

**Submission
No 40**

SKILL SHORTAGES IN NSW

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Unions NSW Submission to the Skill

Shortages in NSW Inquiry

Economic Development Committee

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Introduction

Unions NSW welcomes the opportunity to make a submission to the Skill Shortages in NSW Inquiry. Unions NSW believes that the NSW Government has an important role to play in addressing skill shortages and ensuring the state's workforce and education system is able to meet future skill needs.

Unions NSW is the peak body for trade unions in NSW. It has over 75 affiliated unions and Trades and Labour Councils representing approximately 600,000 workers across the state.

Affiliated trade unions cover the spectrum of the workforce, stretching from workers in finance to footwear and construction to communications. Unions NSW is the largest members based organisation in NSW.

Recommendations

Recommendation One

The methods used to measure skill shortages in NSW are not entirely reliable or accurate. This can be addressed by ensuring greater information sharing between the State and Federal Governments. The NSW Government also needs to undertake a more thorough investigation of NSW's regional and rural skill needs and shortages.

Recommendation Two

TAFE NSW should play a role in identifying skill shortages and training needs. This would require appropriate funding of TAFE to ensure staff are able to undertake this role.

Recommendation Three

Recent changes and planned reforms of TAFE NSW need to be reassessed. The cutting of courses at certain campuses has a direct negative impact on the ability of skill shortages to be filled by trained and qualified staff. Appropriate staffing levels at TAFE NSW will ensure high quality and affordable training is available for NSW students and workers.

Recommendation Four

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State and Local Governments need to employ a higher number of apprentices. One way of ensuring this would be the implementation of a minimum quota for apprentices in Government Departments and Local Governments.

Recommendation Five

A competency based certification approach should be considered by the State Government. This would help ease some of the time sensitive skill shortages while also ensuring newly trained employees have the appropriate and sufficient skills for their job.

Recommendation Six

Skilled migration should only be used in areas and occupations where there are significant and proven skill shortages. Employers must make a genuine attempt to employ a permanent resident prior to employing a Skilled Migration Visa employee.

Recommendation Seven

A targeted training approach must be developed that addresses the skill shortages that appear on the NSW Government's Skilled Migration Visa list of occupations. This is particularly important for occupations that have appeared on the list for five consecutive years or more.

Recommendation Eight

Skilled Migration Visa workers must receive the relevant pay and conditions. Working conditions must be on par with local workers. All workers on skilled migrations visas must be informed of their working conditions and be given the opportunity to join their relevant trade union.

Measuring skill shortages

Recommendation One: The methods used to measure skill shortages in NSW are not entirely reliable or accurate. This can be addressed by ensuring greater information sharing between the State and Federal Governments. The NSW Government also needs to undertake a more thorough investigation of NSW's regional and rural skill needs and shortages.

Recommendation Two: TAFE NSW should play a role in identifying skill shortages and training needs. This would require appropriate funding of TAFE to ensure staff are able to undertake this role.

The Department of Education, Employment and Workplace Relations conducts research and releases a skill shortages list and report on a six monthly basis. In December 2012, DEEWR released 'Skill

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Shortages – New South Wales.¹ The report, based on telephone interviews with employers who had recently advertised skilled work, showed that 54 per cent of the skilled occupations assessed by DEEWR were in shortage in NSW. Shortages were identified in engineering, construction, health, automotive and food trades. The DEEWR *'Skills Shortage List – New South Wales'*, identified 25 occupations which are experiencing skill shortages in NSW.² Physiotherapy is the only skill shortage listed for regional NSW.

Unions NSW believes that regional and rural NSW are experiencing significant skills shortages, which have not been captured in the DEEWR skill shortages list. Unions NSW believes that this oversight is a result of the research's methodology which does not investigate specific regional economies and labour markets in detail.

The DEEWR skill shortages list provides useful details on areas of shortage and plays an important role in directing training, industry and Government decisions. Unions NSW believes it is crucial that the short fallings of the DEEWR skills list are acknowledged and addressed.

In addition to the DEEWR skills shortage list, a number of Government and Government funded bodies conduct research and provide resources around skill shortages both nationally and in NSW. These include:

- *SkillsInfo* website, an initiative of the Department of Education, Employment and Workplace Relations and developed by the Skills Outlook Working Group;³
- *Skilled Occupation List*, released annually, developed by the Australian Workforce and Productivity Agency and released by the Department of Immigration and Citizenship;⁴
- NSW Industry Training Advisory Bodies, funded by the NSW Government to assist the NSW Department of Education and Communities;⁵
- Industry Skills Councils, funded by the Federal Government, provides advice to the Australian Workforce and Productivity Agency.⁶

¹ Department of Education, Employment and Workplace Relations, *Skill Shortages New South Wales*, December 2012.

² Department of Education, Employment and Workplace Relations, *Skill Shortage List New South Wales*, 2012

³ Department of Education, Employment and Workplace Relations, 2013, available at:

<http://skillsinfo.gov.au/copyright>

⁴ Department of Immigration and Citizenship, *Annual Update of Skilled Occupation List*, 2013, available at:

<http://www.immi.gov.au/skilled/general-skilled-migration/skilled-occupation-list.htm>

⁵ NSW Department of Education and Communities, *NSW Industry Training Advisory Bodies*, available at:

http://www.training.nsw.gov.au/programs_services/funded_other/itab/index.html

⁶ Industry Skills Councils, available at: <http://www.isc.org.au/>

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Unions NSW submits that greater information sharing is needed between the Government and Government funded bodies and State and Federal Governments. This will allow for greater accuracy when identifying where skill shortages are occurring in the state.

Unions NSW submits that the NSW Government should play a role in collating Government, Government funded and academic resources relating to skills shortages in NSW.

The NSW Government must also consider more specific ways of measuring skill shortages in regional and rural localities. Unions NSW notes that the NSW Standing Committee on State Development's Inquiry into Skills Shortages in Rural and Regional NSW in 2006, received a number of submissions reporting that evidence of skills shortages in regional NSW is mostly based on individual, locally-initiated assessments, or is anecdotal.⁷ Unions NSW does not believe that these concerns have been adequately addressed, and that this form of evidence collection continues to be prevalent.

The NSW Government produces the *NSW State Migration Plan*, outlining the NSW Occupation list for Skilled Nominated Visas (190) and Skilled Nominated or Sponsored (489) Visas.⁸ Unions NSW understands that the purpose of skilled migration is to assist fill short and medium term skill shortages.

The extent to which the *NSW State Migration Plan* utilises all the available research and resources that are available in relation to Skill Shortages is not known. Unions NSW believes the *NSW State Migration Plan* can be enhanced by utilising available research and investigating where research gaps in skill shortages exists.

Unions NSW believes that the staff working on the front line of education and skills attainment must play a role in assessing skill shortages.

Recent reforms to TAFE have seen a significant reduction in TAFE funding and staffing levels. Unions NSW believes that this funding needs to be restored in order for TAFE to continue to play a broader role in identifying skill needs in the state.

TAFE and Skill Shortages

⁷ Standing Committee on State Development, *Inquiry into Skills Shortages in Rural and Regional NSW – Committee Report*, 31st May, 2006, available at:

[http://www.parliament.nsw.gov.au/prod/parlment/committee.nsf/0/f38fab9bb76cd71aca25716b0005c993/\\$FILE/Final%20Skills%20Report%2011%20May%202006.pdf](http://www.parliament.nsw.gov.au/prod/parlment/committee.nsf/0/f38fab9bb76cd71aca25716b0005c993/$FILE/Final%20Skills%20Report%2011%20May%202006.pdf)

⁸ NSW Government, Trade and Investment, *NSW State Migration Plan*, 2013, available at:

http://www.business.nsw.gov.au/_data/assets/pdf_file/0019/25147/Revised-Occupations-Sponsored-by-NSW-2013-04.07.2013-1.pdf

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Recommendation Three: Recent changes and planned reforms of TAFE NSW need to be reassessed. The cutting of courses at certain campuses has a direct negative impact on the ability of skill shortages to be filled by trained and qualified staff. Appropriate staffing levels at TAFE NSW will ensure high quality and affordable training is available for NSW students and workers.

Skill shortages have existed in NSW for at least the last 20 years, and as population and industry demands change into the future, the state will continue to encounter changing skill shortages. In order to address current skill shortages, while also being prepared for the skill shortages of the future, NSW must provide high quality and accessible vocational and tertiary education.

Unions NSW is concerned by the NSW Government's changes to the TAFE NSW system. The privatisation of TAFE and the introduction of *Smart and Skilled* threatens the high quality of the education currently provided by TAFE.

In relation to *Smart and Skilled*, Unions NSW is concerned by the measurement of future industry projections and skills shortages and how this will affect TAFE courses. The *Smart and Skilled Consultation Paper*⁹ refers to the DEEWR skills shortages list as a basis for discussion on future education and training needs. Unions NSW has already raised concern with relying solely on this research to inform educational and industry needs.

Unions NSW would also like to raise concern with the document's reference to high growth and low growth industry projections. Textiles, Clothing and Footwear is listed as a high growth industry. Health, retail and education are listed as low growth areas. Unions NSW believes the reporting of this industry projection in the *Smart and Skilled Consultation paper* is misleading. For example, it is well documented that NSW is experiencing significant skill shortages in health that will only continue to grow as the population ages.

Unions NSW is currently engaged in the *Smart and Skilled* Consultations and intends to raise our concerns with this policy. Unions NSW believes *Smart and Skilled* and the privatisation of TAFE will have a negative impact on current and future skill shortages in NSW.

Unions NSW believes the introduction of the *Smart and Skilled* policy will see a significant reduction in vocational courses available to students in NSW.

⁹ NSW Government, Department of Education and Communities, *Smart and Skilled: Multi-Sector Consultation Paper*, Sydney, May 22, 2013

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Unions NSW is concerned by the recent removal of support services from TAFE around the state and the impact this will have on access to education. The Western TAFE which spans from Lithgow to Broken Hill has recently had six outreach coordinators and two career advisors removed.

The removal of support services, particularly in regional areas will lead to limited access to campuses and courses and potentially higher course drop-out rates of 'at risk' students. This does not assist in the filling of crucial skill shortages that exist throughout the state.

The *Smart and Skilled* policy is taking a short term approach to the issue of skill shortages, which is a long term issue. By making significant cuts to vocational education, the State Government will severely limit current and future access to the training required to fill skill shortages.

Role of Local and State Governments

Recommendation Four: State and Local Governments need to employ a higher number of apprentices. One way of ensuring this would be the implementation of a minimum quota for apprentices in Government Departments and Local Governments.

Both State and Local Governments need to commit to increasing the number of apprentices they employ and train.

A recent report released by the United Services Union, found that employees between the ages of 15 and 24 represent 10% of the total workforce in local government.¹⁰ The same report found that apprentices and trainees make up only 2.5% of the total local government workforce.

Youth unemployment in NSW is currently sitting at 11.6%.¹¹ Both Local and State Governments can work towards reducing youth unemployment in the state by providing training and work opportunities, while also injecting much needed skills into the NSW workforce.

State and Local Governments must develop apprenticeship and traineeship quotas in their workplaces. These quotas should be strategically aligned with areas of skill shortage in the state.

Boosting the number of apprentices and trainees in State and Local Governments will take the pressure off skill shortages being felt within Government, particularly rural and regional Local

¹⁰ United Services Union, New Gen, Committee, *NSW Local Government Next Generation of Employees Report*, 2012

¹¹ Department of Education, Employment and Workplace Relations, *NSW Quarterly Labour Market Report*, April 2013.

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Councils. The increase will also lead to long term benefits with the skills attained by apprentices and trainees being used in a broad range of industries as needed in the future.

New Approach to Skill Certification

Recommendation Five: A competency based certification approach should be considered by the State Government. This would help ease some of the time sensitive skill shortages while also ensuring newly trained employees have the appropriate and sufficient skills for their job.

A competency based approach to apprenticeships and traineeships is already supported and encouraged by The NSW Apprenticeship and Traineeship Act (2001) although at present only a small percentage of students complete their training early. Apprenticeship and traineeship employment provisions in industrial awards and agreements do not provide for competency-based progression. Unions NSW believes that increasing the number of competency based apprentices can assist in bypassing the traditional training time frames that prevent skill shortages from being filled.

Skilled Migration

Recommendation Six: Skilled migration should only be used in areas and occupations where there are significant and proven skill shortages. Employers must make a genuine attempt to employ a permanent resident prior to employing a Skilled Migration Visa employee.

Recommendation Seven: A targeted training approach must be developed that addresses the skill shortages that appear on the NSW Government's Skilled Migration Visa list of occupations. This is particularly important for occupations that have appeared on the list for five consecutive years or more.

Recommendation Eight: Skilled Migration Visa workers must receive the relevant pay and conditions. Working conditions must be on par with local workers. All workers on skilled migrations visas must be informed of their working conditions and be given the opportunity to join their relevant trade union.

Unions NSW submits that skilled migration should only be used in NSW for occupations where there is a proven and significant skill shortage. Skilled migration should be used to fill short-medium term skill shortages.

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Skilled migration should not be used to fill long term skill shortages. The NSW Government must play a role in identifying these areas of skill shortages and develop education strategies that seek to fill them.

Skilled Migration Visa workers should only be employed after an employer has made an attempt to recruit locally.

Unions NSW is concerned that migration visas are sometimes used by employers to reduce the pay and conditions they are required to pay to their employees. Unions NSW believes that this is not the purpose of skilled migration and submits that all Migration Visa employees receive conditions that are on par with local workers.

Unions NSW is concerned that international workers may not be aware of the workplace rights and conditions they are afforded in Australian workplaces. As such, Unions NSW submits that all NSW Skilled Migration Visa employees must be provided with the details of their employment conditions when they start work, and where possible and necessary, attempts be made for this information to be translated into the worker's first language.

Unions NSW believes that workers are able to best access and exercise their workplace rights when they are a member of their relevant trade union. Unions NSW submits that all Skilled Migration Visa Employees be provided with information about their relevant trade union, and be given the opportunity to join that union.