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Official Committee Hansard

EMPLOYMENT, EDUCATION AND TRAINING REFERENCES
COMMITTEE

Reference: Regional employment and unemployment

WEDNESDAY, 29 APRIL 1998

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SENATE

EMPLOYMENT, EDUCATION AND TRAINING REFERENCES COMMITTEE

Wednesday, 29 April 1998

Members: Senator Crowley (*Chair*), Senator Tierney (*Deputy Chair*), Senators George Campbell, Carr, Denman, Ferris, Stott Despoja and Synon

Substitute members: Senators Carr and Mackay

Participating members: Senators Abetz, Allison, Bolkus, Brown, Colston, Mackay and Margetts

Senators in attendance: Senators Crowley, George Campbell, Carr, Ferris and Mackay

Terms of reference for the inquiry:

- (1) An assessment of the factors that contribute to the disparity in employment levels between different regions and also between regions and capital cities, as well as the continuing high levels of regional unemployment, with particular reference to:
 - (a) the impact on job opportunities as a consequence of increases or decreases in the level of federal, state and local government funding and services;
 - (b) the direct and indirect loss of income to regional communities;
 - (c) its impact on the level of private sector investment and activity in regional communities;
 - (d) the effectiveness of labour market programs and vocational education and training on job creation in regional areas; and
 - (e) assessment of the effectiveness of current and previous governments' funding and program delivery in promoting regional job creation.
- (2) an examination of remedial strategies that have or can contribute to reducing regional unemployment, including any overseas experiences.

WITNESSES

HARVEY, Mr Anthony James, Dean of Whyalla Campus, University of South Australia, Nicolson Avenue, Whyalla Norrie, South Australia 5608 156

NIGHTINGALE, Mr Ian, Regional Manager, Eyre Regional Development Board, PO Box 2010, Port Lincoln, South Australia 5606 129

TYLER, Mr Philip Brian, Chief Executive Officer, Whyalla Economic Development Board Inc., PO Box 804, Whyalla, South Australia 5600 146

Committee met at 10.43 a.m.

NIGHTINGALE, Mr Ian, Regional Manager, Eyre Regional Development Board, PO Box 2010, Port Lincoln, South Australia 5606

CHAIR—I apologise for our late arrival. We have been looking at a couple of very important employers of people and doers of things in this region. I call the committee to order and declare open this public hearing of the Senate Employment, Education and Training References Committee. Today's hearing in Whyalla is part of the committee's inquiry into regional employment and unemployment.

The committee prefers all evidence to be given in public, but, should you wish to give your evidence, part of your evidence or answers to specific questions in camera, you may ask to do so and the committee will consider such a request. I point out, however, that evidence taken in camera may subsequently be made public by order of the Senate as has happened over recent years. Do we have a submission?

Mr Nightingale—Yes.

CHAIR—Has it just arrived today?

Senator GEORGE CAMPBELL—You said you are representing the Eyre Regional Development Board.

Mr Nightingale—Yes.

Senator GEORGE CAMPBELL—Is the submission we have here from the Whyalla Economic Development Board one and the same thing?

Mr Nightingale—No, it is not. Whyalla is discrete in that it covers the City of Whyalla. If you look at the brochure I have given you and open the first page, there is a map that defines the area which is effectively west from here across to the Western Australia border and south down to Port Lincoln.

CHAIR—We have to sort this out; there is some difficulty here. As I understand it, Mr Nightingale, you have provided for us a report to the state government and you have submitted that to us in lieu of a submission?

Mr Nightingale—Yes, that went through Employment South Australia and that was done by the executive officer. The document I have given you today is a summary and some additions to that.

CHAIR—What is the status of that piece of correspondence received? Is the committee prepared to accept and publish it? There being no objection, it is so ordered. Unfortunately, we seem to be a little bit behind time but we hope to be able to give you half an hour to speak. Would you therefore tailor your remarks to accommodate that.

Mr Nightingale—Regional employment and, importantly, unemployment is the burning issue facing our region today, as it is the nation. I would like to give you a quick overview of issues affecting Eyre Peninsula. However, in the short time available, I would also like to stress the relationship between employment opportunities in our region, industry incentives and the appropriate infrastructure.

I represent a state regional development board that covers an area approximately the size of Tasmania. The region of Eyre Peninsula generates approximately \$520 million annually, predominantly from agriculture, fishing, aquaculture and tourism industry sectors. I guess that is not bad for 2.3 per cent of the state's population. However, the size has some drawbacks. Sectors of our region are really feeling the impact of restructuring associated with deregulation, economic rationalisation, privatisation and competitive pricing.

From my point of view, it is a struggle convincing our rural and regional communities that there is some greater good in all the pain and dislocation they are currently experiencing. Our region is seeing a very disparate impact from these changes, however. For example, Port Lincoln to the south has seen phenomenal growth from our aquaculture with jobs growing—or will be growing—to approximately 600 people by the year 2001. In the submission I have provided for you I have also identified other opportunities in the area of viticulture, tourism, mining, value adding and processing.

The current employment services package being developed by the federal government and which will come into full operation on 1 May in my opinion still favours the major population centres, and I believe that it may not help the smaller rural centres as it should. Our rural and remote communities have experienced population decline and ultimately job losses as a consequence. I believe we must be focusing our resources on evening out these economic imbalances. Development opportunities are created and discovered internally within a region; they are not invented. The uniqueness of each community within our region must be taken into consideration when formulating employment development programs and policies. For us to be successful as a regional development board, I believe we must consciously and continuously be looking at creating opportunities for our youth, and this requires a range of solutions.

It would be fair to say that, over the last 12 to 18 months, our regional development board has been disappointed over a loss of a number of federally funded regional development programs. These losses have been in significant areas such as the regional development program where we were successful in obtaining \$750,000 to go towards a \$2.2 million development of the Lincoln Marine Science Centre.

We were also able to access funding through the old OLMA program and through that, as an example, we were able to put together a series of 10 business aquaculture manuals, which was a first for Australia. We also looked at a feasibility study for a stone processing operation in the centre of the Eyre Peninsula and now we have an Italian company, as a result of that, talking to the district council of Le Hunte about getting that operation up off the ground. The agribusiness program was another that we used a lot and we miss. We used that program to stimulate the lobster farming operations that are now happening in Port Lincoln and we also used it to look at the viability of a canola processing facility on the lower Eyre Peninsula, and that is still happening.

So we had a great deal of success from those styles of regional development initiatives. The loss of those programs, I believe, has resulted in a lack of significant stimulus in regional development. We as a board consider that the actions of all three tiers of government are central to the growth or non-growth of regional areas, and I believe that our state regional development boards are the best structure to identify the success areas. We are not advocating that we grab everything that swims past. We know what the strengths are in our region. We have the direct business and industry contacts and we would be asking that any labour market programs or vocational training programs be flexible and be considered in an overall regional development context.

For our region to prosper, we must address the specific deficiencies in transport, telecommunications, vocational training, health services and tourism infrastructure to create an environment that is attractive for investment and, ultimately, job growth. More importantly, we must give our people the back-up to meet these new challenges. That is all I have to say, thank you.

CHAIR—Thank you very much indeed, Mr Nightingale. That is very useful. Are there any questions?

Senator MACKAY—I have just a couple of questions. I am interested in your statements about labour market programs needing to be flexible. I think that is a fairly strong thing that is coming through in the hearings so far in terms of fitting in with particular regional variations and an overall regional development plan. What is your view about past labour market programs and how they did this and the new system? I am not being political here, I am genuinely interested in whether you feel that either regime, if you like, is what you would favour.

Mr Nightingale—My comments relating to the new program, as I see it, and I must admit we have not seen it fully in action yet, are that it seems to me that it will be far easier to support population centres in that area—in other words, placing people in jobs where there is jobs growth—but, more importantly, if you get outside the centres of population in this region of Whyalla and Port Lincoln, then you need to have other stimuluses to create jobs growth. From a regional development board practitioner's point of view, we have lost that. It is fine to have an employment services broker that can assist with placing people in jobs but I see my role quite clearly as stimulating those jobs. They are different, and the thing we have lacked is the partnership between, say, DEETYA or whatever it was before and regional employment growth.

Senator MACKAY—So you thought that it was a very important link that was there, where you could work with the CES.

Mr Nightingale—There is no doubt about that. The comment I was making about the imbalances is that by the very nature of the changes in regional Australia, we will see that this region has the potential for success but it needs particular things for it to be spread across the region, otherwise you will have sections of the region doing better than others. My point of view, when I look after a big region, is that I have to look across the whole of the Eyre Peninsula.

Senator MACKAY—A critical part of that is the access to employment services and so on.

Mr Nightingale—Yes.

Senator MACKAY—What has happened under the new system? Where are the gaps?

Mr Nightingale—There really is a very limited regional development program available to us at a federal level. In the submission prepared by the executive officer, we identified some of the state issues that we think are working better. They are more focused on industry development as well as employment development and the importance of the two. At the moment, at a federal level, we would say that it is difficult for us to access the programs that were working in the past.

Senator MACKAY—So with the programs that were working—there have been fairly well documented cutbacks in EMDG, DIFF, R&D, the export facilitation scheme and so on—have any of those cutbacks impeded regional development?

Mr Nightingale—I think there would be no doubt about it. If you looked at the stimulus as a result of the federal government's contribution to that marine science centre, it has quite clearly developed this region as one of the major players in the aquaculture arena in Australia. That focus or that attention is the thing that draws more investment to us. Just recently we had a group from New Zealand here and they are looking at a quite large multimillion dollar investment in the aquaculture industry. The interest in the training and the support that that marine science centre could give will be one of the key things that gets them into this region. Without that, you lose the focus.

Senator MACKAY—The trend seems to be—and I think it is probably a correct trend—looking at regions as discrete in that each region is quite different or unique in terms of particular characteristics, but there are problems that are quite clearly common across regional Australia—cutbacks in services and there are the programs you are talking about. If you were us and you were looking at developing a regional employment program or whatever, what would you do? Obviously, there is a view that there should be more decentralisation in terms of access to information and so on. What do you think ought to be done that perhaps is not being done?

Mr Nightingale—I think the key thing is to come to grips with the enormity of the land mass you are dealing with. So often we have seen in the past the ACC—with due respect to the current ACC—looking after an area that is enormous: it is nearly the size of New South Wales. I think it has to be seen as a puzzle that fits together well. So you have got smaller regions within larger regions, but it has to be resourced and delivered to cover that distance gap. We need to think that things that are important for Whyalla are going to impact on the growth of Ceduna, Port Lincoln, Elliston, Elliston, Wudinna or whatever. That is what I meant by the flexibility.

Senator MACKAY—When you say 'it has to be resourced and delivered', what sorts of things are you referring to?

Mr Nightingale—Programs certainly have to be there, but I would hate to see that those programs are absorbed by other layers of structure that take out the dollars where they are needed. Those dollars need to go into programs that assist businesses and assist people. We do not need another level of bureaucracy. With due respect, I think that this state does reasonably well with the way its development board structure is set up. I know other areas of Australia may be looking at different issues. Again I think that is the way it could be approached—do not assume that one program will fit all.

Senator FERRIS—I am interested to know what has happened to the Eyre Peninsula task force that the previous government—I think under Senator Bob Collins—and the state government funded three or four years ago now. There was money involved for infrastructure programs on the peninsula. What has happened to that?

Mr Nightingale—Not really infrastructure programs. Most of the money is still happening. Most of the money that came into Eyre Peninsula or is coming into Eyre Peninsula was for looking at rural restructuring so it went predominantly into landcare programs. There was an interest subsidy program for farmers leaving the land and all these sorts of things.

I guess the use of some of that funding will have a negative impact if you are looking at the changing sizes of farming operations. I am not suggesting this is a wrong thing, but it is just a fact of life. As farms have got bigger and bigger, you have got fewer people in the community and you need to replace those opportunities for those families to do something different.

Senator FERRIS—In all that landcare and environmental care management, who has got those jobs?

Mr Nightingale—A lot of it is in programs. There has been significant work done looking at the desalination programs. So it has been consultancy work that has been provided. There have been landcare officers appointed. There is a range of different people working with farming communities about making them more sustainable and more viable in the future.

Senator FERRIS—Has that involved positions being based over here?

Mr Nightingale—Yes, it has. There are a few positions in Wudinna, a few in Port Lincoln and one at Streaky Bay, which is on the western part of Eyre Peninsula.

Senator FERRIS—I am aware that the high schools on the peninsula are now incorporating aquaculture related subjects for training programs to put people into that growing industry, but we heard yesterday that there is a need to effectively target programs to a demand area in the labour market. What sort of perspective can you give me about the targeting of programs over, say, five years? Is it your view that the money that has been available for targeting labour market programs has effectively targeted demand areas in this region?

Mr Nightingale—If you are using aquaculture as an example, I think there would be a criticism from some within the industry that, for even the higher academic studies in aquaculture, people are not walking into jobs. Personally, I do not see that as a problem because, as the industry grows, I see that the demand for very skilled people is going to increase rapidly. If we do not have those people coming into that industry or available for that industry, that will limit that growth. I think aquaculture, in fairness, is a very emerging industry whereas, if you are looking at traditional mature industries, they have had many decades to get their act together. I think we are seeing how well we can do, not just here but around Australia. Those programs I think have developed pretty well.

We would like to promote programs within schools to those young people who are finishing year 12 to look at studying on Eyre Peninsula, doing perhaps the first year of their diploma, degree or something in the marine science area at Flinders University and staying here for part of it. Ultimately that will drag them back later.

CHAIR—What about the upgrading of Minnipa?

Mr Nightingale—I think that is one of the most positive aspects that we have seen in this region. Again, it is similar to the stimulus that marine science has—it makes the farming communities feel that there is a future there. I sit on that development committee. One of the key things for that committee to do is to make young people in the farming communities aware that there is a strong future in agriculture; that they do not have to leave Eyre Peninsula to get it, although they may want to leave to study to get those qualifications. Centres like that bring good investment.

CHAIR—That is for the more mature industries in the area as well, isn't it?

Mr Nightingale—Correct.

CHAIR—I suppose it would be fair to say that the development of aquaculture, which appears to be based at Port Lincoln, has had a trickle-back effect on the lower Eyre Peninsula, but what effect do you see the growth of that industry having on the potential for Whyalla?

Mr Nightingale—It will be very similar to the wine industry, in my opinion. I include Whyalla in this comment. Now we market our region as the Eyre Peninsula. We should be marketing our region as one of the aquaculture centres of Australia. I think the current exposure that the Eyre Peninsula has because of our tuna industry, our abalone industry and so on will be a strong benefit for aquaculture sector development in Whyalla and Port Augusta. We market it as a clean green part of the world.

CHAIR—In terms of the overall development of that aquaculture industry, would you see the potential for jobs for young people emerging in that industry as being part of the growth cycle so far or do you see it plateauing?

Mr Nightingale—No, I think two things will happen. There will be rapid growth as new species and areas are developed. For example, do you know Elliston? It is a small coastal town on the west coast.

CHAIR—Yes.

Mr Nightingale—They are talking to us about developing an aquaculture estate. Conceivably, 50 people could be put to work in that aquaculture estate. It may not sound a lot in the first stage—

CHAIR—But it is a lot for Elliston.

Mr Nightingale—but it is a lot for a small town like Elliston. The next growth will come from processing. For example, with the department of industry and trade we recently did an economic impact study for the airport in Lincoln. We talked to producers there. Once our tuna industry starts value adding our tuna, processing sashimi and flying it straight out, that activity alone will create 300 jobs.

CHAIR—I have a comment to make about the value adding of aquaculture in a region. It does seem to me to be unfortunate that we have not been able to value add some of the big and growing aquaculture industries on the peninsula.

Mr Nightingale—That is my point about infrastructure: unless you can get product out of here fast, you will not have those opportunities.

Senator GEORGE CAMPBELL—The area covered by the Eyre Regional Development Board: what is the population?

Mr Nightingale—It is 34,000.

Senator GEORGE CAMPBELL—In the document you presented to us on the region, on page 9 under 'Future strategies', you identify two fundamental ingredients. I have to say I do not disagree with either one. Both those points were confirmed in hearings we had yesterday in Adelaide. Does your board have a project development plan? Have you identified a range of projects in the Eyre Peninsula that would contribute to achieving point A of your future strategies?

Mr Nightingale—Yes, we have. We are redoing that right at this very point in time.

Senator GEORGE CAMPBELL—Are they costed?

Mr Nightingale—Some of them are, yes.

Senator GEORGE CAMPBELL—Have you submitted them to anyone?

Mr Nightingale—Yes. A classic example would be the aquaculture estate we were talking about at Elliston. We have submitted that back through the regional development program that was in existence before. We have put it up for rail reform funding; we have put it up for infrastructure funding through the state and through a number of different areas. We have not yet been successful, although we have one application in for one part of that infrastructure that we have not yet heard about in regard to power.

Senator GEORGE CAMPBELL—Can you make a copy of those projects available to the committee?

Mr Nightingale—Certainly.

Senator GEORGE CAMPBELL—That is important. You talk about the difficulty in accessing venture capital and development finance. Why is that? Is that because of a lack of financial infrastructure facilities in the region or is that because the type of projects that you are promoting in the region are not specifically attractive to people in that area?

Mr Nightingale—No. I think it gets back again to the stimulus and the lead time in those developments. For example, if it was a major development of Val de Magra, the Italian company that is dealing with the district council of Le Hunte, the issue would be our companies and interests in Australia getting their minds around joint venture operations and perceiving that there is an opportunity on the Eyre Peninsula. We see Italian companies and I have a group from Hong Kong in Lincoln tomorrow. We see overseas interests, but at some stage we often hit the brick wall where we do not have Australian joint venture partners ready to participate.

Senator GEORGE CAMPBELL—Is there an issue with small Australian companies in terms of accepting the capital as equity rather than debt?

Mr Nightingale—Yes.

Senator GEORGE CAMPBELL—They are still resistant to equity partnerships?

Mr Nightingale—Yes. The key thing if we are talking about joint venture partnerships with overseas companies is—and this is not sounding disrespectful to our own companies—that they are not often prepared to deal the way that overseas investment partners are. That is one thing we are working on.

Senator GEORGE CAMPBELL—Have they attempted to access any of the venture capital set-ups on the SBIF?

Mr Nightingale—Yes. We have started with a few venture capital groups now. That has only been over the last six months and we have one operation that we are looking at at the moment in the malting barley plant with some capital investment out of the Australian market.

Senator GEORGE CAMPBELL—Also in the list of impediments are the regulatory and reporting processes required by business and industry. The current government made a lot of reducing red tape for small business. Does this mean that that is really not showing through in terms of the experience at the grassroots level in regard to the regulatory requirements?

Mr Nightingale—The feeling of a number of developers—and it leads right through from local government to state government and federal government regulatory require-

ments—is that it takes too long, it is too difficult and, again, it is just not an interesting climate for them often.

Senator GEORGE CAMPBELL—I am interested in your comment about access to new telecommunications technology at competitive prices. How do you view the prospective privatisation of Telstra in terms of the servicing of the Eyre Peninsula? I note that in one of the earlier pages you say that they have withdrawn a maintenance depot to the township of Cummins.

Mr Nightingale—Yes.

Senator GEORGE CAMPBELL—Are you concerned about that trend continuing into the future?

Mr Nightingale—Yes, I am. We have a fairly progressive telecommunications group that is representing the Eyre Peninsula, including Whyalla in this case. From talking with senior people from Telstra, the issue that worries me at the moment is that, when questioned on what their commitment is to rural and regional South Australia, Telstra's reply is, 'We have a universal service obligation.'

What we are arguing pretty strongly is that that universal service obligation is inadequate now. This is my personal view. I do not think I can speak on behalf of our board members, but my personal view is that, if you fully privatise Telstra without increasing or improving that universal service obligation in the sense of the sort of transmission speeds that are needed to rural communities, then it will mean little to us.

Senator CARR—What do you find inadequate about the universal service obligation as it currently exists?

Mr Nightingale—It is picking up from such a low standard and saying, 'This is the basis.' For instance, on the Eyre Peninsula we still have digital radio concentrated network systems that provide phone hook-ups. They drop in and out and switch off. They just cannot shift the sort of bandwidth even for a farming or business operation to move a fax transmission around effectively. We are expecting our businesses—and a lot of our businesses are rural businesses—to start trading on line, but you cannot even get a phone hook-up.

Senator GEORGE CAMPBELL—Given the distances you are covering in that region, communication would be very critical.

Mr Nightingale—Exactly.

CHAIR—Is line better than satellite?

Mr Nightingale—It definitely is in the way of voice, but at the present time satellite is not an option. It is an option for very expensive voice telephony but that is all. The thing that concerned me greatly with the briefing we had from Telstra was—I do not know whether it was a Freudian slip—their concentration on, in their terms, the golden boomerang, which is the east coast of Australia. If we are going to see true regional development, those

sorts of infrastructure issues are critical for us. We are further behind than even larger centres on the east coast of Australia.

Senator GEORGE CAMPBELL—You also raised the question of networking among regional business and industry. Have you attempted to access any of the networking programs that were available under AusIndustry?

Mr Nightingale—Yes, we have.

Senator GEORGE CAMPBELL—Does that get a lot of use by businesses in your region?

Mr Nightingale—Again it is a difficulty because the programs are not available in a lot of cases. Previously we used to access that money under that AusIndustry agribusiness program which we could log into primary producers. AusIndustry programs now do not often fit because a lot of it is primary production areas and it needs to be a more manufacturing processing base, so we miss out again.

Senator GEORGE CAMPBELL—Also the funding has been cut substantially, which has limited its application.

In your submission there is a fair bit of focus on the aquaculture industry. For obvious reasons that is the growing industry there. Do you have plans in terms of looking at a broader diversification of the industrial base? It seems to me that it still leaves you with a narrowly based economy in the Eyre Peninsula. Even if your aquaculture industry is successful and grows, you still need a broader diversification of activity.

Mr Nightingale—If I have given you that picture it is incorrect. Our region will still be predominantly driven by our agriculture. Our agriculture sector will be large but it will not create employment growth, though it will still create economic growth because it will be bigger and more effective. In the area of tourism I think we have got a strong potential for employment growth as well as economic growth. In the lower end of the Eyre Peninsula we are having a lot of interest in the development of viticulture. If you look at the mining processing sector around Gawler-Craton and west into Ceduna really do provide a lot of activity. I guess what I was trying to do there was to give you a snapshot of where we are today, but those are the areas of growth.

Senator GEORGE CAMPBELL—Are there any potential downstream processing activities out of the rural industry that has been looked at?

Mr Nightingale—Yes. For our region barley would be one and canola would be another. We have got three companies at the moment that are developing aquaculture feeds. They are using agriculture products like wheat and canola products in their abalone feed. The processing, as I have already mentioned, of our seafood products is another advantage.

Senator GEORGE CAMPBELL—You are really saying that to actually get these developments to grow you need the infrastructure.

Mr Nightingale—Roads, power. The point I have made before is that in our mature industries in the past governments have put money into ports, into silos and into wharves for grain and wheat and so on. We have to look at where our new industries are heading in regions and redirect that sort of capital infrastructure that will provide that stimulus for that growth in those new sectors.

Senator CARR—You are saying that the public sector has got a critical role in economic development in the district. Is that the essence of your submission?

Mr Nightingale—I think in that infrastructure area, yes, it is. Can I use an example of Elliston again. If we were to provide public infrastructure for a breakwater-groyne-jetty-loading facility, there is some ability to recover some of that infrastructure cost from the new industry. But the key thing is that those industries as they develop cannot absorb those sorts of costs in the first stage of the development, so there needs to be support from public infrastructure, there is no doubt about that.

Senator CARR—The evidence we are hearing is that governments are in fact withdrawing from the regions, which is obviously running in the opposite direction to what you are proposing. What action do you think you can take to actually get governments to turn around their attitudes to public infrastructure?

Mr Nightingale—I do not know whether it is just my opinion but there has been a lot of work done by McKinsey and Kelty and all of the other many learned studies in regional development that quite clearly identify the need for both soft or primary infrastructure and secondary infrastructure as one of the key things for bringing regions up to a level where they can compete globally. That is exactly the point I am trying to make about airports, ports, roads and whatever.

CHAIR—And rail?

Mr Nightingale—Yes.

CHAIR—That infrastructure is there, isn't it?

Mr Nightingale—It is there, but there needs to be something like \$200 million spent on just our rail network to bring it up to a standard where they can move it quickly. Again, and this is my personal view, the difficulty we see in Australia is a very run-down infrastructure component that we could be paying the price for.

Senator CARR—It is a consequence of the economic philosophies that have taken hold in governments in recent times that have actually called for the reduction in the public sector. Would you agree with that proposition?

Mr Nightingale—I would agree. The other thing, from someone speaking on behalf of rural and regional Australia, is that 10 or 15 years ago we saw the restructuring of many manufacturing sectors, such as our textile, clothing and footwear industries. We are now seeing a lot of that restructuring happening in a primary production sense. There needs to be a support mechanism to allow that sort of change to allow our sectors to compete.

Senator CARR—Regarding the question of the education industry in terms of public infrastructure in the region, is there any evidence that there is a sense of demoralisation amongst young people?

Mr Nightingale—There is no doubt about that. I can use many cases where I go and speak to year 12 students in country schools. I often float the question to them, ‘How many of you are intending to go on to university?’ Let us say that out of a group of 60 there might be 15. I ask the question, ‘What are the rest of you intending to do?’ There is a sort of shrug of shoulders, ‘Don’t know.’

Senator CARR—So it is a malaise?

Mr Nightingale—There is a lack of confidence. Picking up what Senator Ferris said about the medical research centre: we want to try stimulate people that there is a career and there is an opportunity for people in agriculture. Those sorts of high profile activities give young people some confidence that that is where they want to be.

Senator CARR—Do governments have a responsibility to actually draw people’s attention to the alternatives and the opportunities?

Mr Nightingale—Certainly. It is a state of mind. If you looking at young people at the moment, they are concentrating on academic studies at one end and there is a huge vacuum in between. At the regional level it worries us because there is a lack of interest from young people to get into the employment opportunities that are out there. They feel perhaps that they are second-grade citizens if they do not go on to university. But there are still business opportunities that they should be grabbing.

Senator CARR—Is this decline in morale having an impact on the schools themselves?

Mr Nightingale—I would like to see that the schools do more to better motivate year 11 and year 12 students.

Senator CARR—It is a chicken and egg argument.

Mr Nightingale—It could be.

Senator CARR—If there is a sense of low morale because the economic prospects seem so bleak, it is a bit hard to inspire confidence when you know the truth is that there are declining opportunities.

Mr Nightingale—Yes, there could be. More importantly, I am suggesting that schools in rural and declining population areas should be giving other options to students in their latter years.

Senator CARR—On the question of vocational education, what is your experience of the provision of TAFE in the region?

Mr Nightingale—Certainly, across Eyre Peninsula it is good. The thing that concerns a lot of people—and that was the point I made about that competitive environment that we are now in, that there are some concerns; I do not think TAFE would argue that there is any problem with being in a competitive environment—is that what TAFE, and other colleges like that, offer to regional Australia is, again, infrastructure. If you make it to the stage where we lose that infrastructure of TAFE colleges and campuses and whatever, and we have outside training providers providing the training, but there is no facility left, that could have a long-term disadvantage for our region. Overall, certainly here, they have moved reasonably well to keep up with the changes in our industry.

Senator CARR—Are the prospects of privatisation of TAFE, which are implicit in the whole move towards competitive tendering, a danger to the region?

Mr Nightingale—No—if there is the same commitment that there remains a presence.

Senator CARR—If it is a private provider, how can you be certain that the level of infrastructure is going to be provided, and that it is going to be provided by a service provider who is a local and is not imported from Sydney or Melbourne?

Mr Nightingale—We could have the same argument about a USO with Telstra. Before you privatise there need to be commitments there that will see a sustainability for regional Australia.

CHAIR—I have a couple of questions. This whole inquiry will drive us mad because we have such fantastic submissions and we could do justice to you by listening to your local information, which would be very helpful, for a much longer time. Please accept our apologies.

Mr Nightingale—I understand.

CHAIR—I have a piece of paper here that explains how South Australia has been hit hard by Medicare office closures. An office has closed in Whyalla, Port Pirie, Berri, Gawler, Mount Gambier, Port Augusta, Noarlunga and Port Lincoln. A man at the back of the room is saying that is not true. An office has not been closed in Whyalla. Has it been closed in Port Lincoln?

Mr Nightingale—Yes, I understand it did.

CHAIR—Is that one of those things that also drives people mad?

Mr Nightingale—There is no disputing that. In our submission to you we used one small town of Cummins so you could have a picture of this one town, but I imagine that is happening across all of regional and rural Australia. As soon as you lose banks in this state, you lose Telecom staff and other service staff. Not only do you lose the service they provide; you lose their families and their children. So the schools drop in number. You lose the ability for them to provide doctors and health services. Everything has this domino effect of shrinking back to the larger populated centres.

CHAIR—It is possibly an unfair question but I still would like to ask it. I have been astounded at the publicity Port Lincoln has won over the last year or so by having a mayor with attitude. Do you know whether that is a plus or a minus?

Mr Nightingale—I guess I can only report to you what other people have said to me. I think taxi drivers are an excellent example around Australia of what some of the population might think. Taxi drivers will often say to me that they support what our mayor is saying. I personally do not support some of the things Peter has said, but underlying those perhaps outspoken comments is a very parochial mayor who wants to do something good for Eyre peninsula and for Port Lincoln.

CHAIR—There is a lot of Aboriginal people living in Port Lincoln who play a very good brand of football, much to the frustration of the non-Aboriginal teams. What is happening in the Eyre peninsula for an ever increasing Aboriginal community? Are you able to work with them in terms of employment? A little while ago I heard about a hydroponics program outside of Ceduna which was Aboriginal based?

Mr Nightingale—Yes, we do. We have Aboriginal representation on our board. The Wanka Wirrulla regional council is one of our board target teams. We work closely with all of the Kuju groups around Eyre peninsula. I was at the head of the bight where the Yalata community have a tourism venture taking visitors out to see the whales. We are helping them with that. We are working with Kuju, which is a CDEP program in Port Lincoln, in some of their business opportunities with recycling rubber and so on. The large Aboriginal communities are in Port Lincoln, Ceduna and the western region. I think from a regional development point of view we work well and closely with all of those groups. That is what I meant when I said that the personal comments had a destructive impact on all of us. But I think a lot of that should be put aside. I think there are a lot more positives happening than a few negative comments that were in the press.

CHAIR—Not all of us get the opportunity to see all of the positives, but we very quickly pick up those waves of negatives. I am interested in whether some people might say, 'If that has gone on, we will go somewhere else.' Senator Ferris had one small question that she wanted to ask, so I will ask it for her. We heard yesterday that in the southern region, the Onkaparinga region, one of the things that the employers want of their employees is that they be job ready, whatever that means. In some cases it means specific skills, but in general it means students or young people who have got a bit of confidence and can certainly communicate. Do you find that is the case in this area too?

Mr Nightingale—Yes, I do. Having been an employer for nearly all of my working life, I think what gives young people an advantage is their attitude and their ability to sell themselves at the first interview. That was the point I was making to Senator Carr. I think schools can do a lot more in preparing young people once they leave. My experience as an employer is that there tends to be a vacuum between when a young person who is 16 has left year 12 until they reach 19 and they start thinking about where they are going. I think we could improve and not let young people drift.

Senator GEORGE CAMPBELL—What is the unemployment level for young people in your region?

Mr Nightingale—It would be the high 30s.

CHAIR—Is it going up?

Mr Nightingale—I think it has been consistent. Our unemployment across the region is about 13.5 I think.

CHAIR—On page 6 of your submission you talk about the effectiveness of labour market programs in vocational education and training. You make the point that you had very effective cooperation with the previous DEETYA programs in the delivery of labour market and job creation; that four-year relationship was effective and pro-active especially in those specialist programs that targeted remote and regional Australia, obviously labour market adjustment and so on. Some concerns have been expressed about the capacity of the new labour market. Can you spell out what was good before and what is a concern now, apart from perhaps the obvious discontinuity having just got something in place?

Mr Nightingale—We no longer have a regional manager for DEETYA. We do not have a regional office for DEETYA any longer. That is finished. I think the CES, as it was, or Employment National would have three people in Port Lincoln.

CHAIR—What was it previously?

Mr Nightingale—It would have been 13, but I am not suggesting that it needs to go back to that. We do not have a regional manager that would be looking at regional development issues. It would be purely placement issues related to Employment National's new competitive regime, which is understandable.

The point I want to make—and I have made this point pretty strongly to Barry Wakelin, our local member, on many occasions—is that, if you look at the area consultative committees, it is an unreal expectation of those area consultative committees to look after a region nearly the size of New South Wales. With due respect, I would hardly see a person from the area consultative committee, and I would say without hesitation that 99 per cent of the businesses and industry people in my community would not know what it did. Again, you cannot do it without resources in a region this big.

CHAIR—Can you tell us anything about the Sydney based employment firm Hospitality Horizons, which won a \$15 million contract to fund hospitality work for unemployed people in rural Australia? The contract covered nine South Australian towns—Port Augusta, Port Lincoln, Port Pirie, Mount Gambier, Mount Barker, Berri, Angaston, Murray Bridge and Whyalla. It seems that it has been unable to deliver just about anything. Is that the situation as you understand it?

Mr Nightingale—I found out about that yesterday speaking to somebody here that it is unlikely that it might happen. The point I am making is that, from a regional development board person, we have not been approached by any of the new providers at all. We have made one approach to a local Lincoln employment service which was a local skillshare that we already had relationships with, but we have not had one approach so far on a face to face

basis as to how we are going to work this in a region this big. That surprises me. I would have thought we would have been the first door that they might be knocking on.

CHAIR—Yesterday people said to us that they did not think it was much help being provided with local advice by ringing up a telephone number and getting an 1800 number that delivered you to the heart of Sydney. They wanted people who could eyeball them, people who they could get to know and trust and who knew what the local flavour, smells and sights were. If ever there is anything that matters, it is local employment prospects. You are reiterating that message very powerfully for this region.

Mr Nightingale—Yes, I am. We have put in a project. We have every council in Eyre peninsula that we have called better business centres. They are very similar to a BEC that you would see elsewhere, but it was the best option we had available to us. Every one of them has an effective database that we have put in. We have a regular call pattern with those councils. Some of them just walk in and ask what is happening. I really agree with you. If you have a call centre in Sydney that rings up and someone says, ‘I am in Ceduna’, which is in western South Australia, ‘and I am looking for work.’ They might be able to find out where it is, but I really doubt whether they could understand the dynamics of a small regional town.

Senator MACKAY—We would be lucky if we could find call centres in Australia, so I think that is an issue. I have one final question. You were saying that there is now no DEETYA regional manager. What role did the DEETYA regional manager play that has left this gap?

Mr Nightingale—Incredible—and I have only used probably four of 30 or 40 federal government funded programs. Where we would work with that regional manager on developing that whole regional development initiative—whether it be lobster farming or developing aquaculture manuals—that interaction was critical for us.

Senator MACKAY—What did DEETYA do for you?

Mr Nightingale—Other than fund it, they helped us write the submissions. They helped us put their spin on how it would work. Again, we do it in isolation.

Senator MACKAY—Did they coordinate new training?

Mr Nightingale—Yes.

Senator MACKAY—What sort of training did they do?

Mr Nightingale—If you are looking at all the different training we were doing, there was anything from dive training for the tuna farms to training for oyster farmers and training for truck drivers. Anything you could possibly—

Senator MACKAY—And that is not available any more?

Mr Nightingale—No. It will be difficult because we will now have to go back to those employment service providers. What will happen is that industries or businesses will come to us and say, ‘We intend to do this. We are going to grow. We want this and that.’ For the whole of the Eyre Peninsula we have Lincoln Employment Services. We will have to go to them and say, ‘This industry sector needs some specialised training. Of the dollars that you’ve got marked per head of the people that you have on there, we want to get some dollars out of you to do that training.’ I am yet to find out how efficient that will be. They will want to spend less to get the greater return, which is fair. It will be difficult to bulk it up because they will be dealing with individual clients.

Senator MACKAY—Rather than an industry or an enterprise.

Mr Nightingale—Yes. I must say, though, that Employment South Australia has done, I believe, a great job in trying to fill that gap. Again I question whether the resources will be enough for us but, from their point of view, they have moved pretty quickly to try to fill that gap.

Senator MACKAY—Thank you, that was very useful.

CHAIR—Mr Nightingale, it is just fantastic and very useful indeed.

Mr Nightingale—Thank you for the opportunity.

CHAIR—The committee thanks you very much for a very useful submission and for coming today. If there is anything further we would like to put to you or further information we need, can we presume that you would be able to provide it for us on notice?

Mr Nightingale—Certainly.

Senator GEORGE CAMPBELL—And the details of those projects.

Mr Nightingale—I am happy to get a list of those projects and their costs.

CHAIR—Thank you very much indeed.

[11.33 a.m.]

TYLER, Mr Philip Brian, Chief Executive Officer, Whyalla Economic Development Board Inc., PO Box 804, Whyalla, South Australia 5600

CHAIR—Welcome.

Mr Tyler—I make this submission on behalf of the Whyalla Economic Development Board. Our submission has been tabled with the committee. It was approved at our development board meeting yesterday, so it has the endorsement of the board of directors of the board.

CHAIR—Thank you. The committee prefers all evidence to be given in public but, should you at any time request to give your evidence, part of your evidence or answers to specific questions in camera, the committee will consider your request. I point out that evidence taken in camera may subsequently be made public by order of the Senate as has happened in recent years. The committee has before it a submission received from you today—document X. Are there any alterations or additions you would like to make to that?

Mr Tyler—No.

CHAIR—Is it the wish of the committee that the submission be received? There being no objection, it is so ordered. Mr Tyler, we are desperate for time and we also want to give you an opportunity. Could we ask you to make a two-minute opening remark and then we will move to questions. Maybe if we could take you through to 12 or near enough, we might still be able to try to give you some opportunity to put your answers to questions on the record here. We have your submission and that will be incorporated.

Mr Tyler—Senators, welcome to Whyalla. The Whyalla Economic Development Board is an incorporated organisation that is funded by both state and federal governments. We have a board of directors which represents industry—BHP and Santos in the main—the Whyalla Chamber of Commerce, the Whyalla City Council, the University of South Australia, the Spencer Institute of TAFE, the trade union movement and small business and the community.

I will not provide an overview of Whyalla and some of the structural implications that have happened in the city except to point out that there is a whole section in our submission on Whyalla and what has occurred over the last 20 years, particularly the last five years. There are a couple of tables. Table 1 on page 4 of the submission shows the historical population changes and it shows the changes compared to the other provincial cities within South Australia.

CHAIR—Just before you go further, I am interested to note that you have a population of 24,000. Mr Nightingale said that he was looking after a population of about 34,000. Are you in the Eyre board?

Mr Tyler—No. We are a separate incorporated organisation. We are part of the same network of regional development boards across South Australia. We are both funded on the

same basis of a partnership arrangement between the state government and local government. My region covers the city of Whyalla and a couple of unincorporated areas of Iron Knob and Iron Baron.

CHAIR—Thank you.

Mr Tyler—Table 1 shows the historical population movement, and you can see that we reached a peak of 33,000 in 1976 and we have declined to the current level of around 24,000. There are some reasons for that—namely, the shipyards closing in 1978 and the structural adjustment that has occurred within the manufacturing industry, principally from our largest employer, which is BHP. In the very early 1980s, it was around the 5,800 mark and is down to around the 2,000 mark at the current time.

Table 2 on page 5 of our submission shows the changes in employment by type of employer from 1991 to 1996. Across those tables and across those provincial cities, you will see the shift from public sector employment to private sector employment in all cities except Whyalla. In Whyalla, we have lost in every category. The changes are broken down under columns headed local government, state government, Commonwealth government, private sector and 'not stated'. We suspect that the bulk of the 'not stated' column are private sector jobs and related to BHP and the steel industry.

In addition, in 1996, our manufacturing industry made up about 29 per cent of the work force against a state average of 15. In 1986, the manufacturing base in Whyalla was around 37 per cent compared to a state average of 15.5. So you can see that we have had a major adjustment there while the state average in manufacturing has kept at around the same level.

I will speak to some of the specific terms of reference that the committee has. We tried to direct our submission to those terms of reference. Reference (a) was the area that I have just covered. In relation to reference (b)—the direct and indirect loss of income into regional communities—you can see from those tables the numbers of jobs lost under each of those categories and the decline in the population of the region. The privatisation of the Commonwealth Employment Service, the proposed commercialisation of the Commonwealth Rehabilitation Service and the closure of the Whyalla Customs Office are all going to compound the sorts of problems we are facing.

Going to reference (c)—the impact of private sector investment and activity on regional communities—as you heard this morning, BHP are spending \$83 million on a billet caster plant. The amount of that \$83 million that will flow through to the economy probably would be reasonably limited. I am aware that the fabrication side of the billet caster will be done from Whyalla firms. They will need to win tenders on that, but they will have a competitive advantage being local and being able to save on some of those transportation costs.

Most of the caster is modular and most of the components come in from overseas, so most of the \$83 million will not have a direct flow-through effect to the community. Some short-term jobs will be created—as you heard this morning about 80 in number—for the 12-month period. I suppose what it does do for the community in the longer term with the changing market mix is show that BHP are responding to their strategic plan. It does provide the community with greater certainty, although, as I have pointed out in the submission, just

because capital investment is being spent by a company in a community does not necessarily secure the long-term future of the community.

We note that about \$870 million has been spent in Newcastle over the last 10 to 15 years. Once the capital cost has been spent it becomes a sunk cost and is not taken into consideration for any future consideration regarding ongoing viability. Whilst we welcome the announcement by BHP, we are mindful of the fact that the pressure is not lifted off this community. We understand the enormous competitive pressures that BHP are under, and this community is very supportive of our largest employer, but the need to diversify this economy is at the forefront of our thinking even more than before.

Minister Moore's committee of inquiry into the steel industry highlighted some very significant issues for this community to face. On page 10 of the report of that committee it talks about the need for BHP to further consolidate to fewer sites over a number of years. By the simple fact of the make-up of the steel industry in Australia, we think the consolidation must cause some threat to Whyalla. In any case, the BHP submission to that inquiry pointed out—it is page 8 of my document, page 77 of the parliamentary committee's report—that BHP expects the major iron and steel-making equipment at Whyalla to reach the end of its useful life in about 15 years. So the community is, I think, being placed on notice that we need to be very proactive and mindful of where we are heading as a community. We do not want to be in the situation that Newcastle faced where the community became reactive and governments—both state and federal—became reactive to the Newcastle situation. The message that we want to leave with your committee is that we would like to work in partnership with the federal government and the state government to be proactive in looking at the long-term future of our community.

Aquaculture is an emerging industry, and we talk about that in our submission. But whilst it will have about 100 direct jobs, the need for this community to further diversify and create further jobs is quite significant.

In addressing the labour market programs we have noted that we have gone from one extreme to the other, where under the former government we seemed to have a lot of labour market programs. We would have to acknowledge that not in every case was the money spent wisely. We believe that a proper strategically targeted labour market program, as was the case in our aquaculture industry, is absolutely vital. There is no doubt that, without the labour market programs—particularly the new work opportunities program under the former government, the reform transition fund under the current government and the state government's kickstart and regional development programs—the aquaculture industry would be nowhere near as advanced as it is today.

CHAIR—We are getting to the end of our time. We could let you talk on and it would be very useful, but we do have your submission. I note that on page 12 there is a proposal for a foreign trade zone. Is that something you want to promote?

Mr Tyler—Under your terms of reference, you wanted us to give examples of remedial strategies. We noted that the manufacturing in bond scheme was announced in the industry package by the Prime Minister, and we canvassed that the US foreign trade zone experience, which is a program that had been drawn to our attention, appears to be very successful in the

United States. We are aware that BHP has done a lot of research in that area. There is a report on the foreign trade zones which BHP commissioned, and I can make that available to the committee because it has been made available to me.

CHAIR—A program like this did get started in the Northern Territory. They had a zone there that was exclusive of the standard laws and so on, and for a while they were actually effectively using slave labour from China, particularly women. Once that became known, there was an uproar and those kinds of labour requirements were reversed. Is it all good news or has the prospect of some of this been a bad thing?

Mr Tyler—My understanding is that it does not interfere with labour rates and those sorts of issues. It addresses sales tax, import duties and those sorts of issues to provide incentives for either import replacement or export orientated goods that are being developed.

CHAIR—Mr Tyler, I will stop you there. The only other big thing is the eco project, but it may be that you can come to that by way of answers to questions.

Mr Tyler—Okay, no problems.

Senator CARR—I read your submission and I get the sense that the city is actually facing a crisis. I note, for instance, on page 25, you say:

There is a need for the State Government and Federal Government to face up to the fact that maintaining the current structure of our economy would lead to the city's demise.

Could you expand on that?

Mr Tyler—We have had a very hard look at where we are going as a community. We realise that BHP is telling us that 15 years is perhaps the life span of their particular facility. We believe that, if this community is going to have a future beyond the 15 years, we need some federal government and state government assistance. We talk in the document about private sector investment. People who own houses or businesses in this community would be greatly concerned about protecting their investment. We also talk about public sector investment, in terms of schools, hospitals and roads. If you count up both the private and public sector investment, it runs into billions of dollars that have been invested into this community.

Organisations such as mine have an obligation to ensure that those investments are protected, and we are trying to alert both federal and state government to the fact that we are being placed on notice. Even if BHP stays around for the next 15 years, there is no doubt that the pressure on them to downsize further will exist. We pointed out in our submission that, if their benchmark of 1,000 tonnes per employee is to be reached, another 800 jobs will go out of the Whyalla operations over the next two years. It may be debatable whether they will reach those benchmarks, but that is their stated objective. There is no increase in capacity in the steel operations, so the simple equation is that 1.2 million tonnes equates to around 1,200 employees. They have 2,000 there at the moment.

Senator CARR—Mr Tyler, you say on page 23:

If governments both State and Federal in the past had held this view—

by which I presume you mean the current ethos concerning the withdrawal of public support for regional development—

Whyalla would never have been developed beyond a port for iron ore.

Is it your contention that governments have a responsibility to ensure that there is adequate support for regions?

Mr Tyler—We are of the view that, if Australia is going to be developed beyond the urban eastern seaboard, then governments have a role to play in that development. In the past that has certainly happened and this community is a very good example of that. The competitive advantage that we have is that iron ore was discovered. It would have been very easy to continue to ship the iron ore out of this community around to the eastern seaboard where steel making was in progress.

The governments of the past believed that it was vital to develop the community in a way that created jobs and developed the state of South Australia beyond Adelaide. The Playford government back in the 1950s was very proactive in providing a range of incentives to BHP to set up their steel operations here. Obviously, investment flowed into the city as a result of that very proactive move by the Playford government—I think it had some support from the Chifley government in the very early days, followed by the Menzies government. We believe that, if that had not occurred, then the city would not have been developed to what it is today.

We are going through major structural adjustment in this community. We believe that, if communities like this are going to face that, we cannot face it on our own; we need the support of the federal government to help us through it. There is an absolute critical need for further industries within this region so that jobs can be created to address the decline in our population. That follows from the withdrawal of state and federal government services. That all then impacts on SMEs in our community. So it does not matter whether you are the corner deli or you are BHP, you are all affected by it. So we believe that a strategically interventionist policy is vital for communities such as ourselves.

Senator CARR—Basically, we have a government that is committed to the privatisation of everything from the post office, effectively, to the telephones, to the schools and to the TAFE colleges. What hope do you think the development board has got to actually persuade people that there needs to be a fundamental shift in thinking?

Mr Tyler—Being in a development board in a community like this has been described in the past as being like trying to run up an escalator that is going down. It is a fairly difficult environment to work in. We have had some major successes, which we have seen this morning with Whyalla Fabrications. The strength of the development board is that we can certainly assist businesses to diversify their market base to look beyond BHP, to look at Roxby Downs, to look at the Kistler project and to look at the rail project when it comes on-stream. But it is internal growth that we can affect. We need some growth that occurs

externally into the city so that we have a new industry. That is where we believe the federal government comes into it.

Senator FERRIS—In the interests of time, I will try to bundle all my information requests into one. In relation to the expansion of Roxby Downs and yesterday's formal announcement of the Kistler project, I would be interested to know what your board is doing to ensure, firstly, that young people will get an opportunity to work in those projects that flow back here and, secondly, how you can ensure that the schools and TAFE colleges are providing courses at both those levels to ensure that, when the student graduates, he is strategically ready for those jobs.

We heard evidence yesterday that there are a number of vacancies at General Motors Holden at Elizabeth because, try as they might, they cannot recruit appropriately educated people in the Elizabeth region for those jobs. It sounds unbelievable, but the evidence was given yesterday. So how are you looking at those and the strategic opportunities offered to ensure that the young people will be ready to take the jobs?

Mr Tyler—The first thing is that the Roxby Downs project and the Kistler project are two that we have worked very closely with. The Kistler project is in a very embryonic stage and the Roxby Downs project is in an advanced expansion stage. We form links with both organisations and we basically try to facilitate links back into this community. So what we have done in the past—and we will continue to do this—is target individual businesses that we believe have market opportunities with those two, provide the contacts and provide the backup support so that they can tender.

One of the great issues that is facing a lot of our smaller operations within Whyalla is the globalised economy, globalised tendering—the need for them to have very sophisticated professional tendering processes. When they stem, in the early stages, out of a trade background and grow, the management structure of those organisations needs to be developed into a position where they can put a tender together that is very competitive, and that is part of our board's role.

Senator FERRIS—Can you include in your response any reference that you might want to make to the Alice Springs to Darwin railway and the flowback there as well?

Mr Tyler—That has the potential to have a significant short-term impact on the city in terms of our fabrication, our industrial service companies such as Brambles and even BHP in winning the steel tender for it. It will not increase jobs at BHP but what it might do is lift the domestic demand for steel to a stage where steel production is more profitable, so it certainly will have a benefit in that form.

In the longer term, it is probably debatable—and I have heard arguments either way—as to whether it would have a net benefit to Whyalla. It is true that some of the resource processing in the Gawler-Craton, particularly if some of the feedstock is close to that rail line, will be set up on the line and railed straight up and out of the port of Darwin. If the rail line did not go ahead, perhaps it might be set up in Whyalla, where we have a deep sea port, and then shipped out. I have heard arguments either way, but I have not formed a view on it. I think it is something that we probably need to sit down and address. Regarding the

education, probably the dean of the university might be the best qualified to answer that question.

CHAIR—Could we leave that for the next witness, if we get to him?

Senator GEORGE CAMPBELL—Looking at these posters on the wall, I am surprised you can keep up such an optimistic view of your future. I have two questions. In your submission on the bottom of page 23 you say:

The Industry Statement from the Federal Government will not in our view help to attract any new employers to Whyalla.

Given that that was a statement that was about promoting the development of Australian industry, particularly in the manufacturing services sector, and given that this is a city that is essentially built on manufacturing, can you just expand upon that statement—why you make that statement, why you do not think there is anything positive in that industry statement for you?

Mr Tyler—The major issue facing this community is to get new industries here, and we do not see anything in that statement that is going to attract or cause any reason for a new industry to be established within our community. It might allow some of our local existing businesses to take advantage of some of the schemes, particularly the manufacturing in bond scheme, but the effect it is going to have on jobs will be marginal. We have gone through it reasonably closely and we just do not think that it addresses the core problems that communities such as Whyalla face. They are a lack of jobs and a declining population, and we do not think it addresses those issues. It may marginally affect them but it does not address the very core issues we are facing.

Senator GEORGE CAMPBELL—You have heard the evidence of Mr Nightingale from the Eyre Peninsula development board, and he laid a lot of emphasis on infrastructure as being a critical element in developing commercial activity. How important is that to a town like Whyalla? Does it have the same emphasis on you as it does on the Eyre Peninsula, or is it not as critical an issue for you?

Mr Tyler—The infrastructure in the city has been invested here over many years, and we have very good infrastructure. We have an airport that, at this current stage, is the best airport on Eyre Peninsula, so that is a major competitive advantage. We have rail, road and air transportation out of Whyalla. The deep sea port, obviously, is a major competitive advantage. We have a university, a TAFE college and the largest hospital on the Eyre Peninsula. The infrastructure has been developed over a number of years.

The issue facing this community is to maintain those competitive advantages. What we have had is funding cuts to our hospital, which has caused that facility to be run down quite substantially. The university has been faced with the same sorts of issues, and obviously Dean Harvey will be able to talk about that in more detail.

We have an airport that is in urgent need of upgrade and we are finding that our sister towns throughout the Eyre Peninsula are starting to upgrade their facilities. So there is a

need for us to maintain or competitive advantage and look at our airstrip. Communications is obviously a major issue within the area. We only have to go 30 kilometres to our west and we are out of mobile range. There are all those sorts of issues that we do need to look at.

Senator GEORGE CAMPBELL—Finally, do you have a project development plan?

Mr Tyler—We have a strategic plan which has six strategic areas. Infrastructure is one of those areas.

Senator GEORGE CAMPBELL—Does it identify specific projects?

Mr Tyler—It does. Our operational plan certainly identifies specific projects. Some of those we like to keep in-house, because it does provide a strategic advantage to this community if we can get some of those projects up and running. But, yes, the development board is very conscious of that and works towards that strategic plan.

Senator GEORGE CAMPBELL—Is there any of that material that you can make available to the committee?

Mr Tyler—I can certainly make our operational plan available to you and our strategic plan.

Senator MACKAY—I have one very quick question in relation to your comments here about the differences with regard to spending on labour market programs. You have made the comment that under the previous government you thought that essentially there was a requirement for those programs to have in fact been more structured and targeted, and you cited the aquaculture industry. Can you very quickly take me through what you mean by that statement, because that is very important for me?

Mr Tyler—We would like labour market programs, with assistance from the federal government, to assist this community to look at some of our value adding opportunities. If structured labour market programs were around that could assist us in that exercise, it would be very useful. The training and vocational area will certainly flow if the job opportunities are around, but we believe that the critical things for us to create in this community are job opportunities. We would like those programs to be targeted at value adding opportunities that would create employment.

Senator MACKAY—What you are saying is that there should be much more of a synergy—to use that awful term that everyone is using now—between business, regional development plans, employment and so on, and that there should be a much closer relationship?

Mr Tyler—It should not be ad hoc. It should be strategically focused and targeted. That is what we believe should happen. I thought the point that Mr Nightingale made with the ACC covering the size of New South Wales was a very telling one. They have a budget of around \$100,000 to play with for that whole region. My board will not even bother to put in an application, because it will be so competitive to get something to start with, and no guarantee at the end of the day of getting any meaningful dollars to be able to work with a program.

If you put that alongside our own kickstart program which is provided by the state government, the state government has indicated to us that in the next financial year they will be providing \$100,000 plus the resources of a staff person to the Whyalla Economic Development Board purely for that kickstart program. There is something amiss in the funding arrangements for ACC and federal government regional development.

CHAIR—I have two questions on notice. I asked before about Hospitality Horizons' \$15 million to find hospitality work for unemployed people in rural South Australia. I note in the list here that Whyalla is mentioned. Can you tell us anything, either on the record or on notice, about what is happening in terms of job network in this town?

Mr Tyler—To start with, I am not aware of that company. I did see it listed in the *Advertiser* when the contracts were let. We have been contacted by three of the providers that have won tenders for Whyalla: the Northern Region Development Board in terms of the NEIS program; Fresh Start, which I think is the business arm of Oars; and a company called Workmate. The approach from Fresh Start and Workmate had been mainly in terms of getting their bearings within the city, looking at accommodation and those sorts of strategic set-up details. The Northern Region Development Board had won the contact for NEIS and obviously they need our backup support because their contract covers the Whyalla region.

CHAIR—How many people were employed before in the CES in this town?

Mr Tyler—I will just take advice. Eighteen months ago it was 26 people; it is down to three or four at the moment.

CHAIR—So what you are telling the committee is that in fact these new people who have got the contracts are actually having to find out the data and establish the information and the expertise that was there by the bucketful in the previous people in the CES.

Mr Tyler—That is only two of the companies that have won these contracts, and they have been the proactive ones that have made contact with us.

Senator FERRIS—How many people do you think would be employed by those people?

Mr Tyler—I have no idea.

Senator FERRIS—It is reasonable that the same number could finish up being employed in providing job networks for people here.

Mr Tyler—It is true that their numbers could be up around that, but I doubt whether they would be within Whyalla. They would be networked probably out of Adelaide, I guess, and they would have just a regional presence.

CHAIR—There may be the number of people. One of the concerns is that, even if they are the same number of people, there seems to be, from what you are saying, an interruption in the knowledge and expertise that was there that was assisting people. That is the story we have been hearing in a lot of places, which is that bit of a disappointment—it is a major

disappointment, really. Maybe if some of those people who had the expertise were able to assist, like your board, that would be a help.

The other thing I note is that you mentioned here an eco project. I will have to ask you to take this on notice because of the time. I understand that the seat of Gray—I do not know to what extent this is Mr Wakelin's work or not—has received quite a bit of money under the national heritage allocations. Is any of that money likely to affect Whyalla?

Mr Tyler—We have assisted a local community organisation called Excel Enterprises to put in a submission under that application. The submission has just recently gone to the fund. It is basically looking at use of water and composting, so it is using planting material in a much more sustainable way. It is a composting, water saving venture.

CHAIR—If there is anything further you can provide to the committee on that or other matters, we would be very appreciative of getting it, but we have got to stop here because we are now greatly over time. I do beg your pardon. It was a fantastic submission and there are lots of things we would like to push out. I guess we have had the advantage of a brief visit to both BHP and Mr Muscio's fabrication shop, plus you and the Eyre Peninsula. We had better hear from those people who educate us on how to do it. Thank you.

[12.09 p.m.]

HARVEY, Mr Anthony James, Dean of Whyalla Campus, University of South Australia, Nicolson Avenue, Whyalla Norrie, South Australia 5608

CHAIR—The committee prefers all evidence to be given in public but should you at any time request that you give your evidence, part of your evidence or answers to specific questions in camera you may ask to do so and the committee will consider your request. I point out, however, that evidence taken in camera may subsequently be made public by order of the Senate, as has happened in recent years. The committee has before it a submission that we have received today numbered X. Do you have any written additions you would like to add to that?

Mr Harvey—No, there is no other written submission.

CHAIR—There being no objections the submission is received by the committee. Mr. Harvey, if you would like to make a brief statement you can then add to your information to us in answers to questions.

Mr Harvey—Thank you. Basically I have summarised what I believe to be the university's submission. The most important point I wish to raise is that rural universities and particularly rural campuses of metropolitan universities are much undervalued in terms of our role and our potential. It has been a matter of growing concern that that is the case. I have tried to demonstrate the significance of the presence of a rural campus, firstly in Whyalla, but more significantly in terms of the economic activity we generate and the increasing regional activities of the campus. So in the submission I have indicated that we provide in many ways a distinct competitive advantage for those regional cities which have the privilege of having regional campuses there.

Secondly, I have indicated that, particularly in areas where knowledge based industries are concerned, we have been making a considerable contribution. For example, my campus has seven tele-learning centres located across the region from Ceduna in the west to Coober Pedy in the north, Roxby Downs and Port Pirie.

CHAIR—Where are they?

Mr Harvey—Ceduna, Wudinna, Kimba—this is going to test your geography—Port Augusta, Port Pirie, Roxby Downs and Coober Pedy.

CHAIR—No, that does not test my geography at all.

Mr Harvey—Good, you are a good South Australian. Basically what we have done as a university is put in the infrastructure to enable us to go out to the region rather than students coming to the campus. As an example of the sorts of activities that are embedded in that, this year we have 80 enrolled nurses doing the bachelor of nursing who do not ever come on campus. The sting in the tail of that is that current RTIF funding—the Telstra sell off money—precludes universities from any involvement. So whilst we were quite active in

assisting the communities to develop applications we were precluded from participating other than providing some of our own infrastructure.

CHAIR—Precluded?

Mr Harvey—Under the terms of reference all of the money has to be community initiated. The problem is that whilst we, as a regional campus, go out to the communities it is extremely difficult for us to get a generic submission that would support the activities that we provide.

So I am suggesting that the campus is a significant participant in many activities. As I have documented here, we are extremely successful on this campus in arresting the rural urban drift of young people to the city. Of the 78 graduates from the university campus last year all but one were employed as at 31 March, which is indicative of the fact that the students are finding jobs. Almost all of the jobs are in the region, although we know that that is not always possible—we have one graduate who is one of the big six in the accounting companies and so on. So we do not preclude that but we actually enable students from a quite varied and vast area—equivalent to the size of the state of New South Wales—to actually access university education initially through the tele-learning centres but also on campus. We believe we make a major contribution in those sorts of ways.

CHAIR—When you say employed in the region, that means they could be employed in Ceduna, Port Lincoln and Port Augusta?

Mr Harvey—Anywhere; yes.

CHAIR—But they do not go any further east than Port Augusta?

Mr Harvey—One has gone to the Barossa.

CHAIR—We let one out!

Mr Harvey—Yes.

CHAIR—That is very encouraging, isn't it?

Mr Harvey—Yes, and, as I say, some have gone to the city. With a significant number of them, the campus provides deliberately a rural and regional focus to what we do. The students have, for example, workplace experiences in rural and regional settings and that therefore generates opportunities for them to gain employment. For example, we are unable to fill some of the accounting positions that were available in the region.

CHAIR—Do you think you could stop there, Mr Harvey, and field questions?

Mr Harvey—Yes, of course.

CHAIR—Thank you.

Senator FERRIS—I must say that in your submission, which I have just quickly skimmed and read, I have found a very positive statement. It is nice to be able to ask you to respond to it. It says:

As at March 31st virtually all of the campus's graduating students for 1997 were employed. Most stayed in the region.

I wonder if you could elaborate on that. I realise you were here before when I asked the question which Mr Tyler suggested I ask you, so could you outline for the committee the way in which you link the strategic positions that are obviously being filled with your graduating students back into the training structure of your campus?

Mr Harvey—With the graduating students, as I have indicated to Senator Crowley, there are two main reasons. One is that we have a disproportionate number of students who come to us in employment, so there is a sense in which they are already partly employed when they come although obviously in areas like engineering and so on they come in with diplomas and graduate with degrees—those sorts of activities—so the starting base for that is significant.

However, part of the strategic positioning of the campus in the last couple of years has been to deliberately target groups which have been previously precluded from access to the advantages of a university education. The case that I have cited here is of enrolled nurses. Enrolled nurses tend to be the lifeblood particularly of small regional hospitals but are unable to move out of that, so we have put up the Bachelor of Nursing in flexible delivery with recognition of prior learning for the considerable experience that generally these women have and to enable them to graduate without literally leaving home. So, instead of the students coming to the university, we have moved in that particular direction.

We have recently gained approval to actually develop that, so we have a generic Bachelor of Business and post-registration nurses will be able to do a double degree with business because we find that graduating nurses find themselves in administrative positions very quickly and they have to deal with hospital boards and budgets and human resource issues. So, again, in order to meet the needs of that particular work force, we will be introducing next year—with the approval of the university—a program which meets an immediate need but adds to the knowledge base that was resident in those particular communities.

As for the question regarding other activities, the campus has relationships with each of the regional development boards through the Spencer Regional Development Association. I am a member of that particular board and we are able to provide a range of activities. We provide research and consulting activities and increasingly we are providing, through flexible delivery opportunities, for students in areas such as computer and information science and people upgrading engineering qualifications to be able to do so.

CHAIR—I notice on the same page, page 2 of your submission, you define one of the difficulties—the barriers to getting higher learning access—in terms of the generally poorer year 12 outcomes of secondary education impacting on a student's ability to enrol in engineering and so on.

To what extent do you, having identified that as a barrier and a difficulty, work back into the school system to try to perhaps improve young students' attitudes towards maths and science and so on so that they will follow through? Perhaps I could comment that at BHP that was identified also as a difficulty. Clearly, that higher learning level is going to be required in the town, at least in the short term.

Mr Harvey—Two answers: firstly, the campus provides what we call link scholarships which enable students to come onto campus during vacations and involve themselves in activities related to those particular areas. We also provide assistance, for example, to Ceduna Area School to support the staff with their maths-science component. We have a very active participation in girls and science where we actually bring girls from schools in our area onto the campus to look at women doing research and research more generally.

The other area in which we are very active is what are called bridging studies, where what we do is provide a pre-entry year of preparation for students to enter into three streams—applied science, business and human services, which is nursing and social work.

Senator FERRIS—That sounds very impressive. Is that a relatively new development or, if it is not, how has it gone over the last few years? Can you give us a bit of a perspective?

Mr Harvey—On the bridging studies?

Senator FERRIS—Just generally, on all those incentives.

Mr Harvey—They are relatively new, with the exception of the bridging program. In fact, we have this year our first PhD student who came in as a student, who completed her bridging year, who completed an honours degree and who is now doing a PhD—single mother, all of those sorts of backgrounds. That is obviously our success story.

But underpinning that and increasingly, for example, through our business centre, there are opportunities for students to actually see business happening and, as I have indicated here, through activities in the E-team movement and so on, bringing students on, giving them support, giving them real issues to look at and then providing them with support back through into their schools.

Senator FERRIS—Do you have a view that that is going to make for more effective graduates from your campus?

Mr Harvey—Without doubt. The reality is that the maths-science issue, to come back to that question, is still a major problem and, as you are possibly aware, we have had to change our entry requirements to enable students to come into our bachelor of engineering degrees. What we do is actually run a diploma and provide that background so that students actually articulate then through into the degree. The metropolitan based requirements are maths 1, maths 2, physics and chemistry—and I have intellectual concerns about those being necessary prerequisites for some of those programs. That aside, students in regional Australia are in many ways bereft of proper opportunities and so one of the roles, I believe, of regional universities like mine is to provide those bridging activities, so we would see it as an ongoing and significant and valued part of our contribution.

Senator FERRIS—That reflects what Mr Cornish said to us this morning at BHP.

Mr Harvey—Mr Cornish is chair of the campus advisory committee.

Senator CARR—I think it is terrific that you have made a submission to the committee. I do not believe too many other universities have. I am delighted to see you here today to explain the contribution you are making to the region. Can I ask you some more general questions, though, in terms of the response we hear in some quarters that the major cause of unemployment is the lack of appropriate education and training, a notion that somehow or other our schools, our TAFE colleges and our universities are responsible for the fact that there are not enough jobs. Do you believe that the lack of education is a major cause of unemployment in Australia?

Mr Harvey—I believe it is shooting the messenger. If I can just focus on regional Australia, one of the obvious realities is that young people in regional Australia have very limited knowledge of careers, other than teaching and those things that have fairly close proximity to their experiences. One only has to look at the data on university intakes to see how remote students tend to go into agriculture and then teaching. Rural students tend to go into agriculture, some areas of business, teaching and some in architecture. Particularly in a place like this, where you have engineering, mining and all those areas, particularly computing and information science, students do not have any major understanding of those areas as legitimate areas of work.

What tends to happen—and what we are finding through our work in regional communities—is that the students have aspirations which are not necessarily linked in any way to the possibilities. The education is the education about careers and about work rather than the necessary skills that are required. I think broadening it to that would make the links more obvious than they are at the moment.

Senator CARR—Your submission highlights the economic contribution that the university is making to the region, that is, its levels of economic activity. That is an obvious contribution that education makes to the levels of economic activity. Apart from that, isn't there a broader contribution that education makes to economic growth?

Mr Harvey—Yes. The obvious one is in terms of the abilities of universities to provide considered and non-parochial information and advice: the research base, the database, the regionally appropriate information upon which decisions in terms of economic development, as an example, can occur. The example that I suspect Mr Tyler has alluded to would have been Newcastle University's central role in the BHP issue there.

Senator CARR—So in terms of developing a skilled work force, there is clearly a factor for making the region competitive and making individuals more employable, but in itself would you agree or disagree with the proposition that the university does not by its own actions create jobs?

Mr Harvey—I am a significant employer, but—

Senator CARR—Apart from the contribution you say that your university is making to this region in terms of the academics and the staff employed at the university, the infrastructure that you utilise and the public services that you provide, you do not necessarily create jobs in a broader economic context directly.

Mr Harvey—Not directly, no.

Senator CARR—No. So I want to come back to this proposition: those who argue that the reason we have high unemployment is our education system, how adequate a response do you think that is to our present social crisis?

Mr Harvey—I think it is simplistic.

CHAIR—I just want to ask you one question. You said in your contribution that you do a lot of outreach teaching to a number of places across this region. Is that by two-way interactive screen hook-up? Can people see your lips moving?

Mr Harvey—It varies according to the location, but basically the skeleton structure is electronic, that is, electronic mail with computer access. We have PC based video conferencing which involves a little camera that enables faces to be seen in two of the locations.

If I can just amplify the rationale a little. One of the things we have found—and we have done a fair amount of research and put a fair amount of money into the project—is that rural people tend to want to have contact with academic staff and support staff at times when they are not in their offices. The joy of electronic mail is its asynchronicity. You do not have to have somebody there to actually send a message. So our students are able to come, send an electronic message, the person comes in, logs onto their computer and can send a message back at each person's convenience. Students are also able to download assignments and those sorts of things. In other words, we are gradually removing ourselves from the paper actually moving between the two areas.

We also have an audioconferencing facility as part of this. What we have found, particularly with rural women, is that it is quite often to their advantage to have more than one person involved in the learning process. In a sense, it is a mini-tutorial. What we have is a conference pad which sits in the middle and is available. The students talk and can have access to a tutor. For Whyalla students we actually hold tutorials here, which enables them to take specialisations out of the city campus without actually having to go there.

It is electronic; it is telecommunication. Also we provide students with access, for example, to the university library catalogue. In other words, we are just the conduit to the rest of the university.

CHAIR—I understood that the South Australian TAFE had a two-way hook-up system to a number of rural centres in South Australia. Indeed, I have given lectures with something approaching an interaction with the students. For example, I have talked about parliament and so on. I could see students on eight screens in Clare, Peterborough or wherever. They could all see me and after a little while we were doing so nicely that we were having a

wonderful little dust-up. It was actually about why men should pay more than women to go into night clubs. We engaged in a very lively discussion of the sex discrimination legislation.

I was interested to know whether you and they would share the same infrastructure. If they can do it, why would you be running a parallel system down the road, and do you actually exchange and collaborate with the equipment you have?

Mr Harvey—Firstly, we do have a teleconferencing facility as well, although we find that in terms of teaching learning it is not the ideal medium for a variety of reasons. We also patch with the Spencer Institute of TAFE where appropriate.

CHAIR—In which patch?

Mr Harvey—You put the two together. Our system and their systems are sometimes compatible. Most of time we have fuzzy images and a whole range of distortions.

CHAIR—And a warm inner glow.

Mr Harvey—Yes. One of the problems, of course, is that students are incredibly sophisticated watchers. They spend so much time watching things and any technical glitches tend to interfere with the learning very quickly, which is why we have deliberately not used that except for meetings, a special lecture or a one-off. But, as a normal, ongoing teaching methodology we have serious concerns.

CHAIR—We are heard earlier about the insufficiencies of Telstra's infrastructure as it is, let alone what it might become in a future more privatised world. There was a concern expressed to us by Mr Nightingale about the very significant insufficiencies. Do they actually prevent you from doing more?

Mr Harvey—It has been a profound problem for my campus and for us more generally. If I can just go back to the previous question. We are co-located with the Spencer Institute at Ceduna, Wudinna, Coober Pedy and Roxby Downs. In other words, the students can come to the same centre and are able to move from TAFE studies to university studies, so that they are confident and able to use the same facility. As for the Telstra issue, to give an example the campus is part of the Adelaide switchboard. In other words, I have an internal telephone to the rest of the university.

CHAIR—Adelaide switchboard meaning USA?

Mr Harvey—USA at Underdale, which is wonderful, except that for the past year Telstra has been unable to provide us with a carrier which can carry the electronic mail and the voice mail simultaneously. The university is currently spending a considerable amount of money to overcome that, but you can imagine that writ large, given the sorts of services we are trying to provide and the area that we have to cover. That was part of my comment about the problems we are having gaining access to the RTIF funds. It really is a major barrier to us doing the things we think we should be doing in regional education.

CHAIR—So the very design of your university, which is to try to reach all sorts of people where they live rather than forcing them to come and live in Whyalla to attend school or college, is being very actively hampered by the insufficiency of Telstra?

Mr Harvey—The strategies are posited on the fact that there is a reliable telecommunications infrastructure, and that has not been demonstrated yet.

CHAIR—Are things getting better for infrastructure but too slowly, or are they not changing much?

Mr Harvey—The potential is there. We believe that things will improve but I have seen no benefit at this stage.

CHAIR—Do you know how many Telstra jobs there are in Whyalla?

Mr Harvey—No.

CHAIR—We might try to follow that up. Mr Nightingale was pretty scathing about the loss of Telstra jobs in this area, but perhaps I misunderstood him. The nods suggest that there are fewer Telstra people than there were, at a time when we are wanting more done, which seems particularly insane.

There is a lot more we could ask you, Mr Harvey. I, like Senator Carr, want to thank you for putting in a submission. The figures of a multiplier of five and the prospects of upgrading skills for people while encouraging them to stay working in this area is very interesting.

One of the major problems we have in this state, let alone anywhere in rural Australia, is trying to get medical people—particularly doctors. A medical school is not your territory—

Mr Harvey—We do have one of the federally funded departments of rural health currently being established.

CHAIR—What is a department of rural health going to do?

Mr Harvey—The department of rural health is \$7.5 million over five years to do some of those things which you have just described. It is a collaborative exercise with the Department of Community Medicine at the University of Adelaide. We are about to appoint a professor who will be required to have medical qualifications, and the main activity—as well as generating a research base and training—will be to provide medical students from Flinders University and the University of Adelaide with a regional experience and then move them into remote area experiences. That is one of the specific tasks. It will be called the South Australian Centre for Rural and Remote Health.

CHAIR—SACRRH. That is a very significant acronym. It has actually got six letters in it.

Mr Harvey—It has to have ‘rural and remote’ for some particular reason.

CHAIR—That is very interesting. That works out at \$1½ million per annum, which is not a wild amount of money, is it?

Mr Harvey—Particularly not when it is split with Adelaide.

CHAIR—Will it be based here?

Mr Harvey—It is based on my campus.

CHAIR—Excellent. Thank you for that. We will now move to a public forum, so do not necessarily leave, Mr Harvey. You can now turn into a member of the public.

Is there anybody in our audience who would like to come forward and make a contribution? We have about 10 minutes. Would anyone like to add something about how things go?

Mr McNeil—I am Allan David McNeil, and I am Deputy Chair of the ACC and Spencer Gulf Regional Development Association.

CHAIR—Tell us what you would like to contribute, Mr McNeil.

Mr McNeil—As deputy chair of the ACC, I have noticed, Senator Crowley, that you have asked the same question a couple of times about Hospitality Horizons.

CHAIR—Yes. What can you tell us about that?

Mr McNeil—In our new position I think the ACC is supposed to oversee new employment agencies et cetera. We find it very disturbing that we could not even get in touch with or find addresses or phone numbers for quite a few of the new employment agencies. When we did get in touch with them they did not want to talk to us. Hospitality Horizons has—

Senator MACKAY—What do you mean when you say they did not want to talk to you?

Mr McNeil—They basically said, ‘Who are you?’ We said, ‘We’re from Spencer Regional—the area consultative committee.’ They said, ‘Well, so what?’ We said, ‘We’d like to get together with you and discuss the future in the region and all the rest of it.’ They basically said, ‘We haven’t been contacted by anybody to say that we’re supposed to be reporting to you, so get lost.’

CHAIR—What were you able to do after that?

Mr McNeil—We are waiting to get some official letter from Dr Kemp so that we can go around, see the people and get a meeting organised to see where we go from here.

CHAIR—Have you actually had to contact the minister’s office? Have you written to the minister about this matter?

Mr McNeil—We had a meeting with the minister’s representatives from DEETYA at our last meeting of the ACC. I put forward my concerns about this matter. I also told the people

from DEETYA that if I were in private business and somebody rang me and said, 'I want to get together with you,' I would tell them to get lost too if they obviously had not been told anything about us. It is a little bit of a shambles, actually. But, yes, we have spoken to the people from DEETYA and we have asked the minister's office for something in writing so that we can go ahead and do our job. We have also asked them to give us some sort of direction for what we are supposed to be doing.

CHAIR—Have those employment people also tried to contact the minister or the department themselves?

Mr McNeil—We asked the minister's representatives to contact the people in the new employment agencies and tell them who we were. We were going to try to get a meeting together later on next month with all the employment agencies to see where we are going.

CHAIR—So you are saying that, firstly, there is a shambles and, secondly, there is a vacuum at the moment?

Mr McNeil—Yes.

CHAIR—I suppose 1 May is imminent.

Mr McNeil—We have not got much time left to—

Senator MACKAY—Can I take it that you are talking about Hospitality Horizons here?

CHAIR—We did have trouble with Hospitality Horizons because, first of all, we could not get in touch with them. Then we were told by them that they were not going to continue with the services. When we spoke to the minister's representatives at our last meeting, they were unaware of that situation. We informed them that that was what Hospitality Horizons told us. The minister's representatives were going back to find out what was going on. We have not heard since then what is going on.

Senator FERRIS—Presumably you have been working with your local member?

Mr McNeil—Our local member has been informed about everything that has been going on.

Senator FERRIS—I do not mean 'informed'. Aren't you using your local member as your conduit to get the minister's office—

Mr McNeil—Yes, most certainly.

Senator MACKAY—Excuse me, I am not clear here. You say Hospitality Horizons have said they will not be fulfilling the—

Mr McNeil—We are unsure. In our first phone call they said that they were going to withdraw from the contract. I have read in the paper—they have not contacted us—that they may be subcontracting their work out. We do not know yet.

Senator MACKAY—But you do not know to whom?

Mr McNeil—We would not have a clue.

Senator GEORGE CAMPBELL—Did you endeavour to try to meet the minister yesterday while cabinet was in Whyalla?

Mr McNeil—We certainly did.

Senator GEORGE CAMPBELL—Did he meet with you?

Mr McNeil—I had a couple of words with Dr Kemp and told him of my concerns, yes.

CHAIR—What was his response?

Mr McNeil—He was going to look into it.

CHAIR—Have you been able to talk to other ACCs? Do you know whether they are having the same kinds of problems?

Mr McNeil—We have talked to other ACCs. Our CEO, who was going to be present here today but who is in Canberra, told me that they are getting all the ACCs together. They had a meeting in Alice Springs and may be having another one in Canberra this week—I am not quite sure. But they have all met and there has been some widespread concerns about exactly what our definitive role is going to be and who are the providers, et cetera—who has got what; who is going to subcontract it out.

CHAIR—Presumably this is a very big concern for you in a town where unemployment remains very resistant to dropping. It is very high.

Mr McNeil—Certainly, it is a concern right throughout the region, not only in this town—Port Augusta, Port Pirie, Ceduna, Port Lincoln. Everywhere is the same. It is a great concern to the ACCs that we do not get used as political pawns. Our role with the Spencer Regional Development Association and the ACCs was to promote training, training programs and employment throughout the region. Our role as ACC now appears to be being changed by the minister and we would like to know, in writing, what our role is so that we are not being used as political pawns, if you like.

CHAIR—The evidence that we have had suggests that you cover an area the size of New South Wales with a budget of \$100,000.

Mr McNeil—We do not have much money. To promote our programs in this region we were given \$100,000. We put six submissions forward—I think it came to about \$115,000. Through DEETYA every one of those programs was knocked back.

CHAIR—What sorts of programs?

Mr McNeil—There was an Aboriginal program for Neperbuna, which is just out of Leigh Creek. There was another one that I put in myself for training station hands for pastoral companies. The main problem was that the guidelines for DEETYA were not specific and when we put the submissions in they came back to us and said, ‘You can use this money for this but you can’t use it for training.’

Senator MACKAY—You put submissions in for the recent tender rounds for employment services, did you?

Mr McNeil—No, we put in submissions to use the \$100,000.

Senator MACKAY—I see. And you got knocked back.

Mr McNeil—Yes, we got knocked back on every one of them because they all go to DEETYA and DEETYA have the final say. They came back to us and said, ‘You can’t have that money for that project because of these reasons. And you can’t have the money for that project because of these reasons.’ We have to go back again and again and again.

Senator FERRIS—What sorts of reasons did they give?

Mr McNeil—It is very difficult to tell you. One specific one that I was involved in was the training of station hands for pastoral companies. I asked for \$20,000. It was cut up into different lots: \$5,000 was for this and we had \$10,000 for training. We were told by DEETYA that we were not allowed to use any part of the \$100,000 for training; it had to be used in other areas. If we wanted training money we had to apply to somebody else. We were only allowed to apply for this one or for that one.

Senator FERRIS—Having understood that those were the reasons, did you then adjust your course so that you were able to claim for it?

Mr McNeil—Most certainly. The problem that we now have is that we have only until 30 June before we lose that \$100,000 and for logistical reasons it is very hard to get back to everybody in the Aboriginal communities and get everybody back to the round table again to sort it all out.

Senator FERRIS—Are you able to do that?

Mr McNeil—Hopefully; we are working on it.

CHAIR—Thank you, Mr McNeil. That was enormously useful. We had a couple of public forums yesterday in regions outside Adelaide and gradually more people came up and joined the first person who was prepared to be from the public in our forum. We do not have time now because we are trying to fit in all three cities in the northern Spencer Gulf region, knowing that if you leave one out they would be very put out.

Mr McNeil—You cannot do that.

CHAIR—And, besides which, the character of all three is different. Thank you very much for your contribution and thank you very much to all the other witnesses who have also contributed today.

Senator MACKAY—Through you, Madam Chair, can I ask Mr McNeil to provide us with a letter or something articulating a number of the issues that he has raised because we could follow some of these difficulties through from all sides.

Mr McNeil—Yes.

CHAIR—That would be very useful indeed. Thank you very much.

Mr Harvey—Can I raise one issue?

CHAIR—Only if you dash up to the microphone on the double. We have to go.

Mr Harvey—I realise that. It relates to some of the questions that have been asked. The major problem that I have both as a member of the regional development groups and as dean of the university campus is the absolute lack of statistical data, information data, about labour force participation. This used to be generated out of the CES. Nine CES offices have been removed from this area. I am expected—and Senator Ferris asked me about this in a question—to be able to respond and the problem that we are having is actually getting data that is valid. Obviously, my special pleading would be that a university campus with a business centre would be able to do that. The ACC has attempted to get money from DEETYA for that particular purpose and, again, they were unable to do it so it is a continuation of the sort of problem that has been alluded to here.

CHAIR—As Senator Mackay said, if there is something of that sort that you might want to drop us a line about, that would be very useful indeed. Thank you very much. We stand adjourned until we get to Port Augusta.

Committee adjourned at 12.51 p.m.