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Official Committee Hansard

EMPLOYMENT, EDUCATION AND TRAINING REFERENCES
COMMITTEE

Reference: Regional employment and unemployment

TUESDAY, 21 JULY 1998

LISMORE

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SENATE

EMPLOYMENT, EDUCATION AND TRAINING REFERENCES COMMITTEE

Tuesday, 21 July 1998

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

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

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

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

Terms of reference for the inquiry:

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

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EMPLOYMENT, EDUCATION AND TRAINING REFERENCES COMMITTEE

Regional employment and unemployment

LISMORE

Committee met at 9.33 a.m.

GAINGER, Mr Kenneth Geoffrey, General Manager, Lismore City Council, 43 Oliver Avenue, Goonellabah, New South Wales 2480

IRWIN, Ms Roslyn Mary, Mayor, Lismore City Council, 43 Oliver Avenue, Goonellabah, New South Wales 2480

MEAGHER, Ms Anne Therese, Manager—Community Services, Lismore City Council, 43 Oliver Avenue, Goonellabah, New South Wales 2480

NEWTON, Mr Graeme William, Manager—Economic Development, Lismore City Council, Suite 3/165 Molesworth Street, Lismore, New South Wales 2480

CHAIR—Welcome. Today's hearing at the Lismore City Council Administrative Centre is part of the committee's inquiry into regional employment and unemployment. The committee prefers all evidence to be given in public but, should you 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 point out, however, that evidence taken in camera may subsequently be ordered to be made public by the Senate, as has happened in recent years.

The committee has before it submission No.132 dated 6 May 1998. Are there any alterations or additions you would like to make to your submission at this stage?

Ms Irwin—Yes, we would like to submit an addendum to that submission—and we probably have too many copies. It deals specifically with the commercialisation of employment services as it affects Lismore.

CHAIR—Thank you. Is it the wish of the committee that the submission plus the newly received addendum be received by the committee? There being no objection, it is so ordered. I now invite you to make an opening statement, then the senators will put questions to you. We have got about 45 minutes so, if you would like to take perhaps a slightly shorter time rather than a longer time, then we will have more time for questions.

Ms Irwin—We have operated on the understanding that we probably have five minutes, so we will try to keep to that.

CHAIR—Well done, spot on.

Ms Irwin—Thank you for giving the Lismore City Council an opportunity to speak to you today. We do not wish to simply provide a litany of complaints to the inquiry. I am sure you hear enough of those as you are travelling around Australia. We also know that you probably appreciate that the situation in rural Australia is serious and that people are hurting. I also need to add that we are not looking to government to solve all our problems as this community and this council have taken a number of steps to improve our situation. However, we believe that some federal government decisions have had a disastrous impact on our community and they reflect an attitude which unless changed will lead to further hardship. I

also say that this is not a party-political statement; it applies to federal governments of both persuasions over recent years.

We perceive economic decisions based on concepts of least cost, greatest profit and private sector efficiency being made without due consideration of the social consequences of those decisions, particularly with the social impact of the loss of jobs and unemployment on communities. We see this as being combined with a failure to recognise that there is an obligation on government to provide a degree of equity to its citizens wherever they live. There are many examples I could use, but I will focus on just a few. Commercialisation of employment services is probably an excellent one.

In this process many of our region's best and most experienced job search providers and trainers, including specialists who deal with youth, disabled people, mature aged workers and Aboriginal people, failed to win tenders. In Lismore, although we previously had several providers, particularly of specialised services such as for Aboriginal people, contracts were awarded outside the local area to organisation with little or no previous track record and with little knowledge of the local labour market. Successful tenderers have been allowed to on-sell or sell off their contracts. For example, the current FLEX 2 provider in Lismore bought the business from the successful tenderer and subsequently moved location outside the central business district thereby ignoring one of the essential criterion of the tender process.

Lismore has been particularly disadvantaged in the commercialisation of employment services. Employment National is the only FLEX 3 provider compared with three providers in Ballina and Tweed Heads, and two in Murwillumbah, despite the fact that, with the exception of Tweed Heads, we have the largest population and the largest number of unemployed. Letters to the minister resulted in a standard response which failed to address the specific issues of concern that we raised as they related to Lismore. I guess one has to question whether the energy of the local federal members was influential in the decision about where particular FLEX tenderers were located.

So that is one clear example; the other is the recentralisation and downgrading of government services. As we have outlined in our submission to you, this community alone has lost about 450 government sector jobs over the past five years—they were mostly federal government sector jobs. The flow-on effect of the loss of 450 jobs, which were amongst the better paid in the community and certainly had some stability, has been absolutely disastrous. There is no doubt about it. In 1991 we had a projected population growth of two per cent; however, over the past few years that has fallen and, in fact, we have achieved 0.67 per cent. Our community is declining and that is having a massive impact on our businesses as well as our people.

The third example is the privatisation of Telstra. There is no doubt it has been quite disastrous for our community. Apart from the jobs which we lost here, the thing that has had a huge impact on business and on residents has been the total lack of service that we have had ever since Telstra decided to downgrade in the country. People find that it is weeks before they can actually have a connection and, if you have a service difficulty that requires people to come out and do something to your phone, you can be waiting for much longer than that. So whilst there could be arguments supporting the decisions that have been made,

we feel that the impact of those decisions should have been assessed and there should have been a regional development policy implemented to soften the impact in rural areas.

When I say a regional development strategy, which we see as being absolutely lacking, it should be based on a concept of strategic regional development supporting new industries. For example, industries in Lismore that are certainly worth pursuing—and we have been doing what we can with them—are natural medicine and the arts industry. So we ourselves are unable to address some of the issues that we know need to be addressed. For example, one could argue that local government should be able to use its buying power to provide a better outcome for our communities; but national competition policy prevents us from doing this. At the very least, we believe there should be equity in the way available federal funds are allocated. However, there are many examples that suggest there is a lack of strategic directional planning in funding decisions. A question we would ask is whether it is reasonable to develop regional Australia based on the political benefit to the government of the day.

I will pass on to Graeme to talk about some of the suggestions we want to make; but, to sum up, we think the assessment of social impacts before decisions are made has to occur. We have seen no evidence that that has occurred in the past. There needs to be a commitment to regional development and there clearly needs to be strategic and reasonably equitable allocation of federal funds—not pork-barrelling.

Mr Newton—Before commencing I would like to highlight the fact that we are not trying to come up with prescriptive answers or to tell you, ‘This is what should be done.’ Really, our philosophy is very much to work within the regions and get the best benefit out of those regions—rather than a top down approach, getting the benefits from within the region and having a bottom up approach, if you like. I will explain that in a little bit more detail.

My personal background and perspective is that I came from Brisbane only 18 months ago. I have come from working in a similar role in a city environment to a regional environment. I would like to address some of the areas in which I have seen some contrasts. Policies in a regional environment have to be quite different from those in a city environment. This is quite obvious. However, with a lot of the current regional development strategies, it is not that obvious. With things such as communication between government and residents, it is a lot easier in the cities to get access to information and the relevant members and so forth than it is in the regional environment. As well, in the regional environment, people are restricted by the forms of media access that they have. They tend to use their local media as their primary source which can actually give not as clear a view as the broader media.

The other thing I have noticed, most importantly, is that local government plays a far more fundamental role in the regions—they provide community services as well as economic development areas, whereas local government in the city environment provides quite different services and is less involved with the community. It is more involved with running the administration of the town.

Lismore City Council has been very proactive in its approach to trying to get the community to work more effectively, and one primary area has been in the establishment of the Economic Development Unit in the first place, and the establishment of the Economic Development Advisory Board, which has put together an economic development strategic plan identifying the strengths and the weaknesses of the area, the opportunities and also the needs.

We are working on projects for this particular localised area. We are also gathering current economic information and facilitating investments and so forth. Just recently, council has passed an 'incentives for investment' policy. These are all issues that are focused on a local government area basis. The majority of policies coming from both state and federal levels are very much focused on the regional, and this can create inequity in particular regions, because some local government areas have no benefit from regional based policy.

Senator GEORGE CAMPBELL—Can you expand on what you mean by that?

Mr Newton—Using this region as an example, if you are talking about tourism based development or strategy and so forth, the areas is well known for Byron Bay, Ballina and the Tweed. Lismore's tourism is not very coast oriented. It is more hinterland oriented, but the tourism policy for this area has predominantly focused on coast based development. Granted, for the region that is the dominant area; but it does not provide very much benefit for Lismore. Does that explain it?

Senator GEORGE CAMPBELL—It goes to the question of what you define as being a region, and what the synergies are in the context of what you define as a region.

Ms Irwin—We would work generally on the basis of being part of the Northern Rivers Regional Organisation of Councils region. That goes from Grafton to the Tweed.

Mr Newton—On suggested strategies, as I was saying before, the regions need to identify their own competitive advantages and actually build on those individual strengths; rather than have the top-down approach, they should work out what the strengths are individually and have policies within both state and federal governments that support those competitive advantages. Things like input-output studies are quite expensive to run and are generally done at a regional level, so again you do not end up with localised information—because Lismore's economy is quite different from that of the other council areas in the region.

The ball has been picked up and run with on another issue: there are projects of regional importance which need bipartisan support, at both state and federal government level. The project we are currently working on is the 'cellulose valley' technology park, a natural and herbal medicine project that the university is putting together and that has regional significance. We have received quite significant verbal and financial support from the state and federal governments, to this stage. It is an ongoing process and is a good example of where a regionally based project can have both state and federal support and actually get benefit across the whole region.

The other aspect is where the federal and state governments are supportive of local government areas that are actually proactive in their own approach to localised and regionalised economic development. Currently, Lismore City Council's establishment of its Economic Development Unit has been done off its own bat. There is no support from either the federal or the state level for that: the council is itself funding it 100 per cent.

Senator GEORGE CAMPBELL—Mr Newton, how much is that funding worth on an annual basis?

Mr Newton—The budget for this year is in the order of \$160,000.

Senator GEORGE CAMPBELL—Out of what total council budget?

Ms Irwin—Our budget is about \$50 million.

Mr Newton—It has been done on a very thin basis.

Ms Irwin—A huge proportion of that council budget—somewhere around \$12 million—goes to roads, and it is nowhere near enough. You would be aware of the signs which say, 'Fix Australia, fix the roads.'

CHAIR—Yes. Mr Gainger or Ms Meagher, do you wish to make some comments at this time?

Ms Irwin—We have focused on an overview, but it might be useful—unless it comes up in questions—for Anne to make some comments about the demography of the area, if you wanted that. We are really not aware of what else you require from us.

CHAIR—We have a fair amount of evidence here and we also have a very useful submission from you. I might call my colleagues to ask their questions now. If you think we should hear more, please tell us.

Senator TIERNEY—Thank you for submission. It is one of the best we have seen to date. Firstly, could I ask some questions in terms of population growth? Over the last 20 years you have been growing at 3.8 per cent, triple the national average. You have reduced in recent times.

Ms Irwin—Yes, absolutely.

Senator TIERNEY—Where have you reduced to in terms of the national average?

Ms Irwin—We are down to 0.67 per cent. My understanding is that we are probably lower than the national average or perhaps on line with it.

Senator TIERNEY—Population growth can be a bit of a mixed blessing, in terms of demands on the region and what is provided to the region, depending on the mix. In terms of mix, what changes are taking place? Have you done any analysis of that? Who is actually moving in now?

Ms Irwin—Where we differ in terms of employment from the state average, for example, is that we have a much larger young population. Our proportion of people who are in the up to 15 category is higher, as is the older population. Where we are missing out is probably in the 20-40 age group. Would that be right?

Senator TIERNEY—The two growth ends put a higher demand on services obviously.

Ms Irwin—Yes, particularly around issues like health. The whole health situation is impacting on the community too.

Mr Newton—As Mayor Irwin is saying, the other thing impacting on us has been that the population growth on the coastal fringe of the region has been at the older end. Tweed's median age is about 44, and Ballina's is 39, whereas Lismore's is round about 36. However, those areas on the coast use Lismore as an administrative and health hub, because we are centrally located, very convenient and so forth. That has an impact on our support services.

Ms Irwin—And our infrastructure. We are the centre for places like Kyogle. It is very heavily dependent on Nimbin.

Senator TIERNEY—I had the chance about four years ago to have a look at North Carolina which 40 years ago was a run-down cotton state. They developed a research triangle there between the three universities. They have just turned North Carolina on its head in the last 40 years in terms of the sorts of industries that they were able to develop and growth and employment.

With Southern Cross University, I would have thought you had the genesis of a similar sort of thing, particularly as it is an entrepreneurial university and one that is moving into marketing of products that are in sympathy with the strengths of the region. Could you explain to the committee the way in which that is developing as a mainspring for Lismore?

Ms Irwin—Yes. From our perspective, the industries that have perhaps buffered Lismore, compared to some of the smaller towns around the place with difficulties, have been the university and the fact that we have two very large hospitals—the private St Vincents Hospital plus the base hospital.

In regard to the university, you are right. Clearly the university is very much looking at niche markets and developing close contacts with industry. There is no doubt about that. However, the other side of the equation is that it also is suffering from the impacts of the government's Treasury education decisions.

For example, probably 60 per cent of the students at the Lismore campus of Southern Cross are now taught by people who are on contract. The typical contractual situation at the university level is for something like a nine- to 10-month period at maximum. The other side of that is: how do people service loans or even get loans for houses when they are on short-term contracts?

Yes, it is a blessing to us. We have fairly close links with the university anyway, but we are looking at ways that we can share our resources between the council and the university. But it has mixed blessings in terms of the changes that it is going through as well.

Senator TIERNEY—What would have been the growth of the student numbers at the university over the last 10 years?

Ms Irwin—Huge. The university has a student population of 10,500. On top of that it has a staffing base of 750 people. So the impact—

Senator TIERNEY—And 10 years ago?

Ms Irwin—It did not exist 10 years ago. It was a college of advanced education.

Senator TIERNEY—I know, but there was an institution there. What were the numbers then?

Ms Irwin—There was an institution, but I think the numbers would have been very much smaller. I do not recall them. The growth has been substantial. Since it became Southern Cross University independently in its own right it has gone from something like 3,000 to 10,500 students.

Senator TIERNEY—And that is over a period of about five years, isn't it?

Ms Irwin—Yes. The other really huge growth at the university has been in a small university attracting research funds. For a regional university they have been incredibly successful. They are looking at something like \$5 million in research funds being attracted to the university this year.

Senator TIERNEY—Have you done any studies on the impact of the university economically on Lismore? What does it put into the local economy each year now?

Mr Newton—A study has been done. The university contracted an independent consultant to do that. I do not have the figures at hand.

Ms Irwin—It was \$100 million a year.

Mr Newton—It was quite significant.

Senator TIERNEY—With that growth in five years of up to \$100 million, and given it is an entrepreneurial university and getting a higher proportion of its funds from the private sector than virtually any other university, so it is not as dependent on government, that would probably continue into the future and as a major underpinning of Lismore, wouldn't it?

Ms Irwin—We sincerely hope so.

Senator TIERNEY—You could perhaps explain to the committee a little further some of the things it is moving into. There seems to be an interesting synergy between some of the courses developing, for example, in alternative medicine and industries in the local area.

Ms Irwin—That is where the ‘cellulose valley’ project came from. It is a recognition by the university of things that they were offering, plus there is the growth of the tea-tree industry in Lismore, which is a really nice synergy. That has led to the approach to people like Blackmores and others to move their manufacturing base here.

Senator TIERNEY—And the tea-tree is native to this region, is it?

Ms Irwin—Yes.

Senator TIERNEY—So have Blackmores set up here?

Mr Newton—Blackmores have established their research at the university. They are taking it one step at a time. The chances of them relocating their manufacturing to Lismore are probably reasonably slim, however that does not exclude other natural and herbal medicine organisations. We are discussing about establishing on the site with quite a few of them. A study has just been completed funded partially by the area consultative committee and by the Department of State and Regional Development of the state government. It has gone through the detail of what would be involved with establishing a technology park for research into that area. That would involve an expansion of the research facilities as well as capacity for manufacturing. The primary need for that technology park will be things such as infrastructure. Infrastructure will be the most important aspect of establishment of such a facility.

Senator TIERNEY—With ‘cellulose valley’ and the technology park, are we talking about the same spot?

Ms Irwin—‘Cellulose valley’ is the technology park. It is like the silicon valley.

Senator TIERNEY—Where is it located?

Ms Irwin—It will be on some land not far from the university which they already own. But talking about infrastructure, the roads and the buildings are going to be probably the most expensive part.

Senator TIERNEY—Is that the land they bought about five years ago on the other side—

Ms Irwin—Yes, it is.

Senator TIERNEY—And they are going to develop that there?

Ms Irwin—Yes.

Mr Newton—I will just clarify that. Port Macquarie right up to the border is classed, in loose terms, as ‘cellulose valley’ because that is where potentially the primary production could be made. Then the actual ‘cellulose valley’ technology park is on that campus there.

Ms Irwin—Southern Cross University has its campuses at Port Macquarie, Coffs Harbour and Lismore, and is setting one up at the moment at the Tweed. So in fact it is taking a very regional approach from Port Macquarie.

Senator TIERNEY—It has the potential of generating a lot of new industry out of these new products. Can we go back to some of the older products of the area. You have a lot of disused dairying land that I believe originally had cedars and mahoganies and those sorts of cabinet timbers on it.

Ms Irwin—Yes.

Senator TIERNEY—Is there any plan to re-establish plantations where they used to naturally grow in those sorts of areas?

Ms Irwin—Not in sufficient quantities. There are difficulties getting cedar to regrow these days. There is a little thing called the tip moth, which has a way of damaging those plantations. But we are focusing very strongly on trying to promote plantation timber, partly because of our proximity to the national parks here, which have been the scene of some of the toughest fights over the forests. So the support is there as well as the encouragement to try to have plantation timber to protect the forests, which are a tourist asset for the area.

Senator TIERNEY—You mentioned Telstra. I had a look at a report dated about 1993, which looked at the rural services of Telstra. Admittedly, it was not this area; it was western southern New South Wales. We spent some time looking at this in the Senate, I remember. The report was leaked to us internally out of Telstra, and it showed appalling service levels and those sorts of things. You have mentioned the decline in the service. I am just wondering where this golden El Dorado of good service from Telstra actually existed, because, at least in the early 1990s, it was not particularly good in rural areas.

Ms Irwin—It would depend on what you see as good. If you go back to—

Senator TIERNEY—I just wonder when it was good, though.

Ms Irwin—Five years ago, you could walk into a Telstra shop and you could actually see and talk to somebody about what you might be able to buy. If you wanted a connection, you would have it the next morning.

Senator TIERNEY—Next morning?

Ms Irwin—Yes.

Senator TIERNEY—I did not think Telstra did that anywhere at any time.

Ms Irwin—They did.

Senator TIERNEY—I would be interested to see the evidence of their doing that.

Ms Irwin—That is the experience on the ground, and it may differ when you are talking about areas which are much more geographically remote than Lismore. We are not that remote; it is a larger community in this region, and certainly the level of service was good. It is not saying that there were not good reasons to address the issues around Telstra and some of the practices within Telstra. But I can assure you that people in this community, in a very short time, can tell you about the service. Do you want to give your classic example of your phone, Ken?

Mr Gainger—It is abysmal. My phone was disconnected, or it was out of service, for about three weeks over January-February, and a temporary line was put in after many, many phone calls. It is still swinging through the trees; it is a temporary line which goes up over a couple of trees. After a heap of phone calls over the last six months, they have finally given me a date on which they can come and fix it. Under Telstra's service guarantee, I have been pursuing some recompense for their total lack of customer service.

Senator TIERNEY—That is right. They are going to get fined enormously under the new legislation for that sort of thing.

Mr Gainger—The standard response you get from Telstra when you ring is that they simply do not have the technicians on the ground to do the work. It is as simple as that.

Ms Irwin—To be penalised when they do not have the technicians and cannot get the technicians is something they will have to deal with.

Senator TIERNEY—It is interesting in the light of that 1993 report. You must have got really good treatment up the north here if your services were so good, because five years ago the rest of New South Wales certainly did not.

Mr Gainger—I think you could talk to anyone up here and they would tell you the services have deteriorated markedly in recent times.

CHAIR—And that may be the thing—that, bad as they might have been, people are saying they are very much worse.

Senator GEORGE CAMPBELL—Certainly, a clear message has been coming out in the past week or so all around the country, and, whether that is perception or reality, people see it as reality. I read your submission and I thought you had found a natural medicine equivalent to Viagra when it said that you had a—

CHAIR—Which paragraph?

Senator GEORGE CAMPBELL—The first document. It said:

The area supports a disproportionately high number of people aged over 55 years . . . along with a higher than average population of children in the 0-14 age group.

CHAIR—You have a very good imagination, Senator.

Senator GEORGE CAMPBELL—When I heard the explanation from Mr Newton it makes a bit more sense in terms of the spread. That brings me to the first question I want to raise: when you look into the question of regional development, what should we be looking at in terms of trying to define a region? The area that you define as the region of Northern Rivers is a big area. It is substantial, and there are different demographics in the region; there are not synergies right across the region. Are we really looking at an area that is far too big to actually define as a region, when you are talking in terms of regional development, as opposed to a geographical area?

Ms Irwin—Whilst we exist within the NORROC region, I would point out that that is separated out into three valley committees. There are three logical river valleys, if you like, within the region: the first is the Tweed, the second is the Richmond and the third is the Clarence. In a sense, from a local government perspective, if you are actually wanting to deal with a lot of the issues, it is those valleys that are the real natural regions, and if you are wanting to tackle, for example, environmental issues such as rivers, the quality of the rivers, then that is your actual region, and it is probably where the most synergies exist.

Senator GEORGE CAMPBELL—And there are natural synergies within those three areas.

Mr Newton—In addition to that, I would suggest a recognition that, even if you do create a regional base, there are different local government areas within those regional bases and you cannot generalise across the region if something in the southern end of the region is not the same as in the northern end. That does not appear to be recognised in a lot of regional development policy.

Senator GEORGE CAMPBELL—I also took particular note of your comments about driving any development agenda from the ground up rather than from the top down. I think that is a lesson we have all learned in past years, particularly in the work that has been done through some of the REDOs and what have you. In terms of this area, what is the natural group of organisations that we should be looking at in relation to that bottom-up development approach?

There are a lot of submissions here from a wide range of groups in the area. Is there a close working relationship between those various groups—the area consultative council, the REDOs and the local council here—or are they basically all working in parallel with each other?

Mr Gainger—I think the distinguishing feature is that there has been almost a total lack of coordination between those groups. What Graeme was saying earlier is that the council has established a local economic development unit, which has the local knowledge, but we must work in partnership with state and federal governments. Through the Northern Rivers Organisation of Councils we have established a regional economic advisory committee which is attempting to bring all those groups together in a regular forum so that there is a better exchange of information and coordination of activity.

Senator GEORGE CAMPBELL—It is interesting that you say that because, on reading through the submissions, there is a similarity in the types of propositions being put up by the various groups. That has led me to believe that there must have been some sort of coordination taking place.

Mr Newton—In recent times there has been a bit of a changing of the guard, if you like, and new people have come who have actually sought communication. I have a good relationship with the State and Regional Development Board, which is the state level organisation, and the area consultative committee. That has come because it has been project based and, primarily, this cellulose valley project has given us a single purpose to work together. If something is project based, the organisations will work together.

Ms Irwin—It is also true to say that it depends on which level of the organisations you are talking about. For example, workers within those organisations probably have good communications between each other, but when you actually get to the level where the decisions are made, there is often not any real communication. Local government is probably the one that has the closest, but local government is also parochial. There are always your own interests to pursue.

Senator GEORGE CAMPBELL—I understand that. Do you actually have a development plan in place for the economic development unit of the council, or are you still working on that?

Mr Gainger—The first task of our economic development unit was to develop a strategic plan for the region. That has now been prepared and endorsed by the council. In fact, we are well progressed towards implementing many aspects of that plan.

Senator GEORGE CAMPBELL—Is it possible for us to receive a copy of that?

Mr Gainger—Certainly. I think it is a great pity that the federal government does not undertake a similar exercise. We had a meeting with the minister early in the life of the current government, and it was very clear that it was devoid of a regional development strategy or policy. There needs to be consultation with the regions. As we said before, NORROC has a body that would be very happy to participate in any planning process to provide local and regional information back to government to help them formulate those policies. I am sure other regions around Australia would be equally happy to provide more of this bottom-up approach to try to seek long-term solutions. A lot of these quick fixes and ad hoc decision making are totally counterproductive and set one area against another. There needs to be a broader policy setting with much better consultation with the regions.

Senator GEORGE CAMPBELL—I could not agree with you more. I think between 1993 and 1996 there was an attempt to do it with the regional development task force and some of the recommendations that came out of that and with the establishment of the REDOs and so forth, but it has not come off the ground to any significant degree. But I think you are right: we need some plan to develop regional and rural Australia; otherwise more and more of us are going to be living on the coastal fringe and the place is going to die.

I have a couple of other things. In terms of your economic development plan—the strategic plan—have you looked at the context of skills development in putting this strategic plan together? In other words, has anyone attempted to do a skills audit of the region—what skills you have available here and whether there is a match of skills with the sorts of the developments that you are proposing?

Mr Gainger—We have not done any significant work in that area. We have the resources of the university available to us, and we are seeking to work more closely with them in conducting that type of research. We are doing a lot of research work in consultation with the university on local demographics, business indicators, et cetera, so that we can start to talk about the positive aspects of the region rather than what has tended to happen in the past with the focus being on the very high levels of unemployment and the very negative indicators that are around the place. We can see that we cannot really change those things, and what we need to do is focus on the positive and work towards building from the base.

Ms Irwin—The councils have been involved through their valley committees on the development of the northern rivers regional strategy, which is looking at a whole series of planning issues that we are hoping to follow up. I think the same difficulties or challenges are there for local government. How you allocate the dollars you have is a matter of great concern and immediate feedback from the community, particularly when you have substandard road networks and they see money being spent on things that do not necessarily have an immediate impact. The issue that it has come down to with the northern rivers regional strategy is: who is going to do it? NORROC is one person and an administrator. All of us have our own priorities in local government. The days when you had some fat in local government have absolutely gone. We have 297 staff as opposed to something like 440 that we used to have maybe five years ago. We do not have the spare resources to actually do a lot of the research that needs to be done and neither can we easily afford it. I think that is what Graeme was alluding to earlier when he said that they are the sorts of areas where some kind of support and assistance would be useful.

Mr Newton—Skills audits and input-output studies can give clear indications, but they are very expensive to do. I am not a statistician, but I have had to do a lot of the research to do with data because it is quite expensive to get that information analysed and processed and spat out the other end. That is where assistance can make a big difference.

Senator GEORGE CAMPBELL—And they make real sense out of the data when you get it, don't they?

Mr Newton—Yes.

Senator GEORGE CAMPBELL—That is the more important thing. I could ask you a whole series of questions on your additional submission—we could probably be here all day—but I think it is fair to say that the Lismore City Council is less than impressed with the Jobs Network.

Ms Irwin—Absolutely. The people in our community feel as though they have lost an asset. The CES, like most public services, had its complaints, but we actually have people now who simply do not have access to services—just to start with, the people not on

unemployment benefits. I was concerned and wrote to Kemp about it and pointed out exactly the same things that are in here. I got back a letter simply saying, 'Well, we've done it for these reasons and it is fine,' and it did not address the points that we have made today. We cannot understand how a city like Lismore, which has a much bigger population and a much bigger unemployment problem, has one FLEX 3 provider and Ballina has three. We have come to the conclusion that we think that Larry Anthony is very active and somehow manages to get things that perhaps our federal member does not.

Ms Meagher—I would just add that, previously, we had six providers. To go from six to one provider—and this one provider, Employment National, charges for its services—would appear to us to be an incredible downgrading of a service we previously enjoyed.

Ms Irwin—In an area that is suffering badly.

Senator GEORGE CAMPBELL—Is Employment National providing any free services, or are they charging for all of their services?

Ms Irwin—Only to job seekers. It is charging, as I understand it, for all of their employment services.

Ms Meagher—For all of the employment services. Our employers in Lismore have no choice but to pay.

Ms Irwin—Or they are doing it in the newspaper. I know, nationally, that people could argue that the latest information on the growth in jobs was really only a reflection of the number of people who are now no longer lodging their vacancies through the CES.

Senator GEORGE CAMPBELL—It appears that that is happening all around the country, and there have been articles in the national dailies to that effect.

Ms Irwin—Yes, exactly; it is not just in Lismore.

CHAIR—I would just like to reiterate that this is so useful. Thank you very much indeed. When we have been asking questions about the stories and the real live evidence that we have been getting to this committee, we have been told that anything was dismissive and, 'Don't you understand how good it is?' What shocks me is how the ships seem to be passing in the night. Nobody says it is good anywhere. Everyone tells this story.

Ms Irwin—We lost 35 jobs alone.

CHAIR—Jobs have gone. People are now ringing up a 13 number to get information which may be provided from miles away. There is no local person to speak to who might have local knowledge about you or the jobs or the character of the place. You have given us the facts as you know them to this point. That is very helpful. Thank you very much. I would also like to say again that this is a very useful submission—mainly because it is about 10 pages, which is much better than 40. Not that the good stuff does not come in longer submissions, but you have got to the core quickly. What areas of research is the university concentrating on?

Ms Irwin—Resource science.

CHAIR—Resource science means?

Ms Irwin—It is basically the coast, the rivers and the sea, and research into natural products such as the tea tree. They have just got a piece of very expensive equipment. I think it one of only two in Australia. Wollongong also has this equipment. It is to do with plant genetics.

CHAIR—The interesting thing is that universities, like everybody else, seem to be devoted to keeping the sign writers of this world in business. Just when you have mastered what you thought physics, chemistry and biology are, you now discover that you have a new thing called resource science. Thank you very much. You at least helped me understand it, but it is a word that makes no sense to me at all. Maybe it was coal one day but now it is tea tree and rivers.

Ms Irwin—It is really more environmental.

CHAIR—Environmental? Oh, I see.

Ms Irwin—It is around environmental issues and plants.

CHAIR—What about this alternative health stuff?

Ms Irwin—That is an area which is growing.

CHAIR—Is that under resource science, or do we find that under something else?

Ms Irwin—No, there is a school of naturopathy.

CHAIR—How is the university and/or you coping with the sneering dismissal from the older scientists?

Ms Irwin—There was a huge fight to get the degree of naturopathy off, even from some of our local politicians I have to say. It is the only naturopathy degree in Australia. I guess what has happened is that the university says, 'We are different. We will try it.' We also happen to have places like Nimbin in our city. It has enormous strengths and some interesting challenges.

CHAIR—Talking of the 'cellulose valley', I was wondering whether that also included hemp.

Ms Irwin—That is a difficult issue, is it not? Clearly, there is a huge push. We actually have quite a bit of hemp that is made into clothes and distributed here. Yes, it would be nice if governments would see that the hemp that produces these sorts of things is not the same hemp that is smoked and causes problems. It does not have the same effect. The hemp that produces paper and clothes is a different type of hemp.

CHAIR—Are people growing hemp legally here? There has been a struggle to get a permit to grow hemp in Tasmania, hasn't there?

Ms Irwin—Only in small amounts.

Mr Newton—I do not know of any. It is mostly imported.

Ms Irwin—It is mostly imported hemp. Anyone who saw what happened in Tasmania would not go down that road, because how many years has it taken and how many obstacles have they had to climb over?

Mr Newton—It is a difficult product to grow effectively and actually get the returns.

CHAIR—Why?

Mr Newton—Because of the lack of research that has been done on how to make it more productive.

CHAIR—It is funny though, hemp has been grown for thousands of years.

Ms Irwin—I think it is interesting that in Tasmania alone you can have an opium industry which is legal. They are allowed to produce opium—which, arguably, is causing far more problems for our society than hemp—yet we do not get the open support for the production of something which is a very valuable resource, even in terms of trees.

CHAIR—Logic is not necessarily the strong suit of government, but thank you for that.

Ms Irwin—Of people, not just government.

CHAIR—One of the things you have made very clear is that the region has suffered terribly from the retreat of government departments and that, in particular, in the last few years this has cranked up. The federal government has walked out of any number of departments, taking not only lots of jobs but also reasonable to well-paying jobs, which meant that a lot of that money is no longer being spent in the local area. We have had evidence in a number of other areas that the only way you will create a significant number of jobs is with private investment. Of course government makes a difference, but the big game is getting private investment. The only way you will get that is on the back of government investment. If you do not have the public sector investment, if you do not have the commitment to the region and the infrastructure, then you are not going to get much private sector involvement. They will just have a look and say, 'Nobody else takes that place too seriously. Why should we?' Is that something you would agree with?

Ms Irwin—Absolutely. Personally I think you need both, but, if you are looking at private investment only, because of the infrastructure that we have, because of the tyranny of distance—whether it is being removed from things like ports and appropriate air services or whatever—what happens is that you have competition from rural Australia to try to get these industries to come there. That is very unfortunate and very costly, and they do not generally stay.

We had an example some years ago of a brewery which came and set up at Tuncester. It was offered great incentives to go there. It was going to stay there forever and, of course, it did not. The site has been empty. They moved on. So there are a lot of lost opportunities with private sector investment, unless the infrastructure is there and unless they actually want and have a reason to go there. I think that is the point that Graeme is making: the idea of trying to attract footloose industries or private investment that does not have a reason to be in your area is not particularly productive.

Senator GEORGE CAMPBELL—They also need to be very careful in terms of how you develop a strategy that we do not have—like crazy bidding wars taking place between regions—where, at the end of the day, they find themselves with a negative situation out of what occurs. This has happened between states on many major projects in the past.

Mr Newton—I want to add to what the senator said. Another issue is that a lot of foreign investment and businesses establishing in Australia generally come through the front door of Sydney or other capital cities, and they may go and speak to both federal and state government organisations. One thing I noticed, again, coming through a region, is that your ability to access these people is reduced. What would create an improvement would be a redirection. If this business is suitable for a particular region, get a referral from the state or federal government body to that region. I find I tend to have to dig up referrals from the state government and the federal government.

Senator GEORGE CAMPBELL—That raises another very important point; that is, how you actually utilise information technology to integrate regional Australia in the national industrial network. I have the distinct feeling that on the computer networks that Austrade and so forth are running around the world there is probably a lot mentioned about Sydney, Melbourne, Brisbane, Perth and Adelaide but very little mentioned about places such as Lismore, Port Augusta, Whyalla or whatever. That is something that needs to be looked at as well. That also raises questions about Telstra: the role of Telstra and how you provide those services in regional Australia.

Mr Newton—Electronic commerce is one area which, given the right training, infrastructure and access to equipment, can actually bring the regions more into an international market.

CHAIR—What is the Telstra infrastructure like here? Can anyone who wants to get on a computer do so?

Mr Newton—We do have an ISDN link going through Lismore. The link between Sydney and Brisbane actually goes through Lismore, so it is quite good for data transfer.

Ms Irwin—Under RTIF funds we have a project which is looking at providing some better services for our computers through NORROC.

CHAIR—Could I ask about the point which Senator Campbell was touching on. We are told constantly of the virtues of competition and we often find that, in this inquiry and in previous ones, particularly outside capital cities, collaboration is a much more constructive name of the game. This means that people who want to talk about a collaborative approach

to things are disadvantaged because they are not competitively tendering for everything. You are all nodding. Can you tell me on the record, briefly, why you see endless competition as not necessarily productive?

Mr Gainger—We support the notion of competition, but it needs to be looked at on a rational basis. One good example is that we wanted to set up a buy-local strategy to try to encourage local businesses and put a small factor of, say, five per cent, or what have you, on their purchasing to help to compensate for utilising local businesses. We were advised that, under the guise of national competition policy and the trade practices legislation, we could not do that. We are obliged to call for quotations from as far away as Brisbane, from much larger firms, with whom the local businesses find it very difficult to compete.

The local businesses are the ones who are investing in the local community, employing local people and sustaining the local lifestyle. We think we should be able to adopt a sensible policy so that they still have to be competitive, but at least there is some margin there which recognises their inability to compete with some of the much larger businesses from outside the region.

CHAIR—To compete equally on all things, but sometimes the advantage of local supply means that you can dash around the corner. What is that worth, rather than ringing up and waiting for a week? Often those things do not necessarily get factored into competition.

Mr Gainger—There are also long-term implications that you need to look at in that sort of policy setting. It is all very well to be competitive and put things out to the most attractive tender, but that could mean 20 jobs disappearing locally. A good example is with the council. If we tender out all of our roadworks, et cetera, and we let our crews go because the local private operator is more cost efficient, what happens when the next flood hits town? Traditionally, all of the equipment and our men are first in the line of fire to do a lot of that community activity. I can imagine what the reaction of a private contractor might be in those circumstances. Council has a lot of these community service obligations which do not fit neatly within the guise of competition policy.

CHAIR—That is a very interesting and useful contribution; we have not had that one. We have had something of the same order in terms of recycling and garbage collection—that is, there is a wealth in that social infrastructure, or the social dimension of the local government infrastructure.

Ms Meagher, with regard to the social area, we have figures here, so we have some sense of what you are dealing with. I do not know what ‘elderly’ is, but it seems to me to be over 80 now, not over 50. What is ‘elderly’? Is it over 75?

Ms Meagher—You are a senior if you are over 55.

CHAIR—Life insults us all the time.

Ms Meagher—For instance, Seniors Week, in which we celebrate the aging process, is for those aged over 55. Generally, in Lismore, we would think that someone who is perhaps getting frail, aged 70-plus, is the sort of target.

CHAIR—Some years ago when I had responsibility for some of these areas, I was roundly abused—by the elderly, I might say—for suggesting that we had to all provide care for the elderly. They came and said to me, with very fierce expressions, ‘Who do you think does it, Senator?’ Could you tell me about that here. A lot of the elderly people here are living in their own homes, managing very well, not in need of hospital care or assistance—in other words, are getting on leading constructive, productive, contributing lives?

Ms Meagher—That is very much the case. I think if you spoke to elderly folk they would clearly tell you that is the preferred option and, if they can be provided with assistance to maintain their existence in their home, then by all means. It is cost effective; it means that they maintain their links within that community.

I will give you an example. Recently we had a situation where all our elderly folk from Nimbin, who had lived there 60 or so years, had to move from Nimbin to a nursing home or other aged care much farther away. If they still had a spouse, really they cut their ties with that spouse completely. We have now set up an aged hostel facility based on the Abbeyfield model with communal eating area, et cetera, so we have been able to maintain those folk in their homes and as part of the community.

Ms Irwin—But it is also true that, predominantly, across Australia, most elderly people live at home, but there is a lack of nursing services here, and in fact some of our hospitals have got beds which are dedicated to nursing service. You would have to question whether or not a hospital is really able to provide the quality of care that people who need to be in a nursing home have.

The other issue is that, with the tendency now to feed people through hospitals in a day, we still need those extra services. I will just bring you back to the comment I made earlier that there does actually need to be more demonstration of the need for caring services. The health of a community—the social health of a community—is equally as important as the cost of services, I suspect, or of products.

CHAIR—We have to finish as we have run a bit over time. It has been so useful. I get the strong sense from your submission and from what you have contributed in the evidence today that Lismore is not going to go away.

Ms Irwin—Not if we can help it.

CHAIR—And I think the suggestions you have made about the recognition by each tier of government of the importance of collaboration, and even regional development policies, would be of enormous assistance.

Ms Irwin—Yes.

CHAIR—And infrastructure in your area means roads and buildings ahead of Telstra. This puts you apart from other places.

Ms Irwin—Well, no, it is not only that. Probably the most important infrastructure issue is public transport. For example, there is a public transport issue, a light rail project, which

it has been suggested should link up with the Robina and Queensland one to go through. The tyranny of distance is such that transport is probably the biggest issue but, because there is such a lack of public transport, we usually come back to saying that roads is the most important one.

CHAIR—By road, how long to Brisbane?

Ms Irwin—Now, probably two hours.

CHAIR—‘Now’ meaning this year or this time of day?

Ms Irwin—Meaning that there has been a lot of upgrading. A couple of years ago it would have taken at least three hours, but now it is probably down to two with a lot of the by-passes.

CHAIR—And Lismore looks much more to the Queensland border than to Sydney?

Ms Irwin—I suspect the business community does, but if you are looking at the community as a community, I think we are seen still as being part of New South Wales.

CHAIR—I did say that was the last question. I am sorry, Mr Newton, I just want to make one comment. When I was doing geography a few years ago at school I was told that if you had lots of good cheap land, cheap housing, good power supply and a ready work force that is where you would put your businesses. So why are they all going to Sydney? They say it is because they are near to market, but it certainly seems to me that there are some decisions being made that are counter-intuitive.

Ms Irwin—It is that issue of what is a market. There is a market within regions, but you are not allowed to concentrate on those markets, if you like, or it is made extremely difficult.

CHAIR—There is a good case, isn't there, for making things here and then zapping them down the road to—

Ms Irwin—Yes, absolutely.

CHAIR—your outpoints, or up to Tweed Heads. Is there any sea-change dimension to life in Lismore, for those of you who watch the ABC on a Sunday night?

Mr Newton—Are you talking from a capital city to this area?

CHAIR—Yes. Moving out because of lifestyle.

Mr Newton—There is quite a bit of that; that would explain the population growth directly on the coastal fringe of retirement or semi-retirement age people. We also have the main road between Ballina and Lismore which has over 22,000 cars between 6 a.m. and 9 a.m. coming into Lismore because this is the working hub but a lot of people choose to live on the coast. So the answer is yes.

Ms Irwin—The difficulty is that Lismore is becoming very much a poor town so it is a struggle all the time to try to keep that development going to actually support it. We have the lowest cost houses. We do not have the beach.

Mr Gainger—I think the issue around families moving from the capital cities to this area is that if you are going to move you want sustainable employment in the area and it is a bit of a chicken and egg situation. It is somewhat ironic that in this age of technology when it is much easier for businesses to relocate away from the capital cities because the communications are so much improved, apart from the poor mobile phone reception we get in this area—which I should throw in—we are seeing a centralisation of services. This is an era when communications and technology have never been better in terms of supporting a move away from the city.

Ms Irwin—And there are some excellent examples of people who do that, like Angela Katerns from the ABC—I do not know whether you listen to her show at night, but she is here in Lismore.

CHAIR—That is encouraging. Unemployment for over-55s?

Ms Meagher—As you know, we have the unenviable status of having the second highest unemployment rate nationally. When you look at mature age unemployed it is even more significant. Particularly in that youth unemployment sector and the mature age workers it is even more dramatic.

CHAIR—Would you put it at 30 per cent for over-55s?

Ms Meagher—I would say easily.

CHAIR—That is what we have heard in other parts of our inquiry: a hidden area of unemployment which is over-45 probably. On that note we must finish because we are now way behind. We have just lost ourselves morning tea and we apologise to the later witnesses but it has just been too interesting. Thank you very much indeed.

[10.39 a.m.]

CARKERY, Ms Ann, Executive Officer, Northern Rivers Area Consultative Committee, PO Box 439 Tweed Heads, New South Wales

FOX, Mr David Andrew, Chair, Northern Rivers Area Consultative Committee, PO Box 439 Tweed Heads, New South Wales

CHAIR—Welcome. The committee prefers all evidence to be given in public but, should you at any time wish to give your evidence, part of your evidence, or answers to specific questions in camera, you may ask to do so and the committee will consider your request. I point out, however, that evidence taken in camera may subsequently be made public by order of the Senate, as has happened over recent years. The committee has before it your submission No. 199 dated 14 July 1998. Are there any alterations or additions you wish to make to the submission at this stage?

Ms Carkery—No.

CHAIR—Is it the wish of the committee that the submission be received? As there is no objection, it is so ordered. Mr Fox and Ms Carkery, if you would you make a brief opening statement and then we will put some questions to you.

Mr Fox—Obviously, you are very aware of what the area consultative committee's role is in a region.

CHAIR—Feel free to tell us, Mr Fox.

Mr Fox—This area consultative committee was appointed a year ago by DEETYA as a totally new area consultative committee. Prior to that, it had been combined with the REDO, and we have stayed totally autonomous in that 12 months. Our whole aim is to prepare a strategy for the Northern Rivers, which runs from Grafton to Tweed and to Kyogle and Casino—four hours side to side—and to develop strategies that will employ people in the future. Our whole emphasis has been on research-based strategies. The smaller report that you have in front of you today basically does not tell you the real picture but it does give you a bit of an idea about how we perceive Northern Rivers.

Northern Rivers is a big shop—that is the way we look at it. What we are endeavouring to do is to get everybody in that big shop to realise that they are departments of a big shop. You heard a little earlier on from the council about the development in Northern Rivers of natural and complementary medicine as an emerging industry. I believe that you have a copy of this submission. The main thing we have done in the Northern Rivers is to endeavour to make the whole area work together.

I heard a comment a little while ago about the politics. Even though we are federal, we actually keep the politics right out of what we do. We are endeavouring to develop strategies that relate to clustering in the region. In other words, if you take natural and complementary medicine as an industry, you then turn around and say, 'That is going to be the biggest

growth industry in the world in the next 20 years,' mainly because people are fed up to the back teeth with all the medical scene. Even with Viagra, I shudder to think what that is going to do because I do not think it is a natural product. If it is, I hope it works well.

The growing, picking, packing, distribution and sales of any major product which is new—and it is not new to the world, it is new to the Northern Rivers—brings the clustering of a whole lot of different industries. You have got your transport and you have obviously got your packing house or you are doing a study on the packing house. We are doing a study with the farmers to start using a lot of the land that we have in the region that has sat idle. There is no money in cattle and there is no money in this area in broadacre farming because of our major wet weather conditions at a lot of the peak picking times. Therefore, you are looking at natural herbs and products that the farmer can grow on his little plot; you would be able to make five acres productive in the future.

We do have some problems. Obviously, we have some problems with being regionally based. As we know, governments forget that the country is there, although I believe the very fact that you are here today gives an indication of your interest in the country. We are very close to Queensland. Queensland has a whole new set of rules. Firstly, the Queensland government funds all sorts of ways to get people from New South Wales into Queensland. We do not worry about that because we say that, if somebody is in Queensland, maybe we can grow something here and sell them something.

The final conclusion of the report basically says that people who have come to the area have innovative ideas. A lot of them are city people who have come to the country. Their whole attitude is different; they have actually been brought up with city attitudes. Sometimes there is the compliment of getting a city person to even come and grow something in the country. I know one particular guy who was an insurance broker in Sydney for years. He came into the country and now he grows the best product because he works with the best practices that he learnt in the insurance industry. What we have to do is harness these people and the way we do it, primarily, is to develop our reporting structure so that people start doing things based on what they should do and not on what they think that they should do.

For example, with farming if you are going to grow alternative medicine—and we have this beautiful university here that is going to handle all of the technical side of it—at the end of the day the farmer has to grow it organically. If he does not grow it organically, someone in the world is going to say, 'This has heavy metals in it.' We have not had a Chernobyl, fortunately, but it might have DDT or something else in it. However, if it is grown organically, it will not but there comes a cost with that. To a farmer, to convert from growing ordinarily to organically is a big cost for him so somewhere along the line we need to look at ways so that instead of giving money out we have a pool of money so that, if a farmer genuinely wants to grow organically, we can either lend him or grant him the type of money that he needs. It may only be a small amount but it would at least get him started.

CHAIR—What is the cost of transferring to organic?

Mr Fox—I could not answer that question. It would depend on the farm.

Ms Carkery—The local herb association here has certification for organic soils, et cetera. There is a requirement to join the membership—\$75—and it costs \$145 to have soil testing done. This would have to be done over a period of three years. It is merely difficult for our struggling farmers to come up with that sort of money when they are not going to have any returns until their soil has been organically certified, which is a minimum of three years.

CHAIR—On the other hand, they would not be using superphosphates, would they? That would be a saving.

Mr Fox—Very often they are not growing anything on their land—that is the point. They have come to the end of the stage where they have not made any money out of cattle. When I said I could not answer the question, I was really saying that was part of the studies that we were doing. We are not talking about heaps of thousands of dollars. We are looking at a strategy whereby we can turn around to a farmer and say, ‘If you grow echinacea on the left-hand side of the hill, pick it this way and follow all due diligence, this is the price you’ll get for the product.’ So it is a totally new attitude to growing.

CHAIR—Is it happening? Are farmers beginning to take up this?

Mr Fox—They are.

Ms Carkery—Farmers are very interested. What we tell them is that the first step is organic certification and how to go about it, and we keep them up to date with what is going on in this particular project by using the *Farmers Bulletin* and the media, et cetera.

CHAIR—I interrupted you—I am sorry, Mr Fox.

Mr Fox—That’s okay.

CHAIR—Ms Carkery, have you got anything that you would like to add or will you field questions?

Mr Fox—We are working on a process that we are about halfway through. One thing I will say is that the Commonwealth government has given this committee an amount of money—not a large amount but it is still very good to get—and has said to us, ‘You go and spend it on what you think.’ It is the first time I have seen that happen. We have no real restrictions. Therefore, we are able to go and say to the university, ‘Here’s \$30,000’—with also some money from the New South Wales government—‘develop your implementation plan on alternative medicine.’

We have gone to the farmers and said, ‘Here’s \$25,000. Start developing the growing of this product,’ and we have developed that strategy for a packing house, so it’s not all bad news up here. Everybody hears about things going bad, but we are taking the proactive attitude of saying that in 20 years 60 per cent of the jobs that are going to be there are not here today, and we are going to drive some of those jobs with what we are doing. If there are any questions you would like to ask, by all means ask them.

Senator GEORGE CAMPBELL—You have just mentioned your funding. I presume it is RAP funding that you were referring to.

Mr Fox—Yes.

Senator GEORGE CAMPBELL—You are of the view that is adequate to meet your needs in this area?

Mr Fox—No.

Ms Carkery—We try to utilise it by linking up our projects, which is quite easy to do since we are focusing on our rural industries, so we can get more value out of the dollar for that. We were allocated a certain amount at the beginning of this financial year but, fortunately, we were able to treble that with having projects on hand when there were moneys available towards the end of the financial year. I would say we have done quite well in the last financial year.

Senator GEORGE CAMPBELL—But you do not think that funding is adequate to meet your needs?

Mr Fox—I will just explain what we are doing for Grafton. For example, we are doing a study on Grafton as a specific town which has had a problem. It lost a brewery and there was this movement of DEETYA and CES, so all those people moved out. What we are trying to do is come up with a strategy where you can look at a town anywhere in Australia, follow a set of rules and try and work out how you can increase the attitudes and the employment in that town. In other words, what we do has to be able to be cloned in other areas.

Ms Carkery—With Grafton, we are doing an impact study on the effect of that loss of jobs to the community and are also incorporating identification of new opportunities to expand existing businesses, create new ones or even attract businesses from other areas.

Senator GEORGE CAMPBELL—What is the pool of RAP funds that you have available to you?

Ms Carkery—Our initial allocation was \$120,000 for this region. We have been able to put in \$858,000 in the last financial year. Five hundred thousand dollars of that was for a business incubator in Grafton and that payment was spread over three years.

Senator GEORGE CAMPBELL—Where did the additional moneys come from?

Ms Carkery—Moneys that had not been spent—

Senator GEORGE CAMPBELL—Moneys that had not been spent—previously allocated.

Ms Carkery—by other ACC committees.

Senator GEORGE CAMPBELL—In your submission, on the first page of section 1, you refer to the Ulmarra Shire. You state:

Ulmarra Shire for instance had in 1996 the highest unemployment rate of all Local Government Areas at over 20%, however this declined substantially to just above 14% in 1997.

That is a period of just 12 months. What is the reason for that significant drop?

Ms Carkery—People are moving out of the shire.

Senator GEORGE CAMPBELL—What does Ulmarra Shire cover?

Ms Carkery—A very small area.

Mr Fox—I will give you an example. In the whole of the Northern Rivers, there are 13 local government areas. Lismore, Tweed, Grafton and Ballina are big ones, then you have got these little shires. Ulmarra is one of them.

CHAIR—Is Ulmarra just a bit north of Grafton?

Ms Carkery—Yes.

CHAIR—I can see it on the map.

Mr Fox—It is a tiny municipality.

Senator GEORGE CAMPBELL—So that decline is really in terms of an exodus of people from the area?

Ms Carkery—Yes.

Senator GEORGE CAMPBELL—Why? Simply because there are no job opportunities?

Ms Carkery—No job opportunities in Ulmarra, no.

Senator GEORGE CAMPBELL—The people who have moved out of the area, are they a cross-section of the community or are they young people?

Ms Carkery—We are finding in our figures that a lot of young people are moving out. If they are going to be unemployed, they gravitate out so that they can have a better lifestyle while they are unemployed. Of course, to find work, they move out.

Senator GEORGE CAMPBELL—They would head towards the coastal towns—Ballina?

Ms Carkery—Coastal towns if they are still unemployed; the big cities if they are able to get a job.

Senator GEORGE CAMPBELL—You talk about doing a survey of the multiplier effects of the decreases in federal or state government services and jobs. The survey will commence late in 1998. How long do you expect that study to take?

Ms Carkery—We are looking at a three-month period. We would like it to be finished by approximately the end of September.

Senator GEORGE CAMPBELL—The end of September.

Ms Carkery—That is the one for Grafton. We are doing a similar study for Murwillumbah, which has also been severely affected by closure of companies.

Senator GEORGE CAMPBELL—Can we have a copy of that study when it is available?

Mr Fox—The study is an open issue, but there are quite a number of studies, including a study that we have conducted on impediments to employment, which has not been finished and has not been reported back to the board. That is another interesting study that talks about why people will not employ. We know a lot of the reasons, but we are looking at what reasons there are locally as to why you will not employ people.

Our major strategy highlights the fact that in this area a large business is conceived as being one with 20 employees, whereas a small business around Australia is believed to be one with 100 employees. That becomes a very large business. We have half a dozen in the whole of the Northern Rivers that employ over hundreds of people. But the strategy shows that if you can look after businesses that are already there which may only have two employees and you get them up to five, you are much better off sometimes to help them get up to five than go looking for a brand new business that may fail. We are doing that as well. The strategy points to that.

Senator GEORGE CAMPBELL—When will that study be available?

Mr Fox—A lot of it is in this, which we will give you today, and we will have to send the impediment strategy to you in a couple of weeks.

CHAIR—It will be very welcome, Mr Fox; thank you very much.

Ms Carkery—We have a lot of small towns, so what we are looking at—and we have already allocated funding for this project—is the leakage in the small towns. This is part of our major strategy to assist existing business, so we thought that if we looked at the leakage, we could then look at those businesses which can be expanded. Also, if anybody is looking at setting up a business in the town, connecting with our NEIS (New Enterprise Incentive Scheme) participants, et cetera, they can be encouraged to go into the business of supplying a product or service which people are going out of the town to purchase. That is a project that is coming up within the next few months.

Senator GEORGE CAMPBELL—In your submission there is a discussion about your concern at the lack of venture capital or seeding grants for new industry investments. Are you aware of the establishment of the IIF fund?

Mr Fox—Explain to me which one it is.

Senator GEORGE CAMPBELL—That is the small business investment fund which was set up by the current federal government. It was announced in their industry policy announcement before Christmas of last year, which essentially was aimed at providing venture capital for small businesses and looking at what they call bankcard capital in the up to \$500,000 to \$3 million area, targeting businesses that were in the start-up stages. That is the intent of it. We have heard criticisms from some other areas about two things: firstly, people not being aware of the funds and their existence—because there are supposed to be a number of them—and, secondly, believing it is difficult to access the funds.

Mr Fox—I have never heard of it.

Ms Carkery—Which department is it?

Senator GEORGE CAMPBELL—It is managed by the Department of Industry, Science and Technology.

Mr Fox—Senator, this point may be of interest to you. What intrigues me remarkably is the fact that DEETYA—Department of Employment, Education, Training and Youth Affairs—have a group on the ground here called the Northern Rivers Area Consultative Committee. There are 57 of them around Australia. The other government departments absolutely have no idea that we exist and they have not got anybody on the ground. We are doing our job. Surely you should put in your inquiry to tell all departments that you do have people. There is an indication. We have never heard of that and there must be a whole lot of things like that. You should say, ‘Why haven’t you heard of it?’ We should have gone and checked it. There are a million things out there all the time and somewhere along the line we need to be told what is available. I would think that in the Northern Rivers very few people would know that fund exists. That is probably why it is not working.

Ms Carkery—It may not have got across to us as well, if there is a difficulty in accessing it, depending on what the program guidelines are. This does tend to be a problem, especially in our region. A lot of our small businesses or intending businesses do not have business plans in place and, of course, they are a requirement when you want to get funding. In order to get assistance to get a business plan going, you have to have a turnover of a certain amount of money.

Senator GEORGE CAMPBELL—Unfortunately, all those funding arrangements that were available through AusIndustry have been cut out now. Small pockets of money were available to business to assist them to develop a business plan. A strategic plan is no longer available and that provides another area of difficulty.

You also talk about the question of innovation. Have companies here attempted to access the R&D start funding given that it was underutilised by something like 50 per cent in the

last financial year? Some businesses in other areas have said to us the reason they do not try and access it is the degree of paperwork. It is too difficult. The sort of bureaucratic red tape that they have to go through to get access to the funds makes it not worth their while in many instances to even apply.

Ms Carkery—You would not have a great deal of people or companies applying from our region because you have to have a certain amount of turnover to be eligible. Our businesses are so small that they would not have that turnover.

Senator GEORGE CAMPBELL—I wanted to ask you about the comment in your conclusions. You talk about those numbers and you say:

Coupled with these new rural industries is the emergence of an information and communications technology service industry sector . . .

Do you see that as something that can provide employment growth in this area or are you referring now to simply the utilisation of information technology to sell the products that you produce in this area on the international marketplace?

Ms Carkery—We are referring to the latter, Senator.

Mr Fox—RTIF fund has funded a project using electronic mail to sell product direct to the rest of the world, in other words, cut out the middleman. That is part of the whole strategy of pick, pack, grow, sell, because really, at the end of the day—let's not kid ourselves—we are not going to have heavy industry here, or anything like that. It is a growing area.

Senator TIERNEY—It is good to see you again, Dave. Let me put on public record our gratitude for the terrific amount of work you have done for regional development in northern New South Wales.

Can you explain in a little more detail how the role of the ACC has changed from what it was to what it is now, with particular reference to your relationship with the other federally developed body, the Northern Rivers Regional Economic Development Organisation?

Mr Fox—We do not single out NOREDO at all for any special role in the Northern Rivers. We work with everybody. We have been highly independent. To give you an idea why we work this way, the board is made up of Reg Mills, the boss of Mills Transport; Linda Dean from Thursday Plantations; the general manager of the Clarence River Fishermen's Cooperative; Jim Doherty from Westlawn Investments in Grafton, who is a businessman; Idwall Richards, who runs the big waste company J.J. Richards or Solo Waste; and me—I am a private operator running a small resort in Tweed Heads. Other than that, we have the NOROC general manager, but we have stuck to virtually 99 per cent businessmen. We are here to do business.

We work very well with all of the councils, particularly Lismore council and Graeme Newton from their economic development unit. In the past year, we have stayed running our

own race. We work with NOREDO if something comes up, but at all times we have stayed totally dedicated to doing our job of developing ways to employ people in the region.

Ms Carkery—Our charter has been expanded from previously being just a regional employment role to now a regional economic development role. We see ourselves—the ACCs—more as facilitators in the region where we endeavour to bring other organisations together to get rid of the fragmentation, to combine resources on projects and planning, and of course to get their input into what should benefit the region. We also have to look at education and skills development. We work very closely with Job Network and advise the minister on the collective impact of Job Network on our labour market. Our focus groups tend to be youth and indigenous people. So we have a large advisory role in advising the minister of what is happening in the labour market in our particular regions.

Senator TIERNEY—The state government has a department of regional development. How does that work in northern New South Wales?

Mr Fox—We work very well with them. We are funding an export development officer through our Northern Rivers Regional Development Board. As always, as you would appreciate, we have a job to do. We have taken one year to get up to this stage and, we have to tell you, it has not been easy from a cold deck start because we started from a very low base. We work very well with the Northern Rivers Regional Development Board—we actually work with everybody—and if people recognise the benefits of working together, we all win.

I am not talking about Lismore. I fight with the Lismore people because they are totally patriotic to Lismore. I get the Grafton people and I have to say, ‘Listen, you’re part of Lismore. If you can sell something in Lismore, keep the money in the Northern Rivers. This is a big department store.’

Ms Carkery—What we tend to do with our projects is liaise closely with other regional organisations and work closely with state and regional development through their client managers. About half of our projects we co-fund, which means that we all have input into steering committee issues, et cetera, and get more value for our dollar.

Senator TIERNEY—You mention that there was funding over from the old ACC system. How did that come about? It is very unusual to have funding left over.

Ms Carkery—It was funding from the 1997-98 financial year. Some committees throughout Australia had not spent the allocation so if other ACCs had projects ready to go then we were able to access and reallocate.

Mr Fox—It was not money left over from the previous year, it was reallocation.

Ms Carkery—In that particular year.

Senator TIERNEY—Within the whole country or within New South Wales?

Mr Fox—No, in our area it would have been in northern—

Ms Carkery—Probably in New South Wales because it is a state allocation.

Senator TIERNEY—The Northern Rivers did fairly well out of this, I assume, because you had projects up and ready to go.

Ms Carkery—We did.

Mr Fox—Yes. There was \$500,000 for an incubator in Grafton. That came out of the incubator money and that has been in Grafton for over three years.

Senator TIERNEY—How many businesses are involved as start-up businesses?

Mr Fox—There will be 18 businesses.

Senator TIERNEY—That is good. You mentioned Queensland's poaching. Could you explain—

CHAIR—He did not say that at all, Senator. It was lure and seduction, not poaching.

Senator TIERNEY—I see. What mechanisms do they use to move stuff across state boundaries?

Mr Fox—To give you an example, Woolworths went to Warwick and developed a huge distribution centre at Warwick—we have been up to have a look at it. There is a move to make some of the bigger companies realise that it costs you a lot of money to send a truck into Sydney or Melbourne to pick up this gear and move it back out. I cannot quote exactly what happened but I know that the land, for example, was owned by the Queensland government. They say there was a commercial deal done—that is what they will tell you. At the end of the day, it is very nice when you own a piece of land and you can then say to Woolworths that employs something 500 or 600 people in one hit that they can have it. What that did for Warwick was that it brought a whole lot of other infrastructures, such as the people who fixed their trucks. What you have to look at is the way that something like that happens.

For example, if they had wanted to go to Lismore we could have said to the New South Wales government that they got five years of no payroll tax—do not quote me on that figure—and a whole lot of bonuses just to go to Queensland, as opposed to this side of the border. I know that is not necessarily a federal issue, but it makes it very hard when you have a very aggressive state government and we are just across the border.

Senator TIERNEY—I did raise the following matter with people in the earlier session. We have been looking at new industries starting up here, particularly in the agricultural area with herbs and tea-tree and things like that. I did ask them, and I would like your view on it, about recycling the old dairy land which used to originally grow cabinet timbers—cedar, mahogany and that sort of thing. Do you see potential in that area and is anything happening in that area?

Mr Fox—There is potential in everything but, with the growing of timber, my own belief is that there are better places to grow some timbers such as up in the Northern Territory where they have more rain and closer opportunities to get it to the mills. At this stage, when you are coming at something in a totally new way, I guess the only way I would answer that is that we could do some research on it and find out whether I could answer your question after I get the research.

CHAIR—Is that in the Northern Territory or in northern Queensland?

Mr Fox—In the Northern Territory and the whole top belt.

CHAIR—What do you mean by the Northern Territory? Do you mean Darwin?

Mr Fox—Yes, the Darwin area.

CHAIR—There is not much good rainfall.

Senator TIERNEY—There are monsoonal rains.

Mr Fox—Yes, they have monsoonal rains.

CHAIR—I might have known something that you do not, or I am just about to find out there is something else that I do not know. Call me when you find out.

Mr Fox—I will give you a report that I have in my bag.

CHAIR—Yes, I would like that. Thank you.

Senator TIERNEY—There is a very high monsoonal rainfall—only for half a year.

Mr Fox—Very quickly, this particular tree grows up to 10 metres in 12 months. It is a pulp tree—an acacia.

CHAIR—What sort?

Mr Fox—Acacia—

CHAIR—Acacia faster-grower!

Mr Fox—I know that you know a lot more than me, but I have to tell you that I was up there the other day looking at it for another reason. In six months this tree had grown 10 feet, only because it was planted in the right soil at the right time when the monsoon rains were there and it has a big taproot like a big gobbler—

Senator TIERNEY—That stores it up for the dry.

Mr Fox—Yes. I will give you that report.

CHAIR—Yes. I would be very pleased to get it, thank you.

Senator TIERNEY—On page 2 of your submission you have a very useful table comparing the percentages and different occupational groups—Northern Rivers versus Brisbane. I noted that government administration, as you would expect, is a bit less here compared with Brisbane, but only 5.3 compared to four. Although people have been saying that you have lost government jobs, it is not the huge thing here. What seems to be the huge thing here, and I was fascinated to see you actually higher in Brisbane, is education is eight per cent compared with 7.4 per cent. Part of that, I assume, is because of the location of Southern Cross University here. Could you provide us with your view on the role of Southern Cross University, and particularly its entrepreneurial direction and the effects of that on growth in jobs in the Lismore region?

Mr Fox—A year ago I did not even know anything about the university. One of the great things that Ann and I did is that we walked and drove around the area, for three months, to find out what was here. We met a fellow called Peter Baverstock who is the guy behind the cellulose valley project. He is the driver. If you do not have a driver then it is not going to happen. It is just the way the world is. We are absolutely blessed in having those types of people at the university. This man is a cattle farmer, and he said that, two years ago, if somebody had told him about alternate medicine he would have told them that they were a quack. We are all starting to be converts to this product.

It is the same with tea-tree oil. The university has the ability now to tell you why tea-tree oil kills germs, because they have the right equipment. They have got the right little chemists in their white coats, and all of a sudden we can go to you and say, ‘Tea-tree is the greatest oil you can get. Do you know why? Because it smashes germs.’ That is the difference between that and penicillin. Penicillin coats the germ and kills it by natural attrition. Not tea-tree oil; it smashes it. If Senator Tierney had said to me 12 months ago that tea-tree oil smashes germs, I would have said, ‘What does he know; he is only a politician.’

CHAIR—Or, worse still, if your grandmother had said it, Mr Fox.

Mr Fox—But now the university says it, and that is going to be the strength in the future when you are selling a product. It has to have that top quality tick. Therefore, when you have the university doing it properly and you have the grower organically growing it, then you can get a premium price for your product, and that is the only way you will be able to sell in the future.

Senator TIERNEY—I take it that the cellulose valley project is still something in the future in the sense of jobs on the ground?

Mr Fox—No. In the last 12 months there have been up to 50 research officers at the university who have started on it. Cellulose valley is the product of development. They have already started doing up the old house on the estate, so that is employing people. It has started now.

Senator TIERNEY—It will be a job generator going on into the future?

Mr Fox—It is immense. Ask me that question in three years time and I will give you the research that tells you who they are.

Senator TIERNEY—I am sure we will be back with you in three years time.

Ms Carkery—The job generation that the ACC focuses on is actually in the primary production area. Although we have the R&D unit and the technology park going up, our primary focus is primary production so that we can assist those struggling farmers to get a high yield product or produce crop and create jobs and bring wealth to the region. That is our focus. The university is concerned with their R&D unit and their tech park, which, on its own, will create jobs and also attract other medicinal herb businesses to perhaps relocate to the tech park.

Senator TIERNEY—It is downstream from what you were doing.

CHAIR—I am sorry; I hate to cut you off. I just wanted to make two comments. One is that, on page X, you say:

Some of the new initiatives by Government such as Work for the dole, Green Corp and Job Pathways are being carried out within the Region. The Northern Rivers Area consultative Committee promotes and supports these new initiatives.

I note and acknowledge your acknowledgment of that. On the page before that, you also say:

Reductions in government services have led to reductions in state government jobs in Lismore and Grafton. At the Federal Government level, there has been a loss of CES employment positions, which have not been replaced by the number of jobs created by its successor, Job Network.

We also received from the Lismore City Council an addendum talking about the problems of Job Network in this area. Can you tell me whether your wider perspective confirms the same difficulties or similar difficulties?

Ms Carkery—We are fortunate in that, as part of our role, we facilitate meetings between Job Network members. We have had 100 per cent attendance at two meetings that we have held already to identify any issues. We find that the major issues are with the system and the processes in place, that they are not capturing their market of referrals. We also find that a lot of these Job Network members have been providers under the old system of labour market programs. They have not yet got their heads around the fact that they are in a commercial world where they are having to compete and earn their money. That is my opinion, and I am trying to sort of relay this to the members to say, 'Well, hang on; you are in the world of competition now. The money is just not coming from DEETYA under labour market programs and you have to promote yourselves.'

As we are all aware now, the choices come into the labour market and the unemployed people can choose who they wish to go to. If they are going to hear by word of mouth that one organisation is placing more people, then, of course, they are going to go, which means that a higher level of efficiency and productivity has to come into play with our Job Network members. But I have to concede that there have been quite a few system problems which is hindering their own process and ability to refer people when they have not been referred to them from Centrelink.

CHAIR—How many employers have complained bitterly about having to pay for what was previously provided for them for no cost?

Ms Carkery—Mostly in Lismore; you do not find it so much towards the Gold Coast, the northern part of the area. Lismore traditionally, when the CES endeavoured to introduce fee-for-service a few years ago, found it very difficult at that time too to charge for services. But, as was said by the previous group, with the limited number of Job Network members perhaps in the Lismore region, then they either pay or they find their own people.

We have heard of shops going back to the old tradition of putting a card in the window and advertising for their own staff. As I say, it is the world of competition now and they just have to be able to provide service. If Employment National is going to charge for their service, then they certainly have to provide the right referral for the right job.

CHAIR—If you had anything further from your northern region—the wider region—of the specific difficulties in the Job Network area, the committee would welcome that. The story has been much more negative than it has been positive. Now, this can be settling in; it can be lots of things. But, for example, Lismore is enormously disadvantaged compared to what was there before and compared to surrounding areas, and there seems to be no rhyme or reason to that, so that people in Lismore now have to go a long way—and it is hard to get anywhere if you have not got a car—to get what previously was provided locally.

Employers have complained bitterly in other regional areas, that, for example, in some of the seasonal grape picking areas and so on—the riverland kind of area in South Australia—they have to advertise fairly regularly for a new season of new pickers, and they have just said goodbye to all of that. They cannot afford to pay \$250 each time.

If you have any of those sorts of stories, information or data, the committee would really welcome it, because we will have to point out what is going well and what is going badly. I think there is quite clearly room for improvement.

Ms Carkery—There may be a shortfall in the Job Network members not realising that, if they have an area, they have to go to the unemployed in that area. It is no longer just sitting in an office on a seat. They have to go to their unemployed and service them in their regions, unless they are prepared to pay some money for them to get to wherever they have to go to register et cetera. I still think it is Job Network members not realising what their role is and what they are actually being paid for. There is a problem there.

CHAIR—A lot of people have also complained that they have not been given referrals from Centrelink; that is certainly not the new provider's fault. What you have given us is very useful in the light of your submission. I think we must stop there. I will give everybody a five-minute leg stretch before we move to our next witness.

Proceedings suspended from 11.20 a.m. to 11.32 a.m.

RATHBORNE, Mr Ronald Edward, Secretary, Northern Rivers Social Development Council, 2/5-7 Carrington Street, Lismore, New South Wales 2480

WILSON, Mr Christopher, Project Officer, Northern Rivers Social Development Council, 2/5-7 Carrington Street, Lismore, New South Wales 2480

CHAIR—Welcome, gentlemen. Do you have any comments to make on the capacity in which you appear?

Mr Rathborne—I will also be able to give evidence as the secretary-manager of a major labour market program employment services organisation for the region. It is called Tursa Employment and Training Inc. I have provided to the committee a handout which gives details of what Tursa does. It also states what the Social Development Council is all about.

CHAIR—The committee prefers all evidence to be given in public but, should you at any time request that your evidence, part of your evidence, or answers to specific questions be given in camera, you may ask to do so and the committee will consider your request. I point out, however, that evidence taken in camera may subsequently be made public by order of the Senate, as has happened in recent years.

The committee has before it submission No. 70 dated 30 April 1998. Are there any alterations or additions you wish to make to the submission at this stage, or do I understand that these bits of paper you have just given us serve as an addition to the submission?

Mr Rathborne—I think so. That is just to describe where we are coming from and what the organisation is all about.

CHAIR—It is very useful. Is it the wish of the committee that the new material be received along with submission No. 70? There being no objection, it is so ordered. If you would like to make an opening statement, we will then ask questions.

Mr Rathborne—I am here today as a conscript for Ms Pat Martyn, who is a dear friend of mine and our president. I am also the secretary-manager of a major employment services organisation under contract to the Commonwealth government. I can therefore give evidence in relation to certain parts of the Social Development Council's submission—that is, job creation and labour market programs—just to embellish and to flesh out what we have said.

On 30 June 1998, I met with Dr Kemp in Canberra. I made a number of submissions to him which his department, I understand, is following up. You might wish to check with his department or the national office of DEETYA on those submissions.

CHAIR—We could certainly ask his office, but if you would like to give us some of that information now, I think it would be very helpful for us.

Mr Rathborne—I could do it verbally, or I could post it to you. I am a bit concerned that the red and the green both know what each other is doing.

CHAIR—I think that is very important. If you feel that it has been provided to the minister and therefore should not be provided to us, we would respect that.

Mr Rathborne—No.

CHAIR—If you think it is public, and would like to give us the headlines and send us a copy of it, that would be great.

Mr Rathborne—I will do so. Mr Wilson has prepared the submission under the direction of the board of the Northern Rivers Social Development Council. He will speak today in answer to your questions on the technical aspects of that submission. We have included some exhibits. Senator Campbell knows what I am talking about. I was a trade union secretary for 15 years, so I feel like I am back in the commission today.

The Social Development Council plays a very critical role in the region. It runs a number of programs for state and Commonwealth governments. It is seeing the effects of unemployment, particularly long-term unemployment, through those projects. The Social Development Council indicates, in all those aspects of the submission, that it would strongly support the introduction of programs once called labour market programs—programs based upon the experiences with the last government's new work opportunities program and the current government's special employer support program. If we couple those two programs with developments in the last couple of years and changes in policy on traineeships and new apprenticeships, we think there is great merit in following that through.

We all know, particularly the practitioners in this region, that the real barrier to getting employment for the individual is the absence of recent work experience and relevant skills. What has happened in the last two years—and would have happened, I suspect, had there not been a change in government—has been a move through the Australian National Training Authority to have more on-the-job training. But that on-the-job training is delivered at traineeship level—that is, AQF level 3 and above. That type of training is remarkably well suited to the needs of employers in this region and the needs of the long-term unemployed.

We have run programs where people get accredited training off the job through TAFE. That did not always sit well with someone who has not worked for 10 years—getting back into that school discipline. So we think that what has been happening in recent times with new apprenticeships can fit really well into another labour market program. Labour market programs can work. The old ones needed to be improved, but no-one disputes that there is room for improvement.

I am not sure whether the committee saw an article in the *Sydney Morning Herald* on 6 July 1998 by Ross Gittins in relation to a longitudinal study of labour market programs. That study was carried out by the Curtin University of Technology for the full employment project of Melbourne University. It showed, for example, that the job clubs had a percentage rating in terms of effectiveness on unemployment of around 12 percentage points. Wage subsidies had an effectiveness rating of 17 per cent longitudinally. New work opportunities had a probability rating into employment of 25 percentage points.

We know from experience that six month's full-time work with accredited training has a profound effect upon long-term unemployed people. It is not always a good effect, because it is a very major change in lifestyle for some. But where you persist with them, it has an effect. This study, we would submit, shows that, longitudinally, labour market programs have a better effect than we once thought. I have copies of that article, if you wish to read it.

CHAIR—That would be fantastic.

Senator GEORGE CAMPBELL—The study referred to in the article is not yet complete, is it?

Mr Rathborne—No, it is an interim one. Given the source of the data, one could assume there is a fair chance that will be consolidated when they bring the final report out. But that report sits well with our experience, as the Tursa Employment and Training Inc., where we put almost a thousand participants in new work opportunity programs in 1995 and 1996 as part of the NOREDO 1750 program. We scored results of about 60 per cent in an area of high unemployment.

We also ran a special employer support program for the current government, wherein we had to get 80 per cent outcomes of at least a month's unsubsidised work. We achieved that in what I think is the second highest unemployment area in Australia. They can work. They need to be better. They need to be linked very much with the new apprenticeship concepts and on-the-job training, but the bits are there if someone has the will to put them together.

I will gladly answer questions later as a member of Job Network too. I am a member of the Job Network Providers Club for the Northern Rivers Area Consultative Committee.

What is missing in the region at the moment is some incentives for employers. New apprenticeships are the only incentives in terms of employment available. They have a lower training wage. There are no workers compensation premiums payable in the case of trainees, but they are payable in the case of apprentices. There is a bonus payment of \$250 for the employers and there is no ongoing liability to the employer after 12 months. My organisation is a new apprenticeship centre. It has seven shopfront outlets in the region. But it is slow to pick up.

With labour market programs, we have put a person into the workplace and we specialise in the private sector because, if we are going to get jobs growth, that is where it is going to be. Right or wrong, all governments are cutting back the work force. We must not rely upon large organisations to increase their work forces because they do not do it. This is small- to medium-sized organisations in the private sector.

Where there is a labour market program, which means putting an unemployed person into the workplace with that employer to grow their business, you can grow a job around them. After a while the employer sees the need to keep that person at work less hours out of the week. They can take a sick day if they are sick or they can take a bit of leave. But you can grow jobs in the private sector and it is better in the small- to medium-sized businesses. At the moment there are no incentives for employers to look for extra workers, so employers

are withdrawing to a large extent. They are not utilising the new employment services markets as they can and should be.

CHAIR—Mr Wilson, do you want to add anything at this time?

Mr Wilson—Just the point that the focus of this submission is very much around the unemployed people themselves. I know that a lot of the focus, and probably in your inquiries, has focused very much on creating jobs and looking at a variety of regional employment programs and employment generation strategies, which we would argue is certainly an extremely important aspect of it. But, as one piece of research has shown, even with considerable growth in employment numbers, there will be a large number of people still unemployed. I suppose our focus is looking at what best strategies you provide for those people.

Senator GEORGE CAMPBELL—You have heard the comments this morning about the operation of Job Network in the Lismore area and the criticisms that were raised by the council. Is that also your experience in the area?

Mr Rathborne—I heard some of Ms Carkery's comments. There are defects in structure in this region. There is no question about that. For example, in Lismore and Grafton, the two major regional cities—that is Grafton and Tweed Heads Northern Rivers Region—there is only one FLEX 3 or intensive assistance provider, which is Employment National. Not only is there no competition, but there is no choice, and a lot of unemployed people who were previously in case management have complained about that. For whatever reason DEETYA allocated contracts, it did not see any reason to create choice and competition in those two major cities. That is inexplicable as far as I can see.

Senator GEORGE CAMPBELL—I suppose you do not have any more insight than we have as to why they did that.

Mr Rathborne—No. With due deference to the government, I do not think the government know why they did it either, quite frankly, because you had nothing to do with the allocation of contracts. But you are wearing it, unfortunately.

As far as job matching is concerned—or FLEX 1, as it was originally called—my organisation, which is the major contractor for job matching for the region, on current figures, is matching about 70 per cent of the jobs to people. We do not service ineligible clients. We only service those classified as eligible. That means they are identified as such by Centrelink and appear on the IES, the integrated employment system, as unemployed—that is, receive a benefit. It is not an easy position to adopt. We get many people walking in who are not eligible and complain bitterly.

Senator GEORGE CAMPBELL—Can you only service people who are getting the Jobsearch allowance?

Mr Rathborne—Under our contract our services are limited to people who are eligible. We could choose to service ineligible people and then bill the employer. We cannot bill the jobseeker because that is illegal in New South Wales.

The problem in this region is that the culture is such that employers are more used to you giving them money to take someone on than the other way around. We do not do it because, if we get jobs for people who are not eligible jobseekers—that is, the real unemployed—you are not helping reduce unemployment. That is the moral ground we have taken there. Even though it means some problems for us, we do not do what some other organisations are doing, where they do not display the vacant job until such time as they have filled it with one of their clients. We do not do as other organisations do by registering an ineligible client and putting the card at the back of the queue to avoid any complications. Those things happen. They are widely reported.

The major theme of my submission to Dr Kemp is that there is a collapse in the usage of job matching by employers. There are lots of reasons for that. One is the confusion that reigns out there. Some job matching service providers charge the employer \$200 or \$250. Others say they may charge the employer and others say they do not charge the employer. As soon as you mention there may be a charge, most small employers do not want to touch it. Few of us would enter into a contract where you might be billed because you know you are damn well going to be billed. So it is not good.

I estimate the numbers of job vacancies registered with the successors to the CES are down around 20 per cent of what used to be registered. I estimate the CES used to register around 30 per cent to 35 per cent of all job vacancies for the region. We contract with DEETYA. It is based upon the indicative numbers which constitute the specification for the contract. We did so on the basis of nearly 50 per cent of the available market based upon CES figures. That was a doable objective. The numbers came up. But we are down around 20 per cent of job vacancy registrations.

CHAIR—Is that 20 per cent of 35?

Mr Rathborne—Yes, 20 per cent of 35. This region from Grafton to Tweed Heads used to register around about 12,000 vacancies per annum. That is well below that—20 per cent, I estimate. But the market has deflated and no-one disputes that. It is in the media pretty well daily at the moment. Dr Kemp knows that and his staff know that.

Senator GEORGE CAMPBELL—Has there been a significant reaction by employers in the area to these new arrangements and the charges? There has been a lot of publicity nationally from different areas. There was an article in the *Australian* a couple of weeks ago where a group of small businesses in Balmain were complaining about the fee and were using advertising in the shop window to bypass it. I think there was stuff in the *Adelaide Advertiser*. Virtually all the national dailies have been carrying stories on an ongoing basis about what people see as a debacle in terms of the Job Network system. Is there a similar sort of reaction from employers in Lismore to that?

Mr Rathborne—In the region, yes. We would submit that that is so but, as I said, with some employers, with job, wage subsidies and programs and so forth, there was the culture of actually being paid to take on someone who was long-term unemployed. Now, all of a sudden, the culture has switched around to the employer being billed if they get someone who is not an eligible job seeker.

Many employers just do not want to pay \$250, and that is understandable—it used to be a free service. I have always said—and most people might not agree with me—the CES was never a free service to the unemployed; it was a free service to the employer. That is my view of it.

It is rather an odd situation we have with the present government actually making employers pay their way when the previous government gave employers a freebie. I am not sure how we deal with that ideologically, but it is a bit of a conundrum.

But, yes, it is not going well, and my organisation, at its next board meeting in August, will be actually considering whether we pull out of the contract. We simply cannot afford to provide the service that we do without the work coming in. At least one has already pulled out of a contract, and there are other organisations looking at that too. Those organisations that have FLEX 3 or intensive assistance contracts can afford to stay in the game because those payments are quite significant. They get a \$1,200 to \$1,500 initial payment, and then supplementary payments for getting people into work.

CHAIR—Are you a FLEX 1 or FLEX 2?

Mr Rathborne—No, we are FLEX 1 only, but we are also new apprenticeship centres for the region. We run lots of other programs, too.

CHAIR—You are thinking of pulling out of the contract at the FLEX 1 bit?

Mr Rathborne—Yes, we will have to look at that. The numbers do not stack up.

CHAIR—Do you have any view that you could offer the committee on why the tendering process was at pains, in most cases, to separate FLEX 3 from FLEX 1 and 2, when everybody said that the way to manage this was to put them together, or at least FLEX 1 and FLEX 3?

Mr Rathborne—I have written to Mr Ian Campbell, who you would probably know well, and to the minister. The whole request for tender was put as an integrated service—their own words—integrated service, FLEX 1, 2, 3. Had they given 1, 2, 3 to each provider, they could have compared apples with apples. They could have given every organisation equal access, equal opportunity, to stand on their merits.

I happen to think competition is healthy because, in the long run with a bit of healthy competition, maybe the unemployed are going to be better off and not, as in the past, where we had a nice little set-up where people had their roles and there were no worries or anything. That was a flaw in that they put it as an integrated service, FLEX 1, 2, 3. They have changed the name three times now— for job brokerage, FLEX 1, job matching, same thing.

There was a fatal flaw in that whole request for tender, not only in that they did not actually allocate contracts on the basis on which they presented them, but also in the matter of the way in which they made decisions. It is well recorded in the media. They basically

had a 'can do' and a 'can't do' bucket. If you got over the threshold question of a nice set of strategies, as they put it, you went into the 'can do' bucket.

The fatal flaw is that half of them got into the 'can do' bucket, and then it went straight to a simplistic price decision. I do not know of any commercial organisation in Australia which would allocate contracts on that basis. You would never just put half of them into the one bucket and then pick out the cheapest. That is essentially what happened.

DEETYA deny this, and I was interviewed by them in the feed-back session in Brisbane. They said, 'No, it is more select than just price.' When half of a thousand tenders, I think it was, went into the 'can do' bucket, I would not have allocated contracts on that basis.

CHAIR—We have had some very conflicting evidence, too, in Melbourne, for example, where people were offered contracts at price X which were subsequently let to people at price X plus 10, or X plus Y, or X plus 20. I should get it accurately. This organisation was telling us that they were offered some of these placements at a dearer rate than other people who had tendered. They are utterly confused about what on earth was the process.

The process of getting the tenders has been one problem, but we are now over that hump. But the problems remain. We are now looking at the disaster of the system that is in place—at least according to many, many witnesses to this committee and people writing to us. It is nothing less than a disaster. Successful tenderers are already folding; businesses are going out of existence. You have given us this article from yesterday's paper.

Mr Rathborne—Of 6 July, I think it was.

CHAIR—No. This is Monday, 20 July:

Job agency forced to close after 10 years.

I presume this is the stuff that you have just given us?

Mr Rathborne—Yes.

CHAIR—This talks about people first:

Job Network replaced the CES on May 1 but it was not until the last week of June that the computer failures were sorted out and Centrelink began sending the unemployed to People 1st's Chippendale office.

That is eight weeks, if not nine.

Mr Rathborne—Yes; that is right.

CHAIR—If that were to happen, you would think that maybe there should be some funding coming through to them to tide them over or something. What is happening is that people are folding, and these are people who have a huge amount of service and long experience on the ground.

Finally, there have also been people who have successfully tendered when they have no infrastructure at all, and others who have successfully tendered, but that is alright because, even though they cannot do it, they can sublet at a commission each time to other people to do things. In my own state of South Australia they are still waiting for the FLEX 3 service to be provided by an organisation based in Sydney. It is an omelette, a scrambled mess.

Mr Rathborne—There was one organisation which was well publicised. They have a major contract with FLEX 2—job search. They ultimately did not go on with that contract—they were probably told not to—but they are well-known poor providers in this region. Everyone knew what they were like in terms of quality of provision. I suppose I will be up for libel if I am not careful here.

Another organisation in Sydney was allocated that contract. The size of the contract in this region is not sufficient to justify the establishment of infrastructure. So the second organisation is going to subcontract to local providers. Today, 21 July, people in Byron Bay and Grafton still have not got FLEX 2 or job search services. Someone should stand condemned for what has gone on there, but it does not help the unemployed.

CHAIR—No, it does not. That is one of the things that the community knows. It does not matter what we say or what other clever politicians or ministers say, the community knows. They know that they do not have access to services as they did three or four months ago. It is as clear as a bell. If that message is not getting through to government, then it is another one in a long litany of messages that is not being heard.

The other problem is that many people who are desperately looking for assistance to get into employment or to get into training are not being able to be assisted. Also, we heard this morning that Lismore has missed out on FLEX 3. People have to travel on the very poor public transport system, so they are up the proverbial creek without a paddle in every way. It is precisely not doing what it was set up to do. It is costing unemployed people and it is costing their families, and it is costing confidence and optimism and everything else. It is very disheartening.

Mr Rathborne—It is also sending good providers to the wall. There is a huge loss in accumulated expertise amongst those staff. We will survive because we do other things, so it is not a personal viewpoint I am making there.

CHAIR—I think that is very useful. I would like your comment about this other point that has been coming through very strongly from around regional Australia, and that is that people want to see the whites of the eyes of the people who are talking to them and doing things for them. They do not want to ring up a 13 number and find somebody in Perth or Oodnadatta; they want somebody in the region. In this region they would like them in the major centres at least where they can actually have some sense of who the person is and what the job likelihood is.

Mr Rathborne—As a regional organisation we have seven Tursa job shops: Grafton, Lismore, Casino, Ballina, Byron Bay, Murwillumbah and Tweed Heads. We have the regional new apprenticeship centres contract. We have competitors for that service too. That contract required us to deliver those services for new apprenticeships from Grafton, Lismore

and Tweed Heads. We are voluntarily delivering those services from each of the seven shopfronts. We have a simple belief that, if we put out, maybe it will come back. No other organisation would have provided those services. And places like Casino, Ballina, Byron Bay and Murwillumbah need those services just as much as everybody else.

We have a free-call number for unemployed people who perhaps do not wish to spend money on a phone call. We have local phone numbers, local faxes, as well as a central free-call number which goes through to our head office and back out to a particular shopfront. Each shopfront is staffed with a minimum of an experienced worker plus a trainee. We employ trainees to put our money where our mouth is. We will probably have great trouble surviving.

Dr Kemp gave us a very good hearing. He sent to see us the Director of Performance and Assessments, Job Network Management Branch, from the national office of DEETYA. We had a day with her and an offsider, we went through all the bits and pieces, and they were very constructive. Very often, people might be great critics of DEETYA, but on this occasion I could not criticise them because we got very good service. Perhaps the minister sending the people directly might have had something to do with that; I do not know. I will get those submissions to you, because there are things being looked at there. Our experience is that there has been no rejection of what we have had to say.

Senator GEORGE CAMPBELL—The apprentices that you are providing from the areas from which you are not contracted to provide them, do you get funding for those? Is this just a service that you are providing for the area?

Mr Rathborne—If you happen to drive through any of those towns, you will see a Tursa job shop with significant logo and signage on the front. If you walk into that shop, we have all the pamphlets and leaflets on available traineeships and apprenticeships. We have a listing of all the training providers who deliver that training. We can put them in touch with the different training companies or industry training advisory boards. We provide that shopfront service at street level to parents, children, teachers and employers about new apprenticeships or traineeships.

We can send someone out to the employer and say, 'This is what it's all about, this is how it works, this is what your obligations are, your benefits.' We do not get one single dollar for that input. We do not get paid for that shopfront being set up. We get paid if an employer and the trainee or apprentice agree to lodge their training agreement with us as a new apprenticeship centre to service. We make sure they get their cash incentive payments or, in the case of the apprentice or trainee, their living away from home allowance if they are doing training in Sydney or Brisbane. We only get paid if an employer happens to decide to lodge that training group with us for servicing. We do not get paid any money—this has gone through to the national office of DEETYA—for those inputs.

The contradiction, getting back to Senator Crowley's point about FLEX 1, 2 and 3, is that FLEX 2 and 3 are paid for inputs. There is money up front which goes into it. New apprenticeship centres and FLEX 1 or job matching are only paid for actual physical, objective outcomes. So you put out to set up; there are no guarantees that you can meet your costs.

Senator GEORGE CAMPBELL—Would you have any figures on the number of apprentices that you have got into training through providing that service that you have not been funded for?

Mr Rathborne—We would have in the office, yes.

Senator GEORGE CAMPBELL—Could you make those available to the committee? It would be interesting to see what the percentage is—the ones you have been paid for as opposed to people you have got into apprenticeships that you have not been paid for.

Mr Rathborne—We would not have a record of those who would have gone into a traineeship or apprenticeship because of our services. We would only have the numbers for those who have actually lodged their training agreements with us for servicing.

Senator FORSHAW—The plane was delayed from Sydney this morning. I am sorry that I missed some of the earlier evidence, particularly your comments. I hope I do not go over too much ground that has been dealt with. The major claim that the minister and the government have made about their new Job Network approach is that there has been a substantial expansion in the number of services available for the unemployed, particularly the long-term unemployed, compared with what was previously available. This is a straight number exercise—three to four times as many outlets or locations that could be accessed.

From what I understand—and I would ask you to tell me whether it is correct—previously, in this region of Lismore and Casino, there were six organisations providing case management type services, particularly for long-term unemployed. Now, all of the contracts under Job Network went to Employment National. Is that correct?

Mr Rathborne—Employment National were the big winners. I could tell you a black humour story. The word was all about in 1996-97 that Employment National, then known as PEPE, was guaranteed 40 per cent. I attended numerous information sessions with DEETYA and I put this question on numerous occasions. They said, 'No, there is no guarantee whatsoever that Employment National will get any set percentage.' I would ask, 'How is it that you have advanced them \$180 million without knowing if they will get a contract and how big it will be?' They said it was not their decision. In the end, Employment National got 42 per cent of the market.

CHAIR—A remarkable coincidence.

Mr Rathborne—Yes. I wish I could run a business like that.

Senator FORSHAW—Forty-two per cent in this region?

Mr Rathborne—No, overall—nationally.

Senator FORSHAW—What about in this region?

Mr Rathborne—They would have the bulk, there is no risk about that. There are four case management service providers in the Ballina, Byron Bay, Casino, Lismore and Kyogle region.

Senator FORSHAW—Who are they?

Mr Rathborne—Employment National, Ballina Employment and Training and Work Directions—I am sorry, there are only three.

Senator FORSHAW—I am familiar with the work, for instance, of the Lismore Skills Centre. I also note that other organisations, such as Byron Bay Employment and Training Service and Summerland Job Centre, missed out on contracts. Maclean skillshare, I understand, missed out on contract work, even though they apparently had been rated, in an internal DEETYA analysis, as the best performing skillshare in the country.

I am at a bit of a loss to understand why these organisations, which apparently had been performing pretty well, did not get any allocation. I understand that you cannot necessarily explain it, but am I right in understanding that what we have seen here are some major organisations that have been around for some time, dealing in a region with very difficult problems, particularly with youth unemployment, that have simply been ignored.

Mr Rathborne—Six out of the eight skillshares in this region did not get a contract under the new employment services market. I can illustrate another example of what makes things difficult to understand, and I have put this to Dr Kemp. My own organisation was a case management organisation in Lismore. The organisation that had a contract before us novated the contract on the basis that it was not economically viable or desirable, and we took over the contract.

In 12 months, my organisation and staff trebled the performance outcomes of that organisation and ended up, in the last report from ESRA in April 1998, as the best performing case management organisation in this region. Its performance exceeded the now Employment National and the average contracted case management organisation between Grafton and Tweed Heads. We did not get recontracted. The organisation from whom we took over the contract, and trebled the performance outcomes, received the major contract for case management services. That is difficult to explain to people.

CHAIR—We have to finish. I am very sorry because I would like to ask you many more questions. One question to finalise: which union was yours?

Mr Rathborne—Many years ago, I was the federal secretary of the Gas Industry Salaried Officers Federation—the white collar union. We used to go to Adelaide a lot, I might add—Ron Wagstaff and company; you would probably know him; he was a good bloke.

CHAIR—Yes, South Australia is an innovative place.

Mr Rathborne—I might just add my chairman, Mr Leo Bugden. Michael knows him well; they are cousins.

CHAIR—Thank you both very much. If you have got further information from what you have already promised, that would be very useful for the committee. We are getting a fairly clear message that all is not well in the Job Network area. We need to have facts. We cannot just rely on stories.

[12.12 p.m.]

EVANS, Mr Tony, 18 King Street, Lismore, New South Wales 2480

CHAIR—Welcome. In what capacity are you appearing before the committee?

Mr Evans—I represent the North Coast Entertainment Industry Association as well as representing the musicians unions and Arts Training New South Wales, which is the New South Wales ITAB board for the arts.

CHAIR—The committee prefers all evidence to be given in public but, should you at any time request to give your evidence, part of your evidence, or answers to specific questions in camera, you can ask to do so and the committee will consider your request. I point out, however, that evidence taken in camera may subsequently be made public by order of the Senate, as has happened in recent years.

We do not have a submission from Mr Evans. You have, in a fairly bold and brave way, pushed yourself onto the agenda. You have five minutes, Mr Evans. Congratulations for being cheeky. You would not be in the entertainment industry; would you?

Mr Evans—Thank you. The reason I suppose I was so bold is to bring the committee's attention to a somewhat overlooked but quite valid and economically extremely lucrative business, which is the music entertainment industry. I would also like to elaborate on that a little and to incorporate the cultural industries in general, as there is very little representation at this moment within the region of the various sectors like dance, the visual arts and the performing arts in the more sort of high art area.

The north coast has the reputation of having probably the most vibrant regional music industry sector in Australia. Most people, when they perceive music and entertainment, see the musician and quite often that position is relegated to somewhat of a weekend position or a weekend job, so to speak. In fact, you need to look at the broader implications of the music entertainment industry and to start to incorporate everything from the recording studio to the venues—these number around 150—offering live music per week within the region. In Lismore alone, in the walking distance of a block, happening at least two nights a week, there are six venues offering live music.

When you look at the flow-on with regard to the security that is employed, the addition of the added hospitality staff, the PA hire companies and so on, you start to get a picture that this industry is quite large. And then you sort of enter into the areas of CD shops. Once again, within Lismore alone, there are six CD retail outlets. There are three music shops selling musical instruments and you start to get an even bigger picture of its implications.

When we enter the area of training, for instance, there are three different levels: entry level training, diploma level, right up to tertiary level. This area is actually quite well serviced with regard to the cultural industry's training.

All in all, when you start to add up all of these positions, you start to see that the music entertainment industry is responsible for employing more than some of the more trendy

focused areas of development, such as ecotourism or even, I suppose, some areas of rural agriculture and whatnot. Yet the support or, even more disturbing, the understanding of its needs or its structure is extremely limited particularly amongst the bureaucrats and the politicians.

This is changing through the industry getting more initiated, going out there and explaining the subtleties and the uniqueness of this particular industry. You will find that the majority of people employed in this area are what you would call small business people, whether it be the musician or the local pub or whatever. Subsequently, there has not been a great deal of unity amongst the various sectors, although, once again, this is changing.

The real areas of support it requires are within industry support. I think it is only second to Newtown in Sydney, where such a condensed population of artists and musicians are living. People are doing it within this industry.

CHAIR—Mr Evans, do you talk to the Northern Rivers regional council?

Mr Evans—I do. Our organisation is actually part of NORREDO, as well. This, basically, has been a push from the industry's point of view to start to infiltrate more mainstream areas of, I suppose, industry associations, to be able to give it a credible front as a bona fide industry, and only in recent years has it actually developed this status.

CHAIR—Can you tell us what sort of numbers?

Mr Evans—Our history goes back eight years now. It has always been a grassroots level association, and it is only within the last couple of years that it has actually developed enough to move into more effective areas of lobbying. But the reality is what we deal with within the music entertainment industry—people's perception. So we try to create a perception of some sort of unity within our area, but the reality is that we are extremely underfunded. Most of the work that has been done up until now has been done by volunteers. I must put in about 30 hours of volunteer work per week and have done so for the last couple of years.

CHAIR—Can you offer anyone a job, Mr Evans?

Mr Evans—Within the association situation?

CHAIR—No. We are here trying to get Australia working.

Mr Evans—Once again, I perceive that if you want to get into this area—people are doing it—you require some basic level of support, because people will continue to do it, and they will continue to grow and do it. But what we are actually facing here is a situation where people such as those in our association and various other organisations are so underfunded that we really cannot provide the accurate data, the skills audits within the region, the strategic planning. Basically, we are struggling just to maintain the perception that we have a unified industry.

CHAIR—So you are here to say that there is an industry, and it is important that we know about that. It is probably in most regions of Australia, but it is one of those areas that is overlooked and undersung, if I can use a bad pun, and that it would be interesting if government and bureaucrats gave evidence of any understanding of the points that you are making?

Mr Evans—Yes. I suppose, on a broader level also, it is entirely up to us to be able to push within the area of identifying or requesting funding in specific areas, but what we find in dealing with the arts funding area is that it is all project based, so our biggest struggle has always been to get that basic source of funding for administrative costs, the running costs of the organisation.

CHAIR—Why do you have to go through Arts and not through the job creation department?

Mr Evans—I suppose it is a process where we are starting to actually learn what is out there and be able to tap it. But, once again, I go through periods of putting in funding applications, probably three or four times a year—

CHAIR—Always to the department of the arts?

Mr Evans—No. This year we are seriously looking at the telecom funding, and also the Casino fund as well, because they incorporate a great deal of commitment.

CHAIR—One of the things that I think has become very clear to the committee this morning is how much information everybody here does not have, and that maybe what we ought to do is to make a point about that. Business people do not know about universities or the research they are doing; people from one government department do not know about the other government department; regional councils do not know what sorts of things are available—and you have just added your name to that. I think what we are talking about here is a very significant gap between the people who have a need to know and the people who have the information they need.

Mr Evans—I think what you are saying is true. We are looking at a scenario where, once again, people are out there and they are doing it. More and more, one of the reasons there is a great youthful population in this area is that it is quite attractive for people to come up here and study within the music and arts area. But there are also quite a lot of people who come just because these small amounts of people are doing it. Subsequently—

CHAIR—Is there a music school at the Southern Cross University?

Mr Evans—Very much so. It offered the first contemporary music degree in Australia.

CHAIR—So far today the witnesses have not told us that, so that also says something, doesn't it. Perhaps we should ask the university for its brochure on courses offering.

Mr Evans—It is a leader in that area, basically.

CHAIR—Mr Evans, I know that you are strapped for time, and I can assure you that we are. I wondered if we could call it quits there. If there is anything further that you would like to provide to the committee, please feel free to provide it. If questions that we need to put to you occur to us, would it be all right for us to contact you?

Mr Evans—By all means. The main thrust is to encourage the committee to actually perceive the cultural industry within their travels.

CHAIR—You have succeeded, Mr Evans. You have expanded our knowledge of the circumstances, exercised our brains and also let us know what happens at the university. Thank you very much indeed. Colleagues, the Lismore *Northern Star* wishes permission to photograph us in all our glory and expertise. There being no objection, it is so ordered.

[12.24 p.m.]

AMAR, Mr Paul, Administrator, Northern Rivers Regional Economic Development Organisation, PO Box 1474, Lismore, New South Wales

DAVIDSON, Mr Keith Charles, Executive Officer, Northern Rivers Regional Chamber of Commerce, 77 Tamar Street, Ballina, New South Wales

GALLAGHER, Dr James Edward, Chair, Northern Rivers Regional Economic Development Organisation, Strand Arcade, Lismore, New South Wales

GARLICK, Professor Steven Craig, Director of Research, Southern Cross Regional Research Institute, 6 Strand Arcade, Molesworth Street, Lismore, New South Wales

KENYON, Ms Amanda Jane, Executive Member, Northern Rivers Regional Economic Development Organisation, 6 Strand Arcade, Lismore, New South Wales

MATHEWS, Councillor Joy, Northern Rivers Regional Organisation of Councils, 165 Molesworth Street, Lismore, New South Wales

O'CONNOR, Mr Peter William, Executive Officer, Northern Rivers Regional Organisation of Councils, 165 Molesworth Street, Lismore, New South Wales

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

The committee has before it submission no. 142 dated 6 May 1998. Are there any alterations or additions you wish to make to the submission at this stage?

Dr Gallagher—We do have some additions. We would like to table some further documents as part of our evidence.

CHAIR—We would appreciate that. Would you like to make a brief opening statement and then we will take some questions.

Dr Gallagher—Who are we? We are the Northern Rivers Regional Economic Development Organisation, a peak body of some 26 regional bodies that sit together to deal with the problems and opportunities of the region. We have agreement, and you will see the names on the bottom of your sheet.

Perhaps without making too much of a point of it, until 18 months ago we were also the area consultative committee. That has changed and, although we have good cooperation, we

look forward to the area consultative committee sitting around the table with us, which is something that does not happen at the moment.

We insist that members of NORREDO speak with one voice for their sector or region. The chambers of commerce—and there were 21 of them—have, in fact, come together in one regional combined chamber of commerce and sit on our executive. In the past, the various trainers came together to form a loose organisation so that we could have dialogue with them and the BECs.

We state that the regions are the best ones to drive the economies and finding job opportunities in the region. But to do that successfully, we need support from governments, both state and federal. We have developed a motto or way of operating which can be simply put in these words, ‘Working together, we have the power to make a difference.’ We believe that the outcomes we have achieved and will achieve will come from working together.

Let me give you a couple of quick examples. In the forestry industry, while the battles were going on across the front pages of the papers, we were behind closed doors at Grafton with the loggers, environmentalists, graziers bee-keepers, truck drivers and sawmill operators looking to see if there was a way forward. Now, out of that has come a different sort of relationship. We have told all of these players that we understand there are problems in the industry and with the environment, but if they cannot work it out, the whole region will suffer. It does not just stay with their industry.

We had a regional summit recently to decide what we are going to do about getting a few more things moving. Out of that came a warning from investors that, unless we honed and improved agreement within our region, there would be no real investment. Investors were not coming into the region to invest if next week they were going to be in the Land and Environment Court. That was something we had to do within the region and we are seeking to hone that agreement.

What are the issues? Certainly, one of them is lack of certainty for investors, and that is what I have just said. We need to deal with that. Secondly, we need to understand the dynamics of region and in a moment I will ask Professor Steve Garlick if he will show you some of our research which looks at and explodes some of the myths about unemployment in this region which we have held so close to our hearts for many years.

Thirdly, we need to look at the size of our problem. Make no mistake, this is a region abounding in growth. It was said at one stage that in the region between Lismore and Brisbane within the next 50 years there will be a population bigger than the city of Melbourne. Whether that happens or not, it certainly indicates the trend, but what we do not have is an industry base to spring off. You cannot talk about employment if do not have industries that are capable of employing.

Can I say how we operated? When we were also the area consultative committee, we put the strategies of the area consultative committee together with the economic ones and told the employers that our 26 organisations together will talk up the economy as best we can and promote the region. The obligation on them—as Senator Tambling used to say to us—is

that when they turn over a new dollar, we expect them to create some real jobs in their capacity as employers.

That was a good partnership. It is very simple, maybe even simplistic, but we believe that, if you do not bring a bit of naivety and enthusiasm to this problem of bringing people to create real work and get investment, then we are not going to succeed.

There are other flow-ons from labour market programs. Wal Mitchell from Bourke said at the recent country summit at Wagga, 'I've got to say this. We have a problem with street crime. When we had labour market programs, our rate of crime dropped 80 per cent.' There are other factors which I cannot go into today.

We have some programs that are operating. We are just in the process of setting up an agreement between NORREDO and the Southern Cross University for setting up the Southern Cross Regional Research Institute which will be a body that sits between the two organisations. That organisation will crunch the figures for this region. One of the problems with the Bureau of Statistics figures is that they just do not fit. One of the problems with programs that come out of Canberra, Melbourne and Sydney is that they do not quite fit the needs of the region. I am not being pejorative by saying that, but we need to do some things ourselves, and that is what we intend to do; it is through working together.

You heard about the program at the Southern Cross University for various medicinal purposes. Although we are not directly connected with the ACC, we have had some talks with the New South Wales farmers. We have asked Peter Comensoli for the endorsement of the New South Wales Farmers Association of this program. That is the sort of level we are operating at, so that we can go to the New South Wales government, the federal government and also the private sector, and say, 'We do have some money here. How about helping us to lever it up?'

I will bring it to a halt by mentioning one or two other programs. In conjunction with other REDOs from Brisbane to Melbourne, we have set many place a program for building the Great Eastern Centenary walking track. You might wonder why we are doing that. It is because we are also doing some study to see what business spin-offs we can get for small towns along the way in terms of jobs and increased money into those towns.

We have programs for working with the business chamber on export enhancement and we have expos in Singapore. Just recently, after a letter from the combined chambers of commerce, I spoke to the Australian-Thai Chamber of Commerce to look at building some relationships with them.

We are not sitting here doing nothing. We have also been working with a number of programs and we have been involved in the past in promoting the region. You might have seen that in one of magazines you have read. It is saying, 'Come up here and spend some of your money. It is a great region.' We have been on the television in Sydney and Melbourne. We have done some research on short breaks, and we are finding out what it is. Instead of just throwing the money over the cliff at Byron Bay, we are looking at how we can enhance the use of that money through research.

What are the things we want? We want recognition of the size of our problem and recognition that the government needs to build on its partnership with the region. We need help to rev up the under-utilised infrastructure of the region. Both the state and Commonwealth have been busy providing money for us for the Summerland Way, but it is no use if the Summerland Way stops at the Queensland border. It must move through to the port of Brisbane. We need help in supporting interregional cooperation. We have been investigating with the people of the Northern Tablelands, Moree and our other MidREDO down south how we can work together better.

Basically, what we really need is better coordination of federal government programs into this region which are targeted to our regional priorities and, as Ron Rathborne has also added, incentives for employers. In the past we had incentives for employers. We were actively talking up the economy and we had memorandums of understanding with regional industry associations sign off that this is how we would be towards the unemployed. The business chamber, the chambers of commerce, the Master Builders Association, the labour council, the tourism group—all signed off that we would do our best to create work. That has fallen off the edge a bit but it is not completely gone. We need the federal government to look back again at that. There was a report that went to the federal government about it from the area consultative committees and one of the recommendations was that they put a little bit more money into the REDOs.

We are not coming here with a begging bowl. It is up to government. But we think that what we have delivered in the past more than compensates for the little bit of money we have got out of the federal government. For our part, we will enhance certainty within the region and we will help to get agreement so that every dollar you spend will be multiplied over and over again. Now it is a long story, but I wanted to say it, so I have said it.

CHAIR—I do not like having to cut you off, but you have gone over time and we do want to put some questions. Does anybody else wish to contribute at this stage?

Mr O'Connor—I think it is best. If you hear from all of us, Senator, then the time problem is going to be knocked out.

CHAIR—That is right. You look as though you have the call, so grab the opportunity, Mr O'Connor.

Mr O'Connor—From a local government point of view, in a regional sense, we need infrastructure assistance. It was said earlier in the committee, 'When is industry going to come in, if they don't see the commitment from government?' That is extremely important. What we have seen, for example, is the very welcome and overdue Pacific Highway upgrade, but that has come hand-in-hand with a pullback on the Summerland Way which actually goes directly up from Grafton—a very important city which needs a lot of infrastructure assistance—up through Casino and then into the western end of Brisbane, a very heavy trucking and manufacturing end of the city. That would be an ideal route. It was already identified and had \$20 million worth of funding which is now stopped.

This is the sort of huge disappointment that we get in the region when we hear, at the beginning of a financial year or a federal government budget year, that the Summerland Way

is earmarked for—in this case—\$20 million further upgrade, only to see that collapse and fall between the cracks, as it were, as bureaucracies regear their programs and get on with other parts—such as the Pacific Highway upgrade.

We need a port—the development of the Clarence area—because, as Senator Tierney said, if we are going to bring unproductive land into private forestry investments, it will not happen in a value-added way unless we fix up the logistics. That really means the question of a port in northern New South Wales.

CHAIR—Where would that be, Mr O'Connor?

Mr O'Connor—It will be at Iluka on the mouth of the Clarence, the port of Yamba. There is a port there but it suffers from restricted entry. We need to be able to get larger ships in and that can be done through a process of negotiation with all the stakeholders, including the indigenous population there.

CHAIR—I will be bloody-minded: it is about as much trouble to get there as it is to go to Tweed Heads, so why should we make a port here?

Mr O'Connor—Because just behind it is the city of Grafton which has more cattle, for example, and more timber resources and potential resources within a 200-kilometre radius than you would have further north, even in Brisbane. Yet it has none of the metropolitan bottlenecks to bring trucks or rail marshalling yards through. Consider the rail infrastructure that has been built up in Grafton and Casino—that is potentially very useful and can make us much more cost-effective than we would otherwise be. The other alternatives are down to the port of Newcastle or up to the port of Brisbane, with triple handling, which kills the potential to redevelop private plantations and forestry in this area.

CHAIR—Maybe I should cut you off there, because we are running on in time.

Senator TIERNEY—Following up on the work on the bar at Yamba—has anything been done to improve the harbour link?

Mr O'Connor—I will defer to one of my colleagues. I do know the story but they are much more up to date.

Councillor Mathews—I am a councillor in Maclean council. We recently had an EIS done through the Office of Marine Administration; and I actually chaired a Port of Yamba committee for the state. The EIS has identified the areas and the department of planning has given the go-ahead to do the dredging; but it is under claim from the Aborigines on the rock bar there. That is yet to be decided. In the meantime, you might be well aware, Senator, that the sugar industry—which had commissioned the inquiry for the dredging and opening up the mouth of the river—was holding \$2 million in federal funds and \$1 million from the state, but I think the question is whether they can wait around that much longer.

Senator TIERNEY—From my recollection it was about a \$3 million job, wasn't it?

Councillor Mathews—I think it is in excess of that. But I think they were looking for matching funds from the state, to make it a \$4 million job. It will be an ongoing process. At the last meeting of our port committee we were still in the negotiation phase with the Aborigines on this. There is still very much a desire to get that port opened because, as Mr O'Connor said, it will benefit other industries such as live cattle, timber and clean sand to the islands. It is the largest estuary on the eastern coast of New South Wales that is under-utilised.

Senator TIERNEY—I know when we have EISs it is difficult to put time frames on things—as we have discovered at Badgerys Creek airport—but what is the likely time frame for work starting?

Dr Gallagher—The pressure for this has been hanging around since 1860.

Councillor Mathews—Dredging can start as soon as it is possible to get some answers. But the question is that unless we can get the claim on the rock shelf sorted out then it is unlikely to go ahead because we can't—

Senator TIERNEY—The claim is actually on the shelf you want to remove?

Councillor Mathews—It is a sacred reef. Unless that is sorted out, then the bigger ships cannot get in and then the project is not viable except for more shallow drafted boats.

Senator TIERNEY—Dr Gallagher, I believe you have got a regional strategy under way. When do you expect that to be completed?

Dr Gallagher—Some copies of that have been tabled.

Senator TIERNEY—We have got that, have we?

Dr Gallagher—Stage one has been completed. We have just been back to the New South Wales government to ask them whether they would look at remaining as partners for the second stage of the strategy.

Senator TIERNEY—We are just checking here if we have got that.

Mr Amar—You have got part 1 of it, which is Northern Rivers regional strategy phase 1.

CHAIR—Yes.

Senator TIERNEY—We have part 1; so when is the rest of it likely to be completed?

Dr Gallagher—We have a framework and the parties are talking. You will probably remember, Senator, from other discussions we have had, that our strategy was fairly simple. We said we wanted to get agreement about the use of land up here—to get rid of the conflict and overlay it with an appropriate industry so that we can get on with creating the jobs.

Where we are at now is that, of course, the valley committees from councils—and perhaps one of the NORROC folk might talk here—feel we need to move on to the next stage. We have got agreement about what a sustainable future might look like but we have to move to getting that template onto our rules and regulations which deter investors.

Mr O'Connor—Very briefly, there are 12 to 15 projects arising out of this, involving state government agencies and local government in order to implement the agreed principles of sustainable development and conflict resolution so that we can get serious investment. For example, we have got to play to our strengths. That means that we need people to come into something like forestry, which is a slow turnaround, long-term investment. They do not want to be held up with problems because this region cannot sort itself out. We believe we have got the skeleton and the apparatus there to sort out all those problems, but we need ongoing support and leadership—financial leadership—from government to help with the infrastructure so that the private sector will come in and respond to what they see as a positive growth environment.

Dr Gallagher—It would be great if the federal government could see its way clear to becoming partners with the state and the region in moving this to a finality because it was our number one priority voted in 1994. We have been working at it ever since and it has had an enormously positive effect on the region so far, but we need to drive it to finality.

Senator TIERNEY—You mentioned conflict resolution in terms of developing this strategy. Does your group have any involvement with solving the problem of the bar at Yamba?

Dr Gallagher—I have had some off-the-record discussions with the folk. There is no point in having discussions in the front pages of newspapers and in front of the media. It is certainly like other claims. It is a claim that has got to be taken seriously. You have to look at whether there is any possibility of trading off a share in the economic development of the port in the sort of way—I will say it anyhow—that we have dealt with cathedrals in places. You could have a deconsecration and proper acknowledgment. That is the sort of position that I have put in private discussions, which are now fairly public, I guess.

CHAIR—That is very interesting, Dr Gallagher. I am not quite sure which is the cathedral and which is the deconsecrated place.

Senator TIERNEY—Is there a process in place for that to move forward, to resolve this matter?

Dr Gallagher—There have been a couple of meetings, but there is no appropriate—

CHAIR—Excuse me, everybody. We now have Channel 9 present. They need to have authority to film. There being no objection, it is so ordered. I understand that they are not taking sound.

Senator TIERNEY—Going back to NOREDO, how are you funded currently?

Dr Gallagher—The federal government agreed to allow the people who have looked after their money well to continue eking out what resources they have. We can probably last until somewhere between the beginning of June next year and the year 2000, if we are a bit careful.

We are certainly looking at ways of raising money ourselves through a cooperative effort with big business, but we have no real prospects yet. I just comment that it would be a shame if NOREDO were to tip over, not because of us but because of the positive effect it has had on bringing this region together and because of its influence across northern New South Wales and in some of the capital cities.

Senator TIERNEY—How do you distinguish your role from the ACC?

Dr Gallagher—We have not had a chance to look at the latest move that has brought the ACC into regional development. The fact is that the biggest project has been supported—the incubator at Grafton. We carried out the study before under another head. As David Fox said, and we agree with him, there is certainly not enough money in the system.

The size of our problem here is not going to be changed by putting in \$128,000. Without being rude about it, governments, both state and federal, have got to get real about the fact that we have a problem through no fault of our own. We have got a burgeoning population, and the research, which we could show you if we had time, demonstrates that, when we were working together and putting stuff together in a structured, careful manner, the unemployment rate dropped from about 18 per cent to eight per cent in this region and held on while people had confidence. It has grown again, of course; it is out of control.

Senator TIERNEY—You mentioned that you thought there should be better coordinated federal facilities in regions. From where we sit, we would probably like to see better coordination in regions coming back the other way. It seems strange to us that we have the ACC and NOREDO at a federal level, NOROC at the local government level and the state government involved in regional development as well. I am wondering why that is not put together through one body. It would be a lot easier for us as the federal government operating one group rather than several.

Dr Gallagher—The answer to that is fairly easy in that we sit around the table and, rather than us taking over the role of NOROC or the state regional development board, we find there is advantage in us springboarding off each other. There has been some magnificent cooperation through the region. Conflict has disappeared, working with the state, looking to NOROC, looking to the chambers of commerce, looking to the business chamber, sitting around the table together. I said to Ian Causley the other day, ‘Ian, what can you do to bring the ACC in a bit closer to us?’ I do not have any feeling about this, because David Fox is a good person and he tries to coordinate with us, but he seems to have had instructions to remain autonomous. We would like him sitting at the table with us so that we can say, ‘Hey, we have got some money that can help that project’ or ‘We can get it over here.’ I think that is the best way to go.

Senator TIERNEY—To finish my line of questioning, with the ACC and its new role, they were telling us earlier that they are taking a cross-regional role. What is the purpose of having NOREDO as well? Shouldn't this now be operating through the ACC?

Senator FORSHAW—Why don't you ask who split the two originally? They were one body until you separated them.

Senator TIERNEY—I did not ask for your comment, Senator. Perhaps you should have been here earlier.

Senator FORSHAW—You can blame the plane.

Senator TIERNEY—Maybe, but you should have heard the earlier conversation before you—

Senator FORSHAW—You should know something about the area and the history of the ACC and NOREDO.

Senator TIERNEY—I know quite a lot about the area and history—

CHAIR—Order! That is enough. I will stand this committee adjourned unless you two stop it.

Senator TIERNEY—We heard this morning about putting the federal ones together, and that is the essence of what I am saying. Obviously you have got a council level and a state level, but federally, now that ACC has got a cross-regional role, shouldn't we absorb NOROC into that?

Dr Gallagher—The answer to that is simple. The government has got the right to set up its own structures. What we are asking is that they sit around the table with us. David tries to do that. We are saying that we would like to have the ACC on our executive so that we can talk to each other. I do not want to make too big a point of it, because there is no battle going on. We are supporting the same programs. But it would be good if the ACC could come a little bit closer.

Senator GEORGE CAMPBELL—My question is along the same lines. It seems that there is a fair degree of cooperation between the various groups in this area in an informal or a formal way, perhaps with the exception of the ACC. One has to wonder why they are not involved in this sort of cooperative environment that you have got. But I want to take it beyond that. It is not just a question of structures; outcomes are more important at the end of the day. I assume from what has been said this morning by others that you also support a bottom-up approach to regional development rather than having things imposed from the centre, from above.

Dr Gallagher—That is correct.

Senator GEORGE CAMPBELL—Really the approaches, the programs and the ideas have got to come out of the community and be driven by the community. There are a

number of groups here. What do you see as the best structure to put in place in a regional area to achieve the maximum outcome? In other words, what should government be doing? In promoting regional development, how should we be going about it? What sorts of structures should we be setting up and how should we fund it? I assume you have got some views on this, because you have been dealing with the issue on an ongoing basis. How should it be funded? What are the sorts of structures we ought to set up and how do we actually get that agenda being driven out of the community, with a capacity for the community to actually do something of substance in their areas without the heavy hand of government or bureaucracies sitting over the top of them all the time?

Dr Gallagher—There is no doubt that state and federal government cannot deal effectively with industry growth or the unemployment problems of this region, because they are beyond government alone. If there are going to be solutions, they will come out of the region with governments as partners. I know that it sounds trite but governments have to look to regional priorities. If our region agrees these are the priorities and these are bits of infrastructure that we need to get things moving, we are not asking for 100 things; we are asking for a few things. We are not asking the government to put up all the money, but we expect governments to be partners. That is the first thing.

The second thing came out of what I have heard—that people did not know about DIST and its programs. The government really has a bit to do there in terms of coordinating those programs to regional priorities. If the area consultative committee is to benefit from DIST programs then someone has to do some coordination in Canberra. It is not just up to this region.

We started NOREDO. We called it a task force in 1994 when we read an Industry Commission solution to regional development. One of the remarks was that it was cheaper to live in the country, so we should reduce workers' wages in the country and make them more competitive. That was the last straw. If that is the best that Melbourne can do we will have a crack at it ourselves.

All I say is: partnership is everything. I have told Larry Anthony, and Ian Causley believes it. I do not know whether Larry does—I think he probably does. This is too important to be party political. Look in the faces of these people. Steve could show you the research. They are not dole bludgers. They are not people who have come to this region to live because it is nicer to be on the dole. We have all thought that, but when you look at the research and at the dynamics of the region, the population is growing. It is nice to be here, but that is not the reality. You have the report there.

Our young people are still leaving to go to the city because there are not opportunities. The people along this table do not want their kids to have to go off to Sydney and live there necessarily. I said to Tony Windsor over at Tamworth, 'Tony, how is your youth unemployment there?' He said, 'Jim, we don't have much.' I said, 'Why is that.' He said, 'Because they are all over there with you.' That turns out not to be the case. They are all down in Sydney, or in Brisbane or Newcastle. Not many of them are with us.

It is important that government, both state and federal, listens. It may be simplistic but, unless we have a bit of enthusiasm and naivety, we are not going to solve the problem.

People are still going to be bashing each other around the streets of Lismore at night and people have got no hope.

Senator GEORGE CAMPBELL—I want to ask the same question I asked the Lismore City Council. In terms of this area, is the definition of ‘region’ too big? Is it too broad in defining the northern area as a region? Should we be looking at defining it as a number of subregions and is it easier to deal with the issues on a narrower definition of region than is being used at the moment? What do we do about the state boundaries? Obviously there are natural regions across state boundaries?

Dr Gallagher—We are not seeking to set up regional government. For some purposes the regions are too big—for instance, dealing with the cross-border issue of daylight saving across the Tweed and some of the problems they have on the border—but for other purposes the regions are too small. We put in place a regional audit and we are going to seek to cooperate with the whole of northern New South Wales. We are talking about infrastructure. We will have a meeting at Inverell soon with northern New South Wales to talk about what we do with infrastructure to get our stuff onto the world stage. The answer is yes and no. The region is too big and it is too small.

Mr O’Connor—I certainly would not want to dismember the region, because we have very important links between Grafton, Casino, Lismore and Murwillumbah—the rail link and the road system. Some towns have the capacity with their existing infrastructure to develop into full-blown distribution centres—for example, with the redevelopment of the brewery at Grafton—but once you put one of those in place you cannot suddenly grow another immediately at Casino or Lismore. We want a planned approach. For example, the federal government could reward us by linking us into the national distribution system, the road and future rail links, by upgrading the link to Warwick.

I will quickly comment on how this would impact on local business. Within our local government boundaries we have identified up to 15 local businesses that could immediately take up the option of expanding their production if they could have an upgraded road link from Lismore and Casino through to Warwick—which would not be a huge expense; I do not want to put a dollar sign on it. These are clothing, soft drink and processed food manufacturers that want to get their goods into the distribution system. Once you get into the Warwick system you are into Big W’s full national marketing scheme, and then of course the product coming back down can be sorted and redistributed or exported through our region. I think the region is the right size. We would not want to fragment it further, because we would lose synergy and complementarity between existing infrastructure.

Senator GEORGE CAMPBELL—Maybe we could divert the Melbourne to Darwin rail link through that way and join it up for you!

Mr O’Connor—We want that trunk route because, for example, we could get to that through Ipswich. Existing infrastructure is a wonderful thing for everybody to capitalise on—Casino through to Toowoomba and Ipswich and on to a future inland trunk rail system.

Senator GEORGE CAMPBELL—While we are on rail systems, I understand, or I have been told, that a private operator in the region, Southern Cross Railways, has taken over some rolling stock from the state government. Where are they operating?

Dr Gallagher—They run from Casino to Murwillumbah.

Mr Davidson—I do not know much about the program, but my understanding is that it has not got off the ground yet.

Mr O'Connor—It is embryonic in the sense that it was to take existing bulk traffic, which rail does well—for example, soya bean production, cattle and fertiliser movements—and keep an existing infrastructure together. It will need underlying growth, quite massive growth, but that growth is there because, for example, as I said we can get through to Casino and straight down to the port of Brisbane and to the Fishermans Island link. They are the national links that this region can grow off if we get that final connection.

Another example of that is the way in which the local community at Kyogle kept a plywood mill going which was headed for receivership and closure. So there is this capacity within the region of well motivated groups that are prepared to put their money on the line and keep infrastructure and manufacturing together.

CHAIR—Short answers, please, gentlemen and ladies.

Senator FORSHAW—I have a very short question. Would you refresh my memory in view of the earlier discussion about the ACC? Was it the case that the NOREDO was in fact the Northern Rivers Area Consultative Committee?

Dr Gallagher—Yes, there are a few examples. A lot of ACCs and REDOs saw the benefit of getting together, and there was a bit of a move that way. It is history that this one is not now.

Senator FORSHAW—Was that changed when the current government came in and split the ACC off from the REDO?

Dr Gallagher—Yes.

Senator FORSHAW—Thank you.

CHAIR—Your original submission states on page 2:

From our labour market studies on the region (refer Attachment 4) we have found that for males the labour force participation rate is not a significant contributor . . . Net in-migration—

I am not sure if we should curse the language like that—

is only a contributing factor at middle and older ages, but not at young ages where demand factors play a great role . . . For middle and older aged women in the region, net in-migration and an increasing participation rate play a

significant role in contributing to labour supply driven unemployment outcomes As with young males, unemployment among young females is also more likely to be influenced by demand factors rather than supply factors.

Please tell me the difference between ‘demand’ and ‘supply’ in that sentence.

Dr Gallagher—Perhaps I could ask Professor Garlick to answer the question.

CHAIR—Can you just tell us a little about what are ‘demand’ and ‘supply’ in that sentence?

Prof. Garlick—NOREDO asked me to do a bit of desktop research into the nature of the factors driving unemployment in this region. We looked at it from both a demand side and a supply side. The drivers of supply here are the labour force participation rate, the general growth in employment flowing through the various age categories in the labour market, and also net migration. They are three things that we looked at for labour supply. On the demand side, we looked at the overall growth in employment and the way in which there were shifts in industry demand for employment and also shifts in occupation demand.

CHAIR—So ‘supply’ is the number of people who are ready to work and looking for work?

Prof. Garlick—Exactly.

CHAIR—And ‘demand’ is the number of jobs?

Prof. Garlick—Exactly.

CHAIR—I have just got it. It is as simple as that. I have not had an opportunity to look through this completely. It is one of those things you have just passed over to us, but some of the information in here is enormously beneficial—for example, just telling us which university is doing what in terms of new programs. Evidence has come before the committee today that many businesses in the area have no idea of what is going on in universities. It is like a gulf. We hear that there is this thing called cellulose valley. Who is the principal protagonist of cellulose valley?

Dr Gallagher—It is the university.

CHAIR—Who?

Dr Gallagher—Peter Baverstock.

CHAIR—Peter Baverstock. It was some character we were told was into cellulose valley. I think he gets full marks for creativity and all the things that go with it.

It has been terribly interesting to discover how much information is needed and how much is not known in this area: the inter-departmental stuff, state to federal, between one federal department and the next and, particularly, between business and universities, the research that might help businesses and so on. You have the last word, Mr Davidson.

Mr Davidson—Thank you. I have just a couple of things. In regard to an understanding of what business knows about the university and what the university knows about business, this region has a greater concentration of small businesses—those that employ less than five people—than other regions. They do not necessarily have the time to find out what the universities do in the programs available to them. The thing that we need to do is build that communication link, between government and business, and also between universities and business, by all means. We hope to do that via my organisation.

CHAIR—Mr Davidson, they may not have the time, but they do have the desperate need for the information.

Mr Davidson—Yes.

CHAIR—One way or another, we have to make sure the time is found.

Mr Davidson—I am going to try and present a solution to you. With the government's initiative, as will come out of the small business deregulation task force, their business entry point development program they launched on 3 July is an excellent program. It could be delivered through my network, which is a network of 23 communities that have come to work together to provide that link of communication between government and business and also between the university and business.

I have undertaken some research into studies of the needs or the impediments to business prosperity within the region. Two things have come up quite clearly. The first thing is the lack of business management training when they want it, how they want it and the price they are willing to pay. The second thing is the understanding of market research. We are having discussions with Southern Cross University here about developing a program where we can implement some training modules that have been developed and develop those.

CHAIR—What you are saying though, and what we are hearing today more clearly than we may have heard in any other of our regional inquiries, is that there is a huge gulf between business and research in our universities. That needs to be got together. We have seen wonderful examples of it in various places. Deakin down at Sale was one place that has a wonderful small business university research interface. There is no doubt that many in management in Australia can be criticised because they do not understand what research means or how to use it for the benefit of their business.

What you have given us today is really very interesting. Dr Gallagher, I ask if you could write me a small paper—half a page is all—which would point out the arguments you have been making for cooperation and collaboration between all levels and disciplines and whatever, and how this runs very much in conflict with the idea of competition. Please do not speak now. Thank you very much.

Proceedings suspended from 1.11 p.m. to 2.10 p.m.

CAMBAGE, Ms Julia Inez, Executive Officer, Mid North Coast Regional Development Organisation, Corner of Pacific Highway and Marcia Street, Coffs Harbour, New South Wales

SEKFY, Mr Paul Albert, Development Officer, Mid North Coast Regional Council for Social Development Inc., 23 Wallace Street, Macksville, New South Wales

CHAIR—Welcome. The committee prefers all evidence to be given in public, but you may at any time request that your evidence, part of your evidence or answers to specific questions be given in camera and the committee will give consideration to your request. I point out, however, that evidence taken in camera may subsequently be made public by order of the Senate, as has happened in recent years.

The committee has before it submission No. 126 dated 6 May and submission No. 99 dated 30 April. Are there any additions or alterations you would like to make to either of these submissions?

Mr Sekfy—Before I start, Senator, I might just offer an apology. I am appearing for the Regional Council for Social Development in place of Mr Peter Rickard.

CHAIR—Just before you give us your introductory words, I need to finish a couple of things. Is there nothing further that you would like to add to those submissions at this time?

Mr Sekfy—No.

CHAIR—Is it the wish of the committee that those submissions be received by the committee? There being no objection, it is so ordered. Prime Television has been filming and wants to film. As there are no objections from the committee, it is so ordered. You may now film. As I understand it, you are not taking sound.

I now invite each of you to make some opening remarks; then we will take questions. I do appreciate that we have been caught up a little bit with one thing and another. We have about 45 minutes, if you could take that into account.

Mr Sekfy—I offer the apologies of Mr Peter Rickard who was to appear for the Regional Council for Social Development. He has been held up with some important work in Kempsey around developments in the Aboriginal community there.

The Mid North Coast Regional Council for Social Development wanted to highlight to the committee very much the social impacts of unemployment within the mid-north coast. We believe that we are probably the most unemployed, oldest, poorest and lowest funded—in terms of health and, broadly, community services—region in New South Wales, and probably one of all of those within Australia.

In recent years, the growth rates that we experienced in the early 1990s and late 1980s seem to have tapered off. Whilst we believe the region has had a great capacity to create jobs, to include in the labour market new arrivals, with the tapering off of that growth, so has our capacity to create new jobs. The rate of creation of new jobs seems to be in some

way connected to the rate of population growth. We are not sure how that works; we are just noting that that is the phenomenon.

We would also like to point out the social aspects of the high unemployment rates that we have experienced. In the last two years, we have experienced an almost six per cent increase in our unemployment in the mid-north coast—from around about the low 11 per cent to now the low 17 per cent. We are not sure of the reasons for that. With that increase in unemployment—when the national rate is going down—the social impacts that may have been in some ways improving in other areas have actually got worse in our part of the world.

The other thing that we wanted to say is that, whilst we have around 27 per cent youth unemployment, much of the unemployment in the mid-north coast is people over 40. That is a particular problem, given the nature of the industries that we are losing and the industries that we cannot attract. Most of those people look at an unemployed life from 40 to the pension, and are dependent on the government for a lot longer than they may have expected when they started out in their working life.

Because of the low level of funding of community services and the health infrastructure, I think we have a double whammy situation in terms of disadvantage. On the state government's own formula, the mid-north coast area health service, established about 2½ years ago, is in the order of \$20 million to \$25 million behind equity in terms of funding in comparison to other area health services in New South Wales. More recently, both the Department of Community Services and the New South Wales Ageing and Disability Department have identified the mid-north coast as being underfunded in terms of community services. Coupled with the loss of the community-government partnership response to unemployment through the skillshares—all of the skillshares in the mid-north coast have closed since the introduction of the new employment system—the community is feeling fairly powerless in its ability to enter into arrangements with government and/or the private sector about how to address our problems.

Fundamentally, we believe the social impact of unemployment is the major problem, but underlying that is the broader issue of poverty indicated by the low levels of per-capita income. We have in the order of 50 per cent of the region dependent in some way, shape or form on government income support, and the psychology of the region is fairly negative.

Probably the last thing I would like to say is that we are very aware that it is difficult for a region like ours, with so many needs, not to be always put in the genre of being in the misery business. We have to advocate for things to get better in our region, but our problem is that, in advocating for things to get better and highlighting the problems, we are actually probably creating more of a problem by saying the mid-north coast is the lowest funded, has high unemployment and there are lots of old people, et cetera. It then makes it difficult to attract those sort of footloose industries that might come or to encourage the sort of positive psychology you need to develop new industries. The social impact is such that I believe we are seeing a lot of dislocation at both ends of family life—the family life that is around parents with young children and the family life that is around supporting people as they get older.

Ms Cambage—I think I should have gone first. From our perspective, the situation at MidRDO is obviously fairly similar to that. We are talking about the same region and we are talking about the same sorts of difficulties that are currently being experienced right across the board. We think the psychology of the region is one of the most important issues here. For example, if you talk about business in Coffs Harbour, business people say to you, ‘Oh, it’s really hard to do business in Coffs Harbour,’ whereas it should not be. It should be the same for business people to do business everywhere. I know that it is a common complaint, but it seems to have actually embellished itself and has become part of the psyche of the community now, and that goes right across our whole region.

The figures put us in the second highest level of unemployment within the country and the second lowest per-capita income, which obviously makes it difficult for families to exist within our region. We also have a situation at the moment where those figures are going to rise quite dramatically. For example, in the last two weeks, Coffs Harbour has lost one of its largest employers—York Engineering—which has meant a loss of 70 jobs. Goninans in Taree is going to lose a similar number out of their engineering firm which has lost a major state government contract. One of the largest employers in the middle of the region, the Mid Coast Meat Company—a Japanese owned abattoir—is about to close.

There are around 500 families dependent on and working with those particular firms. Certainly the one in Macksville is a really critical issue in that it is not just the fact that we are going to lose a number of jobs for people who are working in that industry but it also impacts on a number of other agribusiness activities in the region. People are now going to have fewer abattoirs to kill their beasts, transportation costs will increase, and the net gain, or whatever the profit is going to be, on those beasts is reduced as a part of being transported a further distance. That means we have more transport on the roads, there is more use of resources and, ultimately, industries that exist within our region are losing as a result of that.

We have also a situation where they were probably one of the only export qualified AQIS registered abattoirs in the region, so it means that there are export implications for our export market as well, not just for beef but also for the beef products they produce. They have already closed their Wauchope factory, and cancelled two tonnes of export orders to Asia straightaway. That was last week. So there are some serious issues not just for the manufacturing industry but certainly for our agribusiness sector, which also impacts on our infrastructure in the region and the opportunity for people to gain meaningful employment.

The situation comes about then where we have to look at what our sectors of employment are. In reality, the growth industry for our region is tourism. Tourism certainly should be an added bonus to our region’s economy, but I do not believe it should be the focus as a number of the positions actually created within tourism are low-paid, low-skill, part-time and casual employment. This means that at times when tourism is not at its peak those people are returning to unemployment benefits and back to the system itself. So we need to actually develop industry to make sure that the industry that exists within our region has a year-round focus and is certainly a more holistic industry that is able to employ people, indicate growth charts for the growth and development of their careers and allow them to actually gain meaningful employment that has a future.

Senator FORSHAW—Either of you may care to answer these questions; I will leave it to you. Firstly, Mr Sekfy, you referred to the fact that all the skillshares in the mid-north coast region have closed. Can you tell me where they were located and what sort of a success rate they were having in terms of job placement and case management?

Mr Sekfy—The organisation that runs Skillshare in Coffs Harbour still exists, but they did not win any contracts, or if they did it was one small contract in a new labour market program—that is, ETC. They have laid off several staff.

Ms Cambage—They have gone from 30 down to around 13.

Mr Sekfy—Yes. The Bellingen Enterprise Support Team, which ran the Bellingen skillshare, has more or less closed its doors. I am not quite sure of the staff losses there but, including trainers, you are probably talking in the order of a dozen at least, if not more. Nambucca Shire Skills Training in Macksville is a similar story. They have closed doors and are running a very small part of the labour market program called the new enterprise incentive scheme, but that is all. They are a co-tenant in the regional council's office now, and they used to run a large office.

Similarly, Kempsey Advisory Training Enterprises in Kempsey has closed—14 staff. Part of Priority One employment, which was operated by the Catholic Church under the St Agnes diocese in Port Macquarie, has closed, although they maintain their disability employment service. I understand that many of those staff in Port Macquarie, which is one of the few examples where this has happened, did manage to get, with assistance, employment with some of the other contractors. That is not the case with the others.

The skillshare organisation in Taree has ceased to exist. The skillshare organisation in Forster continues to operate its two businesses, and only its two businesses. They run the council's recycling operation and Tobwabba Art, an Aboriginal art company, which has quite an international reputation. They run those businesses, but they do not run the training and/or other enterprises. Quite simply, across the region, there have been significant job losses.

I work and live in a town called Macksville. The Skillshare that operated in Macksville, Nambucca Shire Skills Training, on average used to bring to a small town with a population of around about 2,500 in the order of 100 trainees and paid trainers each week. They came to town and supported local shops by buying lunch and the other things that people do. That no longer exists and I suppose that is the real impact. It is not just the job losses; it is the fact that people used to come there for training and the trainers used to come as well. That added to the sense that there was some business going on in Macksville.

Since Skillshare has closed in Macksville, the Colonial Mutual State Bank branch has closed. I do not know whether they are related, but it is the bit in our submission where we refer to the cycle. At any one point, either a government agency or a government service closes, then a private enterprise closes, business confidence goes down and the cycle keeps going. It is not just one dimensional. It is a downward spiral.

Ms Cambage—I would like to add as well that Bellingen currently has no support system at all. There is no job broker there. If they want to see somebody to get some support they actually have to travel to Coffs Harbour.

Senator FORSHAW—To Coffs Harbour?

Ms Cambage—Yes, or they could go down to Macksville.

Senator FORSHAW—In the material that was presented to us by NOREDO earlier, they have some statistics, including a graph on changes in unemployment rate on the north coast in New South Wales between 1992 and 1998. I understand that those figures may also be based upon looking at the Northern Rivers and the mid-north coast statistical division. If you would like to have a look at it, I can show it to you.

Basically, what it shows is that the unemployment rate was peaking at about 20 per cent in 1993 and then from 1994 there was a substantial reduction trend, down to less than 10 per cent and equivalent to the statewide average, and then it shot up again from about mid-1996 onwards.

First of all, does that reflect the pattern that has occurred in the mid-north coast? That is what clearly is identified as occurring on this part of the north coast, the far north coast region. I wanted to ask you to comment upon the success or otherwise of the labour market programs. My recollection is, for instance, that there was a substantial amount of work done on labour market programs in the mid-north coast region. One that comes to mind was Jobs North, which from recollection had a very good success rate. In the current climate what is happening in terms of labour market programs along the mid-north coast now?

Ms Cambage—I am actually on the ACC, as well as being executive officer of the REDO. From my knowledge, we do not have the same kinds of labour market programs. There is not the same kind of impact on the labour market that there was back certainly in the early to mid-nineties, and definitely prior to the end of 1995.

There has been a huge reduction in the kind of intervention that has been available—not just the programs, but the intervention. I do not know that we ever got down to around 10 per cent. I think it might have been a little higher than that, but one of the things we have certainly noticed is an increase in long-term unemployed people. There was quite a large push to work with long-term unemployed people; deal with the issues that they were actually facing, and a lot of them were very deeply ingrained; and assist them to actually get back in to meaningful work and have a place in the work force.

One of the things that we know is that working with long-term unemployed people is not an easy thing. It is something that requires patience and perseverance to overcome a lot of the struggles that they are experiencing, such as the damage to their self-esteem, and assist them to be able to face the day, just like everybody else.

Senator FORSHAW—Is there anything like Jobs North now?

Mr Sekfy—No. I was previously on the ACC, up until I became the manager of Jobs North. I managed the last nine months of Jobs North. I was the deputy chair of the Jobs North organisation that established that program. Over the period of its operation, it represented an \$18 million investment in a labour market program. Apart from the unemployment, which I will talk about separately, I think the major legacy of Jobs North was the branding of Australia's Holiday Coast. Up until that time, the mid-north coast had had some difficulty with identity. Often people would say, 'The mid-north coast? Do you mean Gosford?' With a lot of strategy and a broad range of consultation, not just in the tourism industry where Jobs North was focused but across a broad range of industry, one of the most important things we saw, if we were going to invest in trying to get long-term unemployed people into jobs, was that we actually had to build business. Part of that building business strategy was to brand the region. Of the \$18 million, in the order of about \$4½ million was invested in a long-term strategy to market and brand the mid-north coast as Australia's Holiday Coast.

Senator FORSHAW—It worked for me.

Mr Sekfy—We are both at fault here in not referring to our region as Australia's Holiday Coast, although you would notice that the green and blue logo adorns both our letterheads in terms of a bit of a corporate image.

Over the period of Jobs North, we worked with people who were long-term unemployed. We placed 1,450 people in new work opportunities, training and work experience placements for 26 weeks. In the first program, six weeks of that was off the job training and 20 weeks was on the job training and work experience. In the second program, 22 weeks was on the job and four weeks was off the job. We managed to maintain 40 per cent of those people across the whole program in some sort of continuous work—part-time or better—and I am not counting those casual placements that have continued in an on-off way since.

The strategy that we tried to implement was around saying that there is no point in actually putting people in work experience and training placements unless you give their employers some incentive to keep them on. Hence the marketing connection to the whole thing. The other thing was that we were not actually aiming at giving people full-time jobs because we understood, as Julia pointed out, that you need a lot of time and patience with long-term unemployed people. So if we could articulate to another program, like jobstart—which does not exist any more—or like traineeships, we thought we got a successful outcome.

Yes, they were continuing to be subsidised and in some cases I have met a couple of participants in Jobs North who had been unemployed for nine to 12 years, residents of the coast. So we are talking about a fairly ingrained problem. If we could articulate those people into understanding how to now cope in a day-to-day way with workplace culture and the responsibilities that go with that, we thought we were doing a good job.

In relation to the other part of your question about what is going on now, my view is: very little. According to CES staff I have spoken to, the most successful labour market program was jobstart. Jobstart does not exist. If you are going to intervene in a labour market that is so underprivileged, like the mid-north coast, you have to intervene with both

the unemployed people and the employers. Jobstart was a mechanism to do that; that no longer exists. There are lots of anecdotal stories around about the lack of any real outcomes in the current employment labour market approach that exists.

As recently as yesterday, I had a conversation with somebody who has been laid off from one of the private sector contractors doing matching between job vacancies and unemployed people. His view was that the agency would prefer to market to get short-term outcomes to attract payments rather than do the very difficult job of matching unemployed people to quite skilled, demanding vacancies that are coming up—for example, an A-grade mechanic in Coffs Harbour, who understands the new computer technology, to do servicing on new Holden or Ford motor vehicles. They are being offered award wages. That same job in Sydney, when advertised, may get 2½ times the award wage. We are really in a buyers' market in the labour market and we are starting to see some real skill shortages because of that.

Ms Cambage—One of the other things that we learned from Jobs North was that it is not enough to train the trainees and hand them over to employers. With the way employers have come to be in business on Australia's holiday coast, we need to address their issues as well. A large percentage of them have purchased a business or purchased a job, coming with a superannuation payout or finishing up from the city and looking for a rural lifestyle. They come along and find that there is no work so they buy a job, with fairly limited business skills and not a great understanding of what they have actually purchased, either.

When it comes to growth, when you are looking to people who do not really understand how business operates and what growth actually means, it is fairly difficult to encourage them to employ people when they are not really in control of what their business is actually doing.

We are attempting, in the long term, to address some of those issues at the moment. There was a program that was run in conjunction with the last Jobs North program called Success Factor. We are currently running a program called Compact Big Business, which is a strategic thinking program, in the region. That is designed specifically for small and micro business.

The large percentage of our businesses are small and micro, which is that one-to-five employee group. We need to assist them to increase their skill level so they can then employ. We know that 70 per cent of our investment in the region is going to come from those people who already exist. So what we need to do is provide them with the skills so then they can make real decisions about how they are going to employ in the future. That is a real focus for us at the moment.

Senator TIERNEY—That is an interesting point that you have finished on. I think that is almost the worldwide research, that people who look for the cargo cult come from outside and often it is there already. And 70 per cent of your businesses are going to give you growth.

You mentioned a number of things that you are doing to try to work with those people, and I know there is a business incubator setting up in Grafton at the moment. So what sorts

of strategies do you feel would be appropriate to get these businesses that are existing to grow further? Business incubators is a good idea.

Ms Cambage—Incubators is a good place to start, but one of the situations that occurs is that most of those people who are involved in small business do not actually know that they have any issues. They think they are doing a great job, and the vast majority of them, with the skills that they have currently, are doing a fantastic job. But I think that anybody who is working 90 hours a work is doing something wrong. They are not involved in business, they are involved in a job, and they need to look fairly seriously at what they are doing.

A perfect situation is a couple who came up from Sydney and bought what looked to be, on the outside, a great going little business. They purchased it for \$300,000. When they actually looked at what the business did, they realised that they actually had nothing. They have had to have a really long, hard look at themselves in the last couple of months to work out whether or not they could actually face walking away from this and lose \$300,000, or try to save what they could. If those people had been equipped with skills, and some sort of understanding of what business was, they would never have spent that \$300,000 in the first place. We have lots of those types of situations occurring.

What we want to do is work with those businesses to increase their skills, to let them understand how their business actually operates, what the real issues are for them as business people, how they can employ and make those processes a little bit easier for them. Most people in business find it quite daunting to think about how they are going to employ somebody with all the unfair dismissal laws—which I do not believe, I might add, should be a problem. If they are practising business appropriately it should never be a problem. They need to be able to address and be comfortable with all those issues before they can actually make decisions about growing.

We also have quite a number of businesses in the region who are at that 13 or 14 number of employees, who are just very afraid of stepping over the threshold of employing 15 people with all of the changes in legislation that come along with that—that is, reporting to the government, and how they will do that. They need some assistance to take those steps forward as well.

As an organisation, MidRDO has assisted a local person to develop a business under the program Compact Big Business. We are running that across the region at the moment, and we know that it is creating employment. We know that, by people being involved in business, they are then able to make serious decisions about whether or not they will be able to employ.

CHAIR—I hate to cut across, but if you could keep your answers a bit shorter, Senator Tierney could get in more questions.

Senator TIERNEY—Ones like on the unfair dismissal laws that you alluded to. You say that if people follow the right practices, they should not have to worry, but there are a lot of people who have followed the right practices and still have had major worries and major costs. Of course, these stories spread around. How much are you finding that those laws still being in place represents a brake on those existing businesses putting on more people?

Ms Cambage—They are part of a number of issues. I do not think they are the only issue. People are still concerned. Interest rates may be the lowest that they have been for 30 years, but they are still of concern to a number of business people. The share market may be on the increase but a lot of average business people do not quite understand that whole system. I am not trying to say that they are yokels because they are not. A lot of them are very articulate and understand business perfectly, but a number of people are not confident about whether or not to employ, and unfair dismissal is a part of that.

Senator TIERNEY—I was interested in your story of people working up to 90 hours. One would have thought that indicated a major fear of taking the next step. Obviously, one way to stop working 90 hours is to put someone on to assist them.

Ms Cambage—If you do not know how to do it and you are not sure about whether you are going to employ the right person—and, if it is not the right person, whether you can get rid of them—it is certainly a barrier.

Senator TIERNEY—What sort of services are available locally for those people to develop a better understanding of how to move forward to employ people?

Ms Cambage—Business enterprise centres. State government has client managers. There are also regional development boards—ourselves. A lot of business people do not actually know they have got an issue.

Senator TIERNEY—I wonder whether they also know where to go when they have an issue.

Ms Cambage—They are not sure, which is one of the reasons why we are trying to increase the level of networking across the region as well. We are trying to get them out of those businesses, whether it is for one or two hours once a month or however they can manage to do it, to talk to other business people and find out that they are not Robinson Crusoe.

Senator TIERNEY—You mentioned in your submission a proposal for a federal policy to invest superannuation funds in regional Australia. How would you see that working? In a nutshell, what is your proposal?

Ms Cambage—Some of the superannuation that comes from regional areas could be invested back through infrastructure projects. Whether it is coming back through capital investment projects or whether it is through direct investment to the regions, I certainly would not like to say, but there should be a possibility for superannuation funds to be used in start-up projects. At the moment, they all come in and purchase debt. They will not come in with equity. It could be something to look at. They will invest overseas but they seem to be very reluctant to invest in new projects in the regions.

Senator GEORGE CAMPBELL—On superannuation, you did have experience with a superannuation company on the mid-north coast which was going around touting for business on the basis that they would reinvest three per cent of the amount back into the local areas. How successful was that?

Ms Cambage—It was not just for this area. It was for all areas. I believe they are still running as an organisation; you are talking about Super Vision, I believe. They are still functioning, as far as I am aware. I have not seen any infrastructure projects come out of it, but it is still early days.

Senator GEORGE CAMPBELL—So there have been no practical examples?

Ms Cambage—Not that I have seen. The control is pretty well back in Sydney.

Senator GEORGE CAMPBELL—It is a marketing tool.

Ms Cambage—I think so.

Senator GEORGE CAMPBELL—You said that you were on the ACC as well as on the RDO, which would tend to indicate there is a fair degree of cooperation between the regional organisations in your area.

Ms Cambage—Yes.

Senator GEORGE CAMPBELL—Is that true of all the community organisations that are involved in this field? Do you have a productive working relationship?

Mr Sekfy—I am the deputy chair of the RDO. I work for the regional council for social development. The RDO represents a federation of 40 different regional bodies. The regional council for social development is a member, for example, the ACC is a member, the regional organisation of councils is a member, as is the state regional development board. There is a high degree of cooperation across the region. I would say that we were one of the few regional development organisations that only received one year's funding, not three. We were told at the end of that first year, 'Sorry, there's no more money.'

One of the greatest joys, for many years, of my involvement in regional development in the mid-north coast was at the meeting where the membership found that out. They unanimously voted to continue the regional development organisation because it was the first time that many of them had had a reason to sit around the table and talk about what was common to us all. The idea that the region is self-determining is fundamental to getting those agendas—which have the critical mass to be implemented—going. I would say that in the face of the adversity that I mentioned before we do very well in terms of regional cooperation. We often feel that state and federal governments do not hear or do not want to cooperate with us beyond that regional level.

Senator GEORGE CAMPBELL—I think it is fair to say that in a range of regional areas that we have visited there has been a fair degree of support—strong support in most of them—for a bottom-up approach to dealing with their problems in regional and rural Australia. In other words, we ought to be trying to generate ideas out of the region and then finding a way in which the federal and state government can provide the wherewithal for infrastructure. I presume that your experience in your area is no different. I asked a question here this morning which I did not get a satisfactory answer to, so I will ask you: if the federal government adopted that type of an approach, what sort of infrastructure would best

satisfy the needs of regions in terms of delivering those outcomes at the regional level? Would it be the sort of structures you have now, or would you have a different approach to doing it?

Ms Cambage—I think you already have it, and I personally believe that it is in our organisation MidRDO. The reason I say that is that we are a federation of 40 organisations. So it means that we are able to have a better understanding of what is actually happening across the region with the region at heart. At the moment, we have not had funding for two years, but we are certainly alive and kicking and doing really well. That means that we must mean something to the region. It means, also, that we are able to communicate to the organisations within our region how best we can move forward.

Senator GEORGE CAMPBELL—You are satisfied that within the RDO you would have the range of skills necessary to deliver those outcomes?

Ms Cambage—Absolutely.

Mr Sekfy—At the other end of that infrastructure question, in terms of massaging regional development, is that you have to look at the other end of that infrastructure question, which is hard infrastructure. One of the best things we have going at the moment is the investment in the Pacific Highway, which is fundamental. In 1988, in a submission or in a report that the regional organisation of councils wrote, I vaguely remember a quote which went something like, ‘the Pacific Highway is the economic vein underpinning the wellbeing of the mid-north coast’ and, for that matter the far north coast.

CHAIR—Forgive me, Mr Sekfy, but that is what is wrong. It should have been an artery.

Mr Sekfy—Yes, possibly. Having said that, the other things which we find really fundamental to changing the psychology we were talking about before is infrastructure that is not often seen as economic infrastructure—like investment in health services and investment in community services. The people who make decisions—and I take the point that Senator Tierney made about a cargo cult—know that those are only part of the story in attracting footloose industries.

We also have to ensure that we provide the broader range of community, health and education services for the decision makers, and often the decision makers are not necessarily the breadwinners—they are the people at home looking after the children and the family situation. They want to know that if they come to the mid-north coast, they can get education and health services at the same level as in a capital city. And, I might say, culture has an important role to play in that. They want to know that they do not have to go to the Opera House in Sydney to see quality performance or entertainment. These things are as important, in the long term, to the future of our region as the hardnosed infrastructure like electricity, transport, et cetera.

Senator GEORGE CAMPBELL—What has been the experience in your region since Job Network has been produced in terms of its capacity to service the needs of the unemployed in the mid-north? There have been lots of experiences already in the past couple of

months, and lots of them have been reported publicly in the national dailies as having all sorts of problems with the system. Is the experience in your area different, or is it mirrored in terms of what is happening in other areas around the country?

Mr Sekfy—From the regional council for social development's perspective, we actually have a regional neighbourhood centres forum. The neighbourhood centres basically have not been service providers but rather community information centres, if you like, on the mid-north coast. What they are finding is that people are turning up more and more frustrated that they cannot get access to Centrelink and they cannot get access to what were the sorts of services available at CES, so they are turning up—often inappropriately, because neighbourhood centres are not placed to answer those questions—and saying, 'Where do we go?' There has been a range of responses in some neighbourhood centres to that.

I think it is inappropriate for them to try and address those issues, because it is beyond their capability, although a couple of the smaller ones—I know, for example, of Wingham, a small town outside of Taree, and Macksville where I live—have tried to emulate the sorts of services that skillshares were providing. I do not think they can, and I have advised them, and certainly my colleagues at work have advised them, not to. But there is an increasing frustration, I think, that what they thought they could get access to before they cannot now.

Senator GEORGE CAMPBELL—What about the other side of the equation in terms of employers? Are you getting many complaints from employers about them having to pay the up-front fees for obtaining the services or getting access to services?

Ms Cambage—I know that a number have certainly been surprised, and I think that probably they will go elsewhere.

Mr Sekfy—I might say my contact with one of the contract providers in Coffs Harbour was that there is FLEX 1, FLEX 2 and FLEX 3, and they called the one where the employers pay the \$250 FLEX zero. They said, 'We thought we would get a bit of FLEX zero business; we have had none since we started.'

CHAIR—I think it is page 5 of submission 126, which I suspect is yours, Ms Cambage, where I was really interested to read:

The general trend towards a reduction of funding across all levels of government and the centralisation of services away from the regions, has led to a critical situation in Australia's Holiday Coast resulting in a loss of sense of community.

Would you care to briefly spell that out?

Ms Cambage—It has certainly happened in a number of our communities where there has been a withdrawal of services, certainly in places like Kempsey, for example, and perhaps out of Kempsey into larger areas—back to Port Macquarie or up to Coffs Harbour, or simply away from that area—where people have been unable to come to those places and access those services.

Certainly, with the labour market programs, one of the issues that is starting to show itself as being an issue is what Skillshare actually meant to a number of communities. It was not just a labour market program; it was about answering those questions that are now being referred to places like community centres. People are feeling a loss of community and an uncertainty about where to go to find the answers to those questions that are fundamental to most of us. That is one of the sorts of situations that we have found. But it is on a state government level as well as a federal government level.

CHAIR—The next thing that I find very interesting on this first page here—although I do not want to ignore points that I skip over, such as the loss of intellectual and financial capital—is that, if you sack senior people from government departments or shift them off or whatever, then it is more than just the dollars you lose; it is also their contribution to the community, et cetera. But then you talk about there being a genuine lack of accountability to local communities in this process of reducing funding in the local area:

There is a genuine lack of accountability to the local communities and most regional communities feel left out of the loop in that continuous change process.

In other words, whatever the decision made, it was not made by asking them.

Ms Cambage—Exactly. That is the reality of it. They feel that they have not been consulted at all in the process, and whether or not it is the shifting of a health service from Kempsey back to Port Macquarie, the Blood Bank, for example, or—

CHAIR—Ambulance services and things of that sort?

Ms Cambage—Yes.

Mr Sekfy—One of the things that complements that in the regional council's submission is the move of the area social security office from Coffs Harbour to Tweed Heads. Forty jobs at quite senior levels in the Department of Social Security that a region like the mid-north coast might have normally expect to host have gone to some other part of the world. There is a bit of disconnection between investing in a university which has a strong focus on training people in human services, social services and human resources development, and those particular job opportunities now being moved out of the region by a bureaucratic decision.

CHAIR—It is a nice irony, as you say. Over the page it says:

Organisations such as Lend Lease are only now through the efforts of organisations such as Regional Development Organisations considering the possibilities of investing in and supporting the development of regional infrastructure projects.

Like what?

Ms Cambage—They are currently doing a capital buyback program.

CHAIR—What on earth is a capital buyback program?

Ms Cambage—With local government they are actually—

CHAIR—Do you mean they are buying money?

Ms Cambage—No, they are buying back their infrastructure, what we call yellow iron.

CHAIR—We will have a shot at translating that. Yellow iron?

Ms Cambage—That involves tractors, trackscavators, large pieces of earthmoving equipment and motor vehicles.

CHAIR—Who are they buying it from?

Ms Cambage—Local government. Lend Lease is purchasing it from council and then there is a lease back agreement. It is an off balance sheet transaction.

CHAIR—So you buy it, I will buy it back from you and then you can lease it from me and by now we will have people absolutely dizzy with the bits of paper going backwards and forwards.

Senator GEORGE CAMPBELL—It is a very lucrative business, let me tell you.

CHAIR—Every time it changes somebody makes a profit, but I bet it is not the local citizenry.

Senator GEORGE CAMPBELL—There are some millionaires being made.

Senator FORSHAW—It is not called competition policy, is it?

Ms Cambage—It could be. There is a situation where—

CHAIR—Is this why they are called Lend Lease?

Ms Cambage—Only for a short period of time. The situation is that most local governments own their own earthmoving equipment. Some of them have equipment that is valued at \$20 million. That \$20 million could go back to the community. There is no real value, apart from owning it. If they involve themselves in a lease back program with someone else, those people will buy that equipment from them at whatever the market price is. They will then take that money and return it to the community, hopefully, and then they will be involved in a process. The advantage for Lend Lease is the fact that it is an off balance sheet budget item for council and Lend Lease can depreciate it.

CHAIR—And then in about 10 years time we will reverse that process. The trouble with me is that I have lived a little too long. I think we are going around the cycles for the third time now, but good luck to everybody who is now deciding to do this again. I just find that this is a strange process. It is an interesting thing, shifting paper and responsibility and ownership, but it does not necessarily create one job. That is one of the problems. Also, it

does not make people feel as though the community is anything more; they just feel like people are doing things.

Ms Cambage—It might, if that local government takes that money and builds an art centre with it, or a performance space for the local community where they do not actually have one. So it could help with jobs.

CHAIR—We live in hope. We have asked questions about the superannuation funds. I guess that I, like everybody else, think that that is a very interesting idea, but it has about as much chance as a snowball has in hell. But I am going to go away and learn about yellow iron. There is nothing like learning new terms.

I suppose one could finish up a little bit depressed from hearing the two of you. I know you said before that we should not be depressed, Mr Sekfy.

Senator FORSHAW—Take a holiday to the mid-north coast.

Mr Sekfy—That is exactly right. One of the things—

Senator FORSHAW—I can assure you it will do wonders for you.

Mr Sekfy—It is actually the challenge that stops one from getting depressed. We have not talked about the real social problems on the mid-north coast. Amongst the Aboriginal community, in many parts of the mid-north coast which represents close to 10 per cent of the local government populations, the unemployment rate is 95 per cent. That is the real social tragedy on the mid-north coast. They are part of the 17 per cent broad unemployment, but in that community with those sorts of numbers that is where the real issues are in terms of equity in this great nation of ours.

Ms Cambage—We certainly do not want to make it sound as though it is all doom and gloom, because it is actually a very beautiful place to live, which is probably one of the reasons we have such a high level of unemployment. But we are working cooperatively on Australia's holiday coast to address some of these issues together. All of the organisations are focusing on those issues together, which is probably one of our great advantages. As I said, we are working on things like compact big business. We currently have a large agribusiness study going on, focusing on developing export markets and trying to attract some value added opportunities for those agribusiness markets—looking at changing the way people are involved in agribusiness, looking at the way people have their farms and how they use them. So there are lots of very interesting and exciting things going on as well.

CHAIR—Up to this point, the witnesses have taken my breath away a little in terms of the confession each made about how much they did not know about what the next bloke or lady did. It was quite interesting to find the area consultative committee, for instance, saying that they did not know what happened at the Southern Cross University until a year ago. They might have been from Tweed Heads, but isn't it surprising? But it is not, really, for those of us who have wandered this world know that what goes on in universities is not known outside of universities, and that what goes on in business is not known outside of

business, and that the left hand does not know what the right hand is doing. It is not that they do not talk to each other; they do from time to time, but not about what is real.

I do not think the exchange of information is at a sufficient depth. There is a lot of exchange of information going on, but then there are still huge amounts that could make it better. There is almost a need to know what you do not know before you can know to seek it. I was very interested in that from the earlier witnesses. In your neck of the woods, are you different? With regard to the university campuses on the holiday coast—couldn't we just call it Port Macquarie to Ballina and then I would know where on earth you were?

Mr Sekfy—No.

Ms Cambage—It is Forster to Woolgoolga, which is just north of Coffs Harbour.

CHAIR—Having visited some of it, there is no doubt that it is a very beautiful part of the world. But what do you want? Is it the university that you need; is it a policy, a vision, stated by a federal government, for regional Australia that would include your region? Is it something that you can do locally, or do you need a federal government and a state government statement and commitment to it as well?

Ms Cambage—I think that we certainly need a federal commitment to it, a statement. I would prefer to see some legislation. The situation in Western Australia is that the West Australian government has actually legislated for regional development, and regional development over there seems to work very effectively because of that. It needs to be something that is developed perhaps in unison, whereby it is acknowledged that regional Australia exists and that it has a role to play in the future of Australia as well. That is certainly something that I would like to see and, I think, our organisation as well.

Mr Sekfy—I would like to add to that. I think the feeling of many of the people in my region is that the rest of the country does not think we are fair dinkum, and we do not think they are fair dinkum. The impact of—

CHAIR—I thought you were going to say that the rest of the country did not think you were there.

Mr Sekfy—I think they do, but they do not think that we can contribute, and we do not think they care. Statements that people have made in the last two years are really worrying—that the federal government has no constitutional basis for involvement in regional development, and that is a slap in the face for people suffering the sort of psychology that we described to you before. It is a bit about your needing not only a policy statement, not only a department of regional development, not only a regional development program but some sort of commitment to this ever-fleeting concept of equity. It is not just about knowing that when your kids get to be 18 they have to go somewhere else for a job or education; it is about knowing that they might want to come back. That is the big bit—that, after they have that job or that educational start in life, they might want to come back.

As amazing as it might seem, the problems of attracting GPs to our part of the world are as great if not greater than those of attracting GPs to any of the places west of the Dividing

Range. Lake Cathie, a beautiful small suburban community south of Port Macquarie, no longer has a GP. Shortly, South West Rocks, a community of about 5,000 to 6,000 people just outside of Kempsey, will have no GP.

I live there because of the environment and because I think I can live a healthy lifestyle, although I am getting involved in regional development, which is a lot of time and energy and not so healthy because we ask and people do not often listen at either state or federal level. It strikes me as amazing that in an environment like ours we can't attract those sorts of people back. That is about the psychology and what I described as us being seen to be in the misery business, having to try to address those real infrastructure and public funding needs that we cannot.

CHAIR—It is also about training doctors to feel as though they can cope when they are more than 50 miles from a capital city. It is an inquiry I have done in other areas, so I know it is not a local blame.

Senator FORSHAW—Can I raise a current example. Does Australia Post have a mail sorting centre or something at Kempsey?

Mr Sekfy—Yes.

Senator FORSHAW—There are strong rumours around that that will close.

Mr Sekfy—We had a delegation from the CPU through the mid-north coast a week or two ago. We understand that, regardless of any outcome of the implementation of the Australian Competition and Consumer Commission report, that mail sorting office will close anyway. That is what the union told us. There is general concern about the report. But the issue is that Kempsey will be hurt anyway. Kempsey has already lost its Telstra depot.

Senator FORSHAW—As well as the longer-term and medium-term issues, people are looking for some respite. They are sick and tired of seeing this happen in major cities and towns along the coast one after another. To some extent it seems to me that being on the mid-north coast is in itself a problem because of the way telecommunications and government services are going in contracting out to the major cities—either Brisbane or Sydney. It has been in health services. You mentioned the issue of GPs; the problems of Kempsey Hospital are legion. People are very much saying, 'We just want to draw a line at the moment, let alone start trying to look at how we go forward.'

Mr Sekfy—And all of those things are related.

CHAIR—I think that comes back to the point that you made, Mr Sekfy, which actually leads us to our last witnesses for the day, about communities within that area that are not all necessarily engaged. It is one thing if you have the regional councils, the local activists or the school principals or whoever, but nobody else until you have actually told us the hard fact that Aboriginal unemployment in the area is 85 per cent or 95 per cent. Let us not argue. How do you actually establish a sense of community when a large group of people are just blissfully ignored like that?

On that note, thank you both very much indeed for a very useful submission. I also thank you for the speech by Martin Stewart-Weeks.

Mr Sekfy—Yes. It was from a conference at NCOSS held in Sydney a couple of months ago.

CHAIR—I like Elinor Ostrom's quotes, and Robert Nisbet and others, too. I have read some of it before; it is really beautiful.

[3.12 p.m.]

HUGHES, Mrs Christine, Business Adviser, ATSI Corporation for Community Development, 108 Molesworth Street, Lismore, New South Wales

MARLOWE, Ms Lenore Maria, Secretary, ATSI Corporation for Community Development, 108 Molesworth Street, Lismore, New South Wales

MERCY, Mr Laurie Mercy, Chairperson, ATSI Corporation for Community Development, 108 Molesworth Street, Lismore, New South Wales

STOCKBRIDGE, Mrs Kathleen Margaret, Case Manager, ATSI Corporation for Community Development, 108 Molesworth Street, Lismore, New South Wales

WELCH, Mrs Jacqueline Sharmaine, Secretary, ATSI Corporation for Community Development, 108 Molesworth Street, Lismore, New South Wales

CHAIR—The committee prefers all evidence to be given in public, but you may at any time request that your evidence, part of your evidence or answers to specific questions be given in camera and the committee will consider any such request. I point out, however, that evidence taken in camera may subsequently be made public by order of the Senate, as has happened in recent years.

The committee has before it your submission No. 20 dated 9 April 1998 and later attachments. As there are no further alterations or additions you would like to make to the submission at this stage, 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 an opening statement and then we will ask some questions.

Mr Mercy—We started the ATSI Corporation for Community Development about 4½ years ago. One of the main aims was to get employment for Aboriginal people around this area. We started off with a hairdressing salon, which currently employs five Aboriginal people. That is the only place in Lismore where Aboriginal people are employed in a private enterprise. The rest are employed by the public service or state government. When Quality Plus Employment came along, we saw it as another vehicle to get some more Aboriginal jobs in the area in private enterprise.

CHAIR—Where do the people mainly live? I read here that some of them are Bundjalung. Are they mostly from that tribe?

Mr Mercy—You have got different spinner tribes off that. The main tribe is Bundjalung but you have got different tribes, little groups that are all part of that main tribe.

CHAIR—What numbers of Aboriginal people are we talking about?

Mr Mercy—About 5,000. Covering the whole region, you are looking probably from Coraki, Tabulam, Woodenbong—that area. They use Quality Plus Employment.

CHAIR—What is the average age? Are we talking about Aboriginal people who are younger rather than older?

Mr Mercy—Yes.

CHAIR—So it is more a youth unemployment problem than a 55 and older unemployment problem.

Mr Mercy—Most Aboriginal people do not live past 55, anyway. It is mainly youth, because you see a lot of kids walking around town, plus out in the missions there is nothing for them to do at all.

CHAIR—I appreciate that, but I presume there are some Aboriginal people who live past the age of 55.

Mr Mercy—Yes, but it is mainly for the youth.

CHAIR—Yes, okay.

Mr Mercy—We are looking at things that can actually get them to go onto other stuff, like employment opportunities, given that there was nothing before for them really and, even if there was, they were not comfortable with where they were actually placed.

CHAIR—How many of those young people would have finished to year 10?

Mrs Stockbridge—Under research I recently did for the Jobs Pathway program that we put a tender in for, I rang all the schools in the area and there was a two per cent retention level to year 12. That is of Aboriginal people. That is not two per cent of the total school population; it is just two per cent of the Aboriginal students at school.

CHAIR—So only two per cent have gone through?

Mrs Stockbridge—Only two per cent of 6,000 have gone on to year 12.

CHAIR—What is it to year 10?

Mrs Stockbridge—I did not break it down that far. For the Jobs Pathway program, all I needed to do was look at what the retention level was. Basically, the vast majority have left by year 9. Some schools even commented that they have to try and hold onto the students even up to the age that they are able to leave school, which, I think, is 15 years and 10 months. They have trouble even keeping them to 15 years and 10 months. It is a big issue for them.

CHAIR—So four years ago some of you realised there was a need for something to happen in this area on behalf of Aboriginal people, youngsters in particular, and in trying to find a different sense of belonging in community as well as in employment and training?

Mr Mercy—Yes.

Mrs Hughes—There was a job club that was conducted for indigenous people. The job club had the most successful reputation in Australia but, when it came to placing indigenous people, it was unable to place anybody. As a result, we realised that there was a serious problem. It was an employer attitude problem as much as anything.

We do not address only the youth issues because we have a vast population between the ages of 20 and 55 and most of those people have never worked. I would say 80 per cent of them have never had a job because they have not been given the opportunities. The CDEP introduced basically a work for the dole scheme but it was structured a little bit differently. It was quite successful and it did build up hope but there was no continuation of real employment carrying through to see real employment outcomes at the end of it.

The only way we could see of addressing it was to develop mainstream businesses and prove that Aboriginal people can run them, manage them and work in them and that they are no different. That was the only way that we could see it being done.

CHAIR—Okay. Tell us how it is going.

Mrs Stockbridge—Which one?

CHAIR—I guess there has to be some good news.

Mrs Stockbridge—The salon is operating and there is more on Magellan Street and staff are employed and they break pretty well even and they are managing, given that it is a difficult time for any business at the moment. They are running okay.

The second arm of the corporation was Quality Plus Employment. We had a contract under the old structure and around mid-March we found out that we had lost that contract. The organisation—the employment side of it—was employing two people—one Aboriginal and one non-Aboriginal. Basically, we are both out of work again and that side of it is not functioning.

The corporation has many projects. In the submission that you have already received there is a lot of detail about the other projects that the corporation has in the pipeline and about the things that it is planning, but we operate basically without any assistance from anybody. The government assistance for the case management side of it is the only assistance that we get. Everything is done by the fortitude of the members of the committee. Yes, they are still operating, and, hopefully, we will have other things happening fairly soon, but it is just a matter of trying to raise money to do those things.

Mrs Hughes—One thing that I find very amusing with current media reports on how much money is going into Aboriginal welfare and Aboriginal programs is that the money just isn't there. Over the past year I wrote to every government department that I thought was in any way related to any of the five major businesses that we were working on—they included tourism, construction and new technology—and I got so many one-paragraph 'we can't help you' replies. We found that it took six months sometimes to get a 'we can't help you'.

It is very difficult. There does not seem to be any coordinated approach to assistance. In the letters that we were sending to different government departments, we were asking for some linking up with other departments so that we could make up a structure that would filter back down and help fund the projects. I have had more luck with private funding than I have ever had with government funding. The committee has always had the policy, anyway, that we would go for private funding where possible. It is a little bit sad really because of the bad press, but in reality we have just never been able to see much.

CHAIR—Do you have an Aboriginal child-care centre in town?

Ms Marlowe—Yes, we do.

CHAIR—Funded under MACs—multipurpose Aboriginal centres?

Ms Marlowe—We have the Magpie Centre.

CHAIR—Is it community based or Aboriginal only?

Ms Marlowe—The Magpie Centre is both. It is mixed.

Mrs Hughes—It is an Aboriginal child-care centre, but I think it is mixed.

CHAIR—Quite a lot of the Aboriginal child-care centres have been funded under a different stream of funding called MACs. They have taken other than Aboriginal children, but they have had a kind of fixed cost per place and Aboriginal parents on the whole have made the non-government contribution of about \$25 per child. That has employed some Aboriginal people.

Mrs Hughes—It has. That is public sector funding. It is not the creation of new jobs or new enterprises demonstrating private sector employment.

CHAIR—Possibly true. On the other hand, it is also business skills, bookkeeping, assembly of money, keeping data, checking up on children's health and so on. I see what you are saying in a sense. What about Aboriginal schools?

Ms Marlowe—There are none.

Senator GEORGE CAMPBELL—How many people were you successful in getting into employment when the case business Quality Plus Employment service was operating?

Mrs Stockbridge—I joined Quality Plus on 5 January this year and seven weeks later we were advised we lost our contract. Prior to my starting there, those sorts of figures were not being kept. I started keeping track of some of the things that were happening, but then we lost our contract anyway. There was a figure of about a 35 per cent increase in the amount of successful outcomes we were getting. In terms of raw numbers, I am not sure. I did work out that income-wise we had a massive increase in the beginning of this year compared to over the 12 months of last year.

Senator GEORGE CAMPBELL—Right.

Mrs Stockbridge—Quality Plus is an employment agency that I know from experience. I worked for five years with the CES. I was at Casino CES managing for two years; I managed the Ballina Job Centre for a year; I was at Byron Bay Job Centre for two years; and I was in and out of the Lismore CES as well. So I am very familiar with the area. I have worked with Aboriginal people at Casino. I was probably employed in the job in the first place because I have a lot of experience working out at Casino. It was very difficult to get Aboriginal people to even come into the office at Casino. There is this kind of wall.

Quality Plus is a little office in a little arcade in Lismore. There is a vast difference with the success of just getting people in. You cannot quantify it all the time. Just getting people in is the beginning. The system does not allow for it to be that easy. It takes 21 days for a letter to go out and for someone to come in for an interview. Then there is another 14 days after that. That is nearly 40 days before you even get to see the person. The problem always, when I first started there, was just getting people in to meet you, with the bureaucracy of the system. When they did come in, there was a vast difference with the responses. People were actually coming back to see you and happy to see you.

At Casino they would turn up, or else they would not turn up; they did not want to be there and they could not wait to get away from you. I found that at Lismore I had clients coming back again and again, coming through the door and being happy to be there and happy for you to assist them—which is so vastly different from the response that I was getting at Casino and Ballina. Well, Ballina is slightly different, but certainly at Casino you had a lot of trouble just getting your clients to come in and meet you.

So I felt we were just beginning to get somewhere, and it was a very big disappointment not to win the contract, considering that, as was mentioned earlier in the day, there has been only one intensive assistance FLEX 3 case management organisation in Lismore. I just cannot see how the clients that we were servicing are going to fit into that one-choice structure.

It is also difficult because of the distances involved. If you have only got Employment National in Lismore, who is servicing them out at Casino? Maybe Employment National are, but it is probably a day or so or a week here and there—I am not entirely sure: I am out of the CES now and they do not have to tell me that sort of information, obviously. But I imagine they have got outreach services, and it may be a day or two a week. And then, to get your Aboriginal people to come in and see you is really difficult. It is a much reduced level of service for our client base, compared with the general client base.

Senator GEORGE CAMPBELL—Was there any explanation given to you for why you failed in terms of your application, or any debriefing?

Mrs Stockbridge—Yes; we had a debriefing session a few weeks ago. We thought it may well have been based on our financial viability, and we thought that was a bit rough, considering some of the other things we had heard of that were going on in the rest of the country. We actually passed all the major criteria, and then they hit the selection criteria part, which is sitting down and answering specific selection criteria—how your organisation

sees your methods of assisting people, and so on—and I think that certain assumptions were made, by the people who prepared the case management document, that since we are already operating in case management they obviously know all this stuff, and so it was all left out.

Mrs Hughes—The criteria were addressed, but not to the level—

Mrs Stockbridge—Not to level of detail.

Mrs Hughes—And we did assume—

Mrs Stockbridge—That they knew about us, yes.

Mrs Hughes—I think it is incorrect. I assumed that they knew about the problems facing indigenous people in employment in this region. It was interesting to hear you speak today about whether the councils should be broken up, or whether this shire should be broken up into regions, as with the far north coast. The thing is that our employment sector covers from the Hunter Valley right up to Tweed, and we are all lumped in under the same one. All of the analysis done on the data given was actually conducted in Newcastle, which is our regional centre, but we are closer to Brisbane. It is just too big an area and too densely populated an area to have such a distant or remote regional office.

Senator FORSHAW—Where do these people come from who made the decision? You had a debriefing recently, and they explained to you why you did not succeed: were they local?

Mrs Hughes—No; there was no local decision, no local input.

Senator FORSHAW—Did they have any understanding of this region or the issues?

Mrs Hughes—No. The only input was that, once the other major criteria were passed—which was done—it went to the Newcastle office and the Newcastle office did an assessment. In the entire time that the Newcastle office has been our regional manager, I have never seen anyone from Newcastle, and I have never known them to be in this area. They did the assessment from Newcastle, which is a completely different demographic situation from ours.

For whatever reason, Lismore, as Mayor Irwin said this morning, has the highest population in this area, but we were reduced to one FLEX 3 provider, whereas we had had six before. And the six before were servicing 1,900 clients and that has been reduced now to 1,200 clients being serviced; so what is happening to the other 750?

There is also a situation where one Employment National staff member has a 250-client load per annum. You cannot service 250 people with long-term unemployment problems. And then, as Mayor Irwin pointed out this morning, they are also charging. No employer in this area likes paying for anything. When you are charged \$250 to place a long-term unemployed person into a position, you are not going to take them on, particularly if there is no Newstart.

I think we were all very shocked when we saw the breakdown of how many FLEX 3 providers there were in Ballina, which is smaller by 30,000 than Lismore in population. They have three FLEX 3 providers. With a population of over 60,000, with the surrounds, we had one FLEX 3 provider. To us, that was a real problem.

Senator GEORGE CAMPBELL—It seems from what you say that they made the judgment on the quality of the application rather than the quality of the service you were providing. At any stage from when you put the application in to when they gave you the debriefing, did they come back to you and ask you any questions?

Mrs Hughes—At no time were we asked for any additional information. To read through the tender requirements took two weeks; you are talking books. The interesting thing with regard to the reason that we did not receive it was that Lismore Skill Centre lost their contract—36 jobs just gone. They asked at their feedback session, ‘Why didn’t we get it?’ The answer was, ‘Your tender was perfect. You filled every criterion. There was not a problem; it was perfect.’ The manager, Terry Overton, whom I know, said, ‘Then why didn’t we get it?’ He said, ‘Because Employment National’s was better.’ I cannot understand that.

Senator FORSHAW—Who said that to you?

Mrs Hughes—Terry Overton.

Senator FORSHAW—I know Terry Overton. He is the manager of the Lismore Skills Centre.

Mrs Hughes—When he was being debriefed by Ian Campbell from DEETYA, that was his reason for not being successful with the contract.

Senator FORSHAW—That was Ian Campbell’s reason?

Mrs Hughes—DEETYA’s reason. That is lame. I find that a really poor decision. We only have one FLEX 3 provider in a centre the size of Lismore.

Senator FORSHAW—Do you know how Employment National is coping with the demands at the moment? For instance, have they got all their services up and running and all the computers in place?

Mrs Hughes—I can give you some information but I do not know whether I should. The manager could no longer cope and he has moved out of the position because of the fact that the structure is unworkable.

Senator FORSHAW—That is the manager of Employment National.

Mrs Hughes—Yes.

Senator FORSHAW—You can tell us whatever you like. It is all privileged. That is providing it is relevant, of course.

Mrs Hughes—He was a very good manager; I know that.

Senator FORSHAW—You do not have to name any names.

Mrs Stockbridge—He has taken another job with DEETYA in Wollongong, for health reasons, we have been told.

Mrs Hughes—Basically, the stress is too great. Laurie worked with CES and was very much aware of staff stress levels. Do you want to elaborate on that?

Senator FORSHAW—Before you do that, what I am concerned about is reducing to one provider, Employment National. There has been a lot of publicity given to the problems that Employment National has had, as well as other providers, in terms of simply not being able to get onto the network, the computer systems being down, not being supplied with the software or hardware or whatever. That has been a problem across the country. I am wondering how things are operating in this region. If they are the only provider and they have been experiencing similar problems with the start-up of Job Network, there is a real problem. You have only got one provider.

Mrs Hughes—Laurie might be best able to answer that. The unfortunate thing for Laurie is that he works for Centrelink in Newstart, and I do not know whether it would be a conflict for him.

Senator FORSHAW—I see. We are back to the sort of problem that has affected a lot of staff of Centrelink, Employment National, Lismore Skills Centre and other places, that they were never able to publicly discuss what was happening within the tender process. If they did, it would jeopardise any chance they may have had of getting further contracts.

Mrs Hughes—It is not the process, it is just the level of difficulty.

Senator FORSHAW—It was more of a comment than a question. I know precisely what has happened up here because I have been following this for some time. Frankly, I think it is an absolute disgrace.

Mrs Hughes—The fact that staff numbers at Employment National—the old CES—have been reduced from 250 to 15 in the region is appalling. Some are now being re-employed under Employment National, but the CES in Lismore always struggled to provide a service anyway, and that was even with the assistance of the other organisations that were around. They only struggled because of the high caseload numbers that they had per staff member. I cannot see how it can work effectively. I know from reports that I hear from people queuing at Centrelink and everything else that there are major problems.

Senator FORSHAW—It might be advisable, unless you wanted to give us some information, that you do not because I am very much appreciative of the difficulty that staff are in, both previously and currently, in terms of this situation.

CHAIR—In the light of those comments, maybe what we need to do is contact the Employment National office ourselves to see what this committee can directly provide by

way of assistance. I appreciate very much what Senator Forshaw and you have said by way of contribution or by silence—elegant silences—here.

We are coming to the end of this afternoon's session. In the last few minutes, I wonder can we move away a bit from the concentration on Job Network in the employment area, which is a pretty big disappointment and negative. Can you tell me more of what you are doing to try to build community, to focus on other things besides just getting into employment for many of the youngsters, or for the whole lot. For example, are you concerned about the youth suicide rate or the number of youngsters in gaol? Are those figures going up or down?

Mrs Hughes—Jackie and Mena both work with the health department—Jackie works in mental health. The committee are all really aware of the social issues.

CHAIR—Ms Marlowe, what can you tell us?

Ms Marlowe—I have a juvenile justice background previous to the health department. We have 30 per cent of Koori kids in detention centres at the present moment. The highest rate of detention is on the north coast. I think this all stems back to school drop-out, unemployment.

CHAIR—What are they doing time for?

Ms Marlowe—Mainly break and enter.

CHAIR—What are they doing break and enter for? Presumably you have talked to them. Can you give the committee some idea?

Ms Marlowe—It is mainly boredom. Boredom is the biggest problem in the area because there is nothing here for the kids.

CHAIR—What sort of things do you understand might make them less bored?

Ms Marlowe—I think if they are going to school and they have a goal to work to, and if they can come out of school and have something there for them like programs to help them. It can be anything. There has to be something at the end of the rainbow. They are having an education and then coming out of schools with nothing here for them.

CHAIR—What is the sporting prospect?

Ms Marlowe—Sporting prospects are good. They have a few football teams around, but that is just football.

CHAIR—Which code do they play?

Ms Marlowe—Rugby League. We have some really good boxers on the north coast. We are striving to get a gym. We really need a gym for everything. We have good basketball. The Black Panthers team has been going here for many years. We have netball Koori works.

CHAIR—So you have basketball for men and women?

Ms Marlowe—Yes.

CHAIR—And netball for men and women?

Ms Marlowe—No, just women.

CHAIR—Men's netball is one of the fastest growing sports around the indoor circuit, as most people know.

Senator GEORGE CAMPBELL—I have never seen it.

CHAIR—You are about 10 years behind the time.

Senator GEORGE CAMPBELL—I agree with that.

CHAIR—Mixed netball is also a very popular sport. I am interested whether you had any of the guys playing it. That is one option. Teenage pregnancies?

Ms Marlowe—Yes, we have a high rate of teenage pregnancies, leaving school early.

CHAIR—How young?

Ms Marlowe—Fifteen.

CHAIR—Well, that is better than 12.

Ms Marlowe—We have a lot of drug and alcohol problems on the coast.

CHAIR—Of youngsters or adults?

Ms Marlowe—Youngsters. Jackie is from mental health; she could speak on a lot of that stuff.

CHAIR—Yes, and suicide, Mrs Welch?

Mrs Welch—I work in Mental Health, and I have worked there for seven years now. I am an Aboriginal welfare officer and I work in a psych unit, but I also work in the community. My area is from the Tweed to Grafton to Tabulam to Malubugilmah and further. In my job, my clients are Koori people. I usually do not deal with a lot of young Koori people coming to the unit, but sometimes I have no choice. The age of suicides is getting lower.

CHAIR—How young?

Mrs Welch—The youngest I have had in a unit was 13.

CHAIR—A boy?

Mrs Welch—Yes, a boy.

CHAIR—Do boys much more than girls attempt suicide or do suicide?

Mrs Welch—It is getting to be pretty even par, these days.

CHAIR—It is about four to one for white youngsters or non-Aboriginal people. I am not sure about the figure of four, but I know there is a preponderance of boys and men.

Mrs Welch—It is pretty even par, because of the different communities and the missions and stuff like that. Because we are the only psych unit on the north coast, we get them from all around. In the past seven years that I have worked there, the suicide rate has gone very high, and it greatly concerns us. At times I have been called out at all hours of the night to go into A&E to attend any one of my people who have attempted suicide. It is not an easy job, but I do it for my people. That is the reason I am on the committee for this corporation, which, in 1994, was to create employment for our people right across the board, to give them hope, to give them jobs, to give them something to aim for in their lives so they could get off the missions, and to make them stand proud. That is why we have been a consistent committee since 1994. Yes, we might argue; but we are good mates and we get on. We know what our goals, aims and objectives are and we strive to do our best.

Senator GEORGE CAMPBELL—It is an ambitious set of projects that you list in your submission. How would they be funded?

Mrs Hughes—Privately. I exhausted every possible funding through federal or state. This is a huge anomaly: with the CDC, which is the Aboriginal business arm, they refuse to fund the styrocon plant for us. We were only looking for 60 per cent, because we could borrow the other 40 per cent and that was all right. They refused to fund it, because it was a speculative business. They would have taken on buying the resort complex, because that would link in with tourism, but they would not give us assistance with regard to styrocon. It took us eight months to get a definite no from them, which is a long time when you are looking for finance.

Under the changes to the state government land council act, there was to be money put aside for businesses. We did put in an application just for the styrocon plant through Ngulingah, which is the local Lismore land council, and we did not get answers soon enough. So what we have done is basically to seek private sector investment, which we are negotiating now, and it will be enough to start the projects.

Senator GEORGE CAMPBELL—Are you confident that you will get the funding to get started?

Mrs Hughes—I am very confident now. You cannot keep hitting your head against a brick wall.

Senator GEORGE CAMPBELL—Something has to give.

Mrs Hughes—Yes, it has to give.

CHAIR—It is a fantastic note on which to finish. She said, ‘I am very confident.’ We will not hold you to that line.

Mrs Hughes—We will write and tell you.

CHAIR—I should just tell you that every one of you will be provided with a copy of the *Hansard*. You can agree that the words written there that you are supposed to have said are what you said, or you have the opportunity to correct it.

Ms Marlowe—As the drug and alcohol educator for the region, drugs and alcohol with the young kids is really getting out of hand. I have 10- and 11-year-olds out on the street who are drunk. I do the region from Tweed to the Grafton. That is a big problem in the area also.

Senator GEORGE CAMPBELL—Is there also glue sniffing and petrol sniffing?

Ms Marlowe—No, we do not have any glue sniffing. It is just alcohol.

Senator GEORGE CAMPBELL—Is there a clear pattern or reason for the suicides? Is it a lack of hope?

Mrs Welch—It is a lack of hope and the fact that a lot of these kids are stuck out on the mission. They have nothing to do. As Lenore said, it is from boredom. The fact is, why should they stay at school? Why should they get an education and do these things? There are no jobs out there for them. When they do enter—and I do not mean anything by this—the white Australian mainstream, they get knocked back every which way, and you can only take so much of that. It is just not worth it.

With the suicides, sometimes they are drug induced, but a lot of time it is when they have no grog, no grass or yardi in their system; it is straight out boredom. That is the sad reality.

Senator GEORGE CAMPBELL—It is a vicious cycle.

Mrs Welch—A lot of it is done by hanging. It is not drugs and alcohol. There are a lot of hangings and slashing or self-mutilation. They run up and down their arm until they hit the right vein, and when they hit the right vein, it is finished.

CHAIR—A minute ago we were going to finish on optimism. The lines that I think are absolutely critical for this committee and the government to hear are that there are some good things you are doing and wonderful initiatives you are taking. You are also doing it because there is a screaming need amongst Koori people in this area to get some kind of assistance with education and jobs and a sense of themselves as A1 okay people, and that

might be in a whole lot of other ways besides. I want to thank you very much for coming and giving your submission today in front of the committee. We will not forget your submission for some time.

Committee adjourned at 3.47 p.m.