

INQUIRY INTO SKILLS SHORTAGES IN RURAL AND REGIONAL NSW

Organisation: NSW Department of State and Regional Development
Name: Mr Loftus Harris
Position: Director General
Telephone: 02 9228 3111
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Theme:
Contact: Paul Collits 9228 4742

Summary



First for Business

**New South Wales
Department of State and
Regional Development**

Office of the
Director General

Level 35, Governor Macquarie Tower
1 Farrer Place, Sydney
PO Box N818 Grosvenor Place
NSW 1220 Australia
Telephone 61 2 9228 3111
TTY 1800 777 022
Facsimile 61 2 9228 3626
<http://www.business.nsw.gov.au>

S14369

The Hon Tony Catanzariti MLC
Chair
Standing Committee on State Development
Parliament House
SYDNEY NSW 2000

Dear Mr Catanzariti

I refer to the Standing Committee on State Development's current Inquiry into Skills Shortages in Rural and Regional New South Wales.

The Committee's inquiry is timely in view of the importance of this issue to regional economies and communities.

I have pleasure in forwarding the attached submission on behalf of the Department of State and Regional Development.

If you require further information, please contact Paul Collits in the Department on 9228 4742. Thank you again for the opportunity to provide a submission.

Yours sincerely



Loftus Harris
Director General

Encl



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Standing Committee on State Development Inquiry into Skills Shortages in Rural and Regional New South Wales

Submission by the NSW Department of State and Regional Development

The Department of State and Regional Development strongly welcomes the initiative of the Hon David Campbell, Minister for Regional Development, to ask the Standing Committee on State Development to inquire into skills shortages in regional New South Wales. The issue is an important and ongoing one, and the inquiry is timely. The Department plays an important role in addressing skills shortages, and its programs have had significant successes. The task of addressing skills shortages in regional areas is one that can be tackled cooperatively between government, business and the community.

The input of other State Government agencies, in particular the Department of Education and Training, will be important to the inquiry, as this agency oversees much of the State's training effort through the Technical and Further Education (TAFE) sector. It is the task of the TAFE sector to work with business, young people, other State agencies and communities to anticipate emerging market needs and to provide adequate training to meet them, including in regional areas.

The Role of the Department of State and Regional Development

The Department of State and Regional Development (DSRD) is the New South Wales agency responsible for economic development and investment attraction across the State. The Department implements a range of NSW Government strategies aimed at improving the investment and economic development prospects of communities and regions across the State. Many programs are dedicated to addressing specifically non-metropolitan issues. Broadly, they attempt to make regions more investment ready, to help maintain and grow a positive business climate, to develop new job opportunities, and to develop regional economic development capacity. The Department works in partnership with businesses, communities, industries and regions to ensure that regional New South Wales obtains its fair share of jobs and investment.

Its approach is one of strategic intervention. It recognizes that businesses and regions need to be competitive in the global economy, and that there is a role for government in helping to build competitive advantages.

The Department's focus is very much on business level solutions to regional development issues. This is certainly the case in relation to its approach to the question of skills shortages.

Skills Shortages Overview

There are a number of general points to be made about the issue of skills shortages:

- The Reserve Bank of Australia has repeatedly identified skills shortages as a constraint on the economy. Skills shortages form a brake on economic development and on the capacity of industries and regions to restructure and provide new opportunities for jobs and wealth creation. They affect a sector's or a region's competitiveness. A consistent theme from anecdotal and survey evidence is that skills shortages are one of the most pressing concerns and constraints to growth for firms, particularly small to medium sized enterprises (SMEs) and regional firms
- A number of inquiries have assessed the impact of skills shortages on regions. In particular, organizations such as the Australian Industry Group and Hunternet have undertaken important work in regional New South Wales
- There is a need to define the problem carefully, to distinguish it from other economic development issues, and to see the connections between skills shortages and related issues. There are ways of tackling the issue directly, but there are also ways of addressing the issue indirectly, for example, through the provision of assistance and support for market adjustment
- The landscape is constantly changing and the issue is complex. As a result of globalization, industries and regions are more open to competition, firm closures and relocations are common as trading conditions change, and competitive pressures drive the need to develop new products and services. Firms and regions in the new economy will need to be flexible. The complexity of the regional skills shortages issue means that there is not likely to be one single solution
- The keys to the solution of skills shortages are varied and should be integrated. It is not just about training. The provision of training needs to be part of the solution in many cases, but is not always the total solution and is not the only solution
- There is often, rightly, a specific focus on trades in relation to skills shortages in regional New South Wales, but the attraction of professionals is a major concern for many regional communities. This is exacerbated by the continued loss of young people to the cities
- A number of industry sectors and occupations have been troubled by skills shortages, and these have been felt in many regions of New South Wales. Sectors affected include food and wine, retail, meat processing, the timber industry and manufacturing generally. Occupations specifically suffering skills shortages include engineering and manufacturing workers (such as welders, sheet metalworkers, boilermakers) and professions such as accounting, law, planning and health, and

- Finally, it needs to be remembered that the labour market, including in regional areas, also faces problems in filling many non-skilled positions.

The Economic Literature on Skills Shortages

Shah and Burke¹ define a skills shortage as occurring when the demand for workers for a particular occupation is greater than the supply of workers who are qualified, available and willing to work under existing market conditions. Other observers have noted, however, that the notion of skills shortages is a slippery one, with varying definitions.

The Commonwealth Department of Employment and Workplace Relations defines a skills shortage “when employers are unable to fill or have considerable difficulty in filling vacancies for an occupation, or specialised skill needs within that occupation, at current levels of remuneration and conditions of employment, and reasonably accessible location”.

According to economic theory, skills shortages occur more in times of boom than recession. They are also seen as short term imbalances as the economy changes due to shifts in the demand and supply of products and services. In theory, these should correct themselves in time. Skills shortages are generally a result of either changes in the supply of labour or changes in the demand for labour. Changes in supply can include the impact of an ageing workforce, the changing attraction of particular jobs, or changes in the numbers of people entering or completing training. Changes in demand can include the development of new products, new technologies, new workforce arrangements or shifts in the industry mix (restructuring), stage of the business cycle.

The economic literature on skills shortages identifies important distinctions that clarify the nature of the problem and possible strategies for addressing the key issues. For example, the appropriateness of a policy response (such as increased training) is related to the type of shortage, the level of its severity and the causes (see Shah and Burke, Centre for the Economics of Education and Training, 2003).

An important element of skills shortages is the new economy’s demand for highly flexible, nimble firms and industries. The increasing speed of change in the twenty-first century global economy means that the traditional skill sets acquired by individual workers in the past, often focused on narrow occupation categories, will be insufficient for the firms of the future.

The economics of skills shortages are complicated by the fact that not all workers have the mobility or capacity to move to regions where new workplace opportunities emerge. The strong “attachment to place” felt by many people and firms means that allowing markets alone to resolve skills shortages issues is often not a sufficient solution, particularly for regional communities.

¹ Shah, C. & Burke, G. (2003), Skills Shortages: Concepts, Measurement and Implications, Working Paper, Melbourne, Centre for the Economics of Education and Training, Monash University.

Skills Shortages – the Regional Dimension

Skills shortages are a national (and international) problem, and a problem for particular industry sectors and occupations. Increasingly, however, it is becoming apparent that there is a strong regional dimension to the issue of skills shortages.

CPA Australia conducted a survey of small business in October 2004 and found that more than half of the businesses surveyed experienced difficulties in finding skilled staff in their industry. The Australian Chamber of Commerce and Industry Survey of Investor Confidence October 2004 showed availability of quality staff as a very close second in the list of constraints on SME investment. Regional firms face particular difficulties with skills shortages with the added complications of remoteness, population size and access to facilities.

According to economic analysts, it is likely that skills shortages are most likely to occur in fast growing regions with an increased need for skilled workers, in slow growing regions which have low wages, where there is an ageing population, or where the region is unattractive to outsiders (O'Hagan in *Sustaining Regions* 2003).

Examples of skills shortages in regional areas include the case of new or expanding industries unable to fill positions; shortages that are associated with limited infrastructure or services, for example training; shortages that might reflect a region's lack of lifestyle appeal; shortages due to the absence of professional development opportunities or broad career advancement; and shortages due to seasonal factors (see McKenzie in *Sustaining Regions*, 2003).

The intensity of the skills shortage problem in many regions relates to the nature of regional economies, and in particular to the issues of scale, diversity of the economic base, and remoteness. Typically, regions lack critical mass relative to city economies and do not possess as diverse an economic base. Often regional economies rely on a relatively small number of major industries which may be vulnerable to external shocks. Regional economies also have a predominance of small businesses which may not have the resources of bigger businesses to address skills shortages themselves, for example, through in-house skills training. Cities are much better able to cope with restructuring, and there are far greater opportunities both for employment in other industry sectors and for re-skilling by workers. Remoteness from training and professional development opportunities is a key issue for many regional communities.

Hence, because of a narrower economic base, the economic restructuring which often leads to the emergence of skills shortages tends to be far more pronounced in smaller places, and its effects much sharper. For example, the shutting down of a traditional regional industry such as meat processing will typically leave a pool of workers whose skills may not necessarily translate readily to any new industries that emerge in place of the old. New industries such as business and human services (eg aged care and tourism in sea change areas) require very different skill sets from traditional manufacturing.

There may also be important cultural issues at work in regional economies, such as an unwillingness to take up fresh employment opportunities in new industries by workers trained in traditional industries who have skills unsuited to other sectors.

Often the skills shortages issues in regional areas are, in reality, retention and attraction issues. While regional areas offer lifestyle and cost benefits to households and firms, they cannot compete easily with cities in terms of career choice, breadth of business services available, cultural attractions and diversity. Social changes, the feminization of the workforce, the increased expectations of young people in relation to career choice, the tendency to career shifting, the far greater current preoccupation with higher education, all affect the capacity of regional communities to retain and attract people with skills.

These are large issues and old issues for regional development, and they are not easily addressed. Nor should it be expected that they will be addressed by a single, short-term strategy. They go far beyond the question of skills shortages in particular occupations or sectors, and are not susceptible to quick fixes.

What the Department of State and Regional Development is Doing to Address Skills Shortages

Skills shortages are both an economic development issue and a regional issue. The Department is interested in working in partnership with regions to help resolve the skills shortages issues that they face.

Broadly, there are two ways to address skills shortages. One is to tackle the specific case, for example, through a training based solution. The other approach is to make a region more attractive to people with the skills that may be required in emerging industries. The Department's regional development programs seek to address the skills shortages issue in the regions at both of these levels.

Broadly, the initiatives have been developed in regions by regional development bodies and communities, with financial and other support from the Department.

The Department's Framework for Addressing Regional Skills Shortages

Recently, the Department has reviewed its support for regional skills shortages projects and is in the process of developing a framework for addressing regional skills shortages. The proposed model gives a conceptual framework for addressing skills shortages in regional NSW. The approach builds on the work already undertaken by the Department.

To date, the Department has supported a number of skills shortage projects (56 projects as at June 2005). These have responded to community needs and have ranged from promotion strategies to attract relocation of professionals (C-Change project) to business cluster development to address skills shortages (Nambucca Cluster). The proposed coordinated framework approach builds on these projects, better directs

resources to priority areas, ensures more coordinated responses and ultimately does more to address skills shortages in regional NSW.

The framework has a focus on information and resources, combined with project facilitation. It involves developing information resources for communities and businesses combined with a funding/project framework for DSRD assistance for skills shortages.

The framework recognises that there are three tiers to addressing skills shortages in regional NSW – the regional, community and individual business level. It also recognises that there are a number of players in the “skills shortage game”, including the Commonwealth, other State agencies and industry associations.

The proposed framework attempts to introduce a mechanism that forces an holistic and combined approach with other players and ensures that the bulk of DSRD funds are allocated to projects that are of strategic importance to a region. The framework will reduce duplication in the “skills shortage game” and better leverage outcomes from funding dollars.

The Government’s approach reflects its awareness of the connection between specific skills shortages and the broader regional issue of skills attraction and retention. Regional Development Boards have also been active in the pursuit of the issue, and many regional bodies have conducted skills audits as well as embarking on attraction and retention strategies.

The Department plays a key role in New South Wales efforts to address skills shortages. While acknowledging that skills shortages impact on business growth and that it is a multi-dimensional issue, DSRD plays a role in facilitating combined responses at a regional and community level. By doing this, DSRD is not trying to take on the role of other agencies as training provider or infrastructure provider, but leveraging our assistance to bring the other players to the party. DSRD would take on this role where the skills shortage issue is of regional significance. The approach is similar to the DSRD role in facilitating investment or infrastructure to a region.

Where the issue may be firm specific, DSRD also has the contact and expertise to integrate skills shortage strategies with other forms of tailored business assistance or indeed to use this assistance to explicitly address skills shortages.

Finally, the NSW Department of State and Regional Development maintains an ongoing liaison with the Department of Education and Training (DET) regarding training needs and potential funding to overcome skills shortages in both regional and metropolitan NSW. The Department also makes input on training needs to DET’s annual planning processes.

A Wide Range of Skills Projects

The Department has assisted over forty completed or planned projects which have embraced a wide range of regional partners. The Illawarra Regional Development Board has implemented a four stage Skills Audit project providing an in-depth 'snap shot' of regional skills across a wide range of industry sectors and business types. Funding was also received for this project from the Department of Transport and Regional Services under the Regional Partnerships Program. Other projects have included the following:

- Building Regional Towns Tours – to promote residential development opportunities in selected regional towns
- The proposed C Change Bureau – to promote living in Riverina-Murray Local Government Areas as destinations for city people, through the employment of a facilitator to display information on these destinations in Sydney and Melbourne
- Nambucca Cluster – to work with the Department of Education and Training to achieve skills development outcomes as part of the Nambucca business cluster
- Central Regional Organisation of Councils – to support the development of Occupational Health and Safety training strategies to update the skills and accreditation of regionally based contractors to government
- Central West Regional Development Board project on trade skills – to provide intensive matching of skilled migrant data and focused promotion into Sydney, particularly in relation to engineering
- Orange, Cabonne, Blayney Industry Skills Network – to increase apprenticeships in the mining, manufacturing and engineering trades
- New England Skills Audit and Strategic Plan – to collate data and test ideas in focus groups
- Manufacturing Careers in the Southern Highlands – to work with schools to promote careers in manufacturing, and
- Career on a Plate – to expose senior school students to the opportunities of working in the sciences in regional areas.

More detailed case studies are outlined below.

Case Study One ***Country Week***

The Department is a major sponsor of Country Week, a private sector initiative aimed at promoting the benefits of living and working in regional NSW. Twelve local councils received funding for skills audit research in preparation for Country Week.

The 2004 Expo was attended by over 7,500 people and approximately 490 businesses. All participating Councils evaluated the event favourably and early evidence indicates that some Councils will be able to report relocations as a result of their participation.

Country Week 2005 was held at Rosehill Gardens Event Centre, Sydney, from 5 to 7 August. The Expo provided an even broader range of events to showcase the opportunities available throughout country and regional New South Wales. While encouraging industry and business to relocate, the campaign also targeted retirees, businesses, young families, empty nesters and professionals looking to make lifestyle changes. The 2005 Expo was attended by 8,550 people representing a 14% increase on the 2004 attendance levels.

Key participants in 2005 included:

- Three tiers of Government as well as the corporate sector
- A variety of semi-government agencies
- Chambers of Commerce
- Approved Real Estate Agents
- Education providers
- Large employers - particularly those with skills shortages
- Employment services
- Tourism organisations, and
- Neighbouring communities.

Case Study Two

Western Riverina Higher Education Skills Analysis

The Western Riverina region, particularly Griffith, has had ongoing skills shortages problems across a range of professions, largely related to business services and management skills. Shortages are also being felt in the food and wine industries that are rapidly expanding in the region.

This led to the Western Riverina Higher Education Skills Analysis project that has involved the Department of State and Regional Development, the Riverina Area Consultative Committee, the Riverina Regional Development Board, Charles Sturt University and Riverina Institute of TAFE.

The lack of skills in the relatively remote Western Riverina was proving to be a barrier to business expansion. There were also cultural factors at work in the region, where young people were encouraged to remain in the town and work in family businesses but who did not have access to tertiary education opportunities. There were also issues relating to the capacity of the region to attract outside professionals such as accountants, health professionals, and lawyers. Many community representatives involved in the initial study undertaken by the Centre for Rural Social Research also spoke about the lack of tertiary education as a barrier to the development of a vibrant culture in the region that would attract people to the area.

The impacts of skills shortages in the Western Riverina have included the outsourcing of key professional tasks to other regions and the undertaking of these tasks in the region by people not suitably qualified to perform them.

As a result of the project, the Riverina Institute of TAFE and Charles Sturt University together provide an Advanced Diploma in Business Management and a Bachelor of Business Studies through an integrated program based at the University Studies Centre in Griffith. The program began in 2004 with an intake of 26 students. (Similarly, CSU's Dubbo campus has provided new opportunities for higher education in that region).

The project has been successful because of the willingness of regional partners to work together, the clarity of thinking in identifying the specific skills shortages problem in the region, the willingness of young people to participate, and the creative way in which stakeholders set out to address the key issues through practical, workable delivery mechanisms. The project, and the attitude of businesses generally in the region, has been noteworthy also for the willingness of businesses to work positively with government to find solutions. The project is a model for the delivery of higher education in remote locations generally.

Case Study Three

Inverell Employment Initiatives

A Community Strategic Plan was developed by the Growing Inverell Committee and the local town's people in October 2003 through the DSRD Main Streets Small Towns (MSST) Program. One of the issues identified was the need to address the lack of skills in the local area.

In March 2004, the Employment Initiative Committee was formed to follow through the skills issue. Three areas for addressing were identified:

1. Training for skills
2. Retention of existing skills, and
3. Attracting new skills.

Training for skills

The primary focus is on Inverell youth. As part of the Community Strategic Plan, high school students were interviewed to determine how they saw Inverell growing and what role they would like to play in that growth. The support for the town from the students and their desire to remain in Inverell after finishing school was both a surprise and encouraging.

The Employment Initiative Committee facilitated talks between high school principals, career advisors, local job agencies, and apprentice and traineeship organisations. The goal was to make students aware of the local options for employment and tertiary education studies in Inverell.

The Committee agreed to run a Skills Retention/Careers Expo in 2004 and this was aimed at introducing local businesses and employment organisations to not only school students but also to other locals looking for employment opportunities. Expo 04 was considered successful by all participants and Council agreed to support it as an annual event. Expo 05 has since been successfully run in 2005.

The Skills Retention/Careers Expo 04 included:

- Attendance of over 700 people
- Over 35 stalls supported by local businesses and employment agencies. All employers with stalls had employment opportunities
- Presentations run all day by various organisations outlining employment opportunities and skills paths
- One family who saw the Expo advertised on television attended and relocated to Inverell as a result; and
- A number of students were interviewed for and received job offers as a result of the Expo.

The subsequent Skills Retention/Careers Expo 05 involved:

- Again an attendance of over 700 people from the wider region
- This year the Expo was supported by the Department of Education and Training, Joblink Plus, Inverell Shire Council, Inverell Chamber of Commerce and Rotary clubs
- Over 44 businesses and agencies participated, and
- Again a number of students received job offers as a result of the Expo.

Some issues identified include:

- Lack of skills within businesses on how to employ and how to train on the job
- Lack of understanding on the parts of both employers and students of local opportunities and available skills
- Continuing difficulties in Traineeships and Apprenticeships meeting employers' needs, and
- Lack of promotion among schools of alternatives to University.

Retention of existing skills

Results from the DSRD Business Retention Expansion Survey, undertaken as part of the Community Strategic Plan for Inverell, indicated that employers were not only unable to attract skilled labour but were worried about the loss of existing skilled staff. This was exacerbated during the heaviest part of the drought with skilled labour moving out of the local area.

The problem was partially solved with the formation of the Inverell Manufacturing Group. This is a loose network of local manufacturers who shared staff, equipment and outsourced work locally as much as possible in order to retain the skilled manufacturing pool.

This Group weathered the drought and has been gradually expanding its businesses over the last 12 months.

The Group will continue to be supported and a meeting will be held at the end of November to assess its current resource situation with a view to putting into place

program/programs to facilitate its continued growth, which in turn increases skills retention.

Retention is a difficult problem. Part of the problem is financial and lack of employment opportunities. The Committee is working on employment opportunities in conjunction with the Growing Inverell Committee through business expansion and relocation initiatives.

The other issue is that often highly skilled employees are going to want to eventually run their own businesses. The result is that they not only leave a major skills gap when leaving their employer but they often set up in competition. This is unfortunate for the employer but may have long term advantages for the town in terms of competition and job creation by the new business.

Attracting new skills

The Employment Initiative Committee in cooperation with the Growing Inverell Committee agreed to implement a series of programs to assist with skills attraction. These included:

- The development of a Prospectus to illustrate Inverell as a place to live and work and a marketing program for distribution
- The up-dating of the Inverell Online website to complement the Prospectus
- Attendance at Country Week in Sydney
- Coordinated follow-up of relocation inquiries from Country Week, and
- Inverell-On-Display was held in April 2005 to encourage regional businesses to source local products and services and to make metropolitan areas aware of the quality and cost effectiveness of buying from the region. It was also an avenue to illustrate local job opportunities and to follow up on Country Week interest.

Attraction of retirees

Inverell, like most regional towns, has acknowledged the growing aging population. Inverell is looking at developing a comprehensive strategy to look at the needs of this population segment and the long term economic and social impact of attracting retirees as a growth strategy.

The outcome of this strategy will have considerable influence on the future of skills and business relocation initiatives for Inverell and potentially other regional towns.

Case Study Four

Meat Industry Training Initiatives

The Meat Processing Industry Restructuring Program (MPIRP) Steering Committee identified training/skills development as an area that had not been fully considered in the original design of the MPIRP, and made the identification and implementation of suitable training initiatives a high priority.

Initially, the Steering Committee recommended that funding be re-directed from other Program components to support provision of training in three areas identified as critical by industry representatives:

- meat inspection
- professional development for trainers and assessors, and
- occupational health and safety.

Around \$258,000 was allocated to DET, which commissioned the Meat Industry Training Advisory Council (MINTRAC) to deliver training in these areas.

398 meat industry employees subsequently participated in this training.

Following the successful roll-out of this training, MINTRAC was requested by the Steering Committee to develop a comprehensive Meat Industry Training Program (MITP), for delivery over 2004/05 and 2005/06. This proposed Program was subsequently reviewed, prioritised and endorsed by the Steering Committee, and is now in the process of implementation. It encompasses:

- Occupational health and safety training for existing industry personnel
- Meat safety (inspection) and quality assurance training for existing industry personnel
- Workplace training and assessment courses for existing industry personnel
- Diploma in Meat Processing for existing industry personnel
- Certificate IV core units training
- Certificate IV in Leadership
- Recruitment, selection and training of potential meat industry employees, and
- IT training for existing workers and supervisors.

There has been very strong take-up of the training courses offered to date, with all being fully subscribed. As at December 2004, funding of around \$159,000 had been committed to roll out the MITP 2004/05, with training commenced by around 180 participants. Total funds allocated to the MITP in the period 04/05 through to 05/06 comes to \$663,000 which, combined with the earlier allocation of \$258,000, means that \$921,000 will be injected into priority areas of meat industry skills development through the MPIRP.

As well, Meat and Livestock Australia (MLA) is undertaking a project focussing on retention of skilled employees, which is regarded as a major challenge for the meat processing industry.

Regional Skills and New South Wales Overseas Migration initiatives

NSW used three regional visa programs to secure almost 300 skilled migrants for regional NSW during 2004. These migrants were fairly evenly distributed among the regions of NSW. There was a 40% increase in the number of regional visas supported

from the first half of 2004 to the second half of 2004. This was in part due to the launch of the Skilled Independent Regional visa on 1 July 2004.

NSW is promoting these visa programs to also address skills shortages in regional areas. A recent analysis of the Department's implementation of regional skilled migration programs showed that regional skilled migration programs are being used by business to address skills shortages in regional areas.

Regional skilled migrants

There are three regional migration programs. Two are employer sponsored visas – the *Regional Sponsored Migration Scheme* and the *Regional Long Term Temporary Business visa*. The third program is an applicant driven visa - the *Skilled Independent Regional visa* program.

Employer sponsored schemes

NSW uses the employer nomination *Regional Sponsored Migration Scheme* and *Regional Long Term Temporary Business visa* programs to help secure skilled staff needed in regional NSW. The Regional Sponsored Migration Scheme visa provides permanent residence if the applicant is contracted to the sponsoring employer for two years. The Regional Long Term Temporary Business visa is usually a 2 year temporary visa which can be extended for a further 2 years. Applications are certified by Regional Certifying Bodies in each region. The Regional Certifying Body is in many cases also the Regional Development Board.

During 2004/2005, NSW Regional Certifying Bodies have supported the following applications:

Regional Sponsored Migration Scheme	197
Regional Long Term Temporary Business	50
Skilled Independent Regional	74
Total	321

These visas have secured a range of trades and professional staff including cooks, nurses, mechanics, electrical tradesmen, medical officers, managers and physicians. Distribution of the certified applications by region is at Attachment 1.

Skilled independent regional visa

On 1 July 2004, the Commonwealth Government introduced the Skilled Independent Regional visa. DSRD's Business Migration Unit has coordinated NSW participation in and promotion of this new program.

This new visa also requires sponsorship from a State or Territory Government. NSW has appointed Regional Certifying Bodies as the sponsoring authorities for NSW. Seven Regional Certifying Bodies are currently participating in this visa program.

This visa class addresses one of the recommendations of the Commonwealth/NSW Working Party on Migration to Sydney and Regional NSW. The visa is expected to divert skilled migration from Sydney to regional areas and provide needed skills in regional NSW. Applicants do not need to be nominated by an employer but need a skill identified by NSW Regional Certifying Bodies as being in demand in their region. Some Regional Certifying Bodies have conducted skills audits to determine the skills in demand in their regions.

NSW sponsored 74 applicants for the Skilled Independent Regional visa in the second half of 2004/2005 and this number is expected to grow.

Promotion

NSW Regional Certifying Bodies and Regional Outreach Officers from the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) have been promoting employer sponsored regional migration solutions through a program of events in rural and regional NSW targeted at employers, chambers of commerce and local councils since mid 2004. A copy of the current DIMIA program for central and northern NSW is at Attachment 2.

The DSRD Business Migration Unit has been promoting the new Skilled Independent Regional visa through:

- A Regional Skilled Migration web page established on the Department of State and Regional Development website with lists from NSW Regional Certifying Bodies of skills that they are prepared to sponsor for a Skilled Independent Regional visa
- Presentations to overseas students at universities and to migration agents on NSW's approach to the Skilled Independent Regional visa
- Participation in the Australia Migration Open Day at Australia House in London on 15 March 2005, and
- The NSW quarterly *electronic newsletter* for migration agents (see Attachment 3 for the latest copy).

Other states' models

The Commonwealth gives the States significant discretion to shape the Regional Skilled Migration Program to meet their individual requirements.

The NSW approach to regional skilled migration is targeted to address specific skills shortages in regional NSW advised by state regional development boards. Currently, NSW sponsors applicants for the Skilled Independent Regional (SIR) visa in 65 occupations in short supply in regional NSW out of 419 occupations on DIMIA's Skilled Occupations List. This list is growing as more boards advise of skills shortages in their areas.

The impact of Commonwealth regional migration programs

Overview

It is too early to judge the success of most of the Commonwealth's regional migration programs. It generally takes several years before it is possible to effectively assess the success of migration programs.

The Skilled Independent Regional (SIR) visa was introduced on 1 July 2004 to encourage skilled migration to regional Australia. The revised Business Skills visa program was implemented on 1 March 2003 to enhance the dispersal of business migrants away from the larger States and towards the smaller States.

The Regional Sponsored Migration Program (RSMS) has been in place for several years and following more active promotion in the last 12-18 months, the number of applications has increased considerably both in NSW and nationally. This is an indication of some success with this program meeting the skills needs of regional employers.

Keeping Migrants in Regional Areas

A key issue is whether migrants under regional migration programs will remain in regional areas or later move to the cities.

NSW requires holders of a provisional SIR visa to progress to permanent residence by applying for a visa under the Regional Sponsored Migration Scheme (RSMS). This requires the applicant to commit to stay in regional NSW for a further 2 years after an initial 2 year period on the SIR visa. After at least 4 years living in regional NSW the migrant is more likely to remain living in the region.

Many business migrants who have been sponsored by other States over the last two years are looking for ways to move to Sydney. The success of the revised business migration program started on 1 March 2003 in delivering a greater dispersion of business migrants among the States on a long term basis is at this stage unclear.

NSW Approach to Business Migration

Business migration is a very small part of the total migration program. However, business migrants bring investment and create jobs. 15% of business migrants sponsored by NSW plan to establish businesses in regional NSW. Some business migrants locate their business in Sydney but work with regional businesses to export their products, delivering benefits to regional NSW.

Business migrants need to be encouraged to invest in regions through attraction and facilitation. Prescriptive rules to disperse business migrants to regional areas are likely to be of limited success and could be potentially counterproductive.

NSW holds Regional Investment Forums and circulates regional investment opportunities to prospective migrants and migration agents to encourage long term investment and sustainable business development in regional NSW.

Conclusion

In the view of the Department of State and Regional Development, the Commonwealth Government needs to:

1. allocate more resources to regional migration programs instead of relying heavily on the States to promote these programs and deal with queries from prospective migrants, and
2. specifically put more resources into offshore promotion of regional migration to find potential migrants with the skills needed in regional NSW. The Commonwealth has recently commenced offshore promotions for Australian employers to promote employer nominated visa programs but relies on States to promote regional migration offshore.

At the National Regional Migration Conference hosted by DIMIA in Adelaide in May 2005, the South West Western Australian Area Consultative Committee delegation put forward a paper proposing the roll out of positions across Australia similar to those DSRD has funded in the Riverina to promote regional migration solutions to employers. The positions would be located in Area Consultative Committees and be funded by the Commonwealth Department of Transport and Regional Services (DOTARS). It appears that DIMIA has considered this proposal but did not judge it suitable to pursue, which reflects the cost shifting agenda behind much of DIMIA's regional migration initiatives.

Summary

There is no doubt that skills shortages has emerged as a significant problem in Australia. A consistent theme from anecdotal and survey evidence is that skills shortages are one of the most pressing concerns and constraints to growth for firms, particularly SMEs and regional firms. Regional firms face particular difficulties with skills shortages with the added complications of remoteness, population size and access to facilities.

The causes of skills shortages generally are:

- Strong economy with low rates of unemployment
- Structural changes in economy or local economy
- Remote location of industry with access to a small skills base
- Lack of interest in industry by job seekers
- Demographic changes in population and labour force, and
- Under investment in skills development due to market failure.

The issue of regional skills shortages is complex and in many cases is related to broader challenges for regional economies. While addressing this multi dimensional issue through training provision is one option, other responses are also appropriate. Business level solutions, relocation promotion and migration programs are all available responses that will assist and support the market to adjust. DSRD has a role in facilitating and coordinating a combined response across these program areas.

Where a regional skills shortage issue is firm specific, DSRD has the contact and expertise to integrate skills shortage strategies with other forms of tailored business assistance or indeed to use this assistance to explicitly address the skills shortages.

There is a role for all levels of government in cooperation, and the Department's current involvement in the Standing Committee on Regional Development (SCORD) Group looking at skills shortages, which also includes Tasmania, South Australia and Western Australia, is evidence of New South Wales' willingness to explore cooperative solutions.

Paul Collits
Policy & Resources Division
11 August 2005

NEW SOUTH WALES REGIONAL SPONSORED MIGRATION VISAS

Regional 457 Long Term Temporary Business (Regional 457)

Regional Sponsored Migration Scheme (RSMS)

Skilled Independent Regional (SIR Visa)

SURVEY

1 July 2004 to 30 June 2005

<u>Regional Certifying Body (RCB)</u>	<u>REGIONAL 457</u>	<u>RSMS</u>	<u>SIR</u>	<u>Total</u>
	Number of Visa Applications Certified by RCB	Number of Visa Applications Certified by RCB	Number of Visa Applications Sponsored by RCB	
1. Australian Capital Region Development Council	5	11	0	16
2. Central West RDB	13	18	2	33
3. Far West RDB	0	0	0	0
4. Hunter Councils Inc	1	27	9	37
5. Illawarra RDB	0	12	0	12
6. Murray RDB	8	14	4	26
7. Albury Wodonga Business Ltd	8	18	0	26
8. Orana Development & Employment Council	8	19	13	40
9. Northern Rivers RDB	0	12	0	12
10. Riverina RDB	5	18	44	67
11. Small Business Centre New England	1	32	0	33
12. New England & North West RDB	0	0	2	2
13. Port Macquarie Chamber of Commerce	1	16	0	17
TOTALS	50	197	74	321

Draft NSW Regional Migration Unit Outreach Program 2005

Responsible Officer – Ian Moore.

DATE	EVENT	STAKEHOLDERS	REMARKS	RESOURCES
Feb 8	Information session Singleton Chamber of Commerce (TBC)	Singleton Council & other local employers in the Hunter region	Awareness raising skilled regional initiatives 15 to 20 attendees	1 RMU Officer Car Day Allowance Data show Laptop
Feb 11	NSW State Chamber of Commerce	Chambers of Commerce	A number of regionally based Chambers will be attending. Round table forum - 20 to 25 attendees – COC Presidents included.	1 RMU officer Car Datashow & Laptop
Feb 22	Statewide Annual Area Consultative Committee (ACC) conference in Dubbo	All NSW ACC Chairpersons & Executive Officers	Opportunity for RMU to provide an information session on skilled regional initiatives & build on existing working relationships. Co-ordinated by DOTARS Wollongong office 20 to 30 attendees Chairpersons and Administrative Officers	NSW Business Manager Regional Migration 1 RMU Officer TA Car Data show Laptop
Mar 3	Client interviews Illawarra Multicultural Services & business meeting/informat ion session with RCB & ACC	Individual clients in the Illawarra & local regional employers	Mapping a program of meetings with local & regional employers in the Illawarra region. Arranged in consultation with Illawarra RCB & Illawarra Multicultural Services.	1 RMU Officer 3 Client Services Officers TA - Day Allowance Cars Data show Laptop

Draft NSW Regional Migration Unit Outreach Program 2005

Mar 8 &/or 9	Client interviews MRC of Newcastle & the Hunter	Individual clients in Newcastle & Hunter region Meeting with Hunter RCB	Arranged in consultation with Newcastle MRC Build/strengthen working relationship with RCB	3 Officers TA Car Datashow & Laptop
Mar 14 to 18	Regional visit to Central West – Pilot Region	RCB, ACC & DOTARS in Orange RCB & ACC in Dubbo Information sessions for local employers & overseas students Individual clients	Visit takes in Lithgow, Bathurst, Mudgee, Wellington, Dubbo, Lightning Ridge & Orange Building on existing relationships, some on site training for RCB's. Awareness raising of skilled regional initiatives. Arranged in consultation with CSSS workers in Bathurst, Dubbo, Lightning Ridge & Orange.	1 RMU Officer 2 Client Services Officers TA Car Datashow & Laptop
Mar 21 to 24	Regional visit to New England – Pilot Region	RCB's in Tamworth & Armidale Local regional employers	Series of information sessions for regional employers & other key stakeholders. Visit likely to take in Tamworth, Armidale, Narrabri, Glenn Innes & Inverell.	2 RMU officers TA Car Datashow & Laptop
April 6	Wyoming	Client interviews	Arranged in consultation with CSSS worker based in Wyoming.	2 or 3 client services officers TA Car Data Show & Laptop
April 8, 9 & 10	Bathurst Show	Regional Presence – regional employers & businesses	Biggest Rural Agricultural Show in New South Wales. Information stall likely to be co-located with other agencies.	Site to be prebooked RMU Officers TA 2 cars Datashow & Laptop

Draft NSW Regional Migration Unit Outreach Program 2005

May 2 to 6 or 9 to 13	Regional Visit to New England (Pilot Region) & mid North Coast	Meetings with RCB's in Tamworth, Armidale & Port Macquarie Information sessions for regional employers Information session for overseas students at University of New England Client interviews	Visit includes Gunnedah, Tamworth, Armidale, Walcha, Port Macquarie, Taree. Arranged in consultation with RCB's in Tamworth & Armidale & CSSS workers based in Armidale & Taree.	1 RMU Officer 2 Client Services Officers Advertising TA Car/s Data Show & Laptop
May (date TBC)	RCB/ROO National Conference - Mildura	RCB's , Senior DIMIA Staff & DIMIA ROO Network	Review of developments since introduction of SIRS visa 1/7/04. Strategies to enhance implementation and awareness raising of skilled regional initiatives	NSW Business Manager Regional Migration Manager Regional Outreach Unit TA & airfares
May 15 to 21	Regional visit to North Coast	RCB in Lismore Education providers BEC Grafton Individual clients	Visit takes in Coffs Harbour, Woolgoolga, Grafton & Lismore. Relationship building. Business breakfast presentation arranged through the BEC Grafton. Awareness raising of regional initiatives Arranged in consultation with CSSS workers based in Coffs Harbour, Woolgoolga & Lismore	3 officers 1 car Advertising TA
May 25 & 26	Moree Cotton Trade Show	Cotton workers, growers & owners	Co-ordinated with ACC in Tamworth	Site to be prebooked Advertising RMU officers TA Car Datashow & Laptop

Draft NSW Regional Migration Unit Outreach Program 2005

June 9	Client interviews Illawarra Multicultural Services	Individual clients	Arranged in consultation with Illawarra Multicultural Services.	3 officers Advertising TA Car Laptop
July 7	Regional visit - Nowra	Client interviews Nowra Neighbourhood Centre	Arranged in consultation with the Illawarra Multicultural Services.	2 officers Advertising Day allowances 1 car Laptop
July 15 & 16	Mudgee Small Farm Field Day	Regional employers, other referral services	Opportunities for some information sessions	Site to be prebooked Advertising 3 officers TA Cars Data show & Laptop
July 19 &/or 20	Client interviews Newcastle MRC & information session/s	Individual clients Overseas students	Arranged in consultation with Newcastle MRC.	3 Client Services officers Advertising TA Car Laptop
5, 6 & 7 Aug	Country Week Expo – Rosehill Gardens	Wide range of regional & rural exhibitors as well as Commonwealth & State Government Departments.	Annual expo organised by Country Week Pty Ltd	Site to be pre-booked NSW Business Manager Regional Migration 2 RMU Officers 2 BC Officers 1 Client Services Officer Cars Advertising

Draft NSW Regional Migration Unit Outreach Program 2005

Aug 23-25	AGQUIP	Large Regional field-day Individual clients University of New England Overseas Students Office Information session overseas students at University of New England in Armidale	Build on relationships developed at last AGQUIP UNE session – 50 to 60 students	Site to be prebooked Advertising RMU officers TA Cars Datashow & laptop
Aug 29 – 2 Sept	Regional Visit to Central West – Pilot Region	Major Stakeholders: RCB Orange Orange Council Development Officer DSRD/DOTARS Economic Development Officers @ each location UNSW Orange Campus Overseas Client interviews	Visit includes Lithgow, Bathurst Orange, Cowra, Forbes Dubbo & Parkes Availability of stakeholders to be confirmed. Arranged in consultation with CSSS workers based in Bathurst, Dubbo & Orange.	1 RMU officer 2 Client Services officers Advertising TA Car Data Show & Laptop
Sept 8	Client interviews Wyong Community Centre	Client interviews	Arranged in consultation with CSSS worker based in Wyoming.	2 or 3 officers Advertising TA 1 car Laptop
Sept 22	Client interviews Warilla Neighbourhood Centre	Client interviews	Arranged in consultation with Illawarra Multicultural Services	2 or 3 officers Advertising TA 1 car Laptop
Oct 18 – 20	Australian National Field Day – Orange (Pilot Region)	Largest Regional field-day in NSW	Opportunity for networking with regional stakeholders.	Site to be prebooked Advertising 3 RMU officers TA Cars Datashow & laptop

Draft NSW Regional Migration Unit Outreach Program 2005

Oct 24 – 28	Regional visit to New England (Pilot Region) & mid North Coast	Meetings with RCB's in Tamworth, Armidale & Port Macquarie Information sessions for regional employers & overseas students Client interviews	Visit includes Gunnedah, Tamworth, Armidale, Port Macquarie and Taree. Arranged in consultation with RCB's in Tamworth & Armidale & CSSS workers based in Armidale & Taree.	1 RMU officer 2 client services officers Advertising TA 1 car Datashow & laptop
Nov - 14 – 18	Regional visit to North Coast	Meetings with RCB's Information sessions regional employers & overseas students	Visit includes Coffs Harbour, Woolgoolga, Grafton & Lismore Arranged in consultation with RCB in Lismore & CSSS workers based in Coffs Harbour, Woolgoolga & Lismore.	1 RMU officer 2 client services officers Advertising TA 1 car Datashow & laptop
Nov 24	Client interviews Illawarra Multicultural Services	Client interviews	Arranged in consultation with Illawarra Multicultural Services.	3 officers Advertising Day allowances Car laptop
Nov 29 &/or 30	Client interviews Newcastle MRC	Client interviews	Arranged in consultation with Newcastle MRC.	3 officers TA Advertising Car Laptop



Department of State and
Regional Development

New South Wales migration agents newsletter

No.5 / August 2005

Welcome to the fifth NSW newsletter for migration agents. In this edition we look at:

- 2004/05 statistics on business visa applicants sponsored by NSW
- Business plans required by NSW
- Letter of Release arrangements for State/Territory sponsored business migrants
- The new State/Territory sponsored Investor (Retirement) visa
- Accessing our web site from China
- Upcoming Chinese & UK promotions

Business Visas

(www.business.gov.au then look under Investment for link to Business Migration)

Sponsorship numbers

During 2004/2005 NSW received 364 applications for state sponsorship, issued 232 sponsorships and declined 20 applications. 112 applications were pending as of 30 June 2005. DIMIA approved 70 applications sponsored by NSW during the year and declined 16.

There has been a deterioration in the quality of applications received in recent months. From 1 July to 18 August 2005 we have issued 54 sponsorships but regrettably have had to decline 24 applications. 10 of these were from the same agent.

Applications Declined

Four agents have now submitted identical business plans for two or more applicants.

Some business plans for trading companies involving minimal financial commitment appear to be written to a standard formula and include little input from the applicant. In 2004/05, 54 out of 65 applications from one agent were for trading companies and appeared to be written to such a formula.

A few applicants have sought to pre-empt our sponsorship by buying a small business shortly

before applying for a visa. These applicants may have to sell the business if NSW does not sponsor their application.

NSW requires applicants to demonstrate a genuine commitment to enter into business in NSW through the submission of a well developed and researched business plan.

Business Plans

Newsletter No 4 in May 2005 advised that we had updated the advice on our web site regarding the business plan. This advice is summarised below. NSW requires that:

- the business plan is consistent with the applicant's business history
- the plan shows primary research by the applicant. A study visit to NSW is strongly recommended
- the assumptions used to derive the financial projections are fully explained

The financial projections for trading company proposals will receive close scrutiny as these proposals are at times associated with applications that do not show a genuine commitment to enter into business in NSW.

Please see 'How to Apply' on our web page for more details.

Processing Times

We are pleased to report that processing times for NSW sponsorship for visa applications have improved in recent months and the time for some applications is now below 4 weeks. However you should still allow 6 weeks for processing when you apply.

Letter of Release

Applicants sponsored by other States who wish to move to NSW must obtain a 'Letter of Release' from the original sponsoring State before moving to NSW if they wish to successfully apply for a second stage permanent residence visa.



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DIMIA will shortly release a revised Form 949 incorporating the 'Letter of Release' arrangement on its web site. A revised form will be printed later in the year.

State/Territory Sponsored Investor (Retirement) Visa

NSW does not participate in this visa program so applicants will have to seek sponsorship from other States or Territories of Australia and settle in that State or Territory.

Seminar for Newly Arrived Business Migrants

The NSW Asia Business Advisory Council will host a seminar for newly arrived business migrants to NSW on 10 October 2005 between 4.30 and 6.30 pm at our Trade & Investment Centre on Level 44 of 225 George Street Sydney. We will circulate details in a few days. Please register by sending an e mail to bizmigration@business.nsw.gov.au

Web Site Access

We are aware of problems reported by several agents in China accessing the NSW web site www.business.nsw.gov.au. We are working on the problem and hope to have a solution soon.

DIMIA China Business Migration Promotions

DIMIA are planning promotions in November 2005 in Taipei (19th), Guangdong (22nd) and Shanghai (24th). These will replace the previous promotions in February each year.

Regional Visas

(www.business.nsw.gov.au then look under Regional Development for link to Regional Skilled Migration)

Sponsorship Numbers

NSW Regional Certifying Bodies certified or sponsored over 320 regional visa applications in 2004/05.

In the first half of 2005 we sponsored 42 SIR visa applications.

London Expo

The Australian Government will hold one of its 'Australia Needs Skills' migration expos in London from 27-29 September 2005. NSW will have a booth and will be represented by Lorna Whitwell from our London office.

Hunter Councils, the NSW Regional Certifying Body for the Hunter, will also be represented as part of a campaign to recruit town planners and civil engineers from the UK.

University Promotions

NSW will participate in another promotion of the SIR visa to overseas students at the University of NSW on Thursday 25 August 2005.

Country Week

The NSW Country and Regional Relocation Guide produced for the recent Country Week expo provides good information on living and working in regional NSW. If you would like some copies please let us know.

Riverina

The Riverina Regional Development Board has recently updated its list of skills in demand that they will sponsor for the SIR visa. See our web site for details.

NSW Business Migration Team



Lita Aganon, Tom McAlary, Lily Cheung, John Angeles