



COMMONWEALTH OF AUSTRALIA

SENATE

Official Committee Hansard

EMPLOYMENT, EDUCATION AND TRAINING REFERENCES
COMMITTEE

Reference: Regional employment and unemployment

TUESDAY, 28 APRIL 1998

ELIZABETH

BY AUTHORITY OF THE SENATE
CANBERRA 1997

INTERNET

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **<http://www.aph.gov.au/hansard>**

SENATE

EMPLOYMENT, EDUCATION AND TRAINING REFERENCES COMMITTEE

Tuesday, 28 April 1998

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

Substitute members: Senators Allison, Carr and Mackay

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

Senators in attendance: Senators George Campbell, Carr, Crowley, 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

DAVIDS, Mr Maxwell Clifton, Manager, Northern Adelaide Development Board, 59 Commercial Road, Salisbury, South Australia	65
MADER, Mr Trent, Executive Director, Riverland Development Corporation, PO Box 839, Berri, South Australia 5343	82
SMITH, Mr Kenneth Frank, Senior Field Officer, Kickstart—Riverland and Barossa, Riverland Development Corporation, 3/29 Vaughan Terrace, Berri, South Australia 5343	82
WATTS, Mr Ronald James, Deputy Mayor, City of Playford, Warooka Drive, Smithfield, South Australia 5114	99

Committee commenced at 2.15 p.m.

DAVIDS, Mr Maxwell Clifton, Manager, Northern Adelaide Development Board, 59 Commercial Road, Salisbury, South Australia

CHAIR—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 Elizabeth is part of the committee's inquiry into regional employment and unemployment.

I welcome Mr Davids. 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 give consideration to your request. I point out, however, that evidence taken in camera may subsequently be ordered to be made public by the Senate, as has happened in recent years. The committee has before it submission No. 42, dated 24 April 1998. Are there any additions you would like to make to that submission?

Mr Davids—No.

CHAIR—If you would like to make some opening statements, Mr Davids, and then we will field questions. We are, as we were this morning, running a very tight ship. So if you can be briefer rather than more expansive, that would help us.

Mr Davids—I think I get the message.

CHAIR—Thank you.

Mr Davids—Good afternoon, Senators, and indeed, the public. I intend to be brief because we believe we have put in a fairly extensive submission which I believe conveys the message, but I would like to highlight a couple of issues. In our submission we have suggested that labour market programs, on our estimation, have tended to be ineffective in the main. But equally on the other side I would like to contrast the value of investment in labour market programs with investment by government in regional development.

Our region is certainly not reliant on, but we gain considerable benefit from, the investment into government contracting, particularly in the defence research, defence manufacturing and defence contracting area. There is no question, in terms of applying multipliers, that the employment and income multiplier benefit that we get from government spending on what we would call general contracting and programs is far more effective, in our view, than the somewhat limited benefit and the lower multiplier effect we get out of labour market programs.

Given the fact that from, our point of view, labour market programs have tended in the main to be less than sustainable, rather than being totally medium to long term in effect, we find that people we have been associated with have tended to get recycled as distinct from going into permanent and sustainable jobs.

That is our point of view, and I know other people presenting today will have a slightly differing view. I want to come back to that in a final summation in terms of how and where government spending may be more effective as far as a region is concerned.

CHAIR—Just before you move on, Mr Davids, I note here you put a multiplier effect of two. That is awfully cautious, is it not?

Mr Davids—Absolutely.

CHAIR—Why the caution?

Mr Davids—I am always hesitant to overstate a situation like this, because in reality our advice is that it is about 2.75 for agricultural and manufacturing. In this case, because of the type of spending that goes on and the benefits that obtain, I wanted to make sure that we did not get shot down in flames by someone saying, ‘You’ve clearly overstated the situation.’

CHAIR—Thank you for that caution, Mr Davids.

Mr Davids—Continuing on, I draw your attention to our comments about labour market flexibility. There is no doubt that there is a body of employers who find it difficult to make employing decisions because of their concern about some of the inflexibility of the labour market. While I recognise the arguments advanced about minimum wage and, indeed, some of the issues relating to unfair dismissal, we cannot bury our head in the sand and say that it is not an issue, because it is.

We certainly applaud the initiative to establish traineeships because traineeships really give an employer an opportunity to effectively try the employee before they buy, to put it in crude terminology. We believe that is a very effective way of going about introducing people into the loop of employment because, after all, at the end of the day one of the secrets to getting people into sustainable employment is to get them their first job. Therefore, a traineeship or adjustments to first job minimum wage could be very effective to get people into the loop. Therefore, I ask you not to dismiss the impact of labour market deregulation.

Let us look at issues like economic growth, for example, and let us take international experience—the case of Ireland, which has the record of being the fastest growing economy in the European Community. In any economic journal you will find a considerable amount of empirical evidence supporting that. Notwithstanding a very aggressive investment approach to attract industry, they still have an unemployment level of 12.2 per cent.

In contrast you have the American economy and, to a lesser extent, the UK economy where they have deregulated the labour market and where their unemployment levels are much lower. One suspects that somewhere between the two examples lies the truth.

CHAIR—There was a very good joke in the last election when Mr Clinton, the presidential candidate, is reputed to have said, ‘I have created so many jobs,’ and a little man down the back said, ‘Yeah, I know; I have got three of them and it is still not enough.’ Would you care to comment on the fact that there may be low unemployment but there is also very low remuneration?

Mr Davids—Yes, absolutely. My concern about minimum wage is that, if I am 16 or indeed have dropped out of school at year 9 and year 10, I have got nothing to offer an employer. If that employer is obliged to pay me a minimum wage of \$250 or \$300 or whatever it is, that is less of an attracter to the employer compared to someone who has already had experience. My concern is that the issue of minimum wage may well be at that margin too high or too rigid in terms of my ability as a 16-year-old in particular to negotiate my way into the employment program.

CHAIR—You are interesting at the age of 16. We can pursue this hypothetical you, Mr Davids, because where I come from, particularly if you are a girl, you are likely to get employment until you threaten 18. So at 15, 16 and 17, it is easy. In fact, you are the person who is keeping anyone over 18 out of a job, particularly older women.

Mr Davids—That is right.

CHAIR—This is because, I think, you are paid less and, once you turn 18, ‘Thank you very much, we do not need you any more.’ Is that also the story up here and does that not run counter to what you are saying?

Mr Davids—It is a valid comment but we have to find a methodology to get people into the program. Unfortunately, if I am 16 without any skills, there is little or no other way—and McDonald’s are a very celebrated case of that, because what I am getting in return is work experience and in some cases very good training. I recognise the ability of employers, or indeed nations, to exploit so-called cheap labour, but we all know that you are never going to get the perfect situation. I am just asking you to consider that along with things like dismissal laws and, indeed, the most insidious of all, payroll tax, because that is the greatest disincentive to employment in any event.

CHAIR—That applies only to certain sized organisations?

Mr Davids—That is right, but they are significant employers in this region.

CHAIR—Have you got the figures in this area? Could you tell us how many businesses in the northern region pay payroll tax?

Mr Davids—No, I do not have that information. It would be worth looking at, believe me.

CHAIR—Indeed.

Mr Davids—Because it is a disincentive. We have got a number of large employers like Holden, British Aerospace, Faulding, Southcorp and others who are large employers and, of course, that becomes another impost on their employment cost.

What we are seeking to do, and fundamental to our strategic plan, is to take the people risk out of employment. To do that we are offering through this skills centre and other organisations an opportunity for people to go onto contract labour before the employer takes that person full time.

CHAIR—Mr Davids, you have certainly given about 5,000 reasons for me to ask questions and probably twice as many reasons for my colleagues. Is there something more you would like to say or can my colleagues ask you some questions?

Mr Davids—One final point: one does not fit all. A policy coming out of Canberra, while well intended and well structured, may be appropriate across most of Australia but there are almost certainly times when one simply cannot fit all. Any initiative taken by government should as much as possible be flexible. This region has a long history of piloting and trialling programs and we have templates to enable cooperation between the three tiers of government to take place.

CHAIR—How many people does your board cover?

Mr Davids—Approximately 200,000.

CHAIR—What area do you cover?

Mr Davids—In hectares, I have no idea. Too many. That information is available through the other documents.

Senator FERRIS—Mr Davids, I was interested in the comment you made in your introductory remarks that the secret is to get them into their first job. On page 3 you said:

Over the last five years the region's experience has shown that many labour market programmes have been very ineffective in terms of job creation.

In fact, you say that less than 25 per cent could be deemed as effective in assisting people.

What was wrong with those programs?

Mr Davids—From our point of view, in too many of the programs—and jobskills is a case in point—an attempt was made—and I am not criticising the attempt—to give a person an opportunity to work in an environment. Technically that gets them into the first loop but my criticism of those programs is that they were not focused to where the job opportunities were—certainly in this region. That may have been different somewhere else. We had a case, for example, where one young man in Gawler was obliged to go into a farm mechanics training program only to be told by farmers in the Gawler and Gawler north region that there were no jobs for farm mechanics. Yet he was obliged to go through that process. I realise that that is purely one simple example and one example, again, does not fit all debate. But our experience, apart from those we have identified in the document, has been from our point of view less than satisfactory. I know there are others who are able to articulate from a different point of view.

Senator FERRIS—You say on page 2 that there is:

... the need for more effective planning in matching employment needs and education and training programmes.

That is something you clearly want to do. Are you telling me that that has never happened in the past?

Mr Davids—No, I am saying that we are doing it.

Senator FERRIS—How long have you been doing it?

Mr Davids—Two-and-a-half years ago we started a program called NAREET to bring schools, trainers, universities and employers together but we know that it is a long-term process. If you are starting in year eight—ultimately we will be starting back in the primary schools—we know we are not going to get an effective result for some five years at least. But we have to do it; we have no choice. As I have said, if I drop out of school I do not have effective education or training; how can I bid for work? So we have a responsibility as a region and we have the commitment and the passion and indeed the results are starting to come through.

Senator FERRIS—I am interested to explore the area of close working relationships between the schools and the employers. In a previous hearing of this committee with other terms of reference we took evidence from Salisbury High School. Their experience of linking in with British Aerospace has been very effective in targeting young people leaving school at various levels within the school community, either for administrative jobs or jobs requiring tertiary qualifications. That was the first time I became aware of such a model. Is that model used at other schools with other targeting programs or is that still seen as a model yet to be implemented in other areas out in this region?

Mr Davids—The model has been extended across the region. Indeed, the state government has picked up on the model through the ready, set, go program. But this region has some 2½-years history and all 10 high schools are directly participating in that particular approach, which is, as I said, setting a program for the future. As students come out of that program over the next three to five years we know we will see the benefits.

Senator FERRIS—This area has been known as an area where there has been long-term unemployment, particularly for young people. What do you see as the long-term factors that have contributed to creating those high levels of unemployment?

Mr Davids—Very clearly it has been a lack of appropriate education and training and, to some degree, a mismatching of skills with the opportunities. We have the classic case today: 700 jobs at Holden and the CES advise us that they are having great difficulty filling those positions because too many applicants are failing the aptitude test. I need to get more information about that, but here is a situation where we have 12,000 people today registered for work in the region but 700 positions, effectively, are going begging. There is a gross mismatch in what is occurring.

CHAIR—Where do those 700 positions come from, Mr Davids?

Mr Davids—They come from the expansion of Holden—in fact we believe it is going to be more than 700—principally from the establishment of the new Vectra car second assembly line but also the success of the VT Commodore has obliged Holden to upgrade its work force on the VT line by about 200. Rod Keane, over 12 months ago, warned us that he was concerned about this particular issue. Holden use a particular employment process

through the Commonwealth Employment Service so I am not at liberty to understand the nuances and some of the vagaries that occur.

The one thing I do know is that this skills centre here has the capacity to establish a training centre not just for Holden but for all factory operatives in this region. You saw our model that we have introduced to achieve that. We know the jobs are available and indeed there is a need. In fact, there is a continuing need not only with Holden but with Faulding, Bridgestone, Southcorp Heating and Cooling, et cetera. That is why the development board, a long time ago, took an investment in Nastec Solutions to privatise the old DSTO Apprentice Training School. We know, very clearly, that if you do not get the match right, if you do not get the round peg in the round hole, you are going to have either an unhappy employer or, as in our case, 40 per cent of the jobs in the region going to people outside the region.

Senator FERRIS—To what extent has work for the dole been used in this area? What opportunities do you see for the long-term unemployed, perhaps young people in particular, in having that option as their first chance to actually do some work?

Mr Davids—Our exposure to work for the dole experience has been strictly limited. I know Paralowie House undertook a program and there was some celebrated publicity about the lack of response. I understand that ultimately they did fill the positions. But we have had little or no experience, or little or no evidence, of the take-up of work for the dole.

Senator FERRIS—Do you see that as an option for your organisation?

Mr Davids—Possibly, but I do not get excited by it.

Senator MACKAY—I have a couple of things I want to explore with you. You started off your presentation by talking about the impact that government can have by using purchasing, procurement and outsourcing policies. Would you care to expand on that? I know you mentioned one example, but in what other sorts of areas do you think the government could use its own purchasing power or employment power, if you like, to provide jobs for regional Australia?

Mr Davids—I have two views. Firstly, we are great beneficiaries of the defence industry spending. Equally, I would be a little concerned if there were a redirection of government spending which created artificialities in the market or in the region. I believe that government spending in those areas is best allocated to where the strengths of each region lie. In our case, defence research, electronics research and research undertaken by the University of South Australia, particularly in cooperative research—the CRC program—is eminently sensible. However, I would be most concerned about any program that created an artificiality in terms of establishing something which, if it is given by government, can always be taken away by government. I would like to see things of a more sustainable nature building on our existing industry strengths which, in particular, rely in defence on electronics in particular.

Senator MACKAY—How do you do that? Government will use its purchasing and contracting out capacity to the fullest extent. If a free market were to reign, it would not in many cases put employment opportunities into regional Australia. There is another aspect of

the role of government in assisting regional Australia through the imposition of these policies in terms of employment generation. That would seem to me to be an inconsistency.

Mr Davids—Yes, but I would use the counter argument that, in this case, in defence spending, for example, while this government publicly reports that it would support Australian industry involvement, I note that most of the contracts go to overseas organisations. I also know from direct experience that those overseas organisations spend most of the time of the contract sourcing most of the work from their parent company or subsidiaries in other countries. There are a number of companies that could be named in that area.

I repeat the argument that, if appropriate government spending were allocated and targeted in the defence industry alone, it would be more than sufficient to sustain employment growth in this region. Indeed, 2½ years ago the chief of British Aerospace in this state advised that on their current reckoning there was something like 7,000 jobs which would be created or established legitimately over the next five years. But, subsequent to the departure of that gentleman from this position, we know that British Aerospace have effectively changed their policy. Indeed, a lot of the contracts they have won they have outsourced overseas or elsewhere. I believe if the government were serious and stuck to its program about Australian industry involvement in this region we would have more than enough growth than we could handle.

Senator MACKAY—The government would probably say to you that it is cheaper to go overseas.

Mr Davids—No. The going overseas bit is the province of the contractor.

Senator MACKAY—I am referring to the government's own purchasing policies. I am a great believer that government has the capacity to use its purchasing power to assist regional employment irrespective. If you take your perspective, which is that the free market should reign, which I think is what this federal government believes, then you have the situation where its own contracts go overseas.

Mr Davids—There is another issue here. Free market shall reign but within certain constraints, one of which is a commitment to quality.

Senator MACKAY—You say that, but you also say that the labour market is too rigid, presumably in terms of wages being too high which acts as a disincentive for employers to increase staff.

Mr Davids—Yes.

Senator MACKAY—How does that add up?

Mr Davids—At the margin in some industries. In the defence industry we are talking about a different level. You are saying that, by having a higher qualification, in a smart industry you are precluding too many people. What you are enabling people to do is to move a tier of skill to another tier that makes room for those coming onto the labour market in other areas. It is not that pouring money into the defence industry means that only the

defence industry benefits. We also look at those people who are supplying British Aerospace or the defence industry with catering services or a whole range of local services.

Senator MACKAY—My point is that the assertion that the labour market is too rigid and that there has to be deregulation of the labour market in order for employment to increase is simply not borne out by any empirical evidence that I am aware of.

Mr Davids—I am not saying that it is too rigid. I am saying that you should not dismiss labour market flexibility as an issue.

Senator MACKAY—You have said that the labour market is too rigid, acting as a disincentive for employers to increase staff. That is not quite what you mean. Is that what you are saying?

Mr Davids—That is right. It is like everything else; as I said in the final summing up, one does not fit all. It is the same in any statement we make. You know there will always be odd cases. Equally, we know in talking to employers in our region—and we can only rely on their feedback—that there has been that concern.

Senator MACKAY—So employers are saying to you that wages are too high which is acting as a disincentive for them to employ.

Mr Davids—At the margin for those trainee type jobs. The traineeship is a good answer to that because it provides the employer and the employee an opportunity to get together, to test each other and to become satisfied before they go into full employment. Equally, I accept the fact that there will always be that unscrupulous employer who will exploit the system. Again, if you try to provide rules that fit every situation, you will never achieve perfection.

Senator MACKAY—You have made some comments in your submission about changes to current government funding policies, that you had a chance to demonstrate long-term impact but there is a genuine concern that any legislation regulation that reduces investment levels has the capacity to undermine economic growth. I am quite surprised because in another incarnation on another committee, the economic references committee, we had submissions put by a number of organisations in Adelaide which indicated that they were very concerned about cutbacks in South Australia to government spending programs such as R&D, DIFF, EMDG, the export facilitation scheme and so on. They said that has resulted in us not being very well positioned with regard to the impact of the Asian crisis. Most of those programs, if not all of them, were export oriented in terms of assisting SMEs to export.

Mr Davids—If you read the document, I am saying that I am concerned with any government initiative that stifles investment. We are quite adamant that cutting back on R&D is not a smart move, particularly for this region. That is the one that impacts on us most.

Senator MACKAY—I appreciate that, but these are actual programs that have been cut back that were used to assist small to medium enterprises that wish to export.

Mr Davids—That has not been our experience. We have a business enterprise centre, and we have been working with small business over the last X number of years. That has not been an issue. R&D is very much an issue.

Senator MACKAY—What else have they indicated to you is an issue in a general sense?

Mr Davids—We are not getting any feedback at all in terms cutbacks to programs. You would appreciate that one of the best tests of all is the telephone if a government changes regulation. You know that if the government has hit a nerve people respond very quickly and you get phone calls. In relation to most of those broader government programs, we have not had that feedback.

Senator MACKAY—What are the people you are in contact with saying to you in regard to unemployment? What is the remedial action they are suggesting? What concerns have they raised?

Mr Davids—The message that is clearly coming through to us is that they are concerned at people's lack of skills and work readiness. Holden Australia will tell you that they are more than prepared to take people on board on one skill alone, and that is attitude. For some reason or another, there is a glitch in the system where those people are not coming through. Generally, it is the lack of work readiness that people are finding is an impediment to employment.

Senator MACKAY—How could that be fixed?

Mr Davids—We believe we have addressed that by attacking both the cause and the symptom. We see a prime cause of unemployment being lack of appropriate education and training. We have addressed that by establishing NAREET, and you will get a submission in a moment. Therefore, we are saying that if we get appropriate education and training people will be able to bid meaningfully for work.

Senator CARR—What is the unemployment figure for the region?

Mr Davids—About 12 to 13 per cent.

Senator CARR—How many people are affected?

Mr Davids—Twelve thousand.

Senator CARR—I wonder if you are aware that DEETYA has provided information on 'Small Area Labour Markets' Australia, which we have heard about this morning in the south of the city of Adelaide, highlighting that in terms of contributions to job reductions—that is, the withdrawal of jobs—cutbacks from Commonwealth sources was about 17 per cent; those as a result of actions by state governments was about 15 per cent; and in other sectors presumably there was a significant decline as well as a result of labour market shedding or job shedding by large corporations. Do you think any of that would apply in the north of Adelaide?

Mr Davids—We have been very fortunate in all the time I have been associated with the Northern Adelaide Development Board, and that goes back to 1982, that it has been only in recent times that we have lost a couple of small companies: one employing 140 or so; in fact two of them employing about the same number and we were able to quickly replace one of those companies with another company coming into the region.

We have not appeared to have suffered to the same extent as, for example, the close-down in the railway workshops and issues of that nature in this particular region. We have been affected indirectly to some small degree by the Islington workshop close-down but overall we have found most of those people have been very successful in being re-employed because of their already existing skills and because there are shortages in trade skills. Most of those people have had good trade skills.

Senator CARR—I will just go through that again with you. I now have in front of me the figures that applied to the south of the city. They have argued this morning with us that there was a decline as a result of Commonwealth government actions of some 14.9 per cent in the number of positions available. For the state government, it was a 17.8 per cent reduction. Are you telling us that there has been no impact on the labour market opportunities in the north of Adelaide as a result of Commonwealth cutbacks, despite the fact that this government has cut \$7 billion from the public sector? Has it had no impact on the north of Adelaide?

Mr Davids—You can never say it has had no impact but we have not seen any large impact or significant impact.

Senator CARR—So there have been no Medibank office closures and no Taxation Office closures?

Mr Davids—No.

Senator CARR—None of those things has occurred?

Senator MACKAY—No child-care centres or anything like that?

Mr Davids—In the overall labour market they are not large employers.

Senator CARR—I see. Have public servants been laid off in the region?

Mr Davids—Not a lot—nothing that I am aware of which has significantly impacted on the structure of this region.

Senator CARR—So you say those 12,000 people are currently unemployed as a result of their actions in not having appropriate educational skills?

Mr Davids—You will find that, very sadly, the greater percentage of those people are long-term people who have had the misfortune—and I use that term advisedly—to be born into a family where maybe they are second or third generation unemployed and they have no peer example of people getting into the employment market. You will find that in the main

the greater majority of those fit that category. In some cases, of course, there are people who have genuinely suffered because they have been retrenched for whatever reason—nothing necessarily to do with a downturn in the economy—but our concern here is the fact that, because of the history of this region, we have grown up with large pockets of disadvantaged areas where that disadvantage has been maintained.

On top of that we have had an approach—and we see it in the education system—whereby there has been a strong focus on graduates from high schools going into university and little or no effort being made to educate and train people in vocational education and training. We know that the state government and indeed the federal government have changed that around but, again, we are not going to see the benefit of that change until those students graduate from some of the facilities which have not yet been put in place.

Senator CARR—I am having trouble understanding how having an educational credential—I advise you that I am an educationalist by trade, and I understand that very large numbers of people attend TAFE colleges and universities in the city—creates a job. Can you explain that to me? Or does it make a person more competitive for a job that might be available?

Mr Davids—Very much more competitive or able to genuinely bid in the place of work. Because, as I said, if I drop out too early, I am not able to bid. I do not have any skills to offer.

Senator CARR—I appreciate the point. I am wondering about this: apart from the school teachers and all the paraphernalia associated with the education industry, education itself does not create work; surely it prepares people for jobs. Your submission states:

A major cause of unemployment is the lack of an appropriate education.

I am wondering how that fits with the logic of how our economy actually works.

Mr Davids—Because in this region we have areas where schooling has been less than satisfactory. I take your point about creating work but, equally, if I cannot bid for work then you have got an impasse. We argue very strongly that, if we were to establish a large factory here tomorrow, the greater percentage of the jobs in that factory or that organisation could go to people outside simply because in our opinion our people, in comparison with the rest of Adelaide, have suffered in relation to the appropriate education.

Senator CARR—I find it an odd line of argument to blame the schools for the social disadvantage of the north of Adelaide, which seems to be the logic of what you are putting to this committee.

Mr Davids—I am coming from an entirely different approach by saying that, as for putting in a government program that creates jobs, most of the people who could bid for that work would not be able to bid because they would not be work ready. That is the strong message that is coming through time and again.

Senator CARR—Shouldn't the question be how do we create more jobs?

Mr Davids—We have suggested that in our part on economic growth because we have a very strong industry base in this region in automotive, defence et cetera. We are arguing that if we can get the infrastructure in that industry to world's best practice—certainly in terms of energy cost, procurement, materials, freight and water, and lower those input costs or improve their technology—we will get accelerated growth.

You have got the best example of all at Holden. Ten years ago, Holden were about to shut in this region. In their case their inputs improved, particularly in relation to the training internally for the vehicle industry certificate, and that has been sufficient to elevate that to be in the top three car plants in the General Motors stable around the world. Isn't it better that we concentrate on building those companies where empirical evidence suggests that you have 70 per cent investment coming from within in an economic program and 30 per cent from outside? Our argument is that we can best effect change and best effect growth by building the infrastructure internally and by lowering or improving the delivery of energy to industry.

CHAIR—You probably do not have to convince us of that, although I appreciate your comments. I also appreciate that we would love to hear you talking more. My colleagues could ask you lots of questions but unfortunately we are running to the end of our time. I just want to give Senator Carr the option of a last question.

Senator CARR—You place great emphasis on vocational education and training, and I appreciate the value of it. What is the extent of the waiting lists to get into TAFE colleges in the region?

Mr Davids—It is very sad that most students from this region go to the Adelaide College of TAFE.

Senator CARR—Why is that sad?

Mr Davids—Because I think it also says something about the training that is being delivered. It is a concern to the state department that too many students see the need to travel to the Adelaide College in Light Square, as distinct from using what are excellent facilities here. Again, we have some concerns about the delivery of programs but—

Senator CARR—So there are no shortages?

Mr Davids—To the best of our knowledge—and I have been until recently on the college council here—we have had very few areas, if any, from which we have had to turn students away.

Senator GEORGE CAMPBELL—Mr Davids, I am having great difficulty reconciling your submission and some of the answers you have given to some of the questions this afternoon. Perhaps you may be able to help me. I might start off with the GM example. Given that they are looking for 700 jobs to fill in the region and you say there are 12,000 people unemployed, might it not be the case that they are setting the bar too high in terms of their requirements of the individuals for employment in that industry?

Mr Davids—That is not the evidence that is given to us.

Senator GEORGE CAMPBELL—What evidence has been given to you?

Mr Davids—The evidence given to us is that people are failing what are considered to be very basic aptitude tests. We can only take the information that comes to us from the CES.

Senator GEORGE CAMPBELL—Have you seen these tests?

Mr Davids—I am aware of some of them. In fact we understand that a lot of them are very old tests, therefore they have not been upgraded to perhaps reflect new technology or IT or whatever. They are basic aptitude maths tests and also dexterity tests.

Senator CARR—Why don't Ford have this problem in Melbourne, or Toyota? We have had major expansions. Why does GMH seem to have this problem in this particular region? I find that strange.

Mr Davids—As I said, there is a contract between the CES, the Commonwealth and Holden to do all of their pre-employment. We are not privy to intervening or being able to judge other than the statements that are given to us.

Senator GEORGE CAMPBELL—But who are you saying is at fault for that: the school system, the CES, General Motors?

Mr Davids—Let us say that I would expect an improvement from 1 May because this organisation here will be able to bid to provide trained employment or appropriate employment to Holden.

Senator GEORGE CAMPBELL—Why do you necessarily think that will result in a better outcome?

Mr Davids—For example, we have been advised by Employment National that they believe they will be able to deliver a better service to the employer. Now, again, those were their words to me and that is all I can go on. That is their advice to me.

Senator GEORGE CAMPBELL—I am interested in your comments about Working Nation in your submission. You have said on a number of occasions in response to questions here that one size does not fit all, but was that not what Working Nation was about—a whole variety of programs tailored for different sets of circumstances?

Mr Davids—Let me quote one example. I have to say that I, along with most regional development boards in South Australia, was very put out by one part of the Working Nation program and that was the REDO program. This state has a very long history of successful regional development boards. To be told by bureaucrats in Canberra that your board is no longer appropriate for the delivery of programs and that you shall partner with others caused us quite a deal of heartache and pain. We lost six to 12 months.

Senator GEORGE CAMPBELL—But it was not necessarily the labour market programs of Working Nation that were a problem.

Mr Davids—I am giving you an example of how or why one model does not fit all.

CHAIR—When did you get that message about REDO?

Mr Davids—Right from the word go. It was a major problem in South Australia and particularly for us. At one stage we had almost decided we were not going to participate in the REDO. We have lost six to 12 months in some program initiatives because of the pulling down of the REDO. In our opinion the REDOs here were not effective.

CHAIR—Right from the very beginning of what?

Mr Davids—When the REDOs were promoted through Minister Howe.

Senator FERRIS—Can we hear the end of the example? You were just giving an example of why Working Nation did not fit.

Mr Davids—Also, when you are looking at particular labour market programs, by fitting categories within a labour market program, sure, across Australia the various categories that were identified may well have been appropriate. But there appeared to be not as much flexibility to access the appropriate funds under that structure for where we saw the need. There appeared to be little or no ability to renegotiate or to negotiate again at the margin.

Senator GEORGE CAMPBELL—I can understand when you give an example of how it might have applied to you and your group as opposed to the overall application of Working Nation. For example, you raised the question of the long-term unemployed as being a major issue. Is it not true that under Working Nation the long-term unemployed were cut back by a third and, in fact, that the number of long-term unemployed are back on the rise again?

Mr Davids—Again, with the long-term unemployed and with all the people unemployed, our experience with the projects within the Working Nation was that they were not targeted to where the jobs were. In other words, there were people being targeted and contracts released, say, for office training but in our region the office jobs were not available, as distinct from another particular area.

Senator GEORGE CAMPBELL—But there were a number of NETTFORCE companies set up across a range of industries under Working Nation.

Mr Davids—Yes but, again, the whole point of Working Nation was that we knew that there were jobs available and that, with appropriate pre-employment training, we could get those jobs. But advice we have had even recently is that, with one particular program at a state level, funding has run out.

Senator GEORGE CAMPBELL—Give us an example of those jobs you are talking about that are available that can be filled if there is appropriate training.

Mr Davids—There are a number of companies that have come into this region over recent times supplying Holden. There are a number of companies that have come here supplying the defence industry. We have several examples in the car industry where by pre-training we could have had those people ready for the job before the company started. There is currently training going on with BTR along those lines just outside this region; this skill centre is doing that. We had the same situation with the defence industry, where there was an opportunity to take long-term unemployed and to train them in the use and development of skills in wiring in technology. It was a very, very successful program.

Senator GEORGE CAMPBELL—Why did you not do that?

Mr Davids—It was done at the time but, again, in some cases the funding just was not available or in other areas where we could see opportunities the qualifications for those funds were not available.

Senator CARR—There have been major cutbacks in vocation, education and training. Have there been any cutbacks to the capacity of the VET sector to predict labour market skill shortages?

Mr Davids—No. We have a state training profile which, in principle, appears to work reasonably well, albeit there may well be adjustments because we do not get the right participation. For example, you do not get enough industry people participating. I think the template is fine but it probably needs some finetuning.

CHAIR—Just before we finish I have two small questions. On page 3 of this submission you say:

Only twice in 16 years has the level of unemployment in this Region been raised as an issue by a prospective investor.

Mr Davids—Yes.

CHAIR—Presumably what you are saying is that no-one who has ever come to invest has ever said that high unemployment was a turn-off.

Mr Davids—What I am saying is that in regional development terms there is a misapprehension that large amounts of unskilled labour or, indeed, unemployed labour could be seen as an attracter, and clearly it is not.

CHAIR—Is that right? So only twice in 16 years has the level of unemployment in this region been raised as an issue—

Mr Davids—By a prospective investor.

CHAIR—Is that a negative issue or a positive issue?

Mr Davids—It was a negative issue. They did not want to come to this region because—

CHAIR—I read that and understand your saying that no investor has been turned off because of the unemployment in this area.

Mr Davids—That is right.

CHAIR—On page 6 you say:

At the moment, the pool of 12000 unemployed people in this region is not an investment attractor.

Mr Davids—That is right, it is not an attracter.

CHAIR—I can see that this is a sort of on the one hand and on the other hand.

Mr Davids—No. Let us take the case of the company in New South Wales. When they came here to talk to us they said they were a bit concerned about coming to this region because there were high levels of unemployment. They had a concern about the image of the region. On the other hand I am saying that the pool of 12,000 as unemployed is not an investment attracter if we are trying to attract a company to come here by saying, 'We have large pools of unskilled labour or unemployed labour.' So they are entirely consistent.

CHAIR—They are, with a bit of interpretation. This has been a spunky exchange. I think that not everything that has been written or said has been obviously what the committee might have anticipated you would say. I am also interested that there seems to be a little bit of on the one hand but on the other hand. I am not quite clear about how I would weight your contribution in terms of whether you see optimism, as apart from pessimism, in this area. But I still think that it has been very useful for us to push these ideas around. I think that some of the things that you have said have challenged the committee to not have a fixed view on how things might best be solved.

With 1,200 jobs out there just waiting for people to walk down the road and take them, what is the first most important quality of work readiness? You said attitude; what does that mean?

Mr Davids—Rod Keane, who is the chief of operations of Holden in Australia, said, 'If you can find a potential employee who has a good attitude and wants to work, bring that person to Holden and we will train them in our pre-employment programs.' They see that as a prime requirement. I am quoting from Rod directly, and he has made that point on any number of occasions.

CHAIR—Down south we were given a similar kind of comment but a different conclusion, and that is that employers found that the most important quality that prospective employees should have is communication skills. Many of them were not really able to account for themselves or ask the appropriate questions. In other words, they lacked confidence and this came out in how they expressed themselves or were able to articulate things. Do you think that is another side of attitude?

Mr Davids—Certainly. From the information that we get, there are a number of people who benefit from training in communication skills, and most pre-employment training programs do cover that issue as a fundamental. It is an important issue.

CHAIR—Finally, there are a lot of people unemployed down south. Would you mind if they got in a bus and came up each day and took the jobs up here?

Mr Davids—Very much so. It is a very good point, because local government in this region, over a number of years, has invested heavily in the process of economic and social development. It is about time they started to enjoy those benefits, because they took the investment when other people were not prepared to do so.

CHAIR—It is true—and this is one of the things that I do not think quite comes through in your submission—that over the last three to five years or thereabouts there has been a change for the better. Winds of some sort of optimism are blowing through the northern region. Heads behind you are nodding. That is what I get when I read my *Advertiser*, which, I must say, is perhaps not a criteria of anything except for how many injuries there are in the Port and the Crows football teams. Do you agree that there is some reason for some optimism in this town, despite the fact that unemployment is going up, times are tough and you cannot fill 1,200 jobs?

Mr Davids—Unquestionably, right across the region.

CHAIR—And the northern region goes how far south?

Mr Davids—Basically to what you would recognise as just slightly above Grand Junction Road.

CHAIR—I would recognise that. Can I get to the hockey fields and still be in the northern region?

Mr Davids—No, technically we would have to exclude you. We would have to ask for a visa!

CHAIR—I think that is a bit of a shame because there are some very good job opportunities in the sport and recreation area in that neck of the woods.

Mr Davids—Yes, we would agree with that.

CHAIR—We have to wind up on that. Thank you very much, Mr Davids. If we have more questions that we would like to put for your clarification of some of the points raised, would we be able to contact you, and could you assist us further?

Mr Davids—I would be delighted to help.

CHAIR—Thank you very much indeed.

[3.09 p.m.]

MADER, Mr Trent, Executive Director, Riverland Development Corporation, PO Box 839, Berri, South Australia 5343

SMITH, Mr Kenneth Frank, Senior Field Officer, Kickstart—Riverland and Barossa, Riverland Development Corporation, 3/29 Vaughan Terrace, Berri, South Australia 5343

CHAIR—The committee prefers all evidence to be given in public, but should you at any time 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 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. Would you like to make an opening statement and then we will ask questions. We are starting behind time and we are going to have the same terrible business of trying to squash it in. If you can be brief, we will try to be, too. Thank you very much.

Mr Mader—Thank you very much for allowing us to attend today and give evidence. By way of introduction, I have prepared a brief paper because I am not sure what sort of experience you have had of the Riverland.

The Riverland Development Corporation was established in 1985. It is the regional economic development board for the Riverland region, and its role is to promote economic development within the region. We have a board of 10 community members who come from a range of backgrounds. While we are an independent, incorporated body, we receive funding from local, state and, on occasions, the federal government—and for what we receive we are truly grateful.

The Riverland is about 35,000 people, so it is much smaller than northern Adelaide. It is great to be able to report a positive outcome, but in the Riverland the main economic driver is irrigated horticulture, which had a gross value of \$360 million at the farm gate for 1995. This is a 40 per cent increase in less than three years, and the diagram that I have reflects that.

The growth has mainly been in grapes and vegetables but in other areas as well. I point out in the submission that in the coming years irrigated horticulture will continue to be the prime driver for our region, but it will be supported with growth in other sectors including dryland farming, tourism and the support industries associated with primary production and value adding.

The region has a natural advantage because of its climatic conditions and soil and because we have a diverse range of agricultural and horticultural products. This is underscored particularly by a guaranteed and reliable access to irrigation water from the River Murray within the environmental constraints and agreed allocations, which are very important issues for South Australia. The region's industries have a strong export focus and there are significant opportunities within the region for further value adding in the food and beverage sector in particular.

Unemployment in the region has fallen from 15.7 per cent in June 1992 to 6.9 per cent in March 1997. A period of economic growth has correlated to a period of declining unemployment rates, and I make the comment that there is no substitute for business or economic growth when it comes to having an impact on higher levels of unemployment. I know that is stating the obvious but it is worth—

Senator CARR—It is quite contrary to what we have just heard.

Mr Mader—I cannot comment on that. We could perhaps go into it a little bit further, but that is our view. I would like to say that programs can assist the community, businesses and individuals to adapt more readily to changing economic circumstances.

The Riverland has undergone considerable structural adjustment, and still is in some industries, particularly the citrus industry. Employment programs and other programs that both state and federal governments have put in place can help people adjust to that change and can give them the motivation and direction to do so. But going back to my original point, though, the economic driver helps facilitate that as well.

Government investment in economic infrastructure in the Riverland has also encouraged industry to modernise and become more efficient. Some of the biggest bits of economic infrastructure were the upgrading of the Sturt Highway to national highway status, the sealing of the Morgan-Burra-Spalding road, the Berri bridge—which we have got in the Riverland after 20 years—and also investment in the irrigation infrastructure carried out by both state governments and funded by the federal government.

CHAIR—Which state governments do you mean when you say ‘both state governments?’

Mr Mader—The previous Labor government and the Liberal government.

CHAIR—Not Victoria and South Australia?

Mr Mader—Not Victoria. The irrigation systems up there were jointly funded in their rehabilitation by federal and state governments. This investment of \$30 million has had an enormous impact on new horticultural development as well as lifting the whole horticultural industry in the areas where rehabilitation has occurred.

We are actually going through the process now of negotiating for the rehabilitation of the Loxton irrigation area, which is the only Commonwealth government owned irrigation area in Australia. The potential there for development is significant also. In regional development employment, there is always a list of infrastructure projects that everyone wants completed and there is a lot of debate, particularly over whether investment in infrastructure has an impact or not. Our experience is that it has been, that in certain infrastructure projects they have a very significant impact on the economy of the region, not just what you spend on the infrastructure project but, if it is a productive resource, what it can actually achieve.

CHAIR—That is actually consistent with evidence we received this morning in the southern region. Before I forget, is it the wish of the committee that this paper—which we

might call submission X—be received? There being no objection, it is so ordered. Mr Smith, did you want to add something? Mr Mader, did you have something further?

Mr Mader—No, only just to perhaps jump to the conclusions, if you like. I mentioned in the submission the kickstart program, to give you some ideas about the area that we have worked in, particularly in employment and training—it has been the kickstart program—which is Ken's area. That has been very successful in our region and I make the point again that it is focused both on employment outcomes and on business development.

Some concluding points: it has been our experience that state and federal governments can play a crucial role in assisting the economic success of regional areas. I make the point again about economic infrastructure. Direct assistance to individual industries achieves the best results when it is done in a coordinated and strategic way. You can perhaps discuss that if you want. Employment programs work best when they are implemented in consultation with local communities and industry.

The other point I would like to make is that improving economic conditions should not be used as an excuse for reducing government involvement in regional areas. Our experience has been that it is an ideal time to make key investment decisions, because you actually have people or the private sector who can multiply those investment decisions and be part of it.

I remember being in the regional development board during the worst days of the recession. You spend most of the time fighting to keep schools open and things like that. Now the prices are up in terms of commodity prices and things like that, it is an excellent opportunity to look at ways in which you can make the structural change that you need to do so that if and when commodity prices make a change we are in a better position to weather that position.

The other point is that governments can have difficulty developing programs that allow for local ownership and adaptation. Admittedly it is a thing that all programs attempt to do. The downside is that it can be administratively messy and I have just made the point that regional development particularly can be a messy business. You can have some successes and you will have some failures. That is the secret of regional development—the difference between regions and the local community that is there.

CHAIR—Thank you very much for that.

Senator GEORGE CAMPBELL—Mr Mader, how important is it in terms of regional development issues to have the agenda driven from the bottom up rather than from the top down?

Mr Mader—There is a balance. Firstly, from a regional balance, a lot of the time local communities will not necessarily understand or know how to deal with some of the issues that are facing them. So there is opportunity for leadership from the top down from Canberra or from Adelaide or whatever. But from the other perspective, it is the local community that can often adapt that program to suit the area best. Also, for the program to be successful long term, it needs to have their sense of ownership, and that takes some time. I remember a

regional strategy that we did for the region took 18 months. It was a proper consultation process; everyone was involved. That really had some impact.

Senator GEORGE CAMPBELL—You say in your conclusions that it has been your experience that state and federal governments can play a crucial role. What do you actually define as the role in that process?

Mr Mader—It depends on the circumstances of the program. It is not just their financial or resource contribution; it is their role. Where it has worked best is when they have a real sense of feeling for the project often: for example, irrigation, rehabilitation. It has been when the people from the federal government or the state government have had a sense of their own personal ownership of being part of the community drive that we have actually got somewhere. There is a great deal of competition for money for different projects. You really have to have the bureaucrats and local members and everyone else pushing in one direction to get somewhere. So there is an eminent role they play there.

Senator GEORGE CAMPBELL—Do you see the role primarily in providing a resource base or is there a more integrated role that they need to play?

Mr Mader—Initially, the comments usually are resource based: how much money can we get from the federal government or the state government and how much do we have to put in as a local community? The ones that are successful and the ones that actually achieve have a fair element of personal commitment or commitment by a department. They put their own effort into actually achieving the end result. So it is a personal commitment as well.

Senator GEORGE CAMPBELL—You say that direct assistance to individual industries achieves the best results when it is done in a coordinated and strategic way. Could you give us an example of how that was done in the Riverland areas?

Mr Mader—In terms of what we have done in the almond industry, we have managed to ensure that quality assurance programs are put in place across the whole industry. For our employment and training program, we knew that they needed quality assurance to meet export markets, so we were able to provide quality assurance training for some of their staff in a coordinated way across the almond industry. That led to those people taking those jobs earlier and, in some places, getting larger or higher levels of employment than would otherwise have been the case. We did that not only to get people the jobs because they needed training in QA but also because the industry itself needed to address the issue of QA if it was to become an export industry. That is what I was indicating before. What we try to do, where possible, is to try to achieve a result for the business in improving its business performance and also to provide some training if we are looking at employment outcomes in that area.

Senator GEORGE CAMPBELL—How do you interface with the industry group in doing the coordination?

Mr Mader—The good thing about the Riverland only being 35,000 people is that there are only about 100 companies that are of a serious size that are likely to take on 10 or 20 people. Our approach is that we go to see the local businesses. The smaller businesses—the

one or two people businesses—often come to see us, so we get to know them. More often than not, we go to see them or they might come to see us about an unrelated matter.

Mr Smith—I think the benefit of having regional development corporations—in my position, a labour market program delivered within the region—is that you have local people dealing with local industry. I think it is a much better situation where the rapport is the same, the knowledge of the industry is the same, and you are not having programs and funding administered from an outside source that does not really understand the region as a whole. I think those are the benefits of having the integration in the country areas where we live.

Senator GEORGE CAMPBELL—Is that an argument for setting an optimal size for a regional development council?

Mr Mader—This topic came up when discussing regional development councils. It is very hard to say what defines a region. I have had debates over what is an optimal size. If you go to the Riverland and ask people where they live, they will say they live in Berri or in Renmark, and then they will say they live in the Riverland and they then will say they live in South Australia. It is sort of self-defining in their own sense of where they belong.

Senator GEORGE CAMPBELL—It is geographical.

Mr Mader—Yes, it is geographical, and it also relates to the economy and who they play football with and where they go to school. It is all those sorts of things.

CHAIR—Or netball.

Mr Mader—That is right. It is self-defining. I know the argument that says you have to have a certain threshold size to be a region. If you follow that, then South Australia could be a region in its entirety.

CHAIR—Sydney thinks that way, doesn't it?

Senator GEORGE CAMPBELL—I was actually thinking of what you said as being the reverse argument, that we ought to be looking at downsizing in a positive sense rather than—

Mr Mader—There is a lot of effort put into threshold size. The industries that we have most success with, notwithstanding the big ones that have come from the Riverland like Berri Orchards or BRL Hardy, the industries that are now putting new employment and new industries into place, are the small to medium sized industries. They have a sense of ownership of the region and so on.

CHAIR—Which industries?

Mr Mader—Some of the local wineries, the almond industry and some of the people involved in the citrus and fresh fruit industries and others who basically grow up and have a sense of ownership within the region. In South Australia and other regional centres, as soon

as they get to a certain size like Berri Orchards, which has operations in our region, they have operations right around Australia and their head office is in Melbourne. That seems to be the natural growth of businesses. The ones that we try to foster—because the big ones are big enough and tough enough to look after themselves—are the small to medium ones; the ones that are growing now.

Senator GEORGE CAMPBELL—I got the impression from what you said that a key element and a positive outcome for the Riverland was the personal contact that you had with the players in the area and personal knowledge of what was going on. That is really why I posing the question about size. How important is it? Because obviously when you get over a certain size that personal touch is going to be lost.

Mr Mader—It is important. The other key thing in our region was growth in some key horticultural industries, and the growth is quite dramatic. There is the issue I raised about water. If we could get another 20 gigalitres of water, which is a lot of water, we could have \$100 million worth of investment sitting there waiting to go into irrigated horticulture. So it is a very different environment than it was eight years ago.

Senator GEORGE CAMPBELL—What is your expectation of the continuation of that growth line?

Mr Mader—It depends on the water issue and it depends particularly on the wine industry. So do not put any new taxes on the wine industry from a Riverland perspective.

Mr Smith—In the last three or four years in particular there has been the growth of the wine industry and the positive atmosphere within the region that it is going to continue for the next five or 10 years. If that does change, you will see the graph actually going the other way. In particular, the wine industry is the critical factor in the Riverland. The spin-offs from the wine industry being as successful as it is go into the retail and hospitality areas, and the support and metal manufacturing industries—that type of area as well—are reliant to at least some extent on the wine industry.

Mr Mader—Notwithstanding that, the vegetable, almond and other industries are also growing. Olives are a new industry that is really starting to take off as well.

CHAIR—Are you planting almonds that Willunga is ripping up?

Mr Smith—Willunga has not got any water. Almondco, which is the biggest processor of almonds in Australia, originally were based in Willunga. They moved to the Riverland because they had seen the potential of the Riverland as being a much bigger producer of almonds than Willunga will ever be, and the primary factor in that decision was the availability of water in the Riverland.

CHAIR—I am not sure that the Riverland is mentioned in *Larousse Gastronomique* but Adelaide's southern area is. Now we will have to write to them and say that they will have to correct it, which is a terrible pity. I do not want to go all the way to the Riverland for my almond festival.

Senator GEORGE CAMPBELL—There is a message also from what you are saying, if I understand it correctly. This question of public infrastructure—whether it be water, road, rail or what have you—seems to be a key element in determining whether or not regional areas grow or die, if I understand the message you are giving.

Mr Smith—You have also got to understand that each region is completely different. You could not compare the Riverland with any other region in Australia, even the Barossa. I work in both regions. The Barossa has not got that availability of water. The development in the Riverland has been measured in thousands of hectares over the last four or five years. The Barossa could be measured in potentially 200 or 300 over the next five.

CHAIR—Can I just follow up on Senator Campbell's question. He was talking before about unemployment coming down. Questions were put to our earlier witness, Mr Davids, about job readiness. You have had a dramatic fall. When you have gone to see employers—as you said to Senator Campbell—have you had any of them say, 'No, we cannot take them, they are not job ready'? Is there a different attitude or what is the difference? Why have you been able to get people very quickly into jobs?

Mr Mader—There is an element of people not being job ready, but it is in areas like diesel mechanics and so on that we cannot get them.

Senator CARR—There are skill shortages?

Mr Mader—Yes, skill shortages. The reason you have unemployed people and the reason you have long-term unemployed is that there are not enough jobs. That is my approach. If there are jobs there and you have a government program that can assist a company, you can always train people to get into it. In some of our industries, perhaps the lead times are less in getting people trained, but that is not the case as much as it was because now, if you are working on a horticultural property or you are working in a horticultural food and beverage processor, there are new standards. You need to know about quality assurance and you need to know about hygiene and things like that. There is training there to get people into work.

CHAIR—Do you follow the people once you have seen them placed into jobs and can you tell me how many are still in employment a year later?

Mr Mader—Yes, we follow some of them.

Mr Smith—We follow most of them.

CHAIR—Almost all of them are?

Mr Smith—Possibly not in the same jobs. We are very much seasonal as well. I think the growth in the region has resulted in people who would normally have casual employment for three or four months now having employment sometimes for the full 12-month period, although it may be with two or three different employers.

CHAIR—How many of your employees are women and how many are men?

Mr Smith—How many employers or employees?

CHAIR—Either, but particularly in terms of people taking up work. How many of those people are women?

Mr Smith—We look at a percentage of around 50 per cent. Again it depends on what industry sector you are dealing in. You asked the question before about employers who will not take long-term unemployed. There are employers out there who prefer women, jobstart eligible people, trainees or middle aged males, even though they do not directly say that to me—they cannot be discriminatory—but that is in reality what happens. There are some employers and some kickstart projects where 80 per cent or 90 per cent of the participants will be females. There would be other projects where 80 per cent or 90 per cent of them would be males.

Senator GEORGE CAMPBELL—I just want to follow up the previous question and the previous answer. Does that mean that people whom you have followed have actually developed their skills base as they have gone through which has enabled them to maintain themselves in work?

Mr Smith—Again I can only speak about kickstart. Part of the kickstart strategy is that to fund training there has to be an accreditation achieved by the participants. Most of those accreditations include communications, calculations and occupational health and safety—those types of areas—so that they have the basic knowledge that is generic to any job they may go to in the future.

As far as sustainable employment is concerned, again working in the Riverland, where the unemployment level has dropped off so dramatically, the result has been that some of these unemployed people have actually gained full-time employment. Because industries have developed, businesses have expanded and new industries have come into the region, new jobs have actually been created—permanent employment positions.

Senator FERRIS—It is very nice to see a positive paper on the Riverland. You have been through some pretty tough times up there. This kickstart program has been remarkably successful and you have demonstrated that here with this graph in your presentation. Why has it been so successful and what about other labour market programs? Can you comment on whether they have been as successful and, if not, why not? What is it that makes this one successful over others?

Mr Mader—Again, it is hard to compare because they all have different criteria when they are established. I think kickstart has been successful, firstly, because we have had a period of economic growth which has helped us place people. It would be fair to say that that has had a big part in it. The other thing is that it has been successful because we have approached each company or each industry in a holistic way and said, ‘Where are the strengths of this industry and where is it going and how can we train people to have a role?’

Senator FERRIS—So it is a sort of strategic plan, if you like?

Mr Mader—Yes, the kickstart program is only a relatively small program by all standards. It is only \$100,000 a year and again our population is small. I put it in there because it is where we have had most contact with this employment and training area.

Senator FERRIS—Looking at the pie charts you have that show a \$110 million increase in the value of production in the Riverland over 1991-92 to 1995, I notice that there is quite a significant percentage drop in the value of production of oranges. The industry previously was quite a large employer, but it has gone from 28 per cent to 22 per cent. Where have those people gone? I am wondering whether the structural employment that was provided by the citrus industry has been able to move into some of these other industries and whether you have been part of any training programs?

Mr Mader—There has been continued training in the citrus industry.

Mr Smith—I would point out that that percentage is a percentage of the total growth. The citrus industry, in real terms, has not varied that much in real returns.

Mr Mader—You are right, in the sense that it is an area where there will be significant structural adjustment.

Mr Smith—In the last 12 months there has been a big push of citrus trees and a big planting of vine grapes.

Senator CARR—Do imports and those sorts of issues come into that?

Mr Smith—I am not sure how specific you want to be, but with imported juice concentrate, Riversun exports to the US, which is a very successful program, and that has grown by 60 per cent or 70 per cent every year since its inception. There is the South-East Asian market but there are unrelated problems there this year. Probably the biggest factor in the move away from citrus is the returns from the juice and the competition there is from imported concentrate.

The shift has been because some of these other markets, like South-East Asia, in the last couple of years in particular, have not taken as much of the product as they have traditionally, and that means that a bigger percentage of the production goes to juice. Because the returns for juice are a lot lower, then the total return per tonne is a lot lower. Therefore, the returns overall are not as good. They have actually made the change because the perception of the wine industry is that it is going to be sustainable for 10 years, so it is a better option—even short term.

Senator FERRIS—Could I ask about the Green Corps, Natural Heritage Trust grants and work for the dole. Could you make any comment on any of those work programs in relation to the Riverland?

Mr Smith—Work for the dole was not very successful when it was initially introduced.

Senator FERRIS—When you say it was not very successful, what do you mean by that?

Mr Smith—I think there were two people who actually, in the initial stages, agreed to sign up for the work for the dole program. I know, from talking to the CES people, that those two people were on the work for the dole program for a very short time—under a week—and they finished up with full-time positions because some people said that if they were keen enough to go and work for the dole then there were jobs available and they would take those two people. I do not know that anything has happened in the last two or three months.

Senator FERRIS—What about the flow-on from natural heritage grants?

Mr Smith—I do not really know.

Senator FERRIS—Is it perhaps a bit soon?

Mr Mader—Yes. I think it is a bit soon with natural heritage. For us, the environmental area is quite strong. We have an area called the Bookmark Biosphere which is a UNESCO park up in our region. For example, BLR Hardy own the Banrock label which is a wine label at the lower end of the price range. They are going to spend \$1 million on a big interpretive centre on their vineyard which is near a natural heritage area that they have done up with money from the wine that they have labelled as being particularly environmentally friendly. You can drink it and do the world a favour. There is an area of growth in our area. It is really because our tourism industry has been based on the Murray River—skiing, camping and having a holiday. Now they call it ecotourism. That is an area that I think the heritage grants will assist.

Mr Smith—You may laugh, but we get overseas visits all the time from groups of 20, 30 or 40 people from different universities, different countries and different groups.

Senator FERRIS—It was an initiative of the previous government that bought that property.

Senator GEORGE CAMPBELL—It does not matter what you call it as long as it works.

Senator MACKAY—I have a couple of fairly quick questions. They go to your comments on page 3 on employment programs and also the conclusion. You said that the key concept behind kickstart, for example, is that employment programs can achieve the dual outcome that you have articulated, and also you said that they work best when they are implemented in consultation with local communities and industries. What is your view of what has happened recently with regard to the employment services market? There is quite trenchant criticism of that—that it actually has not involved local communities in terms of resource allocations. I was wondering what is happening in your part of the world.

Mr Mader—From my perspective—and Ken might want to comment—it is too early to know what the ultimate impact will be. We have had a lot of new employment agencies set up in our region, so there are more there now than just the old CES. The key will be whether that will provide a better service for industry and for the unemployed in our region.

One of the areas that we have a concern about is that our region potentially could be a region where churning could be allowed to occur, because it is seasonal work. If someone is worth X amount of dollars, you could put them on and then take them off and put someone else on because they are worth more. Our whole focus has been trying to extend the period of employment of people by multiskilling them and getting them between industries. That is one area.

The other area is where we actually ran the NEIS program for a period of time because there was no-one else in the region that would run it. Then we handed it to a private sector provider to run the program because we did not see it as core business; we just did it because there was no-one else. Now, with the changes, it is going to be run out of Mount Gambier, which is inconsistent.

Senator MACKAY—Really?

CHAIR—That is rather inconvenient.

Mr Mader—We hope that will be fixed and we will have a local provider. That is an example of where, if you are running a program like this, say a NEIS program in Adelaide, and you can do 30 in a session in a hall like this, you can cut your price down to a few hundred dollars per person. But if you are doing it and you have to provide one-on-one advice in a regional centre, the price per person going through it is going to be much higher. There has to be a bit of flexibility and adjustment for that and understanding that, for it to work in the community, you might have to pay more, and you might have to say that the person needs to have a presence a few days a week or whatever.

Senator MACKAY—I agree, particularly in relation to the seasonal aspect, that in terms of the new employment services market, you could well have this serial churning through in terms of just clocking up FLEX 1 or FLEX 3 which, in particular, is a major concern. Are there any gaps that you have identified in terms of the awarding of the new contracts or are you generally reasonably—

Mr Smith—I do not think there are any gaps. Being seasonal, as we are—speaking for our region only—we think that these decisions were made based around city employment measures.

Senator MACKAY—That is a very good and interesting point.

Mr Smith—When you look at a region like ours, where it is very seasonal, an employer potentially has to make a payment of \$170 to these placement providers for every placement that he has. I do not see that that is going to work when you have got employers down there employing 100 people for six months at a time. Are they going to pay out?

Senator MACKAY—That is an excellent point.

Mr Smith—Again, I am not sure whether I would like to make certain comments before this committee. I would prefer to wait and see. There are potentially a few problems like that occurring.

Senator MACKAY—We will be very interested in any feedback you have got because of your quintessential example of what could go wrong with the new employment services market. It is a very good example, actually. With regard to comments you made earlier, what impact in terms of your export markets do you think the Asian crisis will have in your region?

Mr Mader—For some industries, it will be very significant—for the citrus industry and for some of the fresh stone fruit—where their main market is South-East Asia. Some of them are not feeling it yet. They have got strong demand. Others are saying that they have had a 50 per cent downturn in new orders.

Senator MACKAY—Already?

Mr Mader—For the wine industry, most of the market is in the UK and Europe so they are less susceptible, but they were opening up new markets in China and South-East Asia and the Thai market was just starting to understand the health benefits of red wine; another good way of selling. The King of Thailand came out and said, ‘It is good for you to have a glass a day.’ You could not buy red wine in South Australia after he said that.

Senator MACKAY—Is that right?

Mr Mader—Exactly. Helen Burge, Grant Burge’s wife, said she could not get red wine after these comments. Again, how do you market things? I think that the impact of the South-East Asian market will be dramatic and unavoidable. We have to try to make some adjustments now while we are still motoring along to find new markets. We are hoping to do that by looking for new markets.

Senator MACKAY—I believe that the capacity to access new markets probably has been affected by dramatic cutbacks in government programs to things like EMDG, the export facilitation scheme and so on, which has meant that it is difficult for industries to position themselves in advance of this because most of those programs were aimed at export markets. What can you do at this late stage of the game, as it were?

Mr Mader—For the Riverland we actually have a program that we are negotiating at the moment with the federal government for some assistance on a regional basis under the old rural partnerships program. We hope to identify some of that money for export development.

Mr Smith—The citrus groups have also had an allocation and part of that component is for export development. They are looking at Europe.

Senator MACKAY—Has this just happened recently?

Mr Smith—Yes.

Senator MACKAY—What is recent?

Mr Smith—A month.

Senator MACKAY—It could have been a bit earlier.

CHAIR—An article in the *Advertiser* of Tuesday, 21 April 1998 is headed ‘Doubts over firm helping job seekers’ and states:

An employment firm which won a lucrative contract to find jobs in depressed regions of the State may be unable to deliver any assistance to the unemployed.

Sydney-based employment firm Hospitality Horizons 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, Mt Gambier, Mt Barker, Berri, Angaston, Murray Bridge and Whyalla.

A couple of your area towns come up in that list. Do you know anything about this?

Mr Mader—No, I don't.

Mr Smith—I think it has been renegotiated. I do not think they are coming.

CHAIR—What does renegotiated mean?

Mr Smith—Sublet, made arrangements.

CHAIR—I understand that there is the prospect that people had not realised that Dr Kemp did concede that firms that had won contracts could subcontract work to other firms. Do you understand that the process of subcontracting is in train or has already been completed?

Mr Smith—I think it is being negotiated. I do not know that it is finalised. All I know is that the group that picked up the contract actually tendered for the same type of thing and unfortunately missed out. They were regional and local. They have been negotiating with Hospitality Horizons to deliver the same program to our region.

CHAIR—But pay a small amount to Hospitality Horizons on the way through.

Mr Smith—I do not know the detail.

CHAIR—But it is highly likely, isn't it?

Mr Smith—Probably.

CHAIR—You would not put all the money straight through to the local organisation, otherwise there would be no point to it. This is a brilliant scheme to actually give \$15 million to a company in Sydney that is doing nothing but paying themselves a little bit while getting someone else to do the same job.

Mr Mader—I would not like to comment on that specific example, but I think there are instances where there is a national tendering process. It is the same as tendering for

anything; the lowest tender is not always the best tender. It is how you write up the tender specifications. When those tenders were put in, I understand it was quite clear on the tender documents that you could be seconded into servicing a larger area than you might be based in, but it seems to have taken a few people by surprise. Again, it is one of the issues of a national tendering process and adapting it for local conditions and understanding it. All these things will take some time to sort themselves out.

CHAIR—We have another opportunity to put questions to the minister about these matters through the estimates, and you can be sure we will. I just wanted to know whether you could give our committee any information specific to your experience of it. If you can provide that to the committee in the next little while, we would be very appreciative. You have made the point very strongly that somehow you need to get a balance between local and regional where people know each other and do see the whites of each other's eyes and know who is to be trusted and so on versus managers from Canberra. On the other hand, it becomes administratively very messy. For example, one could ring Hospitality Horizons on this matter, very efficiently organised out of Sydney and now a dog's breakfast, it seems, in terms of how they are actually going to justify their \$15 million.

Mr Smith—It is fairly difficult to comment at this point in time. There are groups out there, including the people who are the successful tenderers, who believe that the new system will work. There are other groups out there who believe that the new system will not work. Like I said earlier, I prefer to wait and see how it is going to work.

CHAIR—You are doing it very civilly. This is the last question: if your regional unemployment has fallen from 15.7 to 6.9 per cent, we can put this all down to you two, so why do we need Hospitality Horizons or anybody else? Come on, be tempted.

Mr Mader—Our role is entirely limited. As we said earlier when we came in, it is interesting to note that the unemployment figures started to drop immediately the kickstart program was brought in, but that was just pure coincidence. The reality is that the growth has been a lot of work by the industries involved. The wine industry spent millions of dollars in marketing. The almond industry has developed as an import replacement program. It is those industries and their investment. In terms of employment policies, some of the most significant decisions government makes are in the area of fiscal policy, interest rates and in terms of the way there are taxes on certain industries or the way it spends its money on infrastructure. Often it is not directly the sort of employment policy that you have through DEETYA or whatever that has the real significant impact in the growth of industries but the other areas of policy.

CHAIR—But you say here that there is no substitute for business or economic growth when it comes to having an impact on high levels of unemployment. The question for us is, firstly, whether we accept that, because you actually point out that the government and employment programs all fit hand in glove with that. What makes people invest in a region?

Mr Mader—Business opportunities would be my first answer: the opportunity to succeed. They invest in the Riverland because there are preconditions here to make money.

CHAIR—Ten years ago no-one said that about the Riverland.

Mr Mader—No. Ten years ago the only thing we grew were Rooney's 'for sale' signs, which is the local real estate agent.

CHAIR—And ploughed the orange trees under.

Mr Mader—If anyone was buying a block, they could buy it for \$5,000 or \$3,000 an acre. Now they are selling for \$20,000 an acre.

Mr Smith—Barmera is often referred to as one of the poorest towns in the state; now it is probably one of the richest.

Mr Mader—Coincidentally, it is Barmera where the state and federal governments have spent several million dollars rehabilitating the irrigation system over from channels to pipelines.

CHAIR—That also is very interesting, that government infrastructure investment can have a very significant flow-on or multiplier effect.

Mr Mader—Eight hundred hectares of new vineyard or new horticultural development instead of annual vegetable crops went in in that area.

CHAIR—It is still not clear to this committee what makes an area become an area for investment. In this case the wine industry set out to have \$1 billion worth of exports by the end of this decade, and they are pretty close to meeting that target. They have done that with a little bit of assistance from government through exports and so on. They have also done it by changing the mind-set at the back of their heads. Instead of suggesting Australian wines were also-rans and kowtowing to the French and everybody else, they just said, 'No, we are the best and we are going to go out there and market it,' and they have done that. I might say—this will make you smile—that in fact the sale of wines has dramatically increased since the taxes went up. You should read Senator Peter Walsh's contribution in the Senate about why that is directly correlate, but I will leave you to find that out or tell you off the record.

Have you got any further suggestion on how you encourage business to invest in an area, what makes an area get a sense that it is a going concern? That is really what you are saying.

Mr Smith—Positive atmosphere, positive thinking. It was Bernie Eggleston with the Grand Prix who said that the way to develop Adelaide is to get everybody to think that it is going to be successful. That certainly works in the case of the Riverland. Take the wine industry as an example. The positive attitude of the wine industry five years ago, when the strategic plan was developed, was that it is going to be great, it is going to expand, it is going to be big. So Mr Fruit Grower over here says, 'The citrus industry is not very good, we will plant vines,' and the winery says, 'If all these vines are being planted, we have to build more tanks and find new markets.' It has really developed from a positive attitude.

CHAIR—The Riverland has always produced some extraordinary mysteries. Why you would be growing oranges in the Riverland to export to America—which, of course, is not

exporting oranges but dollars to the state of the art orange pressing place in Brazil so that it can export concentrate to Australia—is just a weeny bit exciting for those of us who want to think about things in straightforward simple logic. But we are pleased this kind of orange juice cycle is happening and we are glad it is contributing to the development of the Riverland. If there is anything you want to add, or if we want to ask you more questions, presumably we can follow that up. Thank you very much indeed.

[4.01 p.m.]

WATTS, Mr Ronald James, Deputy Mayor, City of Playford, Warooka Drive, Smithfield, South Australia 5114

CHAIR—In welcoming the Deputy Mayor for Playford City Council, Mr Ronald Watts, I also acknowledge the Mayor Marilyn Baker, who unfortunately has waited until now and has had to go. Regretfully, we will not have her contribution on the record, but Mr Watts will be making the comments that the mayor would have made if she had been able to stay. We appreciate very much both her attendance and your attendance and your being bothered to come along and make your contribution. I think it is very good. I thank the mayor very much, and I would like you to pass on to the mayor the appreciation from the committee of her being prepared to attend.

The committee prefers all evidence to be given in public, but should you at any time request that your evidence, part of your evidence or answers to specific questions be given 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 ordered to be made public by the Senate, a situation which has happened in the last few years. The committee has before it submission No. 43 dated 24 April 1998. Are there any additions you would like to make to that at this stage?

Mr Watts—No.

CHAIR—Is it the wish of the committee that the submission be received? There being no objection, it is so ordered. Would you like to make a brief opening comment and then field questions? I understand that you and the mayor wanted particularly to put some matters of fact on the record?

Mr Watts—The mayor has left me with a 2½ second instruction of what to place on the record. I am not at all bothered to be here; I am quite pleased to be here representing not just the city of Playford but also the region of northern Adelaide, which to answer an earlier question has an approximate size of 600 square kilometres. We heard before about residences and households. There are approximately 10,000 secondary students in 10 public schools throughout northern Adelaide. Those schools are collaboratively and cooperatively working together, and that is what I want to talk to you about this afternoon; to report on some of the successes that have been occurring rather than talk about the negatives.

There are three sectors to my submission. One is about NAREET as the organisation. One is about the Northern Adelaide Regional Workplace Centre and the third is about the jobs pathway program. Last year I was contracted by the Northern Adelaide Development Board to coordinate the jobs pathway program for northern Adelaide. I am quite happy to talk about that a little later. NAREET is the prime focus of many of the education systems and organisations of northern Adelaide. It began, as I have illustrated, three or four years ago. It was the combination of industry on the one hand talking about the need to gain access to students and to get some input to educational direction and schools, on the other

hand, saying that they wanted some industry assistance and direction of what they should be teaching their students.

That culminated in the development of NAREET. I think Mr Davids referred to the former managing director of the then AWA Defence Industries who challenged at a regional reference group meeting the school principals to contact him, and so began the process of developing NAREET. NAREET is made up of all schools—not just public schools but also private schools—of the region. It includes the TAFE college, the University of South Australia and Nastec as well as almost every other private provider of training services in this region. They meet infrequently—probably every two to three months—as a group where issues are discussed and decided.

Various subgroups are formed as a result of NAREET coming together. There are issues such as how training providers competitively work within a region and yet succeed for the good of the students at large and other people. They are issues that have been dealt with and I believe successfully concluded. Each has decided on the various ways that they can offer and provide services which allow them to retain their competitive nature but, at the same time, produce the result that everybody is trying to achieve.

NAREET continues very successfully, with the 10 public school principals meeting monthly as a NAREET principals group. The ready, set, go money that came onto the scene a few months ago via the state government has created some small difficulties with the private schools because of the different rates of funding for different areas. That has caused a bit of division, but it has created some opportunities that have seen the creation of the Northern Adelaide Workplace Learning Centre, which is funded by the schools of the region. They all give up part of their own salary bases to employ a manager, one full-time person—a secondary teacher who has been seconded for a year—and two-part time teachers. Their task is specifically to operate the TRAC program, which you may be familiar with. That program has been conducted here for three years now. It has been very successfully conducted. We now have about 100 students in this region actively involved in work placement on a regular basis in both retail, office, tourism and hospitality areas as well as the automotive area.

That group also has responsibility within the region for administering the Holden project. The Holden motor company have instigated a program within schools. They take about 60 students every year in blocks of up to two weeks on to the production floor for industrial training and some of the in-house training of Holden. There is also an automotive program where 15 students are undertaking automotive training at the regency TAFE institute based in Elizabeth. They are all administered by the workplace learning centre team, and they have the added responsibility of orchestrating the ready, set, go placements. These are work placements, much more short-term placements of sometimes a one-day duration or a weekly duration or a series of days over a period of weeks. They are of a much shorter duration and are focused perhaps more on year 10 students than on year 11 students at this stage. Again, it is about introducing those people to the workplace sector, giving them a look at what industry is about and trying to give them some idea of what sorts of jobs there are, what they mean and what is required of them.

The workplace learning centre has become the delivery agent of NAREET. It is actually incorporated, it has some focus and some funding from local government, which is why my involvement has become so strong. Local government in this area in the city of Salisbury, Playford and Gawler which form this region very strongly recognise the youth employment situation and take very active steps to participate in these kinds of programs to ensure that we address some of these issues. It is obviously a big issue, and we cannot solve it overnight but we believe we are making some inroads.

Local government, for argument's sake, has funded various consultative reports that we have had done. One is a result of a careers expo that was held here a couple of years ago. We needed to get some focus on what students expected as a result of that careers expo. What was their expectation on the way in? What was their expectation on the way out? Who were the people who were most interested? Fifteen-year-old girls in year 10 seemed to be the most responsive to the questions in the survey conducted by the university as an exit poll from the careers expo. That careers expo led us to believe that we should run that on an annual basis. One of the consultative reports undertaken by a local consultant and funded by local government suggested that that was not industry's view.

Industry were prepared to support a careers expo on an annual basis if we pushed them into it, but they would much rather work continuously within schools. They would much rather come into schools, present their industry, business or corporation, provide that sort of information and form partnerships within schools that would be more sustainable over a longer period of time. They saw that as a way of industry gaining more inputs into the development of curriculum and perhaps some more definable areas where they could actually get some changes perhaps to meet some of their needs. Industry does not always understand what the curriculum need is that is required.

Another focus of NAREET has been to work very closely with small industry, sole traders or those companies that employ fewer than five people, or even fewer than 10 people if you like to go a bit further. There are some 7,000 registered small businesses in the northern Adelaide region, most of them employing well under 10 people, many of them just three or four, and that is seen as one of the areas of the most opportunity for employment growth, particularly for young people—and often through traineeships.

We have very solidly worked hard to gain access, but in a collaborative way, using the business enterprise centre that exists in northern Adelaide and the regional chamber of commerce that also is well credentialled in this area, and working with those bodies to gain some knowledge of local business, which generally does not understand the need for student placements into an employment situation to gain information and knowledge. That is beginning to occur more and more and there are currently about 1,000 students in this region from Year 10, 11 and 12 who are actively engaged in participating in a work placement, generally one day a week over a semester. It is usually accredited learning so it is some measurement towards their SAIT certificate in this state and some value to the employer because he is not seeing someone for two or three hours one day and never again; he is actually seeing some consistency.

CHAIR—Mr Watts, if you have got two or three other things that you have a burning desire to tell us, please go ahead. Otherwise, would it be all right to interrupt and call for questions at this time?

Mr Watts—Sure.

CHAIR—There was one thing I did want to ask on the record. Madam Mayor suggested that there was some evidence that she could provide to the committee of one of the things that has impacted in this area: the significant closure of a number of government offices, businesses and so on. Do you have that evidence available for us?

Mr Watts—I do not have it available with me right now but I am sure we can send that to you.

CHAIR—The committee would appreciate that.

Mr Watts—There has been quite an incidence in this region of government agencies closing, both state and federal. I am quite sure we can enlarge on that and give you more accurate information. That is something off the top of my head—

Senator GEORGE CAMPBELL—Could you also have a look as to whether or not you have got any data available that measures the impact of that on private investment in the region?

Mr Watts—We can do that.

CHAIR—That would be very useful.

Senator CARR—Does the council take the view that economic growth is the key component in reducing high levels of unemployment?

Mr Watts—It would certainly be considered as one of the factors. Economic development gets a very high profile in the City of Playford. There is no doubt about that.

Senator CARR—We noticed in the previous submission we have just heard that the statement was made that there is no substitute for business or economic growth when it comes to having an impact on high levels of unemployment. Is that a proposition that the council would agree with?

Mr Watts—Council is made up like a parliament of many people. They have differing views. I would think probably most of the council would agree with that view but, again, it is tied to a range of issues. Economic development by itself, without some social development at the same time, does not progress anywhere. It just stops.

Senator CARR—We could go to the nature of economic development, but in terms of coming to grips with what causes unemployment, which is the issue I would like to discuss with you, is it a lack of economic activity?

Mr Watts—Partly. I think also you must recognise this is an area of high unemployment caused through lack of education. Also, there are a lot of people who have some disadvantage who have been placed here in public housing. This is perhaps more than in some other areas—we have great numbers of those people. In fact, at one stage, in the former City of Elizabeth 54 per cent of the population was in rental accommodation. Many of those people were in some way disadvantaged. That in itself creates a level of unemployment so, without a significant level of employment opportunity, there is nothing to do.

Senator CARR—Yes, I am troubled by this, the notion that poverty creates unemployment and is not a product of unemployment. Which is it?

Mr Watts—I do not know, it is very hard to say. It depends on what you want to make it.

Senator CARR—I come to this issue of the role of education in economic growth. I am just wondering: in terms of the submission you have put to us, is it your contention that education is the key to economic growth?

Mr Watts—It is certainly one of the very clear factors in changing the society role that we have here. It has certainly been identified by a range of people that some of the keys to our success economically is our educational base. We have certainly suffered from that in the past.

Senator CARR—Can I then turn to the effect of the vocational education and training system, which you place some importance upon. The recent changes the government has made to the youth allowance requires all students to stay at school until they are 18 years of age, unless they have a job. What impact do you think those measures will have on the quality of educational services provided in the region?

Mr Watts—I think the quality of education in this region is fine. The impact is the prospect of having a large number of students who are forced to stay at school through some circumstance who do not want to be productive and do not have the right sort of attitude. Some of the programs that the NAREET committee is trying to install or implement are ways and means of productively occupying those people in a vocational sense, giving them some very meaningful educational progress, even if it is outside the school and it is simply lodged in a training facility with some small amount of scholastic support to go with it. So it could be that you will actually find some of these people entering a training institution, like Nastec, maybe one or two days a week, maybe even going into employment as well as having one or two days a week at school. Now if we do not do those kinds of things, or recognise those kinds of things, we could well find ourselves in situations with a large number of people who do not want to be there, but have got nowhere else to go.

Senator CARR—We have received submissions in other work that this committee has undertaken from various governments across Australia. In regard to the state in which I am based, Victoria, the Victorian government claims that there are many thousands of students who are being forced back into the system and that the cost of provision of a place for each one of those students is around \$7,000 each. What is your estimate of the costs of having to

provide additional places in this region for those students who are now being told they have got to go back to school or into some form of education or training?

Mr Watts—I cannot give you that direct answer. I am not on that side of the education system, but I can certainly attempt to discover that information and provide it to you.

Senator CARR—I appreciate that. Would you be able to establish what resources are being placed at the disposal of the educational institutions in this region to accommodate those students?

Mr Watts—I will do that at the same time.

CHAIR—Thank you.

Senator CARR—Can I then turn to the question of the issue of vocational education and training in schools. I notice that you have mentioned various Commonwealth agencies that have assisted these projects. Can you indicate to the committee what moneys have been made available by governments to assist schools to provide those vocational education and training programs, for instance, in terms of professional development, so that we can be certain that teachers are adequately trained? What sort of money is available for that?

Mr Watts—Usually quite small. A lot of these programs are one-off programs. They are often a trial with total provision of funds. For example, the NEDI day, which was conducted here last September, had total government funding of \$2,500. I would suggest to you that an equal contribution came from the community and local government. One of the AusIndustry programs that is currently being undertaken in one of the secondary schools has a total budget of some \$7,000 but that is not all for professional development; probably about half is for professional development, I would suggest. Usually those types of programs are conducted with approximately that kind of funding.

Senator CARR—How many teachers do you think are involved in these projects for the expenditure of \$7,000?

Mr Watts—Two. The AusIndustry one has two teachers who participate. Probably both will put in 20 hours between them in developing that program and delivering it.

Senator CARR—You did say there were 10 schools in the region.

Mr Watts—Yes.

Senator CARR—If there are 10 schools, what sort of money is spent on upgrading teacher qualifications and turning teachers from their trained pursuit—presumably the various professional development that they are trained in—into trained teachers or teachers of vocation, education and training?

Mr Watts—Again, I cannot answer that particular question because my focus is not education but small business and local government. I will take that on notice and I will discover that.

Senator CARR—Thank you. The next point I would raise is: what resources are made available to schools to provide the learning environments for vocational education in schools, say in terms of provision of technical equipment? The physical layout of classes is different for training in woodwork, for example.

Mr Watts—Again, I cannot answer that directly except to give you an observation of my own experience in those schools. They generally are reasonably well resourced, in simple terms. If you start getting into specialist equipment, they do not necessarily have state-of-the-art equipment although they are all now equipped with computers—there is lots of access to that. But in terms of hard technical trade equipment, it does not necessarily mean that it is up to date in schools. They usually have something that is of quite some age. TAFE colleges, on the other hand, do have some very advanced equipment and so do some of the training authorities. That is one of the strengths of NAREET; we are actually beginning to identify where some of this equipment is and seeing that it is being used by schools.

CHAIR—Could I ask all of you to try to be very brief. I know these are very important questions but colleagues are waiting.

Senator CARR—I do not know whether they are important questions or not. I am trying to establish what resources are made available for what is obviously a very commendable concept of encouraging people to have a firmer view of the world of work. We hear governments talk about this a great deal but when I scour the budget papers I do not see a lot of money being transferred from governments to the schools to provide these services.

Mr Watts—No, there is not. In this region the second factor or the prime factor, if you like, is the contribution of the community at large through local government, through service clubs and through just the general mums and dads, if you like, of people who support schools. There is an enormous amount of community response and resourcing at these schools and a lot of participation by those people.

Senator CARR—The job pathways project has been wound up, has it not?

Mr Watts—No, it is still continuing. That is a program that was extremely successful last year. The contracted placements were 100 and we actually managed to place 124. We monitored those people for 12 months and at the end of 12 months we had 104 still employed, seven had moved away and were lost out of the system, six had gone back into education or gone on to further education and the other six or seven we were still working with at the conclusion to assist them back into employment.

Senator CARR—This was the Commonwealth funded project?

Mr Watts—Yes, it was a Commonwealth funded project.

Senator CARR—Is it still operating?

Mr Watts—Yes, it is still operating. The problem that we found in northern Adelaide was that a tender was submitted by the Northern Adelaide Development Board to cover the 10 schools of the region and a few others—private schools as well—but their tender was

unsuccessful. Salisbury High School, in conjunction with Salisbury East High School, had taken on board a smaller job pathways program to deal principally with students at risk. That was their focus. It was to be complementary to the NADB's submission. In the wisdom of bureaucrats they decided to award the tender to another operator outside this region.

CHAIR—Where?

Mr Watts—At Gilles Plains, just outside the region. But effectively it was an operator who was not in any way actively working within the region, or aligned with or associated with any of the regional operators or schools in this region. What happened effectively, and I think more by accident than by anybody's design, was that six secondary schools in this region were actually excluded from the program because the contractor who won the bid contracted for what he believed he could do. Salisbury High School was given a tender for two schools, so we actually saw the contractor pick up only two schools within our own region and six were excluded. That was not discovered for about three months.

What we effectively saw, at the end of that process, was a very successful exit employment service to school students totally dismantled from within schools and no capacity and no resourcing to continue it. That is a real issue that I would give to you as a committee to take on board. It is not about dollars, it is about the quality of the service you provide.

Senator CARR—There are a number of questions that relate to that: the students at risk program has been abolished and the disadvantaged schools program has been abolished. I am not altogether certain that the jobs pathway program is actually functioning; it may well be another program and I may be wrong.

Mr Watts—There was an expression of interest for tenders in the press just a couple of weeks ago.

Senator CARR—The point being that there is a whole series of these projects that were available two years ago that have been wound back. As we now run through the estimates processes, they are not likely to be there in the future. To what extent do you think that the winding back of that sort of government support is going to reduce the effectiveness of the education system to assist students who are at risk?

Mr Watts—I do not think it will. I think schools will actually pick that up and run with it themselves. We have seen the establishment of employment services in most of our senior secondary schools that are now working in cooperation with the workplace learning centre in developing tracking databases of students so that we will actually track people from year 8 through their secondary education perhaps to a year past their education. The exit process from school to work, we believe, will be greatly assisted by some of the programs we are beginning to implement through NAREET in involving industry and business participation so that we will already have created that bridging link and introduced many of these students into an employment situation.

Senator MACKAY—With regard to the NAREET section of the submission, I am very interested in the comments that I think do carry on from a question that Senator Carr asked in relation to economic growth. The point has been made, I think very well, that it is not

simply a cost basis or an isolation but that programs need to be measured for the deliverable social content. Economic development can only be sustained with social development. Cost is important but not the major consideration. This is something that is very important with regard to regional unemployment. I wonder whether you would like to talk about that a bit more. For example, the sorts of things that Senator Carr was talking about in terms of cutbacks to government programs have a direct impact both on unemployment levels and on measurable social outcomes, for example child care.

Mr Watts—Okay. Have we got enough time? That would be the only question.

Senator MACKAY—Yes, I suppose this is the question.

Mr Watts—Yes, I would agree with all of those things you have said. I believe that is genuinely part of our focus of where we should be going in the future. It is very clear that we need to have a myriad of things around us that we can interlock together to make the whole process work. You cannot do it in isolation; you need a range of opportunities in the generation and a culture change. We are really talking about a culture change here. We are talking about taking into a school based learning centre an interruption program—something that interrupts the program that is currently allowing people to leave school without any focus. In running the jobs pathways program, one of the real disappointments I had was 19- and 20-year-old males and females who had no focus. They have a SACE certificate and they worked very hard but they did not know what they wanted to do. I think that is a real problem.

We have to go back into the system to create some of these interruption programs and then focus those things all the way through. At the same time you should, I would suggest, be thinking about some of the other deliverable services that could come out of schools. It could be child care. It could be the district nurse or whatever. It could be some of the social community programs that are deliverable from schools. It could be that that school community is the access that will be used by a broader section of the community and you could actually see government delivering far more effective services much cost efficiently from a school base.

CHAIR—On the last page you say that ABS reports that youth unemployment rates dropped from 46 per cent to 28 per cent over a 12-month period, 1996-97, and that this figure has now climbed to about 32 per cent. This is post north Adelaide's jobs pathway program. Does that mean that north Adelaide's jobs pathway program has pushed the figure up?

Mr Watts—No, it does not. It means that that program had actually finished and there was no active participation in the region in that school to work process from that focus point. You are now looking at figures that involve the exodus of school students from year 12.

CHAIR—I am being a devil's advocate here but there is sometimes a sense in South Australia that the way you characterise your area is by pointing out 'it is the worst of'—we have the highest unemployment; we have the worst; our region is worse than yours. To some

extent a little bit of that, even said as a devil's advocate, sticks with the northern region. I presume in 1956 or whenever—was it 1956 when Elizabeth was born?

Mr Watts—1954.

CHAIR—Did the Queen come about that time?

Mr Watts—She came in about 1963.

CHAIR—Way back then presumably a car industry was brought out here and lots of people were assisted to come from the UK to settle in this satellite town—no connection to the great city south from here; how things have changed. But at some stage Elizabeth was a bit of a boom town. It was lacking resources and things like that but it was on the go—industry, jobs and so on. When did the downturn happen? Did the kids of those original settlers grow up and there was not the same amount of work for them?

Mr Watts—I do not know that that is right. As Elizabeth developed it was a housing trust town—that is well-established and well-known. The focus of the housing trust is what changed and what might have brought some downturn. I do not think any other factor really is responsible for that. That is one of those situations. We have recovered from that situation very effectively.

CHAIR—What has happened in the last five years? As my colleague here said to the previous witness, the best thing you can do to fix unemployment is to get investment and a zing in the town. What has happened?

Mr Watts—We have certainly done that here. We have taken large areas of the former housing trust development and changed it from rental accommodation to private ownership by improving and renovating the buildings and sometimes knocking them down and building new ones. We have changed one entire suburb of Elizabeth—Elizabeth North—and renamed it to Rosewood. We changed it from rental accommodation of 85 per cent to private ownership of 85 per cent. When you do that you have a difference in culture and attitude towards education and employment.

CHAIR—Have the tenants been able to purchase?

Mr Watts—Yes, they have.

CHAIR—Have many of them?

Mr Watts—Yes, they have.

CHAIR—Thank you. We will not talk about what it has done to the public housing stock in this town.

Mr Watts—That is another issue.

CHAIR—It is a lively issue indeed. As a council, a group of business people, a community and trainers of students you set out to change the way this area thought about itself.

Mr Watts—I believe we have done that very efficiently and very effectively. If you travel around the northern suburbs of Adelaide—and this is not just Elizabeth; it is Salisbury as well—you will find a very positive attitude from the people that live here. There is a bright economic future, in our view. We do believe in our own ability to make things change and to work. We are not sitting around waiting for someone to come and give us a handout. We will obviously take your money because we need it but we will make every effort to take our own attempts forward and not sit back to wait for someone to do something about it.

CHAIR—As I understand from your answers to my colleagues questions, you are saying that you are better assisted by programs that are set in place after consultation with the community, industry and so on and programs that are allowed to get established instead of being undone or rearranged or, particularly with the JPP, organised from outside of region.

Mr Watts—Most definitely. I am sure you will discover as you move around that there are lots of criticisms of government programs that come for one year and then disappear. We need to get things on the ground for two or three years to see them actually succeed. Some of these things will fail; we know that. Sometimes that is the only way forward: to let something fail and learn from that experience. But you cannot just put something on the ground for a year and expect it to be a success.

CHAIR—Have you as a council gone overseas seeking investment in this area?

Mr Watts—Yes, I travelled to China a couple of years ago looking for investment opportunities.

CHAIR—Did you score?

Mr Watts—No, not really. It was very much a fact finding tour in that particular instance. We have very active professional teams in both our large regional councils who are very actively seeking investment, along with the development board, which is very actively pursuing that.

CHAIR—Should council do that? Should government do that? Or should it be done at a state level?

Mr Watts—In this region we consider it is a collaborative deal and you must do it together.

CHAIR—Thank you very much indeed. We are running behind time and we did want the opportunity to have a public forum so that some of the other people who are here, who have waited very patiently, can put their comments on the record. Mr Watts again, my appreciation to you and to Madam Mayor. If we have anything further to the questions you have already taken on notice, I presume you would be pleased to assist us.

Mr Watts—Absolutely.

CHAIR—We do not want to give you the challenge of writing another thesis, so dot points or comments would be suitable if you would like to add anything for the committee. This is an inquiry that has already engendered huge interest and that is because it affects so many people's lives in a very real way. Anything you can assist the committee with by way of recommendation will be very welcome. We are opening the batting in South Australia. It has been a very fruitful day; now let us see how it goes with a public forum. Thank you.

This public forum is to provide an opportunity for members of the public to come and express a view either on what has already been said today or on anything any or all of you are burning to let us know. Sometimes it is only by talking at the regional and even smaller local level that committees like ours are able to take information to the parliament that otherwise never gets to parliament. This committee is serious about listening and we welcome every comment and contribution.

Anyone who would like to make a comment should know that the forum is actually a parliamentary hearing and, therefore, subject to parliamentary privilege. Anyone who would like to speak is welcome to come to the table and speak into the microphones. Those of you who are dying to speak can come and join us around the table.

The committee's view at this stage is that we would rather listen to you. Please give us your name before you speak. Even at a public forum it is possible that you might want to give evidence in camera. If you wanted to do that you could ask the committee to do it. It seems somewhat contrary to a public forum but we should provide that opportunity to you.

Ms Whittingham—My name is Fran Whittingham and I am from Para Worklinks, now known as Worklink, and we are at 112 Coventry Road, Smithfield. Thank you for this opportunity. I did provide a written report a little bit late to Richard Selth.

CHAIR—We are very pleased to have it here.

Ms Whittingham—I will not read that report; I just felt the need to say a few words. I had the opportunity to hear what Max Davids and Ron Watts presented to the committee today and I felt the need, as a representative of an organisation that has been providing for the more disadvantaged people in this area, to fill in some gaps. Max was representing the northern area but there were some things that he made a comment on that I probably would dispute.

At one stage we were talking about the entry level for Holden. When it was asked whether it was too high there were a lot of heads nodding around the back here but Max actually said 'no'. There are some differences of opinion—that is what happens in regions—so you have to have the opportunity in this sort of situation to present different views.

CHAIR—Why were all the heads nodding?

Ms Whittingham—Because the entry level for Holden is quite stringent and quite difficult. We find that our local community has been disadvantaged by that. Holden is

addressing that in some ways. There are some school to industry links. There is also a special program working with more disadvantaged people to give them the opportunity. It has been addressed in certain ways but there is no denying that the actual entry level is quite difficult for people to pass.

CHAIR—Would you be able to provide a copy of the entry level test?

Ms Whittingham—I could not. That is through Employment National. CES have been handling that contract.

CHAIR—Make a note that we get hold of that.

Ms Whittingham—One of the points that I obviously want to make, and have made in my paper, is access and equity for the most disadvantaged. What came to mind when other people were talking this afternoon was the spiral of disadvantage and lack of choice that people have if they are in third generation or unemployment.

I have agreed with some of the proposed solutions, and those include the school to industry links and vocational education and training. They are going to give the more disadvantaged people more opportunity. We do have to address that in this region, so I completely agree with our previous speakers in that sense. I really believe in a coordinated approach—that is where the regional direction is important—having our council and our regional manager Northern Adelaide Development Board, NAREET. All of these groups I have been involved in myself for the last three years. It is really important to have that coordinated approach.

What is still happening though in this area is in this transition we have now to a different type of service. I really want this opportunity to talk about the labour market programs and say that there has been success. I have demonstrated that with some statistics on Skillshare. It is a great pity if we do not learn from what we have done well. It is a shame that, even this afternoon, labour market programs have been dismissed as not being effective. Less than 25 per cent was a statistic that was given, whereas the Skillshare statistics that I provided demonstrate a higher percentage of success. You can also talk about specific industry links that we have developed with Skillshare as well where we have had that 70 to 100 per cent outcome. It is really important not to dismiss—and this is what I am trying to point out here—the value of things that have been done well and not to take them into account when you look at the future.

In all programs, evaluation of programs is really important, not just coming through with a new broom and not looking at what has worked best for us; also the need to look at what is needed in specific areas. One of the points that I have made with the new FLEX service—I have to say that we have not won a FLEX contract and I do not want it to be seen as sour grapes—is that only one in four people in the Playford council area will have the choice of access that we were told that people would have for labour exchange services. In other areas of low socioeconomic situations you have all got your disadvantage. But we do have a situation, that analysis and research done in this area proves, that the most disadvantaged people do tend not to move out of their area and will have to go to Salisbury or Gawler for their choices.

CHAIR—Do you have that research available for the committee?

Ms Whittingham—It is available from the Housing Trust. I can endeavour to get that from them.

CHAIR—Would you? If you could, that would be useful. If that is a difficulty let the secretariat know and we will seek it through the Housing Trust ourselves. Thank you very much. Given that we are hearing that there are a lot of discouraged workers—people who have left the work force but are not actually on any pension or benefit, particularly wives; some 200,000 women we are told have left the work force and many of them would be described as discouraged workers—in terms of accessing assistance to get back into employment, if they are not on pension or benefit, as I understand it, who will not be assisted; they will have to find the \$250 themselves.

Ms Whittingham—Yes.

CHAIR—That should go down terribly well in the area you are talking about, she said with heavy irony, in case *Hansard* does not get that. Thank you. Could you make a comment about that?

Ms Whittingham—That is where that statistic is reasonably clear. I have not got all of the figures, but 75 per cent of the unemployed people who were able to access assistance in this area will not be able to access it now.

Senator MACKAY—Can you say that again?

Ms Whittingham—Seventy-five per cent—one in four—of the long-term and disadvantaged group that had access to a case management service in this area will not have a similar service.

Senator MACKAY—Because of not being in the vicinity or because they are not eligible for what Senator Crowley was talking about?

Ms Whittingham—That is the part that I cannot actually get the right figures for. Some time ago, in the early stages of hearing about the new type of services, we were given that that would be the figure—one in four would be assisted because of the reduction in funding. In this area all I can do is count how many case managers were in the area and how many are going to be here now giving FLEX 3 service. If you look at Salisbury and Gawler, there is still a service there. Whether that is counted as accessible to them, I am not sure.

CHAIR—You have provided us with a submission, which we have numbered No. 39, dated 23 April 1998, is it the wish of the committee that this be accepted? There being no objection, it is accepted. Before you retreat, my colleagues might want to ask some questions. Can we ask you to give us your name, rank and serial number?

Mr Pierpoint—My name is John Pierpoint. I am the Employment Services Manager for Nastec Solutions. I do not have a serial number, I am sorry.

CHAIR—But your address is Nastec. What did you want to contribute?

Mr Pierpoint—I wanted to suggest some options that are more than just looking at the problem but possibly looking at some solutions. It was stated earlier on by one speaker that unemployed do not necessarily reflect an economic benefit for a region. I would like to challenge that a little bit on the basis that they can be looked at as an economic benefit for a region if there is funding tied to pre-employment training with guaranteed employment outcomes at the other end.

I will just quantify this. As our colleague here was saying, and I think as Senator George Campbell was saying earlier on, that the flexibilities of some of the previous market programs have allowed for some flexibility to take place. Just recently the flexibility has been taken out. It is limited to some degree to some of the in-feed systems to employment and training. To give you an example: we have worked very closely with the Economic Development Authority over a reasonable amount of time where they identified companies that want to come into the region. They say, 'We can provide you with training; we can provide you with a skills work force, et cetera.'

We have been able in the past to work with the CES to access funding required for those programs through the form of labour market programs. In recent times this has been shut off to the point where we cannot effectively pre-train people to then go into traineeships. The concept that a trainee is a useful employee right from day one is a misnomer. A building contractor will not take on a trainee if they are completely green. Why? Because there is a loss of productivity that takes place. An employer who is trying to start up a new industry in the region cannot start that industry up unless they have got skilled people to some degree who are able to work right from the start.

Pre-employment training, to us, is a very critical element, firstly, in terms of being able to encourage industries to come to a region and, secondly, to be able to make those industries work. It is on that basis that I do believe that unemployed can be an economic benefit if you can actually do something with them. But if the in-feed systems that lead them to the jobs are taken away, what actually happens is gridlock: the employee cannot go forward and training providers are then stuck to try and look for any avenue of funding that they can get. Pre-employment training linked to direct employment outcomes is absolutely vital.

I appreciate the role of Kickstart, and they have spoken today. There are some inflexibilities within Kickstart that do not address issues because they have their own parameters and employers are saying, 'I do not want to be bound by those parameters; I want these parameters to meet my need.' At the moment we have some serious issues in this region in terms of being able to apply for pre-employment training directly linked to employment outcomes.

Senator MACKAY—So you are saying that the previous system had the requisite degree of flexibility, or towards that, and that now there is an inflexibility?

Mr Pierpoint—Correct.

Senator MACKAY—Do you want to expand on that a bit?

Mr Pierpoint—To give an example, what we were able to do before was to approach the CES and say, ‘We have an employer who will give us 30, 40 jobs, but they want them pre-trained.’ We then worked with the CES, put together a program, sometimes we would link in with kickstart or a range of other players, and we would be able to get a training program that was specifically targeted.

In the new relationship we have been fortunate enough within the new world to get a contract for FLEX 1, 2 and 3. But that will not deal with the pre-employment training, because then you have to say that only long-term unemployed can apply for those jobs because we get a set amount of fee for a long-term unemployed person and a much lower amount of fee for a short-term unemployed person. You then need to try and make some judgments about how many are going to be long-term unemployed and how many are going to be short-term unemployed. It is an administrative and bean counting nightmare to try and address that process. Does that answer your question?

Senator MACKAY—Yes. I am just very interested in the concept, which is the second time we have had it today, that the new system is in fact inflexible. People had the view, I suppose, that the previous system was inflexible.

CHAIR—Heads are nodding.

Senator MACKAY—So it is a concern, I suppose. It is something that we have heard twice today and something that certainly had not struck me quite the way it has been articulated today, even after a couple rounds of estimates, that in fact the system itself is exclusive rather than inclusive. It is a managed market, if you like.

Mr Pierpoint—You have to work within the system and the trouble is that sometimes you need to work outside of the system.

Senator MACKAY—What you are saying is that the old system had sufficient flexibility to do that.

Mr Pierpoint—From the point of view of being able to provide pre-employment training linked directly to a vocational outcome, absolutely. We have at the moment a situation where it may take us six months to research and negotiate with a company who wants to move over to this state. Then we would spend about three months trying to find a bucket that we can tap into to actually fund it to come through. You would think you would have a bucket, then someone says, ‘No, we’ve got no money left in this bucket.’ So you have actually left the employer up in the air at the same time.

Very much from my viewpoint in terms of servicing employer needs, the pre-employment training is an absolutely critical area that on one hand, if it is addressed, will encourage industry to come forward and provide those jobs, which is what this is all about; this is all about jobs.

Senator GEORGE CAMPBELL—It seems to fit in with what I raised earlier on with the people from Riverland: the need to try and design these programs so that you drive the agenda from the bottom up rather than dragging it from the top down, so you can meet the flexibility and needs of regions or individual enterprises, or industries, what have you.

Mr Pierpoint—If I can just make a suggestion, one of the problems that happened in the past where we had the 25 per cent outcome ratio that everyone talks about was very much because people were training without actually having an outcome in mind. What we are suggesting is that, where you have a guaranteed outcome in mind, you need to have the in-feed system to support that outcome. I think our organisation had a position that training for training's sake—and I think this was the government's position also—did not necessarily bring the returns that you wanted against the dollar. But when you actually have an industry and you actually have jobs and we cannot provide it, I think that then becomes very much an issue that is of concern.

CHAIR—Can I just ask our two new public contributors to just give us your names and maybe make a comment, and then we will come to you. Especially as your point is actually related to this and I think yours is slightly different.

Ms Hambleton—I am with Worklink as well. In terms of the funding for training, I deal with clients on a one-to-one basis. The situation now is that there is actually no money anywhere for training unless they are in case management. Unless the client is eligible for FLEX 3 service, there is no access to training programs, so organisations like us have to look elsewhere for funding to run training programs. From my point of view, the system as it is is actually inflexible. I support what you have said there.

CHAIR—I think what you are telling us is really extraordinarily useful. I partly recognise that a lot of people have said, 'Oh, could we just stop changing the world every year and let a few things settle down and then evaluate it and see where the hiccups are and change them, but not throw out the whole baby with the bathwater.' We have actually got the process of trying to follow closely these new changes with employment, and what you are giving us by way of real world experience is very useful indeed for us to take up in the parliament on behalf of this program not doing all the things it is claiming it set out to do.

Senator MACKAY—In relation to this issue about pre-job training, that now there is not that capacity to train, what are business saying about this? This is a fairly significant change and something that would have benefited them fairly directly.

Mr Pierpoint—It was mentioned earlier on that one of the companies that we are working with is a company called BTR. BTR wanted up to 50 workers. These are all new workers and yet they were introducing a new line in South Australia. They wanted pre-employment training. They did not get the training program that they wanted. We have managed to hobnail something together but it was not what they wanted. Industry is getting a little bit frustrated. They are concerned about the in-feed systems. That is why from my viewpoint it is a very strong issue.

CHAIR—What exactly was the prime aim of the pre-training program? What was the work readiness that the employer wanted?

Mr Pierpoint—There is a range of things. What we have done generally is select people to a pre-employment program and if they pass that they will then be employed. That is the first criterion. Within that, there are things like a standard induction to the company, occupational health and safety and some general skills application. With BTR it is line assembly work and store work. People can go through a pre-employment program and be to some degree job ready, to some degree familiar with the enterprise and to some degree understand the role and the tasks that they have to do within that job, rather than lobbing up from the first day and everyone wondering what they are going to do. So the pre-employment training is about making them familiar with the company, familiar with the systems and gaining some of the skills to then apply so that when they then go into the traineeship it is not all in a gridlock situation where everyone is running around trying to support everyone. There are already some pre-conceptual notions.

CHAIR—That is very helpful. Thank you.

Ms Whittingham—I just wanted to say, though, that within the new system—we are not operating the new system, but FLEX 3 is allowing providers the flexibility to provide all of that training in the fee that they receive for FLEX 3 and they can interpret how they work with that client, however they like. They can provide pre-job training.

Senator MACKAY—Only if the clients are eligible, on benefit.

Mr Pierpoint—That is the exact point.

Ms Whittingham—Yes.

Senator MACKAY—That is the point of Senator Crowley's question, that there are hundreds of thousands of people who now no longer are eligible for FLEX 3.

CHAIR—We have another witness who tells us by signals that he would like to raise another matter. Perhaps could you give us your name, rank and serial number.

Mr Costi—I am from Nastec Solutions as well, from Saratoga Road. One thing I wanted to support in one sense was GM. I know when the question was asked about Holden and the training routes, the level of testing was too high, and everybody nods. It may be high from an outsider's point of view but, if they are the employer, they really have the right to set whatever standard they want for their people. It is really up to us as the provider to select and find those people with those sorts of skills. When you look at 10 or 15 years ago when Holden wanted to have some workers, people would say, 'You do not want to work for Holden.' Now they have got the best calibre of people. It is high tech, it is one of the best facilities in Australia. They have upgraded the quality of worker. Rather than us try and bring them back to the old way so we can continue our traditional training, we really need to be upgrading to suit what the employer wants. At the end of the day the employer, unfortunately, is always right. If he wants a higher level person then that is what we should be aiming for.

Senator GEORGE CAMPBELL—The point that I was trying to make when I raised the question about the bar being set too high was that, if you have unemployment in this

region of 12 or 13 per cent then the likelihood of then getting a high degree of skill to fill those jobs is greater than if you have unemployment of two or three per cent. Therefore they are setting the bar commensurate with the supply of labour that is out there.

Mr Costi—Yes. It would be greater, so it would therefore take us longer possibly, and possibly we would need more funding in one sense to provide that skill level. But, if that is the requirement, then that is what it should be.

Senator GEORGE CAMPBELL—I make the point that it is not unique to General Motors.

Mr Costi—No.

Senator GEORGE CAMPBELL—Because this push-down effect is happening all over the place. There are people going into apprenticeships, for example, who have a higher degree of skill and could go into occupations above that. That is pushing the people with lesser educational skills down the employment ladder. That effect is happening everywhere. It is not just at General Motors. It is a natural corollary of high levels of unemployment.

Mr Costi—No. If we talk about apprenticeships and things like that we get back to what Senator Carr was saying before about the education system. The education system is not there to provide that sort of skills training in a sense. It is there to create the education standard.

Senator CARR—It has a broader role than enterprise specific personnel services. It is not there to provide labour to McDonald's.

Mr Costi—No, I agree.

Senator CARR—I would have thought that spending \$9 billion a year on education in this country is not to run a personnel department for one particular firm.

Mr Costi—Yes, that is right, and have a standard of outcome for those people. From our point of view, when we look at apprentice intakes, industry will take on an apprentice nowadays as a first-year apprentice. Academically he is fine, but he has no hand skills. I keep using the example that when we were kids if we had a flat tyre on the bike, we would fix it; nowadays, dad buys them a new one. They will not get access to the shed to touch the tools because they are too expensive. So the kids come out of school academically okay in one sense, but they have no basic skills.

If you put them out to an industry that has selected them, the industry puts them out to a good tradesman but the tradesman is not a trainer, so they learn bad habits. There was no flexibility in the system before. I am not sure if creating other trade skills would be the answer, but creating centres where industry and the regional areas could access and pool their resources together would make a lot more sense, rather than reinventing the wheel.

Senator GEORGE CAMPBELL—But I am not so sure that is the case. I served an apprenticeship back in the 1950s. I did not know what a wood chisel was when I started my

apprenticeship. It is something I had to learn. I went into an employer who had a very sophisticated and developed training system. They had a training school for apprentices where you did your first 12 months before you even got near a wood lathe. That is an employer who is seeing an apprenticeship as an investment, not a course. The problem today is that a lot of employers say that training is a course and not an investment.

Mr Costi—Yes, but our technology has changed. At the moment, second and third-year apprentices within the system are going into PLCs and automatic control systems. We are not still with the core basics; there is a bit of both in there. The technology and learning acceleration for some of these students is a lot different from the old school.

Senator CARR—The difference is that with the new training modules and the like, with the emphasis on short-term enterprise specific training, you do not get the sorts of broad based industrial skills training that Senator Campbell was referring to in the traditional apprenticeship model. Would you agree that the new training system does actually provide you with a much narrower base?

Mr Costi—The content is the same.

Senator CARR—How can it be, if it is a 12-month program?

Mr Costi—A traineeship is like an apprenticeship, except that the old traditional apprenticeship is a four-year course.

Senator CARR—Yes, I am sorry. I am talking about what they call new apprenticeships, which are often designated down into AST1, AST2 and AST3. That is the modern system, as I understand it, but correct me if I am wrong.

Mr Costi—Yes, that is right.

Senator CARR—They are much shorter and sharper. They are narrowly focused and often on an enterprise specific model. They are not much good to the broad industry as such and they may not be appropriate for another firm. But you are asking the student to enter that system on the basis of the needs of the enterprise, and not the needs of the student or the industry as a whole.

Senator GEORGE CAMPBELL—At the end of the day, you restrict the mobility of labour as a consequence.

Mr Costi—There are too many variables. We are putting it into boxes. It is totally different.

CHAIR—Are you wanting to put some qualifications on what the senators are saying to you?

Mr Costi—When I refer to the traditional apprenticeship—which is what Senator Campbell was saying—that is a traineeship in a sense. It is just a longer trainee. When we ask for a plumber, an electrician or whatever, we know that they have gone through that sort

of formal training and some sort of recognition. You get good and bad tradesmen. When you look at all the skills of process workers and workers in other areas, they are still recognised skills, but it does not take that period of time to train them. You still need that formalised training but in a 12-month period, for example.

The employers are committing themselves to employing the person for 12 months. There is the formalised off-the-job training which creates a standard and it is transportable on accreditation. Nowadays there are a lot of skills that do not need the four years of apprenticeship but they should be just as recognised and just as important.

Senator GEORGE CAMPBELL—I do not think there is any argument about that. The argument is that we are sacrificing teaching people generic skills for industry specific training.

Senator MACKAY—Enterprise specific.

Senator GEORGE CAMPBELL—Industry or enterprise specific. If you train for the automotive industry, it is enterprise specific, as opposed to training people who have got a mobility within the economy.

Mr Costi—At the end of the day, you want unemployed people or people without jobs to get a job. If an industry has a specific skill shortage, then you really need to train them up specifically to that industry's skills requirement to gain that employment. Just doing generic training in a sense is not what we do.

Senator CARR—We were talking before about the role of the schools in the region. It just struck me that you were in fact talking about young people at years 10, 11 and 12 undertaking what used to be called work experience and various vocational education and training projects in the schools. Is there anyone here who actually has links to the education system as such? Can you tell me how that is actually functioning?

CHAIR—I am very pleased that we are gradually provoking all of the public to be involved in this public forum. This is excellent.

Ms Hyde—I am the principal of Salisbury East High School. I am also the chair of NAREET. I believe you have heard about NAREET today?

CHAIR—Yes. What has provoked you to come up and talk to us?

Ms Hyde—I am hearing about the role of the schools in the region, what young people need and the difference between training generic skills and enterprise specific skills.

Senator CARR—The difference between education and training?

Ms Hyde—Yes. Our education system is in great need of reform in the sense of bringing together the notion of education and training so that it is not education and training. The needs of one group of students are different to another and, therefore, there needs to be a great deal of flexibility. What we are trying to do here in this region is provide a partnership

between the enterprises, the broader industry, our training providers and the schools because we have a very low participation rate in the traditional end point of schooling, which is the university and professional areas. I believe that we are actually getting there.

We need a whole range of training, education, traineeship and apprenticeship opportunities. We are certainly seeing that range and those opportunities by being able to participate with the whole range of providers in the region. If that means that the young people want to get a job in Holdens, the important thing to know for them is that they need to do the enterprise specific training. But if they want to be able to move from industry to industry, they need to know that they need the more generic type of qualifications.

Senator CARR—What is your responsibility as a school principal to a young person of 16 years of age, who wants to leave school and says, ‘I want to get a job down on the line at Holden’? What is your responsibility to them in terms of their life-long career and learning opportunities?

Ms Hyde—My responsibility to them in the short term is to ensure that they have got the information and the access to the entry level training or employment—I believe that. Five years or 10 years ago, we would not have thought that was part of our role. But as a school principal my ideas have changed and I believe that we need to become more actively involved in that.

For instance, my school and Salisbury High School, which is more known as the Enterprise High School, actually have an employment service that runs out of our schools and is partly funded by JPP and partly by the particular school itself. Some people may say that the link that we are able to provide on the ground at school is not the role of the school, but for our students it is vital. I believe it is very important that we are able to give students access to the whole range, as I was saying before. What was the other part?

Senator CARR—I was talking about your obligation in terms of their life long learning.

Ms Hyde—As for my obligation to their life long learning, I may say to the 16 year old, ‘You will have to train again and train again, ‘ but it is not going to mean much to them. That is an understanding that they will get as they go through their lives because this is the way of the world now: we need to keep training. But it is better that they begin their working life in a training situation so they understand that is the entry into it, rather than the situation in the old days when you finished your training when you finished your education when you left school. You went and got an apprenticeship and that was probably the end of your training again. In many jobs you did not train at all and in many jobs there still is no training.

Senator MACKAY—I think that is true and good, but the problem is there is not the ongoing training that you are talking about. We heard earlier that there has been a truncation of access to training. That is the difficulty, I think, with—

Ms Hyde—Has there? From our point of view there has actually been an increase in the opportunity of training—much more. Our VET programs have been hugely expanded.

CHAIR—Can I just say that one of the things that we are getting from you is so useful for this committee to hear—it fits very well with an earlier inquiry which this very same committee did—but what you are not doing, I think, is describing for us history in the change. This is not how it was, even five years ago. It is actually a change that schools are now recognising their part: ‘What is your responsibility to a 16 year old?’ It is not: ‘There’s the gate and you’re out.’ Presumably it is not also saying, ‘Sit down here, I want the best for you so you will go off and do a four-year apprenticeship and then you will be skilled to go everywhere,’ while in the meantime it is: ‘I want a job down the Holden line. What do I need to do to get it?’ It is like this: how do you take account of their wishes? I wonder if you are freer to do that now because there is a move towards ongoing training, although we have heard today that if you hit 45 you are dead: that is now old age and you will never be trained after that.

Ms Hyde—That is not my area.

CHAIR—So that is not your concern yet. You are not training them over 45?

Ms Hyde—No.

CHAIR—Can I ask, further to what my colleagues have asked, to what extent you have been involving families because some of your response as a school has been in response to what parents have wanted for their kids: they want their kids to get a job, they do not want them educated to be ineffectual or roaming the streets. Are you also responding as a school to what parents are wanting for their children?

Ms Hyde—I think that parents want for their children is fairly general and it is also based on what they once knew. With all good intentions, I do not think that the general public is actually all that informed about what faces the young people; I think the young actually know better what faces them. The way that they going to live their lives does not faze them. I have 65 per cent of my year 11s and 12s already working as well as going to school. They know that that is a casual job, and when we talk to them about futures—about how they may have two or three jobs—that does not faze them: ‘Yeah?’ they say.

Senator MACKAY—That is fine, but the training guarantee levy has been abolished, which is precisely the type of thing you are talking about in terms of ongoing education.

Ms Hyde—I agree with you, but I am trying to give the perspective of a young person in the world today.

Senator MACKAY—I do not disagree with that, but I am saying that you have to actually access that capacity for people to have three or four different jobs in their lives. One of the aspects of that was behind the training guarantee levy, which has gone. It has been abolished.

Mr Costi—Successful industries will reinvest a certain percentage of their income in training.

Senator MACKAY—How do you know that? I do not know about that.

Mr Costi—If you read about the percentage that GM does, and also about mining industries. I know that four or five years ago mining industries were spending eight per cent and nine per cent. There were a lot of industries—

Senator MACKAY—What of the service sector?

Senator GEORGE CAMPBELL—That is probably true. But I think if you take it in the totality of our economy, you will see the amount of investment in training is a very small percentage overall. The reality is a vast majority of employers in this country see it as a course. They do not see it as an investment, and the vast majority actually get their trained workers from someone else.

Could I come back to another question because I think there is an important factor here which may be slipping away from us. As for the students that NAREET is targeting, I understood the deputy mayor to say they were people who lacked education and perhaps lacked motivation.

Senator CARR—Students at risk.

Senator GEORGE CAMPBELL—They were students at risk et cetera. Do you have a profile of the socio-economic background of their families? To what extent are they driven into the work force as a result of the economic circumstances of the family, as opposed to any desire by them to get into the work force at 16 and onto the production line?

Ms Hyde—I am not sure I understand the question, but I think this is what it is. This region has a wide range of socio-economic backgrounds but, in general, the schools in this area are the most disadvantaged in the state. We have a measure called 'school card', which is the government assistance to students, and they range from about 40 right up through to 80 or 90 per cent so we do have a lot of economically disadvantaged students and families.

Certainly in the past the employers of this region would tend to employ outside the region. Yes, there is a great imperative to find a job and that is why we have a lot of young people who are working as well as being at school—far more than what we have ever seen before—out of necessity, but there are also other reasons why young people get casual work while they are at school.

We do have targeted programs for students at risk. I do not know what the actual details are, and it is very hard for schools to get this sort of information, but we are gradually developing our post-destination surveys. I would say that with the great number of the unemployed young people in this region there is a direct correlation between educational and socio-economical background and the educational outcomes of the student and also their employability.

At the same time we have an enormous amount of resilience amongst the kids in this region. In particular, over the last five years we have been actively working to get the kids to think from a welfare-type culture of 'What can the government do for me?' to 'What can I do for myself?' That is a really important thing. How we measure such a thing is very difficult, except that we have had a fall in youth unemployment.

After the last few years, we are now at a situation of having nearly three to four hundred students who are in work placement while they are at school, and this is with our local employers. You talk about a lack of training, but at the same time we are getting a great deal of cooperation from the employers in this region to take on these young people. This is actually adding to their training and it is giving work placement, on-the-job training while they are at school and getting accreditation and so on. This is a cultural shift and, hopefully, it will have an effect on how people view the value of training. I say—with a regional hat on—that is important.

CHAIR—It has been really very interesting listening to your contribution, and I thank you all very much. What all of you are saying—perhaps not all, but at least it seems to me to be the message—is that, almost in spite of ourselves, we have had to shift our understanding; we have had to come to terms with the needs of the people themselves rather than stick with some kind of view of the world; and we have actually literally had to accommodate that change. I think that is very important for the committee to hear.

I suppose, a while back, people tried to do away with a hierarchy in education when, if you went off to a technical school, you were second-rate compared to if you stayed on and went to university. So streaming and all those other nice words were done away with and everyone was in the melting pot together. I think that what is happening now is that people are seeing clearly that that has actually sold a dud to a lot of our youngsters, who clearly want something different. I guess a lot of us are concerned that, in providing alternatives, we do not go back to not just a second-class kind of education but a second-rate apprenticeship learning.

There is a concern that, if we are going to be serious about providing more opportunity for our children, we must make sure that is a genuine commitment to them—not re-creating an old hierarchy but also at the same time not selling them the apprenticeship that means ‘You will be very good sticking rubber strips on cars as they come along the assembly line but, please, do not ask me to paint or move a lever or do something else.’ I am exaggerating—

Ms Hyde—That does not happen any more.

CHAIR—What I think is that some of us are not getting our understanding—

Senator CARR—I do not know if that is true.

CHAIR—We are not getting our wires quite clear here. You have agreed, it seems to me, that there is now a training that is much more enterprise specific and much more skills oriented, but a skill base that is a sort of narrowed skill process. So maybe what you might need to do is tell us again just how it is a plus as well as being different.

Mr Costi—Holden does not employ motor mechanics. They make cars but they are not tradespeople that make the cars. They are process workers. The only tradespeople they have are the maintenance people that do the repairs and the programming of robots. When you say to people, as your statement did, ‘Get an apprenticeship and work at Holden and stick things on cars,’ that is not what the tradesperson does. They are process workers.

CHAIR—So if you get an apprenticeship, you would not be sticking rubber stickers on, is what you are telling me.

Mr Costi—You would not be working on the car at all. You would only be working on the—

Ms Hyde—Please go to Holden and have a look. That is just not how they work.

Mr Costi—They are process workers. They are people who have got recognised skills. They have developed the VIC certificate, which is well and truly recognised. They are linking it with the—

Senator GEORGE CAMPBELL—And they have got flexibility—

Mr Costi—Sure. And they work with the school—

Ms Hyde—They work in teams and they do many jobs.

Senator GEORGE CAMPBELL—But you cannot categorise the whole of industry just by looking at General Motors Holden.

Mr Costi—No.

Ms Hyde—No.

Senator GEORGE CAMPBELL—Because there are a lot of shops I can take you to in the metal industry where they do stick rubber bullets in holes all day long and do not move from that spot, where it is tedious production line type activity. The automotive industry has moved beyond that.

Mr Costi—Sure.

Senator GEORGE CAMPBELL—But there are still a lot of examples out there of that type of production line.

Mr Costi—There are. But the problem there is that you have to make sure that you match the person. There are people who do like that sort of thing. They like the repetitive work. They do not like the initiative or the variety of work. The problem with the employer when he advertises, especially within, say, the composites area, is that when you advertise for a composites person, you may not get any applicants. If you do, either the person has had a little bit of experience by helping dad repairing a boat or he has come from another company and taking that job. But all they are doing there is creating holes.

We have a skills shortage. What we have to do is recognise the skills shortages and target the unemployed people to be able to train specifically for those jobs. The education department has really a long-term process job. They are not going to be able to quickly fill those sorts of areas. So we have huge skill shortages in areas, outside of trades, that are recognised skills—

Senator CARR—Can I just make the point that, in the recent ANTA submissions to this committee, it was established that the average cost of a place at a TAFE college is about \$6,400. Entirely on-the-job training is being funded at \$800. There is clearly a marked difference in the unit cost for vocational education and training, and the government of course is seeking to move towards the cheaper forms. In terms of the funding that you are provided to run the VET in schools program, what is the unit cost that you are provided? On what basis are you provided funding?

Ms Hyde—We have an injection of funds at the moment—do you understand that?—for the ‘ready, set, go’ program.

Senator CARR—This is state government money?

Ms Hyde—State government money. We get the ANTA funding if we deliver any of their modules.

Senator CARR—You are subcontracting from TAFE at \$10 an hour—

Ms Hyde—Yes, per student, per module.

Senator CARR—Which is substantially less than what a TAFE college would charge for the same unit.

Ms Hyde—Yes.

Mr Costi—But they do it better.

Senator CARR—Is that right?

Mr Costi—Have a look at the infrastructure of TAFE and all those other facilities. There are a lot of hidden results.

Senator CARR—You do not have the trained staff and you do not have the equipment. Why do you say you do it better than a TAFE college?

Ms Hyde—I did not say we did it better than a TAFE college.

Mr Costi—I can and I do.

Ms Hyde—The amount of that sort of thing that goes on in the high schools is very small, and it is only delivered by teachers who have got the industry training. We are not allowed to unless we do. It is certificate 1 and 2 level, which is very, very entry level, and it is the sort of level that TAFE has been trying to move into the schools for the last 10 years anyway—or ever since the certificates have been around. It is there on the framework that it should be able to be delivered in high schools. I think there is one high school here that delivers further than that, and that is probably the adult campus. It really is a very basic level that the schools are attempting.

I agree with you: I do not think that is our task unless we have the trained teachers, the staff and the equipment. We are certainly very badly off. The schools in this region would have to be very poor technologically. I have, for instance, a text studies department that was built in 1966 and has never been upgraded. That would be par for the course in this area. Even so, that is not the whole role of the school. We have a lot of facilities around the region that could be used, and we need to look at more flexible ways to use them. We actually have got some plans to do that and we are hoping to get there, but getting the funding is—

CHAIR—We have two calls. I think it is fair to ask if you would like to tell the committee why you think you can do it better, and then Ms Whittingham wants to speak.

Mr Costi—Within Nastec, we deliver the same learning outcomes with user choice. Originally, when an employer wanted to take on an apprentice he had to do the formal off-the-job training, and he would have to send him to TAFE.

CHAIR—Or she.

Mr Costi—Or she, sorry. Whereas now they have a choice. If the employer wants to send the apprentice to TAFE or to a private provider, as long as the private provider has the qualifications, the accreditation and the standards in place, they should have a choice. In our case, it is saving money because they are not reallocating more funds to the state. If we get the business, the funds are reallocated from TAFE to us. So there is a choice. We work on a student contact hour.

Senator CARR—What is the quality assurance at the high school for the VET programs that you are running?

Ms Hyde—We have to have qualified trainers and we have to use the modules. Is that what you are talking about?

Senator CARR—Yes, but is there any outside quality assurance?

Ms Hyde—I am not quite sure what you mean by that.

Mr Costi—In our case we are ISO accredited—ISO9002. We are putting in place the VET national accreditation system. All our trainers would be Cat2.

Senator CARR—What is the verification process in terms of your access to competitive tender?

Mr Costi—We have fitted in all of the packages there. We have our standards for feedback, for students, for enrolments and for all of the data network in place. We do not reinvent the wheel; we do not rewrite our own curriculum. We use the TAFE or the national modules. So there is a standard. Our methodology may be different; we would do it all up-front. Where we have a customer who would prefer us to deliver the same standard and same module but at different timing, we can be flexible whereas TAFE cannot. There is room for both.

CHAIR—I think you are telling us why it would have been good to have stopped earlier and gone to have a look at what you do here.

Mr Costi—That is right.

CHAIR—It is a great pity.

Ms Whittingham—In regard to national competencies, when we were talking before about generics, the national competencies allow for that. There are basic competencies that have to be met for any training. I think that responds to the need for some generic training. There is a lot more detail there but I am mindful of the time. That is really important. Secondly, in terms of VET for students, I saw something on *Lateline* the other night which said that 14 per cent of students in secondary schools are now engaged in some sort of VET program.

Senator CARR—In the old days we used to have careers teachers. We now call it something else; we call it VET in schools.

Ms Whittingham—If we really need to believe in the importance of VET, then there should be more money injected into schools for it. That was the point that was being made.

CHAIR—I think the message is quite clear. I must say that you are a marvellous lot. It is now half-past five and you are all still sitting here talking with great energy. The committee is enormously appreciative of that. It has been a good day, although it has been a long day. It has been very useful to hear from you. I think the public forums have been very interesting. I would like to congratulate the people at the back who did not come, some of whom have been whispering things to people nearby, which probably means they did have something to say but they have refrained from putting it on the public record. It is generous of you to practise that restraint, but we suffer from not hearing what you had to say.

The last public forum here has been very interesting. It has qualified some of the earlier evidence, and it certainly had this committee being challenged to listen, as you said, almost in spite of ourselves. We have had to face up to the need for us to change. If we are meeting a real world need for the children out there whom we teach or whom we train, we have to make sure that it is a real world we are training them for and recognising and travelling with them, instead of trying to fit them into whatever system might have been there before.

Ms Hyde, you probably said it best when you said, ‘I’ve had to change over the last five years.’ That has been a very interesting thing for this committee to hear. We want to hear from people around regional Australia what sorts of things are going to make employment, because this country is sick to death of maintaining high unemployment. We know the size of the problem, but what we want are suggestions about how we can see that changed and how we get investment and training skills fitting together at school. I think what you have challenged us to recognise is that all of us might need to take a bit of a deep breath and recognise the need for some change. Thank you very much.

Senator MACKAY—Could I reiterate the request for the figures you were going to provide on the employment service market. For example, how are they derived? Are they derived from access or from geographical locations?

Ms Whittingham—We will try to find them.

CHAIR—Thank you.

Committee adjourned at 5.33 p.m.