



COMMONWEALTH OF AUSTRALIA

# SENATE

## Official Committee Hansard

EMPLOYMENT, EDUCATION AND TRAINING REFERENCES  
COMMITTEE

**Reference: Regional employment and unemployment**

WEDNESDAY, 22 JULY 1998

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**SENATE**

**EMPLOYMENT, EDUCATION AND TRAINING REFERENCES COMMITTEE**

**Wednesday, 22 July 1998**

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

**Substitute members:** Senator Mackay for Senator Carr, Senator Allison for Senator Stott Despoja

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

**Senators in attendance:** Senators George Campbell, Crowley and Tierney

**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**

**BRAMSTON, Mr Troy Jeffrey, Chair, New South Wales Youth Advisory Council,  
Level 38, Governor Macquarie Tower, 1 Farrer Place, Sydney 2000 . . . . . 937**

**BROWN, Mr Joshua, Member, New South Wales Youth Advisory Council, Level 38,  
Governor Macquarie Building, 1 Farrer Place, Sydney 2000 . . . . . 937**

**GORDON, Dr Moira Therese, Chairman, Hunter Development Board and Hunter  
Region Common Purpose Group, 9-11 Denison Street, Hamilton, New South  
Wales . . . . . 917**

**GREEN, Dr Roy Herbert, Director, Employment Studies Centre, University of  
Newcastle, Newcastle, New South Wales 2308 . . . . . 917**

**HEYS, Councillor Gregory John, Lord Mayor, Newcastle City Council, and Repre-**

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<p><b>SIMMONS, Honourable David William, Member, Common Purpose Group, and General Manager, Newcastle Regional Chamber of Commerce, 51 King Street, Newcastle, New South Wales 2300 .....</b></p>	<b>917</b>

**Committee met at 8.42 a.m.**

**GORDON, Dr Moira Therese, Chairman, Hunter Development Board and Hunter Region Common Purpose Group, 9-11 Denison Street, Hamilton, New South Wales**

**GREEN, Dr Roy Herbert, Director, Employment Studies Centre, University of Newcastle, Newcastle, New South Wales 2308**

**RAZBORSEK, Mr Ernest Frank, Industrial Officer, Labor Council of New South Wales and Convenor, Common Purpose Group, Suite 1, Level 1, Devonshire House, 408 King Street, Newcastle West, New South Wales**

**SIMMONS, Honourable David William, Member, Common Purpose Group, and General Manager, Newcastle Regional Chamber of Commerce, 51 King Street, Newcastle, New South Wales 2300**

**CHAIR**—I declare open this session of the Senate Employment Education and Training References Committee. Today's hearing at the Newcastle City Hall is part of the committee's inquiry into regional employment and unemployment.

I welcome representatives of the Hunter Region Common Purpose Group. The committee prefers all evidence to be given in public; but, should you at any stage 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 made public by order of the Senate, as has happened in recent years. The committee has before it submission No. 165, dated 13 May 1998. Are there any alterations or additions that you would like to make to that submission?

**Dr Gordon**—I would like to speak to that submission. I have prepared some discussion notes.

**CHAIR**—That is fine. We can take those additions later on. Thank you, Dr Gordon. You can now make an opening statement, and then the senators will put questions to you. Of course, the briefer your opening statement, the more questions we get to ask.

**Mr Razborsek**—Very briefly, I thank the senators for this opportunity, and I understand that we have only a brief opening session, as you have indicated. You did indicate that you have our written submission before you. I will take you straight to page 30 of that and say that it outlines the names of the participants in the Common Purpose Group. You can see from that that it is peak councils of unions and employer bodies that are active in this particular area, and the group is also made up of state and federal government development organisations and organisations that assist with job growth in this particular region.

The third paragraph on page 5 of that submission talks about a job summit that was held in the region late last year. I would like to hand around to you an exhibit or an adjunct to the written submission you already have. I also have an overhead on what we call an integrated regional approach to what the job summit outcomes were.

*Overhead transparencies were then shown—*

**Mr Razborsek**—It was in early November last year that we had the job summit, which was sponsored by all those participants of the Common Purpose Group. The main area that came out of that was the industry cluster work, which I understand Michael Murray will be addressing you on later this afternoon, and that basically sets out the thinking behind that and what perhaps ought to happen in the future with it.

On the left-hand side you can see that we have something called ‘enterprise facilitation’, and the transparency indicates basically what that is about. Both of these areas are yet to be worked up fully, but that is in the process of being done. As you can see, the seed funding to set both of these initiatives up is being provided by BHP and, on an ongoing basis, what we are hoping is that we can encourage some private sector sponsorship, as you can see going towards the top of the page, in relation to work being carried on in those particular areas. We believe that they are some of the areas that put something constructive forward, as far as our submission is concerned, and that governments ought to be looking at assisting regions in these sorts of areas.

If you have a look across the top you can also see some of the work that is going on is under HROC, the Hunter Region Organisation of Councils, with the regional infrastructure database. That is what we call infrastructure mapping for the region, but it can be used in conjunction with any marketing that occurs for the region. Special project facilitation, on the right-hand side, is one of the things that we have been active in also, as far as the Common Purpose Group is concerned. It was lobbying for the manufacturing in bond and so on for the Steel River project, which you might have heard of in this particular area. I will finish on that note. I am obviously quite happy to answer any questions. I am not sure whether my colleagues might want to say something in opening as well.

**CHAIR**—Thanks very much, Mr Razborsek. Dr Gordon, Dr Green, Mr Simmons: any further comments at this point?

**Dr Green**—Yes, if I may.

*Overhead transparencies were then shown—*

**Dr Green**—It is important to give, very briefly, an idea of what labour force trends are occurring in the Hunter region, and I will just set them out—although I do recognise that I have a session this afternoon and I will not detain you with this now. But, as an opening remark about the context in which we are working, it is important to recognise that the region has undergone enormous change in the past few years.

We have seen an increase in total employment in the region, but most of this employment, as you can see—at least with the net additional jobs—is in part-time jobs. Many of these jobs—this is over the period 1981 to 1996, based on the census data—are jobs that have been taken up by women. What is also evident from this graph is that female part-time jobs now outnumber female full-time jobs for the first time ever. Participation rates for women in the Hunter region have been very low historically, and we have seen increases in participation that have been greater than the national average. The transparency shows the

increase in total female participation rates between 1981 and 1996, compared with those for New South Wales and Australia. As you can see, participation rates for males have been falling quite significantly over that period.

As far as changes within the region are concerned, you can see that the big increases have been in the wholesale and retail sectors. Primarily, that means accommodation, cafes and restaurants—that is, the tourism and hospitality sector, which is now included in that ABS category—but this is not at the expense of manufacturing. Manufacturing has remained fairly stable and, indeed, under certain definitions has increased its significance in the region, if you count the growth in business services which directly relate to manufacturing and directly underpin manufacture employment, outsourced activities, technicians and consultants.

Within manufacturing itself, although that looks stable, there has also been pretty dramatic change. As you can see, although textiles, clothing and footwear and some of the traditional areas have been in decline, new areas have increased employment by 50 or 60 per cent. One of the more positive signs in the region is that although employment in basic metal products is declining—that is, basically steel making—fabricated metal products employment is increasing. There is a change in composition within the region towards more highly value added production. This is reflected as well in the changing occupational structure, which is becoming more professional. Increases in numbers of professionals, largely at the expense of traditional labouring, low skill employment, and some of the other categories, have changed internally quite significantly as well.

Essentially, the picture that we see is one that has its positive aspects—that is, some dynamic changes within employment within the region—but also has the big negative of a continuing high rate of unemployment, well above the national average, around 11 or 12 per cent on a fairly consistent basis. We have seen employment growth, as you could see in the earlier table, but this employment growth has now tapered off and has in fact in the past few months gone into reverse.

We welcome this inquiry, because we would like to put our view that federal government policies can assist employment growth if they are well directed. They do not always require resources; often they simply require a better framework of action, particularly at regional level in Australia. We hope that those issues can be explored further today.

**CHAIR**—Would you briefly tell us what you mean by a framework of action, as apart from federal funding?

**Dr Green**—By a framework of action I mean a coherent set of macro-economic policy, industry and sectoral policy, labour market policy and regional policy. In some of those areas, the government has performed well, but in other areas—in particular, those areas which affect this region directly—I think I would speak for my colleagues in saying that the government has abandoned its responsibilities. The areas I would point to particularly are the areas of industry policy, where there has been a significant winding-back of many key industry support programs.

Although we recognise that the government has established the Mortimer inquiry and has published its *Investing for Growth* statement on the basis of that, we have not seen much

sign of action emerging from that very vigorous discussion among industry groups and the government last year. In the area of regional policy, we are very disappointed at the government's axing of the regional development program and its withdrawal of funding for regional economic development organisations. There was absolutely no reason to take that step. It was a cheap and very cost-effective method of developing regional autonomy and confidence, not only for the Hunter region but also for other regions around Australia. Our regional development organisation, as you will hear this afternoon, has been sustained by private sector funding, particularly from BHP, but it really lives from hand to mouth.

Finally, in the area of labour market programs, we were concerned to see the dismemberment of many of the effective Working Nation programs, some of which have been resurrected in a half-hearted form since. Essentially, we have lost the suite of programs which may not, from an economists's perspective, create an enormous number of net additional jobs but which do change the mix of the jobs queue, so that long-term unemployed and disadvantaged groups in the labour market are brought further to the front of the jobs queue when job opportunities become available.

**Dr Gordon**—I would like to take up the point that has been raised here. The Hunter Development Board is concerned, in supporting the statements of the Common Purpose Group, that we do look at this particular issue. Even in a region as diverse, as skilled, as resource-rich and as socially cohesive as the Hunter, where there has been substantial upskilling over the years, you will still have an environment of increasing job insecurity. That has been translated into popular anxiety, as was pointed out in the foreword to the submission. In that climate, the withdrawal of support for public agencies and programs does appear to be short-sighted. I feel that this is having a multifaceted impact on communities.

Firstly, there is an obvious impact on employment, but far more important is the loss of social and economic infrastructure occurring when you have withdrawal of local services. This impact is particularly profound. It is particularly profound in terms of the development of regional areas. The withdrawal of support impairs the ability of regional areas to grow.

Particularly where you have non-metropolitan regions, you are finding that there is less capacity for regions to influence their own future. It is being reduced by the pressures that are being felt. Local offices are extremely important in these areas. They are part of the economic infrastructure. They are part of the conduit whereby local needs get transmitted up the decision making line and are also an outlet for delivery of services.

The impact on the community and on the economic infrastructure is something that is felt by all communities, whether they are large ones like Newcastle, or small ones like Dungog. The impact in small communities is even more profound. Where you are getting a depletion of the social and economic infrastructure and a withdrawal of branch offices and government agencies, that runs directly counter to efforts that are being made by regional communities to promote their own development.

As has been pointed out, there has been a lot of work done in this particular area, through the Common Purpose Group, through the regional development bodies, in developing a cohesive framework for development. Yet we are struggling to have the ability to cope with this, because the infrastructure, that small seed funding, is being withdrawn. I would

suggest also that the high levels of unemployment in non-metropolitan regions are suggestive of the possibility that targeted policies there could stimulate growth without incurring the sort of inflationary effects that you have in metropolitan regions, where you do not have the same depth of unemployment of resources. I feel that the national economic policy would benefit from a clearly enunciated and properly resourced regional development policy in this respect, one that takes into account the diversity of regions and respects the amount of work that is currently being done in regions to promote their own growth.

**Mr Simmons**—I am conscious of your note that you want to take maximum time for questions, and so my comments are very brief. The purpose of my appearance before the committee is simply to reinforce, as an aspect of the Common Purpose Group, the fact that it is broadly supported by all major leadership organisations within Newcastle and the Hunter region. I draw to your attention attachment A, already brought to your attention by our convenor, Ernie Razborssek. On page 30 you will see such organisations as Australian Business, the Master Builders Association in Newcastle, the Metal Trades Industry Association, and my own organisation, the Newcastle Regional Chamber of Commerce, who are all key supporters of the concept of the Common Purpose Group.

In its simplest form, while it was a response initially to the decision by BHP in 1997 to flag the ending of its steel making operations in the city and the consequent regional impact, it has grown to something much bigger than that. Significantly, a lot of things have taken place since that time: for example, submissions to parliamentary committees. We have already had a state parliamentary inquiry through the area. Indeed, other initiatives that have been undertaken since June 1997 have largely been auspiced by the Common Purpose Group. I think it is not a bad role model for a lot of regional communities to follow: while there will be differences of emphasis from time to time, it does demonstrate that, where there is a common purpose identified, all the players are prepared to put aside partisan or sectoral differences to work towards that common goal.

**Senator TIERNEY**—I am fairly familiar with what is happening in this area but, for the *Hansard* record and for my colleagues, I would like to emphasise a major difference of this region when compared with other regions right around Australia and with the ones that we have been to. There is probably no area outside the capital cities that has got so many organisations actually pushing for the region, and doing a very good job in doing that. I would like particularly to mention Australian Business Limited, the business enterprise centres, the Hunter Economic Centre, the Honeysuckle Development Corporation, the Hunter Region Tourism Organisation, the Hunter Regional Organisation of Councils, the Hunter Valley Research Foundation and the Newcastle Regional Chamber of Commerce. In no other area that we have been have we seen so many organisations of that type that all have a very specific purpose and do have some role in pushing the region as well, and they do that very well.

What we also have in this region—and we have not struck it anywhere else, either—is a plethora of people organisations, I suppose. What we have is the Hunter Area Consultative Committee, the Newcastle Beyond 2000 Committee, the Hunter Regional Development Organisation, the Hunter Economic Development Corporation, the Hunter Development Board and the Industry Development Centre, and now we have the Common Purpose Group. My question is this: in terms of coordinating groups, why do we need so many?

**Dr Gordon**—The answer to that is obviously history. A number of those organisations have been the direct result of government intervention into the region and into regional development and for various reasons, as time has progressed, one government has not been prepared to accept the body which was formed by another government there. The situation you have at the moment is that there has been a very substantial evolution in what was previously a set of warring factions. The fact that you have common membership of the Common Purpose Group by these organisations is one manifestation of that.

**Senator TIERNEY**—It seems that you are on virtually all of them.

**Dr Gordon**—I am, which is another manifestation of the current state, in that there is a degree of cooperation and integrated action that has never been seen before.

**Senator TIERNEY**—Perhaps we should just make you the supremo of the whole thing. We would have total coordination.

**Dr Gordon**—No, that is certainly not my ambition in any shape or form. My ambition is to be a facilitator for the coming together of these organisations. I think that is an evolutionary process which is well down the track.

**Senator TIERNEY**—I will just point to two bodies, and your board is one of them. We had the Hunter Development Board, and then the Greiner government came in and we had the Hunter Economic Development Corporation.

**Dr Gordon**—Yes.

**Senator TIERNEY**—Now the Carr government has come in, but we still have the two bodies.

**Dr Gordon**—Yes.

**Senator TIERNEY**—If you were designing from scratch—say that we had no umbrella organisations—would you set it up this way?

**Dr Gordon**—One of the problems that you have—and this is a problem which my board has with the HEDC, the Hunter Economic Development Corporation—is that it is very much an arm of government. It was set up that way, and that is the way its constitution is. This gives rise to problems in terms of regional autonomy. On the other hand, where you have organisations which have been set loose from government, as the Hunter Regional Development Organisation has been, then you have a different situation altogether.

It would seem to me that, from any region's point of view, it needs its own independent organisation. It is obviously a difficult juggling act as to how you get this independent organisation and how you still manage to get the support and funding of government, because clearly, if government is going to fund, government wants to control to some extent. That makes it difficult. But, from a regional point of view, the regional interest is to have an organisation which is going to be sufficiently independent to not be changed as government changes and to survive that change.

**Senator TIERNEY**—You can see our problems, coming from the federal government level. Say that I bring a minister up to this area and we want to talk about regional development. Who do we go to? There are a lot of organisations that are doing a lot of good work. We will spend the whole day going around them all.

**Dr Gordon**—The other point that you have here is that, when you come to a region like this, you are coming to an extremely diverse region. It is unrealistic to think that any one organisation is going to cover all of the functions that you are suggesting, so it is quite reasonable that we have a separate tourist organisation—

**Senator TIERNEY**—I have no problem with that.

**Dr Gordon**—and that we have business groups. Even in terms of regional development, it is extremely difficult for one body effectively to cover all the aspects of regional development. There has been some niche filling in this respect, and so the HEDC is currently doing very well on the macro level in terms of marketing regional development and looking at this sort of thing. Other organisations such as HURDO—the Hunter Regional Development Organisation—are now concentrating very well on cluster development. The Hunter Development Board has been coming in at another level of the market. So there has been certain niche filling by the individual organisations rather than overlapping. This is why we are operating well.

**Senator TIERNEY**—You recall the first list that I read out of groups like the Australian Business Chamber and the tourism organisation. They have a particular focus and they see themselves as having a regional role as well. That is fine; I have no problem with that. It is with organisations that, by their name, seem to be representing the whole Hunter that I have a problem. We have at least six of those. That is where, with the federal government approach, as with the steel crisis last year, there is a problem interacting. In effect, a lot of these organisations, although they were consulted, did not become part of that structure, because a lot of the grants come out from the office of the Parliamentary Secretary for regional development. Local consultation is fine, but we have that problem.

**Mr Simmons**—I could perhaps just add to Dr Gordon's comments in response to Senator Tierney. I think Dr Gordon is right to the extent that there are a lot of regional organisations and, because we are a diverse region, that perhaps should not come as any great surprise. But I suppose no system is perfect. If we take public administration, if we had a clean sheet of paper, the last thing I suspect we would do is set up a national parliament with six state governments, two territory governments and about 600 local government bodies. What we have to do is recognise the reality and work towards that. Where you do make change, it does tend to be slower than perhaps we want it to be.

Business recognises this problem in terms of duplication. As you are aware, Senator Tierney, we are in the process with our organisation of merging with Australian Business in the Hunter so that, from 1 September, out of this process will emerge a new organisation, Newcastle and Hunter Business Chamber, with more than 1,000 member companies, which will make us the largest regional business organisation in Australia. That is happening in business. We are also seeing change in local government, and I suspect it will happen in this

state as well. I am sure that eventually it will catch up with a whole range of other organisations, including regional organisations, trade unions and the like.

**Dr Green**—If we were starting with a blank sheet of paper, I agree with my colleagues that we would not start from here but would attempt to have a single economic development agency for this region. It does not depend just on ourselves, as Dr Gordon made clear, and on the developments that are due to our history; it depends as well on the attitudes of state and federal governments.

I do not really see any barrier in principle to state and federal governments reaching an agreement, as they did with the NIES program—the national industry extension service—to support single economic development agencies in each of Australia's regions, for those that want them, including the Hunter. If that kind of pressure were brought to bear, with the resources of both levels of government, I am sure that this region would be quite prepared to move in that direction.

**Senator TIERNEY**—Given the earlier statement about the move from warring groups to a cooperative approach, we might be getting close to the point in doing that. I could perhaps suggest a model and get your reaction to it. Given that constitutionally regional development is a state responsibility, if we start with the Hunter Economic Development Corporation, recognising you have local and federal input into that through the area consultative committees and the Hunter regional organisations and local government councils having representation on it, then as problems or sectorial things come up, your Newcastle Beyond 2000 Committee, for example, could be a task force of that central group, setting out to achieve an objective. In line with what you are saying about one structure, what would be your reaction to that? I believe that in the Canberra and South-East New South Wales region they have put together territory, federal, state and local in a more coordinated approach.

**Dr Green**—I think that is a feasible option. Other countries seem to manage to do that without any great difficulty. The Scottish and Welsh economic development agencies are a good example. France and Germany also have similar agencies. These have an important part in the development of the kind of strategy that we are attempting to form here, with greater difficulty, because of our diversity and the diversity of organisations as well.

That is a focus on what makes competitive advantage in a region and how industry can contribute to that. That requires a considerable amount of coherence, especially in relation to the diagram that Mr Razborssek set out at the beginning, on the development of industry clusters. These are concentrated interdependencies between industry production units, large and small firms which develop customer supplier chains, networking relationships, and common consortia for tendering purposes. Those sorts of developments really require a single focus to achieve their objectives most effectively. With the dispersed nature of our organisations, we cannot really get maximum advantage with these approaches.

**Senator TIERNEY**—If we were rewriting history and went back to the crisis last year with the down-scaling of BHP, and if state and federal governments were able to approach and work with the Hunter Economic Development Corporation as the body—which possibly then would set up a special task force group relating to the outcomes of BHP—we probably

would have got a more cooperative approach, better outcomes in the end and possibly more resources, if the region could have spoken with one voice at one point in time.

**Dr Gordon**—That sounds very good when expressed in that format, and it seems highly desirable. There could, in fact, be a practical problem in relation to the constitution of the Hunter Economic Development Corporation, because it is quite clear from its constitution that it is an arm of the state government. It is an arm of the New South Wales bureaucracy, and this can cause problems from a regional perspective.

One would need to move that sort of organisation away from that umbrella to achieve all of the goals that you are looking for. Otherwise, you could well have a state government arm being asked to work for regional benefit against what might be state policy.

**Senator TIERNEY**—I have often said in the press that it should be a reformed HEDC and, taking up that point, that it be a little more at arms-length from the state government in its constitution and a little more embracing in the organisations that actually constitute the board of that particular group.

**Mr Razborssek**—I thought we did a fairly reasonable job of attempting to take that approach when the Prime Minister did come up here on that occasion.

**Senator TIERNEY**—It sort of worked, in the end.

**Mr Razborssek**—It did, but there has been recognition from the local politicians, et cetera, as well. We came and spoke to you as the Common Purpose Group and told you where we were coming from, particularly in relation to the growth strategy document that we put together and ultimately put to the Prime Minister and the Premier when he came up on another occasion.

We attempted to talk to you with one voice on that occasion, and I thought we were fairly successful. I attended and spoke at a couple of meetings that the Prime Minister went to and I followed the entourage around to all of the others as well. Everybody was singing off the same sheet of music. He was getting the same message from wherever he went. I thought we did a reasonable job of attempting to respond to what you are raising.

**Senator TIERNEY**—You did, but all these organisations are made up of people who are cooperating at the moment, and that is fine. Five years ago they were warring, and in five years time you might have a different group of people. There is a structural problem.

**Senator GEORGE CAMPBELL**—I wanted to ask a question about the Prime Minister's visit last year as a result of the BHP decision to shut down steel making facilities. I understand at that point in time there were some proposals put forward for other options for steel making in the city, as well as other projects from both state and federal governments. What has happened to those proposals? What sort of responses have you had out of Canberra or Sydney in regard to those propositions and projects?

**Dr Green**—We have established in the region a fund called the Hunter Advantage Fund, which is financed jointly by the federal and state governments, along with BHP. Essentially,

what we have is a war chest of about \$25 million. Not all of the announcements have yet been made about the allocation of that money, particularly on the Commonwealth side, but some announcements have been made and they have been driven by a group closely allied with the Premier's office and with the HEDC. The criteria by which funding has been allocated are essentially business formation and job creation. A number of businesses in the region—and these details are available to the inquiry—have been provided with resources to create jobs that would not otherwise have been created.

That is one way to use resources from government. These are fairly limited resources to deal with a major downsizing of the region's largest organisation. In the longer term, I think what we would like to see is a more strategic approach to the use of government and state resources that would not just focus on short-term job creation, which provides a headline, but also on building up the regional infrastructure and, in particular, support for the kind of strategy that we have proposed as the Common Purpose Group to ensure that, in the long term, we are able to build businesses and competitive advantage on an industry cluster basis.

This is, I think, where the Hunter, as perhaps the most diverse and sophisticated region in the country, could provide a model for other regions, if it had sufficient support and sufficiently coherent support from both federal and state governments. And, of course, the remarks that Senator Tierney was making earlier about the need for coherence in our economic development agencies is part of that, but it is not the full story.

**Dr Gordon**—Can I comment on the specifics of your query? There are still half-a-dozen proposals for steel making in this region which are evolving and under consideration. They have been given detailed consideration jointly by the state government in its own right and through the HEDC, and also by the task force which was set up by the Prime Minister. Those two groups are very actively involved in assessing and fostering to the next stage some of these tentative proposals or tentative inquiries that are being made into steel making here in Newcastle. Obviously, some of them at least are looking at other sites in Australia, and not just at Newcastle, and the evolution of these proposals is a slow process.

**Senator GEORGE CAMPBELL**—Is there any indication of a time frame on that, when you will know—

**Dr Gordon**—Some of the proposals you are talking about have a five-year time frame; some of them have a somewhat shorter time frame, but it is certainly not six months.

**Senator GEORGE CAMPBELL**—In terms of the evaluation process, when do—

**Dr Gordon**—With the evaluation process, my understanding was that the time frame was relatively short in terms of trying to sort out which proposals have any credibility and which are not goes at all, and that time frame was more in the realm of six months.

**Senator GEORGE CAMPBELL**—But you have no indication as to the outcome of any of those evaluations?

**Dr Gordon**—No. The chairman of the Prime Minister's task force, Rob Chenery, is very actively involved in this process, as is the HEDC.

**Senator GEORGE CAMPBELL**—Coming back to the regional issue again, it has been put to us by a number of the regions that we have visited that there is pretty strong support for a bottom-up approach to dealing with regional development issues, and I think there are lots of very cogent arguments as to why that should be the case. So it is really a question of the regions or the areas braving the agendas from the region, because I think they know best what the best projects are for them. But I have asked the question of a couple of regions, but no-one has really given much thought to it.

What is the sort of mechanism that you would propose to do that with federal government or federal and state government? How would the system work? If we decided to take a bottom-up approach and say to the regions, 'Well, you come up with the projects; we will find a way of funding them', what sort of mechanisms would you have to put in place to enable that to work effectively? Have you given any thought to that?

**Dr Gordon**—The thinking for that is on the diagram that you saw. Two specific directions for projects have been indicated there. One is in terms of industry cluster facilitation; the other is in terms of local enterprise facilitation. The industry cluster facilitation is going to be working at the level of small and medium-sized enterprises. The enterprise facilitation is going to be working at the level of much smaller enterprises engendering new businesses.

The sorts of mechanisms that you need to support these things are exactly the sorts of mechanisms that we have in place here in terms of the coordination of the industry cluster work that is currently being done by the Hunter Regional Development Organisation, the Industry Development Centre, the Hunter Development Board and HEDC, with a person actually on the ground being funded now by BHP in order to foster those clusters, because the other financial support has been withdrawn.

Unfortunately, one of the other props of that development has also been withdrawn: when you start developing clusters you have networks forming, but funding for network formation and network support—which is something this region had previously had—has also been withdrawn. It appears that enterprise facilitation is going to operate best through business enterprise centres. Again, regional bottom-up units that are struggling have lost their funding. So they are the areas where I would see the funding going.

**Mr Razborssek**—Private sector sponsorship for ongoing operations is the sort of thing that they would need assistance with. That is where governments should come in with some sort of incentives for private industry to fund these sorts of things, through tax breaks perhaps or through other mechanisms that would need to be sorted out. That is the area where something constructive can be done, and governments need to look closely at that.

**Mr Simmons**—I would suggest in response to that question from Senator Campbell that perhaps this is a good opportunity for an inquiry like this to look at a way of addressing this problem, which I acknowledge is a very serious one throughout regional Australia. Perhaps one approach might be seemingly starting at the other end, to achieve a bottom-up approach. But perhaps at Ministerial Council level, where you have got the minister at the Commonwealth level responsible for regional development in partnership—and I stress the word

‘partnership’—with his state colleagues, you could extend that process through to local government to get broad agreement on that as a desired national objective.

In some respects we are pretty good at being six self-governing colonies, even though we have been a federation since 1901; but at the same time there is a great call throughout regional communities for autonomy, in the sense of having some sort of control over their own economic and social destiny. If in fact you were able to get some broad agreement at both state and federal ministerial level, that would make the task easier, otherwise we are going to see issues being pretty constantly tossed between Commonwealth and state governments—with, of course, local government from time to time being in this process as well—and in the end this all becomes very frustrating. It is part of the reason, I would suggest, that a whole range of regional organisations of one sort or another has emerged over time.

**Dr Green**—At the beginning of the 1990s, we had a series of inquiries into regional development. It was being recognised that regions around the world were a key source of competitive advantage, building on much of the research that was being conducted in the US and Europe by Michael Porter and by Paul Crugman, and building on the experience of regions in northern Italy and south-west Germany and Route 128 in Boston. Silicon Valley is a more obvious example. These were regions that had made themselves successful by identifying clusters and thus were able to penetrate the fast-growing niche markets of the world economy.

We had a series of reports—the Kelty report, an Industry Commission report and the McKinsey report—that drove the regional development program of the previous government. That was a good start, but it was only a start, and what we expected this government to do was to build on that framework. Instead, the framework has been dismantled.

That would not be irreversible nor cause absolute damage, if the government were prepared to revisit the issue and to recognise the fact that not only is there a regional crisis but also there are enormous regional opportunities that would contribute to the national interest. The government should do what Mr Simmons is suggesting and address this at a ministerial level and make recommendations that a new framework be put into place, picking up on the point that Senator Tierney made: regions do need single economic development agencies that can deliver the kind of results that we are expecting—even with enormous obstacles—to deliver here.

This integrated regional approach is one that we are discussing now at the Common Purpose Group; but, as you can see, the diagram refers to private sector sponsorship. That means a fund-raising program, perhaps based on some tax deductible channels of industry contributions but nevertheless relying entirely on donations and sponsorship from within the region to establish these facilitation and coordination arrangements for the industry clusters and for the enterprise facilitation boards. We may be able to do it, but it would be a very long process, unless government were prepared to assist with matching private contributions and with mechanisms to channel, say, superannuation funds into regional and industry development, or with tax concessions of some kind to ensure that if private sector contributions are made they go a lot further than they otherwise would.

**Senator TIERNEY**—Can I ask Dr Green to expand on a point for clarification on super?

**Senator GEORGE CAMPBELL**—I want to finish this point first, and then you can ask your question. Coming back to the point that Mr Simmons made, I think it is an important one about the need to go through the state and federal ministers councils. But there is also a pretty valid argument running around that you have to find a way to bypass them—because, in many respects, that is where the blockages are in terms of being able to get funding into the regions directly, and getting things moving at a rapid pace.

One of the things that has become clear to me in a number of areas we have visited—it may not be as valid a position for Newcastle or for a region like the Hunter—is that there is no way in which those regions are going to grow unless there is very direct government intervention into the area, with government funds and infrastructure to get some of the projects up and running. Literally, some of those country towns are dying on their feet, and that is fairly obvious when you visit them.

The concern that I have is this: what are the mechanisms to enable you to intervene quickly but, at the same time, maintain a bottom-up approach to what you do in those areas so that you do not have the situation—if you do achieve a commitment that government will put the funds in—of the black hand of government sitting over the top of how you might administer or implement some of those projects? There is a political issue here, in terms of what the most effective way of delivering the outcomes might be.

I do not necessarily accept the view that you have to have one common group of people all singing off the one sheet of music in order to deliver the best outcomes. It may be in some areas that you need half-a-dozen different groups. When we were in Lismore yesterday it was fairly obvious to us that that is a very big region but that there are two or three pockets within the region that have got distinct synergies, and that there are not the same synergies between the whole of the region. They have got one group, one regional organisation, trying to look after all of those three things.

It is a question of being as flexible as possible, using whatever mechanisms work and not necessarily trying to fit them into some perfect model. I do have a real concern about how, at the end of the day, you might be able to deliver this in such a way that you get adequate funding coming down from government sources, or even from private sources, but at the same time you maintain what I think is important in terms of the future of those regions: bottom-up motivation and bottom-up driving of the agenda from within the community.

**Dr Gordon**—I would like to respond briefly to that. I think you have put your finger on a very valid point there. The core to the solution is that you cannot be looking for a single answer. The answer must take into account the stage of development and the situation within individual regions. You cannot have a 'one model fits all' type of approach. When you are looking at very small areas particularly, or at areas which have been bleeding for a long time, you find that they have lost their social and economic infrastructures, so that they do not have the groups on the ground there. The type of support they need is quite different from the type of support that you need in a region like Lismore, where you have a well-

developed regional development organisation, or at Newcastle in the Hunter, where you have a number of organisations. The solution has to be area specific.

**Senator TIERNEY**—Dr Green, could you possibly expand on your idea of the use of super funds, because it did come up yesterday in Lismore? In your answer could you perhaps address the constraints on super funds, such as that they must protect the participants' funds and try to get the highest return possible?

**Dr Green**—They should get the highest return possible, but they have a very narrow conception of what that means. I think government could introduce incentives and a framework within which super funds could be used effectively in regional areas. I have spoken to super fund managers—I have given presentations in Sydney in the financial district—and they have no idea what opportunities are available in regions. So the question is: how could we guide their investment decisions—without, in the words of Senator Campbell, placing the dead hand of government upon them—to see their own enlightened self-interest and the interest of the nation as well as the interest of their policyholders? Previous attempts to do this have not been successful. The pooled regional investment funds were not as successful as one might have hoped, so there is some room for creative thinking there.

**Senator TIERNEY**—Our time is limited, of course, so perhaps you might like to provide the committee with a short paper on how you think that might work.

**CHAIR**—Is that possible, Dr Green?

**Dr Green**—I am coming back this afternoon.

**CHAIR**—Senator Tierney touches on a very important point, so maybe this afternoon you could provide the committee with some ideas. We have had this raised in a lot of areas—in particular, that people in regional Australia contribute through their work to the superannuation funds, most of whom ship the money to the big cities and spend it in other major corporations and so on and certainly do not invest in the region. If any of you—or you in particular, Dr Green—have something to contribute either this afternoon or in a set of notes, it would be very useful.

I notice in your report there is a hidden area of unemployment, which is older unemployment. What kind of figure do you put on that—real and unreal? Are 30 per cent of people over 50 in part-time or in make-time jobs?

**Dr Green**—We find that the unemployment rate for older people is much lower than for young people but that the duration of unemployment is much longer. So, while the percentage rate of unemployment—which I do not have to hand here—is less than the overall unemployment rate, their duration of unemployment is well over 80 weeks, as compared with about 30 weeks for people under 25.

**CHAIR**—One of the things I was interested to hear you talking about was the difference between an economic policy for the region and an economic policy for the region that took into account the social fabric. One of the messages we have been getting is that economic

policies are not the whole story, and that lots of people really want people to understand what economics are about, to enable people in the regions to live their own lives with a bit of economic security and so on.

I think it is very interesting that you have laid stress on the social fabric as well. There are pluses here to build on. It is not a big web of negatives that we have to fix up economically. I do not think that distinguishes you entirely, but it is certainly a point that I would give you a tick for. Are you nodding that you accept this tick?

**Dr Gordon**—I would say that it is more than that. It is not an add-on. It is false economics if you think you can abstract from the social fabric.

**CHAIR**—Yes, you are right.

**Dr Gordon**—The social fabric is an integral part. If you do not have the social fabric involved, then the economics are inevitably going to fall down.

**CHAIR**—But why is it that not every region says that? You cannot really speak for the others, but I do think it is important to acknowledge that you have got a very important part of the picture. I certainly wish Senator Tierney were here now, because I would like to chide him a little about which organisation is the best. Is your regional population about 500,000?

**Dr Gordon**—That is right.

**CHAIR**—I think that puts you ahead of Tasmania.

**Dr Gordon**—Yes.

**CHAIR**—I could ask Senator Tierney how many levels of government, how many politicians and other organisations he might find if he wanders around Tasmania, but that would be mean of me, wouldn't it?

**Senator GEORGE CAMPBELL**—But then every family in Tasmania is represented in government.

**CHAIR**—You could take that up with Tasmania. We will make sure that line gets back. In the Lismore area yesterday we heard some excellent contributions and concepts, one of which was an area consultative council made up entirely of businessmen—I could say business people, to be kind, but I did not notice that many names were women's. We did not pursue it, but it struck me at the time that it was a case of 'Lord, how many things have we learned?' That might get a few things done, but it was not going to take into account the range of organisations you have here.

The other line that really pulled me up short yesterday was when one of the important movers and shakers in the region said, 'Until 12 months ago, I had no idea what the Southern Cross University was on about,' and I note that the University of Newcastle gets a guernsey here. To what extent are people in this region aware of what goes on in universities? How many managers of small to larger businesses seriously look at research, hard data

and ideas in which the universities in partnership can contribute, and to what extent does a university know the slightest thing about management—your presence excepted?

**Dr Green**—Not much.

**CHAIR**—What was clear was that there is a very big gulf between those different groups.

**Mr Simmons**—I think there is less of a gown and town attitude between the University of Newcastle and the city and the region than has been my experience in the past. There is some demonstrable evidence of that in the way in which the university is reacting. For example, in the building next door they are in the process of moving their Graduate School of Business and other related functions over the course of the next few months. The Pro-Vice-Chancellor of External Relations is a board member of the Newcastle Regional Chamber of Commerce. You have a whole range of other participants, including Dr Green and many others that I could name, who have links into various regional and other organisations, so I think that is less of a problem here. Obviously you can do a lot more, but I think it is a very positive thing.

**CHAIR**—We have to hurry on, so I will put my questions briefly. Perhaps you could answer that way or take them on notice. Who can tell me a bit about Job Network in the area? How many jobs have been lost with the replacement of CES?

**Dr Gordon**—There has been a reshuffle of jobs. There has been some redeployment of former CES staff to other job agencies.

**CHAIR**—How many? If you do not know, can you take that on notice? In every area, the jobs lost from CES have been only about one-third filled by the new Job Network.

**Dr Gordon**—That is difficult to say. My understanding of the situation here at the moment is that it is still in chaos.

**CHAIR**—That is a good word for it.

**Dr Gordon**—Members of the new Job Network were still advertising, as late as last weekend, for case managers—for people to fill the positions in their network. They are still in a state of getting established.

**CHAIR**—Everywhere we have gone we have heard of nothing but disaster. I appreciate the new level we have met here, which is called chaos. It is hopeless because the organisations—those that were successful in a very chaotic tendering business that has left everyone scratching their head—have now found that the computer from Centrelink was down between 1 May and 30 June, and so there have been eight or nine weeks without a referral. What other business manages like that? The employers now have to pay, in large part, for what previously was a no-cost-to-them service. The unemployed people are the last to be considered, and they are now up the proverbial ‘creek without a paddle’.

**Dr Gordon**—And if you want evidence of this, have a look at the increase in job advertisements that is occurring because the employers are not coping with the system. They are now going back to advertising.

**CHAIR**—This is terribly interesting, because job advertising is one criterion for healthy growth. If you are now telling us that people are advertising jobs now, where previously they did not need to, we may be getting a falsely inflated figure of job prospects.

**Dr Gordon**—I think any statistician working with that will tell you the same thing.

**Dr Green**—We are seeing serious design flaws in the new employment services market that have led to this outcome. The statistics are showing us increasing job vacancies at the same time as increasing unemployment, especially in the regional areas. That indicates inefficiency in the jobs and skills matching that it is the purpose of a comprehensive universal employment service to provide. Since we no longer have such a comprehensive employment service, it can scarcely be a surprise that that mismatch is occurring.

**Dr Gordon**—The other indicator that is also obvious in this area is falling participation rates because the unemployed have had the route that they had in Jobsearch withdrawn from them.

**CHAIR**—I understand also that in some cases—and you might tell me whether this is the case in this region—workers are becoming discouraged.

**Dr Gordon**—Yes.

**CHAIR**—In particular, that curious group of people called women, who are often now not on a pension or any benefit and are therefore ineligible for any financial assistance through the new job arrangements.

**Dr Gordon**—Exactly.

**CHAIR**—So it is no help to them. They are not looking. In fact, they are actively being excluded.

**Dr Green**—It is a combination of policies. As you would know, the family assistance policy and the withdrawal of funding from community child care—all of these policies have one effect and that is to drive women out of the work force.

**CHAIR**—Indeed. I gather from what you are saying that there is evidence that that is happening here. Are there cutbacks in child care?

**Dr Green**—Yes.

**CHAIR**—Have centres closed?

**Dr Gordon**—The centres are struggling.

**Dr Green**—Certainly centre fees have gone up enormously, and so there is a withdrawal of parents from child-care centres. It can only be a matter of time before some of them find it impossible to operate.

**Dr Gordon**—And withdrawal of staff.

**CHAIR**—That is an interesting point, too, because of course they also contribute to the unemployment pile. If there were any data on the child-care situation in the region, we would like to have that on notice as it would be very helpful.

**Dr Gordon**—Senator, with respect, might I suggest that to get good data on that requires a well-funded research project, because it involves someone going around to individual child-care centres and establishing that?

**CHAIR**—I do not want to put you to that. The federal data is based on census 1996, for example, which is two years out of date. Anecdotally, we are being told of private centres operating at about 40 to 60 per cent utilisation. Over 50 community based child-care centres around the country have closed and, at the same time, the government insists that there are more centres opening. We are not sure whether they mean places or centres actually up and running as a sort of hypothetical prospect of places, which can skew the figures. I wonder if there is any local anecdotal information or fact. I welcome our parliamentary colleague Mr Allan Morris, who is in the audience and who has just nodded that he might be able to assist in this matter. Thank you very much.

One other thing that I think is terribly interesting builds on the questions of my colleagues. That is, what is a region? We have asked questions about this and I do not want to push it too much. There is so much to ask, but could you just briefly, in closing, give the committee some comments about the arguments for competition policy and competition on the one hand and the totally destructive nature of good competitive bidding for you? I could mention submarines—to talk about one impact of competition—and then duck quickly; or I could say that, for example, yesterday in Lismore we heard about Queensland's campaign not only to bid projects cheaper than New South Wales but also, indeed, to seduce New South Welsh persons into Queensland—which is a policy I had not seen developed too much in other places. Competition policy seems to be very counter to what local communities say they need. Your area says you want to stop the war and start collaborating to build things together. How does collaboration—which lots of regional Australia is saying is critical—fit with competition?

**Dr Green**—I think that if most successful examples of regional economic development around the world were subject to national competition policy guidelines, they would not exist. I will give you an example from this region—in fact, for New South Wales as a whole. Our centre has just provided some work on chicken farming in this area, in the context of the state government's delivery of national competition policy.

There is an inquiry at the moment into the chicken growing industry. One of its recommendations is that, under competition policy, there should no longer be any collusive price maintenance by chicken growers. They should all reach individual arrangements with the chicken producers. In this region, that essentially means one, or possibly two firms—

Steggles and Inghams. In theory, that would sound very beneficial for the consumer. If prices go down and that flows through from the chicken producer to the consumer, then that will be good for all concerned.

The problem is, of course, that life is not like that in the industry. It means that the chicken growers who reach these collective arrangements with chicken producers would be forced into such a destructive cycle of competition between themselves that many of them would go out of business. Steggles would use its monopoly position on the consumer side to drive down prices and play off one against the other with severe and potentially lethal effects on quality and hygiene. What competition policy would be achieving is not competition at all. It is consolidating a monopsony. Monopsony is a monopoly on the consumer side. Competition policy, in other words, does not achieve the effects it set out to do, even within its own terms of reference.

**CHAIR**—What I think is fantastic about that, Dr Green, is that you have now given us a proper theoretical understanding—in monopsony—of what people in the community have known for yonks: that it does not work that way.

**Senator GEORGE CAMPBELL**—I thought it was a chicken disease.

**CHAIR**—I thought it was a marriage fault, actually. It is really very interesting that all around regional Australia people have been saying that the only way they can cope is by getting together. We cannot have a competition policy for tendering, for example, about who is going to provide the TAFE courses when we have got one Mechanics Institute hall, two teachers and one bus. We actually have to get together to be able to get even those educational facilities. That was one example which I was given in the Albury-Wodonga region. So the idea of pure competition does not work at all. But now we know about how it could ruin the chicken disease. We would not want to talk about collusion in high places between media barons or anybody else, would we?

**Dr Gordon**—For competition to work, we must have large numbers of buyers and large numbers of sellers. You cannot just have the large numbers on one side.

**CHAIR**—Thank you very much. I think Adam Smith actually wrote his book about how to run economics after he wrote his book about moral philosophy. Perhaps we should revert to his first volume.

I would like to thank you all very much for your contribution. It is too brief, but we are enormously assisted by the variety and extent of the proposals. The Common Purpose Group is, clearly, a prospect for the way forward. Before closing, I do want to say that I believe the idea of having union-worker-community participation is a very important difference from some of the other groups we have seen, so thank you very much.

**Dr Gordon**—Senator, would it be in order for me to leave copies of my notes?

**CHAIR**—I beg your pardon, Dr Gordon. Yes, that would be really very useful, thank you.

A new television camera has arrived from Prime. Before you can film, you will need the permission of the committee. Is it the wish of the committee that such permission be granted? There being no objection, permission is granted. I understand that both of you are not taking sound. Thank you.

[9.57 a.m.]

**BRAMSTON, Mr Troy Jeffrey, Chair, New South Wales Youth Advisory Council, Level 38, Governor Macquarie Tower, 1 Farrer Place, Sydney 2000**

**BROWN, Mr Joshua, Member, New South Wales Youth Advisory Council, Level 38, Governor Macquarie Building, 1 Farrer Place, Sydney 2000**

**KELLY-KILPATRICK, Ms Jo-Anne, Deputy Chair, New South Wales Youth Advisory Council, Level 38, Governor Macquarie Building, 1 Farrer Place, Sydney 2000**

**CHAIR**—Welcome. The committee prefers all evidence to be given in public but, should you at any stage 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 do need to point out, however, that evidence taken in camera may subsequently be made public by order of the Senate, as has happened in recent years. The committee has before it your submission, which we have numbered 75, dated 30 April 1998. Are there any alterations or additions you would like to make to the submission at this stage?

**Mr Bramston**—No.

**CHAIR**—Would you like to make a brief opening statement, and then the senators will put questions?

**Mr Bramston**—Good morning. Thank you for giving us this opportunity. Jo-Anne and Joshua will both be available to answer questions after the opening statement. Jo-Anne lives in Port Macquarie, Joshua lives here in Newcastle and I am from Sydney. As I said before, I am the Chairperson of the Youth Advisory Council. The council is a statutory body whose stated objective is to advise the New South Wales government on youth policy and to provide a channel of communication between young people and the government. We report directly to the Premier and we have 12 part-time members who are appointed by the government. Currently nine of those members are under the age of 25. We also consult widely with young people from all over New South Wales, with youth service providers and key organisations.

To give you an indication, in the past two years we have met and spoken with young people in places such as Wollongong, Dubbo, Bourke and Western Sydney and on the Mid-North Coast in such areas as Macksville, Nambucca Heads, Kempsey, Port Macquarie and Taree. We believe that we have a responsibility to make sure that the views of young people that we have spoken to are heard by all levels of government. That is why we are here today and that is why we made our submission.

There are a number of publications which I want to make available to the committee here today. One is the annual report of the council, for the senators' information. Another one is a document called *Rebuilding Country New South Wales*, which details a state government program to boost jobs and growth in regional New South Wales. I am not personally familiar

with this document, but I am sure that New South Wales minister Harry Woods would be available to provide more detail on that. The other publication is the Youth Force report entitled *Making it work: young people*, which provided the New South Wales government with advice on youth employment strategies. I will talk about that a bit more in a moment.

I want to say a few things about youth unemployment and then I will highlight a few things in the submission. Since the late 1970s, full-time teenage jobs in New South Wales have declined from around 173,000 to 64,000; part-time jobs for teenagers have risen from 47,000 to around 113,000. These figures have not completely offset each other and, despite a rise in school retention rates, there is still a significant indication that unemployment has risen substantially.

It has often been said that full-time employment for young people has now been replaced with casual work, part-time work, combinations of full- and part-time work, spells of job seeking, and employment with multiple employers. Our own consultations and other evidence suggest that many young people head for the city from regional areas as soon as they finish school because they realise that their chance of getting a full-time job in a regional area is much less than in the city. Youth unemployment remains a real problem and it is a terrible problem for this country, especially for regional areas in Australia.

I will just mention a few things from our submission. The council is strongly of the view that the Commonwealth government cuts to labour market programs—\$1.8 billion since 1996—the abolition of the CES and the creation of Centrelink and other job centres have made it harder for young people to find jobs, particularly in rural areas. We also reject the Common Youth Allowance and believe that has made it even more difficult for young people to get a job. We also think that transport needs are always a problem for young people in regional areas, but the closure of many regional employment offices has made it even more difficult for young people, and access to those job centres in order to be able to put themselves in a position where they may be able to find a job has even been more difficult.

There are also time and cost issues associated with this, and some of these case studies are provided in our submission. We support the Commonwealth government's Green Corps program. We have found many young people who have supported this program; however, the previous federal government's LEAP program was much better. We believe there were more places, more funding and more emphasis on training. While young people do support Green Corps, it is merely a shadow of the LEAP program.

In relation to work for the dole, we do not support work for the dole either. We have found mixed views on this in our consultations with young people. We believe the scheme is negative: it reinforces the stereotypes of young people; it assumes that young people themselves are the cause of the problem in terms of unemployment; it has no accredited training; selection of participants seems random; and there are no real ongoing employment opportunities at the end. Many young people have simply given up hope of a real job and have taken this as a second-best option. That is why we believe that some young people are supporting work for the dole.

We really do encourage community employment projects, and we have heard some of these this morning. We supported Skillshare, which had great success in regional areas particularly, but that has since been abolished by the Commonwealth. We have learned of many community based programs, such as in Gosford and other areas, which we will be happy to talk about later this morning.

Finally, by way of opening, can I mention Youth Force, and really commend the report to you. We have made that available here today. I think it would be really useful for the committee, as it is a great document looking at young people and unemployment. Youth Force was an independent task force appointed by the New South Wales state government to advise on training and employment initiatives for young people. That report was released in August last year. It made many recommendations relating to education and training: enterprise education, better pathways from school to work, apprenticeships, traineeships, access to public sector jobs, careers advice, ongoing advice and a whole lot of great initiatives. The state government has made some response to that report and has announced a number of initiatives for youth employment in relation to young people in New South Wales. Although the Commonwealth has primary responsibility for employment generation, these initiatives have been welcomed by the state government of New South Wales in terms of young people. I really commend that report to you.

There are also about 20 pages of community projects that have been successful in Australia and overseas in terms of employment generation for young people, and there has been a significant amount of research into that report as well. I commend that to you. That is what I would like to say in opening. Thank you.

**CHAIR**—Thank you. Do either of you wish to make comments now or would you like to wait and field answers to questions?

**Ms Kelly-Kilpatrick**—I will take questions.

**Mr Brown**—I agree with that.

**Senator GEORGE CAMPBELL**—I would like to compliment you on your submission. It is succinct, to the point and raises a number of the issues that have been raised with us in all of the regions that we visited. I have a couple of questions. I accept the comments that you make about the work for the dole program and so forth but, with regard to the example that you give in your submission of the person from Kyogle, how common is that type of experience in regional and rural Australia?

**Ms Kelly-Kilpatrick**—That seems to be quite common at this stage, particularly with the cutbacks of Skillshare in terms of providing a localised service. If you look at the number of Job Networks that are in the north coast-Hunter area, only Employment National provides outreach services. So you have got communities like Kyogle where people have to travel into Lismore to organise a Centrelink appointment to be put on the referral list of a job employment network. That is quite common, and the implications of travelling to the venue as well raise major concerns.

**Senator GEORGE CAMPBELL**—What has been your experience with Job Network since it came into play on 1 May?

**Ms Kelly-Kilpatrick**—Like any new and innovative organisation, there are a lot of teething problems and, at this stage, we are feeling a lot of that stuff. Again, in terms of the services that are identified in this area, from my experience working with TAFE New South Wales, we have not got a lot of close liaison with the organisations, because the majority of the employers are actually outside the area, so they take away that localised knowledge in terms of providing the best service for the local area. With the computer breakdowns, the numbers of actual referrals are now just starting to come through. So a lot of that stuff is not happening at this stage.

**CHAIR**—Do you have any other comments, Mr Bramston or Mr Brown? If you wish to answer questions or contribute, feel free to do so.

**Mr Brown**—One of Jo-Anne's major points in the downfall and pitfalls of the services that have been replaced—particularly Skillshare and those sorts of things—is the fact that they are not locally based. They are being run by people who are out of the area, with no local knowledge, which is vital in assessing the opportunities that are available to people.

One of the things that we and the committee need to focus on is the fact that it is so important that employment services are locally based. They need to have as much community involvement as possible. You need to empower the community and to give the community the ability to make the decisions of how funding is allocated, and those sorts of things. The centralisation of these services is a grave disadvantage to those people who are looking for and needing work.

**Senator GEORGE CAMPBELL**—On this question of dealing with high unemployment, particularly amongst 18- to 24-year-olds, if you were given the opportunity of fixing the problem, what are the sorts of things that you would do?

**Mr Bramston**—In my opinion, we believe that labour market programs—particularly the federal government's Working Nation programs—were a step in the right direction. There was always the intention that some of those programs would need to be adjusted to allow changes in the labour market, to see how they work out.

In some sense, there probably has to be an end to skilling, reskilling and putting young people through programs. What the labour market programs did, especially Working Nation, we believe, was to even up the score for young people from disadvantaged areas—in regional areas and from disadvantaged backgrounds—and make it easier for them to compete on a more level playing field to get access to jobs and job opportunities. The \$1.8 billion that was cut, we believe, was probably a mistake and we would call on the federal government to reinstate those or to revisit that decision.

A study released earlier this year by the Curtin University of Technology suggested exactly that point. Their evidence through ABS statistics and so on has indicated that those labour market programs on the whole were successful in providing young people from disadvantaged and regional areas with better access to getting jobs. That would be one thing

that we think has been successful in terms of labour market programs, and we would like them to be reinstated in the same way as the Working Nation programs were put in place.

**Senator GEORGE CAMPBELL**—Are there any other measures that you have given thought to or that you think would be useful in this area?

**Ms Kelly-Kilpatrick**—In terms of vocational education and training, there has been an increase in the number of enrolments of young people between the ages of 15 and 19 years, particularly through TAFE New South Wales. It has increased from 100,000 in 1995 to 106,000 in 1997. Without any major analysis of that data, I would assume that that would probably be because of the JSST programs that are operating and the recent push to get more vocational training within the school systems as well. This gives them more access and they are getting accreditation. Their skills are transportable whilst they are in school and also when they leave. They are getting dual accreditation from the school system as well as from another training body.

Also, as long as the training is accredited training, that is most beneficial for young people, because their skills are transferable and transportable anywhere throughout Australia. It is not training just for the sake of it, because we need to do X, Y and Z. It is actually so that they can get recognition of what they have done and be assessed on various outcomes. They can then go into another state and say, 'Well, I have done this. What can I get in terms of recognition for my contribution already?'

**Mr Brown**—In the submission, reference is made to a program in Gosford, which is a group employment organisation. It is called Career WorkKeys and it is operated by the Dusseldorp Skills Forum. The program acts as an employer of part-time, casual and temporary labour and then deploys that labour to enterprises that are essentially its customers. Basically, the idea is that this organisation, Career WorkKeys, employs a number of different people who each work in a number of casual jobs, however, they are paid for doing one job. It is linking in casual work.

One of the big problems that young people are having with employment is that they might have a job, or two or three jobs, but they are often casual, temporary or part-time. There is no continuity of it and no prospect of creating a career.

**CHAIR**—These young people are employed by Dusseldorp Skills Forum on their books and then effectively contracted out or hired out to other organisations?

**Mr Brown**—Yes, and the program also entails training and gives advice. There have been quite a number of positive outcomes, whereby people have found their niche and, from one of those casual jobs that they were working in, they have turned it into a full-time work or a career almost. My understanding is that it is a national demonstration project. Here's hoping that this kind of pilot can be seen and demonstrate that it is an effective measure in creating employment and helping young people.

**Senator TIERNEY**—Could you explain a little further how you are structured as a group and how you take advice from the youth of New South Wales? How do employment issues filter through to you?

**Mr Bramston**—We are appointed by the state government to advise the state government on youth policy, monitor government programs and recommend advice. Part of that comes from our own backgrounds. We are appointed as individuals, not as representatives of different groups. All of us have been involved in different youth organisations and different areas of the economy. We have those personal experiences. We communicate those to the government and we discuss them ourselves.

The major part of our work comes from consultations. We often meet with people in the youth sector—youth service providers, youth workers. We often meet with other organisations and we go out and meet directly with young people. We go to schools in the most remote areas, we go to councils, we spend a lot of time in rural and regional areas and we try to speak to young people who may not necessarily be active in terms of voicing their concerns about public policy or about government programs. We might go to a school and target some people and talk to them about their own personal ideas and experiences so that, in the end, we are really trying to reflect the views of as many young people as we can come into contact with.

There is no doubt that young people are a very diverse group. Often we will get different and conflicting positions from young people. It is our responsibility to express that diversity and also to see what is common among those and distil that into some sort of advice that we can give to the state government.

**Senator TIERNEY**—How many of you are involved?

**Mr Bramston**—The council has 12 members. They are appointed for a two-year term.

**Senator TIERNEY**—How long has the council existed?

**Mr Bramston**—The Youth Advisory Council has been around in many different forms for about 50 or 60 years.

**Senator TIERNEY**—In the current form?

**Mr Bramston**—In the current form since 1989. It is set up by an act of parliament. We are a statutory body, accountable to the parliament and we have to publish an annual report as well. We are independent of the government.

**Senator TIERNEY**—With an issue like work for the dole, which is supported by about 70 per cent of the community—you are indicating maybe it is different with youth—how do you pick that up? What survey techniques do you use to pick up what youth are actually thinking about an issue like that?

**Mr Brown**—One of the great things about the council is that all the members are part-time, we do not work for the government. The council is a community service. I would like to think that we were selected on the basis of our contacts with young people. We are young people; we know what the feeling is. A lot of the stuff is acquired through talking to different people. We have done consultations and those sorts of things.

In relation to work for the dole, I am happy to give credit where it is due. A lot of people who are involved in it are very happy with it because it is giving them something to do. There was an article in the *Newcastle Herald* last Friday which stated in the first line, 'It beats doing nothing.' I think largely that is why it is rated as reasonably successful by young people, despite the fact that the follow-up jobs do not seem to be there and there are other problems with it.

The underlying fact is that there are no jobs out there. There is nothing for young people to do, particularly in regional areas. This is one of the big differences between metropolitan unemployment and rural and regional unemployment—that is, while you are unemployed, if you live in the city there are activities for you to do, there are places to see. It is a lot easier to go looking for work, admittedly, but during those times when you are not employed, when you have very little to do, if you are living in a regional or rural place, there is absolutely nothing to do. Many of the social problems that arise out of unemployment, particularly in youth unemployment, are probably more stark in rural and regional areas—drug abuse, alcohol abuse, those sorts of things. I have no data. This is from what I know and who I speak with.

**CHAIR**—That is probably a pretty good answer, Mr Brown. We are a little pressed for time, so we are trying to keep our questions short. Perhaps you could also try to rein in the answers, but we should hear them.

**Senator TIERNEY**—You mentioned the consultations. Do you ever do any survey work sampling, say, 400 young people, randomly getting their feedback on these particular issues, or is it just a feeling you pick up?

**Mr Bramston**—In terms of doing a survey, that is not necessarily a role or responsibility. I would think it is much more important for us to go out and talk with young people personally, and talk to young people who are involved in the programs. We have done that on the mid-north coast. We have talked to many young people who were directly involved in the programs at the time. We can achieve much more by doing that than simply doing a survey and getting somebody else to do it.

In terms of work for the dole, in the end, some young people are supporting it but, as Joshua mentioned, they are supporting it simply because there is nothing else and it is a second-best option. In our consultations, it has become clear to us that young people would rather be doing that than nothing but some people who have some idea about the programs that were previously in place or programs that possibly could be in place, are not supporting work for the dole. They are supporting it as a second-best option.

**Ms Kelly-Kilpatrick**—In terms of doing surveys, there are lots of implications. With the surveys that I have conducted through my employment they have basically come back from people who have sat in groups so it was more a discussion within a group. Therefore, you do not get that general individual consensus or feeling for what the survey is looking for. In terms of getting proper anecdotal evidence it is best, and this is why we use the consultation process in particular focus groups, to get that real information. It is the same as when you sit down and talk to your friends and you give a general response without giving an actual honest response in terms of real stuff.

**Senator TIERNEY**—You are advising the Carr Labor government. In October 1995 that government axed three work support programs for young people, Workplace was one and Get Started was another. What advice did you give the Carr government on that?

**Mr Bramston**—From time to time governments will change and shift around policies.

**Senator TIERNEY**—Yes, but they abolished all the programs.

**Mr Bramston**—We do not speak on behalf of the state government. In terms of their response to the Youth Force report, there have been a number of significant issues which we have supported. There is no doubt that the state government can probably be doing more and certainly the Commonwealth government can be doing a lot more. In terms of the state government, their response to the youth force report indicates that they have increased work education, school to work plans and jobs in terms of the Olympics. They have set up a job line for young people to give ongoing advice and support their restructured careers and advice in career training. They have made available many more traineeships and apprenticeships in the public sector. They have set up jobs for young Aboriginal people, for young people from different backgrounds in certainly for young people in regional areas.

In terms of employment generation, the council would take the view that the state Labor government has been doing a considerable amount of work in that area and have made a lot of jobs available and put in some good initiatives. They have put in those initiatives—

**Senator TIERNEY**—But in relation to those programs which were supporting young people in work—I was outside state parliament when there was protest group there about the Carr government axing those labour program. My question was: what was your response to the Carr government when they did that?

**Mr Brown**—The advice we give to the Premier is on a confidential basis and so it is probably not appropriate that that be answered.

**Senator TIERNEY**—I find that an amazing response! Surely you are representing the youth of New South Wales. Did you make any protest comment about the axing of those programs?

**Ms Kelly-Kilpatrick**—At that stage in 1995, because we were only appointed on a two-year basis, there were other members that would have responded on behalf of New South Wales.

**Senator TIERNEY**—Do you know what their response was?

**Ms Kelly-Kilpatrick**—No, we do not, but we can find out.

**Senator TIERNEY**—I would appreciate that. The committee recently sat on the south coast and we heard the rather strange story that in Nowra there were a number of federal government programs such as Green Corp and work for the dole but that they did not have them in Kiama because the council is ideologically opposed to them. Have you any comments from people in Kiama that they have been denied access to those programs by the

local council whereas in the town next door, Nowra, they have had access to those programs?

**Ms Kelly-Kilpatrick**—I was involved with some consultations in Nowra earlier on in the year. I have only been able to get feedback from Nowra and it—

**Senator TIERNEY**—That is where they were getting the positions.

**Ms Kelly-Kilpatrick**—Yes.

**Senator TIERNEY**—Perhaps you might like to follow up what they think in Kiama of that situation. Finally, in a book written by a fellow called Laird in 1985 called *Australia: the worst is yet to come* it points to youth employment at that time at 25 per cent. Now 13 years down the track, it is up around 30 per cent. This Senate committee held a major inquiry into youth unemployment in 1992, the report was entitled *Wanted: our future*. The then Labor government did not bother responding to that report. But, in going around Australia at that time, we did not really find anyone who had any magic answers to this.

I know you have answered this question in part in your response to Senator Campbell on looking for ideas for government to help youth into employment, but probably what we would like to get from you are your views on the way in which the labour market has shifted in a negative way against youth in terms of who is employed in it. What measures do you think we could bring in to bring about a better combination of the employment of youth in the labour market? I have taken on board your comments to Senator Campbell earlier. We have heard those comments before. But we are looking—and we were searching in that previous inquiry perhaps—for some different sorts of solutions that might actually get people into work and keep them in work.

**Mr Brown**—I am not sure if you are aware of a report issued by the Dusseldorp foundation into young people.

**Senator TIERNEY**—In 1992 we did actually speak to the Dusseldorp group, who were very useful at the time, so you might like to update us.

**Mr Brown**—There was a report called *Australia's Youth: Reality and Risk*. I think it was released in March this year. One of the interesting points to come out of that report is in relation to direct job creation. It was basically stated that, if you go and directly create jobs, there does not seem to be any benefit to young people because, as you know, there is a very wide spectrum of unemployed people and there is a focus by prospective employers to look at experience, attitude and those sorts of things.

I am certainly in favour of direct job creation. However, if you do not stipulate that you are going to create those jobs and that they should be focused towards the needs of young people, the young do not seem to benefit. It is certainly a difficult situation.

**Mr Bramston**—If I could quickly mention two things: one is that the public expenditure should probably be directed into more labour intensive sectors of the economy which will contribute to the overall growth of the economy—areas like education, tourism and com-

munity services. They are the sorts of areas in which young people want to get jobs and which governments have a role in boosting. Everyone wants those services to be boosted. They are labour intensive, they contribute to growth and young people want to be in those jobs.

Another area which I will mention briefly is enterprise opportunities for young people. Many young people that we have met—and there have been many reports to suggest this about young people—have great ideas for setting up small businesses and those who have done that have been very successful. But young people need the necessary support, advice, guidance and maybe venture capital provided on a low interest basis. These are some of the ideas in two areas in which we think the government could probably make a big contribution.

**CHAIR**—We have got to the end, except for two questions that I would like to ask you. You might want to take these on notice. You actually say in your report that:

The Commonwealth Government should actively promote new technology industries in regional areas.

I am rather delighted to see that because a lot of the other suggestions come at new technology as an add-on to manufacturing and other traditional areas of employment. It may be that your generation is so fickle fingered that you do not even notice that—that a keyboard is as natural to you as telephones were to your grandparents. I think that is very true and you might like to tell me about that. You might take that on notice.

The thing we find interesting is that a lot of people are very comfy with keyboards, play computer games, are computer literate and can do anything with a computer but there is a large chunk of young people who have had no access to computers and the new technologies will only alienate them further from access to jobs, particularly if all jobs then have a computer basis. Perhaps you can comment on that in five seconds or you might like to take that question on notice.

The other question I want to ask you—and I do not want you to write more than five dot points if you were to take questions on notice—is this: you talk about a lot of young people leaving regional areas to come into cities or major hubs like, say, Newcastle to pursue training particularly in regard to unemployment. Maybe in their late teenage years they come in for some kind of tertiary training or post-school education. Do you know how many go back to the town where they were born? Is there a need to have programs to encourage them to go back?

I know that a couple of medical schools—I do not know whether one is Newcastle University's, although it and Flinders University's are the most innovative medical schools in the whole land—have actually been trying to encourage people from rural and regional Australia to come and do medicine with the expectation that they will go back and practise it. I would be interested in what steps you would be recommending to the Premier or to us about programs to encourage young people to go back to rural and regional Australia after they have finished their training and that we should not see it as necessarily a bad thing if one leaves town for a while.

**Mr Brown**—I think we should take your first question on notice. It would probably be best to take your last question on notice as well but I would add this. It is all very well, if people leave their town, to go to the big smoke to gain skills to get employment. I certainly think that they should be encouraged to go back but they have got to have a reason for going back. You go down to the city, you establish relationships, you have a family and so you become established and you might go on to have a career. There has got to be something to go back to.

**CHAIR**—Quite so, and that is what all three of you have been saying. I am sorry we are pressed for time. We do have to halt it there. If there is anything else that you want to add, please feel free to contact the committee. If you are preparing answers for us, I do not want—and I am sure Senator Tierney does not want—five-page essays—I think Senator Tierney asked for some information on notice—as dot points on a half-page would be fine. The other thing is that, if we have any further questions, I presume it would be all right for us to contact you. Thank you very much.

**Proceedings suspended from 10.31 a.m. to 10.57 a.m.**

**HEYS, Councillor Gregory John, Lord Mayor, Newcastle City Council, and Representative, Hunter Region Organisation of Councils, PO Box 489, Newcastle, New South Wales 2300**

**CHAIR**—Welcome. I have terrible trouble when a councillor is not a councillor but is a mayor. You are Mr Mayor?

**Councillor Heys**—I am Lord Mayor and I am a councillor as well. The title is the Right Worshipful, the Lord Mayor of Newcastle, Councillor Greg Heys, if you want the full-blown thing.

**CHAIR**—I would be very happy with ‘Councillors’; I am not sure about ‘right worshipping’ at all. Before we get onto the official bit, we very much appreciate you coming. Thank you for the use of the Town Hall and facilities to hold our hearing. It is of great benefit to the committee and is certainly an improvement on some of the Commonwealth offices which we could go to.

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 request to do so and the committee will consider that request. However, I point out that evidence taken in camera may subsequently be made public by order of the Senate, as has happened in recent years. The committee has before it your submission No. 109 dated 18 May 1998. Are there any alterations or additions you wish to make at this stage?

**Councillor Heys**—No.

**CHAIR**—In that case, I might ask you to speak to that submission for ten minutes and then we will field questions. Do you wish to add any other material?

**Councillor Heys**—The only material I want to add talks about a couple of other things that the Hunter Region Organisation of Councils is doing. Then I would be happy to answer questions.

If you turn to the third page of our submission, there is a series of dot points about what we consider to be best practice regions and their success factors for revitalisation. The first one is a coherent vision. The Newcastle City Council has been working on the vision of sustainability and reorganising its corporate plan and its operations to that effect. I guess that we took a lot of comfort and direction from a ‘pathways for sustainability’ conference that we conducted last year.

As a consequence of that, we are now seeking to establish a pathways forum in the Hunter region that involves, through HROC, all other regional bodies. We intend to have a conference in October when we will take the first step in establishing a network of regional organisations that have sustainability as a focus and also develop an agreement on setting up a sustainability indicators project that all those organisations can use. I raise that to demonstrate how there is a vision and how we are articulating and building on that vision.

The other aspect that I want to emphasise is the question of partnerships. Basically, I am emphasising and supporting the submission by the Common Purpose Group. The idea of building partnerships with other councils in order to develop businesses with other councils is a strong driver in this region at the moment. There are about eight or nine areas where the Hunter Region Organisation of Councils is developing cooperative and collaborative relationships—things like bulk purchasing and all those kinds of things, and looking at cultural development across a number of local government areas. That is an efficiency thing, but I think it achieves two purposes—that of having democratic local organisations and seeking to employ economies of scale to provide more cost-effective businesses.

In my paper I have also referred to the Sirolli model of enterprise facilitation, which HROC is sponsoring. That is part of our effort to build partnerships with the community and business in setting up facilitation boards that will foster and support the establishment of businesses, and also works in with the existing BECs—business enterprise centres. I have made a number of points in my submission about the Sirolli model and the foundation, which is a regional foundation that we hope to establish that will provide funding from a number of sources to support these local enterprise boards. This illustrates a partnership relationship. We are working on developing the region from the bottom up in these kinds of ways.

The message that I want to send to the federal government is that markets need trust relationships; they need fairness as well as efficiency; and they need these powerful trust relationships as much as price flexibility if they are to function well. Companies must treat their work force as a resource, as far-sighted and creative people, and understand that the whole idea of education is to build the work force. I feel that what has happened in our society generally is that the efficiency argument has been given far too much weight and the effectiveness argument has not. I fear that the drive for efficiency and the bottom line is leading to a destruction of that trust relationship.

I say to the inquiry that, just as we are trying to build partnerships and trust relationships in this region to make our region more vibrant, we need to build a similar relationship with other levels of government—in particular, the federal government in this case. That is an overview. I guess it puts a different spin on my submission, but I am happy to leave it there and answer any questions.

**CHAIR**—It is very useful indeed. Thank you.

**Senator GEORGE CAMPBELL**—First of all, can you enlighten me as to who Dr Ernesto Sirolli is? I am not familiar with him.

**Councillor Heys**—He began his work in Esperance about 12 years ago. The idea was that it was an experimental project funded by the West Australian government to see if he could establish jobs in Esperance. He did that by just advertising the fact that he was available to talk to people in confidence and to work with their ideas. It was not a force-feed thing. He more or less waited around.

The assumption with that is that people will not create businesses and have the confidence and drive to be successful in business unless they are totally committed to it. Working

from people's commitment, he then lined up marketing finance and technical advice for them. I cannot remember the figures, but 12 years on Esperance is a very thriving community with lots of small businesses. Maybe there are other factors that have led to Esperance's resurgence, but since then he has applied his approach in a number of countries.

At the moment he is located in North America. He is setting up similar projects in North America and Canada. He came to our pathways conference last year and saw what we were going through with the closure of integrated steel making at BHP and offered to work with the region to set up his approach.

**Senator GEORGE CAMPBELL**—What are his particular qualifications?

**Councillor Heys**—Basically, his experience—and he also has a political science doctorate from Murdoch. He has worked with Professor Peter Newman at Murdoch University who has assessed a lot of his work. Also, he has worked for Julian Grill, who was the minister who sponsored a lot of his work in WA.

**Senator GEORGE CAMPBELL**—How successful has the proposal been to have the councils invest their expenditure in economic development? Has that been accepted by all of the councils?

**Councillor Heys**—Yes. All the councils have agreed to be involved in this. HROC has given its support in principle. Now it is a matter of using that as leverage to establish local boards, and then use that interest and that commitment to then seek funding from the corporate sector and ask them to be involved in those boards, both at the regional and local level.

The model is developed from Esperance. Basically, he started with businesses in Esperance and government funding. What he is looking at now is multi-party funding and, as I said, trying to build commitment. His view is that we have to regard unemployment as seriously as we regard cancer research. It is not just a problem for government; it is a problem for the whole community and the whole community has to contribute to it.

The boards that he establishes are not just boards that work in isolation. They are boards whose members have networks expertise who can provide support for those businesses. They are not just boards that sign off on the accounts and the audited statement; they are actively involved in supporting the facilitator who is then supporting the businesses.

People have said, 'Does his model work? Why not just support the BECs?' The BECs have been struggling. Their staff have to do a lot to attract other funding, because the funding that they need is only a portion of their costs. More and more of their time is being devoted to fundraising or doing commercial activities. So perhaps they are not targeting the people who have got the passion. Remember what I said about Ernesto; he waits for people to come with ideas. He does not go and force-feed people into a program. He works with people's passion and commitment, and that, he claims, is the reason why his success rate is a lot higher.

Some BECs may already do that. I think the interesting thing about Ernesto's model is that we need to identify what the success factors are for business enterprise centres—some are good, some are bad. Is it in the composition of their board, is it in the training of their facilitators, is it in the way that they are required by government policy to provide services to different target groups? Maybe it is a whole lot of other factors.

Ernesto claims—and there has been an assessment of his work done in WA—a higher success rate. I think the fact that he has got a commitment and passion about that is something that will lift the level of performance of our existing structures and establish new ones, particularly in small rural areas where the existing BECs do not operate because there are just not the economies of scale there. Why would a government fund a BEC in a population of 3,000 or 4,000 people? That is where I say you would need that total community commitment to supporting a thing like an enterprise facilitation program.

**Senator GEORGE CAMPBELL**—What you are proposing to do here would fit in as part of the common purpose group?

**Councillor Heys**—Yes. They are supportive of this approach. The councils are taking a lead role in sponsoring Ernesto's work. We are at the stage now where we have got expressions of interest from 16 organisations throughout the valley which want to be involved in negotiating, and the councils have made in kind and cash commitments to support that. Most of the councils have committed themselves in that way and will use that commitment to leverage support from the marketing funds of business. We are not looking for their charity; this is a business.

**Senator TIERNEY**—In the different regions we have been to, we find different levels of cooperation between the local councils in different regions in Australia. Could you perhaps provide the committee with a picture of how it is going in the Hunter Valley, because we are a unique region, always seen as a specific region. It is obviously a good opportunity for councils in this very defined region to cooperate. Could you update us on where that is up to?

**Councillor Heys**—I think the situation has improved over the time that I have been here. There have been many case studies where it has been tried in the past and fallen down. The Hunter Region Organisation of Councils was re-established about 1985-86. It really just rumbled along. It was reinvigorated thanks to the former Lord Mayor, John McNaughton, in 1992. It has been trying to find ways of working together. It has been a matter of people being in or being out and of questioning whether the commitment to fees and the commitment of staff time to work on joint projects have been worth it.

If you look at it in that context, I think where we are to now is a significant level of cooperation and partnership building. For instance, we have three councils, and, hopefully, my council will join the Hunter Resource Recovery, which controls the tender for kerb side recycling. That was a cooperative venture between three councils. Newcastle Council, which did not enter it, is now seeking to rejoin that. At all our various levels, whether it is library, IT, purchasing, contracting or plant management, we are looking at cooperation on all those sorts of things.

HROC is building partnerships with, say, the Hunter Catchment Management Trust and the Hunter Valley Research Foundation in this pathways forum. Not only have we got that relationship going between the councils, but we are seeking to build cooperative relationships and partnerships with other regional bodies and organisations. It has got a long way to go and we go up blind alleys—things that do not work out or when parochial interests might tend to undermine that regional approach. I think it will always be thus but, overall, you can see significant progress.

**Senator TIERNEY**—Councillors in particular areas who have their finger on the pulse of what is happening collectively would perhaps be able to give the best view of where the problems are in a region. When your regional organisation of councils identifies those significant problems, how do you feed that through to the plethora of regional organisations that exist in this valley? Who do you mainly work with as a local government group, in terms of getting action on those things you think need changing?

**Councillor Heys**—The common purpose group held a jobs summit in November last year, and HROC was an active partner in that, as were the individual councils. We have made submissions to the federal government and to the state government when we have felt that we needed to. We have commented in previous years on federal government budgets and how they might impact on the region and on local government services. With the BHP exercise, we joined with the business community and the unions and BHP itself to make representations to both state and federal governments. The way we provide our input and our response is contingent upon what the issue is and who the significant players are that we need to influence. We may work through an established regional body or we may set up a task force or a delegation, depending on the issue and depending on the response that is necessary.

**Senator TIERNEY**—Moving from cooperation within the region to cooperation between different levels of government, what lessons can we take from the Steel River project, in terms of state, federal and local cooperation in identifying and solving a particular problem in a region?

**Councillor Heys**—That is an excellent case study because it involved business, the unions, the local community and three spheres of government. With federal government and BHP support, we made representations on the manufacturing and bond issue. We had a free trade zone as an alternative, but we came down with the manufacturing in bond issue. So there was quite a deal of work involved there in collecting the experience from other countries on how these similar policies worked elsewhere. The free trade zone was the initial approach but it was too difficult because it required new legislation. The manufacturing in bond proposal was more doable from the federal government's point of view. That was a year's work to do the research, make representations and have discussions with various federal agencies.

At the state level, it was a matter of pushing the relevant planning legislation to its limit to fit the 28-day approval process and delegated approval within an environmental envelope. With local government and the local community, it was a matter of having an 18-months task force to put all this together with regard to a specific site as far as the environmental considerations and the design considerations went. As I said, BHP bankrolled whatever

research needed to be done. It was an excellent result—exactly because of that cooperation and partnership with the local community and the various levels of government and business.

**Senator TIERNEY**—To focus on the city, on greater Newcastle, you have one-third of a million people at the head of the richest valley in Australia. It should be absolutely booming, but the city struggles. In recent times, it had an undeserved industrial relations record—which, of course, has been corrected. I do not know how far that has spread nationwide to change attitudes. Apart from that, what factors do you see actually creating the problem? In the centre of the city, there are still major problems and it is not booming.

**Councillor Heys**—The whole centre of the city has changed. It has gone through a natural decline and a new purpose has to be discovered for it. That new purpose is starting to be realised with the drop in valuations and the transfer to other uses. There has been a challenge to fit in the new purposes, which may be the redevelopment of old buildings into apartments, the construction of hotels to service the booming tourism industry which has been driven by events and conferences, and those sorts of things.

There has been a real issue there of fitting what are essentially much larger buildings—and they need to be for their economic viability—into what a large sector of the community sees as a comparative advantage of the city, which its urban form. That is something that has been intact. The redevelopment of Sydney that occurred in the 1950s and 1960s just did not happen here because the demand was not there, but now that is being caught up here.

The redevelopment has to be driven by an entrepreneurial spirit and new jobs, too. It cannot be just a property led redevelopment and a reshuffling of land and land uses. What assists us here greatly are the contracts, particularly from the federal government and sometimes from the state government. They are the rail contracts and various defence contracts, and that is creating a demand.

With the services sector, that is, the hospitality or cultural industry sector, there are opportunities for us to build on our traditional strengths. Now there is a growth in small to medium-sized enterprises that are export oriented. That is balancing off the decline in the numbers in the big, heavy industries.

**Senator TIERNEY**—From your experience with the Steel River project and the local government contribution, which was a fast-track 28-day approval process, is there something from that process we could then apply more broadly to help redevelop the rest of the city?

**Councillor Heys**—Yes, certainly. We need to be open to all kinds of possibilities. We need to also involve private sector investment. What enabled the Steel River project to happen was the underpinning by private sector investment. BHP was interested and attempting to deliver on its promise of creating alternative jobs. Also Boulderstones were in there as well, and think that is an essential ingredient in supporting a cooperative look at the city generally and realising our urban strategy.

There are a whole lot of opportunities that we have created with our sustainable urban strategy for reorganising land uses in the city, and that has to be sold to significant private investors—not just small companies, but large private sector investment. They need to know

that there is a vision. For them to put that up-front money into research, feasibility studies and those sorts of things, they need to know that, either they can recover that up-front investment, or there is a redevelopment opportunity at the end of that collaborative exercise. I think that is the next step for us here.

**CHAIR**—I wanted to put a couple of questions to you. The notion of getting all the councils to contribute their designated expenditure—or at least some of it—on economic development is certainly something we have not heard of to the same extent in other areas. Have you had any battles along the lines of, ‘I’m a little council; I’ve only got a little bit’, versus, ‘I’m a big council; I’m going to get a whole lot, and why should this big council give anything to the little council?’

**Councillor Heys**—No, not yet. That is always an issue that raises itself with HROC membership fees. It is an issue that we have worked out. We have a tiered system. But, because of the commitment to the region and to do this regionally, there is the challenge there. Even the big councils are only contributing a little bit, but that will be matched by other sectors, corporate or otherwise. There will be a commitment to spread that across the region and not just have the funds that are generated from the local community reinvested back into that community.

**CHAIR**—Presumably you have got regions within regions, and even within your local council areas some of them will be arguing to get a project rather than the council next door. Is that the case, that there is a bit of that to be worked out between them?

**Councillor Heys**—The way it is happening at the moment is that, because there has been such a significant response, we are covering all areas. It will be a question of just which ones fly. No, that has not been a problem so far.

**CHAIR**—That is heartening. Are you sharing other things between these 13 council areas, for example, garbage collection?

**Councillor Heys**—Yes. I think this is the way forward. I am also the chairman of the Hunter Waste Management and Planning Board, which has five councils under its purview. We have a waste management strategy and then develop working relationships with those councils on how we achieve that. We do not take over those councils’ businesses but it is a matter of coordinating things between those five councils. Three councils own a company called Hunter Resource Recovery, which is the kerbside recycling operation for those three councils. We are now seeking to re-enter, so there will be four councils covering about 300,000 population. There are other plans on the board to share joint administration of facilities. It has always been a problem for Newcastle having to carry regional facilities like museums, art galleries and civic theatres that the rest of the region uses. There is now more recognition of this problem and looking at other councils assisting us with that burden.

**CHAIR**—This sounds like the old country roads board versus the suburban streets that I grew up with. I am glad that the world moves on and the world does not change at all. I want to ask about all these councils and the councils under your purview and child care. Do all the councils have a child-care system that they are maintaining?

**Councillor Heys**—Yes, they do.

**CHAIR**—Have any of them had to close?

**Councillor Heys**—Some of them have. I am not briefed to give you the details.

**CHAIR**—That is all right. Can you take it on notice? I do not want to put you to a huge amount of work but, if you can quickly get us data in one-page dot points form, that would be very useful for the committee. We are concerned at the number of child-care workers who have now lost their jobs and are part of the unemployment pool or are discouraged workers now not counted because they are not receiving benefit or are not looking for work or what have you. Of course, there is also the impact on other families who cannot use that child care.

**CHAIR**—I am resisting any temptation to pick up what Senator Tierney said about undeserved industrial relations reputations that certain areas get. Some of us actually think that voices for both sides of any industrial argument are a very important factor.

**Senator TIERNEY**—You misunderstood what I said.

**CHAIR**—To put it on the record, then, I have said it before but I congratulate this area for actually having union voice and community voice as well as the voice of business. You do not get anywhere if you cut out half the community and its imagination and passion that you were talking about before, which I think is fantastic. You were talking about collaboration between these committees and there is clear efficiency in having one large dump instead of four small ones and having better waste management for the whole valley, for example. That makes very good sense. But we are also being told about the virtues of competition. How have you come to some balance between competition policy, which still seems to be the name of the game, and the clear benefits of collaboration?

**Councillor Heys**—I suppose we are collaborating by positioning ourselves to be more competitive. We collaborate in benchmarking ourselves with other councils, other industries, in order to find out just where we stand. Then we have to face the decision whether we want to continue to provide the service—we have to be transparent to the community about that—or do we retrain our work force? We actually call our competition policy our efficiency and effectiveness policy. It is not just a matter of doing things right but doing the right things.

**CHAIR**—Touche.

**Councillor Heys**—We believe in our work force and we believe in giving them the first option to change and improve. So we are going through an exercise of measuring ourselves against private sector and other councils, and so are other councils in the region. Then we say to our work force, ‘This is what the competition is doing. Can you match that? What do we need to give you in order to do that?’

For instance, in our supply function within our organisation, we save the organisation half a million dollars a year. By using technology and preferred tenderer status, we now do not need to use our depot to store stores. Basically, with preferred tenderers, we just

purchase stores. They store it, and when a unit wants photocopying paper, for example, it just comes directly to them.

That means that there are seven jobs that are no longer necessary in the supply function. So what we have done with those seven people is offered them other jobs in the organisation. We could have offered them redundancy, put them off and made money that way. But, nevertheless, we have made half a million dollars each year just through that re-organisation.

**CHAIR**—And kept the staff.

**Councillor Heys**—And kept the staff.

**CHAIR**—Very telling information. I really quite like the idea of what you said before, that we have to collaborate to be more competitive. Do you find sometimes the requirement of state or federal government for competitive tendering means that you have to almost tear your hair out, because it does not allow that kind of level of collaboration?

We have had this information provided to us in a previous inquiry, particularly in adult education in the Albury-Wodonga area, where the requirements from the federal department were for competitive tendering. They said, ‘The only way we can get a service here is by putting the resources we have in this town together. We cannot compete against each other, because there is not enough for two of us to be doing it.’ Do you ever find that you want to ring up the Commonwealth government and say, ‘Those requirements for competitive tendering will kill us’?

**Councillor Heys**—What I plead for is government policy to understand the context. The trouble we are coping with is there is just so much change all at once. We are restructuring our organisation. We are addressing competitive tendering. We are also trying to restructure a city and cope with the economic decline there.

I believe we need to be kept up to the mark. I am not resiling from that. But I think we need to be given the opportunity to perform before there are dictates from above saying, ‘You will perform in this way.’ I would like there to be some integration of these major policies towards understanding the impact on regions, and whether agencies like my own are attempting to respond and be more efficient, but doing it in the context of being more effective and, as I said, building a trust relationship.

It is not just about the bottom line. What we have dumped is the trust relationship. That is going to make this region work like any other region. We are in danger of losing it because of the push to be more efficient.

**CHAIR**—That is very interesting and a lovely note to finish on. That is a message that is coming out loud and clear. People want the local voice heard. People want old-fashioned things like seeing who they are talking to, and not a 13 number to the Outer Hebrides, and being able to respect and get on with each other in a basically decent way. ‘Trust’ says it in shorthand very nicely. Thank you very much for your contribution to our committee.

**Councillor Heys**—Thank you for the opportunity.

**Proceedings suspended from 11.34 a.m. to 11.37 a.m.**

**MORRIS, Mr Allan MP, Hunter Street, Newcastle, New South Wales**

**CHAIR**—In the absence of Mr Geoff Connell, Mr Allan Morris has asked if he could make a brief contribution to this hearing and we welcome him.

**Mr Allan Morris**—I am the federal member for Newcastle and today I am representing myself.

**CHAIR**—The committee prefers that all evidence should 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 give consideration to that request. I point out however that evidence that has been taken in camera may subsequently be made public by order of the Senate, as has happened in recent years. Would you like to make a brief opening statement and then I will call for questions?

**Mr Allan Morris**—I think the complications of regionalism that exemplify Newcastle are similar to the Illawarra but not to many other parts of the country. This is partly because our national structure of state, local and federal governments reflect the centralised nature of both corporate and government Australia.

If one looks at the history of employment in this region, you will find that the imbalance between males and females has always been extremely bad. The imbalance between tertiary skilled and unskilled has always been very bad, which relates to the fact that Newcastle and the region have not tended to have the white-collar industries that capital cities have. If one compares Newcastle to Hobart, Adelaide, Darwin or to almost any other relatively smaller capital city, you will find a much greater proportion of head offices of insurance companies, banks and government. This is why the previous government had an active program of locating tax offices in regional Australia, to try to spread the government white-collar industry around. And this is why there is a current campaign by state governments to attract things like call centres and so on—to try and find a way to move the white-collar industries away from capital cities into regional areas—because of work force disproportionality.

Back in the late 1970s the average entry point of people into the work force in the Hunter was actually below the state average on education, yet we have a university because the jobs for graduates were always in Sydney or in some other capital city—other than in the steel making or high engineering areas. That has been part of the complication. The second part has been, if you like, the football effect of governmental changes. This morning you have heard and seen the history of some of the organisations. If you go back to regionalism in this area, it started back with DURD in the 1970s, with the Whitlam government. The art gallery across the road was funded by a federal Labor government grant to the Hunter region to the tune of \$1 million. It started then; it has ebbed and flowed ever since, both in cooperation and in organisations.

Two really big changes occurred in 1988 when the Hunter Development Board, which was autonomous, representing local councils, unions and communities, was in fact de-funded by the Greiner government. Its funds were taken away and the HEDC, which was effectively staffed by state departmental officials rather than by locally managed people, was estab-

lished. The second big change was when the funding for the Hunter Regional Development Organisation was stopped in 1996, with the change of government then.

We are caught in the bind, as is the union movement and regional Australia, between identification and efficiency. I think most of the region would actually prefer to have a council for Dungog, for Merriwa and for Maitland rather than being absorbed into a megalopolis which is dominated by Newcastle. As someone from Newcastle, I actually treasure the identification of those smaller areas. I think it is important that they are able to retain it, because if they lose their identity and their local governments they will in fact lose sight of who they are in terms of functionality.

At the same time, if we had a single organisation it would be run from somewhere else. Unless you make us a separate state and give us a state government, as Tasmania has, you really have to have more than one organisation, because every time there is a change of government, state and federal, the ball game changes.

These regions need to have, if you like, enough organisations to absorb the shocks, to insulate them from the shocks of governmental policy and funding changes. The idea of a single organisation in this region run by Sydney or by Canberra would effectively destroy its identity and functionality. So there is a long history to the reason why they are all there. There is strength in diversity so long as we understand and develop a common agenda. The problem we have is that we have constant changes of policy and funding.

You asked the lord mayor earlier about a corporate venture. One you failed to mention, which I think you will find is extremely successful, is the Newcastle airport at Williamstown. Transferred jointly to the Port Stephens and Newcastle councils by the Commonwealth, with a \$2¼million to upgrade, it is now trading way above projections. It is now very profitable and increasingly attracting airlines, but more importantly it is attracting people to service our aircraft, both defence aircraft and commercial aircraft. In fact, it is creating jobs in airline transport and an industry is also being built by those two councils in a joint venture effectively initiated by the Commonwealth.

There are great things we can do in partnerships and in cooperation so long as we understand the roles we all play. What tends to happen with amalgamations, mergers and takeovers is that you end up with a common corporate goal and both corporate and geographical identification gets lost in amongst that goal. My great fear for this country and for this region is that we will be seen as a single region rather than as a grouping of people with very different attitudes, histories and backgrounds.

**CHAIR**—I would like to very briefly ask you a bit more about the difference between identification and amalgamation—or efficiency, I suppose. In some ways you could be making a case for separate states rather than for one federation called Australia. We have just heard of the enormous economic benefits from some amalgamations between councils. It seems to me that you are asking for local identification, not necessarily a refusal to participate in collaboration and cooperation.

**Mr Allan Morris**—Yes. In the very early 1970s, with regionalism, there was a great resistance to regionalisation because people thought they would lose their identity, and there

was a city versus the bush problem with small councils and small towns and places like Newcastle, which were so dominating. We have developed models—and you have heard the councillor, who has explained that now they are actually getting partnerships between those councils—and that is now functional. It has taken a long time to build that trust, and the self-management of those areas is vital. Take the alternative example of, say, Energy Australia, where you used to have local county councils that got bigger and bigger. Now Energy Australia has no identification whatsoever with any local person. It is now seen as being a large corporate entity that does not relate to the community, and its levels of service and so on are very remote from local consumers.

Somewhere between the two, I would argue, there is a balance. Part of the resentment of regional Australia is that they are being absorbed into much larger entities where they have lost their sense of identity and, hence, their sense of contribution. We do not need a new state; we simply need to ensure that what we do have is maximising our potential in collaborative ways and not being absorbed into somebody managing it all from somewhere else, which is where it seems to be heading.

**CHAIR**—You made another interesting point. I will not buy into what it is like when even your news comes from Sydney—you may feel a bit annoyed about your news coming from Sydney, but try being in Adelaide. I want to ask you a little more about women in the work force. Women have always worked, particularly if they were poor. Why is it that the women's participation in the work force in and around Newcastle and the Hunter Valley is lower than in other places? I buy your argument about the white-collar workers, perhaps, but women are not white-collar workers.

**Mr Allan Morris**—There are two reasons. The first reason is the preponderance of heavy engineering, which was—or used to be—almost solely blue-collar. We started to offer more work opportunities in the 1980s, and a lot more women became apprentices and moved into the engineering and the heavy industry fields. They were also the first to go, pretty well. But the second thing is the employment profiles in the Hunter and the people we employ. Those areas were white-collar people in general. Our women became educated in the 1960s and 1970s, but the jobs were not here for those educated women. So there are a lot of people out in Newcastle and in this region who are highly skilled but who cannot work because the jobs are not here. Their husbands have jobs—

**CHAIR**—My point is that a lot of work for women has always been very poorly paid work. For example, they had traditionally made a lot of beds. Was there no bed making required in the Newcastle region 50 years ago?

**Mr Allan Morris**—We have fewer nurses than we used to have—

**CHAIR**—Not nurses.

**Mr Allan Morris**—and they used to make beds.

**CHAIR**—Hotels were not run without somebody making the beds.

**Mr Allan Morris**—Hotels in Newcastle are very small. We do not have many. People do not come here to do business with their organisations. There is a lack of head offices for governments and for organisations. If you compare the bank manager's office in Darwin or Hobart with Newcastle, you will find they are much bigger. The status of a manager in Darwin or a manager in Hobart is vastly greater than in Newcastle, yet the business size is a fraction of it. If you look at Australia, we are run as a series of fiefdoms. If you look at Wentworth and Mildura, they report to Melbourne and Sydney. Newcastle reports to head office. In the main, historically, employers were based somewhere else. The person who made decisions about their buildings and their employment structures and did their commercial work was based elsewhere. So it has been very unbalanced. The figures are there. If you talk to the state governments, you will find that research over the years on education standards and on work force mixes were very clear, which is why we had those very deliberate programs for things like tax offices. Walk up the road to the tax office, which has been reduced, and you will find that the majority of people there are women—highly skilled women—who normally would have had to go to Sydney or not work.

**CHAIR**—It is a very interesting point that you make, because 100 years ago there were lots and lots of women in the work force, but they were at the very poor end of town. They did piece work—I was nearly going to say an unfortunate word—they did excreta work, as it is often called, and they were paid a pittance, and they were highly exploited. So I am interested that there was never any of that dimension in Newcastle, if that is true.

**Mr Allan Morris**—We educated our women initially in two ways: as nurses and as teachers. Those were the two prime areas in these kinds of regions. There were a lot of nurses in Newcastle. That has been shrunk. Most of the women who went through university with me back in the 1960s as teachers taught somewhere else. My wife was posted to Gilgandra to teach. They were sent away because there were no more jobs in Newcastle. There were only so many jobs for teachers.

**CHAIR**—But a lot of women gut chickens, sew buttons on shirts and work in the textile, clothing and footwear industry for a pittance. They have done that for the last 100 years, and education is not going to take them out of that work force. Were they not provided with jobs in the Newcastle area?

**Mr Allan Morris**—There were jobs there but, with mechanisation, those jobs shrank. Those jobs shrank and education went up. We have those jobs here; we have Steggle's chickens here. As those jobs shrank in relative terms to the work force and women got more educated, there were no jobs. In Australia, an area the size of Newcastle is a capital city. There is no place like Newcastle in the country that is not a capital city. Let us look at BHP: where is their head office? It is in Melbourne. If you were to go around the town and look at all the companies and ask where they were run from, you find that they are run from Sydney, Melbourne or Canberra. Where is their predominantly educated work force? It is somewhere else. That is not well understood and it is why there must be an active program of regionalisation with government. We have lost 400 jobs in Newcastle in my electorate alone from the Commonwealth government since 1996: 400 white-collar jobs have gone, the bulk of which provided employment for women.

**CHAIR**—They were the closure of?

**Mr Allan Morris**—The closure of CES officers, immigration officers, cutbacks in taxation and the shift to Centrelink. We used to have 135 people working in DEET up the road. We had 160 working in the Social Security in my electorate. They have now both been closed down. They are now run from Sydney. We have now pulled back regional offices to the state. The program of regionalisation of government was a vital program that was addressing that balance. The idea somehow that regional development is a state issue is absolutely insane: think about the Gold Coast; look at the economic figures from the Bureau of Statistics.

**CHAIR**—It does not bear thinking about, Mr Morris.

**Mr Allan Morris**—The Bureau of Statistics gives you figures for northern New South Wales and Queensland as if they were two separate economies, when in fact they are one economy. The idea somehow that regional development is a state issue is an absurd notion when you have Albury-Wodonga, Broken Hill, South Australia, the Gold Coast. The only way we can actually bridge that and build those regional economies is to see them as economic zones across the country not as parts of separate states as they are now.

**CHAIR**—Thank you very much for that contribution.

**Mr Allan Morris**—Thank you for the opportunity, Madam Chair; I appreciate it and wish you well for your inquiry.

**CHAIR**—You are very welcome, Mr Morris.

[11.56 a.m.]

**MANNING, Councillor John, Newcastle City Council, King Street, Newcastle, New South Wales**

**CHAIR**—As you have heard, 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 can ask to do so and the committee will consider your request. I do point out, however, that evidence taken in camera may be made public by order of the Senate as has happened recently.

**Councillor Manning**—There is no bother with that. Sometime ago when a state Liberal government came to power here, they closed down the department of community services and the transport department. They shifted one to Port Macquarie and the other to Lismore and that had a dramatic effect. My big concern is for the regional taxation department, which employs about 800. It brought in many taxation and accountancy firms. The effect on employment here in a positive way was considerable. If that were ever to be closed down and shifted, it would leave a large empty building and the effect on employment would be considerable—particularly for women, who performed a lot of the work. That would create a ghost town effect within the city.

I want to mention the importance of things like that. We had to hurry up to get the contracts let and the Telstra building built here—again, with 300 workers right in the city. If ever a Liberal government were of a mind to shift those to another Liberal area to shore up their political prospects or create employment there—which, in a way, may be a good thing for that area—it would be a disaster for here. I am saying that, once a big facility—if that is the word—such as the taxation department is placed in an area, there ought to be a near-certainty that it remain there for ever. That is all I needed to say.

**CHAIR**—That is very useful; I do appreciate that. In our hearings, if we have the opportunity, we have tried to allow the community to make a contribution. I am really very pleased that you have been prepared to sit, take such notes and make a contribution. Thank you very much. It is a pretty telling point.

**Councillor Manning**—Thank you, Senator. I appreciate it.

**Committee adjourned at 12.00 p.m.**