



COMMONWEALTH OF AUSTRALIA

# SENATE

## Official Committee Hansard

EMPLOYMENT, EDUCATION AND TRAINING REFERENCES  
COMMITTEE

**Reference: Regional employment and unemployment**

WEDNESDAY, 5 AUGUST 1998

CAIRNS

BY AUTHORITY OF THE SENATE  
CANBERRA 1997

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**SENATE**  
**EMPLOYMENT, EDUCATION AND TRAINING REFERENCES COMMITTEE**

**Wednesday, 5 August 1998**

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

**Substitute member:** Senator Mackay

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

**Senators in attendance:** Senators George Campbell, Crowley, Mackay 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**

**BIRD, Mr Anthony, Strategic Planning Officer, Cairns City Council, PO Box 359,  
Cairns, Queensland 4870 . . . . . 1256**

**CLAY, Mr Alan, General Manager, Balkanu, 32 Florence Street, Cairns, Queens-  
land . . . . . 1231**  
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**CUMMINGS, Mr William Samuel, Principal, W.S. Cummings Economic Research  
Services, 38 Grafton Street, Cairns, Queensland 4870 . . . . . 1284**

**JACKSON, Mrs Andrea Jane, Executive Officer, Far North Queensland Employ-  
ment Board Inc., PO Box 3065, Cairns, Queensland 4870 . . . . . 1231**

<b>MARTIN, Miss Jennifer Anne, Assistant Manager, Vocational Partnerships Group Inc., PO Box 830N, North Cairns, Queensland 4870 .....</b>	<b>1231</b>
<b>PALMER, Ms Lena, Executive Officer, WorkNorth Advisory Group Inc., PO Box 500, Townsville, Queensland 4810 .....</b>	<b>1267</b>
<b>RAYNES, Mr Michael, Social Adjustment Adviser, Mareeba Regional Development Organisation, PO Box 186, Mareeba, Queensland .....</b>	<b>1263</b>
<b>SCOTT-RIMINGTON, Ms Tracy Ann, Strategic Economic Development Consultant, Cairns Region Economic Development Corporation, PO Box 3065, Cairns, Queensland 4870 .....</b>	<b>1248</b>
<b>WALDER, Ms Julie, Community Services Manager, Townsville City Council, PO Box 1268, Townsville, Queensland 4810 .....</b>	<b>1267</b>

**Committee met at 8.40 a.m.**

**CLAY, Mr Alan, General Manager, Balkanu, 32 Florence Street, Cairns, Queensland**

**JACKSON, Mrs Andrea Jane, Executive Officer, Far North Queensland Employment Board Inc., PO Box 3065, Cairns, Queensland 4870**

**MARTIN, Miss Jennifer Anne, Assistant Manager, Vocational Partnerships Group Inc., PO Box 830N, North Cairns, Queensland 4870**

**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 private or in camera, you can 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.

Before I invite you to make an opening statement, I welcome other people who are here today, some of whom may be witnesses and some of whom have come as observers—Dale Anderson from the Department of Employment, Training and Industrial Relations—that is similar to the role of Mr Keith Kerslake who attended our hearings yesterday—Sean Genever from the same department, and Jim Savage. Would you now like to make a brief opening statement and then we will field questions.

**Mrs Jackson**—My opening statement is going to focus on issues related to youth employment. As our three-year strategic plan has identified that approximately one-third of the unemployed people in our region are in the 15 to 24 year age group and given that the youth population in our region is growing at a significant rate, youth unemployment is of major concern in Far North Queensland.

Research we have undertaken over the past 12 months has highlighted a range of issues which are impacting upon the ability of young people to find work and to remain in employment. Retention rates for students in years 10 to 12 in Far North Queensland are significantly lower than the state retention rate. The retention rates for indigenous students are 20 per cent less than the total regional student population.

Our research has also revealed that nearly 50 per cent of unemployed youth have completed year 12. This indicates that school leavers are often unprepared and ill-equipped to enter the work force even if they do complete their secondary education. Young people often lack motivation and focus while at school because they do not see how what they are learning at school is relevant to the world of work. Young people in the region are demonstrating a high level of uncertainty in deciding upon a future career and a poor awareness of available pathways in the region.

Very limited resources are devoted to careers counselling in schools and this role is filled primarily by guidance officers. Resources available in schools to provide career counselling for non-tertiary students are particularly limited, which is of great concern when we consider that the vast majority of school leavers do not go on to tertiary study.

A number of school to work and vocational programs are operating effectively in the region. However, the majority of these programs are based in Cairns, the Atherton Tablelands and the Innisfail region—with remote areas accessing very limited services. Remote communities need to overcome problems related to distance and training providers and the lack of financial and personnel resources in the schools to provide an adequate range of vocational programs and school to work initiatives. Where work experience and work placement programs do exist in remote areas, placements for students are often a considerable distance away from their home or school. Some schools have actually had to transport students to their placements. The cost of providing this type of transport is prohibitive and schools are unable to continue this practice. All school to work programs in the region are constrained by a chronic lack of resources.

The jobs pathway program is one initiative that has great potential to assist students to identify pathways and training opportunities and to develop jobsearch strategies. There are two job pathways providers in Far North Queensland. One is based in Innisfail and services the Cassowary Coast area and the other is based in Cairns. The Cairns based provider has an enormous area to cover—from Gordonvale to west of the Tablelands and north to the Cape. Both providers have had notable successes, but the extent of these services is far from adequate in terms of servicing such a vast geographical region. To sum up, there are only two people operating job pathways programs in Far North Queensland. Travel costs are often, again, prohibitive for this program and the commercial nature of the job pathways program tends to restrict activities to areas that are easy to access and more cost effective.

Although many young people are initially finding jobs, evidence indicates that a significant proportion of these youth are not remaining in the work force. Drop-out rates of apprentices and trainees are particularly alarming. At the end of April 1997 we had 2,754 apprentices and trainees employed in Far North Queensland. Of those, 22 per cent of the apprenticeships and 59 per cent of traineeships were cancelled in the 12 months to April 1998. Low literacy levels, poor communication skills, lack of work ethic, poor life skills and employers' poor understanding of their obligations to apprentices and trainees are common reasons for these cancellations. Our investigations have identified the need for impartial counselling and advocacy support to assist apprentices and trainees to articulate and negotiate their needs with both the training provider and the employer. Far North Queensland has one person allocated to providing this service, which is clearly inadequate.

Vast amounts of government money are spent on income support, job network services and other programs targeted at assisting the unemployed to find work. FNQ Employment believes that the government should be considerably increasing their investment in preventive initiatives. For example, in Scandinavian countries where structured school to work experience programs are adequately resourced and well integrated into the community as part of the recruitment culture, youth unemployment rates are half that of the general adult population. If substantially increased investments were made to improve school to work programs, vocational education programs and the like, many barriers facing young people would be reduced or eliminated, thus decreasing the likelihood of their dependence upon income support and fix-it measures in the future and representing a substantial saving for government in the long term.

**CHAIR**—Thank you. Miss Martin, did you want to add something?

**Miss Martin**—Yes, I will. As stated before, I am the Assistant Manager of the Vocational Partnerships Group which is the local schools industry work program. Basically, we operate in the Cairns region, which is Gordonvale to Mossman. We have sister programs both in the Atherton Tablelands and in the Innisfail regions. We work within the 14 high schools, dealing with the year 11 and 12 students who are studying structured work programs. Basically, our core business is placing them out in industry to give them on the job experience.

One of the factors that we find inhibitive is our support in terms of funding. We receive funding from Commonwealth, state and local bodies. We operate on a year-to-year basis which can be very difficult for long-term planning and in assisting us in going on from year to year.

With the students, we try to find, as Andrea mentioned, preventive methods in terms of getting them into jobs at the end of year 12, and inhibitive barriers that we find with regard to placing students in work placement are the restrictions of the work experience cover. When placing students out, we place them under the Work Experience Act, and in Queensland restrictions of this policy include areas such as shipbuilding, boat building or any ship or boat repair and any of the adventure tourism based things such as abseiling, rock or mountain climbing, whitewater rafting and bungee jumping. I am sure you appreciate that areas such as this are extremely important in Cairns because we have a large adventure tourism area. If we are prevented from placing students in these areas, how can they gain experience to go on to secure jobs at the end of year 12?

**CHAIR**—What is the reason for the exclusion of them from those jobs?

**Miss Martin**—Basically, the restriction of the work experience cover. When we place students out, we place them under the Work Experience Act 1996, which covers them for work cover and insurance. There is a list of restrictions on students performing these jobs. If injuries were to occur either to themselves or to the companies, they are not covered under these areas. When placing students in a whitewater rafting company, for example, we often have to have them and their parents sign a special disclaimer form.

We have looked into boat repair quite extensively. If a student who may be out doing an engineering placement paints a boat, that is considered to be boat repair and they are not covered, so they cannot do that. Aircraft maintenance is exactly the same. Even if the students are doing these things under supervisory personnel, they are still not covered for that. We have had companies dropping off from taking students, saying, 'We can no longer take them because we cannot have the responsibility of accepting these students with no cover. If anything goes wrong two months or five years down the track and it can be traced back to the student, that is a real problem.' Students studying the engineering or metal modules at school could be placed in an aviation business at the airport, but a lot of those companies are dropping off from us because we have had to highlight to them that students are not actually covered.

**CHAIR**—Is there anything further?

**Miss Martin**—Andrea mentioned career guidance. We find that extremely inhibitive in schools. Especially for students in non-academic areas, there is a lack of substantial career guidance available to them in terms of finding out what to study, where to study it, how to apply for jobs and job preparedness.

**Senator TIERNEY**—Could you just tell me a little bit about the provision of university and TAFE places in the Cairns area compared to Queensland averages? I know you have got a campus of James Cook here. It is a small campus, I believe. If students want to go and study at TAFE and here, what proportion of them can stay in the area and do that and what proportion have to leave?

**Mrs Jackson**—The university has about 2,000 students on the Cairns campus at any one time. They have exceeded their enrolment targets. They did not expect to reach 2,000 students until the year 2000 but they reached that target this year. I am not exactly sure of the number of places TAFE has. I could investigate that further and provide you with that information.

The ability of people to stay on in the region and study at TAFE or the university is also dependent on the types of training courses offered. The range is increasing all the time at the university as it develops. TAFE has a fairly extensive range of programs as well. In cabinet making, for example, there are some modules or techniques for which students or trainees may have to leave Cairns to access training in Brisbane or Townsville, but on the whole there is a fairly broad range available.

**Senator TIERNEY**—You mentioned that when students in schools undertake some work related experience or if they go into a traineeship or an apprenticeship these things often fall apart. Could you explain to us a little further why you think that happens? Is it something to do with the students' attitude or is there some structural problem in the arrangement? Is it the commitment of the employer? What is the essence of the problem there?

**Mrs Jackson**—It is a combination of a range of factors. One basic factor is communication difficulties—young people unable to communicate effectively in terms of listening and making their needs known. Not having experience in conducting two-way conversations in an adult context often seems to be a problem. When I am talking to groups of students in the high schools, I find that they are really unable to conduct a two-way conversation. Put them out into the work force and that creates problems for them.

Attitudes can sometimes be a problem. You may find that they are not turning up, they have better things to do, or they are not putting in the effort that an employer would expect. Often this is because these young people are not aware what the expectations are. As surprising as that may seem, we take a lot for granted and that seems to be the case. It comes back to job preparedness training: what is expected of you when you are in the work force.

Often problems occur in apprenticeship situations where an apprentice may be unhappy with a particular aspect of their employment or may have a slight problem and does not know how to approach the employer, or it may be the opposite situation—the employer has a problem and has not approached the apprentice and the first that someone may find out

about this is when the apprenticeship is cancelled. There is one person providing support to negotiate in these situations and provide counselling, but she is unable to spread herself across all apprentices and trainees that are in trouble. As I said, often apprentices are not aware this service exists.

There are other issues such as poor life skills, people not being able to work out that you go to bed early, that you do not go out drinking until two in the morning and then get up early the next day to go to work, or stay in bed if you cannot get up to go to work. Being able to manage money—

**CHAIR**—We are not really going to change the world that much, are we?

**Mrs Jackson**—No, probably not, but again it comes back to the idea of a work ethic and attitudes, and understanding how to manage your time and manage your life to be able to remain successful in the work force.

**CHAIR**—I am presuming that you are suggesting that, if people are still going out drinking until 2 o'clock and getting to work at eight in the morning feeling a little the worse for wear and they are 60 years old, these people have a genetic endurance which we should probably investigate. It is the stuff of youth, is it not, to try a few things out?

**Mrs Jackson**—It is, and employers, in consultations we have held, have shown a very clear preference for taking on apprentices or trainees under the age of 18—young, 15 or 16—because they are saying that they are getting them young while they are still able to mould them into developing a work ethic. It is before they are interested in going out at night, drinking, cars, girls and a bit of independence when they have left school. They find that they fit in much easier, adapt much more quickly and are much more amenable to direction from the employer.

**CHAIR interjecting**—

**Mrs Jackson**—School based apprenticeships, in that sense, are quite an exciting development and are being very well accepted by employers and students in general.

**CHAIR**—Excuse me, Mrs Jackson. For the *Hansard* record, I must say that that last comment of mine was laced with heavy irony which does not always show when you read it later.

**Senator TIERNEY**—You indicated that the retention rates were very low, somewhere around 50 per cent, which is way under national average, through to the end of the higher school certificate.

**Mrs Jackson**—No, sorry; I must correct that. The retention rates are about six per cent lower than the state average overall, but in terms of indigenous students the retention rates are 20 per cent lower than the regional student population average. In remote areas, the figures are quite disastrous. For example, up until the end of 1996 when Cooktown state school introduced some programs to assist retention rates, at the end of year 10 there were

virtually no indigenous students left in the high school, and retention rates for the general population were also extremely low.

**Senator TIERNEY**—You mentioned also at that time that one of the reasons you felt retention rates were a bit lower was the relevance of the curriculum but then you have been saying more recently that there have been some exciting developments in pathway type programs. Can you reconcile those two things for me?

**Mrs Jackson**—Students often are not seeing the relevance in the studies that they are doing in schools, such as why they need to do English, maths, technical drawing or graphics, whatever it may be called. They cannot see how the knowledge they are gaining at school is going to help them in employment and they do not have an interest. Vocational subjects are helping students make the connection between what they are learning at school and what they need to know when they go out into the work force.

Some of the exciting programs are programs such as the vocational partnerships program and, again using Cooktown as an example, the step ahead program there which they have used to try to increase retention rates. Students who are considered to be at high risk of dropping out of high school are placed in this program, spending one week out of every four in a work situation and the remaining three weeks at school where they join the general student population for their elective subjects and then work at their own pace, with individual guidance, on vocational models to a certificate level 1. There is a very high focus on literacy and numeracy skills, the development of computer literacy and general life skills. This has been extremely successful in increasing the attendance rates and overall retention rates.

**Senator TIERNEY**—You indicated difficulty in placement and you mentioned some of the adventure high risk areas. Surely in areas which have a very high proportion of the work force—I think if you add retail trades, hospitality, education, health and community services you would be getting up to almost half of the work force—they would be easier to place, and also in areas that are pretty labour intensive and therefore these would be good areas for young people in Cairns to set their career sights on if they wanted to stay in the local area. Could you comment on those other areas that perhaps do not have that risk factor in respect of placements?

**Miss Martin**—As you say, they are extremely labour intensive. To give you some idea, we are in our third year of operation. In the first year we placed 180 students. This year, to date, we have placed 680 and it will go to around the 1,000 mark. Working in 14 high schools, you can imagine the number of students we do see. For every class of 20 that we are placing there are an additional 10 or so that we are not. We do place a lot of students in those areas and they are fine. They go ahead with no problems at all.

You still have to consider that we do have a high area of adventure tourism and also marine tourism, which is another area that is under restriction with regard to snorkelling and scuba diving. With scuba diving, if they hold an open certificate, that is no problem. Snorkelling is another area. Basically, we have companies here wanting to take on students to train them up and to take them in even to a point of school based apprenticeships or

traineeships and have them working for them or, for years 11 and 12, have them with them and take them on at the end of year 12.

I suppose you have to consider that, if we just turn away and shut those out, what happens to our adventure tourism market in the next two or three years? Do they take students on at the end of year 12 with no experience? That defeats the purpose of what our program is about because we are trying to get the students into the companies at the age, as Andrea said, of around 15 or 16 so that these students can start developing a work ethic and some job preparedness for themselves so that, at the end of year 12, they can apply for jobs.

The 17-year-olds have very little experience. Under these programs you can gain up to four weeks per year with any particular company or companies. Whilst we do place students in retail, in hospitality, in construction, in furnishing and in a variety of areas, we still need to concentrate on some areas that we feel are lacking because of this cover.

**Senator TIERNEY**—I was up here a few years ago on another inquiry relating to immigration, which was looking at working visas. There are large numbers of tourists coming in and taking up work positions. Some overseas companies, particularly the Japanese hotels, insist on people from their own countries doing the tour guiding, for example. Is that sort of thing still a big problem in the sense that local people are missing out on local jobs because people come in from other areas and take those positions? Can you update us on that?

**Mrs Jackson**—That is still certainly the case. For example, there has been some concern expressed by the cassowary coast areas, particularly in relation to banana growers, in that they are predominantly hiring backpacker labour to banana pick and to do the dangerous work on the farm. One reason for that is that locals do not see that as an attractive work option. Secondly, it is easy for employers to recruit staff—people who are coming through—on a temporary basis who will put in the hard work because they need the dollars to continue their travels. I think it is probably still very true that there are a number of overseas businesses around the region that still insist on hiring people, say, from their home country to fill positions.

**Senator TIERNEY**—Compared with that earlier group—the ones who go out and do the tough work—is there an attitude problem in local young people in terms of going out and getting that sort of work? Do they just step back and let people from overseas do that because it is tough, hot, difficult work?

**Mrs Jackson**—Possibly. It is certainly not seen as an attractive option because it is hot, tough and often dangerous work. Also we have had a very heavy focus over the last decade and a half particularly on the more professional type career aspirations—going on to tertiary study—so vocational options in general and manual labour type options have lost a lot of status, or have a very low status, amongst the community.

**Senator TIERNEY**—Regarding career counselling, you are saying that, by the time they get to the end of school, a lot of them are not too sure what to do. I do not know what the system in Queensland is. In New South Wales there are careers advisers and they spend time with them. Is that the case in Queensland?

**Miss Martin**—In Queensland we have what we call guidance officers in the schools. As guidance officers they are there to provide to all the students of the school academic and career guidance and also crisis counselling. We find over the years, especially with a lot of broken families and everything like that now, that the majority of their time is spent in crisis counselling. In the schools that I deliver to—the 14 high schools—I could not name one person who is dedicated to career guidance alone.

**Senator TIERNEY**—Thank you.

**Senator GEORGE CAMPBELL**—You said earlier, in answer to a question from Senator Tierney, that you had a couple of areas where you were not able to place students. I think you mentioned boatbuilding and adventure tourism. Then you gave us a list of other areas where you were actually placing students and I think you mentioned the construction industry. Why is the construction industry on the list and boatbuilding is not, given that the rate of accidents in the construction industry is much higher than it is in the boatbuilding industry?

**Miss Martin**—We are not sure. We have made a lot of inquiries into this. A lot of the insurance policy is through Suncorp, which is the Queensland education insurer. To a lot of our inquiries we have got standard answers back. We have asked a lot of questions like this which we have virtually not got answers back for. We are in the process of writing letters to them through the ACC, through the Principals Association of Far North Queensland, et cetera. A lot of it comes from the Work Experience Act 1996 at the moment, which was updated two years ago. Prior to that I do not think it had been updated since about 1975—I think it was the Work Experience Act 1975 or something like that.

**Senator GEORGE CAMPBELL**—In respect to the other area of adventure tourism, have you had any discussions with the people who run the industry up here about setting up some controlled environment where that training can take place?

**Miss Martin**—Yes. I will just reiterate that we do place students in the adventure tourism area. With a lot of them, for example, if we send them to a whitewater rafting company, we will send them there and they will do, say, office work, taking reservations. They might make a run on the bus to pick up the tourists and take the tourists to the place.

If the student actually whitewater rafts, companies have set up their own indemnity policy where the students must take that home and have it signed by a parent if they are under 18, or sign it themselves if they are 18, which basically excludes the company from liability for any type of injury or accident. We feel that that is slightly unfair. As you said, we can place a student out in construction who is dealing with the building of a house—and accidents happen in that area—and who has full cover. Then we can place a student in whitewater rafting who does not have full cover. We are looking for the equity issue there.

We do place students in those areas and the industry has definitely come to the party and will take students in those areas, just in terms of in the office, on reservations, et cetera. But, again, it is not giving them that real life experience that we are trying to drum into them about what this job is all about and, after spending a week or two there, is it for them at the end of year 12?

**Senator GEORGE CAMPBELL**—In your submission on page 5 there is a list of strategies identified—I think 13 in total. I want to go to three of them. In strategy 5 you talk about facilitating ‘a project to identify the nature and extent of labour under-utilisation in the region.’ What is the specific purpose of that? What are you trying to get at there?

**Mrs Jackson**—We want to look at things like what skills are being under-utilised with the increased casualisation of the work force, increased part-time employment, how many people are being underemployed, and what resources we aren’t using in the work force.

**Senator GEORGE CAMPBELL**—Don’t you have any statistics in relation to this area on casualisation and underemployment?

**Mrs Jackson**—We do have some basic statistics, but we need to investigate the implications of this trend towards casualisation much further to see how that it is going to affect people’s employment chances, what implications it has for them even in terms of issues even like finance—there is no way you can get finance if you are not in full-time employment—those sorts of issues.

**Senator GEORGE CAMPBELL**—Has this project started?

**Mrs Jackson**—No, it has not started.

**Senator GEORGE CAMPBELL**—Is it something you have in the planning stage?

**Mrs Jackson**—It is one thing in the planning stage, yes.

**Senator GEORGE CAMPBELL**—Is strategy 12 a similar type of survey?

**Mrs Jackson**—Yes.

**Senator GEORGE CAMPBELL**—There is a correlation between strategies 5 and 12. Essentially you are talking about, then, a skills audit of the area.

**Mrs Jackson**—Basically, yes.

**Senator GEORGE CAMPBELL**—Have you set any parameters for that yet?

**Mrs Jackson**—No, we have not. This is the basic broad outline for the next three years of projects in areas we need to look into. There are a few we have started and others that we are planning to start. Our business plan outlook, which I believe was forwarded along with the strategic plan, outlines some of the projects we intend to begin this year.

**Senator GEORGE CAMPBELL**—On the review that you have done of Job Network in this area, what have you found as a result of that review? What has your experience with Job Network been?

**Mrs Jackson**—The experience has been mostly positive in terms of the Job Network providers being quality providers. They have worked well together to provide support for

each other and to jointly promote the Job Network in the region, and there is a very high level of commitment from the Job Network providers. Their placement statistics seem to be quite good.

The problems have been, of course, in the negative media stories and with problems in the system with referrals from Centrelink to Job Network providers. There have also been problems with job seekers and employers understanding how the new system works. We have put a lot of effort into trying to educate people, particularly employers, about the system and the advantages of using that system.

**Senator GEORGE CAMPBELL**—There has been a considerable amount of angst with employers all round the country with the Job Network system, particularly the aspect of having to pay for services that they previously had access to for free. Has that been a similar experience in this area?

**Mrs Jackson**—The majority of providers in this area are not charging employers. So, in the promotional efforts we have done, we have suggested employers make sure they find out if there will be charges attached to the service or not. We have pointed out that some are charging and some are not to try to encourage employers to find out.

We find employers too do not like the fact that there is too much variety. Who do I go to? Where do I start? The feedback has been that when they do call up the Job Network 13 number they often have to wait in a queue or select a menu. They are not told how to contact the local providers very easily. Then it takes time to select a particular Job Network provider or a range of Job Network providers to find out what the services are.

We are trying to point out to employers that it is the same as any professional service that is provided to their business—you need to source the provider that gives the most benefits to your business. You need to find out how they operate, what they will provide you with, what sort of charges there will be. It is part of educating the employers as well as to the way to use the service.

**CHAIR**—Mrs Jackson, if a citizen is looking for a doctor they very rarely ring up all the doctors in the area and ask, ‘What do you charge?’ They are much more likely to get word of mouth recommendation from somebody else whose opinion they value or trust. It is true that if you are trying to buy a washing machine you might ring a couple of stores to see what the price is. But a lot of people do not actually see getting advice in the same light as buying a whitegood.

**Mrs Jackson**—When you look at professional services, such as an accounting service or a legal service, I think you would find that businesses are searching out the details of what they will get for their money, so we are likening it to those types of professional services.

**CHAIR**—I think that is not unreasonable for them to ask once they make contact but quite often, I would have thought, in business and other places a lot of it is some kind of other recommendation from somebody you trust.

**Mrs Jackson**—That is very true.

**CHAIR**—So they are some of the objections that the employers have. Have the unemployed people also given you objections?

**Mrs Jackson**—Certainly. I think probably the largest issue that has come forward has been the lack of Job Network services for people who are ineligible for income support. That is coming through time and time again. It has created a lot of frustration and anger in job seekers who suddenly do not know where to go. We do say, ‘There are some things you can use at Centrelink such as the touch screens, access to computers and faxes,’ but those facilities really are not adequate to meet their needs as yet. I believe there are plans to increase those facilities and that is causing further frustration: they go back thinking that there may be another thing for them to try at Centrelink and they cannot use it.

**CHAIR**—What do you mean by ‘not adequate’? Do you mean there are not sufficient places where people can go and look or is the information not enough?

**Mrs Jackson**—I am talking in terms of the physical resources such as access to computers, using a fax and being able to get onto a telephone to call employers. There are just not the physical resources available to meet the need as yet.

**CHAIR**—Have you also met people who are suffering what we have been told about in a number of other hearings—phone rage?

**Mrs Jackson**—Yes.

**CHAIR**—When you dial 13, you have the pleasure of sailing through the menu—well, you cannot actually go to the end of it because you do not know where you want to go until you have listened to the whole glorious tale.

**Mrs Jackson**—Yes.

**CHAIR**—Then you wait and finally you get onto somebody who says you have rung the wrong number.

**Mrs Jackson**—Or worse: you are told that you will now be placed in a queue for 20 minutes.

**CHAIR**—Or you are also told—and we have had some brilliant examples of this—about somebody who is going to give you special information for your day looking for a job in Cairns and you are told that they are in Perth and that they are here to help you. ‘Where did you say Innisfail was?’—we have had those sorts of questions given to us, too. What would you be recommending?

**Mrs Jackson**—I would be recommending that when someone rings up they get a person who can deal with them straight away and answer a question, and if they cannot deal with the particular inquiry put them through to the person who can—so there are no menus. I have experienced phone rage myself trying to ring Centrelink and get information or trying out the numbers, which we have done.

I had an example just this week when an employer got a little confused and faxed a job vacancy to me, thinking I would be able to place it on the national database for them. I was quite happy to assist by dialling the number to access the national database and place that vacancy on there for the employer. I rang the number. It was forwarded for some reason to another 13 number where I was told that this was not the number I should have rung; no, they could not help me right there and then; I would have to ring somebody else.

When I rang somebody else on that particular number, again I was told that was not the number I should have rung; no, they could not help me; there was no way they could access the database and put my information on there. I would have to ring a third number, which I did and finally someone was able to help me. If I had been an employer, I would have found that an extreme waste of time. I did find it frustrating, even though it was not my job vacancy that I was placing on there, and I felt that the service was inadequate and not worth my time.

**CHAIR**—This is the Centrelink service?

**Mrs Jackson**—This is the 13 Job Network number.

**Senator GEORGE CAMPBELL**—Small businesses just do not have the time or the money to be spent on making phone calls three and four times to try to get an employee.

**Mrs Jackson**—That is correct.

**Senator MACKAY**—You made a comment, with regard to a line of questioning from Senator Campbell, that the placement rates were good for job aid agencies in the region. How do you know that?

**Mrs Jackson**—We have decided that we need to get a positive message out there as to how well the system is working, so we are collating anonymous results from each of the Job Network agencies in terms of job placements for FLEX 1, FLEX 2 and FLEX 3 to be able to say, ‘It is working in the region. This is how many people have been helped and this is how many employers have been able to fill vacancies using the service.’

**Senator MACKAY**—Don’t you find it somewhat bizarre that you have to do this, that the placement rates are not available on the home page yet?

**Mrs Jackson**—I do find it unusual, and I do not understand the reason that placement rates are not being released. I have got to say that we are a bit concerned that we may be stopped from releasing placement rates locally, even though they are so positive. For example, one agency has placed 36 people in intensive assessment into jobs over the last three months of operation. That is one company. Those rates are really good and we would like to get that information out there. I do not understand the reason for not releasing that. I have asked.

**Senator MACKAY**—What response did you get when you asked?

**Mrs Jackson**—I have not got a response yet. We have waited five to six weeks now for a response from Dr Kemp's office.

**Senator MACKAY**—I asked the minister representing Dr Kemp this exact question and was told by the department, 'Don't ask us, ask the minister.' The minister said, 'Just wait and see.' It is very difficult in a supposedly competitive environment to make choices with no outcomes in order to make the choices. In terms of eligibility, can you expand a bit more on the impact of the assistance only being provided to those who are on benefit? Have you got any ballpark figures on how many people are now ineligible?

**Mrs Jackson**—I have not got any ballpark figures but I could probably find out for you. The frustration is resulting from the fact that in the past people, whether they were eligible or not, could access some sort of service at the CES and felt they got some sort of support. For many people the system did work; for others it did not. Now they feel that there is no one that can help them at all. It is damaging to confidence and to motivation for them to find that they have got to do it on their own or that there is very little that anyone can do to help them. Many of the Job Network providers are trying to assist all job seekers, not turning anyone away, but they are finding that is just not financially viable and that they are going to have to make decisions in the near future as to how many of these ineligible clients to help.

I think frustration and damage to their motivation and confidence are the biggest issues. They do not know where to turn. When people have been unemployed for a while, they become disheartened and the situation appears insurmountable. Without some sort of support to help them over that crisis, even in terms of taking one more positive step, I think a lot are finding it very difficult. When we talk to various groups out in the community, they are saying that a lot of unemployed people have some sort of mild mental illness, such as chronic depression. That may not need to be very severe chronic depression but it impacts severely on their chances of finding work and their ability to even seek work.

**Senator MACKAY**—How do you fit in with the ACC? I am not clear on the structure.

**Mrs Jackson**—We are the ACC. FNQ Employment is the area consultative committee for Far North Queensland. We do not use ACC in our name because there is another body up here called the Aboriginal Coordination Council that uses the same initials. It causes confusion, and we have decided to keep that separate.

**Senator MACKAY**—How many projects were you funded for and for how much money for the past financial year?

**Mrs Jackson**—At a quick estimate—I would have to confirm this for you—we have probably been funded for around \$200,000 worth of projects. They have been balanced between work force development type projects and industry development type projects.

**Senator MACKAY**—Would you be able to get us a list of those?

**Mrs Jackson**—I can certainly do that.

**Senator MACKAY**—And costed, if possible. Have you put your wish list into DEETYA yet for the prospective financial year?

**Mrs Jackson**—We certainly have. That was included in the material that I sent to the secretary. The deadlines were moved forward for our business plans, or our wish lists, by a month. We had a few days notice, so it was rushed putting together our list to submit.

**Senator MACKAY**—Brought forward by a month.

**Mrs Jackson**—Yes, without explanation.

**Senator MACKAY**—What was the date and what is it now?

**Mrs Jackson**—It was 31 August. The date was changed to 24 July and notification of that change came through on 16 July.

**Senator MACKAY**—That is interesting.

**Mrs Jackson**—There are a couple of corrections I would like to make, and I will forward again the corrected copy.

**Senator MACKAY**—You have no ballpark indication from DEETYA of what you are likely to be getting?

**Mrs Jackson**—None whatsoever; I asked yesterday.

**Senator MACKAY**—Thank you.

**CHAIR**—I appreciate very much the information you have provided to the committee. It is really excellent data. There are some things that I would like to tease out. In the executive summary of the youth consultation it says on page 5 that the overall retention rate for students in years 10 to 12 is significantly lower than the state average. Also, 26.7 per cent of students have indicated that they have a family member who has been unemployed for more than six months. In other areas we have found that data that is aggregated over an area like FNQ or, for example, western Sydney, is much better off broken down because those averages disguise areas of very good results and areas of very bad results. Have you any detailed breakdown?

**Mrs Jackson**—I do not have a detailed breakdown but that data is available in its basic form and we could have a look at getting a breakdown for that.

**CHAIR**—We do not want to give you hours of work. I mean that very seriously. If you are providing us with extra information, dot form is fine. We do not need a PhD thesis. We do not want to put you to hours of work. If you can get the information easily, that would be helpful.

**Mrs Jackson**—Okay.

**CHAIR**—For example, in western Sydney we heard that some postcode areas had unemployment rates of three or four per cent while literally two kilometres down the road there were areas with unemployment rates of 30 per cent. People were pointing out to us that, unless you actually get down to that detail, your policies will be general and may miss focusing on special needs.

**Mrs Jackson**—We are acutely aware of the different needs in the different areas in Far North Queensland because we do have such remote areas and their needs are very different from those areas closer into Cairns.

**CHAIR**—The next line that is very interesting is:

. 31.7 per cent of indigenous students come from a family background where English is a second language.

Or it may possibly be a fifth or sixth language.

**Mrs Jackson**—That is certainly underrecognised and is not addressed well. There is a lot of comment about how poor the literacy levels of indigenous students are, yet there is very little support for students in terms of recognising that English is a second, third or fourth language.

**CHAIR**—That is very interesting. Yesterday I asked a question in Rockhampton about this and we were told that of the Aboriginal population in and around that area—or more southern Central Queensland—about 95 per cent had English as a first language. This is a very interesting piece of information and is something that we certainly have to recognise. In the Northern Territory I met Aboriginal people who said that English was their 10th language. This is of course a curiously different way of assessing people who have previously been regarded as a bit daft because they cannot speak English.

**Mrs Jackson**—Exactly.

**CHAIR**—Again, it makes a big difference. Of the business people in this area who are looking after things like insurance policies, work experience, et cetera, how many would have some kind of post-secondary qualification or appropriate skills themselves? I do not mean people who are doing deep sea diving have not been cleared to be able to do it, but could you comment about the qualifications or quality of the people who are running the businesses?

**Mrs Jackson**—Jenny probably has a closer contact with that.

**Miss Martin**—We hold a database of over 520 employers in the Cairns region. We are in the process of setting up our quality assurance program and assessing each employer. We ensure first of all that the employers are registered workplaces, et cetera. A lot of the areas in which we place students are vocational areas, so a lot of the managers and supervisors have come through a vocational path themselves, either through study at TAFE colleges or with private providers. When we send students out to these places they need to gain competencies which need to be signed off by qualified staff. If the employer does not have qualified staff—someone with a workplace assessor certificate, for example—the teacher

makes a visit and will assess the student with the supervisor. So a lot of the places where we place our students definitely have qualified staff in vocational education—they have undertaken either a traineeship or apprenticeship themselves or post-secondary study with private providers of trainers, et cetera.

**Mrs Jackson**—I would like to make a further point. In this research that we have done we have noted that an employer may be qualified and extremely competent in their field of work but they may not be good at training. This has implications for work based training and for the types of training and support young people are getting in work placements and in jobs.

**CHAIR**—And where they can go if they are not happy, and where the employer can go if he or she is not happy. You said before that the computers, phones, et cetera are not in sufficient supply for ineligible people. Why is that? Is it because there are just not enough computers here or is it because of an infrastructure insufficiency?

**Mrs Jackson**—It is an infrastructure insufficiency. I have been told that there are plans to increase the resources. I have not been told when they will be increased or by how much.

**CHAIR**—Is everybody in Far North Queensland who wants to hook their computer into the system and zap onto the Internet able to do so?

**Mrs Jackson**—No.

**Mr Clay**—No.

**CHAIR**—Mr Clay, tell us about Telstra's great contribution to FNQ.

**Mr Clay**—The advantage of Telstra in FNQ is that we are able to ring and fax to places like Bamaga, which is on the tip of the cape. We have reasonable coverage throughout the major communities. However, once you move away from the main trunk lines the coverage by telephone is quite poor. Not only is it quite poor in the sense that there is no access to phone lines, but should a development occur in which the original two or three telephone scenario needs to be expanded, the wait to obtain extra phone lines can be anything up to two or three years. There is simply a lack of capacity in the network.

**CHAIR**—You are saying that if you go up and down the coast there is some prospect, but if you go off the coast it is not so good.

**Mr Clay**—There is a main truck road that runs through Cape York; it is called the Cape York Development Road. It starts at about Mareeba, about 65 miles from Cairns—

**CHAIR**—Are we talking about roads or telephone lines?

**Mr Clay**—Let us talk roads first. It runs through the centre of the cape. The main telephony trunk lines follow that main road but there is development both to the east and the west of that road. It is those areas that are very poorly serviced.

**CHAIR**—I heard the news this morning that there is a very new Air Force base at Weipa. What kind of telecommunications have they got?

**Mr Clay**—They would have fairly good satellite digital communications.

**CHAIR**—Are any of those things going to be made available to other people?

**Mr Clay**—We understand that the Cape York outback digital network may be in place within five years. Balkanu has submitted an application for funds under the national digital infrastructure project to see, hopefully, \$3 million to \$4 million worth of work done on a digital network in Cape York, commencing some time in the next 18 months.

**CHAIR**—Thank you for that. The trouble is that there is a huge amount that we need to find out and we could go on forever, I suppose, talking to you. Thank you very much for the very comprehensive document that you have submitted to the hearing. It does not have a number because of the curious rules we have about submissions, but I would like to get that clarified. I also appreciate that you have put a series of documents in as a submission and that they are very helpful to the committee. Thank you very much indeed.

[9.36 a.m.]

**SCOTT-RIMINGTON, Ms Tracy Ann, Strategic Economic Development Consultant, Cairns Region Economic Development Corporation, PO Box 3065, Cairns, Queensland 4870**

**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 can ask to do so and the committee will give consideration to your request. I have to point out that evidence taken in camera may subsequently be made public by order of the Senate, as has happened in recent years. The committee has before it a submission which we have numbered 186. It is dated 9 June 1998. Are there any alterations or additions that you would like to make to that at this stage?

**Ms Scott-Rimington**—No, not at all, but I would like to apologise for a number of the spelling errors that were in the submission.

**CHAIR**—Thank you, I am sure *Hansard* or somebody will note them or leave them there and accept your apology. Would you like to make a brief opening statement and then field questions?

**Ms Scott-Rimington**—Yes. Thank you very much for having me here this morning. My organisation is a newly-formed industry organisation for Far North Queensland. We are totally industry based and our board of management represents industry in the region. Our aim is to facilitate employment opportunities and economic wealth for the region, hence our interest in the proceedings here today. In fact, we are the industry development arm of FNQ Employment. Andrea Jackson, who was here before, co-locates in our building and we tick-tack regularly. We have a very close relationship and we consider ourselves to be the right and left arms of industry, economic and employment development in the region.

What I really want to put across to you today is the fact that what we have developing here in Far North Queensland is quite unique. I doubt you are going to come across what we are doing elsewhere in your travels in Australia. There are a number of reasons for that, which I will not elaborate on right now. Our whole reason for being at this point is to promote, stimulate and facilitate the development of what we call 'industry clusters'. You have in front of you a couple of booklets and brochures that talk about what we are on about.

We firmly believe that most businesses in this region—indeed, in all regions of Australia—are small businesses. In FNQ about 95 per cent of our businesses employ less than 10 people and about 90 per cent of those employ less than five people, so we are dealing with a lot of small businesses out there trying to survive in the increasingly globally competitive marketplace. It is our belief that, unless we can get these industries to start collaborating and pooling their resources, they are going to find it awfully difficult to survive in an increasingly globally competitive economy. That is where we are at: we are stimulating industry clustering.

**CHAIR**—Perhaps we should stop there. We have got your submission and the extra information you have provided today.

**Senator MACKAY**—How does the industry cluster concept that you have talked about substantially differ from the business incubator program?

**Ms Scott-Rimington**—In fact this is where it is not easy, when you first say ‘clustering’, for people to understand what you are talking about. Industry clustering is all about building on your strengths within the region and involving all the other organisations and businesses that may be involved in some way in supporting that industry. So it is not just incubating a business. For example, if you are exporting overseas education, you might then have a whole range of accounting firms, law firms, educational institutions, all sorts of business associations and government departments that are part of that thrust. It is about bringing them all together to work collaboratively towards achieving very strategic aims and targeted objectives involving the whole community.

**Senator MACKAY**—Could you give us some tangible example, perhaps, of how this has worked?

**Ms Scott-Rimington**—An example within this region would be one of our most progressed clusters at the moment—our education cluster. We have a very strong presence of English language schools up here as well as James Cook University and TAFEs. We also have a very vibrant tourist economy, as you are no doubt well aware. So we have built on that capacity to lure people to the region, if you like, by asking them to consider being educated or receiving some training here too.

So we have a cluster of all our private education providers which includes the public and private schools—the secondary, tertiary and language colleges; the works. They have come together to develop strategic marketing material, to undertake research into potential new markets and to collaborate in growing this whole industry sector.

**Senator MACKAY**—So it is essentially a networking approach, is it?

**Ms Scott-Rimington**—It is very much networking in all directions.

**Senator MACKAY**—It is not a physical co-location?

**Ms Scott-Rimington**—It is not physical at all; it is soft infrastructure, that is right. I will use the city council’s example of how this can work. All the education providers were having great difficulties on their own in a number of areas—one of these being that we did not have suitable student accommodation. We had a lot of five-star accommodation and that sort of thing at one end which is not suitable for students at the other end. On their own these education providers were not in a position to construct or build this sort of accommodation. The council regulations were perhaps not suitable anyway and there were no developers who really knew what the students needed. So a round table of developers, the council and the education providers looked for some solutions as to what sort of viable accommodation could be built and how we could get through the council planning processes and attract investors—they looked at the whole parcel.

**Senator MACKAY**—How does this highly collaborative model fit in with the employment services provision which is a highly competitive model?

**Ms Scott-Rimington**—Employment services? I would have to say that I cannot comment well on the current situation with employment services as I am really focused on industry development. But from the way it is structured and from what I understand, you would have to ask the employment providers if they wished to network and grow their pie, because what we are on about is growing the pie for the region and that is what we call ‘co-opetition’. How you then compete between yourselves is up to yourselves—but we are trying to grow the regional position and the regional pie.

**Senator GEORGE CAMPBELL**—I think it is very commendable. In terms of the education network that you just talked about, who are the consumers that you are looking at in that network? Are you looking at overseas students?

**Ms Scott-Rimington**—This is an international education network, yes; so it is focused on bringing in overseas students.

**Senator GEORGE CAMPBELL**—What about exporting education services?

**Ms Scott-Rimington**—Or exporting education services.

**Senator GEORGE CAMPBELL**—Have you actually achieved any results at this point in time?

**Ms Scott-Rimington**—There is one person I know of. I do not work personally with that education cluster; I work with other areas. Something is going to be set up in Beijing in the next couple of weeks by a joint venturing of organisations here. This, by the way, has only been going for six months. Clustering, which is happening around the world in regions, is known to be a long-term process. It is not a quick fix and it is not a political thing. That is the other thing we need to push. This is the regions and the communities determining their own futures and looking at long-term planning. So, a lot of the time, you are taking five years to achieve some of your goals.

**Senator GEORGE CAMPBELL**—There is nothing new about clustering or networking; it has been going on for a very long time.

**Ms Scott-Rimington**—Exactly.

**Senator GEORGE CAMPBELL**—The understanding of it is a bit new.

**Ms Scott-Rimington**—Yes. I suggest that it is a little bit more complicated—

**Senator GEORGE CAMPBELL**—It is a bit more integrated.

**Ms Scott-Rimington**—It is a little more integrated than it might have been in the past.

**Senator GEORGE CAMPBELL**—That is true. What other industries are you looking at in this area in terms of industry development?

**Ms Scott-Rimington**—We have a strength in the region in environmental management, particularly in relation to human use of the national environment. We have various people. For example, I believe the chap who was behind the world heritage legislation lives up here. We have people working on the ecotourism side of things, the constructing—

**Senator GEORGE CAMPBELL**—Are they exportable skills?

**Ms Scott-Rimington**—They are exportable skills. People are coming together and being able to provide a whole of project capability, sometimes for World Bank and IMF type projects, that sort of thing. By bringing these people together—that is, on the environment—we are in the process of forming an agribusiness cluster. Agribusiness is huge, as you would know. There are a number of agribusiness sectors. We have brought together people from all those sectors to discuss what issues they have in common and what they could collaborate on to jointly solve problems, rather than trying things on a piecemeal, industry by industry type basis. There is agribusiness.

It is the same sort of thing with transport. We can look at getting rid of the bottlenecks and at our freight consolidation practices jointly rather than as individual businesses or government departments—it can be collaborative. We have a number of industries. We are trying this with as many industries—we are advertising it—as wish to be involved and wish to pick it up. We are prepared to try to work with them.

**Senator GEORGE CAMPBELL**—What sort of response are you getting from local industry?

**Ms Scott-Rimington**—Terrific, at the moment. We only launched this in late April, and we have already a strong membership base. We have a lot of interest and a lot of enthusiasm.

**Senator GEORGE CAMPBELL**—It seems that a number of the programs that were outlined by FNQ Employment in terms of their strategies for the future, about doing skills audits and so forth, would link very much into what you are trying to do. There is a lot of synergy there. It seems to me that getting those things off the ground may be a bit more difficult than people appreciate. Have there been any discussions between both arms of your organisation in terms of those projects? Has there been any attempt to secure local funding by local employers to carry out some of those projects, those strategies?

**Ms Scott-Rimington**—The FNQ Employment projects, yes.

**Senator GEORGE CAMPBELL**—I am specifically talking about the ones that relate to doing the skills audits and so forth of the region.

**Ms Scott-Rimington**—We have not got to that stage yet. I am certain that we will work together when it comes time to start doing that. The big thing is that this is all very new. I think we are treading new ground here. We are not well resourced. I do not believe that any

level of government fully understands what we are on about. It is a difficult thing to explain. We are coming from the community. We are a community based organisation, and, therefore, the leadership is coming from the regional leaders here.

**Senator GEORGE CAMPBELL**—Are you aware of the projects that were available under AusIndustry?

**Ms Scott-Rimington**—Yes. The business network and the export—

**Senator GEORGE CAMPBELL**—Yes.

**Ms Scott-Rimington**—A lot of them are quite irrelevant to the small businesses in these regions because they cannot access—

**Senator GEORGE CAMPBELL**—The networking program?

**Ms Scott-Rimington**—The networking program, of course, has recently been chopped. But, yes, we did get involved and have just recently promoted and established a couple of business networks because of the industry clustering. Within the clusters, networks will form and joint ventures will happen.

**Senator GEORGE CAMPBELL**—You are right. The tragedy is that all of those programs that existed under AusIndustry that were targeted to small business have all got the chop, for all the wrong reasons, from someone, somewhere. They were all programs that were proving fairly effective in assisting small businesses.

**Ms Scott-Rimington**—And getting better and better too, I believe.

**Senator TIERNEY**—You mentioned about 90 per cent of the businesses—I am not too sure whether you were talking about Cairns or Far North Queensland.

**Ms Scott-Rimington**—Far North Queensland small businesses. The exact figures are in the paper.

**Senator TIERNEY**—So 90 per cent have five or less.

**Ms Scott-Rimington**—About that.

**Senator TIERNEY**—I am wondering how these sorts of businesses get involved in clustering arrangements given that they are small, they are trying to survive and their focus is perhaps not so much on cooperation or even international.

**Ms Scott-Rimington**—Absolutely. Their focus is very much survival on a day-to-day basis, which often makes it very hard for them to survive in the long term. What we offer is the ability to share knowledge and resources to develop a longer term plan for their industry, and therefore probably their business. We are learning this whole clustering process as we go. We are doing it here on the ground, at the grassroots, and I can only share with you what we are finding as we go.

When you get a large group of business people around the room together, firstly you must ensure, if the government is there to partner in this whole process, that the public servants do not try to take over and dominate because that switches it off pretty quickly and, secondly, you need to be able to deliver some short-term outcomes, some immediate outcomes, for those businesses. That is something we have been able to achieve.

**Senator TIERNEY**—We were talking about education earlier and you indicated you are involved more with other clustering arrangements. Can you describe how that works in some of those other clustering arrangements where there are a lot of small businesses?

**Ms Scott-Rimington**—Every cluster is really quite different; the cultural values of each cluster are quite different. Fishing, for example, is an area where we have together a large group of the fishermen from this region and they are quite different from the people involved in education. They are focused on some immediate survival issues, and are working on them and resolving them collaboratively.

**Senator TIERNEY**—Such as what?

**Ms Scott-Rimington**—Such as the fishing zones here in the region. Some time ago, there was a Senate inquiry looking into shutting down some of those zones and there was competition with the game fishermen in the region. We were able to bring the parties together and suggest to the federal government—through the Senate inquiry, I believe it was—that we look together to develop a strategy that would be a win-win situation. That was an immediate gain to all parties—nobody lost and it has been received very well.

**Senator TIERNEY**—That is getting your regulatory system right.

**Ms Scott-Rimington**—That is clustering as well. That is the whole process of clustering.

**Senator TIERNEY**—Yes, but in terms of growing their business, I assume, if we stick with the fishing example, that virtually 100 per cent of them are small businesses.

**Ms Scott-Rimington**—Yes.

**Senator TIERNEY**—Would you describe how the structure of the cluster works, what its objectives are and what it achieves in a clustering arrangement, cooperatively, that it would not have achieved if they had all gone off in their own competitive ways?

**Ms Scott-Rimington**—For fishing, for example, the zoning would have been such that a number of them would have already closed down had they not got together on this issue. So there is one example. Each cluster is quite unique. So I cannot say, ‘For every cluster it is going to be like this.’

**Senator TIERNEY**—Let us stick to the fishing one. We are trying to get a more practical handle on what you are inferring here.

**Ms Scott-Rimington**—They obviously want to grow their pie, they want to grow their export markets, they want to grow the value of what they sell. Individually, they have great

difficulty in freighting their produce overseas. Coming together collaboratively, they can purchase containers and get a regular service out.

**Senator TIERNEY**—Are they doing that?

**Ms Scott-Rimington**—I believe they are doing it. I am not working with the fishing cluster myself; I am working with the transport and agribusiness and we have only just started this.

**Senator TIERNEY**—Tell me about agribusiness and how it works as a cluster.

**Ms Scott-Rimington**—How is it working? I think it is going to be ‘Watch this space’. They had their first agribusiness council meeting in June this year where the banana, the sugar, the tobacco and all the major industries up in the region came together to have an agribusiness summit. They discussed, ‘This is the state of the nation with our industry. These are our issues and these are our visions for expansion. How can we collaborate and assist each other in a joint venture, if necessary, to grab these opportunities and expand?’ That had not happened before.

**Senator TIERNEY**—What did they actually come up with in practical terms from that conference?

**Ms Scott-Rimington**—The thing they wanted done immediately was to resolve some of the big transport and freighting issues in this region. So immediately after, within three weeks, we held a forum of transport and freight operators in the region and had—I would need to check the numbers—around 25 to 30 regional transport and freight operators in. They were provided with what had come out of the agribusiness summit and were asked to put forward what the issues were for them, what was stopping them from being more profitable. We now have a wish list for them and they will be coming together to form a cluster or a group to work collaboratively to improve the transport and freight situation here. Really, a lot of it will be to do with consolidating and managing the freight.

**Senator TIERNEY**—Are they planning to get involved in the Supermarket to Asia concept?

**Ms Scott-Rimington**—That is a really interesting one. We have all been well aware of and informed about the Supermarket to Asia, but it certainly has not had anything much to do with the regions. The opportunity does not seem to have been there to have made any input into the way that policy has developed.

**CHAIR**—Thank you very much, Ms Scott-Rimington. Unfortunately, we are trying to do a lot in half a day here. We very much appreciate your submission and contribution. It has provoked us again to do some more thinking about the fairly interesting issues that you put. My colleague, Senator Mackay, drew out one of the things that interests a lot of us—that is, that there is a big move to collaboration as apart from endless competition.

**Ms Scott-Rimington**—Our interest is to see that government at all levels supports this whole notion, is up- front with it and gets into the regions and provides that sort of support—whether it be tripartite or whatever.

**CHAIR**—There is much more to be said, but we have you on the record, thank you.

[9.57 a.m.]

**BIRD, Mr Anthony, Strategic Planning Officer, Cairns City Council, PO Box 359, Cairns, Queensland 4870**

**CHAIR**—Welcome. Would you please pass on to the council our thanks and appreciation for being able to use your facilities and this venue. 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 can ask to do so and the committee will consider your request. I point out, however, that evidence taken in camera may subsequently be made public by order of the Senate, as has happened in recent years. The committee has before it a submission from the council dated 29 April, which we have numbered 61. Are there any alterations or additions you would like to make to that submission at this stage?

**Mr Bird**—No.

**CHAIR**—Would you like to make a brief opening statement and then we will field questions.

**Mr Bird**—Basically, there are many theories and ideas regarding how to improve economic development in regional areas. The thrust behind today's speech is to show how the application of some of these ideas in the long term can lead to sustainable economic growth and increased employment. As a general principle, council firmly believes that the best way of increasing employment in regional areas is for each region to focus on its comparative advantages.

Regional communities such as Cairns, with the help of the federal government, can make industries flourish by addressing the common concerns of the business community. A pertinent example which can be shown for Cairns deals with the tourism sector. The tourism labour market requires a wide variety of skills in order for it to function effectively. The instigation of tertiary run courses here in Cairns at James Cook University and vocational courses at TAFE will not only provide graduates with the skill set necessary to get jobs in the tourism industry but also will ensure that the tourism industry becomes a world leader in its field.

The council viewpoint is that labour market programs and vocational education by themselves do not aid in job creation in regional areas. What is required is a more holistic approach to employment, with job training linked to job prospects in the local area. This would ensure that vocational education and labour market programs are linked to job prospects. TAFE and James Cook University both have a campus in Cairns and are providing skilled graduates for the region to absorb. Additional funding to these educational institutions would also enable the output of a more flexible, skilled work force.

The federal government has an important part to play in the setting up and maintenance of industry clusters, which you have just heard about. An example of a cluster is the tourist industry. Often government can provide the first impetus in setting up a structured industry cluster. This can be in many forms. However, the most beneficial form is direct federal

assistance grants. It could be the case that the funding for some of these industries through grants may not even be seen as direct funding. Let us take another look at the tourist industry and an example of federal government funding in the Cairns area which was not immediately correlated to that industry.

The tourist industry in Cairns has many small operators, small traders and partnerships which have an interdependence on services received and products sold. One federally funded activity in Cairns which was recently closed down was the Australian tax office. This is an example of federal funding which was not directly seen by the industry. This resulted in a loss of jobs which affected the local economy as a whole but also impacted on the tourist industry in a more subliminal way. The loss of the skilled staff in the tax office was not just felt by the tourist industry but also by other industries in the region. The tax office was a place of employment for human resources, customer service officers and financial staff, all of whom could be trained locally through tertiary education and vocational training. It is possible to see that the tax office in this case was just one segment of the factors of production for the tourist industry and other industry clusters.

Currently the Cairns economy is very exposed to shifts in certain markets. Examples are tourism and commodities such as sugar. To combat this, the economy needs a diversified base. The cluster development process outlined above and advocated by the Cairns Regional Economic Development Corporation aims to address this problem. The important role that such bodies as CREDC undertake needs to be recognised and sponsorship of such bodies needs to occur. Sponsorship in this case could be a functioning secretariat and business development program. Government does not need to provide all of the funding; just enough to stabilise and nurture industry development.

Cluster development encourages industry support. However, general policy support from government is also needed. Far North Queensland needs to be treated as a region in its own right. Instead of government providing branch status to Townsville, Cairns should become the government centre for Far North Queensland. The flow of funds from a higher level of public sector spending will also provide a more constant and reliable level of demand within the community. Business can use this more stable demand to springboard into other entrepreneurial activities.

As stated earlier, the purpose of this short speech is to demonstrate that the federal government does have a positive role in increasing regional employment. This role is to help in setting up and maintaining a structured industry base which provides a firm foundation for industry cluster development.

**CHAIR**—Thank you. I will ask one question before handing over to my colleagues. Can you give us any figures on the numbers of tourists who are now not coming?

**Mr Bird**—Off the top of my head, no, although on a percentage basis there has been a decrease over the last six months.

**CHAIR**—Only over six months?

**Mr Bird**—As far as I know. It is very hard to pick, because it flows up and down. Each month brings a different number of tourists to the state. Domestic tourism here is very strong at the moment, whereas there has been an actual decrease in international tourist numbers. Once again, I cannot provide the numbers.

**CHAIR**—We have been provided with figures that suggest that unemployment has grown from five per cent in June 1995 to 10 per cent by 1997. Is a lot of that unemployment in tourism?

**Mr Bird**—I believe it would be fair to say yes.

**CHAIR**—Is that mainly because Asian tourists are not coming here?

**Mr Bird**—Once again, I am not clued up on the actual demographics of the tourist industry. However, I believe that Asian tourists per se do not spend quite as much as the European tourists. They do not stay as long in the city and spend as much per person in the city as European visitors do.

**CHAIR**—I guess what we are also trying to find out is confirmation of the anecdotal information we are given that, following a certain factor that most people prefer not to name, Australia has suffered very badly in terms of the Asian perception of this country and Asian tourists are now not coming here in numbers that they previously did. Can you give us any evidence to justify that claim?

**Mr Bird**—No, I cannot.

**CHAIR**—Can the council? Could you provide any further data for us?

**Mr Bird**—I could do that. I could do some research for you.

**CHAIR**—Again, only if it is available easily. We would very much appreciate that, if it does not put too much of a burden on you.

**Senator MACKAY**—In relation to the industry diversification objective which, of course, is very laudable and necessary in this day and age, given the exigencies of tourism where you can have a crisis in a global region and it has an effect right across Australian industry—firstly, what particular sectors has the Asian crisis affected other than the tourism area, since there is a strong commodities sub-economy in this general area? Secondly, in terms of your objective of industry diversification, where do you see the most immediate opportunities?

**Mr Bird**—I will answer the second part of your question first. The most immediate opportunities that I can see would basically be the ones that are being pushed by the Cairns Regional Economic Development Corporation. I believe they have about 12 industry clusters, of which the growth ones—this is in a very embryonic stage, of course—are the IT cluster, the film and television cluster, and the cultural awareness cluster. I am not sure what their actual names are, but I know they have clusters encompassing those areas. They would probably be the growth ones to pinpoint.

As for the first part of the question, the only actual industry I can think of—because I have not been following all industries that closely—is probably live cattle exports to Asia. I understand that, due to the Asian crisis—as everyone likes to call it—there has been a significant decrease in the level of live cattle exports going there.

**Senator GEORGE CAMPBELL**—Can you put a value on that?

**Mr Bird**—No.

**Senator MACKAY**—In terms of Senator Campbell's question, what proportion of the gross regional product would live exports be? Do you have any idea?

**Mr Bird**—No, I do not.

**Senator MACKAY**—So live cattle exports is one; what about sugar or any of those?

**Mr Bird**—Once again, the world marketplace is big and just because Asian countries are not buying our commodities does not mean that other countries around the world do not want to buy our commodities. We are a multilateral trading organisation, I suppose. That is one way to look at Australia. We are out there in the marketplace like everyone else—sticking our hands up and wanting to sell our goods. If you look at the trade weighted index, I believe that competitively our exports are as good now as they have ever been, just due to the low exchange rate.

**Senator MACKAY**—Yes, but there is also a huge blow-out in the current account deficit. I appreciate that we are a diverse economy in terms of our export markets, but my question was: what impact is this having on your local region other than tourism, which you have identified, and live cattle exports? I am from Tasmania, and it has affected us in terms of tourism, imported pulp and in a series of other sectors where we have a strong export market.

**Mr Bird**—It is hard to answer those questions off the top of my head.

**Senator MACKAY**—Okay, so we can assume that tourism and live cattle export are the two critical ones?

**Mr Bird**—They are the two that I am comfortable in including in my answer.

**Senator MACKAY**—In your submission you pointed to reductions in the federal public sector in this area—specifically the tax office and the CES. What has happened with the CES? How many people were employed in the provision of employment services in this area, and how many are there now?

**Mr Bird**—I cannot answer that question.

**Senator MACKAY**—You have said that the winding down of the Commonwealth Employment Service has had a deleterious effect on the local area: how is that?

**Mr Bird**—Basically, if an organisation is employing 30, 40, 50 or 100 staff—as the CES used to—they are basically middle class people with a strong consumer orientation who are going to spend money. Through a multiplier effect the initial spending of that money will flow through the economy per se. If there are an extra 30-odd people in Cairns, they are buying a new TV down at the corner store, they are buying milk at the little grocery store, they are doing this and that. It is hard to quantify the actual benefits without doing in-depth studies and playing with input-output tables and that type of thing. But it really does help to underpin the private sector segments of the economy by providing very stable demand.

**Senator MACKAY**—In terms of the services that were provided for the CES, there has been some evidence that employers are somewhat concerned about the new regime, although we heard this morning that a lot of the job agencies are actually not charging employers for the services at the moment. Are you aware of any information with regard to that?

**Mr Bird**—Once again, since the introduction of Employment National and the use of private sector providers in the marketplace, I have not done any numbers or followed any of that through to find out whether there were any new increases in the level of employment in those industries in Cairns.

**Senator MACKAY**—In terms of the financial assistance grants, you have indicated that this region is now down \$800,000 over the last three years.

**Mr Bird**—That is correct.

**Senator MACKAY**—Has there been an increase in the cuts, as it were, over the last three years? Why do the last three years stand out, compared with the previous three years?

**Mr Bird**—That was basically when the cuts started—about three to four years ago. Once again, that means that federal and state governments are pulling those sorts of moneys out. As a council, in order to provide services, we are basically broadening our base with a limited number of funds, because we are expected to take over the areas that the federal and state governments were operating in.

**Senator MACKAY**—That is absolutely right. What was the most immediate impact of the cuts to FAGs—in terms of diminution of service provision, for example?

**Mr Bird**—I would say that it has meant—and you can go back and see it through our financial statements—a significant increase in the operating capability of council. That means that we have to increase rates and charges in order to fund the community or social development programs—or any other program that was funded by the federal and state governments. We now have the mantle of providing those services.

**Senator TIERNEY**—This area is obviously a very popular tourist destination and a very attractive place to live. In areas of the north coast of New South Wales we have a lot of people moving up there for a pleasant lifestyle and not necessarily being able to obtain work. How much imported unemployment do you have in the sense of people without jobs moving in just to live here and then joining the general unemployment pool? Have you done any studies on that?

**Mr Bird**—I cannot answer that.

**Senator TIERNEY**—Do you know of any organisation in this area that has looked at that aspect?

**Mr Bird**—No, I do not.

**Senator TIERNEY**—I was on another inquiry here a few years ago looking at working visas. It was one of the migration hearings. We heard at that time that a lot of people who are holidaying in Australia obtain working visas and quite a lot come to this area, causing some problem in terms of local people getting jobs. That was about two years ago. Could you update us on the effect on your area?

**Mr Bird**—I would not have thought that working visas per se would distort the labour market that much. If you are an employer—it obviously depends what sort of work was being offered as far as working visas go—and if you want someone who is stable and going to be here long term, would you employ someone who is going to leave in six months? I do not know.

**Senator TIERNEY**—The reality was they were. These people were getting quite a lot of work—for short periods of time, as you say. Under the terms of their working visa I think they can only work for about three months anyway at one spot and that seemed to suit, but obviously that is work that local people could have, isn't it? I wondered how much of an issue it is.

**Mr Bird**—It is, but if the local people are not getting it they are not getting for a reason.

**Senator TIERNEY**—Can you enlighten us on what those reasons might be?

**Mr Bird**—I am not an employer so I cannot do that.

**Senator TIERNEY**—In other areas, councils have worked in cooperation with councils nearby in terms of developing job opportunities and strategies for growth in the regions. We find, as we go around the country, this is fairly patchy. It seems to work very well in some areas that we have been to and not so well in others. Can you outline your experience here in Cairns in terms of working cooperatively with surrounding councils in developing the region?

**Mr Bird**—We have a regional organisation which encompasses the surrounding councils, and basically issues such as large developments and projects and that type of thing are looked at by that particular organisation. There are council officers as well as elected members on that particular committee.

**Senator TIERNEY**—What is the extent of the cooperation in terms of geographic region? Do you go right up to the Cape—in that direction?

**Mr Bird**—Yes.

**Senator TIERNEY**—How far south do you go?

**Mr Bird**—I am not sure, but I believe Cardwell is on it.

**Senator TIERNEY**—It is in your area, not Townsville's?

**Mr Bird**—That is right.

**Senator TIERNEY**—What are some recent projects they have been dealing with?

**Mr Bird**—The most recent one that comes to mind would be the regional waste management strategy—looking at building a fairly large landfill waste disposal type situation. The council would have looked at that because it has both councillors and staff officers on that project.

**Senator TIERNEY**—That has been worked on across council boundaries, has it?

**Mr Bird**—That is right. Basically Mareeba Shire Council and Johnstone Shire Council are part of this waste management strategy. They are just two that I can think of—off the top of my head—that are involved with it.

**Senator TIERNEY**—Thank you.

**CHAIR**—Thank you very much, Mr Bird. If there is any further information that you or the council is able to provide for us, as agreed or as strikes you, we would be very pleased to receive it.

[10.21 a.m.]

**RAYNES, Mr Michael, Social Adjustment Adviser, Mareeba Regional Development Organisation, PO Box 186, Mareeba, Queensland**

**CHAIR**—Welcome, Mr Raynes. 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 private or in camera, you can ask to do so and the committee will give consideration to your request. I do point out, however, that evidence taken in camera may subsequently be made public by order of the Senate, as happened recently. If you would like to make a brief statement. We are trying to squeeze you in, Mr Raynes, so we may not be able to do total justice to your submission.

**Mr Raynes**—No worries. Thank you for the opportunity. Welcome to the far north.

**CHAIR**—Thank you.

**Mr Raynes**—Or maybe the deep south at the moment. All I would be putting to you is our solution in that we are not going to sit here and bleed about how tough it is—you are hearing that all the time. What we are doing up there works for us. It might not work for other people so we are not going to go around saying this is how it should be done across the country. We identified the broad or main issue. The main issue for everybody is youth leaving. If you talk to any farmer and ask him why he is there, he will say, 'I am here for my family.' Any businessman, any individual, is there for their family at the end of the day, and as kids leave the region then that is the obvious resource drain.

The reasons for this are well documented. Employment is just not one of those. One of the major reasons people are leaving Mareeba is they want the night life of Cairns. The nightclubs close up there at 8 o'clock or 9 o'clock, apart from a Friday night. The kids like to get on the turps a bit. Some of the local issues up there—oh, they do not get on the turps too much, sorry—I do not want to do too much injustice here.

Some of the local issues within the Mareeba shire have been the restructure of four of the main industries: tobacco, mining, timber and cattle—these are core industries. That has had a substantial economic effect over the last 10 or 15 years. Our solutions revolve around the partnership between economic development and social planning. We do not see it as putting all your eggs in one basket and saying it is just an economic development issue or it is a business focus issue. We say it is a broader issue than that. That is my role. I am brought into that partnership as a social planner.

The organisation itself is outcome oriented. We are saying, 'Sure, output is great and all the strategies and documents in the world serve a place, but that is all they do—serve a place. They do not become the master of the organisation.' The organisation is community owned and its role tends to be as a translator more than anything. There are a million government grants, there are a million partnerships and clusters that can be developed, but someone at the end of the day has to coordinate that. The community sees that as our role.

Employment is just a by-product of what we do. It is not the focus. If that was to be the focus then it would serve a purpose in its own end and we would try to drop employment rates for the sake of it. That being a by-product, I think the greater focus is the quality of life and quality of living, one of which comes from employment for people. Some of the results speak for themselves: jobsearch allowance or people on newstart allowance up in the region between 1994 and 1997—I have not got the 1998 figures—have dropped by about 16 per cent over the four years. I think the total number of people receiving newstart was down to about 690 from about 950—it was up around a thousand.

The organisation has had its part in the development of around \$30 million worth of projects. We would not take sole responsibility for any of those. It is just a partnership, as I was saying. Probably the greatest impact is that we are fostering a positive can-do outlook. We are not interested in people whingeing about how tough it is—you need to get that out, but you have got to get on with it. Sorry about this, I wrote some of the notes while I was driving in the car. It was a bit difficult.

The only other issue I would go onto is our core problem—chasing funding. We are not going around putting out the begging bowl, but you spend a substantial amount of your time chasing funding for yourself to get things done. An example of that is that we had our AGM on Monday and the income for 1998 financial year was \$580,000, of which 85 per cent was directly spent on projects leaving 15 per cent of that to pay wages, rent—all the on-costs. It is not enough; we are losing money every year.

Industry has made a substantial, serious commitment to fund our organisation, but the regions with the least capacity to pay probably have the most need. It can be a catch-22 situation. The other issue for us is that it is essentially seen as a state government issue. The federal government, through the McKinsey report, had some great ideas on regional development. McKinsey's *Unfinished business* report was well received by us, but it has not been followed through. In that regard, we think it is a whole-of-government response. It should be left up to the community; the community needs to be involved at ground level. We walk out on the street and we are involved with these businesses, the industries, the people, the community organisations, et cetera.

**CHAIR**—Mr Raynes, if you have a couple more points, let us hear them, but if not—

**Mr Raynes**—I just have one comment to make on the CES. They had 27 staff and they now have one staff member servicing the same population. Senator Mackay asked before about how it had affected the region.

**CHAIR**—Unfortunately, we do not have time for many questions, but could you tell us briefly what the Job Network experience is in your territory. You said that the CES has gone from a staff of 27 down to one.

**Mr Raynes**—We were the managing agent for the new enterprise incentive scheme up there. We managed to lose that tender for one reason or another, and that is now run out of Townsville. They were not aware that they were actually servicing the Atherton Tablelands until we rang them and asked if we could organise a partnership. We are not in the business of saying that they are no good—we do not want to do that—but as an organisation we

would come back in March or May next year and ask, 'How have you gone?' When we were running the new enterprise incentive scheme, 30 to 35 businesses started up in an 18-month period—some \$1.4 million worth of business. About 50 people were in jobs after 12 months. Those businesses had an 88 per cent retention rate. We lost that contract because we said in the tender document that it was something like \$1,500 for the service to the tablelands, and \$1,520 for the service to Cairns. We tendered for both regions. Because there was a \$20 difference, we were disqualified from applying. We were just recognising that the costs are different. That was written there; at the end of the day, we buggered it up.

**CHAIR**—Mr Raynes, we are desperately short of time today. If you have any further information of the sort you have just been giving us, the committee would be very appreciative of getting it.

**Mr Raynes**—I do, and that is no problem.

**CHAIR**—Thank you for appearing before us—for driving down here and meditating as you went! I know that you wanted to tell us that the problems you have on the tablelands are very different from the problems in Cairns. Some points are the same, but closure of offices and retreat of government funding is not helping. In the end, you are a can-do mob, and you wanted to place that on the record and contribute to our understanding.

**Senator MACKAY**—Could I just ask one quick question? I apologise for just being out of the room, but what I did hear you say was extremely interesting, particularly the comments you made about McKinsey and the general comments in terms of chasing funding, cutbacks, and so on. The whole notion of regional development is an interesting one, and it is something which this committee has spent a lot of time trying to grapple with. I am interested in your views on this.

Everywhere we go, we are hearing the sort of thing you say: communities need to be involved at the coalface; programs should be delivered at the coalface; and the determination of funding levels should also be at the coalface. What has become very obvious to us as we have travelled around regional Australia is that everybody wants a lot more money, they want to determine how much it is and they want to determine how it will be delivered. I am curious to try to work out an adequate model which regional Australia would be happy with, but which would still retain that umbrella perspective in terms of funding allocation. Within that, what criteria could the federal government use in terms of funding allocations? That is an interesting question.

**Mr Raynes**—We would need an hour or so to discuss that. That is our bread-and-butter issue. In the letter attached to our corporate plan we detail that as a policy issue on how it can be dealt with. The problem for regional development is that our organisation is completely different from Enterprise House, which is 30 kilometres away, which is completely different from CREDC, who again deal with it differently. The core problem is funding those things in a conformed way.

We talk about performance indicators and things like that. They need to be very tight. We would be happy if we were funded with a small amount of money for 12 months and you turned around at the end of that 12 months and said, 'You haven't done the job.' If we

agreed with that, then we would be happy to step aside and say, 'That's fair enough.' But we are not being given the opportunity to do that.

Regional development organisations differ from region to region because the issues are different. That is what I said at the start. What we do works for us. I could not put myself in the position of a policy adviser within a regional development department without giving a lot more thought to how it could actually be achieved across the country. Obviously, the country is feeling disenfranchised at the moment, so there is an opportunity there. We do go into that. However, I did not prepare that document. My economic development arm prepared that, and a fair bit of thought went into it.

**Senator MACKAY**—Are you suggesting a more outcome-oriented type system?

**Mr Raynes**—Absolutely.

**Senator MACKAY**—At the moment, with the allocation of funding for projects through the ACCs, there does not seem to be that outcome orientation.

**Mr Raynes**—There are a lot of strategies, surveys and audits, which are all handy—they have a place. We did our skills audit in 1995, and we have had no need to repeat it. It serves as a really handy document. We found out that 70 per cent of businesses are planning to expand. To us that said that the region is positive. Who is negative if 70 per cent of the businesses are positive? So let's get into it!

**Senator GEORGE CAMPBELL**—You have really got to get projects up and running.

**Mr Raynes**—Exactly. You have to get runs on the board.

**CHAIR**—Thank you very much, Mr Raynes.

**Proceedings suspended from 10.32 a.m. to 10.59 p.m.**

[11.00 a.m.]

**PALMER, Ms Lena, Executive Officer, WorkNorth Advisory Group Inc., PO Box 500, Townsville, Queensland 4810**

**WALDER, Ms Julie, Community Services Manager, Townsville City Council, PO Box 1268, Townsville, Queensland 4810**

**CHAIR**—Welcome. The committee prefers all evidence to be given in public, but should you at any time wish to give your evidence, part of your evidence or answers to specific questions in camera, you may ask to do so and the committee will consider your request. I point out, however, that evidence taken in camera may subsequently be made public by order of the Senate, as has happened in recent years. We have before us two submissions from the Townsville City Council, numbered 101 and 161. Are there any alterations or additions that you would like to make at this stage?

**Ms Palmer**—No.

**Ms Walder**—No.

**CHAIR**—We have submissions from WorkNorth which have just arrived. They are not numbered yet as they are new submissions. Is it the wish of the committee that they be received as evidence and authorised for publication? There being no objection, it is so ordered. Perhaps each of you would like to make a brief opening statement and then we will put questions.

**Ms Palmer**—I have a submission from the WorkNorth committee and one from Townsville Enterprise, which is Townsville's economic development organisation. The North Queensland Area Consultative Committee is pleased to make this submission to the inquiry into regional employment and unemployment. Included in our submission are comments from members of our advisory board and specifically Townsville Enterprise Ltd.

Evidence suggests that, when government funding cuts or departmental downsizing occur in rural and regional Queensland, many smaller centres are likely to suffer a decline in population and in the longer term a weakening of the local economy. In major regional centres this can sometimes be offset by private sector investment. Improved technology will continue to impact on regional centres and will, by its very nature, encourage centralisation of services in state capitals and, to a somewhat lesser degree, in major regional centres. We cannot prevent this occurring. However, we should look to the decentralisation of government services. With the technology available, it makes little difference whether a national service centre is located in Mount Isa, Normanton, Townsville or Brisbane.

The developments in the north-west minerals province, particularly in mining and manufacturing, are continuing to create much-needed employment. However, this, in itself, has created a major skills shortage. WorkNorth is in the process of concluding a major skills audit throughout the region with the view to identifying educational and training needs well into the new century. The report is currently in draft format.

There has been a devolution of responsibility to local government from many state and federal agencies. However, without appropriate funding the responsibility becomes significantly onerous and difficult to manage. Governments tend to have as policy the concept of decentralisation. However, quite often the responsibility is given without the necessary authority and funding to back it up. The private sector will play its role and create the necessary jobs, provided government sets the scene by consistency in its long-term planning and policy.

There is a major responsibility for government in education and training, particularly in relation to regional and rural Australia. A specific example of this is the difficulty in attracting doctors to small northern communities. The medical school proposed for James Cook University in Townsville is seen as a major plank in the strategy to encourage professionals to live and work in the regions of northern Australia. There should be incentives to encourage people, particularly those with the necessary skills, to live and work in northern Australia.

Major projects already planned and, in some cases, under construction are suffering a negative impact due to the unavailability of a sufficiently skilled work force. This is of particular concern in the northern and north-west statistical divisions.

The following are personal observations made by Dr Peter Isdale, from both a perspective gained as a current area consultative committee chairman, originally appointed by Minister Simon Crean under the Working Nation legislation, and with a background in the governance of organisations involved in the delivery of labour market programs going back to 1989—around the beginning of the skillshare program. He states that:

In respect of the terms of reference item (c) concerning the comparison between the effectiveness of program funding and delivery under the current government, and those of the one preceding it, and its effect on promotion of regional job creation, my view is that a valid comparison cannot yet be made.

While there are radical differences in approach, the effectiveness of the current government's measures are unable to be audited because of the limited time they have been in operation.

Nevertheless, in respect of their effectiveness at regional job creation, some early assessments may be of value. These are outlined in the table . . . against those of the 'Working Nation' scheme. They are of necessity subjective and often debated even among those 'in the trade.'

The WorkNorth Advisory group has come to the view that the focus needs to be on treating unemployment as a demand issue rather than a supply issue. If we are able to create the development through either private or public sector investment, or in some cases a combination of both, we can concurrently implement appropriate training regimes for the required skills. This of course also needs long-term strategic planning to have any chance of success. Government at all levels needs here to show some vision and take some leadership.

Attachments 1 and 2 indicate the public sector cuts in Townsville, including a number of government organisations such as DEETYA, which retrenched 110 officers with the closure of the CES, making a total of 620.

On attachment 2, Dr Isdale has given some comparisons relating to parameters of training delivery, for example. They show that under Working Nation training delivery was comprehensive and structured but slow uptake by employers was experienced, while under

Job Network training delivery is comprehensive but it is confined to employer sponsored schemes; it is not provided in the mutual obligation schemes such as work for the dole.

The parameters on the effectiveness of preparing people for work under Working Nation were quite good; life skills programs were valuable prerequisites for structured skills training for most. Under Job Network, the effectiveness of preparing people for work is now available more for a dollar valuable client than any others. The parameter of job brokerage success under Working Nation is about half as effective for Job Club type activities and the CES was not used as much as predicted by employers. Under Job Network, the job brokerage function should be effective if operational bugs are worked out.

The parameter relating to regional employment creation shows that under Working Nation it was reasonable and it was very effective at 'make work' in low to nil labour market areas with programs such as the new work opportunities, et cetera, but there was some limited success in enterprise schemes. Under Job Network, regional employment creation is still too early to measure; but for someone reliant on ancillary systems such as the ACC's interventionist regional assistance program, there have been some concerns that the regional assistance program does not provide training opportunities or any infrastructure funds to ensure their viability.

**CHAIR**—Ms Palmer, all of this has been tabled so you do not have to read it in such detail. If there are a couple of points which you would like to summarise on that, would you mind doing so as we are terribly squashed for time? I know that there are a few other points on that last attachment that you might want to highlight. Could you just summarise those?

**Ms Palmer**—I will just summarise those and perhaps I do not need to deliver the Townsville Enterprise one as that has been presented, if you don't have the time.

**CHAIR**—Yes. We have all received a copy of those so we can actually ask questions to deal with them.

**Ms Palmer**—To clarify some of the other parameters there: 'understanding of the system by employers' relates to the new Job Network system. In Working Nation, when there were CES offices, the understanding of the system was quite well promoted by an army of DEETYA staff, DEETYA personnel and DEETYA operatives. Now, the Job Network logo is well known, but the understanding of the system is limited. The DEETYA operatives have disappeared. There is a similar problem for unemployed people. They do not have much of an understanding of the new system. The DEETYA operatives are no longer there to promote the system to its fullest. With the arrangement with Job Network, all ACCs are charged with ensuring that networking does occur between Job Network providers and with ensuring the success of Job Network providers. We have had the experience of getting some feedback from employers, unemployed people and Job Network providers.

**CHAIR**—Thank you very much. Ms Walder, would you like to like to make a statement?

**Ms Walder**—We put in two submissions. One was prepared by our department—community and cultural services. It gave demographic information and information about

industry and employment opportunities in Townsville. It also looked at the effects of unemployment and particularly at some of the groups which were very adversely affected by unemployment. The second submission came from the Mayor of Townsville, Councillor Tony Mooney, supporting the submission we had made and making some additional comments, particularly about the lack of regional economic development programs and lack of job creation and training programs.

I want to make a few points in relation to those submissions. As the gentleman from Mareeba and other people have mentioned, economic development, regional development and social and community development are very much linked. As community and cultural services, we are in contact constantly with networks of people who work largely with people who might be described as disadvantaged. We are concerned that they are the people who will fare worst under this regime. Our council has also written and spoken against competitive tendering of welfare services. I think what is happening within the employment sector is reflective of that.

Townsville has a very good, solid economic base in many ways. It is not dependent on one industry; it has a mix of industries. Despite the very large cuts that Ms Palmer referred to in the public sector, it still does have a significant public sector, defence force and university base. In many ways, it is a very solid town. Employment has, overall, decreased slightly. But when we look at specific sectors, and at youth in particular—where we look at 18.5 per cent, 21.1 per cent, 23.2 per cent unemployment among our young people—where does that point us in the future in terms of young people who actually have learned about work, know about work and have those skills? We have a whole generation that has really been disenfranchised—as are Aboriginal and Torres Strait Islander people and people with disabilities. We believe that this new area would lend itself to creaming off the easiest clients.

In relation to the comments of the mayor on the work for the dole type schemes, we have been approached as a council. We have quite a long history of providing training programs, particularly for Aboriginal and Torres Strait Islander people. We found the latest programs coming out to be very restrictive in the sense of having to have a gang of people. I think that having people who are disadvantaged in any way or marginalised by society lumped together in a gang and working together really does nothing for their own development. We would prefer a model of traineeship, where people are absorbed into the organisation, where they are part of a team that is functioning already, where they have a lot of people to relate to, to learn from and to support them, rather than being isolated.

Another point I would like to make is in relation to the types of employment that could be created. In many ways, I suppose, the way our society is going with technology we are losing some jobs. I point out that in Townsville there have been 200 people with disabilities identified who are in urgent need of lifestyle support and community access who do not have enough support to get themselves even through the day; who have basic minimal support to get out of bed in the morning, to have meals and to be bathed, and that is about it. To me, that is a whole sector where there are possibilities for employment in personal care and community access. I am sure there are many other examples we could think of like that in terms of creating employment.

We would see that there is a fairly punitive approach to people who are unemployed. Our council would promote a point of view that it is not the fault of people who are unemployed. We would see job creation and unemployment benefits as being something that people are given as a necessity to get them through times when they cannot access employment. We would see it as being a systemic fault, a broader fault, that the jobs are not available for people. What is happening seems to have an implicit assumption of lack of motivation to work and lack of a work ethic, and I do not believe that is true. I believe that there are a whole range of people who would be very keen to enjoy the benefits of work.

**CHAIR**—Because of the time factor, can you wind up shortly?

**Ms Walder**—I can. One last thing is in relation to employment programs. The Australian Youth Policy Advisory Council, AYPAC, which is in a bit of a sad state at the moment, has developed some proposals about community access programs and about returning to former programs in terms of offering people some choice in employment and offering them an ability to go in in a voluntary capacity to a place they choose and to demonstrate their own motivation and not be in something that they are forced into. We would very much support that AYPAC model.

**Senator MACKAY**—Ms Palmer, part of your role is obviously to provide that networking with regard to Job Network. You indicated that you had had some feedback from employers and unemployed people. What has been the nature of that feedback?

**Ms Palmer**—The feedback from Job Network providers is that there have been system faults with Centrelink that I believe they are in the process of rectifying. That was a stumbling block for them in not getting sufficient referrals to meet the obligations of the contract between DEETYA and the Job Network provider in order for them to place people into jobs. That was their livelihood. They are in a commercial market and, if they did not get the numbers, they would not get the money, so it was a great concern to them. Subsequently my committee organised meetings with Centrelink to try to resolve some of those issues, and that is now in progress. Relationships are being built now with Centrelink and Job Network providers to ensure that they speak freely one to another and with DEETYA as the contractor so that the services are improved. We are hoping that that will progress along those lines in a more positive way and to do some positive promotional marketing and success stories and so on. We realise there are some problems and we are assisting the network to address some of those issues.

With the unemployed people and employers, the unemployed people are very confused. The employers are confused to the point where they have just said, 'It is all too hard. We are going to go and advertise in the local paper ourselves. We cannot be bothered with all of this because we do not know who to go to.'

As a result of this, my committee took a leaf out of FNQ Employment's book and are looking at creating a brochure which promotes all the Job Network providers in our region with their names on it. This will be distributed to all the employer organisations, including the chamber of commerce and the Townsville Enterprise organisation, and perhaps there will be letterbox drops, and to as many business houses as possible, with the view that they would use that document and put it up on a notice board, so that when they are looking for

staff they will just look at that and ring up a provider. This was generated by one of the committee members who was the general manager of Centra Townsville. He said, 'I will try to make it user-friendly, because I am aware that employers are saying that they are confused,' and he was one of the confused employers, so we charged him with the task of organising a brochure that might be user-friendly.

**Senator MACKAY**—That is great, but do you find that hard, given that there is no statistical information as to the success rate with regard to placements?

**Ms Palmer**—That is true; there is no statistical data available at the moment. Apparently it will not be available until the minister puts that information out in the public arena. So it is difficult to work in that environment and to say to someone, 'I believe it is working,' or 'I don't know whether it is working.' We are just taking notes from what people are actually saying and we cannot do much more than that. We cannot really come out publicly and say something positive backed up by statistical data until we get all of that information.

**Senator MACKAY**—What about when you are dealing with employers and job seekers? Presumably in a competitive environment outcomes are one of the key determinants that people would use to make the choice. Are either of those groups saying that it is pretty hard to decide which agency to go to because they do not know which ones are succeeding and, similarly, with employers in terms of going to agencies which they regard as successful?

**Ms Palmer**—I think the only agency that actually promoted themselves in the community as a fee paying agency was Employment National. The other providers indicated that they were providing a free service. On my committee we have a number of business organisations represented and one of the employers said, 'Bring back the CES'—those were his words. There is an unemployed workers group in Townsville which meets on a regular basis. I attended their meeting and asked what they thought of the Job Network. They said it was all very confusing, they did not know where to go, they got some good service from some agents, they did not get very good service from other agencies, and they said, 'Bring back the CES.'

However, when I went to an employer where there were a couple of young people who had recently been employed by the network providers, they thought that they were great. They said that they were registered with the CES for months and months and they could not get them a job, but they went to Employment National and within two weeks they were employed. They had nothing but praise for the organisation. So you get a lot of mixed messages, depending on the level of service that they have received.

**Senator MACKAY**—Given your length of experience in this area, Ms Walder, do you want to comment?

**Ms Walder**—I would like to add to that my remark before about creaming off the easiest to place. We have had information from disability organisations and parents of people with disabilities who are saying that some people are being registered and then being told, 'That's it.' So a whole heap of people are actually being registered but nobody is doing anything to place them because they are seen as being too hard to place.

**Senator MACKAY**—These would be the FLEX 3 types, the long-term unemployed where you get \$1,500 for the registration and they can sit on the books?

**Ms Walder**—Yes, exactly.

**Senator MACKAY**—Do you have evidence that that is actually happening?

**Ms Walder**—Yes. I know quite well parents of young people with disabilities who are saying that that is happening to their young people, and people whom I would regard as certainly having some skills and a lot to offer—they are not people with the most severe disabilities.

**Senator MACKAY**—What has happened in terms of the previous system and the new system? Clearly, DEETYA has closed down, so that is 110 jobs gone. In terms of service provision that was available before and what is available now, what is the picture in Townsville?

**Ms Palmer**—If you are looking at setting up a new business, it is like any new business: there are going to be teething problems right from the word go. In the Job Network organisation it is a whole new ball game. They are virtually setting up a new business. New businesses either succeed or fail within the first couple of years of operation. I guess that is the process that we are going through at the moment. CES was around for 50 years. It became very streamlined in its service delivery but, on the other hand, it was a government agency and perhaps there was a language barrier between the population and the government organisation. I guess Job Network are bridging the gap to try to ensure that they speak the same language as the business organisation. But they are in setting-up mode and they still have to learn the ropes, get the system organised and the information technology has to be spot on. At the moment, there are bugs in the system, in the setting up operation and in the streamlining of the service. That is going to take some time, unfortunately.

**Senator MACKAY**—What I was on about was that previously you had the old CES and you had a number of contracted case managers who were providing services for long-term unemployed and the sorts of groups that you are talking about. There has been a \$1.8 billion cut in labour market programs over the last 2½ years. As we have gone around regional Australia, we have found a substantial cutback in the amount of resources that have been afforded to labour market programs. For example, there has been a substantial cut in terms of FLEX 3 places—or FLEX 3 commencements, or whatever term you wish to use—and, similarly, with FLEX 1 and FLEX 2. This is in terms of the last budget, never mind the previous two. What I was saying was: what services were there before, and what is happening now? For example, you have got 110 less DEETYA staff, so presumably the services that were provided by the CES are either being provided by somebody else or not being provided.

**Ms Palmer**—In the past, DEETYA had a bucket of funds to spend on these people, and they just spent it on these people, whereas the private providers are in a commercial market; they are in the market to make a profit. When they look at their figures from the first tender round, they might find that they have underestimated the expense of training disadvantaged people. They are realising that they just cannot afford it.

**Senator MACKAY**—How many FLEX 3 providers are there at the moment? Do you know?

**Ms Palmer**—In the Townsville region, we have Employment National. We have one in Mount Isa. My region is from Ingham in the north to Bowen in the south and out to the Mount Isa, Normanton-Karumba area. We have one in Ingham, one in, as I said, Mount Isa, one in Ayr and one in Bowen that I know of.

**Senator MACKAY**—So we have got five FLEX 3 providers for the region that you cover. Is that a cutback?

**Ms Palmer**—They represent the five CES offices that were in the region.

**Senator MACKAY**—What I am getting at is: there are far fewer staff. For example, how many people are employed in Employment National at the moment?

**Ms Palmer**—That is right. Employment National has reduced in numbers considerably.

**Senator MACKAY**—What would it be?

**Ms Palmer**—The Employment National service itself would be reduced considerably, by a proportionate amount, by the staff cuts from 110 to a minimal level.

**Senator MACKAY**—Four, five, six—something like that?

**Ms Palmer**—There are probably about 10 staff in the five offices or thereabouts.

**Senator MACKAY**—Right.

**Ms Palmer**—Or just a little more.

**Senator GEORGE CAMPBELL**—In the documents you presented this morning—I think they may have come from WorkNorth—under the heading ‘Townsville Enterprise’, there is a pretty impressive list of projects. I think there is about \$1 billion already committed and another \$2 billion in the pipeline, plus a number that have not been quantified. I do not know what that measures in terms of additional employment for the area, but I was wondering—given the extent of the projects and given your comments before, Ms Walder, about youth unemployment between 18 and 24—whether there has been any consideration given by WorkNorth, or by the local council for that matter, to actually sitting down and negotiating with some of these major enterprises the number of entry level jobs that might be created out of these projects for young people across the spectrum, whether they be in apprenticeships, traineeships, administration or what have you? I would have thought, in a region like this, with that amount of project work on the table, there would have been some capacity for the local community to negotiate with those major corporations some sort of outcomes in entry level employment.

**Ms Palmer**—A number of projects have been presented. Some of them require skills that may not readily be available in the region. That is why this skills audit is being conducted at

the moment—to identify exactly what skills are available. You need the skilled people at the top to train the young people who are coming up after them.

When the final report is completed—the second stage of the project is actually under way at the moment through a consultant—they will be running workshops in Townsville, Mount Isa and Cloncurry to identify the mining industry specific industries where there are skills deficiencies and how the industry itself is going to address that issue. Those recommendations and results will then go back to DEETYA and the minister. As I said before, to have skills to train people you need the skills in place so that people can be trained.

Some projects have already commenced, as you may have noticed. Some of them, such as in the mining industry, are in isolated areas. If young people do not live around that community, their parents do not readily want them to leave home at the age of 15, 16 or 17 to go out to the mining areas for apprenticeships. There are some who are quite prepared to do that. The Cannon Park project, for example, was a shopping and cinema complex in Thuringowa worth \$30 million. They did employ a number of young people in that project.

**Senator GEORGE CAMPBELL**—I suppose the point I am making is that sometimes it has to be a conscious decision to actually negotiate arrangements to create entry level jobs on these major projects. What tends to happen, not because it is a deliberate act, is that companies pick up people who already have skills and who are quite often transferred from employment in one area to employment in another area because they have those skills. It is a question of sitting down and consciously negotiating for a proportion of the new jobs created to be at the entry level so that you have an opportunity to go to the community and say, ‘Out of that \$3 billion there are going to be 100 to 150 new jobs created for 18- to 24-year-olds in this community to get into the work force.’

**Ms Palmer**—We are fortunate that we have two entry level training service providers in our region—the Queensland Chamber of Commerce and Industry and the Apprentice Careers and Employment Organisation. They are the Job Network provider organisations. I know that QCCI, which has been involved in our skills audit, is very conscious of promoting entry level traineeships and apprenticeships within all the emerging industries. They are working very hard to ensure that that happens. The area consultative committee has been working closely with QCCI on that particular issue.

**Senator GEORGE CAMPBELL**—Is that apprenticeship group a group training scheme?

**Ms Palmer**—The parent company is Mackay Group Apprenticeship Training Organisation.

**CHAIR**—Ms Walder, could you go over again the council’s concerns about the shortcomings of work for the dole?

**Ms Walder**—There are some administrative shortcomings. It is difficult just to find projects that use a fairly large group of people for restricted times. We cannot say, ‘We need people for these periods of time on these days.’ They have to fit into fairly restrictive time limits. Administratively it is difficult to find a project that neatly fits in with what is on offer

and to have someone available to supervise it. There are also concerns about grouping people who are long-term unemployed. We believe that they learn and develop better when they are absorbed into the organisation. We have seen lots of examples of that.

**CHAIR**—You have made comments about some of the difficulties, but you also make the fairly strong point here that work for the dole makes no impact on long-term or regional employment, that it does not create jobs.

**Ms Walder**—It does, obviously, in that people are working on projects specifically. It is really about people learning skills and getting into the networks of real jobs. Where people are working alongside people working in real jobs there are many more opportunities to get employment in similar areas. There are more opportunities to further that than there are in a project that is almost artificially created to fit with the work for the dole type programs.

**CHAIR**—What is the best news and the worst news coming out of Townsville in terms of this inquiry? I was interested to listen to the responses to questions from my colleagues here. You have given us evidence of some pretty good projects. A few years ago Townsville got a whack behind the ears when its facility was no longer allowed to be called an international airport, but it seems that Townsville has tightened its belt and made some considerable advances. Is the news all bad or is it that the balance is not good?

**Ms Walder**—I suppose what I am saying is that the news is certainly not all bad. Ms Palmer has referred to some really good projects going. There are some good regional planning processes under way in terms of identifying industrial land, for example. I guess where I am coming from is that what I see happening is that the people who are the really long-term unemployed, who are the most disadvantaged, are not actually getting anything out of this. I think we need to look at who is actually benefiting from this. If we have a whole group of people who are marginalised, it really brings us all down; we are all worse off.

**CHAIR**—Are people migrating into Townsville or leaving it?

**Ms Walder**—There is a growth but it is not great in terms of the region. In terms of Townsville city it is fairly small and for our sister city it is larger.

**CHAIR**—Can you tell us how many people from Aboriginal communities would be in and around Townsville?

**Ms Walder**—It is about four to five per cent of the population. Unemployment certainly is extremely high. We actually also host one of the LGAQ—Local Government Association of Queensland—projects, Paving the Way, which is the employment of local Aboriginal and Torres Strait Islander people in local government. We have had a long history within the council of actually providing traineeships for Aboriginal and Torres Strait Islander people and those have really dried up in the last year or so.

**CHAIR**—What about their access to education and training? Would you know the number of Aboriginal people in your area who have English as a first language, as apart from those who do not?

**Ms Walder**—Most would have English as a first language.

**CHAIR**—That is quite interesting because the figure around Cairns is that about 30 per cent do not.

**Ms Walder**—When you say Aboriginal people, you are referring to Aboriginal and Torres Strait Islander people?

**CHAIR**—Yes.

**Ms Walder**—That is more the case with the Torres Strait Islander population.

**CHAIR**—That?

**Ms Walder**—That English is not their first language. Among the Aboriginal people my experience is that there has been such a loss of their language. That is just from my own judgment.

**CHAIR**—We have had evidence particularly from a previous hearing in Darwin, for example, that Aboriginal people speak English as their 10th language.

**Ms Walder**—Wonderful!

**CHAIR**—It is, except that most training courses in this country do not acknowledge that or appreciate Aboriginal people as other than English speakers. It is important that we do take note of that. It has been given to us as evidence that, if you are doing training courses—school to work or unemployment to work—the courses do need to be sensitive to a whole lot of difficulties that people need to acknowledge.

**Ms Walder**—Language is just one part of what you need to be sensitive to. I am aware that Ms Palmer has some direct experience with Palm Island, which is not in the Townsville region but relates very closely to Townsville.

**Ms Palmer**—My committee was instrumental in facilitating a course on Palm Island which is entrepreneurial skills training for the unemployed, indigenous people of the island. It began with members of the Soroptimist Club of Townsville—a club of professional and business women—who have been going over to Palm Island over the last 18 months talking and walking with the women of Palm Island and finding out what their wants and needs are. They have come up with the information that the women would like to start their own businesses so that they could provide employment opportunities for their children on Palm Island so they would not lose their children from the island.

After having run a very successful pilot program last year for unemployed young people on the Young Achievement Australia model of entrepreneurial skills training, my committee gave that information to the Soroptimist Club women and suggested that maybe they could use that model for Palm Island and expand it.

The one that was run for unemployed people in Townsville was for eight weeks, which was a short time, and we suggested that 16 weeks might be more appropriate on Palm Island, given the differences in language and culture, and all the other differences. The Soroptimist Club women jumped at the chance, seeing that this was an opportunity to assist those people on Palm Island with what the Palm Island people said that they wanted to do.

They put up a proposal to DEETYA under the regional assistance program funding and won the contract for \$70,000 to provide this course on Palm Island. They used the same motivational trainer that was used for the unemployed young people. He is a black American negro basketball coach who used to be a Globetrotter. He fits in ideally with the Palm Island people. I took him over there and introduced him to the council and to the community to get community support and acceptance of him as the motivational trainer.

**CHAIR**—He wasn't a soroptimist?

**Ms Palmer**—No, but he is a great motivational trainer, because he was so successful with the unemployed young people. He is still there. It commenced in May this year, and it is expected to finish in September. The objects of the course are similar to those of Young Achievement Australia. It is an experiential model of learning where they actually set up a business. They learn how to run it, they learn financial management, they learn how to write a business plan, how to market their product, and how to organise each member of their organisation to do various jobs. They targeted 20 participants for the course, but each week there would be an addition to that course and, at the moment, it stands at about 30 participants and growing in numbers. The local community came to Henry and said, 'Are you sure you can't run an evening course for some of us as well?' About 10 people wanted an evening course because they could not attend the day courses. He said, 'I just can't survive working day and night.'

However, it is running successfully. The business they are setting up is a transport business running a bus from the airport to the township of Palm Island. They are looking at writing a contract to deliver the parcels and so on that come in from the aircraft into town. It is for a fee paying service so that they can run it as a genuine business. They have sold shares in their business to raise the initial capital. So they are going through that experiential process.

We are hoping that it will be a model that can be used elsewhere. When I told a committee member of the ACCC from the Mount Isa City Council about Palm Island, he said that they might be able to use that model at Camooweal because there are a lot of indigenous people out there who might be advantaged by something like that, because they can produce their artefacts and sell them at the border town, which has a large tourist potential, and that maybe they could do something like that for them there.

Mount Isa is an area declining in population because of the fly-in fly-out situation in the mining industry. From the ABS statistics, they have had a reduction in the population of 24,474 in 1991 to 22,352—a 2,000 reduction. Significantly, the family reduction has gone from 13,780 to 11,029 families. So Mount Isa is losing a lot of young people as well as families. The council's mission is to reverse that decline in population, because it envisages that in 1999, when the major investment contracts are completed, there will be another

serious reduction in personnel. So when all the infrastructure and all the mining industries have come to the end of their contract period there will be another decline in population.

**CHAIR**—You said that the experience on Palm Island might be used as a model for other groups of indigenous people. Have you any idea or any evidence that it might also be very useful for non-indigenous people?

**Ms Palmer**—Absolutely. But DEETYA have informed us that under the regional assistance program training type projects will not be funded.

**CHAIR**—There is a huge amount we can say, but we are unfortunately very pressed for time. I very much appreciate the fact that you have been prepared to come together as witnesses and thank you also for the submissions you have given us. They are different, take their character from the local area and are very useful. Thank you.

[11.44 a.m.]

**CLAY, Mr Alan, General Manager, Balkanu, 32 Florence Street, Cairns, Queensland**

**CHAIR**—Welcome again, Mr Clay. I understand that you felt that if you had had a few more minutes you might have given the committee information that would assist us, in particular on the provision of job assistance in the area. So, fire away.

**Mr Clay**—Thank you for a second opportunity. As we have heard this morning, the privatisation of employment related services throughout Australia has had quite a significant lack of impact in Cape York, the reason being that there is now only one part-time mobile FLEX 1 service available—no FLEX 2, no FLEX 3, no FLEX 4, no NEIS. There is absolutely no service provision whatsoever extending beyond a part-time service operating out of Mossman and Port Douglas.

**CHAIR**—What was there before?

**Mr Clay**—DEETYA had mobile services operating out of Port Douglas which to some extent provided them capacity to operate in the cape. But what practically occurred on the ground, as well as flying visits by DEETYA and DSS staff into the area, was a very close working relationship with a range of Aboriginal corporations which would see DEETYA being able to fund Aboriginal corporations for a range of employment programs. As of 1 May, those funding moneys have disappeared and they are no longer accessible.

**CHAIR**—Do you have any idea of how much that money is in total?

**Mr Clay**—I can speak clearly for the organisation that I represent, Balkanu. For us it has been a matter of around \$350,000 per annum.

**CHAIR**—That has mainly been devoted to assistance for Aboriginal communities north of Cairns?

**Mr Clay**—Yes, north of Mossman.

**CHAIR**—How far west do you draw the line?

**Mr Clay**—We run all the way out to Weipa, so we take in the entire Cape York region. If I could draw your attention to the map on the inside cover of the booklet you have received, Weipa is here next to Kowanyama. What we have listed here are the Aboriginal communities.

**CHAIR**—Thank you, that makes a lot of sense. It has got a huge new base in there, is that right?

**Mr Clay**—Yes, that is correct.

**CHAIR**—Opened yesterday?

**Mr Clay**—Yesterday or this morning. I think Prime Minister Howard is officially opening it today.

**CHAIR**—Where previously the Department of Social Security and DEETYA, as well as the CES, had a capacity to move out there with special funding, that funding has now gone, the departmental people are now gone, and there is one FLEX 1 mobile operating out of Port Douglas?

**Mr Clay**—Port Douglas and Mossman. That is a Centrelink operation, but I understand they are quite severely restricted by lack of funding for that service.

**CHAIR**—What else is going to happen, or don't you know?

**Mr Clay**—As has been the history of Aboriginal development throughout Australia and particularly in Cape York, Aboriginal people are very resourceful. We have been very busily engaged in trying to broker joint venture arrangements with private developers throughout the cape, which has been mentioned earlier. However, those development opportunities in the cape are quite limited. The primary areas are resource extraction in the areas of alumina and kaolin clay and, with declining world markets, activities in those areas have decreased. There are limited employment opportunities initially there, but there is also a further restricted capacity by those companies to engage in some kind of good neighbour community service obligation and divert profit into employment and training schemes for local people.

**CHAIR**—There is an Aboriginal community just south of Cairns. Can you remind me of its name?

**Mr Clay**—Do you mean Yarrabah?

**CHAIR**—Do you work in conjunction with them, or is Balkanu north only?

**Mr Clay**—North only. We obviously have cooperative network and forum arrangements with all land councils, development organisations and health organisations throughout the area, and that is usually done through the Aboriginal Coordinating Council. That acronym was explained earlier: the ACC here is the Aboriginal Coordinating Council.

**Senator MACKAY**—What is the unemployment rate for the area that you cover?

**Mr Clay**—It is an interesting statistic and I would like to flesh it out a little for you. Officially it is six to eight per cent, which is a very low unemployment rate. The unemployment rate is disguised, through our analysis, by the fact that 86 per cent of employed people in Cape York are employed through CDEP schemes, which by any other name must be work for the dole.

**Senator MACKAY**—So 86 per cent of the work force are in CDEP. What has happened with CDEP as a project? Is it chuffing along as normal or have there been structural changes?

**Mr Clay**—It is static, and that has arisen out of the freezing of development funds to ATSIC by the federal government, because CDEP programs run through ATSIC. There is a total stop on any further CDEP development. If we looked at CDEP as being the opportunity for providing meaningful employment to people, there is no expansion available in CDEP at all at the moment.

**Senator MACKAY**—Just in terms of the point you make about there being only one part-time FLEX 1 provider, presumably there is no assistance there for long-term unemployed people.

**Mr Clay**—None whatsoever.

**Senator MACKAY**—Do we have any idea of what that cohort might be, how many people that would affect? How many long-term unemployed people are there?

**Mr Clay**—It is a 8,500.

**Senator GEORGE CAMPBELL**—Out of a population of what?

**Mr Clay**—Out of 14,000.

**Senator MACKAY**—That is very serious, isn't it?

**Mr Clay**—Yes, it is serious. There are two areas in Australia particularly that were not addressed at all with the private service arrangements. One is the Kimberley region of Western Australia and the second is Cape York.

**CHAIR**—This little booklet says that Balkanu is supported by the Commonwealth Department of Employment, Education, Training and Youth Affairs with funding and advice, and that it has a major role in coordinating training and employment programs in Cape York. Is that statement still correct?

**Mr Clay**—No. I will be meeting with our publishers this afternoon to produce an updated version of this booklet. Part of the reason I brought it along is to create an identity for Balkanu with your committee, and also to point out that this booklet, although only 12 months old, is now severely out of date because of the lack of funds that are available through programs we have used to provide development opportunities.

**CHAIR**—Okay. I know that we wanted, in the interests of further understanding, to get some of that on the record. Can I thank you very much for being prepared to return and give us that extra information. We do have to move on. If there is anything further in particular you want to say, you have got 30 seconds now or you could drop us a letter.

**Mr Clay**—Thank you. I will do both. Firstly, English as a second language you can apply to 14,500 Cape York inhabitants, although it would tend to run what is classified as north end Creoles, which is synthesis language which incorporates traditional languages with modified English and actual English expression, then filtering down through every regional area having its own distinct language or dialect.

**CHAIR**—I am not allowed to ask questions either, but can you tell us in 10 seconds the difference between Creole and pidgin?

**Mr Clay**—Pidgin is a wider vernacular that covers a language that covers a huge area. The term ‘Creole’ is used because it more specifically identifies regional languages. For example, you will have Cooktown Creole or Mareeba Creole. Also, Creole tends not to devalue the language, whereas pidgin has connotations of a devalued language.

**CHAIR**—Yes. I am sorry I interrupted you.

**Mr Clay**—We would like to point out that there are some underlying factors behind the factors affecting any employment and training opportunities in Cape York. Housing and infrastructure are issues that need addressing immediately.

The funding for housing fluctuates between \$1.2 million and \$3.6 million per annum. An average house in Cape York costs \$120,000. That means between 10 and 30 houses can be constructed a year in a population group where the average household occupancy is 11 people. Without infrastructure like water provision, roads, sewage schemes that work—Coen has been a recent good example of that—and these kinds of basic building blocks, training and employment schemes tend to be band-aiding work. That is not to discount their value but, if we are going to maximise the effect of training and employment readiness schemes, that must be built on a solid foundation where people are resourced from their family structures. Thank you.

**CHAIR**—Thank you very much for that. If you were to drop us a letter, if you ever wanted to find further information, that would be very useful.

[11.56 a.m.]

**CUMMINGS, Mr William Samuel, Principal, W.S. Cummings Economic Research Services, 38 Grafton Street, Cairns, Queensland 4870**

**CHAIR**—Welcome. The committee prefers all evidence to be given in public but should you at any time wish to give your evidence, part of your evidence or answers to specific questions in camera, you may ask to do so and the committee will consider your request. I have 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. If you would like to make an opening statement and then we will field some questions.

**Mr Cummings**—Thank you. My purpose in appearing before you is to provide some further perspective on the region to that already provided by previous witnesses. My firm provides critical, specialist economic and market research and policy guidance to the region's key regional and business bodies. Some background is included in some of the papers I will hand to the committee.

The first item I want to address is labour force statistics. I draw to the attention of the committee the extreme unreliability of labour force data produced by the ABS at regional level. I tender a copy of a recent press release I made to correct glaring errors in the local newspaper that suggested that in one month 20,000 people had been dropped out of the work force in the region and implied a population of about 30,000.

Some regional unemployment characteristics: just as a general comment, the Cairns region has been characterised in the past as being a bit similar to the Gold Coast in running high unemployment figures but alongside high job creation rates, reflecting the fact that at times people were moving in faster than jobs were becoming available. The regional unemployment figures recently have not been that particularly high compared with other regions. One factor—and I have heard it mentioned just now—has been the transfer from the unemployment figures of a lot of the Aboriginal and islander communities onto the CDEP program in the last 10 years.

Current economic patterns compared with long-term trends: regional growth in the last couple of years has been relatively lacklustre. I will table some articles that I had in the *Cairns Post* that explain the situation—why that is so—and canvass possible future movements.

Regional employment pattern: the region shows typical patterns of relative employment growth. First of all, there are lower job creation rates in the hinterland areas compared with those of the regional city and on farm, on mine, in factory, employment growth rates have been slower. This is reflected in the balance around the region.

This is typical of right throughout Australia. Even though there has been a strong growth in employment in this region, the pattern of it growing faster in the regional city than in the rest of the region has been apparent. The difference here has been that the hinterland population has been growing, unlike that of a lot of other parts of Australia. There has been

hinterland job creation, of course, and then Cairns, itself, has been growing faster than that. I will give you an article on that.

A related trend has been changes in the structure of employment in the region, whereby most of the job creation is taking place in the service type industries. Even though there has been strong growth in agriculture, mining and things like that in the region, growth tends to take place within the service industries. I suspect that the trend towards slower employment growth in the hinterland areas has been accelerated recently—and I have not done any detailed work on it—particularly by the impact of communications and computers. Before that, underlying that trend was transport improvements, but now we have this situation of fairly heavy impact of computers and communications in the employment pattern in a lot of these smaller towns.

That then changes the structure of employment. I would like to distinguish that from what the real job creation in the region has been. I will tender a paper that provides some background on that. However, essentially, what we have had in this region is a relatively large underdeveloped region with a large resource base which had not been developed before in plant growth potential, minerals, marine resources and, importantly these days, in natural tourism resources. A number of factors over the past couple of decades have been particularly conducive to the development of those industries.

What has been pushing this region along has been a tremendous growth in exports from the region in agriculture, mining, and fisheries, with tourism coming in on top of that. That has been the driver of development in the region. I would like to make the point that, to underpin that job creation, infrastructure is terribly important. If the beef roads had not been built in the 1960s, it is doubtful whether the gulf fishery would have got off the ground during the late 1960s and 1970s.

Tourism in this region has been strongly stimulated by the upgrading of Cairns airport in the mid-1980s to take jets directly from overseas. The growth in horticultural industries in this region has been greatly facilitated by the sealing of the roads between the north and the south of Australia, so that we could land produce onto southern markets at a reasonable cost and also, subsequently, by the airport development opening export markets for the horticultural products. I just wanted to stress that in the whole business of generating employment in the region, some of those fairly ordinary things can be very important in a region like this.

There is another thing that I would like to bring to your attention. I will table some maps from a paper I produced in relation to the policy for regional development in the north, particularly in relation to the gulf region. The maps set out the sheer size of the north and show that it really breaks into two layers of regions. The first layer is a wider regional one which is characterised in this area by what is called Far North Queensland, based on Cairns, but within that region there is then a substructure of the gulf region, the peninsula, the tablelands and the Cassowary coast. I would like to draw to your attention the key importance of regional organisation in this area in delivering some of the policy outcomes that the Commonwealth might desire.

**Senator TIERNEY**—Your comments on ABS figures struck a chord. Based in regional Australia, we have similar problems with figures jumping around. I assume it is because of

small samples. Do you have any idea how ABS might be able to fix this problem? Is there a better way for them conducting these surveys so we do not get what are really misleading ups and downs in the figures?

**Mr Cummings**—First of all, their samples at a regional level are quite good. They would seem to be good but, of course, as soon as you start comparing period with period you start getting a problem with sampling. It becomes magnified. However, the big problems that have occurred in this region have come out of sampling which they go back to. Periodically they drop off part of that sample and introduce a new sample. The two occasions on which there have been violent changes appear to have been related to that. It is partly in their sampling procedures. Of course, the problem is that suddenly we read on the front page of the *Cairns Post* that we have lost 20,000 jobs or—in the early 1990s—that we have suddenly created 20,000 jobs in the region. It is terribly misleading, but just how you rectify it, I do not know. I have suggested that they are so unreliable that, in fact, ABS should not be publishing them at a regional—

**Senator TIERNEY**—As regional figures.

**Mr Cummings**—They have warnings in there and they have some of their sample reliability data in there but most people do not read that to start with. Secondly, the unreliability has been way beyond normal sampling errors.

**Senator TIERNEY**—You mentioned that Far North Queensland comes out as a distinct region and then subregions. Could we have your views on regional development organisations, in terms of developing and promoting the strengths of Far North Queensland? How, in your view, is that shaping up?

**Mr Cummings**—It is absolutely critical in our situation that we do have strong regional organisations. In fact, one of the reasons for success in the tourism industry was that we got highly organised during the 1970s. We created a very effective regional tourist organisation that could carry promotions at that time to Sydney and Melbourne and then, subsequently, overseas. But it is very important that there are regional development organisations and they have to be cast at those two levels—at the wider Far North Queensland region and then, also, at that subregional level. I am speaking of organisations like CYPDA and GLADA, et cetera.

**Senator TIERNEY**—Are you saying that they are structured that way at present?

**Mr Cummings**—Yes, they are structured that way at present and, of course, in the whole business of dealing with an area like this it is important to realise that there are those two levels. It is a factor of the sheer size of the region. Far North Queensland is 1½ times the size of Victoria in area. In that situation, the realities of distances and areas come into play.

**Senator TIERNEY**—We heard some very interesting evidence earlier today on the development of industrial clusters in this region. We were discussing things like education, tourism and fishing, which are developing in a cooperative as well as competitive arrangement. I do not think that has come out very clearly in many other areas that we have been to

in Australia. So, could you provide us with your view on those industrial clusters and how they are developing?

**Mr Cummings**—I think it is the way to go. Sometimes the word ‘cluster’ is getting a little bit overused. However, what is important is to pull together the people in that industry group. We do have a prime example of that in the tourism industry in the region and a lot of the successes have come through a lot of competitors and so forth coming together for joint promotions and that sort of thing. Of course, what is under way with the CREDC at present is to translate that through to some of the other potential growth areas—particularly those industries that might, in future, provide a growth in exports. When I say exports, I mean exports from the region, which could be to southern Australia as well as overseas.

**CHAIR**—Mr Cummings, have you got any figures on the fall in tourism from South-East Asia?

**Mr Cummings**—Just to give you an idea, the airport figures were down in January-February, in the earlier part of the year, by about 12 to 16 per cent. The Korean market virtually evaporated overnight, but it was only about three per cent of our market. As far as Japan goes, I cannot put a figure on it, but we must be looking at something in the order of 20 per cent. However, fortunately, in our case, we are getting a counterbalancing effect now. Although Cairns has had a big Asian market, of our total number of international visitors the Asian market accounted for, on the 1996 figures, only 44 per cent. We have got a very big market which comes out of Europe and out of North America. That is now bouncing back. The figures I have got for the most recent international airport passenger arrivals are only down about 2.9 per cent. So with the lower dollar now, we are starting to get a reverse flow. We may even reach a possible situation, if that continues, in the next few months where we are back to growth. That has counterbalanced the drop in the Asian trade. But it is a different type of trade, and it has different patterns.

**CHAIR**—I would like to ask more about that, but we are very tight on time. You have given figures here in the back of this document. I am not sure who Tony Sorensen is. Who is Tony Sorensen?

**Mr Cummings**—He is the editor of a regional magazine.

**CHAIR**—I see. So he is not the man who farnarkels?

**Mr Cummings**—Sorry? It is my article, my letter.

**CHAIR**—It is all right, Mr Cummings. I will see you later about that.

**Mr Cummings**—Okay.

**CHAIR**—I will call John Clarke on this matter. In the back of this three-page document, there is an enclosure entitled ‘jobs’.

**Mr Cummings**—That is not related. It is a different piece of paper. That takes out the 1976 census employment structure and the 1996 employment structure. I just warn that they

are raw figures. There are some tourist figures. Sometimes we have a problem with census data that the domestic visitors are counted in with the locals. I just warn you that the figures will not be precise. But they very clearly illustrate that, even though we have had a very strong growth in agriculture during that period, the actual on-farm employment in agriculture has not grown that much. There would have been a lot of growth off-farm. Similarly, there has been growth with mining and fisheries. You can see a very big impact there in tourism accommodation. The accommodation sector is down towards the bottom.

**CHAIR**—It is not called ‘tourism’, but I guess I would call it—

**Mr Cummings**—Tourism as an industry is defined by the customer, not by the product. You will find that there are bits and pieces of tourism data through those figures. The biggest single group, however, is the accommodation and restaurants group there, in which you will see very strong growth.

**CHAIR**—This is an extraordinary picture. This means that Cairns needs to be very careful. If they tell such a good story as this over 20 years, they will be the last to get any assistance, won’t they, Mr Cummings? This is just too good a story. The only loss of jobs has been in electricity and gas; everything else is ‘Boom! Boom! Boom!’

**Mr Cummings**—That would have been through productivity improvements. That is the region overall. Of course, in this region you will find that there has been strong growth, but there have been quite strong fluctuations in growth. You will find in the hinterland area that the picture is more mixed. In Cairns itself there has been strong job creation overall but with very strong fluctuations in that growth rate.

**CHAIR**—Your perspective is useful, but I presume you are not saying everything in the Cairns garden is rosy.

**Mr Cummings**—No.

**CHAIR**—One of the things we have heard today is that, for people who are unemployed, for whatever reason and for whatever time they are out of the system, it is not easy getting back in. Could you comment on that? We seem to have some evidence that Cairns is not doing too badly, although the unemployment figures we were given show that they have gone from five per cent to 10 per cent from 1995 to 1997, overall. You are not trying to give us a totally good picture, but can you tell us what you think might be useful for people who are out of the system for one reason or another? How do they get back in? Can you give us any critique of how the Job Network is going?

**Mr Cummings**—I cannot give you a good critique of the Job Network and the labour program which has just started. I have used it personally, but I do not know how it is going overall. Obviously, the situation in this area is one where you have had strong job creation, but that has fluctuated quite strongly, and then people are moving into the area. Some of those people have been highly skilled. They have wanted to come and live here, and they have found jobs fairly easily. In the tourism industry, there is also a floating population that comes in for relatively short periods of time.

**CHAIR**—From where?

**Mr Cummings**—Mainly from southern Australia. There are backpackers around the place, and they form a niche in the work force at times, with mango picking and that sort of thing. They become an element in meeting a seasonal demand.

**CHAIR**—Can you tell us much about the relationship between women in the work force vis-a-vis men in the work force?

**Mr Cummings**—Not really. I have never really studied it greatly. Cairns tends to have fairly typical urban figures for the composition of the male-female balance in the work force. Once you get out of Cairns there is a different picture and you will find a lower proportion of women in the work force. That is typical of a lot of farming areas.

**CHAIR**—I hear from a lot of women that they are in the work force and they do more than enough. I am glad you smile, Mr Cummings. It shows that you realise that women on farms work very hard too, but they are not counted as workers, they are just seen as 'idle housewives'. Please note the heavy irony!

**Mr Cummings**—That is right. Very often if you ring a farm you will find that it is the lady of the household who does the books and a lot of the management of the farm.

**CHAIR**—Would those statistics be a little skewed?

**Mr Cummings**—Yes. I do not believe that the women are necessarily counted in fully.

**CHAIR**—Do you know whether the data that is true for some other parts of Australia—that 30 per cent of farms are owned by women—is true here?

**Mr Cummings**—I did not know that, but they would be at least part-owners, I would imagine.

**CHAIR**—Do you have any data on child care in Cairns or surrounds?

**Mr Cummings**—No. I have not done anything particularly in that field. I do have some impressions that the field is reasonably well supplied at this point in time in Cairns. I cannot say in relation to the rest of the region.

**CHAIR**—Is the casino a plus or a minus?

**Mr Cummings**—The impact of the casino has obviously been a plus in terms of additional business, although the impact in generating additional tourism business into Cairns has not probably been very great. It just adds another form of entertainment and so forth. People mainly come for the reef and the rainforest. On the negative side, we had a bit of a downturn in the economy about 18 months ago at about the same time as the casino opened, and we also had a situation where the casino came in on top of our getting poker machines, all within an 18-month, two-year period. There was a tendency to blame that downturn in the economy on the advent of all the gambling. I did not believe that that was the case. It may

have been a factor, but there were other factors that were major factors, like a drop-off in the building rate after a period of high growth.

**CHAIR**—How many of the people using the casino were high rollers who flew in from South-East Asia to toss at \$10,000 a throw?

**Mr Cummings**—I do not know.

**CHAIR**—Was part of that casino given over to high rollers?

**Mr Cummings**—There was, but I am not sure what the current situation is.

**CHAIR**—It certainly is a feature in the thinking of certain Victorian people. Thank you for appearing, Mr Cummings.

**Committee adjourned at 12.20 p.m.**