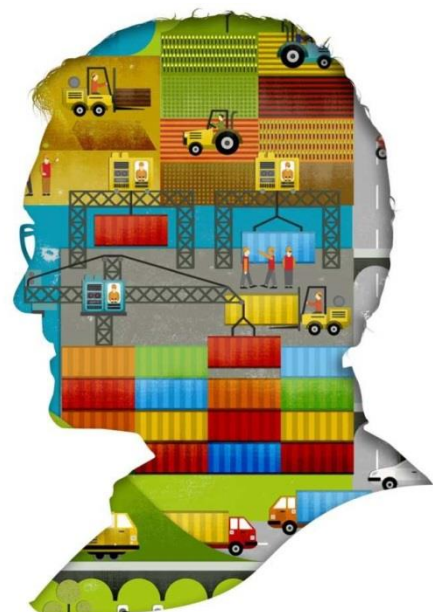


Lessons learnt from large firm closures – case studies (volume 3)

Department of Industry, Innovation, Science, Research
and Tertiary Education

22 July 2013



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1 Introduction

The Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE) engaged Nous Group to undertake research into lessons that could be learnt from previous government responses to large firm closures. The final report is divided into three volumes, as follows:

- Volume 1 – Discusses the key findings that hold implications for future skills-related strategy and delivery in the context of the Commonwealth Government’s structural adjustment-related interventions.
- Volume 2 – A literature-based review of the rationale for and types of government interventions in cases of large-scale retrenchments, and available evidence of their relative effectiveness.
- Volume 3 - Findings from case study analysis of five government responses to structural adjustment events across Australia, spanning large, medium and minimalist responses.

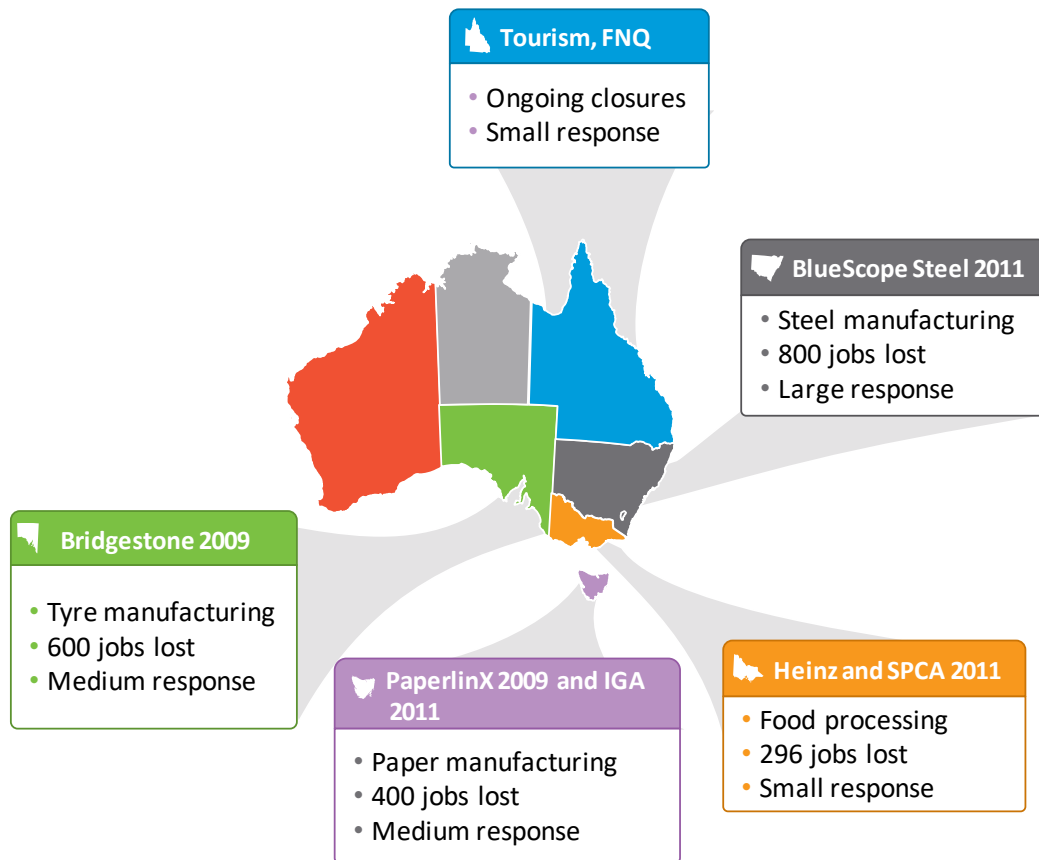
As summarised in

Figure 1, DIISTRE selected five case studies from around Australia that would provide a cross-section of government interventions to assist retrenched workers in situations of large firm closures or major downsizing. Broadly-speaking the five case studies provide examples of three types of Government response:

1. baseline assistance based on existing services (the case studies about closures in Northern Victoria and Far North Queensland)
2. medium-level interventions, that amplify, coordinate and extend services provided in response (Bridgestone and Northern Tasmania)
3. a larger, intensive intervention that involves the injection of new resources and programs (Bluescope)

Key lessons learnt are summarised in each case study, with high level insights that can inform the future design and delivery of government interventions contained in Volume 1.

Figure 1: Summary of case studies



Data for each of the case studies was collected using a combination of field interviews, focus group workshops and desktop analysis to build a strong evidence base to assess the design and delivery of the Government response. We spoke directly to representatives from organisations involved in each intervention, for example representatives of the Department of Employment, Education and Workplace Relations (DEEWR), DIISRTE, local government representatives, unions, the employers concerned and State government training departments. These interviews helped develop an understanding of what was done, how well it was done, and how it was coordinated.

For two of the case studies, BlueScope in Illawarra and PaperlinX in Northern Tasmania, we also ran an evening workshop with groups of workers who had been retrenched in each closure. These focus group discussions helped us develop a better understanding of longer term outcomes from the interventions.

To complement these interviews we also used data from service providers, where available, to understand the levels of take-up and effectiveness of particular programs. We are grateful to all those who gave us their time and their perspectives, and to DIISRTE to facilitating access to useful reference documents. A full list of people consulted for each case is provided in Appendix A.

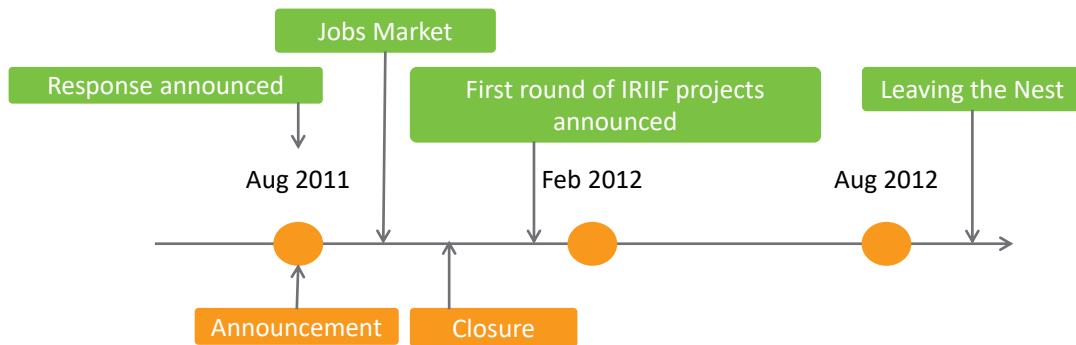
Each case study has been presented with the following structure:

- what happened, what is the regional context at the time providing a clear understanding of the circumstance surrounding the closure, when it occurred and how it impacted on the community
- how the government responded in terms of programs, messaging and coordination and the outcomes of these activities where they are known
- what lessons can be learnt from the experience to draw on in the design of future government interventions.

2 BlueScope Steel Ltd (Illawarra)

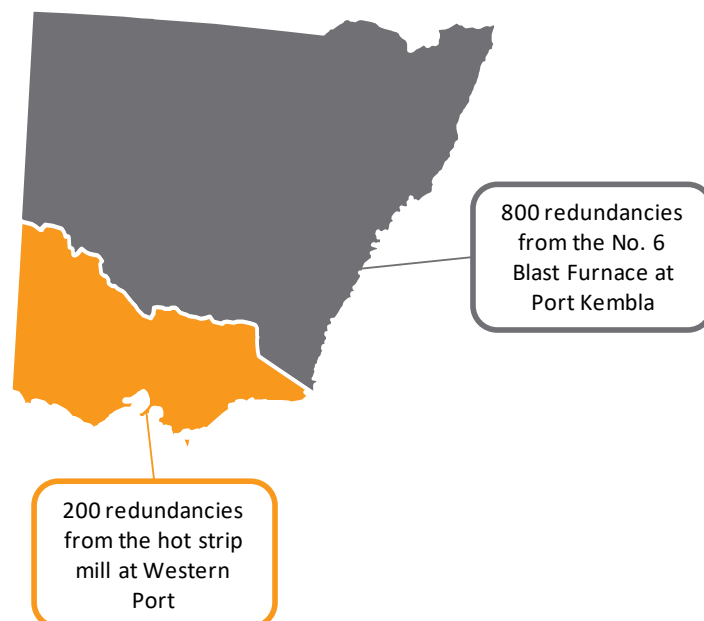
2.1 The closure

Figure 2: Bluescope closure and response timeline



On 22 August 2011, BlueScope Steel Limited (BlueScope) announced a major restructure of the company's Australian operations in response to "...significant economic challenges and structural change in the global steel industry..."¹. The restructure led to 1,000 direct retrenchments, flowing from the closures of the No. 6 Blast Furnace in Port Kembla (NSW) and the hot strip mill in Western Port (Vic). This case study focuses on the Port Kembla site's closure and the 800 workers who were retrenched from the site as well as those who were indirectly affected.

Figure 3: Locations of BlueScope redundancies



The case study was selected because it was the most recent example of a large-scale government response to a firm closure and would provide valuable insights into the effectiveness of existing government policy approaches.

¹ ASX announcement 22/08/2011.

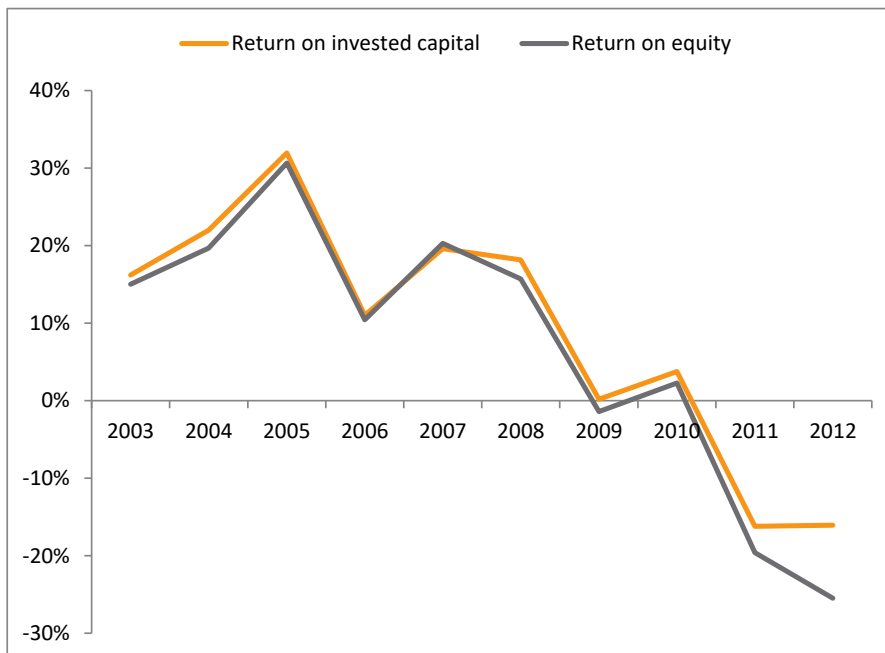
The case study was developed through the conduct of interviews with various government and business stakeholders over August and September 2012 and a workshop with approximately 20 of the affected workers on 11 October 2012. This information was supplemented with outcome-based data provided through DIISRTE and our own desktop research.

What led to the event?

Prior to the Global Financial Crisis the company had been highly successful (see Figure 4). It was in the lowest cost quartile among global steel manufacturers globally and was making record profits. However, the subsequent entry of competitors that utilised new, lower-cost technology led to a reduction in global steel prices that reduced BlueScope's profitability.

The 2011 announcement of the closure cited pressures produced by the combination of a record high Australian dollar, low steel prices and high material costs, all of which was compounded by low domestic demand for steel in the wake of the Global Financial Crisis (ASX announcement 22/08/2011).

Figure 4: BlueScope's profitability declined after the Global Financial Crisis



Source: *BlueScope Steel Limited 'Financial and Despatch History'* available from <http://www.bluescopesteel.com/investors/financial-and-despatch-history> accessed 4 October 2012

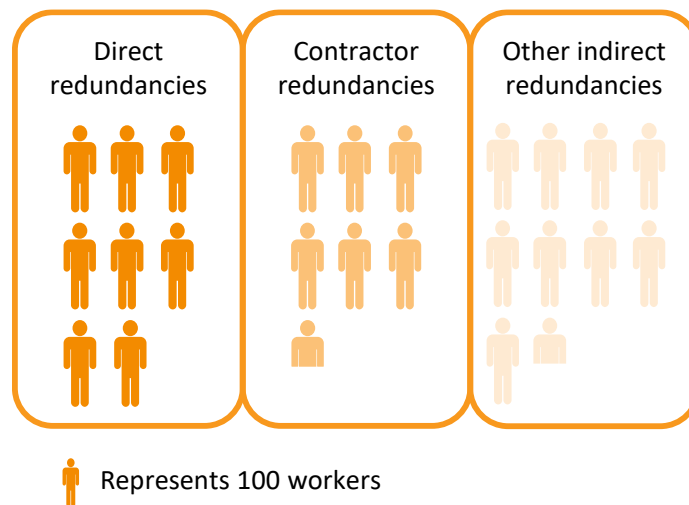
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Return on invested capital	16.2%	22.0%	32.0%	11.0%	19.6%	18.2%	0.2%	3.8%	-16.2%	-16.0%
Return on equity	15.0%	19.7%	30.7%	10.4%	20.3%	15.7%	-1.4%	2.3%	-19.6%	-25.5%

How many were affected?

A particular feature of the BlueScope closure is the effect it had on the company's contractors. While there were 800 redundancies at BlueScope in Port Kembla, there were at least 650 indirect retrenchments in the Illawarra region. In recent years, BlueScope had increasingly outsourced its non-core operations to contracting firms. Many of these firms did not have diversified customer bases – providing services solely or predominantly to BlueScope. Hence, with the Port Kembla closure and the resultant reduction in demand for their services, many of these firms went out of business or significantly reduced their operations.

Total estimates of the overall impact ranged from 1,450² to 2,500³ retrenchments in the Illawarra region⁴, with the upper limit including the multiplier effect of the job losses in the local economy.

Figure 5: Number of workers affected by BlueScope closure in Illawarra



Those workers retrenched directly from BlueScope were mostly men between 40-60 years old, who were predominately classified as untrained and semi-skilled but were highly capable and well paid machine operators. The fact that older workers made up the largest proportion of the affected group reflects two things: BlueScope's workforce had a high average age to begin with; and the mechanism used to choose who would be let go (discussed below) allowed a higher proportion of older workers to volunteer to take redundancies as a transition into retirement.

What was the closure process?

The site's closure had been rumoured within the Wollongong community for several months beforehand. These rumours generated trepidation in the community because of lingering memories of the impact of massive retrenchments from the then BHP Steelworks in the early 1980s. Interestingly, the rumours that shadowed the event encouraged some contractors to begin diversifying their customer base, shielding them to some degree from the later loss of contracts.

The company had been in discussion with governments about the closure for some time before it was announced. This allowed various agencies to prepare for the event and coordinate a timely response (discussed in detail below).

² DEEWR estimate.

³ Wollongong University estimate.

⁴ The population of the Illawarra region in 2011 is estimated to have been 384,144 (sum of 2011 estimates for Wollongong City, Shellharbour City, Kiama Municipality and Shoalhaven City LGAs – ABS series 3218.0).

The retrenchments occurred in October 2011, after being announced in August. In the time between the announcement and the actual retrenchments, the company instituted a ‘redundancy swap program’ to try to limit the negative impacts on workers. Under this program, attempts were made to accommodate workers’ wishes (whether that was to leave or stay). BlueScope had identified which positions would be made redundant, based on the skills it needed to retain for continuing operations. However, if a worker wished to be made redundant and his position was still needed, BlueScope undertook to swap this person for another whose position was in fact redundant, on the condition that this could be done with minimal reskilling to ensure the new person could perform in the role. The program led to a large number of older workers taking redundancy and moving straight into retirement (approximately 50% of all retrenched workers went into retirement), thus accounting for the skewed age distribution among the retrenched workers discussed above.

What was the regional environment like at the time?

There had been a sustained adjustment in the structure of the regional economy since the 1980s. At the time of the closure, the region’s traditional employment base – heavy manufacturing and the oil and gas pipe industry – had been struggling due to similar pressures as faced by BlueScope. In contrast, other industries were not struggling as much. (For example, there were several large building developments underway and the aged care sector was growing.)

The region had a relatively high unemployment rate leading up to the closure and moderate levels of socio-economic disadvantage. The weighted average unemployment rate in the Local Government Areas (LGAs) making up the Illawarra region⁵ was 7.2% in 2010, compared to 5.5% Australia wide.

In response to these issues, various programs were being pursued in the region independently of the BlueScope closure. The Wollongong City Council, for example, was pursuing the development of an innovation region by providing funding to programs at Wollongong University and new apprenticeship places.

Furthermore, in recognition that the Illawarra was a difficult place to find new employment opportunities, a push was made to attract flights from the local airport to mine sites to boost fly-in-fly-out (FIFO) work opportunities for local workers.

2.2 Response

A number of initiatives were introduced as part of a coordinated response (outlined in Figure 6) with the aim of supporting the affected workers and the region as a whole. By most accounts these were delivered very effectively, in large part due to the informal networks between different agency representatives.

The main responses to the closure were: a high-level taskforce (Illawarra Stakeholder Taskforce) to coordinate the Government’s response; the Job Centre established by BlueScope; the Illawarra Region Innovation and Investment Fund co-funded by the Commonwealth and State governments with BlueScope; and the Bluescope Steel Labour Adjustment Program delivered by DEEWR.

The various entitlements available to the workers were communicated to them mainly through the BlueScope Job Centre and its website, and information sessions held for workers on a variety of topics.

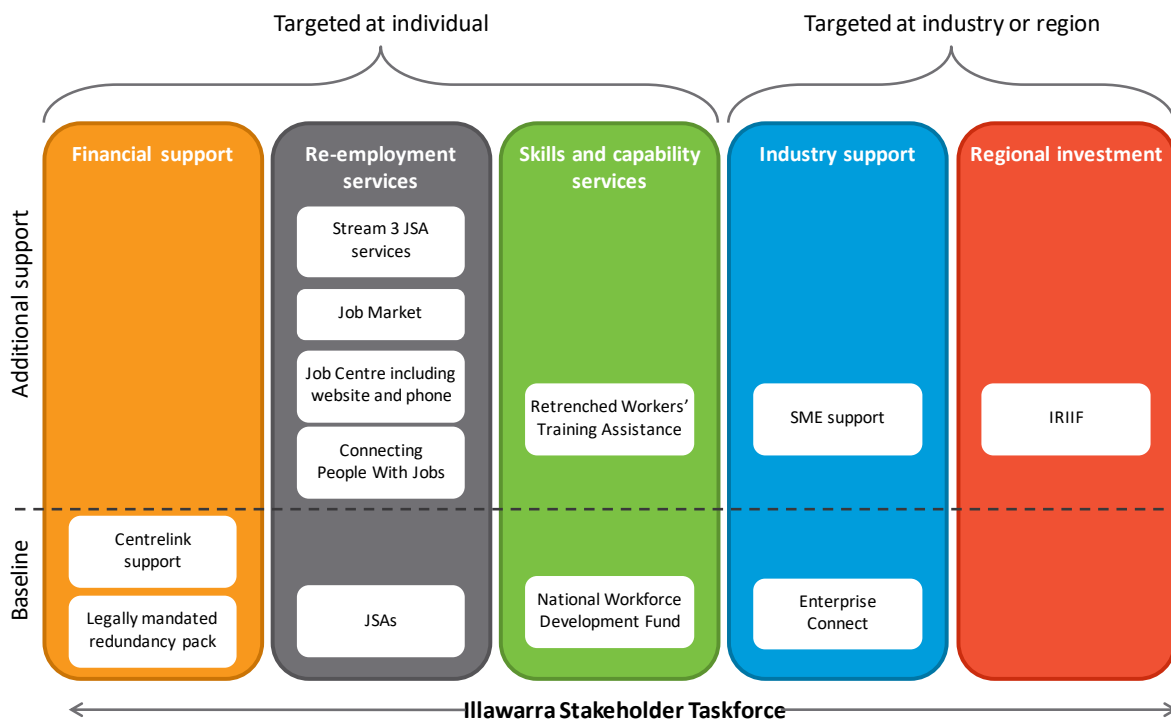
The responses were well coordinated and integrated with each other due in large part to the relationships between the individuals responsible for them, with the Local Employment Coordinator (LEC) playing a particularly strong and widely recognised role⁶.

⁵ Wollongong City, Shellharbour City, Shoalhaven City and Kiama Municipality.

There is no comprehensive data available to establish the outcomes for workers and the affected community. Respondents estimated that around half of those retrenched from BlueScope retired straight away. Of those who were eligible for Job Services Australia (JSA) services at least 338 have been placed in jobs (31 October 2012) and there are likely to be more that found employment through channels other than the JSAs. It is important to note, however, that no data is available to assess the quality of these jobs in terms of the skills required, salary paid and conditions.

The retrenched workers showed a strong interest in shifting to mining work, having had opportunities in the sector promoted to them by various contributors to the response. It has proven difficult for many workers to make this transition, however, due to a lack of appropriate qualifications and direct mining experience. Participants in the workers’ workshop felt that the opportunities for employment in this sector had been overemphasised, although two had secured mining-related jobs. We gather that some would have made different choices about whether to volunteer for redundancies if they had had more accurate information about the true likelihood of finding a position within the mining sector.

Figure 6: Overview of programs



2.2.1 Programs

Job Centre

BlueScope opened the Job Centre immediately upon announcement of the closure. This was a physical space with an associated website, email address and phone line where workers could get help to answer the question: “what do I do after BlueScope?”

The Job Centre provided assistance in understanding the process of redundancy and the services available. Templates and guidance on how to prepare resumes and cover letters, advice on how to act

⁶ A LEC is engaged in selected priority employment area by DEEWR. LECs work in collaboration with employers, community groups and all levels of government to assist retrenched workers and other job seekers connect with employment and training opportunities, help local employers access appropriate programs and services, and support project proponents with applications for funding.

during job interviews and skills assessments were among the services offered. The Job Centre also provide a jobs board for companies to use to post vacancies.

The Job Centre allowed workers to consider and prepare for their futures before they had confirmation of whether they would be made redundant. This was vital because restrictions on JSA providers meant the Stream 3 services could only be offered to the workers once they had been made redundant, which did not happen until October 2011. Furthermore, as the closure was only a partial retrenchment, the workers could not be sure if they would be retrenched or not, so they were not certain of the kind of help they needed.

The workers we spoke directly to said that they found the resume writing sessions at the job centre useful but that the jobs board wasn't. They developed an impression that the posted jobs were simply sourced from online aggregators like Seek.com.au and so there was no value added.

Figure 7: Job Centre overview

Features	Outputs	Outcomes
<ul style="list-style-type: none"> ◦ Physical space with resources and advisers to help workers consider their futures ◦ Access to a Centrelink representative for advice ◦ Job club organised workshops to help people prepare and improve application documents ◦ Website with: <ul style="list-style-type: none"> ◦ jobs board ◦ resources to help prepare job applications ◦ government entitlement briefings ◦ 1800 number and email address for workers to ask questions 	<ul style="list-style-type: none"> ◦ 400 visits to the physical space ◦ 500 unique visits to the website ◦ 300 unique visits to the jobs list ◦ Significant interest from potential employers, largely from out of state 	<ul style="list-style-type: none"> ◦ No clear picture on direct outcomes is available. However, having the Centre did give workers a sense that there was somewhere they could go to get support, if nothing else, helping psychologically.

Bluescope Steel Labour Adjustment Program

The Government announced the Bluescope Steel Labour Adjustment Program (LAP) on the same day as the closure announcement. The LAP was allocated \$10m in funding to provide a range of services above those which are available to unemployed workers as a standard.

The LAP's funding was designed to facilitate fast transitions into new jobs to minimise the impact of the closure on the broader community. The LAP included \$8m for employment support through JSA, which gave direct access to Stream 3 intensive services for redundant workers directly affected by the closure. It also fast-tracked relocation assistance through the existing 'Connecting People with Jobs' program run by DEEWR⁷.

Direct access to Stream 3 JSA services was the most significant component of this program and came with higher levels of funding and more intensive services than the other JSA streams. It is normally

⁷ A further \$2m was allocated to the 'South Eastern Melbourne Industry Specific Funding' which funded projects to support jobs in Western Port.

targeted for job-seekers assessed to have low work-readiness⁸. Because of the higher level of funding, access to this stream is sometimes extended to workers affected by large-scale redundancies, not because their personal circumstances require it, but because their continued unemployment could severely affect their broader communities. There were six JSA providers in the Illawarra region at the time of the closure. They were all invited to participate in information sessions and to compete to provide services to the affected workers. The stakeholders we spoke to noted that:

- workers preferred interacting with the more corporate JSA providers due to stigma associated with receiving services from charitable organisations
- some providers were more active in engaging with the affected workers and made more of the opportunity
- some providers' services were compromised by having junior level staff with limited experience themselves dealing with the retrenched workers.

Hence, although all six were involved to begin with, some had much more involvement than others.

Participants in the workers' workshop – albeit the group was skewed towards those who had not been successful in securing sustained employment – reported that they had found the JSAs largely ineffectual in guiding them to make decisions. The providers were generally reactive – responding effectively when workers approached them with an idea but not seemingly very proactive, despite the added incentives that come with Stream 3 level services.

Figure 8: LAP overview

Features	Outputs	Outcomes
◦ Instant access to Stream 3 JSA services	◦ 497 eligible registrations with JSAs in Illawarra as at 31 October 2012	◦ 338 workers (68%) registered with JSAs in Illawarra had jobs as at 31 October 2012

Local Employment Coordinator (LEC)

As mentioned earlier the LEC acted as a key facilitator of services for the affected workforce, connecting them with new employment opportunities. The feedback on her role in the closure was overwhelmingly positive.

In addition, some of the LEC's Flexible Funding Pool was used to help SMEs affected by the closure to diversify their customer base and stay viable in BlueScope's absence. The funds were used to hire a marketing specialist who helped business owners develop their businesses by helping them identify strategies to enter into new markets and write tenders.

The LEC also ran a program called 'Leaving the Nest' that brought affected workers together to help them seek jobs outside the region, mainly in the mining sector. As part of the program, the workers did training and job application preparation but were also prompted to make cold calls to prospective employers. Participants spoke very highly of the program and of the 20 workers we spoke to directly at least two secured jobs as a direct result of participating in the program.

Illawarra Region Innovation and Investment Fund

The \$30m Illawarra Region Innovation and Investment Fund (IRIIF) provided grants to co-fund investment "...to support innovative job creation projects that strengthen the Illawarra's regional economy and employment base." Applicants for the funding were assessed on merit including looking at

⁸ An assessment tool is used to assess work readiness based on statistical analysis of the correlates of a higher probability of remaining out of work for a year.

their ability to add sustainable jobs to the region and also to contribute to the diversification of the region’s economy. The IRIIF was jointly funded by the Australian Government (\$20m), the NSW Government (\$5m) and BlueScope Steel (\$5m) over three years to 30 June 2014.

By October 2011, the first round of applications had been received, with the announcements of funding made in January 2012. A significant amount of the resultant grants have been paid out. Second round successful applicants were announced recently. It is too early to comment on outcomes of the first round at this point in time.

Some interviewees questioned whether the IRIIF was an appropriate response to the BlueScope closure and suggested more community involvement in its design could have improved its structure. Its goals of creating new, sustainable jobs and diversifying the local economy, they argued, did not address the immediate issues of the region – the retrenched workers and struggling contractors left in the wake of the BlueScope closure. Specifically, they cited issues with:

- timing: it took months after the closure to process applications and begin distributing funds, decreasing the likelihood that the jobs would benefit BlueScope workers directly
- targeting: the jobs created by IRIIF projects did not need to be given preferentially to BlueScope employees; rather they added to the pool of available jobs in the Illawarra region
- new capacity funding: the IRIIF provided funding for new capacity at a time when many SMEs in the area had overcapacity and hence had no investment plans to bring forward. There was a suggestion that the IRIIF’s structure therefore biased itself toward larger enterprises, leaving the issue of struggling SMEs unaddressed.

Figure 9: IRIIF overview

Features	Outputs	Outcomes
<ul style="list-style-type: none"> • Grants to support investment in innovative job creation projects to support the Illawarra’s economy and employment base 	<ul style="list-style-type: none"> • Round 1: \$13.2 allocated to 12 projects (of 23 applications) in January 2012 • Round 2: \$15.6 million allocated to 25 projects (of 51 applications) 	<ul style="list-style-type: none"> • Round 1: projected to create 375.7 FTE positions • Round 2: projected to create 512.8 FTE positions

Retrenched Workers’ Training assistance

The Retrenched Workers’ Training (RWT) assistance program was allocated \$300,000 over 18 months by the New South Wales government to assist those workers affected by the BlueScope closure. The program had been in development before the timing of the closure was known and it was launched as part of the BlueScope response. The program offered clients:

- information and advice on training options
- help with skills recognition through its online tool (www.skillsrecognition.nsw.gov.au)
- supported limited skills development.

Clients could undertake a range of different training programs for anything from construction white cards to skills in computer programs such as MYOB. The funding did not cover full certificate, diploma or higher level training.

According to the State Training Services (STS) Manager, BlueScope workers who took advantage of this offer tended to do training in courses such as plant operations, transport, construction and logistics. Quite a few also did training designed to change their career direction. For example, one fitter wanted to train to become a traffic controller.

Providing the assistance could sometimes be difficult. Some workers were deterred by perceptions about learning environments (e.g. the intensity of testing or literacy and numeracy requirements) that were not necessarily borne out. The assistance was therefore re-framed to suit the needs and abilities of the workers who wanted to undertake it, for example highlighting where written tests would not be required.

Compared to the other responses, the Retrenched Workers' Training assistance had a small resource allocation and very low take-up (refer to Figure 10). Some interviewees were not aware that extra funding had been allocated specifically for workers affected by BlueScope at all and others expressed views that the assistance was harder to access than other services on offer.

All of the workers present at the focus group workshop had accessed training – whether this was funded through RWT or the Stream 3 JSA funding entitlement. Although they were appreciative of the support and saw training as the main conduit to finding work, few had been able to connect with jobs directly as a result of their training because employers sought experience as well as a qualification.

Figure 10: Retrenched Workers' Training assistance overview

Features	Outputs	Outcomes
\$300,000 allocated to provide: <ul style="list-style-type: none"> • support for training • advice on training options • help with skills recognition 	<ul style="list-style-type: none"> • 79 BlueScope workers have received or are receiving training assistance 	<ul style="list-style-type: none"> • Out of the 49 who could be contacted as of September 2012⁹: <ul style="list-style-type: none"> ◦ 18 were now in jobs that used the skills learnt in their training ◦ 21 were in other jobs or training programs ◦ 4 were not employed ◦ 6 were still at BlueScope

2.2.2 Messaging

The two most important ongoing communication channels for the Government were the BlueScope Job Centre (discussed above) and onsite information sessions for the workers. As well as these ongoing communication channels, events were held with specific purposes, the most significant being a Jobs Market held at the local hockey stadium.

The local media's coverage tended toward the negative. Some noted that efforts to increase positive coverage could have been beneficial either through publicising entitlements available to affected workers and how they could be of use, or by restoring investor confidence in the region to encourage investment and new jobs.

Information sessions

The information sessions communicated to the workers their entitlements under the various assistance programs, what steps they could take to approach their future and promoted specific events such as the Jobs Market (discussed below). The information sessions were significant events – building awareness of the Jobs Market for example involved running 38 separate information sessions for approximately 600 people.

⁹ Figures provided to Nous by the Training Services Manager at State Training Services on 28/09/2012.

The LEC, in partnership with various speakers and BlueScope, had the main responsibility for organising these sessions and their success is widely attributed to her efforts at contacting participants. She noted that communicating with workers was difficult as they were often hard to get hold of but that she had learnt the key to maximising participation in such events was having direct and personal contact with the individuals and securing local media support.

There was a sense that the information sessions could have been structured more in line with the ability of workers to absorb information. A number of stakeholders felt that too much information was provided at once and swamped the workers' ability to absorb the information. This in turn required multiple sessions on the same topic rather than using additional workshops to provide new or more detailed advice and assistance.

Jobs Market

The Jobs Market was a high profile event that brought together affected BlueScope workers and others from the region with over 70 employers who each had booths at the event. It was organised by the LEC with the help of an events manager and the venue and security was provided by BlueScope.

Most of the jobs on offer – and those that garnered the most interest – were from outside the immediate Illawarra region, generally in the mining sector. Although efforts had been made to get local businesses involved, these were in industries such as aged care which were not regarded well by the workers, potentially due to the different skill sets required and the lower salaries on offer (many BlueScope workers had been on six-figure salaries).

2.2.3 Coordination

Effective delivery of programs was achieved through the informal networks between the officials running separate programs. This coordination ensured, for example that Information Sessions had representatives from multiple agencies present, that a Centrelink representative was present in the Job Centre and that businesses from all over the country were able to offer jobs directly to the BlueScope workers.

The LEC was the lynch-pin of this coordination. Although the agencies all had working relationships with each other her efforts to bring them together at information sessions and other events with workers was the key to successful delivery of services.

An official high-level taskforce was established to provide oversight of the response and the IRIIF. It was headed by DIISRTE and had representatives from various agencies and other groups involved. Views differed on the efficacy of the taskforce. Many respondents noted that its role was unclear to begin with and that it settled into a position of reporting information back to the Commonwealth, rather than coordinating action. One respondent offered a counter view that the taskforce would have been more active if necessary – that is if the informal coordination had not worked so well.

2.3 Lessons learnt

2.3.1 What worked well

1. The delivery of the various programs was effective but with success driven by the informal links between program representatives rather than via official governance channels in the main. The efforts and impact of the LEC to coordinate service delivery was widely recognised as a key reason for this success.

2. The Job Centre established by BlueScope provided a focal point for workers to go to ask any questions they had and begin planning for their futures, even before they were sure if they would be made redundant.
3. The Leaving the Nest program run by the LEC was highly thought of by workers and has led to jobs for participants. This type of hands-on help which engaged with the job market is an example of best practice in the area.
4. The Job Market brought a large number of employers to one place to promote positions in their organisations to affected workers and the community in general. At worst this event opened affected workers' eyes to the opportunities that were available to them and at best it connected them with employers allowing them to transition more smoothly into new employment.

2.3.2 Skills and training specific issues for future consideration

5. Although there were multiple platforms available for workers to use to map their skills, there was no support provided to complete these assessments. This led to an under-awareness of the opportunities available to individuals to undertake targeted training or skills recognition programs to enhance their employment chances.
6. Workers that undertook training in new qualifications found it difficult to get jobs because they had no experience in the competency. Avenues to gain this experience should be combined with training to help make people more work-ready.
7. Workers could have been provided with more guidance about which skills were in demand in the workforce, beyond those indicated in job vacancies.
8. Training is only useful if there are jobs available. Many of the issues that attendees at the workers' workshop reported were features of an oversupplied or slumping labour market and no amount of training will achieve an employment outcome if there are no positions available.

2.3.3 Other issues for future consideration

9. The Stream 3 JSA services made available to affected workers were only accessible once they had received an official redundancy letter, which arrived some time after it was evident that they were to be made redundant. The Job Centre filled this gap in this instance but companies cannot be relied on to provide such services. This points to a risk in other cases of there being a lag before workers can access necessary advice and supports .
10. Approximately 50% of the retrenched BlueScope workers retired. It is likely that a number of these retired workers could have stayed in the workforce for some extra time in a way that would have suited them. Opportunities to make job transition more attractive and easier for older workers should be examined.
11. Strong informal links cannot be relied upon to guarantee good service delivery. Although, in this case the informal networks between different agencies led to excellent delivery, this arrangement is by no means a given. It is unclear whether the Taskforce had adequate scope or remit to have been able to respond if the informal networks had not worked so effectively.
12. A large amount of BlueScope's supply network was locally based meaning the closure affected a large number of local SMEs. No assistance was provided to help them shift business to new markets and protect against further job losses.
13. Collecting data from the affected workers themselves is key to identifying the true effectiveness of the programs offered. In this case, there is scant reliable data about the workers' experiences with the services offered and the labour market after retrenchment. Although it appears clear

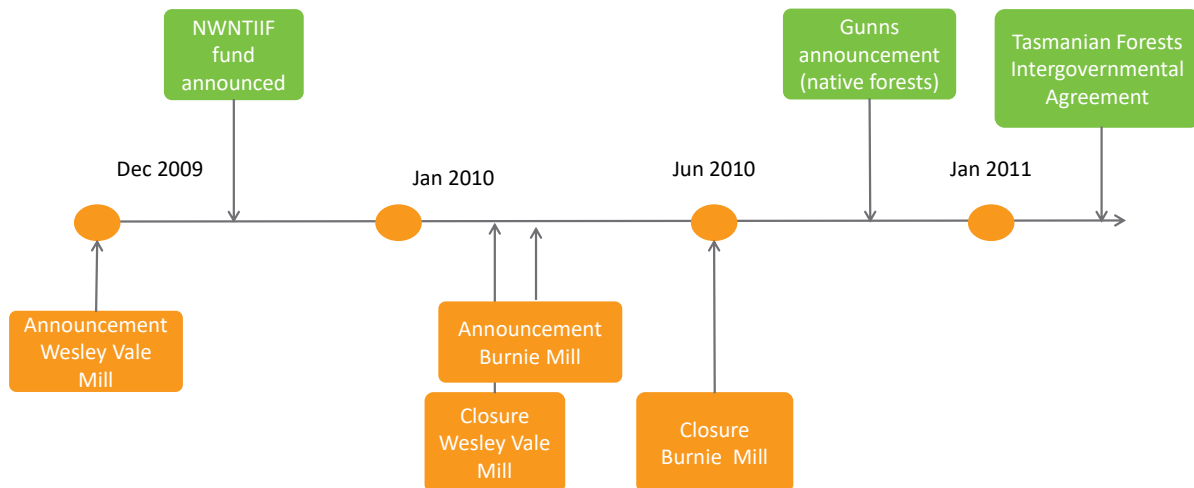
that the services were delivered very effectively we can make limited comment on their design and ultimate outcomes.

14. There was a feeling among some groups that the Commonwealth and State governments' financial investments could have been tailored better to the needs of the affected community by using networks built by local government and the Regional Development Australia board (RDA). For example, the IRIIF provided funding for investment in new capacity at a time when many smaller businesses were facing excess capacity.

3 Northern Tasmania (Forestry Industry)

3.1 The closures and associated structural adjustment events

Figure 11: Timeline of events in Northern Tasmania



We were asked to examine the broad restructuring of the forestry industry in North West and North East Tasmania as a case study. While the sector has been undergoing significant structural adjustment over the last three decades we focused on two events in the more recent past, namely:

- the closure of two PaperlinX mills – in Wesley Vale and Burnie – in 2010
- the assistance provided to retrenched workers by the Tasmanian Forests Intergovernmental Agreement (the 'IGA') in 2011.

On 7 December 2009, PaperlinX announced the closure of its Wesley Vale paper mill and partial closure of the Burnie paper mill by March 2010. Despite efforts to sell the remaining operations of the Burnie mill, PaperlinX was forced to close this by April 2010. The combined job losses were over 400 and came at a time when there had been a number of other significant closures in the region, including the McCain's vegetable processing facility in Smithton, the ACL Bearing factory in Launceston and the downsizing of the Caterpillar facilities in Burnie.

Separately, in 2011 the Commonwealth and Tasmanian Governments announced the IGA, noting that it presented an historic opportunity to help the forestry sector transition towards a more economically and environmentally sustainable future, while providing specific assistance to those most directly affected by the by industry restructuring, including (most notably) the September 2011 decision by Gunns Limited (Gunns) to exit native forest harvesting.

For many of the stakeholders we spoke to, both the response to the PaperlinX closures and the initiatives announced under the IGA represented points on a continuum of government assistance in the region. They were not seen as distinct responses, but part of an ongoing effort.

Notwithstanding this perception of the IGA being Northern Tasmania-specific, it is important to note that assistance provided under the agreement was for the industry and its workers regardless of location. Northern Tasmanian forestworkers nevertheless see it as part of a response to their particular predicament, one that is difficult at times to disentangle from the PaperlinX responses.

This case study provided an opportunity to assess lessons learnt from a medium level response to an industry-wide restructure event occurring in a 'thin' regional employment market. The information presented here relates to both PaperlinX and the IGA and was gathered from interviews during August-

September 2012 with a cross-section of people involved in the response, as well as a workshop with approximately 12 of the affected workers (held on 18 October 2012).

What led to the event?

The PaperlinX closures in 2010 resulted from a review of its Australian operations that triggered a decision to exit from paper manufacturing to focus on distribution. In its announcement to the market, the company said that the sites were “substantially loss making” at a level that was unsustainable, a situation exacerbated by the high Australian dollar.

The Tasmanian forestry industry has been undergoing structural transformation brought about by changing markets for over 30 years. However the decision by Gunns - the State’s major processor of native forest sawlog and pulpwood products - to exit native forestry and focus on its plantation-based pulp mill at Bell Bay proved the catalyst for an abrupt structural shift in the industry. The Gunns decision prompted a commitment by the Commonwealth and State Governments to develop and diversify the Tasmanian economy¹⁰ which was given effect in the IGA.

How many were affected?

The PaperlinX closures affected approximately 400 workers. They were mostly men in their 40s who had worked as unqualified but highly skilled and paid plant operators.

The company’s supply chain consisted of a number of locally based SMEs, many of which came under financial stress or went out of business.

Figure 12: Location of PaperlinX redundancies



The decision by Gunns represents a fundamental shift in the forestry sector in Tasmania shift towards more sustainable sources of timber. This means that there will be a continuing impact on supply chain businesses (e.g. transport and equipment providers) and their workers.

¹⁰ Tasmanian Forest Agreement website (<http://www.forestsagreement.tas.gov.au/about>).

What was the regional environment like at the time?

The pace of restructuring in the forestry industry in northern Tasmania has ebbed and flowed since the 1980s. Some local economies in the region have diversified successfully, while others are struggling with the change. There appears to be more resilience to restructuring events in North Western Tasmania, centred on Burnie, than in North Eastern Tasmania¹¹.

The impact of the restructure continues to be felt mainly by SMEs and sole traders, and has been punctuated and exacerbated by related events such as the collapse of managed forestry investment schemes during the Global Financial Crisis.

At the time of the PaperlinX closures, there were higher economy-wide rates of unemployment and large concentrations of economic and social disadvantage in Northern Tasmania compared to the rest of Australia. Unemployment rates in the Burnie and Central Coast LGAs (where the PaperlinX mills were located) were 8% and 6.1% respectively in 2009, significantly higher than the national average¹². These LGAs and those adjacent were also all in the lower 40% of LGAs across Australia in terms of socio-economic disadvantage¹³, with very low rates of high-school completion¹⁴ and high numbers of income support recipients¹⁵. Similar circumstances prevailed at the time of the Gunns announcement.

3.2 Response

The focus of our consultations was predominately directed towards the assistance provided to workers affected by the closure of the PaperlinX mills, especially the one in Burnie. However, the support package contained within the IGA invariably came up in all our discussions. For many that we spoke to there was a clear sense that the two responses were linked (not in a formal sense) and in many cases the programs delivered in the PaperlinX closures directly led to the design and delivery of programs in the IGA. In other words, it is evident that lessons learnt from the PaperlinX closures were being applied in the delivery of the IGA funded assistance.

3.2.1 PaperlinX closures

The Commonwealth and Tasmanian Governments launched a \$20 million package to stimulate innovation, investment and jobs in North West and Northern Tasmania. The funding included:

- the North West Northern Tasmanian Innovation and Investment Fund (NWNTIIF) (\$17 million) to support additional innovative investment in the region
- the Regional Assistance Program - Tasmania (RAP-Tas) (\$3 million) delivered by the Tasmanian Government and aimed at small to medium business, promoting activities that increase employment opportunities in the region
 - \$500,000 of this funding was used to assist with reskilling activities of the retrenched workers through ForestWorks (see below for details on Forest Works).

¹¹ The main reason for this appears that the North West underwent significant structural adjustment from timber industry closures in the previous 25 years or so and through that process diversified its economy into alternative manufacturing, such as heavy machinery, and agriculture including dairying. In contrast, the North East is in the middle of the same process now and remains reliant on the timber industry and so feels change more severely.

¹² Both these figures increased by more than one percentage point over the next year.

¹³ Burnie, Waratah/Wynyard and Davenport were in the third decile of the SEIFA index of socio-economic disadvantage in 2006; Central Coast was in the fourth decile.

¹⁴ 29.9% in Northern Tasmania compared to 50.7% nationally.

¹⁵ 19.3% of the working age population is in receipt of some form of income support, compared to 12.2% nationally.

Tasmanian Forests Intergovernmental Agreement

The Commonwealth and Tasmanian Governments developed a joint assistance package for the struggling forestry industry in Tasmania within the IGA that included:

- labour supply support, by providing job placement services and training assistance for displaced workers
- labour demand support, by investing in new job creation through the Tasmanian Innovation and Investment Fund (\$8 million)
- other supports, including counselling.

These programs are state-wide programs but heavily used in the Northern parts of the State. Under the agreement a total of \$277 million, including \$15.5 million from the Tasmanian Government will be provided in the following key areas:

- \$85 million to support forest workers contractors and their families affected by the downturn in the industry, and in particular Gunns' decision to exit native forest harvesting
- \$43 million to facilitate implementation of the IGA
- \$120 million over 15 years, including an initial payment of \$20 million to identify and fund appropriate regional development projects
- \$7 million per annum ongoing to manage new reserves
- \$1 million for mental health counselling and community wellbeing.¹⁶

Of interest to our project was the provision of employment and skills-based services under the agreement. Under the IGA eligible affected workers were given direct access to Stream 3 JSA services and an enhanced entitlement to retraining to support transitions into new jobs. This support was complemented by a grant to ForestWorks, an industry organisation, to fund service coordinators who could provide more personalised job search and career planning support than the JSAs were able to offer. Information about services and entitlements available to the workers was primarily provided through these coordinators, though there were other channels available too.

Overall stakeholders we consulted felt that the coordination of both responses was highly effective, driven by personal relationships and a shared desire to help.

The commonly-held view was that the assistance provided, and the way in which it was provided, was successful in getting those who wanted to work back into gainful employment. Three features in particular contributed to the perceived success of the delivery of the responses, the:

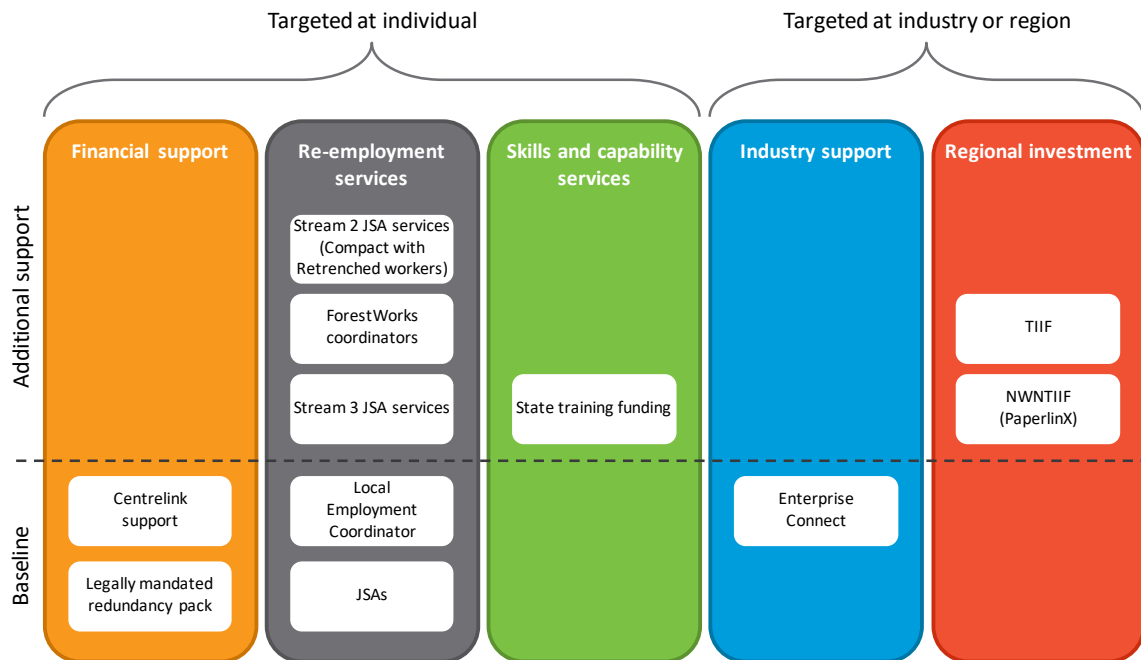
1. delivery of more intensive one-on-one support services through ForestWorks by dedicated coordinators drawn from the affected workforce (IGA funding)
2. high-level of cooperation between different government players, created by local informal networks rather than a formalised 'taskforce' approach (both responses)
3. delivery of advice and services in non-traditional locations to overcome the 'embarrassment' factor for many workers, who have never accessed Centrelink or JSA related services (both responses).

While over half of the workers found employment after the closure of the PaperlinX mills, our discussions with a small sample of former PaperlinX employees revealed that the jobs that many secured were unstable and short term. Hence, although employment outcomes are assessed to be relatively strong, underemployment appears to be an issue, as is low job security (at least for some).

¹⁶ Tasmanian Forest Agreement website (<http://www.forestsagreement.tas.gov.au/about>).

Workshop participants felt that the majority of workers had found new jobs through personal connections, rather than through the formal job search system. Many experienced what they perceived as ageism and discrimination based on the paper mill’s reputation for having a poor work ethic.

Figure 13: Overview of programs PaperlinX and IGA



Source: Tasmania

3.2.1 Programs

Enhanced JSA assistance

For the purposes of this case study two separate measures were offered to affected workers in the region:

- in response to the Global Financial Crisis the Government announced as part of the its 2009-10 Budget the *Compact with Retrenched Workers* that amongst other things guaranteed workers access to enhanced (Stream 2) JSA services. The retrenched workers from PaperlinX were able to access these services which provided for “...immediate personalised assistance, career advice, referral to available training places and job search help...”¹⁷.
- Under the IGA, eligible retrenched workers were given an entitlement to JSA Stream 3 assistance as part of the Forestry Industry in Tasmania Structural Adjustment Program.

Unfortunately the PaperlinX workers we spoke to directly reported poor experiences with JSAs. None had been placed in a job through their case worker and they thought the resumes produced through JSAs were of poor quality. The jobs offered were not suited to them, creating an impression that the JSAs were focused on finding simply any type of employment for the workers – including seasonal, low-skilled, low-end work – without regard to fit or duration of the position (a consideration that was highly important to the workers).

¹⁷ 2009-10 Budget Statement: http://www.budget.gov.au/2009-10/content/ministerial_statements/deewr/html/ms_deewr-02.htm.

Other interviewees tended to agree that, although the additional support provided was helpful (for both PaperlinX and IGA related retrenchments), the JSAs themselves lacked the capability to ensure a high quality of service delivery. One key issue was that JSA staff were inexperienced and not familiar with paper manufacturing and therefore the specific skills base of the affected workers¹⁸.

ForestWorks Coordinators (IGA)

Under the IGA, ForestWorks received funding to provide personalised job search support to retrenched workers. This support complemented the assistance provided through JSAs.

Coordinators were hired from the cohort of affected workers. They set up meetings with their former colleagues in familiar places to discuss their needs and goals, and provided advice on how to navigate the system.

Interviewees gave very positive feedback on the coordinators and saw the program as a success. The workers strongly identified with the paper mill and the people in it, and so the closure had a profound impact. The personalised support by someone the workers knew and could relate to was greatly valued.

Figure 14: Employment services overview

Features	Outputs	Outcomes
<ul style="list-style-type: none"> Stream 2 JSA job search services (Compact with Retrenched Workers) Stream 3 JSA job search services (IGA) ForestWorks Coordinators (IGA) 	<ul style="list-style-type: none"> \$8.1 million for immediate access to Stream 3 employment support with Job Services Australia (IGA) \$5.9 million for additional support services through ForestWorks Limited for displaced forestry workers in Tasmania (IGA) 	<ul style="list-style-type: none"> Forestry Industry in Tasmania Structural Adjustment Program (IGA) (31 October 2012) <ul style="list-style-type: none"> 418 registered with a JSA provider 242 forestry workers who have found employment

The decision to enter into this agreement was made after the success of an original smaller initiative ForestWorks in helping affected workers from the PaperlinX closures to undertake reskilling activities (see below).

Skills and training (PaperlinX)

As part of the PaperlinX response retrenched employees were able to access various training entitlements under the *Compact for Retrenched Workers*. In addition the Tasmanian Government used \$500,000 of its contribution to specifically fund reskilling services by ForestWorks – a union based organisation that provides training and other services to the industry in multiple states. In the main, the ForestWorks service involved advising on and assisting workers to access the training entitlements that they were entitled to.

Participants in our workshop with former PaperLinX employees put a premium on training and skills development, seeing it as the best way to improve chances of finding work. All had undertaken training of some sort and spoke positively of their experiences.

However, there were several aspects of the system that they found frustrating:

¹⁸ The workers also reported more serious adverse aspects of the system, such as some employers taking advantage of the wage subsidies offered through Stream 2 assistance by hiring workers for three months and then letting them go after the subsidies ran out. None present had experienced this, but they were able to name one company specifically. We were unable to confirm that this had occurred.

- It was extremely difficult to get recognition of prior learning. PaperlinX had trained the workers throughout their careers but had not kept adequate records of what courses workers had completed and therefore they could not provide the requisite documentation to successfully undertake Recognised Prior Learning (RPL).
- There was no formal skills audit or career guidance process prior to redundancy, leaving the workers largely to themselves in an unfamiliar job market. As a result, the workers had no basis to assess the best training to pursue and defaulted to following what their peers were doing (e.g. many sought an excavator driver’s licence).
- The workers were given the impression that they had only three months after the closure to use their training entitlement. This led to hasty decisions about what training to do.
- The training entitlement was not available to a retrenched worker who had subsequently been in a job for six consecutive months. This presented a problem for some who had taken the first job they could so as to support themselves, but later realised they wished to pursue another avenue.
- The training was not enough to secure employment. Many found that, despite gaining qualifications, only workers with relevant experience were attractive to employers.

Under the IGA there were various entitlements to training available to assist retrenched workers transition into new jobs. In all, workers had \$2,500 each to spend on training in eligible courses with approved Registered Training Organisations (RTOs). We were not able to speak to any IGA-funded retrenched workers during our consultations so are not in a position to comment on any issues or learnings arising from this assistance.

Innovation and Investment Funds

North West and Northern Tasmanian Innovation and Investment Fund (PaperlinX response)

The North West and Northern Tasmanian Innovation and Investment Fund (NWNTIIF) was launched in December 2009 in response to a number of closures in the region including the PaperlinX mill. A joint Commonwealth-State initiative, it provided \$17m in grants to co-fund new capital investment that would help to create sustainable job opportunities in the region. Applicants for the funding were assessed on their ability to add sustainable jobs to the region and also to contribute to the diversification of the region’s economy. The funds were fully allocated and the NWNTIIF closed in 30 Jun 2011.

Figure 15: NWNTIIF overview

Features	Outputs	Outcomes
◦ \$17 to support job creation in North West and Northern Tasmania	◦ Funding allocated to 36 projects	◦ 393 jobs created out of 409 originally projected as of 30 June 2012 with the expectation that there will be significantly more in the future

Tasmanian Innovation and Investment Fund (IGA)

The Government provided a further \$8 million to the Tasmanian Innovation and Investment Fund (TIIF) (see Box 1) under the IGA, which provided grant funding to several businesses in Northern Tasmania. The outcomes from this program have not been considered in this analysis because the program was Tasmania wide and not isolated to the region, and arguably it is too early to assess its impact. However, like the NWNTIIF the fund was designed to support innovative projects that contribute to sustainable job creation and did fund a number of projects in the region.

Box 1: Tasmanian Innovation and Investment Fund (TIIF) details

The Tasmanian Innovation and Investment Fund (TIIF) is a grants program announced by the Prime Minister on 3rd of October 2011 in recognition of the broad impacts of the restructuring of the forestry sector across Tasmania. This initiative forms part of the Australian Government's broader response to regional employment challenges.

TIIF will provide support for new investment that creates sustainable job opportunities in Tasmania. The TIIF's purpose is to support innovative job creation projects that strengthen Tasmania's regional economy and employment base, particularly in areas affected by the restructuring of the forestry sector.

TIIF will provide up to \$8 million in grant funding during the 2011-12, 2012-13 and 2013-14 financial years. There is a minimum grant amount of \$50,000 for all proposals.

Source: [Fact sheet](http://www.ausindustry.gov.au/programs/regional-innovation/tiif/Pages/TIIF-fact-sheet.aspx) (<http://www.ausindustry.gov.au/programs/regional-innovation/tiif/Pages/TIIF-fact-sheet.aspx>)

3.2.2 Messaging

The majority of our stakeholder interviews focussed on the way information was provided during the PaperlinX closures (addressed below). At the time there was very little that could be said about the topic under the auspices of the IGA. However, several of our stakeholders offered their views on how government officials should interact with retrenched workers at all times.

There was a strong view that more emphasis should be placed on thinking creatively about how information is conveyed (e.g. where, when and by whom) and simplifying the way that information is presented (e.g. run a series of sessions to present smaller amounts of information that build on each other rather than have one session only).

This feedback is consistent with what we were told during consultations for other case studies and is a strong theme in the majority of them.

PaperlinX messaging

The two main mechanisms used to communicate with workers after the closure of the PaperlinX mills were:

- A series of joint agency information sessions were held in the region for the affected PaperlinX workers. Unfortunately, unlike some of our other cases studies onsite delivery of these sessions was not possible making it hard to ensure that all workers could attend.
- ForestWorks coordinators met directly with workers who wanted their help in navigating the unemployment and training systems. This occurred under the auspices of, and with funding under, the IGA.

Because the PaperlinX workers had dispersed before service providers could make contact with them it was difficult to disseminate information at the time. Commonwealth and State Government representatives tried to use informal networks to contact the workers but it was difficult.

A particular aspect of the PaperlinX closure was that many workers were not ready immediately after the closure to effectively process the news or consider the range of various services and opportunities open to them. This meant that government service providers keen to make contact early found it difficult to attract interest or to engage satisfactorily.

The implication of this is contact from government representatives early on should be simple and clear, focusing on a couple of key messages, and should be followed up over the subsequent days and weeks to ensure that the service or information provider is available when the worker is ready to engage. To

some extent, coordinators helped to maintain the necessary contact but interviewees felt there could have been greater sensitivity and responsiveness to the workers' fragile and variable psychological state.

3.2.3 Coordination

Despite the existence of a mechanisms, such as a steering committee, a working group and a community working group, many of those we spoke to felt that there was no formal coordination mechanism within the region under both events to ensure effective service delivery, though there was an informal network among the government players including the LEC, AusIndustry, ForestWorks coordinators, RDA representative etc. A good example of this was AusIndustry staff and the LEC sharing information to connect structural adjustment grant recipients with unemployed workers.

The rapid response team from the Tasmanian Department of Economic Development assumed an informal overarching role during the PaperlinX closures, and by all accounts their efforts to ensure information reached workers has some positive impact, notwithstanding the issues outlined in Section 3.2.2 above.

Informal coordination was possible because of the small population and because of a shared desire to avoid duplication. Interviewees did not feel that a more formal governance mechanism would have added value in this situation.

3.3 Lessons learnt

What worked well

1. In Northern Tasmania there was a strong informal network among government players that ensured a high level of cooperation and coordination between those involved in the response.
2. ForestWorks coordinators provide case management to assist workers (and their families). The approach by an industry organisation works best where there is a high degree of identity tied up in working in an industry (e.g. forestry, auto etc.) and in regional areas where the business is the major or one of few major employers.
3. AusIndustry and the LEC shared information to connect structural adjustment grant recipients with unemployed workers. This generally worked well in getting retrenched workers into new employment.

Skills and training specific issues for future consideration

4. Providing workers with Stream 2 or Stream 3 services drove some good outcomes from a training and employment perspective.
5. PaperlinX had not kept adequate records of the training workers had done, making RPL extremely difficult to attain.
6. There was very little guidance provided to PaperlinX workers on how to plan for their futures based on an understanding of available opportunities. This often led to them choosing training options that either didn't suit their personal goals or were unlikely to yield employment outcomes.
7. Workers may be 'exited' from JSA once they have been in a job for six months. Some workers needed this time to adjust to the change and think about what they wanted to do long term. Extending the training entitlement for a longer period after retrenchment would address this issue.

8. Workers found that the training they received was not enough to make them attractive to employers. Extra help to provide experience in parallel with training would help bridge this gap and aid transitions into new jobs.

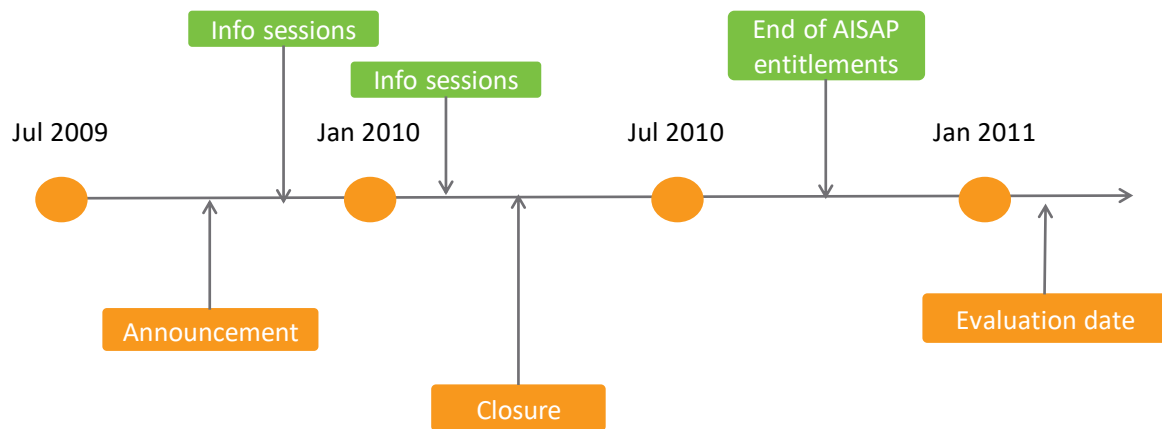
Other issues for future consideration

9. There was insufficient attention given at times to the social and/or psychological impacts of mass retrenchments. While the ForestWorks delivery program overcame some of these issues it is worth noting that:
 - Many workers are embarrassed to go to Centrelink and JSA offices. The best case scenario would be to have service delivery on site or if not possible at other public meeting places.
 - Workers didn't want to leave the industry despite there no longer being opportunities for them. The key to convincing them to shift was to have people who had gone through the experience to explain the benefits of moving on.
10. Many of our interviewees felt JSAs were not appropriately equipped to deal with the large number of job losses, but did their best in difficult circumstances. Two particular concerns expressed were:
 - JSAs were focussed on their own performance and generally had young and relatively inexperienced staff offering advice to older workers. This affected quality of service in terms of understanding the workers' skills and experience and relating to their predicament
 - JSAs were not equipped to provide an intensive case management approach which many felt was required in the circumstances.

4 Bridgestone (North Adelaide)

4.1 The closure

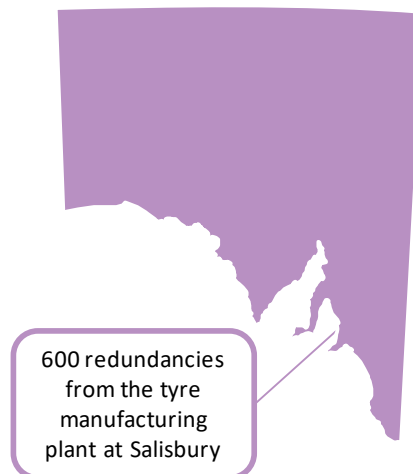
Figure 16: Timeline of Bridgestone closure



On 23 October 2009, Bridgestone Australia Limited (Bridgestone) announced that its tyre manufacturing plant in Salisbury would close, citing an inability to compete in the global marketplace¹⁹. The actual closure followed about six months after the announcement on 30 April 2010 and resulted in the displacement of 600 workers.

This case study was selected as an example of a medium-scale response in a metropolitan area that followed a number of similar closures in SA in the automotive sector.

Figure 17: Location of Bridgestone closures



¹⁹ ABC (23 October 2009) 'Death knell for industry as Bridgestone closes' available at <http://www.abc.net.au/news/2009-10-23/death-knell-for-industry-as-bridgestone-closes/1114896> accessed 24/10/2012.

What led to the event?

According to the company, Bridgestone had been facing difficulties for years before the announcement in 2009. The company had made a round of layoffs in 2000 and had engaged regularly with the South Australian government from 2003 highlighting the need for more flexibility with the workforce in response to competitive pressures. Hence, the reduction in demand for the company's products during the Global Financial Crisis was just another blow to its already weak position.

How many were affected?

The Salisbury closure led to some 600 direct redundancies. The affected workforce was predominantly male and had an average age in the late 40s to early 50s. Many were unqualified, though some had trades or professional qualifications. Despite a low level of formal qualifications, in the main all the workers were skilled and highly paid relative to other manufacturing workers.

What was the process of closure?

The actual closure of the site happened on 30 April 2010, six months after the announcement. A small proportion of the workforce opted to leave and these workers were awarded full redundancy payments. The company provided incentives to encourage the workers to stay on until the end so as to help complete the outstanding orders. While those who stayed on received larger redundancy packages, they were constrained in their ability to take up new employment opportunities offered during the 6-month period.

The advanced notice reduced the strain on the service providers providing assistance to the workers, which was seen by some as integral to the success of the response. Furthermore, the 6-month timeframe allowed workers a long period to come to terms with the change and consider their options.

What was the regional environment like at the time?

The automotive industry, which has had a large presence in Adelaide, has been in decline since the mid-1980s. Previous closures and layoffs in the state include Bridgestone downsizing in 2000 and Mitsubishi laying off 1,100 workers in 2004 and a further 1,000 in 2008. Hence the chances of workers finding positions equivalent to those they had lost were, with some exceptions, very low²⁰.

At the time of the closure, there was higher unemployment and larger concentrations of economic and social disadvantage in the affected northern Adelaide suburbs compared to the rest of Australia. Unemployment rates in Salisbury and the adjacent Playford LGAs, for example were 7.7% and 14% respectively in 2009, significantly higher than the national average. These LGAs are also both in the lower 40% of LGAs across Australia in terms of socio-economic disadvantage²¹.

Interviewees view the community as quite resilient, due to the growing diversity of industry in the immediate region and access to opportunities in metro Adelaide. They noted, however, that new jobs being created in the area tended to require a higher level qualification level, and there was strong interest at the Local, State and Commonwealth Government levels to support higher participation in education and training in the region.

²⁰ It is worth noting that there was a cohort of some 50 highly skilled (Certificate IV qualified) electrical technicians who were in high demand and had little trouble securing follow-on employment.

²¹ Salisbury was in the fourth decile of the SEIFA index of socio-economic disadvantage in 2006; neighbouring Playford was in the second decile.

4.2 Response

Governments at all levels moved rapidly to assist and a large response was launched to mitigate the effects of the closure on workers and the broader community. The high-level objective shared by all agencies was to find jobs for the retrenched workers, but below that, the objectives of different players were not necessarily fully aligned: unions wanted the government to come in heavily with a training response; Commonwealth and State governments wanted to ensure their respective contributions were acknowledged and credited; local leaders wanted to make an impact by operating more autonomously; and Bridgestone wanted workers who left to have a very positive view of the company.

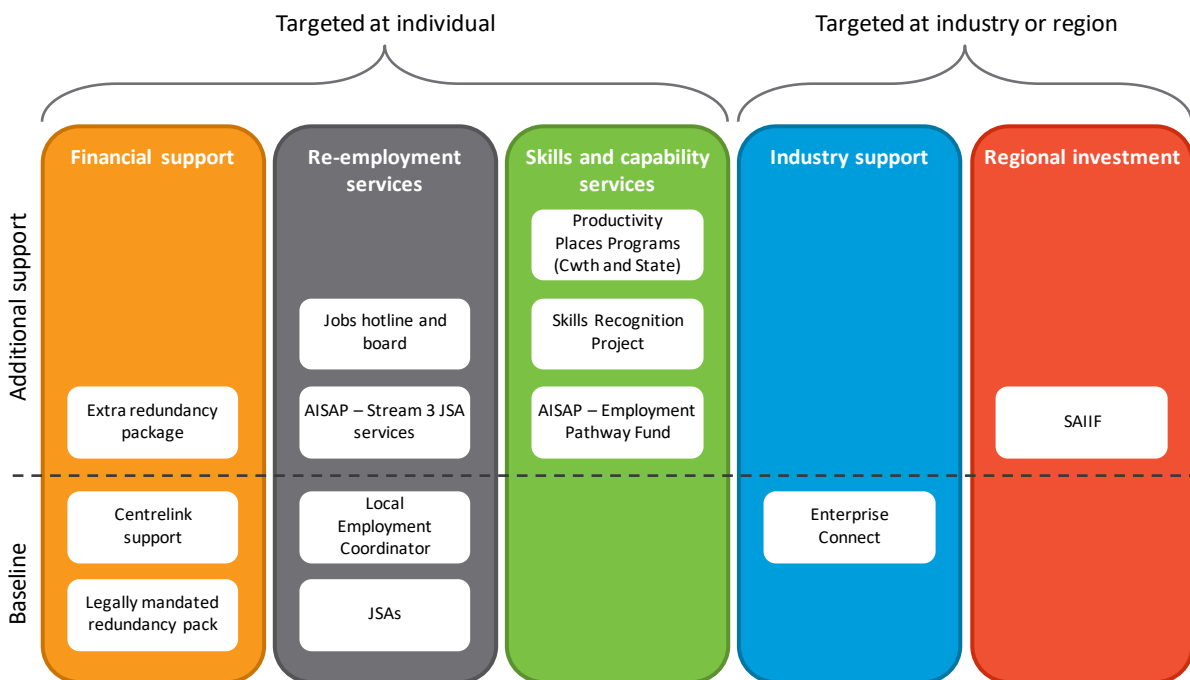
The main features of the response were the entitlement to Stream 3 Job Services Australia services, as part of the Automotive Industry Structural Adjustment Program, and additional training places under the Productivity Places Program.

The entitlements were communicated through a series of information sessions and job placement services as well as onsite services. The involvement of so many players from different layers of government confused the process for the workers who would have benefited from a single information source or coordinator.

The response had an overarching coordination mechanism in the form of a steering committee. The governance structure, while eventually effective, was cluttered and inefficient at the outset. The LEC worked successful through a working group (linked to, but separate from the steering committee) to ensure coordination of service delivery.

There is limited data available to establish a complete picture of the outcomes for workers and the affected community. However, we know over 438 Bridgestone workers have found new jobs. No data is available to assess the quality of these jobs in terms of the skills required, salary or conditions.

Figure 18: Overview of programs



4.2.1 Programs

Bridgestone services

Bridgestone didn't expect the government to respond as they did and had therefore made relatively generous provisions for training and employment services to be provided to the retrenched workers. Once the various government responses were announced, the company redirected these resources into topped-up redundancy packages.

After the announcement the company maintained a jobs board advertising job opportunities with companies in their supply chain (more on this below). They also made efforts to look after those worst hit by the news through one-on-one conversations and, for example, invited a local chaplain to walk through the site once a week.

The company allowed services to be delivered onsite but had limited involvement in their delivery. Bridgestone was represented on the steering committee meetings (see section 4.2.3) and so contributed to high level coordination.

Automotive Industry Structural Adjustment Program

Bridgestone employees were entitled to additional support under the Automotive Industry Structural Adjustment Program (AISAP). This program entitled the workers to Stream 3 JSA services as well as an enhanced entitlement to training support through the Employment Pathway Fund. Workers were also entitled to some relocation assistance but there was very low take-up of this offer.

The services provided by JSAs focused on assisting the worker in job search – directing them towards employment opportunities and helping prepare resumes and applications. JSAs could also purchase training and materials on workers' behalf through the Employment Pathway Fund. Recipients of Stream 3 services have a \$1,100 automatic allocation but this was enhanced by the AISAP by \$1,780 per person, making a total entitlement under the Fund of \$2,880 per person.

Interviewees agreed that the ability for workers to access Stream 3 JSA services was a significant help, though there was debate at the margins about the fairness of providing intensive support to 'work-ready' and 'cashed-up' employees when northern Adelaide had a large number of long term unemployed.

There were also questions about the quality of the jobs that JSAs connected workers with. The tension between short and long-term goals is ostensibly addressed between the JSA and the worker. However, some interviewees believed the JSAs' remuneration structure invariably led to them giving priority to short-term positions.

Furthermore, interviewees tended to agree that the competitive structure of the JSA system did not necessarily lead to an even quality of service. Workers would compare notes about what their respective JSAs were doing for them, but reported difficulties switching providers once they had been allocated. This created frustration and resentment.

Figure 19: Employment outcomes

Features	Outputs	Outcomes
<ul style="list-style-type: none"> Stream 3 JSA job search services including enhanced Employment Pathway Fund 	<ul style="list-style-type: none"> 531 eligible registrations with JSAs in Northern Adelaide as at 30 June 2012 	<ul style="list-style-type: none"> 438 of the workers (82%) who registered with JSAs had jobs as at 30 June 2012

Training

There were various training entitlements and programs available to Bridgestone workers. The main programs were a skills recognition process, support for basic retraining through the AISAP enhanced Employment Pathways Fund discussed above, and an allocation for more intensive retraining positions in the Productivity Places Programs funded by the Commonwealth and State Governments.

In general, the training offers and particularly the opportunity for recognition of prior learning (RPL) were regarded as very important. The workers were often skilled but unqualified, and so attaining these qualifications were key to helping them find jobs at an appropriate level.

Skills recognition and validation

The South Australian Department of Further Education, Employment, Science and Technology (DFEEST) administered a process to help workers identify what skills they had developed in their jobs and then to receive RPL for these skills through Registered Training Organisations (RTOs).

The overall process was seen to be important by interviewees, given the workforce was largely skilled but unqualified as all their training had been within Bridgestone. This is supported by the level of take-up of this service: 404 workers accessed skills recognition services and 267 eventually received qualifications through RPL processes.

To do the skills assessment, someone would sit with the workers and help them go through a software package that led them to identify their skills. This opportunity to discuss their jobs and to be able to translate this experience into recognisable and 'marketable' competencies was useful both in terms of building esteem and improving employability. It was also helpful in identifying training gaps, including in foundation areas like literacy.

Productivity Places Program – Structural Adjustment Places (Commonwealth) and Job Seekers (SA)

The Productivity Places Program (PPP) provided support to undertake training in qualifications from Certificate II to Advanced Diploma level. The Commonwealth government funded 600 places and the South Australian government funded 100 places. Workers could receive fully funded training at these levels in any approved course provided by approved RTOs (mainly TAFEs). There was low take-up of these opportunities though with less than 15% of the places filled. The reason for this is unclear but probably reflects the workers' focus on immediate employment outcomes rather than longer-term training.

One issue raised with us was that TAFEs were inflexible with timetables for courses. In some instances workers would have had to wait months for a course to start. One respondent suggested this could have been avoided if attempts were made to map at the aggregate level what courses the workers wished to undertake so RTOs could respond with timely training, more readily accessible by Bridgestone workers (including those still working on shifts).

Figure 20: Skills outcomes summary

Features	Outputs	Outcomes
<ul style="list-style-type: none"> Skills recognition and validation 	<ul style="list-style-type: none"> 404 workers accessed the Skills Recognition process and 234 accessed the separate Skills Validation process 	<ul style="list-style-type: none"> 267 workers attained full qualifications and 19 received statements of attainment through RPL processes (June 2012)
<ul style="list-style-type: none"> Productivity Places Program – Structural Adjustment Places 	<ul style="list-style-type: none"> 600 places allocated, 60 accessed 	
<ul style="list-style-type: none"> Productivity Places Program – Job Seekers 	<ul style="list-style-type: none"> 100 places allocated, 22 accessed 	

South Australia Innovation and Investment Fund

The South Australia Innovation and Investment Fund (SAIIF) was announced in 2008 in response to the Mitsubishi closure in Tonsley Park that year. Although not directed at the closure in this case study, the fund came into operation over the same period and so it forms a part of the context of the Government’s response.

This SAIIF was jointly funded by the Australian and South Australian governments and provided \$30m in grants to co-fund investment in “innovative job creation projects to strengthen South Australia’s manufacturing and technology base, with a focus on the southern suburbs of Adelaide.”²² Applicants for the funding were assessed on their ability to add sustainable jobs to the region and also to contribute to the diversification of the region’s economy. However, most of the funds were expended in the north of Adelaide.

The funding was distributed over three rounds, with the last closing in September 2010. The funds are projected to create 967 new jobs over the period to 2015.

Figure 21: SAIIF outcomes summary

Features	Outputs	Outcomes
<ul style="list-style-type: none"> \$30m to support job creation projects in South Australia 	<ul style="list-style-type: none"> Funding allocated to 28 projects 	<ul style="list-style-type: none"> 358.8 positions were created as at 30 June 2012 (out of 967 projected to be created over seven years to 2015)

4.2.2 Messaging

The services available to workers and other efforts to help them were promoted using onsite delivery points, information sessions and other mechanisms. Most agreed that having onsite delivery of services was crucial to accessing the workers. This way they could avoid the stigma of going to a Centrelink office to sign up for entitlements.

In general, interviewees felt that it was important to approach workers personally and take their psychological state into account. This affects the timing of information sessions. Workers were still

²² SAIIF fact sheet

somewhat in shock when the first information session was held and it was important in terms of framing information provision. For example, one interviewee stressed the importance of being direct but empathetic with the workers – ‘this is not your fault’ rather than patronising ‘you’re fantastic and can do anything you want’.

Some interviewees suggested that the various levels of government on reflection should have coordinated their messaging better. This lack of clarity and worker focus was compounded by government announcements promoting the entitlements as dollar amounts per worker, which some respondents (i.e. local government interviewees) felt gave the workers the impression they were entitled to keep any money not used on training. This in turn created confusion later on in the process which took some time to overcome.

Information sessions

Information sessions were held two and four months after the announcement of the closure to communicate all aspects of the programs available to workers. Although it was good to communicate this information, interviewees felt that the presentations of different programs were confusing to workers as each agency presented in different ways.

Job opportunities

The main way that specific job opportunities were promoted to Bridgestone workers was through a 1800 number set up by the government for employers to use, and a jobs board at the factory. Interviewees generally felt the workers would have benefited from a more realistic idea of what jobs were available and the skills they required.

Specifically, interviewees were critical of sessions held by employers or industry associations on site to promote opportunities (e.g. in the Defence sector). They felt that these sessions created unrealistic expectations of the jobs available, which in turn made it harder for some workers to shift focus towards more realistic but less appealing industries such as aged care.

Interviewees were similarly critical of the jobs advertised through the hotline, which in the main were not appropriate for the workers’ skills or expected incomes. In contrast the jobs advertised on the jobs board being primarily sourced from Bridgestone’s supply chain were thought of as more appropriate.²³

There was a lot of activity by local leaders, supported by the LEC, to write to prospective employers, make phone calls, and place notices in the press. While this created a sense of energy and drive, it is not clear the extent to which this activity generated additional job opportunities.

Media

Most interviewees felt that the media played an important role in helping the workers, at least in terms of their psychological state. Successive articles published by the local Messenger Community newspaper highlighted their skills and willingness to work, and also showcased success stories of workers who had secured work. This was an important example of community-based efforts to both lift the spirits of the workers and their families, while also promoting to potential employers the availability of ‘job-ready’ workers.

²³ Bridgestone made a point of culling some of the lower skilled unappealing jobs from the jobs board as they had a demoralizing effect.

Figure 22: Examples of media coverage

Citation	Synopsis
Morgan, Kym (27 October 2009) '5.7m Bridgestone rescue package'	Announcement of support program – \$2,500 for Cert II, \$5,000 for Cert III and \$10,000 for dip or higher would be available.
<i>Messenger</i> (10 March 2010) 'We must help our workers' Nelligan, Katelin	Profile of six retrenched workers.
<i>Messenger</i> (10 March 2010) 'Defence-led boom' Nelligan, Katelin	Two interviewees (both under 25) secured jobs with a defence ship-builder quickly after the closure. They had a meeting with the company and 'Beyond Bridgestone' that helped secure the job.
<i>Messenger</i> (24 March 2010) 'Brushing up his skills' Nelligan, Katelin	The interviewee (29) used his JSA training entitlement to continue studies in airbrushing and has now secured a job as a lecturer in that area.
<i>Messenger</i> (6 April 2010) 'Moving on: Dwayne Minnema will start a career in nursing when Bridgestone closes' Nelligan, Katelin	The interviewee is retraining to become a palliative care nurse. He encourages others to consider career change in the article. He emphasises that the role will provide him a job for life.
<i>Messenger</i> (21 April 2010) 'Rodney's changing direction' Nelligan, Katelin	The interviewee is retraining to be a community carer and is happy to have the opportunity.
<i>Messenger</i> (28 April 2010) 'The North farewells Bridgestone' Nelligan, Katelin	Report on impending closure – comment on how many people were laid off.
<i>Messenger</i> (18 May 2010) 'Jason's new role after Bridgestone' Nelligan, Katelin	The interviewee used retraining entitlement through JSA to do IT helpdesk training and had found a job less than a month after the closure.
<i>Messenger</i> (14 July 2010) 'Trio stick together' Nelligan, Katelin	Three Bridgestone workers get jobs with a council in new types of roles through an employment coordinator (Skilled workforce). One said he was happy because it was a job he wants to do until retirement.
<i>Messenger</i> (26 April 2011) 'Bridgestone staff back in workforce' Nelligan, Katelin	Reports JSA figures and implies the above campaign helped achieve this by publicising the workers' skills to employers and also showing workers what kind of opportunities were available.

4.2.3 Coordination

A ‘Beyond Bridgestone’ Steering Committee was established to co-ordinate the provision of employment and related services to assist retrenched workers. The Steering Committee, chaired by DEEWR, comprised representatives of Centrelink, the DEEWR funded Northern and Western Adelaide LEC, the State Government training department (DFEEST), Bridgestone Australia Ltd and three unions.

The Steering Committee was supported by five Working Groups to develop and implement specific initiatives and co-ordinate services:

1. operational (on site services)
2. skills recognition
3. training
4. employment linkages
5. data and reporting.

Although there was a recognised willingness to contribute, some interviewees felt that the official governance structures were inappropriate²⁴. The steering committee was seen to be too far from delivery to properly keep track of the effort of working groups and these didn’t communicate enough with each other. As an example, poor connections between the employment linkages group and the training group restricted the flow of key worker information that could have assisted both in their work. Furthermore the sheer number of people involved meant a preoccupation with process and confusions about respective roles and responsibilities.

Most interviewees felt that the LEC played a central role in making sure there was as much coordination and cooperation between the ‘thinkers’ and the ‘doers’ as possible. She was seen as more action-oriented and able to overcome what some saw as bureaucratic inertia and inefficiency. That frustration was felt most keenly at the outset when there were protracted discussions, for example, about which RPL software to use. Once the centre of gravity switched from the steering committee to the working groups participants felt that coordination improved.

4.3 Lessons learnt

What worked well

1. A very high proportion of retrenched workers were in employment two years after Bridgestone’s closure.
2. Informal coordination among the various government agencies and representatives was largely due to the efforts of the LEC in bringing them together and linking services.
3. Positive media stories promoted the skills and willingness of the retrenched workers to potential employers and also showed the workers how the system could benefit them. This helped in overcoming negative sentiment amongst workers and within the broader community.
4. There was a high level of take-up of the skills recognition and RPL processes offered. By all accounts this was a very valuable service to retrenched workers.

²⁴ These views were echoed in a separate evaluation of the response as well.

Skills and training specific issues for future consideration

5. TAFEs and other RTOs may not be flexible around the timing of longer training options. Where large numbers of workers wish to undertake the same program more coordination between these workers and the RTO could help to set up an out-of-session course so they can access the training they want more quickly.

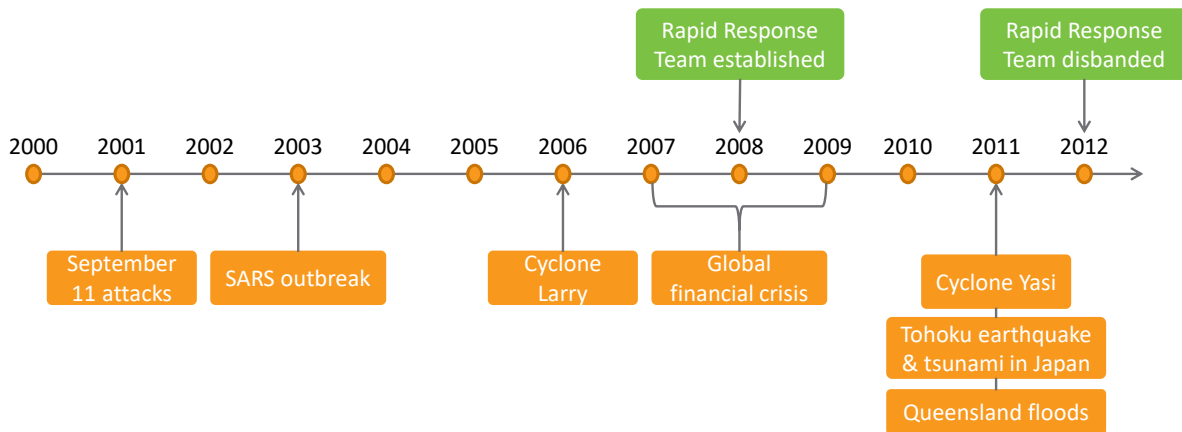
Other issues for future consideration

6. Providing additional job-search services (JSA stream 3) to a particular segment of the unemployed labour market transfers an advantage to that segment. There are equity issues associated with providing these benefits to workers retrenched in large firm closures, particularly when the economy is not performing well and there are many cyclically unemployed people.
7. JSAs can focus too much on short-term outcomes (behaviour that is encouraged by their incentive structure). Hence the job placements they facilitate could be unsuitable or unsustainable.
8. Some job promoters set unrealistic expectations of the opportunities available in some industries leading to disappointment later on and an opportunity cost of time not spent pursuing more viable options.
9. The involvement of so many different agencies and representatives was at times confusing to workers, who would have benefited from a more central representative to communicate with
10. Early, genuine engagement with the company would have found that it was willing to fund education and employment services for the workers. Although the government cannot rely on the goodwill of companies involved in closures, closer engagement could have led to less investment by government.
11. The formal steering committee was at times ineffective due to the way it was structured (this body had visibility over the whole suite of services but was too distant from them to effectively coordinate) and also the sheer number of people involved.
12. There is very little data available about the experiences of workers during and after their interactions with services. As such, it is difficult to assess the outcomes of services and whether they made a substantive difference.

5 Tourism (Far North Queensland)

5.1 The closures

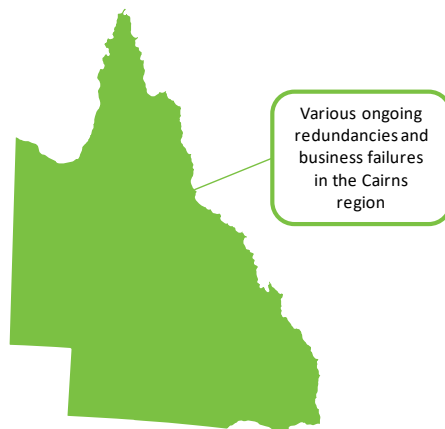
Figure 23: Far North Queensland tourism downturn timeline



The tourism industry in Far North Queensland (FNQ) has been buffeted for over ten years by a series of negative events, such as the SARS outbreak, Japan’s economic stagnation, the 9/11 attacks, the Global Financial Crisis, Cyclones Larry and Yasi, and the high Australian dollar. As a result, the industry remains under significant stress, with flow-on effects to other sectors in the region (Cairns in particular) including construction and retail.

This case study looks generally at the experience of the tourism industry in Far North Queensland, and in the Cairns area specifically. It provides valuable insights into a region’s experience with external shocks where the pain is spread largely across small businesses. Further, there has not been a large scale government response to the specific closures (as opposed to economy-wide responses) and, hence, the case study provides an insight into Level 1-type responses that rely on pre-existing institutions and services. The information presented here was gathered from interviews with various stakeholders involved in service delivery over August and September 2012.

Figure 24: Location of FNQ case study (Cairns)



What has caused these events?

A number of events have affected the Cairns tourism industry in recent years. These have included:

- natural disasters which have had a significant negative economic impact on the region, including cyclones and floods
- international events that put a dampener on appetites for travel, such as the September 11 attacks and SARS outbreaks of the early 2000s
- economic factors that have either reduced general demand for tourism (the Global Financial Crisis) or increased the relative expense of visiting Australia specifically (high Australian dollar).

The accumulation of these has put the tourism industry in the area under significant stress. Many small businesses have closed in recent years and one interviewee reported that the numbers of annual international visitors had halved since the Global Financial Crisis. Interviewees reported declining quality in services due to the reliance on seasonal workers and backpackers as well as a lack of investment in upgrades and renovations.

On top of these shocks, the number of visitors from Japan, the largest market for tourism in the area, has been steadily diminishing. This trend is attributable to the Japanese economic malaise and has been exacerbated recently by Qantas' decision to cease direct flights from Japan to Cairns and the earthquake and tsunami that hit the Japan in 2011.

There is some hope that the growth in Chinese tourists and the encouragement of repeat visitors will fill the gap left by the diminishing number of Japanese visitors. However, tourism operators are finding that Chinese tourists have different interests and consumption patterns, and the 'tiredness' of Cairns' tourist facilities is creating some concern about its loss of competitiveness as a repeat destination.

How many are affected?

Tourism is a significant industry in Queensland, contributing approximately 7.8% of GSP and 20,000 direct jobs in Cairns²⁵. Its decline and the concurrent flow on effects to other industries (mainly construction and retail trade) have led to the area being significantly worse off than other areas of Queensland. The Cairns unemployment rate in September 2012 was 9.5%, down from 12.4% two years earlier but still nearly double the national average.

There has been a steady flow of small business closures in other industries and some notable large closures as well. In the construction industry, for example, Hedley, CMC, CEC and Glencorp have all closed in the last four years, shedding significant numbers of jobs. The Hedley closure was particularly damaging as there were a large number of retrenched staff and because of difficulties engaging with the business before the closure, the government was hampered the ability to assist affected workers.

Interviewees reported a general lack of capability, particularly in SMEs in the area. There are also issues with workforce capability. The tourism workforce is increasingly made up of foreign backpackers (30% of employees) on working holiday visas who are necessarily inexperienced temporary hires. Furthermore, there are very few people with Asian language skills, a necessary capability given the market's segmentation.

What is the regional environment like?

Notwithstanding these issues there does not appear to be a consensus view about how to achieve greater economic resilience in the region, including with respect to building its human capital base.

²⁵ The population of Cairns was 168,000 in 2010

Several drew a sharp contrast between Townsville, with its more diverse economy and Cairns. There was also a sense of competition with the Sunshine Coast and frustration that the Queensland Government, while being committed to rebuilding tourism, appears to favour the Sunshine Coast over far north Queensland. The point was also made that local governments closer to Brisbane are better resourced and better able to raise revenue and therefore assist the sector than in Cairns.

5.2 Response

Considerable government funds have flowed into the region in recent years but not as part of a coordinated government response for the region or sector. Funds have been targeted at natural disaster relief in the main. The specific response to the decline in tourism has been confined primarily to attracting new aviation services from China to Queensland (flying into the Sunshine Coast and out through Cairns).

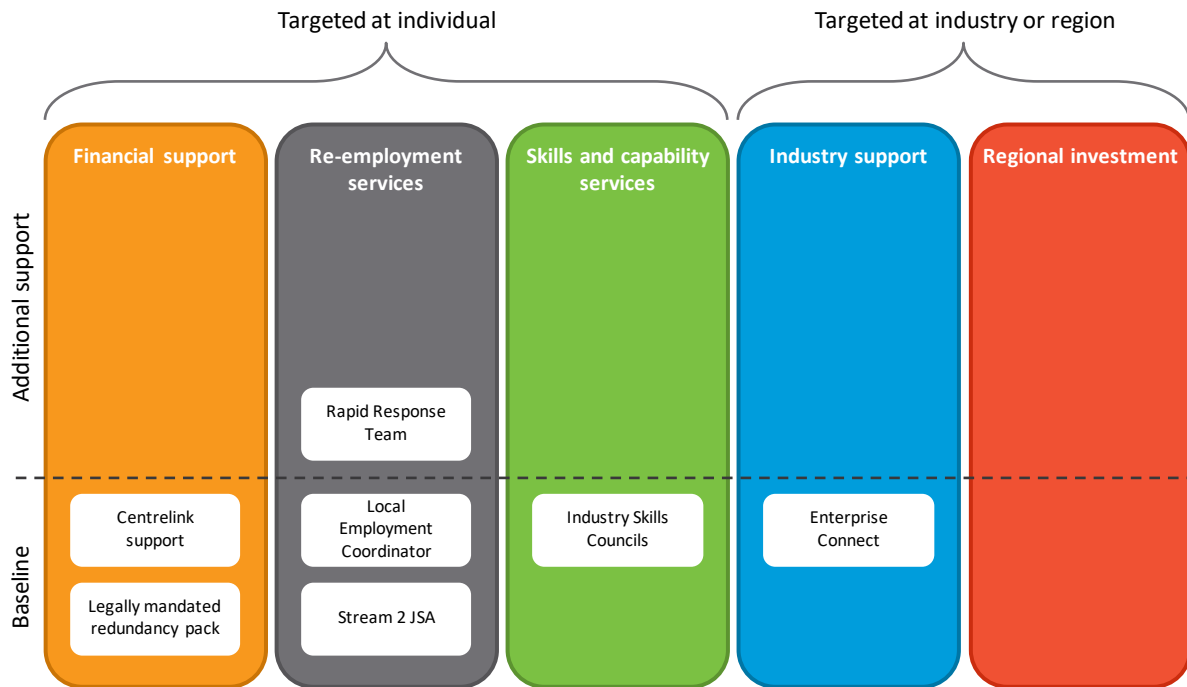
More general government programs and initiatives are in place to lift skills and employment in the Cairns region. These include standard JSA services and training support and numerous programs to support SMEs develop business capability as well as responses to the various natural disasters (though these are more difficult to access for tourism operators).

The Queensland government set up a Rapid Response Team (RRT) in 2008 to help coordinate the provision of services to retrenched workers affected by the Global Financial Crisis. The RRT was seen by many interviewees as a highly effective body and it is unfortunate that it has been cut as a part of the recent budget cuts by the Queensland Government.

There are a number of coordinators working in the Townsville-Cairns area. These include a LEC, a Regional Education, Skills and Jobs coordinator (RESJ), an industry assistance coordinator, a sports coordinator and a FIFO coordinator. Enterprise Connect has three Business Advisers operating in Cairns. There is no formal mechanism that links these groups together although interviewees recognised that the LEC and RRT had both played pivotal roles in organising coordination between the representatives.

Given this case study is concerned with a general trend affecting an industry, there is no particular cohort for whom we can measure outcomes, nor useful data to draw on. Hence, the forthcoming discussion is limited to describing the various responses and evaluating their effectiveness based on the opinions of interviewees.

Figure 25: Overview of programs



5.2.1 Programs

There have been a range of programs to help retrenched employees and struggling businesses in the Cairns region in recent years. Some are standard safety net programs while others form part of the responses to the Global Financial Crisis and the two cyclones. While the tourism industry received an injection of Commonwealth and State funds, none were earmarked for Cairns-based employment opportunities nor directed at building skills in the industry.

The following outlines the employment services, training, business support and other programs that have been active recently and which are relevant to the Cairns region particularly.

Employment services

Job seekers generally are entitled to JSA services at an intensity determined by an assessment of ‘work readiness’. In most cases, due to work readiness, workers who lost their jobs would be entitled to Stream 1 (limited) services, meaning essentially that they have access to vacancy lists. The rationale for this is that, having recently been employed and having lost their job through no fault of their own, the job-seeker is likely to be ‘work ready’ and more successful in finding follow-on employment.

However, in response to the Global Financial Crisis the federal government extended Stream 2 eligibility to anyone who had been retrenched, increasing the intensity of services available to these people. This entitlement ended in December 2010.

Interviewees generally felt that the Stream 2 services were helpful for the period that they lasted²⁶, and that this part of the system had worked well.

Training

There were no specific training responses that applied to the region or tourism industry beyond the funding made available as part of general government programs. Interviewees mentioned an Indigenous

²⁶ Note that several closures of furniture factories and construction businesses that we heard about occurred in 2011, and so the retrenched workers in these instances had access to Stream 1 services only.

employment program and an industry placement for 32 trainees but each had some design issues that will not be covered here. The PPP component of the Australian Government's *Skilling Australia for the Future policy* was able to be accessed in the region and a component of the job seeker training places were administered under the cancelled *Skilling Queenslanders for Work* initiative to assist job seekers gain Certificate II and III level qualifications in priority skill areas.

Interviewees noted that despite the high unemployment rates, there were noticeable skills gaps in the area. The key skills needed were in vocational areas such as chefs, electricians and hairdressers. Further, to aid the tourism industry, higher capability in Asian languages and cultural awareness was also thought to be important.

A lot of businesses rely on holiday workers and other transient, casual labour. There was a strong view expressed that, if the industry is to thrive in the years to come it will need to employ a larger base of dedicated workers seeking tourism careers. Interviewees noted that these vocational experiences are much more attractive to employers (e.g. restaurants and hotels) than formal qualifications in tourism degrees and the like, but there were inadequate structures and funding locally to better support training to be responsive to industry needs. Given the nearby location of Charles Darwin University there would seem to be an opportunity to create pathways that blend practical and academic learning.

Business support

Two programs provide support to businesses in the area: Enterprise Connect, funded by the Commonwealth government through DIISRTE, and *Jobs Assist*, funded by the Queensland Government. Both provide assistance to undertake business reviews, with the latter providing further resources to support implementation of resulting recommendations. Both have eligibility requirements and are an opportunity to develop a strategy for growth. Given the economic climate in Far North Queensland, some SMEs are – not surprisingly - concerned with managing downsizing however.

Interviewees spoke positively of the Enterprise Connect program, which has been in constant demand since it was launched. They noted that the business advisors were experienced, knowledgeable and provided advice that was both frank and useful. From an Enterprise Connect perspective, they see the common issues as small business operators have little or no understanding of financial and human resource management. Much of the troubles of failing businesses derive from an inability to interpret a balance sheet.

Other

There were various other initiatives to support businesses in the wake of the Global Financial Crisis and downturn in tourism. These included TQAL grants to businesses to invest in new developments, Commonwealth stimulus initiatives such as Building the Education Revolution, and funding for tourism infrastructure upgrades in small towns.

On the whole these programs had a significant impact for the small towns where many were targeted. However, interviewees noted that providing funding for new investment was not helpful for business people who needed capital to invest in refurbishing existing investments. It also didn't help with business that had assets that could not be disposed of (e.g. large catamarans designed to carry 300-plus Japanese tourists daily that no longer visit).

The Government organised (and continue to do so) job expos in the region designed to connect unemployed workers with prospective employment opportunities with participating employers in growing industries (e.g. mining). There have also been efforts to promote FIFO job opportunities through the running of a FIFO job expo organised by the local FIFO Coordinator (see below).

5.2.2 Messaging

The Queensland government's RRT co-ordinated the provision of information on support available for retrenched workers. The information sessions organised by the RRT covered Centrelink entitlements, job

search and training options and referrals to other supports. Attendees were also given information packs to take away.

The RRT was used for events such as the collapse of Hedley Constructions (160 workers) not including sub-contractors, CEC Earthmoving (51 workers), WOW Sight and Sound (30) and to a more limited extent, the Kagara Mine (300 workers).

All interviewees confirmed that these information sessions were of great benefit in helping retrenched workers understand their entitlements. Information was well-coordinated, delivery was well-timed and the presentations were done well. However, there was no follow up with cohorts of workers after the initial session, other than through JSA services. Even so, as mentioned above, workers displaced were likely to receive only Stream 1 (limited) or, at best, Stream 1 supports.

We observed that information sessions are particularly helpful in cases where the employer has gone into administration. There was one example where a business would not engage at all with DEEWR and it was unclear whether the workers were receiving appropriate advice and compensation. A departmental representative took the initiative of contacting an employee via Facebook, which then became a conduit for all the workers to receive information. This included advice about their rights to a minimum redundancy payout, available training subsidies, and future access to Centrelink payments and JSA services. While this example pertained to a business located elsewhere in Queensland, it offers a broader insight about the potential value of social media.

5.2.3 Coordination

Coordination between the various actors in the Cairns region is effective, although local community leaders are notably absent. There are a range of coordinators assigned to the region by Commonwealth and State governments:

- Local Employment Coordinator (DEEWR): responsible for connecting various employment services together e.g. organising job markets for workers signed up with JSAs
- Regional Education, Skills and Jobs Coordinator (DEEWR): responsible for connecting workers with opportunities to reskill or seek other work-related education
- FIFO Coordinator (DIISRTE): responsible for attracting people to Townsville as a basis for FIFO work in surrounding mining locations
- Sports coordinator: responsible for pursuing opportunities to diversify the tourism sector by attracting sporting events to Cairns.

Interviewees reported that coordination between the various bodies (and indeed, between the various coordinators) had run quite well, largely due to the efforts of the LEC.

One issue with the present situation is that both the local council and the Regional Development Australia board have low visibility. Local Government has a strategy for Cairns which includes the promotion of the region as a hub for light aircraft servicing and marine science, but the absence of large employers and a dispersion of government, industry and training institutions suggested a lack of strategic coordination, as opposed to on-ground, reactive responses to isolated events. This circumstance will likely become worse with the retreat of State Government personnel from the area.

5.3 Lessons learnt

5.3.1 What worked well

1. The Rapid Response Team was highly effective at coordinating service providers to deliver information to workers retrenched from affected firms.
2. The LEC has also served an invaluable role in coordinating the many government representatives in the area.
3. Access to Stream 2 JSA services through the immediate aftermath of the Global Financial Crisis was helpful for retrenched workers.
4. The Enterprise Connect program is in high demand by SMEs in the area, who have a low level of business nous and find the program helpful, if only in some cases to understand better the realities of their situation.

5.3.2 Skills and training specific issues for future consideration

5. There is a mismatch in supply and demand of skills that will affect long term viability of the industry. Employers are taking casual, cheap labour which is dragging down the quality of service, but they value practical experience over formal qualifications. Students are interested in the industry but, because it is so diverse, are unclear of the best pathways in. There remain skills gaps in catering, nursing and an undersupply of people with Asian languages.
6. Universities and training organisations market programs that are ostensibly linked to the tourism industry (e.g. Bachelor of Tourism) but these are not valued greatly by the industry in the absence of substantive experience.

5.3.3 Other issues for future consideration

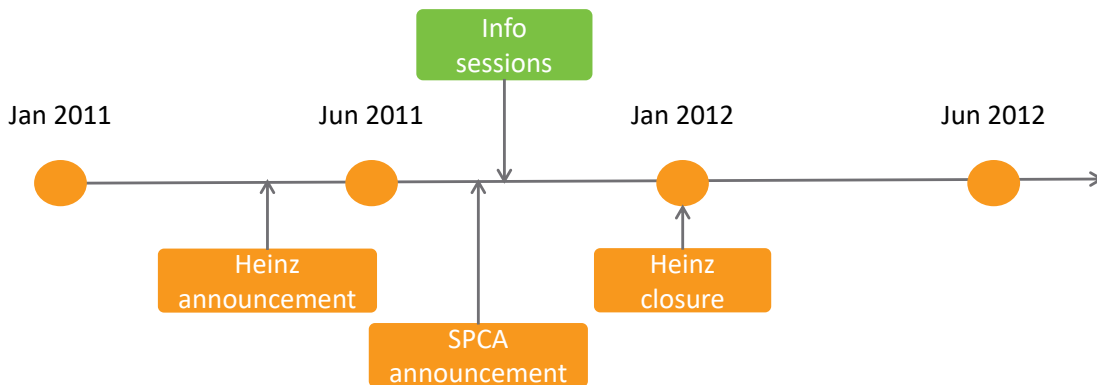
7. There are a large number of people in 'coordinator' roles in the area, likely leading to overlaps in mission and duplication of work.
8. The collection of responses lacked a strategic coherence and long-term view. This is to be expected given that they were about dealing with a series of natural disasters but there still remains a desire to look more rigorously at the skills gaps and industry development opportunities and map out an agreed strategy that a) encourages the industry to become more competitive (i.e. don't just rely on more flights but think about improving quality of the experience to attract repeat visitors) and b) contributes to higher levels of sustainable employment locally.
9. Tourism strategies are generally done at the whole-of-state level (e.g. one campaign to attract people from Hong Kong to the State). Some stakeholders argue it would be better to allow regions to have more tailored use of an allocation of marketing and promotions funds which they can direct and leverage better.
10. There is little data available to determine the effectiveness of the service system for people affected by the ongoing closures.
11. Business stimulus programs that provide funding for new tourism development overlooked the issue that many businesses required capital for refurbishments of old developments.
12. The Rapid Response Team has been disbanded and, despite the number of coordinators, there is no one in the Cairns region fulfilling their role any more.

13. Companies going into administration are sometimes hostile to government, making it hard to engage with workers early, while the company is still running (as occurred in several other of our case studies). In these and other situations, social media can provide an effective conduit.

6 Heinz and SPCA (Goulburn Valley)

6.1 The closures

Figure 26: Northern Victoria case study timeline

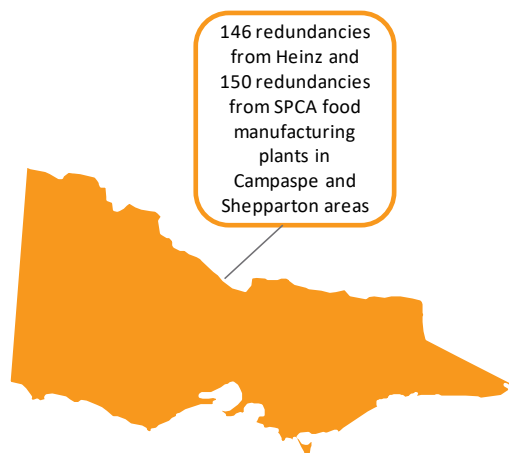


The food processing industry in the Goulburn Valley region has been in a state of upheaval for some years. This case study examines this phenomenon and the Government's responses to the Heinz closure of its Girgarre tomato sauce factory in Campaspe shire, announced on 27 May 2011 and leading to 146 job losses, and the SPC Ardmona (SPCA) restructure of its processing plants in the adjacent Shepparton, announced in August 2011 and leading to 150 job losses.

There was no targeted response to these events beyond the pre-existing social safety net supports and other measures put in place to help the region weather the Global Financial Crisis. The case study hence provides an example of a Level 1-type response in terms of Commonwealth Government intervention.

The information presented here was gathered from interviews with various stakeholders involved in service delivery over August and September 2012. Our consultations covered a number of closures that were responded to in similar ways. Hence, although the Heinz and SPC closures are the focus of the study the insights are drawn from experiences of other smaller closures as well.

Figure 27: Location of SPCA and Heinz closures



What led to the events?

Heinz

The Heinz tomato sauce factory at Girgarre had been initially attracted to Victoria (reportedly) some 20 years ago under a State Government scheme that significantly offset establishment costs. However, it has been on a 'knife's edge' for a long time prior to its closure. Its suppliers had been exiting the market for a number of years due to a drought and in response, the factory had turned to international markets for tomato concentrate as a substitute, importing from places like China and the USA. One respondent described this move as 'beginning the rot' because the move to market sourcing arguably eroded the factory's comparative advantage of being located near its suppliers. Moreover, the factory was ageing and required significant investment.

In May 2011, Heinz announced a restructure of the company that would consolidate its manufacturing locations. Recognising the diminishing value of the facility at Girgarre, it was shut (along with others) and all tomato sauce production was moved to the factory in Hastings, New Zealand²⁷.

SPCA

In contrast to the Heinz closure, which consolidated the multi-national company's operations in the face of a poorly performing location, the SPCA closures were largely driven by technological and market changes that had been evolving for over a decade.

Ten years prior to the closures, SPCA had been three separate factory co-ops in Kyabram, Maroopna and Shepparton. Due to financial issues the three had merged in the early 2000s and were subsequently bought by Coca Cola Amatil (CCA). After the acquisition by CCA, there was some rationalisation of shared services but two canneries were kept operational (Maroopna was shut but the workers moved to the other two locations).

Since the early 2000s, market tastes have been changing away from traditional canned fruit (the core product of the factories) to smaller sized plastic packaging, causing pressure for the company to reorganise its operations. Furthermore changes in technology have altered the type of labour force required to run the factories. Whereas the cannery used to be run on seasonal work in time with the fruit harvest the process has been rationalised so that the initial fruit intake can be stored longer and production spread throughout the year, thus reducing the need for seasonal workers and also reducing the total number of workers needed. The recent closures were the next step in responding to these changes. None of the sites were completely closed, though operations were reduced. In the case of the plant closest to Shepparton, it has been reopened as an innovation centre to help the company move from canning to other forms of packaging fruit.

How many were affected?

The Heinz closure resulted in 146 redundancies of mainly low-skilled workers. The SPCA closure resulted in 150 total redundancies, 110 of which were voluntary and 40 forced. There was some disagreement between interviewees about the characteristics of affected workers. One respondent explained that of the voluntary redundancies, the majority of the workers were either low-skilled older workers who sought to retire or higher-skilled people who sought to switch into new positions and the 40 forced redundancies were in 'white-collar' positions. However, another respondent maintained that the majority of those made redundant were 45 or over, male and unskilled workers.

²⁷ Heinz (27 May 2011) 'Heinz Australia announces productivity initiatives to accelerate future growth' available at <http://www.hjheinz.com.au/About-Us/news/Company-News/Heinz-Australia-announces-productivity-initiatives-to-accelerate-future-growth> accessed 28/10/2012.

What was the process of closure?

Being a full closure rather than a scale down and restructure, the Heinz process was simpler than SPCA's. Heinz made its announcement on 27 May 2011 at a meeting at the end of the afternoon shift. Workers were advised that the closure would occur in 12 weeks. After a prolonged wind-down the company eventually shut its doors on 6 January 2012²⁸.

SPCA's closure was a little more complex because of the voluntary redundancy component. The voluntary redundancies were over-subscribed so the company used a filtering mechanism to decide who would receive the package based on years of service, overall skills and other factors such as having a partner with an illness. There was some feeling of resentment among workers who had wanted a redundancy and didn't receive one, but much less than would have occurred had the redundancies all been forced. Interviewees felt the process was hard but better than full-scale forced retrenchments.

What was the regional environment like at the time?

There were not good prospects for the workers who lost their jobs in the region. At the time of the events, and to the present day the Goulburn Valley region has been suffering from economic malaise. In 2010²⁹ the unemployment rates in Greater Shepparton and Campaspe shires (where the factories were located) were 7.9% and 5.7% respectively, compared to the national rate of 5.5%. The areas had been affected for a number of years by the long-term drought but had also suffered from the Global Financial Crisis and high Australian dollar, both of which have affected the manufacturing and retail trade industries, the major employers in the area.

The region also suffers from socio-economic disadvantage. The affected areas are all in the lower 50-60% of socio-economic disadvantage due to factors such as the scarcity of work and also low levels of educational attainment. (Just 36.6% have completed Year 12 or equivalent in 2012).

Various efforts had been made by local councils and the State Government to respond to these issues. For example, the 'Kickstart' program was launched in response to the Global Financial Crisis to encourage employers to take on young out-of-work apprentices in areas of skills shortages. The councils have regional development plans to encourage people to spend in the region to create jobs, but there is general recognition that without valuable investment in new infrastructure, the region will not be able to support a shift into new, more productive industries.

In response to the number of firm closures that have been happening in the region, the local councils developed 'Employment Response Plans' to coordinate efforts to help affected workers. These plans form the cornerstone of the responses in this case study and are discussed in more detail below.

6.2 Response

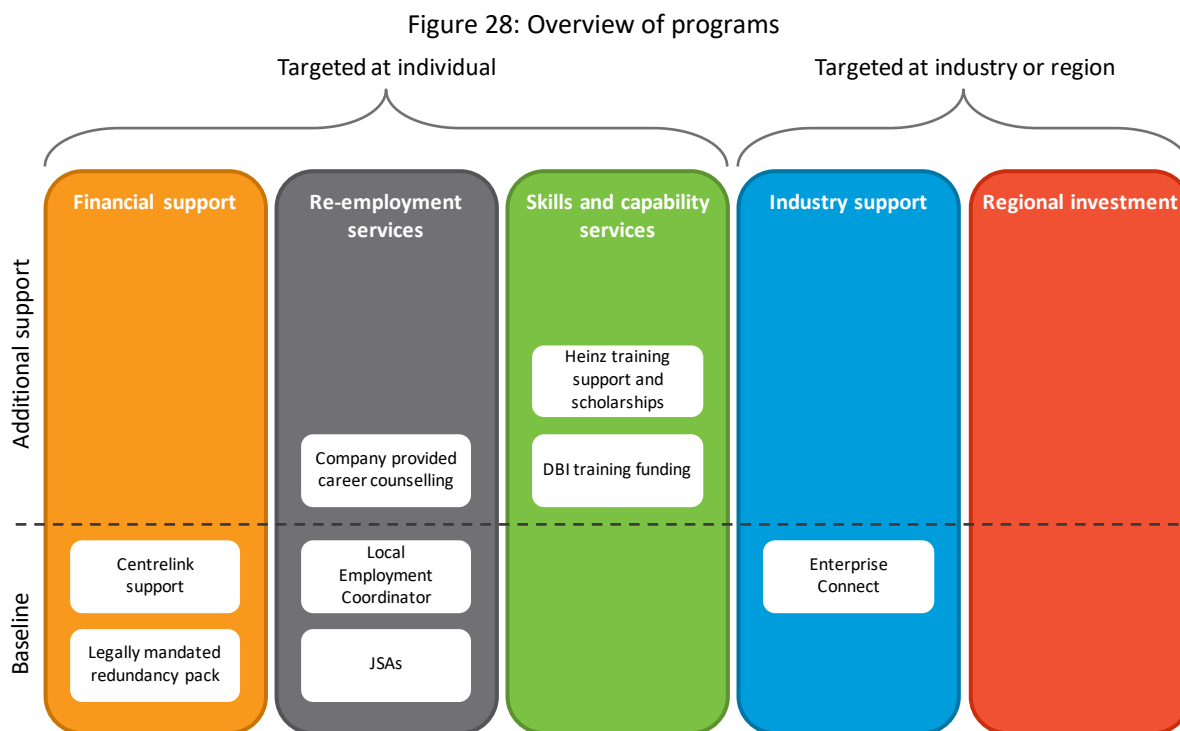
Being smaller and more isolated events, there was not a significant Commonwealth Government response to these closures. For the most part the affected workers had access to programs available to all out-of-work Australians and under the same conditions as apply to everyone else. There was some extra funding provided to support training through RTOs and the companies contributed to the effort as well (discussed below). The focus of all the responses was primarily on getting the workers new jobs, for their own and for the local economy's sake.

The government responses to supplement the base social safety net services were the information and coordination services provided via the local councils' Employment Response Plans.

²⁸ News.com.au (3 January 2012) '146 jobs lost as Heinz closes Girdarre factory' available at <http://www.news.com.au/business/heinz-sacks-146-vic-workers/story-e6frfm1i-1226235651226> accessed 28/10/2012

²⁹ The most recent data available at the time of writing.

Due to a lack of data, very little is known about the outcomes of the services provided or indeed anything about the experiences of the workers after these closures. Interviewees could provide anecdotal evidence ranging from the positive (one worker has found a permanent job driving a truck and several others undertook training) to the desperate (there has been at least one suicide). The overall impression from anecdotal evidence is that the workers are finding it tough to find permanent work in the region.



6.2.1 Programs

Support provided by the companies

Both companies provided workers with career counselling and skills cataloguing to help them attain recognition of prior learning for their skills learnt on the job.

Heinz also provided other entitlements to its workers, such as access to financial planning, a job search agency (Talent2) and an entitlement to basic training with a local RTO (worth up to \$4,000 for some). Heinz also offered 10 scholarships to support people who wanted to undertake training for a new career. These received a high level of interest and candidates were selected by a panel that included nearby RTOs. The company also allowed workers to leave early if they had found new positions and gifted 22 acres of land to the community with water rights intact.

JSAs and training

JSA services and training programs with various degrees of subsidy were available to all retrenched workers. There were special mature age entitlements and other relevant programs on offer, but none designed specifically for these closures (other than Heinz's scholarship program).

Due to their characteristics, the workers were largely eligible for only Stream 1 (limited) assistance with JSAs – a level that comes with a small amount of funding to the JSA (less than \$100 per worker) and minimal support. Due to unavailability of data, we can determine neither how many workers accessed these services nor the extent to which those services were effective, but it seems unlikely that they made a significant impact.

As part of a wider ‘priority regions’ program, funding for training was offered by the Victorian Government through the Department of Business and Innovation (DBI). Workers were given a letter exempting them from fees at TAFE for particular activities including RPL and up-skilling. Together with Victorian Training Guarantee provisions at the time, and (for Heinz workers at least) supplemental funding by the employer, that most workers had the opportunity to undertake training if they wished.

There was a fairly high take-up rate. A Heinz representative was aware of only a few who had not sought some kind of training, which spanned nursing/aged care, forklift licences and computer skills. The DBI representative similarly noted the high level of interest workers had in using their entitlements to get RPL and new skills.

Again there is no data on actual numbers or outcomes. Anecdotally however, whilst many interviewees noted that the training opportunities were a positive for the workers, they were sceptical about the appropriateness or utility of the training. There were large numbers of people who sought certification as forklift drivers, for example, as part of a ‘bandwagon’ effect. There was a sense, too, that RTOs were being more opportunistic than helpful in steering people into courses when workers were unclear about what training they could or should do.

One issue for training providers was the low levels of literacy and numeracy among the affected workers. Many had not completed school, and they had bad associations with the education system. This requires sensitivity and flexibility on the part of JSAs and training providers. Interviewees stressed the importance, when discussing training entitlements, of:

- making the workers more comfortable by pointing out their literacy issues were quite common
- pointing them towards adult literacy courses that others like them could attend
- making it clear which training courses would put less emphasis on literacy and numeracy skills.

Counselling

In addition to the job related services, workers were given access to financial and emotional counselling for a limited time after the closures. Although these provisions are seen to be highly valuable, one respondent said these services were cut off too early. For some workers the need for support will only emerge sometime after the closure -- for example when their redundancy package has been spent and they have had a string of unsuccessful job applications.

6.2.2 Messaging

The primary output of the councils’ Employment Response Plans is the information sessions they organise for workers facing retrenchment. These sessions are held on site and as soon after the announcement as possible, this maximises the likelihood the workers will attend and receive the information. The councils work closely with the relevant LEC who steps in to help as necessary.

The sessions have a consistent structure:

- representatives from Centrelink, RTOs, JSAs, superannuation funds and other providers give short presentations highlighting key message for workers
- there is a Q&A session followed by food and drinks and time for the workers to speak individually to representatives from the organisations they’re interested in.

Conscious of the workers’ characteristics and psychological states, the content is tailored to the specific closure event as much as possible. For example, for older groups there is more focus put on superannuation and dependant support than for younger groups for whom the focus might be on apprenticeships.

One interviewee noted that some affected workers are likely to be in a state of shock early in the process. When briefings are held over two sessions, the focus of the first is on providing an overview of

what has happened and what entitlements exist, while subsequent sessions concentrate on future options.

Interviewees noted that workers were likely to face information overload at these sessions and hence they were all provided with a 'show bag' containing pamphlets from the various providers (including non-profit organisations like BeyondBlue) and were encouraged to bring partners to help them process the information. Organisers make a conscious choice to limit the number of presenters at these sessions to avoid inconsistency and confusion.

Interviewees stressed the importance of adopting the right tone and being direct. People spoke positively of a representative from Australian Super who begins presentations by stressing "what has happened has nothing to do with you". Centrelink is also regarded well for effectively communicating a difficult message – namely that workers cannot pay-off their mortgages or otherwise spend their redundancy payments and then expect Centrelink benefits. That said, some interviewees thought Centrelink was given too much prominence at the events and assumed that participants would be irresponsible.

Again due to a lack of data we cannot comment on how effective these sessions were for the workers who attended nor how they themselves perceived the sessions.

6.2.3 Coordination

The councils' Employment Response Plans are effectively plans for coordination. Upon hearing of an event the relevant council contacts relevant agency representatives and stakeholders before seeking information from the company about the profiles of workers. At that time they seek permission to run information sessions with them for the workers. There is often a nominated representative of the provider stakeholders who can liaise with a single point of contact in the firm.

By most accounts, the close coordination between the various locally-based organisations was excellent. As witnessed elsewhere, this was assisted by the ability and willingness of the representatives to engage with each other informally. However, given the isolated closures and dispersed communities, having a formal Employment Response Plan provides helpful clarity and structure.

Coordination among the stakeholders

Given the plans are held and enacted by the local government they are the natural leader for coordinating the various bodies in northern Victoria. (In other regions of the State, the role is shared around, depending on who has the best relationship with the employer.) The LEC has stepped in when the local government representative is unavailable.

Interviewees generally supported Local Government taking the lead in coordinating the responses due to their close contact with the community, although it was recognised they did not have the resources to effect more significant change or undertake larger interventions.

One issue that arose, however, is that the affected group often spans LGA boundaries with larger closures or closures of dispersed businesses. SPCA, for example was retrenching people from both the Shepparton and Campaspe shires. In this case the former was much quicker to respond than the latter and employees who worked in those sites were thus exposed to information much sooner than workers based in Campaspe.

Coordination with businesses

SPCA engaged very closely with government representatives from before the closure. They had given the local government warning of their plans, enabling the two councils concerned to make preparations. Following the announcement SPCA granted the response team access to their sites to run information sessions and was otherwise generally cooperative throughout.

In contrast, the relationship between government representatives and Heinz was characterised initially by frustration on the part of Heinz especially, who said that the government promised a lot but took too long to do anything. According to a Heinz representative, the company had its own package of employment, training and counselling services but when told by government that they had a similar set of offerings, they took a step back. In retrospect, they feel it would have been better for them to proceed with some of their own arrangements – e.g. inviting RTOs in to undertake bespoke training – rather than defer to the coordinated government response.

From the government's point of view one interviewee described Heinz as unwilling to cooperate initially, citing a refusal to run information sessions onsite. The interviewee felt that Heinz did not properly understand what the government was trying to do and was just trying to avoid bad press. The relationship was tested further when Heinz declined to sell its plant to a local cooperative for \$600,000 (although it did relinquish land to the community which is now being used for a housing development).

Despite this initial friction, information sessions were run on site and sufficient coordination of effort.

6.3 Lessons learnt

What worked well

1. The councils' Employment Response Plans effectively brought various government agencies together to provide information to affected workers, including materials from non-government service providers. The plans provide clarity and structure that enables ongoing coordination.
2. The model adopted for the information sessions is well-regarded, with information framed and delivered well, and opportunities created for on-the-spot one-on-one interaction to deal with immediate queries and concerns.
3. There was a high level of interest among workers and apparently strong take-up in training services made available through the State Government and Heinz.

Skills and training specific issues for future consideration

4. Many of the workers had low literacy and numeracy skills, requiring sensitive handling and tailored responses.

Other issues for future consideration

5. Both companies provided career counselling to workers but the government cannot rely on this goodwill. Moreover, JSAs and RTOs can act opportunistically. There is a need to identify and address evidence of behaviour that does not appear to align with the worker's best interests.
6. Related to this, workers had a very low level of services available to them, even though the closures were of a size that could have had a significant impact on the already struggling communities.
7. There is very little data available to determine the effectiveness of services for affected workers.
8. The time limitation of counselling (either emotional or financial) overlooks the fact that many retrenched workers may only feel the full weight of the event some months after, when their entitlements have run out and they have faced job rejections.
9. There can be gaps in delivery when closures cross LGA boundaries. Closer coordination between councils with one taking the lead in a response would address this issue.

Appendix A Consultation participants

This is the list of participants who agreed to be interviewed for the case studies. There were a number of others that were approached but either declined to participate or were unavailable at the time, or during follow up times. Members of the Project's management Committee, located in DEEWR and DIIRSTE provided valuable input relating to their particular areas of responsibility across the five case studies.

A.1 BlueScope Steel

- Approximately 20 workers who had been retrenched in the closure
- LEC, Illawarra Priority Employment Area (DEEWR)
- Innovative Regions Facilitator (Enterprise Connect)
- DEEWR Employment Project Officer
- General Manager Wollongong City Council
- Former BSL Manager of Learning and Development
- Regional Manager Australian Industry Group
- Regional Manager, Illawarra and South Coast (AusIndustry)
- Chief Executive and Project officer Regional Development Australia (Illawarra)
- DIIRSTE NSW State Manager
- Training Services Manager, State Training Services
- Manager Steel Strategy Unit (DIIRSTE)

A.2 Northern Tasmania (Forestry Industry)

- Approximately 12 workers who had been retrenched in the closure
- State Director, Enterprise Connect
- LEC North/West Northern Tasmania Priority Employment Area (DEEWR)
- Employment Project officer (DEEWR)
- Sid Sidebottom (Federal Member for Braddon Electorate)
- Project Manager, Northern Tasmania Development (Dorset Council)
- FIETS Representative
- CFMEU Pulp and Paper District National Secretary CFMEU
- Centrelink Co-ordinator (DHS)
- Manager Workforce Development (Skills Tasmania)
- State Manager, AusIndustry
- CEO and Deputy CEO ForestWorks

A.3 Bridgestone

- State Director, Enterprise Connect SA
- Job Services And Support Branch Manager, DEEWR
- LEC, Northern and Western Adelaide Priority Employment Area (DEEWR)
- DIISRTE (SA) – various interviewees
- Chief Executive Motor Trade Association (MTA)
- fmr CEO, City of Playford
- CEO, City of Salisbury
- State Secretary, CEPU
- CEO, Manufacturing Industry Skills Advisory Council
- Director Human Resources and Risk Management, Bridgestone
- South Australia Works Regional Coordinator (DFEEST)
- CEO, Manufacturing Skills Australia
- National Coordinator, Skills, Training & Apprenticeships Policy (AMWU)

A.4 Tourism, FNQ

- State Director, Enterprise Connect
- Regional Manager, Cairns Regional Office (DEEWR)
- LEC, Cairns Priority Employment Area (DEEWR)
- RESJ Coordinator, Far North QLD, DEEWR
- CEO, TTNQ
- Regional Manager Northern Qld, AusIndustry
- Manager (Economic Development) Far North Qld Regional Office (DEEDI)
- CEO, QTIC
- Branch Manager QLD, Regional Strategies and Coordination (DEEWR)
- Cairns Regional Manager, DEEWR (Cairns)

A.5 Heinz and SPC

- LEC, North Eastern Victoria, Priority Employment Area (DEEWR)
- LEC, North West Melbourne Priority Employment Area (DEEWR)
- RESJ Coordinator for Loddon Mallee (DEEWR)
- Operations Manager - Enterprise Connect (Victoria)
- Business Network Officer, Shire of Campaspe
- Manager Economic Development, City of Greater Shepparton)
- Lyndal-Joy Thompson (ABARE)
- Senior Field Consultant (VECCI)
- Corporate Affairs Manager and Employee Relations Manager, HJ Heinz
- Regional Market Facilitation Managers – Central and Hume (DEECD)
- Area Manager, MEGT
- National Secretary, Food and Confectionery Division, AMWU
- Branch Manager Schools, Youth, Skills and Transition Branch (DEEWR)