



COMMONWEALTH OF AUSTRALIA

# SENATE

## Official Committee Hansard

EMPLOYMENT, EDUCATION AND TRAINING REFERENCES  
COMMITTEE

**Reference: Regional employment and unemployment**

MONDAY, 17 AUGUST 1998

**KWINANA**

BY AUTHORITY OF THE SENATE  
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**SENATE**  
**EMPLOYMENT, EDUCATION AND TRAINING REFERENCES COMMITTEE**

**Monday, 17 August 1998**

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

**Substitute members:** Senator Mackay

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

**Senators in attendance:** Senators George Campbell, Crowley, Stott Despoja 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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**GALE, Mr Geoffrey, Managing Director, South East Metropolitan College of TAFE, Bentley Campus of TAFE, Bentley, Western Australia 6102 . . . . . 1393**

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**Committee met at 9.09 a.m.**

**CHAIR**—I am happy to declare open this hearing of the Senate Employment, Education and Training References Committee. Today's hearing at the Alcoa Social Club in Kwinana is part of the committee's inquiry into regional employment and unemployment. I would like to welcome everybody who is here—in particular, a representative from the Department of Social Security.

**GRAHAM, Mrs Stacey Peta, Executive Officer, Coastal Area Consultative Committee, PO Box 5117, Rockingham, Western Australia 6168**

**IANNELLO, Mr Terry, Chairman, Coastal Area Consultative Committee, Managing Director, Total Corrosion Control Pty Ltd, PO Box 5117, Rockingham, Western Australia 6168**

**PALMER, Mr Richard John, Secretary, Coastal Area Consultative Committee, Liberal Candidate for Brand, Palmer Enterprises Pty Ltd, 41-43 Parkin Street, Rockingham, Western Australia 6168**

**CHAIR**—The committee prefers all evidence to be given in public, but should you at any stage wish to give your evidence, part of your evidence or answers to specific questions in camera, you may ask to do so and the committee will consider your request. I have to point out, however, that evidence taken in camera may subsequently be made public by order of the Senate, as has happened in recent years. I now invite you to make an opening statement, at the end of which senators will ask questions. There may be lots of things you can tell us but, if you could aim for brevity, we will have more time for questions.

**Mr Iannello**—The initiative and ongoing commitment to establish area consultative committees throughout the regions of Australia is commendable. These committees bring together many representatives that link the main stakeholders who can give advice and work in the field of creating employment and economic growth on a local and regional basis. The opportunity for government departments to gain direct contact and local regional knowledge through ACCs is a great benefit. However, as with most good things, there is an element of concern and our ACC has similar concerns, as do most other community representatives. Our concerns are that ACCs are being perceived as a community replacement for the CES and in some instances fill the gaps that are being created with major cutbacks in DEETYA.

Promoted as the key regional network for employment, education, training and youth affairs and working in partnership with government, ACCs are deemed to provide the leadership needed for regions to make the most of their economic and labour market strengths, an enormous responsibility for 14 volunteers, covering a region of 348,000 people and unemployment figures ranging from three per cent to 17 per cent. We certainly believe that our committee can endeavour to, and does, work closely with DEETYA to promote all initiatives created and that gives the local communities of ACCs a recognisable and accessible forum to voice opinions and have a professional link to the government. ACCs, however, should not be placed in the position where they are expected or perceived to be doing the work of the government. We simply do not have the manpower, funds or time to be completely effective in communicating the information that the general public needs to

gain a better understanding of what opportunities and programs are available to assist them to gain employment. In reality, ACCs are a benefit to all areas vital to establishing employment links. They are not the solution to creating employment.

**Senator TIERNEY**—You mentioned that the ACC was a key regional body. Are there any other regional organisations in this area in relation to local councils, for example, or other perhaps state regional bodies that look after regional development?

**Mr Iannello**—Yes, there are.

**Mrs Graham**—The Western Australian Department of Training. We have a regional office in Kwinana. We have south-west development, metro development committees. There are many regional committees that look at similar things. We actually do have a list that we can present to the committee.

**Senator TIERNEY**—Yes, if you could, and perhaps what they are doing.

**Mrs Graham**—Yes, certainly.

**Senator TIERNEY**—But, Mr Iannello, you seemed to be making out you were the only body doing that in your evidence.

**Mr Iannello**—It was not the intention, but we are viewing that from our perspective. That is how we see things.

**Senator TIERNEY**—What sort of cooperation is there between regional bodies? We find this varies right across the country. Some areas are very cooperative, others sort of protect their own bailiwicks. What is happening in this area? Are they pulling together on a regional plan?

**Mrs Graham**—We find that most of the committees that are involved within this region, or certainly from Fremantle to Mandurah, have all representative groups on those committees, so you would usually find a representative from WADOT or the ACCs or the south-west groups on most committees that are dealing with those types of issues.

**Senator TIERNEY**—You had a comment, Mr Palmer?

**Mr Palmer**—Yes. If I can just expand on what Terry and Stacey have said, the councils from Fremantle, Cockburn, Melville, Kwinana and Rockingham have what they call the south-west groups which some of you might be familiar with. Those councils through the south-west groups lobby and visit Canberra regularly, lobbying for benefits for the region. In Mandurah, which is part of the Peel region, they actually have the Peel Development Corporation. The south-west group is funded in cooperation with the councils. To my understanding, they do not receive any state funding or federal funding to manage their operations. The Peel Development Corporation is run under the ministry of the deputy premier, Hendy Cowan—Commerce and Trade. So what we have is a cooperative group in the south-west groups and then actually a funded group in the Peel Development Corporation. Both of those bodies are represented on the ACC.

**Senator TIERNEY**—So why was the Peel Development Corporation set up? What was it about that area that they decided needed a special corporation?

**Mr Palmer**—The Peel Development Corporation or Peel as an area is defined as a region. In WA there are a number of regions that have corporations to help develop them.

**Senator TIERNEY**—But not all regions, just some?

**Mr Palmer**—No, and it has been a bone of contention for a lot of us over the years that the area between Fremantle and Rockingham at a state level is seen as metropolitan Perth. We would like to see ourselves as a region and sometimes get recognised that way by the federal government but, more often than not, my view is that we are a regional area when the metropolitan area is getting something and we are a metropolitan area when regional areas are getting something.

**Senator TIERNEY**—You raise an interesting point and we have discovered that, in Gosford, for example, out of Sydney—in that region—there are about a quarter of a million people, but it does not belong to Newcastle and the Hunter Valley and it does not quite belong to Sydney. They are very successfully establishing themselves as a regional identity and with international marketing as well. Your people might want to have a look at what is happening on the central coast of New South Wales. If I could also ask about growth activities in the area: I believe Murdoch University has just set up a campus out here. When we have gone round regional Australia we have found that those cities that do have university campuses—places like Rockhampton and Lismore—have acted as very powerful growth centres in a whole range of ways, underpinning the economy but also relating to local business and providing a boost to growth in that way. Could you just outline for the committee—I know Murdoch's campus is in early stages here—the way it is likely to develop as an underpin to this region.

**Mrs Graham**—Rockingham itself has seen great growth without the onset of the campus. That is only going to add obviously to the growth. In actual fact it has grown from a population of approximately 3,000 to nearly 70,000 in 10 to 15 years, so its growth has been substantial. The two-ocean policy with HMAS *Stirling* being developed over at Garden Island contributed to a lot of business growth in the area but certainly the property value, the location, the closeness to the city, et cetera, have been an attraction for a lot of people to come to the area. In Kwinana itself, where we are, there is a new development happening with the new Kwinana. Kwinana was established back in 1952 with the commissioning of BP and it was specifically created to house the employees of BP and future industries.

That was mainly through State Housing Commission homes. Now that is being redeveloped as a community that is worth buying in and living in, having regard to property values and the rural type of aspect. So there is growth happening as well. That is a town that is growing substantially. The university is obviously going to add a lot more growth. By the year 2006, they are expecting to have, conservatively, approximately 110,000 people living in Rockingham alone.

**Senator TIERNEY**—What sort of faculties are developing at Murdoch that would link well into the local economy?

**Mr Palmer**—Professor Roger Lethbridge—I am pretty sure his title is Pro-Vice-Chancellor but I would like you to check that—has been a very strong contributor to Rockingham and Kwinana since becoming involved with the university. Issues he has got involved with include the design of a rail link south from Perth through to Mandurah to take into account the fact that there will be thousands of students attending the university in the future, so a rail link is needed to provide transport for those people. He has been a member of the Rockingham Economic Development Committee for, I think, three years, so we are fortunate that we have people on the university staff who are prepared to get involved in the local community.

The emphasis, I understand, that Murdoch is working on is engineering type studies to work within the Kwinana industrial area and to try to train people so that they will be qualified. They are not just teaching people engineering, as I understand it, but design engineering using computer technology and designing programs. The whole thing leaves me for dead because I just do not understand it. But there is the potential for the young people who are educated there to move into the next generation of engineering.

They also featured in the paper just last week with some of their students, I believe, heading off on a study tour of tourism, because the university is including tourism as part of its package. When you drove into this region today you would have seen industry. Most people as they drive south to Rockingham see industry and think of the place as supporting industry. But our coast is a magnificent tourism attraction; we have got significant wetlands inland from the coast which in July this year have been designated as reserves and there are plans in place to try to develop those reserves for tourism. So the university has taken on that kind of thing.

I know that the university has got a terrific relationship with the high schools in the region and with the Chamber of Commerce and Industry through the excellence in education compact. So the partnership between the university and the community is extraordinary and just naturally it will grow. It is going to be a huge benefit to our community in the long term.

**Senator TIERNEY**—Mr Iannello, you mentioned unemployment in the area of three to 17 per cent. Can you indicate where it is three per cent and what the reasons for that are?

**Mr Iannello**—Yes. I think the three per cent is the Claremont-Cottesloe area further north and it deteriorates as you move further south down to the Peel area.

**Senator TIERNEY**—What is happening in the north that gets unemployment so low?

**Mr Iannello**—I think it is a different type of work and business in that area; it is more the wholesale-retail type of area, the professional areas. As we move further south we head into hospitality, engineering, heavy engineering, which is having an impact at the moment; it is deteriorating and I think that is part of the reason why.

**Senator STOTT DESPOJA**—My first question is to Mr Palmer on your comments in relation to Murdoch and the campus providing engineering. I am just wondering whether you have any thoughts on the fact that engineering attracts a \$5,500 HECS debt and whether you

think that might be a disincentive for any younger people or mature age students in the region to undertake that course. That is one of my concerns when we talk about a university campus—that there are other barriers that may face some of the young people in the region.

**Mr Palmer**—I called at the university two weeks ago and met one of the senior officers there and just in conversation he told me there are something like 350 students there now and they anticipate that could double next year. There is no guarantee but he is very excited about the potential enrolments. I cannot recall what the projections were for the university but I got the impression they are getting more enrolments than they anticipated in the beginning. So perhaps what you are concerned about does not bother the students who are enrolling.

**Mrs Graham**—The problem that we are seeing with the campus located in Rockingham is about 74 per cent of the enrolments last year were from out of the region, so it was people who could obviously afford to come into that situation. I am not sure what this year's expected enrolments are from the local region but it was certainly a concern that there was such a high percentage outside of the region; and taking into account, too, that within the southern part of our region, the ACC's region, university was not an option for them in the past. We have seen three to four generations of unemployed in some families within that part of the region. It is an education process to teach these people that university is an option, that you do not necessarily have to be unemployed as part of your life.

**Senator STOTT DESPOJA**—It sounds quite positive. You mentioned the issue of transport and that leads me on to a broader question. In a number of submissions difficulties with transportation is something that is identified, difficulties in getting to another region where there are perhaps better employment prospects and you mentioned it in relation to the university. Is that one of the areas that you would identify as something that could or should be improved or changed in some way in order to assist unemployment levels?

**Mrs Graham**—Certainly, in the community forums we have had regarding issues of employment and unemployment, transportation has been one of the major issues because we do not have train transportation from the south part; we only have bus transportation or a private vehicle. So it has always been a major issue.

**Senator STOTT DESPOJA**—Are there any specific recommendations you would make or perhaps have arisen out of those community consultations?

**Mrs Graham**—There is ongoing consultation at the moment to try to establish what the rail link will be. We are aware there will be a rail link but I think the question is which way it is going to go from the metropolitan area down to the south.

**CHAIR**—Do you mean north or south?

**Mrs Graham**—It is expected to come north but I think there are options to go—

**CHAIR**—Not down the coast.

**Mrs Graham**—Yes, not coming directly down; we are going to have to take bypasses.

**Mr Palmer**—One of the things I would like to point out is that in Mandurah—which is on the southern edge of our ACC area; even further south than Mandurah we have the towns of Pinjarra and Waroona but I would like to talk about Mandurah specifically—there is a very large young population. My business is in life insurance and financial planning and I go into the homes of these people and I see their babies in their prams and their nappies on the clothesline. We have a huge, burgeoning young population in our region basically south of here and one of the big problems for the future is intra-regional transport.

The state government is planning a freeway extension south, there are plans in the pipeline for a rail link, but the bottom line is we have to make sure that in our planning people can move within the region because the real work is going to keep growing in the Kwinana industrial area. There is going to be service, commercial, small business, light industrial developed in other places but this is the engine room of industry in this region, this Kwinana industrial area, and people have got to be able to find easy access up here. There are all sorts of plans on the drawing board and the argument always is whether it is the state government's responsibility to finance the improvements or the federal government's responsibility. It is the sort of thing which I think groups like our ACC monitor and committees like yours need to take into account, too.

**Senator STOTT DESPOJA**—You have mentioned the issue of young people. Specifically in relation to youth unemployment, I was wondering what your understanding is of the figures. As hard as they are to work out, what is the actual figure and what is hidden unemployment and underemployment? What is your understanding of the number of young unemployed people in the region? You may have some recommendations that you would like to get on the record that may assist in alleviating that problem. Do you have young people as part of your group? Is there youth representation on the ACC?

**Mrs Graham**—We have recently created a strategic regional plan for the area consultative committee, to which we have presented copies. In that we have addressed the fact that the excellence in education compact is a terrific role model for us to use to try to establish that within other subregions of our region. As I said, our region goes from Claremont in the northern suburbs down as far as Wandering in the south, so it covers a major region.

You will hear later today from some speakers who will specifically address the excellence in education compact. In that recommendation we are hoping to create working parties within the subregions and to bring in youth to address those issues. We see it as being a major part of working from school to work transitional programs and all the other educational and youth affair type programs could come under that umbrella. We are just in the formulation process of getting that happening.

**Senator STOTT DESPOJA**—I realise we have got access to that document, so some of your recommendations may be on offer. Just a broad question in relation to the consultative committee: does the committee have a view on the operation of the recent changes to the Job Network and whether it has assisted people to find jobs in the region?

**Mr Iannello**—We had a breakfast meeting with all the Job Network providers about two weeks ago and the feedback from them was reasonably positive. There have been some

questions raised and I think that will still take a little bit of time to sort out, but generally it has been fairly positive.

**Senator GEORGE CAMPBELL**—Just on that last question by Senator Stott Despoja, have you had any discussions or consultations with the users to assess what their response is to Job Network?

**Mr Iannello**—We have come across some of the users through my company's activities in chasing up people. That has not been very positive; they seem to feel they have been left out in the cold.

**Senator GEORGE CAMPBELL**—What about businesses generally in the area? When you said users, are you talking about business and the unemployed?

**Mr Iannello**—Yes.

**Senator GEORGE CAMPBELL**—So there has been a very negative attitude to the way in which Job Network is functioning?

**Mr Iannello**—Yes.

**Senator GEORGE CAMPBELL**—With regard to the plan that you have put before us, which I presume is your three-year plan in response to your funding for the next three years, do you have a set of projects currently in hand and do you have a document which details those projects and the funding?

**Mrs Graham**—Yes, we do.

**Senator GEORGE CAMPBELL**—Can we have a copy of that?

**Mrs Graham**—You certainly can.

**Senator GEORGE CAMPBELL**—Could you give us an outline of some of the projects that are proposed in this current document? It is just that I cannot read it in five minutes. We did get the documents elsewhere and there were a number of projects being promoted by a number of other ACCs. So I am just interested to get a feel for some of the types of projects you are looking at.

**Mrs Graham**—A project that we have supported funding for just recently has been a feasibility study to create a schoolhouse cafe on the premises of the Kwinana Senior High School. That is converting a caretaker's cottage into a training facility for hospitality students, which can also be used after hours, on weekends, as a commercial type venture, where those students will gain some type of employment, whether it be casual or full-time employment. That feasibility study has now been completed and a submission for funding to actually create the schoolhouse cafe has just been received, so that is an initiative we are looking to support.

**Senator GEORGE CAMPBELL**—How many young people would that accommodate?

**Mrs Graham**—I think it would be an ongoing process, because they would use the students from the high school and other areas that would come in.

**Senator GEORGE CAMPBELL**—But how many young people would that accommodate in terms of training on an ongoing basis?

**Mrs Graham**—I think we were looking at about 15 to 20 students per course.

**Senator GEORGE CAMPBELL**—On an ongoing basis?

**Mrs Graham**—Yes, on an ongoing basis. Another project that we have supported funding for was a feasibility study for an accommodation and convention centre at Point Peron, which is on the tip of Rockingham. That is looking, hopefully, at producing a report that will be beneficial for developers to build that type of centre. We do not actually have, within this part of the region, a suitable accommodation and convention centre. We have either north of the region or south of the region. That would be seen as a huge boost for the area. That is currently being undertaken.

**Senator GEORGE CAMPBELL**—What is the total value of the project funding you have sought for the next three years?

**Mrs Graham**—About \$576,000.

**Senator GEORGE CAMPBELL**—How does that compare with your previous funding?

**Mrs Graham**—What we had done previously was submit projects. As they came in we supported the funding for them and put it through. This is the first time we have actually been asked to produce a document to cover the three years.

**Senator GEORGE CAMPBELL**—Yes, I understand that but is this much more ambitious than what you have attempted to do in the past?

**Mrs Graham**—Yes, I believe it is.

**CHAIR**—The \$500,000 is a much higher amount for the next three years than lots of other places have estimated for their money. Does that mean you have rolled some over, unspent from before?

**Mrs Graham**—There is approximately \$60,000 that would be rolled over.

**CHAIR**—Does that mean you are saying that you reckon you will be able to get something like \$400,000?

**Mrs Graham**—That is including the RAP funding for projects that have been submitted. Some of those projects would obviously have to meet the terms of reference for the funding.

**CHAIR**—It is a different amount from what we have had by way of evidence and I thank you for that clarification.

**Senator GEORGE CAMPBELL**—In the document we have it mentions the aluminium shipbuilding industry based in Henderson and the fact that it is worth \$1 billion per annum. Do you know what the ratio of apprentices to tradespeople is at that facility or in all of those facilities in that industry in that area?

**Mr Iannello**—No, I cannot answer that one.

**Mr Palmer**—I am not certain of what happens in the shipbuilding industry specifically but I know that just recently the Chamber of Commerce and Industry skills training centre across the road here called for 70 apprentices, I believe, in metal trade training areas. They were only able to fill approximately 50 positions. They had more than enough applicants. The reason the other 20 places could not be filled was that the applicants' skills in reading, writing and arithmetic were not good enough.

The unemployment problem in this region is deep seated. What is it the result of? It is not a problem that has emerged in the last few months. This is a problem that has been developing for years and years. You asked Stacey a moment ago about the Job Network and some of the problems that might be occurring there. Can I just give you one anecdote?

**Senator GEORGE CAMPBELL**—Can I just come back to this other question first of all, about the 20 apprentices. You said they applied for 70 and were only able to fill 50 places.

**Mr Palmer**—CCI had 70 positions available and could only fill approximately 50.

**Senator GEORGE CAMPBELL**—And was that because of the lack of basic skills?

**Mr Palmer**—The rest of the applicants could not qualify.

**Senator GEORGE CAMPBELL**—What have they done about that?

**Mr Palmer**—What has who done about that?

**Senator GEORGE CAMPBELL**—The training place across the road.

**Mr Palmer**—I do not know what their responsibility is. I know they are about to call for another round of apprenticeships shortly. I believe the program they use is a group apprenticeship program and my understanding is that an apprentice is not actually indentured to a particular employer but is actually employed through a group of people.

**Senator GEORGE CAMPBELL**—Yes, I understand the process.

**Mr Palmer**—I do not know what CCI's responsibility is to train people who are not qualified.

**Senator GEORGE CAMPBELL**—The statement I have here is that this is well above the state average for youth unemployment.

**Mr Palmer**—It is.

**Senator GEORGE CAMPBELL**—It would seem to me, if you had a set of circumstances where CCI had a call for 70 apprentices and were only able to get 50 on the basis that there were not sufficient entry level skills amongst the others who applied, that would be of some concern and there would be at least some discussion taking place with the local education community about what to do to bring those people's levels up to the basic skills required to get them into apprenticeships. Surely, they just did not walk away and leave it.

**Mr Palmer**—I cannot answer for them. I am just passing on what I know. I could say to you that that information was passed on to us during a meeting and Mr Ron Innes, who is the director of South Metropolitan TAFE, was in the room. I am certain that as a result there has been conversation but what the outcome is, I do not know.

**Senator GEORGE CAMPBELL**—Has the ACC had a look at this? Have you endeavoured to talk to the local schools about this problem?

**Mr Palmer**—Could I pre-empt an answer on that? One of our goals in this document you have is to see the compact in education excellence expanded throughout the region. It will have an impact on young people, identifying for them the sorts of training they need to do if they want to be employed in the future.

**Senator GEORGE CAMPBELL**—Was the ACC aware of this problem and did you endeavour to do anything about it? Did you endeavour to talk to the local education community about what might be done to bring people's skills up to that basic level?

**Mrs Graham**—Senator, from those comments that were made there was follow up being made through CCIWA with our representative on our ACC. We do have another meeting on Wednesday and he was going to let us know the outcome. We cannot, on a committee basis, follow up until we hear back as to how we can get involved in that. What we have endeavoured to do is to network through other areas with our representation on educational type committees—through building bridges and through projects we have created through the excellence in education compact and, again, through the regional management group. There are ongoing things we are involved with to try to lift that standard.

Of concern to us is that what the schools are providing and what the industry needs are not always the same thing. We are trying to get that network happening where everybody is aware. The excellence in education compact is one of those projects which is addressing that very well. What it is doing is actually bringing together eight high schools within our region, within the compact, that are now all talking amongst themselves and to industries so those problems can be alleviated.

**Mr Iannello**—CCI does predominantly concentrate on heavy engineering apprenticeships. They do run literacy and numeracy courses as well but there are other industries in the area such as my own company, Abrasive Blasting Protective Coatings Scaffolding, where trainees from that area who may be rejected by the heavy engineering can fit into that area. Our biggest problem is getting employers to take on trainees. That is the biggest problem or one of the big problems.

**Senator GEORGE CAMPBELL**—I understand that but I am obviously concerned that if there are 70 vacancies and there are 20 jobs sitting out there for apprentices, which are pretty rare, if they are not being filled and there does not appear to be anything being done to try to at least fill them or equip people with the skills that would allow them to fill those vacancies.

**Mr Iannello**—Certainly.

**Senator GEORGE CAMPBELL**—In terms of the Job Network, did your ACC get involved in any promotional activity on behalf of DEETYA?

**Mrs Graham**—Yes. We have been given funds to promote Job Network. We commenced with a breakfast and it was felt unanimously by the Job Network providers that the users of the Job Network, such as the employed, were aware of the system and what they had to do. Their concern was the employers. So we are now embarking on a forum or promotion to the employers to help them understand. I would like to just go back to your statement about the negativity of users, from the employers' perspective, on the unemployed. As an ACC, we understand that it is early days for the Job Network system to be understood and so we are endeavouring to let employers know what is available out there. It has become a competitive market, so it is one of those areas where people have to understand what it is actually about.

**Senator GEORGE CAMPBELL**—It seems to me that one of the big issues employers have is that they do not want to come to grips with the fact that they now have to pay for something they had free for many years.

**Mrs Graham**—That is right.

**CHAIR**—Is that what they are saying to you?

**Mrs Graham**—They are having trouble dealing with the fact that now they do have to pay for a service that previously, through the Commonwealth Employment Service, they got for nothing. It is an educational process to show they do have to pay for the service they get.

**Senator STOTT DESPOJA**—Have you heard specific stories of employers who are paying, for example, to see the resume of a potential employee? Are they the kinds of things they are worried about paying for, or is it the more general stuff?

**Mr Iannello**—We have had experience from one company which was chasing some people in the Kalgoorlie area. The first thing they got was a contract to sign and it was \$250 per head per person. They did object to that.

**Mr Palmer**—I can give an example. Just last Monday my associate's secretary was asked to contact Centrelink to find out who the employment agencies were so we could contact them to try to get a receptionist. She contacted Employment National and they faxed her a three-page contract with details of their account. She contacted three other job agencies and before midday she had five calls from their candidates asking for interviews. Within a couple of days she had appointed someone. She did not bother to go back to Employment

National. Her view is that Employment National have not come to grips—the competition is leaving them for dead.

**CHAIR**—There is some really good info here. The advantage of being last is that I have had the opportunity to peruse a fair amount of it. It is a really useful document. On page 9, on the long-term unemployed, it says:

As of March 1998 Centrelink advises the following proportional distribution amongst allowees—

I do not know what an allowee is; I suppose it is a person who has not got a job—

long-term unemployed 23.4 per cent, youth 8.4 per cent, Aboriginal and Torres Strait Islander 1.8 per cent.

Is that because there are not many Aboriginal and Torres Strait Islanders in the area? It is a very low percentage.

**Mrs Graham**—They would be figures we were provided with. We have a fairly high percentage of Aboriginal and Torres Strait Islanders, especially in the Murray area.

**CHAIR**—Would you be surprised that Aboriginal and Torres Strait Islander unemployment is 1.8 per cent out of 23.4 per cent long-term unemployed? If you do not know the answer that is fine. I think it is a question we should put to Centrelink. If you do not know I am happy with what you are contributing there.

**Mr Palmer**—Just reading the sentence before that, my interpretation is that 1.8 per cent of 12,261 people are Aboriginal and Torres Strait Islanders. It is not that 1.8 per cent of the Aboriginal population is unemployed; it is 1.8 per cent of that 12,000 persons figure. My own understanding, from just being around the area, is that if you are Aboriginal it is tough to get a job.

**CHAIR**—Is the Peel area where the Peel Estuary has been built?

**Mr Palmer**—Is it the Murray River and Serpentine River that flow into Peel Estuary? It is the town of Mandurah.

**Mrs Graham**—The Peel region picks up from Jarrahdale-Serpentine and runs right down the coast to Mandurah and picks up on Pinjarra, Waroona, Harvey, Boddington.

**CHAIR**—Where was the outlet open to the Indian Ocean?

**Mrs Graham**—At Dawesville, which is just south of Mandurah.

**CHAIR**—That was a cost of something like \$70 million of Commonwealth money?

**Mr Iannello**—I believe so, yes.

**CHAIR**—Good infrastructure investment. How many jobs did it create?

**Mr Iannello**—I cannot answer that one. I do not know.

**CHAIR**—I actually visited it when it was nine-tenths under construction. It has probably done a bit to help the farmers and fishermen up the estuary, hasn't it?

**Mr Iannello**—I think so.

**CHAIR**—It is a very large infrastructure and investment and it would be very interesting to know how many jobs it created. Has the ACC spoken to Minister Kemp?

**Mrs Graham**—Yes. We went to a chairs' meeting in Canberra.

**CHAIR**—When was that?

**Mrs Graham**—April.

**CHAIR**—I understand that the minister is supposed to be talking to people now or last week or very soon. Has he contacted you about speaking to your ACC?

**Mrs Graham**—Not at this stage, no.

**CHAIR**—If you had to meet with the minister, what would you tell him? Sorry, let us confine ourselves roughly to the areas under consideration and, of course, keep it gentlemanly and ladylike. We have by now spoken to lots of representatives of ACCs around the country. They have all said that they have to bring together, as one of their obligations, the providers under Job Network, and the message that just about every one of them has got is, 'We have tried and tried to tell Minister Kemp that this show isn't working. We have not been getting the references across from Centrelink.' Has that been the case in this area?

**Mrs Graham**—Senator, in actual fact we held off on bringing our Job Network providers together because of the issues that were surrounding them in the early stages. We knew that there were major problems they were confronted with and we felt that by waiting till things settled down a bit they would get a better understanding of what their concerns and issues were. From that breakfast, the main issue that came up, not in a major kind of a way but certainly it was still an issue, was that the employers were lacking the understanding of what was now happening and what was available to them. The other thing that they were concerned about was the referrals from Centrelink to the Job Network providers. That was the main type of concern that they had.

**CHAIR**—Did anybody speak to you glowingly about the problem now of dealing with people who are ineligible, for which they will get no assistance?

**Mrs Graham**—That certainly came up as a concern. However, the breakfast that we ran was mainly for us to get an understanding of where they felt we would be best promoting them from an ACCs perspective.

**CHAIR**—The problem is that we have heard across the country some grudging 'Oh, okay' right through to 'Total disaster, fiasco, chaos.' In answer to the detail and questions I

have just put to you I would suggest that it was not all sweetness and light when it started here. I suspect you are not telling me it is sweetness and light yet. This is from the employers' and the providers' point of view. Unemployed people: have you got anything further to say than you said before in answer to Senator Campbell? Do you know that unemployed people are happy now with the options they have got?

**Mrs Graham**—I have not, as the executive officer, had any contacts to me complaining in any way.

**CHAIR**—In all your going around the community area no-one has actually said, 'God, this new system'? Not all at once, as you are all trying to say, 'Yeah', but they have been saying that. We have actually had this litany and I would be surprised if your position was so different. If it was, I think it is very important for us to know why it is different. It seems from questions that it is possibly not. In particular we have been concerned, from the unemployed people's point of view, that if you are ineligible in that you have just lost your job because somebody has closed their firm or laid a few off or there has been a bit of downsizing, you have got no assistance to look for work. That has caused a lot of upset for a lot of people who would like some assistance. You are nodding at that, Mrs Graham. Can you add anything to that?

**Mrs Graham**—Yes, I think the concern is the assistance with transport to get to job interviews. The other concern is that, if you are in a situation where you do lose your job or the job is no longer there, the attitude by Centrelink to the predicament of somebody who may not have money to provide food in the house or pay the rent or whatever is not the same as perhaps it had been in the past with the CES. So if you have got to wait a week, you have to wait a week and the fact that you are not going to be able to feed your children is tough.

**CHAIR**—Thank you. Mr Iannello, do you want to add to that?

**Mr Iannello**—No, I think Stacey has covered that. But we have had a lot of people coming through our place looking for work. Most of them have been referred through some of the agencies; the Job Futures and suppliers like that. So we have had a mixed reaction. I am not too sure if it is good or bad at this stage.

**CHAIR**—What is your own employment situation like?

**Mr Iannello**—Currently we employ about 440 people. In the next two to three months we will see that cut in half because of lack of work in the heavy engineering side of things. One of our big concerns is that a lot of the offshore work and development work on our coast is going offshore to other countries: Korea, the Philippines and the like. That is of concern to us because the Kwinana strip is predominantly, as Rick mentioned a while ago, the engine room of the area. We can carry out that work. We have the quality, the productivity is good and I am sure we are competitive.

**CHAIR**—Are you assisted in looking for contracts? We found some people have explained to us that the cutbacks, for example, in some of the export management stuff has

actually meant that previous assistance is not available. Did you ever make use of any of that?

**Mr Iannello**—No, we did not do any export work. We did a very minimal amount of work like that. We mobilised from Kwinana, did work in Singapore and came back. Other than that, we did not have any assistance whatsoever.

**Senator GEORGE CAMPBELL**—You have run a fairly comprehensive local content campaign in Western Australia. What success have you had with the current problem in response to those representations that have been made?

**Mr Iannello**—We hear that we should use West Australian and we should work West Australian and we believe that we should. We do get concern when our resources and development work does go overseas.

**Senator GEORGE CAMPBELL**—The sort of work that you are talking about going overseas, is that high-tech work, sophisticated work, or is it just general engineering?

**Mr Iannello**—I would say that 80 to 90 per cent of it could be carried out in our area or in Australia.

**Senator GEORGE CAMPBELL**—What is the differential that is forcing them to take it overseas as opposed to doing it here?

**Mr Iannello**—I think it is commercial impact, major companies owned by international groups, and it is tendered overseas in a variety of places. If the price is right, that is where it goes.

**Senator GEORGE CAMPBELL**—Is it purely a cost factor?

**Mr Iannello**—I believe so.

**Mr Palmer**—I was actually discussing this issue with Ricky Johnston MP recently and she made the point that, because we are seeing the development of a bigger harbour facility at Jervoise Bay, our local companies will have more opportunity to do more of the heavy engineering that currently gets done overseas because we simply do not have a place to do it here in WA. One of the reasons I understand—and Terry might support this or otherwise—we do not get some of the heavy engineering and the work that goes to support it is that we just do not have the facilities on our coast to do it.

**Senator GEORGE CAMPBELL**—Is that true in fact? That is not what the heavy engineering manufacturers associations say. They say in fact the reason they do not get the work is that they do not get the opportunity to tender. As a consequence, they are not able to keep up with the technology that is involved.

**Mr Palmer**—Can I bring up an idea in parallel to this. The Minister for Defence, Science and Technology has got what has been nicknamed Bishop's six-point plan regarding the defence industry, which is a plan that encourages international defence contractors to

identify Australian companies that they can work with. If they do not use those companies, they have to explain why; and I am pretty certain a Liberal or a coalition government will always go with competition. The goal is to make sure that our defence industries in Australia have the ability to service platforms into the future. If they are all managed from overseas and there is a conflict, we will not have the resources in Australia to look after them.

**Senator GEORGE CAMPBELL**—That is a strategic thing.

**Mr Palmer**—That is a strategic decision.

**Senator GEORGE CAMPBELL**—That is a different position than applies in the commercial one.

**Mr Palmer**—One of the problems I have learned as a result, sir, is that a lot of the big corporations that bid for contracts to build facilities in Australia have interests overseas. They might have a fabrication firm in the Philippines or in Singapore or whatever and that is where they take the work. We need to get those people to establish themselves in our country and on our coast. One of the factors is that we are going to have a place for them to work once this facility up the coast gets built.

**CHAIR**—We have got to wind up here and I have just got a few more questions before I believe Senator Stott Despoja would like to put a few questions on notice. I am a bit interested in a contradiction here about information. We have got a very fast growing area, massively fast growing area, so what is it that is bringing people to the area if unemployment is so high?

**Mrs Graham**—One is the cost of land and housing. If you compare that to the eastern states, it is very attractive.

**CHAIR**—I suspect it is cheaper than Peppermint Grove, but is it cheaper than Perth?

**Mrs Graham**—Yes.

**Mr Palmer**—Yes, it is.

**CHAIR**—So it is not even the eastern states. You just go north and it is cheaper to go south?

**Mrs Graham**—Yes, it certainly is.

**CHAIR**—So we have got cheap land. We have got a water supply?

**Mrs Graham**—Yes, good water.

**CHAIR**—No, don't tell me, no giardia or anything. Is that right? This is called whack Sydney morning! So you have got cheap land, power and water and you have got a lot of industry settled down here?

**Mrs Graham**—Yes, I believe there is a lot of potential certainly for business growth and there are employment opportunities.

**CHAIR**—Yet at the same time you have got this contradiction of very high unemployment and generations, you are telling us now, of fathers—

**Mr Palmer**—When I came to live in Rockingham in 1983 there were 25,000 people. Today there are 72,000 people. The population of Kwinana has doubled. The population of Mandurah is getting close to having tripled in the same time. The unemployment rate in that period has been about 10 to 12 per cent. At the moment the rate for Rockingham is something like eight per cent, Kwinana is a bit higher and Mandurah is substantially higher. We have had enormous population growth and we have had significant employment growth as well. The thing is, though, that employment growth has not kept up with population growth.

**CHAIR**—Kwinana is 13 per cent.

**Mr Palmer**—One of the real problems—and it just has to be recognised—is that our young people have not been trained for the market. I would also put it to you that too many of our young people are not aware of the opportunities available to them in the region and are not convinced that they have got a future.

I have gone into the high schools in Rockingham on behalf of the Chamber of Commerce presenting a video which promotes our community. I have sat there with kids and told them about the Port Kennedy resort and 500 jobs, new industries on the strip and hundreds of jobs, the university going ahead and opportunities for education. These year 10, year 11 and year 12 kids have looked at me bemused because they knew nothing about it.

I think that is an indictment on the communications to our young people through our local media and through our teachers and from our leaders in politics for not telling our kids what is out there for them. The document you have got in front of you from this ACC talks about helping kids understand the opportunities in the future and getting them to work with industry through the excellence in education compact. There is a skills identification plan, there is a plan for identifying environmental employment and environmental tourism. That document looks at the future and says, 'Let's find out what's coming and let's try and plan for it. Let's work with the schools. Let's work with industry. Let's identify all these goals and give our kids opportunity and optimism.'

**CHAIR**—That is fantastic. What are you going to say to Mr Iannello? He says in the next couple of weeks he is going to have to halve his work force. He does not want to know about something noble and heroic down the line when we talk to our kids; he wants to know, 'What am I going to do with 200 people I'd like to keep employed, but I haven't got a contract right now?' You seem to be saying that on the one hand there are prospects for this area—and that is what you are about, planning and so on for the longer term—but on the other hand there is this interesting contradiction. Is it the introduction of technology? Is it that jobs are being shed in this area because people are not required now that machines do the work? Is it also because you are losing contracts?

**Mr Iannello**—There is a downturn in the heavy engineering side which we relate to. A lot of major projects have been put on hold. There could be various reasons for that. It could be part of the Asian crisis, or people waiting for the election to come about, but there have been projects put on hold. I expect that downturn to occur for the next six months or so and then hopefully those projects will kick off again early next year.

**Senator TIERNEY**—In the meantime, what happens to those 200 people who lose their jobs?

**Mr Iannello**—They become unemployed, Senator.

**Senator TIERNEY**—What is the market for them for the next six months?

**Mr Iannello**—If they come out of the heavy engineering industry, it does not look very good at all.

**CHAIR**—And some of them might have to move out of the area.

**Mr Iannello**—They do not necessarily all come from the area but they will look for work—

**CHAIR**—How far away do the workers come from?

**Mr Iannello**—We operate all over Western Australia and into places such as Murrin Murrin where the nickel development is occurring, so they do travel; the construction work force is well travelled.

**CHAIR**—Yes. Can anybody tell me—perhaps you, Mrs Graham—how many people were previously employed in CES compared to how many people are now employed as service providers in the employment area?

**Mrs Graham**—I would not be able to tell you, Senator.

**CHAIR**—We will look into that. I notice here that under the intensive assistance we have got Employment National and Mission Employment Services, so we only have two level 3 providers or FLEX 3 providers for long-term unemployment in this area.

**Mrs Graham**—Yes.

**CHAIR**—Is that how many were here before, or are they figures we should ask for elsewhere?

**Mrs Graham**—Yes, you would have to ask elsewhere.

**CHAIR**—Finally, I suppose Mr Palmer clearly has optimism for this area. What about you, Mr Iannello? Are you pretty chuffed about the future for Kwinana?

**Mr Iannello**—I am always optimistic about our area, but I do see this hiccup in the next three to six months. Hopefully next year we will kick on from there.

**CHAIR**—Mrs Graham?

**Mrs Graham**—Yes, I think there is great potential here. There has always been optimism. I think the people who have either lived here all their lives or have come here to live always get a good feel for what the area is and what it can offer and it is a wonderful lifestyle to have. Hopefully we can get the economic and employment growth happening.

**CHAIR**—We have to finish there.

**Mr Palmer**—May I read this into the record, please?

**CHAIR**—What is it, Mr Palmer?

**Mr Palmer**—It is a resignation from the ACC.

**CHAIR**—How long is it?

**Mr Palmer**—It will take about 60 seconds.

**CHAIR**—We are now considerably over time.

**Mr Palmer**—Sixty seconds?

**CHAIR**—Okay.

**Mr Palmer**—It is addressed to Dr David Kemp MP, reference the Coastal Area Consultative Committee for Employment in Western Australia:

The CACC includes within its boundaries all of the communities which make up Brand. Because some associates are concerned my continued membership of the committee may politicise it, I have decided I should tender my resignation. The CACC has made some worthwhile contributions to education, training and promotion of employment within its range. There is a lot of work to do, however. The town of Kwinana and the City of Mandurah still share totally unacceptable rates of unemployment, particularly among young people. Rockingham has enjoyed a reduction in unemployment numbers but it is still not good enough. Unless realistic planning and the implementation of such plans occurs within Brand, the cycle of high unemployment will repeat itself. Under the leadership of Terry Iannello and with the help of executive officer Stacey Graham our ACC has prepared a strategic plan and business plan for education, training and employment per your instructions earlier this year. I would also like to commend the contribution of our consultant David Winter of Business Horizons, in helping to prepare those documents.

I have found my four years' or more membership on the committee very rewarding. I am confident the work we have done this year will prove extremely valuable in enhancing training and employment opportunities in the years ahead. This will benefit all communities within the range, and may I recommend that your office approach Mr Mike Attwood, the president of the City of Rockingham Chamber of Commerce, to identify a candidate to replace me.

Thank you for allowing me to give evidence this morning.

**CHAIR**—I really appreciate you saying that but I do not think it was necessary for you to have read that letter of resignation. With a small sense of irony I note that people who once referred to an area in terms of a federal electorate, as you just have, were treated somewhat differently in another part of the country by a senator who is not with us at the moment. I will leave you to find out about that later. Thank you very much to all of you.

**Senator GEORGE CAMPBELL**—Somewhat abusively.

**CHAIR**—Very abusively, actually. The world is real for some of us, too, Mr Palmer. Thank you all very much. If there is anything further we might want to get from you, we would appreciate your assistance. Thank you very much.

[10.12 a.m.]

**BAKER, Mr Michael Frederick, Executive Officer, Kwinana Industries Council, 41 Hope Valley Road, Naval Base, Western Australia 6165**

**HARVEY, Mr Graeme John, School/Industry Links Coordinator, Excellence in Education Compact, Kwinana Industries Council, c/- Safety Bay Senior High School, Malibu Road, Safety Bay, Western Australia 6169**

**MOORE, Mrs Lee, Principal, Hamilton Senior High School, Chair, Excellence in Education Compact Principals' Group, Kwinana Industries Council, Purvis Street, Hamilton Hill, Western Australia 6163**

**CHAIR**—The committee prefers all evidence to be given in public, but should you at any time wish to give your evidence, part of your evidence or answers to specific questions in camera, you may ask to do so and the committee will consider your request. I have to point out, however, that evidence taken in camera may subsequently be made public by order of the Senate, as has happened in recent years. So if you would like to make an opening statement, preferably briefer rather than longer, and then we will have questions.

**Mr Baker**—As the executive officer, I would like to say that we would like to acquaint you, very briefly, with our program called the KIC excellence in education compact. This has been created to evolve better educational processes between industry and the schools and we hope that has some positive impact upon eventual employment. My position here today will simply be to give a brief introduction of how industry sees the reason for its involvement in the compact and then my other colleagues will give you more details about how that has evolved.

In a nutshell, if I can submit to you this chart. It is a complicated chart, but I will put it on the overhead projector and speak to it briefly. This flow diagram shows the current organisation structure of the Kwinana Industries Council. You can see we have a group of about 30 members which comprise the Industries Council. The main reason it exists is because in the early 1990s there was a reason to become involved in local environmental issues, in particular the sulfur dioxide emissions from the various fuels that were used in the area. We have a management committee that looks after environmental issues, a task force that looks at the detail, technical issues involved with air quality issues and in recent years there has been growing involvement in marine quality and water supply, in particular perhaps the ground water.

Another area of concern was emergency preparedness and in this respect industry has banded together to develop a comprehensive and combined emergency management plan for this area. The other stream which has been of concern—and I will just mention briefly—is contractor safety training, because of the interaction with training. So there are three key streams that are of major concern to industry but also to the community.

That brings us to this fourth link here, the community in relation to this commitment, because if the community does not see that industry is concerned about these things, then of

course the community itself still has concerns and, by its very definition, a problem will be perceived which then perhaps becomes political pressure for industry to do something about.

We have been involved in the community in a number of things. There have been tree planting programs and involvement in a number of community activities, but it became apparent that there was one area of concern in which industry could have vital impact and that is with the schools. We really did need to impact upon the educational outcomes, because industry's perception was that there were students arriving at their front door with skills less than what they required. This is a copy of a compact or a contract between industry and schools which simply says, 'We promise to work together. We don't know what the solutions are. We simply promise to work together.'

I guess we could say, 'Well, what's the vision that we have?' We are about to review our business plan and review this vision, but we would summarise this by saying our vision is that the local community of the future are local students of today that industry has involved in the learning process and, secondly, the local community of the future will have a better understanding of the important role of industry in the community. So you can see there is a bit of self-interest flavour there, but it is still, nonetheless, vitally important, not only to industry but really to the community. You will see now that we are starting to bring in this job content and this is probably what is of concern to the Senate committee.

More local students are choosing a local industry as their preferred source of employment, more teachers are reporting that their year 11 and 12 students are committed to the learning process—that says something about attitude—and fewer students are reporting that no job is one of their options. That seemed to be a bit of a growing concern and I think Graeme Harvey in a minute might talk more in detail about this because he has had first-hand experience of this. Also, more employers are reporting that young employees have good basic skills and a positive attitude. That is all I wanted to say in introduction. I am sure you have some questions that you would like to ask.

**CHAIR**—What we might do is hear from all of the witnesses and then ask questions. Mr Harvey?

**Mr Harvey**—Thank you. The compact has eight schools in it—Hamilton Senior High School, of which Lee is the principal; Kolbe, Maranatha and Tranby are private schools; the other five are all state schools. They range from Hamilton, which is just south of Fremantle, through to Warnbro which is just on the edge of the Mandurah strip. The compact works in a lot of areas. I will speak at a little bit more length on vocational education and training, but we have links between the compact schools and local industries. In particular it is interesting that Murdoch came up. We are building very close links with the South Metropolitan College of TAFE and, now through them, through to Murdoch, so we are actually using TAFE to do some of our providing of some of the courses I will speak about shortly.

Partnerships with compact schools and our local community: we have several groups operating here, working parties, and we have become a point of contact for a lot of different agencies, including WA Department of Training and DEETYA. I will spend most of my time on vocational programs, although it is only a part of what we do, because it seems to

be the emphasis of this inquiry. In WA we have vocational programs which have four essential parts to them. They are the language and communication, work and career—that is about the workplace, industrial relations, what the requirements et cetera are; industry related—if kids are doing hospitality, then all of their studies would be in that area, or if they are doing engineering, their studies will be in that area; and structured workplace learning. I will talk about that very briefly in a little while.

Something which was quite unique in WA to begin with in vocational programs was their outcomes or competency based, although our whole curriculum is moving that way now. Kids pick a common core, so instead of picking a fruit salad of subjects they pick a course which is a set course, much more like a university course. They do not have any choice of subjects; they go into a particular area. They have potential for credit transfer, in that they are doing national training modules within their course. It is based on links with local industry. We survey local industry and try to build the courses in such a way that they are providing what industry is saying they require and they provide a vocational focus. Kids have decided the area they want to go into and they study in that direction.

Structured workplace learning is about 20 per cent of the total course. I will not read through all of that; I will just talk to it. Basically the kids go out into the workplace for one day a week, or they may be in blocks. A uniqueness about the structured workplace learning in WA is that by completing a list of 28 competencies in year 11, the kids are given credit for a year 11 subject, so it actually works towards their secondary graduation; and then in year 12 they will get another subject. So out of a total of 10 subjects, two of them can in fact be workplace learning. This has enabled us to get quite considerable funding from the Australian Students Traineeship Foundation and to this date by the end of the year we will have been funded by the ASTF to the value of somewhere around \$250,000 to set this compact up.

The vocational programs we have in place at the moment are the ones listed there. Although there are only eight there, we have about 18 programs running, so several of them are running in more than one school—for example, engineering in three schools, business studies in three and hospitality in three different schools. In combined studies they do not choose any vocational area; they have a bit of a fruit salad. Instep is similar but it is run from the private schools and Fast Track is a catch up for kids who are unable to meet the requirements to do year 11; they do a year 11 repeat and then will either go into normal year 11 or into employment. But they are all the same sorts of programs.

One of our proudest moments, I suppose, is the school based traineeships. We are in our second year in the engineering, which was the first of its type in WA; in fact, in Australia. In this particular one it is a specialised vocational program where they spend 55 per cent of their time in school, somewhere around 10 per cent of the time at TAFE—although in one of the programs, the clerical one at Lee's school, they actually do all of their time in school; they are able to provide all the modules there—and about 35 per cent in paid employment. Instead of them doing structured workplace learning they are actually paid to do 600 hours a year of paid employment. So they are doing a part-time school based traineeship.

We now have four of them in operation although we are having a bit of difficulty with one of them. The engineering is in its second year. We have our second intake. The

hospitality one is running but we are having considerable difficulty placing the kids because we have tried to place them during school hours and the hospitality industry does not operate then. So we now have a working party which is looking at the possibility of kids' part-time work being their traineeship.

**Mrs Moore**—I think it is fair to say that the schools in this whole area are generally from low socioeconomic areas and that the students themselves do not see university as being a major priority—there are obviously a number of them who do—and so the opportunity to be part of this compact that has been driven by industry is one that we have been very grateful to be part of and very supportive of what has happened. I think the success has been very much because industry has driven it. My experience with some of the other groups or clusters in Western Australia, and in fact in the eastern states when we have been to have a look at some of those, is that, where chambers of industry or schools have tried to drive them, they do not seem to be quite as successful. So the support of having the large industry, and then of course linking in with them the smaller one, has been very beneficial for all of our schools.

I currently have about 80 or so students. My population in the school is a medium to large one of 1,050 with 80 staff. In the year 11 and 12 areas I have more than 80 students. In the past they would not have had any opportunity to go directly into a TAFE area or employment at the end of their schooling, but they now have the opportunity to do so and are finding great success in that. So we are extremely supportive. I have staff who have done extra category 2 workplace training in their own time. I have six staff going with me on Wednesday to Adelaide to the VET Network conference. The enthusiasm and support from those staff—and it is the same in all of our schools, all the principals agree—has been terrific. It has obviously been their enthusiasm that has really moved this along, linking in with knowing that the industry on the Kwinana strip has been happy to support us in lots of ways.

**Senator GEORGE CAMPBELL**—Who provides your funding?

**Mrs Moore**—That is an interesting one. To start off with, the Kwinana Industries Council put up some money to get the whole project going and looked at funding some for Graeme to act as an executive officer. We mentioned that ASTF, the Australian Students Trainee Foundation, has supported us quite strongly as the compact itself. As that funding alters its composition it is interesting that the schools have been prepared to put in some money themselves, either in cold hard cash or in kind with teacher days. That in itself is a positive direction because schools do not fork out money unless they see some benefit in it. A lot of schools do not have spare money to do that, so it is a commitment.

**Senator GEORGE CAMPBELL**—It is basically a combination of money which the schools are finding and the local business community.

**Mrs Moore**—Yes, there is a strong link between the two.

**Senator GEORGE CAMPBELL**—Have you run into any problems with insurance coverage for your students going into some of these industries? When we were in Rockhampton last week they raised some concerns with us there. They could not put students

into, for example, the boat building industry—and you have a very big industry here—because that was prohibitive in terms of insurance for people out of schools, yet they were able to put them into the construction industry. I dare say more accidents occur there in a 12-month period than occur in the boat building industry. That was one of the problems they raised in getting access for young people into employment opportunities.

**Mrs Moore**—Because of being part of the compact it has not been one of our worries. We have been able to put those administrative sorts of details to Graeme and the wider organisation group, if you like, so from the school point of view all of that has been covered. I know with the traineeships there has been a lot of union consultation looking at all the industrial ramifications of insurance and workers comp, et cetera. So from our point of view it has not been an issue. It may have been more of an earlier issue with Graeme with a lot of work to be done.

**Senator GEORGE CAMPBELL**—Have you had any problems?

**Mr Harvey**—With the structured workplace learning, the education department has an insurance policy but it does not cover for liability to the companies themselves. So far we have not had a problem, but Alcoa has taken out its own public liability insurance for people who are on structured workplace learning. We are looking at the possibility of that being done as a compact. The kids themselves are insured. With the traineeships we found that they were under three different situations and it became a bit difficult to begin with. While they are at school, they are said to be under the duty of care of the school. When they go to TAFE, they are under the duty of care of TAFE. Once they are a paid employee, they are under workers compensation. The difficulty is when they are going from one to the other. But with all of our programs they spend full days—they have full days in school or full days in TAFE or full days at work, so we have not got that changeover. If that were occurring, that is a problem.

**Senator GEORGE CAMPBELL**—They are basically covered for the period that they are in the working environment.

**Mr Harvey**—Yes.

**CHAIR**—Mr Baker, did you want to add anything to that question from Senator Campbell about compensation? Are there any problems from your end?

**Mr Baker**—No.

**Senator GEORGE CAMPBELL**—Is your organisation doing anything in matching the skills or training that you are putting young people through to the potential jobs market in the area? In other words, is anyone doing a skills audit? Someone talked before about preparing people for the market and I just wrote down, ‘What is the market in this area in terms of jobs with a future?’ It seems to me that it is one of the weaknesses in every area we went: there is no-one doing any detailed analysis of what are the skill requirements for these areas in the short, medium and longer term?

**Mr Harvey**—We did a survey of Kwinana Industry Council companies about 2½ years ago and we asked them two things: ‘Of the programs we have been running, which ones do you think are beneficial to you?’ and, ‘What other programs do you think you would like?’ We have not changed any of them for that but we do have one program we are still looking at in, strangely enough, engineering production. We had difficulty putting it in place in the past because of the system of accreditation in WA. We do not have a dual certification system, only a single certification system, so schools are unable to give national modules and normal secondary graduation. The system will change as of next year, and we are able to do that, so we will have another look at that particular one.

We also had talks with the WA Department of Training Regional Offices and that was where the horticulture and hospitality programs came from. They felt there was a need for those. We are now looking at doing another skills survey. The Coastal Area Consultative Committee will be working on that, and we will be working with them on that.

**Senator GEORGE CAMPBELL**—I am concerned also about the evidence that was given by the previous group, the area consultative committee, that a trainee or an apprenticeship group down here had applied for 70 apprenticeships and had only been able to fill 50 on the basis that people that had applied for the other 20 apprenticeships had not the basic skills that would have enabled them to take them on as apprentices. That seems to be running quite at odds with what you are saying you are doing with the programs you are running. Where is the mix-match going on here? In an environment where there is high youth unemployment, why can we not find 20 young people to pick up 20 apprenticeships that are available in the local area? It is being said that the skill gap is the reason the positions cannot be filled.

**Mr Harvey**—That evidence would not be universal. Alcoa and a lot of the KIC companies have decided to advertise locally and they were more than happy with the candidates they got. The total number was far reduced because in the past they had advertised all over the metropolitan area but they were able to fill all their positions and they were quite happy with the calibre of the candidates. I have heard that from other areas, the CES in particular, in the past, who would say they quite often could not fill positions. I believe that is partly a culture that is here. Cheap land is great to attract people, but it tends to attract the low income earners and possibly people on social services and we have a lot of people who are third and even now fourth generation unemployed who have never seen any other culture but the social services culture. That is something that schools are trying to address—trying to change that culture.

VET in schools and vocational programs I believe are helping to do that because we have kids who are actually put into the workplace while still within the protection of the school structure. We send them to TAFE within that and we feel that the transition there is far better now. We have about a 70 per cent or 80 per cent success rate in those programs. Obviously we are not catering for all the kids at this stage.

**Senator GEORGE CAMPBELL**—Is there also a concern, Mr Harvey, that, because of the high number of young people that are unemployed and the limited number of jobs that they are competing for, in fact these group schemes for employers are not setting the hurdle too high in terms of what their expectation is of young people in terms of the basic skills

they require to apply or to be successful in getting those apprenticeship jobs? Is this almost a forcing down effect?

**Mr Harvey**—Possibly. When we put the first school based traineeship in, one of the comments that the local industries made was, ‘Are we going to be able to target the TEE or tertiary entry kids for our apprenticeships?’ and we said, ‘No, what you will get are the kids who traditionally would have gone into an apprenticeship.’ They were a little bit concerned. They are now in their second year and they are saying that some of these school based trainees are in fact better than their traditional apprentices. Obviously there are going to be extremes but they were quite happy with the calibre of the kids that came in. They were more kids who would go towards a trade. In the past, as Lee said, I do not think we would have got them at school at all.

**Senator STOTT DESPOJA**—Firstly, I congratulate you on your environmental emphasis as well as on the compact, but I am curious: does the council have a relationship with other government programs—they are not labour market programs these days—like work for the dole and Green Corps? It was because of your mention of environmental matters that I was just wondering, apart from the compact, whether you have an involvement in some of these other government projects.

**Mr Baker**—No, not directly. My managers are always very conscious of trying to make sure that I do not spend too much money and therefore always emphasise that the Kwinana Industries Council as a body should only be addressing those issues which they see as being a common problem area, like the environment. I do not address every environmental issue that confronts each company. It is only, for example, that I am able to set up a series of monitoring stations that can be done in common for every company. There is no point in every company doing air quality monitoring, for example, or water quality monitoring. In relation to your question, it could well be that industries are doing it individually but have not brought it to my attention as an issue to be addressed as a group.

**Senator STOTT DESPOJA**—So there may be some employers or some industries that are involved, but not necessarily the council.

**Mr Baker**—No, it has not been brought to the council.

**Senator STOTT DESPOJA**—I was just curious about that point. I was interested in your presentation. I think you were talking about the students who had been surveyed who showed an increased interest in learning. Was that one of the findings that you were pointing at some of the year 11—

**Mr Baker**—I guess this is anecdotal evidence and it probably is best if comments come from my colleagues here today.

**Senator STOTT DESPOJA**—Certainly.

**Mr Baker**—But certainly there has seemed to be in some instances quite a strong indication that there is a turnaround in the interest level of students. Some students who are simply not normally turned on by any academic activity at all, when they can see the

application in front of their eyes and they become involved in it, suddenly see the relevance of educational effort. That is reflected in the classroom.

**Senator STOTT DESPOJA**—I was going to ask to what do you attribute that anecdotal record of an increase and you are saying it is once they are imbued with an understanding of how to apply themselves or opportunities at the end of it. That is directly, you would say, as a consequence of some of the work of the compact?

**Mr Baker**—Yes. Would one of my colleagues like to add to that?

**Mrs Moore**—Yes. I think schools are also getting better at helping students understand what is out there for them. That is part of our publicity thing. All of us, as the compact, are trying with newsletters and so on to promote the compact and what it does. What we are doing in our own information procedures in schools generally is making it clearer for students. Of course, TAFE entry these days is a lot clearer. It seemed to me that some years ago when I first came into this area it was somewhat pot luck if you went to TAFE. You knew how to get to university but the rest was a bit blurred. It is very clear now.

We have a clear counselling service in year 10 where our teachers, who are trained in that area, actually talk to their individual groups of students on a one-to-one basis and then invite parents in as well. At my school parents are absolutely dreadful at turning up at Parents and Citizens night but where you have got report nights or this particular activity, we have 70 per cent or so of the parents making the time during the day to come along to this one-on-one bit. That is when they can start to see that ‘This will be more relevant for my child; they are not university bound, they are mad keen in the business and clerical area so perhaps we will look at them going into the traineeship.’ So I think it is a combination of things and everyone being a bit more aware that we have to do more to help direct students in the right way.

**Senator STOTT DESPOJA**—What kind of impact has this had on the retention rates in terms of the final years of schooling?

**Mrs Moore**—It has certainly been quite noticeable in our school. We have something like 80 per cent of students going on from year 10 to year 11 and quite high levels going from year 11 to year 12. It is probably over 90 per cent in that area. Of those 80 we are talking about that are now in vocational courses, probably 50 of them would have disappeared in the past into the work force or would have tried to get into TAFE in previous times. The ones that were still staying on at school were often doing courses that were really a bit of a mishmash. They did not really quite know where they were going but they were not ready for work, or could not find it, so they would come back to school. It was not a real direction in what they were doing.

**Senator STOTT DESPOJA**—The figures you have just referred to are specifically for Hamilton Senior High?

**Mrs Moore**—Yes, Senior High School.

**Senator STOTT DESPOJA**—Would you say they are reflected across the board, or from those other schools that have participated in the compact thus far?

**Mr Harvey**—Yes. Kwinana, which is just up here, probably had the lowest retention rate and they were talking about 15 per cent. They are talking now about 70 to 75 per cent over the last three years but they have about 70 per cent of their kids doing VET programs now because of the clientele they have got.

**Senator STOTT DESPOJA**—The figure that you referred to, Mr Harvey—you mentioned 70 to 80 per cent—that was specifically in terms of retention at the TAFE level earlier, or was that just—

**Mr Harvey**—No. That was either going on to TAFE or picking up the employment in the area they want to work at.

**Senator STOTT DESPOJA**—Right, which is significant, too.

**Mr Harvey**—The normal course is around 40 or 50.

**Senator STOTT DESPOJA**—Just in relation to the TAFE environment, or the post-secondary environment, I am curious about the links you have with TAFE and vocational education. I am just wondering what are some of the factors that you would identify as making those environments more attractive for young people or students. We have already discussed today issues of transport and I am curious, too, specifically in relation to income support. Are these things that you would say are in need of improvement or are satisfactory? What is your assessment of the environment in which young people or students are studying at TAFE?

**Mr Harvey**—There are probably two issues there. Our links with TAFE have come about by, first, the compact and, second, by the South Metropolitan College of TAFE, where Ron Innes in particular has set up what he has called building bridges. The idea of that was to link TAFE to schools. We meet on a regular basis, once a month, and have been doing so now for 2½ years. They have gone out of their way to make the use of TAFE facilities and courses easier for schools. We found in the past that we had a very low percentage of kids who chose to go to university or TAFE and of those selected only about half of them actually took up the places and we still have not found out why. Some of the things, we suspect, are transport and finance, but I think it is also an expectation within the community—and I think it was mentioned earlier that university and TAFE are not desired areas to go.

Murdoch did a survey which came out last year on the people who were going to university. The normal university is about 50 per cent male and 50 per cent female. This area is 75 per cent female, 25 per cent male and the reason they put was because it is a blue collar area and, to the parents, the guys go and do the real work and the girls might as well go to university. It is that sort of thing. It is very much that type of area.

**Senator STOTT DESPOJA**—Yes. Mrs Moore, you discussed some of the arbitrary entry requirements that have existed in the past to TAFE, or at least the confusion surround-

ing them on occasions. Fees and charges have always been an interesting issue in relation to TAFE. Is that something which you have had reports of as being a difficulty, a disincentive or an area of confusion? Or is it something that is not a problem whatsoever?

**Mrs Moore**—It has not been a huge issue as yet but it certainly may move in that direction. Students can see that in fact TAFE fees are much less than university fees and so a number are looking at the possibilities—the smarter ones—of perhaps going through the back door to universities. Going a certain track down the TAFE course will give you good standing for certain semester units at university.

**Senator STOTT DESPOJA**—And the credit transfer you referred to earlier.

**Mrs Moore**—And hence save costs, because the HECS fee is fairly high for a lot of students at the universities. You can go in that back door way via TAFE and save yourself some money.

**Senator STOTT DESPOJA**—May I put a question on notice—and you might like to supply this in writing at a later stage or verbally—and that is your assessment of the possible impact, if any, of the introduction of the common youth allowance; what that will mean either for retention rates or for difficulties, strains on resources in the school environment, or the TAFE environment? If you do not have an opinion on that, I accept that but I am very curious to see if that is something which is factored into people's thinking.

**Mrs Moore**—Right.

**CHAIR**—I hate having to press—it is a very important question—but I think Senator Tierney has questions, too.

**Senator TIERNEY**—Mr Baker, you mentioned when you put up the chart that eight schools are involved, some private and some public. Eight out of how many in the area?

**Mr Baker**—They are basically the key eight in this area. We attracted those schools which were adjacent to industry.

**Senator TIERNEY**—So all in the region adjacent to industry are involved?

**Mr Baker**—Yes.

**Senator TIERNEY**—With the emergence of Murdoch University in this area, particularly in courses relating to engineering and hospitality—which of course run in TAFE and also in universities—has any thought been given in terms of the link between TAFE and university institutions to allow students to progress if they want to upgrade qualifications?

**Mr Baker**—I am certainly aware that in the last six months there have been discussions between TAFE and university with a view to being able to demonstrate to students that there is an option—which is a progressive one—where they can do some elementary studies at TAFE that might gain a number of certificates, whether it is a basic certificate or an advanced certificate, and eventually move up for those better students. Those who want to

pursue higher academic studies can then progress on to the same course of studies at a higher level at university and get the degree from the university. I certainly have been involved in some brief discussions that were taking place between TAFE and Murdoch University with the introduction of a number of environmental studies.

**Senator TIERNEY**—Because they are at an early stage in their development here, it might be a good time to set those things up. You might want to have a look at a model on the Central Coast of New South Wales. It is the Ourimbah campus of the University of Newcastle and when it was built they actually put TAFE, university, adult and community education all on the one site. They have developed excellent articulation structures in similar areas between TAFE and the universities there. It is a model that you might want to look at from this area.

**Mr Baker**—I think we may be heading in that direction, although it is early days, with the campus that is here at Rockingham. They built the Rockingham campus of Murdoch University on the same block of land, if you like, as the Rockingham TAFE.

**Senator TIERNEY**—That is good.

**Mr Baker**—And they are, in fact, sharing the same library resource as a move towards developing closer links between the two organisations.

**Senator TIERNEY**—On the Central Coast you walk into one classroom which might be a TAFE one and you walk into the next one and it could be a university one. They also have sorted out a lot of the problems in terms of staff entitlements because some are under state awards and some are under federal and it is a really thorny sort of issue. They have worked their way through that, so you might want to have a look at that as well. If I could ask Ms Moore about the percentage of pupils in schools that are involved in these pathway type of programs, you did mention one school which I think was up to 70 per cent of students involved. Is that typical? What, in your average high school, would be an involvement of students in these programs, as opposed to the normal, straight, academic type of streams?

**Mrs Moore**—Certainly down in this area there is a greater proportion of students who are involved in vocational courses and I think it is the greatest number in Western Australia. It is atypical, if you like. Part of that is due to the fact that the compact and the industry support got off the ground very much at the first step of this whole vocational push. There are a number of other areas, particularly in regional Western Australia, where there are strong moves in that direction. For example, in the Pilbara you will find that there are a lot of strong vocational courses occurring there. In the rest of the metropolitan area schools are taking on this direction according to the support they are getting and also the needs of the students. In a lot of schools where you have got less academic students it seems like the very sensible way to go, because it is a clear direction that can have some very good outcomes and end points for the students.

I could not generalise as to what proportion of students would be involved in the VET courses—Graeme may know a little more from his overall work in it—but certainly down in this area it would be stronger than anywhere else in the metropolitan area.

**Senator TIERNEY**—I assume it is growing as a proportion of the numbers at school, the pupils enrolled.

**Mrs Moore**—Absolutely. The federal support in the last year and then the state commitment to all of that has meant there have been funds available. In the last year in particular the number of schools offering VET courses have increased dramatically and the number of courses that are being offered in those schools has increased very strongly. I think it will plateau for a while because as someone mentioned before we do have to match those places with some positions or job demands that are there.

**Senator TIERNEY**—I was curious also as to the reaction of the high school staff to this change. If you are like our area the average high school teacher is about 46. A lot of them have been in the system for about 20-odd years and when they came into the system the view was that schools were to educate for life, they are not vocational in nature. Of course there has been a big shift in the last 10 years. Is there any resistance to this sort of change? Or are staff generally happy that this is the way schools are now going?

**Mrs Moore**—I think, certainly in my school and it seems to be the views of my colleagues, that earlier on yes, there was quite a bit of resistance particularly from the teachers that were seen to teach the academic, university entrance type of subjects, thinking that they were all going to lose their jobs, or there will be less students in their classes and so on. But it is really a different market that we are looking at. In our school the same number of students are still doing those tertiary entrance types of subjects. What has happened is that some students, as I mentioned earlier, have returned who would not have in the past. Probably what is missed out is some of the non-tertiary subjects where you would pick this one and that one in an isolated sort of direction. So from that point of view you would find a few staff members that would feel maybe a little disgruntled. But we are here to educate students, we are not here to look first of all at the staff component. I have to be very clear that our role is to educate, not to just provide jobs. We have to make sure we cover the whole range of things that is required for young people.

**CHAIR**—You might decide to take questions on notice. By the way, if there are any questions on notice, we do not want theses, just some dot points, because you are all frantically busy. I would like to first of all congratulate you because we hear so much a litany of problems that I suspect you are at least three people who have pulled your finger out and started to make the world change. Certainly this committee has seen that around places from here to there and people with that kind of commitment to the community and to our families and young people deserve our acknowledgment—so well done. Do you think that this is also changing attitudes of employers, who now do not regard people who come to work for them as basically vegetables who push buttons or do things?

**Mr Baker**—I think there is a growing trend that they are expecting a higher level of educated work force and more sophisticated. There is a trend in most companies now to go to more sophisticated equipment. There are diminishing numbers of manual jobs available and that expectation I know they are expecting to flow down through the education system.

**CHAIR**—One question on notice, if you can just give us some dot points, is how are you measuring success or is it too early yet? Would the success only be in head counts of

students or would it also be in terms of attitude change—not only Senator Tierney’s useful question about teachers but also the employers who now might look at prospective employees as humans and not numbers or counters? Can I just ask you to give us some dot points on that but only brief.

Fourth generation unemployed, Mr Harvey? I have to challenge you. Were they not working during the Second World War? Let’s be real. Are we saying mum and dad did not work and now the kids are not?

**Mr Harvey**—What happened in quite a few families here was that a lot of English migrants were brought out from mining areas in England and were settled in this area. The intention obviously was to provide them with employment. That did not happen in a lot of cases. They then brought their parents out and they have had children and their children now—there are a lot of single parents in the area.

**CHAIR**—When were these people arriving here?

**Mr Harvey**—The late 1950s.

**CHAIR**—I am really obliged for that answer, thank you, Mr Harvey. We were sitting here thinking you cannot mean the 1950s—but you do mean the 1950s.

**Mr Harvey**—When BP began the refinery, it was the first one here—

**CHAIR**—1952, yes.

**Mr Harvey**—That was when Kwinana was set up and they were looking for people to work. We did not have employees.

**CHAIR**—All right. We have to finish.

[11.00 a.m.]

**KEEP, Mr Michael, Chairman, Excellence in Education Compact, Training and Development Consultant, Alcoa Kwinana Refinery, Kwinana, Western Australia**

**CHAIR**—It looks as though there has been a failure of communication here between what was the first time and then a changed time. Mr Keep, to the extent that that is the committee's responsibility, we do apologise. It is time to wind up this session, so very briefly for the record, can you give us your name and address, at a rate of knots. Mr Keep, I presume you would know all evidence has to be taken in public and if you wanted to, you could put it to us in private, this being something I am supposed to ask each one of you. We must finish now but having put you on the record, you will also be provided with a copy of Hansard, as is everybody who comes as a witness. If there is anything you would like to add in terms of questions or answers to questions on notice, we would be very pleased to hear from you. Again we do not want theses, you are all busy enough. I do apologise to the extent that the committee has not had the opportunity to hear from you and I beg your pardon.

**Senator TIERNEY**—Chairman, I suggest that perhaps we give Mr Keep up to five minutes to just make a presentation. We can put questions on notice then.

**CHAIR**—No, three minutes.

**Mr Keep**—Will you ask me a question first so I can actually address it, or do you want me just to say something?

**Senator TIERNEY**—We just want to give you the opportunity to speak if you wish.

**Mr Keep**—My role as chair of the Excellence in Education Compact has been to obviously chair the committee that has been involved in initiatives to do with VET programs in the eight schools in the compact. From a company point of view we hope that we have been leading the way, setting an example for industries on the strip in terms of school based traineeships. We have been very heavily involved with school based traineeships. We advertise locally for our apprenticeships. We have 27 apprentices currently at the refinery. Last year, for the first time, we only advertised locally to try and address the local unemployment issue. We also take in structured work based learning students from the eight schools. We have 10 school based traineeships at the moment, paid traineeships, from the local eight schools. We have structured work based learning. We have probably 100 young people in one year from the local area that we influence. We only have a work force of 900, so I think we are doing quite well as a company. I will not say any more about the compact because I am sure in the last hour or so—

**CHAIR**—Mr Keep, some of your colleagues from Alcoa are coming back this afternoon at 2.30—Brian Foley. Do you speak the same language?

**Mr Keep**—No. He uses bigger words but I did give him a bit of a briefing on Friday about what we have achieved. Maybe the figures might be a bit iffy but, yes, Brian can answer it. He has been very involved in the traineeships as well.

**CHAIR**—If you would like to return then that would be fine. I have to say sorry, I beg your pardon and I apologise for that.

**Proceedings suspended from 11.02 a.m. to 11.13 a.m.**

**MAINARD, Mr Darrel Eugene, Owner, Woodbridge Child Care Centre, 81-83 Cuthbertson Drive, Woodbridge Estate, Rockingham, Western Australia**

**STORER, Mrs Sylvia Elizabeth, Owner-Operator, Tiny Tots Childcare Centre Pty Ltd, 1 Read Street, Rockingham, Western Australia**

**CHAIR**—I understand from the secretary that both of you have had the opportunity to read the card advising you about evidence being given in public but if you needed to you could ask for evidence to be given in private. Do you both agree that you have read that and understand it?

**Mr Mainard**—Yes.

**Mrs Storer**—Yes.

**CHAIR**—Thank you. So we need not run over that again. I now ask you to make an opening statement and at the conclusion of your remarks we will ask questions.

**Mr Mainard**—Madam Chair, members of the select committee, I have already stated my name and I represent the child-care industry. However, it is brought to your notice that at this time I feel as an industry participating in this forum we have not been given the time to do so and to do justice to this report. Therefore, I ask for your tolerance as we have had just two days outside of doing our normal work to come up with something that will be of some benefit to your committee. It has been rushed to get it over to you and I have had very little time this morning to go over it, so I hope that it will make sense to me as well as yourselves.

The changes to the child-care assistance and rebatable hourly fee by families using child care have greatly affected the use of child-care services. The maximum child-care percentage offered to families has been slowly reduced, resulting in the fees paid by parents for care to rise and the rebatable amount claimed by centres by the Department of Health and Family Services also to be reduced. Families who exist on casual, part-time and seasonal employment are unable to afford the child-care fees that exist. The reduction of hours that parents can claim from child-care assistance has been reduced from 55 to 50 hours per week, which again resulted in higher fees for families. These hours have again been changed recently with the federal government instigating the 20-hour limit for non-working parents.

This has resulted in parents lowering their child-care usage and the fees rising for those using over 20 hours and who are considered ineligible for the full 50 hours available. This is a difficult situation for families who work casually but may not work every week and must have some child-care arrangements in place in case of work. The overall effect related to the terms of reference is, firstly, retrenchment of unqualified staff members who work in child care due to the lowering of numbers of families using child-care centres. Where in the past all staff members in child care were on a 38 hour week, more employers are using staff casually. In an area where once there were several centres which contributed to offering full-time employment to young job seekers and mature workers, there are now fewer positions available with less job security for the current child-care worker.

In regional areas there are fewer opportunities for workers to seek re-employment in their chosen working environment. Many workers are forced into unemployment as they are specifically trained in the child-care industry. This also results in fewer workers obtaining long-term experience and gratification of maintaining a career in the child-care industry. The second area of concern is that the change to the funding towards child-care fees has resulted in families deciding between the wage earned through employment and the cost of child-care fees. Every family that decides to forgo using child care for work reduces usage in the child-care industry and also lowers the standard of living of that household. The above commitments contribute to an overall loss of income for the whole community through fewer families affording the higher standard of living. Less input of moneys into a community from families leads to reduced business ventures and lowered employment opportunities.

Regional areas are particularly affected as these areas are often without large corporations that help sustain a community. The direct result on the child-care industry is a lower need for full-time child-care positions and fewer staff are needed to maintain the child-staff ratio. The effect of the lower employment in regional areas results in the child-care industry no longer being a viable business opportunity. Owners who already have investments in these areas of business find that their business values are reduced. Regional communities have little chance of selling current business interests, especially as whole communities are usually affected in the downturn in the economy. That was a statement—and there are still a couple to come—from the Mandurah people in a Mandurah centre. They faxed it to me last night and I am just reading it.

While job programs and vocational education are always an advantage in depressed areas of employment, this can often be hampered by the lack of any prospect of employment at the end of training, especially in regional areas. These areas are only offered limited employment places in the child-care industry future. Qualified staff members need to often travel a greater distance to have training. They then find it difficult to seek future employment in the industry due to the downturn in the demand for child care. The recent amalgamation of the Commonwealth Employment Service to Centrelink and the privatisation of employment services has left regional areas without specialised services that understand the varieties of regional employment. Regional employment is far more likely to be seasonal, casual and part time. Many families do not always have work on a weekly basis and many of the benefits offered by Centrelink are based on regular weekly employment.

I have gone on from there. Wages in the industry have increased along with everybody else's over the past four years, yet the federal government in their warped sense of direction have decided that, to maintain a high quality child-care centre, you do not even need the basic CPI increase. Yet they even put their own wages up and go off on their little useless holidays overseas each year, while we as private child-care operators struggle to survive and keep up the good image of the industry. As an example of how the wages have gone up, the following is the norm: 1995, \$10; 1996, \$8; 1997, \$8; and 1998, another \$14. In this same time frame superannuation increased from three per cent to seven per cent. On top of all this the state government this year has doubled the workers compensation payments. As an example, last year the average centre paid around the \$1,000 mark; this year it is \$2,000 plus.

As stated above, the federal government has not increased the hourly rebatable fee in all this time. At the same time it has introduced the child-care accreditation system which is another considerable cost to all centres. Therefore, to recover some of these costs most centres are having to put their fees up by at least \$5 per week, if not more, every 12 months. In the low to lower middle income areas, such as the one we are in here at Rockingham, Kwinana and the surrounding areas, some centres have not been able to put their fees up because the parents are not able to afford the extra cost and will therefore pull out of the work force. The fees charged in these areas compared to the norm for this state are as follows: the mean being \$165 per week as against this area of \$145 per week full-time care.

My inquiries, in the short time we have had to prepare the submission, indicate that the average income for the low income earners are in the vicinity of \$25,000 to \$26,000 per annum, or unemployment benefits. There is a small element of the population that is on a much higher bracket. However, it appears that a good percentage of parents are working on a casual basis. How does this affect the family unit? Families are very insecure with their employment on these grounds. Families are very wary of mum going out to work because they are usually on some sort of government benefit to subsidise their income. Therefore, the minute mum goes to work they lose a percentage of these benefits. However, the income does not normally cover the shortfall of these benefits; for example, health care card, rent assistance, phone account, electricity account, education fees, uniform allowance.

No doubt there is a lot more that a good number of families get that I have not heard of. Therefore, even though they would like to go to work, even for just a few hours a week, it is just not worth the effort to try. This then leads to other possible sociological problems; for example, the mother feeling locked away in the family home all day, every day, if she does not have that little bit extra to allow her to go out for a while. This can lead to other problems, including child abuse and possible marriage break-ups which in turn create their own problems and in some cases can even lead to crime. While the federal government wants to keep the mother at home, they should not be hindered in having a choice of working—and this has come from a parent—even though John Howard has said this is a fair and equitable system.

Fee structure and how it affects the less fortunate: the federal government in their wisdom of listening to the so-called do-gooders and know-alls of this country decided that they should cut the full-time rate of care from 55 hours of care to 50 hours of care per week. If it was kept to the original 55 hours most parents with children in full-time care would be saving something like \$20.50 per week. A parent with one child in care on 55 hours would save \$9 per week. An extra cost to the parent that the federal government has snuck in is that they have lowered the maximum percentage rate, although it is only minor, being from 83.04 per cent down to 82.61 per cent, a fall of only .43 per cent, or for somebody on the full percentage rate, 10c a day.

This is quite a lot of money when your gross income is around \$25,000 to \$26,000 per annum. It could mean the difference of being able to afford fresh vegetables for the family table—for example, broccoli, cauli, cabbage and beans—that are nourishing foods for young children. Examples: workings are for the maximum fee relief for two children in full-time care of 90.22 per cent. I have gone on. Do you want me to give you an example?

**CHAIR**—Just hold on a moment now, Mr Mainard? You have actually read us letters from others?

**Mr Mainard**—No, they are not letters. I interviewed some of the parents at my own centre.

**CHAIR**—So these are all parental comments.

**Mr Mainard**—Comments.

**CHAIR**—We are very pressed for time. How many more have you got?

**Mr Mainard**—There are only a couple here. There are about four pages.

**CHAIR**—Can you not read it? Can you just tell us what are the main points. If you like, you can give us those letters and we can accept them all as submissions to this inquiry. There is no trouble with that, Mr Mainard.

**Mr Mainard**—My reason for reading it is the simple fact that we have not had the time to put it together and I have not had the time to reread it myself.

**CHAIR**—You are making the points very well. Some of us have a very good understanding of the challenges of child care. I think we could hear from you, but we will have no time to ask questions. Are you and Ms Storer happy about that? We could go on. Are my colleagues happy with that or would you like to ask a few questions?

**Senator STOTT DESPOJA**—I think a lot of it has been covered.

**CHAIR**—I think that is right. Mr Mainard, do you think there is anything new in the next three or four pages? Have a quick look; take a minute to just cast an eye over them.

**Mr Mainard**—The kindy program is probably another area of big concern to the industry itself and the training program. With staff starting in a centre we often employ young children—when I say ‘children’ I mean teenagers of 13, 14 or 15 years of age, coming straight out of school—alongside our trained staff. That is part of the licensing requirements. If these children stay within the centre—hopefully most of them do—by the time they turn 20 or 21 they are getting to the stage where they are too old to be operating in a centre and become very expensive. What we have envisaged is—and nobody seems to want to listen to us—if there was such a thing as a training or an apprenticeship scheme of some sort and it is subsidised to a certain extent and we could go on from there, that then would not be a problem because by the time they are fully trained, the trained staff will probably be leaving to have their own children or whatever, or going on and getting married.

By doing that, most of them seem to leave the centre; they have had enough of children and they go home on their own. In that time you have got a full range of staff running through, instead of getting to the stage where untrained and unqualified staff are getting to 21 years of age and becoming too expensive, thus imposing extra costs on the centre.

The other thing is that we have in this state the four-year-old program that has been put into place. A lot of consultation was done within the communities across the state. I believe—and it seems to be the belief of most people within the child-care industry—that the ministers and their secretaries, or whatever bureaucrats go with them, did not really listen to what was being told to them and they have implemented the system anyway. I think it started in January this year. The idea is that children who are four in a particular year start—so it could be a three-year-old going to primary school or pre-school. In that situation, this coming January we have got 21,000 places being made available. The reason for this is that it has taken something like 33 per cent of children out of all the centres—those sorts of children.

**Mrs Storer**—That is actually small, Darrel. We have got two centres in Rockingham and our numbers have fallen by 33 per cent since January this year; that is the children coming to the centre. I have spoken to other centre operators locally and some of them are down to just 20 per cent occupancy. These are centres that were full with waiting lists and have dropped this much. The biggest drop seems to be in the kindy section and also with this drop we have had to put off a lot of our full-time staff and other staff. I have had to reduce their hours and employment has gone right down in the industry. I also had three girls that were training, doing the associate diploma to be qualified. All three have pulled out and I said to them this morning, ‘What’s your real reason for pulling out?’ and they said, ‘Well, because we’ve now got less hours at work, Sylvia, we cannot afford to study. We have to take every hour you give us now’ because they are no longer full-time employees. Also they said, ‘There’s so many trained staff out there now, what’s the point in us training?’ So from that point of view it has had an effect inside the child-care centre.

**CHAIR**—At what age do children commence going to school in Western Australia now?

**Mrs Storer**—The year they turn five. Pre-primary is the year they turn five.

**CHAIR**—Pre-primary?

**Mrs Storer**—Yes. The year they turn five is pre-primary; the year they turn four is the kindy.

**CHAIR**—The year they turn six?

**Mrs Storer**—Grade 1.

**CHAIR**—Was there a proposal to delay the age of entry into primary school in this state?

**Mr Mainard**—I think there was but I do not think it has been listened to. The same program applies as of January this coming year, 1999.

**CHAIR**—The kindergarten—you mean the four-year-olds before they go to school?

**Mr Mainard**—Yes.

**CHAIR**—You were previously providing some kind of kindy program and there is now a large drop in the number of people who are going to your centre?

**Mrs Storer**—It has gone to the schools.

**Mr Mainard**—That is right. It is only for two half-hour sessions a week. Is that right?

**Mrs Storer**—Some of them offer more than that. It is quite varied. The other huge drop is that we are actually open for 55 hours a week and when the centres went to 50 hours fee assistance instead of 55, we lost a huge amount of people. They all had one common denominator: they were people who were often single parents with more than two children or with two children. The single parents that were working with one child tended to stay on at the centre but people with two or three children that were single parents said, 'I'll be better off on the pension,' and they actually threw in their jobs and went back on the pension.

**CHAIR**—They needed 55 hours because of travel time?

**Mrs Storer**—No, they were not actually using the full 55 hours. They were using less than that but they used to get fee assistance on 55 hours which made the difference of, say, between \$10 and \$12 per week per child. It meant in effect the child care for the week, if they had three children, went up over \$30. They could not carry that and they said that they were better off to be on the pension.

**Senator STOTT DESPOJA**—You were just leading on to a point that was brought up by one of our previous witnesses. I think the comment was that there is a large proportion of single parents and, I am presuming, single mothers in this region. I was wondering if you had any statistics that might be available for the committee.

**Mrs Storer**—Yes, we have got a lot of single parents but I would be guessing at the number. I would say perhaps 50 per cent even in our centres are single parents. I would like to have checked that but I have not had the time to do that.

**Mr Mainard**—That might be in the centres but not necessarily in the area.

**Mrs Storer**—Right.

**CHAIR**—Of users?

**Mr Mainard**—Yes, of users of the centres for the simple reason of work or study.

**Senator STOTT DESPOJA**—A lot of my questions have been answered by you in your opening submission in relation to both the impact on the industry in terms of its own employment levels as well as the impact of a lack of or changes to child care on unemployment or employment generally in the region. I am curious, specifically in relation to education and training, about something that you, Mrs Storer, were just touching on. I know that this may not be part of your involvement but do you know what kind of child-care facilities are available through the educational institutions such as TAFE and the Murdoch

campus in this region? I am just wondering what kind of opportunities are available for those parents that are planning on studying either at university or at TAFE.

**Mr Mainard**—I will answer that. I was involved with helping to get the Rockingham TAFE operating down here. As you have probably realised, we are quite some distance from the city centre and originally that was probably where our closest TAFE centre was for child care. There were two other centres: Thornlie, which is probably 45 kilometres from here; and Fremantle. Fremantle was cut down for some unknown reason. With a lot of lobbying, we finally got it here in Rockingham. From there, the course has been going for about 18 months or two years. In fact, their first graduates came out just recently, so it has been two years. It is going on from there. But in this area, as far as training goes, we have been very lucky in those last two years. It has been exceptional. Before that it was hopeless.

**CHAIR**—To follow that question, is there a child-care centre at the TAFE where students can leave their children while they study?

**Mr Mainard**—Yes.

**CHAIR**—Is that a public or a private one?

**Mr Mainard**—Under the new system that has been introduced there is no such thing as community based or funding for government operated centres. It is now run by a committee of parents.

**CHAIR**—Is that a new system introduced by the Western Australian government or the federal government?

**Mr Mainard**—The federal government.

**CHAIR**—Federal government? Is that right? Tell us a bit more about that.

**Mr Mainard**—My understanding is that the federal government did away with the community based funding. Community based centres were funded by the federal government for X amount of dollars over and above the amount provided to private child-care centres. My understanding was that TAFE was getting the same. If not, it was then funded by the state government.

**CHAIR**—So they took away that operational grant, but you seem to be adding a word that suggested that all the centres were instructed not to be a community based centre any more.

**Mr Mainard**—That was my impression of how it came about; that all government operated centres—be it local government, federal or state government—had their operational subsidies taken away from them. Therefore, to me, that brought them back in line with the private operator.

**CHAIR**—Yes, and therefore what?

**Mr Mainard**—How do you mean ‘therefore what’? Therefore, if they are a local government operated centre, they would have to have their own management committee because they would not be funded by anybody. They would have to have their own budget—run by their own budget system.

**CHAIR**—All of those community based centres used to have a committee of management.

**Mr Mainard**—Yes, but that was also run most times by a local government organisation as well. They had to report back to a local government.

**CHAIR**—Yes, we cannot spend too long on the intricacies of child care but I think we need to be careful or exact about what those words mean, or at least those of us who might understand three different meanings for those words might be a bit concerned.

**Mr Mainard**—Possibly.

**CHAIR**—There has been a very significant closure of community based child-care centres across the country and I do know that the Western Australian government was concerned a few years ago to replace the TAFE community based child-care centres with commercially operated ones. That was a direct decision by the Western Australian government: to require them to change.

**Mr Mainard**—My understanding was that the reason for that change was because there was no funding available to them any more.

**CHAIR**—The TAFE centre I know about was way before there were any cuts in operational subsidies. Are either or both of you members of the confederation or the federation of child care?

**Mr Mainard**—I was a committee member until some years ago.

**CHAIR**—Of which?

**Mr Mainard**—Of The Private Child Care Association.

**CHAIR**—Federation or confederation?

**Mr Mainard**—Federation.

**CHAIR**—And yourself?

**Mrs Storer**—No, I am not, no.

**CHAIR**—You are not in the federation any more?

**Mr Mainard**—No longer, no.

**CHAIR**—Do you know how the federation feels?

**Mr Mainard**—You are probably aware of Chris Swan. I tried to get in touch with him over the weekend but unfortunately he was away. I tried to get his comments on how he felt about it. He did talk to me just briefly on Friday when he was on a mobile call which kept cutting in and out so we did not get back to each other on it. I said to him what I have been saying to you now and he was quite happy with what I was talking about. They have similar feelings.

**Mrs Storer**—I also think the media coverage of these child-care cuts has been huge. I had a centre where I put another girl in to run for three months and it went right downhill and I thought, ‘What’s happening here?’ When I actually went across to the centre, I could not believe the people that were coming in—when I actually stopped all the parents—did not understand the media coverage of the child-care cuts. They thought they were not entitled to any more than one day’s child care. It had 20 hours fee assistance if you are not working. They took that to be one day. One day is 24 hours; that is one day. They did not realise that they could have fee assistance if they were studying, so the message is not getting across to the people that really need it. That centre has picked up only purely because of just a lot of vocalisation and a lot of explaining. It stated in one of the advertisements that the average cost of child care is \$175 per week or a figure similar to that—I have not had a chance to look up that article—whereas down in these areas, because the people are not in that category, it is \$145. Up in Perth around the city areas, the more elite suburbs, it probably does charge that. So a lot of parents saw that advertisement and thought, ‘That’s expensive.’

**CHAIR**—Yes, and they cannot afford it.

**Mrs Storer**—Yes.

**CHAIR**—What I think we have to do is conclude here but I do thank you very much for raising a number of very important points, that is, that lots and lots of people cannot go to work if they do not have adequate quality affordable child care.

**Mr Mainard**—Quite definitely.

**CHAIR**—Secondly, you also raised the other very important point that is often overlooked that the child-care industry used to employ 70,000 child-care workers. That number has very significantly fallen but those people are as unemployed as any other unemployed person. So it is jobs in the industry itself, not just the people who use it but also the jobs of the providers.

**Mr Mainard**—As you keep saying, it has a lot to do though with the percentage ratios and the way it has been put to the parents.

**CHAIR**—Absolutely. There is not too much of a margin in a child-care centre.

**Mr Mainard**—There is nothing.

**CHAIR**—Can I just ask you, Mr Mainard: do you want to provide the secretariat with those comments or would you like to rewrite them or anything of that sort?

**Mr Mainard**—If I may I will rewrite them because there were a few comments that I have made which you might not be impressed with.

**CHAIR**—If you are sure, we would be very pleased to receive them but at your convenience because we do appreciate that everyone is very busy. I thank you both very much indeed for reminding us that child care is a critical part of employment and unemployment in regions. Thank you.

**Mr Mainard**—Thanks very much for the opportunity.

[11.38 a.m.]

**WINTER, Mr David, Managing Director, Goldeast Holdings Pty Ltd trading as Business Horizons, 11 Kitson Street, Rockingham, Western Australia 6168**

**CHAIR**—Welcome, Mr David Winter. I think you would have seen a card indicating to you that evidence must be given in public but you can ask to give some of your answers in camera. You can affirm to the committee that you have seen that card?

**Mr Winter**—Read and understood, Madam Chairman.

**CHAIR**—Thank you, they are the words we need, read and understood. The committee has before it your submission which we have numbered 205. It is dated 7 August 1998. Are there any alterations or additions you would like to make to that submission at this stage?

**Mr Winter**—None.

**CHAIR**—Is it the wish of the committee the submission be received? No objection? It is so ordered. So would you now like to make an opening statement, Mr Winter, and then we will field questions.

**Mr Winter**—Thank you, Madam Chairman. Thank you for the opportunity to address the committee. Welcome to Western Australia.

**CHAIR**—Thank you.

**Mr Winter**—Madam Chairman, my company has provided consulting services to areas from Christmas Island to the north of Western Australia down to Albany in the south. Over the last three months in particular I have worked with clients from Broome to Esperance. I believe that I am qualified to talk in current terms about communities, both rural and metropolitan, and how they feel about employment and unemployment and the challenges they face. Briefly, as I see it, there are four essential issues that come through when communities look at employment: the availability of work, obviously; accessibility to that work; the relevant education skills base in those communities; and, just as importantly if not most importantly, attitude and, as a subset, local leadership.

Often I see in the pursuit of my practice government working very hard on the provision of hard infrastructure and what I would call hard programs such as Job Network, work for the dole, et cetera, which are very much structural related issues. In my experience what I do see is that, important as those programs are, just as important are the very human issues that we have great difficulties with, I would suggest, as a community and they are trying to inspire people to grasp a belief in self and to encourage people to aspire to something that maybe their parents or their peers do not aspire to. Some probably typical examples of that would be when I was in Broome recently talking to one particular school and finding that their students, who were mostly Aboriginals, spoke English only as a second language and that there was considerable peer group pressure to prevent members of that peer group, that

cohort, from getting a real job because it was not accepted that that is what happened to that particular group of people.

Locally in underprivileged, if you like, white societies—and I think to a great extent Kwinana would be one of those but it is also very evident in Rockingham to the south of Kwinana and in Mandurah to the south of that, those three suburbs which have the dubious privilege of claiming to have the highest unemployment in Western Australia—there is a feeling amongst youth that work is not an aspiration. That is often contrasted to other cultures that I come across, particularly the Asian work ethic culture where groups of people, often with significant barriers in terms of culture and maybe even English speaking, do particularly well in our systems.

In terms of local leadership, I see projects often funded by government that do very well in communities where the project may be suspect in terms of its construction but does very well because there is considerable local leadership and determination, and that is the element that makes it work. Likewise, I see projects that are theoretically sound but the community lacks the local leadership in order to take them forward. In my observation, the move by government some years ago to disassemble the regional development organisation structure was a significant retrograde step, primarily because it sent a message to community business leaders that their attributes, their dedication and their devotion to their communities could be dispensed with at a whim by governments. That was certainly borne out by McKinsey and Co., who evidently was paid some several hundred thousand dollars to come to that conclusion. But I think it is one we can all understand.

I am heavily involved in business incubators as a tool to nurture the formation of small business. Bearing in mind that the ABS are telling us now that 57 per cent of total job generation between June 1995 and June 1996 can be attributed to small business, business incubators deliver the goods in terms of new business creation and sustainability, which is, I guess, just as important.

I know that the committee is pushed for time. I will cease there and welcome any questions you might have.

**CHAIR**—I appreciate that very much, Mr Winter. That was pithy, punchy and to the point.

**Senator STOTT DESPOJA**—Enough alliteration, Chair! Welcome and thank you for that submission. I would like you to elaborate on some of your comments in relation to transport. Clearly it has been identified as a difficulty in the region. You specifically state it is in relation to young people getting to work on time, but that there is a lack of access to transport generally. I am wondering if you can tell me what some of your recommendations are for improvement or change.

**Mr Winter**—I would be delighted to. The town site of Kwinana is an excellent case in point. You have read from my submission that it was created in the 1950s. Irrespective of how many generations of unemployed could be attributed to creating that problem, nevertheless there is significant unemployment. The town site of Kwinana is isolated from transport in terms of bus services, et cetera. I have colleagues with businesses in Rockingham,

Fremantle and Mandurah. If they employ somebody from Kwinana, they do it with some degree of caution because they know very well that it can take up to an hour and a half for a young person to travel by bus from central Kwinana to get to the suburb of Rockingham, which is just down the road. Now, if that young person is also coming from a social environment where their peers are enjoying or using the social security system to have leisure time and that is their peer support group, then there is obviously a double pressure there.

Mandurah also has a difficult aspect in terms of transport. It has the highest unemployment in the state. It is very difficult for young people in particular who do not have driving licences or those people who do not have reliable vehicular transport, even though they might own a car, to travel to the sources of employment. So you get silly things occurring.

I know, Madam Chairman, you are going to visit the Jervoise Bay shipyards during the course of the day and you will undoubtedly hear about the tremendous creation of jobs that are forecast with the expansion of that yard and the tremendous expansion of jobs that has occurred over the last five or 10 years. The question begs to be asked: why are there pockets of unemployment and yet there is a load of work? It is very straightforward: it is the point of view of getting from A to B and believing that you can enter employment in those areas, because over a period of years people have been, if you like, bludgeoned into believing that they cannot aspire to real work. Speaking to principals at the local high school, they deal with kids who believe that their future is, for girls in particular, getting married early, possibly having children and living a life in a Homeswest home. I guess there is nothing wrong with that, but it is at a cost to this community. Somebody has to pay and there are financial and social downsides to that.

In terms of other areas, I am consulting to a group in Geraldton in the mid-west, an enormous area, and it is an incredibly wealthy area. There are many mines producing a high degree of exports and a lot of jobs and yet you find the same thing: you have a mining organisation that is looking for workers and yet in a regional town—I will pick Geraldton—there is considerable unemployment. You just cannot get from point A to point B. It is not complicated, by any means.

**Senator STOTT DESPOJA**—That is interesting. You are identifying disincentive that works both ways. In some cases employers are reticent to take on employees who may come from other regions or have difficulties in terms of accessing transport and from the other perspective.

**Mr Winter**—Yes.

**Senator STOTT DESPOJA**—That is just extraordinary. What about the costs of transport? Is that something we need to factor in as well? I mean, apart from lack of access and time, is it costly to get from one region to another?

**Mr Winter**—It is. It is an issue but I think it is a minor issue in terms of pure accessibility and then the belief in self to go and get the job. Many times you come across people who have got jobs who have not got the qualifications but they have got the job because the employer finds they have the right attitude. It is the belief in self. If groups of people find

themselves in an isolated, disadvantaged region, they tend to believe that and that disqualifies them.

**Senator STOTT DESPOJA**—I am just looking at your comments relating to the government being well advised to fund initiatives sending messages to young people. Can I congratulate you on that—that they ‘can and should aspire to sustainable and satisfying employment’. It is rarely acknowledged that maybe that is an important component for young people who are unemployed, too. There is a sense that you should get any job you can and while there may be some validity in that argument it is rare that people actually recognise that perhaps they have a right to meaningful and satisfying work as well.

I want to draw on some of your earlier comments when you talked about government initiatives. Are you willing to give a brief appraisal, if you like, of some of those programs to which you referred, such as work for the dole? I am not sure whether you are familiar with Green Corps and some of those other so-called labour market programs that have been designed to specifically help the unemployed or specifically young unemployed people. Do you have a view as to how they do assist either training young people or skilling young people and also enable them to get a job at the end of that training process?

**Mr Winter**—Thank you for that question. Yes, I am happy to provide the benefit of my observations. I believe that they provide an important resource in terms of breaking the cycle of getting up late in the morning, hanging around, watching television and going to bed. They actually make people adopt disciplines of getting up, getting dressed, going to work, mixing with others who they would not normally mix with and undertaking some work which hopefully they will feel will be satisfying for them. That would apply to all of those programs. However, people over the years have become very jaundiced with what many perceive as yet another program to take them off the numbers of unemployed. There has to be the opportunity for real jobs at the end of it or at least the chance of a real job, not just, ‘You’ll participate in this program for X number of weeks and then that’s the end of it. You’ll go back.’ People have had enough of being manipulated, I guess. That is what I hear.

**Senator STOTT DESPOJA**—Yes. If other people want to ask questions, I am happy for you to come back to me, because I am sure I could go on.

**Senator GEORGE CAMPBELL**—I take it from your earlier comments, Mr Winter, in relation to the REDOs that you would favour a bottoms-up approach to dealing with some of the issues of regional unemployment. Have you done any work or looked at what structures may be the best structures to put in place in terms of developing regional organisations that can generate activity within regions; not creating artificial jobs or throwing money at it, but actually creating business activity within the region? In a number of the regions we have visited around the country there were a lot of very good ideas. Part of the problem is, of course, being in regional Australia, the ideas are very much disconnected from the mainstream economic activities, so they never really get, I think, adequately put to the test in terms of the capacity to fund them and so forth. Have you given any thought to how you might put in place structures that would accommodate that?

**Mr Winter**—Yes, Senator. Certainly there is no quick answer to this because essentially we are dealing with people and the capacity of people. Some are good and some are bad.

Some are excellent and some are absolutely awful. That is what is going to stamp success or otherwise. But I do believe initiatives such as the ACCs and initiatives such as the regional development organisations are the way to go. It is unfortunate, I think, that politics and possibly interdepartmental turf grabbing get in the way of some of those aspirations. That has been the observable experience when those two structures were started 3½ to four years ago, where the two did not necessary talk to each other, where the boundaries were assigned by others. If government is going to give a community organisation the power to determine its own future, it needs to get out of their way and let them get on with the job.

**Senator GEORGE CAMPBELL**—I understand totally what you are saying. How then does the government interact with that community organisation either in providing funding or providing infrastructure—whether it is state, federal or local government—and at the same time get out of the way? There is always a tendency if government is going to provide funding or resources that it wants a finger in the pie somewhere, even somebody to test the heat of it.

**CHAIR**—And accountability.

**Mr Winter**—That is quite right.

**Senator GEORGE CAMPBELL**—Quite often it gets more than one finger into the pie. So it is a question of what mix you find in being able to get the right outcome.

**Mr Winter**—Yes. In my experience a REDO type organisation, an ACC type organisation, is excellent. That gives you the base structure. In order for that structure to operate and deliver the real goods and be accountable for what it is doing, government needs in my view to be able to say to that organisation, ‘Here is a set of our promises that we will deliver resources to you’—and it could well be money—‘providing you can put up an adequate case.’ But the message must be clear. What I see is mixed messages from government; in other words, ‘You can do whatever you want, but, when it really comes down to it, we haven’t got the money in this budget, we haven’t the money in that budget, and you can’t do this and you can’t do that.’ The parameters are not there.

I can remember—and I apologise for digressing slightly—having a discussion with my wife about just this. We were talking about bringing up children. You bring up children to see a clear set of guidelines and rules and as a parent your credibility is judged on whether you actually keep your side of the bargain. What we see is promises by government that are not necessarily sheeted home at the end of the day. Business people—and this is really what we are talking about in the regions—have got better things to do than be messed about potentially by governments. If the intention is to fund the program to \$1,000, you need to say to that community group, ‘If you do this, this and this and it can provide employment outcomes, then you’ll get \$1,000. If you can’t, you won’t.’

**Senator GEORGE CAMPBELL**—Maybe it is also a question of being able to find a way in which you link regional communities into the mainstream financial sectors so that they are able to access private capital in whatever form and vice versa; that you are able to direct investors out there who have got potential dollars to put into investment in the regional areas. We have seen around a number of the regional areas what appeared to be

very good potential investment opportunities. There is a tendency to see those opportunities within the CBD of Sydney and Melbourne and not necessarily outside of that. It seems to me to be a question of what sort of infrastructure you put in place to enable that to happen. Government has a role I think in facilitating that infrastructure. The question is then how you take it a step beyond that and create the interaction between those that have got the dollars and those that want the dollars to invest them.

In terms of the business incubators proposition which you referred to, how do you see that operating in regional Australia? I understand that they are very good things, but we cannot have a million business incubators running all round the country. It might be nice if we did, but it is also getting them to the next step from being business incubators into access to R&D funding, which is very difficult at the moment because of the hurdles which many businesses now have to jump in terms of paperwork; access to capital to actually start getting the ideas into production. So there is an interrelationship between them. I notice in your paper you spend a fair bit of time talking about business incubators but you do not necessarily take it a step beyond that. I think there is a lot of opportunity there for regional communities to in fact drive growth opportunities out of those business incubators. I am just interested whether or not you have given any thought to the integrated package that is necessary to take it from the business incubator up until you actually get things into production.

**Mr Winter**—Yes, Senator, I can give you some examples. There is an enormous difference between metropolitan experience and regional experience in Western Australia. You mentioned infrastructure programs. Infrastructure programs and the movement of capital to fund projects work very well in high density metropolitan regions. They do not necessarily work or should be applied in regional areas, particularly in Western Australia which has enormous land. One of the development commissions that I am consultant to in the Gascoyne has 10,000 people in total in their region, so there are different sets of problems.

In terms of the business incubator, what a business incubator does is allow people to develop their aspirations, to take charge of their lives, to go into business. Whilst I guess we would like to see Australia as being a technologically led country, in regional areas the demand is not for technology. The demand is to provide basic services. The business incubators in my experience do not work well where they are charged with a false expectation, that somehow by providing a set of infrastructure it will provide technological innovation, when what the community really wants is people to provide counselling services or to provide the fitting of exhausts and other small businesses. If we are talking about employment, the businesses that come out of small rural based business incubators are just as important in that town as would be a technology based business incubator.

I talk to a lot of local governments about business incubators. Invariably when I talk to a local government I have the mayor saying to me, 'What we need in this town is a technological business incubator, because it feels nice, it doesn't pollute the environment.' It seems by implication to provide lots and lots of jobs, but the reality is it would be a forced fit and it would not work into that community. You can provide encouragement but you cannot force communities, in my view, to adopt measures where they are not appropriate. There will be a business incubator that will be opening in Albany on the south coast of Western Australia within the next six weeks. Albany is a town—greater Albany—of probably about

30,000 people now and it will not be full, I am certain, of technologically innovative entrepreneurs. It would be great if it was but I am certain it will not be. But what it will be full of will be people who want to start a business of their own to contribute to their wealth and, I guess by implication, the wealth of their community, by giving it that opportunity.

What a business incubator does, in reality, is provide the soft support. Some of you may have been in business yourselves. You may have friends, colleagues, family that are in business. What happens is this. People go into business with lots of enthusiasm. Six months later they have become, not disenchanted, but they realise that business is lonely, that it is full of pressures and constraints that they had not realised and that is the time when most people give up. What a business incubator does is provide that very human support to allow those people to go forward and it does it very effectively.

**Senator GEORGE CAMPBELL**—The example you just gave in terms of Albany I think reinforces the message that you were giving earlier, about driving these agendas from the bottom up, so that those sorts of activities of the business incubator are linked into what the realities of local communities are, rather than some creativity that may be in some person's head, sitting somewhere in Perth or Canberra or elsewhere, who thinks that would be a lovely idea to have—a technologically driven incubator in Albany.

**Mr Winter**—Yes.

**CHAIR**—In the light of your answers to the senators and also what is written here, it seems to me that you are talking about a world that is very different from the current sexy, vogueish way to talk, which is all about competition. What you are describing in some ways is about a lot of cooperation or collaboration.

**Mr Winter**—That is right.

**CHAIR**—Is there anything called good competition left? What are we going through? Is there a significant difference? Have you got any views on that, Mr Winter?

**Mr Winter**—I see, as I am sure we all do, a lot of business people and a lot of citizens reeling from the effects of globalisation, to use the fashionable term. Many people are confused, many people do not understand it and I guess under those circumstances they look for what they can actually grasp and having a collaborative arrangement with your colleagues in the next unit down the hall in a business incubator provides that support.

**CHAIR**—You are talking about something more, though, aren't you? You said a minute ago in terms of loneliness that it is shocking to think that people in business are actually human and would like someone to speak to or smile at and they would also like somebody to know some of the things that they just are too exhausted in their brain to know; that maybe they do understand how to strip a car, but they are really absolutely hopeless on the paperwork, to get a capital flow to mean that you can run a garage. That is not a good example. That is probably not high tech enough, although it probably serves. I will come back to it in a slightly different way. What is globalisation?

**Mr Winter**—Globalisation, according to the theorists, in my view would be a situation where artificial constraints such as the tariff barriers are removed and we are supposed to be all on the same playing field. So we would compete with a manufacturing organisation or a service organisation in Indonesia or in Paris or in London or in Copenhagen or in Beijing; all the pressures that come with that. But of course the reality is that it is not a level playing field because input rates, cost of labour, currency fluctuations, government policies and a whole variety of circumstances actually impinge on that. So the small business person or the aspiring small business person feels very much an inefficient very small wheel in that very large cog and all they are trying to do is make a living. When I talk about the need to provide mutual support, it is to allow people to overcome those barriers to feel as though they have a resource, a strength.

**CHAIR**—I think you have been very kind about globalisation, the removal of tariff barriers, so internationally all across the world people can compete on a level playing field. I think a lot of people think globalisation is about unfettered capitalism, total disregard for any human values; it is all organised somewhere else, probably by the gnomes of Zurich or the faceless people who run the IMF these days. We have the community saying Indonesia has been told to put up the price of its fuel and food to pay for the debt it has just been given, largesse from people who now probably hold them by the short and curlies, which is a fair way of saying it, I suppose.

**Mr Winter**—Yes.

**CHAIR**—People actually think globalisation is a dehumanising, impersonal thing or situation that does not take account of ordinary human values. I suppose I found it very interesting to think about that dimension of globalisation against what you are saying in terms of business incubators where such ordinary things as someone to smile at or someone who might say, ‘How are you going today?’ or, ‘Why don’t we talk about this?’—in other words, cooperation—which is running enormously counter to the unfettered competition of globalisation.

**Mr Winter**—Yes. Madam Chairman, the need for a business incubator is the same as the formation of guilds at the beginning of the Industrial Revolution where tradesmen formed together for mutual support. That very human need—which is not so long ago in terms of human history—is still there. We all think that we are so sophisticated and modern and impervious, but in actual fact we are still human beings underneath it all with very human needs. That was brought home to me very forcibly when I listened to what the Israelis were doing in terms of business incubators with the Russian Jews. I mean, that was just a remarkable example of how you could capitalise on a resource and make a quid out of it, to put it bluntly, and give people some hope at the same time. That is just remarkable.

**CHAIR**—The interesting thing is that we have been hearing some good evidence this morning—and I think Senator Campbell touched on it to some extent in terms of bottom up—and you were talking about the community being involved. Do you think, though, that sometimes the notion of a business incubator is still a bit outside of what the average person looking for a job thinks of? I mean, the business incubator is very much about creating a business. Where do you think it is in terms of unemployed people in this area, for example?

**Mr Winter**—Madam Chairman, you and your committee would be well aware of the new enterprise incentive scheme which is directed at unemployed people.

**CHAIR**—Yes.

**Mr Winter**—That has been particularly successful, of course, and business incubators could be seen to be a part of that process where people who aspire to get into small business can actually move through with some additional support.

**CHAIR**—Yes.

**Mr Winter**—But right at the beginning I mentioned people's aspirations and I believe considerable good could be done in individual communities and by governments, by people saying to their citizens, 'You may be unemployed currently but there is a future for you. You have to believe in yourself.' I am not quite certain exactly how you do that and I guess different communities would need different prods to make that happen, but visits like the one that this committee has in this town, where quite frankly many politicians would not come, are a fillip and will be seen by the local community as a fillip; that government does care and that maybe there is a future here for people.

**CHAIR**—Is it better to be a young woman or a young man in Kwinana? We heard this fantastic comment this morning that said, 'Well, the blokes go off and do the real work and the girls are just useless. They can go to university.' I think that is the best line I have heard in a long while. It may be a good description of regional unemployment. Do you agree that it would be better to be a woman who had nothing else to do besides go off and go to university? Do you understand the meaning behind my question: are business enterprises gender neutral or do you find that many of the people now successfully getting into business are women?

**Mr Winter**—Yes, Madam Chairman, as a male I feel under threat, I guess. The best small business people are female. They are more reasoned, they are less emotional and they generally seem to be better prepared than blokes.

**CHAIR**—In fact I think the figures for bankruptcies would confirm that.

**Mr Winter**—Yes.

**CHAIR**—Certainly there are many less women who get into business and go bankrupt.

**Senator TIERNEY**—Can we finish there?

**CHAIR**—No. I have plenty of things to ask you. How far from Rockingham to Kwinana?

**Mr Winter**—It is a quarter of an hour—10 kilometres or thereabouts.

**CHAIR**—So why hasn't anybody started a local bus that zaps around the place? I mean, you tell me it is an hour by public transport from one to the other.

**Mr Winter**—There is a transfer station on the main road, which is this road here, so you have to catch a bus from the centre of Kwinana to the transfer station and catch another bus down to your place of work. Depending on the frequency of the bus services and when you want to get to work, that is the time it is going to take you. Of course after hours it gets even worse. So many of the people in that area would like to aspire to maybe part-time jobs, particularly young people, in the hospitality industry. Now, how are you going to get there? It is almost impossible. Then there are some security difficulties as well.

**CHAIR**—It sounds like a reasonable proposal for a new business.

**Senator STOTT DESPOJA**—One of the points I was hoping you would raise was the issue of some government assistance, again related to my earlier question about labour market programs. You mentioned NEIS. I am just wondering what the impact has been, not only on the incubators, if you like, but on the development of small business and those kinds of initiatives as a consequence of budget cuts to NEIS, a program that was by anyone's standards a very successful program with an 81 per cent success rate or something in some cases. I am wondering what your position on that particular funding program is.

**Mr Winter**—I think it is fair to say that I, along with many of my colleagues, find it difficult to understand why successful programs are constrained. Notwithstanding specific questions you have asked about Kwinana and people going into business, to my knowledge the amount of people coming from Kwinana town site who aspire to small business via the NEIS scheme is very much reduced.

**Senator STOTT DESPOJA**—Right.

**Mr Winter**—I would sheet that back to a lack of self-esteem, the confidence to actually carry that forward, the guts.

**Senator STOTT DESPOJA**—Thank you.

**CHAIR**—Are there any business incubators in and around this region?

**Mr Winter**—Yes, there are a number. I need to skate on behalf of the City of Rockingham. Whilst they got almost \$500,000 from the federal government in order to establish one, they put in more than matching funds of their own to make that happen and \$200,000 or \$300,000 of those funds were actually borrowed funds from the bank. It is just terrific, in my professional capacity, to see a local government do that in terms of conflicting priorities for fixing roads and paths and sporting facilities. So, no, we have a commitment to try and generate employment in our local area, which is great.

**CHAIR**—And you are a business.

**Mr Winter**—Yes.

**CHAIR**—You tick-tack very closely with ACCs and regional development people?

**Mr Winter**—Very much so.

**CHAIR**—So you are happy to work through whatever community infrastructure you can find?

**Mr Winter**—Yes, absolutely.

**CHAIR**—Mr Winter, that is another example of some energy and optimism and we thank you.

**Mr Winter**—Thank you for the opportunity.

[12.20 p.m.]

**GREEN, Mr John Stewart, Executive Officer, Governance, City of Rockingham, Civic Boulevard, Rockingham, Western Australia 6168**

**KINS, Mr Imants, Manager, Strategic Planning Unit and Economic Development Coordinator, City of Fremantle, 8 William Street, Fremantle, Western Australia**

**McILHONE, Mr John, Economic Development Manager, South West Group, c/- City of Melville, Almondbury Road, Ardross, Western Australia 6153**

**CHAIR**—Welcome to this committee hearing. Do you have any comments on the capacity in which you appear?

**Mr McIlhone**—I represent the economic development aspirations of six local authorities which include Fremantle, East Fremantle, Cockburn, Melville, Kwinana and Rockingham.

**CHAIR**—I believe all of you would have seen the card about the nature of evidence which we prefer to have in public but if you wish to give anything in private you can ask us. Have you all read and understood that card?

**Mr McIlhone**—Yes.

**Mr Green**—Yes.

**Mr Kins**—Yes.

**CHAIR**—The committee has before it submissions which we have numbered 153, dated 7 May 1998 and 67, dated 30 April 1998. No. 67 is from?

**Mr McIlhone**—The South West Group. I believe that is mine.

**CHAIR**—The other one is from the City of Rockingham. Are there any alterations or additions you would wish to make to the submissions at this stage?

**Mr Green**—Not from the City of Rockingham, no.

**Mr McIlhone**—No.

**CHAIR**—Is it the committee's wish that the submissions be received? There being no objection, it is so ordered. Would you like to make some opening statements and then we will field questions.

**Mr McIlhone**—Could I take the initiative and ask if I could do an overhead presentation.

**CHAIR**—By all means.

*Overhead transparencies were then shown—*

**Mr McIlhone**—Thank you. What I would like to do is create a context for the submission that was prepared by me on behalf of the South West Group. I have come up here with a couple of issues which I think define employment and unemployment and labour as a unit cost. I was an employer for a two-year period in a small business and I am aware of what it costs to employ staff. The politics of economics—I have been around for long enough to suggest that when it comes to decision making there is a political aspect that needs to be considered. You only have to look at the political map which this region boasts—and that is in fact Kim Beazley, Carmen Lawrence and Daryl Williams, at a federal level.

Unemployment is regionally concentrated. During the course of this stay you will probably see what has occurred. Globalisation and change—I must admit for a definition I was thinking to myself, ‘What would I think globalisation is?’ I accept the comments that everybody has made here. You only have to look at the number of organisations which are jumping into bed with each other. If you look at British Airways, American Airlines, Amoco and BP, decisions have been taken in London which impact upon employment levels in Australia.

As a student of economics a long time ago I learnt about structural unemployment, frictional unemployment and the natural rate of unemployment. I would suggest that as we develop as a Western society we are expecting the natural rate to forever increase. As that increases we are becoming attuned to the fact that there will always be an unemployment level to actually cope with and live with. The mind-set is such that we are starting to accept it increasing evermore.

With regard to the new labour market that has been around for a long time, we are to an extent casualties of it but we also play within that market. We are talking about multi-skilled, short based, performance based contracts, casualisation. The so-called job for life—if there ever was one—no longer exists.

In terms of some of the solutions to those issues and the problems that they raise—I have talked about this before—the new labour market is not about transition, it is about transformation. We need to help individuals who are within it cope better with their transformation. Locally within the region we are looking at a lot of economic activity and some industries which really project the region’s comparative and competitive advantages. Jervis Bay is one example where, in fact, the federal government, through the Federation Fund, have allocated \$80 million to develop the maritime and marine infrastructure at Jervis Bay and Henderson. The state government has come to the party with \$124 million of its own.

With regard to local government in terms of small business, its relevance is probably best described by micro-business and home based business. I have looked at some of the issues that I have called the micro-business development mix, marketing, young people and women. I would also attach to that multimedia or the use of technology. The other issue, I think, is a solution to safeguarding existing jobs. I have dealt with a lot of people who talk about employment outcomes. I do not know if anyone knows what ‘employment outcome’ is. I would say safeguarding an existing job and trying to keep a job before the receivers come in

is quite an ambitious employment outcome. It is a lot better than forking out more dole payments.

Australia is open for business. I was pretty impressed with David Mortimer's report which was basically trying to package Australia as a place to be working, living and doing business. I do not know if it has gone too quiet or if we are just too far away from the action, but it seems to me that if you want to get competitive—and economic development is a very competitive game—I would suggest that there are no rules, only winners and, of course, winners take everything.

I have to put up this slide because it means that I am doing a very good job. The unemployment figures for 1997 for the September to December quarter—these are all falls, by the way—show a reduction in percentage terms of unemployed in each of those local government areas. I am an employee of each of those six local authorities and I am doing a pretty good damn job here. I have managed to reduce unemployment by 4,386—and not a single politician actually stood up and said, 'I helped.' I am not sure whether I am just being too cynical but it seems to me that if that was really achieved then I would have had a lot more people taking the credit for it, but it is only me.

These are some of the local initiatives that I am focusing on as a solution to the problems. Last year, in partnership with the WA Department of Training, the South West Group undertook a survey of home based business within the Fremantle to Rockingham area to try and acquire some primary data, some information that would give us an understanding of the importance of home based business to the regional economy. This meant firstly finding out the scale, the scope, their training needs and, perhaps more importantly, their overall professional business development needs. What was it that these people, who are businesses after all, need in order to prosper and grow or, in fact, stay in business?

The other thing that I am looking to do is that I am speaking with a number of groups, including the federal government through their Department of Employment, Education, Training and Youth Affairs, the ANZ Bank and local authorities to try and host a micro-business summit. One of the findings of the home based business survey was that there was a gap between the business of staying in business and the support mechanisms required that they can access, which will help them do just that.

The regional skills audit and training needs analysis has been an initiative of a number of agencies. DEETYA has been involved, the South West Group and the Peel Development Commission have made a submission and gained matching funding to undertake a skills audit and training needs analysis to look to gain maximum benefits from the emerging economic activity out of Jervoise Bay in particular. The other thing which the South West Group is doing as a local body is trying to overcome the mind-set in terms of what is a region and what is not a region. I have taken a bit of credit in the past for preparing a publication which is called Great South. It is really out of the state government's regional development agenda and it is matching what the state's development commissions do when it comes to attracting businesses and growing local businesses. It is basically just telling people how great it is to live, work and try and do business within south-west metro but it is really the first time that it has been packaged in such a way.

**CHAIR**—Just before you move on, can you back up to that unemployment slide which I believe is the last one?

**Mr McIlhone**—Certainly.

**CHAIR**—What is the source of these figures?

**Mr McIlhone**—It is the DEETYA quarterly survey.

**CHAIR**—Thank you. As you say, right, if those figures are as they are.

**Mr McIlhone**—Tremendous.

**CHAIR**—God knows who would be claiming responsibility. Thank you.

**Mr McIlhone**—Reiterating the home based business, the report is being presented to the management board of the South West Group on Thursday. The management board comprises the CEOs and the mayors of each of the six local authorities. I have come up with the iceberg theory and that is in terms of local government's involvement in home based business they are involved in the licensing process. In order to make an application for a home based business you need to notify the local authority, make an application, pay your fee and off you go. The bulk of people who are engaged in an activity which does not produce a smell, a lot of traffic, any noise or does not upset neighbours really has no reason that I can see why they would need to tell their local government they were involved in a home based business. I would suggest that the bulk of what goes on at home is happening and no-one in local government knows anything about it.

So the value, the scale, scope, was surveyed, the training and business development needs and the one thing that I am trying to get over, which is local government's historical dilemma in trying to promote the development of home based business, is that they are the little policemen, they operate at the local level and their current guidelines on home based business is more about what you cannot do, as opposed to any strategic attempt to foster, nurture, encourage and help grow appropriate home based business. That is my job, micro and home based business. For want of a definition micro-business is five employees or less; home based business, you work from home, you operate from home, the number of employees is normally restricted by the local authority in which you work.

Just as a matter of interest, the only local government within the South West Group that allows anybody, apart from an immediate member of the family, to be an employee of the home based business is Melville. In the rest you must in fact be a person living at that house. The future employment potential—if current figures are correct 53 per cent of micro-businesses are home based and in Western Australia 12 per cent of all homes are a home based business. The micro-business development mix that I referred to very briefly previously is about marketing; it is young people and women and multimedia and multimedia and electronic commerce. It is talked about a lot. Doing it is a bit harder but I see that as being the starting point for anybody who is looking to develop or initiate or undertake a micro-businesses from home.

**CHAIR**—If you were running a sweatshop where somebody, for a very small amount of money, was stitching up shirts or making clothes would that be under the heading of a home based business?

**Mr McIlhone**—It possibly would be, but as far as local government is concerned it would not be an appropriate home based business, so it would not be encouraged, it would not be nurtured, it would not be fostered.

**CHAIR**—You mean in these local government areas? There are a lot of them around Australia.

**Mr McIlhone**—I do not know about the rest of Australia but—

**CHAIR**—It is an interesting point to follow up. Yes, thank you.

**Mr McIlhone**—Thank you very much.

**CHAIR**—Very useful. Mr Green?

**Mr Green**—The issues that we looked at in Rockingham that we found to be most compelling were the issues of youth employment opportunities and the related transport issues. We do have very high unemployment figures in the area for youth. The opportunities for them to find employment are difficult, brought about because of the lack of a really good transport system to the area. We do have a bus service that operates between Fremantle and Rockingham, Perth and Rockingham. However, it is a very restricted service especially after normal working hours, with the last bus leaving Perth to Rockingham at 6.20 p.m. Those people wishing to find employment and being successful in doing so are being penalised because they do not have the opportunities to travel beyond those sort of hours. We are talking about people in the hospitality industry and people who work on shifts and those types of things, also the transport to and from educational institutes they may wish to attend.

We have been fortunate in having the Murdoch University established within the Rockingham area in the last two years and that has alleviated some of the problems of higher education within the area but even so that university does not offer all the courses that some of the people may wish to attend. There is still that problem of them finding the transport to and from the area until such time as they are able to drive and afford a vehicle. Pretty well they were the issues that we wanted to address. We would love to have a railway to the Rockingham area and this has been planned for quite some time. It is still currently being planned. If we had an efficient railways system between Rockingham and Perth this would alleviate some of the problems. If it ran, as it does in the northern suburbs, on regular intervals and late into the evenings that would assist quite substantially in alleviating some of the problems we do have, with not only the youth unemployment but unemployment generally within the area.

**CHAIR**—Do you want it to come down the other line and branch off, or do you want it run down nearer the coast?

**Mr Green**—The council has adopted a stand on this. They have looked at all the options that are available. The council's adopted stand is that it will come from Perth via Kenwick and through to Rockingham via Kwinana.

**Senator TIERNEY**—Is that down the coast?

**Mr Green**—No. One of the options that has been looked at is down the coast and initially the council were having a look at that as an option and pursuing that. The figures that have been brought out indicate that the best option is the one that runs through the Kenwick area, which is an existing line between Perth and Armidale, branches off at Kenwick and comes across through areas that will be residential areas and be developed over the next 10 or 20 years, where there will be a high level of residential areas established.

**CHAIR**—So it is not quite by the coast but it is not quite the other train line and then a branch across?

**Mr Green**—It is the train line that runs between Perth and Armidale and then branches off at Kenwick and comes across inland, which is different to the Perth-Fremantle option. The Perth-Fremantle option would be considered to be the coastal option.

**CHAIR**—I am not sure that we want to get into which railway we should get, but it is simply a good time to be barracking for railways, it seems.

**Mr Green**—The council is keen to see that the railway line is brought forward as quickly as it possibly can. If there are any federal government funds available to do that we would certainly welcome any support.

**CHAIR**—That does not mean I would say take it through Mount Isa.

**Senator TIERNEY**—There is a railway line actually indicated on the map. I assume it is an industrial line, is it?

**Mr Green**—It is an industrial line between I think Kwinana and Kenwick.

**Senator TIERNEY**—So that cannot be upgraded?

**Mr Green**—I think that is one of the options they are looking at. The reserve is certainly there to do that.

**CHAIR**—Anything further, Mr Green?

**Mr Green**—No, that is all, thank you.

**CHAIR**—Mr Kins?

**Mr Kins**—Yes, thank you for the opportunity of having this dialogue with you. John McIlhone, through the South West Group, has already obviously covered elements relating to the City of Fremantle. I just want to make some very brief general comments about how

local government sits in relation to economic development and some comments on the service delivery issues in relation to labour market programs. The first point I would like to make is that certainly the work of this committee is very important in the sense that it recognises that there has been a major paradigm shift in relation to what is the essential core problem of economics. The core problem of economics is no longer production and is also no longer pricing. The issue of people eating when they are hungry seems to have become a Third World concept. Certainly the central issue of economics seems to have become: can production generate sufficient employment for the work force? Can it generate employment that is secure and meets the other objectives of society?

One of the central things that I would like to say is that all the issues we will be talking about today are all interconnected with a whole range of other social, environmental issues. Certainly one of the banners that the City of Fremantle works under in relation to strategic planning is sustainability planning where we look at all of those elements together. That leads me on to the issue about complex systems. Certainly labour markets are very complex systems. We are talking about a medium number of agents or decision-makers who are intelligent, are adaptive and are also making their decisions based on local knowledge. There is interconnectedness which is a very important point that should receive this Senate inquiry's considerations.

Obviously economics and certainly labour market issues tend often to get focused as if the labour market is a simple system. It is important to always remember that the labour market is a very complex system. In relation to working at the local government level, obviously when we look at the labour market we are looking at demand and supply. On the demand side certainly local government can play a very strong role in generating demand in relation to new jobs. Certainly one of the principal aims of economic development coordinators like myself is to generate jobs on the demand side. If one looks at relevant statistics in the City of Fremantle, like ABS business registrations, there has been a significant increase in the number of new businesses established in the City of Fremantle. Between 1994 and 1996 we had about 700 new businesses in the City of Fremantle.

If one looks at journey to work information, which is the best indicator of the total labour force in the local government area, we have almost 17,000 persons employed in the City of Fremantle. Those figures, which are based on journey to work information, are certainly growing. On the demand side we certainly have a much better handle because there seems to be sufficient data for one to come up with some understanding of how that system works. The big difficulty is on the supply side. The city has undertaken job summits, it has undertaken business surveys to identify new jobs that are going to be created and we have tried to get a handle on the supply side by getting information out of the then CES in relation to the characteristics of the unemployed. Because of confidentiality issues the best we could get is skill counts in relation to the unemployed in the City of Fremantle.

Obviously that does not give us much of a handle on trying to match the jobs that are being created in the City of Fremantle with trying to get the unemployed into those specific jobs. The business survey we conducted in December of 1996 identified almost 900 jobs and, based on the skill counts, about 300 of those jobs could be filled immediately by the unemployed. However, the unemployment statistics in Fremantle still remain at a very high level but certainly, as John was saying, they have improved over the last 12 months although

Fremantle still has one of the highest unemployment rates in the metropolitan area. One of the important points I would like to make to this committee is that there is a real need for support and resourcing through local governments to get a better understanding on the supply side in relation to unemployment so that we can begin, in a more comprehensive way, to try to match jobs with the unemployed.

That is really the nub of what I would like to say. I will be tabling some documentation the City of Fremantle has developed in relation to economic development strategy. We have prepared a community profile and trend analysis about what is happening in the community and forecasting what are the major issues in the City of Fremantle. We have come up with specific documents like the demographic basic profile. Our next resource document is actually going to focus on the economic structure of the City of Fremantle and what are the major issues facing this city. Obviously we will be looking at this issue of unemployment and trying to get a better understanding of why, in a community where jobs are being created, the unemployed are not filling those particular positions. It is a conundrum, it is a mystery and we would love to solve it. With the help of the federal government we can go some way towards solving that issue and improving the way in which our society operates.

**CHAIR**—Thank you very much, gentlemen.

**Senator TIERNEY**—If we could just turn to the regional development issues, Mr McIlhone, first-up. You mentioned that there was \$80 million in federal money and \$124 million in state money for the naval infrastructure. How far through the process is that money at the moment?

**Mr McIlhone**—In terms of how committed or otherwise?

**Senator TIERNEY**—Yes.

**Mr McIlhone**—I presume it is in the bag, for want of a better word. The Prime Minister was over here on Australia Day earlier this year and it was at Jervoise Bay that he actually announced the contribution from the federal government.

**Senator TIERNEY**—You have actually shown us some very impressive drops in unemployment—

**Mr McIlhone**—Absolutely.

**Senator TIERNEY**—through this area and yet this money has still yet to actually kick into the system.

**Mr McIlhone**—That is correct.

**Senator TIERNEY**—To give you further drops, I would assume.

**Mr McIlhone**—Yes.

**CHAIR**—Do I understand Mr McIlhone to smile with agreement or with scepticism?

**Mr McIlhone**—I lived in the UK for a nine-year period and in the 12 or so years that Margaret Thatcher was Prime Minister every single year the way they measured unemployment changed. I would suggest the way that unemployment is measured and the people who fall in and fall out of that measure is probably more indicative of the fall in those registered in percentage terms that I had up, as opposed to 4,000 jobs coming from whatever activity. Four thousand jobs out of a total work force of about 93,000 is very impressive.

**Senator TIERNEY**—Comparing apples with apples, surely an injection of any sum of money into a regional economy like that is going to improve job prospects regardless of how you measure it, is it not?

**Mr McIlhone**—Absolutely.

**Senator TIERNEY**—You also have Murdoch University expanding in this area. Have you done any studies on the likely impacts of an expanding university, particularly one that is related to the local economy? I believe there is engineering, tourism and other expanding fields.

**Mr McIlhone**—The actual decision to locate the regional campus in Rockingham was taken before I was in the job, but in fact the previous speaker, David Winter, was involved in the process when it came to facilitating the decision which saw the campus being located in Rockingham. In terms of the figures and the numbers that you would require to answer your question, I could certainly access that information.

**Senator TIERNEY**—We heard earlier evidence of possible links to TAFE in terms of progression of students, or articulation of students through courses. Are you aware of any plans of the university to link itself in to the local economy in terms of the sorts of jobs it is providing, the sort of research it is doing to help grow the local economy?

**Mr McIlhone**—Yes. As part of the Jervoise Bay infrastructure development, the TAFE does in fact have a training facility based at Henderson to skill the people required for that industry, which is lightweight shipbuilding construction. In fact, as part of the overall marine infrastructure development there is a technology park proposal also which will have linkages between higher and further education and industry.

**Senator TIERNEY**—You mentioned the iceberg theory and you seem to be relating that to fast-track approvals. You indicated that if an industry was not smelly or noisy—were you saying that the fast-track approvals are actually in place for those sorts of businesses?

**Mr McIlhone**—No.

**Senator TIERNEY**—Were you saying they should be in place?

**Mr McIlhone**—I was just suggesting that if you were engaged in any type of activity which you could define as a business and you could do it from home, if it did not make your neighbours suspicious and if you were making money from a business from home and your neighbours did not know, why would you tell your local authority? You will only incur an

expense and they may impose limitations or restrictions upon what you can do and when you can do it and basically just become another headache.

**Senator TIERNEY**—Is there a problem in the region with local governments providing approvals in a reasonable span of time?

**Mr McIlhone**—I do not think so. One of the problems is that it is seen as another obstacle by anybody looking to establish a home based business. Once you have gone through the business planning procedure and you have convinced yourself that there is a dollar to be made here, it is just seen as another obstacle in that chain.

**Senator TIERNEY**—What type of home based businesses are actually developing in the area? Just roughly, what sort of areas?

**Mr McIlhone**—A lot of information based businesses; the people who set up at home with a computer, modem, fax and telephone. Settlement agents are a good example. I purchased a home 18 months ago and the settlement agent was working out of the house. There is a large number of occupations from dog grooming, flower arranging and the things that you would do as a hobby that grow into a moneymaking venture. There are also a lot of vehicle type businesses such as a delivery business and a person who has got a van out the front.

**Senator TIERNEY**—So we are hardly talking about sweatshops here.

**Mr McIlhone**—Not to my knowledge. Certainly the survey that we conducted was with businesses who were registered with the local authority. Our profile was simply those who had followed the rules when it came to applying for a business through their local government.

**Senator TIERNEY**—Thank you. Mr Green, you focused on a number of transport issues and you mentioned that the university does not offer enough courses yet in tourism and engineering, but of course it was only last year it started.

**Mr Green**—That is correct, yes.

**Senator TIERNEY**—How rapidly is Murdoch planning to expand its offerings? Do they have a plan to continue to expand for a broader range of faculties?

**Mr Green**—They have certainly got the land there to expand. What their plans are I am not sure. Certainly they do have plans in place to continue expansion of the university. I would imagine that would be dependent on take-up of numbers.

**Senator TIERNEY**—Are you saying the university is not working in with the local council or providing the information on what they are doing or planning to do?

**Mr Green**—No, I am not saying that. They would be restricted by the amount of funding they have. They would be offering the courses and it would depend on the amount of courses that are taken up as to what their expansion plans would be. I know they are

proactive in the area of working with the local industry to find out what qualifications are needed and what training is needed. With the navy at HMAS *Stirling* as well they are proactive in all those areas.

**Senator TIERNEY**—You mentioned the railway and it has intrigued me. Looking at the easement that is there, which I assume is for industry and therefore heavy duty, why could you not just run passenger trains on that track?

**Mr Green**—It comes down to the funding by the state itself and the will of the politicians to actually put it into place.

**Senator TIERNEY**—If you are resuming land and building track you are looking at huge expenditure, but if the track is already there—have any costings been done on it?

**Mr Green**—Yes, there have been a lot of costings done in that area but I do not know that it is just a simple solution of actually running passenger trains on a commercial or an industrial track.

**Senator TIERNEY**—Assuming you are going to have to build some new stations and things like that.

**Mr Green**—There would be new stations and in fact there would probably be a whole new line that would have to cater for the increased traffic because the industrial trains will still be needed.

**Senator TIERNEY**—The industrial traffic is very heavy, is it?

**Mr Green**—I am not aware of that.

**Senator TIERNEY**—Why would you need to build a new one, given train tracks virtually anywhere do not really have trains going along them every five minutes unless you are in the centre of Sydney or Melbourne.

**Mr Green**—Fairly regular traffic we would hope for.

**Senator TIERNEY**—Are you saying there is no actual serious plan in place that says, ‘We are going to do this, this and this with the rail and it is going to cost so much. Please provide the funding’?

**Mr Green**—Yes, there is.

**Senator TIERNEY**—There is?

**Mr Green**—At this present time there is a series of studies being undertaken through the state government to look at the best way of implementing their plan and they have decided that the best option is to come through Kenwick. They are now looking at the best way to implement that plan. One of the issues they are looking at is taking the track down to Mandurah and whether it deviates into Rockingham or bypasses it with a feeder bus service.

We are doing the best we can to ensure that the track actually comes through the centre of Rockingham because we see that as essential.

**Senator TIERNEY**—So when is that planning stage likely to be finished and there will be a proposal that someone will then look at and fund or not fund?

**Mr Green**—By the end of this year.

**Senator TIERNEY**—End of this year?

**Mr Green**—I understand, yes.

**Senator TIERNEY**—Mr Kins, with Fremantle you seem to be indicating that jobs were being created but I think you were also indicating that others are perhaps coming from other areas and snaffling those and the locals are not getting those jobs. Is that a correct interpretation of what you said?

**Mr Kins**—That is a fair interpretation, yes. The statistics indicate that the unemployment rate has been stuck for about five years in the City of Fremantle and the nominal number of people unemployed, too, has been stuck at around 1,500 to 1,700.

**Senator TIERNEY**—But employment is growing.

**Mr Kins**—But employment is growing. There would appear to be—and as I say we need better data on this—some fairly serious structural problems associated with the supply side of the labour market in the City of Fremantle.

**Senator TIERNEY**—Has there been any study done on why the locals are not picking up the jobs? Is there something in the skill mix or some problem like that which means they are not competitive?

**Mr Kins**—We tried to look at the supply side in the business survey we conducted in December of 1996. That study, in fact, was undertaken through funding from DEETYA and the Coastal Area Consultative Committee but, as I mentioned before, because of confidentiality issues we were not able to get an understanding of the characteristics of each individual unemployed person to look at them in a longitudinal sense to see what were the reasons this person was not getting a job when, in fact, he has got the skills to apply for the job. We are getting down to that sort of local level order of information that we just have not got.

**Senator TIERNEY**—I assume it would be fairly easy for someone from central Perth to duck over and pick up a job in Fremantle, would it not?

**Mr Kins**—Generally the journey to work information clearly indicates that the labour force is becoming very mobile. Less than about 40 per cent of those people working in the City of Fremantle actually live in the City of Fremantle. There is a significant interchange through the whole metropolitan area of people not residing close to their work and that is a problem. The other problem certainly for the city—and this is indicated in the census data—

is that at least 40 per cent of the population at each census did not live in Fremantle in the previous census. We are getting a significant population mobility and we are getting a significant work force mobility. It is a major issue in terms of trying to achieve one of the objectives. Certainly the city wants to see more people working closer to where they live in terms of meeting sustainability principles such as reducing energy use and so forth.

**Senator TIERNEY**—Could that turnover between censuses be driven largely by changing the structure of the nature of Fremantle? Particularly since the America's Cup, the whole nature of the city has changed a fair bit, has it not? Would that be driving a fair bit of the turnover?

**Mr Kins**—Yes, that is fair comment. One of the major driving forces certainly in the city has been changes in the economic structure we had. We have been losing manufacturing positions. We have had significant loss of work on the waterfront, both in terms of stevedoring and persons working with the Fremantle Port Authority.

**Senator TIERNEY**—Would you be picking up a fair amount of high labour intensive work in tourism, like restaurants, hotels and that sort of thing?

**Mr Kins**—Certainly there has been a significant growth in the number of restaurants in Fremantle since about the late 1970s. That has generated significant employment. However, the basic backbone of the city still remains the port, the fishing industry. We have new industries like the university, and Notre Dame now employs about 150 people. Each student generates about \$20,000 per annum. At the moment Notre Dame is pumping about \$20 million into our local community. There have been important changes in the structure and the census data is clearly indicating that there has been a significant growth in professionals and a decrease in blue-collar workers in the City of Fremantle.

**Senator TIERNEY**—It is a very impressive recycling of the buildings in Fremantle by the university.

**Mr Kins**—Yes. One of our key competitive advantages, as John refers to them, is our heritage. Again, in terms of everything being connected to everything else, it is really important that the city maintains those heritage buildings and looks at new uses going into them so that we retain the benefit of those wonderful streetscapes and also that we have viable new employment opportunities going into those buildings.

**Senator STOTT DESPOJA**—Mr Kins, you mentioned the lack of availability or access to demographics in relation to jobs. What happens now with the change to the privatised Job Network? What does this mean for that kind of information? Will you still rely on ABS and some DEETYA information?

**Mr Kins**—Along with quite a few other people, I am a little bit confused about where to source this information from. It was hard enough to source information from the CES previously but now I really do not know where one goes to get that information and whether Centrelink can provide that information or not. Yes, I think the issue of data availability on the supply side has become even worse.

**Senator STOTT DESPOJA**—That is something perhaps the committee can chase up as well. Just more broadly on the issue of the privatised Job Network, I am wondering if any of you gentlemen have any particular experiences in relation to the new system such as how it is working and feedback from potential employees and, of course, employers, as well as the job providers.

**Mr Kins**—The city itself has no direct experience. I sit on the Fremantle Chamber of Commerce executive board and I certainly network amongst the business community in Fremantle. It would appear, anecdotally, that a number of employers are finding it difficult to source or to find positions or get positions in Fremantle. A lot of them are advertising themselves for positions. Other than that, I really could not make any other comment.

**Senator STOTT DESPOJA**—Would anyone else care to comment on that?

**Mr McIlhone**—I am afraid I do not have a lot of personal experience either. Can I just take one step back in relation to an issue that was raised by Senator Tierney previously: Kwinana and Fremantle do actually boast high unemployment levels but have a surplus of jobs over people.

**Senator STOTT DESPOJA**—Yes.

**Mr McIlhone**—More people work there than live there, so in terms of the skills that people have and use on a day-to-day basis, the skill set is such that there is a deficiency in them being able to actually bid for the jobs that are in the locale.

**Senator STOTT DESPOJA**—In relation to the submission that has been provided, is it the Rockingham City Council that has the youth services officer?

**Mr Green**—Yes.

**Senator STOTT DESPOJA**—This may be something taken on notice that Ms Jones would like to take up. I noticed in your School and Beyond Forum the idea of getting agencies and representatives to meet with students and getting some of the major issues identified. One of those was transport and that seems to be something we have covered a bit today. I suspect Senator Campbell is going to chase it up, too. Secondly, the financial constraints on young people wanting to take up further education, would you care to expand on that? More specifically or just generally perhaps, looking at the six major issues that were identified, what kind of work has progressed as a result of identifying these issues? What kind of work is your youth services officer, or indeed the council, doing to overcome some of these problems?

**Mr Green**—We do have an ongoing program to continue these forums so these issues can be brought out at each of those forums and then we can gauge how effective we have been. The council is seen to be the catalyst in getting the information together from the youth themselves and the business community to see what the issues are from both sides.

**Senator STOTT DESPOJA**—That is happening on a regular basis, by the sound of things.

**Mr Green**—That is happening on a regular basis, yes.

**Senator STOTT DESPOJA**—That is impressive.

**Mr Green**—Forums are being held regularly.

**Senator STOTT DESPOJA**—I would like to perhaps place that one on record. There may be something further the youth services officer would like to contribute and be happy to chase up.

**Mr Green**—Yes, sure.

**Senator STOTT DESPOJA**—On the issue of unemployment statistics and ABS figures, given your comments, Mr McIlhone, would you care to make a judgment, not necessarily in terms of percentages, on whether there is a degree of hidden unemployment in this region or a degree of underemployment as well? Those statistics are very hard to ascertain.

**Mr McIlhone**—Yes. Probably both. Fatigue is one of the things that creeps in, sets in, with people who are long-term unemployed, which could be 12 months or more in any age category—be it young people or people in the 45-plus category. They become unemployed in their own minds and what is to be gained? One thing I heard last week from a commentator in public was that some people are actually better off on benefits than working, whether it be part time or for personal reasons, or whether they have got children to bring up or the costs of child care. Rather than look at that and say, ‘We’re paying our beneficiaries too much money,’ I asked myself, ‘What’s the going rate for someone when they want to get a job?’ I have never been on benefits for a long period of time but I cannot imagine it would be much fun.

I would suggest that unemployment is measured in shifts. People fall off the register for whatever reasons, whether the government changes the rules when it comes to how they measure an unemployed person. Generally people just decide to sit down because they have had enough of trying; they feel as if they are no longer capable of contributing to the work force.

**Senator STOTT DESPOJA**—I think that is an important point to get on record.

**Senator GEORGE CAMPBELL**—The first question that exercises my mind is what the division of labour is between the councils and the South West Group.

**Mr McIlhone**—The whole structure is based on a voluntary association. The South West Group of six member councils is called a VROC which is a Voluntary Regional Organisation of Councils. Some local authorities within the group have dedicated resources looking at economic development generally such as Kwinana and Fremantle. Others are looking at it more seriously in terms of employing resources to look specifically at economic development. I tend to focus on the issues that go beyond local government boundaries, such as transport, home based business and the environment. There are also unemployment issues and debate and the small business development initiatives that local government can and should be involved in.

**Senator GEORGE CAMPBELL**—So there are no sensitivity issues that are creating the division of labour.

**Mr McIlhone**—No. There is the jockeying and there is the pulling and pushing between local authorities, but generally speaking it has worked for 13 years. It has endured a few challenges, a few changes of face and as far as the external environment is concerned it has endured a change of government. One of the telling aspects of the group is that it coincided with the 13-year period of the previous federal Labor government and operated under those conditions and it has continued to operate under different conditions.

**Senator GEORGE CAMPBELL**—In the process of the workings of this group, have you ever sat down and had a discussion about what actually constitutes a region? How do we define a region? Do we define it in geographical terms? Do we define it in economic terms? What are the elements that we ought to be looking for in terms of when we draw a circle and say, 'That's a region, that's the south-west region'?

**Mr McIlhone**—I think it is where communities associate themselves with a particular grouping, whether it be based on geography or type of activity, as far as regional economy is concerned. The whole reason for preparing that publication called *Great South* was to package, first of all, a group of councils into a more distinct entity, simply because economic development is by and large defined by how much money you can attract by way of investment, whether it be from the public or private sector. In order to get involved in doing that you have really got to have something you can show people—this is who we are, this is where we are, this is what we currently do differently or better than anybody else, so why not take a closer look. The whole regional approach was also partly to try to offset the label that region has, which is about any place outside metropolitan Australia. We have suggested in our discussions with state and federal governments that a lot of the issues facing the urban fringe are as current as those facing rural and remote parts of Australia. For instance, for a phone call from Rockingham to Perth you incur a toll call. Telstra consider Rockingham as part of regional Australia.

**Senator GEORGE CAMPBELL**—Yes. Those are major issues that have to be addressed. But the main purpose of my question was that in a number of areas we have been the majority of people have said that you have got to base the links on economic links rather than geographic links and that the economic synergies were more important in defining what is the region, for the purpose of cooperation, than were the geographic links.

**Mr McIlhone**—Yes, I certainly agree with that and the ABS figures from the 1996 census reveal that the majority of the people who live north of the river actually commute to the CBD as a place of work, whereas the majority of people who live south of the river live and work within southern metropolitan Perth. So the actual structure of the work force is very localised.

**Senator GEORGE CAMPBELL**—You talked earlier about the transport problems. Has any consideration been given to looking at the issue of employing light rail to service the transport needs of that area?

**Mr McIlhone**—Certainly. There is a very good publication produced by the Department of Transport which I in fact sent to John Carter. It is a plan that outlines the public transport investment the state government has planned over the next 10 years. It looks at light rail, integrated public transport and bus services—transit services. It is very much based on a successful model of the light rail which operates from Currambine, which is in Joondalup, to the CBD and the other three lines. So the actual demographics indicate that where there is public transport, in particular light rail, people use it and they use it very heavily.

**Senator GEORGE CAMPBELL**—What is the likelihood of that getting off the ground?

**Mr McIlhone**—It is just about time and money. Certainly the government has plans to have in place a similar service for the southern part of Perth, I think by 2008. That is the time frame that they are looking at to have a light rail service which would take people from Mandurah to work in Perth in about 50 minutes. Our job is to try and speed that timetable and to make sure Rockingham is not bypassed.

**Senator GEORGE CAMPBELL**—You talk a lot about unemployment and home based activities and so forth which are engaged in in a lot of areas. Some of them are legitimate businesses, a lot of them are not legitimate businesses, but if people are earning a quid, it is a form of business. But I was more interested to find out what the experience has been here of the councils and of your organisation with Job Network in the region. How effectively have you seen that operating since it was introduced on 1 May? Have you done any survey work or had any discussions with the end users of that system in terms of how they perceive the new employment network?

**Mr McIlhone**—I am not aware of people's views on the new employment network and those who operate a home based business. I am afraid I am not aware of any correlation that they see between developing and nurturing their business and the new Job Network.

**Senator GEORGE CAMPBELL**—I was not trying to draw any correlation between the two. It was simply whether the local councils here had looked at Job Network and how it is operating in the region and servicing the needs of the unemployed and the local business community and what sort of feedback you have had in relation to it.

**Mr McIlhone**—I would say very little. Local government does not really look upon it as maybe being their core business. If you look at agencies like the Small Business Development Corporation, which operates a series of business enterprise centres throughout the state, they are probably more in tune, I would suggest. Talking as an observer and a person who just tracked implementation off the reform, I would say that people are still coming to grips with what exactly it means for them personally, whether they be a business looking for someone to employ or an unemployed person looking for an agency that can best serve their purposes in securing a job. But local government has not really worked out whether it is their role to become directly involved in it.

**CHAIR**—What is the hardest thing in this region to change—employers, government, local government, people?

**Mr McIlhone**—I think in the past the south-west group, as a grouping of local governments, has been quite lucky in that federal politics has always come out along their political dividing lines. If you look at the Kim Beazley and Carmen Lawrence electorates, and at Fremantle prior to Carmen Lawrence, the alignment was such that politically they were sitting pretty well when it came to things coming out of Canberra. I do not think that that relationship was pursued at the expense of the state but whenever the region decided that there was a need it tended to be the federal politicians who received the attention of the group. It is now perceived that we need to get closer to our state politicians. I do not think I can honestly say that there is any one factor which is prohibitive.

**CHAIR**—I did not mean it quite like that. When was this made?

**Mr McIlhone**—It was last year. It was launched in April by the deputy premier.

**CHAIR**—Last year?

**Mr McIlhone**—April this year.

**CHAIR**—This year, 1998. You all come along, all three of you, but each of you separately but collectively, and say, 'What we are doing is we're trying to change the world. We are trying to make things that previously didn't fit together fit together, because we know if our kids are not bored excretaless at school and if they are turned on to jobs and if they find out what going to work means, and if their parents are interested, then maybe we can get something different happening. If we can get local industry interested in talking to schools instead of regarding all potential workers as the enemy who have to be coped with and paid for'—you are actually in the process of changing things. It seems to me this morning we have heard nothing but evidence about all this change. It was heartening but what is the toughest to change? Is it government with its rules or is it the minds and hearts of employers? Is it big business? If that is not a reasonable question you can just say, 'No, it is all terribly hard, we are changing the lot.' If it is not a reasonable question, we will move on.

**Mr McIlhone**—For me personally I would say it is the adjustment from an area that traditionally has had a lot of jobs, where you can just unlock the factory door and pour in a lot of reasonably unskilled labour and at the end of the day you punch out and you get paid at the end of the week. Those jobs no longer exist and the actual adjustment and the cost of that adjustment is probably entrenched in high unemployment. I would say overcoming that barrier and making the adjustment to a different economy, generally speaking, as far as the region is concerned.

**CHAIR**—That is tough. Mr Green, do you want to add?

**Mr Green**—It is an attitude thing too. Perhaps the government needs to view us not so much as being the poorer cousins because we are south of the river; we need to be given as much thought and interest as other areas.

**CHAIR**—Federal or state government or both?

**Mr Green**—Both, particularly in the areas of transport. We are in the process now of upgrading the freeway but it has been a long, hard battle to have the freeway extended to where it is. It is an ongoing battle to have the traffic lights taken out of the freeway so that it is a much clearer run between the centres. It is an attitude of the people that live within the area too—to have that self-confidence in themselves to say that they are as good as the people who live in any other areas; they can get qualifications, they can work as well as anybody else. It comes down to an attitude problem of both the government and the people themselves.

**CHAIR**—Yes.

**Mr Kins**—That is the tough question. It is always really hard to identify what are the most important driving forces that really control events and control behaviour. But given my introduction I would have to say that the role of information is the critical issue and the biggest problem—and certainly this is reflected in business's response to the plethora of changing labour market programs—is that the relevant decision makers in the chain do not have the same amount of information. Everyone is operating at different levels of information and therefore it makes it pretty hard to focus all of your resources on achieving your outcomes. I presume this committee is looking at reducing disparities between regions. That seems to me to be an outcome from this process. I would think that one needs to look at the service delivery mechanism.

In terms of trying to achieve the strategy of making sure that all the decision makers have the same amount of information, maybe that service delivery mechanism needs to have some sort of multidisciplinary approach and involve a whole range of agencies that are trying to achieve the same outcome. So you have the local government, which is trying to create jobs, working with DEETYA and everyone working with the employers and representatives of the unemployed in that process as well. I will re-emphasise that we know very little about the supply side and it is the people that supposedly we are trying to put into jobs that we disenfranchise in the sense that they do not have any input into that process. So I think we should be looking at a new service delivery mechanism which gives all of the decision makers access to the same information.

**CHAIR**—It is a very interesting point. I am struck by the data in this. It is really useful. You cannot really make sensible decisions without having this kind of data and having it across a number of areas. The point you make, Mr Kins, we have had reinforced to us again and again. One area consultative council said to us, 'Well, we never knew what a university did.' That is not to sneer at or disparage them; just in their whole lives, they have grown up, left school, got into business, never went near a university, did not know what happened in a university. Down the road of course, when we speak to the universities, they said that they by and large did not know what happened in business. Now we begin to find that people sang that out loud and are getting things to happen. The first thing you have to do is to know that you do not know, which I think is your point entirely, Mr Kins.

**Mr Kins**—Yes, exactly. That is a good way of summarising it.

**CHAIR**—So there is a huge amount to know and it is a burden for a lot of people because they cannot cope with it all. On the other hand, sometimes the right information is

not getting to the right place. We meet people in the community who say, 'Nobody listens to us. All governments do is put up laws and obstacles. There's no way we can cope.' I do not want to develop that too much but I thank you very much for those answers. Page 7 of your submission, Mr McIlhone:

Robust competition has been advocated by the Industry Commission as the most secure way for regions to achieve their potential.

We have just had a previous witness tell us that competition is not perhaps the only way to go. He did not say that; that is to misrepresent him. He was telling us about the importance of cooperation, collaboration, people working together in business incubators. Do you think we have said enough on competition? Do you think competition is now proving to be destructive, at least in regional areas? How much do you three work together? For example, do you share anything—garbage, recycling?

**Mr McIlhone**—Yes, that is actually a very good point. In terms of domestic waste, the South West Group, as well as the City of Canning, which is a local authority on the boundary, have formed the Southern Metropolitan Regional Council which is looking to establish a regional resource recovery centre; a multiple means of dollars and it is a very good and topical example of where local government has bitten the bullet. You cannot just keep digging holes, throwing in waste, producing methane and everything else and adding to our global warming, but it is happening.

**CHAIR**—Thank you very much indeed. It has been a very useful contribution to our deliberations and you really did address very much the challenges we face in writing this report. The committee stands adjourned until about 1.45.

**Proceedings suspended from 12.20 p.m. to 1.52 p.m.**

**MARSHALL, Mr Ross Edward, Executive Director, Infrastructure Coordination Division, Department of Commerce and Trade, 170 St Georges Terrace, Perth, Western Australia 6000**

**PICKETT, Mr Denis, Senior Project Officer, Department of Commerce and Trade, Jervoise Bay Project Office, Level 1, 223 High Street, Fremantle, Western Australia 6160**

**CHAIR**—I believe both of you would have seen the card. You have read the card and understood the requirement about evidence—that evidence should be given in public but you may choose to give your evidence in camera. I wonder now if you would like to make an opening statement and then we will put questions to you. Jervoise Bay—how do I spell that?

**Mr Pickett**—It is actually French—Jervoise Bay.

**CHAIR**—We are a bit confused because there is a Jervois Bay just south of Sydney so you are talking about the J-e-r-v-o-i-s-e?

**Mr Pickett**—Yes.

**CHAIR**—Jervois Bay, Jarvis Bay and now Jervoise.

**Mr Pickett**—That gives it its French connotation.

**CHAIR**—Thank you, Mr Pickett. I think we have now got the right place anyhow.

**Mr Marshall**—If it will confuse you any more, we also have a Garden Island naval dockyard. Thank you very much for the opportunity to be here today. Denis and I are both from the Department of Commerce and Trade but for this particular project, the Jervoise Bay project, we have put a team together of various government departments and in some respects we are representing them as well. There are about five other government departments involved in this project. The team basically is responsible for putting together this project which came out of originally a request from industry. The big problem that West Australia has is that it has very large gas fields and something in the order of \$20 billion worth of infrastructure projects are anticipated in the next three to five years.

In the past Western Australia and Australia in general have not got the amount of work out of those projects that we believe we should be getting. One of the reasons for that was we did not have a large fabrication facility on the west coast or even anywhere in Australia. There is a small fabrication facility currently in Jervoise Bay but it is very exposed to weather—waves in particular—and without ongoing work the high mobilisation and demobilisation costs made Western Australia uneconomic in winning a lot of those major projects. Quality was never an issue; the problem always has been the mobilisation and demobilisation costs. Building on a very successful high-speed aluminium ferry industry—which we have also in Jervoise Bay—and with industry support, we believe that there is a need for a large fabrication facility. It can be justified and the work that can be done in

Australia is second to none and therefore we should be able to get work out of that \$20 billion projects.

The role that government took, with industry's help, was in fact to design a facility and then to attempt to get the finance for it and all the necessary government approvals. It is not our intention, as a government, to be the owner-operator of such a facility but to get it to the point where private companies can take over, having got a lot of the risk out of the way; that is government approvals. With risk also comes time delays and we are hoping to overcome those. We have had very good support from the federal government and on 26 January of this year, on Australia Day, on the site at Jervis Bay the Prime Minister announced a federal contribution of \$80 million towards the \$204 million project.

The project—with an artist's impression shown up there and to some extent shown in front of me—has three major aspects to it which constitute the \$204 million. There is the actual Jervis Bay development itself, which includes dredging, breakwaters, hardstand—hardstand being capable of taking something like 20,000 tonnes at one time—relocation of a major road and then \$12 million for a skills training centre which will be built within a kilometre of the facility. If I may, I would like to put an overhead on there, which is effectively this overhead but it shows the various components. To the top of the screen in the funny shade of green is what is called the Jervis Bay North Harbour which is where the high-speed aluminium ferries are built and I understand you are visiting one of those sites this afternoon.

That has been extremely successful and the government of the day built the two breakwaters which protect that harbour. The northern breakwater was only completed in December and that was really in response to the need for more additional land for aluminium boatbuilding. As a result of that we have been able to have three more sites available. To the south of those two breakwaters there is a ship lift and as you go past today you will see quite a large ship has already been lifted on that. Again that was a federal, state and company initiative to put money into that facility.

**CHAIR**—Mr Pickett, can you point to the ship lift? Thank you.

**Mr Marshall**—The area in blue is the facility that we are talking about now. In the top in the middle of that is what is currently there, which is a small area. That currently is a hardstand; the rest will all be built. The breakwaters do not exist and, as a result of that, you can see that particular site is very exposed. So that is the program that we have put together. Up on the top right in yellow is what will be called a marine industry technology park. We are currently acquiring that land at the moment and within that will be a skills training centre which will be funded by the government as part of this development. It is anticipated that we will have post-secondary and tertiary training there.

Curtin University in particular is extremely keen to get there and part of the development will have access to waterfront land. TAFE—who are following us, I think, in these talks today—will also have a site there for their skills training which currently is being done in Henderson but in rented premises. We hope that eventually there will be about 200 graduates of either post-secondary or tertiary per year being trained in that area, not only for what we

are proposing now but also for the aluminium boatbuilding area which is expanding and the skills are needed.

The type of work that we hope to get down in this area is very large fabrication. Although it is referred to as a harbour, it is not a port. There will be no loading and unloading of ships other than as a means of taking out what is being built to the various facilities; not only oil and gas but mining or related fabrication as well. Effectively it is a large fabrication facility with water as its main mode of transport for finished goods rather than road or rail. There will be no rail to this facility. There will be road access. Basically it is large fabricated pieces of equipment—topsides for rigs, jackets, that sort of thing—and they can get up, as I said before, as high as 20,000 tonnes per piece of complicated gear. There is a list up there of the things that we hope will be attracted to this site. I do not propose to go through all those unless anyone has any specific queries.

**CHAIR**—What is different about this proposal from the fabrication capacities in South Australia with the Submarine Corp?

**Mr Marshall**—First of all, the size of this one will be considerably larger. Secondly, it is nearly 2,000 to 3,000 kilometres closer to the oilfields.

**Mr Pickett**—The areas we are talking about here are in the hectares such as 60 hectares of common user area, 80 hectares of freehold land backing that up and a 123-hectare harbour; a very large facility. The facility in South Australia is actually producing pressure vessels, et cetera, for the resources industry and also delivering, I understand, various modules of a smaller size for the oil and gas industry. We are not in competition with that. We are moving into areas which cannot be handled, for instance, in South Australia. They do not have the depth of water and the ability to do the load-outs in terms of size.

**Mr Marshall**—Just to give you some idea of the size; if we were to get only 2½ per cent of the proposed projects scheduled for the North West Shelf over the next five years, we would be talking about 1,600 jobs on that facility, another 3,000 jobs and they are full-time. The other thing I was going to quickly talk about is the skills training centre. It is our schedule to start construction some time in 1999, hopefully for the start of the school and technical year, university year 2000, with project completion in about 2002. It will be staged but we are hoping to get on to that in advance of this project coming on stream.

There is one other thing I did forget to say and we tend to do this a little bit because we get carried away with this project: this project is very much still dependent on gaining all environmental approvals. The Jervoise Bay project team is spending most of its time in working with the Department of Environmental Protection and the EPA to address the facility. It has already been redesigned from the original proposal which was a 2½-kilometre breakwater, to give you an idea of scale. That has now been changed and we are looking at different configurations to increase flushing times and so on. So the project is very much still dependent on gaining environmental approvals for this process. We hope that process will be concluded by around about October of this year.

**Mr Pickett**—All details of course are given in this flyer, plus the progress of the project in this community newsletter.

**Senator TIERNEY**—With the fast aluminium boats what are the characteristics of this local economy that has given Western Australia the edge? Coming from a shipbuilding area myself in the Hunter—

**Mr Pickett**—Are you trying to pinch our ideas?

**Senator TIERNEY**—I am just curious.

**Mr Pickett**—I can answer that because my background is marine shipbuilding. I am a naval architect. I have been involved in the Jervoise Bay development since 1986 in terms of the shipbuilding industry. I come from a traditional shipbuilding type of background where everything is done on one site—shipwright work, painting, et cetera. The success of the industry in WA is that 70 per cent of the work is actually subcontracted and we have a mobile work force, so each group of workers skilled in a particular area—electronics or whatever—actually moves from one shipyard to the other on a needs basis. The shipyards do not carry the full overheads as if they were supplying all that labour directly on site. That has really been the success of the industry.

That is how it is internationally competitive. It is the ability to have a mobile, flexible work force, keep the overheads down to a minimum and, of course, through the TAFE training centre keep up the standards of quality and training.

**Senator TIERNEY**—You must have developed a little bit of an edge on design and marketing as well, mustn't you?

**Mr Pickett**—That is correct. We mentioned Curtin University, for instance. I am actually on the advisory board for the Centre for Marine Science and Technology there. So R&D is very much plugged in to the system. One of the big success areas has been the wave riding system which has been developed so these vessels doing 40 or 50 knots are actually very smooth in the water. There are a whole series of technology changes which have followed that, very much aligned to the aircraft industry, with lightweight panels inside the vessels and much more towards modular construction.

**Senator TIERNEY**—So this centre at Curtin is a CRC?

**Mr Pickett**—The Centre for Marine Science is actually a part of Curtin University itself. A subset of the centre is the actual marine engineering CRC; it is a node, one of the four nodes within the CRC. There is the University of New South Wales, the Maritime College—

**Senator TIERNEY**—So it is a cooperative.

**Mr Pickett**—It is a cooperative, yes.

**CHAIR**—A cooperative research centre?

**Mr Pickett**—Yes.

**Senator TIERNEY**—Between the four but cooperative between universities as well as between university and industry.

**Mr Pickett**—Very much industry, yes. The node at this side is responsible for the full-scale research activities, the wave riding, manoeuvring, performance of the vessels on trials and so on.

**Senator TIERNEY**—So where is the major market for these vessels?

**Mr Pickett**—Of course the vessels have grown in size. That is the other issue. The builders you see on the waterfront now are moving into building 80- to 100-metre type of vessels. They originated as 40-metre type of constructors. The initial markets tended to be in South-East Asia, China and so on but also ships you will be visiting this afternoon—I presume you will get a full briefing on that—their markets are now very much into Europe, the Mediterranean and the Middle East so they are not locked into the South-East Asian situation at the moment.

**Senator TIERNEY**—Witnesses earlier today spoke about how the Western Australian government has set up development corporations in different parts of Western Australia. I was wondering if you could just provide a little more information on the basis of that, how you pick a region to set up a development corporation and in this particular area how does the development corporation work to enhance what happens in industry?

**Mr Marshall**—There are nine regional development commissions which have been established in the state. The first was based on the South West Development Authority which was set up in the early 1980s. Consequently there are now nine representing different parts of the state. They report directly to Deputy Premier Hendy Cowan, as does the Department of Commerce and Trade. This particular project, though, is within the Perth metropolitan area which itself is not a regional development commission. The regional development commissions work outside of the metropolitan area so there is no direct link with a development commission in respect of this particular project. How they operate is that they are responsible for attracting development to their particular region.

**Senator TIERNEY**—The money that has just been announced federally of \$80 million and \$24 million state money on top of that for naval infrastructure—have you done any studies on what the spin-off effect of that sort of spending in the area will be in terms of growth in jobs or businesses? Has that sort of work been done?

**Mr Marshall**—Yes, it has. First of all we are hoping that it will not be all government money for the whole \$204 million. Once the environmental and various other government approvals are through this project will be going to international expressions of interest and then we will be able to determine whether we go for an FBOOT or a BOOT or whatever type of project.

**CHAIR**—A what, please, Mr Marshall? An FBOOT or a BOOT?

**Mr Marshall**—Sorry, finance build own operate, build own operate.

**CHAIR**—Thank you. I am glad I asked.

**Mr Marshall**—There are various combinations and what we are anticipating is a whole range of expressions of interest from just operating the facility to some maybe building part of it in return for something. It will depend on what we have to concede in order to get some money. Hopefully we will not go for the whole \$204 million but the government commitments are there. Yes, we believe if we get as little as 2½ per cent that something of the order of 1,600 direct jobs will be able to be on that site plus 3,000 off site.

**Senator TIERNEY**—The off site is related work?

**Mr Marshall**—Very much support related, yes.

**Senator TIERNEY**—So you are bringing that up to 4½ and then with the multiplier effect you could probably double.

**Mr Marshall**—Yes.

**Mr Pickett**—I think we are focusing on real jobs.

**Senator TIERNEY**—Yes.

**Mr Pickett**—In fact one of the reasons for this project being located where it is is to tap into the large regional unemployed, the youth unemployed and the mature age people. That is one of the reasons why the skills training centre is actually one or two years ahead of the completion of the project. That is at the request of industry because specialised skills in the oil and gas area of course are at a high demand.

**Senator TIERNEY**—But the rule of thumb is that you can double that in terms of what you need in hospitals and police and schools and service stations and that sort of thing.

**Mr Pickett**—A multiplier of about three or something, yes.

**Senator TIERNEY**—You mentioned the North West Shelf project work and you gave figures based on if you only got 2½ per cent of the work. Given the facilities you have here that are perhaps closest to the fields, isn't that a bit conservative? I would have thought you would be able to do a fair bit better than that, wouldn't you?

**Mr Pickett**—Yes, very conservative.

**Mr Marshall**—We believe it is very conservative but when you start talking numbers, 1,600 jobs, it is hard enough to convince people of that.

**Senator TIERNEY**—Right.

**Mr Marshall**—So I really believe you are correct and we hope that is what will happen but in conservative weight 2½ per cent is still not very much.

**Senator TIERNEY**—So we look forward to a huge job boom in Jervoise Bay?

**Mr Pickett**—The facility is designed for at least a 50-year life and we will be progressively expanding. We have to make our mark. The oil industry is a very cautious industry and although we have had successes recently we have to prove ourselves in terms of quality, cost and delivery.

**Senator TIERNEY**—Sure.

**Mr Marshall**—I think the other point to mention is that of course they will not all come straightaway. These projects are over the next five to 10 years. Obviously, we hope they are more staggered than all coming at once so that the work force will have an ongoing life. Whereas in the past that has been one of the major disadvantages here, there has been a big boom and massive employment and then that project finishes and everyone disappears again. Then the next time one comes we have another boom, but it is very expensive because you have to bring a new work force back in again. The aim of this facility is very much to have ongoing work so we have a stable work force which can take highs when they come along but have an ongoing base workload which we have not had in the past.

**Senator STOTT DESPOJA**—I suspect you have answered some of the questions I had in relation to the jobs you were anticipating would be created. I am curious to know, with the 1,600 direct full-time jobs to which you refer, about the kind of work you anticipate. How are you going to match this kind of work to skills? What kinds of skills and training and education are we looking at for the workers who will eventually be employed?

**Mr Pickett**—We have mapped out the macro in terms of the major projects. Of course, we are dealing directly with the major project developers. They have already focused on this facility and are indicating which areas of work we are likely to get at that facility. Those then govern the types of activities, the kinds of job ranges. Specialised welding is obviously a major area. The TAFE facility at Jervoise Bay at the moment is linked to an ongoing accreditation to maintain the standards of the individuals. But it can range through the full spectrum of systems, development, electronics. Obviously, the number of jobs in those areas will be less than the basic module construction.

We do not see this facility competing, for instance, with South-East Asia in what I call the basic metal bashing jobs, the scrape and paint jobs. It is about the value added side so that, with our experience and the backing of the universities and so on, we have that quality technology backup.

**Senator STOTT DESPOJA**—Obviously, you are anticipating there will be a broad range of employees. You mentioned young people and mature age and obviously with a range of skills and presumably—

**Mr Pickett**—Yes, retraining as well.

**Senator STOTT DESPOJA**—Yes, so people from within the area as well as some from outside but obviously with an emphasis on the region.

**Mr Pickett**—Yes. Of course, it is very much an international class facility so there is a lot of international company interest in establishing here as well. They will be bringing key players, their own key personnel, but part of that will be transfer of technology and skills to the local community as well.

**Senator STOTT DESPOJA**—To the region. In relation to the skills training centre, I just wanted to clarify: when you refer to the skills training centre you are referring to those institutions that you mentioned earlier like Curtin—the universities—and the CRC and stuff like that?

**Mr Pickett**—And private providers as well.

**Senator STOTT DESPOJA**—And private providers? Okay.

**Mr Pickett**—For instance, people already have their hands up in terms of simulation of drilling, the control of remote operating vehicles, the underwater vehicles to service the manifolds on the seabed and so on. So there is a wide spectrum of potential participants in the skills training centre.

**Senator GEORGE CAMPBELL**—Sorry, Mr Marshall and Mr Pickett, I missed part of your presentation, so I may ask an obvious question. This facility has been on the drawing board for as long as I can remember, an awfully long time. What makes you any more confident now that you will be able to maintain or keep up the continuity and flow of work that will make it a viable proposition?

**Mr Pickett**—That is very much a question that our Trades and Labour Council asked as well. The current facility we have there is very restricted. It is a one project at a time type of facility. What we are aiming at is the ability for companies to do multiple overlapping projects to create a steady base load of work. Once we achieve that we have a stable industrial environment and so on. That has been one of the drawbacks of the current limited facility.

**Senator GEORGE CAMPBELL**—I understand.

**Mr Pickett**—Just in terms of the generation of the facility, I suppose in terms of time, it has certainly been promoted or mooted for at least six years to my knowledge. The last two years were the most intensive time in terms of bringing it to fruition because of the large projects that are evolving on the North West Shelf. Committed projects over the next 10 years amount to \$20 billion but there is also the potential of that area in terms of people looking ahead past the 10 years. We are approaching North Sea projections. That gives much more confidence about the long term.

**Senator GEORGE CAMPBELL**—I understand that but the question I am asking is: in terms of what you know to be the development profile for the North West Shelf and further around to the East Timor Sea, what commitments, if any, have you got out of the companies that in fact they will use this facility?

**Mr Pickett**—It is a chicken and egg type of question.

**Senator GEORGE CAMPBELL**—It is a real question because you would know as well as I do that every project out of that area has been as a result of industrial action and campaigns. Very little, if any, of that work has ever come here voluntarily by those companies. In fact it has always been at the low end of the technological component also of those; it has never been the high-tech stuff.

**Mr Pickett**—There are changes on the international scene for a start, in that the North Sea is plateauing and the major companies, Shell and BP, et cetera, and the providers such as Kvaerner, Brown and Root and so on are looking for other opportunities in the longer term. It is those people who have been driving this facility. In fact its design was based on the European type of facilities.

**Senator GEORGE CAMPBELL**—Again, I understand all of that. I am really trying to get to the point of what suddenly filled you with confidence now that the type of work that facility is being set up to handle will suddenly start to flow to Jervoise Bay as opposed to Singapore or elsewhere in South-East Asia, which has been the tendency for the past 20 years.

**Mr Marshall**—I do not think there is any guarantee that those companies will definitely come. We know that without the facility they definitely will not come. We have spoken to nearly all of them. They have all given an indication of interest but of course that is very easy to say when it does not cost money. We believe that will come out of the expressions of interest later on this year. At the end of the year when we go for international expressions of interest I think it would be fair to say that if nobody showed any interest we would pack up our bags and forget about the project.

**Senator GEORGE CAMPBELL**—Where does that go? That goes to the extent of what commercial investment those companies are prepared to put into the facility?

**Mr Marshall**—Yes.

**Senator GEORGE CAMPBELL**—So this facility is not guaranteed to go ahead based purely on the federal government or state government's funding?

**Mr Marshall**—No.

**Senator GEORGE CAMPBELL**—It is going to rely substantially on what level of funding is put in by Woodside, Shell, various operators in that area.

**Mr Marshall**—I would say more from a fabricator such as Aker Maritime, Brown and Root, Kvaerner, rather than Woodside because they let the contracts but it is the contractors who we will need to win. Assuming that environmental approvals are forthcoming, it will be expressions of interest where we will be in a position to say, 'Yes, this project will fly or it won't.' If we get no interest at that point then the federal government I am sure will get its money back.

**Senator GEORGE CAMPBELL**—What sort of level of investment from those major fabricators are you looking at to make it a goer?

**Mr Marshall**—I do not know that we have actually got to that point yet. We are not in a position to say if we get \$5 million it is on, \$2 million it is off. I would like a much greater one than that. As Mr Pickett said, at the back of the facility, which will be very flat, are 10-hectare sites for fabricators to physically buy. If there is no interest in any of those sites we would again have to think very seriously. So it will depend on the sort of commitments those companies make. I cannot speak entirely for the government but it may be that if a company is willing to invest \$50 million in a facility then the state and federal government may go ahead and build the facility. We know there are at least three or four other smaller fabricators who are very keen to move into that area as well, so if we get one or two of the very big primes I think that would be a big indication that the project is likely to get work and we will proceed.

**CHAIR**—It is a good question, isn't it, from Senator Campbell, Mr Marshall?

**Mr Marshall**—It is a very good question.

**CHAIR**—You have said here that if you get no evidence of private sector interest it will not go ahead and the federal government can have its \$80 million back, which of course it has never given you, but never mind. How can you say to us that on the one hand it will not go ahead if there is no private interest and yet on the other hand it could perhaps be built by government? Are you saying that if the state and federal governments combine there has to be at least a toehold in the water of some private dollars?

**Mr Pickett**—Can I just build on that? I have been actually in the project office dealing day to day with companies and so on. Those freehold large sites could be sold tomorrow. There would be companies jumping to get in there. We already have a waiting list of people.

**CHAIR**—Which sites now?

**Mr Pickett**—These large sites here. This is a common user area.

**CHAIR**—How much of that exists at the moment?

**Mr Pickett**—That portion there.

**CHAIR**—Right.

**Mr Pickett**—These are the large freehold sites for the large modules assembly. We are already getting companies wanting to reserve those sites.

**CHAIR**—What does a site mean? A big shed?

**Mr Pickett**—That is a 10-hectare site and on that they will then have to invest in terms of facilities, sheds, machinery, et cetera. The \$204 million of infrastructure will have to be at least covered by industry investment to develop the facilities.

**CHAIR**—While you have that slide up there I would like to ask some more questions. A minute ago you were telling me about how you have the advantage of deep water, which is

something South Australia does not have, but I read in this little bit of paper that you only have deep water provided you dredge it, Mr Pickett, so let us have the whole truth, the full truth and nothing but the complete sordid details. Deeper water indeed. All inside that red line is dredged, is it not?

**Mr Pickett**—That is dredged. The deep channels out here are 14.7 metres.

**CHAIR**—That is true; the Indian Ocean is probably fairly deep.

**Mr Pickett**—These are large areas. For instance, that is the length of a large FPSO vessel, a production storage vessel, which is about 350 metres long.

**CHAIR**—What is the main expenditure? Is it actually constructing the waterfront and the breakwater?

**Mr Pickett**—The infrastructure expenditure is definitely to build the breakwaters, do the dredging. The spoil from the dredge is in the reclaimed area and also any excavated material goes into the reclaimed area. The size of that reclaimed area is a balance between the dredged spoil and the reclaimed material because it is all valuable material. The actual bunding and fronting of the reclaimed area is part of the infrastructure. What is actually put on these sites will be by industry in terms of crantage, et cetera.

**CHAIR**—I have just discovered that you do not have the deep water advantage. What other little secrets do you have hiding from us, Mr Pickett?

**Mr Pickett**—We already have a large industrial base here.

**CHAIR**—You have a very good slide on the wall.

**Senator TIERNEY**—Can I ask what depth will it be out there?

**Mr Pickett**—In that area there it is about 10 to 15 metres.

**Senator TIERNEY**—So all of this shaded the same way is about 10 to 15 metres?

**Mr Pickett**—Yes, certainly from about that line.

**Senator TIERNEY**—So the channel you are dredging is to what depth?

**Mr Pickett**—Initially it is to 12 metres. It could well go to 14.7 metres.

**Senator TIERNEY**—Didn't you say it is 10 to 15 anyway?

**Mr Pickett**—Sorry?

**Senator TIERNEY**—Could you clarify that?

**Mr Pickett**—It is 10 to 15 but there is no clear channel.

**Senator TIERNEY**—I see.

**Mr Pickett**—In other words there are—

**Senator TIERNEY**—So you do not have to take out the full spoil. You just have to even it all up.

**Mr Pickett**—On average, to get to the 12 metres, we have to take out about two to three metres at the most.

**Senator TIERNEY**—I see. Thank you for clarifying that. Not 15 metres, right.

**CHAIR**—I suppose what we have been hearing about today is a whole variety of ways in which this south-west region is looking at dealing with the question of regional unemployment, which is why we are here. What sorts of things are happening? Clearly at this stage I can say there have been little things this morning and now we have a whopper, a really big thing. There is no doubt that major capital infrastructure is necessary if you are going to have an area taking off and going. There is always a brawl between who will get it and how many you need and which sort. Can you comment on what I think you said earlier—which had the hairs on the back of my neck standing up—and that is that the public sector will do all the basic work, in other words, take out the risk, and then the private sector can come in? I am here on behalf of the taxpayers and I am saying to you, ‘Justify that, please.’

**Mr Marshall**—One of the major problems most of the companies find is the time delays in getting these sorts of projects up and running. That works out to not only risk but also to costs. Most of those approvals they need are government and we believe we can simplify that process by doing those projects in-house.

**CHAIR**—It is simple in the sense that what you are saying is that the long delays and any costs and any risk associated with that the public sector will carry. When and if it is all worked out then the private sector can buy in at minimal risk outlay. The taxpayers will have carried the major burden.

**Mr Pickett**—Can I just qualify the use of the word ‘risk’. I think ‘risk’ is possibly the wrong word. The government money, in inverted commas, will be invested in infrastructure that industry would not provide. In other words, there is no return on breakwaters, there is no return on dredging.

**CHAIR**—Why not?

**Mr Pickett**—Sorry?

**CHAIR**—Wouldn’t a private ship like to be protected from the water just like a public ship? What do you mean there is no return on breakwaters?

**Mr Marshall**—You cannot charge people for the use of the breakwater once it is put in place. You can make the land behind it worth more money.

**CHAIR**—You can charge people to ride on roads; you just slap a toll on their window. Why can't you slap a toll on ships?

**Mr Marshall**—Because in this particular instance it is not strictly a harbour in the sense that we do not have a constant flow of boats in and out upon which you can put a toll. Where we see the government will get its money back will in fact be in the employment. You will not get the money back on the breakwater per se. You will get your money back through increased taxes paid through PAYE, et cetera, with the number of jobs that are created.

**CHAIR**—How long would it take the workers at this site to repay \$204 million?

**Mr Pickett**—They do not all pay that back. Ross touched on the issue, in that the value of those freehold sites which will be sold to industry will include the protection factors provided by the breakwater and so on. Those sites are market value sites once that project has finished. There is a return involved in that but, as I say, it is the economic generator which is really driving this project.

**CHAIR**—That is right, but my good colleague, Senator Campbell, suggests this project has been in the wind for a long time, if not on the drawing board, so that is a lot of public sector dollars that have been looked at, set aside or thought about. Have you done any modelling that shows that you are going to get a better return on this \$100 million or \$200 million than if you had put it into a couple of business incubators and a new university?

**Mr Pickett**—We have not done that type of modelling. We have done the modelling in terms of the returns on the project and so on. My background is industry development and real job creation and that is what I pursue. That has been the focus from my point of view. Returning to Senator Campbell's earlier questions, he was quoting South-East Asia and Singapore and there has actually been a change of environment there over the last few years. I mentioned that we do not compete on the basic steelwork and so on. What has happened on a number of projects, in the delivery of oil and gas over the last three or four years, is that they have suffered in quality. Millions and millions of dollars in rework had to be done by importing. I do not want to be critical of South-East Asia or whatever but that is where we do have the edge. For instance, Singapore can do good work but the costs of operating in Singapore are now so high that they cannot compete with us in the value added activities.

**Senator GEORGE CAMPBELL**—What is the difference in the steaming time from the North West Shelf to Singapore vis-a-vis the steaming time from the North West Shelf to this facility?

**Mr Pickett**—It is probably shorter from Singapore but the industry is used to towing large structures and moving structures around. The actual transport cost is a small factor compared to the actual production value that is put in. It is a factor.

**Senator GEORGE CAMPBELL**—It is true, is it not, that the companies that are operating in that area have, so far during the whole of history, shown a great deal of reluctance to bring the work here, as opposed to having it done in Singapore or Korea or elsewhere? In fact, that is the history of the industry.

**Mr Pickett**—I can quote an example: our current company, United Construction, which is in Kwinana, is doing a \$45 million topside project for North West Shelf. Laminaria is the specific project. It won that project against international competition. It actually fabricates the modules at Kwinana, demounts them, transports them to Fremantle to assemble and load out from Fremantle and it is still competitive. It won that project fair and square. The estimated savings, if they could have operated from this facility, would have been 20 per cent in the production cost.

**CHAIR**—This is something which is really very interesting and, as I said before, it is a project with employment potential in this area. It is massively different from many of the other things we have been talking about but just a smaller scale. I would presume that all local councils in this area would be very happy to see it happen.

**Mr Pickett**—Certainly. This actually goes back to the question about development commissions and so on. The metropolitan region does not have a development commission but we have a South West Group of councils who, if you like, are de facto drivers and so on.

**CHAIR**—Are there any objections from the environmentalists, the greenies?

**Mr Pickett**—No. We are going through a very intensive environmental process at the moment.

**CHAIR**—Is there any major objection to this project?

**Mr Marshall**—On environmental grounds a number of local people have raised a significant number of objections. I do not think we have got time to go into them now.

**Mr Pickett**—The newsletter actually covers that.

**CHAIR**—It is a project that is really beyond us to do justice to here, in terms of actual detail, but what we have is your contribution to our deliberations about another way in which we have to look at regional employment. That has to do sometimes with very big infrastructure. On your argument there is a place for public sector contribution to such major projects. Indeed, you would argue that the public sector contribution is vital to the success.

**Mr Marshall**—I think it is, where you are trying to change a major industry and the government needs to show the lead in that area.

**CHAIR**—I thank you both for coming and giving us that presentation. As I say, it is very different. Thank you very much indeed.

[2.45 p.m.]

**FOLEY, Mr Brian, Business Manager, Residue Operations, Alcoa, c/- PO Box 161, Kwinana, Western Australia 6167**

**CHAIR**—I am not sure we have had the opportunity to thank Alcoa for its hospitality, but we thank you. We appreciate your assistance in this matter, Mr Foley. I think you would have read the card that explains the way in which we prefer to take evidence.

**Mr Foley**—Yes.

**CHAIR**—But you can, if you wish, make a case for private statements.

**Mr Foley**—No, thank you.

**CHAIR**—And as I understand it, you have read and you understand that information.

**Mr Foley**—Yes.

**CHAIR**—So if you would like to now make a brief opening statement, then we will ask questions.

**Mr Foley**—Alcoa is a large mining operation in this area. We produce 5,300 tonnes a day of alumina. Most of that material is shipped from here at the port to smelters in Victoria and overseas where the aluminium metal is produced. Our refinery is 35 years old, which is fairly old in alumina refinery standards; however, we are among the top third of the most efficient refineries in the world. We have two large neighbours: Alcoa has a refinery at Pinjarra and another one at Wagerup south of here. They are both much newer and much more efficient than ours. However, our refinery has been running well for that period of time and we expect it to go for another 50 years.

We employ a bit over a thousand people—it is 1,040 at the moment—and about 300 contractors. The number of employees has been basically the same for the last three or four years. Prior to that we had quite an efficiency improvement and the numbers decreased slightly, and over the last couple of years there has been a change in some of the areas to contracting out the resources. That has not meant a reduction of employees, because basically the same number of people are there now as there were before. There are now more contractors and slightly fewer of our own Alcoa employees. We also have 27 apprentices and 14 trainees. The apprentices are for three or four years in the mechanical and electrical trades, but the trainees are something fairly new to our organisation.

Ten of these are school based where one of our employees was working for the education department and they came up with a plan for the school students in their last year or two to have the opportunity of working in industry and earning some funds while still being at school. This school based training system is successful and the students at the end of the time have an understanding of what industry is about if they want to go into that venture. Part of that school based training is then used in their technical assessments. In

addition to that we have another four trainees. Two of them are in our operating areas in our powerhouse. Operators in the powerhouse need to have different skills than the rest of the refinery in terms of running high-pressure steam systems. They need the skills which are associated with, for instance, the navy, where they learn that type of activity and so we are taking on trainees in our powerhouse as well.

A traineeship is where they work with us for 12 months, they do some TAFE based training for about 20 per cent of the time and the other 80 per cent of the time they are in our operation. We also have two horticultural students in the trainee area. In addition to that we have vacation students. We take on about 20 here each year. We have three graduates each year in our total employee numbers. We have a very small attrition rate—less than one per cent—but each year we have about 1,500 applicants for employment here. One of the questions I was asked before I came here was, ‘What is it like for retention of skilled labour?’ and we do not have any problems at all there. Our skilled labour is not coerced to go elsewhere into the goldfields or up north because there is plenty of opportunity here for work and we have a small turnover.

A bit of background behind our operator training: we train all our own operators ourselves, so of the 1,040 people who work here there are probably 500 of those who are the operating people working around the clock, 24 hours a day in the process. They come in unskilled and through a period of time we train them in the basic induction, the basic safety, the basic understanding of the process and then over a period of a year or two they can develop their own competency based training to reach the different levels within the organisation. We have basically three levels of job grades for the operators. This operator training is effectively on-the-job training with modules which have been prepared for them by the senior operators in the area.

We have a trainer devoted to each of the operating departments and then when one of the new people is sufficiently skilled in that area they have assessments and they will go on to the next level. We are at the moment developing a computer based interactive training program so that they can do it at their own pace. Our staff training is similar and we are doing a course through the Deakin University with management training for our supervision. That is a bit of background behind Alcoa. I am also a representative of Alcoa on the local skillshare, the community based organisation for training basically the long-term unemployed. I am Alcoa’s representative on the Kwinana skillshare and I would like to spend a minute or two talking about our skillshare operation.

With the change of the new system to the FLEX 1, 2 and 3, our skillshare has decided not to progress in the new area because we were not sufficiently skilled in the case management side of the activities. So our Kwinana skillshare has pulled out of that operation. We have instead gone into the training of the trainees. As I described, quite a few of the trainees we have at Kwinana are trained in our local skillshare. The emphasis is now on the traineeships and has gone away from the long-term unemployed. The traineeships are effectively given to the best candidates, the people who are best able to take on these traineeships. They are a 12-month traineeship with, as I said before, one week a month in formal training and the rest of the time on the job, where they receive a basic wage.

Our skillshare is now called Kwinana Employment Training Enterprise and we have approximately 200 trainees going through the system at the moment. Only three of those are in the long-term unemployed ranks, two of whom we employ here at Alcoa. So I see that this is an area where the change or the demise of the skillshare system has really gone away from the long-term unemployed. Where previously the community based activity meant that community people were putting their time and assistance into their local long-term unemployed, that is no longer happening in the system. So the loss from the demise of skillshare is the opportunities that the long-term unemployed no longer have. Some of the old activities that the working nation program had are similar to what we are doing at the moment with the traineeships but they no longer exist.

One good example was the job club which was where you would train someone and show them how to go and apply for a job and for a week or so they would learn the skills of searching out the jobs, searching the market, learning how to go for an interview and then they were in front when it came to the actual positions. Something like two-thirds of our job club participants were successful in the long term. Unfortunately, that system does not exist to the same extent now. So whereas I am representing Alcoa at skillshare, the skillshare system is no longer at the same level as it was and no longer has the same community based input from industry such as Alcoa.

**Senator STOTT DESPOJA**—Thank you, Mr Foley. I am particularly interested in your comments about skillshare. I understand that you are the Alcoa representative but I imagine through your various contacts and experience you would have a fairly good knowledge generally on some of the experiences that groups have had in the community.

**Mr Foley**—Yes.

**Senator STOTT DESPOJA**—I would like first of all if you would give me a general overview, if you are willing to comment on it, on how you think the Job Network is operating, how you think the changes, the privatised job market is operating in this particular region.

**Mr Foley**—In Kwinana it is not going well because our skillshare decided not to go into that activity. We did not have the skills in the job placements. We were not a job agency. Our area was more in training and the local community had good skills at training, so our skillshare became a training enterprise and we now do the training for the other areas. So in that sense it has been quite a loss. The Rockingham one is continuing but as we did not have the skills we decided not to go into it. I have not heard too many positive reports about the change but then it is still fairly new.

**Senator STOTT DESPOJA**—Do you have any, albeit anecdotal, reports as to what some of the problems are? Today we have heard that they may be problems that the potential employees or unemployed people may have, or the difficulties in referrals. Is it employers having difficulties, perhaps in accessing the new system or having to pay for various services that previously they would not have had to pay for? Are there any examples like that that you are prepared to share on record?

**Mr Foley**—Not many because I have not had the experience.

**Senator STOTT DESPOJA**—I understand.

**Mr Foley**—The difficulty I have had with the whole skillshare network which we are still part of is really the cost to the training organisation, or the equivalent of the skillshare, if they are unsuccessful. They put a lot of time and effort into trying to obtain work for the unemployed and if they are unsuccessful they do not get any money out of it; therefore the opportunity is not there. That is one reason why our group decided not to go into it. We had the traineeships well organised and our activity was training as opposed to job placements.

**Senator STOTT DESPOJA**—So it was not viable.

**Mr Foley**—It certainly was not viable for our Kwinana group.

**Senator STOTT DESPOJA**—So what is happening with long-term unemployed people in the area? What services are available for them in terms of training or job matching or, at the other end of the scale, that intensive assistance that many people may need? Is that something that is deficient in the current climate?

**Mr Foley**—From my experience it is. There is a service called Access which is specifically devoted to long-term unemployed.

**Senator STOTT DESPOJA**—Yes.

**Mr Foley**—It is more difficult but it does have financial benefits and that is one reason why we are trying this activity at Alcoa at the moment. Our skillshare—the KETES, it is called—was asked if we would take this activity and it is very successful at the moment. The two trainees who we took were great fellows; they really wanted to get into the horticultural training and never had the opportunity before.

**Senator STOTT DESPOJA**—I see.

**Mr Foley**—Unfortunately these people are no longer the easy ones to place and therefore they are missing out.

**Senator STOTT DESPOJA**—In its previous life as skillshare before the changed arrangements in May, the skillshare was subject to other budget cuts, the cuts that labour market programs endured back in 1996. Did that have an impact on the operations of skillshare in this region? Is that something that has been difficult in terms of resources over the last almost two years?

**Mr Foley**—Yes. Because of the reduction in the throughput our numbers were halved and therefore the amount of staff we employed reduced accordingly. The one I saw which really was a problem to lose was the job club. I thought that had great opportunities to give everyone an equal chance to apply for a job and learn how to do it and if you had the skills you were better off than the person who did not have the skills.

**Senator STOTT DESPOJA**—You defined that as a successful program. You said two-thirds were successful.

**Mr Foley**—Of the order of 60 per cent, yes.

**Senator STOTT DESPOJA**—Did that mean two-thirds were in placement or were placed in some form of education, training or employment? Was that your definition of successful?

**Mr Foley**—Most of them got jobs in our area. The job club organiser was very good at training the people who were referred to her. They came from the CES to her and she taught them. Maybe they were the better ones who were referred to her but certainly two-thirds of them ended up mainly in employment.

**Senator STOTT DESPOJA**—Is that something that perhaps should be reconsidered, or a comparable—

**Mr Foley**—Within the new organisations one of the FLEX systems is a job club but it does not run separately by itself.

**Senator STOTT DESPOJA**—Not the same.

**Mr Foley**—And the training activity is now no longer there. That is the way I see it.

**Senator STOTT DESPOJA**—Thank you very much for that.

**Senator GEORGE CAMPBELL**—I have just got one question, Mr Foley. Has Alcoa given any consideration to any additional downstream processing in Western Australia?

**Mr Foley**—No. Some years ago we looked at it. Basically the power price here is very expensive compared to the east and so the smelting consumes a significant amount of electricity and the cost is just not competitive here.

**Senator GEORGE CAMPBELL**—Will that be the same case given the coming on line of the natural gas from the North West Shelf?

**Mr Foley**—I do not know. It is not my detailed area of responsibility.

**Senator TIERNEY**—You mentioned Deakin University and the way in which your management training relates to that. At what sort of levels do they undertake training?

**Mr Foley**—For supervisor training, for instance someone who is a foreman in the area and has risen up from the operating ranks and who has had no real formal training in how to manage people, Deakin have a good interactive computer based training course at the basic level. So they would end up with a diploma from Deakin after I think two years of part-time activity.

**Senator TIERNEY**—Do they have any plan to allow them to progress to higher levels?

**Mr Foley**—We have a process which allows any employee who wants to go to a higher level of training to get assistance from the company in terms of time off or payment of fees

and whatever. So if someone wants to continue on once he has reached a certain level, then we encourage that. But it is not formally through Deakin; it would then be at one of the local universities.

**Senator TIERNEY**—But Deakin is one of your—

**Mr Foley**—No.

**Senator TIERNEY**—Sorry, through Deakin, not through Murdoch.

**Mr Foley**—Over east—yes.

**Senator TIERNEY**—So the sort of arrangement I was thinking of was one that Southern Cross has got with Woolworths and with Telstra where people in those management positions from the company can go from a certificate right through to an MBA in a formal arrangement. So you do not have any formal arrangement?

**Mr Foley**—No.

**Senator TIERNEY**—They just participate and it is not tailor-made; it is a general course offered out of Deakin for an MBA.

**Mr Foley**—Yes, for the basic supervisor level.

**Senator TIERNEY**—Okay. Now, in terms of the school based training and students coming in and working at Alcoa for part of their final year course, what sort of time do they put into that per week?

**Mr Foley**—That is not an area I know the detail of, but I believe it would be a week on and a couple of weeks back at school. It is that type of arrangement, as opposed to so many days per week. But the school based ones are not my area.

**Senator TIERNEY**—Could you perhaps get hold of information as to how that works, from Alcoa's point of view, and provide it to us?

**Mr Foley**—Certainly.

**Senator TIERNEY**—And just finally, coming from an aluminium producing area in the Hunter Valley, I am intrigued that a 25-year-old plant is in the top third. How have you managed that?

**Mr Foley**—A 35-year old plant.

**Senator TIERNEY**—Thirty five?

**Mr Foley**—Yes.

**Senator TIERNEY**—Even more so.

**Mr Foley**—We have managed that through a good technical understanding of the process. We have our own research centre here which is Alcoa's worldwide research centre.

**Senator TIERNEY**—When you said a third, is that a third of the world market?

**Mr Foley**—Yes.

**Senator TIERNEY**—A third of the world.

**Mr Foley**—A third of the world's aluminium—I think there are about 30 or 40 alumina producers in the world and there is a study done periodically of where each fits into the curve.

**Senator TIERNEY**—Yes, I am aware of that.

**Mr Foley**—We are certainly in the top third, so when a downturn in the industry comes, it comes here much later than the rest of the world. I think it is just good modern technology which has been developed. A lot of it has been developed here. One of our big advantages is that the bauxite for our operation is only 20-odd kilometres away, up in the hills—say 50 kilometres away in the hills—so, relative to most of the world, we have cheaper bauxite.

**Senator TIERNEY**—And I suppose in relation to plants like Bell Bay in Tasmania, you have gone through a fair few more capital upgrades.

**Mr Foley**—Yes, Bell Bay being only in the smelting side of it—they had alumina refining many years ago; I was from Tasmania myself at the time—their bauxite came from the north of Australia, Weipa. So our transport costs are very slim. But they have got very good power prices there.

**Senator TIERNEY**—You have got a great advantage with your source being closer. Thank you.

**CHAIR**—You said one thing, Mr Foley, that really stuck in my mind—'We went through an efficiency which actually means downsizing'—which actually means laying off staff.

**Mr Foley**—Yes.

**CHAIR**—Are you aware of how many people in the community now regard efficiency as a dirty word?

**Senator TIERNEY**—Did you not also say that the staffing numbers did not drop very much?

**Mr Foley**—The efficiency part was about 10 years ago and we really put on people then.

**Senator TIERNEY**—Yes, that is what I thought you indicated.

**Mr Foley**—It was around the time we went from a 40-hour week to a 36-hour week and then we had a lot of inefficiencies in the process. We then went from four shifts to five shifts and the same number of people were employed there but at the same time we increased production from 3,500 tonnes a day up now to 5,000 tonnes a day. So the real efficiency is the efficiency of the process. We are now making one and a half times the amount of material for the same refinery.

**Senator TIERNEY**—You did not put anyone off?

**Mr Foley**—No, we put people on at the time and then slowly over the last 10 years we have dropped down in numbers to about 100 less than we were 10 years ago.

**CHAIR**—That is very interesting. So efficiency in your organisation is not a dirty word.

**Mr Foley**—No, I would not think so.

**CHAIR**—Do you understand the sense, though, in which I would ask that question; that for lots of people efficiency means laying off staff?

**Mr Foley**—Yes.

**CHAIR**—Why has that not happened with you?

**Mr Foley**—In one sense it did, with our engineering folk. A lot of our engineering people here were contractors, so we contracted our whole engineering construction activity out to one of the engineering companies in Perth, so those people went from being Alcoa employees, or contracted to Alcoa. They are now contracted to this other engineering company; the same people doing the same work but now working for the contractor.

**CHAIR**—And those people have still got employment.

**Mr Foley**—Yes.

**CHAIR**—In lots of other places efficiency has meant downsizing and massive loss of jobs.

**Mr Foley**—Yes.

**CHAIR**—Maybe what I should do is pursue that at a later hour this day. Thank you very much indeed, Mr Foley.

[3.07 p.m.]

**HARDISON, Mr Jay, Coordinator, South East Enterprise Network, 145 Jull Street, Armadale, Western Australia 6112**

**GALE, Mr Geoffrey, Managing Director, South East Metropolitan College of TAFE, Bentley Campus of TAFE, Bentley, Western Australia 6102**

**INNES, Mr Ron, Director of Training Services, South Metropolitan College of TAFE, Rockingham Campus, Grosvenor Street, Beaconsfield, Western Australia 6162**

**CHAIR**—You have all read the card explaining the requirements about giving evidence before such a committee?

**Mr Gale**—Yes.

**CHAIR**—Okay. Now, if you would like to make some opening comments, then we will put some questions to you. I do appreciate you are from two groups, but fire away, Mr Gale.

**Mr Gale**—As I said earlier, I am CEO of the South East Metropolitan College of TAFE. We service the south-east metropolitan development corridor, which goes south of Perth down through to Armadale, a distance of about 35 kilometres, with a range of socioeconomic groups and a very large component of small business. Our mission statement as an organisation in a very complex environment is that we are there to produce productive workplaces for our clients. We see the workplace as our natural focus. The South East Enterprise Network, about which Jay will speak, is an innovative solution to a major challenge for all of us in terms of servicing the needs of small business and, through that, creating employment. That is my introductory statement.

**CHAIR**—Thank you. Mr Hardison.

**Mr Hardison**—Thank you, senators. I have prepared a document which I have tabled and I am going to speak briefly to that. Some of the information in there I will not go into in complete detail. I will allow you to read it later. I also must make you aware that as well as my role as a coordinator—I have a very generous boss—I am also a member of the area consultative committee, I am a chair of the local joblink which is the state employment development organisation, and I am the deputy chair of the South Metro Regional Development Organisation which has also commissioned the preparation of a submission to you, which I believe has been forwarded as well. So I come here with too many hats, I suppose, to always be aware of, so if I go across them I apologise.

I would like to concentrate on two key aspects of the terms of reference for this inquiry, 1(d) and 2, of the submission we all prepared. The submission will focus on the effectiveness of vocational education and training, give an examination of the strategy which we have developed to contribute to the reduction of unemployment and address regional disadvantage in a metropolitan subregional context. That is a mouthful, and I acknowledge that. But I

want to come back to this time and time again, and I am going to mirror the comments that were in the REDO's submission.

We feel that the inquiry must recognise that the differences between the metropolitan subregions can be as great as any difference between metropolitan and non-metropolitan regions, and any response to these differences must be based on particular subregional circumstances. I have tabled a range of statistical indices, figures 1, 2 and 3 on pages 4 and 5, which will show you the broad range of difference within the south-east metropolitan area which our college has responsibility for. I will not belabour them now, you can read them at your leisure, but I guess it should be seen that the south-east metro region is not some kind of cohesive grouping. We get lumped into ABS figures and I am sure, unfortunately, that people making higher level decisions have to look at the broadest statistical divisions and the south-east metro region of Perth is a nice convenient one. There are huge differences in that region and they require differential responses.

The South East Enterprise Network is a valid example of how government in this state actually sought to recognise those individual differences. There was some commissioned systematic research. It was funded by the Department of Employment, Education, Training and Youth Affairs—I must acknowledge my sponsors—and this college to identify attitudes and expectations of training in the region. A comprehensive survey was conducted of business leaders throughout the corridor in key industrial areas, which we saw was important for both growth and value adding. The findings of the submission were very relevant. The college was rated quite highly. Business managers measured the effectiveness of training by observable changes in on-the-job performance and not accreditation. Short, informal courses were preferred.

The recommendation out of that was for the college to place a greater emphasis upon flexible, self-paced, self-instruction packages, using open learning technologies. This college, I am proud to say, acts on its recommendations and reports and this is what led to the establishment of the South East Enterprise Network. I will talk more about that in a minute. We put up a model that we believed government should take in responding to subregional differences when developing programs for unemployment. There should be the funding of thorough and comprehensive research at a subregional level. This research should then lead to the careful development of responses that are appropriate for that region, not something which has been squeezed through the template of what has happened elsewhere but something that is appropriate for that local area.

Finally, government should help to fund or at least part fund the establishment of strategic infrastructure in response to those findings. I use the words 'strategic infrastructure' because I do not believe that every region has to have a TAFE college. We did not need a TAFE college. The south-east metropolitan region already had three TAFE colleges. We had quite enough bricks and mortar solutions. We sought to use a strategic response, utilising state-of-the-art telecommunications and information technology, which was more cost effective and more able to be responsive to the local needs of the region.

Finally in this submission we would like to focus on that response through a focus that the college has on increasing the productivity of local business as a means of increasing employment. It is always recognised that small and micro business is an extremely important

aspect of sustainable regional economic growth, but there are few examples of concrete activities taken to assist this sector. SEEN has been established by the college to support increased productivity by providing a learning platform for business which utilises information technology and telecommunications and the delivery of flexible training and relevant skills development. It would be fair to say that if you look back on the socio-demographic profiles of the subregional corridor that I work in, it has high unemployment, low training, very young people and a workplace which is characterised by being entry level and at the very pointy end of economic recession.

Our two biggest industries are retail and construction and, as we all know, any time the money goes bad, they are the first things which die. They are also the very people that are very loath to take up information technology and they are the people who abandon training in the first instance when times get hard. I have taken on a huge challenge in managing that group. What we are trying to use is very fast focused and relevant skills development. We say, 'It won't take you a lot of time, we'll do it at your pace, we'll do it at a time and place to suit you and you'll get the skills that you need and not the skills that we think you should have.' We believe that it is an appropriate response to the region's needs and we believe that the inquiry should support further development of responses that are in fact appropriate to a region's needs.

**CHAIR**—Thank you. Mr Innes, did you wish to say something at this time?

**Mr Innes**—I do apologise for the confusion around my attendance here today. As you are probably aware, the Department of Training at one time said that we could not attend, because they felt that any response to this particular issue should come from them. At the last minute, which was about 5 o'clock on Friday evening, they let our college know we could attend. I was told about 9 o'clock this morning, so I apologise for the inconvenience.

Firstly, some background on the college. The South Metropolitan College of TAFE extends from Fremantle in the north of the catchment to a town called Waroona in the south of the catchment which is a distance of about 85 kilometres from Fremantle. It goes inland east as far as the South-West Highway in the southern end of the corridor and it narrows down when it comes to the Fremantle area. Over that area we have got about 11 delivery campuses or centres. They vary considerably in size; the biggest of them being at Fremantle, the second largest being at Rockingham and that is where I am based.

My particular responsibilities, being based at Rockingham, take in Kwinana—hence the Kwinana strip where there is a fairly big industrial siting—Henderson, which has got the new Jervoise Bay development associated with it, and Peel in the southern end of the corridor. Across the college there is very high unemployment at Fremantle, Peel, Kwinana, and Rockingham to some extent. Probably the highest area of unemployment in the metropolitan area is in this region. A lot of our training is based on being able to rely on such an area of diversity. We have got things like agriculture being conducted in the southern end of the campus to heavy industrial training in the Fremantle and Henderson campuses. So there are quite a variety of industries that we are trying to service in this strip.

Because we have got that high unemployment at the same time, there is a large difficulty in young people getting jobs so we are very much associated with schools in this area,

running the schools based training for the VET in schools, and we have placed a considerable amount of emphasis on how we are going to deal with that element of young people who are battling in difficult times to get employment. That is going to be compounded by the youth allowance and the fact that a lot of our young people have to go back to education and training to be able to qualify for a youth allowance in the future. So we have got to focus a lot on that level of training.

We have a number of partnerships with schools already in this area for VET in schools. We also have a number of partnerships with universities in this area. On two of our campuses we are co-located with Murdoch University and we have just signed off on a co-location of a high school on our campus in Mandurah at Peel. So we can see an opportunity through gaining the efficiencies of all levels of training to be able to provide a raft of studies for young people and, at the same time, that should be almost camouflaged to the community. So we are looking at seamless education where we possibly can. We, like the south-east, have concentrated a lot on flexible delivery but not to the same extent they have, where they have gone for on-line delivery, but we have certainly looked at the ways and means we can provide for small groups of trainees and apprentices on a number of sites who require training to stay up-skilled in their industry.

Finally, I would like to mention the fact that I also serve on the Coastal Area Consultative Committee. I am on the Building Bridges Committee, which is a group that associates itself with what is happening in schools and how you can articulate from skills through to the work situation. I was on the strategic planning committee for the Coastal Area Consultative Committee's recent strategy and I thought that was very useful in my other work. I am also involved in a group called the Careers Expo, which is run out of this area on an annual basis. At this time, with regard to our contribution to this committee, we feel we are in a position to be able to offer something and I would hope that some benefits come out of this inquiry.

**CHAIR**—Thank you, Mr Innes. Briefly, what distinguishes the Building Bridges Committee from anything else?

**Mr Innes**—Building Bridges: the name itself was about the fact we always felt there was a gap between young people in high school and the transition framework that is in place to allow them to enter the work force and to be effectively prepared. Building Bridges was a result of our own college staff feeling they were not quite close enough to high school middle level managers to be able to provide a lot of that advice to both young people in schools and also parents of young people in schools. So the Building Bridges Committee was set up to try and make some of those pathways much easier to follow and hopefully make it much easier to get ongoing employment.

**CHAIR**—Do you work hand in glove with the excellence in education compact?

**Mr Innes**—We certainly do. We have a member of the excellence in education compact on that group. It is not a subcommittee or it is not formally recognised under that umbrella but certainly we have a member of that committee on that group.

**CHAIR**—Yes, you got a guernsey this morning, so I thought I should give you a minute to tell us about it.

**Mr Innes**—Thank you.

**Senator STOTT DESPOJA**—You read my mind, Mr Innes. I was going to ask you about the anticipated impact of the common youth allowance. It is wonderful to hear of these projects in building bridges and an emphasis on training and skilling and reskilling in this region, but I am just wondering how some of these institutions are going to cope—not only in TAFE but in the secondary school area—where you are looking at people going back there who may not necessarily want to go back.

**Mr Innes**—With great difficulty is probably the easiest answer but that is not the one you want. As recently as this morning, some of the psychologists attached to the high school system have been in contact with our equivalents in TAFE. We are all concerned about that element who has to come back into the education and training system who does not really fit; he is a bit of a square peg in a round hole. We will probably need to try and attract some funding through some joint ventures to be able to look at ways and means of providing for that particular group.

**Senator STOTT DESPOJA**—It looks like people are anticipating some of those psychological or perhaps behavioural or social manifestations of that. When you say counsellors and psychologists, are they from the department?

**Mr Innes**—Yes, from both the education department and from TAFE; we have two psychologists on our staff there.

**Senator STOTT DESPOJA**—That is a good sign. I am sorry they have to anticipate that negative reaction but at least people are conscious of the fact—

**Senator TIERNEY**—They are on staff now, are they?

**Mr Innes**—They are on staff now but the joint venturing arrangement gives them the strength of both organisations to be able to meet those issues a little better.

**Senator STOTT DESPOJA**—Just more broadly on the issue of income support: what are some of the factors people identify as being disincentives to entering and pursuing education, be they students or aspiring students, teachers or other people in the administrative arm of TAFE and other institutions? Does it include things like fees and charges or is it income support or common youth allowance or are there other factors that we have to take into account?

**Mr Innes**—It varies, depending on what part of our catchment it is in, but in the main I would say that most young people just do not have the funding to be able to transport. We have got a big problem with transport in this area.

**Senator STOTT DESPOJA**—That has come up repeatedly today.

**Mr Innes**—A lot of our transport systems are not good in the south of Perth. It is not just a matter of money that is required to fund public transport but it is also a matter of being able to get the transport at the appropriate time—those sorts of issues.

**Senator STOTT DESPOJA**—So that is one of the things that people would identify.

**Mr Innes**—That has got a connection with where they rent and what sort of rents they pay. If they cannot live close to the school, there is a big difficulty with that sort of thing.

**Senator GEORGE CAMPBELL**—Mr Innes, this morning when we were talking to the excellence in education compact group, I think, the question was raised about a group training company in this area that advertised for 70 apprenticeships and was only able to fill 50 of them. They were not able to get applicants who met the necessary grades in terms of reading, writing and arithmetic. Why do you think that is the case in an area such as this? If there is the integration going on between the schools and TAFE and industry, how can we get a situation where we are unable to fill 20 potential jobs for young people on the basis that they do not meet the necessary skill levels in those areas? Have we set the hurdle too high in terms of what we are looking for with young people going into apprenticeships?

**Mr Innes**—I am not sure of the one you are talking about. I think I know what it was about but I believe that with regard to a lot of those traineeships—whether they are school based traineeships or the new apprenticeship system as such—a lot of the material around, the way it has been sold to employers and, I think, to students and parents, still needs a lot to be done on it. I do not think it is very clear. Everyone was aware of the apprenticeship system. They have grown up with it for many years and now we have this change of terminology that is coming in and I think a lot of people are confused by some of the things that are being said and being written. So it is a matter of clarification and probably there is a communication breakdown between the potential clients and the people who are trying to sell it. If it is the school based one, I think there is a bit of a grey area that needs to be rectified.

**Senator GEORGE CAMPBELL**—I understood it was a group training company, a group apprenticeship company that is operating in the area.

**Mr Innes**—Fine. I am not sure but I thought you might have been referring to the one at the Kwinana Senior High School, which is for a hospitality type traineeship and they were having difficulty in getting people for that one, but perhaps it is not. I am not aware of this other one.

**Senator GEORGE CAMPBELL**—Maybe there is a bit of confusion about which one it was but I understood it was a group training company and they had applied for 70 apprentices and they were only able to recruit 50 because the other 20 did not measure up in terms of the basic skill requirements that they sought. I thought that it seemed to be quite an unusual situation, given that you have all of these interrelationships working between industry here, between the high schools, between TAFE, and in fact there was a gap somewhere in the system that allowed this to happen. But perhaps we are getting confused about which scheme it is.

**Mr Innes**—I believe you are correct. I would find it very unusual if it had not been some communication difficulty because there are plenty of young people seeking jobs in this area.

**Senator GEORGE CAMPBELL**—That is as we understood it. Mr Hardison, in the second dot point of the conclusion in your paper, you talk about targeted strategic infrastructure. What are you talking about? Are you talking about physical infrastructure? Are you talking about human infrastructure?

**Mr Hardison**—Strategic infrastructure: my definition of it may be actual physical infrastructure but it could, however, be support for existing infrastructure or it could be new infrastructure in terms of telecommunications, information technology. I do not believe that we need to be continually building new buildings and I do not believe that we need to be continually building new roads but I do not want to preclude those from the equation if in fact the research supports that they are requirements. I worry that we get a template response to issues when in actual fact we do not look at what we should actually be doing from a strategic perspective.

**Senator GEORGE CAMPBELL**—One of the things that has come through in all of the hearings that we have had all around the country is this very clear message: we ought to be basing any response we have in terms of regional unemployment on the basis of a bottoms-up approach—in other words, letting the answers generate out of the community themselves and then looking at the way in which government can facilitate and assist those ideas to be able to be brought to fruition. Is that essentially what you are referring to there in the context of those three conclusions?

**Mr Hardison**—Yes, I am, but may I please make a plea to not go down the road of the McKinsey report which led to the regional development organisations, of which I am still a member—deputy chair of one. It was a very good report and it identifies some very good issues. What I was concerned about though was that they took examples of corporate structures which existed in Glasgow and mid-west America and then said, ‘Thou shalt do throughout the rest of Australia’—and that is the way we had to all respond and say that we had to do it and many times it was not appropriate for our needs.

There were rules and constrictions as well. For instance, the establishment of SEEN: if we had stuck to that, we would be still fighting about how to build the new college, which is not what we wanted to do. It was not appropriate for the needs. We are fortunate that the state government recognises that. If we had gone for federal funding, we would probably still be sending back and forth justification statements about why we needed to build a new college. Having built a business incubator, I know how long this process can take.

**Senator GEORGE CAMPBELL**—I think the clear message coming through is there is no one model or one-suit-fits-all approach that should be adopted anywhere. It is a matter of letting it all evolve; the particular peculiarities of each region.

**Mr Hardison**—I do not disagree that it should be built on comprehensive research. Sometimes I think that research is really what needs to be funded. That research is hard and is expensive. I really do believe the government has the responsibility to make sure that it is

well researched and well established and is particular to the needs but at the same time their responsibility is to fund that research.

**Mr Gale**—I think what you said, Senator, is fundamental to this. There are no new solutions. There is just a solution waiting to be found. In a previous life I was director of trading with the South Pacific Commission. We looked after 23 island states and although a lot of the solutions were bottom driven, giving the models that might be applicable across all situations was an important function of our operation. There are solutions in the United States, in Europe. It is just a matter of translating those into the local environment.

**Senator TIERNEY**—Mr Hardison, I was curious about your interpretation of the McKinsey report. It is a few years since I have read it, but although they did raise Glasgow as one of the model examples, I thought they took a more horses for courses, bottoms-up approach?

**Mr Hardison**—McKinsey definitely did.

**Senator TIERNEY**—That is what I thought you were saying.

**Mr Hardison**—McKinsey did but it was translated into a template approach when it came to implementation.

**Senator TIERNEY**—Who did that?

**Mr Hardison**—I would say the now no longer existing Department of Housing and Regional Development, DEETYA to a secondary degree.

**Senator TIERNEY**—Do you mean the establishment of REDOs and things like that?

**Mr Hardison**—Yes. It was a good model. I am not criticising the attempt. I am criticising some of the implementation.

**Senator TIERNEY**—Mr Innes, with the common youth allowance and your comments on that and your response to Senator Stott Despoja's questions on the ability to cope with increased numbers, surely we have been down that track pretty recently? Western Australia, I assume, was like the rest of Australia in the late 1980s, early 1990s—rapid increase in retention rates in high schools. Wouldn't that be correct in Western Australia?

**Mr Innes**—Yes, we have not really experienced what is happening with the change in the way that youth are funded. It was just that we were trying to be pro-active and trying to look at where some of the difficult areas may be so we could manage them.

**Senator TIERNEY**—But you have been through the experience in the last 10 years anyway.

**Mr Innes**—Yes, we have been through it. We had labour market programs and all those sort of things available to deal with them in those times. They no longer exist, not in the

same quantity anyway, so what we have got is people coming back who want to do mainstream courses and probably are not really capable of doing mainstream courses.

**Senator TIERNEY**—Surely that was the case in the late 1980s, early 1990s as well? The way schools responded was to move more from general education to more vocationally focused education, which I thought was quite a good response. Surely it is a matter of continuing a process that has now been established that way?

**Mr Innes**—Senator, I would agree that a lot of the schools are looking at that through the VET in schools as being one of those processes for doing that.

**Senator TIERNEY**—TAFE sits in an interesting position between the school and the university system. Could you explain broadly how the pathway programs in Western Australia between schools and TAFE and then articulation from TAFE to uni are working, compared to about 10 years ago—if it is possible to do that briefly?

**Mr Innes**—Going back 10 years ago I was in a small regional location so it was entirely different from what I am experiencing now. I would say that the main change that has taken place is the fact that there has been a great deal more retention of young people at high school, so our people are coming to TAFE a little later than they normally would age-wise. There is a slight impingement on what TAFE is doing by that group and the types of programs they are running in high schools. To say it is an impingement is not quite the right word. It suggests a way of taking some of the pressure off TAFE colleges and we can assist in that process of helping them through that early VET and training that they can do in schools, because a lot of it is generic type training.

The other side of the spectrum is that we have got the universities who constantly are finding they cannot get their share of the job market and are looking for different ways they can prepare their students. They are looking more at their academic courses having some more practical influence, so they see a partnership with TAFE as a good way of providing that mix. That is an advantage to us because it provides some articulation for our people; a lot of them who under a normal high school system may not have had the opportunity to do a tertiary entrance course, may not have had the ability at the time or the support from parents, et cetera, and so they are late in maturing. It gives those late in maturing an opportunity to join TAFE and at the same time have the opportunity to go through to a university course, retain that articulation but at the same time achieve on the way through an employable qualification.

**Senator TIERNEY**—If we came down to specific areas like accounting and engineering and TAFE articulating through to university, has that improved in the last 10 years?

**Mr Innes**—It certainly has on our campus. I will take engineering because that is my field. I am a mechanical engineer. On the Rockingham campus we have Murdoch University co-located there. Within the last 12 months we have worked on a new qualification in TAFE which is a diploma in electronic instrumentation and control. That articulates into the Bachelor of Technology Instrumentation and Control at Murdoch University, giving our students two years of good standing so they do not lose a thing on the way through. They go into the third year of that course in university. From then on they can proceed into the

Bachelor of Engineering should they so wish, and they have to go back and do some industrial experience at that stage.

**Senator TIERNEY**—We received some evidence from Mr McIlhone earlier today. He was quite up-beat and optimistic about this region and actually showed some figures where things were improving quite well in unemployment in certain areas. It sits at odds with what you are saying. You are saying that south-west Perth is obviously a higher area of unemployment. He seemed to be indicating that this was moving down and some of the projects we have heard about today seemed to indicate that this region had great potential. All the bits were in place for its future in terms of solving a lot of the regional unemployment problem here.

**Mr Innes**—Probably Mr McIlhone would have a fairly good handle on most of those things. I know that in one of the areas where I live, which is in the Mandurah and Peel area, unemployment is certainly not going down. Unemployment has increased quite a lot over the last 12 months in that area, particularly youth unemployment.

**Senator TIERNEY**—With these new projects coming on, these jobs would be available to your area as well?

**Mr Innes**—Certainly I think Jervoise Bay is the one that we are all focusing on at this stage and what is going to happen with the offshore oil, gas and shipbuilding industry in that area. I think it is going to be a tremendous opportunity for the unemployed in this area. I do hold the belief, though, that people like those in the Mandurah and Peel areas are still going to have difficulties accessing that because of the difficulties they are going to have with transport—and most of these people are young employed.

**CHAIR**—This is a very useful paper and I thank you both very much for your contribution to that. We have had lots of people tell us nice ways in which we could do it but I think there is a good focusing here on our terms of reference and it is very much appreciated. As for recognising the importance between metropolitan regions as apart from metropolitan and non-metropolitan, that has been partly brought to our attention, particularly in western Sydney where one metropolitan suburb has three per cent unemployment and literally a kilometre down the road the suburb has got 17 per cent. They were saying exactly the same thing; that you cannot start giving a blanket average. You will miss a lot of really important truths. I love the emphasis on research and data but thank you very much for that.

I suspect you have answered this, Mr Innes, but I would also like to know how TAFE providers have changed because they are rubbing so close to the university. Do you actually share tearooms and does university still regard TAFE as ‘jolly little pretenders’? There is cynicism here, Mr Innes.

**Mr Innes**—Yes, I notice the cynicism there, Senator. The two situations that I am involved with are where the university has a physical presence, which is quite large. Because of the way that the site has been master planned we are at opposite ends and we are growing towards the centre. We have a library that is our central focus and—perhaps this is old hat and someone might have already mentioned it—the library is tripartite and will be operated for the community, Murdoch University and TAFE on that campus. We will grow towards

that in time and so will the university. Physically we do not sit side by side so we do not share a lot of resources other than the library resources at this stage.

**CHAIR**—Mr Gale, do you wish to comment about how TAFE is being changed by this closeness? I do not mean physical closeness.

**Mr Gale**—I have been involved in restructuring TAFE over the last 10 years in three institutions in two states and I am still excited by the potential of the TAFE system. There is not a hierarchy in our thinking that TAFE is there as a feeder mechanism into universities. I go back to the World Bank. It was said in the 1980s that vocational training is the powerhouse of national reconstruction. The hierarchy that has evolved in the Australian system has worked against the true recognition about what TAFE and VET actually are. What TAFE is today, in its reconstructed format, is a very dynamic multi-faceted organisation that for us works across 35 quite specific industries at a number of levels. It works proactively with 49 high schools and it has relationships with about three universities as well as international connections. The connectivity of the TAFE system as against an institution or set of institutions has been undersold and largely unrecognised in mainstream Australian thinking. I say as a change agent, as a government employee, and also as an educator in the broadest sense of the word that some of the models that are being created across the TAFE system are, by my international experience, a benchmark of international excellence. We undersell it and we undermarket it for a number of reasons.

**CHAIR**—I shaped the question that way on purpose and when I am next speaking to my university colleagues I will ask them to tell me how it looks from the other side.

**Mr Gale**—Can I say a major paradigm shift occurred a fortnight ago when I was asked to address the academic board of Curtin University. We are proactive with Curtin but to get a TAFE managing director talking to the academic board is certainly a wagging of the tail. I asked a question when I went in. I asked how many of the 60 people I was addressing had a VET or TAFE qualification and one little lady half put her hand up and I said, ‘Welcome, sister.’ I then recounted the fact that in my career—believe it or not I am only 27—I have worked in association with at least 28 universities in eight countries so I made the comment, ‘Friends, I know a lot more about your business than you know about mine,’ and I then went on to articulate what vocational training is all about, how our focus is on the workplace. And let me just recount the workplace: it is a cutting edge or frontier of the 21st century. Industrial relations, organisation of work, workplace health and safety and technology take-up are all in the various workplaces that we service. I argued that there is great value for the university sector becoming more predominantly focused on our range of activities and a huge opportunity for interface between ourselves and themselves.

**CHAIR**—I am terribly sorry to cut you off.

**Mr Gale**—Sorry, I am lecturing.

**CHAIR**—Not at all. You have got exactly what I was looking for but I would like to have more time about the different ways in which we could talk about those organisations being changed in their own culture. The last question, and perhaps it is for you, Mr

Hardison. I am told that Kwinana is an area of high growth. People are moving here. It is growing rapidly and it is also an area of high unemployment. Is that not contradictory?

**Mr Hardison**—I am not as familiar with this end of the woods as I should be. I am more familiar with the south-east corridor. What we have seen in this state is almost a preoccupation with the coast. We have had a large amount of land being developed in this strip. It goes from Fremantle to Mandurah and is probably one of the fastest infill areas that I have seen. One day we will have solid city running from Alkimos to Mandurah.

**CHAIR**—How often do we get high population growth and continuing high unemployment? Why on earth would the population be moving in here? We know it is cheap land—we were told today—and it is cheap this, that and the other thing. It is also where an industrial area started around the BP smelter and stuff like that, so it has been an industrial area..

**Mr Hardison**—It is close to the coast and also a lot of the people that are coming down here are coming in state funded housing.

**CHAIR**—Exactly, so it is cheaper accommodation—rental or something like that—and these people are coming here but they are not being met with jobs. That is what your challenge is.

**Mr Hardison**—Exactly that.

**CHAIR**—Thank you very much. On that note we will now go and have a look at the work site whose hospitality we have been enjoying.

**Committee adjourned at 3.46 p.m.**