



*Tasmanian Industrial Commission*  
Industrial Relations Act 1984

**T No. 8681 of 1999**

**IN THE MATTER OF** an application by  
the Australian Municipal,  
Administrative, Clerical and Services  
Union to vary the Business Services  
Award

Re: the insertion of new clauses

COMMISSIONER SHELLEY

HOBART, 7 September 2000  
Continued from 31 August 2000

**TRANSCRIPT OF PROCEEDINGS**

Unedited

**(WOULD PARTIES PLEASE READ THIS TRANSCRIPT CAREFULLY)**  
**(ANY QUERIES SHOULD BE DIRECTED TO THE COMMISSION WITHIN 14 DAYS)**

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**HEARING RECOMMENCED 10.35am**

COMMISSIONER: My understanding is the way that we were to proceed today was that Mr Cameron was going to be presenting his witness evidence.

5 MR CAMERON: Yes, thank you, commissioner. Commissioner, we have three witnesses here today representing various organisations that are particularly involved in telemarketing. That is the main area in this award that is probably in dispute. The other area is concerning  
10 Internet services and call centres and those other areas covered by the scope are of not such a great concern. It is mainly through the telemarketing part of our membership and even non-members that have contacted us in relation to this award that the areas of concern have been raised in relation to the draft order put forward by the union.

15 Limiting that even further, commissioner, the main points of contention, as highlighted by Mr Paterson last week, revolve around the hours of work, the rates of pay, and the ability for employers to pay piecework to employees involved in telemarketing and the evidence that we will bring today will show that the hours of work as drafted  
20 under the award do not match the industry and in accordance with the Wage Fixing Principles that the commission has to take account of what currently exist in the area of industry at the time of making any new award.

25 Similarly, we will be bringing evidence to show that the payment of piecework rates in telemarketing is a common activity and that employers do pay their employees on a piecework basis.

They're the main points of contention probably at this stage between the parties. And the witness evidence we will call will hopefully add weight to our arguments from the beginning that the award needs to  
30 look at the industry and a built award around the industry, not to superimpose terms and conditions from another area of employment on an industry that's been operating for a number of years.

In that regard we'd like to call our first witness, Mr John Pockett.

**JOHN LEONARD POCKETT, sworn:**

35 MR CAMERON: Mr Pockett, a witness statement has been provided to the union and to the commission in this regard. We're going through those matters for the purposes of the record. Your full name and position, please?..... My name is John Leonard Pockett and I'm a senior partner at ESP Marketing.

40 Can you tell us a bit about ESP Marketing - what it is and what it does?..... Yes, certainly. ESP Marketing is a family partnership

which was formed in November 1989. The purpose of forming the business was to raise funds for various charities in Tasmania.

Is that what the current company has done since that time?..... It has done that for the last 10 years, yes.

5 Does it have any other functions?..... No, it does not.

Your experience in that area of telemarketing - what's your experience in that field?..... My wife was the founder member of the business. She's had over 15 years' experience in telemarketing with corporate companies. I've been with her now for the last 10 years so jointly  
10 between us we've got about 25 years or so telemarketing experience.

The operations of ESP Marketing, who do you telemarket for - is it for your own business or do you do it for other organisations?..... No, we do it for other charitable organisations. I think currently we have something like 13 different charities that we raise money for.

15 Is that all done through telemarketing or do you use other forms of marketing?..... No, it's all done through telemarketing.

The operations themselves, how many people are involved in ESP Marketing?..... We employ 20 casual telemarketers and we have an administration staff of seven, five of which are family members and  
20 we have two trainees.

When you say you employ 20 casual telemarketers - the nature of their employment, how are they engaged and for what periods?..... They sign on from campaign to campaign - telemarketing campaign to telemarketing campaign. They're employed for four hours a day. We  
25 have six telemarketers that work a morning shift from 9.00am till 1.00pm and we have 14 telemarketers that work an evening shift or an afternoon shift from 4.00pm till 8.00pm.

When you say they're engaged for a campaign, how long does a campaign take?..... The selling side of a campaign normally takes  
30 11 to 12 days.

How long does the overall campaign last?..... That lasts for 12 weeks.

These casuals that are employed, how long of that period are they employed?..... Well, they're employed for the duration of each  
35 individual campaign.

The 12 weeks?..... No, for the two weeks that it takes to sell. If we have another campaign starting immediately they will probably stay on to start that one as well, but usually we find there's a few days break between each one in which case we stand them down until the next  
40 one starts.

The turnover of staff - what's the turnover like - do you have the same people register every time?..... I'd like to, yes. There is quite a high turnover in staff mainly because of the type of people we employ.

5 The type of people you employ, what background do they have?..... Well, they certainly haven't got career backgrounds. The type of people that come to us are generally people who may be on benefits and are looking to earn a little bit extra to top up those benefits; people like single mums, maybe housewives, students trying to work their way through university or college - that type of person.

10 When you employ these people, how do you recruit them?..... Well, we generally either run an ad in the newspaper or through the employment agencies and see what response we get. We then interview them all personally, we don't - it's not done by an agency or anything.

15 When you interview them, what sort of qualifications or experience are you looking for, if any?..... We're really only looking for people that have got people skills, people that have got a good clear talking voice and that are able to get on the telephone and talk to strangers. That's basically all we're looking for.

Do you provide them with any training?..... Yes, we do.

20 Does that training vary or is it always the same training?..... It's always the same training, yes.

You've indicated that they work those hours of 9.00 till 1.00 and 4.00 till 8.00, is that Monday to Friday or other days of the week as well?..... Basically it's Monday to Friday, they work a 20 hour week if they're doing a full week with us. Occasionally there is Saturday morning work but that's not regular.

25 Do any of these people work both morning and afternoon shifts?..... No, they don't.

30 Is that because of their choice or because of your policy?..... It's our policy really. We find that the telemarketer does his best work or her best work in a four hour shift. To make them work an eight hour shift they certainly wouldn't be productive to do that.

35 With your experience in telemarketing, what are the best hours to be doing telemarketing and cold sale calls?..... Well, our 10 years of experience have shown us that between 9.00am and 1.00pm is a good time. The best time of course is the evening between 4.00 and 8.00.

Is that the way you've always run that business?..... We've run it that way for the last 10 years, yes.

With those broken shifts?..... With those hours, yes.

What experience - do you have contact with other people in the same industry ..[inaudible].. marketing?..... Not a great deal actually. We're generally too busy, but occasionally we do have the odd conversation with them, yes.

- 5 Your rates of pay that are paid to these employees, how are they calculated?..... They're calculated on the amount that we charge per book that's raffled for the charity.

If we look at that. When you get instructions - if we go through from getting instruction from a charity to run a raffle, who sets the pricing  
10 for the tickets and the number of tickets to be sold in the time frame?..... We usually insist when a charity comes to us that the raffle ticket value is never more than \$2. We've done that right the way through. They usually come in books of 10 tickets at \$2 each, so each book is a \$20 book.

- 15 Are they ready printed for you and provided to you?..... No, they're not. We do all that for the charity. Basically from the word go, the only thing the charity does is to choose its prizes and pay for them and to pay for the postage. The writing of the scripts, the organising of the printing of the books and the payment advice slips and the envelopes,  
20 the reminder cards, et cetera, et cetera, are all done by us and we also bear the cost of that. We bear the cost of all the telephone charges, the cost of the wages and everything involved with that - superannuation, workers' compensation.

25 So when a charity contacts you, they have a prize that they have that is available for this particular raffle, do they dictate the number of books of tickets?..... No, the number of books they're allowed is dictated by the Gaming Commission. They're only allowed to have a prize value of five times the value of the - sorry, the number of tickets five times the value of the prizes, so they're limited in that respect.

- 30 And that's changed recently, hasn't it?..... That's just changed recently. It used to be 3.3 yes, but it has changed to five now.

So you incur all the costs in running this business?..... We do, yes.

35 With your telemarketers, what are their duties? If you take us through a day or a shift for one of these telemarketers, what do they actually do for you?..... Well the telemarketer basically when he arrives at work sits at a desk where he is provided with a pre-printed sheet - well, actually normally it's a photocopied sheet of a phone book because we only work out of the phone book and the telemarketer's  
40 only job is to telephone people from that list and to try and claim as many sales as he can.

So what equipment do they have?..... They just have a telephone - a telephone and an order pad, that's all.

A formatted form?..... Yes, a formatted form, yes.

And you said before that you prepare scripts for the marketing?..... Yes, we do.

5 And are they provided with copies of those?..... They are indeed, yes.

How often do they change - do they change from raffle to raffle or customer to customer?..... Yes, each one changes depending on what we're selling for each campaign, yes.

10 The average time that a person would spend on a telephone call, are you aware of that information?..... That can vary, too. Generally in an hour I suppose a good telemarketer would make around 25 calls.

The rates of pay that you pay these people - bearing in mind they're just making telephone calls - sorry, just going back to what they do, they make a telephone call, contact the person?..... Correct.

15 Go through their script - if they get a sale what do they do then?..... They write the information down onto the sales sheet - that's the person's name, address, phone number, et cetera and from that point onwards that's their involvement finished on that particular sale.

20 So who does the follow-up work and the other work associated with the rest of issuing the tickets and things?..... That's all done by the family on the administration side, yes.

Not by these telemarketers?..... Not by the telemarketers, no.

25 The rates of pay then that are paid to the telemarketers ignoring the other people within the business, what are the rates of pay that are paid to these people?..... We pay the telemarketers \$10.50 an hour plus a credit card bonus of \$1.50.

30 Now that's not per hour, but that's for each transaction on a credit card?..... Yes. If I can explain that. If a person that they're selling a book to decides to take a book and pay for it on their credit card immediately, what that means to us and the charity is that later on in the raffle we don't have to send them out a reminder card or make a reminder call, so for the telemarketer being clever enough to do that we pay them \$1.50 which means that in the long term it saves us and the charity an added expense later on in the raffle. In other words, the  
35 book is pre-sold.

Are there any other payments made to them besides the hourly rate?..... No.

The hourly rate, is that fixed - is that all your telemarketers are getting - \$10.50 per hour?..... All our telemarketers start on \$10.50 an hour. We then have an increment in salary that goes up to \$12.50 based on the years of service with us.

5 How does that work? Can you explain to the commission what that structure is?..... When they first start it's on \$10.50. What we then do, we have a period of reviews which are three monthly or six monthly and then we look at a person's performance and their loyalty to us and if we feel that they're doing a good job and they're happy to be with us then we will increase their rate accordingly and it usually goes up in increments of 50 cents an hour up to a limit of \$12.50.

So your highest telemarketers are paid \$12.50 per hour?..... At the moment I have nobody on \$12.50, but we did have two recently, yes, that were that high.

15 So people that come to you, these students, housewives and others, if they have previous experience, how do you start them with the business in terms of pay rates?..... Well, everybody starts on \$10.50. What we would do if they've had a lot of telemarketing experience is put them on trial for a couple of weeks to see how they go. If they prove that they are above the average then we would probably increase their rate in accordance with our table probably immediately, yes.

25 This rate of \$10.50 and the other rates that you've worked out, how was that calculated by your organisation?..... That was based on the amount that we charge per marketed book, taking into account the cost of our overheads and that type of thing.

30 So when you say the cost of a marketed book, and you're saying you're paying \$10.50 an hour and the book is worth \$20, can you explain to the commission any formula that you used in terms of numbers of books or numbers of hours or whatever to come to that \$10.50?..... That's a little difficult. The fee we charge per book is based on per marketed book. It used to be based on how many books came back sold but the commission changed that recently. \$6.50 - sorry, no, I'm getting myself confused. Can you ask the question again, please?

40 You've said that you pay these people a rate of \$10.50, how did you strike that rate of \$10.50 as being a fair payment for the work they're doing and how do you monitor whether they're doing reasonable work to earn the \$10.50?..... Well, I don't suppose it was so much trying to strike a fair rate in the early days, it was trying to strike a maximum rate we could pay them and still stay in business taking into account all our other overhead costs and I think that's how the rate originally started. In fact, when we first started it was \$9.50. We actually increased it about two years ago. I don't have the formula in front of me of how that was worked out originally, I'm sorry.

When someone is working for you, are there expected performance levels set?..... We like our telemarketers, if possible, to achieve a target of around seven sales an hour. The reason for that is that when we calculate the number of raffles we're doing in a 12-month period we have to know how many books each raffle is going to have and how long it's going to take to sell each raffle. Now generally on a five or six thousand book raffle if each telemarketer can attain a sales level around seven an hour we can sell it within a prescribed time and from that we can calculate how many we can do for the year.

5  
10 That seven an hour, that figure is based on your - ?..... That was based on the last 10 years of experience, yes. We've found that our telemarketers generally average around that number, so it's a highly attainable number, yes.

15 And with your experience you can say, well, yes, that's an average, a worker should be able to sell seven books an hour?..... That's right, yes. Not everyone achieves it, mind you, but we try.

What happens if they sell more than seven books an hour, is there any benefit or bonus paid to them?..... No, we don't, but we do encourage them to do as many credit card sales as possible.

20 And if they sell less than seven per hour, is there any penalty or counselling?..... Well, we generally give them more training if they're dropping behind, yes.

25 The people that do drop behind, do they last long in the business?..... It depends. We might sometimes advise people that maybe that's not the type of job for them if they're really not performing well. If we find they're under stress or they're finding it difficult to come to grips with the job, but usually people know themselves if they're not enjoying the work or they're not performing, yes.

30 Are you aware of any training that's made available outside your business for telemarketing or telesales work?..... I do believe there are some courses. I don't know of them personally, no.

Do any of the people that you employ attend any of these courses that you're aware of?..... No, they don't, no.

35 Does anyone that come to you say they've attended telemarketing courses at TAFE or college or anywhere else?..... I can't recall anybody, no.

At the moment for instance, how many people would you have employed doing telemarketing?..... Twenty.

40 Is that the maximum you employ?..... Generally, yes.

5 The rates of pay that you're working on - and you've seen initially some  
of the estimated costs proposed under the order put forward by the  
union - or these rates of pay - the rates of pay as set out in that  
agreement, if you had to pay those, how would that affect your  
organisation?..... Well, if we had to increase our rate to the  
10 minimum rate that's being recommended plus the penalty rate - plus  
the loading, sorry - that would increase our payroll by something  
around \$115,000 a year. If we had to pay penalty rates or loading  
rates on top of that it would certainly put us out of business for sure,  
yes.

Just finally again, with these people that come to you as you've said,  
they're students, housewives, people on benefits, is that generally the  
type of people that come and work for you?..... With our type of  
work it is, yes.

15 Do they express any satisfaction or dissatisfaction with the rate of pay  
that you're offering?..... Not at all, no. That's all fully explained to  
them before they start. Yes, they're quite happy.

And what's the longest term that you've had someone working with  
you?..... The longest a person's ever worked for us is 3½ years  
20 and that person left just two weeks ago.

But generally, how long would people last - just the one raffle or do  
you find that you get a few - ?..... Some people come back, yes,  
we've had some people - I suppose the average length of time would  
probably be six months to a year, people would come for different  
25 campaigns, yes.

That's all at this stage, thank you, commissioner.

COMMISSIONER: Thank you. Mr Paterson, do you wish to cross-  
examine?

30 MR PATERSON: I'll track you back instead of going right back to the  
start, I'll pick up where you've just finished off. How did you calculate  
that the cost of the award would be \$115,000?..... I was just  
basing on what we pay at the moment and what we would have to pay  
if it was the minimum amount awarded which I believe is around  
\$12.50 - am I right - or something close to that.

So that \$115,000 - I was a little bit confused by what you're saying - that's the minimum rate plus the 20 per cent casual loading - is that what you're saying, and that the penalty rates would be - the cost would be more than that?..... I'm assuming that there would be a  
5 minimum rate of \$12.50 plus a 20 per cent loading, is that correct? That's what I calculated the extra on.

And that's calculated on the lowest rate of pay in the draft that you've been provided with?..... That's what I've seen, yes.

What percentage of your payroll would that \$115,000 be - or your  
10 current payroll? \$115,000 doesn't really mean much to me unless I know the size of your current payroll?..... Well, the payroll at the moment I think is around a quarter of a million a year, I think, and that would be on top of that. That would add another \$115,000 to that.

15 Yes, I suppose that's probably a fairly straight sum - \$1.50 on \$10.50 is about a 15 per cent increase, isn't it?..... It's a fairly sizeable increase, yes.

Whereas \$115,000 on \$250,000 is a lot more than 15 per cent. So the  
20 numbers seem still to puzzle me. If you've got a payroll of \$250,000 and the hourly - ?..... I'm doing this off the top of my head. I can provide exact figures, I wasn't prepared to bring them.

The hourly rate would be increasing - your costs would increase from - let us assume it is 12, I'm not sure. I'd have to do the sums myself. In fact the last safety net increase may mean that it's more than 12, but  
25 if we take it on that \$12 figure you're talking about \$1.50 an hour increase on a current wage of \$10.50, so that's going to be a little bit less than 15 per cent. And 15 per cent of 250,000 is 25,000 plus 12½ - it's 37,000. I can't see how you could arrive at an increase of close to 50 per cent, not including penalty rates.

30 That was based on an extra \$2 an hour plus 20 per cent which I calculated - I've only done this quickly because I haven't had the figures for very long. We calculated, I think, that it would bring the rate up to around \$15 an hour or thereabouts. Maybe I've done my sums wrong.

35 The current minimum rate in the Clerical and Administrative Employees Award which is the rates we've used to build this award around for grade 1A is \$11.50 an hour and on top of \$11.50 an hour we would need to add the 20 per cent loading, so that is close to 2.20 - a bit over 2.20, so we're talking about \$13.70?..... Well, I've done  
40 my calculations on a slightly higher number than that, but then of course there is also a penalty rate too, that's being proposed and I'm not sure what that will be at this stage.

Well, the penalty rate would be effectively in terms of the union's claim a 15 per cent loading for your 4.00 till 8.00pm shift?..... Which will make the hourly rate -

5 Another 15 per cent higher. Your family company is a company at law?..... No, it's a partnership.

A partnership?..... Yes.

What sort of reporting requirements does that leave you with in terms of your profits and taxation requirements?..... Well, we have to file a profit and loss statement every year of course.

10 Without getting into commercial confidences, what sort of profit margin do you turn on your business?..... Very small. I don't have the exact figure for you, I'm afraid but it is marginal, I can assure you.

To what extent has that changed over the past 10 or 11 years?..... It's been getting worse, actually. The market place is not as flexible as  
15 it was 10 years ago; 10 years ago raising funds was a fairly easy operation. These days it's getting tougher and tougher. We find that return rates are dropping. If I could put it in perspective, whereas now we can charge a charity a fee for marketing a raffle book, up to about a year or so ago, we could only charge them on books that were returned  
20 sold which meant that if you were getting a high return rate it wasn't so bad, but as return rates dwindle, that was getting harder and harder for us to get a cash flow. The Gaming Commission now changed that and say we now can charge a fee per book, but unfortunately the poor charities still only get the money that comes  
25 back from the books that are sold. On an average raffle you generally lose between 30 or 35 per cent of the books that are sent out that don't come back sold. So a charity may only receive revenue for 65 or 70 per cent of the books that go out. So that makes their capacity to pay any more much harder each time so therefore for us to increase  
30 our rates would make it impossible for those charities to employ us to do their fundraising for them. There just wouldn't be any money in it for them.

Yet you can now sell tickets worth five times the value of the prizes whereas previously you could only sell three?..... They can do five  
35 times the value, yes. Unfortunately one seems to counteract the other. Yes, they can raise a little bit more now but the return rates are dropping off, so although they've got one advantage, they've also got a disadvantage that's weighing against it.

The return rates though are a market consideration, aren't they, they're not a regulatory consideration?..... That's correct. Yes. It's  
40 something unfortunately we don't have any control over.

Have you done any strategic planning or estimates as to the effect of that change in the regulations on your profitability?..... Well, it

doesn't affect ours at all unless we put our rates up. I mean it's going to benefit the charities more because they're likely to earn more money now. Hopefully we can raise more for them, but we have no plans on putting our rates up to the charity at this stage.

- 5 So your income from the charity is set at what?..... We charge a fee per book.

But now in a period of a particular raffle, or you can extend the period of raffle as well and you can sell more books so you can get greater revenue from a single - ?..... No, we don't sell more books. What  
10 most of our charities have done is just reduce the cost of their prizes slightly so that they can market the same number of books but they don't have to spend quite so much on the prizes, that's what's happened. But we're still marketing the same number of books as we've always done, so that hasn't changed.

- 15 You said, I think, that when you first started - which was November 1989 - as a family business that your rate then was \$9.50 an hour?..... It was \$9.50 then, yes.

So in 11 years the rate has gone up by less than 10 per cent?.....  
10 per cent, yes.

- 20 Over - well, less than a per cent a year basically on a flat average?..... Yes. Mainly because the nature of the work hasn't changed. I mean if we were doing corporate work and we could go out and negotiate corporate rates then obviously wages would be different.

25 Do you think you're competitive in terms of your market place competitors for this sort of business?..... Apart from the charities that do their own - I think there's about four of them in this state - I don't think anyone else does it. We did know of two businesses that were going to do this sort of work and when they realised there was no money in doing it they quickly stopped.

- 30 Compared to those charities that do their own fundraising in-house, do you think - I mean they're still in the market as such - they're still your competitors?..... They're our competitors, for sure, yes.

Whether an organisation chooses to do it themselves or give it to you is a market and financial cost consideration they'll make?..... Yes.

- 35 Do you think that you're competitive in those terms?..... I would think so, yes. I would say that it would cost a charity as much to market a raffle as it does us. I don't think there would be very little differences in that.

40 Have you considered at all changing the way in which you run the business in terms of computerising the database?..... We do have

computers but we do all the databasing ourselves, that is, the family does the databasing ourselves.

5 We heard last week from Mr John Cotton who was formerly with Red Cross, that their operation is computerised to the point where it sounds like a database is set up, but once the database is set up each operator effectively has an autodial system that brings up the people to call, automatic recall, all sorts of technological advantages can be built into that system. Have you ever looked at anything such as that?..... I'd love to have that but we certainly couldn't afford it  
10 unfortunately.

I'd put it to you that there's a competitive advantage - or not - there's an advantage -

15 MR CAMERON: Commissioner, the line of questioning seems to be going to the business practices as compared to the award which is an employer/employee relationship. How a particular business looks to run their business is probably not for the commission to look at or decide upon. If Mr Pocket wishes to run his business in a certain way and has done for a number of years, that's their prerogative, and the questioning that Mr Paterson is pursuing now is going to the  
20 management structure and style that the witness wishes to choose and I don't think that's a matter for this commission to look at.

COMMISSIONER: I agree with Mr Cameron actually. Perhaps you could refocus your questioning.

25 MR PATERSON: Thank you, commissioner. The people who do the processing of the product once there is a sale - or not so much a sale as a pledge or a hit or whatever you want to describe it as, you said you employ seven people including two trainees and presumably they do that work for you?..... Yes.

30 Are those people paid award rates?..... No. Well, four of the people are partners in the business - that's my wife and myself and my two sons - and I have two trainees which are on a traineeship scheme that are with us just to learn office skills. That's six - sorry, I meant six not seven. I beg your pardon. If I said seven I misled you.

35 So the family members are not employees as such?..... They're not employees, they're partners, yes.

It may be difficult to relate that to the nature of the work in that case. The work done by your employees then, they're not extended into involvement in any of the processing?..... No, not at all, no.

40 The other thing I was a bit unclear on when you were saying that you have a 12-week campaign but the selling side is only seven to 12 days, is that what you said?..... 12 days, that's correct.

So what happens in the other 10 weeks?..... We start another campaign, not for the same charity of course - for a different charity.

5 So basically you take two weeks to put out the ticket books?..... We take two weeks to sell them. It usually takes a little longer to get all the books out but the total time for the campaign to run is 12 weeks from start to finish.

10 So that's when you have to close the raffle and get the tickets back, draw the prizes, et cetera?..... That's right. During that period of time we have to do all the processing of the books that are coming back in, et cetera, et cetera.

Do your telesales people do reminder calls, follow-ups?..... Yes, they do.

15 How do they get that information as to what needs to be done?..... That's printed off the computer - all the people who haven't returned their books, so they get a list of people to call.

So your family partners and the trainees do the processing of books, out books in, reminders needed to be done?..... Yes.

20 The turnover - when you talked about the higher rates of pay, you said you don't have anyone now, someone having recently left, on the higher \$12.50 an hour rate of pay?..... No.

Do you have others on between \$10.50 and \$12.50?..... Yes, we do. We have some on 11.

Is that a sort of rough guide as to how long people have been employed there?..... It is in a way, yes.

25 Well, of the 20 - ?..... Not entirely, but -

Of the 20 staff, how many would be on more than \$10.50 an hour?..... This is an off of the head thing now, I'm sorry, I haven't got the correct details, but I would say probably five or six of those would be on a different rate than \$10.50.

30 So it would be reasonable to say that three-quarters of your staff have probably been there less than six months - something like that?..... Well, yes.

If only five of 20 are getting higher than your base rate?..... It's close to it, I would imagine, yes.

35 Have you had many occasions on which you've had to do the performance appraisal for the staff? I think Mr Cameron asked you whether you had processes of counselling people who weren't performing to the required standard. Have you had, say in this

calendar year, many occasions where you've had to do that with employees to lift their performance?..... We usually look at them every three months, the ones that are with us, yes, and we appraise their performance and - it's not a serious thing, it's a one-on-one  
5 where we find out if they're happy with their work and if there are any problems that we can help them with. If they have selling problems we help them with their sales technique and things like that.

Have you had occasions where you've had to terminate an employee because they haven't been reaching your required level of  
10 activity?..... I think I can only recall two in the last 10 years where I've actually terminated their employment. Usually people doing this sort of work, if it's not the sort of work that suits them they usually leave themselves fairly quickly.

If a raffle lasts 12 weeks and people are employed - I mean the  
15 commission has various views about what a casual is - but if a person is employed for the period of a raffle - and that's the mutual undertaking between the parties, your review and your new rate of pay will only apply where somebody lasted longer than that period, wouldn't it?..... That's right, yes.

And does it get - I mean it seems to me that there's something  
20 problematic there as well if the campaign is 12 weeks, they're employed for the duration of a campaign, yet two weeks into the campaign a new campaign can be starting - ?..... Sorry, I should have made that clearer. They're employed for the duration of selling a  
25 campaign, not the duration of the campaign itself.

Okay, so your casuals are employed for two weeks at a time?.....  
For the two weeks that it takes to sell that campaign, yes, and then they would be stood down until we started another campaign and then they would be asked to come back if they still wanted to.

Do you have many people that you don't ask to come back or do you  
30 get a good - ?..... Because of the type of people we employ, people are leaving all the time for all sorts of reasons. I mean if a student is going through university and he finishes his time he will leave us.

And presumably at this time of year they're a bit busy with other  
35 activities at university?..... Well, that's right. A housewife might come to us to supplement her housekeeping for a period of time and then decide to leave us, and so on. The same with single mums and other types of people that we employ.

Getting back to this question of whether they are casuals or whether  
40 they are rolling employees, I mean if they're employed two weeks at a time and stood down, then how does anyone get to 13 or 26 weeks of employment to access those increments? Do you regard that service as continuous?..... Well, we look on them as being a regular employee. Maybe I don't use the right terminology.

I'm not going to damn you for that, I mean it's an unregulated area. The purpose of making an award is to put a framework there. I'm not going to condemn anyone for not using the right jargon?..... If we didn't stand them down at the end of the campaign, I'd have a room  
5 full of 20 people looking at each other with nothing to do. I couldn't pay them to do that obviously.

But when it comes to assessing somebody's performance and whether they're worth more than \$10.50 an hour you'd look back over the period?..... Over the campaigns that they worked for us, yes.

10 It may not be a continuous period of work that they've done for you?..... No, no. Yes. We're not looking at continuity in that sense, we're looking at the quality of the work.

Have you ever given any consideration to regularising or formalising your arrangements through a registered industrial agreement of one  
15 sort or other?..... Up to this stage, no, we haven't.

I've no further questions.

COMMISSIONER: I've just got a question, Mr Pockett. You mentioned that you provided training when people commenced?..... Yes.

20 And you've also said that if somebody's performance fell below the level that you would find acceptable that you would provide more training, could you tell us what sort of training it is that you provide?..... Basically it would be in sales technique. People might have a lack of confidence on the phone and they might need encouragement in that  
25 area. Generally it's because people find that when they're talking to the general public and an objection or something of that nature might occur, that they really don't have the whereabouts to get around that sort of problem and we try and coach them in those areas.

How long would the introductory training last?..... Usually when  
30 they first start with us, it's usually ongoing training for about two weeks. Usually after that period of time they usually know whether they can settle in and do the job or not.

So they work along with somebody else?..... No, they work alongside us. My daughter-in-law is a supervisor and she'll work  
35 alongside them.

Thank you.

MR CAMERON: Just to clarify the point in relation to the payroll question - the figures that Mr Paterson gave to you - you're currently  
40 paying most of your staff or three-quarters of them \$10.50 per hour, and I think the figure that Mr Paterson quoted for the lowest rate with

5 a casual loading is about \$13.70 per hour, that's about a 30 per cent increase straightaway. Now the other aspect is of course the shift loading that is proposed in the award; did you take that into account whereby anyone working that afternoon shift would include a 15 per cent loading?..... No, I didn't include that amount on there.

Right, but the figures you've done and you've sat down and looked at these figures and worked out on past experience that there would be approximately \$115,000 increase in your annual wages bill?..... Something around that nature.

10 And that includes superannuation and workers' comp and all those other aspects as well?..... All those - yes.

15 So it's not purely for the dollars in the hand for the employees?..... No, no, I didn't include and factor into that the compulsory superannuation which has now gone up to 8 per cent. I didn't factor that in either.

Which is even more money?..... Which is even more money, yes, that's right.

20 I think that was all I just needed to clarify. But those are figures that you've worked out - \$115,000?..... Yes, I'm sorry I didn't have them with me, but I should have done.

Nothing further thanks.

COMMISSIONER: Thank you, you may stand down.

**WITNESS WITHDRAWN**

25 MR CAMERON: Thank you, commissioner. Commissioner, our next witness we would like to call is Mr Tony Wright.

**ANTHONY JOHN WRIGHT, sworn:**

30 MR CAMERON: Mr Wright, for the benefit of the commission, can you state your full name and your position thanks?..... Anthony John Wright, Executive Officer, Royal Guide Dogs Association for the Blind in Tasmania.

How long have you been in that position?..... I've been in that position since 1994 on a full-time basis.

Prior to that?..... I was a director of the organisation from 1986 to 1994 - vice president.

35 So you've had a long association with the Guide Dog Association?..... I have.

The area of the business that we're looking at before this commission revolves around telemarketing as you're aware. Can you explain to the commission the nature of that telemarketing business in terms of what it does and how it benefits your organisation?..... Certainly. We've  
5 been operating as a telemarketer for goods and raffle books since 1985 for our own purposes as a fundraiser effectively - a commercial fundraiser. Since 1995 we've also engaged in commercial telemarketing for other parties and that has been telebureau work, as we call it, and we're currently involved with Save the Children in a  
10 major sense in terms of doing their raffle work in the same way as ESP Marketing in a similar manner.

You indicated also just there that you not only telemarket raffle tickets but also goods, can you explain to the commission what the nature of that is? I think the commission has in evidence we've heard so far  
15 we've covered raffle tickets and we'll go into that in more detail, but explain the telemarketing of goods?..... Well, we call it a shop at home service. Effectively it is ringing people on a cold call basis offering them a range of merchandise over the phone which could be items which are unique to Guide Dogs, such as Guide Dog tea towels  
20 or various items which are associated with the dogs. Alternatively consumer items such as manchester, towels, face washers and various items which have got appeal for just utilitarian nature and we have numbers of people - I guess most people buy to support the charity but to some people it's a convenience situation as well.

25 Are the same people employed to telemarket the goods as are employed to telemarket the raffle tickets?..... In terms of our own raffle ticket selling, yes. We use different people in terms of our bureau activities for other people.

So the nature of the employment of these people that you utilise, if we  
30 look only at the Guide Dog Association and your own fundraising efforts, are these people permanent, casual, or are they engaged for set periods, how are they mainly employed?..... Because we have control of our own marketing arrangements, in our own terms, we're not at the mercy of campaigns or other people's programs, then we  
35 employ people on a continuous basis. Those people that are doing more than 15 to 16 hours a week are on a permanent part-time basis and those people that are doing less, are on a casual basis, and we make a decision about whether people move on to permanent part-time on the basis of their length of stay with us and their performance  
40 as it were. But for our regular people they're on permanent part-time. Just if I could draw some comparisons from the previous evidence, we have people - the longest serving person we have there has been with us 17 years. We have about half of our staff who are on permanent part-time and most of those people would have been there - I have  
45 figures with me - but generally - well, longer than that - 20 years, 19 years, 16, 17, 15. So quite long times.

A number of your employees have been there for quite some period of time?..... And a lot of people have accrued long service leave and are accruing long service leave.

5 The casuals, as you called them, people working less than that number of hours at a loaded rate, that covers them for - ?..... They have a 20 per cent loading for casual.

- annual leave, sick leave and public holidays?..... Yes. And they also tend to come and go a lot for the same reasons that were mentioned before. They're students or housewives or people that come  
10 and go into the industry and they move around to an extent in the industry as well.

Just that breakdown, so how many of your staff would be permanent part-time and how many would be deemed casual?..... We have in round figures about 30 people that are doing telemarketing for us - for  
15 Guide Dogs - and it's about a 50:50 split. There's about 14 of those people that are on permanent part-time, the balance are on casual.

As you indicated, you run your own show, with this part of your business not answering to other parties so therefore you're responsible for your own ticket production and prizes and everything else. The  
20 telemarketers in particular though, can you go through for the commission the types of duties they perform for you and what facilities they have to perform those duties?..... We operate for our own purpose between four o'clock and eight o'clock in the evening. We do no day work at all. The system is computerised along the same lines as  
25 you would have heard from Red Cross; that we have developed software over the years to provide screen inputs - basically keyboard inputs for the orders that are taken and the database generates the telephone numbers for the girls to phone. It's a highly computerised arrangement. It's not driving the phone work but it certainly as soon  
30 as the girl finishes a call, up will come the next number to be called and it doesn't require a great level of skill because the screen person moves through those screens and it prompts them for the information and the inputs that are required.

So in effect they have a screen that comes up with a telephone number that they then - is it autodial or manual dial?..... Currently it's  
35 manual dial, it's about to go to autodial. They just enter it on the keyboard, it would then dial a person, the screen will tell them a certain amount about the person and whether they've bought before and what they've bought and they can then go through a process -  
40 through the script - and take the order, take the credit card details, enter that, and move to the next party. They have a five minute break per hour and they'll either work three or four hours on a shift depending on what the demand is and what they choose to do.

Now if we look at this work, you indicated the type of people who are employed. Obviously you've got your permanent part-timers and that  
45

would mostly be their sole position or do they have other jobs as well?..... I would think most of the permanent part-timers, it would be their sole position. They're housewives or single mothers. They do that as -

5 20 hour per week?..... Yes. Well, mostly 16, some do 20 but mostly the 16 hours.

And what days of the week do you run your operation?..... We run five days a week Monday to Friday.

10 The casuals then, there's a variance of the type of people that you get to do that - that come in and do the casual work for you in terms of those people who work less than 15 hours?..... Yes, I guess so although I think most of them would have a similar background. Probably we get a few students working through uni and their available time varies during the year. So we have rosters and people fill  
15 the rosters according to our needs and their needs.

You indicated that most of your work is done between 4.00pm and 8.00pm. What are the best times to work - has that been ascertained and checked by - ?..... Between 5 o'clock and 8 o'clock. If we work  
20 between 4.00 and 8.00 with a shift we'll find that our unanswered call rate will be about 43 per cent, we'll get about 57 per cent answered and if we work between 5 o'clock and 8 o'clock we'll come up to about 64 per cent answered. So it's just a matter of when people are there to take the call. We find that daytime phone calls are fairly expensive in terms of time on unanswered calls.

25 Those hours that you're working, how long has Guide Dogs been running those hours?..... Those hours virtually since we commenced. We have a different -

1985?..... 1985 - we have at different times tried daytime phone work, Saturday morning phone work is not effective - not cost effective.

30 The rates of pay that you pay your staff, how are they structured - this is your main Guide Dogs staff?..... Yes, this is our own arrangements. For our permanent part-timers we're paying a base rate of \$11.46 per hour after three years - three years with us. That's \$11.46. The starting rate is \$10.91 per hour and for the casuals we  
35 pay a 20 per cent loading on that.

On top of that \$11.46 and \$10.91?..... Yes, the \$10.91. We also pay a bonus for a person who sells more than \$500 worth of goods or raffle tickets in a night - in a shift - which is \$50 worth to be taken in goods out of our major goods.

40 So how often is that bonus provided?..... Last year we paid about \$6,000 in bonuses on \$156,000 telemarketing wage bill.

So at the end of each shift there's a bonus or the end of each week?..... It's taken over the month on the basis.

A month?..... Yes. Sorry, fortnightly. The pays are fortnightly.

5 Now with these rates of pay - \$10.91 and then \$11.46 after three years, how were those rates struck by the organisation?..... Well, we have worked basically against the Retail Trades Award in terms of striking rates and the Admin Services Award to come up with a rate and also of course we've responded to competitive pressure in terms of having to keep people. If you want to keep your good staff you need to  
10 pay competitive rates and there is quite a bit of skill in terms of sales skills that people develop over a period of time and so you're looking to retain those selling skills.

Are there any higher rates than \$11.46?..... No, they're our standard rates.

15 Do you have supervisors at all?..... We have one supervisor.

Is that a permanent person?..... That's a permanent part-time person and we have a manager of our telemarketing activities as well. We have - to give you an indication of our ratios which are a little bit different to previous evidence - in terms of our own marketing we're  
20 running 2.2 full-time equivalents in the admin area and that includes our banking and it doesn't include our distribution, just our banking and our admin side, and 6.5 full-time equivalent telemarketers. In our telebureau activities, that is for other people, we are running 0.52 full-time equivalents in the admin supervision area and 3.56 full-time  
25 equivalents in our telemarketing.

If we now then look at what you've termed the telebureau which is the work that you do for other organisations, what's the nature of the business there - how is that set up and differently structured - are they different people employed?..... Yes, they are different people  
30 employed unless somebody - one of our Guide Dog telemarketers wished to do some other work, and that's fine because we do do our telebureau work during the day as well as in the evenings for the contract work. The reason we do it during the day is because we're not impacted directly by the unanswered calls because we do the work on  
35 a piecework basis.

So if we look at that, the sales that those people in the telebureau are doing, is that mostly raffle books?..... All raffle books.

And you're paying on a piecework basis?..... Yes.

40 What are the rates that you're paying to those people?..... We're paying \$2.50 per book sold whether it's paid or not and an additional 80 cents for a book that is paid for down the track.

So if the book comes back with the money?..... When it comes back with the money there's an additional 80 cents and that's tracked against each individual.

5 Is there a credit card bonus or payment?..... There's a 50 cent credit card bonus.

On top of that?..... On top of that.

10 Or is that on top of the \$2.50?..... There's a 50 cent credit card bonus for the Guide Dog work. The 80 cents is the bonus effectively for the credit card. If you've got a credit card sale, the book is paid for automatically so you've got a \$3.30 rate on that book straight away.

15 So you get it straight away?..... They're getting an 80 cent bonus, if you like, with their credit card. That assures their 80 cents and the fall over rates are similar, so 25 to 30 per cent or higher. Actually, Guide Dogs is 25 to 30 per cent. The higher rate is for Save the Children fund work.

The work then, the \$2.50 paid per book, how many people are usually employed in that telebureau for these other campaigns?..... The equivalent is - we've got 3.3 -

20 So there's 3.56 full-time equivalents?..... - full-time, so about half the number of people that we employ for our own work are again employed in telebureau.

25 Are there quotas or any targets set for those people doing the piecework?..... The problem you have with other campaigns is, you're not sure about your public sentiment. We know with Guide Dog work it has, what we call a strike rate, which is the number of calls we'll make to sell a book, is pretty well predictable. In fact, very predictable, because we can gauge our public sentiment and that's based on our public relations profile and other activities that we're involved in. When you're dealing with other charities or other  
30 organisations, you're not sure what the public acceptance is and you're also a little bit at the mercy with the way they conduct their PR. If they have a bad PR period like, say, Care Australia, for instance, then of course your public acceptance goes down dramatically and your ability to turn a quid on the work you're doing goes down.  
35 Working for Save the Children we know fairly well what their acceptance rate is and we're working there on the basis that a person will sell four to five books an hour.

When you say, a person will sell four to five books, do people sell more than that?..... Oh, yes, depending on their skills.

40 People sell less than that?..... Yes. What happens with a piecework rate, people who are good at what they're doing and develop

those skills end up doing probably better in dollar terms than the people we have on permanent part-time.

5 Have you got any sort of idea, in terms of that hourly rate, how much those people can earn on piecework? What's the highest?..... If it's a four to five book per hour rate that we're expecting them to achieve, they're going to earn between \$10 and \$12.50 an hour for their books sold and if 30 per cent of the books fall over, so that on about 70 per cent of those books that they've sold, they'll get their 80 cents when the book is paid. The way it is structured, we would expect that the person on piecework will make about the same sort of money as the person who is an average performer.

15 You can ascertain average performance?..... Oh, yes. If they don't do that, then obviously we'll find, because of the nature of those people, they can choose the times they will come in and if they're not making a reasonable amount of money for their daytime work they just won't continue to come in during the day and that's important they do from our point of view because they use our facilities during the day which can become overloaded at night when all our other work is on.

20 There is a potential there - for instance, are there any people who earn well over \$12 per hour?..... I don't have details directly in front of me but knowing the strike rates that they are achieving - we're basing our strike rate with Save the Children on a budget of about eight and a quarter, 8.25 calls per sale. Currently they're achieving better than that. They're down to about 6.5. On the average, all the people are making more money than we would have expected they would have been making if they were on a flat rate. You've got to worry about whether there's high pressure technique coming in there which means there'll be a higher fall over at the other end in terms of the 80 cents. It's a balancing thing. On the one hand, you can use less supervision when using people on a commission-only basis because they are motivated to achieve. They get paid for what they achieve but on the other hand, you need to watch their sales techniques to an extent, to make sure they're not high pressure selling.

35 Do you have people that earn less than the targets?..... Yes, and they'll drop off.

40 Do others hang around? Are some people just happy to earn less?..... There is to an extent a bit of that. If a single mum is at home with the kids during the day or even a mother and the husband comes home from work and she's been stuck in the house all day and she goes out and does three hours work telemarketing, I think there's a fair bit of socialisation too, particularly in terms of the long termers. It's an enjoyable environment. It gets them out of the house and they socialise.

45 What sort of pressure do you put on those people though to perform to reach the targeted sales rates?..... I think that they're all pretty

5 keen to do the job to the best of their abilities. If we have people that  
are consistently under performing we will counsel them and we'll try  
and give them more training and look at what the problems are. They  
have role models of course. You've got numbers of people working and  
the people who are good at what they do stand out particularly  
because they're senior people and they've been there a long time and  
they're always willing to help people with their selling skills. We do run  
organised training as well and we run induction training. We quite  
often bring a trainer over from the mainland to run sales selling skills  
10 training.

I'll come back to that training in a moment but in relation to these -  
you mentioned that, yes, it was fairly easy to pick an average figure,  
and you based that on what, your experience or how raffles are going,  
or what?..... We generate statistics through the computer  
15 programs, so basically the computer tells us what everybody's strike  
rate is, what their unanswered calls are and the number of calls  
they're making an hour, a whole range of statistics, so, we have an  
expectation that people will make in the range of about 42 to 47 calls  
an hour and of those there will be an unanswered call rate. And then  
20 we have a strike rate which tells us what our sales rates are going  
to be and those strike rates vary according to the public sentiment for the  
charity you're dealing with.

So, you've got the technology in terms of software and other apparatus  
to measure those averages? You heard Mr Pocket say, for instance,  
25 that he can gauge from experience, and do you use your own  
experience to also adjust that?..... Yes, The yardsticks are  
important. The other thing where you're computerised is, we have a  
different way of selling because if you're dealing with, say, 13 charities,  
then the number of times you'll call people at home doesn't matter  
30 particularly but if Guide Dogs were to call somebody four or five times  
a year to sell them a raffle book or any other charity and gave their  
name then, effectively, you'd turn people off. It would be too much of  
an invasion. We set our call-back times at 170 days, so the average  
person should not hear from us any more than twice a year and the  
35 computer controls that. If somebody said, don't ring me again, then we  
can take them off straight away, and so we do do that so we're not  
invading people's privacy. The important thing for a charity doing in-  
house marketing is to make sure they can control the number of times  
they will approach a person.

40 You also indicated just a moment ago, for instance, when Care  
Australia might have had some PR problems, does that then affect any  
targets or quotas or averages that the pieceworkers are then expected  
to sell? Your piecework rates, though set, your expectations will vary  
because of those market fluctuations?..... It doesn't if you're  
45 dealing with reputable charities - that's not a big risk effectively, it's  
just a matter of how the public perceive that charity's needs. We find  
ourselves - we've had a lot of publicity in recent times with dog attacks  
and immediately the public relations level goes up and then our sales

improve because people want to assist, so they'll do that. But if you were dealing with a charity which was involved in overseas aid and there was a bad experience in terms of another charity doing the same sort of thing, then that sentiment once again flows through. You do  
5 see those impacts.

But those targets, for the want of a better word, can fluctuate and vary slightly?..... Whether a person's on piecework or on casual or permanent part-time, you still need to recruit staff and keep them and you've got to put training into those people so if you lose somebody,  
10 you lose that training. You still need to make sure that the rates are going to provide a reasonable return for effort.

The other aspect you brought up is training. You provide your own in-house training. Are you aware of outside services available for training of your staff?..... Yes.

15 Do you use those outside facilities?..... No. We've used outside facilities in terms of selling skills and handling objections and these sorts of things and motivational training, the same as any other sales organisation would, but most of, what we call out-bound call work is fairly unique and the training that's available from NGT, for instance,  
20 is more about in-bound calls. Out-bound calls and selling skills for telephone marketing are not things that are readily available. We have assisted TAFE, for instance, with their training and they've come and used our computerised facilities for their classes, in giving some out-bound experience but generally the training that's available is not  
25 really relevant.

The evidence we heard last week covering courses that were available through TAFE highlighted the fact that they do provide training for telemarketing skills and that there are recognised skill levels that can be obtained and that they do have areas concentrating on out-bound  
30 calls, but you haven't used those?..... No. Even though we've been running training in our own facilities with TAFE students, I'm not aware of any TAFE students who have come to us after they've finished their training.

You've received copies of the draft wage rates for the new award. I'm  
35 not sure though whether they incorporated the \$15 increase for the last safety net adjustment, have you done any estimations or calculations on how the imposition of this award will affect upon your business?..... I haven't in terms of coming up with an absolute dollar amount. Perhaps, could I echo some concerns I've got about the  
40 award?

Yes, you can talk generally about what you've looked at?..... There are two areas. Apart from the lack of a piecework opportunity, which effectively would limit our willingness to take on other charities with an unknown public sentiment value, there's two areas of problem.  
45 One, that the entry level or the grade 1 level, from our perspective,

5 should include the operation of a VDU and a keyboard because that is not a skill area, in our view, that requires moving to grade 2 level. Really, the computer assists the person to virtually get up and running immediately because it leads them through the steps and the inputs are very simple and straightforward.

10 What you're saying is, that from your experience with the systems that you have operating, for instance, these classifications would mean that the people you employ under the current definitions would have to be grade 2 because they're doing - ?..... Rather than grade 1 when they come to entry point.

Those people that you're employing and the computer skills they have are limited to just being prompted?..... Yes, and putting an entry into the keyboard.

15 Do they need typing skills?..... No. No speed requirement. Not like a computer operator even doing data input, where they've got to have speed and accuracy. This is one finger typing.

Just names and addresses?..... No, the names and addresses are there.

20 It's automatic. So what's the information they put in then?..... Just selecting the item that's being sold and putting the cursor down and hitting it, to put it into the entry point.

Point and click?..... Yes, and on raffle work, even more basic, where you only actually have the one product to sell.

25 What sort of data are they putting in, in that area?..... That would just be hit the entry to identify the sale and automatically the machine says, that's Mrs Jones. They will then check the name and address and make sure they're talking to the right person at the right address, hit the enter and the sale is made. Enter up the credit card details if they want to put a credit card in and conclude the sale. That's all there is to it.

30 So, other than that, there's not much data entry at all. It's all there, yes and no and point and click?..... It's just dished up to them on the screen and leads them through the process of making the sale.

35 You're saying then that the level 2 and the requirements that those sorts of skills be at level 2, are too high?..... The fact is, at the basic entry level, there should be the basic keyboard and screen operation. The second thing obviously that concerns me is the loading for afternoon shift because that effectively puts an extra 15 per cent into our wages bill.

40 You've been operating for 15 years now for that 8 o'clock at night because that's the hours of business?..... That's the time at which

5 we best do business, from 4 o'clock to 8 o'clock, effectively, and that's the time that it suits these people to work because a lot of these people can then be away from the kids. They have a time slot that they can use, or they're away from university or whatever, so it isn't a penalty situation for people to work an afternoon shift.

So, when you say, it's not a penalty for them to be there?..... For them to be there, no. So it's a loading which doesn't have any economic sense to it. It's not a penalty to the employee to have to work that time.

10 Because they have been working that time - ?..... And there is no day shift equivalent. If you want to do that job, that's when the hours of work are. So they're the two areas which would have cost impact on us, I think, in terms of the rates. They're comparable to the sorts of rates we're moving on at the moment and they're reflective of other  
15 awards and that's where we arrived at those rates. I guess the other area that you need to reflect on too is, because of the casual nature of the work and the fact that to move somebody onto permanent part-time means that's a difficulty for that person to be removed. If you have a downturn, if you're in a contracting sort of area, then you can't afford to be stuck with people on a permanent part-time basis and if  
20 you put people on a permanent part-time basis you impose an obligation on the employer to make sure they've got continual employment and it's quite literally impossible where you're working on campaigns and contract arrangements. You could have a campaign, and our campaigns don't work for two weeks, if we work on a twelve  
25 week raffle period, because we're working shorter hours, it's virtually continuous work over about eight weeks of that time and then we've got a month to recover the money, ring people up, chase people up for it, and we also use those people to make those phone calls. When they're making phone calls they're on an hourly rate for that work. At  
30 the end of that period, if you haven't got any more work for them, even though they might have been working 20 hours a week, you can't afford to have them on permanent part-time because at the end of that campaign it may not be that's renewed. Even with Save the Children, their experience has been quite bad as a lot of charities have had bad  
35 experience in terms of the number of books not returned, almost to the extent of jeopardising the viability of the raffle. We have a three year contract with Save the Children but under that contract it says, if they experience one loss, they can terminate that contract so we can't afford to have permanent part-timers in that work and we wouldn't  
40 take the risk of continuing it if we did have to.

Therefore the ability to use piecework rates for that telebureau is a big benefit to your organisation?..... Oh, yes. We're still bound, commercially, to make sure the people get a reasonable return for their  
45 work otherwise we won't retain them and we can't meet our contractual obligations. There are market forces that determine what rate we should pay.

How long have you been running that telebureau? You've been running your own since 1995, I think, you indicated?..... Telebureau over the last three years. I entered into a full time contractual arrangement with Save the Children Fund last year on the basis of work we'd done  
5 with them previously, which gave us the inputs to tell us what we could expect to achieve, so we already had done two raffles on a non contractual basis before that.

The other aspect is too with your campaigns and your own fundraising, you've got your ticket sales and raffles that run but  
10 they're not run throughout the year, are they? Have you continually got raffles running?..... We've continually got raffles and goods selling throughout the year.

So you can keep those permanent part-time people employed?.....  
Yes, we're in control of that situation.

15 With the telebureau and the other outside work you're doing for other organisations, you can't guarantee ongoing work because it may not be there?..... Yes, for a variety of reasons.

A point I meant to raise before, that there is that potential for  
20 pieceworkers to earn more than the \$12 per hour, \$11.46 per hour, that some of your permanent people work, do any of your permanent people opt to go into that piecework situation because they know they can earn more money?..... They go into the piecework situation because there's work available during the day if they want it and we  
25 have a number of our people that do both, permanent part-timers who actually go in and work on a piecework basis for the contract work and that's just because it suits them to earn a bit more money and they've got the time available.

Nothing further, thank you, commissioner.

COMMISSIONER: Thank you. Mr Paterson?

30 MR PATERSON: Yes, Mr Wright, there's a couple of things I wanted to ask you about. I think maybe the previous witness said something about the number of competitors. Do you know authoritatively how many organisations are in this business in Tasmania, running raffles?..... I'd have to tell you off the top of my head.

5 Yes, to the best of your knowledge?..... There has been a number of - ESP have lost a number of customers over the last five years who have opted to do their own work and withdrawn from their contractual arrangement and to my knowledge, ESP are the only people now, and ourselves, who are prepared to do contract work.

The MS Society and Red Cross run their own?..... They do their own.

Do you know of other organisations that are actively engaged in the fundraising business?..... Not off the top of my head.

10 So, essentially, yourselves, Red Cross, ESP and MS really are the four major players?..... Yes.

15 I presume that other organisations like Amnesty International, when they have a raffle, they basically run that with volunteers, if they're not contracting to you or ESP?..... I would suspect they'd contract. They could contract to mainland organisations because telemarketing is not limited statewide.

20 Certainly not. There is, in that sense too, national competition as well as the players in the Tasmanian market?..... We have tendered for work on the mainland from Tasmania before. It's mainly about using what is a fairly expensive set up infrastructure and getting more use out of it during the daytime.

Your contract work, that doesn't happen in the evening shift at all?..... Yes.

It does as well?..... We do as well.

25 The telebureau work has the two shifts?..... Yes.

But your own work is only done at night?..... That's right.

30 With those people who have worked for 15 to 17 to 20 years, they've obviously been there longer than the organisation's been teleraffling and - ?..... I'm sorry - looking at those figures, some of those people have been there since we started. I made some notes here I thought it had been the years they'd been there but it's not.

35 I was just wondering whether some of them in fact might have worked for the organisation in a different capacity before you started?..... No, but I know that there are, going from memory, about 10 people who have accumulated long service leave, so they've been there longer than five years. We accumulate from five years.

When you talked about permanent part-time, do they accrue entitlements or do they get a loading in lieu of leave?..... Permanent part-time?

Yes?..... They get holiday pay and sick leave.

So they accrue those paid leave entitlements?..... Yes.

5 It's one of my personal things to call that loading and not a casual loading because there are permanent part-time people who will take a loading if it's offered in certain circumstances?..... We have done that in the past but we've moved to make that change more recently.

The question comes back to the way in which you organise this business. Is it a separate cost centre or a separate activity centre within the association?..... It's a department.

10 So you can clearly assign staffing, admin staff?..... Yes.

Someone might work across two but you can assign?..... We budget a percentage of people according to what the workload is that they're involved in.

15 With those admin people and your supervisor and your manager, where do you source their rates of pay?..... We've used, as a basis, the private sector award, admin.

Clerical and Administrative Employees Award?..... Yes, and the Retail Trades Award because we have a retail shop-type activity as well.

20 Do you actually operate from a shop or is all your sales through your telesales?..... We have a shop front for retail but our telemarketing is housed and warehousing is held within the building in Elizabeth Street.

25 You do seem to have been conscientious about establishing those charities, have you looked at the - with the telesales people in particular the Retail Trades Award - I think you said you'd looked at that for benchmarks?..... Yes.

30 Do you know - I suppose it's a bit hard to ask you as I don't have it in front of me either, but do you know what level within the Retail Trades Award you've used?..... Not off the top of my head, and we don't observe things like the loading. Obviously, afternoon shift loadings and these sort of things are not something we've observed. We've used just the base rates to try and make sure that we've got a competitive position for similar types of work.

35 And we're talking just about the telesales work at this stage. We're not talking about what applies in your shop because if you run a shop that would be covered by the Retail Trades Award?..... Yes. We also have admin people of course who are on award even though they're doing other duties within the organisation.

What hours does your shop operate?..... It's basically an office situation where we have goods that we would normally be telemarketing displayed in the shop and people can come in.

5 Do you have anyone employed in that to actually do the selling?..... No, just a receptionist - people will come in and pay a raffle and they'll impulse buy something when they come in.

You don't really run a shop then?..... It's not a major exercise. It contributes about \$10,000 a year of profit against overheads.

10 There were some numbers you mentioned that I didn't quite catch, when you were talking about the bonuses. I think you said you paid something like \$6,000?..... Total last year, there was \$6,000 worth of bonuses.

15 What was the total wages? I think you did mention a number there and I didn't catch that?..... Total telemarketing wages were \$154,000.

\$154,000?..... So, that took the total wage bill to \$160,000. It gives you an idea, I guess, of the success ratio.

20 It may be that we will look to use some of this later on in submissions. Have your rates been varied over the period you've been operating, the \$10.91 and the \$11.46, for instance - have they moved in any way recently?..... Yes, we reviewed rates last year and last year we took the decision to move people on to permanent part-time once they'd identified long enough service, capabilities and the fact they were doing more than 15 hours per week.

25 I suppose I'm asking, when was that figure of \$10.91 set, is probably the easiest way to ask the question?..... I couldn't tell you, but I would think last year as part of the budgetary process. We have moved rates periodically and I can give you, a little bit later, some indicative situations over the last 10 years.

30 Your administrative staff and those who are paid according to another award, would clearly get State Wage increases?..... Yes.

Have you ever reflected movements in State Wage Cases in your reviews - taken that into account?..... No. Only on the admin side.

35 The other side of the numbers, I suppose I was interested in, and a couple of things I wanted to clarify - the one for clarification first, you said that when people are doing the reminder calls, they come off the piece rate and back to an hourly rate?..... Onto the base hourly rate.

The base hourly rate?..... Which is with casual loading.

That's because, obviously, there's no piece to return - a reminder call, they've already got it for a sent-out and they'll get a bit extra when it comes back sold?..... Yes. We also use some volunteers on reminder calls but it's just a matter of available people and what they wish to do as volunteers. But if they wish to do reminder calls, they'll do that in a voluntary manner.

Just to help me get a handle on the hourly rate for those who are engaged in the piecework side of the business, the \$10 to \$12 as a four to five books out, strike books, or whatever, what's your sales rate, I think was the term you used, for those - indicative?..... With the Save the Children where you're not selling goods, the average person who's selling would be doing about 47 calls an hour. Now, it depends what time of the day - in the evening for instance, we'd expect they'd probably get 60 per cent answered calls, so you're talking about 29 answered calls and the strike rate - I'd budget on about eight. So, if they were getting eight, they would only be selling about three and a half books an hour.

When you say, three to four books an hour, that'd be sold books?..... Yes, sold books.

Books that ended up being sold, not just sent out?..... No, being sold but not paid for. People are getting an invoice when they get the book. But, as I said, working with six as they were last month, then you're talking four to five books an hour on average.

How many of those would be paid for, I suppose was my question? What's the paid for to sold ratios?..... On the basis of the last raffle we did, about 35 per cent not paid for. So, that's 80 cents multiplied by 65 per cent, so it's about 50 cents per book. We would have got 50 cents per book, so that meant \$3 per book all up, roughly.

So you'd probably be looking at an indicative minimum of around \$12 an hour then, something like that?..... It would, yes.

How do you think it would affect your capacity to run that business if there was a piece rate provision in the award and it had, if you like, an underpinning safety net that said that this person must be guaranteed at least the minimum rate for grade 1 in the award? If it was done flexibly so that it was not every day, not every hour, something that was appropriate in terms of the span of time?..... I don't think that there'd be - if you're going to say, you can have a piece rate but they must get the minimum rate or have the piece rate. Basically, the reason we have the piece rate is, there is an opportunity that someone could earn more but equally, there's an opportunity that a person is going to earn less. The daytime work we're doing at the moment doesn't impact on us. If a person chooses to come in and work during the day, if their unanswered call rate goes up higher so they're not getting the number of calls and the number of books per hour, they make a decision whether they'll continue to work that or not but if we

were paying them at the base rate, then they would be no value to us. We just wouldn't sell during the day. At the moment, it's their decision.

5 Let me come at the question a different way then. Can you give us an indicative figure of what your average hourly earnings for people on piece rates would be?..... I couldn't do it off the top of my head. I know what we paid last year, for instance, on the work, but I could certainly supply that if the court wished to know it.

10 Obviously, you'd know how much you paid. Would you know what hours were worked on piece rate because without that you can't determine an hourly rate?..... No, I wouldn't know. I'd have to do a calculated exercise in terms of strike rates.

15 It wouldn't be a hard number but you'd have some idea from rosters and arrangements like that as to, six people working three to four?..... Well, because they work during the day and that's fairly flexible - they'll come in during the day and they'll work and if it's not going well, they're not getting a good strike rate from their point of view, they'll knock off. So we don't record those hours in the working.

20 I think it may be information that we would like to receive from you, if the commission and Mr Cameron can - ?..... So you'd like to have some average earning rates?

Some indicative figures as to what the average hourly rate is for people who are working on that piece rate system?..... I can give you the top and the bottom sort of thing and a medium.

25 Yes, but by all means qualify them in terms of the reliability and things like - the uncertainty about the number of hours worked - it may mean that there is a 10 to 15 per cent variance, or whatever?..... I might have to work back from the call rate. I know what I can expect. They'll be doing about 47 calls an hour so that'll tell  
30 me the hours on the basis of calls made rather than time sheets.

COMMISSIONER: Mr Wright, that information would be very useful. How long would it take you to provide?..... I can get it back to you tomorrow.

35 Thank you. You will get it to both the parties and to the commission?..... I'll get it to Andrew.

MR CAMERON: Commissioner, may I just suggest, if Mr Wright submits those to me I can submit them to the commission and to Mr Paterson.

COMMISSIONER: When would you be doing that, Mr Cameron?

MR CAMERON: Well, if they come through tomorrow, it'd probably be Monday, Tuesday of next week.

COMMISSIONER: Yes, that's fine. Thank you.

MR PATERSON: I think you did mention, Mr Wright - I think it was  
5 when you were talking about the telebureau, you did mention the 50 cents sales. That's the sales bonus for the people who are working on your own in-house?..... In-house, yes. When they get a credit card sale.

10 So they're getting their hourly rate and a 50 cent an hour bonus for those?..... Yes.

The issue arose, I think, on a number of occasions about selling skills. Those selling skills are clearly there when you're doing your in-house selling of your merchandise. Is that merchandising separate to your own raffling or does it happen with the same call? So, it's, would you  
15 like to take a raffle, or, by the way we have, or I'm ringing you from Royal Guide Dogs, this is our catalogue and would you like to take a raffle?..... It's a little bit more scientific than that. The girl knows when she rings whether the person has previously bought goods, so she will start off offering goods. Would you like to know what is on our  
20 shop at home list this week and if the person says, no, they would then ask the question, would you like to assist us with our current car raffle and then after that there would be a third drop back, would you like to assist us with a donation. They have a scripting arrangement. If the person hasn't previously bought goods, then they'll push for the  
25 raffle book.

So it's clearly a degree of product knowledge or catalogue knowledge, that they need to have?..... There is a degree of product familiarity which the more experienced girls trade on and they also see the goods and touch the goods so they know what they like and they don't like  
30 and obviously they sell things they like better than the things they don't like, but goods are something we are now moving out of to a extent because they have become uneconomical. Last year wasn't a good year for us and we're now changing our ratios. The only goods we will be selling in future will be fairly Guide Dog based goods with  
35 appropriate margins rather than the general run of the mill goods we've handled before.

But you would still nonetheless see a selling skill in the conduct of teleraffles?..... Certainly. In terms of the person - the abilities they develop are good and we can see that just by comparing strike rates  
40 across the staff. So you have people who are very good at it because they have good voice modulation, they've got a good, nice approach to people, they come over on the phone well and they've got a good voice.

One of things the Clerical and Administrative Award has in it and I'm sure I'm right in saying that there the Services Award will as well, is

an adult entry rate of pay with the adult entry being effectively defined as somebody who has no prior relevant work experience. Would you see that as something you might use, if somebody came to you who hadn't worked before?..... That's what we expect to see, the base entry point.

How quickly do you think people, in your experience, move from that to being fully competent in what you require them to do as a telesales fundraising?..... We've adopted three years. At the end of three years, you've assessed a person pretty well, they are regular, they are loyal and reliable.

They are things that really are not classification and skill-based. In terms of the acquisition of the skills and how quickly somebody can - I accept that some people don't and they get out, but the people who do move to being competent, how quickly do you think they can pick up those selling skills that you were talking about?..... It's a pretty subjective question. I think, how quickly from the time a person starts are they able to work competently on the phone and achieve a reasonable outcome, usually it's a couple of weeks of training and working with other people and we find that if they've got those skills, they've got a good natural personality that comes over on the phone, they're up and running pretty quickly because there isn't a lot to learn. It's a matter of natural abilities and the way you approach things over the phone and it comes through to the person on the other end.

I think you've just about covered - ?..... I would like to tender another item if I could, which I think is relevant. Is that possible? I've taken some figures off on our own performance over the last 10 years, which basically indicates a problem that the business has in terms of wages. Our wages in terms as a ratio to sales since the financial year 1990 has moved from 14 per cent as a percentage of gross sales to 40 per cent as a percentage of gross sales and that's reflective of the difficulties of selling and increasing rates et cetera and it's had its impact on the bottom line but as well as that, our wages as a percentage of gross margin in the same time which looks at bad debt and non returned raffle books and these sorts of things, has moved from 27 per cent to 57 per cent.

Sorry, that last was, wages as a percentage?..... Wages as a percentage of gross margin. That is after cost of goods sold and after bad debt and write back of unpaid books. Wages are a significant -

The second figure was 27 per cent to?..... 27 per cent to 57 per cent in 10 years.

What about your volume of sales?..... Volume of sales in that time moved from \$605,000 to over one million, leaving aside last year. We had a few problems in terms of our software and things which impacted on our sales.

And this is over a 10-year period?..... Effectively, 10 years. In that time the write back of bad debt and unpaid books moved from \$35,000 to \$165,000.

5 That's a big variable, isn't it - \$35,000 to \$105 -?..... \$165,000. You've got to remember, we don't prosecute bad debts on unreturned raffle books. People either help us or don't. The gross margin is indicative. Our gross margin over that time doubled from \$309,000 to \$670,000, but our wage impact tripled. So wages are a significant factor for us.

10 I think to question you on that, I'd probably need a clearer indication of the way in which you have moved wages over time as to whether that was because you're paying people better and there may have been a decision at some point in time to move to parity with awards?..... I think it's two things. We have moved wages, 15 obviously, but it's also indicative of the market place we're in where there is an increasing resistance to telemarketing, privacy issues, all those sorts of things, so that the business itself has quite a lot of threat to its viability and I think you'd hear from Red Cross or MS or anybody else, that it's becoming harder and harder to produce a 20 worthwhile fundraising outcome from that piece of business but it doesn't stand any significant increase in cost at this point in time.

But on the other part of that equation is, what are the factors that have seen that wages increase? It may well be that it was - I mean from what you just said, it moving to some level of parity with award 25 rates of pay, if that was a significant factor in the increase of wages as a percentage of margins, then that's a very different question to some other variables that might impact on it. What do you see as the main variables that impacted on that increase in wages against margin?..... Well, I think you've named the two of them. We have 30 a situation where we have a lot of people on awards within the organisation and it meant that the telemarketers had to move to maintain some parity apart from needing to compete in the market place for workers, whereas in the previous evidence there hasn't been that control so that the wage rates are down a bit and also the fact 35 that the market has become more competitive in terms of raffle selling and it's become harder and harder to maintain your gross margin. But it's a pretty complex issue, I must admit, yes.

Yes, obviously. I mean it's a whole business analysis issue and not my game. Thank you for your evidence.

40 COMMISSIONER: Mr Cameron, did you want to ask any more questions?

MR CAMERON: Yes, thank you, commissioner, just a couple of matters to clarify. Just in relation to the figures that you gave to Mr Paterson, you indicated that your wages bill for telemarketing was 45 about \$154,000; you've seen the draft award that has been put

forward by the union. Have you done any calculations on how -  
bearing in mind in particular that level 2 problem that you foresaw -  
how the implementation or introduction of this award would impact  
upon your business as far as wages go and profitability?..... No, I  
5 haven't.

The costs of the campaign, your indications are that the wages or your  
labour component of your - overall costs have increased. If a campaign  
is not doing well in terms of getting the sales that you anticipated over  
the period, do you employ people for extra hours or get extra people in  
10 to try and sell the tickets within a time frame?..... No, the sales  
rate is normally pretty predictable and pretty constant. It is the  
problem of getting the people to send the money back.

Right, so that's the view?..... That's what's been changing. We  
haven't found that there is a major - well, there certainly has been an  
15 increase in wages per campaign but there's other variables in that. We  
could increase the number of books that are being sold, so it's a bit  
hard. I don't have it on a per book basis.

No. And you're also saying you're employing people on an hourly basis  
now plus volunteers to chase up book returns and those costs can  
20 increase?..... Yes, we certainly increased our efforts there and we  
have changed our prizes to - we've gone from paying a bookseller prize  
of \$1000 which means that a person who has helped us by selling a  
book has a lucky draw - we now have a car for the bookseller so we  
have two cars in the raffle, so are appealing to the greed factor to get  
25 people to actually get the books back. So you do change your  
marketing techniques.

Mr Paterson addressed you in relation to selling skills that your people  
have. If - and this arose last week with the witnesses brought forward -  
how long - or if someone is making 47 calls per hour on average, so  
30 they're spending less than a minute and a half per call on  
average - ?..... Yes, but of that, 30 per cent of the calls won't get  
answered and you've got engaged, et cetera.

Right. Okay. So how long would you anticipate someone actually on an  
answered call spending on a call? If it's been answered, how long do  
35 they spend?..... On the average it would be less than a minute.

And if someone is rejected and said, no, I don't want to buy anything,  
how long do the people spend then using sales skills to change that  
person's mind?..... Not very long. We don't use pressure. If people  
say no, look I'm not interested, that's the end. We don't try and circle  
40 close them or anything of that nature.

So the skills that you're talking about aren't probably sales skills,  
they're more communication skills and voice modulation and sounding  
pleasant?..... Personal skills.

Personal skills and communication skills rather than sales skills for the telemarketing of raffle tickets?..... Yes. Put it this way, with a voice like mine I would not be selling raffle books on the telephone.

5 And the other information you gave to Mr Paterson revolved around the information that your telemarketers had on the organisation and you indicated that your people selling goods have a knowledge of the product that they're selling of the goods; are your telemarketers required to have information or knowledge about the Guide Dogs Association generally?..... Yes, on occasions they are asked  
10 something about us or something that's topical so we do tend to give them, in their induction, an amount of information about the organisation and we do that with Save the Children as well, so that they could answer some fairly basic questions for people.

15 Basic questions?..... Yes. People have an expectation that they're actually working -

And do you have any sort of ongoing information sheets going out to your telemarketers to say this is what is happening with the organisation if people ask, or this has happened and here's some current information?..... No, only if there was an event - a public  
20 event of significance like the attack on the guide dog a couple of weeks ago. People will ask how is that dog getting on, so we make sure that the girls are updated - or guys - on a regular basis.

25 So information about guide dogs and training and all that information they do not have, they would refer them through to other people in the organisation?..... Yes.

So they have limited and basic knowledge about the organisation as such?..... That's right.

30 Now the other indications you gave in relation to the piecework that the people that come in through the day, if it's not working for them they'll go home early and Mr Paterson asked about paying the hourly rates. If you had to pay hourly rates across the board or a guaranteed minimum rate for piecework, would you employ people through ..[inaudible].. ?..... No.

35 And would you be doing contract work for other organisations?..... No, it would be my view that we wouldn't because we're a charity, we're not in the position of taking major order of risk. I'm not saying that we expect our pieceworkers to take the risk, we try and make sure that it's a reasonable expectation. But over a total campaign it could be a very significant risk if you didn't know the charity really well and  
40 have the yardsticks already to hand. So we wouldn't enter into that, it would be too risky.

If a piecework rate was introduced that had to guarantee a minimum hourly rate, you wouldn't employ pieceworkers?..... We would move out of contract work.

5 And out of piecework?..... Yes, well, piecework applies to the contract.

If someone comes to you - and when you have people attend for recruitment and you talk about experience and it's after three years that your people move up to that level, under the draft award the adult entry rate is for experience in the industry or with other employers, if  
10 someone comes to the Guide Dogs and they say, well, I've done telemarketing for ESP or for MS or Red Cross or anyone, how do you approach that person in terms of their pay rate?..... Well, we would normally take them on at the basic entry rate.

Right - even though they've had experience?..... That's right.

15 And how long would you keep them at that?..... Three years before they'd move up to the next rate. But, obviously we are paying significantly more than ESP anyway to start with so people who would come to us would come because there is an advantage and in terms of the rate, the regularity of the work and the time of the work.

20 But at the end of the day, it's a fixed figure and they know they are there for three years?..... Yes.

So previous experience doesn't really count for much as far as you're concerned?..... No, well, because I think that a person who is good at what they do will get up to speed very quickly because it's a  
25 personal qualities thing rather than a training and skilling thing.

And there's also other incentives with the 50 cents per credit card and bonuses for selling the most and things?..... And for a good sales person, the commission rates are attractive because they can make  
30 above award working on the piece rates for contract work as well as they might do for Guide Dogs.

Now if you had to introduce the hourly rates though, would the other bonuses be offered as well for the \$50 voucher of goods and those things; would you still be looking to offer those?..... We'd still be looking at ways that we could incentivise, yes.

35 Thank you, commissioner.

COMMISSIONER: Thank you. Thank you, Mr Wright, that's been very enlightening. You can be excused now.

**WITNESS WITHDRAWN**

MR CAMERON: Commissioner, we have one more witness and that's Mr Graham Innis.

COMMISSIONER: How long do you think this is going to take?

5 MR CAMERON: At least as long as Mr Wright, so probably an hour or so at least.

COMMISSIONER: Do you think it might be wise to adjourn at this point?

10 MR CAMERON: It may be opportune to have half an hour or whatever the commission requires for lunch and then come back after that because we envisage at least an hour or hour and a half of time for Mr Innis' evidence.

COMMISSIONER: So what's your preference, Mr Paterson?

15 MR PATERSON: I don't mind. I don't mind if we continue through till - I'm in the commission's hands on this one. I think it certainly would take well, at least an hour, probably marginally over.

MR CAMERON: Mr Innis is from an organisation that is solely using piecework so the evidence will be different than the evidence of these witnesses and we'll be concentrating a lot on the piecework rates.

20 COMMISSIONER: I suggest that we actually take a luncheon adjournment at this stage and return at 2.00pm.

**LUNCHEON ADJOURNMENT 12.28pm**

**HEARING RESUMED 2.06pm**

25 MR CAMERON: Thank you, commissioner. Commissioner, our final witness in today's proceedings is Mr Graham Innis.

**GRAHAM FRANCIS INNIS, sworn:**

30 MR CAMERON: Thank you, Mr Innis. Could you advise the commission of your current occupation and position?..... Certainly. My title is Fundraising and Development Manager for the MS Society of Tasmania.

35 How long have you been in that position?..... I commenced as development manager with no direct responsibility for raffles, telemarketing, that sort of area, on 1 May 1995 and during 1996 as the situation within the MS Society changed with staff movements and that type of thing, I first of all took on responsibility for the MS Readathon and later - about halfway through 1996 - I was given responsibility for all raffles.

In relation to the raffles, what component of the business of the MS Society is that raffle business?..... Currently?

5 Yes?..... We seek to raise approximately in total \$1.4million a year from the Tasmanian community from all sources and raffles of that has made up in the last year or two \$1million to \$1.1. Currently we're looking at less than that in fact - about 0.9.

10 And previously has it been - have raffles contributed a large proportion of your fundraising? ..... Indeed. That's very much the case. The MS Society, aside from government funding, the income received from raffles would be regarded as the key income stream.

15 How long has the MS Society been running raffles, are you aware?..... I actually can't answer that question, but I can indicate that our Christmas raffle that we're currently running, we call raffle No. 68. I've been responsible for the last 28 of them. I remember coming in at raffle 40. I would guess - I would say the late eighties but I really couldn't put a figure on that.

That's fine. And your previous experience before MS Society, were you otherwise involved in telemarketing or telesales at all?..... Not previously, no.

20 Now with the MS Society, the operations - and you're aware that this matter before the commission is mainly looking at telemarketing and telesales, in particular the evidence you're providing - the operations of your telemarketing division, can we go through that for the benefit of the commission. How many telemarketers do you employ at the MS  
25 Society?..... At any one time, given that it's in many ways a transient workforce, at any one time we might have 20 to 25 people employed with us.

30 Now when they're employed with you, is telemarketing all they do?..... That's correct, yes. Oh, that's not strictly correct. We do offer some other opportunities to some people. There may be relief reception work, there may be some external raffle sales, that sort of thing, but on the whole that's their purpose.

35 Now the operations for the telemarketing, can you explain to the commission the conditions under which they work and in terms of facilities and also equipment that they use?..... Are you referring to the physical environment?

40 To the physical environment and the equipment that they use for their job?..... Okay. We're located only at 15 Princes Street, Sandy Bay. We have in the past telemarketed from our offices in Launceston. I actually ceased that practice about probably two to three years ago. We have one designated telemarketing room which has six booths which we tend to only use in the mornings and then we use that and a number of other desks that become available after, say, four or five in

the afternoon so that we are limited of course by the number of outbound telephone lines that we have which is - well, there's a maximum of about 25.

5 And the telemarketing facilities - how are your telemarketers operating? What sort of information are they provided with and what equipment do they use for their job?..... We provide them with either of two sources of data. One source would be obviously from our in-house computer system. That's what we call hot-calling. The other source is effectively from the Telstra white pages. We actually receive it  
10 from a Tasmanian company called Tas Search and we receive the information - it's effectively a download from the white pages on and via the Internet and we receive that on a CD every three months. But the main purpose of that of course is to continue to receive quarterly updates so that we're constantly aware of changed and deleted  
15 telephone numbers and indeed new numbers.

Do the operators or the telemarketers have computers on their work stations?..... No, they don't. Our situation sounds to be very similar to what Mr Pockett described on behalf of ESP this morning where the telemarketers are basically provided with a work space and  
20 a telephone and sheets to call from, other sheets on which to indicate hopefully their successes.

So if we look then at the type of people that are employed at MS Society in the role of telemarketing, where do you source these people from?..... We receive a number of telephone calls on a fairly - I wouldn't say a regular basis - but fairly frequently from people  
25 knowing that we are fairly persistent in the area of telemarketing, raffles in particular. We might receive two a week of people like that. Some have experience, some not. That's not a particular concern to us. But on the whole we place advertisements in the 'Mercury' from time to time and that's basically where we get most of our potential people  
30 from.

And what sort of people are these people that are employed? Well, I suppose firstly if we look at the nature of the employment, are they employed on a permanent basis or part-time or casual?..... No,  
35 they're employed purely on a commission or piece rate basis which we explain very thoroughly to them in the initial phone call and then subsequently. We tend to take people in as a group and that would occur every - possibly every six weeks on average - where we - I actually take the initial induction session myself which tends to run  
40 for two to three hours and then training is shared between myself and Julie Bird, my telemarketing supervisor. But in relation to the people themselves, they're drawn from a broad cross-section. The descriptions from both Mr Pockett and Mr Wright earlier in the day I think are fairly apt. They may be students, they may be - I don't particularly like the term 'housewife' these days - but they may be people in that category.  
45 They may be people just seeking a second income. We interestingly employ a number of people who - I don't think I'd say it outside this

room - but I think they're people who might not fit into what you might regard as a standard work environment for a number of reasons. I know we do have a number of people on different forms of benefits from time to time - disability and TPI and others. We have one  
5 particular person who I especially value. She is not especially productive in a statistical sense but I am aware that her son had MS and in fact died and I think she sees her work there as her contribution, if you like, to the work of the MS Society. So really, there's a very broad cross-section of people.

10 You indicated to the commission that when recruiting these people you clearly set out to them that they would be working on a piecework basis. Do you have many people then that decide not to start work with you?..... I have to say I've never really put a figure on it. We're very up front about that. There would be no doubt in anyone's  
15 mind by the time they actually come to the first training session, that that's the way it is. There may be a few that fall by the wayside in that time. I must admit I don't deal with that directly. As I said, my telemarketing supervisor does the major recruiting, but certainly it is explained in some detail.

20 What hours do the - sorry, just with those people - and when they reply are you concerned with experience in the telemarketing area?..... Not at all. I take a fairly broad view as far as that is concerned. In fact, I often think that people with no experience can in many ways be preferable. It's certainly not a prerequisite at all. I  
25 always say to them - actually when I have an intake - I always say, look, there's no right and wrong answer here, please put up your hands if you've telemarketing experience before because it just helps more than anything just to guide the training session. If I've got a room full of people who have never telemarketed before, obviously the  
30 training is handled a little differently from how one might if, say, half do have experience and half don't. But that's the only time I ask the question.

And what sort of skills do you look for in these people when they apply for the job?..... Fairly basic. I'd say that I mainly look for a fairly  
35 basic aptitude for what we do. I always make the point to them that - I mean obviously a pleasant telephone manner and handwriting that hopefully is better than mine is really all that we require.

And the hours that these people work, what are the hours that the MS Society run these telemarketing exercises?..... We telemarket  
40 fairly constantly and we operate five days a week plus Saturday mornings. The hours, Monday to Friday, would be 9.30 until 1.30 for what we call the morning shift and 4.30 to 8.30 for what we call the evening shift and then we also have most Saturday mornings from 9.00 till 1.00. The Saturday mornings suit some people and don't suit  
45 others and all we say to people is that we like you to work one Saturday a month. It's not necessarily an issue because - I was a little surprised by what Mr Wright said earlier about Saturdays. Actually we

find Saturdays fairly lucrative and so therefore we don't have any particular problem with getting people to work on those days. There's usually enough people to work.

5 Are they optimum times for your type of business?..... Very much  
so. In fact when I took on the responsibility for telemarketing, I think  
possibly for some years before that there had actually been  
telemarketing when our premises were in Elizabeth Street, North  
Hobart, I believe they telemarketed from, say, 8.30 in the morning to 9  
10 o'clock at night which was fairly intense, but that's not right  
throughout the year, that's just for the actual selling time. I looked  
pretty seriously at the sort of production that we were experiencing at  
different hours of the day and the relative costs, particularly of  
telephones and we dispensed with the afternoon shift altogether in -  
15 I'm guessing a little here - but it was during 1998, I think. It may have  
been a little bit earlier than that.

But generally your hours of operation are between 9 o'clock in the morning and 8 o'clock or 8.30 at night?..... Yes, very much so.

Now the people that you employ, how long do they stay with you? Are there long-term, short-termers or a high turnover - what's the  
20 situation there?..... We would have a core group that I would put  
at about four or five. They're a fairly - once again a different sort of  
group as a group. The longest serving of those would have been with  
us only perhaps two years. I don't think it would be longer than that.  
25 And others, some stay a very short period and others may have been  
with us on average three to six months, but in general the workforce is  
fairly transient and I don't know whether I'm pre-empting anything by  
making this statement but in my personal experience I can't see that  
the turnover factor is any different between when we were previously  
working on hourly rates and currently on piece rates.

30 Are you aware of the reasons why there's this high turnover? Do your  
staff tell you why they're leaving or have you from your experience  
ascertained - ?..... If only I knew. I think it's partly to do with the  
nature of the business in that - in fact I'm quite hopeful about the  
evolution, if you like, of call centres - the call centre industry even it  
35 being referred to as a call centre industry. Hopefully we'll impress  
upon people more the idea, and the more there are opportunities for  
long term employment might change their thinking. But certainly the  
current thinking is, I think for most people, is that it tends to fill a  
gap, except for those that I spoke of earlier who may choose  
40 telemarketing for different reasons, I think they tend mostly to look at  
it as a gap filler between other forms of employment or I suppose the  
generic statement might be, I'm just doing this until something better  
comes along - that type of thing.

45 The rates of pay, you've indicated that you are paying piecework and  
have previously paid hourly rates, what are the current rates of pay  
that you're making to staff and how is that calculated and what's it

based upon?..... We pay \$1.50 for what we call a strike which is basically a - I don't like using the word 'sale' because sale to me indicates when money actually returns to us, I prefer to think of it as a success - \$1.50 a strike for that, and that's paid as normal fortnightly pay every second Monday.

Just so the commission is fully aware of what you mean by a strike, the commission has heard evidence as to the selling of raffle books, how do you ascertain that strike? What's the criteria that you then pay that \$1.50?..... I, as a telemarketer, would ring you at home, Mr Cameron, you would happily support the work of the MS Society by taking - agreeing to accept, I guess I should say - a raffle book and the telemarketer would record that as a strike or a success.

So the issuing of a raffle book is that strike or success that you then reward?..... That's correct, yes, and they would obviously tally a number of those for a shift and then subsequently we pay that as I say normal fortnightly pay.

Are there any other components as a payment to the - ?..... Yes, there is. Telemarketers have the opportunity to earn \$1 for a credit card sale for the reasons explained earlier - that basically the processing is much simpler from our point of view and much cheaper and on the other hand there's a certain amount of resistance to that at the actual point of telemarketing because of course it's very hard to - unless the person called is very au fait with credit cards and the ease of them and all of that, they might easily become insulted on the basis that this person is cold-calling me and suddenly they want money. So it's not as lucrative as it initially sounds, but nonetheless the opportunity is there. In fact some people called will say, look I don't want to think about it, can I just quote you my credit card now which of course is much easier for the telemarketing person. Then the third component is a bonus which we pay at the close of a raffle and that obviously means that someone might wait for a full three months to actually receive a payment and it's just a simple one-off payment and it equates to \$1 for every book or should I say butts that have been returned to us with full payment of \$20. Now on the basis that our figures obviously aren't dissimilar from what Mr Pockett and Mr Wright have mentioned earlier in the day, we are looking at declining return rates for raffles but in general we're looking at between, say, 60 and 70 per cent, so that an average telemarketer would also receive \$1 for each of 60 or 70 per cent of the books that they have put out as a bonus at the end of the raffle.

You use the term 'average' telemarketer, in your experience is it easy to ascertain average sales, average strikes and successes, average returns and those figures? Is it from your experience and the information that you collect and maintain, is that a fairly easy thing to do?..... I have some difficulty with the word 'easy' because I really do believe that telemarketing comes down a lot to a personal -

But can you work out what an average telemarketer - how they should perform in terms of the number of calls and the number of sales and the number of returns?..... Indeed, yes.

5 So you can work out what an average telemarketer should earn?..... An average telemarketer ought to be able to do - to achieve eight strikes per hour. The local industry is tending a little lower than that, possibly six or seven an hour, but certainly eight an hour is possible and a number of people who are very committed to the commission system of course know that they can achieve more than  
10 that.

So eight strikes or successes an hour at \$1.50 is \$12 per hour would be an average income for those people. Now then on top of that they receive either credit card payments or when the books come back they receive a larger amount. What sort of figures can your people earn on  
15 piece rates? What sort of knowledge do you have of what some of those rates have been from your experience?..... The highest in my experience - and I can't put an exact figure on it - but certainly would be in excess of \$20 an hour.

And that's including all the other commissions and payments for  
20 returns and credit cards?..... That's correct, yes.

So these people can earn \$20?..... They can, yes.

Do you have many people that earn over the eight successes or the \$12 per hour?..... Not - well, at any one time perhaps half of our telemarketing force might earn figures like that but there's quite a  
25 number of variable factors. One particularly relevant one at the moment, for the last three or four raffles we've effectively been cold-calling from the Telstra white pages and for our Christmas raffle, mainly because we have a lot a dedicated Christmas raffle buyers on our computer system, we're hot-calling from an in-house system and  
30 of course the strike rate for that - in fact I was only looking at it in the last couple of days - maybe as good as, say, one in two or one in three calls, whereas in cold-calling an average might be one in six, one in seven, and for a poorer telemarketer might be one in ten, one in twelve or even worse than that.

35 So there is a potential then at different times of the year, different raffles, whether they're hot-calling, cold-calling, to earn substantially more than the \$12?..... Yes, that's the case.

But on average you are saying half earn more and by deduction half earn less?..... Yes.

40 So therefore it's easy to work out an average. In relation to those rates of pay, when people commence with you, does experience dictate anything with you as far as the rates of pay that are paid to anyone or

are they all on the same rates whether they're good bad or - ?.....  
Everyone is exactly the same.

And the benefit that comes from the experience would mean hopefully better sales?..... That's correct, yes.

5 The rate of \$1.50 - how was that calculated and struck?..... When I took responsibility for the area in 1996, the hourly rate being paid was \$12. I perceived some difficulties with that in the way - it didn't seem to reward particular effort and I've sought to change it and I based it on eight strikes an hour and the existing 12 hour rate, and  
10 really it was as simple as that. Anything over and above that of course would literally be a bonus and the bonus paid at the end of the raffle is exactly that - it's a bonus.

For people that aren't earning, say, the \$12 because they don't have the successes or the strikes, what sort of things does the MS Society  
15 do in relation to those - is there counselling, training, inducements or do you worry about them at all?..... Well, because we're so up front first up, part of the process of being up front in my particular case is to say quite bluntly to people, telemarketing might suit you, it might not, and I'm very - we're sort of very open in that way and  
20 therefore there is a comfort zone for people, I believe, if they find that telemarketing isn't to their taste or for some reason they can't achieve the figures they also feel comfortable in coming to either Julie or myself and saying, look, I'm really not making it here or I really hate it, I want to go, please let me out. We don't get many of those but all I'm  
25 saying is that they do feel comfortable, there's no particular pressure. We always offer the opportunity of extra training, counselling. We do quite a bit of buddy training where a person who indicates the need or we feel has a need would sit with a more experienced telemarketer and just suggest different ways of - we do like people to keep to a script but  
30 there are different ways of saying certain things. I mean it's very basic stuff to do with telemarketing. One of the ones that I always say which always amuses people is smile down the phone because it makes a big difference as to how you actually communicate over the phone.

So these people that aren't earning, say, the \$12 per hour and they haven't come to you, is there pressure put on them to increase their  
35 performance or do you let them run?..... My key concern in that particular case - because I follow the statistics fairly closely - is an industry phenomenon we refer to as burning leads where it's really a simple decision, from my point of view, of saying if I give 10 sheets of  
40 names to this person I know they will get a certain number of strikes. If, however, I give it to an under performing person then I know they're going to burn the leads.

So that means you're turning people off for future raffles as well as the current raffle - is that what you mean by burning the leads?.....  
45 Burning leads simply means wasting a phone call really. Some inexperienced telemarketers will refine - even though that's the wrong

word - they'll minimise their script to virtually calling you and saying, Mr Cameron it's Graham from the MS Society would you like to buy a raffle book, which of course is just never going to work. Some people have got it and some haven't. But I think the important thing where, in our particular case is that because we employ people very openly on this commission structure, the point that I make is that they know themselves long before I think about tapping them on the shoulder that telemarketing isn't for them or they're simply not earning enough money. You know, they're not even sort of paying their petrol to get there, so to speak.

But if someone is happy to stay there and they're not burning the leads, do you worry about those people?..... Sorry, if they are happy?

If they're happy with the income they're earning, they're not burning leads, but they're happy to make the money they're making?..... In general terms, yes. The other feature that often goes with that situation that you're referring to is that that same person may be intentionally or unintentionally disruptive. They may be not giving an impression of work and that can have a negative impact on other telemarketers. So we watch that one closely, but in general we're happy for people to work at their own pace.

Now the other aspect of that too, is that people will obviously have good days and bad days with sales depending on all sorts of factors. Those figures that you're talking about, they're averaged figures and not just to say someone can earn \$20 a day one day a week, that would be what they average over their employment or over a particular raffle in a week?..... Mm.

The other aspect then is that - and Mr Paterson asked Mr Wright this morning - with these piecework people that are employed, there is a proposal under the agreement - or there is proposal - that if there is going to be piecework perhaps to have an underlying hourly rate, how would that affect the MS Society considering that you are mostly - well, you are all piecework telemarketing? How would that affect your operation?..... The overall impact of a?

Having a minimum hourly rate for pieceworkers?..... I believe fairly substantially. I do actually have some figures here which I calculated on the basis of one raffle. Now I don't have overall figures. I do have my budget figures here by the way so that I am able to tell you what our expected telemarketing bill for the year is. Do you want me to give you that?

Well if you want to go through those figures in relation to the hourly rates?..... All right then.

If you could explain those to the commission and to us?..... This was for our raffle No. 65 which - I've just got to think for a moment

now - it was roughly for the June - no, we finished it at the end of June so it must have been the April May June quarter and what I did was to take the telemarketers' statistics for the relevant two fortnightly pay periods and I came to a total of 2,027 hours worked. Now I'd like to just put a proviso in there. We do like to record as far as possible the hours that the telemarketers do work, but I'd like to point out because they're on a commission basis some are more pedantic than others about actually filling in the relevant boxes. So in a few cases I've had to estimate or assume what their hours would be. For example, if I knew they worked a night - an evening shift, then I've included four hours when it may have been three, it may have been five. So there's a little bit of leeway there. But basically we're looking at a total of 2,027 hours. I've broken those up on the basis of 600 normal hours at \$13.48 an hour.

15 And how have you worked that?..... I took that from the initial copy of the award that we received, so I don't know whether I stand correction on that or -

Between the hours - before 6.30 at night?..... Oh, sorry, yes, between - well, effectively they would be hours between 9.30 and 1.30 and then I've calculated 1,427 hours at \$15.50 and including on-costs I've arrived at a figure of \$33,528.

So based on the hours that you had for that particular raffle using the draft award that you had at the time and that didn't include the last \$15 safety net adjustment, that your total wages bill would be \$33,528?..... Yes, that was my calculation.

And how does that compare with the actual wages that you paid?..... Okay, what we actually paid was in terms of books actually put out into the community, what we call strikes paid at \$1.50, that arrived at a dollar figure of \$11,618 and then the actual bonus paid at \$1 a book for all books that we received back with a full payment of \$20 was a further \$6,721 and that made a total of \$18,339. Now I've included on-costs at a rate of 11 per cent there and we have a figure of \$20,356.

So the way that you ran that particular raffle you're including on-costs - estimated on-costs, did you use the same percentage for both calculations?..... Sorry, yes, I didn't specify that before, but yes, I did.

\$20,356 actually paid and based on the award at the time without the different dollar increase was \$33,528?..... That's correct.

40 So it's a substantial increase in labour costs?..... Well, it's a difference of \$13,171.

How would that impact upon the MS Society as far as that raffle was concerned?..... For a raffle of that size which was in the order of

8,000 books, we would expect to generate a profit in the order of about \$20,000 and a difference of 13 of course makes a quite substantial difference. I will just add one proviso; it's not quite as simple as that because I'm not sure that I could justify in my own mind if we were  
5 paying normal award rates as to whether I could justify 2,027 hours to actually sell that raffle on the basis that certain people, for example, would need to be more productive, but I'd certainly estimate - and I stress it's an estimate - that that raffle certainly would have taken 1,600, 1,700 hours to sell.

10 Right. So therefore on the figures that you had, the profit from that raffle would only be in the vicinity of \$6,000 to \$7,000?..... That's correct. Of course the sort of decision that we would make is, well, is it worth doing it in the first place.

15 Now you said that those hours may vary if you were having to pay hourly rates and they'd have to be more productive, how would you ensure that?..... I've thought about this a lot and I guess it really comes down to the fact of how we used to operate before, and that is, simply to state a minimum acceptable strike rate of eight an hour or whatever the rate is, and those that fall below that obviously would  
20 receive counselling, necessary training and other alternatives, whatever the other alternatives are.

What about supervision? Would that need to be increased?..... Yes. We have a situation at the MS Society which suits a lot of people where it's not overly supervised. I like to be able to treat people that  
25 way - treat them as adults, if you like - and allow them to work at their own pace. I am aware, as a number of staff with us are not aware because they haven't worked in other environments, that I think it wouldn't be unfair to say that a lot of call centre environments these days function very much like concentration camps and - I hope I haven't said the wrong thing there but that is my impression - and -  
30

There's not much demur from anywhere?..... We deliberately - well, it's not my style for a start, and that's an atmosphere that we, if anything, we're at the far extreme of.

35 If you were paying hourly rates though, and people had to achieve these standards and you couldn't afford to have people not working, would you have to employ more supervision or less supervision?..... Absolutely. I mean there's no - certainly, yes. There's no doubt about that. The two main - well, I'd have to say failings of people who work as telemarketers are firstly there seems to  
40 be an automatic veering away from the script over a period of time, they just sort of get very comfortable with a certain way of saying some things that aren't what I want to hear, and the other one, it seems terribly basic, and it is, but most people in telemarketing need it reinforced constantly, and that is, the secret of telemarketing is to stay  
45 constantly on the phone and if they're having a bad day, for example, that the chair will go back and they'll have an extra cup of coffee or go

for a walk around the block or talk to the next person for five minutes or half an hour. What I say to people very emphatically when they start is, the secret of telemarketing, yes, is stay on the phone. There is no doubt in the world that more people will say no to you. That will  
5 happen, I promise you. But on the other hand, you will get more 'yeses' too and therefore you will earn more pay. It's very hard to convey that message to people, particularly those who haven't sold before, just to stay on the phone. It's all about numbers, it's all about volume.

10 So if you've got more supervision to ensure that sort of thing is happening, that would increase your labour costs as well?..... Yes.

The budgeting aspects of it - and you said you've got budgeting figures - is it easier to budget with piecework rates or with hourly rates?..... It's far easier with piecework rates. In fact that was one  
15 of my reasons for contemplating it in the first place. If we know that - in the case of our Christmas raffle, for example, there's 18,567 books and I know that by the time we've actually got all those out in the community, it's cost me \$18,567 times \$1.50 and I know - or I can reasonably expect that 65 to 70 per cent of those books will come back  
20 fully sold and I can really easily account for that. It's very much a fixed cost similar to printing or permit fees or those other sorts of expenses.

You heard the evidence of Mr Cotton on the last occasion we were here where the push came towards the end of the raffle to get sales out and labour costs were therefore increased. Under your system with  
25 piecework, do you have a push towards the end of a raffle to get the books sold?..... We've never had to. You must remember that depends on the number of telemarketing people that you actually have at any one time. One of the things that I've been keen to do over the years - admittedly the MS Society has chosen to be more aggressive if  
30 you like in the selling of raffle tickets, although incidentally for your interest, I believe we have reached a plateau. You know, a million dollars for us is probably a plateau in the environment of Tasmania's declining population. For example, there aren't enough telephone numbers to ring is what it really amounts to. Sorry, I lost my train of  
35 thought there, Mr Cameron. Can you - ?

You're talking about the pressure or the push towards the end of a raffle to sell and we're talking about the number of telemarketers that you actually employ to ..[inaudible].. it?..... Well, the point I was  
40 about to make was that I've tried to reasonably guarantee a continuing flow of work for telemarketers throughout the year. Now it doesn't occur throughout the year. We do have breaks from time to time but the point that I was making is that if we are faced with a possible break of a week or two, what we would tend to do is not replace certain people if they leave, allowing more opportunities for the existing staff  
45 and then we can move on into the next raffle. That was far more an issue with the previous gaming regulations where we only had three calendar months in which to sell a raffle, now we have longer periods,

we're able to flex that more. A difficulty that we're facing at the moment, for example, is that we would expect - we'll sell our Christmas raffle during a four month period instead of three but there's a possibility that we would sell it out by, say, the end of  
5 October and it might mean, unless I come up with a creative alternative, it might mean no telemarketing opportunities at all right from, say, the end of October through November, December and we'd expect to start again in mid January. So that's a problem that I have at the moment because I don't want to lose my good staff. So it's an  
10 issue that needs to be addressed.

Now in terms of the skills that these people have that are telemarketing before you, you indicated what experience and other skills they need, but there's been some suggestion that they need sales skills as such. How long would these people spend in an average  
15 phone call with a raffle book?..... The figures mentioned earlier I think are fairly standard. I would imagine that most people would do between, say, 30 and 40 phone calls an hour. An average call might be a minute to a minute and a half.

So once they go through the script as such and they get the answer  
20 'no', do they spend time or are they expected to spend time converting that person by sales techniques into a positive rather than a negative?..... No, absolutely not. In fact one of the very strong messages that I am quite emphatic about in the initial training is, no means no. Where that gets out of hand if you don't watch it is that if  
25 someone doesn't exactly say no and doesn't exactly say yes, then a more persistent telemarketer of course will include that on their sheet as a strike and the person who receives the book will ultimately be offended and I will in turn receive a fairly, possibly, abusive phone call.

So in effect it's not sales skills as such but communication skills and  
30 being able to - ?..... I would agree with that point; that selling is an element of it but the people who are inclined to support us are inclined to support us for a range of reasons and we might only have to say the words 'MS Society' and that clicks with something in their mind where they think, oh look, my neighbour had MS or my cousin  
35 has MS or something like that and at that point of course it's not a sales environment. So sales is certainly an element of it by all means.

Now just in relation to that, you've mentioned the aspect of books may be sent out for people that don't want them. With a piecework system, there is the possibility obviously for that being abused - ?.....  
40 Certainly.

- that people will earn their \$1.50 by sending out books to people that didn't want them. Is that easy to control or easy to monitor?.....  
It's easy to monitor to the extent that the broader community is very sensitive to that. I insist within the organisation that I personally take  
45 all the phone calls. I shouldn't say all, that sounds as if we get a lot of them - any phone calls that come into the organisation where people

are complaining about the way they're spoken to or having received a book unsolicited or something like that. Certainly, the possibility is there but I'd like to make the point, that the possibility is also there - whether you're paying commission or hourly rates because there's a vested interest of course even if you're receiving an award rate, maybe you're not going to make your numbers for a day - to include one for exactly the same reasons, simply to make your production look good when it's not necessarily the case. All I'm really saying is, it's not something that's specific to piece rates.

10 The knowledge about the organisation - are your telemarketers expected to know much about MS or the organisation itself?.....  
Not a great deal. As part of the initial induction, I would probably spend 20 to 30 minutes - let's say 20 minutes on MS. In fact it's at a fairly basic level. I do quite a lot of talks to schools throughout the state, for example, while the MS Readathon is on and I pitch the talk at about that level, so that we don't get into any difficult areas and I always finish by saying, the reason I've told you this is, part of what the MS Society does is awareness, just to let you know but you are likely to get into a difficult situation on the phone and I always say to them, I want you to let the person say their piece or ask you what they want to ask you and then at an appropriate time say, please understand, I'm on the fundraising side of the organisation, there are others in the organisation who are far more qualified, I have your name and address in front of me, can I have your permission please to have someone call you, or, we will put an information pack in the mail for you. I don't require people to have an in-depth knowledge. I don't want them to have no knowledge at all. I certainly don't want them to dismiss a question but I would prefer that people on our services side of the organisation had the opportunity to talk to those people or to answer any questions that they have.

The other aspect of course and you hinted at it before was, Tasmania's declining population. What other problems are you facing in terms of your telemarketing, in terms of the viability and profitability of the business and how would the implementation of this award impact upon your business?..... Certainly the decline in population is a key issue. There's the other very strong element and the name I give it is, raffle fatigue, where I'm sure all of us in this room would be familiar with being telemarketed in the middle of dinner or at some other inconvenient time. I think there is a great resistance to that and becoming more so. I do counter that with telemarketing people, particularly new ones by saying, certainly there are a lot of people who aren't willing to support us in this way but equally, there are a lot of people who are. A lot of people in fact expect a phone call once or twice a year and are very happy to support us in this way. The other main issue which has been raised a couple of times and it's by far the biggest challenge is, what we call the return rate. We look to receive 65 to 70 per cent of books returned to us with money. I am somewhat embarrassed to say that in the last year or two one or two of our raffles have been as low as - one was 57, 58 per cent and another one was in

the low 60s. Raffles, even though I've been associated with a lot of them and I believe we're very professional at what we do, to some extent they're a roller coaster ride. Some come in amazingly well and all of the pieces seem to fit, if I can use that analogy, but others, for some reason - it might be the time of year, it might be the combination of prizes, it might be any number of things, simply don't perform the way we would expect them to.

Just to go off that tangent for a moment, who's responsible for the call-backs and chase-ups of tickets? Do the telemarketers do that, to chase people up who've got books and not returned them?..... In fact part of the understanding, if you like, or part of the commission's structure is that they do their own telephone call-backs. We effectively regard that person as their customer. They may have established some sort of rapport, if you like, over the phone when they were talking to them, they may not have. It's their customer and they know very well it's in their interests to call that person and to give them a prompt. One of the areas of resistance, if you like, with the people in the broader community is that they won't take a raffle book, not so much because they don't want to support the organisation but because they know that they're very likely to forget the actual book, that it'll stay in the glove box of the car or stay on top of the fridge, or get lost or get washed or something like that, whereas if they know that they're going to receive a reminder call, then they're very comfortable with that and the reason I was making that point is, that's often a part of the telemarketers sales spiel, if you like, to say, I'll give you a call two weeks before the draw and the person is usually very appreciative of that.

Going back then to the problems that you're looking at in the future and how this award may impact on you, are there any other major problems that you're foreseeing that will affect your viability any way at the moment, besides the decline in population - is there anything else that's of concern to the organisation in terms of the telemarketing?..... In a broadbrush sense only. I guess the saturation, if you like. It links with what I call, raffle fatigue but it's just the saturation in the community of this type of fundraising. It's one of the few areas left where we are able to make a reasonable amount of money for the effort, bearing in mind that it's very labour intensive, it's very work intensive the whole raffle area and of course the community is very sensitive about the - in it's most basic terms, the percentage that all charities spend on administration for example. You can argue whether the operation of a raffle is, strictly speaking, administration or if it's in fact just a separate business which produces a surplus but certainly the surpluses have been declining. The standard rule up until two to three years ago was that roughly one third of the income derived would be produced as a surplus and currently we're looking at figures much lower than that, of possibly 15 to 20 per cent. So it really has fallen quite dramatically but that's linked, in part, to the decline in return rate in the first place.

The award itself and the areas we've concentrated on relate to piece rate work, if the award did not have provision for piece rate but had those hourly rates as discussed, how would you see the MS Society coping with that?..... It's a hard one to answer in one sentence. I would estimate, on the basis of the figures I gave you just a moment ago - I'd rather not talk in terms of numbers of raffles by the way because we do raffles of different sizes. In fact, my budget for this coming year allows for six raffles but the all important total is, that we expect to put out into the community 63,000 books. On the basis of the figures that I gave you a moment ago which were based on one past raffle, so they're known figures, and that was 8,000 books. If we were looking at a reduction if you like for every 8,000 books of the figure of \$13,000, then our profitability I believe would be reduced in the order of about \$80,000.

15 That would incorporate of course, not just the hourly rate for those penalties that would flow from the change to the hours that you've normally been operating under for a number of years?..... Mm.

The reduction, from being able to pay a rate until 8.30 at night and having to pay a higher rate after 6.30 at night?..... That's correct.

20 That raffle that you did do the figures for, where the income would be reduced substantially, at the end of day, that's obviously just not worth your while, is it?

MR PATERSON: A bit of a leading question.

COMMISSIONER: Well, it is.

25 MR CAMERON: That raffle that you mentioned before, are they sustainable figures?..... I would have to look very seriously at an alternative but the problem with fundraising overall, particularly in Tasmania, is that I'm not sure that the alternatives are there and therefore I may be forced into a situation of saying, it's \$7,000 that we wouldn't have had if we didn't do it. I can give one example of a raffle which I included over and above budget and it was the Christmas of the year before last. It's very difficult to telemarket a raffle after all charities have telemarketed their Christmas raffles. That's a real challenge. We didn't get nearly as many books out into the community as we would have liked to. The net result from all of that, including actually street selling several thousand dollars worth of tickets at the Taste of Tasmania, we actually ended up with a surplus of - it was about \$10,000. Now, that was disappointing for a raffle but on the other hand we would have to say, well, it's \$10,000 we didn't have if

we didn't do it. The very difficult thing, and this is what a lot of people don't appreciate if you don't know much about the raffle business, is that - well, certainly nothing is sure and the risks are relatively high and in the same way as we made \$10,000 on that raffle, we could easily have made only \$5,000 or even less. Had it rained at the Taste of Tasmania, for example, we wouldn't have had \$20,000 worth of street sales. What we did there was effectively our profit for the raffle. There's so many variables that can change that but on the whole, I would have to say that if I was only looking at \$6,000 to \$7,000 surplus and knowing the resources of the MS Society that are tied up in that, not only in personnel but in computers and a lot of other things, the investment in it, I would doubt that we would proceed.

Nothing further at this stage, thank you, commissioner.

COMMISSIONER: Thank you. Mr Paterson?

MR PATERSON: Mr Innis, I'm still puzzled by a lot of these numbers and I guess it's certainly not a hard science in all of this but you yourself did say that the hours worked would change if you were in an award-based hourly rate system. I think you indicated a minimum of 1,600 hours to run a raffle of that same size as the one we're talking about. It was two sample fortnights, wasn't it? It wasn't the whole raffle you were talking about?..... It was actually the whole telemarketing period which I was able to isolate to those two particular fortnightly pay periods.

So four weeks of that raffle was the telemarketing period?..... That's right.

That could come down to 1,600 hours which means that - doesn't that mean that your estimate of the award costs would come down considerably, from, instead of being thirty three and a half, if I just do it proportionately, if what was 2,000 hours comes down to 1,600 hours, we're talking about 26,000 or 27,000 not 33,000. So we're talking about a shortfall of, say, 6,000 instead of 13,000. The other question I've got there, what sort of bonuses would have been paid in credit card bonuses, if we didn't mention those? I presume they're not huge?..... I don't recall that I included those. Don't be misled here, it's not a significant amount. Most telemarketing personnel, to my personal disappointment, don't even mention them and therefore don't have the opportunity.

What would that rate be of that raffle? You said you had 6,700 fully sold, so if it was one per cent it would be \$670?..... I was about to say, I would be surprised if there'd be more than 100 credit card sales in that anyway so it's not a huge figure. I must admit, I neglected it but it's not a huge figure anyway.

It's not that significant, it's not going to change. The other question I had around the credit card bonus is, do your employees only get that

when the initial transaction is a credit card transaction or do they get it when a book comes back, as I often do - return a book with my credit card payment details for the whole book?..... No. It's only paid initially. The whole theory behind it is that the processing, by doing it that way, which effectively costs us a dollar is a lot cheaper than doing it the other way, where we may have - in your particular example that you gave me, if you're sending your butts back with your credit card details towards the end of a raffle, you've possibly already received a postal reminder and a telephone call, whereas if we can circumvent all of that by receiving that indication first up, then a dollar is a cheaper option.

But the saving is still there in terms of not processing cash, and processing as an EFTPOS payment or whatever. What difference is there between it being processed at the point of the communication than at the point of return of the book?..... At that particular point we are able to simply retain the butts ourselves and send you the tickets only.

The person would usually pay for the return of the tickets to you?..... I beg your pardon?

I pay for the stamp and the envelope to return the butts to you. You don't incur any cost?..... We do send you a reply-paid envelope and most people use that and unfortunately we pay the full rate of 45 cents for reply-pays, so it's a cheaper option by far.

On a similar related issue, you have no way of rewarding people for the time they spend with follow-up or chasing up lost books or anything like that, other than the fact that by getting a sale they get their bonus for a fully returned book?..... That's correct, yes.

They've already got their \$1.50 for the book going out, so in effect there's no reward for that effort?..... There's no direct reward, no, but they know very well themselves that - in fact, we can show them before they start, at any stage what books have come back to us fully sold under their initials for which they will receive a bonus and they're always very low figures, only about three to four weeks out from the draw of a raffle and they can see them build daily virtually.

When you were talking about a return rate of 65, 70 per cent, some times as low as 57, is that books out, books back?..... I'm sorry, I don't understand the question.

The 65 per cent, for instance, is that 65 per cent of the books go out are returned, or is it returned fully paid? Is there a difference there?..... Not a great difference. We do get a number of books returned to us part sold and they don't form part of the bonus system at all. The return rate is basically - if you look at it in terms of individual tickets it's possibly a better way to look at it, of all the books that go out a certain percentage - or if you like, of all the tickets that

go out a certain percentage come back to us fully sold at \$2 each and that ultimately forms what we call the return rate. In South Australia they call it, the paid rate, which is actually a better description, I believe.

5 I certainly agree with you that the books out shouldn't be called sales. That raffle that you quoted the two fortnights from, that was a pretty high return rate, wasn't it? If you got \$67,000 paid at a \$1 a fully paid book on an 8,000 book raffle, that's about 84 per cent. That's very much your, wave the flag, raffle isn't it? In terms of the cost of the  
10 award, what you've cited there is one of your exceptional high return raffles. When you started with the organisation, they had an hourly rate in place?..... That's correct, yes.

What were the main factors that led you to move away from that, and I presume, given when you started and when that stopped you were  
15 responsible for that?..... That's right. I was the one who initially raised the issue, I suppose. The main reasons were what I perceived to be the vastly different productivity between various people. I was aware at the time that we were paying, and I don't know why, more than other organisations were, such as ESP or Royal Guide Dogs. I  
20 know at that stage ESP were paying \$9.50. For some reason, that's a figure that stays in my mind, and we were paying \$12. The thing that was very obvious to me - there were two things. One was that when certain people achieve their required number for the shift, there was almost a stop work mentality. The other side of that of course is, there  
25 is a mystery side to telemarketing which you call banking and that is, if you're working on an hourly rate and you know you have to get to, say, 24 in four hours and you're just doing a little bit better than average on that particular day, then you certainly take the details from the people but you don't necessarily include them with your figures for  
30 that particular day. Instead of doing 24 for a shift, you've done 26, that's two you can start the next day with and that seemed to be a bit of a culture at the MS Society. It was something that I just became aware of. No one actually told me about it, obviously, because it's not in their interest to tell anyone but it was something that I just thought  
35 was unfair and it didn't - I would have liked to have seen those people rewarded for the extra strikes that they were able to obtain.

With a computerised system, that wouldn't be possible would it? The computerisation of these operations would almost eliminate that capacity to bank?..... It's not as easy but it can be done.

40 Depending on the program?..... It depends on how vigilant the people process it at the next stage - the people actually processing the information are, whether they cross-check with the sheets that were actually given for that particular day. Of course, that often isn't the case because you just don't have the time and the staff to do the  
45 amount of cross-checking.

What was the effect of changing from a paid hourly rate to a piece rate in terms of the end result of the raffles?..... The result was that they were, on the whole, more profitable, easier to manage to the extent that that cost is fixed. We know what it is. There isn't going to be a variation. The only variation will be in the amount of bonus paid. Our budgets allow, last year, for a return rate of 70 per cent. That indicates a certain bonus figure. This year our budget is predicated on 65 per cent but at least we know what the effect of that is. The other very obvious benefit is the far lesser degree of supervision that is required for people who are now paid on piece rates as opposed to before.

In your written statement you made, I think, reference to the fact that you're fairly tight about the time people commence but you're flexible in all other areas. How do you actually allocate, given that you've got a fixed number of phone lines and presumably, I think you said six booths and a number of other places where people might be able to work from depending on who else is in their office, how do you actually allocate the time?..... Sorry?

Can people say, I'm here and I want to be here for 10 hours?..... We have a roster system. Does that answer the question?

In part, and maybe I could just ask a little more about how you run that roster?..... What we basically require is for people to work five shifts. That is five days, either five mornings or five evenings. That's fairly unusual to find a staff member who will do that religiously and we are flexible around that and it's not unusual for people to ask for - on average, it might be one night off a week and they might be different nights, for example. We have at different times tried what we call, the line system, which was basically a buddy system. If two people could fill five squares on a roster between them then we didn't query that at all. One person might do Monday and Tuesday, the other one might do Wednesday, Thursday and Friday. That works to a degree but we had some difficulties with that. In general, we try to ask people to work the five mornings or five evenings.

So in fact you are asking people to put in set hours, but then you're allowing a lot of flexibility about whether they actually complete those hours or swap them or whatever? At the end of the day, you're still asking people to work to a roster?..... It's a negotiation process. Because we are commission-based, it's very much a two-way street how we work and my basic requirement has only ever been that people at least tell us what they're doing. If for some reason they're not going to arrive at work, at least let us know. Others, because they're working on a commission system tend not to treat it like a real job, for the want of a better description and, for example, might simply neglect to let us know if they're coming into work or that sort of thing. Our main concern there, Mr Paterson, is simply to get the best use of our resources, meaning my telemarketing supervisor and I know that to achieve a certain result in a few weeks time we have to have a certain

number of phones in use for a certain given period. If, for example, over a period of a week there are ten slots, if you like, when telephones are not in use, then obviously it affects our productivity over a period of time and that's our main concern with both punctuality and simply  
5 knowing that people are going to be there or not.

You mentioned that you do induction training, take in a group around about every six weeks. How many people would be in a group like that?..... It would vary between, in general, say, eight to twelve as a rule.

10 That's starting to sound like - if you do that every six weeks, you're getting close to turning over your workforce every 12 weeks or 18 weeks?..... I'm not sure what the turnover figure is but it is quite high.

15 That number that go through that induction, is there a drop out rate for those who go through the induction and don't take up the opportunity?..... You mean, fairly soon after the induction?

Yes, either straight after the induction or within a day or two?..... We would reasonably expect that - if we have a group of, say, eight people, we would expect that probably half of them would still be with  
20 us after, say, a week. It's a high figure.

You're probably putting on, roughly, four people every six weeks, maybe?..... How many would that be in a year? That would be -

25 Four in six is eight in twelve. That's 50 or so a year?..... It's certainly a high turnover, there's no doubt. As I indicated earlier, we have a core of about four - I may have said four, let's say four to six people who are with us constantly.

You also mentioned that you have people who you characterised as not fitting into a standard and I presume, a more regimented work environment and people on disability benefits and TPI. Are you aware  
30 of the supported wage provisions in awards of this commission?..... I personally am not aware, no.

35 That's a system which allows people with a reduced capacity on account of disability to earn a wage that's proportionate to their ability. So somebody with a 20 per cent ability would get 20 per cent of the award rate. You've not ever looked at that as an option for the MS Society?..... I have to say, it's never been raised with me but I'm keen to know more about it.

40 You also mentioned, in running through that same stream of your discussion, something about those who choose not to continue. What I was wondering there is, what sort of expectation do you think people form in that induction period, about what the earning capacity is?

MR CAMERON: Commissioner, I suppose that's getting a bit - for Mr Innis to hypothesise as to what's in the mind of other people.

MR PATERSON: Is there a mutual expectation of you, of the likely earnings that is communicated to those people by you in those early induction proceedings?..... In the light of certain statements that I make, one that I made earlier this afternoon, the very basic one, the secret of telemarketing is to do it constantly, just stay on the phone and keep ringing telephone numbers. I always put it in that context but I always make the point that people can earn quite significantly from the piece rates that we are providing.

Does this \$12 an hour figure come up in that context, as what they could reasonably expect to earn?..... All I ever indicate to people is that they can reasonably expect to earn at least an average rate or more. Certainly, the opportunities are there for the industry. Some people have worked in other -

Average industry rate?..... Mm.

I think there was one other thing where you confused me for a moment but I think it became clear but for the sake of transcript, I think when you were explaining how the \$1.50 rate was set, that was on the basis of the rate at that time being \$12 an hour and dividing that by eight strikes, to basically get a \$1.50 a strike. The other employees of the organisation who work in this fundraising section of the Multiple Sclerosis Society, I understand there's a person who does data entry. You said there's yourself and the supervisor. Are there any other people who solely do administrative or other work to support the fundraising effort, leaving aside the Readathon?..... We have two people who we have recently changed the title of their position to team leaders. My telemarketing supervisor, Julie Bird, is now telemarketing team leader and Sancia Dillon who was the senior EDP operator is now the team leader on that side and we have one other person. Mr Paterson, you may be a little bit confused there, understandably, because the person who handles our Readathon for part of the year, when Readathon has finished which it has now, moves into an EDP function. From an outsider's point of view it may be a little bit confusing. We have one other person who is more in a clerical function. I think her hours are 20 hours a week, roughly, but that's not to do with EDP, that's just general processing.

For the organisation or for the fundraising?..... For raffles, certainly.

The team leaders, do they also do the phone work, the raffle sales or are - ?..... Currently, no. In the case of the telemarketing supervisor, she is not specifically required to do telephone sales. We have a standing joke, if you like, that when figures are down I expect to see her sitting on the phone ringing people but in general the

productivity is okay and so she is released for actual supervisory duties, which is what I prefer.

The other team leader?..... No, not at all.

5 How are those positions paid, or what rate are they paid at?..... I can't answer the question directly. They've just recently been reclassified, I suppose, for the want of a better word.

Is that rate an award rate, or is it - ?..... It's paid according to the Clerical and Administrative Officers Award.

10 I think in part you've probably answered it with your two fortnights trading but are you able to give us a broader picture of the number of hours worked across a period and the amount of money you're paying out to the employees, so that we could get some idea of what the arithmetical average hourly rate of pay would be?..... I wouldn't be able to - certainly not now. I could certainly obtain any information  
15 that the commission would require. For example, I'm able to give you a dollar figure for what I expect to pay telemarketers during this current budget year but obviously that's not relevant particularly without the number of hours attached to it.

20 If we go back to that two fortnights, you said a little over 2,000 hours worked and you identified an amount of money, \$20,356, that was paid out. If we took 11 per cent for on-costs off that - so if we took 89 per cent of that, would we have a reasonable estimate of the money paid for 2,000 hours?..... I'd have to go into that one in a little bit more detail. It's not something I could answer here, I don't think.

25 As with the previous witness, it may be some information that's useful to the commission and to the parties in looking to resolve this piece rate issue.

30 COMMISSIONER: Yes, it would be very useful. Perhaps we could do the same thing as with the other witness, and you provide it to Mr Cameron who, I think, will undertake to provide it to both Mr Paterson and to the commission.

35 MR PATERSON: Again, I think the most useful information will be across the spectrum of raffles, so not just your best and not just your worst. Again, any qualifications you feel necessary to make on the accuracy of the hours worked. Obviously, the money paid out can be  
40 down to the cent, if you needed to?..... Could I just make one point and that is, because - and I indicated this earlier - because we work on a commission basis, it's sometimes - I remember saying not so long ago, that some of our telemarketers are more pedantic than others, about filling in forms. While they indicate that they're on a roster, say, from 4.30 to 8.30, in fact it may have been 5.00 to 7.30, or something like that. The actual number of hours isn't necessarily going to be valid. As long as you understand that there's -

COMMISSIONER: Well, perhaps you could provide some explanatory notes with the figures where you think appropriate?..... As long as you understand that I can't be absolutely regimented about it. I do ask them to sign a sheet that becomes their official pay sheet, if you like, and we do ask them to include the hours that they've actually worked. Some are absolutely truthful about it and others aren't.

MR PATERSON: Would there be circumstances where perhaps if somebody wasn't getting the strikes, they worked longer than what was nominally on the sheet?..... That may happen within certain -

I'll just hang about a bit longer and try and get that next one?..... It certainly does happen from time to time but, when all is said and done, we largely designate, or just simply from experience, we know that the main benefit of telemarketing, if you like, is to be found between the hours of 9.30 and 1.30 and again between 4.30 and 8.30, so really, calling outside those hours, extending them either way, really isn't such a viable option.

I've two final questions and they may lead to a couple more, but we've identified in these proceedings yourselves, the Guide Dogs Association, ESP and Red Cross that are the major players in the Tasmanian market in terms of telemarketing fundraising. Are you aware of any other Tasmanian organisations that are in this business?..... The only other one that went through my mind when that question was asked earlier, was St Giles in Launceston. I think that they may have used ESP in the past but they may do their own. It's something you may wish to investigate.

Do you have knowledge of the wider issues in terms of who else, elsewhere in the country, would be telemarketing in Tasmania or taking up contracts for Tasmanian organisations?..... I don't have particular knowledge. I hear of situations from time to time and I wish it didn't happen, needless to say, but no, I don't have any particular information there.

Globalisation could be a real threat. The other question I wanted to put to you is, what opportunities do you think there are that come through the changing regulatory regime. We heard from a previous witness that the tendency might be to go for smaller prizes than more tickets, you've clearly got options. Now, to put more tickets, bigger raffles, out there, do you see opportunities or threats in those changes?..... We've done a great deal of soul searching in the last three months since the new Gaming Commission regulations were released. One of the major changes is, the life of a raffle now is changed from three months up to as long as 12 months. That sounds good when you first hear it but in practice it doesn't really work. Unless we were doing something really substantial like a house and land package or something like that, which really needed 12 months to sell and, importantly, people would understand why it needed 12 months to sell, the regulations don't look as good, in reality aren't

quite as lucrative as they appear. With regard to the changed percentage allowable, where we're now able to sell five times the value of tickets, once again the limiting factor very much is the declining Tasmanian population. I need to clarify one point there and that is, we  
5 as the MS Society in Australia have an agreement, a protocol, if you like, that we don't telemarket into other states. That's a limiting factor on us which I daresay applies to - it's a protocol that exists in most national organisations and I would suggest that Royal Guide Dogs and cancer organisations and those would be fairly similar. The main  
10 difficulty is simply the very finite nature of the fundraising environment in which we work. The additional difficulty of course is the declining corporate base. In fact, I'd go so far as to say, almost that it's non-existent now.

Just one other thing about the gaming regulations and it's a question  
15 put to you, not knowing those regulations, is there anything that controls how many raffles can be run at any one time in Tasmania?..... No.

In fact, each of those four organisations could be competing for the same fundraising dollar with a major raffle at the same time?.....  
20 In fact, more than one. There's way too many for the size of the population. Our choice at any one time is to - we have many times said, do we get out, do we entertain the idea of, for example, negotiating with ESP, do we have discussions with Royal Guide Dogs, will they sell for us, indeed, should we sell for another organisation.  
25 We've thought of opportunities such as the MS Society of Victoria selling on our behalf. The boot is on the other foot. We've also looked at the possibility of selling on behalf of the MS Society of Victoria. We've investigated so many different opportunities, only to maintain some sort of sustainability.

30 But effectively it's unregulated in terms of when raffles are run and how many are running at any one time?..... Mm. I personally wish that the Gaming Commission was a little bit more selective or stringent with some of the permits that are offered to organisations that aren't similar to, say, the MS Society or Royal Guide Dogs who do  
35 actually provide, I believe, a genuine community service. There are a number of organisations, for example, pick a football club, for example, taking a holiday in Bali at the end of the season, do they have a legitimate claim. That's just a personal question that I ask.

40 Or a community sporting club of any type that has no other funding?..... Well, indeed.

The last thing I'd like to put to you is, if wages in Tasmania went up by 20 per cent, people would have more capacity to buy your raffle tickets, wouldn't they?..... I don't think I can answer that one, Mr Paterson.

Thank you for your evidence.

COMMISSIONER: Mr Cameron, do you wish to re-examine?

MR CAMERON: No, thank you, commissioner. I don't think there's anything I need to address.

5 COMMISSIONER: Thank you.

**WITNESS WITHDRAWN**

COMMISSIONER: Do I take it that this is the end of today's proceedings?

10 MR CAMERON: Yes, commissioner. There's nothing further in terms of witness evidence that we wish to provide to you. I anticipate that on the next occasion we will be making our final submissions and handing up any other documentation that we'd wish to address.

COMMISSIONER: Any possibility of any discussions between now and the next hearing date to see if -

15 MR CAMERON: I suppose there's always a possibility. Mr Paterson and I always like to chat.

MR PATERSON: Certainly, there was the one issue that was raised, I think, by Mr Wright that I'm happy to have a look at in terms of whether there should be some definition of basic use of a computer-based processing and prompting system. I can see that that is 20 arguably something different to computer skills and keyboard skills, so on that point I'm happy to look at some way of accommodating that.

25 On the question of piece rates, whilst I can acknowledge the circumstances, I've still got some principled concerns about allowing something like that and I would maintain the position that there are mechanisms better than the award safety net to achieve that end and we'll continue to run that.

30 The penalty rates issue, again, I see that as an issue of the disadvantaged, in a sense, the social disadvantage to the employee on the one hand and the fact that the rates that we've elected to have parity with are daytime rates not evening rates and that'll be the basis of submissions on the next time we're here.

35 There was something else that crossed my mind but I think it's more along the lines of documents that we may need to bring here. It may be useful for me to try and get a copy of the Gaming Commission Regulations. That might be a useful document for the commission to have but apart from that, I think the next time we're here - I would like to leave here today understanding and believing that that will be the

conclusion of these proceedings, subject to whatever orders you may be left to issue.

COMMISSIONER: We'll adjourn until 10.30am on Thursday 28 September.

5 **HEARING ADJOURNED 3.49pm**

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