

**Submission
No 25**

SKILL SHORTAGES IN NSW

Organisation: Parkes Shire Council
Name: Councillor Ken Keith
Position: Mayor
Date Received: 21/06/2013



PARKES SHIRE COUNCIL

Progress, opportunities and a quality lifestyle for our residents

KB:AW

Contact Person: Kent Boyd

21 June 2013

Legislative Assembly Committee on Economic Development
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Sir

SUBMISSION TO THE LEGISLATIVE ASSEMBLY COMMITTEE ON ECONOMIC DEVELOPMENT

Parkes Shire Council would like to thank the NSW Government for the opportunity to comment on the value and contribution of skilled migration in NSW especially in regional communities, the public sector and professional shortfalls.

Council believes that skilled migration plays an important role in the prosperity of regional NSW especially in areas such as health and engineering where regional areas find it difficult to attract professionals. Council has started initiatives to encourage local people to take on these skills such as the School Based Training Scheme discussed in the submission.

Council also acknowledges that the demand for skilled labour and the need for skill migration is cyclical especially in regional areas, which rely on mining and agriculture like Parkes. Currently with the down turn in mining the demand for skilled labour has decreased therefore, we are not seeing as much skilled migration. However, 18 months ago there was a shortage within the Shire with local businesses finding it difficult to employ truck drivers, mechanics and skilled professionals, thus there was a greater need for skilled migration.

Council would like to extend an invitation to Mr David Elliott MP (Chair) and the members of the NSW Economic Development Committee to visit Parkes to discuss issues highlighted by the submission. We understand that we are all subject to very tight schedules so we are also more than willing to travel to Sydney to discuss the implementations of the initiatives raised by the Strategy.

Should additional information be required Council's General Manager (Kent Boyd) and/or Business and Economic Development Manager (Anna Wyllie) would be pleased to oblige on

Yours sincerely

Councillor Ken Keith
MAYOR



Parkes Shire Council
Submission to the
NSW Legislative Assembly
Committee on Economic Development
Inquiry into skill shortages in NSW

Table of Contents

Terms of Reference	page 3
Overview of Parkes Shire	page 3
Statistical Background	page 4
<ul style="list-style-type: none">• Employment• Wages• Aging Population• Unemployment Rates• Education Levels	
Government Initiatives	page 7
<ul style="list-style-type: none">• Job Action Plan• Resources for the Region• Government Agent Relocations• Regional Relocations Grants	
Case Studies	page 9
<ul style="list-style-type: none">• Healthcare• Challenges in Recruiting Midwives / Registered Nurses• Bosmac Parkes NSW• TAFE• Parkes Shire Council	
Conclusion	page 11



Terms of Reference

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Overview of Parkes Shire

Parkes is a thriving Shire with a population of over 15,000, centrally located within NSW. Parkes is literally the cross roads of the Nation with the Newell Highway, connecting Brisbane and Melbourne, and the transcontinental railway linking the eastern seaboard to Perth meeting in Parkes to form a unique logistics opportunity for Australia. Parkes is also well served by road to Sydney through Bathurst and over the Blue Mountains. Further Parkes will be one of the major freight centres for the Inland Rail, which will run through central NSW and link Victoria with Queensland by rail. These unique characteristic has made Parkes one of the most strategically significant locations in the future of transport and logistics operations in Australia, it also makes it an attractive place to live, work and invest.

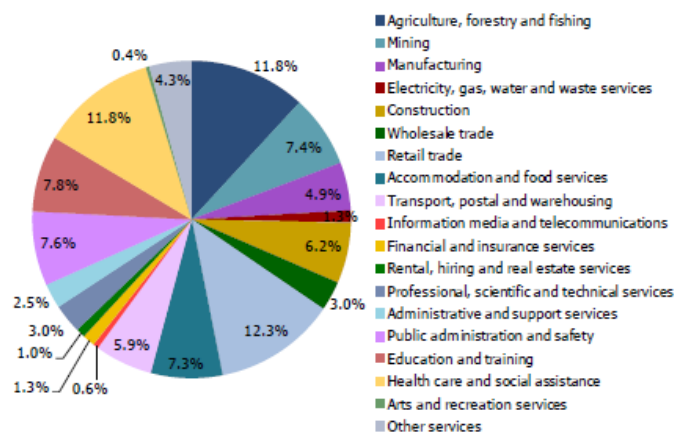


Statistical Background

Employment

Parkes Shire is very lucky to boast a diverse employment market, the diagram below demonstrates this. This diversity has meant that even through draught and the down turn in mining the Shire's Gross Regional Product has grown at a rate of approximately 2.3% pa and is now over \$1 billion (2011/12).

Figure E.2: Employment by Industry - Parkes Shire, 2011



Note: Based on place of work.
Source: ABS (2012)

Wages

The availability of skilled labour (apart from health and education services) in the community does fluctuate depending on the demand from mining. When Rio Tinto's Northparkes Mine has been in expansion phases businesses in town have suffered in not being able to higher skilled labour such as plumbers, builders, truck drivers etc due to the fact that the mine pays higher wages (please see below table). However, at the present moment this trend has been alleviated as Northparkes have scaled back their operations and are not using as many contractors thus releasing skilled labour back into the community.

Industry Wages

Table E.5: Average Individual Weekly Wages by Industry , 2011

Industry	Parkes Shire	Central West SD	NSW
Agriculture, forestry and fishing	\$625	\$700	\$729
Mining	\$1,463	\$1,606	\$1,631
Manufacturing	\$915	\$996	\$1,048
Electricity, gas, water and waste services	\$1,329	\$1,345	\$1,373
Construction	\$912	\$963	\$1,030
Wholesale trade	\$955	\$895	\$1,107
Retail trade	\$555	\$582	\$662
Accommodation and food services	\$476	\$498	\$549
Transport, postal and warehousing	\$1,017	\$923	\$1,063
Information media and telecommunications	\$777	\$841	\$1,257
Financial and insurance services	\$854	\$1,023	\$1,372
Rental, hiring and real estate services	\$659	\$922	\$1,069
Professional, scientific and technical services	\$1,044	\$1,019	\$1,272
Administrative and support services	\$656	\$771	\$861
Public administration and safety	\$1,183	\$1,198	\$1,247
Education and training	\$1,048	\$1,094	\$1,111
Health care and social assistance	\$850	\$923	\$958
Arts and recreation services	\$565	\$606	\$804
Other services	\$644	\$758	\$801
Total	\$861	\$918	\$1,005

Note: Based on place of work.
Source: ABS (2012b)

Aging Population

Parkes Shire has, like many regional communities, an aging population which will put additional pressure on our healthcare sector over the next 20 to 30 years. Healthcare is a sector which regional areas struggle in attracting professional as the case study (page 9) regarding registered nurses and Midwives will demonstrate.

Table B.2: Age Profile - Parkes Shire, 2011-36

Age Group	2011	2016	2026	2036	Change (2011-2036)
0-14 years	3,284	3,180	3,184	3,068	-216
15-24 years	1,707	1,569	1,419	1,366	-341
25-34 years	1,521	1,818	1,668	1,579	58
35-44 years	1,762	1,829	1,950	1,836	74
45-54 years	1,967	1,974	1,841	1,903	-64
55-64 years	1,717	2,016	1,982	1,859	142
65+ years	2,635	2,889	3,617	4,109	1,474
Total	14,593	15,275	15,661	15,720	1,127

Source: ABS (2012b), NSW Department of Planning (2008), AECgroup

Unemployment Rates

Unemployment rates in Parkes have remained steady over the past 7 years, although they are a little higher than the Central West and NSW. Despite this there are many industries in town who find it difficult to attract labour and are looking to interstate and overseas labour to fill the gaps, please refer to the Bosmac case study (page 9).

Table E.1: Unemployment Rates, 2006-12

Area	2006	2007	2008	2009	2010	2011	2012
Parkes Shire	5.9%	5.9%	5.3%	5.3%	6.1%	5.7%	5.5%
Central West SD	4.8%	4.8%	4.6%	4.8%	5.1%	4.9%	4.9%
NSW	5.3%	5.1%	4.6%	5.7%	5.7%	5.1%	5.2%

Note: Figures are at end of June each year.

Source: DEEW (2012)

Education Levels

As the table below demonstrates Parkes' tertiary qualifications are lower than that of both the Central West and NSW. The result of this is that employers struggle in attracting highly skilled labour such as engineers. Council has been proactively trying to address these shortages through projects such as the Parkes University Study Centre.

Council, TAFE Western and Charles Stuart University have entered into a MOU to actively participate and cooperate in support for the broader planning and growth of Parkes, by developing opportunities for higher education for Parkes and the Central West. The University Study Centre will be instrumental in addressing one of the strategic objectives of the Parkes Shire Council 2012 Community Strategic Plan to develop Lifelong Learning Opportunities.

Table B.4: Tertiary Education Qualifications, 2011

Qualification	Parkes Shire	Central West SD	NSW
Postgraduate Degree	1.2%	2.0%	5.1%
Bachelor Degree	8.8%	10.7%	16.8%
Diploma (Advanced / Graduate)	7.8%	9.6%	11.6%
Certificate level	28.9%	27.7%	21.1%
Total Qualified	46.7%	50.0%	54.6%
No Qualification	53.3%	50.0%	45.4%

Source: ABS (2012b)

Government Initiatives

Job Action Plan (regional component)

Parkes Shire Council welcomes the NSW Government's initiative of a payroll tax rebate of up to \$4,000 per employee for every new FTE position created to encourage 100 000 new jobs, 40 000 of which will be regionally based. Council would be interested in looking at how well this initiative has been taken up in regional areas, and if it has resulted in skill migration to regional areas, especially as many employers over the last few years have faced challenging financial times.

Resources for the Regions

Under the Resources for Regions Policy, up to 3% will be allocated to mining-affected communities. Council notes that for the financial year 2012/13 most of the money allocated under this scheme has been concentrated within the Hunter Region. Mining has an impact on many local government regions across NSW. It puts pressure on infrastructure, roads, aviation, water supply, healthcare sector, housing and education. In the future Council would ask that the NSW Government call for submissions/applications from Local Governments who are affected by mining to help prioritise the projects. By allocating money to these projects the State Government will be creating jobs in regional areas.

Government Agency Relocations

Parkes Shire Council applauds the NSW State Government's efforts to start to decentralise Government Departments from metropolitan areas into regional and rural areas. The relocation of departments with a natural fit to regional area such as the Department of Agriculture to Orange and the Department of Local Government to Nowra shows that decentralisation can be successful and that these Departments are now able to work more closely with their stakeholders.

Parkes Shire Council has made two submissions, regarding NSW Government agencies (NSW Rural Fire Service (RFS) and the Roads and Maritime Service (RMS)) that we consider are quintessentially regional and as such should be relocated to regional/rural areas. Council believes that the relocation of these agencies will encourage skilled migration of skilled professionals to regional areas.

Regional Relocation Grants

Council welcomes initiatives like the State Government's \$7000 relocation incentive however, it also agrees with Associate Professor Phil McManus from the University of Sydney who has stated that pragmatic decisions about relocating to the country are influenced by key factors such as:

- Stage of life
- Affordable housing
- Educational opportunities/ facilities
- Health services
- Sense of community



- Close to family and friends: and
- Full time employment

The Central West and Parkes ticks many of these boxes however, there are still areas such as health and education where it falls behind, creating barriers in attracting people to the community.

Council believes that population growth and decline have a major impact on local regional economies. Growth means that there is investment in the community and retention of essential services such as hospitals and teachers. It also makes the community a more attractive place to relocate. A decline in population can have the opposite effect where a community can lose essential services and people venture outside the community to spend money.



Case Studies

Healthcare

As in all rural and regional community's health, is an important issue and is reflected in the Parkes Shire 2012 Community Plans objectives. Council provides a \$12,000 assistance program for new General Practitioners (GP) and the Parkes community comes together for fund raising events such as the "GP Cup", where annually about \$20,000 is raised to pay recruitment costs for new GPs. Regional Australia and in particular Central Western NSW needs government support to attract and retain GP's in country areas. We would ask that the State Government lobby the Federal Government to support Charles Sturt University's push to open a medical school in Orange which would start to address the shortage of doctors in the Central West.

Challenges in Recruiting Midwives/ Registered Nurses

Parkes Hospital has approximately 200 births a year and it is a vital service for women in the Central West. Currently the Parkes maternity unit is facing a crisis as it only has 3.48 FTE Registered Midwives when the midwifery FTE should be 8.7.

To address the skills shortage, the Western NSW Local Health District are currently running an overseas recruitment campaign in conjunction with the Rural Doctors Network (Nursing and Allied Health Unit). As a result Western NSW Local Health District are now looking at sponsoring a UK trained midwife on a 457 temporary visa with a view to sponsor them under the Regional Sponsored Migration Scheme in the future.

Regional NSW is also facing a registered nurse skill shortage. Currently Parkes Hospital has an Indian trained nurse working on a dependent 457 temporary visa. They have also recently recruited to an emergency department position with a nurse coming from the USA on a 457 temporary visa starting in July.

Bosmac, Parkes NSW

Bosmac Pty Ltd is a family owned Australian company having commenced operations in 1981 at their current premises in Parkes New South Wales. They predominantly manufacturing agricultural equipment and machinery mixed with general and mining engineering and structural work.

Bosmac is finding it difficult to source locally the skilled labour that it requires and is currently employing overseas labour including, Korean factory workers and Iranian engineers. Bosmac Director Bob Haddin feels that some of the difficulties he faces in employing staff and apprentices is the increasing cost of TAFE fees and the scrapping of funding for the Joint Industry Training schemes, which supported 8000 apprentices and trainees in NSW.

Mr Haddin is concerned that the Government has hinted about increasing wages to apprentices to the minimum wage, adding on extra costs onto employers. He argues that it already costs approximately an additional \$21,000 a year to train an apprentice and this added cost would deter employers from taking on young people. Mr Haddin acknowledges



that low wages contributes to the apprentices not completing their apprenticeships, however raising the wages is not the solution. He suggests that more incentives be provided by the government for apprentices such as entitlements to student allowance, allowing them to live, work and study.

Mr Haddin also believes that the opening of TAFE to the market will mean that the "soft courses" will be provided by private training companies and TAFE will keep the "heavy equipment courses" which will increase the cost and reduce the places where the courses are offered, often away from the Centres in the most need of particular skills.

TAFE

TAFE NSW continues to be the backbone of the training system in NSW, playing a vital role in addressing skills shortages in rural and regional areas. As such, it is critical that TAFE and its Institutes remain locally responsive, flexible and autonomous, thus able to provide courses that deliberately and systematically target local skills shortages. The NSW Government's Smart and Skilled reforms – specifically the list of training eligible for Government funding – must be adaptable to individual regions, areas and communities in order to truly address local needs.

A small but illustrative example is the recent cutback to the number of welding courses being offered through TAFE Western's Parkes College; this is an illogical reduction considering a local business has been forced to hire welders from overseas to fill the local skills shortage. Regional and remote areas face unique educational challenges and skills shortages when compared to metropolitan localities, and homogenising training restrictions for these regions without room for modification could have an increasingly detrimental effect on local skill shortages.

Parkes Shire Council

Within regional New South Wales the common skill gaps and labour shortage areas for Local Government are attracting and retaining professionals in Engineering, Health & Building, Town Planning, Leadership and experienced Water and Sewer operators. This situation is exacerbated by the ageing workforce as baby boomer skills and corporate knowledge walk out the door over the next five to ten years. Also adding to this dilemma is the introduction and embracing of new technologies.

An initiative has been developed for the secondary schools within the Shire, in partnership with Council and Skillset to invest in employment opportunities for our youth.

Council has employed four trainees under its first ever School Based Traineeship Program and another three trainees under its existing School Leaver Traineeship Program. The seven traineeships is a commitment identified in Council's Workforce Plan to increase the percentage of young trainees within the workforce which will assist in achieving the Community Strategic Plan objective to Develop Lifelong Learning Opportunities within the Shire.



The School Based Traineeship Program has been partnered and supported by Skillset, Parkes Shire Council and Parkes High School. The program is offered to year 11 students who complete a total of 100 paid work days while completing a Certificate II in their chosen vocation over a 2 year period. Parkes Shire Council was appointed as employer of the year by Skillset for the work Council has done with the SBATS (School Based Apprentices & Traineeships).

Parkes Shire Council has endorsed other strategies Council has initiated to address skill shortages where possible:

- Apprentices/Trainees - Council has set a goal for 5% of its workforce to be trainees over the next 4 years with this extending out to an ultimate goal of 10%.
- Succession Planning - developing and providing opportunities for those interested in higher level positions into the future
- Mentoring Programs - introduction of a formal mentoring program with older employees, under a phased retirement program to assist with the transference of skills and knowledge.
- Leadership Program for upcoming Leaders - targeting aspiring leaders and offering training and work placement opportunities
- Professional Development Program for Senior Staff- Structured development program for senior staff
- Skilled Migration- supporting NESB to relocate to regional area



Conclusion

Skilled migration plays a critical roll in the economy of the Parkes Shire. As has been demonstrated in the case studies it is a vital component in ensuring that our community is prosperous. However, the need for skilled migration is cyclical depending on financial viability of particular industries such as mining or seasonal demand in agriculture. At the moment the Parkes Shire has a lack of skilled professionals within the health care industry especially within nursing and midwifery, programs of skilled migration are being put in place. Council is also aware of the need "grow our own" and has implemented programs such as the University Study Centre and school based traineeships. Council will continue to try and attract skilled migration to Parkes through marketing.

It is Council's wish that well thought out mechanisms can be identified to drive skills migration to rural and regional centres where they are desperately needed. Council again thanks the Committee for the opportunity to comment on the issues.

