

INQUIRY INTO SKILLS SHORTAGES IN RURAL AND REGIONAL NSW

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Date Received: 3/08/2005

Theme:

Summary



2 August 2005

Ms Julie Langsworth
Director
Standing Committee on State Development
Legislative Council
Parliament House
Sydney NSW 2000

Dear Ms Langsworth

***Re: Inquiry into Skills Shortages in Rural and Regional NSW
Standing Committee on State Development***

The Riverina Regional Development Board is pleased to provide the following submission into your inquiry on skills shortages in rural and regional NSW.

One of our key tasks is the promotion of economic development throughout the region. Through this work it has become increasingly evident that the availability of skills is a critical factor in our success, and it is because of this that we look to initiatives which encourage skills to the region.

We consider the regional migration program of the Federal Government as a way to sustain the economic growth that we have enjoyed in the past, and are so committed to the program that we appointed a Riverina Skilled Migration Project Officer in February 2005 to proactively work with employers and the program to meet our most critical demands.

We hope that our knowledge of the Riverina region and our actions to respond to the skills demands are considered highly by the Standing Committee on State Development and welcome the opportunity to participate further with the inquiry.

Yours sincerely

A handwritten signature in black ink, appearing to read "Peter Dale", is written over the "Yours sincerely" text.

Peter Dale
Executive Officer



**Riverina Regional Development Board
submission to the
Legislative Council Inquiry into Skills Shortages
in Rural and Regional NSW**

Introduction

The Riverina Regional Development Board (RRDB) is one of 13 Board's in New South Wales that reports to the Minister for Regional Development and the NSW Government on a range of issues that, for relevance in this submission, include:

- **Promoting Regional Economic development initiatives (hence sustainable jobs) in the region through:**
 - **Ensuring that communities work together to attain necessary critical mass to be competitive international investment locations**
 - **Marketing local government areas and regions as business locations**
 - **Hosting Commonwealth and State initiatives or programs which have as their aim the strengthening of the profile of non-metropolitan regions as business locations or the attraction of skilled labour**
 - **Co hosting initiatives of the NSW Government aimed at attracting investment.**
- **Providing advice to the NSW Government... on important regional development issues**
- **Providing advice to Government on local government economic development initiatives**

This is not an exhaustive list of issues addressed by the Board, however the complete list may be obtained from the Board's Strategic Plan 2004-2010 accessible from main menu of the Board's website www.rrdb.com.au

The Board's considers its role to be principally strategic. That is to develop, nurture and maintain an environment that is conducive to the continuation and growth of existing business and the attraction of new business to generate sustainable jobs.

The experience of the Board over many years and in particular the last 5 years is that the growth and development of many major regional businesses and industries is being impeded by skill shortages and indeed a dearth of a suitable labour force at various other levels within industry at the semi skilled and even unskilled levels. Various surveys conducted over time support this view. (eg. Riverina Regional Business Survey and Skills Audit 1999, DEWR Skills Shortage Survey 2004, REROC Professional Placements program in partnership with Charles Sturt University and for engineering only with University of Technology in Sydney.)

Many large employers in the region in the food and beverage processing sector have in place good training programs and even if skilled labour is not required, often the work task does require a level of expertise that can be gained through on the job training and actual work practice. Such employers typically have scores of vacancies at any one time, some of them being seasonal but others year-round.

Because the Board has a very strong interaction with 16 Councils within its significant jurisdiction (162,8487 people living within an area of 76,346 kilometres), it receives good information from the LGAs about workplace deficiencies in their respective areas. Additionally, in November 2000 the first of several Forums and workshops on Workforce Availability were held in Wagga Wagga convened by NSW Premier's Department Riverina –Murray. These Forums were in response to an across region acknowledgement by various Government agencies and other organizations of a shortage of appropriate skills in the workforce.

As mentioned elsewhere in this submission, the Forums stimulated the development of the Board's 'C Change Bureau' project that aims to conduct dedicated promotional activities for participating Councils from Southern inland NSW, across REROC, RIVROC and MUROC, at major metropolitan shopping centres in Sydney and Melbourne with individual catchments of 200,000 to 300,000 people per week. The Councils and their business partners will promote lifestyle and job opportunities available in their respective areas at 26 metropolitan locations over a 12 month period. Success of the program will ensure sustainability over future years. The project will be overseen by a regionally-representative Advisory Board comprising members from the various economic development agencies, the ROCs and 5 business members. Prominent airline Executive, Mr Geoff Breust, MD of Rex Airlines is Honorary Chairman of the Advisory Board, a committee of the RRDB.

The Board's Regional economic Development Strategy, incorporated into its Strategic Plan, identifies 9 interdependent strategies **Agriculture, Forestry, Manufacturing & Processing, Employment, Education & Training, Community Economic Development, Transport & utilities, International Business, Telecommunications and Tourism**. Skill shortages are specifically addressed at Strategic Sector 4: Employment, Education & Training and the issue also impacts on other strategic sectors.

Finally, a study completed by the Board in 2004, Riverina Statistical Profile, identifies amongst other data, the workforce spread and composition across the region's various demographic profiles, as a whole region and by each LGA. This information can be accessed from the Board's website and additional research information is available on a CD Rom on request.

Terms of Reference

(a) The current and future demand for labour

Through our role of Regional Certifying Body for the Riverina region, an appointment by the Minister for Immigration, we actively maintain a list of skills in demand in the region. These are considered as being current and future demands. The list is published on the NSW Department of State and Regional Development website at the following link:
http://www.business.nsw.gov.au/sysfiles/download/bmirs/SIR_riverina.pdf. A copy of the current list can be found at *Attachment A*.

The skilled occupations listed are determined in the following ways:

- Direct notification from employers who are experiencing skill shortages
- Occupations which are known to be in shortage Australia wide which are relevant to the Riverina region
- Anecdotal evidence from regional bodies, including local government representatives

The strongest demand is currently in engineering (e.g. civil), health (e.g. GP, RN, various specialists) and a range of trade occupations (e.g. Welder, Mechanic, and Electrician). The list is not limited to these occupations, however this demand supports the findings of a *Department of Employment and Workplace Relations* pilot survey performed in the region in September 2004. The results of the survey can be seen at *Attachment B*. This survey canvassed 86 employers across the region, and found the following:

- Lack of skills or experience was the main reason for applicants being unsuitable for a position; and
- Employers primarily thought that their position were hard to fill due to the specialist skill required.

To quantify the current and future demand for skilled labour we are working with the regional council of Australian Business Limited to survey employers. We hope to obtain specific details on current skilled vacancies plus the vacancies likely to exist in 6 months and 12 months time which employers feel they will have difficulty filling. The RRDB will utilise the Regional Skilled Migration Program of the Federal Government to fill these vacancies where appropriate.

Current and future development projects in the region are likely to place pressure on local skills on a regular short & medium term basis. The reality is that skill shortages can be expected. Project plans must include time and cost contingencies based on resources not being available when needed or from the local labour market.

Not limiting the discussion to 'skilled' labour, a growing area of need in the region is in the area of semi-skilled or unskilled labour. This demand is primarily seen in areas with a large amount of agriculture, horticulture and viticulture activity. The definition of 'skilled' we commonly use is that which has been defined for the Migration Program. In general, a position is skilled if it requires (at least) a trade certificate or diploma.

There is a growing argument which expands the definition into a task which requires training to ensure the quality of the output. We would encourage serious consideration of this view.

(b) The economic and social impact of the skills shortage

The inability to obtain the skills needed in the region can impact on the health and wellbeing of a region. Through our work we hear stories of fruit rotting on trees as the grower does not have the people to pick them, or the project not able to be completed in a timely or financially viable manner due to a lack of available skills in the region. These shortages can impede the economic development of a region, industry or individual business which can have a flow on effect through the region.

Individuals, industries & regions operating in these circumstances causes social issues due to a lack of access to resources (e.g income, local facilities). The result is a stagnation of development which can impact on how we view our town or region, and more importantly, how we perceive life may be away from our town or region.

An example is the Food & Beverage industries which is a dominant employer in the Riverina. Many towns rely on the income from these industries, therefore shortages in skills flow through to significant economic and social impacts on the Riverina region.

(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

The Riverina region has been active in the development of strategies and programs that enhance the profile of the region and promote the Riverina as a great place to live and to conduct business. Here are a range of examples from recent years:

- At the RRDB we actively use the Skilled Migration program to attract skilled workers from overseas. Recognising the opportunities available to the region, the RRDB initiated the position of Riverina Skilled Migration Project Officer (RSMPO) to actively seek the skills that are needed in the region from the pool of skilled people who are wishing to come to Australia.
- Another initiative is our C Change program which offers Local Government Areas (LGA) an opportunity to showcase their town in metropolitan shopping centres and other selected events. This will demonstrate the career & lifestyles available to people in the Riverina/Murray region.
- Regional representatives are also participating in Country Week which aims to showcase the region to business & individuals interested in making the move to country and regional NSW.
- Past initiatives have included the Labour Attraction Strategy, an initiative of the Riverina Area Consultative Committee and Riverina Regional Development Board based on the outcomes of the Riverina Regional Business Survey and Skills Audit in 1999. With the theme of 'Take a Job... get the Lifestyle', an output of the strategy included information sheets on each town within the region to highlight the job and lifestyle opportunities in their area.
- LGAs continue to actively market their area to attract industry and individuals, including most local council websites which contain marketing content.

(d) Consider appropriate models from other states in interacting with the Commonwealth's skilled regional migration programs

In NSW, Business Migration is managed at the state level by the Business Migration group located within the Department of State & Regional Development. Skilled Migration is managed at the regional level. The role of Regional Certifying Body is assigned to various organisations, including Regional Development Boards and Area Consultative Committees, as they are best place to know the businesses in the region and the skills that are in demand.

The remaining states in Australia operate their skilled regional migration programs at the state level. These states run programs which benefit from significant funding and a team of people coordinating.

When considering the models used by other states, the NSW model would benefit from funding being made available to Regional Certifying Bodies to use towards marketing their region to compete with other states (e.g. sophisticated websites, participation in overseas migration roadshows). Apart from this aspect, the NSW model allows us to monitor and make decisions based on local knowledge and not assumption. We would not encourage a state level approach to Skilled Migration.

(e) Coordination between Local, State and Commonwealth Governments to attract and retain skilled workers

The RRDB is unaware of any initiatives at the State or Commonwealth level to attract and retain skilled workers in regional NSW except for the Skilled Migration Program.

Although we have some contact with the Business Migration group at the Department of State & Regional Development, the program is not serviced at that state level. The result is regional area competing against regional area to attract skilled works.

A competitive edge is achieved by promoting lifestyle, job prospects, housing, health, schooling, etc in your region. These place a reliance on the LGA to provide information and support, however the region benefits from our close connection with the 16 LGAs within the Riverina.

Term of Reference (c) above provides details on the local programs in place to attract and retain skilled workers in the Riverina region.

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

Although it is important to not rely only on the regional migration programs, they are vital as they enable us to address the most urgent demands which encourage confidence in the region and the stimulus for ongoing economic development. This ensures sustainable growth in the region which means long term jobs and the opportunity for investment in the region from internal and external sources.

Without access to the regional migration program the growing concern over skill shortages has the potential to inhibit the growth of the Riverina. Through our work with the regional migration programs, a comment we often hear is "If you can find me 10 more welders, I can find the work for them". From this comment it is evident that business opportunities are being missed out through an inability to find the resources needed.

As mentioned above, we would encourage expansion of the regional migration program to include occupations that aren't considered as 'skilled' due to the definition set by the federal government. If this were to occur, we are certain of the positive impact that this would have on the Riverina region.

Despite the obvious importance of the regional migration programs, we continue to try to balance growth through regional migration with growth through business & individuals relocating to the region from other areas of Australia.

(g) The adequacy of current measures used to record and report on the skills shortage

The measures which are currently used in the Riverina region include one-by-one communication with regional employers, or using our local knowledge to determine if Australia-wide skill shortages as relevant to our region. This allows us to address the 'loudest' skill shortages in the region.

Approaching the issue of skill shortages from a 'skilled migration' angle can alter employer responses due to uncertainty about sponsor responsibilities and concern about the skill level of migrants. The RRDB is joining with DIMIA to present information sessions to employers to attempt to address any concerns on the program

In coordination with the regional Australian Business Limited Council, we are undertaking a survey of regional employer to understand what skill shortages exist in the region and the reasons why positions are being left vacant.

As mentioned in **Term of Reference (a)**, an inadequacy of the current measures is due to the definition of skills which we rely on. As stated, we rely on the definition set by the Department of Immigration and Multicultural and Indigenous Affairs which generally states that a position requiring at least a trade certificate or diploma is skilled. Technically, this is a position within the 1-4 band of the Australian Standard Classification of Occupations (ASCO) system.

Further to this, the current ASCO list was published in 1997 and therefore cannot be considered completely relevant for some new industries or for newer occupations in existing industries. The

NZ equivalent, the *New Zealand Standard Classification of Occupations* (printed 2001) includes occupations such as Grape Grower and Grape Growing Vineyard Worker which are relevant to the Viticulture industry in the Riverina, but do not exist in the ASCO list of occupations. Could we suffer due to working from a list which is not keeping up?

(h) The methods used by training organisations including TAFE to assess skill needs in rural and regional NSW and their response to identified needs.

We are not closely involved in the process that TAFE use to develop new courses, however we understand that they do perform a review of workplace demands in the year prior to the study year. Through this process, they determine if courses are still needed, if course intake should be expanded and if courses need to be developed. A current course under consideration at the Riverina campus of TAFE is a Civil Engineering Diploma which will allow students to transfer to the Civil Engineering degree course at the University of Southern Queensland at the completion of the diploma. This has been in response to the huge demand by regional councils for civil engineering skills.

The Murrumbidgee College of Agriculture located in Yanco has submitted an application for funding for a Farm Skills Induction Program which will teach basic farm readiness skills to people who plan to work on a farm for the first time. Aimed at a range of participants, including people traveling on a Working Holiday Maker visa, this course was initiated to alleviate the need for farmers to train every new worker that comes to their farm. The Murrumbidgee College recognised a need and took action to respond.

From the above examples, it is clear that the two training organisations were able to respond to a need from the region. It's important that training organisations have the flexibility (i.e. infrastructure and funding) to respond effectively to training demands in regional Australia.

Inquiry into Skills Shortages in Rural and Regional NSW

Attachment A

Riverina

***Wagga Wagga; Griffith; Tumut; Leeton; Cootamundra; Narrandera; Hay;
Gundagai; Temora; Lockhart; Junee; Coolamon; West Wyalong;
Tumbarumba; Murrumbidgee; Carrathool***

The Riverina Regional Development Board is the certifying body on behalf of the Riverina region of NSW and is inviting applications for sponsorship of Skilled Independent Regional Visas from qualified applicants with the following skills. The relevant ASCO code is also shown:

Health Industry

- General Medical Practitioner - 2311
- Registered Nurse – 2323
- Physiotherapist – 2385-11
- Occupational Therapist – 2383-11
- Obstetrician & Gynaecologist – 2312-17
- Dermatologist – 2312-13
- Medical Oncologist – 2312-25
- Psychiatrist – 2312-27
- Rheumatologist – 2312-25
- Nephrologist – 2312-25
- Endocrinologist – 2312-25
- Respiratory Physician – 2312-25
- Infectious Diseases Specialist – 2312-25

Other Industries

- General Manager – 1112
- Production Manager (Manufacturing) – 1222-11
- Accountant – 2211
- Lawyer - 2521
- Civil Engineer – 2124
- Mechanical Engineer – 2126
- Electrical Engineer – 2125
- Librarian – 2292
- Librarian Technician – 3997
- Metal Fitters and Mechanic – 4112
- Structural Steel & Welding Tradesperson – 4122
- Refrigeration & Air Conditioning Mechanic – 4312
- Motor Mechanic – 4211
- General Mechanic – 4111
- Carpenter – 4411
- Fibrous Plasterer – 4412
- Roof Slater & Tiler – 4413
- Bricklayer – 4414
- Solid Plasterers – 4415
- Wall & Floor Tiler – 4416
- Urban & Regional Planner (Town Planner) - 2523

For more information on the Riverina see the board's web site on
www.rrdb.com.au

Enquiries: Kelly Painting
Skilled Migration Project Officer
Riverina Regional Development Board
+61 2 6921 4112
Email: migration@rrdb.com.au

Applications Fee: \$275.00 GST inclusive
(Please note that applications received from offshore applicants will be exempt from the GST component. The fee for these applications will be \$250)

Payable to: Riverina Regional Development Board
(Please note the application fee does not guarantee that your application will be successful. The application fee will not be refunded if your application is unsuccessful.)

Applications: Applications need to be submitted on DIMIA Form 1244 with a certified copy of your skills assessment by the relevant assessing authority in Australia. The application and supporting documentation can be sent to:

Riverina Regional Development Board
PO Box 1156
Wagga Wagga NSW 2650

Inquiry into Skills Shortages in Rural and Regional NSW

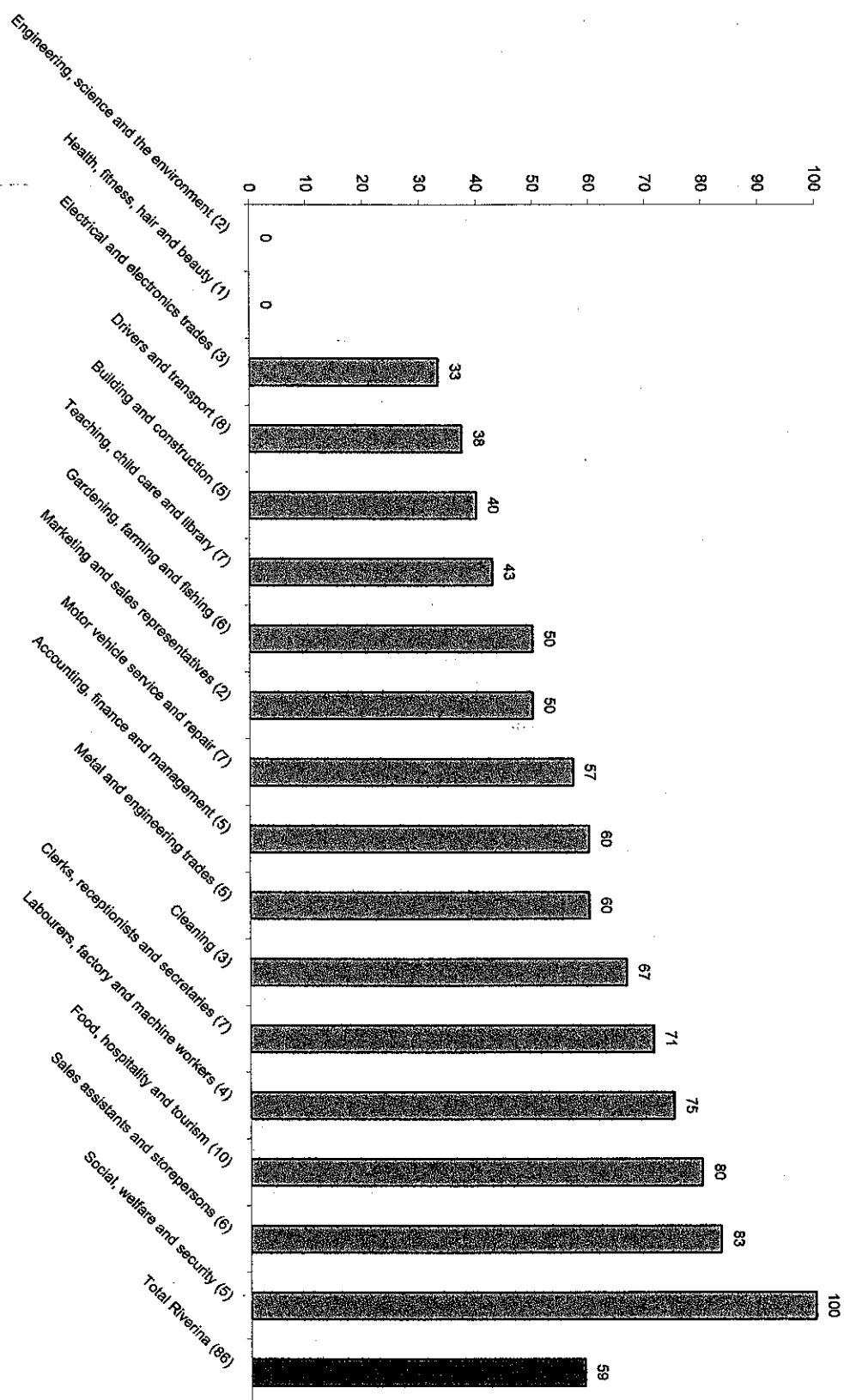
Attachment B

Regional Skill Shortages Survey – Riverina (September 2004)

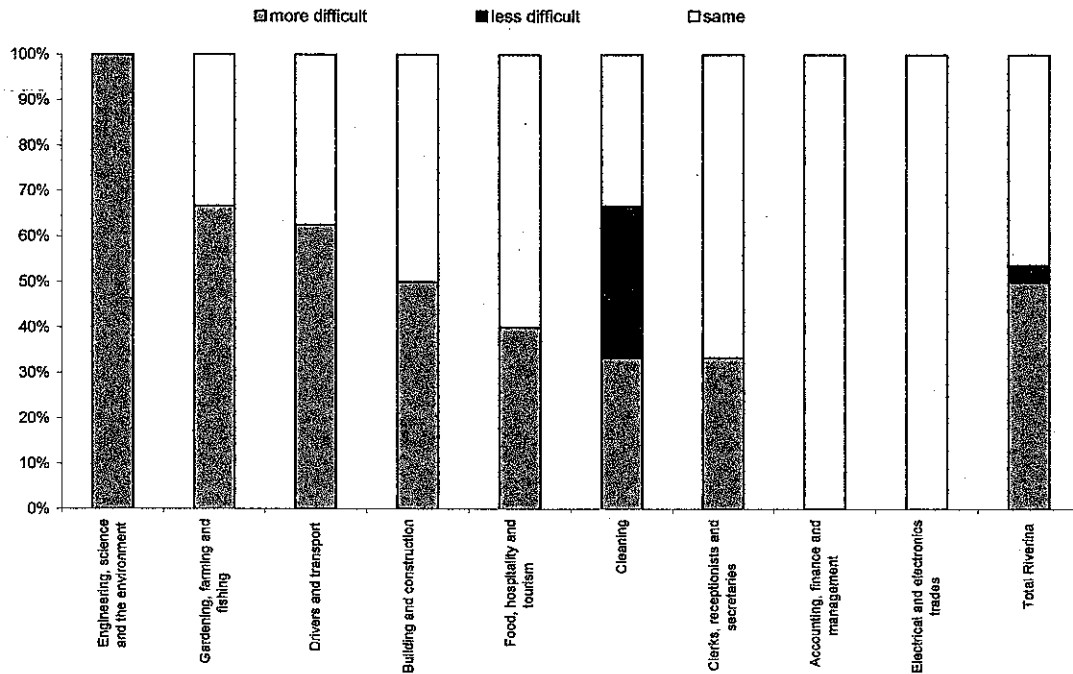
No of Employers contacted:	213
Response rate:	40 per cent
Completed surveys:	86 employers representing 298 vacancies
Vacancy filling:	59 per cent of employers had filled their vacancies (at the time of survey)
Occupational Groups with lowest fill rates	Engineering, Science and the Environment; Health, Fitness, Hair and Beauty; and Electrical and Electronics Trades
Average number of applicants per vacancy:	3.8
Applicants considered suitable:	27 per cent
Average number of suitable applicants per vacancy:	1.0
Main reason for applicants being considered unsuitable	Lack of skills or experience (69 per cent)
Main reason employers thought jobs were hard to fill	Specialist skill requirements (53 per cent)

Note: Numbers in brackets which appear after occupation group titles refer to the number of employer responses for that group

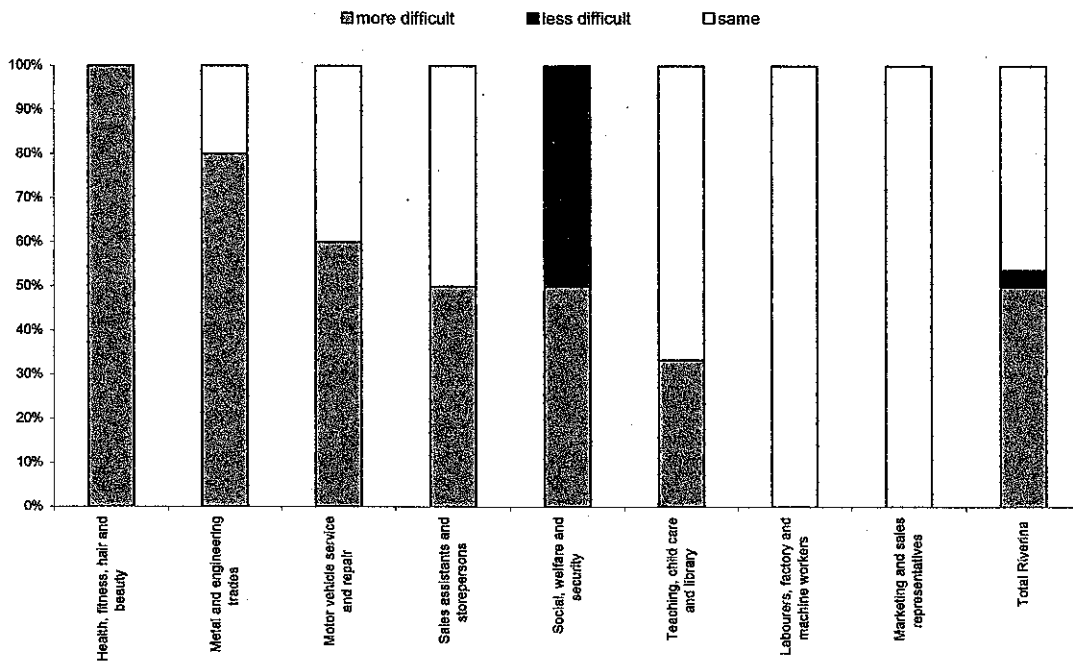
Vacancies Filled (per cent of employers) by Occupation Group, Riverina



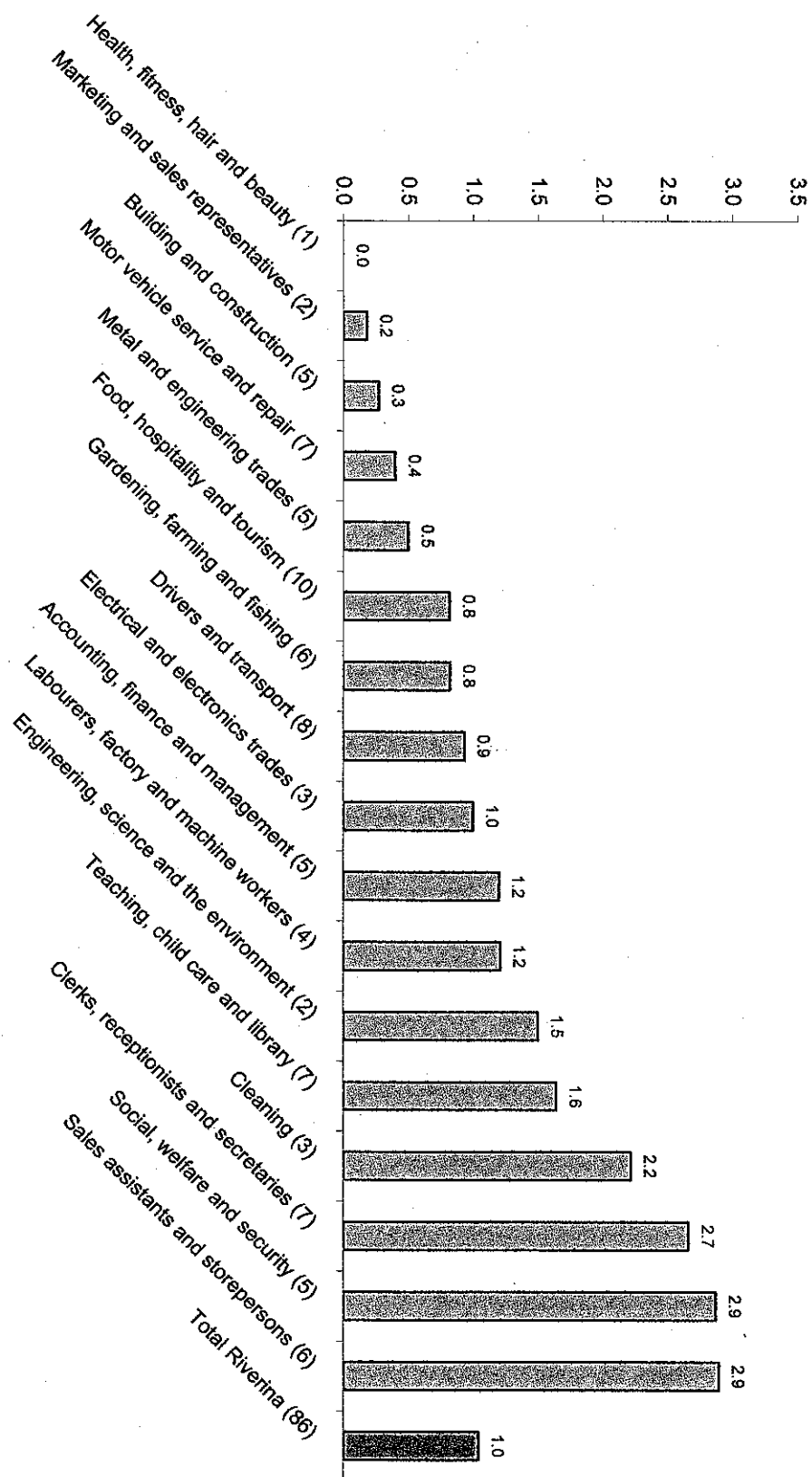
**Difficulty filling vacancies compared to 6-12 months earlier (per cent employers),
Occupation Group, Riverina**



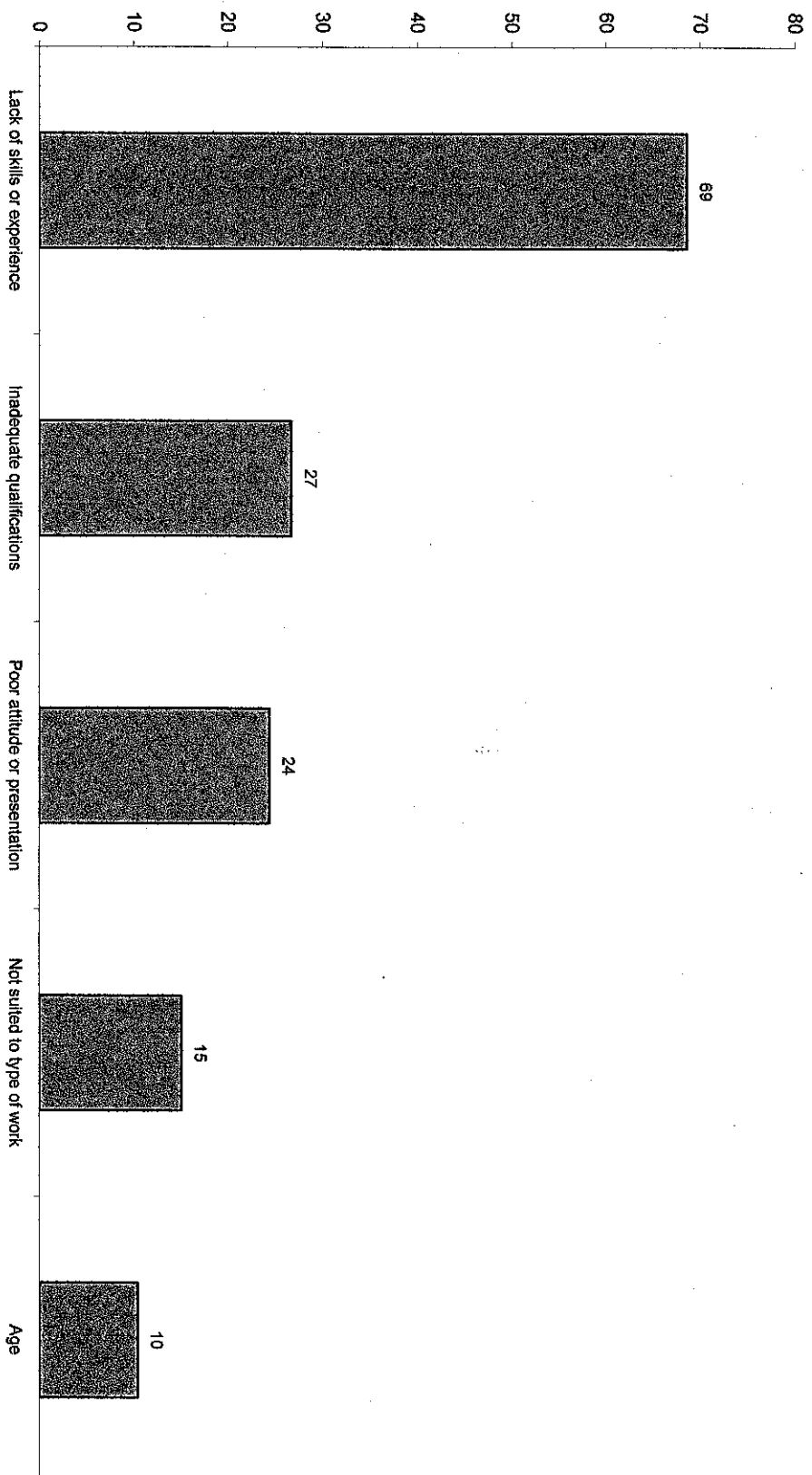
**Difficulty filling vacancies compared to 6-12 months earlier (per cent of employers),
Occupation Group, Riverina**



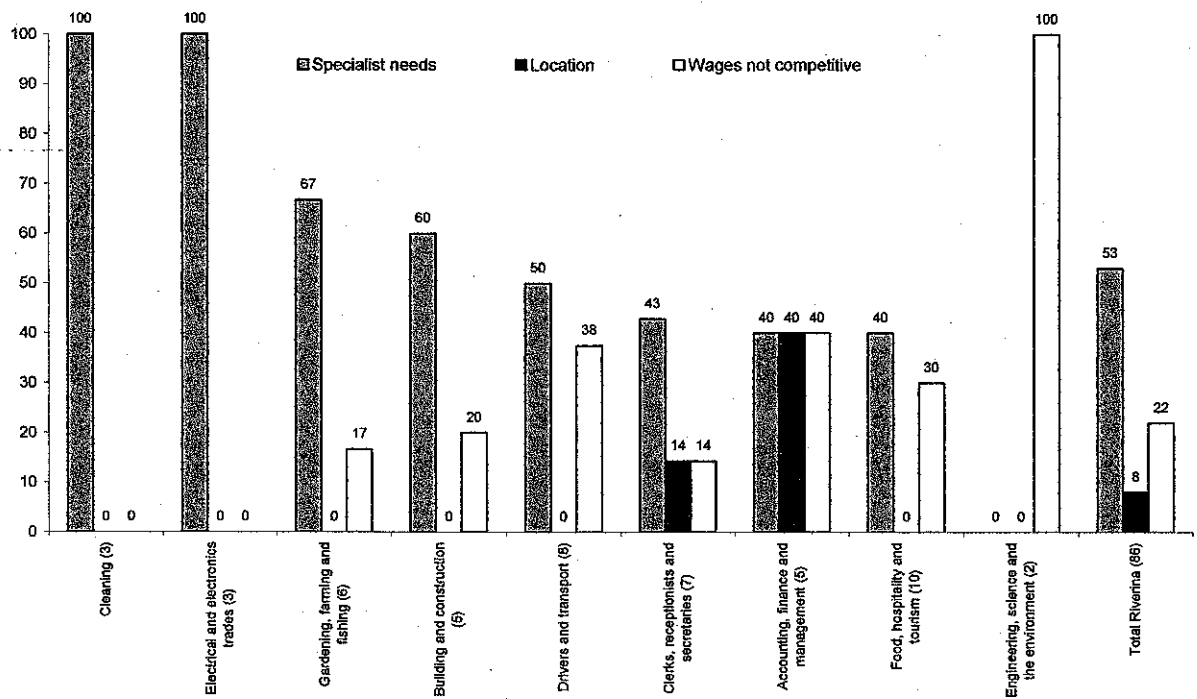
No of suitable applicants per vacancy, Riverina



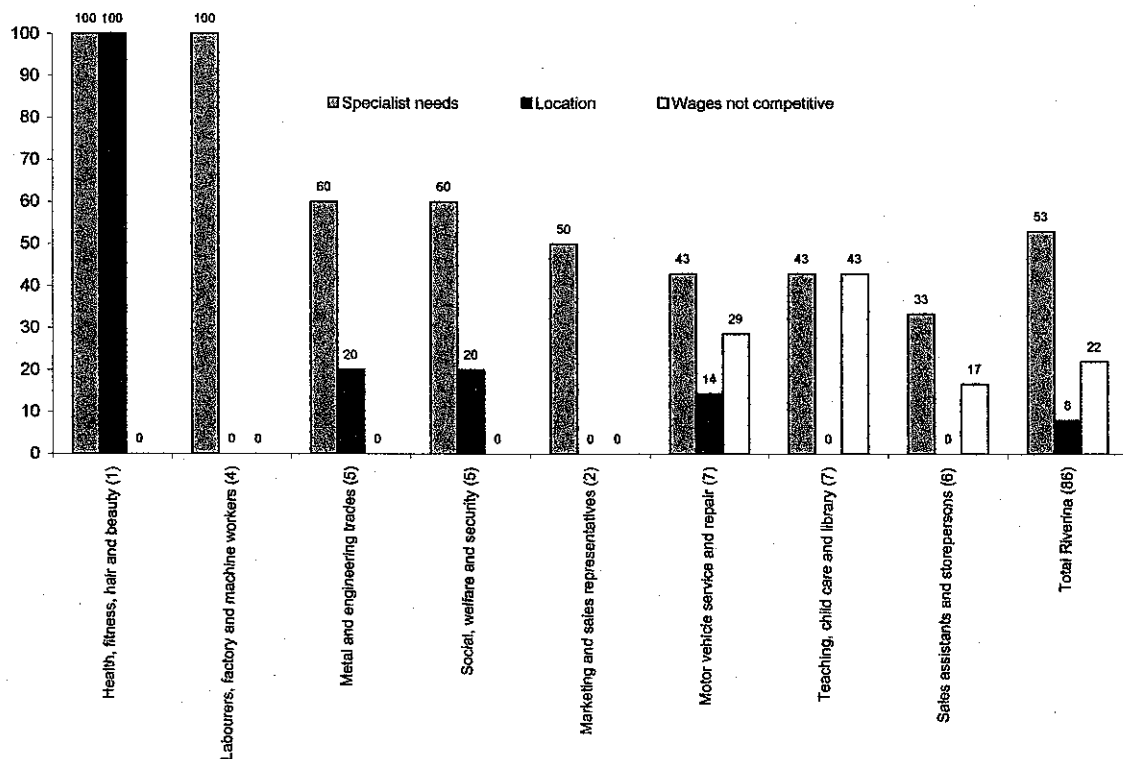
Reasons for Applicants being Unsuitable (per cent of employers), Riverina



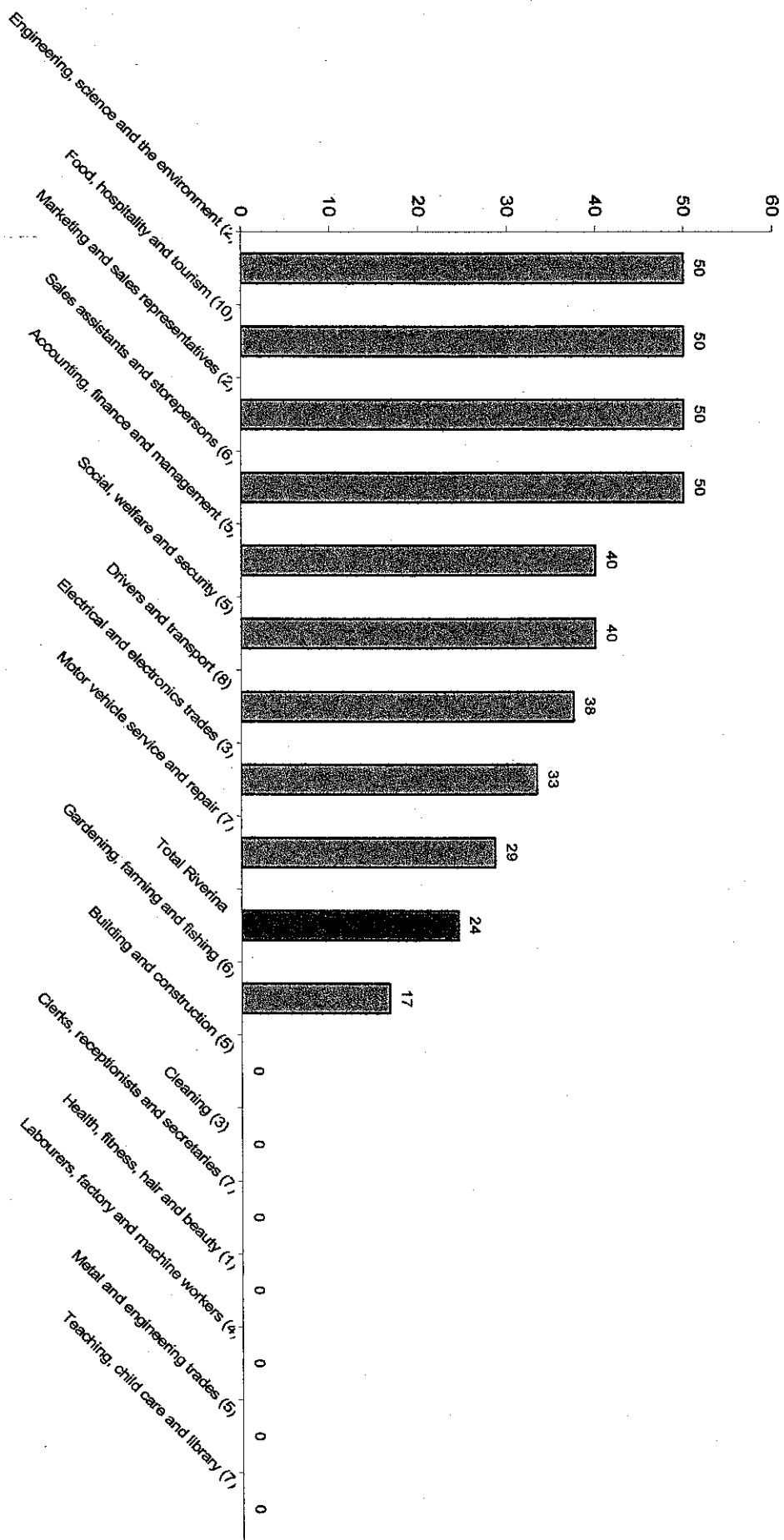
Reasons for difficulty recruiting (per cent of employers), Occupation Group, Riverina



Reasons for difficulty recruiting (per cent of employers), Occupation Group, Riverina



Per cent employers who considered applicants to be unsuitable because of poor attitude or presentation, Occupation Group, Riverina



Per cent of employers who considered applicants to be unsuitable because of lack of skill or experience. Occupation Group, Riverina

