

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

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of NSW  
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**Theme:**

**Summary**



Our ref: R91/0246 Out-12908

30 September 2005

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

Dear Mr Catanzariti

### **Inquiry into Skills Shortages in Rural and Regional NSW**

The Local Government Association of NSW and Shires Association of NSW (the Associations) welcome the opportunity to participate in this important inquiry. Skills shortages in rural and regional NSW continue to be of particular concern to a large number of our member councils.

The Associations represent the 152 general purpose councils across NSW. Special-purpose county councils and Regional Aboriginal Land Councils are also members.


Please find attached the Associations' submission to the Inquiry (our submission does not contain confidential information) which indicates that:

- Local Government is a \$6 billion industry in NSW. In 2004 Council's employed 51,600 people and managed infrastructure assets worth \$55 billion. The total income in each council ranges from \$4.1 million to \$185 million per annum.
- The Associations and Local Government with their local communities have implemented a range of innovative programs to address the chronic shortage of skilled labour within Local Government and rural and regional NSW. Without intergovernmental recognition and support for addressing the skills shortage, this will continue to be a difficult process for rural and regional councils and the communities they represent.
- In part the extent of the skills shortage is greatest in rural and regional NSW due to structural change and under-investment in skills development. Greater support and coordination of intergovernmental responses in promoting regional specialisation and skills development is considered critical if regional workforces are going to have the flexibility and capacity to confront future structural change.
- The Commonwealth's migration programs will assist in the resolution of skilled labour supply shortages however, the development and funding of practical and achievable complimentary programs that draw on the attractions and opportunities in regional NSW is crucial in providing a long term solution. Increased Commonwealth funding of education and vocational training programs in rural and regional NSW is equally important if long term shortages in the supply of skilled labour are to be addressed.

The Associations trust that the issues and concerns raised by this submission and those of our member councils will be given consideration by the inquiry. We encourage the Inquiry to also look to submissions by individual NSW councils for specific responses to the issues.

We look forward to further participation in the process of inquiry if required and to consideration of the findings. Should you require further information, or wish to discuss the matters raised in our submission, please phone Mark Purdy, Policy Officer – Planning on 9242 4000.

Yours sincerely



Bill Gillooly AM  
**Secretary General**

Cc: Ms Julie Langsworth

Local Government  
Association of NSW



Shires Association of NSW

**SUBMISSION TO LEGISLATIVE COUNCIL  
STANDING COMMITTEE ON STATE DEVELOPMENT  
INQUIRY INTO SKILLS SHORTAGES IN RURAL AND  
REGIONAL NSW**

**September 2005**

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**Local Government Association of NSW and Shires Association of NSW**  
**SUBMISSION TO THE**  
**LEGISLATIVE COUNCIL STANDING COMMITTEE ON STATE DEVELOPMENT**  
***INQUIRY INTO SKILLS SHORTAGES IN RURAL AND REGIONAL NSW***

## **EXECUTIVE SUMMARY**

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### **Introduction**

This executive summary outlines the Local Government Association of NSW and Shires Association of NSW (the Associations) submission which has been prepared to assist the Committee obtain an understanding of the Association's and Local Government's role in addressing skills shortages in rural and regional New South Wales.

The Associations represent 152 general purpose councils in NSW. Special-purpose county councils and Regional Aboriginal Land Councils are also members.

Local Government is a \$6 billion industry in NSW. In 2004 Councils employed 51,600 people and managed infrastructure assets worth \$55 billion. The total income in each council ranges from \$4.1 million to \$185 million per annum.

For the purpose of this submission the challenges faced by NSW Local Government have been reported from the perspective of one of the single largest employers within rural and regional NSW, and from a community perspective that has evolved from a crucial role in encouraging and coordinating business and community networks, and through directing economic development strategies.

### **Issues faced by Local Government in NSW**

The Associations acknowledge that strong economic growth and demographic trends have created skills shortages throughout the economy, including metropolitan areas, but nowhere is this shortage felt more than in rural and regional areas.

It is now recognised within most rural and regional councils that a skills shortage exists and that there is an emerging future skills shortage. Local Government faces a number of specific challenges in addressing this issue including:

- A critical skills shortage in the supply of professionals, trades and other skilled categories.
- An aging labour force with a declining labour market 'entry/exit ratios'.
- A severe lack of resources to fund regional initiatives coupled with cost shifting.
- Demonstrable economic and social costs which affect the operations of Local Government and the development of regional NSW.

### **Recommendations**

The Associations and Local Government with their local communities have implemented a range of innovative programs to address the chronic shortage of skilled labour within Local Government and rural and regional NSW. Without intergovernmental recognition and support for addressing the skills shortage, this will continue to be a difficult process for rural and regional councils and the communities they represent.

In part the extent of the skills shortage is greatest in rural and regional NSW due to structural change and under-investment in skills development. Greater support and coordination of intergovernmental responses in promoting regional specialisation and skills development is considered critical if regional workforces are going to have the flexibility and capacity to confront future structural change.

Councils by the nature of their role are heavily involved with a variety of regionally focused bodies, in addition to State and Commonwealth Governments, for the purpose of attracting and retaining skilled

workers. A number of opportunities exist to improve the efficiency of these relationships, including the necessary research and analysis for the development of regional-specific skills shortage lists.

The Commonwealth's migration programs will assist in the resolution of skilled labour supply shortages however, the development and funding of practical and achievable complimentary programs that draw on the attractions and opportunities in regional NSW is crucial in providing a long term solution. Increased Commonwealth funding of education and vocational training programs in rural and regional NSW is equally important if long term shortages in the supply of skilled labour are to be addressed.

**Local Government Association of NSW and Shires Association of NSW  
SUBMISSION TO THE  
LEGISLATIVE COUNCIL STANDING COMMITTEE ON STATE DEVELOPMENT**

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

**A. GENERAL COMMENTS**

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**Introduction**

The Local Government Association of NSW and Shires Association of NSW (the Associations) represent 152 general purpose councils in NSW. Special-purpose county councils and Regional Aboriginal Land Councils are also members.

New South Wales Local Government is a \$6 billion industry. In 2004 Council's employed 51,600 people<sup>1</sup> and managed infrastructure assets worth \$55 billion<sup>2</sup>. The total income in each council ranges from \$4.1million to \$185million per annum.

The Associations welcome the opportunity to provide comment in response to the Inquiry. Skills shortages in rural and regional NSW present Local Government with a number of specific challenges.

For the purpose of this submission the challenges have been reported from the perspective of one of the single largest employers within rural and regional NSW, and from a community perspective that has evolved from a crucial role in encouraging and coordinating business and community networks, and through directing economic development strategies.

The Associations acknowledge that strong economic growth and demographic trends have created skills shortages throughout the economy, including metropolitan areas, but nowhere has this shortage been felt more than in rural and regional areas.

The Associations and councils in consultation with their local communities have implemented a raft of innovative programs to address the chronic shortage of skilled labour within Local Government and rural and regional NSW.

Without intergovernmental recognition and support for increased vocational training of rural and regional labour, and for programs that draw on the attractions and opportunities in regional NSW, resolving long term skills shortage will continue to be a difficult process for rural and regional councils and the communities they represent.

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<sup>1</sup> Australian Bureau of Statistics, *Employed Wage and Salary Earners, Australia: Original Series*, cat. no. 6248.0, various issues.

<sup>2</sup> Department of Local Government, *Structural Reform of Local Government in New South Wales*, September 2004.



## **B. RESPONSE TO ISSUES PAPER**

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This section provides responses to several of the issues raised in Inquiry's Terms of Reference. Responses relate to the involvement of the Associations and Local Government in rural and regional NSW.

### **(a) The current and future demand for labour**

#### ***Skills shortages within rural and regional NSW Local Government***

Local Government is one of the single largest employers within rural and regional NSW. With a notable tightening in the Australian labour market resulting from strong economic growth and demographic change, skills shortages within Local Government are now more evident than any previous time.

Stated simply, the current and projected demand for professional and para-professional labour in NSW Local Government is not being met. The vast majority of rural and regional councils have acknowledged current skills shortages are also aware of emerging skills shortages.

The Associations are currently participating in the Training and Professional Skills Taskforce, which was established by the Department of Local Government (DLG) to address current and projected skills shortages in NSW Local Government. The Taskforce has produced a draft report with critical research into areas of professional and paraprofessional skills shortages in NSW Local Government.

The professions within NSW Local Government identified within the Training and Professional Skills Taskforce as experiencing the highest skills shortages, are town planning and engineering. Within each profession, by discipline, the largest skills shortages identified were:

- Town planners in general and statutory/development planners; and
- Civil engineering, design, traffic, utilities, construction and senior management.

The critical shortage of planners in Local Government has been acknowledged in the National Inquiry into Planning Education completed by the Planning Institute of Australia (PIA) in 2004. The PIA Inquiry identified that the most critical shortage of planners were being experienced in Local Government and that there are long term problems attracting planners to Local Government in rural and regional areas. The PIA Inquiry was supported by all State and Territory Planning Departments in Australia.

Notwithstanding the innovative work of the Training and Professional Skills Taskforce, and its draft report, it is important to note that skills shortage within NSW Local Government is not limited to town planning and engineering. The Association's rural and regional members have consistently reported shortages in trades, and professions in the environmental, health and building areas. Skills shortages have also been reported for accountants and finance managers.

#### ***The effect of an aging labour force on NSW Local Government***

In the course of 2004 the Associations undertook a major strategic project on ageing. The final report – "Planning the Local Government Response to Ageing and Place" - is available on the Associations website ([www.lgsa.org.au](http://www.lgsa.org.au)). While the resulting research revealed that population ageing will affect each of the state's Local Government Areas in profoundly different ways, the report demonstrates that Local Government will face enormous challenges from skilled labour shortages.

From around 2016, NSW will have a greater number of older people than children, and more labour market exits than entrants. These unprecedented crossovers will occur around 2010-2012 in rural and regional NSW, and around 2020-22 for greater Sydney.

The labour market entry/exit ratio for New South Wales currently has 47 LGAs (31%) with more labour market exits than entrants. By 2010 this will have increased to 79 LGAs (50%), and by 2022, to 116 LGAs (76%).

At the upper extreme on this indicator is the Great Lakes LGA, with an entry/exit ratio of 0.6. This means that it has 6 people at labour market entry age (15-24 years) for every 10 people approaching labour market exit age (55-64 years). By 2022 Boorowa is projected to have the lowest entry/exit ratio, which by then will have declined to 0.4 (four people at entry age for every ten approaching exit age).

To place these trends in context, the average entry/exit ratio for NSW is currently 1.3 (13 entrants for every ten exits), and is projected to decline by 2022 to 0.9 (nine entrants for every ten exits). For Greater Sydney and rural and regional NSW the respective ratios are currently 1.4 and 1.1, projected to decline by 2022 to 0.8 and 0.9.

The declining labour market 'entry/exit ratios' for NSW Local Government have significant implications. The situation of more people at labour market exit than entry age foreshadows an even greater contraction of the labour market than is currently being experienced. The trends will be further compounded by the fact that they are not unfolding in rural and regional NSW or Australia alone. Data for a range of OECD countries indicate that over the next 25 years, around 70 million workers will retire, to be replaced by just 5 million labour market entrants – and this takes account of current levels of net migration for these countries. The situation contrasts markedly with the past 25 years, during which around 45 million people in OECD countries retired, but were replaced by 120 million baby boomers. This has significant implications in terms of attracting skilled migrants and competing internationally for skilled labour.

A clear need exists for forward planning in relation to skills and labour shortages in NSW Local Government. As outlined in the comments made under section (c) of this submission, Local Government is currently taking action to remedy the skills shortages. Without intergovernmental recognition and support for addressing the skills shortage however, this will continue to be a difficult process for rural and regional Local Government in NSW.

### ***Skills shortages within rural and regional NSW***

Local Government plays a critical role in the rural and regional economies through their encouragement and coordination of business and community networks, and through economic development strategies. Through this role it has become evident that the degree of shortage is greatest in rural and regional NSW is in part, due to structural change and under-investment in skills development.

It should be noted that when interpreting skill shortages, labour markets in regional or rural NSW are very different in nature. The extent of demand and supply varies significantly between and within rural and regional NSW. Some areas are successfully competing with Sydney for skilled labour while others have failed to attract or retain labour.

### ***Skills development***

While it is recognised that variable factors influencing the supply of labour mean that there can never be a precise match between the type of skills that are required and the type of skills that are available, the desperate shortages in rural and regional workforces has been obvious for some time. Medical, nursing and allied health professionals are some of the latest professions to receive significant media coverage in regards to their current and projected shortages in rural and regional NSW. Other professions suffering similar shortages include teachers, trades people and managers.

The skills shortages in rural and regional NSW provides a valuable opportunity to assess the existing skills development system. As outlined in section (c) of the submission to the Inquiry, Local Government has supported the employment of local residents through ensuring that the local workforce receives training for necessary skill mix. In many instances, Local Government is undertaking activities in the wider community to assist in skills development, however, the capacity of Local Government to act in this role is limited. Increased Commonwealth and State funding in vocational training and apprenticeships for rural and regional areas is therefore critical. Without increased investment in local communities, worthwhile plans to boost skilled migration will only offer short-term relief from rural and regional labour shortages.

## ***Structural change***

As outlined in the Australian Local Government Association State of the Regions (SOR) report for 2001, councils are becoming important agents in emerging knowledge-based economies. Further to this, regional specialization is also becoming an increasingly important by-product of globalization. The core argument of SOR 2001 is that there must be sufficient resources to manage the transition to regional knowledge-based economies if local communities are to share in the benefits of globalisation and the digital revolution.

It is clear that some of the issues are specific to Local Government but they can be compounded by inherent regional factors that not only affect Local Government but all regionally based businesses. Greater support and coordination of intergovernmental responses in promoting regional specialization is therefore recommended if workforces are going to have the flexibility and reactive capacity to confront future structural change.

## ***Semi skilled and unskilled labour***

Shortage of labour at the bottom end of the labour market is a phenomenon being experienced by most developed countries. This problem has been compounded in rural and regional NSW by the recent drought, which has left a significant gap in the agricultural, viticultural and horticultural labour market. The Associations, through its involvement in the joint Federal/State Working Party on Migration to Sydney and Regional NSW, have raised the need for semi-skilled and unskilled labour in rural and regional NSW. The current regional shortages in unskilled and semi-skilled labour continue to inhibit development in regional NSW. Regional representatives and community participants raised similar concerns, indicating that Temporary Protection Visa Holders are making a significant contribution to their community by working in unskilled jobs.

## **(b) The economic and social impact of the skills shortages**

### ***Economic costs to Local Government***

The economic impacts of skill shortage on Local Government in rural and regional NSW are direct and indirect. Direct economic costs can be considered in terms of retention and attraction of staff. Based on this, costs include but are not limited to:

- Enhancing salary packages through the inclusion of relocation expenses, housing subsidies, and cars (often without the usual capacity for cost recovery);
- Increased spending on traineeships, training, education and "upskilling" staff;
- Greater contracting out of work to costly specialized consultants based in city locations; and
- Increased spending on over-time payments and penalty rates.

In relation to indirect costs, the professions most affected by skills shortages in Local Government are often those that are critical in meeting Local Government's statutory obligations. A common example is the delays in the processing of development applications, which may be delayed due to a lack of planners and engineers. The indirect cost to councils and the community can be substantial.

### ***Regional economic costs***

Across rural and regional economies the primary economic impacts of skills shortages are lower rates of product and process innovation, constriction of output and investment, and long term wage cost inflation. It also results in lower economic growth or economic decline.

### ***Social costs to Local Government***

The report of the Training and Professional Skills Taskforce highlighted that one of the principle methods of councils in meeting statutory obligations in the face of labour shortages, was to increase current employees' workloads and overtime. While such a response may have been unavoidable given the circumstances, it is not without significant socio-economic costs.

A stressful environment induced by shortages of staff has the capacity to impact on the quality and amount of time devoted to family activities. It also has the propensity to increase sick leave and stress

leave. As identified in the PIA report - Planners for Tomorrow – some Local Government planners now report working in 'toxic workplaces' due to a shortage of planners and the roles they were required to perform. The social costs are therefore seen to perpetuate skills shortages, and generate additional economic costs for Local Government.

### ***Social costs to rural and regional NSW***

Due to Local Governments role in rural and regional development, councils can often act as a 'litmus test' for the wider community. It is anticipated therefore that the social costs outlined above not only affect Local Government but will come to affect all rural and regional based businesses. The decline of rural and regional business and services has a demonstrable relationship with population decline, loss of employment and associated socio-economic costs.

### **Case Study: Council support of medical and related health services.**

Resolving skills shortages in rural and regional communities is not one of the core responsibilities of Local Government, however it consumes significant council resources. A case study of council support of medical and related health services is presented to demonstrate one of the various area in which Local Government has been forced by circumstances to undertake initiatives to address critical skills shortages.

#### **CASE STUDY: RURAL AND REMOTE COUNCIL SUPPORT OF MEDICAL AND RELATED HEALTH SERVICES**

In 2004 the Shires Association conducted a research project on council involvement in medical and related health services in rural and remote communities, to quantify levels of activity and financial support

In total 85 councils responded to the survey. This was just over 80 per cent of all members and associate members of the Shires Association at December 2003.

The most significant efforts of responding councils in providing medical and related health services in rural and remote communities are as follows:

- 30 councils provide 45 centres for 59 doctors at an annual cost of \$465,065
- 26 councils provide 48 houses for 53 doctors at an annual cost of \$541,528
- 12 councils provide 13 centres for 13 dentists at an annual cost of \$228,800
- 10 councils provide equipment for 18 doctors at an annual cost of \$63,500

These councils are spending around \$2.2 million per year providing the types of medical and related health services that are arguably the role of central governments to provide.

The most significant efforts of responding councils in supporting medical and related health services run by others in rural and remote communities are as follows:

- 11 councils subsidise 17 houses for 14 doctors at an annual cost of \$106,414
- 9 councils subsidise 11 centres for 14 doctors at an annual cost of \$85,247
- 8 councils subsidise pre-service training for GPs through scholarships and bursaries to 9 people at an annual cost of \$27,350
- 4 councils subsidise equipment for 8 doctors at an annual cost of \$37,000
- 3 councils provide salary subsidies for doctors at an annual cost of \$89,098

These councils are spending almost half a million dollars per year subsidising medical and related health services that are arguably the role of central governments to provide.

Responding councils have also made met significant capital costs over recent years.

In terms of social planning and development activities a majority of responding councils:

- have a Council Social or Community Plan which incorporates medical and related health issues (79 per cent)
- facilitate development of new medical or related health facilities and services (58 per cent)

- have council management plan that covers Medical and Related Health strategies (53 per cent).

The data from this survey confirms that due to a market failure in the supply of skilled labour, rural NSW councils are facilitating, providing and supporting medical and health related services. It suggests they are even more active than they have been in the past.

The report suggested that if this effort is to be sustained and possibly expanded to match what appears to be growing demand there is strong case for Australian and NSW Government funding programs that assist councils in providing and supporting rural and remote medical and health related services.

Since this research was done the Australian Government has recognised important councils roles like this by setting up the Rural Medical Infrastructure Fund (RMIF) which has \$15m over three years that will help offset the costs faced by local councils in their bid to keep doctors in the bush.

The final report - Rural and Remote Council Support of Medical and Related Health Services – is available on the Associations website ([www.lgsa.org.au](http://www.lgsa.org.au))

**(c) The strategies and programs of Local Governments to retain and attract skilled workers including opportunities for strategies and programs in conjunction with non-government bodies such as regional business organisations and Area Consultative Committees and Regional Development Boards.**

***Programs and strategies to retain and attract skilled workers in Local Governments Training and Professional Skills Taskforce***

The acknowledgment within most rural and regional councils that a skills shortage exists and that there is an emerging future skills shortage has resulted in a raft of innovative programs being developed to address the supply of skilled labour within Local Government. This submission broadly outlines four complementary policy areas in which Local Government has acted to lift the supply of labour and labour force participation and productivity: strategic alliances and resource sharing, innovative recruitment and retention programs, general recruitment programs and programs for the retention of existing staff.

***Strategic alliances and resource sharing***

There are currently 50 rural and regional councils actively participating in 13 strategic alliances with other councils to address skills shortages. In these arrangements, a council having expert staff skills in a particular field are “contracted” to provide those skilled services to all councils in the alliance. By making good use of a pool of skills, all councils in the Alliance benefit. Examples of alliances include:

- New England Councils Strategic Alliance (Armidale Dumaresq, Guyra, Uralla and Walcha Councils),
- Wellington Blayney Cabonne Strategic Alliance,
- Barwon Darling Alliance (Coonamble, Walgett, Brewarrina, Bourke and Central Darling Councils).

The Associations continue to be involved with councils and the DLG in the formation of strategic alliances and resource sharing arrangements.

***Innovative recruitment programs***

- Overseas professionals: a limited number of councils are involved in attracting overseas professionals, through either direct recruitment or exchange programs.
- Targeting younger candidates: long-term strategies such as targeting younger candidates through raising awareness via links with secondary schools are being developed by some rural and regional councils.
- National human resources conference: Local Government Learning Solutions (the Associations training unit) is coordinating a “national” human resources conference on 23/25 November 2005 in Sydney, with a “building a sustainable workforce” theme. The conference will focus on our Local Government and how the skills shortages, ageing workforce and Local Governments image could

be impacting on our ability to attract and maintain staff. This conference is supported by every state/territory Local Government Association, all of whom see skills shortages as major concerns.

- Local Government "village" at Careers Expo 2006: the Associations are involved in the establishment of a Local Government "village" at the 2006 Careers Expo in Sydney, manned by councils from around the state, to show just how diverse and dynamic our industry is, but also to attract young people to an industry they may not have considered previously.

### ***General recruitment programs***

- Traineeships: many rural and regional councils are again now utilising traineeships as an increasingly effective method in addressing skills shortages and an aging workforce.
- Increasing the attractiveness of councils as an employer: financial or lifestyle related recruitment strategies have been implemented by various councils to increase the attractiveness of their organisation.
- Recruiting students: direct links with universities and secondary schools have been established by some councils in order to recruit students and to promote career opportunities within Local Government. For example Cootamundra Council have participated in setting up a careers exhibit at University of Technology Sydney (UTS) to try to attract engineers for their local area. They provide 6 months work placement as part of their attraction strategy for engineering staff. This is considered to be a significant initiative as it was highlighted by a recent study undertaken by the Smith Family that a significant mis-match between student career aspirations and the reality of labour market currently exists within secondary school students.

### ***Retention programs***

- Upskilling existing employees through training and development initiatives via university or TAFE courses: upskilling or retraining employees, including both outdoor and administrative staff, has been a well utilized method by rural and regional councils. It should be noted however that councils have reported problems in achieving upskilling due the high average age of the workforce and the perceived lack of financial incentive in committing to extensive retraining.
- Improvements in the capacity for work: ensuring that the health system concentrates on both preventing illness and injury and where illness and injury occur, assisting people return to health as soon as possible.
- Lifestyle-related initiatives: in an attempt to increasing councils attractiveness councils have implemented programs such as financial rewards, salary sacrificing, education assistance, flexible hours and yoga classes.
- Better incentives for work: ensuring the income support system supports those in need but also helps sole parents, mature aged workers and people with a disability get into work.
- Ensuring workplace flexibility.

### ***Local Government involvement in Regional development strategies***

Local councils in regional NSW are working with their local communities to develop programs to address chronic skills shortages. In part this has involved activities such as:

- Regional promotions such as 'Country Week': a joint private and public initiative to promote regional lifestyle, business and employment opportunities. The Associations are a sponsor of this event and over rural and regional council participated in 2005.
- Participation in the global annual migration event *Emigrate*. The NSW Southern Economic Zone, formed by seven councils in Southern NSW dedicated to attracting business migrants, worked in partnership with the State government to exhibit at Emigrate 2002 in London.
- Producing region-specific skills shortage lists.
- Supporting mentoring programs, particularly for indigenous youth.
- Development of Local Government websites containing marketing material

### ***Opportunities for strategies and programs between council and regional bodies***

Councils by the nature of their role are heavily involved with a variety of regionally focused bodies, including Regional Development Bodies (RDBs) and Area Consultative Committees (ACCs). In many instances there an overlap exists between the membership of the regional bodies and elected



members of Local Government. The effectiveness of these partnerships has varied markedly, being dependant on the individuals involved and the ability to secure adequate resources to implement proposed programs.

The Associations are currently participating in the implementation of recommendations arising from the Federal/State Working Party on Migration to Sydney and Regional NSW. This includes a number of recommendations relating to local and regional collaboration:

- RDBs, in consultation with relevant local councils, considering the feasibility of producing region-specific skills shortage lists.
- Relevant local councils, with the assistance of existing regional community and government advisory bodies, should facilitate community harmony activities to aid the integration of business and skilled migrants into regional communities.
- Encouraging partnerships to support local communities in providing community development and support services for business and skilled migrants in regional NSW.
- Encouraging Local Government and existing community structures to work together in the promotion of information about skilled migration to regional employers.

**(e) Coordination between local, state and commonwealth governments, to attract and retain skilled workers.**

A number of pertinent recommendations were developed by the Federal/State Working Party on Migration to Sydney and Regional NSW in regards to intergovernmental support to attract and retaining skilled workers, which included:

- The Department of Immigration and Multicultural and Indigenous Affairs (DIMIA), the Department of State and Regional Development (DSRD), the Community Relations Commission (CRC), Regional Development Boards (RDBs), Commonwealth Area Consultative Committees (ACCs), Regional Certifying Bodies (RCBs), Local Government Association of NSW and the Shires Association of NSW and Job Network should facilitate the use of their respective regional structures to disseminate information and promote skilled migration and the existence of the Skill Matching Database among regional employers.
- DIMIA, in consultation with DEWR and the NSW Government, should consider piloting increased access to the Skill Matching Database by making it available through Job Placement Organisations.
- CRC and Premier's Department should encourage their existing regional community and government advisory bodies to promote information on skilled migration options to regional employers.
- DIMIA, DSRD and CRC should collaborate on future activities to promote skilled migration to regional employers, in conjunction with relevant local councils and regional advisory committees.
- Regional Development Boards RDBs and RCBs should be the point of contact for regional employers to seek further information about skilled migrants.
- DIMIA and DSRD should cooperate to ensure RDBs and RCBs have appropriate information and training to fulfill their role.
- Regional Development Boards RDBs, in consultation with DEWR, DSRD and relevant local councils, should consider the feasibility of producing region-specific skills shortage lists.
- DEWR should inform new migrants of the availability of those Job Network and Centrelink services that are available to migrants in their first two years, including access to job matching services.
- The NSW Department of Education and Training (DET) should explore the potential for existing Skilled Migrant Placement Officer (SMPO) projects to provide outreach services to pilot regions on a case-by-case basis.

Other areas of intergovernmental co-ordination include:

- Collaboration between the Commonwealth government and community representatives in the establishment and governance of Australian Technical Colleges.
- Local and State coordination of the Orange Cabonne Blayney Industry and Skills Project.

**(f) The impacts of the Commonwealth's regional migrations programs including assessing the long term jobs and investment outcomes and considering possible recommendations to encourage sustainable regional development in NSW.**

While the Commonwealth's regional migration programs have been met with limited success it is generally acknowledged that skilled and business and skilled migrants often make a decision on where they will settle before they arrive. As noted in the Federal/State Working Party on Migration to Sydney and Regional NSW, the factors influencing this decision include:

- The strength of the labour market and employment prospects;
- Access to services, including telecommunications, education, and health services; and
- Community support, including family and friends, and tailored programs to help overcome initial culture shock.

In many instances rural and regional communities may provide some or all of these elements, yet despite this, Sydney continues to be the first choice for the majority of migrants. The Associations submit that greater resources are essential for the development and funding of practical and achievable complimentary programs that draw on the attractions and opportunities in regional NSW.

With many rural and regional councils experiencing population decline, migration is being considered as a serious option to address chronic skills shortages, increase their population base and also to assist them develop a mix of people from different cultures which more closely reflects larger population areas.

The Associations welcome mechanisms designed to specifically attract skilled migrants to regional areas. The Commonwealth's more recent changes to business and skilled migrant visa categories and entry requirements have considerable potential for encouraging skilled migrants to settle in regional NSW.

Other mechanisms that would assist in this process as identified in the Federal/State Working Party on Migration to Sydney and Regional NSW include:

***Skilled Australian Sponsored / Skilled Designated Area Sponsored (SAS/SDAS) Visas***

- The existing Adult Migrant English Service (AMES)/TAFE partnership should explore the feasibility of providing fee-for-service English language tuition to enable skilled migrants who agree to reside in regional NSW to upgrade their English skills from functional to vocational English.
- If the provision of fee-for-service English language tuition is determined to be feasible under the above recommendation, applicants for a Skilled Designated Area Sponsored Visa who:
  - are sponsored by relatives residing in regional NSW;
  - do not possess vocational English but are assessed as possessing functional English;
  - have pre-paid for English language tuition to upgrade their English skills to vocational English; and
  - otherwise satisfy the DIMIA requirements for these visas, should be granted visas under the Skilled Designated Area Sponsored category.
- Applicants for a Skilled Australian Sponsored Visa who are sponsored by relatives residing in Sydney should be required to have skills and experience in an occupation that appears on the Commonwealth Department of Employment and Workplace Relations (DEWR) Sydney Skills Shortage List (SSSL), rather than an occupation that appears on the DIMIA Skilled Occupations List (SOL). This should be introduced initially for a period of two years. It should only be implemented on a more permanent basis if a review of its operation in the period of two years establishes that it is a sufficiently accurate measure of skill shortages in Sydney to be used in this way.

***Skilled Independent Categories***

- Applicants for a Skilled Independent Visa who score five points below the applicable pass-mark should be granted a three-year temporary visa on condition that they live and work in regional NSW (as defined in migration legislation). However, an applicant for permanent residence under a Skilled Independent Visa should only be able to apply for permanent residence once the applicant has



resided and worked in regional NSW (as defined in migration legislation) for at least two years.

### ***Employer-Nominated Programs***

- Employers wishing to sponsor applicants for visas under the Employer Nominated Scheme (ENS) for positions in Sydney should be required to meet a higher salary threshold, reflecting the higher average weekly earnings in Sydney.
- If the higher salary threshold under Recommendation 7 proves not to be sufficiently effective on its own, further consideration should be given to restricting applications under the Employer Nominated Scheme for positions in Sydney to occupations on the Sydney Skills Shortage List.

### ***Long-Term Temporary Business Visas***

- Employers wishing to sponsor applicants for Long-Term Temporary Business Visas for positions in Sydney should be required to meet a higher salary threshold, reflecting the higher average weekly earnings in Sydney.
- If the higher salary threshold under Recommendation 9 proves not to be sufficiently effective on its own, consideration should be given to restricting applications under Long-Term Temporary Business Visas for positions in Sydney to occupations on the Sydney Skills Shortage List.

The prolonged nature of underlying shortages in rural and regional skilled workforce indicates that the Commonwealth's regional migration does have the capacity to attend to short term supply issues, however, that it may not be addressing the issue of long term employment solutions. If the disequilibrium in labour supply over the long term is to be resolved, the Associations believe that increased Commonwealth funding of education, vocational training and the provision of quality social and physical infrastructure in rural and regional NSW is essential.

### **(g) The adequacy of current measures used to record and report on the skills shortages. The methods used by training organisations including TAFE to assess skill needs in rural and regional NSW and their responses to identified needs.**

The Associations acknowledge that DEWR maintains skills shortage lists (SSL): nationally, for each capital city and a regional shortage list as a single unit for each State. Unfortunately the material available for regional areas appears to be generic in the sense that no particular geographic regions are mentioned.

The Associations support the development of regional-specific skills shortage lists as a means of enabling employers to plan better recruitment strategies, and providing prospective independent skilled migrants with adequate information. Efforts should be sought to include local communities in this process as experience has demonstrated that they are often best placed to provide information on skill needs.

Attempts by some regions such as the Riverina to collect and maintain their own information on regional skills shortages have been successful. Due to the financial implications for Local Government this is not a practical or financially viable option for the majority of regional areas. If the valuable potential of regional-specific SSL is to be captured, a fundamental commitment from the Commonwealth government to fund the necessary surveys and research will be essential.

## C. CONCLUSION

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The Associations acknowledge that strong economic growth and demographic trends have created skills shortages throughout the economy, including metropolitan areas, but nowhere is this shortage felt more than in rural and regional areas.

It is now recognised within most rural and regional councils that a skills shortage exists and that there is an emerging future skills shortage. Local Government faces a number of specific challenges in addressing this issue including:

- A notable shortage exists in the supply of professionals, trades and other skilled categories.
- An aging labour force with a declining labour market 'entry/exit ratios'.
- A severe lack of resources to fund regional initiatives coupled with cost shifting.
- Demonstrable economic and social costs which affect the operations of Local Government and the development of regional NSW.

The Associations and Local Government with their local communities have implemented a range of innovative programs to address the chronic shortage of skilled labour within Local Government and rural and regional NSW. Without intergovernmental recognition and support for addressing the skills shortage, this will continue to be a difficult process for rural and regional Local Government in NSW.

In part the extent of the skills shortage is greatest in rural and regional NSW due to structural change and under-investment in skills development. Greater support and coordination of intergovernmental responses in promoting regional specialization and skills development is considered critical if regional workforces are going to have the flexibility and reactive capacity to confront future structural change.

Councils by the nature of their role are heavily involved with a variety of regionally focused bodies, in addition to State and Commonwealth Governments, for the purpose of attracting and retaining skilled workers. A number of opportunities exist to improve the efficacy of these relationships including the necessary surveying and research for the development of regional-specific skills shortage lists.

The Commonwealth's migration programs will assist in the resolution of skilled labour supply shortages however, the development and funding of practical and achievable complimentary programs that draw on the attractions and opportunities in regional NSW is crucial in providing a long term solution. Increased Commonwealth funding of education and vocational training programs in rural and regional NSW is equally important if long term shortages in the supply of skilled labour are to be addressed.

The Associations trust that the issues and concerns raised by this submission and those of our member councils will be given consideration by the inquiry. We encourage the Inquiry to also look to submissions by individual NSW councils for specific responses to the issues. We look forward to further participation in the process of inquiry if required and to consideration of the findings.