



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION  
REFERENCES COMMITTEE

**Reference: Current and future skills needs**

WEDNESDAY, 11 JUNE 2003

DARWIN

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**SENATE**  
**EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION**  
**REFERENCES COMMITTEE**

**Wednesday, 11 June 2003**

**Members:** Senator George Campbell (*Chair*), Senator Tierney (*Deputy Chair*), Senators Barnett, Carr, Crossin and Stott Despoja

**Substitute members:** Senator Allison for Senator Stott Despoja

**Participating members:** Senators Abetz, Boswell, Buckland, Chapman, Cherry, Collins, Coonan, Denman, Eggleston, Chris Evans, Faulkner, Ferguson, Ferris, Forshaw, Harradine, Harris, Hutchins, Johnston, Knowles, Lees, Lightfoot, Ludwig, Mason, McGauran, McLucas, Murphy, Nettle, Payne, Santoro, Sherry, Stephens, Watson and Webber.

**Senators in attendance:** Senators Allison, Barnett, George Campbell, Crossin and Tierney

**Terms of reference for the inquiry:**

To inquire into and report on:

- a) areas of skills shortage and labour demand in different areas and locations, with particular emphasis on projecting future skills requirements;
- b) the effectiveness of current Commonwealth, state and territory education, training and employment policies, and programs and mechanisms for meeting current and future skills needs, and any recommended improvements;
- c) the effectiveness of industry strategies to meet current and emerging skill needs;
- d) the performance and capacity of Job Network to match skills availability with labour-market needs on a regional basis and the need for improvements;
- e) strategies to anticipate the vocational education and training needs flowing from industry restructuring and redundancies, and any recommended improvements; and
- f) consultation arrangements with industry, unions and the community on labour-market trends and skills demand in particular, and any recommended appropriate changes.

**WITNESSES**

<b>BEGGS, Mr Duncan Robert, Community Relations Manager, ADrail.....</b>	<b>1025</b>
<b>BERTO, Mr John, Deputy Chief Executive Officer, Northern Land Council .....</b>	<b>1025</b>
<b>BEVIS, Mr Graeme Scott, Executive Director, Motor Trades Association Northern Territory Inc. ....</b>	<b>1025</b>
<b>COMMONS-FIDGE, Mrs Anna, Council Member, Northern Territory Manufacturers Council .....</b>	<b>1025</b>
<b>DROGEMOLLER, Mr Konrad, Consultant, Northern Territory Industry Search and Opportunity .....</b>	<b>1025</b>
<b>FROST, Mrs Carole, Chief Executive Officer, Northern Territory Chamber of Commerce and Industry .....</b>	<b>1025</b>
<b>KILGARIFF, Mr Michael John, Chief Executive Officer, Territory Construction Association.....</b>	<b>1025</b>
<b>MASCHKE, Mr Harry, Managing Director, Action Sheetmetal Pty Ltd .....</b>	<b>1025</b>
<b>TILEY, Mr Steven Wayne, Managing Director, Universal Engineering Northern Territory .....</b>	<b>1025</b>



**Committee met at 9.45 a.m.**

**BEGGS, Mr Duncan Robert, Community Relations Manager, ADrail**

**BERTO, Mr John, Deputy Chief Executive Officer, Northern Land Council**

**BEVIS, Mr Graeme Scott, Executive Director, Motor Trades Association Northern Territory Inc.**

**COMMONS-FIDGE, Mrs Anna, Council Member, Northern Territory Manufacturers Council**

**DROGEMOLLER, Mr Konrad, Consultant, Northern Territory Industry Search and Opportunity**

**FROST, Mrs Carole, Chief Executive Officer, Northern Territory Chamber of Commerce and Industry**

**KILGARIFF, Mr Michael John, Chief Executive Officer, Territory Construction Association**

**MASCHKE, Mr Harry, Managing Director, Action Sheetmetal Pty Ltd**

**TILEY, Mr Steven Wayne, Managing Director, Universal Engineering Northern Territory**

**CHAIR**—As part of its inquiry into future skills needs, the Senate Employment, Workplace Relations and Education References Committee is conducting a series of roundtable meetings with the people involved in various ways in identifying and responding to the skills needs of industries, communities and individuals. The committee is also holding more formal public hearings with those that have made submissions to the inquiry. The committee wants to discuss or explore what it expects will be a wide diversity of views from the community on the current skills formation policies and programs and to hear about suggestions for change. The purpose of this roundtable discussion is to allow the committee to consult as broad a range of people as possible through the more formal hearing process, including those who do not wish to make formal submissions.

Although these roundtable discussions are meant to be informal, we are bound to observe one important rule of the Senate with regard to privilege. This discussion is privileged and you are protected from legal proceedings with regard to what you may say. The recording is not intended to inhibit informal discussion, and we can go in camera if you want to put something to the committee in confidence. I point out, however, that such evidence is often difficult to report in an inquiry of this nature, and in any event the Senate may order the release of such evidence. Many of you have provided the committee with some brief written information about yourselves or the organisation and interests that you represent, and your key issues in relation to current and future skills needs—for which we thank you. Do any of you have any further comments to make on the capacity in which you appear?

**Mrs Frost**—We have a mixed bag of people here for you this morning with different perspectives from industry.

**Mr Tiley**—At Universal Engineering I employ about 25 people, on average. Eight of those are apprentices. I am also chairman of NTISO, and I am a director of the ISONET, now the Industry Capability Network, in Canberra.

**Mr Maschke**—I have been 32 years in business with Action Sheetmetal. I have been training about 50 apprentices over that period of 32 years. For the last eight years I have stopped training, sad to admit. I will elaborate later on the reasons.

**Mr Drogemuller**—I am a consultant with the Northern Territory ISO, a member of ISONET, now called ICN. Our organisation is about maximising Australian content in major projects.

**Mrs Frost**—The Northern Territory Chamber of Commerce and Industry represents about 1,500 businesses throughout the Territory, ranging from sole operators to major businesses. We are—I will declare an interest—a registered training organisation as well, but I am here today in a chamber of commerce capacity.

**Mr Bevis**—The Motor Trades Association represents the broad spectrum of the retail motor trades industry throughout the Territory.

**Mr Berto**—The Northern Land Council represents half the Aboriginal people in the Northern Territory, basically.

**Mr Beggs**—Adrail is the joint venture effort that is building the Alice Springs-Darwin railway. My position with Adrail is community relations manager, which means that I am responsible for the training that has been done and the local industry Aboriginal participation plan. I intend to talk about that plan a little later.

**Mr Kilgariff**—As well as being CEO of the Territory Construction Association, I am also representing the Construction Training Board. We represent the broad construction industry in the Territory, both supply and service and also structural.

**Mrs Commons-Fidge**—I am managing director for NT Acrylic and Plastics, and I also represent the Manufacturers Council.

**CHAIR**—Thank you. Mrs Frost, do you want to make some opening comments?

**Mrs Frost**—I would like to formally record the apologies of Mr Peter Carew, from Integrated Technical Services, Mr Chris Edwards, from ALPA, and Mr Dick Goit, from the Construction Training Board. Due to business constraints they are unable to be here this morning, and they specifically asked that their apologies be noted.

We would like to say a little bit about the Territory, if we could. Where does the Northern Territory come from in accessing our skills and training, and where do we see our future? In the past we have relied very heavily on governments—territory, federal and local—and the defence and construction industries to provide most of our training. Since outsourcing came about, we

have lost a lot of that training ability, and that reliance has been put back onto very small business, who have not been able to pick up that challenge in a broad sense. Northern Territory business is predominantly very small. It does not meet the criteria of the national standards of small to medium business; it is very small. Of our membership alone, 80 per cent employ less than 20 employees, so we are talking about very small business.

The major industries in the Northern Territory are construction, retail, hospitality, government and defence, with the allied services sector that you will hear a little bit more about as we go through. A big impact on our ability to train comes from the seasonality of our industries. The construction industry, the retail industry, the hospitality industry, the cattle industry, the horticultural industry—any of the industries that you care to think of—are very seasonal. This again puts up a barrier to training. It means that we cannot offer the traditional traineeships and fully gainfully employ people over a three- or four-year period. The other impact on our training ability comes from projects. They are for terms of one, two or three years, and again put up a barrier against being able to offer comprehensive training.

So we have a reliance on obtaining skills elsewhere. We use tourists, backpackers, interstate people and immigration, and we also rely heavily on defence partners. We are very welcoming of Defence in the Territory, and the partners that they bring up and the skills that they contribute. We have an Indigenous population of 30 per cent, not all of them work ready or easily accessible into the workplace. Another issue we have is our population growth and stability. We require population growth, but our population ebbs and flows with major projects, affecting its stability.

Do we have some skill shortages? We ran a survey some time ago, which showed that No. 3 of 70-odd questions was recruiting employees with appropriate skills, and No. 11 was retaining those skilled employees. So we have a problem not only in getting them but also in keeping them. Some of that is due to the seasonality and the ebbs and flows of the Territory economy. We have a small pool, and we constantly rob Peter to pay Paul. We are constantly being told that we do not know what jobs and skills there will be in the future, and we think that that has caused a big distraction in the education system so that we have gone away from teaching some basic skills to become too generalist. To use typing as an example: typing was dropped from the curriculum many years ago, and yet keyboard skills are important in whatever industry you go into.

So what do businesses in the Territory do to meet their skill needs? We import skills from interstate and overseas. We use temporary labour, such as backpackers. The mango season, for example, is very short. It is six to eight weeks long and it means all hands on deck—it is very difficult to get pickers to come to Darwin for that length of time and we rely very heavily on transient population to help pick those products. When businesses are busy they have no time to train and when they are not busy they cannot afford to. The competitive edge needed in tendering these days means that those who do train have a disadvantage compared to those who do not. Everybody needs to recognise the need to train but, as I said, we are predominantly small business based and we constantly see that big business drains small business, which means that small businesses who do participate in training quite often lose their skills to the bigger businesses, who also pay higher salaries—I think you heard a little bit earlier from the CEO of DEET talking about the high salaries that are likely to be paid with the LNG plant. It is a big concern for us.

We all accept that there are skill shortages. We accept that the face of industry has changed, and we need a concerted effort by all to train young people, upskill existing employees and educate Indigenous people to participate fully in the workplace. That is a very brief overview of where we are from. We go from project to project and from season to season and, with all the goodwill in the world around the table from those people who do participate and are very innovative in participating in training, we do have some huge barriers that we need to overcome. That sounds very negative, and I do not mean to be negative—I just wanted to set some scenes, and you will hear some very good stories from the other people here this morning about things that are happening.

**CHAIR**—Before I throw it over to the other people so they can comment, I would like to pose a couple of general questions and ask you to address them in the context of your comments. Feel free to raise any issue that you want to raise. Given the seasonal nature of work in the Territory and the isolation of the Territory from the rest of Australia—I suppose I could put in those terms—are you saying, Mrs Frost, that you do not believe the incentives for employers in training and skills development are sufficient to generate those activities in the Northern Territory? Secondly, is it your view that labour market programs or Job Network are not providing an effective service in the Territory or that those programs are not adequately meeting the recruitment needs of industry in the Territory in their current form?

What have individual companies—or your organisation, representing a group of companies—done or what are they considering in terms of the contributions that they are capable of making towards the training regime? There is a problem in the sense that we have heard all round the country that small business is saying it cannot get adequate or sufficient skilled labour to meet its needs. But it is also true that in the main small business does not train. So there is an expectation that someone else is going to provide that skilled labour to meet the needs of the small business community. Has your small business community in Darwin, represented by your organisation, given any thought to what you can do to assist the training agenda across the board in a collective sense? Those are three general questions but, by all means, feel free to raise any other issues that you want to put before the committee.

**Mrs Frost**—Thank you. I will see if I can remember all the questions in there. Firstly, perhaps I should note that we do not see ourselves as a long way away from the rest of Australia; we see the rest of Australia as a long way away from us. We welcome you up here, but it is a bit of a tender point.

**CHAIR**—I will ask Hansard to reverse my statement!

**Senator CROSSIN**—I can see I have still got a bit of work to do.

**Mrs Frost**—You do! The first question that comes to my mind is the one about the Job Network. We think the Job Network people work particularly hard up here. There is a view that the people who have work-ready skills are employed. Our members do participate in training—they seek to do a lot of upskilling of their existing employees. There are a lot of people in the Territory who have good skills but very little formal recognition of those skills. We do see quite a number of those small businesses prepared to participate in the traineeship component of the trades area.

There are certificates I, II and III in retail traineeships and in some of the other areas that traditionally did not train before. There is a willingness to undertake those, predominantly because there is access to on-the-job training, to external assessment and also to training providers who can back up and support the employer. Small business does find it difficult to train more complicated skills, given the very nature of their operation. They are lean and mean when they have to be. They have had to down scale. The Territory has gone through a tough time in the last 18 months to two years, so they have had to be very lean and mean. Unfortunately, when that happens, training is one of the things that drop off. It is just not possible to provide the traditional trades of three- and four-year time line employment.

In some areas, there is more of a willingness to participate in group training schemes. There is group training company in the Northern Territory that is very proactive. The regions find it particularly difficult. There is still the drain from the smaller centres to the bigger towns. Finding long-term work in the regions is difficult, so training in the regions is particularly difficult.

You can offer all the best incentives in the world, but if the people are not there or they are not work ready, that does not help. It is a combination, I feel. There is a need for credit to be given back to the trades area and for recognition of the standing of that sort of training in the community. We have seen a lot of emphasis put on higher education for a long time. The move to recognise trade training, and to give it prominence and recognition in the community, is something that needs to be continued. It is very important that young people see that they have an option. We have been able to do some work there, but it really needs to start from the school area. Perhaps my colleagues want to add to that.

**Mr Maschke**—I might help you there. The main frustration in industry is that, through the industry, we had in place a manpower study. Unfortunately, for the last 12 months it has been ineffective. It was forecasting how many welders we would need for the project at Wickham Point in the oil industry and how many construction workers. Nothing is in place any more. It was supported by the Department of Transport and Works in conjunction with the TCI; unfortunately, it has been dismantled because of the friction in the Public Service. One department said, 'It is our area'; the other one said, 'No, we should look after it.' We are powerless in this situation, as the government is the main source of information.

**Senator BARNETT**—What has not been done? I could not quite understand your comments.

**CHAIR**—The issue you raised. In the discussion we had with the CEO of the training department, he indicated that they were in the process of arranging a contract with the Centre for Economic Studies in South Australia to do some forecasting on future skills needs—both current and future skills needs. They are looking at a particular proposal in the area which he is going to make available to the committee. It appears that it is being given some attention in the department of education and training.

**Mrs Frost**—We have been asking for that for about 10 years. That is our level of frustration. We have known that these projects have been coming on line for such a long time, and we have the asking for that information to be gathered for such a long time. All I can say is that it is about time.

**CHAIR**—It appears that it is going to happen.

**Mrs Frost**—We look forward to releasing it.

**Mr Kilgariff**—I think the point that Harry was making was that, because it was an industry-government partnership where particular skills were being looked at, it was not just a study of what skills were going to be required. It was also trying to drill down into industry to work out exactly how those skills were going to be provided.

Now we are on the doorstep effectively, most likely, probably—how many times can I qualify it?—of the biggest boom the Territory has ever seen, and we are also probably at one of our lowest points economically, which means that our skill levels are probably at the lowest point they have been for 10 years. Yet the demands on our economy over the next few years are going to be quite phenomenal. For example, over the next 12 months it is likely that we will have \$4 billion worth of major projects under way, requiring up to about 5,000 skilled workers. Obviously the challenge for us is to try and get as many of those skilled workers locally—as opposed to ‘fly in fly out’ or transitory workers. Our capacity right now to supply that labour is fairly low. From a TCA point of view, we estimate that if we went straight into those projects right now, without any training, we could probably do no more than about 20 per cent. With proper training—and I might let John talk about the Northern Land Council-TCA joint venture later—we estimate we could probably get about 35 per cent to 37 per cent.

I guess the point that my colleagues over here are trying to make is that we have left our run a little late and unless something happens right now we lose the chance—probably the best chance the Territory has ever had—to build a sustainable base in our economy. We should not pass up the opportunity to get some skilled labour and generate some local industry participation. Local industry participation and skills training are inextricably linked. We have to look at how to maximise the opportunity for local industry to participate in these projects, because unless there is some mechanism for local industry to participate then you are not going to get the skilled work force that goes with it. Those are the sorts of issues that Harry and Carole were going towards. We are nearly there, yet not enough is happening.

**Senator CROSSIN**—Isn't this the same criticism we heard 12 months or so before the start of the railway? People were asking for skill shortage mapping so that we could provide the training to plug the gap. Mr Beggs, you might want to make a comment about how many local people have actually been employed and trained. It is a flow-on effect but it seemed to me that we have not learned much from the railway project as we head towards an LNG project.

**Mr Beggs**—I could make some comments now or later in my presentation.

**CHAIR**—I am happy to do it that way. I would also ask Mr Drogemuller to give it some thought too, because presumably ISONET is making some evaluations of the potential for local industry participation in these major projects. What do you see as being the realistic rate of participation in these projects? Your problem is compounded by the fact that there are a number of major projects around the country: in Western Australia, South Australia and Queensland. There will not be any skills shortages in those major projects because the rates of pay are too high. It is the stripping out of the traditional industry base that is going to leave the real problem for people to come back to. It would be interesting to hear, Mr Drogemuller, what assessment ISONET has made of the potential involvement of Territory businesses in the LNG project.

**Mr Drogemuller**—It has been a concern of Conoco-Philips, the proponent of the project; and Bechtel, the EPC contractor. We have been working for some 12 months now on identifying Australian businesses for the project—and Northern Territory businesses also. It has been a question that has been on their lips the entire time. There has been a concern about how much they will be able to source from the local economy. They have looked at the Adrail project and where skills overlap. There are some overlapping skills but not a terrible lot. It is a different skill set, in many ways.

They are obviously also looking, at a national level, at how many other projects are occurring or about to occur around the country, and it puts us in a poor position, unfortunately. They have already made a decision that ‘fly in fly out’ will be required to fulfil their skills requirements for the project. Fortunately they have a recruitment office in Darwin, so presumably we will get as many opportunities as we possibly can on the project. DEET, combined with the Welding Technology Institute of Australia, are beginning welding training courses presently, to upskill welders to fill some required positions as far as pipe spalling and some structural welding. Yes, it is a little late, unfortunately, to fulfil as many requirements as we would like to.

**Mrs Frost**—Would you like to add that little bit about Bechtel’s training requirements?

**Mr Drogemuller**—As far as welding is concerned, Bechtel will be assessing all welders who have been qualified for a reasonable period of time or who are newly qualified. They will be put through a testing regime in either Brisbane or Darwin and will require a 100 per cent pass rate to be accepted onto the project. As you can imagine, with the sort of refinery we are talking about it is quite stringent.

**Mr Beggs**—With everybody’s indulgence, I would like to quickly talk through the ADrail experience. Because there was federal, South Australian and Northern Territory funding going into the project, in the bid stage the governments were able to say to the three bidders, ‘We want to know what your approach to local industry and Aboriginal participation is.’ So Asia-Pacific, when they were putting the bid together, researched that very thoroughly and offered some benchmarks. One of those was 75 per cent local content, which we exceeded at about the 80 per cent stage of the project. Another was how we were going to involve Aboriginal people in the project. That went to using the Northern Land Council and the Central Land Council really as employment agencies. They were more than an employment agency but, for Indigenous people involved in the project, we overcame a lot of the problems that other projects have experienced in trying to initiate Indigenous programs by simply passing them to the land councils to deal with. The result of that was very successful.

All of my contribution is basically going to be in the past—it will be ‘we did this and this was our experience’—because we basically finish our contribution to the project in October or November of this year when the joint venture of ADrail ceases to exist and the line becomes operational. It is sad to say that if we have done our job of designing it correctly there will not be a huge labour demand or employment opportunities in the railway itself when the line is operational. The hope is that other projects will come on stream. I am aware of one where an ore body down at Tennant Creek is being drilled at the moment because the railway is happening. So those are the real opportunities that are going to come on from the railway.

When we looked at the project and put the bid in, we offered to achieve at least 130 positions for Indigenous people on the project. We then recognised that a lot of those people would not be skilled at the moment, and we also looked at what opportunities were realistically there for unskilled Indigenous people to have a go at. One of the problems—and it has been alluded to already—for a project like ours, which we had three years, now 2½ years, to complete was that we had the earthworks people in the first nine to 12 months, maybe 15 months, then they go away and track laying becomes the focus, with sleeper production and flash butt welding being ongoing through most of those periods. The opportunity to, say, take a plant operator and train him for that job is really quite limited, because the cost pressures on a project such as ours are enormous. We had a team reviewing the cost regularly. Every three months we were going through and checking the cost to make sure it was under control. A short construction project like ours is not going to undertake high levels of skill training; it just cannot do it. However, we did make a contribution. We took people under group employment schemes onto the job—plant operators and diesel fitters, for example.

Getting back to the Indigenous part of it, we set up short duration access training courses of five to six weeks and went to the Northern Land Council and the Central Land Council and said, 'We see an opportunity for 30 or 40 positions in culvert construction, where we do not need high skill levels. Give us a group of 40 or 50 people to choose from.' They went and screened the people who were interested and offered us a list. We then chose the people who would be suitable for the training we had in mind, we engaged the TCA as our training coordinator and we put these people through a five- or six-week training course, learning very basic skills that they could then take out and use on the job. Because there was a realistic and immediate employment opportunity at the end of that training, the retention rates in those courses were extremely high—upwards of 90 to 95 per cent of people who began those courses finished, which I think John would agree was a very good result. The land council did a lot of things—and I will let John talk about that later—to overcome problems behind the scenes to ensure that people who did not have a lot of experience in training or familiarity with work and the conditions that we would be expecting were able to achieve those outcomes. Unfortunately, the job that we wanted, as I mentioned before, was part of the earthworks. Realistically, there was only an eight- to 12-month maximum employment opportunity there.

The experience with the Austrak sleeper plants was different. Austrak set up the two factories—one in Katherine and one in Tennant Creek. They brought experienced managers in from other plants and they brought an experienced team of six or eight to each of the sites. Then they recruited locally—and I am pleased to say mainly Indigenous people, again through the NLC and the CLC helping with the employment process—and trained local people. If you go down there now and look at those factories—unfortunately, they have only got another two months of operation before they are finished—you see happy workers who look as though they have all the time in the world, but you can remember back to what it was like 18 months or two years ago when they started and there was a fair bit of tension. What you see is people who are skilled, know what is happening next and get the job done really well. The performance of those two factories using 80 to 85 per cent local Katherine and Tennant Creek people is world class. The experience with it all has been very good. You have two factories out in the middle of nowhere achieving these sorts of results. The outcome has been very good. I am really saying that things can be done where there is the will and the drive and you match the needs of the job to the resources that are available and provide the right amount of training.

I will mention a couple of other things quickly in passing and then pass you on to my colleagues. One of the other things that we insisted on was training and issuing certificates that were nationally accredited. There was a bit of conflict inside our project, as the two needs of nationally accredited skills training and certification for licences to operate different pieces of equipment were often in conflict. In earth moving, in particular, there is a preference for on-the-job training. As an example of that, one of the fleet managers, who is responsible for 200 guys, an enormous range of plant and equipment and doing 400 or 500 kilometres of earthworks, was formerly a basic plant operator who showed interest and aptitude. The manager at the time said, 'Okay, you need to get on to one of the more advanced pieces of equipment.' He still showed skills, so the company sent him off to pick up engineering degrees, and he is now very well regarded in his field because he comes from the shop floor, so to speak. That company and a lot of earthworks people have a very strong preference for developing people on the job rather than formal training off the job. That is the broad ambit of what I wanted to cover today.

**CHAIR**—Mr Berto, before you make a contribution, to what degree in your view are the skills and the employment activities that the Indigenous community was involved in on this railway line sustainable and transferable?

**Mr Berto**—About a dozen of them who have been on the project, a couple still there, are very interested in working at Wickham Point at the moment. They have a fairly good chance of securing jobs there through the process we have set up.

**Senator BARNETT**—Is this the gas project?

**Mr Berto**—Yes. We believe the skills learnt there are transferable not only to the Wickham Point gas plant but also to the general community.

**CHAIR**—So there will be ongoing job opportunities for people with those particular skills?

**Mr Berto**—Yes. Once people get a taste for work, they want to stay there and keep on being employed. A project like the railway gives them an opportunity to maintain themselves within employment and to move around. These days, a lot of them are quite willing to move around from project to project, compared to 10 or 20 years ago when they traditionally wanted to stay in their communities. They now look for work right around the top end of the Territory.

**Mr Beggs**—The sad fact is that the next sleeper plant is likely to be 2,000 or 3,000 kilometres away. It is not likely to be in the Northern Territory.

**Mr Kilgariff**—John and I might quickly talk about the relationship that the TCA and the Northern Land Council have established since the railway. Over the course of the railway construction, both the Northern Land Council and the Territory Construction Association realised that it was a relationship that could and should be taken further. Since then, we have established a joint venture, which will effectively become a commercial arrangement, for both Indigenous employment and training and economic development. We are currently coordinating a training program, which has started, for about 30 of the Larrakia, which is the local Indigenous group, in the expectation that they will become qualified to work, for example, at Wickham Point and in the local construction industry.

From a sheer economic point of view, one of the reasons the TCA has gone down this path is for the reason you identified before—these major projects are effectively going to strip the local population out, so we are going to need some skills to backfill the industry. A number of our members have already made a commitment to take some of those trainees on. But it is a relationship that will extend beyond Wickham Point to any number of the major projects that will happen in the Territory—for example, Alcan upgraded their refinery pipeline, which is about 1,000 kilometres long, effectively going from one side of the Territory to the other. I also think it is a relationship that will evolve into one that has a much broader focus on economic development. As I like to say, it is an economic agreement with social outcomes, in that what drives the success of this agreement is the fact that it is focused on commercial outcomes and those commercial outcomes have good social outcomes.

**CHAIR**—I found that interesting. I am aware of a number of major construction companies around the country which have agreements with Indigenous communities when they are working in their areas, such as that up to 20 per cent of the work force will be Indigenous employees. But when we raised this with Indigenous representatives in North Queensland, the issue that they raised with us, which I thought was a very valid point, was that what happens with a lot of these agreements is that the employment in the Indigenous communities tends to be for skills at the lower level, when the communities are really looking for higher level skills, administrative skills and the capacity to then integrate those skills back into the communities and give the communities the capacity to sustain themselves. To what extent does the agreement you have encompass the broad range of skills, rather than just some of the lower level skills?

**Mr Berto**—The Northern Land Council's partnership with the TCA focuses on major projects at the initial stages, the reason being that it offers real jobs. There is only a number of business community based jobs—you have got 300 people in the community and there are about 50 jobs on offer.

**Senator ALLISON**—How many jobs?

**Mr Berto**—Fifty real jobs and about 200 people looking for work. It is very hard to try to secure positions even though the skill base is quite low. So our focus is on projects and we want to take this focus to communities in time—there is a whole of government approach happening in the community up in the Top End with Port Keats. We are working closely with the relevant government departments there, keeping close tabs on it. They are looking at ways of how to improve the situation there within the community, but it is a very difficult issue to tackle. People like chasing projects too, so we concentrate on that. People like to move around, and if we get the skill base within these projects then those skills can filter down the communities when they go back. That was the whole aim. We thought striking up a partnership arrangement with TCA was better than trying to do it on our own.

We are also looking at trying to do a partnership arrangement with Job Find—the Job Network member. We are about to sign off an MOU with them at the end of the month and to take their services out to remote areas and regional centres to focus on projects such as the gas pipeline, to focus on the Alcan expansion project in Nhulunbuy and also the MIM project hopefully to commence sometime next year at McArthur River.

**Senator TIERNEY**—Aren't you having sufficient additional funding, given the isolation disadvantages—the fact that you have to deliver training in remoter areas? Is there enough incentive for the RTOs to get involved in that?

**Mr Berto**—They do that now. There are quite a number of them going out there at the moment and delivering short courses. They also have apprenticeships signed up—so they actually do that now.

**Senator TIERNEY**—Is there sufficient of that happening? I know it happens; we did have some evidence yesterday from the RTOs saying there was not sufficient financial incentive in that and the education department admitted this morning that they are looking at it and seeing if they can perhaps change that. So you seem to be saying that the incentives are sufficient at the moment for them to do that.

**Mr Berto**—When it comes to numbers, like the Wickham Point gas plant trainees that Michael mentioned, we did get a specific injection from the government for that particular training program—and we hope there is more to come for these other projects when they commence. When I say sufficient, sufficient to supply the current need, but there is going to be a growing need very soon.

**Senator TIERNEY**—So you are actively seeking that on a project basis—you are saying 'this project is coming; we need to get people involved so we need additional incentive money'? You are actively pursuing that, are you?

**Mr Berto**—We are working collaboratively with the DEET—the employment training authority. We are also working with the Commonwealth department of workplace relations to try and get these partnerships going with government and the private sector and with Aboriginal people. Predominantly Aboriginal people are the population out there in the regional centres and remote areas and that is the potential of the work force you have got out there. It needs to be skilled up, there needs to be a major focus from governments and the private sector placed on that resource out there.

**Mr Beggs**—Mr Chairman, I am prompted to add to John's comment. Before, ADrail was a consultant working on the NAHS program. The NAHS—the National Aboriginal Health Strategy—is an ATSIC funded program aimed at improving infrastructure out in remote communities. They often used to deliver \$1 or \$2 million worth of housing and water supply to very remote communities.

One of the objectives of the NAHS program was to develop training, but the difficulty was that you were asked to bid competitively against two other project managers, which was okay, but then you were expected to achieve the budget. Often, doing that, the first thing that went out the window in trying to contain the cost and deliver the end result was the training component, because the criteria that you tried to operate under from the training funding body—be it the state or federal government—the availability of the RTOs, and, again, the short-term nature of it, meant there were very severe limitations on how much training you could do. Then, at the end of that, you were always faced with the question of what was the ongoing expectation for employment from the training. Whereas in ADrail we were able to offer very real employment opportunities directly after the training—and therefore the link was very obvious, so we got the

training done—here there was that real difficulty with training and lack of ongoing employment opportunities.

Providers of the whole range of services—education, water supply and power—go into those communities with just their task in mind. I often wonder whether there is some way of taking a global view across all that and saying, ‘There is enough opportunity for three or four positions in this small community, as an ongoing thing,’ and you could develop your lighting man and your sewerage man and your water supply man in that community and give them viable skills for the longer term. But at the moment everybody is focused on the unit cost of delivering the services and those greater opportunities are not able to be identified or taken up.

**CHAIR**—Mr Kilgariff, you referred to an agreement with the Northern Land Council: is that in written form? Can we get a copy of that?

**Mr Kilgariff**—Yes, it is a memorandum of understanding that was signed back in December. I can organise a copy of that for you.

**CHAIR**—Mr Berto, can we get a copy of the other agreement you were talking about with the Job Network provider when you sign off on it?

**Mr Berto**—Sure.

**CHAIR**—Thank you.

**Senator ALLISON**—Mr Berto, it is pleasing to hear that you have these arrangements being developed. But so far they are about big projects such as construction projects; the sort of work you are generating is for male workers. As a visitor to the Northern Territory, I rarely see Indigenous people in other industries; service industries, for instance. Mrs Frost, could you comment? Do you see this as an issue in the Territory—that there are not jobs available in the service industry for Indigenous people and for women as well as men?

**Mrs Frost**—It has certainly been, for some time, a regret within the tourist industry that there is not more Indigenous employment. There are plenty of opportunities and there is willingness; the problem is the ability of some of the Indigenous people to take that employment up—to be work ready. There has been a lot of training put in at the lower end, which—as Duncan and John have already said—does not result in jobs. It is really important now that we refocus and say, ‘If people are going to take on training, they have to have job outcomes.’ There are jobs there. As I said, the hospitality industry really regrets not having more Indigenous participation.

**Senator ALLISON**—Does it require a similar memo of understanding between retail, hotel, tourist or whatever groups and the land council? Is this a possible next step?

**Mrs Frost**—Certainly all of those. As I said, businesses have to become more flexible and more innovative, and that is certainly an area that is being looked at from time to time. One of the big problems we have in participating in some of these programs is that the outcomes are set by Canberra. I do not mean this to be a Canberra bashing exercise, but the chambers participated in the Indigenous Education and Employment Program for some time. The outcomes were based on targets set by Canberra of—to use the old phrase—bums on seats. It was getting people into

jobs. We wanted to step back from that and start at the relationship side: working with the appropriate Indigenous organisations to build up relationships between employers and prospective employees. That does not meet the national target, so we were not able to do that, and we withdrew from that program.

**Senator ALLISON**—Can you explain how that would work?

**Mrs Frost**—Now we have gone back to DEWR at a local level. We have asked how we can participate and, as a chamber, encourage small businesses to participate back into the IEEP program or whatever. I think we are looking at the STEP program. We want to build up those relationships again where small business—through the chamber and the retail association and the tourism association—will be able to develop those relationships, specifically target employers who have the skills, the ability and the willingness to participate in some of these programs and set up a mentoring process. We are looking at young women and men who perhaps have not worked in open employment before getting in to the workplace, going back to school-age students and bringing them forward.

We see it as a generational thing, not a one- and two-year program. A lot of these programs are based on one or two years at the whim of whichever government is in place at the time and whichever labour market program has favour at the time. We are looking at, and now will only participate in, programs that are looking at generational change, cultural change and attitudinal change from both employer and employee.

**Senator ALLISON**—Is there a document that describes your approach and what you put to the department?

**Mrs Frost**—We are just working that up, because of some of the successes that have been happening at different levels. The Chamber of Commerce in Tasmania has worked with DEWR locally there and has come up with a program that fits within the STEP program. We are using that as a template and we will negotiate it. What we want to do is not just take a Tasmanian program and put it into Darwin or a Canberra program and put it into Alice Springs; we want a Northern Territory program that is going to work for us.

One of the barriers with small business and employers is that they have resolved they are not going to participate now in programs that they cannot see outcomes for as well. They become very frustrated in being identified as not participating or not being willing to participate. I think we are seeing at the other end of the participation the Indigenous people saying, ‘What?’ Training for training’s sake does not work anymore. We have to tailor-make some of these programs, the same as the TCA has done with the Northern Land Council; the same as ADrail has with the two land councils. We have to look at what we want and develop our programs. So we are casting aside the Canberra based outcomes.

**Senator TIERNEY**—Just supplementary to that—and given that you have what is probably a unique Northern Territory problem and you do want a generational approach—what involvement do the Northern Territory government have in doing this? Basically, vocational training is a state/territory government responsibility, so what are they doing for this unique situation you have in the Northern Territory?

**Mrs Frost**—We have now seen with the formation of DEET the bringing together of education and vocational training into one department. We have seen the breaking down of the barriers that we have had in the past of the old NTETA, the state employment training authority, being stuck out to one side of a very poor correlation between schools and vocational training. It is new days; it is early days. There is certainly a lot more willingness of the department with the current government to look at some of our initiatives. Even though we do not have anything signed off formally, we will be going back and discussing it with them. We are more confident that we will see some outcomes.

It has been very frustrating. It has been ad hoc. If we are going to come up some generational change and generational programs, that ad hoc nature has to come out and has to be put aside, to look at how we can continue on beyond one- and two-year traditional programs that have been established.

**Senator TIERNEY**—You mentioned the industry was willing to get involved in this with Indigenous people. It just seems as though what is needed, as you say, is a Northern Territory solution. But it seems to lie in the area of prevocational training, that there is a lot more work to be done at that level to make people job ready or ready to go into traditional training courses. What is the Northern Territory government doing about prevocational education for Indigenous people to make them job ready?

**Mrs Frost**—From our point of view, the old prevocational courses that used to be run through TAFE were very successful. For some reason they dropped off. What we are seeing now is the emphasis on school based apprenticeships and VET in Schools. Again it is early days; they have not been as successful as we would have liked but we are certainly putting more effort into having students participate in the work force through work experience, work placements or VET in Schools. There is still a lot of uncertainty as to the value of apprenticeships in schools. I understand that some of the unions are not as wedded to those ideas as industry might be. They are issues that we will have to work through. But we have a number of opportunities now to participate in those sorts of programs and we would hope that they would get more emphasis and more focus. I do not know whether any of the others want to comment.

**Senator TIERNEY**—Just before others go on, surely VET in Schools and prevocational courses are not mutually exclusive; you could have a policy framework where you pursue all these sorts of options. Are you saying that money was taken from one and moved to the other?

**Mrs Frost**—We have a small population base; we have small budgets whatever you talk about. The needs are so widespread across the Territory. No, they are not mutually exclusive; in fact, some of our employers hanker for the prevocational courses. They were used as the bridge between school and the workplace, they were used in employment centres and they were more easily targeted in particular skills areas. There is still a lot of fondness for the prevocational courses. You will not get any arguments from most of us around the table if they were given emphasis again.

**Senator TIERNEY**—Would anyone else like to comment on it, then?

**Mr Kilgariff**—I would like to make a comment on that. Both Duncan and John alluded to the fact that one of the big successes of the railway project—and it is also the philosophical

underpinning of how we are going to conduct the relationship from here on in—is that it is reverse engineering training in that you identify exactly what the outcome is going to be and then you design the training around it. To just pull training packages off the shelf and start putting people through them to my mind has not had the success in the Territory that it may well have had elsewhere. In fact, I have heard it said about sections of our Indigenous community that they are some of the most overtrained and overqualified people anywhere, because they have all done training courses but they are not training courses that actually qualify them to do anything. I just want to make the point that I think the reverse engineering training is actually really where the focus should lie.

**Mr Berto**—I can explain that a bit more. The training that Indigenous people take in general only reaches the certificate II level and they cannot seem to go further because the biggest problems are the low levels of literacy and numeracy skills that they have got at that stage. Of course, if they cannot go higher they cannot secure real jobs or real qualifications. That is a major issue amongst the majority of Aboriginal people who have been trained in the past and currently. I really do not know how to get around that; there are a lot of social issues and educational issues involved in all that and that seems to be the main barrier.

The issue of Aboriginal women in service type jobs, ADrail trained in excess of 20 women—

**Senator ALLISON**—In construction?

**Mr Beggs**—There are three or four women I remember seeing on the last visit down to the sleeper plant who are working in the manufacturing area. They are putting the clips on and helping in the job there. They are producing equal to anybody else on the job. We have got construction camps; we have had construction camps along the track right from day one and they are getting nationally accredited hospitality certificates while providing and servicing the needs of our workers. These are camps that have had up to 180 people in them at any one time. There is a surprising number of females, not necessarily Aboriginal at this stage. It is a growing trend to find females operating the big haul pack mining trucks, and there is a recognition that they are probably better at maintaining and looking after the plant and operating it as the designer would wish than some of the others that have been operating in the past. One of our very best fleet managers was a female graduate in engineering. My observation over the last 20 years is that there is a trend of females being attracted to and getting into that area, and performing very well.

**Mr Maschke**—On the issue of Aboriginal training, it frustrates me that we have a pool of skill in the Aboriginal population but we are not taking advantage of it. We have neglected it over the years. I feel we train them to be good footballers—they drive everyday from Kormilda College to the sporting grounds, play football and come back to Kormilda College. We teach them to blow their nose and clean their teeth and then, when they are 15 or 16 years old, we push them back to the community without any proper further skills. Kormilda College has very close access to industry, and people could be transported to industry for training. A lot of people would be willing to do that. The main frustration is that people do not know what to do: after Indigenous people finish work, where do they stay? We should extend that education with industry and improve communications much more than just training people up to year 10 or year 12. That would provide fantastic opportunities—but we just stop and that is it. I had two Aboriginal people for two years. They were very good workers, and I provided accommodation for them. Then the family discovered them and that was the end of it. If we provided

accommodation at Kormilda College, they would be housed and looked after and we would have a fantastic pool of skills. But we just let them drift back again and it is a problem in the community.

**Senator TIERNEY**—I hear what people are saying in relation to identifying a job outcome and then working to get people prepared for that job outcome. However, in its earlier inquiry into Indigenous education, this committee picked up a lot of generic skill gaps around the country—mainly because a lot of Indigenous people have missed different parts of their education, including basic literacy and numeracy. Is there a case for prevocational courses to focus on getting generic skills up as well—for instance, in English, maths and those sorts of areas—to get people more generally job ready for the time when there may be specific project work available with training programs attached? Would anyone like to pick that up?

**Mrs Frost**—I suppose I would be concerned if we started teaching numeracy and literacy in prevoc courses. I would have thought that that is a role for the education system. Prevocational courses are supposed to be the bridge between school and work.

**Senator TIERNEY**—But if they did not get those basics because they missed sections of their education, how do we get them back up to that level? We cannot send them back to year 8.

**Mrs Frost**—It is not going to be fixed in a three-month prevoc course either.

**Mr Bevis**—There has been a recognition of severe skill shortages in the motor trades of recent years. That is now becoming desperate in the area of automotive technicians, panel repairers and auto electricians. No doubt you have heard that from around Australia, but it is even more concentrated in the Territory. You may have also heard from our automotive training advisory council about a VET scheme that has just commenced. That scheme has taken on 12 VET students to get them to a level of job readiness in the motor trade by achieving a certificate I and then commencing their apprenticeship at the university. But that has an element of what Senator Tierney was talking about: being able to assist students at that stage through to job readiness. It is a component of that program and recognised by the industry.

**Senator BARNETT**—Thank you very much for your contributions today; I have certainly learnt quite a lot. As a Tasmanian Liberal senator, I can say that the Tasmanian Chamber of Commerce and Industry are very professional group, so I hope the agreement you will be looking at is helpful to you. I was going to mention to the secretariat that it may be of interest to us as well.

I have some significant concerns relating to the TCA. I have in mind Mr Kilgariff's comments earlier with regard to the gas development, the railway development and the skills shortages that will emanate as a result of those major developments. I discussed this at some length with the department this morning, and there was not a real understanding. You were giving percentages—now it is 20 per cent or a bit less, and it could be 38 to 40 per cent in a best-case scenario in terms of the local people meeting the needs for those major developments. The department did not seem to have an understanding of the same sorts of concerns. They said that they would get back to us with some information. You might want to have a look at the transcript and, obviously, get any reports that they provide back to us.

I just want to drill down a little bit into how serious these concerns are. There is a window of opportunity for the business community to build a base for the future in terms of upskilling its work force and providing that base well into the future with these major, billion-dollar developments that are happening. If you do not grasp that opportunity with both hands, you will lose it. So I am throwing the ball back to you and saying, ‘What are you doing about it?’ That is directed particularly to the TCA and to anybody here in terms of addressing the problem. You are facing it front and centre at the moment, and I am just wondering how else we can meet those needs and whether anything can be done to address the problem.

**Mrs Frost**—Perhaps Mr Tiley can tell you how he is involved.

**Mr Tiley**—I agree, Senator. I think we are not just talking about training and skills here; we are talking about a major change in our economy in the Northern Territory—particularly in Darwin, with the amount of work that is coming up. We are talking about \$4 billion to \$6 billion of resource development, a gas pipeline. Once that infrastructure is put in, just like the rail, it will be a multiplier. I think there is a lack of understanding in the community about the trades. For some reason, over the years the poor old tradesman has copped a beating. They all think it is a dirty job. I am talking here about fabricators, fitters, electricians and carpenters.

For some reason our kids now seem to think that they all have to go to year 12, go to university and get a degree. Good luck to them; that is a great way to go. But there are a lot of kids out there in years 9 and 10 who do not want to be at school. We have a lot of social problems not just here in the Territory but also everywhere else; the old apprenticeship system used to be able to pick them up. We are talking about good eye to hand coordination on a lot of these jobs; they do not have to be diplomats to move forward. A lot of them, like me, were in that category. I went on and did engineering when I was 25 or 26, once I had my trade background.

I am concerned about our local industry with what is coming up. Our company is quite well focused on oil and gas; that is what we do. But, when you have smaller fabricators and engineering shops around town—which are perhaps tied to the construction or maintenance industry and can pay maybe \$16 or \$17 for tradesmen—versus our industry in oil and gas, where we would be looking at \$25, \$30 or \$40 an hour, of course the upskilling and everything will move towards those industries, and a big void will be left in the local economy. Who is going to fill that? There will be wage pressures, and everything else will follow from there.

**Senator BARNETT**—Has any analysis been done of the impact on the local small business fabricators, such as boilermakers, fitters and turners—all those people who are going to end up in this gas development? It is going to impact on your local business.

**Mr Kilgariff**—We have done some studies on it in terms of the skills that are going to be required. We have come up with numbers that, by the way, have been verified by people connected with Wickham Point to be reasonably in the ballpark. We have gone through and, basically, worked out which of those skills are likely to be satisfied locally and which are not. There are a lot that are not, and those that are will probably come straight out of local industry.

**Mrs Frost**—It again has been a frustration in that there is a lot of information around the world about the impact of major projects on smaller communities. I think a number of us have

been on fact-finding missions to Aberdeen, Houston, Norway and those sorts of areas looking at what has happened elsewhere. The frustration has been in not being able to relate that back into our community. I feel that there is going to be a backlash in about 18 months to two years time; people who want run-of-the-mill work performed in the general construction, repair and maintenance area that Steve Tiley was talking about are not going to be able to find people to perform those jobs.

**Mr Maschke**—It is already here.

**Mrs Frost**—Yes. And the community is having a backlash against these industries, very negatively. That is the last thing we would want. We need in the Northern Territory an underlying manufacturing base that provides year-round employment and year-round industries, to flatten out the peaks and troughs of our economy from the boom-and-bust major projects and the boom-and-bust cycles. Yet they are likely to be received very negatively if we do not manage them properly. It has been a concern that we have all discussed at times, with very little success in reaching outcomes.

**Senator BARNETT**—Have you talked to the NT government and tried to get them on board in terms of working cooperatively with you, but with little success, or what is happening?

**Mrs Frost**—Very much so. We have brought these issues to the attention of the Office of Territory Development within the government. Certainly with the completion of the railway, we have said, ‘What happens now? We have people with skills. There are economies in the regions of Tennant Creek and Katherine which have built up around the railway. What happens once that is completed? Do those economies then go back into the doldrums? What happens once Wickam Point is built in Nhulunbuy? What happens once Alcan has upgraded?’ There seems to be a lack of vision and direction at the moment in what we do. How do we build on? How do we value add? What of this terminology—downstreaming, upstreaming, non-streaming? How do we build on to these economies so they do not just contribute boom and bust to our economy?

**Mr Kilgariff**—I think it would be fair to say that there has been a bit of turmoil in the public service just over the last, say, 12 to 18 months, and the whole employment and training focus of the government certainly has changed. Before, there was a training authority; now it has basically been melted back into the department. We have established a very good relationship with them. I guess the point I was making before is that it is something that should have been happening a few years ago, but it is certainly no reflection on those people in those positions now. I think before there was a propensity to say, ‘Look, we are the training authority and you’re industry, and we’ll do your work for you.’ Now I think there is a philosophy of an alliance with industry—basically, they are the client of industry. I have got some of those stats that I was talking about before, which I might table, if you do not mind.

**Senator BARNETT**—Yes. I was going to ask you, regarding the statistics, whether they were evidence based. Can we table those, Chair?

**CHAIR**—It is so ordered.

**Senator BARNETT**—Thank you for that. The department talked about that labour market analysis and the forecast being available in the second half of this year, just for your interest.

Going on to small business and microbusiness in the other areas—in particular outside of Darwin, in the rural and regional communities—how about getting training and apprenticeships for employees in those communities and those businesses? Is getting to those communities an issue that you have looked at as a chamber or a land council? That must be hard. Yesterday we had the response that online learning is being taken up but not as vigorously as perhaps they would like. Is that something you are promoting? Are there any other ways of encouraging that?

**Mr Bevis**—It is a key issue, particularly for our industry, being an underpinning industry in the economy of the motor trades. In recognition of the skills shortages identified by our industry, we have talked with the university over recent months regarding day release for automotive apprentices, which has been agreed. That course is now off and running. As at the end of April there has been day release for automotive apprentices. That increased the intake by around 18 or so apprentices, because it became more business friendly than the block release was previously available.

In the regions, there will need to be a block release program still for those apprentices who need to leave their businesses. If block releases, for instance, are held during the middle of the dry season, when it is the automotive trade's busiest time, you have three apprentices out of your workshop. That just does not work. In recognition of that, we have been talking with the university over recent months and have come to terms with those sorts of issues.

**Senator BARNETT**—So you find them responsive to your need for them to be a bit more business oriented and business friendly?

**Mr Bevis**—Yes. I should say that finally that has happened—much to the excitement of our industry I must say. It has certainly filled a need and given our industry much more confidence to move forward.

**Senator BARNETT**—Okay. That is an issue that has come up everywhere we have travelled—the inflexibility in certain sectors of TAFE.

**Mrs Frost**—Certainly the cost of training delivery in the regions is exceptionally high, so you see a need for training providers to have minimum numbers to train. It is very expensive if you get to Tennant Creek and find there are only two or three people attending the course. The chamber has offices in all the regions except for Tennant Creek, and we do training in the regions. We try to be as flexible as possible—doing it after hours, breaking it down into modules, doing it at weekends—and we still find it exceptionally difficult to get people along to training course.

Some of it is because they are very small businesses and find it difficult to provide a commitment for a length of time to see through an apprenticeship or traineeship. But they are so lean and mean that really they are looking for instant skills; they are looking for instant productivity. A lot of them are family based organisations who tend to absorb family members into their businesses—for example, in the retail industry or the hospitality industry. They are sole proprietors or partnerships—those sorts of businesses.

**Senator BARNETT**—I know what you mean. I was in the microbusiness consultative group—businesses which employ less than five employees, which make up 80 per cent of all

small businesses—for a couple of years so I know that they want hands-on, on-the-job training if possible. They do not have the time to let their people go. Thank you for that.

**CHAIR**—What are the unemployment levels in the Northern Territory, setting aside the Indigenous population?

**Mrs Frost**—What are they saying now, about eight per cent? That is the highest that it is been in a long time. But if you were to take out the long-term unemployed in there, it would be very low, I would suspect. There is a transient population that comes through that does not stay on the unemployment figures for very long. I think that the number of long-term unemployed within that eight per cent is growing, and that is a concern that has been expressed. But it is still not as high as elsewhere. People with skills who are work ready generally do not stay unemployed for very long. They might not get the job they particularly want straight away but they usually find a position.

**CHAIR**—That was my second question. Has anyone done any analysis of the skills that reside in that eight per cent unemployed? What training would be necessary to upskill or cross-skill those individuals to make them job ready or to get them into areas of skill shortages?

**Mrs Frost**—I do not think we have that. Whether the ABS has that information, I do not know. Some of those people in that unemployment figure would be defence partners who come in and register and then get snapped up. They have good skills; they certainly do not need upskilling in the traditional sense. Women returning to the workplace would be a component in there—and young people coming out of school into the work force. The positions vacant advertisements in the newspaper are a pretty good indication. I do not have any statistics on it but there are still a lot of jobs available. If you look on the traditional two days a week—Thursday and Saturday—in the local papers, there is still a lot of work.

There is a lot of work in Indigenous communities and Indigenous organisations now, too. It is amazing to see, in health areas, education areas and management areas, that there is still a lot of work there, but there is still plenty of work in the urban areas. You see those jobs advertised for two and three weeks, so I would suggest that there is plenty of work still there.

**CHAIR**—But that is a skill matching issue, isn't it? That is a situation where there are jobs but not the skills to fill them. What I am looking at is the extent to which an analysis is being done of the potential labour forces available and the investment that would be required to lift the skills of those individuals to match them to the jobs that are available.

**Mrs Frost**—Those skills are harder to get now, with the breakup of the old CES. Those figures are now spread. Whether the individual organisations do that analysis I really do not know, but it would be done at a federal level, not at a territory level, I would think.

**CHAIR**—You have not tried it yet at a territory level? Mr Maschke, did you want to add something?

**Mr Maschke**—The danger always is that, if we have a downturn in industry, we have an exodus of people, and you cannot get them back. Up until November last year, I employed about 28 people. Now I am down to eight, and I am starting to pick up again. The people I contacted

who had a better skill base are not here in the Territory anymore. Because of the cost of living in the Territory, they just disappear.

**CHAIR**—There is the syndrome elsewhere—the classic case of the fitter driving the taxicab and there is a shortage of metal tradespeople. It has to do with continuity of employment opportunities; it has to do with wages and working conditions. The Motor Traders Association in New South Wales did a survey a couple of years ago. Fifty-two per cent of the people who leave the industry do so because the wages are poor and the working conditions are even worse. That is the skilled labour force, and that is the movement that is taking place in it.

**Mr Bevis**—If I could add to that, a recent survey was done of our members to put together a case for the national wage case. Ninety-five per cent of businesses in the Territory pay over award, and 50 per cent of those pay more than \$80 over the award. That demonstrates clearly, in our view, the problem of (a) attracting qualified people with skills to the Territory and (b) retaining them.

**CHAIR**—You spoke earlier about robbing Peter to pay Paul. Isn't that creating wage inflation for you? If you have got competition now, and the labour force is churning between employers, that must be creating some inflationary wage pressures in the Territory at the moment.

**Mr Bevis**—It is, but it also demonstrates the lack of the local base to draw from. That is why our industry is taking on this imperative of the need to train apprentices to come through, particularly in the automotive industry. It has really got to be the saviour of our industry. Do you know what the age profile of the unemployed is, Mrs Frost?

**Mrs Frost**—No. The average age in the Territory now is about 28. We are getting older; it used to be 26. With relief I will admit to 28 now. That is our average age, but I would suggest that the unemployed would be a mix of very young or perhaps older people in the workplace. There is still a stigma in employing people over 40 or 45. I do not know how some of the employers here look on employing older people, but that is still an issue.

**CHAIR**—Why is this an issue? Can anyone explain it? It is an issue not just here; it is an issue all over the place. I play golf with a guy who is a fitter and turner. He just got a sheet metalworkers certificate. He has got a first-class welding certificate, and he cannot get a job. In the area where he lives there is a shortage of skilled metal tradesmen, and he cannot get employment. The only thing he can put it down to is that he is 47.

**Mr Maschke**—I think that is a prejudice. I do not discriminate on age. I have got people who are 50 or 60 years old. They are good tradesmen. They are reliable—

**CHAIR**—You may, Mr Maschke, but is there a prejudice against older people? It is not just here. I was in the UK a couple of years ago. There 3½ million people are over 50 in the UK, and only 160 of those are seeking work.

**Mr Bevis**—I do not think that applies to our industry in particular with vehicle salesmen or mechanic automotive repairers. If they have a skill, there is desperate need for them here. My view would be that there is certainly no discrimination on age. We do find, particularly in the automotive technician area, that there are older people who are either not keeping up with or

unwilling to keep up with the evolving technology, and they are leaving the industry. So not only do we have a front-end problem but we also have a problem with people leaving the industry perhaps earlier than they otherwise would have, because of the new technology, which is quite intensive in its advance.

**CHAIR**—A lot of your stuff is diagnosis, isn't it?

**Mr Bevis**—It is now, yes.

**Mrs Commons-Fidge**—I tend to agree with my colleagues. I believe that the more mature the worker, the greater the wealth of knowledge and experience they will have. In Darwin, once you have extended a wealth of training you want to keep that person as long as possible. Especially with young trainees, if they are still living at home and their parents move on, unfortunately that trainee moves with them. Consequently, if there are people from interstate coming to the territory we are all quick to jump and grab that qualified person. With the LNG plant and Alcan, what is facing the manufacturing sector is the stripping of qualified labour, as we are all aware. This morning I was invited to an informal discussion with Neville Cornish from the Welding Technology Institute of Australia. It was quite interesting to hear some of the issues that they covered with the submarine manufacture in South Australia. I believe what we should do in Darwin is undertake a task force to see how we can improve our own skills and then present that to the government so that we can get a better understanding, and possibly the financial assistance that is needed—whether it be for training or other avenues—to assist all others.

**CHAIR**—The reason I asked that set of questions of Mrs Frost is that in Western Australian the government has just put in \$150 million specifically for upskilling or cross-skilling people with trade skills who are currently unemployed or in areas where their skills have become redundant. I do not necessarily see that as providing a skills base for the major project work that is being done in the northern part of the state; they are doing that primarily to fill the back flow where the stripping will occur to supply the labour force there. A lot of those people will be older, more mature employees who will regain the skills and be able to go back into the industry, and presumably they are settled around the Perth area. They have the necessity to do that. I think they have done some profiling of the skills that might be available. That is why I asked the question whether or not there have been discussions with the Northern Territory government about doing a similar sort of activity. The other thing, of course, is that you need the infrastructure to be able to train them in. They have pretty good infrastructure over there to do it. They have a skills centre and so forth, so the infrastructure is all there to do the training.

**Mrs Frost**—It is certainly something that we could look at and investigate. With the reformation of DEET and their emphasis on jobs, it is certainly something that we could bring to their attention and seek some more information on in terms of breaking down those unemployment statistics.

**CHAIR**—I think the real danger of the project work is that, while people want to participate in that project work and there is real income there, that is only a three- to five-year program and at the end of the day you finish up collapsing your basic infrastructure behind it. That is much more difficult to replace in the longer term.

**Mr Drogemuller**—We have done some early studies on the LNG project as to what the long-term opportunities could be once the plant is built and operational. I think there will be approximately 60 people employed by Conoco-Philips to keep the project operational on site. The ISO have estimated that up to 200 positions will be off site to support the plant and keep it operational. We are doing a study at the moment identifying what those possible opportunities will be—how many boilermakers, instrumentation technicians, electricians and so forth could be required off site. It could be up to 200 outside the project.

**CHAIR**—I do not know what studies you have done, Mr Drogemuller, but the experience of other areas is that you tend to find that a lot of the tradespeople who built the plant finish up as the operators of it. Again, they are lost to the skills base because they finish up moving into another area. It is not that it is unskilled—it is skilled—but you lose the skills that were there previously, and that provides a gap as well. If you look around the country at most of the major projects that are built and at the operators, you will find that a fair proportion of them actually worked on the construction of the plant.

**Senator ALLISON**—I have two questions. The eight per cent unemployment rate presumably does not include those people on CDEP. What percentage would that be?

**Mr Berto**—I think it is about 3,000 people.

**Senator ALLISON**—Yesterday, we heard that a number of Indigenous people who are trained in the traditional trades either do not go on to find full-time employment or, if they are in communities that might be a bit more remote, are not able to contract for work which might be going in that area because they lack the administrative training to run a business, as opposed to being a plumber, a bricklayer or whatever. It was said that there are cultural reasons why Indigenous people do not wish to take on that training and to run businesses. I think the committee has heard a lot of evidence about the lack of skills and all the reasons behind that, so we do not need to go into that. Could you comment there? Do you think that there is a barrier that needs addressing with regard to encouraging people to start small businesses once they have those trade skills?

**Mr Berto**—Culturally, they have big families. When one is employed or running their own business, there is a lot of pressure placed on them and on that business to successfully operate. That pressure is from family constantly humbugging them for money. There is very little income out in communities. I guess the pressure is too much for them at end of the day. They just give up and do not want to do it again. That is quite common.

**Senator ALLISON**—What should be done to address that?

**Mr Berto**—I do not know what the answers are, to be honest with you. This is an issue that I think the families need to take on themselves. They need to recognise that issue and support that business rather than put too much pressure on it and it fail. I remember that back in the eighties and early nineties there were a lot of Commonwealth government incentives to start up businesses through the Indigenous enterprise programs. A number of them got up, but because of these cultural reasons they failed. They just could not continue.

**Senator ALLISON**—Can that be sheeted back to the economic situation of that community?

**Mr Berto**—Yes, in part. I looked at a lot of those issues when I was managing the CES office in Gove, and one of the glowing issues was family pressures. It was right through every community; it affected every individual trying to make a success of their lives in setting up their own enterprise and running it. They just could not do it at the end of the day because of that particular issue; it was just too much.

**CHAIR**—Is that also the experience in the industries that are under ATSIIC's flagship?

**Mr Berto**—Generally it is an issue that is right across the board with everything, like a normal job. I want to take the opportunity to also mention that the Northern Land Council has set up a caring for country unit which focuses its efforts on looking at new industries that seem to be coming into communities on Aboriginal lands and using Aboriginal intellectual property skills—such as ecotourism, arts and craft, rangeland management and development. Although we do get a lot of support funding, we would like to spread it right across Aboriginal lands. There is a growing industry wanting to use those intellectual property skills, but we have not got the capability to move around more.

**CHAIR**—The government has just introduced a program that they are currently negotiating with the financial institutions, which is about subsidised interest on loans for Indigenous businesses. That is maybe something worth while looking at. In those areas you spoke about, those are strengths that reside in the communities and it is a question of how you build on them. I recall going to a place in Dareton, which is outside Mildura. There was a facility there employing 40 Indigenous people making various arts and crafts. They wanted \$200,000 to build a bigger factory which would have employed another 30 to 40 people. It would have taken them off CDEP or the dole. They could not get the funding. It was outrageous. It would have been much cheaper to have given them \$200,000 than to pay the dole. This program may actually provide some resources to allow some of those businesses to get off the ground. But again, there is a skills issue in terms of individuals understanding what are they getting into, how to manage cash flow and all the rest of business activity that takes place.

**Mr Berto**—It is an industry that people prefer to be in, to be honest with you. It is their land. They understand the land side of it—the flora and fauna, so to speak. The skill is there, but to make an industry out of it is another story. If we are to successfully own it and run it, there is a challenge.

**CHAIR**—It may well be that they may need some help in that process.

**Mr Berto**—We are trying to. We seem to be the only ones. There is the NHT—the Natural Heritage Trust. We get annual funding from them. It is one year at a time. These programs we like to see go over five or 10 years. You build up a plan, you implement that plan, and before you know it the funding has been pulled from you. The effort of that whole year or two to three years is gone and you are back to square one. It has a dramatic effect on the local community. You are slowly building up the skills base and all of a sudden it is pulled from you. It seems to be a common story.

**Mr Beggs**—Mr Chairman, could I relate a training story to illustrate—

**CHAIR**—A positive one?

**Mr Beggs**—It will be a short one.

**CHAIR**—A positive one?

**Mr Beggs**—Yes, very positive. It illustrates that training can sometimes have quite unexpected consequences. We are a construction project in remote locations, so welfare and safety are very high in our thinking. We set out to maintain a ratio of employees qualified in first aid and regularly put people through first aid training courses to qualify the number that we required. One of those guys went on one of the courses and about three weeks later was at home—nobody has ever asked why he was at home and not at work at the time but he was at home. This happened at Tennant Creek. It was about nine o'clock in the morning and his daughter came rushing in quite distressed. 'Dad! Dad! Come quick!' He went outside and the sister of the next-door neighbour was out the front absolutely beside herself with a child in her arms that had been—I think he was about 15 months—fished out of the swimming pool. He had turned blue, so was practically drowned. Without thinking, the man just went through the process that he had been taught at the first aid course three weeks before and saved the child's life. Just by telling that story, it has a very positive outcome.

**CHAIR**—Mr Kilgariff, does the construction industry in the Territory have a skills centre? Do you have a levy on construction?

**Mr Kilgariff**—Do you mean a training fund?

**CHAIR**—Yes.

**Mr Kilgariff**—No, and in fact it is an issue that is under discussion at the moment—whether there should be some sort of major project levy. I cannot sit here right now and say that the TCA does or does not support that, because we have not really thrashed it out. But in any discussions I have had with industry there is certainly a lot of support for it. The only concern is that it be administered in an open and transparent way that is not open to abuse. Here and now I would have to say that, personally, I do support it.

**CHAIR**—Because a number of them apply around the country. I think a number of states have them.

**Mr Maschke**—I have details here regarding a levy et cetera. If you do not mind, I will table them.

**CHAIR**—Mr Maschke wishes to table a document. Does the committee agree?

**Senator TIERNEY**—What is the document?

**Mr Kilgariff**—Harry, we had a discussion the other day about this.

**Mr Maschke**—Yes.

**Mrs Frost**—They are Mr Maschke's views on a levy.

**CHAIR**—Mr Maschke’s views on a levy?

**Mr Kilgariff**—Yes.

**CHAIR**—Would a committee member move that we accept this document?

**Senator TIERNEY**—Yes.

**CHAIR**—So ordered.

**Mr Maschke**—There are other points too in the document, but it is mainly about the levy.

**CHAIR**—Thank you. Does anyone else want to make a comment?

**Mr Kilgariff**—I would like to make one last point, which relates to the point I made right at the beginning about industry participation and skills development being linked. As part of AusIndustry there is an import facility where a company doing a major project, if they are sourcing goods or products from overseas, effectively gets some sort of benefit back on the import duty that they would otherwise have paid. As part of that they have to undertake a local industry participation plan. That is a plan that applies to the whole of Australia rather than to a particular region. But in my view the local industry participation plan should drill down to a regional benefit. It should also encompass the sorts of things that are going to apply from an employment and training point of view, and the sorts of training requirements that are going to apply to the local Indigenous community. At the moment I think the local industry participation plans are far too broad and general and do not tie the companies down to any particular local benefit.

**CHAIR**—We understand the point you are making—there needs to be much more precision about outcomes.

**Mr Kilgariff**—Yes.

**CHAIR**—And that is why I think it is important to look at the memorandums of understanding or agreements that exist with major construction companies to see how specific they are about outcomes.

**Mrs Frost**—In a similar vein, we have been asking the Territory government for some time to give some weighting in its procurement process to employers or businesses who train. We talked about the anticompetitiveness of the situation between a company that trains and has to build in those costs and a company that does not train at all. We have had some discussions with government about trying to build in a weighting mechanism, all things being equal, to give some emphasis to businesses that train. There is a lot of work to be done on that—it is very early days—but if we are really going to look at expenditure of government moneys benefiting the community as well, perhaps that is an area that should be looked at. We do not have a position on it; it is just the start of some discussions, asking, ‘Will you give some weighting to a company that trains and contributes back into the employment pool rather than just putting in the lowest tender?’

**CHAIR**—Some states already have that in place. I think the Queensland government requires 20 per cent of the value of a contract to be expended on training.

**Mr Maschke**—We have that in place, but nobody is game enough to enforce it. It does not matter if an industry group does some stronger lobbying. I say, ‘Forget about it.’ It is a political decision to enforce it.

**Mr Kilgariff**—It has got ramifications for competition policy, too, of course.

**CHAIR**—It has ramifications for the WTO as well. These things can be got around.

**Mrs Frost**—They certainly can.

**CHAIR**—That concludes the roundtable. We have run out of time. On behalf of the committee, I thank you all very much for coming along this morning, for giving us your time and for your contribution. It has been extremely valuable.

**Committee adjourned at 11.31 a.m.**