

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

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**Theme:**

**Summary**

# RIVERINA EASTERN REGIONAL ORGANISATION OF COUNCILS

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## RESPONSE TO THE INQUIRY INTO SKILLS SHORTAGES IN RURAL AND REGIONAL NSW

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<p style="text-align: center;"><b>RIVERINA EASTERN REGIONAL ORGANISATION OF COUNCILS</b> <b>RESPONSE</b> <b>INQUIRY INTO SKILLS SHORTAGES IN RURAL AND REGIONAL NSW</b></p>
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The Riverina Eastern Regional Organisation of Councils (REROC) is a voluntary association of 13 General Purpose Councils and two water county councils. The members of REROC are the councils of Bland, Coolamon, Corowa, Cootamundra, Greater Hume, Gundagai, Junee, Lockhart, Temora, Tumbarumba, Tumut, Urana, Wagga Wagga, Riverina Water and Goldenfields Water.

REROC member councils employ more than 1,000 people servicing the needs of a population base of 130,000 over an area in excess of 45,000 sq. kms. The councils in our region are either the largest or one of the largest employers in their respective communities. Member councils are also strongly involved in driving development in their communities and consequently work closely with business and industry to achieve positive economic outcomes.

Therefore, our members as large employers are experiencing skills shortages on a first hand basis and through their involvement with business and industry are familiar with the failure of the labour market to meet the current demand for both private and public sector employees. On the basis of this experience the members of REROC offer the following comments in relation to the Terms of Reference for the Inquiry.

***The current and future demand for labour***

While the current labour shortage crisis has been called a “skills shortage”, this is perhaps a misnomer, giving the impression that the shortages are in areas where employers require specific qualifications. In fact, the shortages that are being experienced are occurring in every sector of employment: professional, trades, process workers and the areas that have been traditionally labelled as “unskilled” such as seasonal workers.

Business and industry across the region are having difficulties filling everything from process worker positions to highly specialised positions such stainless steel welding; accountants and solicitors are in short supply while the health professions continue to suffer as the demand for doctors, nurses, pharmacists, occupational therapists and physiotherapists outstrips the supply.

Local government itself is facing a crisis with many engineers reaching retirement age. Last year REROC obtained information from the NSW IPWEA (the association which covers civil engineers working in the public sector) that 39% of their membership were over the age of 51 and 73% were over the age of 41. These figures clearly indicate that in the next five years local and state government in NSW will not be able to fill all the engineering jobs that will be on offer – indeed this situation is already occurring in REROC region.

In addition our members are also facing a significant shortage of trained health and building professionals, senior managers and environmental and IT professionals. The pool of those available to work in local government is shrinking each year and councils are now poaching from each other in order to fill positions.

Many of the communities in the REROC region are currently experiencing significant growth, it is therefore expected that the current shortages will worsen in the future. This is in part due to the fact that while industry and business growth is increasing the demand for workers, the “baby-boomer” workforce is choosing to retire, thereby decreasing the available workforce pool.

In recent years a further issue has arisen that is negatively impacting on the pool of people available to councils for recruitment into senior staff positions – the rise of the consultant. The workforce shortage has meant that many councils are struggling to complete essential works and services and are being forced to outsource the work in order to meet deadlines. This is generating a solid trade for consultant engineers, health surveyors, building inspectors etc. which in turn is encouraging more of these types of senior professionals to leave council employment in order to establish their own businesses, further decreasing the available pool of workers.

While many councils may welcome new enterprises establishing in their communities, in reality outsourcing comes at a cost, not just financially but also the loss of in-house corporate knowledge and experience, the council’s ability to react quickly to problems using in-house expertise and decreasing the opportunities for junior staff to learn from established, experienced senior staff members. Thus making it more difficult for councils to “grow their own staff”.

### ***The Economic and Social Impact of the Skills Shortage***

There are a number of ways in which the skills shortage impacts economically and socially on our members and their communities.

The first and most obvious is that new industry and business is increasingly attracted to locating in the most highly populated communities where they believe there is the best chance of obtaining the workers they need. When workers exceed the number of jobs available then there is a greater inclination to relocate to secure work, however when the reverse occurs workers “cherry-pick” their work locations meaning that smaller communities and their businesses are more likely to miss out.

Established businesses seeking to expand or replace staff are faced with the constant challenge of finding appropriately qualified people, even those that are considering expanding process-style functions are having to reconsider those plans for lack of staff. This situation is reflected in the unemployment statistics for many of the communities in our region, which are below the state average.<sup>1</sup> Information supplied by Department of Employment and Work Relations (DEWR) indicates that only 44% of job vacancies lodged with Job Network Providers in the Central Murrumbidgee Employment Service Regions were filled in the 12 months to February 2005.<sup>2</sup>

A number of our members who service small rural communities are having difficulties not only recruiting staff but also retaining staff as more opportunities open in councils that service larger communities. Our members are also finding that as a consequence of the shortage, they must raise staff wages (and particularly senior staff wages) in order to attract and hold appropriately qualified and experienced people to

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<sup>1</sup> Unemployment rate for the Central Murrumbidgee Employment Service Area is 4.2%, against 5.4% for the State (*Source: DEWR Small Area Labour Markets December 2004, 2001 Census*)

<sup>2</sup> DEWR data April 2005

fill vacancies. This negatively impacts on council budgets because council rate-based incomes cannot rise sufficiently (due to rate-pegging) to meet increased wages and as a consequence funds expended on service delivery and infrastructure maintenance must fall in order to achieve a balanced budget.

Many of our members are finding that they have to advertise the same position multiple times, which substantially increases the cost of recruitment. There is also an emerging dilemma that once a suitable person is interviewed and offered a position that person is then taking the offer to their current council employer who is matching or bettering it in order to keep the employee. This practice is assisting in driving up wages in the local government sector and placing a further burden on affected councils who must start the recruitment process all over again.

***Strategies and programs of local government to retain and attract skilled workers including opportunities in conjunction with other bodies***

The members of REROC are well aware of the skills shortage problem and we have over the last two years embarked on a number of initiatives aimed at combating the problem. Member councils and REROC itself have also supported projects initiated by other organisations in the region that are tackling the issue.

Some four years ago the Riverina Area Consultative Committee launched a project in conjunction with the Riverina Regional Development Board that aimed to attract new residents to the region. *“Take the job...get the lifestyle, Riverina naturally”* was supported by information sheets about LGAs that councils could utilise to publicise their opportunities. In addition the project produced a high quality video which promoted the advantages of living and working in a rural or regional location. REROC supported the project and encouraged member councils to utilise the branding on their job advertisements.

In November 2000 REROC was a participant in the Workforce Availability Forum which was conducted by the NSW Premier’s Department. The Forum aimed to address the issue of workforce shortages in the Riverina-Murray region and identify strategies that could be put into place to address them. One of those strategies was the establishment of a Seachange Bureau which would assist metropolitan people to make the move to the country. This strategy is currently being implemented by the Riverina Regional Development Board in partnership with the Riverina Area Consultative Committee, State and Regional Development, REROC, MurrayROC and RivROC.

In mid-2003 REROC initiated the Professional Placements Programme (PPP) in partnership with Charles Sturt University (CSU). The Programme places undergraduate and post-graduate students from CSU in short-term (usually 3 week) workplacements with member councils. At the conclusion of the placements council supervisors write reports on the student’s performance which is provided to the student and each student is also presented with a certificate which can be included in their resume.

The Programme aims to promote the advantages of living and working in rural and regional communities and more specifically careers in local government to students so that when they graduate they will be more positively disposed to working in these

environments. The students benefit by obtaining real work experience that they can be included on their resumes.

Many undergraduate students believe that they will have to move to a metropolitan location after they graduate if they want to get a job; the Programme demonstrates that this is not necessarily the case. Since its inception the Programme has placed over 50 students, three of which found permanent work with member councils. The students have been drawn from a wide variety of disciplines including agriculture, GIS, accounting, administration, social welfare, environmental science and information technology.

The CSU Careers Office supports REROC in arranging the PPP placements. Information on the Programme is distributed to students on-line through the Careers Hub and REROC's website as well as by lecturers, the student newspaper, direct mail and other internal promotions. We are presently discussing the extension of the Programme to encompass the MurrayROC councils and students from the CSU campus at Albury.

REROC has also developed a number of strategies to address the shortage of engineers. Eight strategies have been developed, which the Organisation wishes to implement over the coming years, these strategies are outlined in Appendix One.

The first of the strategies was implemented in August 2004 when REROC representatives visited the University of Technology Sydney (UTS) and spoke to engineering students about taking up internships with member councils. The UTS course has two 6-month work placements (internships) within their degree, successful completion of the placements allows students to be awarded a Diploma in Engineering Practice in addition to their Engineering degree.

REROC had six placements on offer and subsequently all six were filled, four in first semester 2005 and a further two in second semester 2005. This result far exceeded the expected outcomes. Students who have completed their placements have had very positive experiences and have agreed to promote our internships to their peers. REROC will again visit UTS to offer internships for 2006 and we will be hoping for the same levels of success.

In our discussions with UTS about the placements staff advised that many students in their final year placements were offered work and were subsequently able to complete their degree by part-time on-campus study. Unfortunately, UTS does not offer its programme by distance education. In order for our members to be able to make similar offers a more flexible learning approach to completion of the degree is needed, discussions are currently underway with UTS to explore course delivery alternatives.

Member councils are also considering establishing scholarships for engineering students which will tie them to undertaking their work in a REROC council as well as funding cadetships for engineers.

REROC has also entered into discussions with CSU about the possibility of delivering the early stages of engineering in Wagga Wagga and then allowing students to complete the balance of their degree by transferring to the University of Southern

Queensland (USQ) to study by distance education while working full-time in a member council. These discussions are currently stalled however we are now working with Riverina TAFE on the development of a Diploma in Civil Engineering course.

The proposed course will be delivered on a full-time basis from the TAFE's Yanco Campus near Leeton, it is planned that the Diploma will fully articulate into the USQ's distance education degree programme. Engineers from the region are to form an Industry Advisory Network to assist in the development of the course; the first intake of students is planned for 2007.

In support of local training REROC councils are planning to offer students in the TAFE programme full scholarships to cover their two years of study as well as paid workplacements during holidays. Scholarships will also include the offer of full-time employment with a council once the Diploma is successfully completed. Councils will then meet the cost of the students completing their degree through USQ, for those who wish to continue their studies to degree level.

A number of REROC councils have already endowed scholarships with CSU, which support students from their LGA. Councils consider this a positive way of encouraging local students to return to their communities once they have obtained their qualifications.

***Consider appropriate models from other states***

REROC has not looked at models from other states

***Co-ordination between Local, State and Commonwealth Governments to attract and retain skilled workers***

In the eastern Riverina, agencies from all three tiers of government are working collaboratively to address the issue of skills shortages. A number of past and present projects were outlined above.

The latest project is the C Change Bureau, which will undertake a number of promotions in Sydney and Melbourne shopping centres and at the Sydney and Melbourne Shows as well as other selected expos over the next two years to promote living and working in the LGAs that have chosen to participate in the project.

The C Change project has used existing research undertaken by the Australia Institute and DoTARs that shows why people consider moving away from metropolitan areas. Consequently the project is sending three clear messages – spend more time with your family, have a more balanced life and have a healthier lifestyle. It is anticipated that the first of the promotions will commence in late 2005. REROC, RivROC and Murray ROC have supported the development of the project.

In addition all three tiers are strongly supportive of the initiative taken by the Riverina Regional Development Board in engaging a Regional Skilled Migration Officer to promote and support the Commonwealth's Regional Skilled Migration Programme across the Riverina.

### ***The impact of the Commonwealth's regional migration programs***

The member councils are supportive of the Regional Skilled Migration Programme and have supported its enhanced delivery in the region through the Riverina Regional Development Board (RRDB). REROC has registered its need for engineers with the Regional Skilled Migration Officer (RSMO) and we are hopeful that this will bear some results in time.

We believe, however, that it should be easier to register professions on the national register. While we have registered engineers with our local RSMO, as stated above there are shortages of both skilled and unskilled people across our region and these too should be registered on the National Database. We would suggest that at a state level there should be a single web-based registration process that will allow the NSW vacancies to be collated, this would identify the specific skill gaps in the state, which could then be added to the National Database.

In our discussions with the RRDB it has been made clear that more promotional activities in overseas markets would result in more enquiries at a local level. Our members would support more energy being put in by those state agencies that are already based in overseas locations to promote the Programme into those markets. It is only through active and regular promotions that overseas qualified people will be jolted into considering working and living in rural and regional Australia.

In addition regions such as ours are, to a degree, disadvantaged by Adelaide's standing as an approved regional destination for the Programme. While we appreciate that Adelaide may be experiencing problems with regard to recruitment there is no denying that truly rural and regional locations will find it difficult to compete with an Australian capital city for overseas workers. NSW is further disadvantaged when compared with the level of overseas promotion South Australia has engaged in to attract more workers – not only are they a capital but they are also prepared to “sell” their opportunities into the overseas markets.

The regions would benefit from a concerted marketing campaign by overseas-based NSW state agencies that directed skilled workers to the Skilled Migration Programme and available placements within rural and regional NSW.

### ***The adequacy of current measures used to record and report on the skills shortage***

REROC has made the Regional Skilled Migration Officer and the Department of Local Government's Skill Shortages Project aware of our problem areas. Other than these avenues REROC is not aware of any other measures currently in use to record and report on skills shortages.

### ***The methods used by training organisations including TAFE to assess and respond to skill needs***

It is clear from our experiences in this region that the availability of training locally positively impacts on the pool of available skilled people. Charles Sturt University's courses in occupational therapy, pharmacy and nursing has increased the available pool of qualified people within the region, with the majority of graduates choosing to live and work in country NSW. We are now hoping that the introduction of a Veterinary Science degree will have similar results in the long term.



As stated above REROC is working with Riverina TAFE on the development of a Diploma of Civil Engineering. Riverina TAFE is developing this course in direct response to requests from local government and others for regional training of engineers. TAFE's swift assessment of the need and response to the issue demonstrates their strong capacity to respond to skill needs. Utilising the CSU experience it is anticipated that most of those that undertake the Diploma course will choose to remain living and working in rural and regional NSW. This will be further supported through the use of scholarships which councils are prepared to provide to encourage students to take up a career in local government engineering.

There is no doubt that the provision of quality training in rural and regional locations is imperative to winning the battle against skill shortages.

### ***Conclusion***

REROC members and the many regional organisations we work with have been addressing the issue of skill shortages for the last four years. We have made small gains with the activities we have undertaken but recognise that there is much to do if we are to successfully address this problem.

Once our communities focussed on job creation believing that if we had jobs people would come – experience is showing that this premise was wrong. Research clearly shows that in the new millennium people no longer chase jobs – they chase lifestyle.

Rural and regional communities can provide high quality, healthy and balanced lifestyles for the people of NSW. Rural and regional communities are pro-actively promoting their communities to new residents as well as working hard to retain the residents, industries and businesses that they already have. State government has a role to play in supporting what local and regional bodies are already achieving. Our members encourage the Government to develop practical and responsive strategies that recognise and build on the work that is already being undertaken providing positive outcomes for the entire State.

## Appendix One

<p style="text-align: center;"><b>REROC Engineers' Recruitment Working Party</b> <b>STRATEGIES FOR ATTRACTING CIVIL ENGINEERS TO LOCAL</b> <b>GOVERNMENT POSITIONS</b></p>
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### **Strategy One**

Investigate the feasibility of issuing joint council scholarships for engineering students attending University (possibly UTS). The scholarship to require that they undertake workplacements at one of the participating councils during university breaks. Scholarships to be offered to second and fourth years able to demonstrate a commitment to a career in civil engineering.

### **Strategy Two**

Investigate the establishment of a partnering arrangement between CSU and University of Southern Queensland. CSU to offer the first 12-18 months of an engineering degree on-campus (via their BSc) and then students to transfer with full credit to USQ to complete their studies by distance education while working in a council. Total course time should then decrease from 8 years for a course engineering undertaken totally by external study to 5-6 years as a mixed mode.

### **Strategy Three**

Members to engage UTS workplacement students. REROC should prepare a "road show" for UTS students, which would showcase the work opportunities in the region. A promotion of the opportunities to be run at the Engineering Campus at UTS. Resources developed for the "*Take the job, get the lifestyle*" project to be utilised.

### **Strategy Four**

It was recognised that we cannot keep people we attract to jobs in town without catering for the needs of partners and spouses. It was agreed that more work needs to be done on developing support structures for new staff, their partners and families to create a feeling of "belonging" as soon as possible after they relocate.

### **Strategy Five**

Promote civil engineering as a career to high school students. The Dept. of Education offers engineering for Year 11 and 12 by distance education. The Regional Director of Education to be contacted and the Wagga Wagga Compact to discuss opportunities for promotion.

IPWEA and Institute of Engineers to be asked to assist with this.

### **Strategy Six**

Local government salary packages are not competitive with private enterprise, which results in the majority graduates being recruited to the private sector. A review of salary structures to be undertaken to look at ways in which local government can become more competitive.

### **Strategy Seven**

Hold discussions with CSU about the feasibility of establishing an engineering school at the Wagga Wagga campus.

**Strategy Eight**

Develop more professional development and networking opportunities for all engineers in the region. This will assist in the development of junior staff by increasing their opportunities to learn from senior engineers across the region and to hear about projects undertaken in other REROC LGAs.

*(Developed July 2004)*