

**Submission  
No 31**

## **SKILL SHORTAGES IN NSW**

**Organisation:** Regional development Australia Orana

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# Inquiry into Skills Shortages in NSW

*RDA Orana Submission, 21 June 2013*

## **BACKGROUND:**

The Orana region covers approximately 25% of the land mass of NSW. Orana includes 13 Local Government Areas (LGA) that stretch from Wellington in the centre of the state up to the Queensland boarder past Bourke and Lightning Ridge and west to Cobar. The 13 major towns are: Dubbo, Bourke, Brewarrina, Coonamble, Coonabarabran, Cobar, Walgett, Warren, Wellington, Gilgandra, Narromine, Nyngan and Mudgee.

The Orana region has an estimated population of 117,624 and 54,787 jobs. Dubbo has the highest town population at just over 40,000, followed by Mudgee with just over 14,000. There are over 13,000 businesses in the Orana region in total, with the majority of these concentrated in the Dubbo and Mid-Western Regional LGAs. The Orana region contributes over \$6 billion to the NSW Gross Regional Product<sup>1</sup>.

Orana has a diverse range of industries, the main ones being Agriculture, Health and Community Services, Retail, Public Administration and Mining. There is some Manufacturing, mainly in the food and beverage sector value-adding to the agricultural industry, as well as in the engineering sector supporting the agricultural and mining industries. Another strategically important sector which drives the economy on a season basis is the Tourism/ Hospitality sector. While some parts of the region are thriving, others are constrained by geographic and socio-economic disadvantage, inadequate infrastructure and the difficulty in sourcing, and retaining, skilled staff.

The unemployment rate varies across the region due to climatic and geographic influences and the proportion of agricultural enterprises. There is also a high percentage of Indigenous disadvantage across the Orana with long-term unemployment in certain LGAs. The lowest unemployment rate is in Cobar (3.5%) and is directly related to the number of mining and exploration operations in that LGA.

There are a number of significant skills shortages in the Orana region, some of which are not recognised in existing reports or studies conducted by federal or state government agencies. These shortages exist in the service sectors, as well as the agricultural, mining and manufacturing sectors and are region specific.

Agriculture is the primary land use in 85% of the Orana, which is recognised as one of Australia's most productive farming regions. Agriculture contributes \$403m to the Orana GRP<sup>2</sup>. Coming out of the drought

<sup>1</sup> National Institute of Economic and Industry Research (NIEIR) 2011/12 via i.d.

<sup>2</sup> Orana Economic Profile – draft report, Western Research Institute 2013

the Agricultural industry has struggled to re-staff operations to the level required to take full advantage of the improved conditions.

The mining industry currently has a significant presence in Orana and contributes more than \$740m to the Orana economy<sup>3</sup>, with operations currently in 6 of the 13 LGAs. Over coming years, growth in the mining sector is expected to triple, with at least 12 new mines and 6 expansions to existing operations expected across the wider Orana region<sup>4</sup>. With the rapid growth of mining operations in the Orana, more pressure is being placed on Small to Medium Enterprises (SME) to increase wages in order to retain skilled staff. Replacing staff that have left to take up opportunities in the mining sector is a significant cost to SME in engineering and trade services, in turn limiting their ability to meet opportunities created in the mining and agricultural sectors.

## SKILLED MIGRATION PROGRAM IN RDA ORANA

Regional Development Australia – Orana Inc. (RDA Orana) is the Regional Certifying Body on behalf of the Department of Immigration and Citizenship (DIAC) and NSW Trade & Investment (NSW T&I) in the Orana region of NSW. As an RCB, RDA Orana is authorised to promote, and is directly involved with the processing of, the Regional Sponsored Migration Scheme Subclass 187 visa Direct Entry Stream (RSMS) and the Skilled – Regional Sponsored (Provisional) Visa Subclass 489 (SRS). RDA Orana utilises this Skilled Migration Program to address some of the skills shortages which are significantly constraining economic development in the region and are unable to be filled by existing regional labour resources.

The **Regional Sponsored Migration Scheme (RSMS)** allows Australian employers in regional and low population growth areas of Australia to recruit workers from overseas, or who have temporary visas and are currently in Australia. This is a permanent Employer Sponsored visa which once granted is not dependent on that employment.

RDA Orana assists regional employers wishing to sponsor skilled migrants by providing a first point of contact when the employer is considering sponsorship, or hiring a migrant. Depending on the particular situation, employers may be referred directly to the DIAC NSW Regional Outreach Service to discuss a 457 visa, or they may be advised on how to proceed with a RSMS application. As part of the application for the RSMS, employers must obtain an assessment of the position from a RCB. Utilising information from the employer and local knowledge, the RCB makes a recommendation to DIAC on whether the position is a genuine position, which cannot be filled by the local labour market.

The occupations which are eligible for the RSMS are determined by DIAC through the ANZSCO list of occupations. Employers may only nominate positions which are classified as Level 1 – 3, where one is a degree qualified professional and three would be a fully qualified trade. Many skills in demand in Orana do not meet this criteria and further exploration and flexibility of this aspect is required to meet the demand across Orana.

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<sup>3</sup> Orana Economic Profile – draft report, Western Research Institute, 2013

<sup>4</sup> NSW Trade & Investment – Resources and Energy website

The **Skilled – Regional Sponsored (SRS)** visa is a temporary visa which is part of the points tested General Skilled Migration (GSM) scheme, by which migrants support themselves in their migration, independent of an employer. This visa is currently four years in length. After two years of living in regional Australia and 52 weeks of full time work, holders of this visa are able to apply for permanent residency. RDA Orana has utilised this visa to address predicted skills shortages, and increase the pool of job seekers applying for advertised positions. This visa also provides employers with the opportunity of hiring a skilled migrant without needing to enter into an employer sponsored visa and associated contracts.

Under the SRS visa, the RCB recommends or nominates applicants from particular occupations, to DIAC. To be eligible for this nomination applicants must have a valid skills assessment in an occupation which appears on the Orana Skills in Demand List. To appear on this list occupations must be on the NSW Nominated Occupations List. In turn, the occupations on the NSW list are selected from the national list of occupations which have a national skills shortage. The drawback with this process is that the region cannot sponsor skills unless they have a recognised national and state shortage. In a number of instances there are regional shortages which are not reflected on the State or National listing (e.g. Child Protection Case Managers in Bourke).

The applicant's skills assessment is obtained from an Australian Authorised Assessing Body, which is appointed by DIAC and may be an industry association if one is available. Applicants must also be able to achieve a minimum of 50 points on the DIAC points system. Regional nomination then provides an additional 10 points which will bring the applicant up to the required 60 point benchmark for the provisional (temporary) visa. Permanent visas require higher point scores under the General Skilled Migration scheme. Once the applicant has the regional nomination they apply to DIAC for the 489 visa and DIAC then assesses the application against the point score and according to DIAC health, character and security requirements. It is possible for applicants nominated by RDA Orana to be rejected for the visa by DIAC.

### **SKILLS SHORTAGES:**

In support of its Skilled Migration Program, RDA Orana monitors skills shortages in the Orana region by a number of means:

- Assessing research and statistical data from the Federal Department of Education, Employment and Workplace Relations (DEEWR) and other authorities such as the Associated Colleges of Deans;
- Economic profiling commissioned by RDA Orana, which includes some information on skills gaps;
- Monitoring job advertisements for the region;
- Speaking directly with employers and agencies regarding recruitment difficulties;
- RSMS applications and the positions into which employers are sponsoring migrants; and
- Feedback from SRS visa holders on their success in finding work.

By utilising all of these methods, a good understanding of the labour market as it relates to skilled migration is maintained. However, more regionally credible quantitative data would be beneficial and methods of obtaining this are currently being investigated. Below are the occupational groups which have been assessed to be included on the Orana Skills in Demand List.

Note: In the past there has been a significant delay between RCB recommendation to DIAC and successful visa applicants presenting in the region. Skill demands also shift due to commodity or climatic factors (mining and agriculture). The risk is in the delay and lack of communication between agencies about numbers of Visas approved at any given time compared against the possibly adjusted demand that may occur over what can be a number of years.

### ***Engineering professions***

Between July 2010 and December 2011 a large number of **Engineers** were nominated by RDA Orana, and potentially 200 of these were approved by DIAC. The majority of these were Civil and Mechanical Engineers. Only four were classified as Mining Engineers by Engineers Australia. There has been continuous advertising for Engineers in Orana in the second half of 2012, due to the expansion of the mining industry and associated supply and infrastructure sectors. However, skilled migrants are reporting that while they may occasionally get interviews, they are not being employed. Furthermore, in the mining sector we have now been advised by employers they only want qualified Mining Engineers. Therefore, RDA Orana has removed all but Geotechnical Engineer, Quantity Surveyor, and Mining Engineer from the Orana Skills in Demand List.

**Geologist** has also been retained on the Orana Skills on Demand List, as the profession has an expected increase of 53% growth over the next 2 years according to the Australian Government Job Outlook website. It is quite likely that Orana will need a proportion of these jobs due to the increase in mining exploration in the region.

**Surveyors** and **Urban & Regional Planners** are highly skilled professions, which often require further post-graduate qualifications. Antidotal evidence from employers in the Orana region is that despite continual advertising few applicants apply, and they are rarely suitable. By retaining these occupations on the skills list RDA Orana hopes to improve the supply. These occupations will be needed to address the housing shortage and support the mining industry.

Engineering businesses supply the mining and agricultural industries, but are losing experienced staff directly to the mines because of the higher wages. There is a shortage of all **metal trades** reported by many regional manufacturers. The DEEWR Survey of Employers Recruitment Experiences for the Orana and surrounding employment services areas reports that Structural Steel & Welding Trade Workers and Metal Fitters & Machinists are occupations which are difficult to fill. These shortages have been evident in the local job market and from employer feedback for some time.

### ***Trades***

**Automotive trades** are in severe shortage in the Orana region, particularly diesel technicians and fitters. The same positions are advertised repeatedly, and at any one time there can be at least 10 positions listed on SEEK for Dubbo and surrounding areas. DEEWR has identified Motor Mechanics positions as being

difficult to fill in their Survey of Employers' Recruitment Experience<sup>5</sup>. Antidotal evidence is that some employers have ceased advertising due to a lack of applicants. While senior mechanics tend to hold positions for a long time, middle ranking technicians will go to the mining industry once they complete their apprenticeships.

**Building trades** are also in short supply for the Orana region. There is currently a housing shortage in Dubbo, Cobar and Mudgee, and yet building firms cannot find enough qualified and experienced tradesmen. Even if they do put on apprentices they report that they do not have enough qualified experienced tradesmen to supervise them. This puts a constraint on the capacity of the businesses and therefore the economic development of the region. In the latest Labour Market Report by Occupation DEEWR does not identify the construction trades in general as having a skills shortage<sup>6</sup>, though certain trades are in national shortage (Plumber, Roof Tiler and Stonemason) and others have a regional shortage (Glaziers and Tilers). DEEWR also notes that there is an expected growth in demand within the next 3 years due to the resources boom and a severe contraction in apprenticeships being offered. The DEEWR Survey of Employers' Recruitment Experiences also identifies Electricians as being hard to recruit in the Orana and Central West ESAs. Discussions with Economic Development Officers in each LGA have identified carpenters, plasterers, tilers, bricklayers, locksmiths and electricians as being required in the outlying shires. Some towns do not have any of these trades, and are serviced from Dubbo.

In the **hospitality** area, employers are reporting a shortage of cooks, chefs, qualified Hotel / Motel Managers, and Bakers within the Orana region. The majority of RSMS applications are for these positions. In 2009, 40 cooks were nominated by RDA Orana into the 475/487 visa subclasses. Some of these have only now had their visa applications approved. Until it is clear whether these previously sponsored cooks are coming to the region, RDA Orana removed cook from the new Orana Skills in Demand List. However fully qualified chefs with a number of years' experience are difficult for employers to find, especially in the more remote towns, so this occupation has been retained for the SRS program. A number of Hotels in Dubbo, Cobar and Mudgee are using FIFO Chefs. Even remote towns have large clubs and motels supporting the tourist industry and therefore require proficient staff. There is also a reported lack of mid ranking Bakers. Many smaller bakeries have lost their experienced staff, so are struggling to run their business and cannot support apprenticeships.

### **Business**

In the Orana and Central West DEEWR<sup>7</sup> has identified Accountants as being in short supply. Dubbo has a large number of accounting firms, both national and smaller well established regional firms, which are observed to regularly advertise for accountants at all levels of experience. These firms service a large area of Western NSW and deal with complex agricultural and service sector clients. From November 2012 – January 2013, Accountant was included on the Orana Skills in Demand List. A large number of former international students, predominantly with Masters of Professional Accounting from Australian

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<sup>5</sup> February 2011 for the Orana Employment Services Area

<sup>6</sup> October 2012, Skills Shortages in the Construction Trades published at:

[http://www.deewr.gov.au/Employment/LMI/SkillShortages/Pages/OccupationalReports\\_Constructiontrades.aspx](http://www.deewr.gov.au/Employment/LMI/SkillShortages/Pages/OccupationalReports_Constructiontrades.aspx)

<sup>7</sup> 2011 DEEWR Survey of Employers' Recruitment Experiences published at:

<http://www.deewr.gov.au/Employment/LMI/RegionalReports/NSW/Pages/2011.aspx>

universities applied in this short time. The occupation was thus removed from the list as there was a risk of oversupply.

Information Technology occupations are another recognized skill shortage across the nation, and were identified by DEEWR<sup>8</sup> as being in short supply in the Orana region in 2011. With the introduction of the NBN to the Orana region scheduled for 2013, the requirement for ICT professionals is expected to increase. There is also a current shortage of ICT Support Technicians across the rural and remote parts of the region, based on community feedback. Therefore IT Systems Administrator was included on the Orana Skills in Demand List in early 2013. Once again, a large number of former international students, predominantly with Masters of Information Technology applied in a relatively short time. This occupation has since been removed from the Orana list, again to manage risk of oversupply.

### ***Education***

Early Childhood (Pre-Primary School) Teachers are in short supply in both the Central West and Orana regions according to DEEWR<sup>9</sup>. This also seems to extend to Childcare Centre Managers / Directors in the Orana region where job advertising is regularly observed. Other teaching positions are also strongly advertised and Principals of a number of schools have indicated that they are always short of casual teachers, as well as specialized teachers, secondary Math's and Science teachers. However the English language (IELTS<sup>10</sup>) requirement for overseas trained teacher registration is higher than that required to apply for the SRS visa. Enquiries under these occupations have been almost non-existent and only 2 nominations made in the last 5 years. It is unlikely that the skilled migration program will meet the skills shortage, without significant recruitment drives in English speaking countries.

### ***Medical Professions***

The Western NSW Local Health District has indicated that all of the medical occupations listed on the NSW State Migration Plan are in short supply. In addition, many hospitals are relying on locum and contract agency staff to fill permanent rosters. For example, there were the equivalent of 80 full-time positions vacant for Registered Nurses in the Western NSW Local Health District, at the end of 2012. This is very expensive for the public health service as they must use agency / locum nurses to meet legislative requirements, and this does not provide a consistent service to the community. Private hospitals and aged care facilities also find it difficult to find staff, especially as their award wages are less than the public sector. DEEWR has identified Registered Nurses, nursing support and personal care workers, aged / disabled carers, and Midwives as being difficult positions to fill.<sup>11</sup>

There are also skills shortages in the allied health sector in Western NSW, with positions like Audiologist, Occupational Therapist, Physiotherapist and Chiropractor being difficult to recruit to all regional and remote areas. However, similar to teaching, the IELTS score required to obtain Australian medical or allied health registration is much higher than the immigration benchmark. It was hoped that by including all the

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<sup>8</sup> As for footnote 6

<sup>9</sup> As for footnote 6

<sup>10</sup> [International English Language Test](#)

<sup>11</sup> As for footnote 6.

medical professions on the Orana Skills in Demand List it would be possible to attract more migrants to fill this unmet need. However to date there have been few applications or even enquiries, possibly because other visas are available which provide pathways specifically for doctors to obtain permanent residency in conjunction with their registration.

## **ISSUES:**

RDA Orana faces a number of issues and barriers regarding skills shortages as both a Regional Development Organisation and the Regional Certifying Body.

1. Timely region specific economic data which includes skills shortages has been difficult to obtain in the past. This data has not been available from government sources in a timely and easily interpreted format for use by either business, local government or the service sector agencies. NSW State Government agency support in providing RDA with access to their extensive employer data bases from which to conduct employer surveys would assist greatly. A request which to date has been denied. In order to assess skills shortages and potential occupations for inclusion on the Orana Skills in Demand List more specifically, RDA Orana is developing a comprehensive employer data base and survey tool for quality and informed employer feedback. This takes time and resources but will be the most reliable data available once established and marketed.
2. Employers report that significant skills shortages in the Orana region are constraining economic growth and service delivery in the agricultural, public administration, health and education service sectors, as well as in construction and engineering industries which are necessary to support growth. While utilising the various skilled migration and working holiday visas is a responsive method of addressing skills shortages in the region in the short term, it raises a number of issues for the region:
  - (a) There is a lack of formal Multicultural support services in Orana. What formal support services exist are often constrained by guidelines which exclude provisional visa holders or are exclusive to humanitarian refugees. This can lead ultimately to skilled migrants leaving the region.
  - (b) Employers are sometimes reluctant to hire a skilled migrant. Reasons identified via anecdotal reports are: concerns over the English literacy of the migrant, and /or their ability to negotiate the cultural aspects of the Australian work place; unwilling to hire a temporary resident; concern over the reception the skilled migrant will receive from other workers and / or customers. This results in employers either not utilising the SRS 489 visa holders sponsored by RDA Orana, or not utilising the other employer sponsored visas to fill skills gaps.
  - (c) Regarding the regionally sponsored migrants specifically, if there is a mismatch between the skills and experience of the migrant and job requirements in an occupation. It could result in working in a lower skilled position. There can be a



perception of skilled migrants taking positions from local lower skilled workers thereby preventing them from entering the workforce.

- (d) Provisional visa holders are not eligible for TAFE government funded places. There are few commercial courses available through TAFE or other providers. In metropolitan areas, skilled migrants are able to access a SkillsMax course which prepares them for the Australian job market. RDA Orana finds that skilled migrants who have arrived in Orana directly from off-shore require far more “orientation” and assistance to find work, but are unable to access such a course in Orana. Many relocate to South Australia, because it is a DIAC “Specified Regional Area” and they are eligible for government funded places in courses at TAFE SA.
  - (e) RDA Orana has also a strong obligation to ensure regional labor pools are grown and developed locally to meet regional skills needs and to retain regional residents in the area. It is a fine balance between meeting skills demands and growing regionally local skills pools. RDA equally participates and focuses on attracting metropolitan and other regional residents to the Orana through relocation and other incentives to support local economic development and growth.
3. Under the RSMS and 457 visas, employers are only able to nominate positions which are classified as a Level 1 -3 on the ANZSCO list. This excludes many types of agricultural workers and the associated service sector workers, such as harvest machinery / earthmoving plant drivers and agricultural labourers. Employers report that these positions are not without skills, and in fact require a considerable breadth of experience to complete well. One of the frustrations for employers is that if they do find a working holiday visa holder who works well in their business and the position is classified as Level 4, they are unable to secure their employment beyond the 6 month limit. There is some antidotal evidence that staffing problems have so constrained some agri-businesses that they have closed down.
  4. Under the SRS visa, RCBs are only able to nominate occupations for their regional Skills in Demand listing if they appear on the NSW Nominated Occupations List. In other words, if there has not been a recognised state wide skills shortage, we are unable to include that occupation. This places limitations on the ability of RCBs across the state to remain responsive to their particular regional shortages. For example: there is a recognised long term problem with the recruitment and retention of Child Protection Caseworkers in the Orana Far West. There are a number of reasons for this beyond the scope of either this inquiry or RDA Orana to influence. However, under the current system there is no capacity for RDA Orana to nominate caseworkers for the SRS visa.
  5. The skills assessment system is complex and confusing for many migrants and employers, particularly in the trades. This can provide an insurmountable barrier for some potential migrants wishing to stay in Australia after gaining an Australian qualification or for employers interested in sponsoring a skilled migrant. The network of organisations and their websites involved in the process is confusing and complicates matters.

## **RECOMMENDATIONS:**

- 1) Promotion within NSW of the various Skilled Migration visas to educate employers regarding the potential of skilled migrants to fill skills gaps unable to be filled by local residents.
- 2) Multicultural support services in regional areas expand the scope of existing or new programs to not exclude temporary visa holders under the skilled migration category.
- 3) That the NSW Government support RDA Orana in negotiations with DIAC regarding a Regional Migration Agreement (RMA) for the LGAs of Cobar, Bourke, Brewarrina, Walgett, Coonamble, Warrumbungle, Warren, Narromine, Wellington and Mid-Western Regional. The proposed RMA would allow employers in the Agricultural and associated service industries to sponsor workers into certain positions rated as a Level 4 on ANZSCO and to attract skills to region specific shortages not appearing on other skills in demand listings of either the State or Federal arenas.
- 4) Provision of NSW AMES funding to regional TAFE NSW institutes to subsidise the provision of the SkillsMax course, or similar for skilled migrants. In regional areas this course could be available to all skilled migrants regardless of IELTS score or visa type.
- 5) Further work with DIAC and the Authorised Assessing bodies (namely Trades Recognition Australia) on streamlining communications and recognition with potential skilled migrants with trade qualifications and how to gain a suitable skills assessment.
- 6) That regions be able to include occupations on their regional Skills in Demand List under the SRS program, even if those occupations are not a recognised state wide shortage.

## **CONCLUSION:**

RDA Orana continues to support the use of skilled migration programs as one means of assisting to meet skills shortages within the Orana and greater Western NSW. However, it recognises that care must be taken to ensure that the program meets the needs of the region, in an increasingly targeted and informed manner. To this end, RDA Orana will continue to build partnerships with business to ensure the growth of awareness of skilled migration and its role in providing additional skills and diversity in the workforce.

## ECONOMIC INDICATORS - ORANA NSW

LGA	GRP \$m <sup>1</sup>	GRP % STATE <sup>1</sup>	# JOBS <sup>1</sup>	JOBS % STATE <sup>1</sup>	WORKER PRODUCTIVITY (GRP/worker) <sup>1</sup>	UER % <sup>2</sup>	Workforce Part'n Rate % <sup>6</sup>	# Businesses <sup>3</sup>	ER Pop <sup>4</sup>	BUILDING \$000 <sup>5</sup>
Bogan	216	0.04	1,482	0.04	145,744	5.09	59.6	422	3,036	3,723
Bourke	151	0.03	1,542	0.04	97,700	13.08	63.7	325	3,058	13,166
Brewarrina	56	0.01	720	0.02	77,117	17.29	59.2	159	1,893	4,292
Cobar	584	0.13	2,576	0.07	226,621	3.47	53.7	424	4,946	2,312
Coonamble	164	0.03	1,867	0.05	87,635	8.18	55.2	687	421	3,189
Dubbo	1932	0.44	20,959	0.58	92,181	4.73	64.3	3,628	40,822	68,784
Gilgandra	147	0.03	1,739	0.04	84,471	5.22	56.0	642	4,494	2,993
Mid-Western	1633	0.37	10,485	0.29	155,702	5.53	55.8	2,538	23,461	27,163
Narramine	249	0.05	2,661	0.07	93,624	5.55	59.8	891	6,945	8,305
Walgett	261	0.05	2,774	0.07	93,967	13.07	49.6	886	6,858	3,932
Warren	129	0.02	1,386	0.03	93,297	6.03	63.3	379	2,914	1,841
Warrumbungle	309	0.07	3,795	0.1	81,522	6.43	50.9	1,235	9,857	6,470
Wellington	260	0.05	2,801	0.07	92,938	9.25	49.0	886	8,919	6,168
<b>TOTALS ORANA</b>	<b>6,091</b>	<b>1.39</b>	<b>54,787</b>	<b>1.53</b>	<b>109,425</b>	<b>6.3</b>	<b>58.2</b>	<b>13,102</b>	<b>117,624</b>	<b>152,338</b>
TOTALS NSW	437,469		3,588,458		121,900			666,903	7,289,219	17,550,880

Source:

[National Economic Indicators Series as compiled by .id](#)

Data presented for 2011/12 unless otherwise specified

[1. National Institute of Economic and Industry Research \(NIEIR\), 2011/12](#)

[2. Department of Education, Employment and Workplace Relations \(DEEWR\) Small Area Labour Markets, Q4 2011 and Q4 2012](#)

[3. ABS Counts of Australian Businesses June 2007 to June 2009](#)

[4. ABS Regional Population Growth, Australia, 2011](#)

[5. ABS Building Approvals, 2011/12](#)

[6. Orana Economic Profile, draft 2013 from Western Research Institute](#)