



PUBLIC ACCOUNTS COMMITTEE

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HEARING ON ADDRESSING SKILLS SHORTAGES IN QUEENSLAND

TRANSCRIPT OF PROCEEDINGS

MONDAY, 21 APRIL 2008

Brisbane

MONDAY, 21 APRIL 2008

Committee met at 10.30 am

CHAIR: Good morning, ladies and gentlemen. I declare this hearing on Audit Report No. 7 2007 titled *Addressing skills shortages in Queensland* open. The hearing is in accordance with the committee's statutory role to review the reports of the Auditor-General. My name is Ken Hayward and I am the chair of the committee. The other members of the committee here today are my deputy chair, Mr Vaughan Johnson, the member for Gregory; Peter Lawlor, the member for Southport; Grace Grace, the member for Brisbane Central; John-Paul Langbroek, the member for Surfers Paradise; David Gibson, the member for Gympie; and John English, the member for Redlands.

We will be conducting this hearing in two sessions as follows. Session 1 will be the Auditor-General and representatives who are assembled here today from the Department of Education, Training and the Arts, the Department of Employment and Industrial Relations and the Department of Tourism, Regional Development and Industry. Session 2 will be representatives from Commerce Queensland, the Australian Industry Group, the Master Builders Association of Queensland and the Civil Contractors Federation.

This hearing is a formal proceeding of the parliament and is subject to the Legislative Assembly's standing rules and orders. The committee will not require witnesses to give evidence under oath, but I remind you that intentionally misleading the committee is a serious offence. I take the opportunity here now to thank you all for your attendance here today. You have previously been provided with a copy of the instructions for witnesses, so we will take those as read. Hansard will record the proceedings and you will be provided with a transcript.

ARTHUR, Mr Rodney, Deputy Director-General, Training, Department of Education, Training and the Arts

FAVELL, Mr Geoff, Executive Director, Industry Development, Department of Education, Training and the Arts

HUNTER, Mrs Rachel, Director-General, Department of Education, Training and the Arts

WEBB, Ms Carolanne, Assistant Director-General, TAFE Queensland, Department of Education, Training and the Arts

CARLON, Mr Bernie, Executive Director, Employment and Indigenous Initiatives, Department of Employment and Industrial Relations

HENNEKEN, Mr Peter, Director-General, Department of Employment and Industrial Relations

STEVENSON, Mr Adam, Director, Strategic Policy and Performance Management, Department of Employment and Industrial Relations

COULTER, Mr Bryan, Deputy Director-General, Industry, Investment and Development, Department of Tourism, Regional Development and Industry

McNULTY, Ms Susan, Acting Director, Migration and Skills Recruitment Queensland, Department of Tourism, Regional Development and Industry

CAMPBELL, Mrs Terry, Assistant Auditor-General, Queensland Audit Office

POOLE, Mr Glenn, Auditor-General of Queensland, Queensland Audit Office

CHAIR: Thank you all very much. You will notice some television cameras are here today. They will only be here for a couple of minutes. The purpose of them is to get some overlay and footage of the hearing here this morning. They have informed me that there will be no audio as such.

We are running this hearing as a roundtable forum to facilitate discussion. However, only members of the committee can put questions to witnesses. If you wish to raise issues for discussion, I ask you to direct your comments through me. There is an opportunity for each agency that is represented here today to make a brief opening statement and then I will invite questions from members. We will start with the Department of Education, Training and the Arts.

Mrs Hunter: I would like to personally acknowledge the Auditor-General's report and recommendations. I wish also to thank the Auditor-General for providing me with the opportunity to respond to his recommendations, and I ask the committee to note that our initial response is included on page 26 of the report. The report certainly raised a number of issues, including the need for more formalised interagency coordination, the development of a whole-of-government approach to addressing skills shortages and increased coordination between the state and the Commonwealth. My department is continuing its work to address the concerns and issues raised by the Auditor-General.

My department has established the Labour Market Advisory Committee, with representation from 11 state government agencies. This committee is a formal forum to achieve increased interagency coordination on skills shortages issues. In the future it may well be possible to extend representation on this committee to relevant federal government agencies such as the Department of Education, Employment and Workplace Relations. Queensland is also collaborating with the Commonwealth government on a number of fronts, including quality training product development, VET quality assurance and determining new financing arrangements to address skills shortages. Under the Commonwealth government's Productivity Places Program, the government has set a target of an additional 450,000 additional training places over four years, with 60 per cent of the target being drawn from existing workers and 40 per cent from those who are not in the labour force. Queensland's share of this is close to 90,000 places over four years. We are currently negotiating arrangements in relation to those places with the Commonwealth.

There is certainly a very strong commitment at a national level to not only creating additional training places but strengthening the advice that the Commonwealth government draws from relevant industry groups. The establishment of Skills Australia and industry skills councils is an example of the government's desire to draw on the intelligence of key industry advisory bodies. The challenge in meeting Queensland's labour supply and skills needs remains obviously of acute concern. The challenge is significant because of the high pressure in terms of people requiring additional training and also industry groups requiring greater numbers of skilled workers. We look forward to working with our colleagues across government to meet those challenges. Thank you.

CHAIR: Thank you.

Mr Coulter: On behalf of the Department of Tourism, Regional Development and Industry, I am pleased to make a statement today regarding the Auditor-General's report entitled *Addressing skills shortages in Queensland*. The director-general of my department wrote to the Auditor-General on 1 November 2007 confirming agreement with the key issues and recommendations of the draft report, proposing initiatives to address these matters and clarifying respective roles of DTRDI and the Department of Education, Training and the Arts. Since the report was released, DTRDI has been actively progressing a range of initiatives in relation to the Auditor-General's recommendations. I will detail those initiatives shortly.

Firstly, I would like to clarify DTRDI's role. Among other things, we are responsible for developing the Smart State economy and ensuring the economy is founded on a diverse base and able to expand in a sustainable manner. We do this through a range of practical programs targeting business and industry development, investment, innovation and technology development. The fundamental mechanism by which we drive the Smart State's development is a smart industry policy which identifies skills as a key driver for industry development. In particular, the smart industry policy highlights that skills and knowledge are vital components of industry productivity. To diversify the state's economy, the smart industry policy includes action plans for 15 industry sectors including the department's 12 priority sectors.

Next it is important to explain that DTRDI works closely with DETA, which is the lead agent for the Queensland Skills Plan and skills formation strategies. Collaboration with DETA on skills related initiatives including skills formation strategies is a significant part of our work in developing the state's priority industry sectors. We have contributed to the development of the completed skills formation strategies for pharmaceuticals and nutraceuticals, boat building on the Gold Coast and construction engineering and minerals processing in the Townsville region. In addition, to develop skilled workers for the state's science, technology, engineering and mathematic sectors, DTRDI and DETA are working together on a 10-year plan. DTRDI also has lead agent's responsibility for delivering programs to boost skilled and business migration through which the state gains new skilled workers. Again, DTRDI works closely with DETA on many migration initiatives.

Moving specifically to the Auditor-General's report, two of the key findings noted that reporting to senior management on skills shortages was not formalised and that there was limited information sharing between the units. In addition, recommendations 2, 7, 8 and 9 set out actions for DTRDI including developing an enhanced performance reporting framework for skills initiatives and developing industry-specific plans to address skills shortages.

I am pleased to be able to advise that a whole-of-department skills network within DTRDI has been re-established. The skills network is designed to coordinate and monitor all of the department's skills initiatives including skills formation strategies for the department's 12 priority sectors under the smart industry policy. In addition, the terms of reference for the skills network include a requirement for reporting to the director-general on the implementation of recommendations made by the Auditor-General. Thirty senior officers nominated by their executive director and representing every division of the department make up the skills network. Some of these officers' positions are cofunded by DETA for work being undertaken on skills formation strategies. Two meetings have been held so far and meetings are currently being held monthly. To date, the major outcome from the skills network has been enhanced communication and cross-fertilisation of ideas about skills development and formalised reporting to senior management through development of a skills action plan. I also point out that the smart industry policy released in February 2008 was supported by the decision-making framework to ensure the most efficient allocation of government resources and provides a framework for monitoring and evaluation. Since the release of the Auditor-General's report, DTRDI and DETA are collaborating to align performance management of DTRDI's contribution to skills formation strategies with the evaluation framework contained in the smart industry policy.

Without doubt, labour and skills shortages are being experienced globally, nationally and throughout Queensland including in Brisbane and regional centres where doctors and nurses are needed, at Whitsunday resorts where hospitality staff are needed, in Maryborough's rail industry where metal fabricators are needed, and in the Bowen Basin where engineers and skilled tradespeople are needed. In response, the Migration and Skills Recruitment Queensland Unit within DTRDI is actively working on attracting skilled workers from overseas and interstate. I can assure you that the department has taken on board the Auditor-General's recommendations and is actively pursuing strategies in collaboration with DETA to meet all of its recommendations.

CHAIR: Mr Henneken.

Mr Henneken: We are also happy to work with DETA in terms of the identification of skill and labour shortages in Queensland. The department's view is that the labour market data does indicate that there are skill and labour shortages in a range of sectors and occupations. These shortages are expected to continue for some time, fuelled by infrastructure investment and demand for resources in growing economies to the north of us. Although recent data does indicate that demand for labour may be slowing due to the impact of Reserve Bank decisions, skill and labour shortages still play a substantive risk to economic growth and potentially inflation. The predicted slowing of labour supply growth largely due to the ageing population may deepen skill shortages and will impact on available labour supply. The department's main role is with respect to labour participation, and mostly its programs are focused on labour market participation. We believe that there is in the order of 200,000 Queenslanders with the capacity to work who remain outside the labour market. Responding to these is a multifaceted approach.

In terms of labour utilisation, our programs are, in a sense, around our job readiness and job preparation. We certainly believe that once people are in the labour market there is an opportunity for them to then progress through the skilling agenda. The skilling agenda is obviously extremely important, but we also believe that how skills are used in enterprises is also critical, and that relates to the strategies that employers have, the nature of the industrial relations arrangements and the human resource policies that employers have.

In terms of the programs that we run—and this was a specific recommendation of the Auditor-General—we have a long history of evaluating our programs and we are committed to evaluating the new programs that we are running to ensure that the initiative is effective in contributing to labour supply and productivity. The Office of Economic and Statistical Research participant destination survey of all Skilling Queenslanders for Work participants is conducted 12 months after participants' exit from programs to ascertain the sustainability of employment programs.

Mr Poole: This audit concentrated on the three departments that are represented this morning. We were looking to see whether they had suitable frameworks and systems that could identify and address the skills shortages facing industries and businesses in Queensland. The audit identified some potential improvement opportunities in the area of identifying skills shortages and then addressing those skills shortages. In the area of identifying skills shortages, we noted that there were some issues with access to reliable and relevant data, particularly the data at a regionalised level, and also across the various specialist skill areas that Queensland is facing.

In relation to addressing those skills shortages, we found that the departments have suitable systems and frameworks in place, particularly around the implementation of the Queensland Skills Plan, but we noted that the focus of the plan was mainly on training, especially vocational education and training, and that addressing the area of skills shortages probably requires actions beyond that area. In that relationship there was not the same sort of interagency coordination that was evident in relation to the Queensland Skills Plan. Further, we noted that there was not a specific policy in place to address the shortages in the professional occupations. I certainly want to acknowledge the positive responses from the departments to the audit and the actions that they have taken since then.

CHAIR: Thank you very much. My question is to the Auditor-General to start proceedings off this morning. Could the Auditor-General please summarise for the committee what he considers to be the critical issues that arose from the audit?

Mr Poole: Mr Chairman, the critical areas were those two areas of identifying skills shortages and then addressing the skills shortages. In identifying the skills shortages, the major area of difficulty that we observed was that the data that the departments rely on from the Bureau of Statistics has some limitations because of the nature of the survey. It is a nationwide survey with a relatively small sample size, and that provides challenges in identifying localised and specialised areas of skills that needed to be addressed. While there were systems in place to address this, we found that that was an underlying issue which admittedly would be a challenge for any individual state to address unilaterally, but for a state such as Queensland we felt that some further work in that area was probably needed.

In relation to addressing the skills shortages, the focus of the Queensland Skills Plan primarily appears to be on training, particularly vocational education and training. In that regard there were some minor recommendations that we made to improve the coordination and cooperation between the three agencies that have a relevant part in it. But beyond that, in the more broader issue of addressing skills shortages, particularly in the professional occupations, there was not the same rigour and coordination across the agencies.

CHAIR: Thank you very much. Following on from your answer, one of the issues that the audit report focused on was the causes of skills shortages. Is the question of identifying the causes of skills shortages being addressed? If so, by whom and how?

Mr Poole: A lot of the issues that are outlined on page 13 of the report are ones that, as the report says, are quite complex and they are ones that would need to be addressed by the individual agencies. To some extent, though, there are some limits as to how much government can do in that area, particularly as the economy continues on. I noticed Mr Henneken's comment about the slowing of the economy, which may help in some areas in reducing the demand. But those causes will be there almost irrespective of some of the actions of government. I think the issue is to try to ameliorate those to the extent that it is possible.

CHAIR: I am just looking at the rest of the people here today. It seems that the Auditor-General threw the pass in the general direction of the departments. So my follow-up question is to all the departments that are here today. Individually within the departments, how is the question of identifying the causes of skills shortages being addressed?

Mrs Hunter: We use a number of strategies to identify skills shortages. Broadly, these include internal departmental research and analysis through our own Labour Market Research Unit, but working with other agencies through the labour market advisory committee and pooling that intelligence, and through the deployment of new industry engagement models. My colleague Bryan Coulter has talked about skills formation strategies, skills alliances, government-industry skilling partnerships and direct engagement with key industry groups. We also gather a lot of local and regional intelligence through direct contact with businesses, industry, communities and other stakeholders. This intelligence is complemented by the statistical data which the Auditor-General has made reference to, which in turn is gathered from a variety of sources both at a state and Commonwealth level. The findings are then documented in a regional sense in VET plans for each of our department's training regions.

Mr Coulter: Our answer is similar to the answer by Rachel Hunter. We work closely with DETA. We work through the labour market advisory committee. We also work closely with industry with our 12 priority Smart State categories and developing skills formation strategies and just working with industry in developing those particular key areas.

Our process for that is to work with industry in looking at where they are going, what their development needs are, what their skills needs are, and not just what their skills needs are now but what their skills needs are for the future. What are the training and education facilities and requirements that need to be put in place to keep that going? At the moment we have a very strong economy and the skills requirements are very acute. So we are looking at both those skills requirements in the economy as it is, but also going forward we need to look at where those industries are going in the future and working with industry—not just our own research but also industry research in terms of what they need going forward for skills.

Mr Henneken: We likewise participate with DETA on the interdepartmental committee, which is designed to provide information on skills shortages by occupation. The focus of our department is probably slightly different in that it is focused on general labour supply issues. We certainly believe that, in addition to skills shortages, there are general labour shortages. Labour supply can be increased in a number of ways—firstly, by normal population growth. I think, as I mentioned before, there is an ageing of the population, so that side of growth is slowing. Obviously there is interstate migration, and again there is some slowing in that, and then overseas migration is another source.

The source that we mostly focus on is the source internal to Queensland. We have done quite a considerable amount of research on issues dealing with labour under-utilisation. If you look at labour utilisation rates by region, there are some quite significant variations. If you look at labour utilisation rates by ethnicity, our Indigenous people obviously participate in the labour market substantially less than the Brisbane

white population and so do some of our migrant population. Clearly there is also a correlation between labour utilisation and labour force participation and skills. If you do not complete the highest level of schooling, your participation in, or utilisation of, the labour force is substantially lower than those people who have, for example, degrees and so on.

We have done some work in terms of potential employment growth and the potential sources of labour over the next five years. As I said, generally we have done a reasonable amount of work around labour supply, labour force participation and labour utilisation issues.

Mr ENGLISH: Mr Poole, on page 18 of your report and certainly in your opening comments you raised concerns about the reliability and relevance of the data used to identify skills shortages. Do you have any ideas yourself as to how those data quality problems could be resolved or improved?

Mr Poole: That is probably an issue for the statisticians. Certainly some supplementary surveys, either organised through the ABS or organised through the Office of Economic and Statistical Research, would provide information particularly on the regional break-up of the data. The problem is that it is an Australia-wide survey. Therefore, the number of respondents within Queensland would be relatively small. Therefore, disaggregating that across the various employment markets within Queensland would cause the data to be unreliable. Therefore, it does need to be supplemented with some of the stuff that the departments have talked about this morning—their local market intelligence, their discussions with industry and their discussions within the community. But I suspect that also having some further supplementary statistical data would help enable the decisions that need to be made be made on a more firm basis than perhaps what we have at the moment.

Mr ENGLISH: I am directing this question again to the three government departments. Given the hard statistics that the Commonwealth obtains, how do you merge statistics with what seems to be either intelligence driven information or anecdotal information? How do you merge those two sources of data in making decisions?

Mrs Hunter: Under the new models of industry engagement which have emerged through the implementation of the Queensland Skills Plan, we have established a number of centres of excellence in construction, engineering, mining, aviation and manufacturing. We are working with those centres to extract local intelligence from each of the key industry sectors and to correlate that with the statistical data which we derive from both the Commonwealth and our own labour market analysis. There has to be the capacity to engage locally around this data because, as the Auditor-General's report indicates, there is a volatility in relation to the accuracy of data where we are dealing with small sample sizes in particular industries and particular labour markets.

Mr Coulter: We rely very much on working closely with DETA. We do not believe that we would want to do separate work because the work we do is very much in concert with DETA. The major work that is being looked at is through the Labour Market Advisory Committee. We are endeavouring to strengthen the way that committee can function. We have also been working with federal governments towards a more transparent approach to information provision against the entire skilled migration area. That is a particular area where this department works very heavily and closely with the federal government. There have been issues in terms of information, for example, in some of the visa categories—457 being a particular case. The Queensland government has been endeavouring to get more statistical information from the federal government on those issues. The way that we develop and look at skills shortages and the research on the same is to work more closely with DETA.

Mr Henneken: I am a great believer in doing analysis of where there is significant demand for particular types of labour. It essentially does mean matching statistical information with a range of anecdotal information and other intelligence. With all respect to the Auditor-General, can I say that labour market forecasting is a notoriously difficult process. On the demand side, unless employers are looking for licensed occupations, there are a number of options available for employers to meet the demand for labour. Wages alone is one. Some labour is substitutable for other labour. Technology is substitutable for labour over time and so on. Similarly on the supply side, some people get part way through a program and then decide to go in a different direction and people retire at different ages depending on a whole range of issues. Matching demand and supply is notoriously difficult. As I said, that is not to say that we should not do some analysis but it also says to me that we need, particularly in skilling programs, to make sure our skilling programs are flexible and allow people to work in a range of different occupations and a range of different areas.

Mr JOHNSON: You made a very valid point. A lot of people seem to change direction when doing these programs—apprentices, for example. Do you have anything in mind that can lock these people in? They get three years into a diesel fitter, carpenter or chef course and then change direction. I see this in the central highlands. They go off to the mines because they can get \$1,500 a week. The people doing the training and the people in your department are losing those people because they are chasing the dollar.

Mr Henneken: That is probably one question I would need to flick to DETA because they run the apprenticeship program.

Mr Arthur: Under the Queensland Skills Plan we have shifted the focus of our regional staff into more one of monitoring apprenticeship completion. Throughout the state the focus of their effort is now to target particularly first- and second-year apprentices because they are the ones with the highest dropout

rate because they have the lowest wages, and the consequence that you are talking about could occur. We also target beginning employers—that is, employers who are taking on apprentices for the first time. We try to establish a behaviour of completion as opposed to movement. Whilst there is an employment contract we are aiming to reinforce it now by monitoring to try to get to the problems before they actually occur. Our regional staff have conducted thousands of visits across Queensland this year. We are working to increase those completion rates so that that movement does not necessarily occur.

Ms GRACE: My question is directed to the Auditor-General but the departments may want to think about how to answer this question. We note that you had concerns that there had not been a focus on skills shortages in professions. In bringing the report together, can you tell us about what you found as to why the focus was not there for those particular sorts of skills?

Mr Poole: The major comments that we identified in that area were that the training, the skilling, the courses at the tertiary level are funded primarily through the Commonwealth government. Primarily the funding comes from that level of government rather than state. The degree of involvement from the state government was less than, for example, with the TAFE colleges which are wholly and solely a state responsibility. It was around the interaction between levels of government and around the operations of the university that there seemed to be a view that that was primarily a responsibility of the Commonwealth rather than the states. I guess our view was that the impact of that was certainly on the Queensland economy and therefore it seemed reasonable that the state government should at least have some policies as to what it can do and how we could address the skills shortages at the professional levels.

Ms GRACE: Mrs Hunter, would you like to comment on that focus? I understand the Commonwealth-state funding issues that the Auditor-General has raised. Can we do anything? Has there not been a focus on the professions? Is there anything going forward that the department is doing?

Mrs Hunter: There is. Thank you for the question. Overall the higher education system is delivering a surplus of 10,000 professional qualifications per year, but when you interrogate those statistics you see that there are oversupplies in areas of natural, physical sciences, miscellaneous social professionals but significant shortages in areas like the building and engineering professions, miscellaneous health professions and school teachers. In addition, shortages are projected for computer professionals, nursing and social welfare professionals. Whilst we are seeing an oversupply in a sense, you actually need to get within the detail of those statistics to understand where the shortfalls are.

Our department, certainly since the Auditor-General's report, has done quite a bit of work around how we can translate that data into a strategy that helps us ensure we have the appropriate mix of professional skills in the Queensland workforce. We have to take into account longer lead times in terms of the time taken to achieve a professional qualification and to satisfy, in many professions, registration requirements. We also need to ensure that we maximise outcomes from existing professional skills activities of governments and other stakeholders and recognise the lesser funding and policy role of the state government, as the Auditor-General has noted, in professional education and training. Drawing on our labour market research and information from industry and other government agencies, we have been able to identify shortages in a whole range of groupings of professions, as I have shared.

Our approach is on developing a mix of shorter and longer term initiatives around the identified critical shortfalls in terms of professional places which might collectively represent targeted and positive steps in implementing a framework for ongoing change. Going forward, the Department of Education, Training and the Arts needs to coordinate the government's professional skills efforts by fostering collective action by higher education institutions, universities particularly, industry peak bodies and employers, professional associations and professional registration authorities. We obviously need to coordinate the activities of all of those bodies in planning for the bids that universities put forward for university places but, importantly, we need to understand the labour market data and build into medium and longer term planning frameworks a coordinated approach across all universities and professional bodies.

Mr Coulter: The TRDI works closely with DETA as the lead agent on professional skills development. In our own right we have been active in addressing professional skills through contributing to skills formation strategies in the 12 priority industry sectors and also undertaking domestic and international skills attraction initiatives to encourage professional skilled migration to the Queensland economy.

Ms GRACE: Mr Henneken, in the employment area, how does that relate to what Mrs Hunter said in relation to what they are doing? Is there coordination there? There was a bit of criticism about the lack of coordination across the agencies. Do you marry together and try to work out what to do going forward in terms of the employment requirements and the professional shortcomings that Mrs Hunter outlined? I know it is hard.

Mr Henneken: I will make two comments in terms of the discussion that has just been had. Except where we put barriers in place and for particular reasons where we regulate an occupation—we licence it or whatever—the labour market is actually very flexible and employers have got a number of strategies open to them in terms of meeting particular needs for skills and so on. That can be around technology or internal training or using different levels of skills for staff and so on. We need to remember that in terms of our planning and our programs. We do cooperate with DETA in terms of the labour market forecasting area. The other comment I would make is that we often forget in the public sector that we are the principal employer of a number of occupations. For example, we probably employ the majority of nurses and the

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majority of teachers in the state. What we do in those areas in the public sector is critical in terms of the supply of that sort of labour. Those departments that tend to employ people where there are significant supplies for the labour market do have strategies around the supply and demand of that sort of labour.

Mr LAWLOR: My question is to the Auditor-General. On page 7 of the report you identify four recognised streams for addressing skills shortages. Does the Queensland Skills Plan address all of these streams?

Mr Poole: The Skills Plan is an all-embracing skills plan that addresses most of areas where we saw there were some gaps, as I said, related to the areas outside of the technical training and the labour market vacancies that would be addressed through labour that did not require the technical training that came through the plan. The recruitment and retention area is perhaps an area that is not addressed through the plan. That is primarily an initiative for the employer rather than for government activity. So I guess the short answer would be the area that we were talking about previously—the professional vacancies that are not directly addressed by the plan.

Mr LAWLOR: Could each of the departments just let us know what action has been taken to address each of these streams, maybe starting with Mrs Hunter?

Mrs Hunter: As you know, the Queensland Skills Plan is one of the foremost strategies in Australia to address critical skills shortages now and into the future. The government has invested more than \$1 billion over a four-year period to address the issues of skills and labour supply. The first issue, I think, for our department has been to ensure that the Queensland training system has the capacity to respond. With respect to the issues that the Auditor-General has raised, expanding skills supply through training programs requires a considerable investment.

By way of example, through the User Choice program, the investment in trade training has increased from \$85.6 million in 2005-06 to an estimated \$131.5 million in 2007-08, which represents growth of \$45.9 million, or 53.6 per cent and comprises 90 per cent of all investment growth through the program. In addition to the redirection of regional effort to ensure the retention of apprentices, we have introduced other initiatives which aim to ensure that we are delivering skills in time through the introduction of shorter duration apprenticeships, an early completion bonus, increased travel and accommodation allowances to support apprentices in training and, importantly, a Train to Retain action plan which, as Rod Arthur said earlier, works with both apprentices in training and employers to ensure that we are able to successfully complete young people in training.

We have seen a significant growth in shift regarding the offering of the certificate IV and above course, which has again occurred in line with our target to offer an increase of 14,000 places by 2010. We have 28 skills formation strategies established across the state. We have talked about the centres of excellence and the new industry engagement models, including skills alliances. We have established a small business solutions unit within TAFE Queensland.

The Civil Infrastructure Vocational Education and Training Action Plan has been implemented to ensure the appropriate level of training to support the rapid growth which we have seen in the civil construction area. In industries reliant on trade training—and I have talked about the increase of User Choice—particularly in the areas of construction, engineering and utilities, which include electrical, we are seeing significant growth in those areas.

Mr Coulter: In terms of what is being done to expand the pool of interstate and overseas migrants through the overseas migration program, DTRDI is now formalising a Queensland skilled and business migration strategy. We are doing work at the moment but we want to expand the work that we are doing to increase that skill pool from outside the resident population from both interstate and overseas and also to increase inward investment in business development.

The strategy will consist of the following key elements: a skills attraction and engagement program, which will include the Work Live Play campaign and a program of interstate and international promotional events, and retention initiatives, which are very important to the migration program. These will include issues such as proposed migrant settlement support initiatives. We have found that, if one does not follow up on the migrants who come, quite soon people will possibly leave Queensland and go back to their home countries. We are also looking at the better use of the targeted skilled and business migration visas and, importantly, a research program to identify skills in demand, the number and location of skilled and business migrants, and new attraction and retention strategies for those migrants.

To cap that off, we also need a policy agenda to coordinate services across the three tiers of government, employers, unions and community including, importantly, the links to regional development policies and also, importantly, with all of that a commitment to performance management so that we can indicate to committees such as this the outcomes that are being achieved through our policies.

Mr Henneken: Our focus is mainly on the third and fourth dot points. In terms of the third dot point, I mentioned earlier that our estimate is that there are as many as 200,000 people not in the labour market who are capable of working. Our programs, along with some Commonwealth programs, are focused on encouraging those people and making those people job ready. Our programs are evaluated by OESR and the recent data from those programs is that 69 per cent of those people are still in employment 12 months after the program.

The other thing I would say about that again is that the labour market is pretty flexible. Once you are in employment, there is plenty of evidence to show that you can progress to other levels and so on. As an example of some of the programs we run, there are some Indigenous programs, particularly in civil construction. The Barkly Highway at Camooweal is a significant Indigenous employment program. Most of the recent additions to that road have been built by Indigenous labour through our programs up there. We run an advertising program to encourage older people to participate in the workforce. There is obviously a whole range of strategies around work and family and so on to encourage carers, which probably in our society are predominantly women, to continue to participate in the labour market.

In terms of the final point, the one issue I have raised, which we have not talked about, is that since about 1993—and I do not want to say anything about WorkChoices, obviously—enterprise bargaining has been the policy of both sets of government at both the Commonwealth and the state level. It is a question of how far you want to push it. But certainly the enterprise bargaining system has meant that our wages system has become a lot more flexible. If you look at what has happened with wages growth, wages grow a lot faster in those areas where there are skills in demand and a lot slower in those areas which are low skilled and where the availability of labour is easy to get. In the last 15 years we have created a wages system which is more amenable to matching labour to where the demand is without generating the sorts of concerns we would have had 20 years ago in terms of wage break-outs and so on.

Mr LANGBROEK: My question is to Mrs Hunter. I know you just gave a comprehensive answer about the trade shortage and the action that your department is taking about that, but in response to recommendation No. 2, I note that you responded by saying that the department is leading the development of a strategy to alleviate skills shortages in the professions and that you will be in a position to provide advice in early 2008. Could you advise the committee what progress has been made with this, please?

Mrs Hunter: As my response says, certainly through the work of the labour market advisory committee, we have coordinated dialogue and intelligence across each of our respective departments. We also work, through the Office of Higher Education, with our universities to understand the basis on which they build their profile in terms of their submission for places. As our submission notes, the determination of those places is a matter obviously for the Commonwealth government. But increasingly the Commonwealth government, through the establishment of Skills Australia and through the work that that body and the Department of Education, Employment and Workplace Relations is doing with industry skills councils, is building a far more comprehensive profile itself of shortages in the professions. That ultimately, I assume, will influence their purchasing behaviours in relation to their relationship with universities. We are in a position where we are finalising a series of recommendations for government to consider. As soon as government has the opportunity to do that I am confident that we will be able to talk in greater detail about a professional skills strategy for Queenslanders.

Mr JOHNSON: My question is to the Department of Tourism, Regional Development and Industry. Mr Coulter, you have virtually answered this question in answers to questions that have been asked previously of you by other members of this committee. As you are well aware, the director-general of your department co-chairs the CEO Committee on Progressive and Productive Economy. Could you outline for the committee the purpose of this committee and what it is achieving in respect of addressing professional skills shortage? You have addressed the latter part but you might like to make a further comment on what the other partners are doing in addressing this issue. Mrs Hunter has certainly done that and so has Mr Henneken.

Mr Coulter: The departments of Tourism, Regional Development and Industry and DET and DEIR have collaborated through the progressive and productive economy committee to develop integrated responses to minimise the impact of skills and labour shortages. This department had made a significant contribution towards those strategies. The PPE committee, with other CEO committees, has been working on a range of initiatives for government. They developed a number of conclusions and recommendations to the key things that they were developing.

The PPE committee has now ceased its activity and the functions and recommendations, particularly in relation to professional skills shortages, have been passed to DET as the lead agent for that function. So there are a range of issues and recommendations that the PPE committee examined and as part of the finalisation of that committee those conclusions and recommendations have been passed over and the three departments, led by DET, will be working towards the implementation, as Mrs Hunter indicated, of those strategies for skills formation for the professional group.

Mr JOHNSON: I would like to ask Bernie Carlon a question in relation to addressing professional skills shortages. This is an issue right across Queensland; it is not just in the area of trades. As you are well aware, one area that is close to my heart is Indigenous affairs, and you are responsible for the employment of Indigenous people in industries. There are many young people in those Indigenous communities who certainly could fill a lot of these voids, whether it is in the area of transport or another area. How are you addressing Indigenous engagement in relation to the areas in question of skills shortages?

Mr Carlon: In a number of ways. Under our Skilling Queenslanders for Work initiative we plan to have 20 per cent of the participants Indigenous. It starts from very basic stuff, such as getting language, literature and numeracy up, through to supporting them in apprenticeships and traineeships. We now have

a field force of 42 Indigenous support officers. Their role is to work with Indigenous apprentices and trainees to try to make sure that they get through. The statistics are showing that, since we have put them in, the retention rate of Indigenous apprentices and trainees has increased. It is now very close to the general retention rate across-the-board. It was significantly lower prior to that. They not only work with apprentices and trainees; they work with people in vocational education courses. They actually identify young Indigenous people to go on the programs and so on. They case manage them through.

We also have 12 Indigenous people who work as what we call Indigenous employment and training managers. They work at a different level. Their role is to work with the community, employers and providers of training and other types of assistance to put together packages so that we can actually link Indigenous people in with employment opportunities. Mr Henneken mentioned the fact that we have been working on the Barkly Highway. We basically started there in 1999. There have been hundreds of Indigenous people put through a program where we linked in with that activity working with the Department of Main Roads. An Indigenous employment and training manager was the person who called everyone together, who pulled TAFE into it, got Commonwealth money put in, plus the employers and so on.

We have negotiated a memorandum of understanding with the Queensland Resources Council and we have a project officer working initially in the north-west minerals province working with the companies up there at the moment to try to identify opportunities in the mining industry and we are working with our colleagues in DETA to back up training programs to assist in that. We are also working in Aurukun to put money in there to put programs in in preparation for the possibility of Chalco opening up there.

Basically we are working at both levels—trying to identify where the opportunities are and then link and coordinate programs to get Indigenous people into those opportunities. Then when we get people into the opportunities we have a field force who actually work with the individuals to ensure that they get through.

Mr JOHNSON: If I could direct this question back to Mr Coulter in relation to the issue I have addressed to Mr Carlon: I note that under Mrs Hunter's department and also under the direction of Mr Arthur we have seen some of those young people come through areas like the Longreach Agricultural College for training in different facets of the agricultural industry. This is an area that is totally untapped as far as trying to get young people into the workforce. We certainly identify with the young blokes but the girls have been left behind in many of these Indigenous areas and that worries me greatly because they are being abused in more ways than one. I wonder if you have a policy that will address this?

Mr Coulter: We have an Indigenous business development program where we provide funding to businesses we believe have a good chance of success, because I think that is what is really needed. We provide funding to those businesses to set up and we provide assistance and mentoring, which is a very important program for Indigenous employment. One of the things we have learnt from these programs is that, unless people want to work and have a good skills training program within the company that is being set up, these things will fail. We have found that mentoring is a very good way to make sure that people present for work and are given assistance not just within the workforce but also assistance in the social arena to enable them to continue their employment. That has been a strong factor of our Indigenous business operations.

We have a number of businesses in the cape which we are progressing with and we are endeavouring to provide that strong linkage between the business itself and the way in which we treat the employees and how we train and deal with the more social issues that go beyond just their employment.

Mr GIBSON: My question is directed to the Auditor-General. Mr Poole, we have heard a fair bit about the difficulty in forecasting with regard to labour and skills shortages, but I note your recommendation No. 3 with regard to DETA exploring suitable research methodologies to assist in the identification of future skills shortages. Could you please outline for the committee why you have made this recommendation and what methodologies you feel would be more suitable?

Mr Poole: The reason for the recommendation was simply to draw attention to the deficiencies that we had observed in the data that is currently available. Because of the complexity of projecting skills shortages—the issues that have been raised today—because of those difficulties we felt that there was a need for a firm and fairly rigorous basis for decision making for the future. It was to fill the gaps that are evident in the more hard data side of the projections.

As to the sorts of methodologies, probably a range of them—I certainly understand the costs involved with statistical sampling—was to look at whether there would be other things that the agencies were able to do. We did identify some of the areas on that page 19 that the Department of Education, Training and the Arts is doing, but trying to see whether some additional rigour could be introduced into the quantitative side of it. That is not to diminish in any way the impact of the more anecdotal, the more market discussions with the industry, discussions that the departments have, but seeing whether the agencies would be able to look at particularly some longer-term forecasts to see whether they could introduce some strategies that would enable them to make the training provision a bit more responsive to the demands that we are opening up.

Mr GIBSON: If I could follow on from that with Mrs Hunter, could you advise the committee what progress DETA has made on this recommendation?

Mrs Hunter: I think the Auditor-General has outlined well the challenges that confront us in terms of ensuring that we are most accurately able to predict labour demand. Before I talk about our particular focus in terms of labour shortages or skills shortages, I might just reflect on some of the methodology that we have been using to estimate labour demand. Generally, occupational labour demand is estimated by projecting forward historic employment levels. We have been using the period 1996 to 2007 using annual average growth rates. Net job openings in any given occupation are defined as employment growth plus net replacement. Net replacement, as you know, is defined as the number of jobs arising from individuals leaving an occupation net of jobs taken by people re-entering that occupation. That is the current methodology. But we are moving to adopt a non-linear trend estimate for employment.

We are also building in scenario analyses and we are using different growth scenarios. These include the Treasury forecast growth of three per cent, which we see as a conservative scenario; compound average growth of four per cent over the past five years as a second; and extrapolation of historic trend growth of 5.7 per cent at the upper bound. So evaluation of each scenario impacts the growth component of net job openings only. In other words, net replacement is still constant under each scenario. So we are working with the resources of our Labour Market Research Unit to contemplate different methodologies in relation to the way in which we manipulate the data to try to more accurately understand growth and labour supply issues.

That work has yielded for us a characterisation of three key types or levels of skills shortages. Level one shortages occur when there is an insufficient supply of adequately trained workers and the skilling may take a long time to be achieved; level two shortages occur when there is an insufficient supply of skilled people but skills can be gained in a relatively short time; and level three shortages occur when existing skilled workers reject vacancies under the current prevailing wages and conditions on offer.

Certainly the Department of Education, Training and the Arts' key response area is to level one skills shortages where there is an insufficient supply of adequately trained workers and the skilling may take a long time to be achieved, and that is where most of our labour forecast energy is placed because the market actually responds in the other two scenarios more effectively.

Mr GIBSON: Following on from that, I noticed in response from DETA on page 26 with regard to the suitable methodologies, and I appreciate what you have just provided to us, but you also make the comment in the department's response that this activity would occur under the auspices of the labour market advisory committee. Earlier in response to one of the questions you talked about this committee pooling intelligence, but could you outline for the committee what the purposes of this labour market advisory committee are?

Mrs Hunter: Each of the agencies listed within my response to the Auditor-General's recommendation have a capacity to develop labour market data and to report it. The purpose of this interdepartmental committee is simply to coordinate both data capture and reporting across each of those agencies. In doing so, our belief is that we will not only have a far more comprehensive picture of what is happening in terms of supply and demand in Queensland occupations; we will get better collaboration across the key agencies that have responsibility to respond both in terms of labour and the skills supply.

Mr GIBSON: The methodology would still be within the department? If you are looking at suitable research methodologies, that would not be developed by this labour market committee; it would still be done by the department?

Mrs Hunter: The major policy advice comes from the Labour Market Research Unit which sits within my department. However, as I said, that unit relies strongly on the work of relevant Commonwealth statistical bodies as well as coordinating with research capacity in other departments. The research methodology, as I said, is being influenced by what we are seeing happening nationally, but also by some of the scenario work and the local intelligence which other agencies are able to contribute to the overall picture.

Ms GRACE: To explore a little more the labour market advisory committee, which is a number of agencies which are generally public servants, how does it conduct its activity in broadening the net out a bit? This is such a difficult area. We know it is so hard, as Mr Henneken pointed out, to get the balance right. The Auditor-General may be happy to know that there is a department now that is coordinating a number of various agencies within the department, but how then does it go out to the industry? Does it have that in its mandate? How does it conduct its activities? Is it just government departments? Where do you then feed the information about the number of nurses or radiographers or whatever the profession is? What is its activity to broaden the net and get that research right so that we can say we are building so many new hospitals, we will need so many new nurses? We have an ageing population; we need doctors and paraprofessional medical personnel. How then do you link outside with that committee? Is that the only one or is there something else that you connect with? Is that clear?

Mrs Hunter: The committee actually links to the work that a number of agencies have already done to establish close industry links. In a sense the labour market advisory committee itself does not have a charter to interact directly necessarily with industry bodies or peaks, because that interaction is occurring specifically across agencies. It is actually gathering intelligence and data from the agencies who have the direct relationship with key industry sectors. It develops a program of agreed research priorities. It approves a whole-of-government approach to that research and that research, in turn, informs a number of skills priority areas. It then maintains an agreed list of skills shortages which drives responses from our

department in terms of purchasing training in key priority areas from DEIR and again the way in which that department purchases activity through the labour market programs and, obviously, with regional development and innovation through its private and public sector skills attraction and migration strategies. Importantly, bearing in mind that state government is a considerable employer across the state, that data also informs the Office of Public Service Commissioner and DEIR about public sector attraction and retention interventions. In many ways it data warehouses, if you like, a lot of the market intelligence that each respective department has collected by virtue of their relationship with key industry sectors, but it builds a whole-of-government picture.

Ms GRACE: So it is a fairly powerful advisory committee in as much as, if you are saying that it is formulating the policy direction of your department and others, hopefully the information coming in will be of a quality to enable the quality responses. Are you confident that it is delivering that at the moment?

Mrs Hunter: I think that the resources available to us in terms of the Labour Market Research Unit, which is housed within my department, are considerable. Obviously, we work also with the office of statistical research within Treasury. We have a sophisticated capacity to actually draw upon data at a whole-of-government level, interrogate that data and use it to inform policy responses. As to understanding the issues that clearly the Auditor-General has raised and we have spoken about in relation to the volatility of labour market data, I think personally we are very well placed.

Mr LANGBROEK: My question is to Mr Poole, the Auditor-General. Mr Poole, I note that at page 22 recommendation No. 5 of your report, you recommended more information sharing between the relevant units responsible for identifying skills shortages. I know it might seem obvious given some of the discussions we have had this morning, but could you explain to the committee the reasons behind this recommendation?

Mr Poole: The reasons primarily were that as we undertook the audit we identified that the individual departments had programs in place within each of those departments for their specific parts of the Queensland Skills Plan and were operating reasonably effectively. However, we identified some areas where the coordination and exchange across the departments was less than optimal. That was primarily the reason for that recommendation. It was aimed at effectively encouraging the Department of Education, Training and the Arts to undertake the lead agency role, which was there in parts but we felt could be in fact strengthened.

Mr LANGBROEK: In that case, I ask Mrs Hunter about your response to that recommendation where you state that relevant business units in DETA would be collaboratively involved in the identification and analysis of skills shortages. Could you advise how this is working in practice, please?

Mrs Hunter: As I have outlined previously, centrally that occurs through the establishment of the labour market advisory committee, and I have talked at some length about the role of that committee. It has 11 state government representatives and it developed, as I said, a whole-of-government approach to identifying skills shortages and occupational hot spots, including periodically presenting a report on an assessment of occupational demand. The department's skills formation strategy implementation team meets monthly with senior officers from the Department of Tourism, Regional Development and Industry. This occurs for nine of the industry priority sectors to discuss the implementation of workforce planning and development plans for the skills formation strategy.

Our industry engagement models, established through the Queensland Skills Plan, also provide a formal coordination mechanism across government. The industry organisations funded through these models have been empowered to take the lead on identifying skills shortages and other skilling priorities in each sector, and coordinating the development of an industry-led response in partnership with government.

Nationally when you cascade down from the Council of Australian Governments and the relevant ministerial council forums, there are a variety of arrangements in place. For example, the National Senior Officials Committee, the National Training Statistics Committee and other intergovernmental national forums and working groups are all focused on working together to achieve state and national level coordination of efforts across skills formation strategies. The new federal government, as I have said earlier, has created additional mechanisms, for example Skills Australia and the industry skills councils, to enhance gathering of intelligence on skills shortages and coordination of skilling efforts. In addition, there is the ongoing informal networking that occurs across government, between officers who have policy responsibilities in the areas of providing advice in relation to labour supply and to skills supply issues.

Ms GRACE: Can I interrupt very quickly and come back to the Auditor-General. We have explored this collaboration quite a bit through the advisory committee. Has that expanded from when you did the report, Mr Poole? Are you taking any comfort in Mrs Hunter's outline of the expansion of the role that is currently occurring?

Mr Poole: Certainly that does seem to be along the lines of what we were recommending and that does provide some encouragement. We would probably undertake a follow-up audit of this in about 12 months time. At that stage we would be looking for some clear evidence not only that the discussions are occurring but also, in fact, that there is some output and that some reports are going to senior management, and that some clear reports are available for decision making.

Mr JOHNSON: Mr Chairman, my question is directed to the Department of Employment and Industrial Relations. Mr Henneken, could you please explain the differences between the Breaking the Unemployment Cycle and the Skilling Queenslanders for Work initiatives? What makes the new program better?

Mr Henneken: I will let Mr Carlon answer that, but in a broad sense Breaking the Unemployment Cycle was implemented by the government in an environment where there was substantial unemployment. We are now in a situation where unemployment is substantially lower so the programs have to be refocused on those who are outside the labour market. That is at least one significant difference in terms of the approach of the department. I will let Mr Carlon go into more detail.

Mr Carlon: Mr Deputy Chairman, the major thing is refocusing on maximising workforce participation. Therefore, one of the things we have done is look at who our audience is. Prior to this our audience was the unemployed under the Breaking the Unemployment Cycle, particularly the long-term and very disadvantaged unemployed. They still remain a target group for us under Skilling Queenslanders for Work, because if we can get them back into the workforce it helps with those labour shortages.

We have broadened it. We now are looking at the underemployed. Those who are working but want more hours are eligible under the program. We are looking also at the people whom Mr Henneken mentioned, the 200,000-odd who we believe are capable of work if you could remove some of their barriers or you could entice them back into work. For instance, we have a major strategy to try to get carers, whether they have been caring for their children or whether they have been caring for relatives, back into the workforce. Many of these people actually are not even thinking of work. The first thing you have to do is get them to think about the possibility of work, that there is work there and build their confidence, perhaps upgrade some of their skills and so on.

It is a very different approach with those people. For instance, we are finding that we use different types of organisations. In the past, under the Breaking the Unemployment Cycle primarily we used not-for-profit community organisations that were very good at sourcing the long-term unemployed and disadvantaged. Often they were their clients for other reasons as well. They are not quite as good at sourcing this type of person. That person does not go to those community organisations. Often you have to use schools, the aerobics clubs or whatever it is to try to attract these people back in. That is one of the things that meant a difference in technique.

The other thing is that many of the things that we did under the Breaking the Unemployment Cycle worked quite well. We have always had sustainable employment outcomes 12 months later, in the 60 per cent, and some programs were even higher than that. We are going to continue to use a lot of the techniques that we have used such as job preparation, looking at people's literacy and numeracy skills, some accredited training, and in many cases putting them back to work on community projects can form part of it.

However, over time we have learned that we used to have a series of individual programs that offered things. Now we have gone to more of a strategy approach where we are looking at parents and carers and trying to figure out how to get to them. We are looking at migrants or Indigenous people and how to get to them. We use a range of techniques. People are assessed and we then figure out what is best for them, what they need. For instance, parents and carers do not really need to be put back to work in the main. Actually, they often have a lot of skills. They do not suffer from a lack of self-esteem, which long-term unemployed and others do. Really all they need is to be encouraged to come back in, they need their confidence built and they need to be shown how to go about getting a job again and perhaps given a little bit of training, particularly in technology to update their skills. They can be relatively cheap and easy to get back in, whereas the long-term unemployed often need a combination of things. To put them back to work you nearly have to train them to work again, build their self-esteem so that they realise that they can work and will have money in their pockets and so on. Therefore, one of the other things is the approach of not just throwing people in a program but assessing the person up-front and actually giving them the appropriate forms of assistance that they might need.

The other thing that we have built in through experience is that they are monitored and supported for six months after they finish. The organisations we fund to deliver these types of things keep in touch with the person for six months to make sure that they actually get a job and remain in that job. It is a broadening of the target group. It is a little bit of a different way of delivering, given what we are now trying to do. But many of the techniques that we have proven to work over the past 10 years are still there.

Mr JOHNSON: The committee is interested in comments about the fact that the shortage of people is also a key issue. This is also directed to the Department of Employment and Industrial Relations. As director-general, you stated that the department has worked with Queensland Treasury and DETA on labour supply research. Mr Carlon just mentioned barriers. An example of barriers that I have seen recently is in relation to section 457 visa workplace agreements which were struck with Western Exporters in Charleville and other meat companies looking for workers. I know this deal has been struck with the federal government, yourselves, unions and industry. But we do not have those workers in this country. You might like to elaborate on that. Could you please advise the committee what the results of that research are?

Mr Henneken: We are certainly happy to make research available of our projections over the next five years in terms of labour supply. The government has considered on a number of occasions its attitude to section 457 visas, and Mr Coulter might want to comment on that as well. The government supports
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section 457 visas but it does require that there be a number of protections for existing Australian workers or Queensland workers—such as the employer has done proper labour market searches and has provided the appropriate training and so on and that existing Queensland workers are protected in terms of their wages and conditions. It also has pushed for the protection of section 457 workers in terms of both wages and the nature of matters that can be deducted from their pay, their access to health and so forth to ensure that those sorts of things are provided for by the employer.

There is a number of agents who operate in this area and, again, the government's view is that the payments for those agents should be made by the employer. It was in that context that we were initially approached by a number of significant employers in the meat industry. Then the government insisted that the union be involved which the then federal Labor government had not really thought about. A labour agreement was negotiated essentially between the unions, the employer and the federal government which the state government was then happy to endorse.

CHAIR: Thank you all very much for your attendance here today. The time allocated for this session has expired. If members have any additional questions, we will write to you. The committee appreciates very much your assistance here this morning. Thank you.

Proceedings suspended from 12.03 pm to 12.19 pm

CHAIR: Good afternoon, gentlemen. This hearing is part of the Public Accounts Committee's examination of Audit Report No. 7 2007 titled *Addressing skills shortages in Queensland*. The hearing is in accordance with the committee's statutory role to review the reports of the Auditor-General. The committee believes that there is a genuine desire from both government and industry to alleviate the current skills shortage situation. We hope that this hearing today will highlight some of the major issues and offer up some possible solutions that can be explored further.

I welcome representatives here today from various industry groups. My name is Ken Hayward and I am the chair of the committee. The other members of the committee here today are the deputy chair, Mr Vaughan Johnson, the member for Gregory; Peter Lawlor, the member for Southport; Grace Grace, the member for Brisbane Central; John-Paul Langbroek, the member for Surfers Paradise; and David Gibson, the member for Gympie.

This hearing is a formal proceeding of the parliament and is subject to the Legislative Assembly's Standing Rules and Orders. The committee will not require witnesses to give evidence under oath, but I remind you that intentionally misleading the committee is a serious offence. I take the opportunity to thank you all for your attendance here today. You have previously been provided with a copy of the instructions for witnesses, so we will take those as read. Hansard will record the proceedings and you will be provided with a transcript.

JOHNSTONE, Mr Aaron, Policy and Public Affairs Manager, Australian Industry Group

MOUNTFORD, Mr Chris, Member Services Manager, Civil Contractors Federation

ROW, Mr Robert, Chief Executive Officer, Civil Contractors Federation

BEHRENS, Mr Nick, State Manager (Policy), Commerce Queensland

CUTHBERT, Mr Graham, Executive Director, Master Builders Association of Queensland

CHAIR: Thank you all very much. You have been provided with witness sheets. Please take an opportunity to fill them in to provide assistance to Hansard.

Gentlemen, we are running this hearing as a roundtable forum to facilitate discussion. However, only members of the committee can put questions to witnesses. If you wish to raise issues for discussion, I ask you to direct your comments through me. There is an opportunity for each agency to make a brief opening statement. So we will start with Mr Johnstone from the Australian Industry Group.

Mr Johnstone: I would like to start with some general principles about what the Australian Industry Group feels are the major issues facing Australia and Queensland in terms of skills and labour shortages issues and, secondly, talk about some aspects of the report in general. Skills and labour shortages are probably the No. 1 issue facing our members presently. For example, we released a survey today. We surveyed approximately 200 members across Queensland asking them what the major issues were facing their business over the next 12 months. Skills shortages were identified by 8 out of 10 members as being the most important negative issue facing their firm currently. As highlighted in other data, skills and labour shortages are a major issue affecting our members.

In terms of the response to that issue, we have a number of general principles which we think are important. Firstly, we think the issue needs to be approached in an integrated manner across government. That is one of the key issues which was identified in the report. Secondly, we think the Commonwealth-state divide on skills needs to be bridged. There needs to be a cooperative approach from both Commonwealth and state governments. Thirdly, we think the issue needs to be tackled across all parties—employers, employees and government—in a joint manner. It is an area requiring a joint response.

Another couple of key principles are, firstly, we think much greater attention needs to be focused on the school to work transition for young people in terms of increasing labour force participation in that age group, and we think a much more comprehensive approach to career advice, for example, needs to be considered. We also believe that efforts need to be made to re-engage workers in older age groups, for example, in the workforce. We think skills and labour issues are critical to that, and the report identified some of those.

A couple of broad principles are that we believe that, whilst the state government has put in a good investment through its Skills Plan—and we support the broad direction of the Skills Plan—we think that the system needs to look at its resourcing to make sure that it is sustainable in the long term. So we believe that there needs to be room to look at greater investment in the overall skills infrastructure which is provided to Queenslanders. But at the same time we believe that there needs to be some effort given to raising the quality of training which is delivered to students and clients of the system.

So that gives a broad summary of where we think the issues of skills and labour shortages lie. I suppose we will talk further about some of the details of the recommendations but, broadly speaking, we are in support of the broad thrust of the recommendations. I can talk later about those.

Mr Behrens: Commerce Queensland welcomes the opportunity to provide comment to the Public Accounts Committee hearing. Commerce Queensland supports an education and training system which engages industry and assists Queensland employers to equip workers with the right mix of skills now and into the future. There have been statewide recruitment difficulties in a number of trades and professions, and in many regional areas skills shortages, recruitment and staff retention are significant challenges.

Factors which Commerce Queensland believes have affected Queensland's stock of skills include the rapidly expanding businesses and economy, the falling number of new entrants to the workforce, the ageing of the existing workforce, the changing role of public and private enterprises and skills formation, the impact of production demands and time available to change, and structural changes within industry sectors. Accordingly, the availability of suitably qualified employees has steadily increased in importance over recent years and is now the largest constraint on business growth in Queensland.

Commerce Queensland publishes a quarterly survey that is referred to as the pulse survey. It has a respondent base of over 500 employers throughout Queensland, throughout all industry sectors and of all employment sizes. It overwhelmingly indicates the availability of suitably qualified employees as the standout constraint on business growth at present. Accordingly, Commerce Queensland has given a great deal of priority to addressing this issue.

The shortage of skilled workers within Queensland is a true and real impediment to the economic growth of the state. The economic cost of skills shortages is significant and skills shortages is a complex problem that is requiring a considered response. The survey results highlight the need to provide greater urgency and more effort and resources into finding a solution to the whole question of skills shortages. Accordingly, education and training has become a priority area. This issue must continue to be addressed as a matter of priority to ensure that the Queensland businesses have access to a reliable and skilled workforce. Commerce Queensland believes that the key issues are: the retention of skilled employees, attracting new entrants to the workforce, employee incentives to train existing workers, training and employment policies for an ageing workforce, government strategies to address skills shortages and improving industry access to a choice of training providers. Commerce Queensland has also provided a detailed response to the Queensland Skills Plan, and accordingly we will make that available to this committee if you would like that.

CHAIR: Thank you.

Mr Behrens: Additionally, Rosemary Potter, who is our employment, education and training adviser, has prepared a detailed response to this process which I can, in turn, provide to you. It is a shame that she is unavailable. She does offer her apologies. She is in Darwin at a conference. She does believe this process to be very important and, accordingly, spent a great deal of time last week preparing specific comments for your consideration. I believe that it is probably more appropriate that I table this document or present this document to you and if you do have any questions then Rosemary will make herself available to answer them.

CHAIR: I can speak for the whole committee: we welcome a copy of the document.

Mr Cuthbert: To give you some background, Master Builders has 12,000 members, 4,000 builders, 5,000 trade contractors, 1,000 manufacturers and suppliers and, more recently, we have just offered free membership to every apprentice in the industry, and to date we have signed up 2,000 apprentices. My comments will be confined to the building and construction industry, quite clearly. Just to let you know, we are the second largest industry in Queensland now and we engage 11 per cent of the workforce.

I will give you an overview of where we think we are up to. We are pleased that we are here and we are talking about it, but I think it is time we did something. As good as the recommendations are on page 9 in 1.3, I just want to quote some terminology directly out of them—‘enhancing coordination’, ‘further explores suitable research’, ‘regular analysis’, ‘information sharing’, ‘ensure consistent understanding of skills shortages’ and ‘reviews and enhances the governance arrangements’. There is a lot of good stuff in there, but not one thing says what we are actually going to do. I really believe on behalf of Master Builders we have already identified that we have a skills shortage. I am also on the board of the Masters Builders Association Australia. It has been identified as the No. 1 issue there. I am also on the board of Construction Skills Queensland, which was set up under government legislation. It collects \$40 million in levies from the industry to promote training in the building and construction industry.

I have a few overall comments on the training industry—and that is what it is; it is its own industry. It has gained a life of its own. It has no relevance to the clients that it seeks to represent. The building industry has itself to blame for vacating its role in the training of young Queenslanders. That happened at the time of the introduction of the subcontract system when the builders vacated that to subcontractors. The reality for Master Builders is that we have a new slogan for our training department: ‘Our industry, our future, our responsibility’. I do not intend to sit here and ask for more government handouts. It is about time the industry funded training for its own industry.

There are three key areas that we need to attract young Queenslanders to. We need to offer an industry of first choice versus last choice, and I will enhance on that during discussion. The major impediment for us at the moment is tracking host employers. That is the second key area. There are a lot of young Queenslanders out there seeking apprenticeships. We just do not have the host employers to engage them. The third thing, as I said, is the training system itself. It is very limited in its flexibility. Just as an overall statement, not many successful businesses tell their clients what services they are going to provide to their clients. It should be the other way around. The clients should decide what services the training industry should provide and demand those services. That is not the case at the moment.

Mr Row: The Civil Contractors Federation is not quite as large as Master Builders. We have something like 200 members, of which 130 are contractor members and about 70 are associate members. Our members tend to be what we would call second-tier contractors. They are not the Leightons or the Thiesses, but they range from those with about a \$5 million turnover to half a billion dollar turnover.

All of the other speakers here have put a lot of the issues so well, so I will not go over them because we would reinforce the great bulk of what has already been said. With \$82 billion in public and private infrastructure set to be spent in Queensland, there is a significant issue around skills shortage. Construction Skills Queensland has been mentioned by Mr Cuthbert. Its analysis is that in the civil infrastructure area something like 30,000 new workers are required over the next five to 10 years. That is a significant hurdle for us to get over, and we do have to deal with a number of impediments that are in the way.

Unlike the building industry, from which I actually come, the civil infrastructure industry does not have a long history of training. Builders have been training since the time of Christ. With us, it is not quite so long. When you talk to a lot of our members, particularly about the issue of bringing young people into the industry, there has to be a culture change. That is something that we are going to have to face in quite a significant way. Only three per cent of our workers are female. That is a particular issue and it goes in many ways to the culture of the industry. These things have got to be dealt with and have got to be tackled. We are only now beginning as an industry to bring about school to work initiatives, and we are being very well supported by Construction Skills Queensland on that.

To again share Graham's view, we only have ourselves to blame for the skills shortages that we have. Without a training culture—which is starting to happen—we will not achieve the changes that we need. We have a significant problem with an ageing workforce. For instance, the average age of mobile plant operators in our industry is about 52. Clearly, there are real issues about how we are going to train and how we are going to get our members to face up to the issue of allowing young people to operate plant that is worth hundreds of thousands of dollars. Those are real issues.

In terms of building infrastructure in this state, we have picked the low-hanging fruit—that is, there have been a lot of people traditionally known as labourers in our industry whom we have upskilled in recognition of prior learning and they have achieved trade qualifications. I think we are down to the hard end now, and we are going to have to deal with that. There is a range of other issues, but I think they will probably come up as we go along. But clearly from our industry's point of view there are many things to do.

CHAIR: Thank you very much, gentlemen. I appreciated the introductory remarks. An emphasis made during that was when we talked about the skills shortage. I think you all said that it is an impediment. What I would like to know is: what effects are the current skills shortages having on business and industry in the areas that you represent respectively? I might start with Mr Cuthbert. He looks keen to do it.

Mr Cuthbert: I was just going to make some notes while someone else did it! I think one of the obvious ones is the extended time it takes to build a house. Sixteen to 22 weeks was what we advertised, but now I would suggest to anyone who wants to go down that path that, from the start of the process to the end, you should allow a year. This skills shortage has been around for a long time, but it has been hidden because of building activity and the cyclical nature of activity. Traditionally, whilst the housing sector has been strong, commercial construction has been quiet. Traditionally, when commercial construction has been busy, civil construction has been quiet. We now have a situation where they are all going gang busters at the one time, particularly the civil industry. I used to call the civil industry the dirt-pushing industry but I was told that was politically incorrect, so I now refer to it as the horizontal building industry.

You just have to look at the amount of capital works programs in the infrastructure area. The other thing that is happening is that we are in the middle of a resources boom. Once you take labour out of the CBD to major infrastructure projects—mining projects or whatever—they act like a giant sponge on labour and they no longer become available to any other project. Where we used to be able to move some labour from housing to commercial construction, and particularly from commercial to civil, that capability is not there at the moment because of the activity levels in each of the sectors. That has been further complicated by moving lots of people into remote areas in the major projects. Make no mistake: as I said in my introductory remarks, the industry has been negligent in terms of its ability to train or its willingness to train people, and we have been fortunate that we have not had this triple bunger effect of the three sectors being busy previously. We have got it now and it is very difficult.

CHAIR: In your case, just to follow up—and I want to ask everyone this—the issue that you have highlighted is time delay. Mr Johnstone, I am looking for the effects of the skills shortage. Time delay is obviously one that you would agree with.

Mr Johnstone: One of the issues which we have been finding with the skills shortage is the effect that it has on preventing companies from innovating. We recently asked our members what some of the impacts have been of skills shortages on their industry and on their firm, and the ability to innovate was highlighted by many of those respondents. We see that innovation is critical for Australia's economic future. That is in addition to capacity constraints and an inability to take on orders. We find the inability to innovate as probably one of the major impacts of the skills shortages.

CHAIR: Mr Row, what about cost?

Mr Row: There are a number of ways of looking at it. First of all, labour costs, although they are escalating, are not the major cost escalation. That is occurring in a range of other areas like concrete, for instance, and things like that. Interestingly enough, though, we conducted a survey of members about four months ago and 90 per cent of members stated that they had skills shortages. Some 30 per cent of members stated that it was particularly inhibiting them taking on additional work. So while they had capacity with respect to maybe the back office, with respect to plant and equipment et cetera, the labour skills shortages were inhibiting either taking on more work or even tendering for that work. I am probably slightly digressing, but a continual complaint to me from members is the issue of poaching. The big projects, to use Graham's term again, act like a sponge and suck that all up. A lot of the smaller contractors are really hurting as a result, and their capacity to train is particularly damaged when they lose key people, so it has a knock-on effect.

CHAIR: Mr Behrens, you have had a start on them because you have had a chance to put down some notes while this was going on, but I would be interested in your comments.

Mr Behrens: The question you asked was what is the impact of skills shortages on business and the economy, and I will describe it like this: the skills shortage is a constraint on capacity, like goods and services. It can manifest itself across the business in many areas. It can lead to time delays in filling out orders. It can lead to an inability to deliver an actual order for a business. It can result in high employee turnover. It can result in lower productivity. It can reduce total sales revenue and reduce profitability for a business. So it can manifest itself in many ways, and it is not as simple as just saying that this is the one impact that skills shortages has.

Mr Cuthbert: Can I add one comment in terms of the cost issue. It was probably remiss of me not to mention it but it was the logical extension. The interesting thing for us when we talk about housing affordability is that the major cost impediment to our industry is not housing. An independent survey shows that the cost to build a house in the last four years has gone up by 30 per cent. The cost of a block of land has gone up by 180 per cent. I smile all the time when the media and politicians talk about housing affordability. The house is pretty affordable but the block of land is not.

Mr JOHNSON: Try \$180,000 in Mount Isa at the moment.

Mr Cuthbert: Get in now; it will probably be \$280,000 next year.

Ms GRACE: This morning the committee heard from the Auditor-General and departmental representatives that in a way the Queensland government is taking some considerable steps to address skills shortages through a number of programs and better coordination—all those things you read about, Mr Cuthbert. The government launched the Queensland Skills Plan in March 2006. Is the industry aware of the initiative? Is it having an impact? Obviously you are all saying that this is the No. 1 issue. What are the positives and negatives? How do we work with industry to change your training culture and get more skills out there? As Mr Cuthbert said, it has been around for a while and you have all said it is your No. 1 issue related to cost pressures, delivery and innovation. What are the positives and negatives of the plan? How can we respond to clients, as you said, Graham? Could you comment on the plan broadly?

Mr Johnstone: We are very aware of the plan. We supported the plan. We think the plan is good on a broad level. We support the broad thrust of the strategies in the plan, but we think there is still some way to go. We think the broad policy framework is good. We are particularly supportive of things such as the establishment of SkillsTech Australia and skill formation strategies which are part of the plan. The plan is only a couple of years old. It was released in 2006. Changes still need to come through at the coalface—that is, the interaction between an individual employer and their local training provider. There still needs to be work done in improving that service delivery and making it more flexible. In short, that is what we think of the plan and our support for it. We provided a submission to the recent review of the Skills Plan. We are looking to see the outcomes of that review.

Ms GRACE: Do you not think that the group training system has assisted with our flexibility one on one—delivering it with the employer? Was that not all about grouping apprentices and trainees and farming them out to the various hosts and moving them around? Are you not seeing that that is a necessary connection? It is pretty flexible.

Mr Johnstone: The group training scheme is one aspect of the training system. I think that has played an important role over the past 20 or so years it has been around. We still hear many stories from our members about their interactions with their local TAFE, for example, and trying to have a course accommodate their needs or be offered in a good format. Obviously there is a need for employers to look at their commitment to training. Employers are investing in training. It is not always in accredited or recognised training, but they invest in training in a broad number of ways. The group training scheme is an important part of it. I think there still needs to be ongoing work on training in terms of the interaction at the coalface.

Mr Behrens: Commerce Queensland is certainly aware of the initiative. It is another question whether the business community is aware of what is actually taking place within government at the moment to address the skills shortages. We believe that the Queensland Skills Plan does provide a solid foundation for the delivery of a system that is tailored towards industry and business. However, there is inertia within government at the moment. If you were to ask a business operator whether or not their TAFE is providing courses and outcomes that are tailored towards their needs and provides flexibility for them to engage in that training, I think the response at the moment would be no.

Mr Cuthbert: Thank you for the question. Yes, Master Builders is aware of it. My overall view is that it still continues to dance at the fringes. I genuinely believe the whole training system needs an Exocet missile right down the middle of it and we need to start again. My take of group schemes is that they were born out of the failure of our industry to train. They do a good job. My own son went through a group scheme managed by the gentleman on my left. The group schemes fill a void and do a good job, but I still think our industry needs to take responsibility.

I think one of the major impediments is the TAFE system. That was the organisation I was referring to which has a lack of flexibility in the client versus the business needs. I still think that a lot of the curriculum is outdated. The balance of some of the training is outdated. But to be fair to TAFE, one of our

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major contractors has now decided to go it alone and has engaged 200 apprentices, set up its own training school and TAFE is providing that training on a flexible basis. I still think there is a lot of work to be done. We have to stop being the industry of last choice. We need to change our culture.

I think we are still grasping with the difficulties that Prime Minister Keating created with his university comment—that is, unless you go to university you are a failure. That is clearly not the case. I think we need to create careers, not jobs. Our industry is very good at attracting young people to do an apprenticeship—four years later they are a carpenter—and they do not have any automatic progression from there to being the managing director of the company. That is a major issue that we are addressing at CSQ at the moment.

The last thing I want to say—and I always say this—is that we need to address wage rates. When in the 1950s the first-year apprenticeship rate under the training act was set at 40 per cent, it was to engage 14- to 15-year-olds. What the industry now wants, requires or demands is someone who has completed year 12—with a good pass—has a motor vehicle licence and their own car, but they still expect to pay them 40 per cent. That is not a good way of attracting people. As I say to people at lunch, on the other side of things you cannot expect our industry to compete with other organisations at that 40 per cent rate. We really need to do something about it.

On the other side of that, you cannot expect small builders to engage an apprentice and then give them away for eight weeks a year of block release and pay them their full award each week. That does not make sense. The builder in return for having to pay more than 40 per cent is going to demand increased productivity. The way you do that is that the block release goes and they do training one day a week or from two to six of an afternoon twice a week. That is dead time for young people and it is really dead time for the builder because most of the productive work is done. In that way it does not interrupt the young person's social life, the builder gets his productivity and the young person gets more than 40 per cent. If the training plan would address that I would have read it more thoroughly.

Mr Row: I think the question related to the Skills Plan and whether I was aware of it. I have actually even read it, so I am aware of it. How well the industry is aware of it would definitely be another issue which goes to the whole issue around training as far as I am concerned. I know we are not here to talk about safety, but if we take safety as an example we often see statements in firms that 'Safety is everybody's business'. I think the same thing has to apply to training. We need to treat it the same way. It is a key business driver, and if you are not training you are really not going to be anywhere in your business. When we look at programs such as Breaking the Unemployment Cycle and the things in it, they are good. You see a lot of good results come out of them. One of the things we ought to be doing is really getting across the whole issue of how much of an imperative training is for a business. When people go to do their business plan, the last thing they have in there is training. If we started to talk about these sorts of things and get them out into the public arena, I think it would be very useful.

There is also the issue of how we engage people who are looking to exit the workforce and take their skills with them. It is these sorts of macro issues that we need to be talking about much more. We need to come up with ways of keeping those people and encouraging them and getting more flexibility into the system. For instance, I was at a seminar recently where Ernst and Young spoke about the fact that most people are looking to retire at 59 and when they have been out for two or three years they find they have to go back because they do not have enough money to retire. What are our engagement strategies around that? What are our flexible arrangements around that? This is something that our industry has to come to terms with. If we want the workforce we are going to have to be far more flexible around women, age and even generation X and Y expectations. All those sorts of things are part of it.

Mr JOHNSON: Could you outline what role industry is playing in trying to alleviate current skills shortages? We have heard a general range of issues this afternoon related to the impediments that your organisations are subjected to. I will give you an example of where I come from. In the transport industry the driving hours and regulations seem to be creating great impediments and heartache for the industry at the moment. I have not heard those in the meat industry, the processing industry or the manufacturing industry be vocal about how it is going to impact on their businesses when we do not have people to perform these duties. What role is industry playing in trying to alleviate the current skills shortages?

Mr Johnstone: I think there are several ways that the industry can be involved in this area. I will point out how we have been involved at the state level. It goes from the broad to the specific. It starts off with public awareness—that is, raising the issue. In the last week or so we put out a joint statement with the ACTU, the Australian Education Union, Group Training Australia and others outlining where we think the priorities should be on the skills shortage issue. That is at a broad level.

At a local level, industry can be involved in terms of being on advisory bodies and boards responsible for training and skills development. For example, in the manufacturing area we sit on the advisory committee for Manufacturing Skills Queensland. Manufacturing Skills Queensland is established under the Skills Plan. It is a centre of excellence in manufacturing. The role of that body is to work with industry in identifying where skills shortages are, what the skill needs of the industry are and where we want the infrastructure providing the skills to end up over the next 10 to 20 years.

So we play a role in that area as well as our general interaction with other employers in terms of promoting the benefits of skills. We also advocate to government where we think the skill priorities should be and where public funding should be allocated for skills and broad policy directions for skills development. So they are some broad areas of where we can be involved. Does that answer your question?

Mr JOHNSON: Yes, thank you. Mr Behrens, would you like to comment?

Mr Behrens: The way I will handle this question is I think I will refer it to my colleague Rosemary Potter for her to come back to this process. However, I might comment on what Commerce Queensland is doing in relation to skill shortages. When we talk about skills shortages, it is often just referred to in the trades—the building and construction industry—but what we know to be the case is that skills shortages exist across all industries, particularly finance. Accordingly, we are encouraging the better utilisation of cadetships and internships and the formal recognition by government of internships and cadetships in terms of payroll tax exemptions and other initiatives that can encourage a company to implement those sorts of things and to pull forward the workforce so that they are getting hands-on experience and providing benefits to the employer during their tertiary education.

Mr JOHNSON: Mr Cuthbert, would you like to make a comment?

Mr Cuthbert: I have already touched on the role of Construction Skills Queensland, but just for the committee, it collects about \$40 million a year from the building and construction industry by way of a levy. It basically provides funding for entry-level training for the existing workforce, recognition of prior learning and the two more recent ones we have done is a major campaign to attract women into the construction industry and one which was only decided last week and that is to spend a few million dollars on a mentoring program on building sites or available building sites—to go out and talk to apprentices who are thinking about not completing their apprenticeship. We are not talking about arguments about the quality of work; this is purely a cultural thing, a relationship thing, to try to keep them in our industry. That is brand new. That was decided only about a week ago and we are still in the process of writing that training program to put the mentors through that program before we let them loose in the industry.

From the Master Builders' own point of view, last year we signed a contract with Mission Australia to look at disadvantaged boys and girls getting into our industry. We have conducted 12 courses of about 20 each, and about 85 per cent of those doing certificate I training have been placed in our industry. So we have now extended that and we have taken facilities out at our construction training centre at Salisbury and certificate I training will be part of the training that Master Builders conducts more generally. We have a KPI with Construction Skills Queensland, which is assisting with funding, of placing 70 per cent of those people in roles at the end of their training. So in an overall sense, Master Builders now has something like seven full-time staff, 50 full-time trainers and 16 training centres around Queensland providing training for Queensland people in or getting into the building industry.

Mr JOHNSON: Thank you. Mr Row, would you like to comment?

Mr Row: It is good to see you in the training industry. Specifically, what Civil Contractors is doing—and I always want to applaud Construction Skills Queensland for the foresight in getting up an industry training fund a few years ago, which was excellent, and it is now providing organisations like ours with an ability to achieve some of the things that we want. For instance, we have a Doorways 2 Construction program funded under that, which is training 130 people in certificate I this year. We have a Women in Construction program, which is a first for us. I realise that these things are in and of themselves only a small drop in the ocean, but if we talk about achieving cultural change these become very important in acting as exemplars for the industry. We have been getting very good buy-in from our members in terms of this.

I know this does not answer your question, but I want to add one other thing. I would like to be able to table a report later that we have in terms of the impediment that the ANZCO codes—which is a federal issue—are having on our industry. For instance, around skills and demand and the federal government releasing 20,000 places that are considered skills in demand, there are no civil construction ones in there because we do not meet the ANZCO codes. It is just an anomaly that, quite frankly, is ridiculous. I realise that it is not an issue for this committee, but in terms of an impediment it is something that we are working on. So if you are interested I will happily table our paper on that, because I think it goes to that.

Mr JOHNSON: We certainly are.

Mr Row: I go back to my point previously about taking the big picture view and that is that the Civil Contractors Federation is about trying to raise awareness among members of our industry about the importance of training, about the importance of engaging other people and about the importance of engaging women in our industry. The mining industry will argue that women, for instance, are far gentler on plant and the cost of repairs and maintenance et cetera is far lower. The New Zealand experience suggests that we have to get our members around that kind of view. We are starting to preach that message. So I think the time is right.

Going back to Graham's comment where you have this congruence of every industry—in terms of commercial construction, residential, civil—I think a lot of us are starting to get it now, whereas in the past it has been someone else's problem. I go back to training. It is everybody's business.

Mr JOHNSON: Finally, I have one quick question. Could you outline to the committee some examples of the types of initiatives the industry has put in place? As I see it, there are a lot of impediments with Queensland being a decentralised state. When you look at our mining operations in the north-west minerals shelf, back through the Bowen Basin and the Surat Basin, they are not all here in south-east Queensland where you have the general population. You have a fly-in, fly-out concept in a lot of those mining areas, which you people would be very conversant and understanding of. I do not think the social ramifications or the economic fallout from that in those areas has been taken into account where you have dad out at the mines for 10 days and mum and the kids are back on the coast or somewhere else. It is a recipe for absolute disaster. I just feel that there have to be initiatives. I feel that organisations like your own certainly could be coming up with initiatives that can tell the government there has to be a better way of doing this. Those western places are good places to live. They are good places to rear families. I just feel that maybe you have some ideas on this.

Mr Johnstone: One of the projects we are managing at the moment, which is funded via the federal government but through the state government through the state departments, is a project called Targeting Skills Needs in Regions. In that project we have a manager who goes out and runs workshops with employers in those different regions and takes them through some of the issues which they need to consider in how their firm operates in terms of attracting people and keeping people at their firm. It addresses the tendency of some people to always blame others and not take any responsibility for themselves. It is run as a half-day workshop. This workshop goes through with CEOs of mainly the manufacturing sector, which is our major constituency, and getting those firms, those managers and general managers to explore some of their issues in terms of attracting and keeping staff. So that is a project which we run on behalf of the government to try to attract and retain people within those regional firms. That is just an example.

Mr Behrens: Commerce Queensland recognises regional Queensland as a vital part of the Queensland economy and the Australian economy. Accordingly, we are members of the Blueprint for the Bush. That initiative has a heavy emphasis on skills and we are very supportive of the process. I refer you to the work that we have done with respect to the considerations of this process.

I also would like to mention—and I have not heard it mentioned so far today—the 457 visas.

Mr JOHNSON: I have mentioned them all right.

Mr Behrens: The state government is a major user of the visas, as is business in regional Queensland. The 457 visas are essential to businesses. There are two inquiries now underway. Commerce Queensland is providing submissions to one of those and then it is in turn preparing submissions for the other. The 457 visas are an essential part of addressing skills shortages within Queensland.

Mr JOHNSON: Can I just add to that? If you read the rest of the proceedings here this morning, I have raised those a couple of times. I am pleased you did raise them, too, Mr Behrens, because it has a very integral role to play in conjunction with unions and in conjunction with business in addressing that. That is exactly right. I thank you for that.

Ms GRACE: Done properly, they do assist. I guess the problem was where—

Mr Behrens: Absolutely. It has been a disappointment and frustration that the media has focused on several businesses that have not embraced their responsibilities and who have been irresponsible. We are very concerned that the whole initiative of 457 visas would be compromised due to those few who have not seen the way that—

Mr JOHNSON: I will give you an example. If the 457 agreements were not put in place for Western Exporters in Charleville, you would have 140 people out of work there straightaway. It would close that town down, thank you very much.

Mr Behrens: Indeed. I would also refer for your consideration labour agreements, which dovetail with 457 visas, which DIMIA use as well.

Mr JOHNSON: Would you like to make a comment?

Mr Cuthbert: I would. For the last three years the Master Builders and the Building Services Authority have joined with the state government—and I cannot think of the name of the program—but we actually go to Sydney and Melbourne and try to attract people to come to live in Queensland. Last year we did and this year we intend also to go to New Zealand under the banner of the state government.

Mr JOHNSON: Not more of them?

Mr Cuthbert: I will make a personal comment. One of my daughter's children was born in New Zealand. It is very difficult when they are watching the Rugby Union and they stand up and do the haka in front of you.

Ms GRACE: I wondered how long it would take before Rugby Union was mentioned.

Mr Cuthbert: But the focus that we are trying to have on that now in regional Queensland is not to just look at traditionally providing the jobs for the man but career opportunities for the wives—these are interstate people—the schooling opportunities, the general community opportunities and all of those with a regional focus. Last week there was an announcement of 300 people about to lose their jobs with Fisher Brisbane

and Paykel. That morning I got on to Construction Skills Queensland and the Master Builders. We are going to do presentations to those people for career opportunities in the building and construction industry. It just seemed that that was a sensible thing to do.

The 457 visas, provided they are done properly, the Master Builders supports them but they are at best a short-term solution, and I will go back to what I said at the start. This industry has to provide its long-term solutions. Just one final thing: my wife, Sharon, has a rule at home, which is, 'If not me, who?' In housing terminology, with two people living in a house, if I walk past a wet towel on the floor, who do I think is going to pick it up? So what I have been trying to do in my talks around Queensland where I am talking about training is to say to builders, 'Turn around and look at the guy next to you. If not me, who?' So if you are not going to train someone, who do you expect to train them?

Mr Row: I think probably I can best answer your question by taking a concrete illustration of one of our members who did the Barkly Highway extension—the Split Rock Inca Alliance, if I remember what it is called. They worked with Indigenous people out there. That was, I think, a good example of what is known as a progressive alliance in working with Main Roads. We have been talking to Main Roads about some of these issues.

In terms of the rollout of government contracts in particular, which some 35 per cent of our members are involved with, being able to forecast et cetera in terms of developing training cultures and putting that effort into people becomes important. But that was a really good example of a company that was able to go in and work with the local and Indigenous community. In fact, it has gone on to now become a contractor in its own right. If you ask someone to go in for a short time one-off, it is hardly worth the effort. It is those sorts of things that I think are useful as well.

Mr GIBSON: I have listened to you talk about a range of different initiatives that you are putting forward. I cannot help but think in the back of my mind that the skills shortage is not new; it has been there for a while. I guess you have been trying different initiatives along the way at different times in addressing the issue, whether it is women in the workforce or the manufacturing side or whatever. My question is: what as an industry are you doing to evaluate the effectiveness of those initiatives? Is it really that lag time of saying when we do not have a shortage in that area we have done well? Mr Cuthbert, you did talk about some KPIs being used. I am curious to find out what you are doing as the process is going through rather than waiting until the end of that initiative.

Mr Row: I could respond in particular with the Doorways 2 Construction program which is, as I say, a first for us. We have 130 students in 19 schools. What is particularly pleasing to me is the engagement by civil contractors in giving structured workplace learning. I was quite surprised, to be honest. I thought we would have difficulty in getting pick-up. That is not the case—to the point where contractors are going with our project manager and speaking in the schools. What will also be a KPI is the same thing that Graham talked about: we are looking to get 70 per cent of those people into employment within the industry once they leave school. Those become the measurables as time goes on and more and more of these things are done. It is not only us who want to do it; the funding agency—in this case Construction Skills Queensland—is very determined to make sure of it and the same with DETA and its funding. They are all looking to make sure that there are measurable outcomes. I am hoping that that has answered your question.

Mr Cuthbert: All of the programs with Construction Skills Queensland are measurable; they all have KPIs. Only 50 per cent of the funding is given out on a particular project until that project is completed and the KPIs are met. If they do not meet the KPIs, they do not get the other 50 per cent of the funding. That is how brutal we have become in giving out that funding. I have mentioned the mentoring program we have commenced. The other thing we are doing to test for appropriateness is an exit interview for every apprentice or trainee who leaves the industry. We want to know why.

Mr Behrens: In respect of measuring success through KPIs and benchmarking, I will again refer that to Rosemary Potter to come back to you on. I will focus on your comments in that it seems to be a consistent problem that we are unable to address. Essentially, Western Australia and Queensland are two states that are very close to full employment. Accordingly, my view in relation to initiatives to address skills shortages is that unless we increase the overall population we are always going to be shifting the problem from one industry sector or one state to another and it is going to be an ongoing issue. Commerce Queensland believes that skills shortages is a function of population, participation and productivity. We need to increase the overall population, we need to increase the percentage of the participating population and we need to increase the productivity of the participating population.

Mr Johnstone: I would endorse those most recent comments that Nick made. In terms of evaluation of our programs, again the arrangements we have with government in terms of delivering programs contain a range of KPIs that we are required to meet and the payment structure is based on the meeting of those KPIs. They are short-term indicators, but then there are a whole lot of other long-term indicators which we need to take into account. There is a range of data available through the NCVER, the National Centre for Vocational Education Research, ABS data as well as other survey data that we can gather which evaluates the success of these programs on a broader basis. Obviously you need to isolate the impact that these programs in particular have made to other broader factors that make an impact on the overall efforts to reduce skills shortages.

Mr GIBSON: I come back to a comment you made, Mr Cuthbert, in your opening remark. You talked about your difficulty with finding host employees. Last week we saw some significant changes with regard to payroll tax and how it will impact on subcontractors. I would be very keen to hear your views.

Mr Cuthbert: I do not really think, other than the comment that we are concerned about the independently costed dollar amount of \$3,500 for each new house, that this committee is set up to address that issue. We have had some discussions with the government. We have advised it that its response is manifestly inadequate and we intend to now start a campaign through our *Queensland Home and Style* magazine, which is distributed free of charge to 500,000 households each month. This morning I was drafting the lead article.

Mr GIBSON: I look forward to reading it.

Mr Cuthbert: Could I make a comment on the population issue?

CHAIR: Please.

Mr Cuthbert: I failed every subject at school except maths. When you talk about how many people are going to be in the workforce in 20 years time, we already know that. If they have not been born now they are not going to be 20 years old in 20 years time. That is as simple as I can be. They will only be 19 if they are born next year. So we know how many people in 20 years time we will have available. The challenge for us is to get a bigger slice of the available cake. I appeared before an education committee and they said it was very difficult to plan schools five years in advance. Give me a break! In five years time we know how many five-year-olds we will have because if they are not born now they will not be five years old in five years time.

Ms GRACE: Can I expand on the host employer issue and bring it back to skills shortages. The comment you made, which was really relevant to my mind, is that we are having a lot of trouble attracting the young people into this industry. I remember some statistics—they are probably a little bit old and please do not quote me on them—in relation to Q-Build where it advertised for apprentices and it got 2,000 applications for about 200 or 240 positions. There is not really a shortage of young people wanting to enter the industry. Rather, I think it is the retention and the culture when they do enter and giving them the training that they require and your difficulty, as you said, in getting host employers. Obviously the training levy is playing a big role in attracting host employers because it gives some funding in relation to the training and offsets some of the costs involved in that. What is the training levy percentage at the moment?

Mr Cuthbert: You have a good memory. That is right; there was about 2,000 applications for about 350 new positions with Q-Build. The completion rate overall is about 50 per cent. I think in the first year to two years there is about a 35 per cent dropout. They are the ones that we intend to target with those exit interviews.

Ms GRACE: The difficulty is the retention. This mentoring and image-changing stuff you are working on is important. Could you remind me what the training levy is? Is it 0.2? What is it at the moment?

Mr Cuthbert: It is 0.1, because the industry is \$40 billion and it collects \$40 million. So it is 0.1. I think that is probably right.

Ms GRACE: I think we wanted to go to 0.2 at some stage, but it stayed at 0.1.

Mr Cuthbert: The industry wanted to go to 0.25 but the government took the decision that it wanted to see what was done with the first \$40 million before it gave \$100 million. I supported that policy. Under the old regime of the BCITF you would have to say there was some questionable relationships in terms of funding and the organisations that received them and a number of people having dual functions on the one board. Now there is total independence and you do not get the funding unless you deserve it and can meet the KPIs.

Mr LANGBROEK: The Queensland Skills Plan had as a key component of it that industry and government had to work together. I would be interested, as a small business operator as many of us here on this panel are and have been before we were members of parliament, to hear what industry thinks about what strategies they could suggest to improve the relationship between industry and government so we do not just have talkfests, that you walk out today and feel like you have been to a hearing and what did you get out of it or what are you likely to get out of it—practical innovations that industry and government can do together to work together better. I am happy to hear from any or all of you.

Mr Cuthbert: I think the one thing we achieved is to have a genuine, independent look at the training system: what is wrong with it at the moment—and we are as guilty as anyone else—that the employers and the unions who work together to put the training system together with the support of government believe that every part of the training system should change except their part. Until we can get over that and have a genuine, independent look at the training system we are not going to go anywhere. We will have this inquiry and another one next year and go around in circles. We genuinely need to step back, put the Exocet missile right down the middle and start again and look at what the client wants from its trainers. From our industry's perspective, the industry needs to take some responsibility and then we need to create careers, not jobs—cradle to the grave I keep referring to it as. I think we fail very, very poorly at that at the moment. Once you can eliminate the criticisms of the training industry—and if I knew we were

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going to go there I could give you some examples but I cannot think of them, such as 60 training hours to put cornice up on a wall and 10 training hours to pitch a roof for a carpenter. I do not think so. That sort of stuff is riddled right throughout the whole training system and it needs to be changed. As hard as everyone tries to change it, the employers resist changing and the unions resist changing.

Ms GRACE: The interesting thing is that when you do your exit surveys on the 50 per cent that fall out they do not mention the training they are receiving. I have seen some of those exit surveys. They mention other things completely.

Mr Cuthbert: To date it is the No. 2 reason.

Ms GRACE: What—the training they are receiving?

Mr Cuthbert: Dollars is first and being used as cheap labour without being given adequate training is the No. 2 reason.

Ms GRACE: But it is adequate training, not the type of training. There is a difference.

Mr Cuthbert: That is a bit of semantics for me. They are not engaged in their training; would that be a fair way to put it?

Ms GRACE: That might be a fair way of putting it.

Mr LANGBROEK: Aaron, did you have a comment?

Mr Johnstone: I think the gist of the question was what things should be put in place to see where industry would see tangible benefits resulting from these consultation exercises you referred to. One area which we have focused on in the past is an improved transparency in the performance of the training system. We think there could be efforts to improve the transparency in some of the public reporting on training providers in terms of what they deliver and the quality of their delivery, I guess something similar to what has happened with schools. Now each year, year 12 results are published by all schools. You can see for each school how many OPs 1 to 15 there were and you can see the types of subjects offered. We think that there should be room to look at that in terms of training providers in terms of satisfaction indicators, the types of curriculum course offerings that they do in a clear, transparent format which is publicly open and accountable and customers of the system can see where things rate and they can make their own judgments. We think that might be a way to drive some improvement in the system. It is an example.

Mr Row: There have been some changes to the Australian Quality Training Framework in terms of in the past it measured process and it is now measuring outcomes, although I think we have yet to see what exactly that is going to mean. My encouragement to DETA particularly would be that we absolutely do focus on outcomes and part of that outcome is the sorts of things Graham has been talking about and it is measurable in those outcomes. It is around customer service and satisfaction et cetera.

Basically, if you get people to focus on process, that is what they will be doing. That is what the training industry has been doing for a long time, because that is how it got measured. Measure them on outcomes and you will start seeing better performance. In principle that is what we now have but, as I say, I would encourage the auditors, DETA, the funding agencies and so on to do exactly that.

On another minor thing, for years I have been saying that we are going to run out of trainers. The training industry has a skills shortage as well and that is an area that we really need to be focusing on. It is getting people to see how they can pass on skills, particularly in our industry where those sorts of—can I use the term—'soft' skills are not particularly part of the make-up of many of our good tradespeople et cetera. That is not part of what they have learnt along the way, their skills set. I think we could do some other things around developing that.

Overall I go back to the comments I made before, which I accept were maybe a bit 'motherhoody'. We have to start really getting across to all industries about just how important training is. The more we can work with government around that, the better it will be. I noticed, for instance, a while ago we had all these grey ads on television. I suspect that five years ago if I had been sacked or something and then tried to come back and get a job, I would have found it very difficult given how old I am. That probably would not be the case now.

Ms GRACE: Mr Row, do you like the experience pays type of ad? Do you think the Experience Pays program is paying dividends? It is the latest one.

Mr Row: Yes.

Mr GIBSON: But what you are saying is that it is more of a change in attitude in that employers are now being softened up and thinking, 'You know what, employing a 59-year-old is not a bad idea as opposed to looking for a 26-year-old.'

Mr Row: Yes, and we have to get much more aspirational in some of the things we do.

Mr LANGBROEK: In Commerce Queensland, Mr Behrens, you have a real interface between government and industry. Would you like to share a view?

Mr Behrens: Yes. I would like to raise for your consideration the Australian technical colleges as being a very good example of how TAFE can engage with the business community. Commerce Queensland and all the CCIs have been very supportive of the ATCs. We are encouraged that TAFE is

now looking at the ATCs. They are coming in under the state government ownership. We are heartened that TAFE is looking to them as to how they can engage with industry in other areas of the states where the ATCs are not currently operating.

Mr LAWLOR: This question is also to each of the agencies. The Auditor-General made a number of recommendations and comments in respect to the quality of research data available. What research does the industry undertake to make its own assessments and, further, was the industry able to predict the current skills shortages? If so, what action plans did they put in place to protect themselves? If they were unable to predict the skills shortages, why was that? Maybe we can start at this end.

Mr Row: With the Civil Contractors Federation, given that I have been in the role 12 months my observation is that they have not been particularly good in terms of data collection. We are doing some work. We have conducted two surveys in the last 12 months to look at particular issues. I think anecdotally the industry was well aware that they were going to run into problems. Having said what I said about data, I think to a certain extent again Construction Skills Queensland has done research, which we had input into. It is like everything: it can be much improved.

The issue is not about whether we knew. I think we did know, albeit in some ways it was a gut feel, if I might use the term, because you could see the amount of work that was coming down the pipeline. The issue is how to deal with it and what to do about it. Those go back to all the issues that we have been talking about. I have not got any argument with the recommendations as set out. They are a little 'motherhoody', as Graham says, but on the surface—

Mr LAWLOR: As 'motherhoody' as you say they are, until 12 months ago they had never been done, certainly by your organisation anyway.

Mr Row: That was not meant as a blame statement.

Mr LAWLOR: So before 12 months ago, you were not that interested in motherhood. It is only as a result of the skills crisis that we have now that you are—

Mr Row: These are about mostly intergovernmental relationships and how they work. I do not feel competent to comment on them other than to say that I agree with what Graham said at the start that they are a little loose. I am not trying to be critical in saying that, Mr Lawlor.

Mr LAWLOR: So you are saying the fault is basically with the government?

Mr Row: I do not think I said that at all. I merely made the point that in some places they are not all that specific. They are general. It is just a statement. It is not a criticism.

Mr LAWLOR: Mr Cuthbert?

Mr Cuthbert: Thank you, Mr Row. I get into enough trouble by myself without your help! In terms of the Skills Plan 2006, industry did have an input into that so we were aware of it. The Building and Construction Industry Training Fund, the previous fund, did an analysis regularly by trade, by region, by urgency so we knew we had a skills shortage five, six, seven or eight years ago. Did we predict it? Yes. Did we do anything about it? No. The organisations tried hard enough, but standing up in a state council meeting of Masters Builders Queensland and telling the 28 councillors that you want to put a first year pay rate up from 40 to 60 per cent is not the best career move you could make. We have just failed to train the appropriate amount of people and it is our fault. You can blame government or not having enough money, whether it is 4,000, 6,000 or 2,000, but the reality is that the industry needs to take responsibility for its future.

Mr Behrens: The question related to what information was available on skills shortages and, if I may, I will break it down into supply and demand. In respect of supply, as was indicated earlier, we have a very good understanding through the Australian Bureau of Statistics of what is going to be available to us. We know that with the progressive retirement of the baby boomer generation, if anything the skills shortage problem that we have at the moment will only be greatly exacerbated. If we look at demand, certainly the industry associations have a crucial role to play in identifying what professions and what industry areas or sectors will have skills shortages. To date my view is that they have identified where skills shortages will be, but in terms of coming up with solutions then there could be a great deal of improvement.

Mr LAWLOR: Do you think it is sufficient to rely on the ABS statistics?

Mr Behrens: I think they are the most authoritative source of information on the working age population between 15 and 65.

Mr LAWLOR: Did they work in this case or, as Mr Cuthbert said, is it just that nothing was done about it?

Mr Behrens: We have a detailed understanding of the working age population between 15 and 65, by local government area, across all of Australia.

Ms GRACE: Although the Auditor-General points out that those statistics only take a very small sample and are not necessarily a true reflection. He is sort of saying that there needs to be more collaboration.

Mr Behrens: Through the 2001 and 2006 census, the ABS was able to cross-reference and correct its in-between publications. During those in-between years, yes, it is subject to questionnaire and sample errors. However, we have the census process that gives a very good and most accurate understanding of the working age population.

Mr LAWLOR: Other than that, does your organisation undertake any research?

Ms GRACE: With your members or anything?

Mr Behrens: We have a number of surveys that analyse skills shortages. However, to my knowledge we have never broken down what professions are needed by which industries and at what point in time.

Ms GRACE: And professions is actually an interesting point. There is also a shortage in the professional area. I would say that a lot of your membership would utilise skills in that area. Do you do anything in that area at all?

Mr Behrens: The trick for Commerce Queensland is that we are an industry organisation representing all industry sectors. As such we often defer to the more specific industry associations to take governance over skills shortages within that area.

Mr Cuthbert: One thing I forgot was that Masters Builders Australia does a quarterly survey of the industry by trade and by profession. We have done that for a few years. I would be quite happy to make that available. That goes to the degree of difficulty, if that is the correct terminology, in getting trades and getting professional people. It is Australia-wide. I think about 400 of our members participate electronically.

Mr LAWLOR: That document would be very welcome, thank you.

Mr GIBSON: Is that information provided to government or has the government asked for it?

Mr Cuthbert: Government probably would not ask for it because it did not know it existed. Certainly nationally we use it in our submissions to the federal government on training stuff, definitely.

Mr Row: Could I pick up on that point. In looking at these recommendations, I think it is extremely important with the sort of data we have started to collect in the last 12 months and the sort of stuff that is being collected by the government that there is more engagement around that. That would be an extremely useful thing. Then maybe some thinking together about the kinds of strategies that might be employed where particular gaps are starting to show.

Mr Johnstone: We do a lot of work surveying our members on skill needs and we have done so since the earliest report, although there may be earlier ones that I am not aware of. We produced a report in 1998 looking at skills issues and then in 2006 we produced a major report with the Allen Consulting Group, some of which is cited in the Auditor-General's report which is called *World class skills for world class industries*. In the next week or so we will be releasing a major survey of about 500 CEO members, mainly in the manufacturing and construction sectors, looking at skills issues for their firms. That has a strong focus on the link between skills and innovation. That will be released in the next week or so, and we can make that available to the committee.

Often those surveys involve surveying upwards of 500 companies and asking them what skills issues they are facing. For example, on page 13 of the report there is a graph which is taken from one of the reports that we did on skills issues. We also partner with other organisations as well. For example, in 2007 we produced a report with the Dusseldorp Skills Forum. I am not sure if you are aware of the Dusseldorp Skills Forum. It is a body set up to focus particularly on young people's skills issues. The report we produced was called *It's crunch time*. That focused on the issues for 15- to 24-year-olds and the transition issue from there. We do a lot of research and that is supported by anecdotal information we have from our members.

The other part of the question was: have we done enough? Probably on research we have done a bit, but probably there is always more we can do in terms of engaging our members. We have education training advisers to help our members navigate the training system. Like everyone, I guess, we probably could have done more as a body, but notwithstanding we will try to do more in the future.

Mr Behrens: I would like to follow up on my comments. Commerce Queensland does have detailed work in relation to how employers would like training delivered. I will forward that to this process. But, in summary, it essentially needs to be flexible and tailored to the specific business's needs as opposed to supply driven and a set model.

Mr LAWLOR: Thank you very much.

Mr JOHNSON: Mr Cuthbert, you made reference to apprentices, from 40 per cent to 60 per cent in the interim. Is your organisation progressing this or not?

Mr Cuthbert: No, because I have not been able to achieve it as policy yet. But it is certainly part of the senior staff's platform. But we cannot progress that in isolation of the flexibility of the training agenda. One needs to go with the other. We need to demonstrate the productivity increases which will offset the wage increases.

Mr JOHNSON: There has to be loyalty locked into this too, say at the end of the four years those guys and girls have to give you 12 months or 18 months or whatever. A lot of them walk out the door as soon as it is all over.

Mr Cuthbert: Vaughan, it is quite interesting. Some years ago, as Grace would realise, employers had a policy of sacking every apprentice when they came out of their fourth year so they would go and get additional experience. I do not think that is the case today.

Ms GRACE: It left a nice taste in their mouth, too.

CHAIR: Thank you very much, gentlemen, for your time this afternoon. We appreciate it. The time allotted for this hearing has expired. If members have any additional questions, we will write to you. Thank you for your attendance here today. The committee appreciates your assistance. Is it the wish of the committee that evidence given here before it today be authorised for publication pursuant to section 50(2) (a) of the Parliament of Queensland Act? There being no objection, it is so authorised.

Committee adjourned at 1.46 pm