

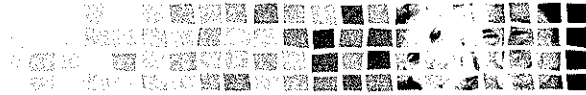
## **INQUIRY INTO SKILLS SHORTAGES IN RURAL AND REGIONAL NSW**

**Organisation:** TAFE NSW - North Coast Institute Council  
**Name:** Mr Warren Grimshaw AM  
**Position:** Chair  
**Telephone:** 02 6659 3017  
**Date Received:** 9/08/2005

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**Theme:**

**Summary**



**NORTH COAST  
INSTITUTE**

The Committee Manager  
Standing Committee on State Development  
Parliament House  
Macquarie Street  
**SYDNEY NSW 2000**

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Dear Sir/Madam

The TAFE NSW - North Coast Institute Council provides the attached submission to assist the inquiry process into skill shortages in rural and regional areas in NSW.

The North Coast Institute Council comprises 13 industry and community representatives from the North Coast region and the Institute Director as an ex-officio member. Appointments to the Council are made by the Minister for Education and Training and Cabinet on the recommendation of the Institute Director (*see over*).

The Institute Council's role as an advisory body is to focus and enhance TAFE planning and delivery in the North Coast and to assist TAFE NSW – North Coast Institute to align its programs and services with the needs of industries, communities and disadvantaged groups within the region.

Therefore, the Council's submission to the Inquiry primarily focuses on Term of Reference (h) – which relates to the role and response of training organisations to regional skill shortages– though the submission also touches on: (a) – current and future demand for labour; (b) – economic and social impact of the skill shortages; (c) and (e) – local government, regional development body and inter-government strategies to attract and retain skilled workers; and (g) – adequacy of current measures used to record and report on skill shortages.

The Council has identified the regional skills shortage issue as one of its key 2005 priorities and members have recommended specific responses for Institute follow-up. The attached submission presents these suggested responses for the inquiry's consideration, together with a summary of some achievements reported to the Council and other community/industry members at the Council's skill shortage "mini forum" in June this year.

In summary, the Council's submission puts forward the following issues and opportunities for the Inquiry to consider

- i. Skill shortages are negatively impacting on the capacity of regional service and manufacturing industries, and on the ability of the North Coast region to retain and attract new enterprises to provide new jobs for the rapidly growing population. Rural and regional economic development bodies, enterprises and communities are looking to their TAFE institutes to provide leadership and support in developing solutions.

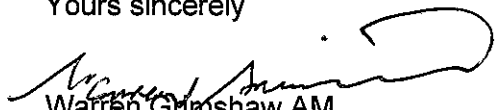


nsw large training provider of the year winner  
**nswtrainingawards 2004**

- ii. The scale and geographical spread of TAFE NSW, uniquely places TAFE to drive rural and regional skills development across a very broad range of occupational areas and skill levels, and to make a significant contribution to skill shortage solutions. For example the North Coast Institute has worked with the regional development boards, ACCs and others on research into skill needs. The Institute has also created some 1000 new training places in skill shortage areas over the past 18 months through: internal funding shifts, winning contestable skill shortage funds; partnerships with Group Training and other stakeholders and in commercial training activities for regional business clients.
- iii. For TAFE institutes to be more effective leaders in regional skills development, their recurrent funding needs to keep pace with population growth and real costs. Government support is needed also to give TAFE institutes more local operational flexibility to grow commercial and international revenue and direct profits to expand VETR provision in the region.
- iv. Intensive, fast-track institution based pre-trade and pre-vocational programs are highly effective in responding to skill shortages, and in ensuring continuity in skilled labour training during industry "peaks and troughs". Employers, parents, school leavers and the unemployed who all understand the economic and OH & S necessity for workers to be "job-ready" before they enter worksites, support these programs. The Council has been briefed on some innovative and effective models of pre-trade training delivered by the North Coast Institute in partnership with the North Coast regional subsidiaries of the Hunter Valley Training Company, though these are largely dependent on success in contestable funding bids
- v. TAFE institutes and their industry and group training partners need funding mechanisms that enable them to plan, promote and deliver pre-trade and pre-vocational programs in a timely manner. The current ad-hoc contestable funding mechanisms for pre-vocational and skill shortage programs support short-term fixes, rather than strategic solutions for the ongoing supply of skilled labour. Part of the solution could be targeted recurrent and/or triennial funding mechanisms for TAFE pre-vocational programs.
- vi. Government and industry need to lead the way – and work with schools TAFE institutes, Group Training and others – by marketing trades and other skill shortages areas as desirable post-school destinations for young people and career change opportunities for mature age workers. It is also vital to address barriers including low wages, complex apprenticeship approvals and administration processes and other disincentives that make apprenticeships and other skill shortages areas (such as nursing and aged care) unattractive for young people, mature workers and employers.

These matters are explored in greater detail in the attached submission and the Council welcomes the opportunity to further assist the Inquiry's understanding of these important issues and possible ways forward.

Yours sincerely

  
 Warren Grimshaw AM  
**Chair, North Coast Institute Council**  
 on behalf of the Institute Council

*Attach*

1. North Coast Institute Council – membership list
2. North Coast Institute Council Submission to Inquiry into Skill Shortages in Rural and Regional NSW

## **TAFE NSW - North Coast Institute Council- Membership**

*(Note that a submission to renew the appointments of current members and to appoint interim members is currently with the Minister for Education and Training)*

**Neil Black**, Institute Director (*ex officio*)

**Marcus Anderson**, North Coast Institute Student Representative (*interim member North Coast Institute Council*)

**Gloria Bourke**, Senior Human Resources Officer, Schefenacker Lighting Systems Aust P/L (*interim member North Coast Institute Council*)

**Ron Craggs**, Group General Manager Corporate Services and Company Secretary Country Energy (*interim member North Coast Institute Council*)

**David Funnell** representing the Adult and Community Education sector

**Warren Grimshaw AM**, Executive Director Coffs Harbour Education Campus (*Chair North Coast Institute Council*)  
Also member of NSW TAFE Commission Board

**Professor Zbys Klich**, Pro Vice-Chancellor Southern Cross University (*interim member North Coast Institute Council*)

**Councillor Sue Nash**, Nambucca Shire Council (*also representing rural women's networks*)

**Brenda Neave**, North Coast Institute Staff Representative (*interim member North Coast Institute Council*)

**Judy Radich**, National President Australian Early Childhood Association and Manager Cooloon Children's Centre Inc, Tweed Heads;

**Kay Sharp AM**, Chief Executive Hunter Valley Training Company Pty Ltd, (*incorporating Mid North Coast, North Coast and Northern Rivers Group Training*)  
Also member of the NSW Board of Vocational Education and Training

**Victoria St Lawrence**, Member Northern Rivers Regional Development Board (*interim member North Coast Institute Council*)

**Jan Strom**, Deputy Chair Mid North Coast Regional Development Board (*interim member North Coast Institute Council*)

**Des Williams**, Deputy Chair Many Rivers Regional ATSI Council (*interim member North Coast Institute Council*)

## **TAFE NSW - North Coast Institute Council**

### **Submission to Inquiry into Skill Shortages in Rural and Regional NSW**

#### **Introduction**

The TAFE NSW - North Coast Institute Council comprises 13 industry and community representatives from the North Coast region and the Institute Director as an ex-officio member. Appointments to the Council are made by the Minister for Education and Training and Cabinet on the recommendation of the Institute Director (*see covering letter for list of Council members*).

The Institute Council's role as an advisory body is to focus and enhance TAFE planning and delivery in the North Coast and to assist TAFE NSW – North Coast Institute to align its programs and services with the needs of industries, communities and disadvantaged groups within the region.

The Council's submission to the inquiry primarily focuses on Term of Reference (h) – which relates to the role and response of training organisations to regional skill shortages. It also touches on: Term of Reference (a) – current and future demand for labour; (b) – economic and social impact of the skill shortages; (c) and (e) – local government, regional development body and inter-government strategies to attract and retain skilled workers; and (g) – adequacy of current measures used to record and report on skill shortages.

#### **Points that the Institute Council Suggests that the Inquiry Consider:**

1. The North Coast has experienced – and as growing tourist, “sea-change” and retirement destination expects to continue to see – skill shortages in the construction, hospitality, community and health services (especially aged care, welfare, and children's services) and, in common with many other areas, the manufacturing and engineering trades.
2. There is an increasing expectation in regional areas that TAFE will actively support the economic growth agendas of all LGAs in the region. Within the North Coast this especially means providing skilled staff for new manufacturing enterprises relocating to the region. At the same time local government and other large regional employers, particularly in the service industries, have some difficulty in attracting and retaining middle and senior management staff and are looking to TAFE to assist them in this area.
3. TAFE NSW institutes are uniquely placed to respond to this broad range of skill needs. TAFE campuses are spread throughout NSW and are recognised by their local communities as a vital part of the educational infrastructure of country towns and regional centres. They are the local hub for skills development, vocational learning and further education. They deliver, often in partnership with others (eg schools, universities and group training companies, industry and community groups) accredited programs and short courses across nearly all occupational areas and skill levels up to and, in some cases, beyond the paraprofessional (e.g. via TAFE diploma and TAFE/university pathways).

4. TAFE institutes are responsible for planning to meet the competing education and training priorities of industries, communities and individuals within their region. The Institute Council noted that a new and very strong message emerged during the 2003 consultation across this region on the Institute's 2004-2006 strategic plan – that TAFE is expected not only to support, *but lead and drive* skills development for enterprise and regional sustainability and growth.
5. Two reports received by the Institute Council this year, show how the North Coast Institute is responding to this call. One, a discussion draft on "*A Review of the Skills and Training Needs of the Emerging Manufacturing Sector on the NSW North Coast*" was jointly funded by the Institute and the Department of State & Regional Development, in response to an emerging need identified by the Institute Council itself and several other Institute stakeholder groups. The second, a green paper *Growing Jobs on the Mid North Coast*, jointly funded by the Institute and the Mid North Coast's Regional Development Board and Area Consultative Committee, was largely driven by the desire of the Institute and its partners to get better regional data to inform their respective responses to skills development and job growth needs. (The reports may be obtained from the Institute or via the Department of State and Regional Development's Northern NSW Office.)
6. At the beginning of 2005, the Institute Council agreed that regional skills shortages was one of its priority areas and members identified specific opportunities or issues for the Institute to follow up. These are presented below for the consideration of the Inquiry, together with some observations on the North Coast Institute's progress.
  - a) TAFE to work with industry, group training and others to:
    - Target trades skill shortages in particular
    - Provide generic trade skills training common to a range of occupations and industries, particularly at the entry-level
    - Anticipate and address skills "peaks and troughs" through better demographic and industry trend analysis
  - b) Consider opportunities and issues posed by the Commonwealth's Australian Technical Colleges (ATCs)
  - c) TAFE to offer more pre-apprenticeship and COS (Certificate in Occupational Skills) type programs for young people who have just left school and have not obtained an apprenticeship or other employment.
  - d) Target the mature age aiming to get back to work in communication and promotions
  - e) Fast-tracking solutions such as skills recognition, assessment of competence and gap training options.

The Council was briefed at its June 2005 meeting on the Institute's progress in some of the above areas. Examples include:

- Nearly 1000 new places in skill shortage areas provided over past 12-18 months – many in trades areas and for aged care nursing assistants – through internal funding shifts, winning contestable skills shortage funds and cooperation with the Hunter Valley Group Training Company's North Coast group training subsidiaries in some innovative and successful fast track pre-trade programs
- The research and reports referred to in (5) above also provide evidence of efforts to identify and address skill shortages jointly with other agencies and industry.

- The Institute works closely with the region's schools to deliver TVET - TAFE Vocational Education and Training for Schools - programs for their Year 11 and 12 students. (The Council's mini-forum on skill shortages heard suggestions that the extension of such funding to provide "taster programs" for Years 9 and 10 may help to address trade shortage skills and the needs of indigenous youth).
  - The Institute is the lead partner in an ATC proposal for the Northern Rivers and has provided active support for the Port Macquarie ATC proposal. The Institute has sought to ensure that collaboration rather than competition underpins the proposals, and that they do not lead to duplication and under-utilisation of TAFE trade facilities. Greater cooperation between the State and Federal Governments may help to ensure this.
  - The North Coast Institute does provide pre-vocational and fast-track options, but is significantly limited in this capacity by funding constraints and competing priorities (also see points 10 and 11 below).
  - The Institute has run specially funded programs for unemployed mature workers and promotes the stories of mature-age returning to training and work in media releases and promotion materials.
7. The above sample of achievements in responding to skill shortages – together with the preceding points on TAFE's vital role in regional skills development – seem to beg the question of why regional skill shortages are so critical. The Institute Council would answer that this is not TAFE's problem alone. Government and industry need to lead the way – and work with schools TAFE institutes, Group Training and others – by marketing trades and other skill shortages areas as desirable post-school destinations for young people and career change opportunities for mature age workers. It is also vital to address barriers including low wages, complex apprenticeship approvals and administration processes and other disincentives that make apprenticeships and other skill shortages areas (such as nursing and aged care) unattractive for young people, mature workers and employers.
8. The Institute Council believes that if TAFE institutes are to continue and improve on their record as the major driver of skills development in the rural and regional growth areas of NSW, Government needs to:
- Give a higher priority to increased recurrent funding *in real terms* for TAFE institutes serving these regional growth areas, so that skills, industry and economic development can keep pace with population growth
  - Allow TAFE institutes more autonomy, including local flexibility to negotiate staffing arrangements and joint ventures and to invest accumulated external income equity in programs that meet regional skill needs.
9. The Council is also aware of the Institute's limited capacity to internally re-allocate delivery funds to skill shortage areas without seriously undermining the level of provision in equally high priority areas (e.g. Outreach programs for remote communities, small campuses, adult literacy, second chance general education, Indigenous education and training, ongoing trade training across skill areas that are currently "in-balance").

10. The Council has noted that trades are among the higher delivery cost areas for TAFE. Practical trades skills development and welfare/safety requirements call for specialist teaching facilities, relatively smaller teaching/learning groups and high consumable costs. To fund the extra groups of apprentices coming through the system, the Institute has diverted funds from some other areas, and trade-teaching faculties have had to virtually curtail full-time, recurrently funded pre-trade courses in recent years. As a result the Institute now looks to qualified tradespeople in work to meet the costs of the post-trade training that leads to additional occupational licenses and pre-trade programs now only operate when the Institute is successful in contestable funding bids.
11. Though very expensive, intensive, institution based pre-trade and pre-vocational programs are highly effective in responding to skill shortages. Employers, parents, school leavers and the unemployed who all understand the economic and OH & S necessity for workers to be "job-ready" before they enter worksites, support such programs. TAFE institutes need funding mechanisms that enables them to plan, promote and deliver pre-trade and pre-vocational programs in a timely manner. The current ad-hoc contestable funding mechanisms for pre-vocational and skill shortage programs lead to short term fixes, rather than a strategic plan for the ongoing supply of skilled labour. Part of the solution could be targeted recurrent and/or triennial funding mechanisms for TAFE pre-vocational programs
12. Whilst some of the capital and consumable costs of trade programs can be defrayed by on-the-job training and assessment services – and the North Coast Institute is increasingly offering this option – there are other important reasons for providing institutional pathways at TAFE campuses:
- Many enterprises in rural and regional areas do not provide the breadth of equipment and on-the-job experience to enable trainees and apprentices to develop the full range of competencies specified in national training package qualifications. Rural and regional areas are also characterised by micro-businesses where capacity to support on-the-job training is limited by the demands of simply operating the business.
  - Many other RTOs operating in the region focus on lower cost and/or higher volume areas such as on-the-job training in retail and administration. Where they do offer on-the-job trade training this is rarely goes beyond Stage 1 or into smaller specialist trades. Trainees and their employers then have an expectation that they will go on to TAFE to complete their trade training.
  - The continuing viability of specialist TAFE training facilities is essential to support continuity of training during cyclical industry downturns and to provide rapid response, fast-track skill shortage programs when special funding becomes available.
13. State and Federal Governments need to support whole-of-government approaches and government-industry partnerships for regional and rural skills development. The skills shortage crisis cannot be addressed through education and training portfolios alone. A higher priority needs to be given in regional economic and industry development incentive funding to supporting partnerships of TAFE, industry, local government and other education providers to deliver skill shortage programs and establish joint facilities and ICT infrastructure that will support skills development and vocational education pathways.