaps, as our submissions suggests, poach later on people who have undertaken the training in the early years or even bring in skilled labour rather than train the people.

Mr COHEN: Has your organisation looked at any sort of regional incentive scheme for apprentices? We have had quite a bit of information that there is a dire shortage. I might also just get you to comment on when you talk about promoting apprenticeships, are you then talking about the conditions for the apprentices themselves? Particularly in certain country areas there is meant to be a dire shortage.

Mr SEIDLER: The shortage is for a number of reasons and I think I have touched on fundamentally the fact that the incentive to employ is just not there. The other thing that is interesting, in a recent survey we found that the people who are most likely to engage apprentices are those who have been apprentices themselves, and with that in mind, if you have large building companies who have project managers who are tertiary educated, they will go for building cadets as opposed to apprentices.

The network we have through our council is that builders are encouraged to take apprentices, perhaps through a group scheme, simply because that allows for the cyclical nature of our industry, that if they cannot hold someone for more than a year or less, then the organisation will find another host employer to take on the young person. But it gets down to the incentive for the employer and Tool Kits might be one thing, but it is an issue of exposure to the small business. For instance, it is unfortunate that an accident occurs and that the young person is on a workers compensation claim for a long period of time, that could in some instances wipe out a small company and so they just do not risk taking on the people.

The Hon. GREG DONNELLY: Would you like to comment on the issue of TAFE and its responsiveness to the needs of industry, particularly in regional and rural New South Wales? We have had some conflicting evidence in this inquiry about TAFE. Some have said that TAFE is very responsive; others have said it is less responsive. Would you like to comment on that?

Mr HALL: I think the evidence that you describe is probably exactly what is happening on the ground, because each TAFE institute is quite autonomous from others, so if there is a particular institute that is very proactive and engaging, then that tends to move forward very well. Others may have a way of going about things that does not involve local businesses and tradesmen as much. From our experience, this is a metropolitan example, we have a particular TAFE institute that we have a partnership with to deliver a waterproofing certificate. Up until recently that waterproofing certificate was a lengthy course which no-one enrolled in, because if they were going to spend three or four years in TAFE, they would do carpentry or something else. So just through working with the TAFE on that we have been able to institute an internal waterproofing course which brings the person out at a certificate 3 level, recognising their skills up to that point. So there is no compromise in the actual

outcome, there is still waterproofing as good or better than what is out there, certainly better than people who have been driving around in trucks with no qualifications. So that is one example where TAFE has been very proactive and we have been happy to be involved in it.

The Hon. PATRICIA FORSYTHE: Was it TAFE that was proactive or was it the MBA in shifting TAFE's direction? Who saw the problem?

Mr HALL: We definitely saw the problem in terms of the Campbell inquiry which identified waterproofing defects as one of the worst problems we have and it is very costly to our members of course. So we had a partnership with ITAB, Industry Training Advisory Board, and I guess personalities within a particular TAFE institute that were proactive, so I guess in that way it was us driving it.

Conversely, the example we have up on the north coast that our people up there tell us about, is that we have a position where carpenters are finishing their trade course with all the best intentions in the world of becoming builders and to do that within New South Wales they have to complete the certificate 4 in building through TAFE. There is no nationally recognised course in building. That has been a project that has been ongoing for many many years. So the TAFE course is the only option. In that case we have award winning apprentices who must either travel hundreds of kilometres to do the course or do it by correspondence, and our anecdotal evidence on the level of the correspondence courses is that it just does not seem to stack up from our point of view and from the point of view of our members in terms of the knowledge that is passed on.

The Hon. MELINDA PAVEY: Can you just explain that to me, that is the north coast institute, you are saying there is no course available on the north coast?

Mr HALL: This up in the Ballina area. Apparently there is no certificate in building up there, it is no longer feasible. So those apprentices up there have to enrol in the OTEN course which is a distance education course, and a course that is as critical to trade knowledge as a certificate in building, where you want the builders to be well and truly qualified in this, not doing assignments that perhaps their friends have done or things like that that can come up in distance education, we see it as a poor reflection up there, and there are no other options for that sort of training.

The Hon. CHRISTINE ROBERTSON: I will just follow up on that particular question. Areas like Ballina have very high levels of building going on potentially because they are growth areas.

Mr HALL: That is correct.

The Hon. CHRISTINE ROBERTSON: So there must be a lot of builders there, and Ballina of course would not be the core of the regional area, so wherever the net population was would have masses of builders. Does this indicate that there are not very many apprentices up there because they have not got the numbers to run the course?

Mr HALL: It does. There is a note in our submission where there was a meeting held between our Ballina office person there with - she does not name the person but it was one of the largest developers in that area and they were just throwing up their hands and saying, "Who is going to be here in the next 15 years to build these things that are planned". So that is a matter of concern up in that region.

The Hon. CHRISTINE ROBERTSON: I understand that people are saying that there are problems to do with occupational health and safety and workers compensation and things like this, but these changes have only happened in recent times and this apprenticeship dearth did not. Do you know what happened?

Mr HALL: There is a combination of factors from my point of view. I would not say it is an occupational health and safety problem. I would say it is the paperwork and the onerous nature of that, but I would also say that the onus to some degree falls back on the State Government in terms of

there used to be large pools of apprentices that were trained in public works offices, housing, those type of departments, and that pool of apprentices would traditionally move on to greener pastures or stay on with the departments. There was a mix of that. There does not seem to be that pool of apprentices available within the industry.

The Hon. CHRISTINE ROBERTSON: That is right. Almost every builder had apprentice or at least one apprentice, many of them had a couple per year, and these were not huge companies.

Mr HALL: There definitely has been a decline in the training culture. I think that has slowed down to the point where when I talk to members there is a perception of a generational gap between the apprentice and the builder, where the perception is that they are taught in TAFE things like: You need to be paid on this day, you owe it to us, et cetera, rather than: This is what I need to do to be a good carpenter or this what I need to do to be an effective bricklayer, which is a difficult sort of cultural issue to address.

The Hon. MELINDA PAVEY: How is the MBA attempting to address that, because there is obviously more being taught at TAFE than that?

Mr HALL: Yes.

The Hon. MELINDA PAVEY: How do we break these barriers down?

Mr HALL: There is a couple of ways. From the point of view of the members, we are trying to reinforce the positive experiences that builders have. We have established a training committee which is shortly going to begin what we are going to call builders mentoring forums, where we will get experienced builders within the regional areas to talk at their divisional meetings and say, "Look, I had this guy and these are the problems we have had. This is how we have worked through them with TAFE. These are the avenues that are open to us."

From the other side of the coin I guess it is a matter of us more fully integrating with TAFE. There is a proposal from our national office which is contained in our submission with regard to more closely co-operating with careers advisers and so forth in schools and that is very important.

The Hon. CHRISTINE ROBERTSON: A lot of the employers that we have spoken to during this inquiry inferred - and what interested me was your information in relation to you have got 50 positions and by the time you cull it you have got about 200 persons who are quite appropriate to take on apprenticeships. We have had lots of feedback in the country to say that the people were silly and not capable of delivering an apprentice.

The Hon. MELINDA PAVEY: Their education--

The Hon. CHRISTINE ROBERTSON: They were saying they were silly.

Mr SEIDLER: I guess that is a much bigger issue and we go back to the calibre or type of young person that the whole education system is producing. I guess that is the question. I do not know that that is something we would get into, but certainly, again, some builders believe that the young people that come out of our education system are not prepared or not ready or do not have the capability of an apprenticeship, particularly in areas of mathematics and some science subjects.

CHAIR: What do you believe the benefits of the Federal Skilled Migration Plan are in the short, the medium and long-term and how would the presence of an industry outreach officer assist rural and regional New South Wales?

Mr HALL: As we say in our submission, and we worked together with our national office on this particular issue, the cyclical nature of the problem can probably be addressed by something like a skilled migration program and being able to lift and lower the levels of skilled migration, but as we mentioned there is not a lot of information out there amongst our members as to what is available and if they have a dire skill shortage in a particular geographical area how they would go about

looking at skilled migration as a solution to that.

There have been some liaison visits with a person from DIMIA attached to our national office. She has come around and done a meet and greet with the State officers and she is starting to disseminate information that we can give out to our regional members.

Mr SEIDLER: And I believe at this state Western Australia, ACT and South Australia have availed themselves of at least making the first step to getting skilled people from overseas. There was an issue recently where it was suggested that perhaps we should be getting young people from overseas and giving them apprenticeships in Australia, and I might say that the issue of finding the young people is not the question. It is about finding the employers, and in New South Wales, up until I think two or three years ago, we had some relief in payroll tax for trainees and for workers compensation there was a sliding scale. However, for whatever reason, Treasury decided to remove that. So whatever little incentive there was to engage or to get relief has not continued.

If I may just add one other issue, historically New South Wales Government tenders had a condition of contract which suggested "On this job you will engage a one to four ratio of apprentices". In 2000 I think it was or 1999, that was changed to reflect that a certain percentage of the contract value should be given to training. So what we went from was at least ensuring some of the contractors on the job had a one to four ratio of apprentices to trades people to a contractor being able to say, "We spend 20 per cent or 25 per cent of our tender price on training", but it could be on project managers, it could be on foremen.

The Hon. MELINDA PAVEY: Sponsors for the Gold Coast.

Mr SEIDLER: Indeed.

The Hon. CHRISTINE ROBERTSON: What year did it happen?

Mr SEIDLER: 1999 or 2000. Master Builders made a submission to the Government at that stage saying we thought it would be not in the interests of the industry to allow that specific ratio to be removed and for whatever reason they decided to remove it.

I can also say that the Master Builders Association has had a long relationship with the building unions. I can say that in New South Wales it is probably better than other States, and during a number of decades we had an agreement that sought a one to five ratio of jobs for trades people to apprentices. So we were very cognisant of the future and it is the future that will suffer, and I truly believe, having been an observer of the industry for some 20 years, that while short-term might alleviate the issues for the project home constructors, who I might say are also members of our association, if the trends which we predict come through, which will be the additions, renovations, restorations of homes, we will not have the youth experienced in that area across the board of apprenticeship training to fill those needs.

Mr HALL: If I could just add to that also that what you do by shortening an apprenticeship, and I will say we are not opposed to it, because certainly in some trade areas such as waterproofing, maybe even tiling, there is some scope for shortening apprenticeship lengths, but with something like carpentry, joinery, plumbing, electrical, that type of thing, what you are doing is really alleviating the short-term skills shortage by promoting a long-term skills gap. So the person you think is qualified to carry out alterations or additions to your home in fact has gaps in his knowledge and defective work could result.

The Hon. PATRICIA FORSYTHE: Mr Seidler, you mentioned earlier about careers advisers. A couple of areas arise from that. First of all, what is the proposed involvement of the MBA in the network of industry careers advisers and the regional industry careers advisers? I want to know a bit more on what you are doing with schools.

Mr HALL: A lot of that is being driven by our national office and they are looking at having people dedicated to that task. Our involvement, I have been approached by local business

networks, which are partnerships between TAFEs, local businesses and schools, and their role has been in placing apprentices and maybe doing pre-apprenticeship training and so forth. There are so many of those networks around the State, it would be a matter of us being involved at a State level, and then perhaps our members, through the divisions, becoming involved on a voluntary basis or for an information basis with these local business networks and the perception amongst our membership has been that they have been there but they have been in effect in a closed meeting environment rather than engaging industry.

The Hon. PATRICIA FORSYTHE: Traditionally building is a male dominated industry. What is the current percentage of women involved in the industry and do you have any particular strategies that might encourage young women to take up apprenticeships?

Mr SEIDLER: It is interesting, if you look at what has developed over the last five years, we have the National Women in Construction, NAWIC, and I might say the Master Builders Association has sponsored that organisation, but it tends to look after the professional side of the industry, the architects, town planners, and in fact you will find a rather large representative body of lawyers in that. However, the real people who support small business undoubtedly are women. Two years ago we were successful in obtaining a grant from the Federal Government for a women's mentoring program which set up a network of fundamentally the back bone of small business, where the women actually did the wages, did the tender, did the workers compensation, wrote the policies, and of course made sure that everyone was paid, invoices were submitted, et cetera. I think we have about 105 women now participating in that network, and it is all over New South Wales, and it is proving very popular because they get together and they discuss the problems of small business. So that is one process.

The other is that in the last three years we have had a concerted effort to attract more young women into apprentices, and that is a very hard exercise, inasmuch as I think of the 250 apprentices the Master Builders employs four are women, and that is for a number of reasons. One, it is a male dominated industry. It is not that attractive unfortunately to women on the sites. There are a lot of issues, such as - I mention this only in passing - that if you engage women on a building site you have to have separate amenities, which is an extra costs, and so it goes as to reasons not to engage. We have specific and dedicated written material to attract young women into the building industry, but as I said it is a hard job and our last campaign, which pictured a young girl in a hard hat with the caption "Do you feel comfortable in a hard hat" attracted some interest, but translation into putting people into apprentices, not very good.

The Hon. PATRICIA FORSYTHE: Does that mean you would not do it again?

Mr SEIDLER: No. We are continuing with that. I must say that when we started out we had one. Now we have four. So we are actually seeing an increase in percentage terms but overall numbers are not very good.

The Hon. GREG DONNELLY: We have heard from various witnesses about the problem of non-completion rates being pretty high in a number of apprenticeships. I gather it is also an issue in the building industry as well. I am just wondering what strategies or programs the MBA might have in place to try and reduce that issue of non-completion.

Mr SEIDLER: I guess that is an issue of pastoral care. What we try to do is when we have our list of 200 apprentices, we try and match them with good employers. Can I just cite an example? Last year we received an application from the son of a high ranking national constructor and the national constructor father spoke with me and he said, "Look, I do not think you will get a good apprenticeship through our company. So we need a mum and dad type company to engage him for skills." So we found a builder and the builder had an interview with the young person and said, "Yes, I like him", and it appears that the young person liked the company. Unfortunately, the young person played football on Saturday and so was unavailable for any overtime that happened on Saturday. So he decided not to take the apprenticeship. So there are changes to young people's needs these days. I can say that we did place him with a company that did not work Saturdays. However, that is an indicator.

I must say it is about finding the companies that are committed to training. That is the issue. My belief is that the people who run the company have to be committed to training. Incentives are not the make or break whether you engage an apprentice. They have to have gone generally through the apprenticeship program themselves and they have to recognise that if they do not train there will not be an industry for them. I think it is more the moral side of things. That is a personal view.

The Hon. MELINDA PAVEY: Has the Master Builders Association given any thought to the potential loss of workforce exacerbating the skills issue across New South Wales with the Olympic Games in London? We had evidence at Parkes recently that there was a belief that that was going to be exacerbated, as we did in Sydney, probably brought people from overseas. I just wondered whether it was in your radar.

Mr SEIDLER: I must say that we have not considered that, nor have I heard that people would be leaving Australia to go there, but possible, because a lot of British people come to Australia to find work. But our evidence suggests that that is at a professional level, the project management style, perhaps construction managers, but as far as trades go, I think we are getting a lot of our trades now from the Asian area.

CHAIR: Just on that, what is the difference between the apprentices here in Australia and the ones overseas as far as incentives and payments? Do you know anything about that?

Mr SEIDLER: No, I am sorry, I do not. That is a question I could take on notice and write to you.

The Hon. MELINDA PAVEY: Just in relation to the mature age workforce, we hear a lot within our society that there are a lot of people in the 40 plus age group, 50 plus, that are willing to retrain and go down a different career path. Has the MBA considered that part of the work force and some faster training for those people, given their life skills and life ability, as a way through this shortage that we are facing at the moment?

Mr SEIDLER: Certainly there are provisions within the apprenticeship system to allow for mature age apprentices. As far as whether there is a dedicated stream of training people, and I might say that it is clear that mature age apprentices do have perhaps a better approach in some instances to training and have an aptitude to want to get ahead perhaps quicker than younger people, but there is no designated or specific course for that, but that is also an area that perhaps we could look at.

I have got to say that we are looking primarily at young people, making the building industry attractive. It used to be a very attractive industry, perhaps by historical readings in the 30s, 40s, 50s and even 60s, where we had people attracted to the building industry. I guess with many more employment choices these days, young people are not attracted to our industry, and unfortunately the small business is not attracted to taking on the risk of employing and training.

Mr HALL: Just to add to that, in terms of mature age apprentices, to add to what Mr Seidler was saying, there is a school of thought that there is a bit of a pool of untapped labour there, perhaps the arts student that has dropped out or now finds himself in his late 20s without a career path, and there is potential there for the building industry to tap into that. The problem though at the moment is that the assessment regime to bring people up to speed in the trade is quite inflexible in a lot of ways. We have an assessment regime set up around licensing in this State, which rather than assessing people against national competencies assesses them against licensing categories and that effectively locks out all the other registered training organisations besides TAFE and the building industry skill centre. That also gives people a licence that does not necessarily equate to the actual skills. They may think they have a carpentry licence but they have not done that carpentry course and they have not been assessed against the carpentry competencies. I think on the job assessment and assessment pathways need to be looked at around New South Wales.

Mr COHEN: You mentioned Ballina before and in my experience up the north coast there is a lot of concern with Queensland based companies coming over and poaching whole work projects

in the north of New South Wales. Your organisation is New South Wales based I take it. Are there any differences of training regime or industrial relationships in Queensland that gives them a marked advantage, because it seems to be a constant concern by small companies in the north of New South Wales?

Mr HALL: One thing that immediately springs to mind is the way that carpenters and other trades get their builders' licence. In Queensland it is about a six week turnaround or if you remember of the Master Builders you sit down and they go through whether you make the criteria or not and your application goes through in about two weeks if you have met the grade. In New South Wales our members are waiting six or seven months to find out whether they have achieved the necessary outcomes to get their builder's licence. So there is a bit of partnership up there with regards to looking after the industry and the training that goes on which perhaps we do not have down here, which leaves us vulnerable in that area.

Mr SEIDLER: On the point of industrial relations, or I guess workplace relations, certainly there is a different regime dealing with workers compensation which allows the rates for workers compensation to be less in Queensland and in some callings less in Victoria. So you do have people crossing the border, using perhaps prices based on their regime, which is not correct. If you are going to work in New South Wales, you have to work under the regime that applies in the State. However, we are driven unfortunately, or clients are driven by best product generally and that has a woeful effect.

Mr COHEN: What happens in that case of building workers and their work crew, including potentially apprentices, coming down to from Queensland, working in New South Wales and there is an accident on the workplace?

Mr SEIDLER: As I understand the current regime allows for the best - whichever State has the most advantageous regime for workers compensation applies if there is an accident.

The Hon. MELINDA PAVEY: Advantageous to who, the employer or the--

Mr SEIDLER: No, to the employee. However, the tender is based on perhaps a lower rate in the initial stage. I do know for instance that some group training companies that come across the border from Victoria use a workers compensation rate for apprentices of about six per cent, whereas the current rate for apprentices may be anything between 10 to 15 per cent, depending on which sector of the industry they are working in New South Wales. Again, it does have something to do with the history of the employer, that is whether they have a good workers compensation history, but there are callings and classifications that are set by WorkCover for the industry percentage rate.

The Hon. CHRISTINE ROBERTSON: One of the solutions put to us for low apprenticeships was pre-apprenticeship courses. What do you think of that?

Mr SEIDLER: Historically pre-apprenticeship courses have always been attractive, particularly for readying young people for work. However, you will find that they have not really gone far enough. They are something that perhaps is taught in the last year of school or the last two years. That does not really give the potential employee or apprentice work readiness. They may go through the occupational health and safety issues, they may go through an induction course, but it does not give them the practical skills that they need to be wary of when they work.

The Hon. CHRISTINE ROBERTSON: What about a TAFE based one?

Mr SEIDLER: Whether it is TAFE based or whether it is a school based one, preparing young people for site work is most important.

Mr SEIDLER: We will write to the Committee on the basis of the differences between apprentices and their training overseas, England and America perhaps, and compare them to Australia.

(The witnesses retired)

LOFTUS WRIGHT HARRIS, Director General, Department of State and Regional Development, Level 35, Governor Macquarie Tower, 1 Farrer Place, Sydney,

PAUL GERARD COLLITS, Manager Policy, Department of State and Regional Development, PO Box N818, Grosvenor Place, Sydney 1220, and

MICHAEL CULLEN, Executive Director Regional Development, Department of State and Regional Development, Level 35, Governor Macquarie Tower, 1 Farrer Place, Sydney, sworn and examined:

The Hon. PATRICIA FORSYTHE: Mr Chairman, I wish to give a particular welcome to Paul Collits, because other members of the Committee may not be aware that Paul is a former Clerk of the Committee on State Development in years gone by and we particularly acknowledge your appearance before us in this capacity.

Mr COLLITS: Thank you.

CHAIR: Gentlemen, would either one or all of you like to make a brief opening statement before we get on to the questions?

Mr HARRIS: Chairman, I would not mind making a brief opening statement if I can. This is an area of obviously great interest to the department in its day-to-day activities. It is important to recognise that the role the department plays is that of a business development agency, which I think in some ways gives us perhaps a broad perspective to a lot of the issues that are being addressed. It is important, of course, to recognise that as a business development agency we are not a finder of employment for individuals, but we tend to work with companies in order to grow those businesses or to help develop new or expanded investments.

The issue of skills is one of the many impediments, indeed one of the many issues that officers of the department see most of their working days in dealing with businesses, but I have to say that it is one of those issues that is matched as well by challenges of capital raising for companies in regional areas, the issue of markets, developing new markets, the issues that confront companies in seeking export opportunities, the issues that confront them in terms of building their networks and creating critical mass within their companies, issues of management expertise, logistics, supply chains. It is also a matter of the attractiveness of locations and the physical issues that surround that. There are perceptions that affect all of the matters that we see and indeed that we are talking about today. We were discussing this morning whether it is indeed jobs for spouses or the jobs that people see as being issues for their children and also perhaps in the broader context seeing a large move within our economy towards that of a service based economy. So skills are one of a litany of issues that we do see and we do deal with, and on behalf of my colleagues and myself we are delighted to be here and to be able to hopefully discuss this today.

CHAIR: Thank you very much. I take it that you wish to go to questions now or do you want to read a statement?

Mr HARRIS: No, we are fine thank you.

The Hon. PATRICIA FORSYTHE: For any of you, what are the key areas that need to be addressed to tackle skill shortage issues, particularly in rural and regional New South Wales?

Mr HARRIS: I might start off. I think we will probably all have contributions, if that is acceptable to the Committee. We are all essentially practitioners in business development issues.

I suppose that the sorts of things that I see as being critical issues in key areas would be the opportunities to grow businesses in those regional sustainable companies, companies that can provide employment, companies that can sustain themselves in an increasingly challenging global economy. There is the issue of perceptions for regional areas where people form views about regional locations, the challenge for large country centres to explain that they are not just in the bush, that these are

vibrant cities in many instances that have real opportunities. There is that perceptual problem that I think is also a great challenge. I think the quality of life that is available to people. Some of the work, and I am sure Mr Collits will say something about this, some of the work that people like Richard Florida have done, talking about the rise of the creative classes, the things that people look for in the community in which they live. I think it is that broad range of challenges. I do not think, to be honest, that there are one or two simple issues. I think to build, sustain and retain employment and skills in regional areas is all of those things.

Mr CULLEN: Maybe to add to that, the skills issue, as Mr Harris was just saying, some of it is about people having a negative perception about a location, so it is actually hard to get them to a location, so there is a need to be able to do some initiatives, such things as the private sector Country Week initiative. There is also some issues sometimes with firms about the way they go about how they maintain staff and how they attract new staff and that is an individual business concern, and sometimes there also is a mismatch, if you like, between what is available in training and what firms need. So there is all those things that factor in.

One of the things that we found in smaller locations, like West Wyalong, and Tumbarumba, was that basically there was not sufficient housing available in those locations for attracting the right sorts of people to be able to take up the jobs that companies needed. What I am saying is there are all of those things out there and it gets all wrapped into skill shortages, yet there are many different facets that need different approaches to be able to solve them.

The Hon. PATRICIA FORSYTHE: You talked about perceptions about some of these areas but there is a lot to them, they are not just remote, they are actually vibrant communities. Where does the obligation lie to promote? Does it lie with individual cities, does it lie with your department, both working together? What sort of programs would be in place to ensure that the external perception of these sorts of cities and towns is a positive one?

Mr HARRIS: I think the obligation lies with everybody to be honest. I think it is not just the State or Federal Governments. There cannot be a Macquarie Street centric view of how to make places more attractive. It has got to come from the ground up as well. At the same time, there is sometimes a temptation in these things to use the bottom up as being a bit of a cop out and saying it has got to be the community that explains this. It needs everybody to be involved.

There is some interesting work being done in Wagga Wagga at the moment. They are doing some quite interesting things in trying to bring together groups of towns to explain this same concept. From our point of view there are a range of issues that we undertake. We have visiting experts tours that we have taken to country areas; we have had the regional business investment tours. All of these are products, they have a cycle and you can use them for a certain period of time and then you have either got to reinvent them, which we have done with a couple of them, or work out how to freshen them up. There is no silver bullet solution.

We found with the regional business investment tours, if I can just give an example, that a lot of the businesses in regional towns that were verging on being what we would call investment ready, these were really well run companies, the challenge they had was that they were not day-to-day in touch with the opportunities that existed for their city cousins. So one of the things we did was we brought together in the first instance a group of about 20 venture capital groups, bankers and investors, and we said to them "Can you give us three days of your time?" For a lot of these chaps, I have to say, the west begins at about Pyrmont and so we decided what we would do is we would take them beyond Sydney and we chose three or four centres that we took them to and we introduced them to companies. The first one was quite good. It was a bit patchy but it was a good idea. We refined the project after that, so that what we did was we took local companies that were interested or on the verge of being investment ready, and through our own 18 regional offices we identified the companies and then got experts in to provide training courses on how to pitch to a venture capitalist. It is no use if you can explain your business in great detail in an hour and a half and if the fellow that you are pitching to really wants to hear it all in ten minutes, and if they are successful VC company they are probably looking at a thousand proposals a year.

We then built that into the business investment town. It worked a treat I have to say, because it did two things. It helped the companies to actually present better; it helped the investment participants to gain access and insight; and indeed resulted in investment that we are able to measure in dollars. But even for those companies that did not secure investment on the first time around, what it did was it left them with a set of skills. It is that mix of commitment, I suppose, that came from that sort of activity, and I realise it is a rather circuitous way of getting to it, but it does in fact cover the very point you are making, because to make that work it required the involvement of local economic development groups, councils, individual companies themselves, communities that had to be proud to show off their communities, our own people, our own investment division people, as well as our regional development people.

I am sorry, it is rather long winded, but that does capture the sort of responsibility areas that work. Everyone has got an interest; everyone has got a responsibility; the trick is to make it work.

The Hon. MELINDA PAVEY: Just in relation to that perception of regional areas, as I understand it the Victorian State Government has run a million dollar campaign promoting the benefits of investing and living in the regions of Victoria. Have you had any feedback on how successful that has been in providing business opportunities and employment for major firms in Victoria?

Mr CULLEN: There have been I understand about 600,000 hits on their web site. The Victorians put out last week a paper called *Moving Forward* and there were 600,000 web sites hits and 450 people interested in moving to locations. That gives you a sense of the scale.

The Hon. MELINDA PAVEY: And that was a television campaign?

Mr CULLEN: It was a television and media print type campaign, yes.

The Hon. MELINDA PAVEY: So it has had some positive outcome?

Mr CULLEN: I'd prefer not to make a comment on its success or otherwise, but would give Country Week as a contrasting example. That has had on its web site from about January this year about 1.2 million hits and about 8,000 people through, and a large number of those 8,000 have found their way to looking to individual locations. So it depends what you are measuring in a way. You cannot just broadly compare those two things but it gives you an idea of the relativity.

Mr COLLITS: It is a very broad brush approach, a broad advertising campaign, not being particularly selective in the targeting. So there is a little bit of a contrast between that approach and the sort of Country Week approach or indeed the Sea Change Bureau approach that the Riverina groups are implementing, which is very targeted and much less broad than the Victorian approach. With all these things, it is going back to Patricia's original question about who is responsible. The word "partnership" is one that you would lobby regional development circles, and not without force, no particular group owns the problem in terms of retention and attraction of people to regional areas. The Government can play its part in the Victorian scheme a fair way and we have done it our way, but in terms of promoting the individual communities and regions, we would not want to pick which places businesses should go to. Businesses go to places that suit their best locational needs and we will help them with information and guidance and technical support, as we will help the communities and regions in promoting themselves. So I think it is a more targeted approach and it is one in which the community themselves take on largely the responsibility for the actual promotion. They are the ones who know the competitive advantages that they have.

The Hon. MELINDA PAVEY: From the companies that you support within the regions in terms of advice, are you hearing that their expansion or their success is being held up by the inability to put on people within their factories or within their enterprises?

Mr CULLEN: I think what we find is some businesses have to stop and think about how they are going to draw in the people for their growth and think about it more comprehensively. That is not a bad thing though. I think the other thing that is probably worth mentioning is the Building

Towns Tour that we put in place to address the issue of residential housing shortages, where basically what we did was we picked a couple of locations that were saying "We cannot get people because there is not enough housing stock". We brought some developers from Sydney that could build these types of dwellings. They are not large developers either, but reasonably aligned to those towns that we went to, and that was a practical way of promoting the opportunities in those towns.

Coming back to your question, I think companies have from time to time basically said, "We have issues with how we manage our growth". Sometimes it is about their own recruitment practices and training practices and sometimes it is about issues of how they get training from an organisation locally that perhaps is not quite as flexible as they needed to be.

Mr HARRIS: If I could just make one comment. It is interesting as well that sometimes you get stories that go the other way, not very often I have to say. When they are, they are quite pleasing. I was talking to someone from Salmat the other day, the people who have the call centre in Wagga Wagga. They have got I think over 300 people now, very close to 300 people in that call centre, and they are thinking of expanding it even more, and one of the reasons is because of the churn rate that they have. Churn rates in call centres in the city tend to be quite high. People either move out of them or they are temporary employees or backpackers or whatever it may be, and to be perfectly frank there is quite a lot of poaching goes on between various call centres, and they are working on a turnover, a churn rate of probably around seven per cent, which is really fantastic, and that is one of the pluses that you see.

Mr CULLEN: That is a good example of a firm rethinking its recruitment structure. When they first went to Wagga Wagga, the issue that they had was that they were looking to employ IT people and what they discovered was that that did not work. What they needed to do was actually recruit people with customer service skills and then build the IT skills within them. So it is a good example of how they went in with one view and then adapted it to meet the need that they had.

Mr HARRIS: It also comes back to this issue of employment for spouses as well, which is a big challenge for a lot of rural communities, because even if there is one significant employer, quite often people are reluctant to go there. If they fall out with that employer or if they decide their career prospects are better elsewhere, it is a significant geographic move, and if you couple that with the uncertainty of spouse employment as well, it is just one of those challenges. That is why I suppose I come back to the core business that we are in, and I suppose you would expect us to be persuaded to this point of view, that it is creating businesses and creating opportunities where people can get jobs that are sustainable that is probably the most practical contribution we can make as an operation or organisation.

The Hon. CHRISTINE ROBERTSON: Just following up on that, why exactly do you think the employment base product call centre is so stable?

Mr HARRIS: I think that it is the fact that it is a local community where these jobs have provided an opportunity for, in general, a lot of young people and women mainly. The churn rate comes because of the turnover largely from the airforce base. If it were not for the airforce base, that churn rate would probably actually be lower, it could be somewhere around about four per cent, but again that means that it makes it a reasonably attractive place for people to accept postings.

The Hon. CHRISTINE ROBERTSON: Why, because they have work?

Mr HARRIS: Yes. It is one of those issues that it really does have substance to it. We have seen it with some of the aviation industry. There is a company in the Hunter that is expanding its aviation service activities and they are really anxious to see the whole of that cluster grow. I think that is a very sensible idea. Their reason is driven by self interest of course, but they are able to attract more avionic engineers if they see that there are other employment opportunities for them, so that they do not have to be hog tied to the one organisation, also that there are employment opportunities for spouses again, and also for children, because people are going to move to those sorts of locations. We generally think people who have that sort of skill level may well be in their 30s or in their 40s and they are almost certainly going to have children who are going through school and they are thinking

about what happens to them. It is an interesting issue.

The Hon. CHRISTINE ROBERTSON: I will move to one of the formal questions because I am interested in what you think would be the answer. I will read it actually.

We have heard evidence from small businesses that major barriers to growth existing in the form of Government regulation and taxation, and we are actually in this inquiry hearing from them that there are major barriers to taking on apprentices and trainees and they are talking about occupational health and safety, WorkCover and payroll taxes.

The first question I want to ask in relation to that is: Many of the persons are telling us that that is why they are not taking on apprentices, although it would appear to us that apprenticeship training actually decreased in the late 70s or during the 70s, rather than when these other impostes appeared, but I would be interested to know your opinion of that. Have you got any idea why they stopped training apprentices?

Mr HARRIS: I suppose the only comment I really can make is if that is what the companies have told you, that is what a list of their complaints and their thinking. I do not think these are unique issues to regional New South Wales. I think these are issues which you find throughout the country. The number of trainees, it seems to me, without having a particular figure to put my hand on, the number of apprenticeships and traineeships throughout the country may well have declined. I am not too sure. I really cannot comment on whether that is the reason for it. These are issues that businesses live with and to us they are just a reality on the landscape.

The Hon. CHRISTINE ROBERTSON: And then I would ask is the Government doing much about that concern about the regulatory burden on small business?

Mr HARRIS: The only comment I can give is that as far as my department is concerned we are always concerned about all issues to do with small business.

The Hon. CHRISTINE ROBERTSON: We have heard previous evidence that Government contracts used to apparently say that one in four persons working on the contract had to be apprentices and it has been changed in 1999-2000 to say a percentage of funds had to be spent on training. Did you know this?

Mr HARRIS: No, I do not know that.

The Hon. CHRISTINE ROBERTSON: We will have to find out from someone else.

The Hon. GREG DONNELLY: One thing which I think has struck the Committee as we have gone around is the collection of information about skill shortages is pretty patchy. A lot of it is perception, a lot of it is ad hoc collection of information at a regional level, if at all. I am just wondering at the State level is there any collection or analysis done of what the actual skill shortages are in regional New South Wales?

Mr HARRIS: Certainly we do not do it, the Department of State and Regional Development does not do it. It is not something that really falls within the charter that we work with. We tend, as I said before, to be a very operational business development agency. I think the Commonwealth collects some data, but I understand it is fairly patchy. I am not too sure I could even say that.

The Hon. PATRICIA FORSYTHE: If you were talking to a company from overseas, one of the things they will ask you is access to skilled workers. Presumably you say yes.

Mr HARRIS: Yes.

The Hon. PATRICIA FORSYTHE: How do you know where the skill shortages are and indeed how do we promote New South Wales when there are demonstrable shortages of skills?

Mr HARRIS: It is a really good question and it is one that we often talk about. What we try to do is, if we are talking to a company from abroad that is looking at investing, there are always a number of conditions that will need to be met for a location to be appropriate. It is against those issues of supply chain, it is issues of access to capital, it is issues of how they get back to market, and if you look at all those, inevitably companies have an idea themselves of half a dozen places they would look to go.

Because it would be a Herculean task to try and determine which particular skills might or might not be available for a particular sort of company, when often we do not know what the next company is we are going to be talking to, what it is they do and often those companies want to train people specifically themselves. The process we would use, and again Mike or Paul might like to comment, we would say we have got a company that is interested in product X, these are the locations that look as if they might work, what are going to be the critical issues. We have people on the ground in those areas, we also have regional boards. We talk to everybody and we would say, if we had a company, these are the critical issues, can you meet these sorts of criteria, because quite often you will find that firms look for either a set of base skills or they look for an opportunity to train people up themselves in their own particular way of doing things. The most efficient way for us to work with what we have in terms of prospects and the opportunity to meet those prospects is to be quite case by case on each one.

Mr CULLEN: I think what I might add to that is when we have a firm that is looking for certain sorts of trade qualifications, what we would certainly be doing, if they have a critical mass of people they are looking to recruit, is actually talk to the Department of Education and Training and to TAFE about how we can actually build that into some programs for them going forward. So one aviation industry link, one is an example, but also at one stage we had a wool spinning operation that was looking to go out to Parkes and one of the things that we did right early in the piece was introduce them to the TAFE out there, the Western Institute, so they could actually work through what sorts of training they needed. They would bring some people in initially but then they need to filter those skills through to local people.

CHAIR: While you do not have that data base, what do the towns themselves do in the regional areas? Say you rang up a small town or a regional town and said, "Look, we have a company that is looking to get into a regional area in New South Wales and your area seems to possibly fit what they are looking for", do they have that information readily available for you or do you find that they have problems, saying, "We will get back to you" something like that?

Mr CULLEN: I think the truth of that is probably it is a bit patchy. Some towns and some regions have a really good handle on what their needs are. There are others that are perhaps not so good. When it becomes real is when businesses need to recruit individual people and I think it is when you get down to that level that we all look at niche solutions. For instance, the regional skills migration scheme, which you would be aware of, basically is a good niche solution to being able to provide some of those specialised people not available locally. The information is patchy, but often the companies themselves know what they are looking for and where they need the skills. So it is sort of working on that very operational end of the equation.

Mr HARRIS: I agree with Michael, it is patchy. Some places are quite good. More locations are realising the need to have this inventory of opportunity, if I might make up a phrase, that allows them to sell themselves. The only other thing I would say is that the moment you get on the phone and ring a country location and say, "We look like we might have a prospect for you", it does not take them long to start working out exactly how they are going to find that out for you, and the numbers have to stack up, because we and the company, or the company in particular, will eventually become quite critical to that process. It is patchy but they jump on it very quickly.

Mr COLLITS: A number of regions through their regional development boards or through their area consultative committees and so on have conducted regional skills audits and those are funded sometimes by our project support to our regional development boards or by the Commonwealth Government through the ACCs. So I think as this issue has become increasingly talked about in regional Australia over maybe four, five years, in some cases a bit longer than that, the

local groups that are typically driving investment attraction efforts have been increasingly doing that. As Loftus and Michael have said, some regions are better at doing that and indeed they are better at selling themselves than others.

The Hon. GREG DONNELLY: Just on this issue of these regional centres or towns that are doing a good job at self promotion, et cetera, would you like to perhaps give us some examples of what ones you see as being good benchmarks, just to give us a sense of the parts of the State which seem to be performing at a pretty good level when it comes to making themselves attractive?

Mr CULLEN: A good example would be in terms of the glass house tomatoes down in Guyra, where if you ask the company there about the attitude in terms of council, about helping them through that, and all of the stakeholders, not just the council, but all the stakeholders in terms of finding people, helping them with site selection, a whole string of things. So that is one example. You would also have heard from the Nambucca vehicle people, where I think that whole idea of thinking about yourself as having a scale as businesses rather than just a single business is quite important if you are looking to be able to attract people into a location. It addresses the issue that Loftus was saying before: If you go to a location with a single employer, that is a risk; if there are a number of employers, it gives you some choice further down the track. They are two examples.

Wagga Wagga council is a very good example as well. They are actually looking to set themselves up as being a location for logistics businesses and they have had some recent success with BOC, a gas company, deciding to establish in Wagga Wagga, but also in terms of some of their future plans about not just having manufacturing businesses, but services businesses as well. They are another good example of seeing out in front of them the sorts of things they will need and how you grow and build the opportunity.

CHAIR: Rather than the companies looking to go to a certain town, what about the companies in the town itself, why are they not doing more to try and get some data bases as to what their needs are or are they doing that?

Mr HARRIS: I will have to say that I do not know whether they are or not, to be honest, or how many of them are doing it. I guess the involvement that we have with the companies that leads them to this is one step further back than that and that is that we tend to work with the companies to try and grow their businesses, to find them new markets. It is companies like Jeff Hort Engineering at Orange. When the dispersal of assets from Email was made and Electrolux bought that plant, you could see that Electrolux was going to make a decision to move some of the manufacturing processes either offshore or at least out of the factory, and Jeff Hort Engineering ended up taking on the role of manufacturing the condenser tubes that you find behind a refrigerator. They bought a robot which they used. It was quite a big investment for them to do that, and they ended up employing something like 50 people by the end, but that work moved out. It was the prospect of the new business that allowed them to suddenly focus on where they would find those skills and looking to get them and they had something to offer people to bring them in. In terms of monitoring where the skills are, I do not know whether the individual companies really do a lot of that.

CHAIR: Do you see a role there for the regional development to assist in that way or to encourage?

Mr HARRIS: In terms of helping them to measure the--

CHAIR: Yes, to encourage them.

The Hon. CHRISTINE ROBERTSON: They have been given a lot of perception and not a lot of faith in relation to the shortages and the future needs.

Mr HARRIS: Yes. I think that companies have been relatively used to being able to pick up skilled employees from others who have trained them, whether it has been Country Energy in the past or any number of those large utilities or organisations. In terms of looking to find those skills, the

regional boards I think are showing some interest in that now and I think that is a pretty valuable thing to do. Again, in my view it is better if you can make it local because then you do understand what the issues are and people are aware of the day-to-day challenges. For us, when you get too far back and you are looking at that supply side of the equation, it is just a bit hard to determine exactly what you should be looking for.

Mr COHEN: Just generally on that, I put it to you that the department can be rather an expensive roadshow and that perhaps you are sort of missing out on the particular issues that we have heard a lot about in country areas, getting down to those specifics of multi-practice solutions to job shortages, job training, particularly apprenticeships, and I am just wondering what dollars are available to help encourage that on the ground activity. You have talked a lot about the big picture, and fairly so, but I am just wondering about on the ground we are hearing so much about lack of opportunities, individuals in small communities, issues around apprenticeships and maintaining those people in those small country towns, and also in particular initiatives that your department might be implementing to encourage Aboriginal communities to enter the workforce in rural and regional areas and encourage skills training. I think with indigenous communities that is quite acute. I think that issue translates right across those small country communities.

Mr HARRIS: Thanks for that I will ask my colleagues to say something as well, but I do not think we are an expensive roadshow. I think we are actually a pretty tight, fairly inexpensive business development agency and I think any comparison of numbers across any of the agencies like ours throughout Australia would show that to be the case.

In terms of addressing immediate issues, we have got offices in 18 centres around New South Wales and our people in those offices are involved in dealing directly with the companies and with the businesses in those communities day-to-day. We deliver a range of very specific business assistance programs. Of the sorts of things we do with small business throughout the skills development activities that we work on with small businesses, two of them spring easily to mind. In fact, I think they are quite important. In fact, they are two of my favourites. One is the Women in Business program that we run. We have probably had over a thousand Australian business women through that program who have actually done the mentoring program. In any one year, we currently see probably 600 women in centres throughout New South Wales, country towns, suburban centres, we probably see about 600 women who go through those programs. We have professional business women who give us their time for free to act as mentors, and we probably have anywhere between 40 to 60 in any given year who give us their time. The whole program costs \$200,000 a year but we deliver it throughout the State and I have got to say it works a treat. It is actually quite uplifting to talk to some of the people who have done that.

In terms of the Aboriginal business programs, we work with probably about 300 Aboriginal businesses around the State at any one time. We are in the business of helping those Aboriginal businesses grow into businesses that can compete in a broader economic market. This is not a process of charity; this is a process of making these companies sustainable and working with individuals. Again, it has been interesting to watch. There are companies that we would see that you and I might think of as being traditional companies, traditional businesses, all very straight forward, and then there are ones that just grow out of things that actually surprise you and are very warming in many ways. Recently, in fact at the Aboriginal business awards last week, which we do every two years, there was a small company that grew out of a prospect with a mining company. There was a mining company that was looking to do some regeneration of vegetation, and one of our Aboriginal business development managers, Tony Williams, worked with this group and they brought themselves together into a cluster of half a dozen people who had an interest and some latent skills in that area, and now they have got a contract with the mining company, they are doing their regeneration of vegetation. It employs I think 16 people now and it has become a business and it involves all of those people. That program is delivered, again, throughout regional New South Wales. We have Aboriginal business managers who work with us and work with those Aboriginal business communities. There are a lot of those small, very targeted, very focussed, very outcome oriented activities.

CHAIR: Murrin Bridge Wines would be another one like this.

Mr HARRIS: Exactly right. In fact, I think it was the Murrin Bridge Wines that prizes were given as prizes to some of the presenters at the Aboriginal business awards.

Mr COHEN: I appreciate what you are saying. Aboriginal skill incubators within Aboriginal small businesses is fantastic, but also looking at the general Aboriginal community out there is skilled up or encouraged to enter the workforce, I think that might apply to many young people out there.

Mr HARRIS: Yes, absolutely.

Mr COHEN: Particularly in those relatively isolated country towns where we are hearing that there is just not the opportunity for young people to stay in their community and find reasonable work or any work in certain circumstances.

Mr HARRIS: It is absolutely true. I will get Michael in a second to talk about something we are doing in Broken Hill, a youth training program in Broken Hill. You are absolutely right. It is this issue of retaining young people in a community.

Mr CULLEN: Just in terms of that, we are running a youth program in Broken Hill, but have also successfully run a program in Merriwa in the Hunter region as well, and it was not so much a question of simply looking to retain all of the youth in town. Youth will by their nature want to go other places, but if they do want to stay and build a business opportunity, we want to give them that opportunity and if they want to come back, then there is the opportunity back there as well.

What we have done in Broken Hill through the Far Western Board is we have looked at an engagement strategy with youth at all levels, because before you get to the business end you actually need to make it work at all levels first, to the extent that there is basically a youth council that has been formed, but more importantly for us the outcome we see is that there is now basically a service being set up called the Youth Employment Service, and essentially what that will provide is advice to younger people about how to actually set up business and have mentoring support there from existing businesses.

The other part about it is it will also provide advice to existing business on how they target the youth market. So it is a more lateral approach that we are trialling in Broken Hill because of the very issues that you have mirrored, and in Merriwa we have also had a very similar exercise under taken. Our approach with these things is to look to develop them and then be able to replicate them into other locations. For instance, when we have our community economic development conference every year, where all the communities come together who practice economic development, that is basically those communities show casing what they have tried. For instance, in two years ago we had the kids from Merriwa present at Batemans Bay. As a consequence of that, we have had this interest in Broken Hill, trying to pick up on some of the things they had done, but then to adapt it to their circumstances.

Mr HARRIS: Again, it is a thin line in some ways because what we have got to do is do that recognising at the same time we are not an employment service. What we have got to do is help people to develop the opportunity to grow their businesses.

The Hon. PATRICIA FORSYTHE: More broadly in relation to Aboriginal young people, a fair amount of evidence has been presented to us anecdotally that suggests that young people with employment opportunities will stay in their own region and if you can give them training opportunities in the area they are not likely to leave or they will come back to that area. We do not actually have research or hard data on the movement of people. Is it a fact that if you can train somebody locally, you are mostly like going to retain them locally?

Mr HARRIS: I have to say that all I am aware of is the same anecdotal evidence. I have had some really interesting discussions with Charles Sturt University and the view that is consistently conveyed, and I have no reason to doubt it, is that if you can get young people to go to university in a regional area, in a country area, they are more inclined to stay in that country area. It is when you

either (a) uplift them and make them make the physical move to go to the city, they are less likely to come back, or the obverse of that coin I suppose is that if you have the opportunity in a regional education centre, a higher education centre, then people from city locations, metropolitan locations will often move there and determine to stay because of the friendships they build, the lifestyle they establish.

Mr COLLITS: At Charles Sturt University Bathurst has done some work on this subject of attracting metropolitan young people to come and study there with some success, and certainly in terms of young people that are attending university, there is a higher chance of retaining them in the region. These regional universities are getting better now at engaging with their communities and with the businesses and the industries, and they are working out tailored strategies, talking to organisations like CentWROC, Central West Regional Organisation of Councils, and doing these projects together.

On the broader issue, I think this youth migration issue is a killer issue, a critical issue for many regional places, particularly smaller centres, but not only smaller centres, and every country mayor that you will ever talk to will despair at these trends.

There has been some research done by Professor Margaret Alston at Charles Sturt, Wagga Wagga, on rural youth out migration and one of her studies was called *Generation Xspendable*, and it looked at the issues of what services there are available for young people in regional towns, particularly the smaller places and the extent to which strategies can be built around retaining some of people in those places, giving them better services, better opportunities, addressing things like transport issues, the impediments that they face in trying to get jobs locally. There is research that has been done in Canada. I would be happy to pass that on to the Committee as well.

I think it is also important to say that a lot of young people, wherever they live, will move out of home and will leave their place of origin and it is not for us to say whether it is a good or bad thing. It is inevitable that in many individual cases they will gain skills abroad or in the bigger cities and so on and they are not necessarily an inevitable long-term loss to those regions. Some of that Canadian research, which I have only briefly looked at I have to say, suggests strategies for getting those families in their late 20s, early 30s, a lot of the people who are driving the sea changes and tree changes and so on, to consider coming back to those places that they came from. Those initiatives include keeping in touch with the people who have left and inviting them back and doing those sorts of things. That is a big one and some people, generation Y in particular, who want to make it in the big wide world and want to do it all, will go.

The Hon. PATRICIA FORSYTHE: Mr Harris, in your submission you make reference to 56 skill shortage projects. I wonder if we could be provided with a list of those?

Mr HARRIS: Yes, sure.

The Hon. PATRICIA FORSYTHE: And in relation to the projects that you are aware of has any work been done on outcomes?

Mr HARRIS: Yes, there is. I hasten to say, and I am not fudging it, but it is always a work in progress. We do. I am a compulsive measurer of most things anyway. As soon as we have got an outcome, we are pretty sure to have measured it, but it is an iterative process. You find, for example, when we started the regional business investment tours it must have taken a year or so to see the first investment actually come to fruition, but we did measure it, we have got a number on it, we know exactly what it was, and I would be very happy to do that.

We do constantly look at them. When we work with groups such as the organisation which put on Country Week, one of the things we do - I am sure the proponents will tell you - we require a whole set of measurements that allow us to get a picture of what is happening.

Mr CULLEN: It falls into a couple of things. Some of them, like Country Week, really what you are doing is providing the opportunity for councils to promote to get people back. So the

measures will be at different points of time. Some of them, like the Building Regional Towns tour that I mentioned before, the measure we can put on that is that there is \$4.7 million worth of residential housing in some of those places that was not there and there is another \$4 million in train and hopefully another set on top of that. So there are some measures. What we will try and give you is where the outcomes are to date and what the important milestone is, and give you a list of those.

Mr HARRIS: Can I just add to that that the really useful part for us as a department is what seems to have worked best as well and what communities are willing to pick up and what people are willing to involve themselves in. One of the most useful methods we have got for this is the community economic development conference that we do each year, where we bring together in the case of this year I think 160 people from all around the State who are involved in this sort of activity, people from regional economic development boards, people who have an interest in these sorts of issues. Essentially, it is a sharing process, it is a market place, to look at what has worked for people and to learn from each other, and that has been very useful as well to put a value judgment on it.

Mr CULLEN: To give you another example, we are working with a group called we Re-Engineering Australia at the moment. Essentially, what they are interested in and what they are concerned about is the lack of engineers in the workplace. What they do is go right back to the cultural issue at school level. They provide basically some software. The school has to put some money together but then there is software provided that build scale formula one models and it is about developing engineering skills in high school kids. Measuring that type of project will be five years down the track, how have we gone with it, but we will have some interim measures about was Nowra High School involved in this, were others. There are all sorts of different approaches you can take on this. So the projects that we will list will be some of the different parts. Some of them will be with a particular industry, some of them will be a promotional thing, some of them about the high school end. So there is a range of things there.

Mr HARRIS: We can give you that.

The Hon. CHRISTINE ROBERTSON: Just in relation to the programs you are running, and I know we are going to get this information, but I would be interested to know if any of them relate to issues of fairly high numbers of unemployed persons who live in country New South Wales, who seem to have been written off as unskilled and of no use, and we do have in some of the areas where they are companies bringing in Indonesian persons or Afghan persons to do these semi-skilled job. Are there any programs in relation to that? You have a lot of Aboriginal employment programs but often they are in specific industry skills, not necessarily in the unskilled area. Is there anything like that happening that you know of?

Mr HARRIS: The only comment I could really make is to go back to the charter that we work to. We are really in the business of helping people to grow their businesses. We are less to do with the choice of employee or with the process that finds people employment. If we can assist people to grow the business and create the opportunity for that growth in employment, that is really about as far as we go.

The Hon. CHRISTINE ROBERTSON: What about in terms of unskilled labour, like pickers and chippers and stuff, no-one has talked to you about things like that?

Mr HARRIS: No, it is not something that we do.

The Hon. CHRISTINE ROBERTSON: Could Aboriginal employment organisations be channelled into areas of high demand for skill base?

Mr CULLEN: Perhaps a peripheral example I can give you, it is not something that we are involved in, but it has a peripheral involvement, is that in the Hunter there is actually a growing call centre industry there, and in fact around the Kurri area one of the TAFEs has brought together some of those people who have been unemployed for a period of time and skilled those people up and they are getting really good placements back into the call centre industry. That is an example. We have been involved peripherally, because we have been involved with things like the Commonwealth Bank

bringing their call centre operations to Newcastle, but the actual training is done by the local community, and the Hunter Economic Development Corporation has had some involvement. So that is an example of something where those people who have been long-term unemployed have actually been skilled up to be able to take up some emerging job opportunities.

CHAIR: Just one question I would like to put to you and then I want to come back to something that we discussed earlier because time is getting on. I would like you, if you could, to comment on the skilled migration program as to how it affects the skills shortage that we have?

Mr HARRIS: I think the skilled migration program is actually quite a valuable tool because I think that it does fill critical short-term requirements, where companies are finding it difficult in instances to get skilled people, but the brutal truth is it is not going to be the solution for everything. We got 320 people to go to regional New South Wales under this scheme last year. It does provide an opportunity to fill - it is a stop gap measure for individual companies.

One of the things that I suppose mitigates in its favour is from what we can see the majority of people, and again it is anecdotal, I stress that, the majority of people who come in under such a scheme are generally aware that they are going to a regional centre, they want to go to a country area and it would appear that the majority stay. I do not think you can force that. There is always an argument about how do you ensure that people do stay. In the case of our support that we provide, we do have some requirements and if the State Government provides a level of sponsorship, which we do in many instances, people are required to stay in that location for two years plus an additional two years, but the truth of the matter is that short of bed checks at three in the morning it is difficult to see how one would entirely enforce that, but it seems to have been popular and reasonably well received.

CHAIR: The other thing that I wanted to get back to is something we would like to try and get to the bottom of if we could and that is again on the data. How do we collect that data? Where do the responsibilities lie and how can we actually encourage that? Do we work with the local councils? Do we work with the regional development boards? How could we progress that?

Mr HARRIS: We are into the realm of opinion. I think that once it is desirable to have that information, some of the practical issues are whether local organisations, and that is where you really do have to collect this to make it meaningful, whether local organisations have the resources to sustain a collection process over a prolonged period of time and whether their enthusiasm might wane a bit if they are not getting many results out of it, if business are not moving in.

The way to address it I suppose is to look at a broader issue of collection so that you do not refine down too closely the numbers in the relative skills. I suppose that as a practitioner the most valuable thing for me would be to know that one could go to a regional community and get a snapshot, a fairly grainy snapshot if you will, of what it is like, are there opportunities, are there problems of a particular nature. That would help us in locating companies and helping companies to make some decisions on where they do locate. But it is a major task quite often collecting a lot of this information. I think it is a good idea. Like you, I do not have - I suppose I am like everybody in the room - I do not have a silver bullet solution to it.

I often think of some of the work that was done at the Commonwealth level in Australia in the early 1990s where there was barely a country town that did not have a plan on how to build a wool scour, and they are probably still gathering dust on shelves all over the countryside, and it was "We will do some studies and things will follow". Indeed, things did not follow. In fact, the only wool scour inquiry that I am aware of at about that time was for probably the one place in Australia that actually did not have a study on building a wool scour, and that inquiry came from someone who was in the wool scour business and was planning to build. You have just got to be careful not to collect data for the sake of collecting it. I am not being negative, just trying to be practical about it.

CHAIR: We have several questions formal questions that we were going to ask you but time certainly has caught up with us. Would you mind if we put these to you and you can get some answers back to us?

Mr HARRIS: No, I would be more than pleased, Mr Chairman.

The Hon. MELINDA PAVEY: I just wanted to ask about accreditation if I could, Mr Chair. Michael, you mentioned earlier the situation with the Nambucca cluster and the tour to the regional development board at Coffs Harbour. We have heard about the difficulties with one particular company getting accreditation. Are you concerned--

The Hon. CHRISTINE ROBERTSON: Training.

The Hon. MELINDA PAVEY: Training. Do you see that as a problem area in New South Wales compared to the other States, the accreditation and training processes, as opposed to what is happening in Queensland and Victoria?

Mr CULLEN: To be honest, I am not terribly qualified to talk about the training issues over all, but I know that in the Nambucca situation, what we are trying to do to fix that is work with the Department of Education and Training to look for the solution for that particular company. I know in terms of dealing with training, there is always this issue about making sure that the training you get can be recognised and also making sure that there is consistency in standards. Without basically going to all the details of it, essentially we have also seen some regional training organisations where perhaps the level of training provided has not been as good as it might be. So I think there is that balancing trick between making sure the companies get what they need, but making sure the standards are maintained as well. In the Nambucca one we are basically looking to try to solve that by working through some national and State issues. To be honest with you, I do not quite understand the intricacies of it, but we are working through it.

The Hon. CHRISTINE ROBERTSON: Representatives of the Master Builders Association was just here and were talking about comparisons between licensing, inferring that other States had faster and better licensing processes. Do you know anything about builders licensing?

Mr HARRIS: No.

(The witnesses withdrew)

(Luncheon adjournment)

JOHN DUNCAN ANSELAN BUCHANAN, Acting Director ACIRRT, The University of Sydney, 40 Smith Street, Artarmon, sworn and examined:

CHAIR: In what capacity are you appearing before the Committee, as a private individual or a representative of an organization or business?

Dr BUCHANAN: I suppose it is a bit hard for an academic to answer that because I am giving you my evidence as an expert in the area but it is not an officially cleared statement of the University of Sydney, so I think it is better to record me as an individual.

CHAIR: Would you like to make a brief opening statement or would you wish to go straight into evidence?

Dr BUCHANAN: What I have brought along for you is a paper I prepared earlier this year which summarises all the research our centre has done on the changing nature of skill requirements of Australia and I thought that would be helpful to your deliberations because it summarises about ten years' research.

The way our centre thinks about skills issues is that we are very critical of the mainstream policy approach of defining it in terms of human capital on the supply side and so-called industry driven on the demand side. We find those categories quite unhelpful and misleading for making sense of what is going on and what is required for the future.

We are a multi disciplinary centre which draws on people from all the humanities, history, law, economics, sociology, management, IR, psychology, to name just a few and the two main categories we work with and we are studying these issues, so if you want to understand what is happening to individuals or people, not normally categorised as a supply side, we found the most useful leads provided by European researchers who said it is critical that we understand changing life courses and the key features in a changing life course are the different transitions between education and work and then back from work and education, the transition from work to family formation and then back into work, the transition involving unemployment and employment and then finally the transition at the end of your working life into retirement, but then often that involves movement back into the labour market and part time work.

That is what is going on in the supply side and what we have seen there is a dramatic re-casting of what we call the harvest demand model of work, which was a fairly classical gender division of work – men went to school till they were about fifteen, a quarter of them got an apprenticeship, the rest went into the relatively unstructured labour markets. They worked and then they died. Females got trained, had minimal education in an institution for a while, worked for a little bit, got married, looked after people and then they died. That was the kind of linear transitions.

What we found, there has been a significant re-casting of gender roles, so transitions now are all over the place. People enter the labour market whilst they are at school. They might be in the workforce for five or ten years and then they will go back to education. The kind of clean ruptures are just not there anymore. Women no longer leave the labour market forever once they get married, they often come back in creeping numbers and men are doing the same. Unemployment is not a fixed state, people float through it, in and out of it and at the end of their working life, many people balance both work and non-work. For us, if you want to understand the supply side, what is going on with the skills, you have got to understand those changing life courses.

On the demand side, the concept we found most useful to work with is the notion of a skill eco-system and the idea of understanding a skill eco-system is that you can only really understand skills problems by looking at the total setting within which skills are developed and deployed. The key features here are the business context, is it competitive or monopolistic or something in between? What do the major business organizations use, is it a classical firm, is it network production, is it some other business arrangement? What are the modes of employing labour, are they standard employment, casual, contract labour hire and then finally what are the kind of modes of training. Are they quasi-apprenticeship based, are they mainly formally based and off the job training?

Most of our analysis then when we look at changing skills requirements is understanding what is happening on the supply side with the re-casting of life courses and what is happening on the demand side with the re-casting of skill eco-systems. So when I am answering your questions that is the kind of framework I will be using.

The Hon. GREG DONNELLY: Just in terms of the overall issue of skill shortages – we hear all about it, this Inquiry has had many witnesses come along and talk about it – can you give us a broad over-view from an academic point of view of skill shortages, particularly in the context of New South Wales and can you go further, regional rural New South Wales?

Dr BUCHANAN: I am pretty sceptical of the idea of skill shortages being a pervasive problem. I think there is more a problem of decent jobs, there is not a shortage of skilled workers. The occupation I know best is nursing and the Health Department did a major study at the end of the 1990s on nurses who were registered who were not working in the nursing profession. They found 30,000 of them. This was a study that was released in 2000.

They then did quite a robust assessment of how many of them would potentially be interested in coming back into the workforce and there were 11,000. We did follow up qualitative research for the New South Wales Nurses Association and we probed as to why that was the case. The Health Department did not really get down to the gory details of that and on our assessment, because we looked at both current nurses and ex-nurses and overwhelmingly people were leaving the nursing profession because we have created job situations that they do not want to work in. They cannot provide the quality of care that they want to provide and they cannot provide the support to each other. Everyone says there is a shortage of nurses, there is not a shortage of nurses, there is a shortage of decent jobs.

We have done an analysis in the dairy industry in Victoria and we have done some initial road testing and found similar things in New South Wales. We have done the same in manufacturing, where there is the overall cry that no-one wants to work in manufacturing. We have actually looked at what manufacturing does to its workers and found out what is going on there and we did a large scale study for the Victorian government on future skills needs in the services sector. So it is not based on New South Wales but the structure of the economy is not much different and we found very similar dynamics at work in sectors as diverse as community services, retail, sport and rec, IT, and finance. It was a very broad coverage.

So for us, yes there are pockets say in the accounting area, because of restructuring in modes of governments in the US and the UK, there is a kind of vacuum cleaner going through the world economy at the moment sucking out any good English speaking accountant. So there is something quite distinctive there, it is not just the work, there has been a shift on the supply side.

In mining there has been a huge surge in demand, primarily as a result of development in China, where there is demand way in excess of where the labour is, but outside pockets like that I think most employers need to look at the jobs they have got on offer instead of running around and pointing the finger at the workforce.

CHAIR: What do you actually mean by the jobs on offer?

Dr BUCHANAN: If you take the example of nursing that I gave earlier, what the Victorians have done and it was after a fairly protracted industrial campaign by the Australian Nursing Federation Victorian branch, they have mandatory nurse/patient ratios. That means that the staffing level of Victorian public hospitals are far better than those in just about any other state in the country and that attracted a whole lot of nurses back into the system. You actually take the intensity out of the work and give them a chance to provide the care they want – both to their patients and to themselves and you will attract and hold more people back into the system.

We are doing a job in New South Wales Health at the moment, a report is being put out on the problem with locum doctors and the alleged shortage of doctors in the public health system. There is shortage of doctors, there is just a whole lot of young doctors who do not want to work in the system that has been created and they find it a lot more lucrative to take locum arrangements.

To put it bluntly, the health system was structured up as a big training machine, people would leave medical school and then they would go into an internship and learn their craft over a five to nine year period, depending on what their speciality was and what has happened is that the health system has been so tightly screwed down by budget constraints that those training places have just become service provision, low level service provision, it is not a high quality training experience and a lot of young doctors are saying, if that is the way I am going to be treated, I might as well become a locum and get properly paid for it. That is the thing, if you start to move in and do something about the structure of the jobs, you will change the behaviour and response from workers within it.

Mr IAN COHEN: Just on that point I am just wondering how you translate that across to small country communities, away from perhaps the highly specialised area of medicine and nursing and such like, to people who are out there in country communities, and we are hearing a cry, is it just a case of not enough money and industries that cannot afford to pay their employees sufficiently to hold onto them in those areas?

Dr BUCHANAN: The case I know best is dairy and I have studied dairy best in Victoria. I know it is different because the Victorian dairy industry has caused a lot of problems for the dairy industry elsewhere within the country, I accept that, but even in the prosperous Victorian dairy industry, they are having trouble and we spent a lot of time studying that problem for the Victorian Farmers Federation and our analysis – which they ended up supporting – was that what you have got there – because they have had real problems holding particularly farm hands, and if you look around just about anywhere in the labour market, there is always a problem getting farm hands.

Mr IAN COHEN: Isn't that just paying a decent wage and conditions, what is the problem there?

Dr BUCHANAN: No, there is a deep structural problem because as dairy farms have rationalised and become bigger, there are two things that have happened. First of all, the aspirations of dairy farmers' children have risen, so they no longer want to go back to the farm in the way they used to because they are actually from richer households and secondly, as the units of production have got bigger, there are actually fewer children per farm. The family farm actually used to be an incubator for skill. People would be raised literally from birth in how to do basic food management, basic animal husbandry, looking after the paddocks and the like and what has happened is that as the family farm has broken down, the dairy sector is now actually entering the formal labour market in a way that it never used to. They can attract a lot of people in, they just cannot hold them, and that is because a lot of dairy farmers treat this new labour with contempt because they do not know really simple things like basic electrical work or how to fix a motor in a tractor. They de-value their own skills.

We asked them to list all the skills they expected of a farm hand and as market researchers we had to politely tell them that they were expecting someone just short of a trade level. So they have a vision of a farm hand, someone just walking round the streets and you pluck them off and you throw them in there, because that is the way it has worked. There is been a whole pool of people who have been essentially trained through family farm arrangements and as that family farm has broken down there has been a structural problem.

We have said to them if you really want to overcome that, picking up the wage would help but that is not enough. You have actually got to look at the way people are treated and this is how they are trained to do the job, how that training is executed. It just cannot be text book type stuff, so they are looking now at developing an intermediary institution, something like – for want of a better term – a kind of ethical labour hire company so that there will be an intermediary who can advise the farmers on how they can structure their jobs better and also assist in bringing the labour in and helping it stay there once it is there. Raising wages would make a difference, there is no doubt about that but that on its own will not do enough.

That was a twelve month study, so I can talk about dairy with some authority because we have looked at dairy. I have not looked at many other industries. I have looked a bit at food manufacturing, I could talk a bit about that but usually that is a lot more wage related and usually the good manufacturing food companies pay premium and from my experience usually get the labour they are after because they then cause problems for other people in the district.

CHAIR: You made a comment that the sons or the daughters were leaving the farm and going to university or what have you because they were rich enough to do it. Would it not be the case that the farms were no longer viable to keep those children on the farm, they did not see a future there?

Dr BUCHANAN: The successful dairy farmers – and once again I am going on south west Victoria, which is the fundamental source of many problems elsewhere – these are pretty serious operations. To be a good dairy farmer these days you have got to be a really astute business person. There is a high degree of capital, you have got to make big investment decisions about how much automation to put into your plant, there is a high degree of science involved in the management of the herd. It is not just simply standing around waiting for the cows to come in.

People's aspirations have shifted. I do not think they are marginal operations. The ones that are creating those kinds of expectations are really quite dynamic businesses. I was surprised, as a city dweller, to be honest, I was humbled actually when dealing with the dairy industry, I was very impressed.

The Hon. PATRICIA FORSYTHE: When a lot of family farms close, break up, a lot of the people working on them, say young families, have skills that are not formally recognised because they have not a certificate, they do not have a piece of paper, yet they are highly skilled at what they do. Is there any avenue there do you think for better recognition of, if you like, prior training that they will have got when they move on and how should we go about that?

Dr BUCHANAN: There is a formal RPL process and I would not want to buy into the debate around that but there are people who know that stuff better than me who know it could be streamlined in an effective way. I would just defer to them. Julius Rhode, who used to be on the ANTE board had a bee in his bonnet about that for quite sometime.

All I can say is I know a lot of city employers actually do not recruit apprentices from the city anymore, they actually go at least 100 miles out of the city before they will start to take on apprentices because the country people are so well trained and that can be mature age as well as younger people. They are doing that without formal accreditation, they are just doing it on the basis of informal knowledge.

The Hon. CHRISTINE ROBERTSON: What you are bringing to us is quite a different perspective – not a troublesome one but quite different. We have had a mixture, as we have gone around to the country towns, of employers informing us that none of the people were of a quality that they desired – angrily, sometimes the Education Department, sometimes the people themselves, and young people informing us that the employers were not really interested in them. Ian's question related a lot to financial rewards for things like apprenticeships and unskilled labour. These are the perceptions on the ground. How do you actually address these to make sense of them?

Dr BUCHANAN: They are hard issues and in a sense I think you have got to answer it at two levels. A lot of these problems are deeper than the skill system or the education system, they are about the relationship between town and country and basically as a matter of economic geography there has been a huge centralisation of power within Sydney and a few regional centres. Dubbo has done very well but the outlying towns have not done so well. That is beyond the skill system, that is an issue about how the economy is restructuring.

There is another issue, a kind of labour market issue, which, once again, I was impressed with when I was talking to some of the dairy farmers. Some of them used to say the same and they just got real. They said, well, this is the labour stock I have got. I would prefer better quality labour and one of them said I have now got two former drug addicts who normally I would never give a second look to but I have adjusted my expectations. I know these people are not rocket scientists but I know if I set up procedures, if I think very clearly about what I can delegate and under what conditions I can delegate them, I can get extra labour into this place and make my life more bearable.

He is a very creative, very thoughtful man. He was pretty big, I think he had about 800 cattle, which is pretty big for a family dairy farm, and he was doing that with people who most people would write off as the dregs of society.

I am an employer, I run a research centre of twenty five staff. I really would love a gun researcher to walk through my door today and say, I'm here to help you, but it is not going to happen, so I have to make do with the staff I can find and unfortunately I think too many employers are looking for short cuts.

I gave that example from the health system – that is the State government as well, I am not saying it is private sector – the government as employers are just as bad. They do not want to take responsibility for training people up on the job, that takes a long term time perspective.

I would say there is a deeper structural problem, I do recognise that. I think country people have it a lot harder because a lot of people with any kind of talent, given the shortages of labour in the city, are just clearing off and going into the city, so I do think it is more acute for those in the bush but I do not think they are insurmountable.

The Hon. CHRISTINE ROBERTSON: Have you looked in any way at the changes in attitude towards training and apprenticeship that occurred in the seventies, because in the old days it was an automatic process. Have you looked at any of that?

Dr BUCHANAN: Not systematically, no. There is not a huge amount of data around on it.

The Hon. CHRISTINE ROBERTSON: It just snuck up?

Dr BUCHANAN: You will see in the statistics, there has been a fundamental shift in the signals we send young people. We basically say you should go to university. That has been a bipartisan push and I know John Howard is running around and saying everyone should become an apprentice, but he has done very little to actually make that real and if you look at the way he has run his public sector instrumentality, he has done very little to actually offer them jobs. But that is the first statement from somebody in a high position to say that a trade is as good as university entrance. Then I would say look at what they do know of, they say that the underlying structures are still there, university is the way to go, but that has been a long time coming.

The Hon. CHRISTINE ROBERTSON: I guess the only other issue and maybe it is answered through your work with the dairy farmers, we have in some parts of the state of New South Wales very high levels of persons wanting to do unskilled labour and in other parts of New South Wales, very high unemployment rates for unskilled labour persons. Any ideas on this issue?

Dr BUCHANAN: Where are the jobs?

The Hon. CHRISTINE ROBERTSON: The jobs are down south and the people are up north.

Dr BUCHANAN: What sort of jobs are they?

The Hon. CHRISTINE ROBERTSON: Picking.

Dr BUCHANAN: That is usually seasonal, isn't it?

The Hon. CHRISTINE ROBERTSON: Seasonal work used to be quite an organised system where teams of seasonal workers moved up and down the State and into southern Queensland and northern Victoria and followed the seasons. It seems somehow to have fallen apart is the only way I can describe it. Backpackers are now utilised, not very successfully of course.

Dr BUCHANAN: I have to say this of course from the research, but you have got to systematically study it and you can do that. I would like to talk to the farmers and find out what is on offer now compared to what was on offer say fifteen years ago. Actually sit down and make them think really hard about what has changed and you can use oral history. You could dig out ex-itinerant

workers and find out what has gone on there. I suspect there is something else that has gone on. I don't know if the price of fruit or vegetables has dropped so they cannot offer as much as they used to or the rate of the pension has gone up relative to that rate, I just don't know, but I suspect with a systemic shift like that, there is something else going on.

The Hon. CHRISTINE ROBERTSON: Perhaps our recommendation needs to ask another question on this issue?

Dr BUCHANAN: That is what I meant in my answer to the previous question, I think you have got to look at the relationship between the country and the city. You have got to have that economic geography sorted out, because we do not have that sorted out and that goes to the whole eco-skill system idea. Often what manifests itself as a skills problem is really just the surface appearance of a deeper structural issue and so for that one – I am just speaking off the top of my head – but there might be a role in putting in a new intermediary which takes responsibility and says to a group of people up north, we will guarantee you nine months income for a year – we are not sure that you will actually work for that full nine months – we guarantee you nine months income and in return for that we expect some mobility. But it is a big ask to say someone should leave all their family and friends and community supports and head down south. You need what is known in the literature as sharing the risks more equitably. That is the way the labour hire companies operate, they say we will guarantee you four days work out of five, whether you work or not, and that gets them the cream of the crop.

The Hon. CHRISTINE ROBERTSON: Would your intermediary also be responsible for assisting with accommodation and support structures?

Dr BUCHANAN: Absolutely. That is what we found with the dairy, often it was the access to accommodation, the travelling time, given the hourly rates and given the concentration of farms. There are fewer farms further apart so there are fewer people, so the labour has to drive a lot longer, the cost of fuel goes up and you really start to eat into your take home earnings.

The Hon. CHRISTINE ROBERTSON: Using what you have done with the dairy farms as a beginning perhaps it is feasible to set teams up.

Dr BUCHANAN: Our researchers have written about this in two books, *Australia at Work* and *Pragmatic Futures*. With the collapse of the standard model of employment, what we call the harvest demand model of employment, is a need to think about new categories around which you organise work, and I gave you those ones earlier, the transitional labour markets, skill eco-systems. The essence of both of those is flow and connection. What you need are new structures which facilitate better flows and better connections and you see elements already, you have got group training companies who are already holding what is left of the training system in the construction industry. You take group training out of construction and you have basically got effective skills reproduction.

The Hon. CHRISTINE ROBERTSON: Why did the employers lose interest in becoming the owners of that process?

Dr BUCHANAN: That is a big question. From our analysis there are two fundamental sources at work. In the eighties and nineties there has been an increase in competition primarily as a result of the emergence of excess capacity in most lines of production and in service provision. The classic case is the world car industry. The world car industry today, as *The Economist* magazine reports, we can produce a third more cars than we can sell. You could shut down the entire US car industry and still produce as many cars as you need. That puts immense competitive pressure on anyone involved in that industry and really squeezes profits.

That is not just confined to cars it is every branch of manufacturing. You see it in the airline industry, US airlines are constantly going into bankruptcy because there are more seats in the sky than there are people to fill them. In retail you see a similar sort of thing, there is more retail space than can actually be sustained by the number of customers we have got and as you increase trading hours you actually introduce more capacity into the system. That drives down margins, which limits employers' capacity, so that is the excess capacity force.

The other big force at work is shareholder value and the preoccupation of maximising shareholder value in the short run, whereas in the past you had patient employers, they said, I'm in engineering, I am going to be here for the next ten or fifteen years, I am going to invest in apprentices because if I don't have apprentices I'm not going to have an industry. As more and more companies come under publicly listed control the need to maximise shareholder value quarterly means that one of the first savings they can make is training.

I have seen that in the prosperous food industry in rural Victoria, I dealt with one plant manager who was literally tearing his hair out. He could not produce enough to sell overseas, they were going gangbusters producing yoghurt type products and head office would not allow them to take on two apprentices in stainless steel welding. If you know anything about stainless steel welding, these people do not grow on trees. This is a factory with 250 people, this is not going to blow the head count and head office was literally preventing them taking on two apprentices. That is because they were maximising shareholder value.

So excess capacity and shareholder value between them are a pincer-like movement, particularly on private sector employers. On top of that you have got the kind of small government moving in the public sector, which is trying to strip out any excess fat and training is always regarded as excess fat.

I am not going to deny all that. I do not like it. I think that is a bad development in the way that the world has evolved but I am not here to actually say how it should evolve. What I am saying is that is the reality and that is why you have got to put in new institutional forms to manage the risk in that kind of environment and that is the beauty of intermediate structures, like group training arrangements because they spread the risks amongst a group of employers and therefore rationalise the cost.

CHAIR: One thing on what you were saying a bit earlier regarding the seasonal workers, particularly in the harvesting area, the picking areas where manual labour is concerned, there are still a lot of farmers out there now who have got larger farms, what used to be known as the family farm, they are still family farm operators but in a larger scale. Are a lot of these people looking now for more of a permanent nature of pickers where they do have say, eight or nine months work for them as pickers but are prepared to hold them on for the twelve month period. I know you mentioned before we do not have that, but there are changes to that.

Dr BUCHANAN: That is good. Sorry, I was giving a general statement, of course, fifty per cent of the workforce is still permanent.

The Hon. CHRISTINE ROBERTSON: But they need them to move down there.

CHAIR: You have got to get them there first, that is right, that is the problem.

The Hon. CHRISTINE ROBERTSON: So what are you offering?

CHAIR: It is a matter that the work is there to be done and it is more than just seasonal work to some.

The Hon. PATRICIA FORSYTHE: We have talked a little bit about the group training program, is that the best model for the delivery of flexible and sustainable training?

Dr BUCHANAN: There is good group training and there is bad group training. I think group training is at a fairly critical juncture. The Australian Chamber of Commerce and Industry has been doing its best to undermine standards for the registration of these bodies and that creates the potential for low cost operators to enter the industry. Traditionally group training in Australia has been quite tightly regulated so they usually have to be not for profit and there were limitations on the number of group training companies that could operate in any one local labour market to maintain viability.

Mr IAN COHEN: Where did the regulation come from?

Dr BUCHANAN: Those regulations, they come from what is known as the Joint Policy Funding, which were negotiated in the late eighties, early nineties. I have written all this up on the document on history of group training if the Committee is interested, but what ACCI has done is said let's basically let anyone set up a company to become a group training company and to be subsidised for it by the Government. What we have found that means is that you then get low price operators who will then walk up to an employer and say we can provide you with a trainee but at 10 per lower. That 10 per cent is the margin that is used to carry trainees if there is down time, that is the 10 per cent that feeds into the quality of the field officer network.

The answer to your question is group training per se is not the solution, it is quality group training. We are talking about people who can shoulder the risk have got to have some reserves so that if there is down time you are paying out to somebody who is not necessarily working. That has got to be funded from somewhere. If you have a plethora of providers you wipe out that kind of capacity to save and it becomes a means for accessing government subsidies and cutting wages.

CHAIR: With that document that you are talking about, would you mind if we had a copy of that as well?

Dr BUCHANAN: The group training one?

CHAIR: Yes.

Dr BUCHANAN: It is on the web actually, it is by John Buchanan and Justine Ederson, Group Training, the Future of Work, Creating Markets or Decent Jobs. It is a whole study of good and bad quality group training.

The Hon. CHRISTINE ROBERTSON: How many of those projects provide short term employment for persons with little or no future for the next step?

Dr BUCHANAN: Group training?

The Hon. CHRISTINE ROBERTSON: Yes.

Dr BUCHANAN: I honestly have not seen the data on where they end up. That kind of data is pretty limited.

The Hon. CHRISTINE ROBERTSON: But they are the people who get a certain period of funding, those that go into the traineeships, like it will be support funding for twelve months or six months or whatever?

Dr BUCHANAN: They usually get funding at the beginning and the completion. I cannot remember the exact details but I think the retention rates for group training are a little bit higher than normal employers, I think. Phil Toner is the expert on all of that, but that is only within the training period, what you are getting at is placement beyond the training.

The Hon. CHRISTINE ROBERTSON: That is what I am getting at.

CHAIR: We do have that document you are talking about, the group training one.

Dr BUCHANAN: And the future of work?

CHAIR: Yes.

Mr IAN COHEN: When you were discussing that group training new ethos if you like, what sort of focus is able to be brought to bear on regional, small communities, those where often there is a real acute labour shortage on one hand, appropriately trained people and then we have got this pool, particularly of young people who cannot find jobs. It seems like there is an acute situation in those smaller communities to the west. Can you perhaps fill us in on if there is any direction specifically for those areas and if not, why not?

Dr BUCHANAN: The official answer should be you should talk to the group training companies that are in New South Wales, particularly those in non-metro areas and there are some good ones of those. I think the biggest one is the Hunter group training group. The group I have studied most and the group I am most impressed with is Gippsland group training in south east Victoria, the GGT. It is run by a guy called Kevin Kennedy. It currently has about 950 apprentices. It has been running for twenty years and it has never stood an apprentice down. Anyone who knows anything about Gippsland knows that is nothing short of a miracle and what he has done is he has built up a series of skill centres – I think he has got four skill centres now – so that if he runs out of work placements for his apprentices, he can accelerate the off the job training through the skill centres under his direct control. So you get a nice balance between work and training.

Mr IAN COHEN: Is this happening in New South Wales, say out in mid west areas?

Dr BUCHANAN: To my knowledge no-one runs a scheme as effectively as Kevin Kennedy, that is why I have written it up.

Mr IAN COHEN: Is this off the back of say restructuring money from limiting forest industry and such like and government support for restructuring, is that why it is successful or can we look at this as a formula that would work in areas in New South Wales for example?

Dr BUCHANAN: That is a very good question because in a kind of funny way he has benefited from the privatisation of the electricity industry down there. They saw the problems coming and they helped him build up the infrastructure. Whereas in the past the SECV used to take on 230 apprentices every six months, we found six when we were down there a couple of years ago, so the apprenticeship system just collapsed in the electricity industry, but a new institutional form has been developed through Gippsland group training to help pick some of that up. A lot of that happened earlier on, he does not get many apprentices out of the electricity industry today but, if you like, the SECV helped him.

Mr IAN COHEN: Is he gaining apprentices from the local area, are they relatively stable, want to stay there, there is not that churning? What is the issue of churning in that situation?

Dr BUCHANAN: To be a Gippy group apprentice is quite a status item because it has got a great reputation, the district, the employers love them. He has a philosophy in the building trades for example, he will not let a bricklayer out unless the apprentice can guarantee the bricklayer a 25 per cent rate of return. You do not have to be Einstein to work out the employers are queuing up to get those apprentices.

The Hon. CHRISTINE ROBERTSON: He is doing his own pre-apprenticeship training then?

Dr BUCHANAN: That is right, that is what he can do with his skill centres but he charges more.

Mr IAN COHEN: Who is he charging?

Dr BUCHANAN: The employers.

The Hon. PATRICIA FORSYTHE: But they are getting a return.

Dr BUCHANAN: They are getting a return but then there are some employers who are looking for the quick kill and they will actually go for the cheaper apprentice from other suppliers and that is why I say the conditions under which the competition functions – I am not against competition, it is the conditions under which competition prevails and that is what is potentially a threat to operators like him

CHAIR: Any other questions of Dr Buchanan?

The Hon. CHRISTINE ROBERTSON: If we can have permission after we have read his papers to get the secretary to send him any further questions we may have would be very good.

Dr BUCHANAN: There is a summary of the research, I think you will find a lot of things in there.

CHAIR: We might table that as well. Thank you very much for your time and we do appreciate your effort of getting here and answering the questions, also the submissions and the document that you have tabled.

(The witness withdrew)

RUSSELL BRYAN SCHEDLICH, Medical advisor, Workforce Development and Leadership, New South Wales Health Department, LMB 961 North Sydney,

DEBORAH ANNE HYLAND, Director of Workforce Development and Leadership, New South Wales Health Department, LMB 961 North Sydney, and

RICHARD ACHESON, Director, Community Relations Commission for a Multicultural New South Wales, Level 8, 175-183 Castlereagh Street, Sydney, sworn and examined:

CHAIR: Would either one of you or all of you wish to make a brief opening statement prior to the questioning?

Mr ACHESON: Just to paraphrase what is going on within this report. The Community Relations Commission convenes the New South Wales government immigration settlement planning committee and on that committee have representatives from a range of key human service agencies. In preparing the submission we have consulted those agencies, so this submission in itself is their contribution. Without going into the detail of what is in the submission, I actually had the opportunity to sit in this morning and heard the evidence given by the Department of State and Regional Development and I would just like throw up a few things on that, if I may.

One of the things we have attempted to grasp with this submission – and perhaps not as successfully as I would hope – is the continuum between skilled, semi skilled and unskilled staff shortages in rural and regional New South Wales.

In the last twelve months I have had the opportunity to visit Colac, Shepparton and Warrnambool in Victoria, looking at how they do things. In New South Wales I visited Griffith, Lismore, Grafton, Coffs Harbour, Tamworth, Dubbo, Orange and Armidale looking at issues about settlement migration and what the needs are out there.

I think one of the things I am finding most is that often the needs in regional rural New South Wales for those skilled are very high but sometimes it is ignored that there is a huge demand for unskilled and semi skilled positions in those areas. The immediate example I would give you is in Tamworth, where, when we spoke to the councillors there, there are two abattoirs, a poultry processing plant and a timber industry all in need of unskilled and semi skilled labour. At the same time, if those people go in through a successful settlement process, then other skills will need to follow in order to make that happen successfully.

The other thing that I would mention is that there is a skills matching data base in existence, which we barely touched on in this report, which allows people who are off shore to lodge their resumes and on shore employers go into that skills matching data base and ascertain whether or not those people are suitable for the vacancies that they have.

At the recent meeting of the Commonwealth New South Wales monitoring group on migration to Sydney and regional New South Wales, which was set up as a partnership between Senator Vanstone and former Premier, Mr Carr. That meeting occurred in Orange last week and one of the things I found interesting at that time was that there are currently 192 registered nurses who have lodged resumes from overseas on the skills matching data base. Knowing my colleagues in New South Wales did notice, if there are 192 registered nurses out there who want to come and work here, someone is going to go and grab them. However, in the period from April to November of this year only eleven requests were made for resumes of those nurses and it begs the question – and the question is and it is one of the problems with the immigration policies that we have, is that whilst people can register and enter this country under the skilled migration program and get recognition for these qualifications, their qualifications often do not have equivalents when they arrive in Australia and therefore they cannot practice.

This occurs also in industries such as accounting, where someone may have a university degree which is recognised overseas but they cannot practice here because they do not have Australian taxation experience. I will leave that as my opening.

CHAIR: Does anyone else want to make a brief opening?

Ms HYLAND: Yes, if I may. My portfolio covers the area of workforce across the health system but operates within the department. We have counterparts to many areas of the health service, which is only a relatively new innovation in health, to have a really good focus on workforce. I can cover the areas in relation to the State strategy but there is obviously quite a lot more happening around the place.

You are probably aware there is a worldwide shortage of health workers, including doctors, nurses and practitioners and in Australia, in New South Wales in particular, they are particularly acute in our metropolitan, regional and rural areas. The current under supply is actually having a significant impact on the delivery of health services and those problems are expected to worsen in the future rather than improve.

There continues to be this problem despite an increase in the total New South Wales health workforce of 11.5 per cent between 2000/2001 and 2004/2005. Of this increase the medical workforce represented 15 per cent, nursing 15 per cent and allied health professionals 12 per cent. There is actually about the same percentage increase rural and metro for medical categories and nursing stayed about the same. The percentage of the workforce, the numbers have increased in real terms and the percentage of the workforce has increased as well, which is actually quite encouraging and our activity runs about 2 per cent per annum anyway and that seems to be keeping pace. We are struggling to keep pace with demand but we are at least meeting that. We need to do a lot more.

Shortages remain in key areas, GPs, medical specialists and nursing. It is estimated in New South Wales alone there will be a shortfall of between 275 and 410 general practitioners by 2012. Nationally we have got shortages in nearly all the medical specialities but top of the pops is orthopaedic surgery and we have done a fair amount within the College of Surgeons to try and increase the number of surgeons in training, because they take fifteen years before they are able to do anything, so we keep trying to bring them in early. Ear, nose and throat surgery, obstetrics - because increasingly it is not an area that people want to play in in the medical profession, so there are a lot of new models of care for people in maternity. Aboriginal communities in particular, we have been doing a fair bit of work to up-skill Aboriginal health workers and bring on more Aboriginal midwives because their model of care in rural communities is fabulous. I think we could probably learn a great deal from their practice. Emergency, obviously and critical care medicine, radiology, oncology, psychiatry, clinical psychology, geriatric medicine, and on and on.

We have approved area of need positions and you have asked a question about area of need. Currently, in December we have 571 approved area of need positions across the State, 312 remain unfilled. Area of need is one of our primary distribution mechanisms because the Commonwealth probably own the majority of the distribution mechanism, which is around differential Medicare rebates and incentive packaging for rural areas but we are still struggling with only half of those positions filled.

The estimated shortfall for registered nurses nationally is going to be 40,000 by 2010. It is a figure that is hard to grapple with or we have had difficulty grappling with, so clearly we are quite interested in changing the way we do business because it may be that we would never be able to attract that number of nurses in the future and there is a fair bit of work going on looking at how do we do skill redesign in a way that gives patients what they want rather than professions determining what they will do. We are trying to plan from the patient out, not the profession in.

There are a range of other factors like aging. In New South Wales the average age of a GP and a specialist is 52 and getting older by the day. In rural areas normally most people are older in our health profession. Pick any of the professions and they are one to five years older than they are in their metropolitan counterparts and they tend to stay. So that cohort of baby boomers is just getting older as things move along and there is a decline in average hours worked per week, the proportion of nurses working 35 hours increased from 43 per cent to 48 per cent between 1999 and 2003, a very short period of time for people to reduce their hours, but it is increasingly the trend. Medical practitioners worked an average week of 44.4 hours, which is 1.1 hours less than they reported in 2000. so within three years the doctors are included in taking the same avenue, moving on.

We have an increased reliance on overseas trained doctors, predominantly because of decisions taken to reduce the number of under graduate placements sometime ago, so we have a burden of overseas recruitment, which can be high cost. We have high cost agency nurses and locum doctors to fill work shortages. There is a fairly big impost on the State in terms of paying for not having enough under graduate placements.

To look at all of these issues the productivity commission was asked by the Council of Australian Governments to do a health group study, which they have done their first draft proposals on and they are providing their comments to the Treasurer on 23 December and that will become public early next year. New South Wales has put a major contribution into that study to identify some of the levers we think can be pulled to make some significant change.

There is a workforce action plan that the New South Wales Health Department facilitated and in fact John Buchanan was a member of the working party that developed the workforce action plan. To look at the areas of supply as well as distribution, as well as becoming employer of choice, as well as working collaboratively with the Commonwealth, so a range of levers. Rather than just putting the sausages in at one end and having them come out into a workplace that is not a friendly workplace that could keep them, we are trying to address all of those things at the same time.

Quite a number of initiatives and I would have to say probably an increased focus on workforce in the last twelve to eighteen months, which we hope will reap benefits in the future.

The Hon. PATRICIA FORSYTHE: You talk about nurse shortages, in fact there is a worldwide shortage of a lot of medical specialists and nurses in particular. I was just wondering if you could indicate whether you believe there are any real strategies that would provide a sustainable supply to cover the skills shortage for New South Wales.

Ms HYLAND: I think as I mentioned there, there are a number of levers and I am not sure if you picked up a strategy in any single one and just went hell for leather on that that you would actually get the result you are looking for. Clearly we have to increase our supply and the two ways to do that are through increasing under graduate placements to meet needs and going overseas or else to other places to try and find the supply that you are missing. I am not sure that there is any single strategy but I think the combination strategy to improve retention of nurses wherever they are working can significantly reduce the requirements, as well as trying to create new ways of doing business. There is an integrated primary health care centre concept for example that New South Wales is trying to promote which brings together teams of health professionals. I think most of the evidence that we have looked at through the working party is that if you can provide that sort of supported environment for people to work, then you are more likely to keep people working and to make it more interesting for them to work. It really is a combination of those strategies and we are hoping that rural, and this Committee in some ways, has had some answers that can be put into that debate.

The Hon. PATRICIA FORSYTHE: Do you recruit through the skilled migration program?

Ms HYLAND: We do through nursing. Nursing has an arrangement for 700 odd nurses to come in through that program. We have had preliminary discussions around medicine. Because they keep changing the rules, and it is a bit complex I would have to say, and at a certain salary rate you can bring people in quicker, but of course it does not affect doctors at all because the salary rates are way out of the league.

The Hon. MELINDA PAVEY: What is the cost, if you like, when it is worked out, per nurse if you can tell me, to actually bring somebody in under the skilled migration program?

Ms HYLAND: I do not have a cost per nurse in my head. I know the Commonwealth government are spending \$10,000 a doctor to drop doctors into places – which does not account for the cost of orientation or the other support, but they are paying around \$10,000. I am happy to bring back a cost per nurse.

The Hon. CHRISTINE ROBERTSON: We have just heard from Dr Buchanan about the work that he had done for you but he also spoke about work that happened in Victoria, which meant

that following their recommendations the patient per nurse ratio was dropped, which brought a lot of the leavers back in, the persons who drifted off. Have you heard about this work?

Ms HYLAND: I am not exactly sure which work he is referring to. They have run a variety of projects in nursing around the magnet Hospital effect to try and increase retention, but no, our nursing area would probably be able to provide more detail to comment.

The Hon. CHRISTINE ROBERTSON: Do you have very much information on exactly what is recommended – it was about improving conditions rather than income. Apparently they have got figures to say the nurses came back in. Do you know anything about this?

Ms HYLAND: No, I have not got the details that he is referring to. I know he did a range of studies for the Australian Nursing Federation in Victoria and there are a range of items that were incorporated in discussions, award negotiations between the Government and the nurses union which took into account those things and we are continuing to have discussions on the role and best use of things like clinical nurse specialists and clinical nurse educators in helping to retain people in the workforce.

The Hon. CHRISTINE ROBERTSON: A lot of work has been done in Australia and at New South Wales level about the trends of nurses leaving and moving into other areas. Is somebody in New South Wales Health watching comparatively these trends between other states?

Ms HYLAND: Yes our nursing area regularly meets with their counterparts in each state in Australia to identify whether or not there are different strategies that can be put into place in nursing. I think nursing is probably ahead of the pack in terms of identifying strategies and trialling a whole range of things. I think the issue is still more about how do you get traction with those trials and projects than anything else.

The Hon. CHRISTINE ROBERTSON: Another question I have is the integrated primary care, in New South Wales it has been about three or four years since you have been participating in this?

Ms HYLAND: No, there were things called co-ordinated care trials which included the pooling of funds between the Commonwealth and the State and the new model is an integrated primary health care centre, which sees a range of health professionals coming together to provide a co-ordinated service.

The Hon. CHRISTINE ROBERTSON: Do you know yet if they are going to play together?

Ms HYLAND: I think the advent of the productivity commission and the agreement from the Council of the Australian Government on a range of areas for health reform is really encouraging, because it does look like you could come up with some sort of answer that stops some of the demarcation that occurs at a community level. We are hopeful.

The Hon. CHRISTINE ROBERTSON: On this particular issue, the AMA and the country doctors, are they participating in setting these up?

Ms HYLAND: I am not sure of the extent to which they are participating but I am happy to provide that.

The Hon. GREG DONNELLY: Can you put forward some practical measures that can be taken to encourage young people to stay in regional New South Wales or encourage them back into regional New South Wales?

Mr ACHESON: The issue of young people staying in New South Wales, having discussed that with my colleagues, is more about in the first instance, employment opportunities. If there are no employment opportunities for young people they just will not stay. There is another thing and it was eluded to this morning, where the desire to go to the big city, the desire to see other things, if you have

got to move away from where you are for tertiary education or for trade training, then once you have moved away, it is unlikely you are going to go back.

The other side of that is some of that is some of the immigration programs and visa categories now actually locate people in regional areas for two years and then if they stay there for the first stage of the visa for two years they can then apply for permanent residency and the rationale behind that is if you stay there for two years you will develop roots.

If you take young people out of the country, you are not going to get them back in any numbers. Ways to keep them there, the obvious one is access to employment opportunities, greater reliance on group apprenticeships, ensuring that education training opportunities are in the areas where they are going to stay or not too far from them. I also think perhaps a more co-ordinated approach to local government being a key employer in regional or rural New South Wales and the opportunity for young people to move between local government authorities across the State may be looked at.

The Hon. MELINDA PAVEY: On page 11 of our submission you state that there is anecdotal evidence that employers do not want to take on apprentices because they cannot guarantee continuous work. We have also heard evidence from small businesses that major barriers include workplace health and safety issues, do these factors affect the number of apprenticeships offered by employers in your opinion?

Mr ACHESON: The information in the submission in relation to that was provided to me through commerce and the answer is yes, it will impact on the number of apprenticeships that are offered.

The Hon. MELINDA PAVEY: The Department of State and Regional Development has indicated that skills shortages in rural and regional New South Wales are an issue of attraction and retention in general. Do you agree with that?

Mr ACHESON: The words 'attraction' and 'retention' are a very broad concept. Yes, in the general term you are trying to attract people. You either want to attract them whilst they are there so they do not move away or you want to bring them in and find a way of bringing them in. Part of the suggested solution has been to play up the lifestyle and the quality of the lifestyle in various parts of this state, but the thing is however, and it goes back to your point, young people move out because they see the quality lifestyle, their perception of what a quality lifestyle is is something different. In terms of attraction, what is it we are trying to attract, and again retention in the workplace, in looking at settlement across this State, that the three key things in terms of settlement and successful settlement firstly is can people get a job and I acknowledge the points raised earlier about if there is only one major employer people may be less inclined to go there. The second is they want their family with them, so there has got to be an adequate provision of services, schools, medical services and so on and the third is cultural supports.

People like to be among like people. If you look at some of the great examples of settlement and successful settlement through migration in this state, you look at places like Griffith, which is just a successful sort of place but even in Griffith if you look at places such as Barthers chicken processing plant – and I was down in Griffith a few weeks ago and I had the opportunity to speak to people there. At any one time they have fifty vacancies. The issue down there is not the availability of work, there is work available. The issue there however is the lack of affordable accommodation.

The Community Relations Commission represents New South Wales on the standing committee for immigration and provides advice to the Minister and in May of this year we took this whole up with the industry or council in Adelaide where if you want to have successful settlement and room for migration in this state, you must build housing and you need to do it so it is affordable and you need to do it either through some incentives to builders or through trying to engage people in industry, be it Barthers, to develop housing for their own needs.

The Hon. MELINDA PAVEY: We have been to areas of the state where there is housing, cheap housing and still employers cannot find people to fill the jobs.

Mr ACHESON: Can I ask which areas?

The Hon. MELINDA PAVEY: Casino, I don't know Casino. In that instance I would look at why, what is being offered to people, what are the positions, are they particular skills that need to be filled?

The Hon. MELINDA PAVEY: Semi skilled ones. High unemployment area.

Mr ACHESON: I cannot answer that I am sorry.

Mr IAN COHEN: You mentioned two year agreements of people coming in, migrant workers, etcetera, to allow them to form roots in a particular area and that is a strategy that is used to keep people there. Is that, in itself, working and also just in line with that, do we just accept that young people get trained and move out, that is part of the new job culture that we seem to be developing in New South Wales and Australia. Could you comment on those two points?

Mr ACHESON: With respect to the first one, two stage visas are part of the Commonwealth Government's Department of Immigration and Multicultural Affairs and I think it is too early yet to assess the success or otherwise of that. I have heard stories that people who have gone to particular areas have not stayed there and moved back into cities in order to get work or to link up with families. In that instance they would not get permanent residency at the second stage because they would have to prove to the Department of Immigration that they actually worked in those areas and lived in those areas for two years, they would have to provide the evidence.

On the second part of your question, yes, I suppose a mobile workforce is the way of the future. I think if you look across industries as a whole and across people's careers, people do change careers a number of times during their working life now and mobility is the way of the future I think.

Mr IAN COHEN: Is that becoming a sort of cultural thing, I have worked at this job for two or three years now, it is time to actually move on. It seems to be a different culture existing than what was twenty years ago.

Mr ACHESON: I cannot speak across the workforce on that issue. I do know people however who do change jobs every two to three years.

The Hon. CHRISTINE ROBERTSON: I am just interested in the emphasis that our community and government bodies are putting on the benefits of resettlement, particularly of visa holder workers. Do you think it would be feasible in any way to think about long term unemployed persons, particularly from country New South Wales, this kind of investment, the investment that is being put into people from overseas countries into New South Wales, particularly for semi skilled or unskilled work. So would it be worth putting some investment into unemployed persons and skilling them that are in country New South Wales? The unemployment rate in north west New South Wales is phenomenal.

Mr ACHESON: I think any attempt to provide people with better opportunities to be able to participate in the workforce is to be pushed.

The Hon. CHRISTINE ROBERTSON: When we have gone around the employers generally do not seem to be valuing the persons who are in their communities who may well be able to provide them with long term employees.

Mr ACHESON: My way of addressing that, and I have lived in rural New South Wales, if I was part of the local council there – this is my personal view, not my agency's view – I would be mounting a campaign to encourage employers to employ locally and I would be getting on side small business because the money that local people earn in the local economy goes back into the local economy and helps regenerate itself, and that is the sort of campaign I would mount.

The Hon. MELINDA PAVEY: Just on a related issue, part of the evidence we got at Byron Bay in fact was there is a Sudanese community there.

The Hon. CHRISTINE ROBERTSON: And in Tamworth.

The Hon. MELINDA PAVEY: And they said they were not “suitable”. It is growing as an issue in Coffs Harbour. We have a lot of people being what is described as being dumped in these towns without the proper support network. Do you have any view as to why these people are not able to pick up these jobs that are available and what is your Commission doing about that issue in particular?

Mr ACHESON: The Community Relations Commission has a large role to play in this area. In terms of the humanitarian that DEMIA runs, the humanitarian program is broken into refugees at a special humanitarian entrance. There are totally different categories. To be a refugee you have to be declared a refugee by the United Nations. If that occurs the Federal Government will assist you to come to Australia and provide you with a range of supports when you get to Australia. If you are a special humanitarian entrant, it means someone in Australia has proposed to bring you into Australia and provide you with accommodation and arranged for support services. One of the problems we faced in this area is in terms of government planning, we do not know when people are coming in and where they are going to settle.

We now have an agreement with the Commonwealth that where special humanitarian entrants come in and we find out when a visa is being issued, they will tell us the post code from where that visa is issued, so we know, for example, in sometime in the next twelve months, three families will come into Orange, so we can then source service providers and begin to address some of the issues that you are talking about.

On a much broader scale we have been up to Coffs Harbour and spoke with people about the issues up there and the issues are significant. The majority of people who have gone to Coffs Harbour have gone in through this special humanitarian program, not as refugees.

The Community Relations Commission in principle Multiculturalism Act provides the Community Relations Commission with the powers to undertake investigation without the agreement necessarily of the government of the day and in fact the Community Relations Commission is currently undertaking an inquiry within the provisions of that Act into the settlement of humanitarian entrants in this state and I would hope that that inquiry will be finalised by March of next year.

Mr IAN COHEN: In terms of your role with the Community Relations Commission, when you are looking at ethnic issues are you also looking at indigenous issues? Is that within your purview regarding the Community Relations Commission?

Mr ACHESON: No, generally we do not look at the indigenous issues. There is another department specifically set up to do that. We do get involved in situations where there is friction between communities and the local indigenous communities. That does occur from time to time, as it does among all different communities.

The Hon. MELINDA PAVEY: In relation to the Council of the Australian Government’s working group, COAG’s working group, on vocational education and training, are you still expecting to produce options and recommendations this month into that review?

Mr ACHESON: That is actually with the Cabinet office and they convene that and I can take it on notice and get advice back to you on what is happening there, what sort of outcomes and what timeframes.

The Hon. CHRISTINE ROBERTSON: I just have one question of the Health people and it is a bit loaded. It is in relation to medical officers and the incredible investment that local government bodies have made across New South Wales to attract medical officers to their towns, even knowing that country medical officers actually fair very well financially. Does the Health Department encourage this or do they work with the local government bodies on these priorities or do the local government bodies, as far as you know, make them themselves?

Ms HYLAND: I think there are a number of levels to the engagement with local councils and local communities. In each of the area health services they are required to undertake service

planning, which would be including all the local government agencies, as well as the local communities in identifying what sort of services should be provided for the future.

For the first time in the last twelve months we have been asking the areas to at the same time develop a local workforce plan that can match that. Rather than saying we want to build the Taj Mahal, we are saying we want to build something that people can work together in to get an outcome.

So there is engagement at differing levels. We did have a general practice entity program which did engage a number of local councils, which is the easy entry/gracious exit strategy for doctors, so they did not have to worry about the business and anything else. That sort of metamorphosed into the integrated primary health care centre option, which has been supported by the Peak GP group that we have been working with. Yes, there is a range of interactions.

In terms of the second part of the question, I think it was around was it a reasonable investment, I think whatever we can do in bringing medical staff in is important but again, it is only one part of the strategy. If you are going to recruit medical officers to rural areas and Russ could probably speak better about this, you need to provide the support in the team environment and the locum relief so he can have a holiday and all of those things with it. So it is about packaging it completely, not individually.

The Hon. CHRISTINE ROBERTSON: It has been a huge impost on these local communities with their small ratepayer base to provide the clinic and that sort of thing. We have, of course, evidence that this is what they are doing.

Dr SCHEDLICH: I was going to perhaps elaborate on some of the things. My previous job was the director of medical services at the Far West Area Health Service based in Broken Hill and looking after a third of the state but only 50,000 population. I guess the issues around recruiting and retaining medical staff was a particular challenge for me. I think you are right, there are a range of strategies that local communities, to a greater or lesser extent, engage in to attract and retain doctors. I think as Deb Hyland said, the key issues in terms of getting any health staff, but medical practitioners in particular, is probably more about that there is support structures around family, professional support, professional development, than it is purely and simply about money.

One of the real challenges that the rural doctors, particularly those GPs that go into private practice are faced with is this issue of having to, under the traditional model, buy a practice and run it as a business and then having spent five years or ten years or whatever in the community, then having to on sell that to somebody else, which is often a big challenge in some of these smaller communities. Hence, the easy entry/gracious exit program that was developed.

I think the other important point to mention is in terms of New South Wales Health's role, particularly in the smaller communities in maintaining services, we only share part of the responsibility because in these smaller communities – I am thinking about the Bourkes, Walgetts and so on – in fact these are private general practices or private general practitioners that provide a service in a hospital. Indeed, from my perspective, I think the one startling gap in relation to support in a structured way actually was from the Commonwealth Government because their only attractor is an uncertain base of Medicare remuneration based on the number of community patients that they can attract, and I think the bottom line is that the communities determine themselves how much they are prepared to put into attracting a doctor. I know a number of communities have been really successful by the shires putting in the infrastructure and actually attracting and retaining medical practitioners, but it is a real challenge.

CHAIR: With doctors, particularly specialists, getting them to move from one area to another, do you find that there is a concerted effort by the doctors to stick together and say, we are not going there as a group and try and stall that situation? Do you have that at all?

Dr SCHEDLICH: Anecdotally that is suggested. I think more importantly though you look at a town – use Broken Hill which was the example that I am obviously most familiar with – when I started off in Broken Hill they were trying to run the sort of residential specialist services on the basis of having one specialist living in town, so one obstetrician and one general surgeon. No-one is ever going to go and work in that kind of environment because they are on call all the time, they never get

to go away, they have no professional support and we actually took a very deliberate decision to actually expand the number of these particular specialities so that there were at least two, if not three, to provide that mutual level of support.

That is a bit of an investment in a town the size of Broken Hill because if you actually look at the measures of need, you probably do not need more than one and a half or one and a quarter general surgeons. You probably do not need more than one obstetrician but to actually attract them and keep them in the town and provide quality care, you in fact need to go beyond that and increase the numbers. Again, it is all about professional support as much as anything.

CHAIR: I was more interested in the sense of a group saying this is as far as we go and collaborating not to go. That is more the question.

Ms HYLAND: Can I make a comment on that and that relates to the work that health ministers have just been deliberating on, which is community owned provider numbers, which goes to the heart of whether or not it is a choice that people will or will not move. It is about identifying whether communities can own the provider numbers and therefore use that provider number in a way that best suits their local community. Whether that is an Aboriginal health worker or a physio or a doctor and that is an area that we are pushing down as well.

The Hon. PATRICIA FORSYTHE: We face not only worldwide shortages in a lot of areas, but we are competing not only on a world market but other states, do some other states have programs that we should have here that we do not have here?

The Hon. MELINDA PAVEY: In your submission you raise the Victorian skilled migration strategy 2004-2007 for example.

Mr ACHESON: Each state and territory has a different approach to things. At least every six months I have meetings with colleagues around this country about immigration and settlement issues. If you look at states like Tasmania, with an aging population and if you equate Tasmania to be a bit like a small country town, its young people are going, there are no opportunities, their issues are profound. South Australia, I know that they actively recruited police officers from Ireland, went over there and offered them rather large incentives to bring police officers into this country. In the past New South Wales sort of really has not needed to compete because people would come here anyway. One of the barriers now to what is happening with New South Wales and particularly Sydney, is the cost of housing in Sydney and I do not know how that can be addressed.

CHAIR: I would like to thank you very much for your contribution this afternoon and also your submissions that you have put in. Thank you very much indeed for your time.

(The witnesses withdrew)

MERRYNO HOWELL, Member, Migrant Employment and Training Taskforce, and

ALEXANDER BURNS, Member, Migrant Employment and Training Taskforce, 221 Cope Street, Waterloo, sworn and examined, and

NICOLE SCHLEDERER, Co-convenor, Migrant Employment and Training Taskforce, 221 Cope Street, Waterloo, and

CHERYL WEBSTER, Member, Migrant Employment and Training Taskforce, 44 Frampton Avenue, Marrickville, affirmed and examined:

CHAIR: Do any of you want to make an opening statement before questioning?

Mr BURNS: We have a number of points we wish to raise which we feel may not have been raised, which are skill shortages in rural and regional New South Wales.

As you would be aware, the Australian migration program brings a large number of skilled migrants to Australia in a ratio of approximately 70 per cent skilled as compared to those coming under the family and humanitarian streams.

In New South Wales regional areas this is not the case and indeed it is the inverse, so we have about 30 per cent of skilled settlers settling into rural areas and regional areas in New South Wales and the rest are either family – largely family – and small numbers of humanitarian entrants.

A number of problems ensue because of this and one of these presents immediately as a problem which we see as significant, and that is models of successful skilled migrants in rural and regional areas are very, very few and limited.

Since the abandonment by the New South Wales government of migrant skills strategy, this has become exacerbated. Migrants in rural areas are being employed in both skilled and unskilled occupations. Some of the problems that these people face include a lack of linkages between employment locations and English language providers, a lack of information on local services to support maintenance of these people in rural areas and thus their employment.

There are other structural issues. These include a lack of local experience which is necessary to validate overseas skills and experience and includes the need for insurance coverage and brokerage service, barriers to overseas qualifications assessment and recognition, including costs and complexity of the recognition process. Loss of currency of skills through lengthy recognition and upgrading processes and the necessity to undertake unskilled work and the changing nature of the labour market in rural areas, including the casualisation of jobs and heavy reliance on recruitment agencies.

There are a number of problems which we also see for migrants remaining in rural areas and contributing to skills. One of these is lack of work experience opportunity. There is the lack of access by migrants to regional job markets and this is particularly important if you try to reverse the flow of people from Sydney to some of these rural areas.

The loss of the skilled migrant placement program or skilled migrant strategy program has exacerbated the employment of migrants in rural areas. Migrants in rural areas, particularly the dependants of skilled migrants, often are professional people themselves and lack access to people that can guide them through the Australian work cultural experience. This program and its loss has really impacted heavily on migrants trying to access and maintain work in rural areas.

Productive diversity was another part of the program lost and it was particularly important in identifying models of very successful migrants in the bush. It was basically a regional program, most the work on that particular program was funded by the State Government was regional based.

The other areas that we see of importance are recognising that migrants are going into both professional and unskilled areas in the bush and the fact is a growing number of unskilled jobs are becoming available, which some of our humanitarian entrants are now accessing. There is a growth of

quite a number of occupational areas in the bush. In northern New South Wales for instance there is quite a number of unskilled jobs coming up in areas like Narrabri, with the opening of two coal mines in Guyra, with the opening of a very large tomato plantation and in places like Tamworth and further north where we have got the need for labour working in meat processing plants.

The only main support that many of these migrants have are the DEMIA funded CSSS community settlement service scheme programs. They are probably the only programs available and when we look at the New South Wales Government's principles in terms of multiculturalism, the fourth principle which focuses on the benefits of employment of people of migrant background are really sadly neglected in the bush.

CHAIR: Anybody else wish to add to that?

Mrs HOWELL: No.

CHAIR: Your submission to the Inquiry covers a range of issues to do with the general immigration issues, which are the preserve of the Commonwealth Government. What specific information can you provide on the issues facing those in regional and rural New South Wales seeking to bring skilled migrants to the area through the skilled migration program?

Mr BURNS: There are a number of issues. There are regional authority bodies who are given the responsibility for helping attract skilled migrants to various regional areas. One of the issues that a number of us are very concerned about is the fact that even though certain organizations have been given this task, they seem to have very little knowledge of support services which can help retain people in the bush.

The Hon. MELINDA PAVEY: Are you talking about area consultative committees?

Mr BURNS: No, I am talking about the specific authorities who are given the task of working as a supporting body between the company that needs labour and they act as a nominating agency on their behalf.

The Hon. MELINDA PAVEY: For example, in New South Wales?

Mr BURNS: There is one in Orange, which is the certifying authority for the regional migration program of DEMIA, there is one in Dubbo and there is one in Tamworth covering the New England area. There is quite a range of them, but in terms of supporting migrants who have skills into the bush, it is often seen as perhaps an add on rather than being a primary function and as a consequence there are migrants living and working in the bush who have no linkages between any social supports to help maintain these new arrivals into the bush and they leave the areas for that very reason.

The Hon. CHRISTINE ROBERTSON: Can I just extend that question and ask do the religious support sponsor people have a connection with the process formally or does it just happen that they are there?

Mr BURNS: I am not too sure what you mean.

The Hon. CHRISTINE ROBERTSON: In the country lots of religious groups become responsible for the humanitarian people.

Mr BURNS: In areas like Armidale, Inverell, Coffs Harbour, Lismore there are religious based organizations, Anglican churches and other churches that act as support bodies for bringing sponsored humanitarian entrants into those areas. Some of them do a very good job but while they can support the humanitarian entrants, they do not have any responsibility for any of the other migrant groups. They are only responsible for the people that they contribute to, which is some of the humanitarian entrants.

CHAIR: Is there a limit to how many they can bring in and also the time? I am only talking about the religious ones.

Mr BURNS: I think the biggest limit is based on the availability of people that need help that they can provide help to, and it is usually through providing money for airfares and the like.

Mrs WEBSTER: Can I just go back, using the term 'sponsoring' there are two different types of sponsoring. Alex was initially talking about sponsoring of skilled migrants. The second type of sponsoring is that, as he said, of humanitarian, where people come in on a visa 202 and they are quite different. I just think we need to bear that in mind.

The Hon. CHRISTINE ROBERTSON: The question has come up because we have had several little pieces of evidence in relation to some of the recently humanitarian sponsored groups and perhaps with not good resources. I just wanted to know who was actually doing it for them.

Mrs WEBSTER: I think that is a fair enough comment and we are all very aware of that. Can I just add to your question when you were asking about numbers coming in, when either families or groups sponsor people, as Alex said, they have to be able to find the airfares and they have to be able to satisfy DEMIA that they have accommodation and that they will support the people. They complete a form saying they can do that.

The Hon. PATRICIA FORSYTHE: Mr Burns, earlier you referred to migrant skills strategy abandoned by New South Wales. When you compare New South Wales with other states, are other states doing things that we should be adopting or at least programs are successful that we should be looking at and so could you outline that for us.

Mr BURNS: I understand that there are other programs in other states but I am not as up to date on them as perhaps Merryn is. I might perhaps hand that over to Merryn.

Mrs HOWELL: At the time that the SMP and migrant skill strategy was de-funded there were programs that were just being started up or had been running for a short period of time in Victoria, similar but slightly different model to the SMP program – skills migrant placement program. I think it was called the Victorian government sponsored a program similarly called the skills migration program. In Victoria there was a similar program called the overseas qualified professional program and I believe that is still running and then recently a program that started in South Australia – I cannot remember the name of it.

The Hon. PATRICIA FORSYTHE: Can you take that on notice and perhaps provide us with a bit of an overview of other state's programs?

Mrs HOWELL: Sure.

The Hon. MELINDA PAVEY: What do you see as the short, medium and long term advantages and disadvantages of the skilled migration program in delivering employees to rural regional New South Wales?

Mr BURNS: I guess if you live in rural New South Wales or you work in that area there are great concerns by people for getting access to medical and similar like professions and I think as far as the skills migration program goes, it is an important program to help fill immediate need skills, and they are just some of them, but if you go to the various state development organizations, they provide you with a list, some quite extensive, of various skills that are lacking in different regions.

The Hon. MELINDA PAVEY: Where do you get those lists from?

Mr BURNS: Go to the website of State Development and put in the region and they usually come up.

Mr IAN COHEN: You might have mentioned before, if I understood you correctly, benefits in employment of people with migrant backgrounds. Could you perhaps enlarge on that in terms of regional areas?

Mr BURNS: Migrants in regional areas or in any area, Sydney, often bring a range of skills which either we do not recognise in the immediacy but recognise perhaps across a broad range of skills. What I am trying to say there is that there are some particular skills that employers are totally unaware of. They may be a particular course for instance that exists in another country, and the one I have cited in other places for other people has been the issue of a person working in a shop. Some countries run TAFE courses that give you a shop certificate of some sort, which teaches you how to window dress, teaches you a lot of public relationships within your client service area. These people arrive and they are just sent off to work in a supermarket because we have no equivalencies in those kinds of things. When you start talking to some of those people, they will start to tell you what they are able to do and often you have to broadcast that kind of skill to employers.

Productive diversity which was another part of the skills strategy in New South Wales was really focused in regional areas, I think three programs, one was the northern, one was the southern program and then there was another one as well, but they actually identified some really important areas, such as selling to local markets, selling to export markets and identifying particular community groups that could entertain or bring markets into Australia which we have not got. Productive diversity really focused on what the skills were that a lot of migrants brought which we never thought about.

Mr IAN COHEN: Is that something that regional rural townships and communities appreciate, is that something that is opening people more to the diversity of migration?

Mr BURNS: When you deal with migrants it is a very touchy area in a whole lot of places because it is a very topical area. When we had the boats landing on the north coast of Australia for example, every refugee, including the ones that came in under our programs, were identified by quite a large number of rural people as being people that arrived by boat and they were not, they were people being brought in under our humanitarian program. When you provide quality information to communities in rural and regional areas it becomes really valuable because they can actually see then what is happening.

For example, working in Newcastle and work with a group of people looking at developing a document on explaining differences with Islam and other religions and trying to overcome some of the myths. We are preparing that to go with the welcoming document that we have got for the Newcastle area. We also see value in that in helping overseas students coming through Newcastle University who are going to be placed in bush settings. So giving it to the communities in those areas so they can get to know what some of these myths are, have those addressed and not only make it easier for these young doctors to work in those areas, but also to be trusting in the doctors that they are getting into their areas will not be doing anything terrible to them. This kind of thing is very important, good information on what skills people have.

The Hon. PATRICIA FORSYTHE: Do you take the responsibility for getting that information out or do you do it through community relations at Newcastle University?

Mr BURNS: We work with a whole range of organizations, individually. Some of us take responsibility of handing it over to a range of councils, for example, but others have got relationships within the university, public relations area and things like that.

The Hon. GREG DONNELLY: With the skilled migration program, do you think that it should be seen as a significant contributing factor to dealing with the skill shortages that exist in regional New South Wales, because we are talking about New South Wales, or do you see it as just being part of a broad way of addressing the problem? I am just wondering how significant do you think it should be seen as a way of dealing with the issue?

Mr BURNS: One of the great problems that we do have with the loss of that program is the loss of people accessing work experience and in rural areas where you bring in skilled migrants and they come as a family group, often the partner is a very experienced person themselves but having no one to talk to about what Australian work culture is, how to deal with issues in terms of seeking employment, even putting together basic resumes for a person with a lot of skills, there is nothing there to give them that today and that is a real loss.

Mrs HOWELL: Can I just make the point, and this is not specifically about the program that was running in Newcastle but about the skilled migrant placement program that was running across Australia. It was worth noting the extremely high correlation between the outcomes of that program and skill shortages, and a large number of those, direct employment or work placement or employment placement correlated with areas like accounting, engineering, ICT professionals, teaching, child care. A large number of those outcomes were directly in skill shortage areas.

Mrs WEBSTER: I guess what we are saying is there are a lot of skilled people here already who are not working in their areas for various reasons, because of the barriers, many things, why bring people here when you have already got people who are skilled who could do some of these things and are we just going to be creating a similar problem for the people we are bringing in because they are going to face a lot of these barriers as well.

The Hon. MELINDA PAVEY: This is the nub of the issue isn't it?

Mrs WEBSTER: Absolutely.

The Hon. MELINDA PAVEY: For example, in Coffs Harbour, there is a 42 year old Sudanese man who was an accountant in a former government and yet cannot afford the training to get his skills acknowledged here.

Mrs WEBSTER: Actually, that is interesting.

The Hon. MELINDA PAVEY: In your submission you had an example of the Chinese IT expert.

Mrs WEBSTER: One of the things that we have suggested, certainly to the Commonwealth Government, is that they look at a HECS sort of a payment, if there is no-one willing to fund them getting their skills recognised or bridging course, whatever it might be, maybe we have got to be a bit more creative and look at something like a HECS type payment, because if they can get work and get into work as soon as possible – if we are looking just economically, which we do not agree with but if we are looking just economically – it makes more economic sense for that person to be in the workforce as soon as possible rather than sitting getting welfare, apart from the whole social issue, which is the most important issue anyway.

The Hon. CHRISTINE ROBERTSON: It has only come up in this group's evidence once and it related to one of the possible employer's making a statement about not wanting some nationality. One of the huge issues in country New South Wales is the inherent racism that is there because many of the persons do not have much contact with people of other backgrounds and an inherent laziness in relation to accents. You can have persons coming for positions with quite high English levels but perhaps an accent and I recognise it is not something a magic wand can mend, but it does make it very difficult, particularly for the spousal employment that you are discussing. Have you got any ideas how to address this?

Mr BURNS: Pronunciation of English is a skill for many, many people and getting the pronunciation right is a real task for new arrivals. TAFEs probably have a great role to play in not just teaching people English, but it is being able to pronounce it. There is no doubt there is racism. Racism exists not only in rural areas but it is here of course as well. Again, probably good information, the existence of programs like the living in harmony program. There is some really positive stuff that comes out around March 21 in rural New South Wales when you do have small towns highlighting some of these harmony projects. There is no doubt that probably TAFEs could do a lot more in the pronunciation.

Mrs WEBSTER: Could I also say there is a really good example in Grafton at the moment, there is a southern Sudanese doctor, he is the only one who has been registered now. He has jumped through all the hoops at great personal cost and he has been working in Grafton Hospital. He and his family have become part of the community. They are the only southern Sudanese family in the town. I do not know how much longer they will last, but certainly they have been accepted, made to feel very welcome and I guess that is an example of people getting to know a person as a person.

The Hon. MELINDA PAVEY: You made the point as long as they last, because they are the only ones there and no matter at times what resources you might have available, unless they have people that—

Ms SCHLEDERER: There is also the idea of mentorships to help people settle into an area where someone from that region who is respected and is a fairly large figurehead of that community will take either an individual or an entire family on and help them settle in as much as they need. There are lots of examples around New South Wales where that has actually worked, where a mentorship program is in use. Also in Canada there is a mentorship program that is very successful as well that helps newly arrived people.

The Hon. MELINDA PAVEY: Do you have much contact with industry associations like the Engineering Association, MBA, Master Builders Association or Accounting Association to let them know of the base of people that you have that only need to have their qualifications lifted because it has been a big issue as we have travelled around, in particular in engineering and accounting, do these association groups know that with just a bit of hard work and a shorter period of time they could get the qualifications up of people under your scheme?

Mrs HOWELL: Certainly under the skilled migrant placement program that was a large part of what the program did. As settlement workers employment is only a very small part of the work that we do, but that was a really effective way that we built relationships, particularly with institutional engineers and the accounting bodies and started to develop some really great programs whereby we were matching people up.

The Hon. MELINDA PAVEY: That is still working well, is it?

Mrs HOWELL: Well, the program does not exist anymore, therefore a lot of those relationships have broken down.

Mr BURNS: What some of us are trying to do in some areas, because we are allowed to do it, is to try and bring together various services that might contribute to maintaining some people in rural areas and included in that are some of these certifying agencies and some of the job networks, to try and link with them to let them know the needs of new arrival migrants into their areas. There just is a gap between the people that are bringing people in one case and those that are existing as support agencies, but we are trying to work around that, particularly in areas like the central west and the north coast, up at Lismore and New England.

Mrs WEBSTER: Your body language showed that maybe we did not make it clear and maybe no-one else has said that there have been, a bit over twelve months ago when the State mini budget came out, the programs that were axed included the SMPP, the skilled migrant placement program, the mature workers program.

Mrs HOWELL: And the modern career development program, as well as an information referral program.

Mrs WEBSTER: Can I just follow through on that, because when we talk about work experience, I guess it is something that we feel passionate about because there is nowhere in New South Wales now that people can get that work experience and very often that is all they need to help them to get into the workplace and the skilled migrant placement program used to provide that, as well as a program called skill max. Now skill max used to have that work placement aspect to it and then that program was moved into DET, the Department of Education, with the SMPP the government then decided that having two programs that both had a work experience component to them, was not the way to go and so they wiped skill max's work experience and then they have still got skill max but it does not have a work experience component, but they have now wiped the SMPP, therefore, we have no work experience. I do not know if that was clear before.

The Hon. CHRISTINE ROBERTSON: These are all employment programs, are they?

Mrs WEBSTER: Yes.

The Hon. CHRISTINE ROBERTSON: The Commonwealth Government is most normally the person responsible for employment programs?

Ms SCHLEDERER: We would like to think so, particularly with job network but it has recently been the states that have picked up the programs to really help with work experience where the SMPP came in.

The Hon. CHRISTINE ROBERTSON: To subsidise the Commonwealth program?

Ms SCHLEDERER: Yes.

CHAIR: Are there any further questions, if not, is there anything you would like to add before closing?

Mr BURNS: I suppose one area that some of us are very concerned about is regionality, what we mean by regions, and one of the concerns I guess for some of us is when we look at how New South Wales is divided up, places like Wollongong, Newcastle and the Hunter Valley become part of the Sydney region. In fact, they have their own functional regions and it is a real issue when you are looking at skilled migrants and drawing them to some of these areas. You are battling with programs which you cannot put your hand up because the state limits the nature of those regions to being a part of Sydney. I think that is an issue for us in the Hunter Valley.

CHAIR: Thank you very much for being here this afternoon, for your contribution and also for your submissions.

(The witnesses withdrew)

(The Committee adjourned at 4.08 p.m.)