



COMMONWEALTH OF AUSTRALIA

# SENATE

## Official Committee Hansard

EMPLOYMENT, EDUCATION AND TRAINING REFERENCES  
COMMITTEE

**Reference: Regional employment and unemployment**

WEDNESDAY, 17 JUNE 1998

**BALLARAT**

BY AUTHORITY OF THE SENATE  
CANBERRA 1997

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**SENATE**

**EMPLOYMENT, EDUCATION AND TRAINING REFERENCES COMMITTEE**

**Wednesday, 17 June 1998**

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

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

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

**Senators in attendance:** Senators Allison, George Campbell, Crowley and Synon

**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**

**ADERMANN, Mr Michael Andrew, Deputy Vice-Chancellor, University of Ballarat,  
PO Box 668, Ballarat, Victoria 3353 . . . . . 714**

**BOTHE, Mr Jeffrey Wayne, Executive Officer, Community Employment Council,  
1st Floor, 48 Mundy Street, Bendigo, Victoria . . . . . 668**

**CARSON, Mr Geoffrey William, Manager, Murray Mallee Training Company Ltd,  
335-339 Campbell Street, Swan Hill, Victoria 3585 . . . . . 655**

**CONNOR, Mr Alan Bruce, Project Manager, Central Victorian Group Training  
Company (Edge Centre), 73 View Street, Bendigo, Victoria 3550 . . . . . 689**

**COX, Mr Peter, Manager, Future Employment Opportunities Inc., 13-21 Peg Leg**

<b>Road, Eaglehawk, Victoria 3556</b> .....	<b>677</b>
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**Committee met at 9.20 a.m.**

**LEHMANN, Mr Robert Trevor, Executive Officer, Ballarat Area Consultative Committee, PO Box 2193, Ballarat Mail Centre, Victoria 3354**

**LYNCH, Mr Mark Stephen, Chair, Ballarat Area Consultative Committee, PO Box 2193, Ballarat Mail Centre, Victoria 3354**

**CHAIR**—I declare open this meeting of the Employment, Education and Training References Committee inquiring into regional employment and unemployment, held today in this lovely town hall of Ballarat. The committee prefers that all evidence 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 give consideration to that request. I do point out that evidence taken in camera, in recent years, has been made public by order of the Senate. The committee has before it submission No. 83 dated 30 April 1988. Are there any alterations or additions you would like to make at this time?

**Mr Lehmann**—No.

**CHAIR**—Would you like to speak to that submission for three to five minutes and then we will ask questions?

**Mr Lehmann**—First of all, on behalf of the ACC, I would like to thank the Senate committee for allowing us the time to speak to you today. As you can see from our submission, Ballarat has one of the highest regional unemployment rates in the Victorian area covered by Ballarat ACC in particular. The figure shows that, in the September quarter of 1997, the small area labour market statistics show that Ballarat had an unemployment rate of 15.8 per cent. The Hepburn shire, which is covered by the area consultative committee, had an unemployment rate of 17.3 per cent. That figure has dropped since the September quarter of 1997 and at present the Ballarat ACC region is running at an unemployment figure of 11.7 per cent based on the last lot of figures seen.

The issues that are raised in the submission which the ACC forwarded to you were a compilation of discussions which the members of the area consultative committee had with key community and economic development and industry representatives from across our region, but more specifically, in Ballarat. As you can see, the submission was written in point form. No issue or perception was left out of the submission. All points provided to us and all issues raised were put in and nothing was left out.

Although the Senate committee is looking specifically at the level of government funding in relation to unemployment and employment in regional areas, it was interesting to note that the majority of comments actually related more to government policy and government intervention in industry and business having a greater impact on employment creation rather than the level of government funding specifically. As you can see, Ballarat ACC has taken a very key and active role in endeavouring to create regional employment opportunities. We have had an involvement in the establishment of a business incubator in Ballarat as well as the Victorian Business Centre, which is the co-location of all levels of government providing service to business, being located in the one location.

Moving to the submission itself, walking briefly through it, I will take each point as it comes up. In regard to the impact of job opportunities as a consequence of increases or decreases in the level of federal, state and local funding and services, one of the key issues raised there, I suppose, was that a reduction in wage subsidy being offered to employers for taking on staff may be an impediment to job creation. I think that needs to be qualified a bit by saying that it will not necessarily be an impediment on job creation. However, it is an impediment on those people who are severely disadvantaged in the marketplace, such as long-term unemployed, gaining access to jobs and getting job opportunities.

It is also to be noted there that the government policy in relation to tariffs will have a major impact on creating employment and unemployment. It was felt that—specifically in the passenger and motor vehicle industry as well as the TCF and book bounties in particular—any changes in tariff protection there would result in significant changes to the employment situation in those industries.

Another key issue which came up in this part of the submission was that the policy decisions of governments have as great an impact on job creation as levels of funding. Changes to unfair dismissal laws for small business operators, for example, would result in significant job creation.

One of the key themes that came out in our discussions with a number of organisations was that there needed to be a reduction of bureaucratic red tape to small business and that reduction would increase the number of job opportunities and act as an inducement to small business, in particular, to hire extra staff.

**CHAIR**—Mr Lehmann, I do not want to cut you off, but these points are very clearly set out. Maybe my colleagues would like to address specific questions to you on these points. If there is something you really want to say at the end of all of that, we will give you another minute or two. Mr Lynch, did you want to add anything at this time?

**Mr Lynch**—No, you are right.

**CHAIR**—Senator Synon, would you like to open the batting?

**Senator SYNON**—Thank you for your submission; it is very concise. There are a couple of things. I am interested in pursuing the business incubator to which you referred. To what effect has that helped new micro small businesses being generated in the area and what level of support is the ACC able to offer to the incubator?

**Mr Lehmann**—The incubator itself is still very much in its infancy. It was established in conjunction with the University of Ballarat. DEETYA has provided \$500,000 in funding over a three-year period for the establishment of that incubator. It came about as a result of the fact that the University of Ballarat has the Greenhill Enterprise Centre at Technology Park, which is to be purely an IT business incubator. That building was already established, so what the funding has provided is the dollars to appoint a manager of the IT business incubator at the Greenhill Enterprise Centre, and stage 2 and 3 of the business incubator in Ballarat will be to establish, I suppose, the more traditional incubator sites within the city itself. They are currently looking at sites to extend that.

**Senator SYNON**—And have you secured funding for that second phase incubator, the generic—

**Mr Lehmann**—That was part of the \$500,000.

**Senator SYNON**—Okay, good.

**Mr Lehmann**—It was for the stage 2 and 3 developments.

**Senator SYNON**—So there are not actually any businesses yet being incubated?

**Mr Lehmann**—There are at the Greenhill Enterprise Centre, yes.

**Mr Lynch**—Yes. We have a couple of success stories there. We have Oztrac that is the anchor tenant out there at the moment. Oztrac is making inroads into the field that it works in, which is detection and so on. It is the one that has the pendants for the senior citizens and things like that. My mum has one, for instance, and if she is in trouble, she pushes the button and people are there—

**CHAIR**—Do you wear it around your neck or wrist?

**Mr Lynch**—Mum wears hers around her neck, yes.

**CHAIR**—Right.

**Mr Lynch**—You can wear it anywhere you like. They are also putting them in armoured vehicles and things like that and tracking them. It was announced last week that they have just received \$4 million worth of investment funding. They are moving right ahead. We also have another incubator site which is where we are looking to relocate the operation of various small incubator style businesses. What sorts of businesses have we got down there?

**Mr Lehmann**—There are currently six small businesses in there. There is a craft business, a ceramics small business and an audiovisual small business currently operating there. I suppose that provided the impetus for Ballarat pursuing a business incubator. That is currently in the Holmes Street site, which is on local government land, and they are looking at using that for another purpose. So that needs to be relocated. Although it was not a formal business incubator as such, it was working along those lines and they will be relocated into the business incubator proper.

**Senator SYNON**—You referred to the industrial relations environment and specifically to the unfair dismissal proposal that has now been twice rejected by the non-government parties in the Senate. What impact do you believe that the repeal of that law would have on small employers in the Ballarat region?

**Mr Lynch**—Speaking from an employer's point of view, I have always felt that the selection of your staff is obviously vital. We are all entitled to make mistakes but, if we make a mistake as an employer, we pay very heavily for selecting the wrong person for the job. The thing is that, in small business—as I keep to saying to people about lots of things—

you have your head down and your bum up, trying to make a buck, and that is when you do slip up and make mistakes. Lots of small businesses are working, working, working all the time and are not concentrating on the peripherals, and hence a lot of small businesses probably go under. It is very frightening for people to employ people, and it is clearly a reason not to employ. I am talking here of the operations of lots of two-people and three-people small businesses.

**Senator SYNON**—Micro-businesses.

**Mr Lynch**—They are frightened to employ because of the consequences that may have, because they are not allowed to make a mistake: if they do make a mistake, they go down the gurgler. The other issue is that there are lots of small businesses in Australia and in the world that are not PR experts and probably need training. This is where the business enterprise centres will assist in training small business to be far better at their human resource things and the processes that they should go through. As I said, lots of small businesses are just concentrating on one thing: doing it, but not building it. They get a good idea and off they go. If you take away some of those barriers, even though there are still safety clauses in there for employees—something that I think is important—you will make the market feel that it is a little safer to make a mistake.

**Senator SYNON**—It is good to hear you say that, because that has certainly been the government's view. Perhaps you will be able to persuade my colleagues on the committee of that. Finally, are you optimistic generally about the future for Ballarat? We have had a reduction in unemployment in the past year or so, but it is still unacceptably high in such an important regional centre. Are you optimistic perhaps about some of the directions that the government is going in, in terms of its employment reforms? I see that you talk about 'training for training's sake' in terms of some of the previous programs. Could you give us a general summary of how you see the employment market and the morale and vibrancy of small business in Ballarat?

**Mr Lynch**—Let me state right up front that regional cities and Australia in general are being forced by governments to start to work very much smarter. By that I mean that there is a continual downsizing and a reduction in tariffs. As an average Australian, I struggle to understand why our leaders want to be world leaders in the reduction of tariffs, when everyone else sits back and laughs at us: we continue to reduce our tariffs, but the big guys do not come along and play the game; we are trying to come in from the sidelines as an interchange player and we are getting a kicking.

From my experiences on the ACC and from talking to industry I know that we are facing here in Ballarat a loss of somewhere between 200 and 400 jobs in the manufacturing sector in the not too distant future. Yes, that is because of the Asian meltdown, but it is also because a message was clearly sent out: the managing director of an American company that works up here told me that Johnny Howard said, 'We do not need you.' That was basically the message that he gave him. And, from that, he went back to the United States—

**Senator SYNON**—We do not need?

**CHAIR**—'We don't need you'? Is that what you said?

**Mr Lynch**—He was basically saying, ‘We are reducing the tariffs; this is the reason we are doing it’, and the message that these people got—

**Senator SYNON**—No, the interpretation was—

**Mr Lynch**—The interpretation that they took out of that was that they do not need it. The interpretation that they have now taken is that ‘Aussies are only a rounding number anyway; let us delete them out’, whereas they are terrific corporate citizens. That is just an example. I think that state government and local government downsizing and all that type of thing has gone too far; I really do. The reason I have developed a committee of many people is to get the feeling of what is happening in our community.

There has been a recent review of the ACC. I appreciate and like the name but some people did not. It is an area consultative committee, not an ego committee. It is a committee that should be out there consulting with the community and informing government what we believe is the best way to spend the money. That is how I see a major responsibility in doing that and I am very passionate about delivering that. I don’t give a damn which government it is. As long as we deliver a best result for our community that is what it is all about. In some sectors I am very optimistic; in other sectors I am—

**Senator SYNON**—Which sectors are the ones you hold optimism for?

**Mr Lynch**—I hold optimism for tourism, I see hurt money coming into the town, new development in other words—

**CHAIR**—What is hurt money?

**Mr Lynch**—Hurt money pulls the money out of your pocket and invests it.

**CHAIR**—Hurt money! I am really grateful for a new expression. Tell me about hurt money. I have never heard of it. How does that expression arise?

**Mr Lynch**—You call it investment money; we call it hurt money. We pull it out. In small business, if we go under it hurts, so you are putting up your money rather than have subsidies and things like that.

**Senator SYNON**—Someone else’s money, yes.

**CHAIR**—I am just delighted to get a new expression, thank you very much.

**Mr Lynch**—You have got something out of Ballarat.

**CHAIR**—I have got lots of things out of Ballarat. You are saying that you think hurt money will come into Ballarat.

**Mr Lynch**—No, hurt money is coming into Ballarat in the tourism sector right now. It is definitely coming in.

**Senator SYNON**—Information technology, IBM?

**Mr Lynch**—Information technology is very strong for us. I think there are some disappointing factors that come out of that from state government where we have missed out. We did not even get the offer to tender for a couple of positions, which comes back to communication and our getting smarter at lobbying and working hard for what we want to achieve. Rob, what would you say are some sectors that are coming back at us?

**Mr Lehmann**—I think the retail sector in Ballarat will continue to bubble along. In Ballarat at the moment we are more in a situation where we are trying to maintain a level of employment rather than increase a level of employment. From an ACC point of view, we will see that as a big win over the next 12 months if we can maintain the current level of employment. It may mean weighing up job losses in one sector against increases in jobs in another sector. For instance, we are facing perhaps some job losses in the manufacturing sector, but we feel that we can pick those up certainly in tourism, hospitality and IT.

**Senator SYNON**—Is there a resurgence in mining?

**Mr Lynch**—There was until the gold price dropped and most of them closed. They have just put the cap on it for the moment until the prices lift again.

**Senator ALLISON**—You say that the unemployment level has dropped from 15.8 per cent to 11.9 per cent. How do you account for that?

**Mr Lehmann**—Those figures are difficult to understand. The initial figure of 15.8 per cent was for the city of Ballarat itself, with a figure of 17.3 per cent for Hepburn. The last figure I have seen, which was on Monday, came out of DEETYA. That was for the Ballarat area consultative committee. Across the region our UE rate is running at 11.7 per cent, so I would not say that there has been a drop necessarily in Ballarat of 4.1 per cent, but there certainly has been a small decrease.

**Senator ALLISON**—Can I suggest to you that the ABS data on unemployment are always a bit more accurate than DEETYA's figures and always quite different. Have you taken that into account?

**Mr Lehmann**—Yes.

**Senator ALLISON**—And still you say that—

**Mr Lehmann**—There has still been a slight reduction in unemployment.

**Senator ALLISON**—How do you measure that?

**Mr Lehmann**—Simply from figures from Centrelink, the number of allowees has decreased. Increasingly over the last six months there has been a gradual decrease.

**Senator ALLISON**—Do you believe it is because of the creation of jobs in the area?

**Mr Lehmann**—I think at present in Ballarat there has been an increase in the number of jobs. From the look of the paper on a Saturday there has been an increase in the number of jobs advertised.

I feel that Ballarat at the moment is reasonably positive. The feeling is relatively fairly positive. I have been speaking to a number of retailers. They are certainly travelling much better than they were at this time last year. Business has evened itself out a little compared to over the previous 12 months where it tended to be one good month followed by one very bad month. They are evening themselves out into just a solid month's trading.

**Senator ALLISON**—Apart from retail figures, what figures do you have access to?

**Mr Lehmann**—We have not looked at figures.

**Mr Lynch**—I think it is one of the big issues. In trying to manage a business or do anything, you want to do it on informed information. I wear another hat in town. I chair the tourism board in town and we have set aside some funding because the Australian Bureau of Statistics will not be giving us localised numbers any more. We have put some money aside so we can do room occupancies, spending and things like, so we can make some decisions on where we market, what we do, who the people are who are coming—all those types of things.

**Senator ALLISON**—Did you say the ABS will no longer give you those area specifics?

**Mr Lynch**—That is right.

**Senator ALLISON**—Is this true around the country? I am not sure I have heard of this new initiative.

**Mr Lynch**—Yes. Ballarat can no longer—

**Senator ALLISON**—This is a cost saving exercise, is it?

**Mr Lynch**—Another one of those wonderful cost saving exercises. We have put some money aside in our budget to make sure that we can make informed decisions on how we market Ballarat.

**Senator ALLISON**—Does that mean you get access to the ABS figures and you break them down, or do you have to collect your own figures? How do you do it?

**Mr Lynch**—No, no. From now on we are collecting our own figures. We have set aside some money to employ somebody to pull the statistics up for us.

**Senator ALLISON**—What does that cost your organisation?

**Mr Lynch**—It is probably going to cost us \$26,000 this year. We are going to use a junior trainee to set it up in the information centre. It will be a spreadsheet form they will fax around to all the different hotels and tourist attractions to give us the information

numbers through the doors, a rounding dollar number. We are not asking people for their bucks. Everyone is freely giving it because they understand that it is about making informed business decisions. I suppose it is one of those things that has happened that has forced us to get better at it rather than just accept broad based numbers. Previously we just went along and said yes, that is fine. I looked at it sometimes and thought, 'I am doing better than others', because I was in the hospitality accommodation caper. So I think has made us get a little bit smarter at what we do anyway.

I must admit that sitting on the ACC I have learnt a hell of a lot about job markets and all those types of things. I was one of those people who were too busy and did not have time to understand what all these programs were. I just closed my eyes and pretended they were not there and got on with doing things all the time.

I still struggle with all the different numbers that we get at committee meetings and things like that because you get DEETYA numbers about unemployed and you get these other numbers. I continually ask what something is, what is going on, what is the right number and where we are at, because I am trying to make some decisions. But it is confusing for us too.

**Mr Lehmann**—The issue of labour market information is fairly vital to regions, and, in particular, it is an issue that the Ballarat ACC is looking at addressing. One of the major projects we are working on at the moment is the development of a comprehensive business database across our regions so we can communicate much better with the businesses and companies in our region and get a greater understanding of their needs and their requirements and the trends across industries and break that down more on a local level.

**Senator ALLISON**—What are the job losses in the government sector in this region, say, in the last 12 months? Do you keep those records and how far back do you go?

**Mr Lehmann**—No, we do not keep those records. I would say in the last 12 months government job losses have been probably fairly minimal. A lot of the hurt from government job losses occurred probably three or four years ago.

**Mr Lynch**—Clearly in local government dramatic reductions were starting three years ago. Some services were tendered out but there were still dramatic cuts in human services and the important things to our communities. At state level it has been going on for the last 10 years and I suppose at federal level there has been the same thing for a comparative period of time—and in recent times with the closure of the DEETYA office and things like that. Rob, you worked out of there. How many people did you use to have?

**Mr Lehmann**—In the last 12 months, with the closure of the CES, in realistic figures it probably meant 15 job losses.

**Mr Lynch**—That is 15 down to nothing.

**Mr Lehmann**—No, it probably went from about 19 down to, with the corporatised version of the CES, Employment National, having a staff of four or five I think it is. They have picked up four or five of those people, so there are 15 people there. At the same time,

though, Centrelink increased their numbers. They were not taking on the same people. They probably picked up five to 10 extra staff over the last 12 months, so the two almost cancelled each other out.

**Mr Lynch**—I think it is fair to say that, with the new job providers, there has been creation of employment there of 14 to 15 people too, with the seven providers that we have in town. So it is probably a balancing act there.

**Senator ALLISON**—Unfair dismissals: do you say that this is a major impediment to small business in particular? That is what you are saying?

**Mr Lynch**—Yes.

**Senator ALLISON**—How many claims have there been of unfair dismissal by small business in this region, say in the last 12 months?

**Mr Lynch**—We do not have that sort of information for you. I suppose we could extract that from somewhere, but we do not chase up that sort of information. I think that this has come out of someone's comment; it probably was not high on my priority list.

As a small business operator, I have had a couple of unfair dismissals thrown at me, I have to tell you, and I think I am a pretty good employer. The reality of it is they take you all the way. I used to say, 'I am going to go all the way', and they say, 'It is going to cost you three grand.' The solicitor will come back and say, 'We want \$500', and you say three grand versus five, versus what you would call reality, and that really is the thing you get cranky about.

People know the system and, as long as you try hard, they are still going to get you. That is the thing that I think all of us in small business get really angry about. The reality of life is, in the two cases that I had, the only people that made money were the solicitors because in the end they cut the deal. It is true. With the two that I have had, the solicitor cut the deal to get his fees; the actual person got nothing. They were told at the start, 'Yes, we will go after this so and so', and, in the end, when both sides of the story are told, the guy walks out and says, 'You forgot to tell me that.' They say, 'Give us \$500 and we'll go away.' That is their fee.

You have got to tidy up this ridiculous thing of going up there all the time. I have never been there actually, because twice I was advised, 'Look, forget it.' You get told, 'They are going to settle one way or the other because this unfair dismissal thing is whatever it is.' So, for the people that create employment, the small business sector that creates employment, there is the fear factor. Quite clearly there is this fear of the unknown, the fear that when you get there it does not matter, that you have got to pay anyway, that it is going to cost you \$3,000 to \$5,000 in solicitors fees. Some people are lucky to pay their rates and their wage bills. And you want to know why they do not want to employ? It is frightening to employ people; it is absolutely frightening.

**Senator ALLISON**—I wonder whether you accept that there is a need for protection for workers from unfair dismissal?

**Mr Lynch**—Yes, absolutely.

**Senator ALLISON**—Do you have a view about a more appropriate system? Is there a better model than we currently have? Have you had a chance to look at the government's proposal for unfair dismissal changes? Is that something that you would directly support?

**Mr Lynch**—In honesty, I have not looked at it because I am still in small business doing it, I am afraid. I spend my time on a committee here. Again, it is all about information and dissemination of information, and I honestly have not had time to go and look at it.

**Senator ALLISON**—It is not a fair question, perhaps.

**Mr Lynch**—No, that is okay. I will be honest with my answer, too. I have not had an opportunity. It is not one of my high priorities.

**Senator ALLISON**—You urge government support for decentralisation. What has often been said about places like Ballarat and Bendigo is that they have centralised from their surrounding region and that that centralisation keeps going, of course, down to the city, but to what degree is the problem in the surrounding area greater than Ballarat in terms of

centralisation? And how do you think the government ought to turn that around?

**Mr Lynch**—As an ACC we have gone out to the Pyrenees, to Daylesford and we have looked at our boundaries. Actually, this review committee made us go and look at our boundaries, which was fair enough too. We went and looked at the boundaries and then, yes, we started to pick up the problems that are out there in the Pyrenees and Daylesford, but we also found some opportunities to work together to develop links, to develop some opportunities for creation of employment and some work.

So, I suppose, when we got a kick up the bum, we got off our backside and went out and had a look at what was going on and we found some opportunities. So we are trying to decentralise to some extent and get out there. I think, again, government forced us to do that, which is fine—I do not have a problem with that. I do not say, 'Oh, decentralisation', if you mean I am not in favour of it, because that is not true. All I am saying is that we are a small city and we are a small country in global senses.

The only thing I get cranky about—and I am not talking about the present government; I am going right back to Senator Button when he wanted to be the leader of the world in tariff reductions—is that I am a little guy sitting in Ballarat looking at someone tearing down the walls when no-one else in the world is doing the same thing. We in regional Victoria do not think the rest of the world is keeping pace with our reductions, so we are pretty cranky about it.

**Senator GEORGE CAMPBELL**—You are not going to attribute that all to Senator Button?

**Mr Lynch**—I am going back, you know. When you replay it, as I said, you are doing it, doing it, doing it—

**Senator GEORGE CAMPBELL**—I understand.

**Mr Lynch**—You have got it happening, and this guy is the guy that, in our eyes, started this Button roll-off.

**CHAIR**—Okay. Perhaps I could call Senator Campbell.

**Senator GEORGE CAMPBELL**—There are lots of questions I would like to go through with you but I have not got the time to do it. There are a couple of issues you raised, though, which I think are important to explore. You are talking about government policy rather than funding as being the more important issue. What do you mean by that? How do you distinguish between the two?

**Mr Lynch**—You can throw money at us until the cows come home but, if your policies are not right, it is really going to be ineffectual. I think that lots of that comment about government policy clearly comes because—and how many American companies do we have here: we have Mars, Bendix-Mintex and Timken—the three of them felt that they were clearly told by government, and this was stated to me by the managing director of Timken, Tim Timken, that they were not wanted in Australia. That was clearly the message they walked away with from Canberra when they had this special meeting up there. And that was a global thing. I know that a whole bunch of them went down to the embassy in St Kilda Road the other day and had the same discussion. They feel as though they are unloved.

**Senator GEORGE CAMPBELL**—And this related to the auto industry, auto components industry?

**Mr Lynch**—Mainly, yes. Well, yes.

**CHAIR**—What does Mars make for cars?

**Mr Lynch**—No, no. I am saying they were the American companies, but clearly it was the car manufacturers, if that clarifies it.

**CHAIR**—Timken?

**Mr Lynch**—Timken and Bendix felt unloved, and that is the message that came back from the managing directors.

**Senator GEORGE CAMPBELL**—I am trying to get a handle on the sort of government policy issues that you think are important in terms of changing the direction in towns like Ballarat. What are the sorts of issues you think the government is not addressing and should be addressing?

**Mr Lehmann**—I think one of the key issues that came up is that mainly it relates to small business. From the people that we spoke to, small business is seen as probably the area where the greatest employment growth is going to come from. But it was things such as unfair dismissal laws, which is government policy; taxation, which is government policy;

creating the right environment for small business to begin hiring. It is just economic policy and the state of the economy and the confidence that that builds.

Employment generation, the feeling is, will not necessarily come about through throwing dollars at a problem. It is creating the right political environment for jobs growth to occur so that people can hire and fire with certainty and confidence when they do it.

**Senator GEORGE CAMPBELL**—I suspect that the unfair dismissal thing is more a perception than a reality. It is a way in which small business is perceiving that unfair dismissal laws are operating, rather than the actual reality of what is happening out in the marketplace. There certainly are a number of dismissals that get prominent featuring and there is no doubt that when the unfair dismissal laws were introduced there was a lot of publicity, and very negative publicity, associated with it that drove the negativity amongst employers.

The interesting thing was that at the time I was secretary of the metal workers union. I had a lot of employers complaining to me about it until it was pointed out to them that, in fact, the unfair dismissal laws had been in operation in New South Wales, for example, for 25 years—exactly the same laws—and they were never perceived to be a problem. Suddenly, when the federal unfair dismissal laws were raised, employers had these concerns about how they were going to be impacted upon by unfair dismissal. So it may well be a perception rather than a reality. Nevertheless, I can understand that if there is a perception out there, then people believe it is a reality and it causes a problem.

**Mr Lynch**—I think that when there was an announcement that there were going to be changes and that it was going to be better, that was very positive. Nothing happened. I had experience after it was changed and nothing happened. You sat in front of this guy who listened to you and did not say a word and sent you away and you had to go. I could never understand why we bothered to have that meeting where two people got together and spoke because the guy sitting at the table was not a decision maker. He did not look and say, 'I will give you some advice, and this is the way I see this may go down.' He was totally noncommittal. It was a waste of damn time and money.

But I think you are right. I think that if the information was put out then the fear factor may go away. The problem is getting the information to small business. We are just too busy, so how do you do that?

**Senator GEORGE CAMPBELL**—The role of the ACC has been enhanced in the last budget. Is the funding that has been made available for the ACC to operate sufficient? Is it adequate to enable you to do an effective job in this area in terms of the expectation the government has of the role that you are playing?

**Mr Lehmann**—Our new funding levels have not been officially set yet. They are still open to, I suppose, a little bit of negotiation at the moment, so we are not a hundred per cent sure.

**Senator GEORGE CAMPBELL**—I was told last week in Senate estimates that you are not getting any more funding—what you are getting is what you got last year.

**Mr Lehmann**—The initial figure that I have seen for the general day-to-day running costs of ACCs has not increased from the previous 12 months. The bucket of dollars that we may have to spend under a regional assistance program, RAP funding, for individual ACCs certainly has increased.

**Senator GEORGE CAMPBELL**—Yes, the RAP funding.

**Mr Lehmann**—That final figure has not been set, but the funding for ACCs individually for operational costs, the initial figures we have been given, show that there has not been an increase and that it is maintained at exactly the same level of funding as for the previous 12 months.

**Senator GEORGE CAMPBELL**—There was also a concern raised in the Senate estimates about the way in which the functioning of the ACCs was going to be measured. It was said that it would be measured on a 12-monthly basis and that if your performance were below standard, you could be excluded from access to the RAP funds. I think there is still a bit of confusion about that, but it is something that needs to be clarified. Given that you have been given a three-year time frame, it would be a bit difficult to measure after 12 months and to make decisions about whether you could continue to function on that basis. In your discussions you ought to get clarity about that in terms of your access to the RAP funds over the three-year period, as well.

**Mr Lynch**—I am reasonably clear about that, Senator. I think that we have got to build a strategy and a business plan, as you do in any business, and from there, if you are working to the plan, okay, there will be ups and troughs. As a businessman I will be able to talk to anybody about that and show why.

I have been on the ACC as a committee member since Simon introduced this, and it will not go away. I think that the name that they came up with then as a consultative committee is very important and we do not need millions of dollars to operate. Again, I see ourselves as a group that consults with the community and then gives that information back to government and its officers.

**CHAIR**—Mr Lynch, I would cheerfully let you talk—both of you—because you have got lots to tell us. Let me ask you to keep your answers brief because Senator Campbell has got a couple more questions.

**Senator GEORGE CAMPBELL**—On the common issues you say:

There is a real concern amongst employed persons that Job Network has the potential to be discriminatory . . .

Given that it is early days yet and came into effect only on 1 May, is there already evidence around Ballarat that it is working negatively?

**Mr Lehmann**—In Ballarat I think that we are finding the complete opposite. ACC, as you may know, have had a role in bringing together and forming Job Network provider clubs within their own regions. We have met with the Job Network providers four times here in Ballarat since the inception of the market, and to date there have been no dramas. Those

employers, those providers, are providing free access to all job seekers, even those people who are not eligible for access, or do not attract a payment to that provider under FLEX 1, 2 or 3. They are still providing them with assistance just out of interest for their own business. If they fill a job with the right person, the employer is happy and is going to come back to that agency in the future, and the chances are that they will make a buck the next time.

**Senator GEORGE CAMPBELL**—So you are not getting any complaints from them—

**Mr Lynch**—I will quickly tell you about the network that we have out there. When it was coming on board we said, ‘Let us look for the people that are going to drop through the hole.’ We talked to United Way which talks to a lot of the human care agencies and to health and community services, and we are keeping an eye on as many sectors as we can for the people that drop through.

As Robert said, we have had four meetings with the job providers to make sure where they are at. I think that, yes, there are always problems with new things, but we are moving and working with them really quickly on both sides of the fence. At this stage I have got to say, no, we have not seen much drop through yet, but it is early days. We continue to monitor with the community to see where they may fall through and how they are feeling.

**Senator GEORGE CAMPBELL**—You refer to a survey of years 10 and 11 students and their parents across the region: has that survey been completed yet?

**Mr Lehmann**—No. We actually had a meeting yesterday. I met with the university that will be conducting this survey and a representative from each of those schools involved. We sat down to look at final survey designs and the sorts of questions that we were going to ask and what we wanted to achieve. That survey will, hopefully, be commenced by mid-July and we will have results ready to be released in late October.

**Senator GEORGE CAMPBELL**—Is it possible for a copy of that survey to be made available to the committee?

**Mr Lynch**—That is going to be quite an extensive survey. There are over 1,000 children and parents who are going to be surveyed so there will be a good cross-section, a good feel to it.

**Senator GEORGE CAMPBELL**—I would be interested to see what the correlations are.

**Mr Lynch**—Sure.

**CHAIR**—How far is the Hepburn area on a map? Will I get out to Maryborough?

**Mr Lynch**—Maryborough is not part of our ACC region.

**CHAIR**—Just tell me what your borders are, more or less.

**Mr Lynch**—Our borders are Trentham, Bacchus Marsh—

**CHAIR**—You go back that way, do you?

**Mr Lynch**—Yes, we go that way, also—

**CHAIR**—So you do not go out to Burrumbeet?

**Mr Lynch**—We go to Beaufort, up to Avoca and Moonambel, but we do not go to Maryborough.

**CHAIR**—Do you go down to Skipton?

**Mr Lynch**—No, we do not go to Skipton.

**CHAIR**—So you are really along the Western Highway up Daylesford way rather than south down to Geelong. You seem to suggest, Mr Lynch, that you have done a lot of learning since you met the information that has been available through the ACC.

**Mr Lynch**—Yes.

**CHAIR**—Firstly, I would like to commend you. A lot of people do not learn even when the information is right in front of them. But, also, it sounds as though the ACC has been very useful. This is not a fair question in a way, but I will ask it. Do you think a lot of your business colleagues suffer from the same problem of being so busy making the business happen that they do not find the time, or learn all the things that would make their business so much easier?

**Mr Lynch**—Absolutely.

**CHAIR**—That is really a very generous response, Mr Lynch. So what you are suggesting is that there are some really good things happening through the ACC providing information, access to expertise, databases, ways in which you make sensible judgments about further investment, and so on, all of which will be good for any one small business already in existence, and also a backstop and help for people to make sensible decisions about going into a new business?

**Mr Lynch**—Yes.

**CHAIR**—So you would give the ACC—or is it other things, as well as the ACC—a big tick?

**Mr Lynch**—It is other things because we are starting to unite. We are having a dinner in the not too distant future where it is about team Ballarat and our district. It is focused on people starting to work together, locally, at state level and federally, for the betterment of our community. Yes, dissemination of information is very important because I have realised how much I did not know—I was too busy doing it. So I have got to get as much out to my fellow employers as I can. There are lots of ticks going on: United Way, people just sharing information that they did not previously, at local, state and federal level, and working together. There are a lot of ticks needed.

**CHAIR**—That is very useful for us to hear, Mr Lynch, thank you. So I guess you can take a tick, Mr Lehmann. Do you know any figures still of the youth suicide in Ballarat?

**Mr Lehmann**—No, I have not got those figures.

**CHAIR**—Do you think that you will be able to provide them to the committee after the event? My recollection is that Ballarat was one of the first places that had the guts to acknowledge that youth suicide was happening and to measure it. That would be maybe 20 years ago. Certainly it was a long time ago that Ballarat was, I think, one of the first places that put youth suicide in rural Australia on the map.

**Mr Lehmann**—Right.

**CHAIR**—So if you have got any further detail about that, it would be useful. Do you know whether it is still high, or are you just saying that you do not know any details about it?

**Mr Lynch**—I read our local paper every day and there have been some unfortunate ones. Who knows the different reasons? It is personal stuff.

**CHAIR**—As I understand it, too, Ballarat has been able to secure some considerable public sector investment because you are becoming the hub for health services from here to the South Australian border. Smart move. How did you manage? What is your relationship with Horsham, St Arnaud, and all those places further out that have now presumably lost a bit?

**Mr Lynch**—We are pretty happy about that.

**CHAIR**—I will bet you are. How are they?

**Mr Lynch**—I think that it is the usual thing that people have to move around. I suppose that in the not too distant future some of my children are going to have to move to Melbourne, and things like that. Again, that is part of what is happening to our culture.

**CHAIR**—The last question I wanted to ask concerns some very interesting evidence in Launceston and Burnie yesterday, some of which was a little different from the emphasis I understood either, or both, of you have given in answers to questions. What most people have been telling us is that they need public investment, and that it is the government—as you said earlier—that is getting out of regional Australia and that it has gone far too far. It does not help to have your Medicare and Social Security offices closing, and so on. Nor does it help if your banks beat a hasty retreat. What people have been saying to us, though, is that what you need is the government to be there because the public sector investment sends a good message to the private sector that ‘This is a place to invest’ and ‘If you come in here we can do it together.’ Do you wish to agree with that, or do you say, no, it is not government dollars we need as much as government policy?

**Mr Lynch**—I think that it is a combination of both. You are right that it is about services. When you make a decision where you are going to set up and what business, and

what your opportunities are, it is good to have a core infrastructure there that says, 'This is a good place to set up business.' It sends the wrong message to people who want to spend to see offices that used to be former Medicare or DEETYA offices.

**CHAIR**—We have got lots of questions—miles of questions—we could ask you.

**Senator GEORGE CAMPBELL**—Do you happen to have a corporate development strategy for the town?

**Mr Lynch**—The town has one. While we are not wanting to reinvent the wheel and have another bloody strategy, we have gone out to do a district one to look at all the different avenues. Rob can tell you that I have been belting him around the ears to make sure that we incorporate all the stuff that is there. We would hope to have ours by the end of July, and if you would like to have a copy of that—

**Senator GEORGE CAMPBELL**—Can we get a copy of that, too? It is pretty important to have a look at it—

**CHAIR**—This is really very useful. It is a great way to open the batting. We have gone way over time but that is not because you are out for a duck; it is because you are still running and it is over a hundred. There may be some further information we would like—would that be all right if we contact you?

**Mr Lynch**—Yes, that is fine.

**CHAIR**—And if there is anything further you think we should know, please feel free to give us that information. Many thanks to both of you for coming today.

[10.10 a.m.]

**HALL, Mr David John, Corporate Director, City Development, Hume City Council, PO Box 119, Broadmeadows, Victoria 3047**

**LARMER, Ms Margaret, Manager, Economic Development, Hume City Council, PO Box 119, Broadmeadows, Victoria 3047**

**CHAIR**—We welcome the representatives from the Hume City Council, Broadmeadows, Victoria. You have come a little further than others to this hearing. We are sorry we could not fit you in at Footscray, but I believe you were very keen to come, so 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 give consideration to your request. I do point out though that evidence taken in camera may subsequently be ordered to be made public by the senate, as has happened in recent years.

The committee has before it submission No.76 dated 30 April 1998. Are there any additions or alterations you would like to make to that?

**Ms Larmer**—We have got a copy of our newly released employment development strategy which we would like to give you.

**CHAIR**—That is additional information. Would you like to make a brief opening statement and then we will have questions, while we just try to have a quick look at this. Thank you very much.

**Ms Larmer**—Thank you, Senators. Thank you for the opportunity to present council's submission here today. The City of Hume welcomes the opportunity to participate in the work of this committee. Our submission is based on our recent employment development strategy which concludes that there is really no single solution to the employment issues we are facing, but rather there appears to be an emerging trend towards a local or community up approach as distinct from a central government or top down approach.

Probably to best describe our municipality, the three characteristics that underline the nature of our community are the income levels. In the city of Hume we have generally lower income levels than the MSD, with 67 per cent of the population earning less than \$500 a week. In educational attainment, according to the 1996 census, more than 12,500 Hume residents left school under the age of 14; and as for language and literacy skills, a total of 29 per cent of the population were born overseas, with 24 per cent born in a non-English speaking country.

There are three major issues that we really want to present to the committee today: translating economic activity to employment development; developing our community; and looking at a regionally based community up approach. I would like to elaborate on those three points.

The first is translating economic activity to employment development. In regions such as Hume, suffering from high levels of unemployment, there needs to be a coordinated effort to translate regional economic activity into regional employment growth. As our submission states, economic activity in a region does not in itself lead to regional or local employment. Hume is certainly attracting significant investment growth at present along the Hume Highway corridor and around Melbourne airport.

With the increased access to our city via the Western Ring Road and Hume, Calder and Tullamarine freeways, Hume is now becoming more accessible to other parts of Melbourne and, therefore, there is increasing competition for these new jobs.

Recently our economic development unit has attracted a US based company to Hume through an incentives package, and in an effort to ensure a strong employment outcome we have placed performance measures on the investor. For the first time council has negotiated a package that requires the investor to provide jobs for local people. In the past, council, with the assistance of the state government, has attracted investment and not completed the process by securing the employment outcome.

It is important, with the coordinated approach to investment attraction amongst federal, state and local governments, that we refocus these combined efforts towards employment outcomes rather than just economic development.

The next step is to develop our community. Hume, with its high youth unemployment and high proportion of persons from a non-English speaking background, has a need for intervention and assistance in order to better equip our community for the labour market.

Our submission provides you with details of the demographics of Hume. You will find a lot more detail in our employment strategy 'Jobs for Hume'.

In terms of developing our community we thought it might be interesting for you to hear some real life examples that confront one of our neighbourhood houses in Meadow Heights.

The Meadow Heights Learning Shop currently offers five English as a second language classes and one literacy class. They have 67 people enrolled. Approximately a third are currently looking for employment. All have language difficulties. Either English is their second language or they have distinct literacy problems.

A further problem identified at the learning shop has been the lack of recognition of overseas qualifications. Recently a Russian woman who is a qualified nurse needed to return to higher education and commence classes from the beginning because her qualifications are not recognised in Australia. Her English, after attending two years of part-time classes, has improved. However, she would really need to do an intensive course if she was to improve at a rate really required for her to upgrade her qualifications.

The federal government offers 510 free hours of English tuition to new arrivals in Australia. However, to be eligible, they must enrol within three months of their arrival date, and this is difficult for many people arriving in a new country when they need to get oriented in their new land—find a house, employment, schools, et cetera. This woman did

not make the enrolment a priority and so she missed out on that tuition. Currently she is receiving 7½ hours per week for 40 weeks per year. This is the only federal government funding provided for a language program that we are aware of and so the learning shop is forced to rely on some limited state funding.

Another example: a Turkish gentleman studying at the learning shop for two years completed a certificate course in English as a second language. He attended each day after finishing his night-shift duty at a local tyre company. He is a qualified maths teacher and his qualifications are recognised here but he lacks the English skills to find employment as a teacher. He also lacks the time as he is attempting to support and educate his children. Therefore he is working in a position where his skills are not used or acknowledged.

At the local community government level there is an increasing demand to provide support to persons with these language and literacy problems in terms of job searching. Each week up to three people will come to that small learning shop to receive assistance with resume writing or job searching. We want to work in partnership with companies to ensure: that employees, present and future, have the competencies to do their jobs so that the people in our area—those disadvantaged people—are given a chance; that we can create a more diverse work force; and that employees and companies would work in with community organisations.

The examples we have illustrated at Meadow Heights indicate that to improve the plight of these people we need to get all sectors talking and working together. As a local government working with and in its community we have much to offer local businesses, but we need support. There are ideas for job creation and training needs can be met in an environment that is supportive and responsive to the diverse needs of our community.

**CHAIR**—Ms Larmer, have you more or less finished? We have got your two submissions here. If you would not mind, if there are points you really need to make and have not made in answers to questions, can you perhaps put them at the end? Mr Hall, did you want to add anything at this time?

**Mr Hall**—No, Senator.

**CHAIR**—I call Senator Campbell.

**Senator GEORGE CAMPBELL**—I think you should take note of the comments made the other day by Dick Pratt in terms of mutual obligation of employers and I think he has a major plant somewhere in the middle of your locality.

**Ms Larmer**—Yes, he has.

**Senator GEORGE CAMPBELL**—I mean that not in a flippant way, but seriously, because what he had to say I think is very important in terms of it being important to a lot of employers and the way in which they see their obligations to the broader community, not just to the enterprise or the firm or to the profit motive.

I read your submission this morning and I was impressed by it. I wanted to ask a question about the socioeconomic issues. There is a fair swag of them that come in at the lower end of the socioeconomic income scale. How important is this issue of skills to giving those individuals the ability to get out of that environment and into employment longer term? I suppose the question I am asking is not so much really about jobs—though jobs are important in one sense—but actually providing people with a much more substantial skills base so that they can sustain more longer term, better paid employment? How important do you see that as part of the function that you are looking at?

**Mr Hall**—I will try to answer that question. There are a number of issues there. The make-up of employment within the city of Hume obviously has a strong bias to manufacturing, and you are aware we have about 18,000 people employed in manufacturing. Obviously we are fairly vulnerable in terms of the shift in terms of employment in that sector.

We do not have a high degree of tertiary qualifications in the area. We have some difficulties in translating employment into the growing service sector within Hume. The education levels, which Margaret spoke about, point to some of the concerns we have.

We have a high drop-out rate at the secondary level. Of surprise to us was the recent data from the 1996 census. I think the figure was 12,500 Hume residents leaving school under the age of 14 which was of some concern and surprise to us. When we saw that, we wondered whether that was to do with a lot of the high ethnic population who retreat from the systems that are in place and leave school. That is of concern. I am not sure that I have answered your question directly though.

**Senator GEORGE CAMPBELL**—What I was more looking at was whether or not you had done any work in putting together this 'Jobs for Hume', and looking at what the impact is. Looking at the skills levels of those unskilled people in the community and providing them with a better platform to gain longer term, better paid jobs would help them then move out of that lower socioeconomic strata. It is a cyclical thing. You need a holistic approach to enable them to develop their position within society.

**Ms Larmer**—We are currently working with an industry in our area that is downsizing and they have set up systems with their staff to look at job alternatives to the people that will be put off. We are also negotiating with the local TAFE for some retraining program and looking at what development we have coming up and how the retraining can focus these people while they are still in employment to retrain so that they can move straight from one job to another rather than getting caught up in that lack of skills.

**Mr Hall**—That was an interesting example. At the company in Coolaroo, near Broadmeadows, at a workplace level work teams were established to deal with the downsizing of the organisation. It was a work team that got in touch with us to see whether we could provide any assistance. That is one level.

The strategy which we provided you today does detail the skill shortage more particularly across the north-west region. At this stage—this strategy was just adopted in the last month by council—we have not yet started implementing it, but certainly it is there as a piece of data to deal with and it details all the skill shortages across the region.

**Ms Larmer**—What also becomes evident with the skill shortage is that it is a skill shortage in a lot of lifestyle skills too, so that it is often difficult for people. Particularly in the manufacturing industry, they are very focused on what they are currently doing so it is that ability to change that is sometimes very difficult. They do not have those skills.

**Senator GEORGE CAMPBELL**—Right. And sometimes it goes back to the more basic skills of English and the three R's I suppose that give them a platform—

**Ms Larmer**—Yes, writing letters of application.

**Senator GEORGE CAMPBELL**—The community up approach or driving the agenda from the bottom up: how important do you see that? What do you see the role of government, in the sense of federal or state government, being in that process?

**Mr Hall**—The strategy—and it is in the submission—talks about a community up approach, and what that is saying is that from research it has been found that regions that start acting locally will start seeing some results, rather than having an expectation that the programs are being delivered from state or federal government.

Having said that, we also want to highlight the level of disadvantage in our region, and we think, rather than a blanket approach of policy nationally, that those areas and regions should be targeted for the specific needs in those areas. Whilst we say it needs to be managed and driven at a local level—this strategy contemplates the establishment of a jobs task force across the community, which would see the council not as the leader but as one of the players—the strategy very much talks about one of our tasks as a council being to ensure we do get both business and community driving the strategy. It is then not just another level of government, being local government, driving it.

We see a need for strong coordination of programs down to the local level but then delivered and crafted at a local level to suit the specific needs in parts. We believe there are many subregions and specific problems across the north-west region and that often they get lost. For example, our high Turkish population is quite unique to Melbourne. We believe that about 10 per cent of our population is Turkish. It is very much centred in one locality and there are some specific needs that come with that.

**Senator GEORGE CAMPBELL**—Ten per cent of the employees at Ford are Turkish, too.

**Mr Hall**—That is right. You then get some relationships between the employers having an understanding of that community and working with that community and with the needs of those people. I hope that answers the question.

**Senator GEORGE CAMPBELL**—Have you any views about what role government could play in that process?

**Mr Hall**—I think we are part of the north-west ACC and, I guess, from a government's perspective, that should be the place through which programs are delivered and the voice of the community is expressed. The concern we have, though, and I commented on this before,

when dealing with such disadvantaged areas is whether we are getting down to that level where the needs are quite specific. The problems in Footscray are quite different from the problems in Coolaroo.

**Senator GEORGE CAMPBELL**—If I understand you correctly, you are saying that you really need to design specific programs to fit particular regions, and the needs of particular regions, rather than taking a suit fits all approach?

**Mr Hall**—That is right, that blanket approach. I think, at a council and community level, both employers and residents need to tap in more to the council and the networks we establish rather than the broader-based regional structures which do not have a persona: people are not aware of what they are.

**Senator SYNON**—How effective has the Western Ring Road been as an attraction for industry to your municipality? It was raised in our hearings in Footscray and I would have thought that your municipality would have had some direct benefit being more connected to the rest of Melbourne. Would you hazard a guess as to the impact it has had on attracting industry into your area?

**Mr Hall**—Certainly. If you look at Melbourne, the impacts of the Western Ring Road, the benefits, have been felt in Laverton—

**CHAIR**—Could I just interrupt: does the road go through Attwood?

**Mr Hall**—No, the Western Ring Road is the southern boundary.

**CHAIR**—We have a little map here that I think you offered us. Does it go through Campbellfield?

**Senator SYNON**—No, it comes off Tullamarine—

**CHAIR**—So where it says ‘City of Moreland’?

**Mr Hall**—That is right.

**CHAIR**—Thank you.

**Mr Hall**—The Western Ring Road has had an impact both in the Laverton part of Melbourne and also along the Hume Highway corridor. There has been some research done by one of the commercial agents which has documented that but which I do not have today. Certainly, when we are attracting investment, and competing for investment nationally, and working with state and federal governments, the ring road is one of the key advantages that we promote and that people are looking for.

Melbourne airport is certainly one of our major attractions that we promote, which encourages people. But what we can now offer is accessibility to the greater Melbourne area and also to the port. That is helpful in terms of our large greenfield sites. We can offer land

to heavy manufacturing that does have a stronger reliance on the port rather than the airport. So certainly it has an impact.

**Senator SYNON**—What would you say that your municipality is lacking in terms of infrastructure that would be attractive to industry?

**Mr Hall**—Are you talking about public infrastructure?

**Senator SYNON**—All resources. Let us say there is a major company looking to locate within the greater Melbourne area. Obviously the accessibility for the Western Ring Road and the airport is a major plus for you. What would be some of the drawbacks?

**Mr Hall**—The biggest drawback is not so much infrastructure but people's perceptions of accessibility of the right sort of labour force, particularly when we are in a competitive sense. If you are talking to someone from overseas they do not have those perceptions. They see the assets, they see the growth and we show them the data and they see that this is the place they should be. When we are talking to another industry that has an awareness of some of the problems that we have gone through in terms of unemployment, and our socio-economic level, we find that difficult to overcome, which is an image problem as well.

**Senator SYNON**—So it is kind of the broader stereotype, is it?

**Mr Hall**—A lot of our industries that are moving out are moving from the inner ring, looking from the Northcote parts of the world and looking to expand. They want to move their work force with them, which encourages them to keep it in the north, but also they are making a capital investment. They want to buy into an area where they can improve their investment as well, so that is certainly changing.

We are finding, through things like the Western Ring Road, and certainly the activity around Melbourne airport, that that is shifting. Perhaps, in some way, the amalgamation process and the reform process of local government has almost re-launched the area. Like most councils, we have seized that opportunity in terms of economic development and that has helped.

**Senator SYNON**—Let us hope perceptions are not stopping people from getting jobs out there.

**Mr Hall**—That is right.

**Senator SYNON**—I know perceptions are sometimes very difficult to deal with—we were talking before about the industrial relations system—but I think it is something that we should be turning our minds to.

**Mr Hall**—In terms of physical infrastructure, I think the comment we would make is that it is about making more of the assets that are there. How can we maximise the potential of Melbourne airport and the various modes of transport? For example, we have the two major highways coming to Melbourne, particularly the Hume Highway.

**Senator SYNON**—It is very well situated.

**Mr Hall**—It is. And there have been various research projects undertaken to identify intermodal and multimodal freight interchange locations so that you start to build off freight movement along the Hume, but also link into air transport as well. There is also the F2 proposal, which you may be familiar with, to create a freeway bypass on the Hume Highway north of Craigieburn. Certainly that is well in the planning stages and that would also assist transport movements.

**Senator SYNON**—Two more quick questions. On page 9 of your submission, you assert that, generally, local government has paid limited attention to employment creation. I had the impression that that was rapidly changing with positions such as your own and with an increasing emphasis on local economic developments by councils. I understand that a new facility has opened or is about to open in Craigieburn. Can you refresh me of the name of that?

**Mr Hall**—Yes, that is UCB Sidex.

**Senator SYNON**—Thank you. I think there are to be several hundred jobs.

**Mr Hall**—Certainly, we worked with our state member and our local federal member on that one. It is estimated that there will be about 150 jobs, potentially going to 300 jobs. So that was a coup for Craigieburn.

**Senator SYNON**—That is fantastic. Have you got other projects in the pipeline?

**Ms Larmer**—What we were referring to there was that what we need to do now is make sure that we get our people accessing those jobs, so we need to go the next step.

**Mr Hall**—The point Margaret made in the presentation is that, with the UCB project, many people worked very hard for a six- to eight-month period to secure it. They were going to go to Malaysia and they were looking at sites all around the country, but we got them. There were champagne corks popping, there was great excitement and everyone felt good about it. We established some relationships with that company but we then virtually walked away from them and left them to their own devices as to how they went about recruiting.

With the recent one that we have been involved in, which is a US based company, the package which we provided to them locked them in to some outcomes over the next five years. One was that they have to employ within the region. We feel that is early days but we think that that is what local government needs to do—that is, translate economic activity to employment outcomes by locking down some of these investments.

**Senator SYNON**—Is UCB not employing mainly local folk?

**Mr Hall**—Certainly they are recruiting locally and they are advertising in the local paper. I would have liked to have prescribed it a bit more so that there was some greater certainty. That is their philosophy as a company: that they work with the community. But the next one might not have that philosophy.

**Senator ALLISON**—Just a follow-up on this US company: what did you offer to achieve the deal? Was it rate holidays or what?

**Mr Hall**—We know that a rate holiday was not the thing that clinched the deal but, certainly, it sent a good message to the company. We offered that company a sliding scale from no rates through to full rates over a five-year period, together with a waiving of development fees.

**Senator ALLISON**—Waiving development fees?

**Mr Hall**—The town planning permit application fees and those types of things.

**Ms Larmer**—We have linked that into the percentage of local people they employ.

**Senator ALLISON**—What was the cost to the council of both those measures?

**Mr Hall**—I do not have the cost of the US one with me. The USB one—the one in Craigieburn—was a similar one and that was about \$100,000. The US one is much smaller. I would estimate that it was \$15,000 to \$20,000, which is why I make the point that it is very small when you are looking at the dollars that are going into those investments. It is part of the competition process and I guess it establishes a relationship.

**CHAIR**—Very small, if you spell it ‘b-r-i-b-e’. I think this is a very important point, isn’t it? When does an inducement become a bribe and how do you deal with the awful ethics that are put on you? How do you deal with a council down the road that is offering twice that? Let us be honest, that is exactly what is going on, and when it moves out of the council area, it moves to the states. Victoria will give you electricity at quarter the price that South Australia can offer it. Tasmania, we heard yesterday, has been falling over backwards to do this. We heard about the things they have to do to compete with mainland states. I guess it is a very nasty word, and everyone’s eyes have stretched. But what you have done is offer a very big concession to encourage them to come there as against going somewhere else. It is, as you say, a modest amount, but it is a lot if your ratepayers down the road are wanting the same kind of concession.

**Mr Hall**—That is right. I think research has been undertaken nationally—it might have been the Productivity Commission, the Industry Commission—into the effectiveness of such packages. Clearly, it states that local government incentives do not deliver outcomes. Mindful of that, our philosophy is that, if a business is going to our adjoining municipality—for example, Whittlesea—and we are aware of that, we do not play the game. Our policy, even to the point of dragging a business from the other side of Melbourne, is that we would not offer an incentive to that business.

The two businesses that we have offered have been overseas investments. I agree with you, and we are aware from where we sit of the competition particularly between Victoria and other states, and the confidentiality that arises and the competition that comes into place.

**Senator ALLISON**—With those conditions and obligations—this is the first I have heard of a council coming to a committee with those kinds of stories—have you checked

whether they conform with national competition policy? Obviously you have done it, and nobody has sued you, but could you be up for a charge of undue anti-competitive behaviour, to use the jargon?

**Mr Hall**—In terms of the employment outcome that we have placed upon this one company?

**Senator ALLISON**—Yes.

**Mr Hall**—Not specifically to those. We have also adopted an ‘employ local’ policy at the council level, given the role we play as one of the largest employers. The way we have gone through that is that it still comes down to the best person for the job, but when one of those people happens to be local, the local person will get the job ahead. We did explore that with our own organisation, and that was the legal advice that we had, as long as we are clear about that.

**Senator ALLISON**—You are not telling this American company that only in the case of both persons being equal can you make that judgment. You are saying up front, ‘This is the number of people we expect you to employ locally.’

**Mr Hall**—Yes.

**Senator ALLISON**—You are asking them to discriminate. That is what I am saying.

**Ms Larmer**—They do have the option not to discriminate, though.

**Senator ALLISON**—Does that work?

**Mr Hall**—You can make the point, but if they do not wish, or they do not achieve the levels which we have prescribed, they do not get the rate incentive.

**Ms Larmer**—And certainly when we are talking about ‘employ local’, we have given them the entire north-west region as local. We are certainly not parochial enough to say they must be Hume residents, because we see that the spin-off is for the region as a whole. If they are employing people from the local municipality, we can still see advantages for our region.

**Senator ALLISON**—I am sorry to pursue this, but how does this actually work? Does it mean they cannot bring employees in from other regions and settle them in the area? Is that prohibited?

**Mr Hall**—No. I will say this again. This is the first time we have drafted it and that is why we say that we think it is the path we need to go down. We agreed upon a figure for the percentage levels of regional employment for the total work force.

**Senator ALLISON**—Yes, I understand that.

**Mr Hall**—I think it might have been 60 per cent.

**Senator ALLISON**—What I am getting at is a definition of those who are locally employed. How do you define that?

**Mr Hall**—Where do they come from?

**Senator ALLISON**—Yes. Can the employer bring an employee into the area and settle them there? Does that comply?

**Mr Hall**—That would qualify, yes.

**Senator ALLISON**—What happened with UCB? Do they employ people who drive great distances to get to the area?

**Mr Hall**—UCB had a sales office in Braeside with about 10 staff in it where they were really just selling goods. Those staff, I understand, have moved to Craigieburn, and then they are recruiting for the remainder across the region.

**CHAIR**—It is actually not that long ago that I was in Craigieburn on a visit to listen to local community. One of the questions I asked one of the people there was, ‘How is it with the new Job Network?’ They said something I could not spell. I said, ‘Tell us more.’ One of the women there said, ‘I rang up the number to find out where my nearest employment place is now, because when we went to the CES there was a notice on the door which said it is now shut.’ So she dialled the number and a woman said, ‘How can I help you?’ She said, ‘Where is my nearest office for help with work?’ This woman at the other end of the phone said, ‘Well, where are you?’ She said, ‘I am in Craigieburn’ and the woman down the telephone said, ‘Where’s that?’ The woman in Craigieburn said, ‘Well, where are you?’ and the woman down the telephone said, ‘I am in Perth.’

This seems to us to have become a bit of a mantra. What we heard was how very difficult it was in the municipal area covered by your map to find access to the new Job Network service. Have you got anything you can tell us about that? What we were picking up from your neck of the woods was that it was anything but an effective arrangement.

**Ms Larmer**—Certainly Craigieburn particularly has a history of poor access to public transport. Yes, there are very few facilities there and it does mean them often travelling into Broadmeadows.

**CHAIR**—Poor public transport and poor public service. If they actually had a Job Network office there, then they would not need to go. Their CES office had just closed and there was nothing to replace it.

**Ms Larmer**—That is right. So it requires them travelling into Broadmeadows.

**CHAIR**—To Broadmeadows, and it is a long way down the road, isn’t it? There are not a whole lot of bus services. It is like a jolly day trip: gather the children, the stroller, the bottles, the nappies and the feed to keep them quiet on the bus route there and back.

**Ms Larmer**—Yes.

**CHAIR**—And all of this is supposed to be done on unemployment benefits if you are looking for work. It seemed to us that one of the challenges is the major difficulty people have getting around in your council area. There may be ring roads but, if you have not got a car, that is no use at all. Public transport is a big problem for you.

**Ms Larmer**—Yes, the point I was making earlier was that the ring roads and the highways are bringing other people into our city to take jobs. It is not actually making it any easier for our residents to get from Craigieburn to Sunbury as there is no public transport route across there. There is no ability for people to cross the city without coming through Broadmeadows, which is the transport hub and which has a large shopping centre precinct, et cetera. So transport across the city is very difficult for people, yes.

**CHAIR**—To the extent that it has been operating only for a month or so in your council area, what do you know about the operations of Job Network—or do you not have any data about that?

**Ms Larmer**—We don't have any hard data but we have got an Employment National officer, based in our council office, who currently works out of there two days a week. In the old CES days we had a full-time CES officer, so there has been a huge drop—

**CHAIR**—Will you be watching this development closely?

**Ms Larmer**—Yes.

**CHAIR**—Because it is certainly an area that we have had very mixed stories about. By and large, there have been very few good news stories at this point—there have been major losses of jobs, and a loss of access to local information and the understanding that has been built up over many years in community organisations.

**Ms Larmer**—Yes. What we are initially hoping to do is to get together with all the new players in the employment game so we can understand the way they are operating and what they are doing and then our task force will be disseminating that information to our residents.

**CHAIR**—I think there are many questions, particularly in terms of your contracts, where you are actually swinging it for the local people. That is really terribly interesting. If no-one ever did it, it would never get tested. You can assure us, can you, that you have written this in a way that means you won't finish up before the Anti-Discrimination Board?

**Mr Hall**—You have certainly flagged some issues for us this morning which we will explore. I will not give that assurance, as Senator Allison has flagged an issue for me, perhaps, which I might explore a bit further. I would say, though, that the US based company has not been executed at this stage.

**CHAIR**—But it is a terribly important point, isn't it, if you get these greenfields employment agencies—whether they are along the Burwood highway or east of Melbourne—and then you find people from the inner city travel out here in their cars so that the people living locally do not get the jobs? My colleague Senator Campbell queried the situation where a

whole industry is set up around the car business which then becomes automated and modified. He wondered what access those employees would then have to skills and/or to other work. So you have got a council area which I think is a particular challenge in a whole lot of those ways and you have given very important and different information to our committee.

Thank you very much indeed. It has been a bit of a drive for you, I guess, to come here; but thank God for the ring road. Can I also say, if there is anything further you feel we should know—which I cannot imagine, given this pretty useful information—please feel free to contact us. Likewise, I presume that, if we needed anything further, we could speak to you.

**Ms Larmer**—Certainly.

**CHAIR**—Thank you very much. I guess I would like to know if there was any further outcome to those contractual arrangements. It sounds as if it could be terribly useful for others to know about. Are you asking us to keep that quiet, or is it on the public record?

**Mr Hall**—I guess it is now.

**CHAIR**—It is now; that is right. Not too many people necessarily read *Hansard*—it is not the hottest reading material—but I suppose we could rush out and speak to the media, couldn't we? Are you suggesting you would rather we did not?

**Mr Hall**—The particular gentleman from America would be most displeased. It is a confidential arrangement; but, as we have not mentioned the name of the company and so on, we are quite comfortable about it.

**CHAIR**—For the record, you have not sought to put that information on the record in a private way; but you are telling us that it is a confidential matter between the council and this company, so I think it might be useful for all of us to effectively take that into account when we are speaking about today's hearings. It is on the record; no names are given, but we will not hang it up in lights yet. Thank you very much indeed.

**Proceedings suspended from 10.50 a.m. to 11.00 a.m.**

**OKE, Mr Graham Lewis, Albury-Wodonga Area Consultative Committee, 620 Macauley Street, Albury, New South Wales 2640**

**CHAIR**—Could you tell the committee in what capacity you appear today?

**Mr Oke**—This is a slightly different situation. I am an economist, formerly of the Albury-Wodonga Development Corporation, seconded to an organisation now called Investment Albury Wodonga. I have written this proposal on behalf of the Albury-Wodonga Area Consultative Committee and about a dozen other organisations in town.

**CHAIR**—The committee prefers all evidence to be given in public, but you may at any time request to give your evidence, part of your evidence or answers to specific questions in camera, and the committee will consider that request. I do have to point out though that evidence taken in camera can be ordered to be made public by the Senate, as has happened recently.

The committee has before it submission no. 187 dated 10 June 1998. Are there any alterations or additions you would like to make to that?

**Mr Oke**—There is one gap I wanted to fill in. I tried to get it from the Albury-Wodonga Centrelink office and they just have not been able to put it together for me. I will forward it on.

**CHAIR**—Is it the wish of the committee that the submission be received? There being no objection, it is so ordered. Would you like to make a brief opening statement and then we will take questions from the senators?

**Mr Oke**—Yes. The submission distils a lot of information that has been prepared over the last two decades really one way or another and it is just accumulated experience that has happened in Albury-Wodonga. We have found there are many causes of regional problems, but the short answer is that in Albury-Wodonga's experience the government, one way or another, is involved in many of these problems, mainly because of changes in ideological attitudes and those sorts of things.

The thing that became particularly obvious out of this research that I have done here is that the vulnerability of a community increases with the decreasing size of said community. The services tend to go first and then the young people leave and problems accumulate. When you look at some of the differences in population, Albury has 42,000 or 43,000 people and there are a lot of towns there with 50, 100 or 200 people and the differences are quite obvious.

The problem with changes in government approaches and policy is that they affect the private sector's confidence to some degree. When you look at the federal government, policies do change. For example, we had massive changes going on in the Australian Army which have had huge implications for Albury-Wodonga. We have not seen any evidence in recent years of what I would call a sustainable regional development industry policy, and in effect government could lead by example. There is no problem one way or another in

deciding to accentuate or accelerate a regional development, and Canberra is a very good example of that.

In terms of the states, their reactions are a problem. We have a lot of border anomalies, of course, but we tend to overcome most of those. The big issues are related to decisions on locations and at the moment they are busy bringing together several previous organisations like the electricity authorities.

For example, Great Southern Energy, which is our electricity authority on the New South Wales side, now has its headquarters in Queanbeyan. This obviously has implications for Albury-Wodonga and Wentworth, and perhaps for Broken Hill or places like that where that particular office controls the area. Local governments are not hugely important in this. They can be very positive and supportive of regional development and they can hinder it in a small way, but they are not of huge consequence.

We made a comment in our paper about lost income to the region, and we did a very hairy estimate. We believe superannuation virtually disappears out of regions and goes to capital cities for investment there. We cannot prove it; we are just sure it happens. Our estimate is that we lose \$80 million a year in that context. If you take out income tax, which disappears and then goes into consolidated revenue, something like another \$250 million to \$300 million a year disappears. Without really knowing the true level of profits made by organisations in the region, we would guess another \$400 million to \$500 million could be repatriated.

**CHAIR**—What amount did you put on tax?

**Mr Oke**—It was \$250 million to \$300 million.

**CHAIR**—You would not allow that any of that might come back in the way of roads and schools?

**Mr Oke**—Oh, yes, I am not arguing that. I am just saying that a lot of it disappears in the first instance, and then we may or may not get some of it back—I suppose that is what I should say. Basically, repatriated profits disappear out of the area because allocations for capital expenditure and so forth are made before that happens. You are talking about anything up to \$750 million or a figure of that order. Very hairy estimates of our regional domestic product indicate that that is something in the order of 30 per cent of our local GDP, so we consider that to be fairly substantial.

When you add in things like drought, reduced services and the tendency of private and government organisations to withdraw to the capital cities when things get tough or policies change, from our best estimates in the past we think that all this business about the capital city areas subsidising the country areas is wrong; it is the reverse. For example, about \$2,000 million a year are spent on transport subsidies alone to Melbourne and Sydney—or there used to be—and we feel there are a number areas like that that indicate that regional areas do not do very well in that context but tend to be subsidising, if you like, capital cities. We hear a lot about transport subsidies and telephone subsidies and all those sorts of things, but against those sorts of issues they count for very little.

**CHAIR**—Would you mind if I arranged for you to have this out with Jeff Kennett in a public debate?

**Mr Oke**—I would love to—if I could get my figures for certain!

**CHAIR**—Thank you!

**Mr Oke**—In our area, which is quite an interesting area in this context, 90 per cent of private businesses are small, by definition, and that seems to be the area where we are enjoying our greatest growth. I feel that we need to review what are sustainable options, with national economic elements and support, for small business in non-metropolitan areas. One of the reasons for raising the superannuation was: is there a way around that by getting venture capital back into the areas where the funds are generated from in the first place? We have always found that Albury-Wodonga is a good place for an experiment so, if you feel there ought to be one out of this committee, I would be grateful to hear it.

**CHAIR**—A great offer, Mr Oke!

**Mr Oke**—I have one other point. I am a past chairman of the Business Enterprise Centre in Albury-Wodonga, and one thing that occurs to me is that this area of activity would be better served if all small businesses, or any business, had to produce a viable business plan before being registered by the relevant authority. Some do, some don't, at this stage, but small businesses fail pretty regularly and it is usually due to management problems. I believe the business plan idea would at least force them to sit and think about whether their attitude was right and whether they really had a viable proposition for setting up a business.

**CHAIR**—That is really useful, Mr Oke. We just heard from earlier witnesses that certain regions get a label on them: 'This is a place of excitement'—or a depressed area or whatever. You have just given us a lovely alternative to that—'Albury-Wodonga is the place for a good experiment, so do not overlook us.' I very much appreciate an area having that kind of definition of itself.

**Senator GEORGE CAMPBELL**—The Albury-Wodonga region has been at the forefront of the experiment now for some 25 years. What are the lessons to be learned from what has occurred there over that period for development in other regions throughout Australia? Are there any clear lessons that we should understand that we do not understand, or are they well understood at federal government level?

**Mr Oke**—I think the first point is that Albury-Wodonga was selected as the initial growth centre in the program for the simple reason that it was a sensible place to be. It had a strategic location, it had a good industry base, it had a good rural base. It was between Melbourne and Sydney. All those sorts of things made a lot of sense. It had a reasonable level of population. All those things came together.

**Senator GEORGE CAMPBELL**—It had a fairly diversified economic base as well—manufacturing and the wine industry and rural industry.

**Mr Oke**—Yes, and the development corporation has deliberately fostered that over the years and kept up a very strong manufacturing base, for example. It has now become a very important regional area for retailing, community services and education. All those things are happening. A lot of that is summarised by the table on page 5 which gives you an idea of the changes to the development corporation over 24 years. When I talk about government fiddling and changing things around, you can see that initially it was 300,000 people, then a few years later it became half that and the program was changed. The orientation was changed. We then dropped back and, with another review in 1988-89, a whole lot of things were changed again. The development corporation now is in effect a property manager, nothing else, which is why I am seconded out to somewhere else. The economic development role which went hand in glove with that has now disappeared as such and is now out separately in another organisation.

It did work well together because, by having the advantage of the land, bank and so forth, the development was possible and integrated and thoughtfully done. For many years the corporation had a whole range of services available to it which have gradually been eroded—landscaping, a laboratory which is now somebody else's and so on. The whole thing was supposed to be integrated. What I am saying is that the dream and that possibility disappeared.

**Senator GEORGE CAMPBELL**—Why was that done? Was it lack of foresight or understanding?

**Mr Oke**—The original foresight was there, but after that there were just political changes, starting with the downfall of the Whitlam government. The Albury-Wodonga growth centre was put on hold for 18 months. You can imagine what that did to general confidence and investor confidence. Then it was agreed to continue it on, halve the growth rate and those sorts of things. Things kept changing on it all the time—which side of the river you would put the next investment—and those sorts of strange things happened. But in a way it was a wonderful story in its own right.

**Senator GEORGE CAMPBELL**—Why do you think it is that firms or agencies retreat in the capital city areas when things start to get a bit tough?

**Mr Oke**—I think you are getting into the realms of psychology here a little.

**Senator GEORGE CAMPBELL**—Is that really the dimension of it, rather than an economic dimension?

**Mr Oke**—I guess there are economic dimensions. I have a very strong view which is that, if a service is supposed to be delivered at the shopfront, the coalface or whatever, then that is where it ought to be located. That tends not to happen and then people start to shrink back slowly but surely. Instead of having one in our area, say, at Corryong, it then becomes Wodonga or Albury and then, all of a sudden, becomes Melbourne, Sydney, Wagga Wagga, Wangaratta or something like that. It goes back to the next stage of town.

**Senator GEORGE CAMPBELL**—Can you give us some practical examples of where that has happened and there has been an adverse impact on Albury-Wodonga?

**Mr Oke**—One of them is the one I mentioned earlier about the electricity authorities. Albury used to be the centre for the New South Wales regional electricity authority, Great Southern Energy, and then it was decided by the New South Wales government to rationalise this and to make a region which is, in effect, one-third of the state. Then the

arguments started about where it should go. My argument was that, if it should not be Albury, which is physically central, although on the boundary, then it ought to be, say, Wagga Wagga because it is close enough to central in the region. But it ended up in Queanbeyan, and I am not sure of the reasons for that. That is one example but there are lots of them.

The other one that I wanted to mention was about the army. At one stage we had about 2,500 people. I know there are fundamental changes going on and it has been re-orientated, but, in the process, they have also tended to privatise a lot of the services. In the last year we have lost well over 1,000 jobs in the army. A private contractor has come in to take over their marvellous engineering facilities to try to make something of them. So far they have replaced about 400 jobs, and I suspect there will not be terribly more than that. That is the sort of thing that is going on. In the interests of efficiency, that is fair enough, but there are a number of factors. Pieces of the army are being pushed all around Australia and we may or may not benefit from that. The privatisation angle has really made a dent in it.

**Senator GEORGE CAMPBELL**—Has privatisation generally been a big issue and had a big impact on the area?

**Mr Oke**—Again, the old State Electricity Commission had a very big office in Wodonga. It became the Eastern Energy Corporation and privatised and went to Benalla. Eastern Energy had a pretty big office in Benalla to start with but, all of a sudden, it disappeared and it is mostly back in Melbourne. There is no representation at all. If we want Eastern Energy Corporation information, we may get it from the small office in Benalla, but we generally have to chase it down to Melbourne.

The other thing that is a twist in all of this is that all of a sudden—and the private sector do it as well—agencies are tending to hide behind the anonymity of a 13 number, so that your local problem cannot be appreciated by someone at the other end of a telephone who could be anywhere in Australia.

**Senator GEORGE CAMPBELL**—You talked about superannuation access to venture capital. The current government has established the innovative investment fund, which is essentially providing venture capital for small start-up companies—what they call in between bankcard and investment capital—of \$500,000 to \$3 million. Have companies or small businesses in your area been experiencing difficulty in accessing those funds? Are they aware of the availability of the funds?

**Mr Oke**—I do not think the companies themselves are aware of the program to any extent. I could check it out with the business enterprise centres and so forth. My understanding is that they have very little knowledge of it and probably have not been able to find any examples of venture capital.

I am not talking about government programs necessarily but, in this context, we know that a private investor who wants to invest in a country town, irrespective of size, expects a higher return because he believes he is exposed to greater risk. That may or may not be true. If he wants 15 per cent internal rate of return on an investment in Melbourne, he will expect 17 per cent in Albury-Wodonga and perhaps 22 per cent in Corryong. It is that sort of difference. It does not help but I could find out a bit more about that.

**Senator GEORGE CAMPBELL**—It would be interesting if you could let us know. Has there been a demonstrable impact on small business in the Albury-Wodonga region in the cutbacks to funding for AusIndustry? The AusIndustry programs were small programs—roughly around \$10,000 per head. They were essentially to do what you were talking about for business—to help them write their business plan, get them investment ready, focus them on exports. They do all of those basic things that small business needs if it is going to sustain itself and grow but which, running a small business, they do not have much capacity to do on a day-to-day basis. Have those cutbacks been felt on small business in the Albury-Wodonga region?

**Mr Oke**—Very definitely. I knew a fair bit about what was going on with AusIndustry in our area. We had two brokers as it turned out and they were both very good. They did a lot of good work. A prime example was a group of chestnut growers near Bright who not only got together but also produced excellent brochures, and then they suddenly had export markets. It is something they had never done before and it increased their volume x-fold. Without AusIndustry, none of that would have happened. I do not know whether you have dealt with small groups of growers, but they do not trust anyone any further than they can kick them. These people were of that ilk but they managed to come together and the AusIndustry broker put together this excellent program and they are exporting chestnuts to Japan as a result. It is a pity that it has gone because it was something that could be used and the person actually being there was a major help.

**Senator SYNON**—This paper I understand is the collation of the views of many people in the Albury-Wodonga area. Are the views in this paper shared by the ACC?

**Mr Oke**—I wrote it for them, gave them copies of it and we discussed it. As far as I know, I could say safely that they are shared, yes.

**Senator SYNON**—What is the ACC's view—there may have been something in here but I could not locate it—regarding its optimism or otherwise about the employment reforms in the marketplace at the moment?

**Mr Oke**—You mean the revision of the—

**Senator SYNON**—The Job Network privatisation.

**Mr Oke**—They are very cautious. They want to see how it all works out at the moment. They are not too certain about it at all.

**Senator SYNON**—Is the ACC playing a facilitative role? For instance, we heard this morning from the Ballarat Area Consultative Committee that they were very positive and

optimistic about how it was happening here and that they were acting as a facilitator in terms of bringing information together and sharing knowledge. Is a similar role either being undertaken or envisaged for the Albury-Wodonga ACC?

**Mr Oke**—They are going through a range of reviews themselves. Ralph Clarke, the chairman, would have been here but he resigned the other day because he felt that the workload being pushed onto voluntary people was too great. He lives slightly out of town and he does a prodigious amount of that sort of thing. At the moment in Albury-Wodonga, they are reviewing all those sorts of things. They have got a program of a few investment projects to put money into, on employment issues and that sort of thing, but it is by no means final.

**Senator SYNON**—What kind of role have business incubators had in your region?

**Mr Oke**—The Business Enterprise Centre is about to start their incubator now.

**Senator SYNON**—So there has not been one in the last decade in Albury-Wodonga?

**Mr Oke**—No, not as such. In fact, the Development Corporation back in 1975 built, what they called nursery factories, which are now called incubators. I am not quite sure, but it sounds like it is the next stage after incubation.

**Senator SYNON**—From children to chickens.

**Mr Oke**—Yes, something like that. The actual building was designed, but it never worked. It was ahead of its time quite clearly, whereas incubators are now quite fashionable, and I think they do a very good job. That is about to be launched. I might be speaking out of turn because I have not been intimately involved with it, but the delay, as I understand it, was within DEET. It just went on and on. I am talking about three years. There were personality issues in there which I knew enough about without getting too far into—

**Senator SYNON**—I have a final question; it is more in terms of a comment. At the bottom of your introduction, on page ii, you talk about:

There is no certainty, no continuity and certainly no real support of regional development—especially at a federal level. A prime example was the Regional Development programme and its conflict with the relevant Area Consultative Committee.

That surprises me slightly because I have been involved myself in ACCs from their inception in the western suburbs of Melbourne and they always had very good strong linkages with REDOs and regional development programs. Where did the conflict arise in Albury-Wodonga?

**Mr Oke**—There are a couple of things to comment about. Firstly, the ACCs and REDOs to me had the same end result, however they went about it: the idea was to create jobs and wealth, that sort of thing. In our area, we found that the two tended to be busy, if you like, trying to be ahead of the other one. The REDO had a much wider region, of course, and to

me the area consultative committee had a much more sensible region. It was a true community of interest region. That made more sense to me.

The fact was that you had these two organisations in town, both trying to do the same sorts of things. They might look at different ways of going about it: the REDO was trying to get more into export orientation; the ACC was more on employment opportunities directly. Even in Albury-Wodonga with 100,000 people, we found that it was still a relatively small community for that sort of thing to be going on.

**Senator SYNON**—So is it not a good thing to have two prominent bodies out there talking up job creation?

**CHAIR**—Competing?

**Mr Oke**—I think that is a more operative word. I do not have any problem with that. I just felt that nobody knew who to respond to. It comes back to that.

**Senator SYNON**—I see. So you would support a collapsing and combination of those bodies then?

**Mr Oke**—Yes. Can I make another point there, too?

**Senator SYNON**—Yes.

**Mr Oke**—It does not matter whether it is a largish community or a small one; there are really only a few people who want to be involved and who are probably any good on committees. If you have two committees instead of one, obviously you are diluting your strength. That is a really big issue in our part of the world too.

**Senator SYNON**—Thank you, Mr Oke.

**Senator ALLISON**—I was interested, Mr Oke, in your comment that, as a suggestion for investment into regional areas, the Foreign Investment Review Board might be able to give some brownie points for moneys going. Have you made that suggestion to the government at any stage?

**Mr Oke**—I am talking 15 years ago probably now. It was actually part of their brief at one stage.

**Senator ALLISON**—I see and it is not any longer?

**Mr Oke**—I am sure it has disappeared from sight now because the Foreign Investment Review Board really has nothing much to do these days compared with what it used to do. I was just using it as an example of how it can be written into legislation, or something like that, to say that we encourage people to go to regional areas.

**Senator ALLISON**—You raised the matter that, in this region, \$80 million is lost in superannuation funds that tend to go to a central point. Do you see any opportunities with the superannuation choice regime in relation to investing in regional areas?

**Mr Oke**—The superannuation?

**Senator ALLISON**—There is some legislation coming which makes it compulsory for employers to offer a choice of four funds to employees.

**Mr Oke**—I see. I am not up with that, but that may be a possibility.

**Senator ALLISON**—As I understand it, in southern New South Wales there is a superannuation fund which offers employees a choice of reinvesting—I think they have a minimal 60 per cent or something of that sort—into the local region. Have you heard of that organisation? Is there one that exists in Albury-Wodonga?

**Mr Oke**—I am not aware of it. I am not saying it does not exist, but I do not know about it.

**Senator ALLISON**—As a point of clarification, in table No. 2, 'Changes to the AWDC', the population column goes from 300,000 down to 106,700. Is that just the changing boundaries of the region, or did the population drop by that number?

**Mr Oke**—No, that was the decision of the government of the day.

**Senator ALLISON**—The actual population in the one area dropped to a third.

**Mr Oke**—That should read 'population target', I am sorry. I see your problem.

**Senator ALLISON**—On the table where you describe the unemployment analysis by age and duration of unemployment, Albury-Wodonga has a glitch, if you like, in the 20- to 24-year-olds. It is under-represented in the 15- to 19-year-olds, but much higher than the Australian average for that group. What is special about Albury-Wodonga that gives it that hump?

**Mr Oke**—I have no idea. I wish I knew. As I said, I was interested in getting this other information from Centrelink which has not yet been provided. I was hoping to have it by now. The other thing to look at is that, if you add 15 to 24, the figures become very similar. Whether our figure for the 11.6 per cent for 15 to 19 is to do with people then reverting back to tertiary education or something like that, I do not know.

**Senator ALLISON**—There is one other point that I thought was interesting. You say that tourism is increasingly seen as a substitute for employment in the manufacturing sector, but point out that with this comes a loss of skills, full-time work and relatively high income levels. Could you expand on that? What is the anecdotal evidence of that?

**Mr Oke**—Using the manufacturing industry as a comparison, it is 90 per cent or something full-time jobs. That is the usual pattern. With the tourism industry you would be

probably 40 to 50 per cent full-time jobs. In total job terms that might be fine, but it is 2½ part-time jobs to one full-time job, on average, around Australia. As a result of that, while numerically you might be doing okay, the actual income per person is dropping quite markedly.

**Senator ALLISON**—What about gender-wise? Does this mean there are not the full-time jobs for men that were previously available? What has that done to the shift in opportunities for men and women?

**Mr Oke**—Yes, there is no doubt about that. Women dominate the service industries, but not manufacturing, and they have a much higher proportion of the part-time jobs.

**Senator ALLISON**—Do you have a feel for the social consequences of that shift?

**Mr Oke**—It does not seem to have been causing any great hassles in our part of the world. We are looking at it in a total sense to say that the more full-time jobs you can create, obviously, the more likely you are to generate income and wealth generation. That has been the general philosophy.

**Senator ALLISON**—The trickle-down approach.

**Mr Oke**—Yes.

**CHAIR**—I notice in your submission you have written that one of the problems for local investment is the ‘managing director’s wife’s syndrome’. Who is responsible here—the managing director or the wife?

**Mr Oke**—I actually know one of these examples. It happened to a friend of mine. It is something that we do notice. It is literally that somebody has the opportunity or the authority to go wherever he or she wants, and the spouse, whichever gender, it does not matter—

**CHAIR**—We do, don’t we? We are not calling it the managing director’s husband’s syndrome, are we?

**Mr Oke**—No.

**CHAIR**—Not yet, Mr Oke. Just as a little bit for the record, this feminist flinches. We are still blaming, or at least somehow labelling, the managing director’s wife as responsible for mismanagement.

**Mr Oke**—Let us put it this way: lots of personal factors intrude.

**CHAIR**—I think that is an excellent point, and it is probably very well said by these headlines, but you will allow that some of us might be gnashing our teeth about it. I think it is probably better that we find a better name for it because it is not only that, is it? If you visit any rural area in Australia, you know that families make decisions about, in particular, the education of children, for example. They will often move back from mining towns to the cities when their children come to secondary school. But, in terms of investment, we could

go out to Albury-Wodonga and the green fields and the glorious golf courses and sailing on the Murray, but I do not want to leave Sydney. Is that what it comes down to?

**Mr Oke**—Yes, a lot of that.

**CHAIR**—Dear, oh dear, oh dear—and I thought men were such objective and rational creatures.

**Senator GEORGE CAMPBELL**—Where did you get that idea from?

**Mr Oke**—Well, they were.

**CHAIR**—Because the men run the world and keep telling me so, but I am very pleased to have in print here that they are actually drongos. Thank you very much for that contribution.

You suggest payroll tax is a problem for small business investment. How many of the small businesses in Albury-Wodonga would pay payroll tax?

**Mr Oke**—Probably not very many. When I say small business, I should have said smaller business.

**CHAIR**—I think that is one of the other great myths and legends around the place. Lots of people say, 'If only there was no payroll tax, we would actually be able to invest in business and do better.' But huge numbers of businesses, 50 per cent of the private businesses, according to your figures, have four staff or four employees, so they are not in the payroll tax thing at all. So there is a very misleading perception out there about the impact of payroll tax.

**Mr Oke**—But it has been an issue that has been raised by what I will call medium-sized businesses, if you want, and bigger ones.

**CHAIR**—We might have to be more accurate about that because I think it is one of those myths that they themselves actually believe in. It is in the litany of general complaints. Can you tell me about how you are getting on with making Albury-Wodonga into one area? Your face says it all, Mr Oke—I love it!

**Mr Oke**—I am just trying to consider a comment. You may or may not remember that Dr Greg Walsh conducted an inquiry on behalf of the Victorian Premier and the local government department some time ago and came to the conclusion that a much closer link between Albury and Wodonga was necessary. He raised a number of options. Just before he did that, Professor Saunders had looked at the constitutional implications of nearby shires across the river combining and found that there was no real problem if they really wanted to do it and the state governments allowed them to do it—which was the other point. So things are on hold at the moment in that context. But it keeps rearing its head. Mr Kennett was in the area not so long ago and he had another go at it. So it is there as an item.

**CHAIR**—You have the farcical arrangements of taxis that cannot deliver people from Albury to Wodonga.

**Mr Oke**—Yes. There are lots of border anomalies. They are really quite few but, when they rear their heads, they are quite spectacular.

**CHAIR**—What about the hospital arrangements? First of all, can I, on behalf of the committee, pass on to your community our commiserations on the loss of six such significant citizens in that recent plane crash. It was very, very shocking.

**Mr Oke**—Yes. It was not nice, no.

**CHAIR**—So, if you could convey that to the area, we would be appreciative. But I wanted to talk about health, and not with any insensitivity. Your submission suggests that you have lost a lot of the regional planning that has, I think, come to Ballarat, has it not? No, Ballarat goes north-west. Where is your regional health planning?

**Mr Oke**—A lot of it at Benalla.

**CHAIR**—Benalla.

**Mr Oke**—Then back to Melbourne. The department of infrastructure is on the Victorian side, but the New South Wales planning department has always stayed in Sydney; it has not really decentralised at all.

**CHAIR**—Have you done some things to try and rationalise the bed usage in Albury-Wodonga? Is it true that you can have babies north of the border but aged care south of the border?

**Mr Oke**—There has been a lot of work done. There is a cross-border health group that still exists. They have done a lot of work together. The problem is always on the mix of patients and who goes where and who pays for them. There is a fair amount of controversy which I have mercifully kept out of, but I know enough about it to know that it is a problem. For example, yes, babies are all going to be born in Wodonga hospital now, and that includes Albury babies.

There has been a rationalisation of a number of these roles. The Albury Base Hospital does certain things, the Wodonga hospital does certain things, and the Mercy is starting to look into palliative care and geriatrics, and so on. They have been trying to work together. However, they still have problems because each state system has to pay the other for services rendered and all that sort of thing. It gets very messy.

**CHAIR**—Yet another dog's breakfast. Do you know anything of the arrangements for child care in the area?

**Mr Oke**—No, I do not, but they tend to be very much on each side of the river.

**CHAIR**—They tend to, except that I did have responsibility for looking after child care for a while and one of the people in your area, Cathy McGowan, and a number of others, put in an excellent submission for family day care for rural families, particularly on farm, because they know how dangerous it is growing up as a child on a farm. There is a very high death and injury rate. In fact, we did get some arrangement for cross-border family day care arrangements in that area. I was interested to know how it was going.

**Mr Oke**—I am sorry, I cannot help you.

**CHAIR**—Well, it is possible to do some things but it does take an enormous effort. Do you know if the rules about boating are changed now? For example, the rules for the disposal of waste from boats are different in New South Wales and Victoria. By and large the Murray River does not notice the difference, except that on one side of the river you can let fly with the effluent but on the other side you may not. It is not doing much for blue-green algae. Is this a problem in Albury-Wodonga?

**Mr Oke**—Not that I know of.

**CHAIR**—Right.

**Mr Oke**—We do have some cross-border arrangements. There is a waste management forum that works across the region and that sort of thing. We have environmental protection authorities in Albury and Wangaratta, and they work together.

**CHAIR**—Do you have a recycling paper plant near there?

**Mr Oke**—Yes, Australian Newsprint Mills does a lot of recycling, and there is another one now.

**CHAIR**—They have guaranteed not to pour any pollution into the river.

**Mr Oke**—They claim the water they get rid of is cleaner than the water they take out.

**CHAIR**—As a South Australian who drinks it, I might be inclined to concur. We have a saying in South Australia, but I will not put it on the record again.

Mr Oke, I thank you very much for coming because you have given us descriptions of your region that are different. What we are getting on this committee are a lot of points in common in terms of the causes of regional unemployment, but we are appreciating that each region is offering different things by way of solutions. You have done that yet again. I particularly like to think of Albury-Wodonga as an area of experimentation, an area prepared to take the risk. Thank you very much indeed.

**Mr Oke**—The point that should be made is that each region differs from another, and within the region there are differences. That is the point that I was making about the size of the population. That has a huge impact on the services and the facilities available.

**CHAIR**—How many people are in Benalla?

**Mr Oke**—The city has about 9,500 people.

**CHAIR**—What is your view about why services are retreating from Wodonga to Benalla?

**Mr Oke**—I have another syndrome, and this one is called the 360-degree circle syndrome. It is a reality, unfortunately. This is why Wagga Wagga, Wangaratta, Benalla, and perhaps Shepparton do well. You can draw a circle of influence around them, a region of influence, and it is not stopped by the river. We do suffer from that. Wodonga is by far the biggest city on the Victorian side. Albury is slightly smaller than Wagga, but if you add the two together you have got a much larger population than anywhere else.

**CHAIR**—What is Wodonga's population?

**Mr Oke**—It is about 31,000.

**CHAIR**—Mr Oke, I must not start again. We have to conclude our session, and that is a good point to finish on. Thank you very much indeed.

[11.45 a.m.]

**CARSON, Mr Geoffrey William, Manager, Murray Mallee Training Company Ltd, 335-339 Campbell Street, Swan Hill, Victoria 3585**

**TEPPER, Mr Garry Ian, Executive Officer, Economic Development, Swan Hill Rural City Council, PO Box 488, Swan Hill, Victoria 3585**

**CHAIR**—Welcome, Mr Tepper and Mr Carson. 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 do point out, however, that evidence taken in camera may be made public by order of the Senate, as has happened in recent years.

The committee has before it submission No. 90 dated 30 April 1998. Are there any alterations or additions you would like to make to your submission?

**Mr Tepper**—No, but I would certainly like to speak to that submission.

**CHAIR**—That is fine, but I would prefer if you could make your opening statement in three to five minutes and then we will take questions. By the way, how long did it take you to get here?

**Mr Tepper**—Officially, three hours.

**CHAIR**—An excellent answer, straight down the highway. It is quite a way, isn't it. Fire away, Mr Tepper.

**Mr Tepper**—I would like to make a brief statement and then Geoff will follow up with some more evidence of the particular issue that we have at Swan Hill right through the rural city. We are not specifically here to talk about unemployment as such but we are here to talk about an employment problem which we believe still creates challenges for us.

By way of background, Swan Hill rural city has a population of about 20,500 people. It is in north-west Victoria and it adjoins the Murray River for a distance of about 200 kilometres from Swan Hill in the south to Robinvale in the north.

The DEETYA local labour market analysis says that in June 1991 our unemployment level was 1,151 people, which equated to an unemployment rate of 11.9 per cent. It then rose to June 1993 to an unemployment level of 13.5 per cent. However, since that time it has been slowly decreasing, so that by December 1997, our latest figures, our unemployment rate in the rural city was 5.5 per cent. In the city of Swan Hill it is sitting at 4.5 per cent, which we believe to be one of the lowest unemployment rates in regional Australia.

You may ask what has happened in the last five years that has created this situation. We have seen a significant growth in horticulture. We have seen a big shift away from dry land farming into horticulture where it is now our most important industry, valued roughly at

about \$200 million per annum. We are seeing job growth to the extent of about 200 new jobs per annum in that industry alone. It is also creating flow-on benefits in the service and retail industries. We are now at a point where we believe that unless we can fill these employment opportunities our further development is going to be impeded.

I would now like Geoff to speak about some of the jobs vacancies that we do have.

**Mr Carson**—Our organisation, the Murray Mallee Training Company, being a group training company, has specialised for a number of years in the employment of apprentices and trainees. More recently we have become a Job Network broker under the new arrangements and that has given us a bit more of an insight into the broader employment issues in the region. We have also run for a number of years a Victorian state program called community business employment which also catered for general employment issues rather than just apprentices and trainees.

Over the last three years our company has gone from employing about 75 or 80 apprentices and trainees to nearly 300, yet we have any number of vacancies there that we are really unable to attract applicants for. We could measure those vacancies in numbers. In the horticultural areas in particular they are in the 10s, with 20, 30 or 40 vacancies. But the real comment that we get when our field officers are out visiting our local growers canvassing for employment vacancies is, 'We told you the last time you were here, "When you find us the right person, bring them back by the truckload and we will take them."'

I think there is a problem with identifying job ads in local papers and so on because a lot of diesel mechanic type firms are not advertising any more. At \$75 a double column ad that does not get any applicants, they soon get tired of wasting their money. We have tried advertising in Tasmania, New Zealand and all over the place and yet we are still really struggling to attract people to vacancies. It is at the traineeship level and also at the skilled level, the tradesperson's level.

**CHAIR**—What sort of person do the horticultural employers want when they say, 'When you find the perfect person, bring them back in truckloads'? Can they tell you what that person is?

**Mr Carson**—Basically, someone who wants to work in the rural industries. They have a big image problem which they are certainly beginning to recognise. For the last 30 years our farming communities have been telling people how bad it is. Probably in some of the traditional areas of wheat, sheep and beef, it is not particularly good, but certainly there is a booming economy in our horticultural and vegetable growing industries. The sort of person that they are looking for is simply someone who will be interested in a career in a rural industry and turn up and work. That is basically it. They are quite prepared to provide training.

**CHAIR**—If you were making a video, what would this person look like? We are still being too general. Do you mean it needs to be a person who is prepared to work eight-hour shifts or 12-hour shifts? Is it a person who is not going to complain if they get stuck with twigs and God knows what else? Is it a person who needs to know about hazards of

agricultural chemicals? Is it somebody who is going to be like a labourer in the fields but expected to behave like a tertiary graduate?

**Mr Carson**—No, it is certainly not someone who is a labourer in the fields. Whilst there are jobs for pickers and pruners and thinners, which are more the itinerant type labour supply, which is almost a separate problem, the growth is not just in growing the product itself. It is the infrastructure, setting up the irrigation systems. There is quite a lot of technology involved there.

For example, one local grower exports peaches to Taiwan. The little stems on the peaches have to be cut in exactly the right way and packed in individual little containers and sent off. They are experiencing problems getting people out there. The people do not really care. They just throw the peaches into a bucket and bruise them and just pull the stem out of them. It is really because they do not have a genuine interest in a career in those industries. For years perhaps they were sent out there, when on unemployment benefits, to do picking and so on; as such, they have had their fingers burnt perhaps with considering a career in the rural industries.

**Senator ALLISON**—Is part of the problem the rise in job opportunities infrastructure in Swan Hill? Is there adequate housing for people who might be attracted into the area? Are services good?

**Mr Tepper**—We are starting to look at some of these problems and speaking to the employers. I was just speaking to one yesterday and he said the real problem is getting people to answer the advertisements, to actually considering coming to the country. That is the issue that we are raising in our submission. We believe that there is just too great a pull in the big cities. People do not want to leave the big cities to take up opportunities, and these are opportunities in professional fields as well.

However, once people do decide that they want to come to a place like Swan Hill and they have turned up for the interview and gone to have a look at some accommodation, we are running into some problems with our housing. We are looking at that issue at the moment. Housing is reasonably expensive in Swan Hill, both in terms of purchasing and also rental. We could argue that the quality for the dollar is not an attraction to a lot of people.

**Senator ALLISON**—So do you attempt to recruit from other regional centres where there are very high levels of unemployment, like here in Bendigo? How do you target?

**Mr Carson**—We have tried to do that and we are just in the process of trying again. One of the issues with that has been probably a poor understanding of our needs by the recruiting agents in provincial areas and, more importantly, in metropolitan areas, where there has seemed to be a perception that a young person coming up to work on a farm would be patting dogs or riding horses or something and that it was virtually a totally unskilled position. They were sending people really that employers just did not want. Coupled with that, a lot of the people that were sent had a lot of social problems too and they were dislocated from their friends and family in Melbourne. They were not really able to cope by living away.

We tried that and failed, but we still believe that it is something we need to do. We are working with our group training network at the moment to look at running front-end training programs in metropolitan and provincial areas where people can be introduced to the types of skills and work that would be performed in a farming career. Maybe once they have done that we can get the ones who have stuck with it relocated.

**Senator ALLISON**—In your opening statement you quoted figures of 11.9 per cent in June 1991, down to 5.5 per cent in rural areas and 4.5 per cent in the township in December last year. Are they ABS figures or are they DEETYA ones?

**Mr Tepper**—They are DEETYA local ones.

**Senator ALLISON**—How do they compare with the ABS figures though? You do not have a direct comparison, I know, but how different are they to the most recent ABS figures?

**Mr Tepper**—There is some discrepancy with the actual labour force numbers. I must admit that we have always found the ABS to be not very reliable. It only gives you a snapshot one night every five years, so we have always relied on the DEETYA ones.

**Senator ALLISON**—It is not so much the reliability as the occasional gathering of data. That is the problem, is it not?

**Mr Tepper**—That is right.

**Senator ALLISON**—Is it not more reliable in the sense that you get a house by house, individual by individual account of who is unemployed?

**Mr Tepper**—I am still not aware of what happened in the June 1996 census. I have been continually using the DEETYA numbers because at least we can see a comparison every quarter that way.

**Senator ALLISON**—You do accept though that various measures have been taken by governments to artificially reduce that figure?

**Mr Tepper**—We have used these numbers to compare our numbers against other regional centres and other regional centres are quite high. We have pulled that out. If the numbers are not right, the comparison is still there that we are lower anyway than other regional centres. We know that there is an issue out there because employers just cannot find the right people to take up the opportunities.

**Senator ALLISON**—Can I ask you about the Aboriginal community at Swan Hill? It is a fairly substantial one, is it not?

**Mr Tepper**—About three per cent of our population classify themselves as Aboriginal or Torres Strait Islander.

**Senator ALLISON**—To what degree are you able to include that community in this new horticulture venture? Are the rates of unemployment in that Aboriginal community much higher? I guess they are. Is that some area of interest to you to work in?

**Mr Tepper**—We work with the Koori community if at all possible. They have certainly taken up a number of initiatives themselves. The Wamba Wamba Cooperative have created their own hydroponic tomato business. They are employing a number of their own people in that business and they are learning skills there. I know people in the industry who are actually going to them to pick up the knowledge that the community has picked up in growing hydroponic tomatoes. They are fully into it in that sense. Geoff might be more aware. I am sure there are Kooris working on individual properties.

**Mr Carson**—Overall, we have something like probably 20 Aboriginal apprentices and trainees. We actually employ six Aboriginal staff members: field staff, administrative staff and so on. I need to point out that we also have an operation that extends up as far as Griffith and Leeton in New South Wales.

It would be untrue to say that it is easy to make placements from the Aboriginal group into a lot of these other positions. There is definitely an issue there between different cultural groups within the community. It is fair to say that some of those horticulturists and so on do not necessarily want Aboriginals working on their farms.

Interestingly enough, we have been able to make some substantial changes there by putting people out on trials and using the group training system where they do not have a long-term commitment. If they do not like the person or do not think the person is the right type of employee, they can give them back to us. That has resulted in long-term employment. We have had a couple go through rural skills traineeships. They have now moved into apprenticeships and look like being in for the long haul.

**Senator ALLISON**—Is this a good news story, or are we just talking about a very small advance?

**Mr Carson**—It is a good news story, but it is a small advance. It will not happen overnight. It will take a period of time to get the role models in place. There are certainly changes at the school level now. We are able to introduce a lot of the school work based programs, part-time apprenticeships and so on. It will give us an opportunity to access a lot of the Aboriginal community at that year 8, 9 and 10 level, whereas previously the program has really only targeted year 11 and 12.

I think some figures from our local secondary college were that there were 38 Aboriginal students in year 9 and three in year 11. Because of the retention rates they were not getting through to actually participate in a lot of these programs.

**Senator ALLISON**—What then will be the effect of the youth allowance, which will effectively keep young people at school until 18? They will not be able to apply for any assistance unless they are in full-time education. How do you see that impacting on this particular group?

**Mr Carson**—There has definitely been a problem with the Aboriginal community with regard to full-time school based education. In a lot of cases it has not necessarily catered for their needs. The combination of part-time apprenticeships and traineeships where they are actually away from school encourages maturity. It also allows a bit of role modelling within the community. That will have an impact on retention rates and the ability of that group to stay at school longer.

**Senator GEORGE CAMPBELL**—What is the profile of the six per cent unemployed that you referred to in your letter that makes them not retrainable or employable?

**Mr Carson**—Certainly retrainable. We have a bit of a problem there, in that we run a number of state training authority funded and also access funded—which is the national program—pre-vocational programs. I have to say that a number of times we struggle to get applicants for them. We advertise those courses for 12 or 15 positions and do not get any applicants. It is very difficult to retrain when we do not actually get people applying for those front-end training courses.

**Senator GEORGE CAMPBELL**—Why do you think that is? What is it about the profile of this six per cent? Are they unemployable? Are they people who do not want to go back into the labour force? Is it an age problem?

**Mr Carson**—There are some in that group for whom I do not think it is an age problem. In our traineeship ranks we have people from 15 and 16 through until nearly 60. The percentage that do not want to participate is low. Again, perhaps it is an image problem that industry has to address itself, which as I said at the start it is doing now.

Some of that group in particular are the ones who were sent out to do fruit picking whilst in receipt of unemployment benefits. Picking peaches, apricots and grapes in 45 degree heat in the sun is not necessarily the most pleasant thing to do, especially when the conditions on a lot of the farms in those times were not particularly good.

**Senator GEORGE CAMPBELL**—It is not good work experience, is it?

**Mr Carson**—No, that is right. What we are trying to get across now is that, with the introduction of the new traineeship system that in fact offers that career pathway through from entry level at level 2 to diploma and even degree level, there is a real career path there that makes it a very good career choice. It is going to take some time to get that message across.

**Senator GEORGE CAMPBELL**—What sort of programs are you putting in place to try to get that message across? Have you done anything? Has the council done anything to actually try to get to these people to explain to them what the potential opportunities are?

**Mr Tepper**—Last year we obtained some funding through DEETYA to undertake some training introduction work for unemployed people to get them on to horticultural properties. There was a lot of dealing with the industry and we got some really good role model farms to assist in the actual training. We are trying to introduce these people to the fact that there

is a career there and it is not just picking and pruning work, but that there are some possibilities there for doing a lot of other things. That was quite successful.

We work closely with the horticultural association to undertake a number of programs to attract labour, both local and also outside. It has been identified that we cannot just look at our local unemployment base to fill the vacancies in the future. At the moment, we have development proposals on my desk and, if these proposals go through, there are at least 200 jobs there tomorrow.

Unless we can prove to these people that we either have the people there to take up the work or we can attract the people in, they may very well look elsewhere. However, they want to come to our area of the Murray Valley because they see that as a prime area to come to.

**Senator GEORGE CAMPBELL**—Looking beyond your immediate area to fill these vacancies, what type of incentives are you providing to professional people or skilled tradespeople to actually come and relocate in Swan Hill? You talked about the issue of housing, for example, being a problem. Do you have a package of incentives that you are making available to these people, or is it just an expectation that they will shut up shop and move to Swan Hill on the basis that the employment opportunities are there?

**Mr Carson**—I think the housing side is certainly an issue that has to be addressed. From an employment perspective, I can quote a local truck sales and repair agency. I remember talking to him probably three years ago and he felt that the award wage was too high. He has advertised positions through us recently. He is offering \$650 a week and profit sharing; full provision and cleaning of overalls, boots, et cetera; provision of morning and afternoon tea; and all that sort of thing. It is a fairly good package. He was even prepared to negotiate on that and yet we still did not get an applicant. In a place like Swan Hill that sort of salary package is good.

**CHAIR**—Did you say \$650 a week?

**Mr Carson**—Yes, \$650 a week; plus a profit share which ranged from \$500 to \$2,000 per annum; full provision of boots, overalls and dry cleaning; and provision of morning and afternoon tea each day.

**Senator GEORGE CAMPBELL**—That in itself may be not sufficient incentive to attract skilled labour from out of the metropolitan area, for example, particularly if a person has a couple of kids at school. Relocating housing is an issue and education is an issue. There are all of those factors.

**Mr Carson**—That is right. That is one thing that we did want to raise with the committee today. We would like it considered by DEETYA whether some relocation packages can, in fact, be improved or provided to people wishing to relocate. We have attempted this in the past and it has been quite difficult. For example, we had someone coming up to work on a farm and we were knocked back for a relocation package after it had already been approved, because they said, ‘There must be someone in the local area who

will do this.' Therefore, they became ineligible for the relocation assistance and our person could not afford to move.

**Senator SYNON**—Was there someone in the area who was prepared to do it?

**Mr Carson**—They are not applying and we are unable to attract them. If they are there, they are not volunteering.

**Senator SYNON**—What about the opportunities through your organisation for mature aged workers? Are most of the people you are looking for to fill your apprenticeship and training positions young people or are employers comfortable about employing older workers?

**Mr Carson**—Obviously, there would be more young people taking up apprenticeships and traineeships. However, over the last couple of years, there has been a real preference of employers to in fact look at more experienced and mature aged workers, because in some cases there have been some bad experiences with younger people who have been perhaps going through the stages of growing up. So a lot of employers find that people who have been there and done that a bit are quite an attractive proposition. We have significant numbers of people from that group employed.

**Senator SYNON**—Which are the apprenticeships and traineeships that you find most difficult to fill?

**Mr Carson**—There is a range—certainly in the farming industries. It is not just confined to horticulture either; it is in fact dairy. We have a very strong dairy industry around Kerang and they suffer the same problems. Certainly with our core trades even—motor mechanics. Building is usually not too bad. We advertised two prime Holden-Ford dealership motor mechanic apprenticeships—first year, no real schooling and suggested that year 11 would be preferable—for three editions of the local paper and got one applicant. We advertised again and we did get more, but once upon a time—and I have been in this for 13 years—we would have received 50 applicants for those two jobs.

**Senator SYNON**—I am sure if you advertised motor mechanic apprenticeships in Melbourne you would certainly get applicants who would be prepared to travel up. Whether they would stay after their apprenticeship is a different matter.

**Mr Carson**—I think that is a systemic thing. Employers realise that they will not necessarily train someone and keep them for life, but they are also aware that, if everyone trains someone, there will be a pool of people to choose from—engineering trainees, apprentices and so on. But there is a problem there, as I mentioned, with skilled tradespeople as well. A lot of businesses are holding off taking on an apprentice because they feel they do not necessarily have the capacity to supervise an apprentice until they can put the tradesperson in place.

**Senator SYNON**—I was just going to draw out two points that you made in your submission. One is that you said, and I thought this was very interesting:

The media and political parties often pointing out how tough things are in the 'bush' support this perception.

That was an interesting comment to read, since what we are conversely reading in the papers is that politicians do not know enough about how bad things are in the bush, and that is why people have to vote for minor parties. So it is a double-edged sword, isn't it? So when we come up your way we say that things are terrific in the bush—

**Mr Carson**—Yes.

**Senator SYNON**—A positive media campaign—

**Senator GEORGE CAMPBELL**—That depends on what part of the bush you are in.

**Senator SYNON**—That is right.

**Mr Tepper**—We are aware of that.

**Senator SYNON**—Things are tough in a lot of parts of Australia, as we know well. On a positive media campaign, have you looked at doing anything in conjunction with your regional television or radio stations up there?

**Mr Tepper**—We believe that it is the perception in the cities. I can remember—I think it might have been 10 years ago—the National Farmers Federation were contemplating such a program to say that city people do not understand what really is going on in the bush. I am not sure if they went ahead with that program or not, but that is the type of thing that I think needs to be done. It is a bit difficult for us to have the resources to try to spin the perceptions of people in the city.

**Senator SYNON**—So you want to campaign folks in the cities?

**Mr Tepper**—We tossed it up, I suppose, when we wrote the submission. We were just trying to spark some interest. As for doom and gloom, the media are very bad about this. We have had the media come up and run stories, but they always seem to concentrate on the old story—and you get photographs in the *Herald Sun* of an old rusted-out ute sitting in the middle of a salt lake—when they are looking at agriculture in our region. It is anything but. Without being political, we have opposition, whether it is state or federal, and at various times after it has changed. When not in government, opposition parties are always saying how tough things are in the bush. They come up to Swan Hill and say how tough things are. Unfortunately, our local population—and we are as much to blame as anyone else; we knock ourselves—is sending a bad image. Instead, we should be saying, 'Look, we are not so bad; things are pretty good here,' so if a doctor is contemplating moving into our area they are not confronted with this negativity. If a professional person is thinking of coming in, or if some young kids actually want to work on farming properties—agriculture is a fairly big growth industry right throughout Australia—they will not feel that it is such a depressing place to come to. It is a bit difficult for us to change that perception around, but we believe that governments, the media, big business and even we need to be a bit more aware of producing a bit more of a positive image about country Australia. We live there, we think it is a great place, and a lot of people do.

**CHAIR**—We are getting to the end of our time, I am sorry.

**Senator SYNON**—Thank you. It is good to have a different view.

**CHAIR**—Are you finished your questions?

**Senator SYNON**—Yes.

**CHAIR**—In that case, I will put a few. One of the things rural people tell me all the time is that city people are forever saying things like, ‘The problem is you in the country’, and that is not a winning phrase. Country people get very peed off when they are described as having a problem by people who do not really know the issue. I have to say that, when you said that country people wanted to say, ‘It’s you people in the city who have the problem’, I must say I felt exactly like they do in the country: ‘Do you mind? Don’t tell me what is wrong with me; tell me what is the problem that we might solve together.’

I think the idea of having a video campaign that points out to the city that they are, by and large, pretty stupid and do not understand about the country is not going to do. I do not think we should even be talking about the main problem being the city. The main problem is that we have jobs that we cannot fill.

**Mr Tepper**—That is it.

**CHAIR**—Secondly, will your jobs be available on the touch screen magic job network? Are they already on it?

**Mr Carson**—They are there already but, as I pointed out, there is a bigger issue there. Employers have given up lodging vacancies because they just cannot attract the people.

**CHAIR**—Yes. I am interested in the job network that is being set up. A lot of other people are saying to us that they cannot get anything on line because cables are not there.

**Mr Carson**—No, we are fully operational.

**CHAIR**—So there is no problem with any of that. That is very good. That means that some people sitting in the city will look at those things on the screen and they will probably flip them over. Have you made a video, or is somebody making a video, to tell us what this job is? I do not know what this job is.

At the moment, I have the sense that I would need to be something more than a base labourer, that I would need to know a bit about pipes—there are prospects in pipes—or think that the thrill of putting peaches, with their stems cut so, in little cubicles all in the same way is a gripping career path, and that I would need to know a bit about occupational health and safety and how not to poison myself while spraying things. It is not a complete package yet. Could you make a video so that people in employment services could say, ‘Just look at that; in three minutes you will get a sense of some of the things that are involved in this job.’

I also wonder whether the word 'career' is what we mean. What we probably need to talk about is 'fulfilling job prospects for the rest of your life' or something. It is not a career that means you are getting \$650 this year and then you will graduate to do grapes and get \$750, and then you will graduate to doing fatter pipes or something like that, is it?

**Mr Carson**—It is a career that would move on from there to professional qualifications in the form of agricultural science, agronomists, entomologists and so on.

**CHAIR**—That also would be a very useful thing to put on your video.

**Mr Carson**—Yes. That is what we need to send out to schools.

**CHAIR**—I think it would be very good if you could describe, in pictures, perhaps, and a few more words, what you have given us bits and pieces of here today. For myself, I do not yet have a complete picture of what this is, and I think that might do very well, if I might make a suggestion of that sort. When you do, please send us a copy.

I am interested that you have answered the question about pay. One of the reasons you can get people to go to far out mining areas of Australia is because they are paid monstrous salaries. A lot of it is ripped back, depending on who owns the local store and what mark-up they put on food and so on. You are talking about \$1,000 a week, which would be a very, very modest salary for people working in rural and remote mining communities unless you are—I was going to say 'a woman'—doing the cleaning duties, making the beds, or in hospitality or secretarial, and then you would not be picking up the big money. If you are going to attract people up there and the best you can compete with is \$650 and morning and afternoon tea—and that is a bit mean of me—you are not in the same game, are you, when it comes to getting people to move?

**Mr Carson**—You are not, but the cost of living is a lot less, comparatively, because I do not pay \$20 a day to park my car.

**CHAIR**—Do they do that in Karratha?

**Mr Carson**—They do that in Melbourne.

**Mr Tepper**—To be fair, we are not that remote. We are only 3½ hours drive from Melbourne. We can almost commute.

**CHAIR**—Remote is definitely in the mind. You have come here and said, 'Look, we have a wonderful problem. We are a region in Australia that has job vacancies, but we cannot fill them.' Then you have told us a whole lot of reasons why. You have also made it clear that you know you still have more work to do to try to get the match right.

When you say you do not have to pay \$20 to park, I was actually comparing you with even more remote, so I am fascinated that we have somehow dashed back into the city. But you will have people who might be forced to go there, in a sense, if we get this new job network up and arranged.

Have you talked with the witnesses from the Hume City Council who have already been here before us? They have unemployment problems around Broadmeadows, et al. You have already highlighted this in answer to a question from Senator Campbell, but it seems to me that area consultative committees in regions have actually put people together to sit down and talk about what they need, and that that has produced some very useful outcomes. This morning we heard from people in Ballarat. A man involved in business said that since he has been involved with the area council he has learned huge amounts about infrastructure for businesses and all sorts of things that he has always been too busy doing his business to find out. It is helping him hugely.

I wonder whether it is not time for people in your area to come and talk to other council areas. You could bring your video and say, 'We'd like to talk to the job network providers or whoever', so that we do not get people trucked up to Swan Hill most inappropriately. They might need data about what the cost of rental is, what assistance anyone can provide with moving, what are the schools like. They might ask, 'Why should I go all the way there to find my kids having to repeat grade 3 in a composite school with one teacher and 30 kids?' Is it like that? I know you will say, 'No'. They might say, 'How far do I have to go if I break a leg?' Or, 'You didn't tell me I have to come all the way back to Ballarat.' Is that the nearest hospital?

**Mr Carson**—No, we have a good hospital.

**CHAIR**—You can stop halfway.

**Mr Tepper**—We can easily argue that the services in Swan Hill, a city of 10,000 people, are far better than you can get in suburban Sydney, Melbourne or Adelaide.

**CHAIR**—You might argue but you will not win anyone, will you, because by and large you cannot provide a major public hospital of the sort that can not only replace your heart, but fix it if it stops pumping.

**Mr Tepper**—No. But the basic services are within five minutes of 10,000 people, everything from entertainment to shopping—not of the high standards, of course, that you get in the city, but the basic standards are there.

**CHAIR**—One of the other problems you might have to tell me about in your little video regards the common complaint we hear about kids—in the city too, but particularly in the country—that they are bored, that there is nothing to do. Maybe you should tell them a bit about sport. It is not just so they can play football and then get drafted to play for the Swans. Is Manangatang still Swans territory? It used to be. Wheat bag kickers from Manangatang always made it into South Melbourne. I do not know where the Swans recruit from now.

Could you also tell them about netball and what else their daughters might do—as well as their sons, and their mothers too? It is very rude of us to be telling you what to do, but I would suggest that, if you could do that, you might answer this committee's questions about how we solve that fascinating problem you have.

**Mr Carson**—I think that is a valid point, and it is something we will certainly do. I was just going to mention that our employers have changed. Once the community relied on organisations such as federal and state governments, local governments and so on to do things—‘Let us form a committee, let us find a solution’—but lots of those people are now just going out and making it happen themselves. They have really taken a step to the next level. I think the next step they will take is to get organised in groups to proactively do the sorts of things you are talking about, whereas perhaps in the past they relied on other groups doing it for them and then perhaps whinged when it did not happen. I think we are at the start of it.

**CHAIR**—But at the moment you are there to do it, are you not? That is presumably what you have come to tell us.

**Mr Tepper**—That is right.

**CHAIR**—I would like to thank you very much on behalf of the committee. The only other region that has given this committee good news is the Riverland in South Australia where unemployment has fallen from 13-plus to six. It is probably very similar.

**Mr Tepper**—Very similar.

**CHAIR**—Grapes, wine exports, fruit and vegetables. It is a slightly different story, but they also said to us that government infrastructure is needed. What you need is the public presence of federal government involvement and state government involvement. When you get that, then the private investment will come in on the back of it as it is only private investment that creates jobs.

**Mr Tepper**—Can I just say that we have had very good support from the Central Murray ACC. They are the ones who provided us with the funds to do that horticultural study last year. They provided us with funds to set up a backpackers hostel in Swan Hill. That will help us attract some labour in. They will be providing us with some funds, hopefully, to produce that video, which is currently on the drawing board. I have noted your comments, and I think you have added some comments that we will certainly put into that video.

**CHAIR**—Thank you very much indeed. We have to break there. Have a safe and happy journey, singing all the best songs on the road back to Swan Hill.

**Proceedings suspended from 12.25 p.m. to 1.08 p.m.**

[1.08 p.m.]

**BOTHE, Mr Jeffrey Wayne, Executive Officer, Community Employment Council, 1st Floor, 48 Mundy Street, Bendigo, Victoria**

**CHAIR**—Welcome. Before we proceed, it is to be noted that we have Win Television here. Is it the wish of the committee that the television be allowed to film? There being no objection, it is so ordered. As you will be taking sound as well, please record only comments of wit and perspicacity, if you otherwise would not mind. 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 that some evidence taken in camera has been ordered to be made public by the Senate over recent years. Do we have a submission from the Community Employment Council?

**Mr Bothe**—Yes.

**CHAIR**—We have received a submission from Mr Bothe today. Is it the wish of the committee that the document be received and published in a separate volume? There being no objection, it is so ordered. Would you like to speak briefly to your submission? I appreciate that you have to get away fairly much on time. We will give you the first batting and then confine our questions.

**Mr Bothe**—As a very simple overview, what is in that package is a profile of the region. Our region in the rural areas is experiencing a population decline, and that is certainly the case in the northern rural area.

In the southern sector, we are experiencing a fairly strong population increase. The shire that I am referring to is the Macedon Ranges which is becoming a dormitory suburb of Melbourne. A lot of employment for people in the shire is out of the shire as such.

In regard to our unemployment situation, we are around nine or 10 per cent. The rural shire of Buloke is very low, around three and four per cent. The Macedon Ranges, the shire I referred to as the dormitory suburb and area of Melbourne, is around six per cent. We have three shires—Central Goldfields, Mount Alexander and Bendigo—that are over double digit figures. Unfortunately, Central Goldfields is approaching, in our best estimates, 18 per cent with recent redundancies. It is a very depressed labour market in that particular area at present. I will go into the background of that later.

In the city of Greater Bendigo and Macedon Ranges, employment growth is largely to do with a range of service industries. In the Central Goldfields, the shire with the depressed labour market, the print industry has been one shining light, probably the only shining light in that particular area. However, the textiles, clothing and manufacturing areas are generally in decline. We had a strong base some years ago; that is now no longer so. We have lost people from the agricultural area, as has been the norm in most places. As mechanisation and new technologies are adopted, farmers buy out neighbouring farms and there are fewer people in the region. That is an overview, a quick snapshot. It is all included in the first four pages of the regional profile in a lot more detail.

With regard to what we are trying to do to address employment within our region, it is very much a leadership facilitation, cooperative ownership role and parallel thinking between the communities within the region. It is not a unique approach, but it requires a lot of effort to get people to work together in a regional community, as you would obviously be aware in politics. Having a common goal—in this case, the common goal is to improve employment throughout the whole region—is a really strong focus that we are working to try to achieve. All the strategies that are listed there are based around that sort of proactive regional cooperation, that regional leadership and ownership which recognises that the region's future employment opportunities are the responsibility of the community industry and government leaders within our area.

**Senator GEORGE CAMPBELL**—In your correspondence, I note that the Community Employment Council was formerly known as the Bendigo Regional Area Consultative Committee.

**Mr Bothe**—Yes.

**Senator GEORGE CAMPBELL**—Are you still operating as an ACC?

**Mr Bothe**—Yes, we do. We adopted a trading name that better reflects what our role is in the community. The Bendigo Regional Area Consultative Committee really did not reflect what we were trying to do. The Community Employment Council does.

**Senator GEORGE CAMPBELL**—How do you view the new enhanced role for area consultative committees that has come over in the budget? Are you satisfied that the funding that has been made available is sufficient to enable them to operate effectively?

**Mr Bothe**—Certainly, the role that we have been given is one that our chair and committee have really grabbed with glee. It has given us a stronger focus within the community as such. I laboured on the point of where we are coming from in trying to generate employment growth in the region to reflect three of the key characteristics of the ACC charter—that is, regional coordination, leadership and the ownership side. It is now in our hands to try to do something with the extensive resources that we have got in the area.

I will talk about our role with dissemination of information later on, if you like, because that is one of the weaknesses that we still have to address, to try to get timely information primarily out to the business community, and that has not been achieved at this point in time.

Until Monday afternoon I was not privy to what the funding would be for 1998-99 and beyond. On the surface, it would be for keeping the actual operations of the ACCs going in some regions, probably a little bit underdone. I am not sure what funding you are referring to and the letter that I am referring to—

**Senator GEORGE CAMPBELL**—I understand from the budget discussion we had at the Senate estimates committee that there has been an allocation of \$7 million for the ACCs. That is essentially for administrative funding, and no increase. According to the advice from the department, that is simply the funding that was made available previously, but it is now

based over a three-year period. You will have access to the RAP funding in terms of programs. But they did say at estimates that your performance would be monitored and, based on whether your performance was above or below par, it would determine whether you had access to the RAP funds. Initially, it was said that this would be done on a 12-monthly basis. If they denied you access after 12 months, your three-year charter would be out the window.

**Mr Bothe**—That is right.

**Senator GEORGE CAMPBELL**—They modified that a bit, but there is a great deal of uncertainty still as to just how that is going to operate. I said to the person from Ballarat ACC this morning that they ought to get some clarity about what they mean in terms of how that is going to be measured. It is the combination of both packages that I am talking about, and whether you see that as being adequate, in order to meet the types of commitments and tasks that you are going to be expected to be carried out as an ACC.

**Mr Bothe**—Yes, it is a tall order that we have certainly been given. I have seen some raw figures as to what we, as an ACC, will be getting for the next 12 months from the administrative side—it is \$95,000 from the Senate estimates committee—and how that translates down comes down to that sort of level of funding.

With regard to RAP money for 1998-99, our region is looking at \$300,000 in cash for the next financial year. On a notional allocation, that is a fivefold increase on what we had last year. What we have been able to do in 1997-98 is to use that money—it is still obviously DEETYA that gives the final approval—to endorse projects that had a lot of other community funds. Ours is only part of the funding.

To give you an example, one of the projects we worked on is in the arts area. We are very fortunate to have operating a lot of very skilled arts people and arts related businesses, largely uncoordinated and largely unknown. Real issues exist. One of our strengths is our art industry, but there is a lack of understanding as to what the art industry means to the region. There is a lack of business ability within a lot of the artists within the region. We have been able to get funding from the Australia Council, three municipalities and the regional arts fund of the state government to drive one project. It is bringing the community together in a particular industry sector with a common goal of improving the industry and generating employment and that side of it. That is how we have been able to use the funds up until now. We will continue to use that complementary funding within the region to get effective projects through.

**Senator GEORGE CAMPBELL**—How do you relate that to what is happening with AusIndustry, where there has been \$120 million cut out of the AusIndustry budget—\$40 million a year over a three-year period? In your paper you talk about:

identification and addressing of the business orientation skills . . . SMEs would be required to contribute and to be financially involved in this process.

A lot of the AusIndustry programs were about exactly that, about making businesses and investment ready, giving them a business plan and all of that type of activity that most

businesses have to undertake if they want to grow, which is what you are talking about here. The compensation you will receive out of the RAP funding is pretty poor in comparison to what was available under the AusIndustry scheme for a lot of the businesses that I would have thought you would be targeting here.

**Mr Bothe**—Yes. With regard to Business Victoria, who have been the agents for a lot of the AusIndustry program money in Victoria, I understand that the Department of State Development has made some changes to what they are going to offer to compensate for withdrawal of Commonwealth funds. I cannot give you a categorical answer. After this I am meeting with Terry Fitzgerald, the regional manager, in Castlemaine to go through part of that scenario.

**Senator GEORGE CAMPBELL**—You may be lucky in terms of Business Victoria being prepared to pick up that gap. I do not think the same will apply perhaps in some other states.

**Mr Bothe**—I cannot say categorically but I am meeting him this afternoon so that I can get some more information on that side of it. We are coming from a base to try to bring together the six municipalities in conjunction with Business Victoria, Small Business Victoria, our local university and our local post-secondary college of TAFE to develop a three-year project around not just a regional economic profile but something that is going to give it substance so you can do a lot of implementation of initiatives that come out of research and analysis into industry sectors over the next three years. We are endeavouring to get a framework from which to build to better understand the variables within our region and then research individual business sectors as such. That is in concert with all the municipalities in our region.

**Senator GEORGE CAMPBELL**—I am interested in your comments here about tax credits for SMEs that employ apprentices and trainees. What is the background to that, given that there are already grants available now for taking on apprentices or trainees? Why would you want to have tax credits on top of that?

**Mr Bothe**—Simply because industry or business is not sharing the responsibility of training trainees and apprentices equitably in today's business world. Two of our biggest employers in Bendigo and Castlemaine do not have any apprentices. If you ask them why, they will say it is not financially in their interest to have apprentices or trainees.

We did a survey of the metals and engineering sector in December, January and February this year. Where they employed apprentices, everyone commented that it was an expensive investment training up apprentices for their business. Out of the 33 of the 81 that responded, 12 said they had apprentices and trainees. The balance did not. Yet the ones who did not were hiring tradespeople. The reason for that—

**CHAIR**—It is a dirty trick.

**Mr Bothe**—Yes. The reason for that is that some businesses are carrying the weight of training the tradespeople for our region. There has to be some other way to encourage more training.

**Senator GEORGE CAMPBELL**—There is nothing new about that. Why would you say a tax credit type scheme is working more effectively than the current grants scheme? I thought, in essence, they would be much the same.

**Mr Bothe**—Yes. I think there has to be something different specifically relating to skill shortage areas. We are not overcoming our skill shortages. You will notice in the profile that we talk about hospitality trades and auto trades, as well as the metal trades. Unless we can get the equation right, and provide better connectedness between the school system and industry, we are going to labour these skill deficiencies within our work force. That means some jobs are not going to be filled and business is going to suffer as well.

**Senator GEORGE CAMPBELL**—Maybe a way of addressing this is to go back and reintroduce the training levy. The survey done by DEETYA demonstrated that that was the most successful program introduced over the past 10 years in achieving outcomes.

**Mr Bothe**—With talk about business orientation skills, a lot of it is to do with micro-, small- and medium-size businesses developing skills in-house and that sort of thing. I am not going to comment on that, but I take your point.

**Senator GEORGE CAMPBELL**—On the issue of superannuation, which has been raised a couple of times, how do you see that type of scheme working?

**Mr Bothe**—It is a difficult one. To give you a scenario, we are meeting on it this afternoon. I will stick with the metals industry. If you are surveying business to get a greater understanding of what used or unused business capacity you have in your area, you can find some quite enlightening things.

You can find that a certain type of equipment might be outdated, that there has been no recent capitalisation to update and keep competitive gear on deck. You can find there could be a downturn in a particular sector. For instance, one of our companies, Goninan, has not been able to pick up contracts with public transport. This is not because they have not been competitive. I understand that the situation is that contracts have been slow to be let so things have not come together as planned.

The investment we are talking about is if you can bring some of those businesses together, and if they can work in networks or an alliance on the Hunter net model. Are you familiar with the Hunter net model in Newcastle? You can then create efficiencies by having combined tenders for particular jobs, as such, something that we have not achieved, or are not achieving now. But to tool up or get the ability to deliver on those jobs, you can maybe attract investments that way. That is a simple example of how it could happen.

**CHAIR**—How does that work with superannuation? What is the relationship to super?

**Mr Bothe**—With respect to the majority of our people who pay super, the money is not invested in the region; it goes out of the region.

**Senator GEORGE CAMPBELL**—You do not really know that.

**Mr Bothe**—No, you do not. You can look at a company such as Rocklea, which obviously has spent a lot of money on its upgrade of equipment. You can look at other companies such as Pacific Textiles. Where they source their funds from we do not know, but we know that within a region there is a lot of money going to superannuation. The perception is that a lot of that money is going out of the region.

**Senator GEORGE CAMPBELL**—Do you have a figure on the amount of the superannuation that has been paid in the region as opposed to the amount of investment dollars that have gone into the region?

**Mr Bothe**—No, I am sorry, I do not.

**Senator GEORGE CAMPBELL**—They may not be the same dollars but if one is balancing off the other, then you cannot argue that you are not getting your share of the cake. The other side of the argument is whether, under the current trustee legislation, the capability would be with trustees to actually earmark the money for reinvestment in the region, because they could be running further fiduciary duties in terms of ensuring the best return on the money invested.

**Mr Bothe**—I understand that.

**Senator GEORGE CAMPBELL**—The thing that concerns me is an argument I have heard on a number of occasions. People see it as a very simplistic way of getting funds when there is much more complexity around how you actually do it. You really do have to look at it in terms of dollars in and dollars out, rather than whether they are in one plot as opposed to another plot coming in and out.

**Mr Bothe**—This is part of the regional economic profile we are working on at the moment, trying to get this aspect looked at. There are activities happening in Bendigo to try to establish a stock exchange. We have one of the few non-metropolitan based licences. As I understand it, what they are trying to do in that process is to attract funds to invest in small or medium-sized enterprises through that—

**Senator GEORGE CAMPBELL**—Through a board—

**Mr Bothe**—That is part of that agenda, as well, but I am not privy to that information on that stock exchange.

**CHAIR**—We have to let you go, Mr Bothe, but there are just a couple of things I would like to comment on. I think it is useful for you to raise the question of superannuation with the committee because at least we should be trying to get some data somewhere on what does leave a region and may not come back. I would also urge a caution along the lines of what Senator Campbell has said. A previous witness today from Albury-Wodonga was adding taxes paid, to the superannuation amount, but we did gently suggest that some of those taxes came back in hospitals, roads, schools and power. He said it was true. I do think we have to make sure that we do not get carried away by what is going out of a region. But the point you raise is that a lot of people working in regions are making contributions that may not be immediately beneficial to the region, which makes it hard.

I also want to commend you for talking about research. A point that is just beginning to emerge in our hearings is the importance of real, rigorous, tough data on what sort of investments survive, and on, for example, how many dollars are paid in super and what other comparable investment gets back. As Senator Campbell has said, it may not be the same dollar, but it may be a comparable dollar. It would be interesting to see if that is the case. Certainly, almost everybody in regional Australia is telling us that we are losing more than we are getting back—that is to put it in short form—that we are losing people and we are losing skills.

I want to commend you on the research. If you do have any research, or if you can refer the committee to any research about what sorts of things make business more viable, and if you have any clues about how businesses can get up and run and how they can survive, the committee would appreciate it. My view is that quite a lot of those things that we have had in place to help small businesses have been taken away and now we are reinventing that backup for business again. If you can point to research, or if any comes your way, if you could refer that to the committee, we would be very appreciative.

The last thing I wanted to mention is that we keep hearing businesses talking about getting an industry in, getting a product made, getting things done, and if they want to talk about people, we actually have the words ‘human capital’. In your area, how much effort is being made to talk about people as people and involve them in this? Do you consider it in terms of people now getting jobs, people making a contribution, people feeling as if there is a benefit here in terms of what is the return, rather than ‘human capital’?

You were saying on the businesses that did the training and the apprenticeships how they may have laid out the dollars, but presumably they get a return later on from some of those people who trained with them who owe a kind of loyalty to them. What is this magic non-measurable quality called loyalty to your firm? Could you talk very briefly, because I know you have to go, about human capital—an expression I hate?

**Mr Bothe**—Yes, I hate it, as well. We are bringing the human person to the forefront so that the person is seen within the community to be responding to what community expectations are. That is both from a business sense and from a job seeker side. We have got, unfortunately, probably not a good connection at the moment in all elements affecting employment opportunities within our region. That is one thing we have to work towards.

We have got one big issue, and that is with the skill developments required in the work force, largely across all sectors. We are finding that there is a mass of people not being catered for with future employment potential. That is nothing new to you. These people are the ones who have been semiskilled with lower levels of education. They have been in and out of jobs and really cannot make a long-term career out of anything with the way things are changing, or they are not being given the opportunity. We just do not know what to do with those particular people. We are striving through our organisation, in bringing all the players on board, to capitalise on the skills the business and community leaders have—if you call that human capital—and to use that in a very positive way to create these other opportunities.

**CHAIR**—At least I have to say that you are using the right words. I would much rather ‘people’ than ‘human capital’. That notion of community capital is, again, equally horrible, but I know what you mean in shorthand: what are the ways they can contribute and how can we actually assist that community.

**Mr Bothe**—In what ways can they contribute? If they work in parallel with a common goal, as I was saying before, and if we can provide the coordination, or focus, for that to happen in projects that are responsive to the needs of a community, I think that coming from within a community you see better—sometimes people get too blind by being too close to it, as well—and there is more ownership to take things on board.

One quick example is that we have taken 15 months to work up what is called the ‘regional enterprise network’. It is a series of flexible work spaces in five locations throughout the site to take micro-businesses on board and to grow those businesses. It is not simply that. As well, it is a business support program that assists those people going into those businesses to grow their businesses and overcome obstacles, such as that isolation factor when they start a small business that often leads to their demise. We put a support structure around those. That is a unique approach in our region. That is the human capital being used in a very productive way.

**CHAIR**—That is a very useful one. I am very aware that you have to go five minutes ago so that you can go off and meet your other obligations. We would like to thank you very much indeed for coming today. At the end of the Senate hearings, the committee makes available to all witnesses the *Hansard* so that you can check that the words listed under your name were said by you and are approximately how you said them. I do not think *Hansard* ever makes mistakes. They once actually said that I was Reg Withers and Reg Withers was me, but that has not happened in years. I might say that we were both at pains to correct the record. Do we provide the whole day’s *Hansard*, or just the witness’s *Hansard*?

**Secretary**—Just the witness’s *Hansard*.

**CHAIR**—I wonder if we might make an exception today and provide Mr Bothe with some of the morning’s evidence. I think that all the witnesses today would benefit from hearing from all the other witnesses. I will ask the committee to send you all of today’s hearings. It would be very interesting for you to look at what are, for example, the challenges for the Swan Hill area. They have got job vacancies, but they cannot get people to fill them. Again, it is about matching the skills, and particularly the training for marginally skilled people to fill those jobs. I am not suggesting that that is going to solve those problems, but I think it might be very useful for you to have the benefit of what other witnesses have said today. If you do not want it, you can post it back, or wastepaper basket it, but I suspect you will enjoy reading it.

**Mr Bothe**—I will. Could I add two little quick points at the end? The connectedness between the education system and industry is critical. I did not get a chance to talk on that, but it is in the paper. The ongoing dissemination of information to the business community, to job seekers and to higher level secondary students, so that they are better aware of what the world of work is about, is a critical issue. One of the many comments we get is that they are just not prepared for what is actually involved in the workplace.

**Senator GEORGE CAMPBELL**—Given that you have mentioned it, you talk about the promotion and production of ongoing facilitation and initiatives, such as electronic commerce. The value of electronic commerce in this country last year was \$14 trillion. There is a lot of opportunity out there.

**Mr Bothe**—We have a project about to be developed on that. If you would like a copy of a few of these projects for your information, I could post them over to you.

**Senator GEORGE CAMPBELL**—Yes.

**CHAIR**—We would be very grateful. Thank you very much indeed for your contribution. We are letting you go so that you will not be too late and so that we will not be too late.

[1.38 p.m.]

**COX, Mr Peter, Manager, Future Employment Opportunities Inc., 13-21 Peg Leg Road, Eaglehawk, Victoria 3556**

**CHAIR**—Welcome. The committee prefers all evidence to be given in public, but should you wish to give your evidence, part of your evidence, or answers to specific questions in camera, you may ask to do so and the committee will consider your request. However I have to point out that evidence given in camera can subsequently be ordered to be made public by the Senate, as has happened in recent years. The committee has before it submission No. 138 dated 6 May 1998 from you. Are there any alterations or additions you would like to make to that?

**Mr Cox**—Yes. There is one on page 2 under the chart that says ‘duration of unemployment in months’. It reads:

Just 12 months later the figure had dropped to 5,241.

The figure should be 6,199.

**CHAIR**—Thank you. Yes, it makes a difference. Would you like to speak to your submission, preferably for three to five minutes so that senators can then put questions to you?

**Mr Cox**—Yes. Thank you for the opportunity. I guess, like so many others, I believe we choose to have unemployment. It is because we do not think it is important enough to take the steps that are necessary to remove it.

Governments of all persuasions do not have full employment policies. The trend is for full-time work to part-time work, permanent jobs to casual jobs, a standard week to a new spread of hours, and single jobs to multiple jobs.

Regarding Future Employment Opportunities, we are an organisation that has been operating since 1981 and we have, essentially, been in the business of job placement, job training and job creation. We are managed by a management committee of 12 business people and community leaders.

The first thing I would like to touch on is the matter of how we hear continually that the national average of unemployment is around eight per cent. Very clearly, when you come from rural Victoria, or perhaps from rural areas anywhere around Australia, the real figure is so much higher.

On the first page of my submission I have some examples. I come from Eaglehawk and our official figure for unemployment is 14.9 per cent. If you look through many of the country towns around our particular area, the unemployment figures range from between nine per cent and 15 per cent. But that is the official figure. What is alarming is that we get politicians, and a whole range of people, who continually say that unemployment has

dropped by 25 or has dropped by 50 in this particular quarter, or that unemployment is eight per cent when we know it is very much higher.

Last year the department of state development obtained some figures through freedom of information, and that is the top chart on page 2. It shows that the number of people looking for work at the Bendigo CES office in March 1997 was 11,440. A good example is where we see our local member saying 12 months later that the official figure is 6,312. It does not have to be the current government, or the past government; it is governments of all persuasions that need to present figures that are going to demonstrate that unemployment is not that bad. But, unfortunately, it is.

The general public do not appreciate the fact that people who are not on benefits and people who have a partner working at home—there is a range of people who do not qualify for benefits—are not counted in the eight per cent. If any government is going to have credibility about doing something on employment, it is important that they acknowledge the real figure. It is very belittling. The sentiments expressed in the Queensland election last Saturday are a good example of how rural people feel very let down when governments talk about national unemployment figures of eight per cent.

I have mentioned four important factors—communication, education and training, attitudes of governments to provide services, and distance—as issues affecting rural areas. You have the material there and I will touch on them very quickly. It is my experience, living in country Victoria, that telephones do not provide a service for conducting business. With a lot of the larger companies, like banks and Telstra—and you have probably heard this a dozen times—you have to wait for a recorded message and then you press and press. You get so damn frustrated that you give up after a while.

**CHAIR**—Mr Cox, we were introduced to a new term yesterday called ‘phone rage’. I think you would know that it is real. We do.

**Mr Cox**—Yes. Another factor is that we in country Victoria, and in all rural areas, pay much higher prices for our telephone calls than people in metropolitan areas. It is an added burden on business in country Victoria.

Concerning education and training, we recently had the introduction of the new employment services. We run and operate an employment agency called On Track Personnel. We are not one of the federal government providers; we are funded through the community business employment programs run by the Victorian state government. However, we continually have people who come to us because for a long time we have been working as an organisation with people who have been unemployed. Therefore, they still seek support from us.

It is our belief that the new providers will not provide training money and assistance to long-term unemployed people. For example, last week I had a job seeker come in and I met her at the counter. She was not eligible for our particular service and she had been contracted to another organisation. She was wanting computer training. She had been told to go out and find work experience to get computer training rather than them having to pay for it.

I offered her two mornings a week to do work experience at our organisation because I looked at the situation creatively. She went back to her case manager and the case manager rang me and said, 'She's not allowed to come to your organisation. We'll provide her with work experience within our organisation.' There are so many job seekers who are frustrated and confused about the new employment services.

The major thing that is missing from the employment services is an advocate representing job seekers. For example, I know of a young job seeker who got a letter from Centrelink concerning a \$1,500 overpayment made four years ago. She did not challenge it. There was no-one to whom she could go. People like her go to Centrelink and are told, 'That's right', and they do not think they have any particular rights.

**CHAIR**—Where else could they go?

**Mr Cox**—If you are in metropolitan Melbourne you might get the Brotherhood of St Laurence or some other employment rights organisation—and there are not very many of them—to provide advice. But in a place like Bendigo people are basically relying on the goodwill of people working in the employment industry.

**CHAIR**—They should also know that they can take that to their local member of parliament. Mr Reid would have followed that up on their behalf.

**Mr Cox**—I agree with that but my point is that a 21-year-old job seeker who is given this letter is not likely to be assertive. She was out of work and lacked the confidence to follow through on the normal processes.

My next point concerns the attitudes of government to the provision of services. The message that has been sent out by all governments by closing schools, railway stations, police stations, health services, you name it, is not to provide services in rural areas. The end result is that we have fewer services, less employment, and then people leave. The population is declining in rural Victoria. It has a snowball effect and it is something that is very concerning.

Concerning the issue of distance, we had a good example recently where one of our funding bodies cut our funding by \$40,000 and then asked us to work in more rural towns. That meant more travelling for our workers to perform that particular service. The people making those sorts of decisions in metropolitan areas often do not have any experience of living in country areas and do not appreciate what it means. If you talk to anyone from Bendigo then you will be told the price of petrol is an added burden on business. In Bendigo we are paying at least 5c a litre more than any other area. I was over at Marysville a couple of weeks ago, at the bottom of the snowfields, and petrol over there was 6c a litre cheaper for lead free petrol. I went to Adelaide earlier in the year and, again, in every town I went through the price of petrol had been manipulated. Governments say they are going to do something about it but they do not. I think that is where people lose confidence. This has been going on for years and years and nothing has been done about it.

The last point I make is that communities have a great deal to contribute. For instance, in Eaglehawk we have built the Eaglehawk Enterprise Park, which is housing 15 new busines-

ses. It was built by people out of work. We established a business called the Eaglehawk Recovery and Sales Yard, employing seven people through a recycling business, which is now very self-sufficient. We run our own employment agency.

Our particular project was a skillshare project but now that has gone. Skillshare allowed local communities to use their ability and knowledge of the local area to deal with local employment issues. I believe, particularly under the new employment services, that that is taken away. It does not allow our community to demonstrate concern and perhaps exercise a bit of power with some particular funding to introduce employment initiatives.

We have a very dedicated group of citizens on our management committee and they have a lot of creative ideas. I am not saying money should be handed out willy-nilly but, at the same time, there should be a fund available to local communities who say, 'We have this idea. We would like to explore it further but we need the funds to do it.'

**Senator ALLISON**—I am interested in the challenge you put on the table to the official statistics. I want to ask you a little more about those statistics which you obtained under FOI. These were for March 1997. Is this—

**Mr Cox**—It is always difficult to get up-to-date figures and it is not a role that we particularly play. That chart demonstrates that unemployment in Bendigo is around 20 per cent. The official figures say 12 per cent or 12.9 per cent. This is something that the general community is not hearing. Unemployment is not rated as the crucial issue that it should be. Unemployment goes much further. If you give a person a job, they can retain their self-esteem. You hear of suicides, and we had a discussion in the media in Bendigo during the last couple of days about the number of men who are committing suicide. It is about 2½ times greater than the state average.

**CHAIR**—Is that in Bendigo?

**Mr Cox**—Yes. Employment relates to a wide range of issues—youth issues and issues for early school leavers. If you take away the opportunity for training, and for a job, a whole range of other social issues are going to be created. When a government talks about unemployment in Bendigo being at 12 per cent, and we know it is much higher than that, it is belittling what local communities know is happening in their local community. It is just not treated as the issue that it should be treated as.

**Senator ALLISON**—You have made some quite strong remarks, if I might say, in putting together this paper and have been very critical of your local member. Does that put you at some risk, because I presume your funding comes from the state government?

**Mr Cox**—No, I do not think so. I think it is important that we have a fiery debate about employment and unemployment. I have not criticised Bruce Reid in this. All I have done is quoted an article from *The Advertiser*, which he stands by. He continually talks about unemployment at around 6,000, and that is not good enough. It is a matter of mincing words. You can say that the number of people registered and getting unemployment benefits is 6,000, or thereabouts, but the number of people out of work and looking for work is closer to 11,000.

**Senator ALLISON**—You say that both governments have had a direction—I think those were your words—to pull back from providing services for rural people. You talk about the spiral effect of that. Apart from the evidence on the ground, do you ever hear those words being said? What is the rhetoric and what is the reality?

**Mr Cox**—You only have to look at the number of schools, police stations, railway stations, health services that have been cut back in country Victoria to see that; everybody knows that. We are not blind. We get rhetoric from all governments that that is not happening. That is where governments lose credibility. We know that is happening right at this point in time. In 1986, Bendigo was a town where 40 per cent of its employees were employed either directly or indirectly by government. With the privatisation, the cut in government expenditure in recent years has had a devastating effect.

**Senator ALLISON**—You said that rural people everywhere have to pay more for communicating, particularly with Melbourne, than Melbourne people do for communicating with one another, which is fairly obvious. As I understand it, a new telecommunications industry was set up in Ballarat—and you may not be able to answer this—but folded a short time ago. Is that a demonstration that privatisation and telecommunications is not going to work for rural people? What is your knowledge of what has happened in Bendigo in relation to communications?

**Mr Cox**—I do not pretend to be any expert on communications. I just think it is an issue that needs to be dealt with. Certainly, privatising services that we have come to rely on creates big dangers for the future. Look at the new employment services that have just started, where you are bringing in a whole range of private companies to provide services to job seekers. They get \$4,000 up-front to service somebody or to assist somebody who has been unemployed longer than 12 months. It is called intensive support but they are not prepared to spend that \$4,000. They would much rather pocket that \$4,000 and tell the job seeker to go out and find their own work experience so as they can develop their skills. I think that is similar to the telecommunication. Country people are very concerned that everything is being privatised. Service is not the name of the game; it is making a profit.

**Senator ALLISON**—At the hearing in Footscray, we heard evidence of an agency offering a bonus to their staff for placement of people in jobs but giving them only half the bonus if that placement involved any training. Is that sort of thing happening here?

**Mr Cox**—That is common knowledge within the industry. We are funded by the state government and we do not have any other federal government funding. I have heard that projects, if they are funded by federal government and funded by the state government, cannot claim twice. But organisations and companies are doing deals to make sure that they extract the maximum amount of money from either the federal government or the state government.

Another example is of a local provider in Bendigo who was going to run a textile course. This is all on the grapevine. Instead of getting 12 people who are on intensive assistance, and getting the money that they get from the federal government to run that particular course, they then write off to the state government—through the Office of Training and Further Education—to get additional money on top of what they have already got from the

federal government to run that particular course. So, by privatising everything, it is open to rorts. In our industry we had not seen that before. That is of much concern to us.

**Senator ALLISON**—You said it is common knowledge that this kind of bonus arrangement for non-training is going on. Can you direct the committee to somewhere where we might get some hard evidence on that? What would you suggest the committee look at in terms of finding out whether this is happening or whether it is just rumour?

**Mr Cox**—I would be prepared to consider that but not state it here and now. It is hearsay, it is dobbing, it is all of those sorts of things. We said to the federal government that this would take place before they introduced it. I know Jobs Australia, which we hold a licence with, has presented the federal government with evidence. It is common knowledge that 25 per cent of the providers will fall over before Christmas. If you are a provider, and have to place 5,000 people within 12 months, and you get \$150 per placement, it does not take a lot of knowledge to work out that the business is not viable.

**Senator ALLISON**—You understand the committee's difficulty though when we do not have evidence of this.

**Mr Cox**—Yes, there is no hard evidence. But the government will have its own evidence—in other words, you only have to look at the computer screen to see how many outcomes have been gained. The evidence around is saying that they are not making ends meet. For a lot of those organisations, particularly those that are providing the job matching service, it is just not working.

**Senator SYNON**—I find your evidence very disturbing, full of hearsay and with sweeping accusations. Let us start on page 2, the chart of unemployment figures. You say that this was obtained via an FOI from the Victorian Department of State Development. Which section of that?

**Mr Cox**—As you would know, because you worked for that department—

**Senator SYNON**—I was in charge of that department at the time and I can tell you that we did not FOI it.

**Mr Cox**—When we were doing our particular application, I rang Pauline, who did the information on unemployment figures. It is very difficult. I rang the census and they would give me information on a particular day. You ring somebody else and they could not give you the age breakdowns. I spent four hours that day trying to find out so I also rang Community Business Employment. She faxed me through the figures and she signed the fax. She gave me these figures on the phone and faxed them through to me, so I take them to be legitimate. However, they do back up our previous information from years before that there were 11,000 people seeking work through the Bendigo CES office at that particular point in time.

**Senator SYNON**—I guess the point I am trying to make is that they were not FOI.

**Mr Cox**—I can only state what she said.

**Senator SYNON**—I do not want you to infer that there is some conspiracy and that you cannot get these figures, because they were freely available to the department at that time.

**Mr Cox**—There is a conspiracy. I would openly say—

**Senator SYNON**—I can tell you that they were freely available.

**Mr Cox**—On that day I would have rung the local CES office, and I would have rung the local Social Security office. I rang the department of stats in Canberra and I got on to three different departments. I rang the census bureau. It is very difficult for community based organisations to get real figures. My point is that the government and government members are belittling the unemployment figures; they are saying they are 6,000 but we are saying that they are closer to 10,000 or 11,000, in general terms. So the sentiment that I am trying to get across is that, if governments are fair dinkum about expressing concern about unemployment, the article that appeared in the *Advertiser* saying that so many people are unemployed—whether it is 50 or whatever it might be—but that the figures are better this quarter, is not being fair dinkum to the issue. It is presenting a false picture.

**Senator SYNON**—With all due respect, two things: these figures are available. As you know, I worked in the employment area for a long time but I could always, at a phone call, get these figures from the Footscray CES. I do not know why you particularly could not get them. Averages are just that.

**Bruce Reid**—I am sure that you would acknowledge this—is a man of great integrity. Any press release that he put out would be the information that was publicly available through the ABS. We do not deny—I do not think the local member, Bruce Reid, would deny it, or any one of us here—that there are obviously deficiencies in the way that employment statistics are collected. You know that. It is impossible to get a perfect system.

There are people who will not register for unemployment for all kinds of reasons and will not say it on a census that they are unemployed. But, given that we have a way of collecting figures, we can use it as a standard to compare one year to another, and that is what Bruce Reid has done in this.

We just had some evidence before lunch from Swan Hill, where they have an unemployment rate of under five per cent. They sat before us and said, 'How can we get people to take these jobs? Our employers have jobs but we cannot get people to take them.' No-one is saying that there are not critical problems in Bendigo, because there obviously are. We would be ill-advised not to be concerned about them, but averages are just that.

**Mr Cox**—But Bruce said:

In Bendigo, the number of jobseekers fell from 6,312 in February to 6,199 in March.

There are different ways of coming to the point as to how many people are out of work but that statement is wrong. On the next line, he says that, according to Australian Bureau of Statistics figures supplied by Bendigo, the number of unemployed people receiving the jobsearch or newstart allowance is such and such. Now that is stating a true fact. I have

challenged him on that number and he genuinely says that it is about 6,000 people. I have been at lots of meetings with Bruce, and we have discussions about that, but it is a general sentiment that I am trying to get across.

**Senator SYNON**—Fine. You said you operate CBE. Is there anything else you operate—NEIS or any other services?

**Mr Cox**—No. We run the CBE service. We operate the Eaglehawk Recovery and Sales Yard, which is a recycling business. We manage the Eaglehawk Enterprise Park, which is an incubator—businesses are coming and going—and we run a literacy program.

**Senator SYNON**—But the CBE is the only source of government funding?

**Mr Cox**—No. With respect to the other sources of funding—for the recovery yard, for example—I think four years ago we got \$14,000. That is now self-sufficient, employing seven people. The Eaglehawk Enterprise Park is self-funding now.

**Senator SYNON**—You talked about John Brown Hosiery and you talked about their office in Bendigo and you said:

Metropolitan based boards have no consideration for country areas.

**Mr Cox**—Yes.

**Senator SYNON**—I know that John Brown's main operation is in Kyneton and that they are extremely committed to the rural sector in Victoria.

**Mr Cox**—I do not doubt that but, at the time, in 1992, the metropolitan decision makers of John Brown came to Bendigo and closed it down, and it was more efficient than their operation in the metropolitan area. It was the same with Hilton Hosiery.

**Senator SYNON**—John Brown is a country based operation. They employ a quarter of the town in Kyneton. I know the directors because I have worked with them in my capacity as a senator.

**Mr Cox**—But John Brown, comparing what it was in the late 1980s to what it is now, is not the size that it was.

**Senator SYNON**—What I am trying to demonstrate, Mr Cox, is that you make some accusations that they are metropolitan based and that they are trying to take jobs out of the country and put them into the city.

**Mr Cox**—I have no doubt about that.

**Senator SYNON**—This is one example where I know that you are wrong because John Brown has not done that. They have not put jobs into the metropolitan area.

**Mr Cox**—How many people in Bendigo were offered work in Melbourne when John Brown closed in 1992? We had 16 for whom we had to do what we called a future directions course. They were offered alternative employment. They did not want to leave Bendigo. My sources are the people who are running the factory within Bendigo. The same applies to Hilton Hosiery. They were very efficient businesses and they went out of Bendigo because of decision makers in metropolitan Melbourne.

The point I am trying to make, if you read on, is that we had Elliott move into Mayfair, buy Mayfair, close it down within six months and put 350 off, but investors in Bendigo re-bought it and that is where we have to place our faith. There are now another 350 people working there, because local Bendigo people, with pretty well no support from government, have demonstrated that we are able to do something. I guess what I am saying to you, as a Senate committee, is that governments need to be supporting investment in country areas and supporting those sorts of things like the Mayfair Park Industrial Estate.

**Senator SYNON**—I am sure all of the senators sitting here from all sides of the political spectrum do whatever they can to support small business in country towns. The reason why we are on this committee and this inquiry is because we are deeply concerned about the issue of unemployment.

**Mr Cox**—If you are deeply concerned, I am saying to you that, when you can name a whole range of services that have closed in country Victoria, it does not match. In other words, ordinary people in the street see for themselves and know that there is a family member out of work because the government has a policy of privatisation or whatever it might be. That says a lot more than what you have just said.

**Senator SYNON**—I do not want to labour the point on John Brown, but I do want it on the record that they are a very committed country based employer. You talk about the employment network. You are critical of the fact that there is not some kind of advocate. You said that training is a low priority. Did you apply to become a provider under the employment network?

**Mr Cox**—We did and were offered a tender, but our values from our management committee probably stood in our way in making a sensible business decision in accepting that tender. In other words, we believed at that time, and we still believe now, that the federal government has set up a new employment network that will not create one extra new job. They are getting people to undertake employment assistance and employment matching for rates that are not sustainable. One provider in our particular region put in a tender for \$120 for a job matching service. The government knows that no-one can do it for that. It had another tender for \$120 to run a job club.

**Senator SYNON**—So you were offered a tender but you decided to decline it?

**Mr Cox**—Yes.

**Senator SYNON**—I just want to conclude with a comment. We have known each other for sometime. I am disappointed about your broad brush approach, saying rorts are going to be endemic and you know that agencies would rather pocket the dollars. You have worked in

this field for a long time, and so have I, and the vast majority of providers are out there not because of the money. Frankly you have always been able to make money out of employment programs. You must in your heart of hearts admit that. You could make money out of skillshare; it is just what you did with it. Most people are in it because they are committed to helping unemployed people get jobs.

**Mr Cox**—That is where the market has changed.

**Senator SYNON**—I find it disturbing. You run a CBE program. That is exactly the same model. You are paid for outcome and what you do with that money is up to you. Your organisation puts it into recycling and all kinds of other things. It is up to an organisation to decide what they do with that money, but you can make a profit out of CBE and you know that. This program is no different and it goes to the integrity of the people who are delivering the programs. I am disappointed that you are so critical of your colleagues in this area in such a broad brush way.

**CHAIR**—Excuse me one moment, Mr Cox. Senator Synon, I understand that you have expert knowledge in this area and no-one would dispute that. I think our witnesses also do have. I would remind everybody that, in any committee I chair, all witnesses and all senators may contribute in a mannerly fashion, but they will not impute motive or criticise. I understand your passion on this, Senator Synon, but I certainly do not want you overruling or talking over our witnesses. You certainly have made your points very clear, and that is an entitlement, but we must give our witnesses a full hearing.

**Senator SYNON**—That is fine. I am just disappointed by the imputation in Mr Cox's evidence and submission that people in this program are just out to make a buck and that they are not there with the best intentions.

**CHAIR**—You are perfectly okay to say that but not to suggest that anything that Mr Cox has said makes Mr Cox liable. I would also have to say, Senator, that it will be edifying for you to read the evidence that we got in Launceston yesterday that completely reinforces the comments Mr Cox has made, on the basis of evidence of what is happening in Launceston. It is a matter that I think we are going to have to address very seriously. Mr Cox, did you want to respond to that?

**Mr Cox**—Just very briefly. You mentioned that they were my colleagues. The marketplace has changed quite considerably. Probably something like 230 skillshares did not enter the new marketplace under the federal government employment services program. There are a lot of new players within the marketplace and, after only 12 months, I guarantee that there will be evidence where this will be much more substantiated rather than the sorts of things that we are hearing.

**CHAIR**—Okay, Mr Cox, that point is made. You are on the public record, so in 12 months time all sorts of people, including yourself, will be checking your words against the evidence.

**Senator GEORGE CAMPBELL**—You said something a little earlier on that I want to confirm. Jobs Australia I think is the name of the body that you said had already provided

evidence to the federal government of rorts that were taking place under the new jobs network.

**Mr Cox**—That is the former national skillshare association. I understand that they have made representations. Some have really been blown out of proportion, for instance the one that was on *A Current Affair* who got a million dollars and did not have an office. Probably at least a dozen of those stories have been aired nationally through the media. It does not take me, living in Bendigo, to give you knowledge of that. I would have assumed that you would already have knowledge and representations on those sorts of issues.

**Senator GEORGE CAMPBELL**—I just wanted to confirm that the organisation has made representations to the federal government.

**Mr Cox**—That is my understanding.

**Senator GEORGE CAMPBELL**—Do you know whether the federal government has responded to those representations?

**Mr Cox**—No. I think it is simplistic in that there is not an open mind. With the whole tender process, it is said that nothing can be said about any particular tender or tenderer because of confidentiality in relation to business practices, so you get no information whatsoever. That unfortunately disempowers anybody who has anything to say.

**CHAIR**—Mr Cox, would you be assisted by the estimates *Hansard* where many of these questions were asked by my colleagues the other day? It does go to how much the tender process was worth, what was the average price and so on.

**Mr Cox**—Yes.

**CHAIR**—I ask the secretary to make sure that Mr Cox gets a copy of that *Hansard*.

**Senator GEORGE CAMPBELL**—I have a couple of quick questions, Mr Cox. In your submission you refer to the effects of government funding and job opportunities. Have you been able to do an assessment of the actual job losses in Bendigo or the Bendigo region as a result of privatisation or the cutback in government services?

**Mr Cox**—Not really. I have made some general comments about some research from other people there. I think I said 40 per cent of people in 1986 were employed directly or indirectly by government; today that would be between 15 per cent and 20 per cent and the private sector has not taken up that slack. It has taken up some of it. Again, we do not have the money or the time to do that research.

**Senator GEORGE CAMPBELL**—Evidence we were given this morning by other witnesses was to the effect that there was a contraction taking place. In periods like the one we are going through now of economic uncertainty, there was a tendency for firms to contract back into the metropolitan areas, which obviously has an impact on regional Australia.

We have travelled around a number of country towns in the process of this inquiry—in South Australia, Tasmania, now Victoria and, tomorrow, New South Wales. The evidence so far, from what I have seen, is that a lot of regional towns are shrinking in size. A lot of it is put down to cutbacks in government services primarily, government investment and government infrastructure in those towns. There is no sign anywhere we have been of the market being able to take up that slack, or any indication that the private sector will in fact fill the gap left by the public sector. Is that a true reflection of what is happening in the regions?

**Mr Cox**—It is a very visual thing when you go out to smaller towns around the Bendigo district. Instead of health money being spent in five or six different areas, the catchcry of today is, 'Let's centralise it and get the best benefit.' It does not matter whether someone has to travel 150 kilometres or whatever it might be to get to that particular service. Under the new employment services, job seekers—the 18 to 24s who have to do their mutual obligation—travel up to 90 kilometres. It does not matter if the service is not offered out there in the sticks. The new rules have changed; the goal sticks have moved. It is a case of, 'We will centralise it—too bad if people cannot obtain that particular service.' So, in the outer areas in Bendigo, it is certainly shrinking.

**CHAIR**—Mr Cox, we have to finish as we are running out of time. In answer to the questions that were put to you, if there is any data that you find or that comes across your desk, the committee would welcome it. Yesterday in Launceston—I think it was Launceston; we did Launceston and Burnie yesterday, so excuse me—one of the witnesses was able to give hard numbers on the job losses in the state of Tasmania. That is very helpful to the committee. If you do not know it, please do not necessarily in a busy life try to find it. But, if you know of it or if you can point the committee to it, we would very much appreciate that. I am particularly interested in your talking about the mix of Commonwealth and state jobs lost with the closure of CES, but also the police, for example, would be useful. If there is anything else that you feel that you want to tell the committee, Mr Cox, or if any further information comes to your attention about what I might call the conversation you and Senator Synon were having, the committee would welcome that.

**Mr Cox**—Certainly if there is information available where you can pick up accurate figures on a monthly or quarterly basis, I would welcome that information.

**CHAIR**—Likewise, Mr Cox, if you wish to contact the committee about assistance that we could provide for you, please do. Thank you very much indeed.

**Mr Cox**—Thanks everybody for their time.

[2.24 p.m.]

**CONNOR, Mr Alan Bruce, Project Manager, Central Victorian Group Training Company (Edge Centre), 73 View Street, Bendigo, Victoria 3550**

**GREEN, Mr Paul, General Manager, Central Victorian Group Training Company, Jackson Street, Long Gully, Victoria 3550**

**CHAIR**—Thank you very much for coming. The committee prefers all evidence to be given in public but should you wish to give your evidence, part of your evidence, or answers to specific questions in camera, you may ask to do so and the committee will consider your request. I do have to point out, however, that evidence taken in camera may subsequently be made public by order of the Senate as has happened recently in a couple of colourful committees.

I ask you now to make an opening statement—preferably of three minutes rather than five, or shorter rather than longer. We can then put questions.

**Mr Green**—My opening statement will be an explanation of the EDGE program. The initial discussions in regard to the EDGE program began in 1994 and it was really in response to considerable discussion in the community about the gap between the education system and the employment system. What we were really looking at as a community was how could we bridge that gap. We came up with the concept of a far more structured way that young people might be able to integrate into the workplace and the work environment while still at school. We came up with the notion of part-time traineeships while a student was undertaking the VCE. As a consequence of many years of discussion and continuing development, the concept of the program was finally supported by the government last year. We spent the six months of last year actually developing the program to implementation stage.

**CHAIR**—Which government?

**Mr Green**—The current government.

**CHAIR**—Federal or state?

**Mr Green**—Federal.

**CHAIR**—I thought it was but I want it on the record.

**Mr Green**—My apologies.

**CHAIR**—Not at all, Mr Green. Thank you.

**Mr Green**—The program began in January of this year officially with the placement of students. There are approximately 86 students placed as at 29 May 1998 and we cover five or six different industries: retail, engineering, automotive, office administration and rural. All of those bar the automotive are traineeships; the automotive is an apprenticeship.

The idea of the program is that they commence their studies in year 11, continue in year 12 and complete them in year 13. We are actually adding another year onto the VCE. They do their VCE, Victorian Certificate of Education, and they complete their traineeship over three years. In regard to the apprenticeship, over the three years they would have completed approximately 18 months duration of their apprenticeship, but given that we are moving to competency based, it would be less. I have probably used the three minutes, have I?

**CHAIR**—You are on, Mr Green, you are doing so well. Could you spell out the school to work ratio in years one and two for me? I have the student in years one and two attending school three days per week and working two. In year three, I have them attending school four days per week and working one. That would sound as though you were going to do more days at school in your year 13.

**Mr Green**—That is quite correct. There will be more days at school in the last year than in the first two years. The reason that situation developed was that we were caught with the conundrum that we had to complete the VCE in three years and complete the traineeship in three years. It did not enable us to have any more than a total of five days over the three years. We ended up structuring it 2, 2, 1 and we could have had 1, 2, 2. The reason we decided that we would go for two up front was that we wanted to initially develop a strong link with employers straight up front. We are of the view that that is going to cause us probably some difficulties in the third year because we suspect employers will say no to one day a week. Some discussions have already been undertaken with the schools and with local industry to overcome that situation.

**CHAIR**—What else would you have wanted to tell us if time had not run out? Do you want to stop and take questions from my colleagues?

**Mr Green**—I am quite happy to take questions unless Bruce would like to add a point or two.

**CHAIR**—Could you add something, Mr Connor?

**Mr Connor**—I would like to add that we have just completed all of the appraisals for the program. An appraisal means that we sit down with the host employer and the student and we work through a three-page document as to how they are going. That appraisal brings to the surface many good issues about how they are going and the student's self esteem is greatly improved as a result of that.

**CHAIR**—And is the student involved in that?

**Mr Connor**—Yes, definitely.

**Senator SYNON**—Congratulations on another innovative program out of the group training company. The types of students that elect—and I assume it is a self election model—to undertake the EDGE program, would you be able to categorise them in any way? Are they, for instance, the kinds of kids who might have gone through a tech school education, had there still been technical colleges, or are there any other common features and factors involved?

**Mr Connor**—The student that we are working with is obviously not a student who is intent on going into university. However, the program does not exclude them from going on to university if they find another direction. The program is also not aimed at at-risk students. We are very mindful that our links with industry have to be strong and in order to do that we have to give them a fairly high calibre student who is not going to be here one day and gone the next.

**Mr Green**—The process for selection is along the following lines in that the program is advertised in the school journal. The students then make application to enter the program. Each student is then interviewed by a host employer or an employer at the group training company and somebody from the schools. They have to go through the formal interview process as if they are applying for a job, which is the way that it is structured and not everyone who applied for the program got into it. We had more applications than we had positions. That, we expect, will probably compound as the years go by and with the initial indications of the interest in the program we suspect that that will continue.

**Senator SYNON**—How do you find the students who elect to do this program fit in with the work culture when they are there only a small amount of time? Is that an issue that you have had to be aware of and cater for?

**Mr Connor**—What we are finding is the student is obviously aware that there is a difference between real work and school and, having been in the work force two days a week for a period of time, they see the school option as, ‘Well, school is not so bad after all.’

What we are finding is that they do have a little bit of difficulty in adjusting but in the main they are actually displaying a high level of maturity by being able to take on that extra responsibility.

**Senator SYNON**—Are there any apprenticeships or traineeships that are offered up by employers that you ever have difficulty filling?

**Mr Green**—No. It is the other way around.

**Senator SYNON**—So you are looking for more employers too?

**Mr Green**—Yes, definitely.

**Senator SYNON**—What are some of the issues that employers raise with you when you approach them about taking on someone through such a program?

**Mr Connor**—They first ask, ‘If the program is over three years, do we have to have this person for three years?’ My immediate response is, ‘No, we would be looking at starting someone for six months if possible.’ Because we are a group training company we have the facility to move them around and not disadvantage the student.

**Senator SYNON**—Finally, how do you see things in Bendigo more broadly? Are you generally optimistic? Is there a good buzz or feel in the place, or is it struggling?

**Mr Green**—I would say that there is a good vibe if you want to define it so in Bendigo. There is, interestingly enough, a willingness to tackle new and innovative ideas and I think this is an example. It is one of the few pilots nationally that are experimenting with this new concept.

I was looking at the list recently of the schools that were involved, particularly in Victoria, and I think we have double the number of students involved in one of the pilot programs than anybody else. It does sort of indicate—and it is not in just one area; it is in many areas—that there is a willingness it seems, in Bendigo, to get out there and make it happen and tackle the new innovative project. I think that is in many areas across Bendigo and I think I would say that Bendigo has got a good feel and it does feel that it is going somewhere.

**Mr Connor**—Initially there were a few employers who were a little bit reserved on taking on a person, but as time has gone by, they see the value of the program and where it is at. They are now saying to us, ‘We think it is great value. We are getting good value out of this and we would like to take on more students.’ So that is positive.

**Senator ALLISON**—A question about wages: do any of these trainees or apprentices receive any wages from their employer?

**Mr Green**—Yes. That is one of the key elements of the program which has attracted enormous interest from other students because all of the other programs—the VET programs that are happening and work experience programs—are all \$5 a day whereas in this they get paid, under the national training wage award, a rate per hour for the time that they spend in the workplace. They are not only receiving training but they are actually receiving an hourly salary for the work they undertake.

**CHAIR**—How much is that?

**Mr Green**—It varies on the trade. Bruce could probably give a more accurate—

**Mr Connor**—It averages at around \$4.50 per hour.

**Senator ALLISON**—And the employer is given an incentive of an additional \$1,250 per annum?

**Mr Green**—\$1,250 over the life of the traineeship, so that is over three years.

**Senator ALLISON**—Three years seems like a long time to be training in the retail industry. Why would it have to be two days a week and then one day in the third year in that industry? How long does it take to skill somebody up in the retail industry?

**Mr Green**—That is a very interesting issue and it is one which we are currently pursuing because it has recently been brought to our attention that a part-time retail traineeship outside of this program can actually be done in 20 hours a week for 18 months. When our lot started the program, the only way you could do it part time was proportionate to the full time. Full time was for a year, so part time ended up being three years. Since we

have now discovered that there seems to be this other new arrangement available, we are now pursuing that as an option and we are going to argue that the EDGE retail student should also be able to finish in 18 months. But there is some work to be done in that area yet.

**Senator ALLISON**—What is the role of the school in all of this? For retail, if we stick on that as an example, what sort of back-up does the school provide? Do they change their courses? Would a student be directed into certain subjects if they were doing retail from year 11? What is the role of the school? Are they funded? Is there extra funding as there is for VET for the schools to take part in this program? Do they need it? Can you just fill me on that aspect of the project?

**Mr Connor**—Currently, we have got 18 students in the retail area. That will give you an idea of the numbers. Obviously, they are doing a VET program at the school. The selection process was that if they showed an interest in retail then they were going to be considered for that. Ideally, they would have had some previous work experience in that area so that they knew what retail was about rather than just going in blindly. As far as funding for the school—

**Mr Green**—The only financial support the school receives is that the Department of Education is covering the cost of their formal traineeship training. When you undertake a traineeship, there is a formal element of training, which can be conducted either on the job or off the job, and then there is the time you spend in the workplace in what might be considered as training but not the formal component of the training—the time when you are actually being assessed for the competencies you are attaining.

**Senator ALLISON**—In the case of retail, who provides that formal training?

**Mr Green**—The Central Victorian Group Training Company is a registered—

**Senator ALLISON**—Is that your organisation?

**Mr Green**—Yes. We provide that.

**Senator ALLISON**—What do you do for a student in retail?

**Mr Green**—There are a set number of core modules and then there are a range of optional modules. The core modules are all of the competencies you would need to achieve to work in the retail sector. The optional modules allow you to change the structure of the training to suit the particular industry you are working in, whether it is the automotive industry, Target or a small shoe retailer. You can then choose from a range of optional modules that are closely aligned with what might be needed to be achieved in that particular workplace.

**Senator ALLISON**—You deliver that within the school, or somewhere else, or on the job, or in the workplace?

**Mr Green**—We deliver on the job.

**Senator ALLISON**—What does that mean, in effect? You come along and somebody comes off the shop floor and you have a quick session with them? What is it composed of?

**CHAIR**—Is it formal?

**Mr Connor**—Yes, it is formal.

**CHAIR**—So, between 10 a.m. and 11 a.m. you shall attend in committee room X because that will be your formal training that day?

**Mr Connor**—I am actually not the person or the trainer, but it is set up so that the students know what is going on in any given week. At times, the retail trainer likes to gather all the students—and, essentially, that is in the one place, which is the school—to brief them on how they are going and any particular common issues that need to be resolved as well, which we find is very effective.

**Mr Green**—The other side of it is that the employer has undertaken a workplace trainer certificate level 1. That enables them to also do some on-the-job training with the student. What our trainers do—those who have category 2 which enables them to conduct the competencies assessment—is go onto the job and ask them to demonstrate a particular competency, to demonstrate using the cash register with X number of items. Then they will assess that and then mark them and sign off for competency. It is not the employer at the end of the day determining whether a person is competent or not; it is the assessor.

**Senator ALLISON**—Do you sit down with the employer and go through the expectations of them in terms of training?

**Mr Green**—Yes. There is an induction training day for the employer.

**Senator ALLISON**—An induction day?

**Mr Green**—Yes.

**Senator GEORGE CAMPBELL**—What are these kids defined as, employees or students?

**Mr Green**—They are both.

**Mr Connor**—When they are a student, they are a student.

**Senator GEORGE CAMPBELL**—When they are employed, they are employees. You have mentioned a number of items that the administration has done by the CVGT, but they do not include workers' compensation. I presume they are covered by workers' compensation when they are in the workplace?

**Mr Green**—Yes.

**Senator GEORGE CAMPBELL**—What do you refer to when you say superannuation? You are talking about the superannuation charge, the guarantee—the SGC?

**Mr Green**—Yes. That is built in.

**Senator GEORGE CAMPBELL**—That is the six per cent?

**Mr Green**—Yes.

**Senator GEORGE CAMPBELL**—And workplace agreements, what do you mean by workplace agreements?

**Mr Green**—Workplace agreements are utilised in, say, the retail sector. In the hospitality sector I think they might be utilised as well. It enables flexibility in the structure of the hours of work. That is, if they were to work on a Saturday or a Sunday, they would not be paid at penalty rates; they would be paid at the standard hourly rate.

**Senator GEORGE CAMPBELL**—Who would negotiate that on their behalf—you?

**Mr Connor**—We would be sitting down with the host employer and the student, and the three of us would be negotiating them. It is not left to the student and the host employer.

**Senator GEORGE CAMPBELL**—What happens in circumstances where there is a workplace agreement in place with the rest of the work force?

**Mr Connor**—Sorry?

**Senator GEORGE CAMPBELL**—What about circumstances where the host employer has a workplace agreement with the rest of his work force? Are you saying you would negotiate arrangements that would apply outside of that?

**Mr Green**—We have not made ourselves aware of what those other agreements might be. I am not sure that that is our business, is it?

**Senator GEORGE CAMPBELL**—I am really posing a question whether or not. I can understand if it is an environment where the types of conditions you are applying to these trainees and their agreements are similar to those applied to the rest of the work force, or are you negotiating conditions of employment for those trainees that are different or inferior to those applying to the rest of the work force? You might be right in saying that it is no business of yours, but it may well be a major problem for the employer at some stage in time if it becomes known to the rest of the work force that these trainees are working under inferior conditions.

**Mr Green**—Our benchmark, our criterion, is the national training wage award.

**Senator GEORGE CAMPBELL**—The national training wage—and I presume you are talking about the national training wage that was put in place under Working Nation—only defines a rate of pay. It does not deal with other conditions of employment in the workplace.

**Mr Green**—It refers to the relevant state act or legislation.

**Senator GEORGE CAMPBELL**—Yes, or the relevant award.

**Mr Green**—The relevant award.

**Senator GEORGE CAMPBELL**—But in many circumstances the conditions of employment in the workplace can be substantially better than what are provided for in the award. If there is any question and answer, it is whether or not the workplace agreement should be negotiated on behalf of the young people taking into account any relevant agreements that are already applicable in that workplace to the rest of the work force?

**Mr Green**—The simple answer to that is no.

**Senator GEORGE CAMPBELL**—No. As to the training that they undertake—and I guess they do it over a period of time—what guarantee do these young people have that at the end of the day they will come out of the process with a skill?

**Mr Green**—The guarantee is in the requirement under the state act as an RTO, a registered training organisation. We are audited annually on our status as an RTO to be able to deliver a quality assessment process of competency—

**Senator GEORGE CAMPBELL**—I understand that. I am not questioning—

**Mr Green**—That is the guarantee.

**Senator GEORGE CAMPBELL**—Let me put the question another way. I am not questioning your accreditation or the fact that you are using accredited trainers to train these young people. What I understood you to say, however, was that they may well be undertaking training for eight hours a week or 10 hours a week. It is competency-based, so, at the end of the day, when they go through your scheme, they could have completed the equivalent of 18 months or 50 per cent of the training required to become a fitter or a boilermaker or a welder. What guarantee do they have that they will get that other 50 per cent training?

**Mr Green**—The fact that they are employed by the Central Victorian Group Training Company. Their employer is continuous. I might be missing your question.

**CHAIR**—Yes, you are, as I understand it.

**Senator GEORGE CAMPBELL**—The point I am making, as you say, is that it is a bit different from a normal apprenticeship. If I go and do an apprenticeship and I start at 16 with an employer, I work five days a week, or I work four days a week and I do a day's training. After four years or 3½ years, depending on my qualifications, or I reach the skill, the competencies, I come out qualified as a welder.

**Mr Green**—That is if your employer keeps you on.

**Senator GEORGE CAMPBELL**—That is if your employer keeps you on, all things being equal. What I am saying here is that, in these circumstances, you are not providing full-time training, you are providing part-time training and part-time schooling. I understand that it is building a bridge to the world of work, et cetera. I presume these kids are year 9 or year 10?

**Mr Connor**—Years 11 and 12.

**Senator GEORGE CAMPBELL**—So they are 17- or 18-year-olds. They are only working one or two days a week. They are not going to complete an apprenticeship in a normal 3½-year period; they are only going to part complete it.

**Mr Green**—That is right.

**Senator GEORGE CAMPBELL**—What I am trying to get at is what guarantees do they have that they will be guaranteed employment at the end of the period they spend with you to get the additional training they require to qualify as a tradesperson?

**Mr Green**—By the fact that the Central Victorian Group Training Company is their employer. That remains continuous.

**Senator GEORGE CAMPBELL**—You have a contract with them to guarantee them a full apprenticeship?

**Mr Green**—That is right. That is what a group training company is all about. It is ensuring that, when a person starts their training with the company, they complete it. We ensure that, if one employer puts them off, we find another employer and place them with that employer. That is our responsibility. That is in a sense one of the main reasons why we are using this model.

**Senator GEORGE CAMPBELL**—All of these young people going into training with you are guaranteed completion of their training to a skill qualification, whatever that might be, in retail or automotive?

**Mr Green**—That is right.

**Mr Connor**—Just to fill you in a little bit, what we are finding even now is that some of the employers are saying to us, particularly in the automotive field, ‘We will not take this apprentice on until they have actually completed their traineeship, their first year, and their VCE.’ They are actually giving the student a carrot and saying, ‘This is what you have to do to come on board with us.’ They are throwing out the challenge. What that is doing is securing their position as an apprentice down the track, so the onus comes back on them to operate at the level that is expected of them.

**Senator GEORGE CAMPBELL**—I am a bit confused. I understood you to say you were the employer?

**Mr Connor**—That is right, the host employer. There are two employers. There is the host employer, which is where the work is done on a daily basis, and then there is the employer who pays the Workcover, the superannuation and all those things.

**Senator GEORGE CAMPBELL**—How does that 12 months traineeship fit into the process?

**Mr Green**—In actual fact they complete their traineeship within three years, so by the end of the three years they complete their qualification in a traineeship. The only issue is with apprenticeships, because apprenticeships, I suppose you know, take three to four years to complete.

**Senator GEORGE CAMPBELL**—Does that mean that, if they do not complete the traineeship over that period of three years, they will not get continuity of employment?

**Mr Green**—No, it does not mean that. That is the time frame that is expected for a person to complete. What you have got to remember is that we are moving to a competency based situation, and the impact of that is that you get some who complete within that time frame. However, there should be none who complete beyond that time frame. If there were, we would find out well before the end of three years that that was the case by these constant appraisals that we do every six months, and we would put another program in place to ensure that they either completed or re-evaluated their participation in the program.

**Senator GEORGE CAMPBELL**—I understand Mr Connor's comments are an acceptance that people could go beyond the three-year period when he said that the host employer would not take them until they had got the equivalent of the 12-month traineeship.

**Mr Connor**—I guess they are throwing the challenge out to the student to get the first year of that three-year program completed, so that they will then, at the end, take them on as a full-time apprentice, which would essentially be in the second year of their apprenticeship—having completed the first year.

**Senator GEORGE CAMPBELL**—I understand now what you are saying—that over the three-year period they would have done the first 12 months.

**Mr Connor**—That is right.

**Senator ALLISON**—I have just been reading about the retail sector in the leaflet here and it says that the group organised their own banquet luncheon and 'the trainer has advised that the nutritional value of the meal was at a premium, with coke and chips the main features'. Is that a joke?

**Mr Connor**—I think so.

**Senator ALLISON**—I am glad about that.

**Mr Connor**—We have to have a sense of humour.

**Senator ALLISON**—My question is about students and the youth allowance, or what was Austudy. I have just worked out what a student would earn at \$4.50 an hour in a week, which would be \$67.50. Youth allowance is around \$150 or \$160 a week, as I understand it. What happens to youth allowance for those students who qualify? Does that come off the figure or do they get it in addition to youth allowance? How does that work?

**Mr Green**—I am not entirely up with this, but it is my understanding that they are all Austudy eligible. Is that your understanding, Bruce?

**Mr Connor**—That is my understanding, yes.

**Mr Green**—And that the youth allowance does not apply; that they are in actual fact—

**Senator ALLISON**—The youth allowance takes over from Austudy, so, if you are talking about Austudy, fine, we will talk about that. It is still roughly the same figure, I gather.

**Mr Green**—They are still entitled, depending on their parents' income, to Austudy.

**Senator ALLISON**—So they get their \$67.50 over and above Austudy?

**Mr Green**—Yes.

**Senator ALLISON**—It is just an elaborate way for the government to save some dough?

**Mr Green**—There is a ceiling there, isn't there? I do not really know.

**Senator ALLISON**—Perhaps the committee can check that out.

**Mr Green**—Let me know.

**CHAIR**—I am not sure that we should promise to do that. If we can, we would, but maybe it is something you would need to follow up too. It is a very good question, Senator. What happens during the school holidays?

**Mr Green**—In a sense, what happens is that the students keep working. It is interesting to note that, in a number of cases, students' hours are far more than the minimum. The minimum is 15.2 each week, but we are finding that most of them are working more than that, particularly in the hospitality and retail sectors. As for school holidays, some of the programs are block release programs, so they are not all just two days a week. For some of them they do not do any days a week until they come to the end of semester, when they will do a fortnight, or come to Christmas and they might do three weeks over that term.

**CHAIR**—Are they allowed to have holidays over Christmas?

**Mr Green**—They still receive the equivalent amount of time off because the two days a week have been scheduled by the school as being time where they go out into the workplace. The time that they go into the workplace is at the end of term for the block. They still

receive those two days off a week. They are not necessarily concurrent in the context of a block situation but, of course, yes, they get time off in January. They are still entitled to annual leave, like any employee. They accrue annual leave; they accrue sick leave.

**CHAIR**—I am getting a bit puzzled. Some of the students are going to do this course for three days at school and two days at work.

**Mr Green**—Yes.

**CHAIR**—In the school holidays, the three days plus two days group keep doing their two days at work, with three days per week to prepare for the next semester. Others do five days of school per week, and when they hit the term holiday—

**Mr Green**—No. There are no others that do five days of school.

**CHAIR**—All students still only do three days per week, and so they are actually getting their school holidays in two days per week during the term, and then they do a block of full eight-hour days for two weeks.

**Mr Green**—Yes.

**CHAIR**—Some might do it like that: it depends.

**Mr Green**—Some are doing it like that.

**CHAIR**—It is called ‘variations on a theme’, and so we will not go through all of them.

**Mr Green**—The reason there is a variation can be substantiated: the whole purpose of the program is to try to respond to industries’ requirements and, if we are going to find placements, we have to be flexible.

**CHAIR**—I am sorry if that sounded cynical. I did not mean it like that at all. I meant that I could take it case-by-case, and you would say that the automotive retailers want this, but that other people want different things.

**Mr Green**—It is not necessarily the same in one industry, either. You will get an automotive employer who will say, ‘I will have a block,’ but another automotive employer will say, ‘I will have two days per week, please.’

**CHAIR**—How many people have been entitled to an exemption from payroll tax? It is listed here that one of the employer benefits is an exemption from payroll tax. Do you mean that, if they were paying payroll tax, they would not have to pay it for this particular person?

**Mr Green**—You do not have to pay payroll tax on any trainees or apprentices.

**CHAIR**—So why is it listed as a benefit that they have an exemption from payroll tax?

**Mr Green**—It is a benefit. It is a marketing strategy, is it not?

**CHAIR**—Do you mean to say that what you were getting before you will continue to get now? There is no gain, but we will list it is a plus. My goodness me! Have I discovered the truth here?

**Senator SYNON**—You get an exemption for trainees and apprenticeships.

**CHAIR**—I see. You are saying that you will be eligible for the same exemption.

**Mr Connor**—That is right. Some employers are not aware that they will be exempt, because they have never had a trainee or an apprentice before.

**CHAIR**—Thank you very much, Senator Synon. I am assisted by that. I thought that was really very nice, but your answer had me puzzled, so I am assisted by Senator Synon. You were saying the same thing, but I was not getting the message. Maybe it is me who needs assistance: I will admit that. How many of those businesses in Bendigo would pay payroll tax?

**Mr Green**—They have got to have \$550,000 or something—I do not know, Bruce. Most of them are with small employers, with no more than five staff.

**CHAIR**—That is right. We have just had data that shows that something like 50 per cent of the private employers in Bendigo employ four or fewer, and another percentage employ nine or fewer. It would be an interesting exercise and, if you could do it and let us know the results, that would be even better. I think that very few of those businesses would indeed be paying payroll tax.

**Mr Green**—We have a list of all of the employers involved in the program, so it would probably not be too difficult to get an idea of how many employees there were at each of those businesses and so get a rough idea of payroll.

**CHAIR**—I do not want to know the absolute break-down. If you could tell us that none of those businesses in fact is paying payroll tax because they are all too small, that would be a useful thing to find out. Some of them might be over the limit.

**Mr Green**—It would not be none of them, because you have got Target, Brian Dunn Ford and big companies like that.

**CHAIR**—Okay; a few of them would be. That is all right. I am not wanting to say that this is a dishonourable thing: I am saying that it would be interesting if you could put it in there. We have been picking this up in the committee quite a lot. People keep saying that payroll tax is a disincentive for people in small business. It is one of those better myths around the place, because a large number of small businesses will not get within cooe of ever paying payroll tax. So it is a help to be very factual about this. We were urged to be very factual by a previous witness, and I think it helps us to be very exact in all of this. Myth-busting is sometimes an important thing to do.

Let us move on to gender issues. How many girls are doing automotive work, and how many boys are doing cake making?

**Mr Green**—Cake making!

**Mr Connor**—We have not got any cake makers.

**CHAIR**—Not under alternative uses for cream in rural studies?

**Mr Green**—I know that, with the rural dairy program, eight students are undertaking that, and there are three young females.

**CHAIR**—Five to three: okay.

**Mr Green**—Yes. The retail program is mostly females. The office administration program is mostly females. What about in engineering and automotive?

**Mr Connor**—To my understanding, there are no females in engineering, nor in automotive.

**CHAIR**—None in automotive?

**Mr Connor**—No.

**CHAIR**—In hospitality?

**Mr Connor**—A good mixture: fifty-fifty.

**CHAIR**—Who is doing what in hospitality? Are the girls making the beds and the boys cooking the tea? Senator Allison advises me that I should look further in the documents. I am advised, but I do think it is a bit disappointing that you have not somehow persuaded any girls into engineering or automotive. What page, Senator?

**Mr Green**—Could I just add to that? As a company—and we have been operating for 14 years now—we have had enormous difficulty in convincing country employers in what you would call non-traditional trades to take on young women. They just will not; and it is very difficult. There are a whole lot of reasons for that—even down to the wives not letting them employ young women.

**CHAIR**—Not the wives again! Ultimately, it is the wives.

**Mr Green**—It is a package.

**Senator GEORGE CAMPBELL**—I suggest that it is probably for different reasons.

**CHAIR**—If you did not have us to blame, who would you blame? That is fantastic. The business manager's wife says, 'I won't have you having any 18-year-old girls from college doing automotive work.'

**Mr Green**—That is right.

**CHAIR**—They look so seductive, with grease all up and down their arms! The wives are said to persuade these blokes to make appalling decisions about apprenticeships. Today we heard that businesses will not locate to the country because of the wives syndrome: ‘We do not want to go out there.’ Therefore, the bloke, apparently totally dominated by this wonderful decision, will not make a good business investment. And now it is the same with apprenticeships. Can you give me any other reason, besides these rampaging and powerful wives?

**Mr Green**—Yes, of course. You have got a very patriarchal culture in rural communities, so they come from the perspective of patriarchy. They also look at the strength of the genders. All right: you might say that occupational health and safety is supposed to be complied with in such a way that it prevents any problem happening. The reality is that, out on the work site in the bush, when they are building and there are no toilets, they say, ‘We do not have to have toilets for the blokes but, if we have women on the site, we have to have toilets.’ Consistently, all these sorts of things that add to the package.

**CHAIR**—You do know, don’t you, Mr Green, that you are writing the next John Cleese script here?

**Mr Green**—Good: I look forward to seeing it!

**CHAIR**—We will just send it to you—you have written it. So the girls need four walls to pee in. What else?

**Mr Green**—I think I have probably said enough.

**CHAIR**—Down at the university, girls are being encouraged to be engineers; and the percentage of girls in some institutions is now up to 20 per cent. What are you doing actually to change that culture? It is a terribly important point that you are raising. If all the blokes on the work site are going to be swapping funnies in colloquial language and are all members of the same footy team or whatever, I can see that that could be a very big difficulty, particularly if there is only one girl who has indicated an interest. You might need to take a couple of trainees and give them a bit of support and so on. But are you doing anything with employers about the culture in their workplace?

**Mr Green**—Yes, we are.

**Mr Connor**—Can I answer that? I have only been in this particular role for a little while, but I had a young lady who wanted to be a joiner. So I took her along with three other young fellows to a host employer who was looking at recruiting one and, at the end of the day, he selected her—which was quite surprising. She is going well. However, they have got restricted duties for her, because handling large sheets of timber requires a high degree of strength and manoeuvrability. Apart from that, she is going well. They are seeing the value in having a female around. It certainly tones down the language—which they think is wonderful. To their surprise, it is going very well. If we can just get inside their heads a little to find out what their real issues are, I think we can build better relationships. But it means having someone who is willing to look, in the first place.

**CHAIR**—I think it is also having something called EDGE, which has done a lot of the imaginative preparation, I suppose, to encourage this kind of change. We have seen other examples of it—or something very similar. One example in South Australia, that was part of a previous inquiry, was a very close link between a school in northern Adelaide and DSTO, the Defence Science and Technology Organisation.

They have actually done more than just take on apprenticeships. The school actually does computer training for the employers, so that it is more than simply a matter of saying, ‘You take on the trainees, or work with our students with lots of job prospects.’ It is also: ‘What else can our school offer? We have educational facilities and we have skilled teachers whose business is about providing information not only for kids who sit in desks but also for anybody who has a need to know.’

I pass that on as another example, but yours is one that, apart from having a very smart name, has done a lot of the work, and we will be very interested to follow this up. You get a tick for it, and the committee will be assisted by your contribution. Thank you very much.

[3.08 p.m.]

**KOLAITIS, Mr Spiros, 206 Don Street, Bendigo, Victoria 3550**

**CHAIR**—Welcome, Mr Kolaitis. Do you have any comment on the capacity in which you appear today?

**Mr Kolaitis**—I am actually representing myself as an individual, although in my submission I indicated that I had an association with a regional development organisation. For the record, I am actually with the Bendigo Regional Institute of TAFE Organisation, and I have been working fairly actively within the region to be proactive in generating work opportunities, projects and so on.

**CHAIR**—Thank you. The committee prefers all evidence to be given in public but, should you wish to give your evidence, part of your evidence or answers to specific questions in camera, you may ask to do so and the committee will consider 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 received a submission from you, which we have marked as confidential, in line with your request.

**Mr Kolaitis**—That is correct.

**CHAIR**—That is submission No. 52, dated 28 April 1998. I remind my colleagues that this is a confidential submission. Are there any alterations or additions you would like to the submission at this stage?

**Mr Kolaitis**—Not at this stage.

**CHAIR**—Would you like to make an opening statement? After that, we will have some questions.

**Mr Kolaitis**—One of the reasons that I responded and wanted to become involved in this inquiry was to give you an indication that there are organisations out there that perhaps want to take on a bit of the big-picture approach. We make no apologies for that, and I hope I have not lost credibility in trying to tackle some of the big-picture issues. We have included in our submission some of the projects that we have been looking at for Bendigo. We understand that part of the inquiry was to look at specific problems in the community. On the other hand, we are really saying that there are a lot of opportunities out there. There are projects, for example, that are presenting themselves and that are looking fairly optimistic, in terms of trying to be positive and creating outcomes which are proactive.

There is no point in my going over what Peter Cox has talked about with some of the issues in Bendigo. We have worked fairly closely with governments, both Labor and Liberal. We see ourselves as being bipartisan and, to an extent, apolitical. When you are trying to put projects together and to look at investment and support, it is really not a situation that has to present itself always as a political issue. We are very comfortable with some of the Labor platform on regional development and we are also comfortable with some of the initiatives

that the Liberal coalition is putting in place. Again, I make no apologies for that big-picture approach.

To give you a bit of background, with the company we have been dealing with, we have been working on some of these projects now for about two years. I can indicate that one of the projects that we are looking at is urban redevelopment in Bendigo. These projects were initiated actually in response to the Labor initiative for city improvement projects, where about \$500 million was made available for those types of initiatives.

At the time, Brian Howe, who I understand was the deputy Prime Minister, came forward and was actually critical of Bendigo at the time, because there was not enough leadership being shown in trying to access these types of funds. So I saw an opportunity there. There was a change of government, as we all know, and we are still very much interested in pursuing those avenues and trying to make a better city for Bendigo. By no means do I want to indicate that I have expertise in super funds; but, from working in close association with Regional Development Australia, I know that it is well known, amongst regional development organisations around Australia, that super funds are really probably one of the solutions or areas that we need to look at in terms of being proactive and looking at the big picture approach and at how we are going to address the need to access funds to support these types of projects.

The scenario that I have given you is perhaps more of a broad-brush structural approach to how it could be addressed. That is based on our discussions with banks, super funds, financiers and so on. It may not be generally known that the construction business union super fund, for example, has about \$1.8 billion. There are various super funds associated with unions, for example, where there is a lot of access to those funds. But we are finding, as a regional organisation that is trying to put in place some of these projects, that—and I know this from my own experience over the past years of having to go to Canberra or to Melbourne—a lot of these decisions are centralised in the metropolitan regions.

From my discussions with Simon Crean's adviser, it is interesting to find that we have an empathy with their platform in terms of looking at government leverage in supporting these projects, as well as accessing the super funds. The sorts of estimates that they are coming up with are that, by the year 2020, there may be something like \$2,000 million in the super funds. Negligible amounts of the current super funds are actually going into the regions.

I would like to use this opportunity to say that, if the government wants to look at funding avenues to support projects and proactive initiatives in the regions, it should seriously look at the super funding issue. Again, I do not pretend to act as an authority in that area, but that has been the outcome of our undertaking to try to create jobs, employment and big-picture projects within Bendigo itself.

We have also been working fairly closely with Bruce Reid, who has been very supportive. We are very comfortable working with Bruce Reid in such areas as the regional telecommunications infrastructure fund that is being made available for regional telecommunications.

I also point out to the committee that, in terms of government funding, from my own point of view, it is costing me quite a lot of money to undertake these sorts of initiatives and, working within these organisations, there is quite a lot of resource that actually has to go into it. For example, we have to do regular trips to Canberra to liaise with the central organisation. It is something that the government should look at very closely. If they are going to set up these funds, they need to look at the sorts of resourcing that has to go into them, whether they be centralised and whether there should be a degree of autonomy associated with those funds being made available.

Again, I do not imply that as a criticism. All I am looking at is a way to make the regions perhaps more autonomous and have them undertake these funds through their own regional areas. It is not an easy process. I am aware of that. How do you break that up geographically? How do you control it? There may be more efficiency gains in having it centralised. On the other hand, in our experience, having to deal with a centralised organisation, we then have to actually re-educate them about what the regional needs are. It is something that the government can look at.

In some of the other areas, in the project that I put forward, we were looking at energy projects as well. That is interesting because we were tackling that about 18 months ago. The Prime Minister has actually come out with his greenhouse reduction statement which we are pursuing and working fairly actively with the various Commonwealth organisations. On that issue alone, we are getting a lot of support from the Bendigo City Council.

There have been quite a number of parties, if you like, that have worked in with us to be proactive. My comment there is that we can talk about the unemployment problem until we are blue in the face. We can talk about the specific numbers as to who is unemployed and so on and maybe become almost pedantic. At the end of the day, we have to come up with solutions. We have got to look at ways of making our younger generation, for example, participate more in the economic growth in the regions. I feel fairly optimistic that, if we are given government support on some of these initiatives, we can have some very worthwhile outcomes.

I have one more comment to make. Again, I am using Simon Crean's, or the Labor, platform at the moment. I do believe that there is a mechanism that can come forward from all of this whereby you can perhaps look at some government leverage. For example, if federation funds are being made available, that is one area that you can look at in terms of giving some sort of financial support. If you combine the government leverage with super funds and with private investment, there is a lot of scope there to succeed in creating a project and having proactive initiatives in the region.

**CHAIR**—Thanks, Mr Kolaitis. I call my colleagues for questions.

**Senator GEORGE CAMPBELL**—It is good to see people come up occasionally with some bold solutions rather than identifying the problem. I refer to the figures that are in your submission that relate to the superannuation funds. I think you quote a figure of about \$100 million in Bendigo, in terms of contribution of people in Bendigo to superannuation industry, if I can use that term. How accurate are those figures? Are they just indicative?

**Mr Kolaitis**—They are estimates. I cannot substantiate it. It is very difficult to do that. The way we arrived at that estimate was to look at the number of employees and make a rough guess as to what the actual commitments or compulsory commitments are by those employees. I agree that they are very rough estimates, but they are the sorts of figures that are floated around by the super fund organisations.

**Senator GEORGE CAMPBELL**—The difficulty in that argument—and it is not the first time it has been put to the committee; it has been put to us on a number of occasions—is not only trying to identify the actual contribution of any region, whatever that region may be, in terms of the superannuation dollar but also trying to identify what investment dollars are flowing back into the region. It may not necessarily be the same dollar. As you well know, the dollar goes through a series of pots before it gets invested again. It is very hard and a much more complex issue to try to do a correlation between investment going into a region versus savings going out of a region, so to speak.

**Mr Kolaitis**—I answer that, Senator Campbell, by mentioning the report that I included with my submission, the one by the Regional Development Australia organisation. There has been some research into finding out the levels that are being invested within the regions. The feedback that they are getting from the actual super fund organisations seems to be indicating that there is a negligible amount going back. In my own experience from approaching the various super fund organisations—the major ones, like the unions and so on—and talking about investment in the regions, even their general initial response as to how they would approach that when you talk about how much is actually going back to the region, the feedback that you get first-hand from the super fund organisations is, in general terms, fairly insignificant.

**Senator GEORGE CAMPBELL**—But the difficulty is in terms of how you measure it?

**Mr Kolaitis**—I acknowledge that.

**Senator GEORGE CAMPBELL**—The super funds can identify what directly is invested back into the region. What they cannot identify is what is indirectly invested back into the region, and the reality is that, even with the union superannuation funds, they have got no idea where half of their money is invested.

**Mr Kolaitis**—I appreciate that point; that is a complication. But it still gets back to the point that, even if you are trying to be proactive and to access those funds, because they have been in most cases centralised within the metropolitan regions and they tend to have a culture which is based in the city centres and overseas stock markets and so on—

**Senator GEORGE CAMPBELL**—I think that it is true; I think there are some difficulties.

**Mr Kolaitis**—There are some difficulties and that is what I am really trying to highlight out of this inquiry.

**Senator GEORGE CAMPBELL**—I think there are some difficulties that have to be addressed in terms of fiduciary duties of trustees and that sort of thing. They allow them to invest directly back into—

**Mr Kolaitis**—That is correct and they are some of the issues that we will take up.

**Senator GEORGE CAMPBELL**—There is certainly an argument there, but it is this argument that is seen superficially that, if we are putting X amount of dollars into the superannuation industry or saving X number of dollars in Ballarat or Bendigo, we ought to be investing X number of dollars. It is a bit more complex an equation to put together than that superficial one off the top of the head.

**Mr Kolaitis**—That is acknowledged, Senator Campbell. I appreciate that point.

**Senator ALLISON**—To go to the detail of your submission, in Bendigo 2001—it has not got a page number that I can see—under ‘Project satisfies government funding criteria’, you have put down a few figures which I did not know about. You mention \$200 million for gaming projects. These were funds announced in 1997. Is that state government?

**Mr Kolaitis**—That is state government. I did actually indicate that it was confidential inside. I do not mind those sorts of figures being discussed, although I would like to indicate that our figures be kept confidential. As I understand at the time, we have actually got the document from the state government—that is, the gaming fund. That has since been cut back. I think they have got back to about \$40 million or \$50 million per year—it could be as low as \$20 million—that has been put aside through the gaming funds towards community projects. I identified those funds as a potential avenue for regional investment.

To add to that Senator Allison, on that issue alone, I have some rough figures. Some of the major projects that are going into the Melbourne City Centre, that have been put aside by the state government, by the time you include the state museum, federation park and some of those projects, you are well over the \$1 billion mark. It is really a way of saying that perhaps some of those funding avenues should be identified for regional projects. That is why I included that in part of the funding categories.

**Senator ALLISON**—I note your proposal for student accommodation which would appear to have a market. You have identified that there is a shortage and—

**Mr Kolaitis**—That is correct.

**CHAIR**—Excuse me Senator Allison; I am sorry to interrupt you. We are visited by some more media colleagues who received permission to photograph the committee while it is in session. If there is no objection, that is so ordered. Thank you.

**Senator ALLISON**—To ask you one more question, you identify housing: \$975 million in budget funds announced in 1997 for housing. Presumably you would tap that fund, do you think, for the student accommodation?

**Mr Kolaitis**—I felt that was an appropriate fund. That was the fund that came out of the actual budget that was back in the August 1996 budget. We identified that fund. We are just trying to say, ‘Well, these funds are being made available and they should be looked at fairly closely as far as being made available. For example, from the Lodden Campaspe Housing Authority, the sort of figures that they have got in terms of the need for public housing are something like 1,300 families—I will need to check that—which are in demand for public housing.

Again, it is not saying that it is a political issue. We are saying there is a need there. For example, right in the Bendigo city centre, there is about 7,000 square metres of vacant car parking space which would be ideal for inner city housing. We are identifying those needs and the funding avenues and we are saying, ‘Hey, look at these areas that could very well match up with the funding categories.’ Inner city housing, for example, is promoted by both the state government and federal government. There are documents that are fairly well known that support that. Again, we are just trying to say to the government that perhaps these funds should look at these specific projects, which would make them viable. In our project development, we are also saying that, instead of these projects having to be fully funded, it would seem at this stage that there are financiers and organisations out there that are prepared to put in private funds to support these projects. So we are going through that sort of process of trying to make them more attractive in accessing government funds.

**Senator SYNON**—Mr Kolaitis, I apologise for missing your presentation. I assume from reading quickly through your submission that there are a number of projects for which you would like to attract some federal government funding in order to get them off the ground. I read there were 2,000 jobs you hoped you could create. Is that correct?

**Mr Kolaitis**—That is correct, yes.

**Senator SYNON**—Have you made any formal applications? Are applications in process?

**Mr Kolaitis**—Again I do not want to go into too much detail because some of it is confidential, but I would say that we have had a lot of support from Bruce Reid. I find him very cooperative and very supportive. When I say 2,000 jobs, the projects have been broken up and so it does sound like a big picture approach. But again, we were putting it in line with the city improvement funding that was made available at one time. For example, Parramatta had about \$80 million made available for projects that the Labor government was interested in. That is no problem from our point of view. The money from the Federation Fund is being made available. We have spoken to Bruce Reid about the regional telecommunications infrastructure fund and we are in the process of putting that in place.

One of the problems is that if you have a big picture approach you have then got to break it down to suit the funding categories and criteria, and it is a very difficult game to play. I must admit it is a bit frustrating but we are sophisticated enough in our approach to work with the available funds that are there at the moment.

**Senator SYNON**—That was going to be my next question. I asked this question of one of the previous witnesses, and I am not sure if you were here. How would you describe the mood amongst the decision makers in Bendigo? Is it positive?

**Mr Kolaitis**—I have had first hand experience working with council, TAFE organisations and so on. A lot of it really depends on individuals within the organisation. You cannot rely on an organisation's structure to really drive it and so on. I have to be careful how I say this but I believe that there are now a lot of individuals within the Bendigo region who are fairly proactive. The council is very proactive, particularly in call centre project initiatives. There are quite a few irons in the fire at the moment from a council point of view, but I cannot go too much into that.

What I am saying is that I do not believe it needs that much government support to get a lot of these projects off the ground. Student accommodation, for example, was looking good at one stage but with the Asian meltdown and the financial problems that they are having in Asia, that has put a lot of our projects on hold for the moment, but they are picking up.

The vibes that I am getting indicate that there are enough movers and shakers in Bendigo now, and there are enough organisations, to work towards that goal. It probably needs a bit more consolidation and alliances which I think Jeff Bothe has probably talked to you about. There probably could be more of that within Bendigo. I am finding that I am having to be a fairly central and pivotal person in trying to get organisations working together on these initiatives.

**Senator SYNON**—It is good to hear the optimism. Thank you.

**CHAIR**—What has been the hardest bit?

**Mr Kolaitis**—From a regional point of view, getting the fund managers, who tend to be centralised in city centres, to really understand the sort of optimism that we have. They may not necessarily share it. I believe it is a cultural issue. The projects that we have in the regions may not yield as much as some of the city projects, but there needs to be a cultural change in getting them to recognise that there are viable projects within regional centres. There is that frustration.

It is interesting that I am dealing with Regional Development Australia, which is based in New South Wales. They come down to see us and we go up to see them. We are really having to branch out from the regions to get more cooperative support from bigger organisations to support what we are doing.

**CHAIR**—Suppose I run a superannuation fund, Mr Kolaitis, and I have got all these people barking at my ankles every morning demanding the best return I can get. A few things are melting down, including some currencies around the place, and the odd person or two is making a run on our dollar. Why on earth would I want to go for an investment in regional Australia to return me a solid 5 per cent when it is desperately necessary I get 10 per cent?

**Mr Kolaitis**—There is that problem with the super funds. Again, that is why we were perhaps putting up the structure. I believe there are still good, viable projects in the regions. I believe that it is a cultural perception, a broad perception in terms of how they are dealing with—

**CHAIR**—What sort of return are you going to offer these people?

**Mr Kolaitis**—I do not want to go into specific details on these particular projects but I believe we can offer well over the eight per cent, or nine per cent. I believe we are right up there. If you put in place the sort of structure that the Labor Party platform seemed to be referring to, and that is looking at some sort of government support as well, then I believe the returns are there. There is no reason why government cannot share in that return. It could be that if governments were players in those sorts of investment projects, and Labor could be returned to government, it could end up being a bit of a slush fund.

**CHAIR**—Why is Bendigo involved in federation?

**Mr Kolaitis**—Because of Sir John Quick. They were basically going back to the constitution. Sir John Quick was probably one of the main initiators of the constitution, putting that in place. He had a pretty important role to play in that.

**CHAIR**—I am really delighted that you tell us that on the record, that Bendigo is looking at some kind of commitment to Bendigo as part of the federation which might give it a boost into the next millennium.

**Mr Kolaitis**—If you want to look at it historically, at one stage we were probably one of the richest places on earth. We were contributing to the coffers of Melbourne.

**CHAIR**—Melbourne parliament lends evidence to that fact.

**Mr Kolaitis**—I could go back to my mining constituents at TAFE and dig up the records for you.

**CHAIR**—No, I utterly concur with you. Parliament House in Melbourne is evidence.

**Mr Kolaitis**—It is really a roundabout way of saying we have really made our contribution, in terms of federation, in terms of the constitution, in terms of mining, in terms of the place that we have in Australia. In a roundabout way it is saying, 'Perhaps you can be kind enough in your heart to think in terms of that historic perspective to see some of that come back to Bendigo.'

**CHAIR**—Do you find evidence that anybody with money to invest also has kindness in their heart?

**Mr Kolaitis**—If you are looking at it from a government perspective, in an historical perspective, why not?

**CHAIR**—Because there is no return on it.

**Mr Kolaitis**—I do not want to argue the point with you, I am just saying that there are good projects there that can offer good returns, and that is what we are identifying at this point in time. I agree that there are the hard commercial facts and realities that we have got

to deal with, but we are optimistic enough to believe that we can attract good projects to Bendigo through that commercial reality.

**CHAIR**—Are you still of the view that none of this submission should go on the public record?

**Mr Kolaitis**—I would prefer that it did not.

**CHAIR**—That's fine, I just wanted to check. I want to thank you for telling the committee about this because as Senator Synon has said, it is nice when once in a while we get the word 'optimism', or an up on your toes feeling from regional Australia. It is very tough out there. Unemployment is very high. A lot of rural Australia is reeling as a result of government cutbacks and the retreat of private investment. It is very good that this committee does not hear only a negative viewpoint from across Australia. We recognise there are some inputs and energy that might make a difference.

We thank you very much for attending today, and have a safe journey home, whichever road you take.

**Mr Kolaitis**—Thank you for the opportunity.

**CHAIR**—You are welcome.

[3.35 p.m.]

**ADERMANN, Mr Michael Andrew, Deputy Vice-Chancellor, University of Ballarat, PO Box 668, Ballarat, Victoria 3353**

**JAMES, Professor David William, Vice-Chancellor, University of Ballarat, University Drive, Ballarat, Victoria 3353**

**CHAIR**—The committee prefers all evidence to be given in public but, should you at any time want to give your evidence, part of your evidence or answers to specific questions in camera, you may ask to do so and the committee will consider your request. I do have to point out, however, that evidence taken in camera may subsequently be ordered to be made public, as happened recently by order of the Senate.

The committee has before it submission No. 145 dated 6 May 1998. The committee has also received a second submission, No. 190, dated 11 June 1998. Is it the wish of the committee that the second submission be received? There being no objection, it is so ordered. Are there any alterations or additions you would like to make to either of those submissions?

**Mr Adermann**—No.

**CHAIR**—We welcome you here. Perhaps you might like to give us a short contribution—we are very fond of three to five minutes—and then we will put questions.

**Mr Adermann**—If it is all right with the committee, I will lead off and then introduce the Vice-Chancellor to summarise with his paper.

**CHAIR**—That is great. Thank you.

**Mr Adermann**—The purpose initially for putting forward a submission to the committee was to firstly highlight some of the difficulties that have been experienced in regional Victoria and, in particular, both the Wimmera and the Grampians communities. Over a number of years, they have experienced considerable difficulty in the sense of some of the employment problems that have occurred as a result of government decisions in terms of tariffs and also in terms of rationalisation of some of the services that they have provided to those centres.

But, in presenting that foreword, we also want to put on record the university's commitment to assisting the community in helping itself provide solutions to those problems, particularly the severe unemployment problems that they have faced in recent years. I would like to highlight, just briefly, that the university has recently been involved in working with the community, particularly in the Horsham area, to look at ways in which it can provide a leadership role in that development. That initiative has been taken on board to support the community and to also highlight to government that there are ways in which the community can help itself and, with the university as a major player in that role, it has been able to look at ways in which it can do that.

One of the things that the university is keen to do is to provide learning as the main focus to regional development so that the community can access ways in which it can improve its technology base, its knowledge base and its skills base. I guess the report that I put forward highlighted ways in which we are endeavouring to do that. We are also hoping that we can make government aware that, when we do seek support, that we are seeking support of a positive nature in ways in which we can further develop opportunities for that region.

We come forward with a solution to some of the regional development problems of employment rather than actually putting forward the difficulties which have been experienced in the past. I would like to leave it at that and hand over to the Vice-Chancellor, and then ask for questions to be put forward.

**CHAIR**—Fire away, Professor. Thank you.

**Prof. James**—Thank you to the committee for giving us the opportunity to come and talk to you. Just to flesh out a little bit of the information that Michael gave you, the area that we serve is basically running from Bacchus Marsh through to Horsham and the South Australian border. So, that is really the reason it is a segment running out—

**CHAIR**—Down to the coast?

**Prof. James**—Not down to the coast, no.

**CHAIR**—Down to the Hamilton Highway?

**Prof. James**—Perhaps down to Hamilton and then out through to the border there.

**CHAIR**—Okay; thank you.

**Prof. James**—That is why our submissions have addressed the regional rather than the local. I have a very strong belief that employment does not come from piecemeal assistance measures; it comes from the capacity of the whole community to actually generate the wealth which in turn gives continuing employment. So we do not have any short-term projects, but the various areas that we have highlighted are the areas that we believe we can assist the communities in.

We probably have something like 2,000 existing small businesses through this region. Obviously, if each of those businesses could employ one more person, through increased profitability you would have a very significant impact on the whole unemployment picture. There are a number of strategies that can be used and we can be the facilitators of many.

The establishment of new businesses in regional Australia is a pretty chancy business because getting investment into the regional areas is not easy. Your last speaker talked about the difficulty in investment. The success rate of new small businesses in regional Australia is probably significantly lower than it is in metropolitan Australia. The process there is really the way in which the university can be part of an enterprise network which can support the incubation of small businesses and improve their chances of success.

We believe the attraction of new businesses is something which in many ways is outside the purview of the university. Finally, the improvement of regional educational networks is very much the focus of much of the work that we are doing. We believe this can provide the basic learning infrastructure that can lead to the generation of wealth and employment.

**CHAIR**—Thank you both very much.

**Senator ALLISON**—You formed a task force. Who funds the task force? Is it the university?

**Mr Adermann**—The task force we have in Horsham is one which is equally contributed to by the community from an educational institution's point of view, from regional development with three regional development officers, by local government and also by community members and business members within the community.

**Senator ALLISON**—What do you mean by funded by the community? How does that work?

**Mr Adermann**—It is their own time and their own travel expenses. All we do is provide a venue and participate in assisting in facilitating those activities.

**Senator ALLISON**—How long ago was the task force set up?

**Mr Adermann**—The task force has now been running for three months.

**Senator ALLISON**—Have you set yourselves goals and objectives?

**Mr Adermann**—Yes, we have. We had a significant planning session where we looked at trying to identify areas which we could target for project activity. We are also looking at providing information where we have some best practice examples in other communities. We could share that knowledge and information. It is really there to create an impetus within the community for them to start looking at ways in which they can help themselves.

**Senator ALLISON**—Have you used a model that has been successful somewhere else or used a new initiative?

**Mr Adermann**—No, we are not using a model from anywhere else. We are trying to develop our own, using the innovation and energy of the community.

**Senator ALLISON**—Can I just throw something at you? It seems to me that there are a lot of little committees and task forces and groups around the country trying to deal with unemployment issues. To what degree do you see yourself as an integrated body? Or are we looking at the emergence of ad hoc committees that bob up all over the place and then fold some time later? What is the prognosis for your group actually getting very far? To what degree do you think you bring on board a significant sector?

**Mr Adermann**—The Premier of Victoria has a task force that is looking at regional development and how it can promote regional development. We are linking into those

forums in a structural sense, but we believe that we can broaden the involvement and provide additional information by being actively involved with a broader advisory group from communities. We are linking into the structure that is already there.

**Senator ALLISON**—Are other universities doing similar things?

**Mr Adermann**—I think they are, but maybe not as broadly, because we are having a focus which is looking at learning as a concept and as a community challenge and how we might be able to look at the university, and other educational providers, as a business in itself, and how it might be able to drive learning in its own right. Our contribution to the committee is one of showing that learning is a valuable way in which people can gain knowledge and skills.

**Senator ALLISON**—So you have knowledge navigators, according to your submission.

**Mr Adermann**—Yes.

**Senator ALLISON**—You say that there is no recognised training program for these kind of people. Who are they? Are they teachers or community people? Who are your knowledge navigators?

**Prof. James**—The knowledge navigators at the moment, as I say, do not exist. Elements of the sorts of things they have to do are resident partly in teachers and librarians. They are resident in people who are in information technology areas. Our belief is that you need to bring a good deal of that information together into a single person package so that you get the capability to assist people through this rather large morass of information.

Just to amplify what Michael has been talking about, we are connected with the learning cities program in Europe. One of our senior people is going to a meeting in the next couple of days in England that is talking about learning communities and learning cities. We will bring back from there the best practices that they have in order to put in not a learning city but rather a more distributed system looking at a learning region. The learning region, of course, is difficult because you are changing people's perception, people's culture, people's comfort—

**Senator ALLISON**—Their attitudes?

**Prof. James**—People's attitudes, people's mind-sets. That is never a very easy thing to do, as you know.

**CHAIR**—I have two lines that I want to follow with you, so I ask your tolerance until I finish these two lines: 'I am 15, I am at school in Bendigo; I by and large think school is a right bore, and they have got this new apprenticeship scheme I could do and I have had a look at that and there is no future in that. What do you offer to me?' I know that you are going to say I am out of your area. Put me in Horsham for the purposes of this exercise.

**Mr Adermann**—No, it is no different. What we can provide for you, from the university's perspective, are greater opportunities. What we can provide is a much better bag

of programs, that are more customised and more focused on the community in which those people live. The university also provides a network where they can access other opportunities which they would not normally have been able to other than through going to a metropolitan centre.

**CHAIR**—Do I have to learn proper stuff or can you actually help me work out on the computer how to set up a system to pick the winners for the footy pools?

**Mr Adermann**—We can train you through a number of different areas.

**CHAIR**—Very good. How quickly can you deliver on this one? Professor, I am interested because I noticed that you have reduced your categories to three. Was it your paper? It became socialisation. What did you call that?

**Prof. James**—Excitement.

**CHAIR**—Excitement, thank you very much. Now, I reckon anyone learning how to break the code for the footy pools might be really excited.

**Prof. James**—I guess my answer to you would be that, if I could teach you how to do that, I would have done it so that I could get rich.

**CHAIR**—But, presumably, Professor, now that you can do it, you do not mind sharing your wealth with the rest of us.

**Prof. James**—Oh, absolutely.

**CHAIR**—You will put a little virus in what you tell the pupils, will you? I am interested in that. I really think that for a lot of students the real tragedy is that somehow going to school and learning has become associated with acute boredom. I wondered what you are doing to deal with the fact that learning is a big turn-off for a lot of people.

**Mr Adermann**—I think you have to add the environment into that as well. Quite often learning is not exciting for people because of the environment they have been exposed to. What we are trying to do is to encourage people to look at different ways of learning and to even challenge the way in which they learn through providing greater access and greater opportunity.

**Prof. James**—I think, in that sense, we would learn from probably two particular examples. One is the secondary school in Salisbury, which was a very run-down school in a poor part and with a very poor retention rate.

**CHAIR**—Salisbury—where, in the UK?

**Prof. James**—No, Salisbury in South Australia.

**CHAIR**—Thank you.

**Prof. James**—Another one was in Sydney, again in a poor area. They changed the nature of the teaching so that it became enterprising teaching. The kids in fact took control of what they were doing and could do something with it. I think that, increasingly—not just for the young people, but for the old people too—we have to give unemployed people excitement about wanting to do something new.

**CHAIR**—It sounds to me as though you are very dangerously close to a lot of adult education here, Professor James. Is this true?

**Prof. James**—We are partners with everybody.

**CHAIR**—We have finished a report on adult education. Senator Tierney, who is the deputy chair of this committee but not with us today, wrote a report, entitled *Come in Cinderella*, about the forgotten part of education. This committee has just recently reviewed it. It was a unanimous report, but sadly it did not get too many gongs from the government. If we could turn to your map here, one of the things I am interested in asking is whether these small dots that say ‘industry community learning’ are associated with what might now be adult community education sites.

**Mr Adermann**—Absolutely.

**CHAIR**—One of the things that we discovered was that a lot of people do learn in the community because they go there when they want to and they ask questions about what they want to know. As you said, it is run by the student, in a sense—whatever age that student is.

**Prof. James**—I think that our picture of that would be to broaden the capacity of those centres. Adult and community education has to support itself and so it is a commercial operation. I would say that there are very few knowledge navigators in most adult education centres at the moment, and I think that that is value that we can add. We can also, through networking, make a wider range of material available. Also, in terms of the socialisation, with the new packages we can actually start connecting those adult education centres together so that they socialise amongst each other.

**CHAIR**—I can understand from this that you would get jobs in the delivery of education—part-time, adult community education centres, et cetera. You would get jobs from any investment that followed because people now knew how to run a business or how to feel confident about maintaining a capital flow, or what was involved in the industrial demands of employing staff and so on. You might also find that there were going to be no jobs, but a lot of people who would know a lot. Do you think this would also be a focus to allow people to prepare for retirement, or living without employment, constructively?

**Prof. James**—They suggest that, in the US, by 2001 60 per cent of all the work force will be self-employed.

**CHAIR**—I noticed that.

**Prof. James**—I do not see retirement necessarily as the end of employment, but it may be self-employment in retirement, in some sort of a sense, and I would see that you are preparing for that.

**CHAIR**—It is interesting. That is a hard question to answer because it could sound as though you are therefore supporting early retirement, or not necessarily getting jobs, and the focus of this inquiry, or the message everyone is telling us, is, ‘We want more and more jobs. We do not want people encouraged to be giving up and getting out of the work force.’ But you cannot work if there are no jobs. We have found, of course, very high unemployment for people aged 18 to 24. If people tell the truth, the figures go all the way to well into the 30s in some areas, but there are very few places that would have a youth unemployment much under 15, or maybe 20 per cent. However, we have all been shocked to discover just how much unemployment there is for people over 45 or 50. These are people now effectively out of the work force 20 years short of retirement, with a huge amount of working experience and, I suppose, corporate memory, and with very little place to pass that on. How do you see they might benefit from what you are doing here?

**Prof. James**—Probably more than half the jobs that are going to occur in regional Australia have not been invented yet. Those people with the experience of the work force, with experience of all sorts in the corporate area, may well be the ones, if they are given the proper weapons, who can create the new jobs. People see the new jobs that are created by the information age as being focused in the city. I see that there is no reason that they should be focused anywhere. Our big drive is that there needs to be just as much opportunity for the people outside the metropolitan area to participate in the new jobs of the new age, and it is our job to prepare them.

**CHAIR**—These are my last two questions. Firstly, we have been told, for example, stories like, ‘I am 45 and I was trained as an electrician. When I went to trade school to learn to be an electrician they had red wires, blue wires and the brown earth wire, but now, when I come back to learn what is behind the panel, it is all electronics. I am completely out of touch. Everyone says there is no point in training me and, anyhow, I am not sure I can learn. What do you offer me? Do you believe, first of all, I am untrainable? Two, do you believe it is not worth investing in me because by the time I have finished upgrading in electronics I am going to be 50?’ After you have answered that, Professor, what else can you give me by way of optimism?

**Prof. James**—Firstly, I do not believe anybody is untrainable. If I can retrain you by the age of 50, you have still got 20 years to enjoy that new opportunity. The biggest thing that I will give you is the capacity to continue learning and continue changing in the way that you can apply your skills in the workplace. We do not believe that you train for the here and now; you train for tomorrow and the day after.

**CHAIR**—That is probably not what they told me last time. Please explain this glorious connection. I like the idea of chat rooms but I understand they do not mean that everyone talks to each other; they just do these things. Have you got enough infrastructure, fibre optics and other cables rushing around the place to do all of this?

**Prof. James**—It is interesting that, in order to connect into that sort of arrangement, you need a 9600 baud. You do not need fibre optics; you can do it on a twisted cable. We recently had a tour when we went through western New South Wales, Queensland, the Northern Territory and South Australia. Almost without exception we got 9600 and, in a few places in New South Wales, we could only get 1200. The carriers in fact are under an obligation to deliver 9600 to all subscribers, and that is sufficient to give that totally interactive learning network. The infrastructure is there.

**CHAIR**—Where are these people?

**Prof. James**—We can do it in Cunnamulla now.

**CHAIR**—It is Oodnadatta for folks like me and the back of Bourke for others. I will learn to pronounce your—

**Prof. James**—Yes, I have been to the back of Bourke.

**CHAIR**—Haven't we all. Is this all in the one place or is it a connection across miles and miles?

**Prof. James**—It could be in 30 different centres. It could be in five different countries.

**CHAIR**—Countries! So this is when we might be teaching history to the—

**Prof. James**—That process has been run with a class, half of which was in Hong Kong and half of which was in New York.

**CHAIR**—Does it take a long time to set it up? Do you have to book lines or anything?

**Prof. James**—No.

**Senator GEORGE CAMPBELL**—There are a number of these paid-up projects running around at the moment. The University of New England had one as well.

**CHAIR**—I just want to know what is a voice capacity?

**Prof. James**—You have to be able to talk to the computer.

**CHAIR**—More importantly, does it come out as voice at the other end?

**Prof. James**—Yes, it comes out as your voice at the other end.

**CHAIR**—In other words, it is really like a telephone on the speaker system but it means that you can hook that directly to what is going down the computer too.

**Prof. James**—That is correct.

**Senator SYNON**—Thank you very much for your submissions. As I was quickly reading through the second one, it is quite mind expanding, which is quite a challenge at 3.30 after a 6.30 departure this morning.

First of all, I have a question for you, Mr Adermann. You say in your submission, at the bottom of page 2:

We have not found the labour market programs of the past government useful in generating job outcomes for their participants.

Do you have any reasons or explanations for that?

**Mr Adermann**—Mainly because of where they were focused and a lack of some of the practicum movement components that related to industry. You need to understand the profile of the community. It was mainly placed in government agencies and service agencies rather than in those which had more of a practical base. In that district that was the reason why the skill base was not there and therefore the employment opportunities did not follow.

**Senator SYNON**—Are you optimistic, therefore, that with the change in focus we may be able to generate some more jobs?

**Mr Adermann**—Yes. The modern apprenticeship system is opening up that opportunity, and I think one of the most valued components of that is the fact that the training is being delivered more in the practicum—in other words, more in the workplace. And you need to also understand that we view a farm as also a workplace and small business, so when you do your placements now you are able to conduct a traineeship on the job with very relevant linkages to the task performed in the workplace.

**Senator SYNON**—And do you work in conjunction with a local group training company?

**Mr Adermann**—Yes we are. We have got partnerships with those organisations.

**Senator SYNON**—You have partnerships with everybody. I understand. On the task force's charter—Senator Allison asked you where it was at—has it been successful? It is quite an ambitious list, but it is a very exciting charter. Has it had any positive outcomes yet that you can point to and illustrate for us?

**Mr Adermann**—Yes. One of the things that we have done already is where you have got, for instance, a leader within the community—and the leader can be just a student that has excelled in a particular discipline, a sport, or even a public relations process—we are trying to give a profile to those people so they can portray best practice to their peers. We have done a couple of those activities already in Horsham with a very high degree of success.

**Senator SYNON**—Is there one that you could illustrate for us?

**Mr Adermann**—There was one recently where a student had actually excelled in a sporting event within the community, and that person is going on to another community—a state-wide event—so they were able to speak on how they prepared, how they put themselves in that position, their commitment to that and what the benefits have been to them.

**Senator SYNON**—Professor James, thank you very much for your submission which I found very interesting, particularly the focus on the capacity of the community to generate wealth in order to respond to problems of unemployment. You outlined three strategies: first, maximising the profitability of existing businesses; second, creating new businesses; and third, attracting businesses. I am particularly interested in the second of those strategies. I worked in the employment and education area for a long time before getting into the Senate, and one of my concerns always was how we deal with the subject of entrepreneurship—how we inculcate into young people in particular and then their parents and community leaders a spirit of entrepreneurialism within society, and how we get some of that ‘can do’ approach, so you go out and you create your own job, or you go out and create your own community organisation. I see that they are some of the things you talk about. In particular at 2.1, you are talking about the establishment of strong culture of innovation and enterprise. How are we going to do that—just in 30 minutes or less.

**Prof. James**—I deliberately avoided the word ‘entrepreneurship’ but that is what it says.

**Senator SYNON**—Some people think that has the negative connotations of the 1980s: is that your difficulty with that word?

**Prof. James**—Yes, yes that is certainly true. I do not think that entrepreneurship is just about making money, is it?

**Senator SYNON**—No, nor do I.

**Prof. James**—Entrepreneurship is about doing innovative things, whether socially or whatever it is.

**Senator SYNON**—Being an entrepreneur within an organisational context as well.

**Prof. James**—I think that the place you start is in the schools, and one of our proposals is that the university sponsors a competition within schools for the most entrepreneurial project, and all of the schools are invited to be part of that. We provide training materials in innovation and enterprise and through that process perhaps we then go into the communities.

We provide community incentives for entrepreneurial approaches. Through the community learning centres, we actually run programs in enterprise so that there are very well understood processes now for generating innovation and enterprise, but people do not know that they exist and they are a bit suspicious of them.

So I do not think you wave a magic wand and everybody becomes comfortable with the idea of being an innovator. But every community, even the little towns, have very enterprising people. What you have to do is to find them and click on to them.

**Senator SYNON**—Harness it. It is also an issue in terms of encouraging people to want to set up their own community organisation or small business. It is not just about having the vision. We will not use the work entrepreneurialism, but what word did you use?

**Prof. James**—Innovation.

**Senator SYNON**—It is not just innovation that is required to do that, because I have seen a lot of people with a great idea for a small business that then fails because we as a society fail to equip them with the necessity for getting small business management training, the nuts and bolts of how to run a small business. It has always been my view that those two things have to be held in tandem.

**Prof. James**—In this distributed learning network, the community learning centre is more than just a learning centre. It is in fact linked back into the two business incubators that we have, and the business support processes can actually be channelled into every small community through that process so that they in fact link across the whole region into a network of enterprise centres. That in turn provides the support for the new businesses to at least give them a better chance of success than they had.

**Senator SYNON**—Is this what you mean when you talk about the electronic incubator?

**Prof. James**—Yes.

**Senator SYNON**—Finally—and I have got a dozen more questions that I could ask you—you talk about the changing face of work. That is something I think we have all been concerned with, including the fact that people may change whole career paths five times and more within their lifetime. How do we go about equipping young people for that kind of flexibility when some would say that our education system is in fact becoming more rigid in some ways? I was just listening to some commentary on that on the radio as I was coming up this morning. How do you balance that tension?

**Prof. James**—I think that the first thing you have to do is to make people comfortable with the idea of change. It seems to me that young people are infinitely flexible and we do our best to batter it out of them by the age of 25. I think that that is what we have to stop doing. We have to in fact encourage that flexibility. We have to build it in to the way that particularly the universities but also the schools present information to them so that they think more in terms of, 'Here is an interesting idea. What do I have to learn to make that idea successful?' I think that, again, it is not the mind-set of the community; it is the mindset of the educators that has to be changed.

**Senator GEORGE CAMPBELL**—I could start with my last point first. How do you make people comfortable with change? I think that the reality is that over the past decade or so we have made the community very uncomfortable with change, primarily because the end result of every change that they see has had a downside to it. There has been a loss of jobs, a loss of spirit on the community, lack of opportunity for young people—all of that. That is the downside of it. I know, from my previous role as the secretary of the metal workers, that when we started the process in the mid-1980s of structural change in the workplace and new forms of work organisation there was a lot of enthusiasm about it. But you go into their

workplace now and talk about best practice and they will physically throw you out of it, because they have had enough. They are sick and tired of hearing best practice, because best practice to them means that you or your mate will be out on the street—and it has meant downsizing, et cetera. I would be interested to know how you actually make people comfortable with change, particularly the type of change that we have experienced over the past decade or so.

I want to come back to this other question of entrepreneurial things because they are an important dimension of this. This country has got a very good record—in fact, an exceptional record—in terms of innovation, research, and coming up with new ideas. Where we have a notoriously bad record is in commercialisation of those ideas. I think that stems in part from a lack of entrepreneurial skills in this country and a lack of risk taking by people who have had the control of the capital base to be able to do that. That is primarily, I think, because people always wanted a guarantee of the outcome, rather than at the end of the day. That is also reflected in a lot of the debate that occurred through the eighties and early nineties about managerial skills. It is well recognised in this country that the skills base of our managers is notoriously bad. When the OECD did a ranking, it ranked them 23 out of 26 OECD countries in terms of their skills' base. The Karpin report, which came out in 1995-96, said a big job had to be done in terms of reskilling and training up our managerial people and those managerial systems.

Has anything been done about actually looking at that managerial base? Is there a management school as a part of your university? Is there a commerce degree? That is an awful lot to throw at you in one hit.

**Prof. James**—Let me try and answer a few of those briefly. How do you make people comfortable with change? If you want the simple answer: leadership. If you do not have the leadership to show a positive way forward, people are going to be very uncomfortable with change. Change has to be associated with both personal and community advantage, and that really happens only when the leadership is there to actually explain and show how that happens.

How do you get the entrepreneurship in the managers? I think that you are right, the training of managers has been limited and, particularly, the training and the career progression. There has been a great tendency for managers to hold onto what they have got and not train properly the next generation and the next two generations of managers and leaders. In this sense, the managers have been managers rather than leaders, and I think that there has been too much management and not enough leadership.

I did a brief tour through part of the States and Ireland over Christmas and I think that the Americans are starting to do entrepreneurship very well. They are actually building it in at the base level, at school, at university, and into business, and they are showing that there is a structure to entrepreneurship which can be learnt. Part of it is in-built, but an awful lot can be learnt and it can be made secure.

When I went to Ireland, I found that they were complacent, reliant on government and EC handouts. The spirit and the character of the entrepreneurship there is very poor. Without the sort of subsidy that they are getting in order to survive, I do not think that they would.

In that sense I think that there are two lessons to be learnt. We really can put a structure into place that helps to support a culture of entrepreneurship. One of the things that we will be putting into the university is that every student—every student—will have to have some training in entrepreneurship during his or her course. It does not matter whether the students are in languages, in human movement, or whatever it is. You can be an innovative nurse, or an innovative anything, and that characteristic is part of what will carry the country into the next—

**Senator GEORGE CAMPBELL**—It is an interesting thing. I visited Xerox two or three years ago in Rochester and they had this system whereby they had this continuous review of various departments in the company. They had one department that was making the frames for the photocopiers which was competing against a Mexican company. They department was uncompetitive and under the Xerox system they were given so many dollars and a team to see whether they could work out if they could become more competitive than the Mexican competitor before they took a decision to shut it down.

The reason I am relating this is because there was an interesting part of it. We actually sat down and had a talk with the group. In the group was an accountant, one or two other people who were working on making the metal frames, and the manager of that department. He was honest enough to say that after three months sitting down and looking at what was going on, they suddenly realised that the biggest impediment to that division becoming competitive was the manager. It was a simple acknowledgment they came to.

The work force in the department were committed to keeping that department going and making it competitive. The manager was committed to getting his foot on the next rung of the corporate ladder, and the last thing he was interested in was that department. He was interested in where he was going and it took them three months to work out that that was the major impediment to them becoming competitive.

I had a discussion with John Prescott from BHP two or three years ago. He told us that they tried to put in to BHP a flat management structure. In other words, you did not get progression through unless you learnt all of the skills right across the whole spectrum of the company. He said that they had a bigger brawl with management of BHP trying to implement that management structure that they had with the work force and putting in new work systems in the late 1980s. It partly was a cultural thing and partly it was this career path moving up the corporate ladder thing, as well. They had seen their development within the company being impeded by the fact that they had to operate within these flat management structures. So it is very much both a structural and a cultural thing in terms of getting a change in management thinking about what their role was within the enterprise—and that is as much comment as question.

**CHAIR**—Absolutely, Senator Campbell. But one of the great things about a really good Senate inquiry is that it is about information exchange. We think that our witnesses do not mind sometimes if they are listening—is that true for you?

**Mr Adermann**—Yes, that is true.

**CHAIR**—I speak for you, do I? Just before closing, does either of you know about the Ford UK proposal which has been in place for a few years now to give all their workers something like £100 each year for education? If you do not, I do urge you because I am sure you will be able to follow it up. It is a very interesting program.

A very senior person in adult education who came and gave evidence to our inquiry from the UK said that under the Thatcher government there was no money forthcoming from government so they had to think of something else to do. They actually went and worked directly with employers and employees. At the Ford factory each worker was given—I think it was £100, it might have been less—and each worker was able to spend it on anything in education.

For the first few weeks they played a lot of golf—a lot of golf was learnt, and also how to cook in the south of France. But they very quickly got rid of all that nonsense and the workers actually started to do things, such as upgrading their skills, learning to speak another language so they could take their skills into Europe if they wanted to do that, and so on.

The main thing that the company found was a dramatic reduction in absenteeism and a dramatic increase in productivity. They more than got their money back, and when they later had to downsize—I loathe that word: sack people—and reduce the size of their plant, the workers, in conjunction with management, agreed that they would rather lose a few more workers and maintain the education payout for each worker each year. If you do not know of it, I pass it on.

There is another interesting one—it might have been Rolls Royce, but I am not sure. You would be interested in it, I think, because it is a different pathway to possibly the same outcome, as it turns out.

I would like to congratulate both of you on, not just your submissions, but also what you are trying to do to lay out almost an educational network—it is a model. At this stage it is focused on the Wimmera and western Victoria, but I think these kinds of oomphy ideas are really very helpful for our committee, and for Australia more generally. I thank you very much for that.

You mentioned a task force by Premier Kennett. Do you know whether there is any documentation from that task force, or have you got it?

**Mr Adermann**—Some of the reports have gone forward from the various regions. I imagine that it will all come together fairly soon. I think that they have a deadline by the end of July, if I remember correctly.

**CHAIR**—We might see if we can find them, but if you have access to any of those, and if it is proper to pass them on, the committee would welcome them very much indeed.

**Prof. James**—I am on the local task force that covers the same region as the university catchment and I can certainly ask them if they are comfortable for you to have them.

**CHAIR**—Yes. If there is a proviso that you want it confidential, that you cannot send it to us, that is fine. But if it is on the record, or is information publicly available, we would be very pleased to receive it. And once again, I thank you for your contribution today and I hope you do not have too far to go home.

**Prof. James**—No, not too far.

**CHAIR**—We started with Ballarat. We have gone all over Victoria, or they have come here today, and we are closing with Ballarat. Thanks again.

**Committee adjourned at 4.20 p.m.**