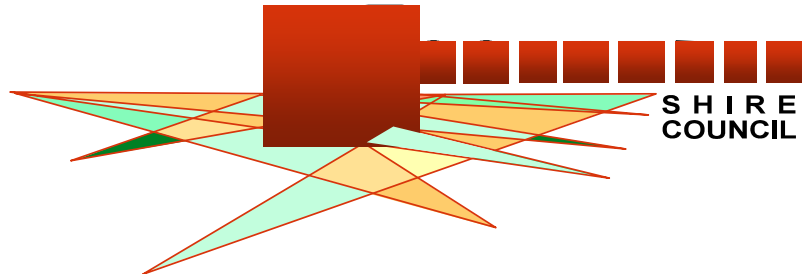


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12 August 2005



80 Castlereagh Street
COONAMBLE NSW 2829

The Chairperson
Standing Committee on State Development
Legislative Council of NSW
Parliament House
SYDNEY NSW 2000

Dear Sir/Madam

Parliamentary Inquiry into Skills Shortages in Rural and Regional NSW

Thank you for the opportunity to make submission to the above Inquiry and for the extension of time in which to do so.

The attached submission has been prepared and we take this opportunity to offer our expertise by way of address to the committee should you so desire.

Yours faithfully

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SUBMISSION TO THE INQUIRY INTO SKILLS SHORTAGES IN RURAL AND REGIONAL NSW

Prepared by Economic Development Office, Coonamble Shire Council

1. Background

Coonamble Shire covers an area of approximately 9955 square kilometres in north western NSW. The economy of the Shire is based on traditional agricultural production consisting of dryland broadacre cropping (wheat, barley, oats, chickpeas, lupins, cowpeas), beef cattle and sheep for both wool and fat lambs. The local timber industry based on the Pilliga Forest (Brigalow Belt South Bioregion) is a significant contributor to the local economy, as is the thoroughbred training and racing industry.

The district has a population of approximately 4800 people primarily in three centres of population: Coonamble township (pop. 3000) and the villages of Gulargambone (pop. 500) and Quambone (pop. 100). The remainder of the population live on rural properties which are mainly family-owned enterprises, although Clyde Agriculture (John Swire & Sons) is the largest single landholder in the district.

2. Current and future demand for labour

2.1 The current lack of diversity in the local economy makes the Coonamble Shire particularly vulnerable to shifts in employment. The recent drought is thought to have accelerated general trends in employment and exacerbated the skills shortage as workers leave the district. This has been compounded by the closure of the Castlereagh Regional Abattoir in July 2000 and the foreseeable impact of the Brigalow Belt South Bioregion decision on the local timber industry.

2.2 From a local viewpoint, there is little differentiation between a “skills shortage” and the general “recruitment difficulties” referred to by DEWR. Operating in a remote area, the majority of privately-owned Coonamble shire businesses tend to look for local solutions to the problem and smaller businesses particularly express a preference for employing local people rather than recruiting “out of area”.

Local solutions may include the appointment of apprentices or trainees, partnerships with local CDEPs, or re-training of existing staff. One local accountancy firm has effectively “given up” trying to recruit qualified accountants to the practice so has reconfigured the business to include a separate BAS Preparation and Bookkeeping enterprise employing experienced local people who receive on-the-job training.

2.3 While owner-operated small business has this flexibility, government or government-funded agencies such as schools, hospitals, aged care facilities and child care centres as well as larger private organisations still experience difficulties in filling a wide range of positions. These initiatives are still unable to address the difficulty in recruiting professional people to positions in remote areas.

The primary method of attracting professional staff to the district has been to offer increasingly generous packages involving housing, office facilities, office staff and other practical incentives. As well as dealing with these difficulties in attracting its own staff, Coonamble Shire Council has been particularly involved in offering housing and other facilities to attract medical staff – particularly doctors and dentists. This currently costs Council in excess of \$100,000 per year. The capacity of Council to expand this contribution is severely restricted given the ongoing population decline and the persistent climatic pressures on rural ratepayers who provide the majority of Council’s rate income.

3. Economic and Social Impact

3.1 The district’s capacity to attract professionals – dentists, nurses, allied health workers, educators, and so on – will continue to hamper the provision of services in the district, thereby compounding the district’s population decline. An integrated bundle of measures towards halting this progressive loss of population is urgently needed.

Many small businesses merely accept that finding suitable staff is going to be a prohibitive factor in any plans they have to grow their business. Some choose to relocate to more populous areas contributing further to population decline.

3.2 The skill shortage is both a cause and an effect of a range of economic and social factors facing towns such as Coonamble. Employment and training programs need to be considered

in conjunction with strategies to address social factors such as crime, drug and alcohol abuse, and so on.

Coonamble Shire Council is part of the Barwon Darling Alliance. In 2002/03 the Barwon Darling Alliance commissioned the Western Research Institute (WRI) to develop an enterprise zone model for the Barwon Darling region, which includes the Bourke, Brewarrina, Central Darling, Coonamble and Walgett Shire Councils. The BDA is now lobbying the commonwealth government to instigate *Socio Economic Zones* which provide a three pronged co-ordinated approach to economic development through a combination of:

- ◆ Social incentives
- ◆ Economic incentives
- ◆ Capacity building incentives

This approach was developed as a result of consultation with businesses across the region.

"Indeed, the results of the interviews suggest that it may be social problems like poor education, drugs and crime that are limiting economic development in the Barwon Darling rather than an inherent lack of profitability of the region's businesses.

In these circumstances economic incentives such as wage credits and financial support for capital investment may be ineffective if used by themselves as their impact may still be limited by social problems that make it hard to attract good employees.

Addressing the problems of education, crime and drugs should improve the lifestyle of residents and make the Barwon Darling region a more attractive place to live for professionals and families. These social improvements could then be expected to flow to the bottom line of businesses in the region. Likewise, the generation of regular work opportunities in the Barwon Darling could also be expected to have social benefits. Indeed, B Lulham, the Wilcannia magistrate is "absolutely convinced" that an increase in employment opportunities was responsible for a reduction in crime."

The work by the Western Research Institute found that

In most cases there are existing government programs that provide similar incentives to those that businesses in the Barwon Darling would like as part of an enterprise zone, although a number of existing programs are not available to the private sector.

While existing programs may address the issues raised by businesses in the Barwon Darling, anecdotal evidence suggests that these programs are not highly effective. Specifically, there are concerns at the local level due to grant application fatigue, delays in approval processes and a lack of programs that engage directly with the needs of business.

Given the broad similarity between the enterprise zone incentives preferred by Barwon Darling businesses and the type of programs provided by government it may be appropriate to restructure existing programs as the basis for directly supporting private enterprise in the region.

A restructure of existing government programs to meet the specific needs of businesses in the Barwon Darling region may include: modifications to existing eligibility criteria, improved delivery methods and funding for longer time periods. Greater promotion of available programs to ensure the Barwon Darling community is aware of the government programs that are available to assist the region.”¹

4. Local Trends

4.1 General Population: The population overall is experiencing long term decline with the Coonamble Shire losing 20.9% of its population from 1981-2001, the largest in the Orana Region.

4.2 Indigenous: The indigenous population comprises roughly 20-25% of the population and is growing as a proportion of the total population. This fact, combined with the worsening skill shortage, makes it imperative that the continuing under-representation of Aboriginal people in many industry sectors is addressed as a matter of urgency.

Coonamble Shire is fortunate in that it has two quite successful CDEPs (Coonamble and Gulargambone) who have had some success in assisting their participants to gain work in the general community and that Coonamble is also the regional headquarters for the Murdi Paaki Regional Enterprise Corporation (MPREC).

¹ The Barwon Darling Enterprise Zone. Prepared for the Barwon Darling Alliance by the Western Research Institute. Printed 29th July 2003

Coonamble CDEP has 120 participants across a dozen enterprises. **Gulargambone CDEP** currently operates with 68 participants, employed in activities ranging from sewing, ceramics and craft, firewood gathering and distribution, carpentry (outdoor furniture, toys, photo frames) to general contracting (lawn mowing, fencing etc). They have a shopfront in the Gulargambone main street. **Murdi Paaki Regional Enterprise Corporation** involves around 500 participants in communities outside the Coonamble Shire in the area reaching from Walgett to the Murray River.

There is a small but increasing trend for CDEP participants who gain a reputation in the community for their work ethics and skills to be taken on by small business employers with whom they've had contact. These organisations have also had some success in creating enterprises to undertake contract work in response to local demand. The Coonamble CDEP has established a building construction company that has won private contracts as well as Aboriginal Housing.

4.3 Agriculture: Given the growing trend in agriculture towards employment of contractors and casual labour rather than permanent part or full-time staff, this approach shows promise in both providing employment for indigenous workers and filling service gaps created by the rural skills shortage. In our area, examples could be farm fencing and yard building, shearing and crutching, stock handling, crop spraying, grain handling and machinery operation in broadacre farming during peak periods. The approach could be expanded to other industries such as the equine industry involving grooms/stablehands, horse breakers, and trackriders.

The agricultural industry is making significant gains in efficiency and is comparatively fast in adopting the latest environmental and technological advances. This has changed the nature of employment in rural industries whereby there is a growing shortage of workers with skills suited to the work available. Specifically, this applies to operation of machinery which incorporates computer-based technology such as crop spraying, tractors with GPS technology, sheep scanning, livestock weighing and tagging.

Costs of compliance with occupational health and safety, unfair dismissal laws and increasing costs of employing staff have all been cited as factors influencing the trend towards contracting in agriculture.

4.4 Women:

Lack of access to child care restricts women's entry or re-entry to the workforce. Coonamble High School has had instances where female teachers have been unable to fill vacant positions due to lack of care. Coonamble is quite well catered for in relation to child care places in comparison to many communities of similar size but there continue to be waiting lists, particularly in younger age groups.

Industries where women constitute the majority of employees are also disadvantaged by TAFE centralisation. This applies especially to child care and nursing. Many women have family commitments and cannot leave their homes and dependants for extended periods to attend residential classes in distant regional centres.

Government welfare payments to single mothers is a contributing factor to the regional skills shortage. Many women find that re-entry into the workforce, while preferable, is simply uneconomical when loss of benefits and cost of child care is taken into account. Towns such as Coonamble can ill-afford significant numbers of skilled and semi-skilled people remaining at home when positions that they can fill are available.

5. Future Demand for Labour

5.1 Council is currently assisting the proponents of two substantial agribusiness developments. The first, a cattle feedlot, will directly employ 24 staff in its operations with a significant multiplier effect creating indirect employment. The second is an export standard meat processing facility for cattle, sheep and goats with some processing of meat co-products. The abattoir will employ 136 staff in production and associated activities.

It is anticipated that the Murdi Paaki REC and local CDEPs will be able to supply around half the start-up labour required for these facilities. Additional labour will be required during the construction phase of each development and for the indirect employment generated by the operation of these enterprises and the associated increased workforce.

5.2 The current demand for professional labour – child carers, nurses, accountants, allied health workers, tradespeople, secondary teachers, and social workers – roughly corresponds with the national skills shortage (NSS) list for Australia and is expected to continue as per national trends.

6. Local Government Strategies to retain and attract skilled workers

6.1 Traineeships: In the past Council has utilised the traineeship system quite extensively to improve their available skills base. Two to three years ago this amounted to over 50 existing worker trainees who were all trained to certificate 3 level, at which point government incentives for further training cut out. At present Council has only 7 staff on traineeships. To retain skilled staff, Council's payment system is based on a grading system of recognition of skills rather than position title.

6.2 Engineers and The South African experience: In the past five years, Council embarked on a process to engage qualified engineers from South Africa. On two separate occasions and at substantial time and expense Council, brought potential staff from South Africa for interview, sponsored their migration, and provided housing and other benefits. Each of these sponsored migrants was subsequently "head hunted" within months of their appointment by Councils in Western Australia who offered an urban/coastal lifestyle.

The system where the Roads and Transport Authority (RTA) previously took up cadet engineers who when trained, coupled with those trained in the local government sector, created an ongoing pool of suitable staff for both Councils and the RTA. Since the cadet program within the RTA has ceased, small councils have to compete for a shrinking pool of qualified engineers with larger councils and government departments who have much larger cheque books and who offer the personal and professional benefits of centralised hubs in large urban centres.

6.3 Health & Building Surveyors were previously trained within the TAFE system and graduated qualified to practice in local government. The change requiring Health & Building Surveyors to complete two three-year university courses reduces both the number of people achieving these qualifications and the capacity of smaller Councils to offer sufficient wages. Health and Building Surveyors can obtain private certification, start their own business and pick and choose the type of work they take on. In this region there are few private certifiers available and Council staff have to complete the full range of work.

6.4 Town Planners: Changes in legislation led to many town planners being absorbed into government departments or entering consulting businesses. Smaller councils find it difficult to compete with the packages offered by state government or pay the consulting fees asked.

6.5 Accountants: Local government accounting was once a product of experience and standard university qualifications. These days, accounting standards and constant changes to accounting methods in local government mean ongoing professional development. Councils such as Coonamble cannot afford to engage highly qualified accountants or to offer the substantial professional development opportunities afforded in larger centres.

7. Opportunities for local government to retain and attract skilled workers in partnership with non-government bodies such as regional business organisations, ACCs and Regional Development Boards

7.1 It is not clear that opportunities exist for local government in attracting skilled workers with support from the regional organisations mentioned.

7.2 Coonamble Shire Council recently participated for the first time in Country Week Expo, with a view to attracting skilled workers and new businesses and residents to the shire. While the proponent of Country Week was supported by state government agencies, Coonamble Shire was not able to gain support towards the significant costs of attending.

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

8.1 Not aware of any instances of co-ordination or co-operation between the 3 tiers of government. The *Socio Economic Zones* proposed by the Barwon Darling Alliance would be a good trial of this type of co-operation.

9. 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.

- ◆ Not aware of anyone in this district who has benefited from regional migration programs.
- ◆ Am aware of individual businesses who have had staff on working or student visas then been unable to navigate them successfully through migration procedures.

10. Adequacy of current measures used to record and report on the skills shortage.

Given that local government, local employers and local service providers eg. TAFE, CDEPs are those who are expected to develop practical responses to the skills shortage, the information on the skills shortage appears to stop at the state level. We are not aware of any mechanism apart from the four yearly ABS census which provides any data specific to local areas or regions. Many ABS statistics are not suitable for planning responses due to their untimely nature.

Murdi Paaki REC is promising to conduct a skills audit (of its participants) for each town in its region. It takes some time for them to work their way around all towns. No data is available yet for our area and its usefulness will be reduced without some corresponding information on skill gaps in the district.

11. Methods used by training organisations including TAFE to assess skill needs in rural and regional NSW and their response to identified needs.

11.1 See Attachment A: Western Institute of TAFE Response

11.2 The Coonamble shire perspective:

11.2.1 Centralisation of TAFE courses: The recent trend of offering courses to outlying communities through delivery programs based in larger regional centres actually contributes to our skills shortage by drawing large numbers of people, especially young people, out of the district on a regular basis. The Rural Skills Traineeship, for example, is offered by Western Institute of TAFE in Orange, Dubbo, Forbes, Parkes, Cowra and Broken Hill. Not in Coonamble or similar sized communities further afield. This situation also applies to courses in nursing, child care, and a range of trades.

The following table shows the numbers of TAFE students from Coonamble and Gulargambone postal areas enrolled in courses in other centres in the Western Institute of TAFE region over the past 5 years:

Year	2000	2001	2002	2003	2004 (semester 1)
No. of students	48	226	149	299	127

These figures show the number of people who travel out of district to larger centres where courses are offered. There would be a number of people without access to transport unable to participate in these courses. Young people without licences or vehicles either have to miss out on the training or take their parents with them. One family spent 2 years of a TAFE course with the mother driving the son, aged 16yrs, to Dubbo and the two of them staying in hotels for 2-3 nights per week while the son did his course.

11.2.2 Jobs versus Enterprise Focus: Schools and TAFE continue to train young people for positions that simply no longer exist, particularly in agriculture. The irony is that there is plenty of work in our area and few skilled workers willing to work as self-employed contractors. A renewed emphasis on training entrepreneurs with small business skills who can then be self-employed should be integrated into both secondary education and TAFE training.

11.2.3 Communication Gap between Training Providers and Business: The language of training and employment agencies often broadens the gap between business and potential employees. Many terms currently in use by schools, TAFE, universities and group training organisations to describe courses and vocational pathways belong solely to the education and training system but are completely unfamiliar to the business community. A recent Community Forum held in Coonamble to discuss issues relating to Employment & Training involved businesses, schools and employment and training providers. The Forum identified the following:

- ◆ lack of awareness and understanding among businesses,
- ◆ conflicting or misplaced expectations by training and employment organisations in relation to the issues facing small business, and
- ◆ a need for relationship building at a local level.

Coonamble Shire's Economic Development Office is currently working with businesses and providers to develop a trial project to work towards bridging the gap between employers and trainers.

ATTACHMENT A: WESTERN INSTITUTE OF TAFE RESPONSE

Course Planning

Western Institute delivers training through five faculty areas supported by an Equity team of Outreach and Disabilities Coordinators:

- Access and General Education
- Business, Arts and Information Technology
- Community Services, Health, Tourism and Recreation
- Manufacturing Engineering Construction and Transport
- Primary Industries and Natural Resources
- Equity

Delivery plans are developed by each faculty and the equity team using statistical data on demographics and employment trends as well as local feedback.

Each faculty negotiates funds to deliver the planned courses. A variety of funding sources including State, Federal and commercial funds are used to meet the identified demand.

Demographic change

The demographics within Western Institute's service area are changing significantly. The larger regional centres of Dubbo, Bathurst, Lithgow and Orange are growing on average between 1% and 3.5% per annum. Some of this growth is at the expense of the smaller, more remote communities which are experiencing population decline. The medium-sized communities of Mudgee, Parkes, Forbes and Cowra, have relatively stable populations. This demography influences the way Western Institute delivers its services.

Changing equity profile

Western Institute is experiencing increased demand for training from equity groups, including Aboriginal People and people with disabilities.

Students with disabilities who were mainstreamed into schools during the 1990s are now moving to post-secondary education with a clear expectation that TAFE NSW will provide for their learning needs. This is placing increasing pressure on Western Institute's resources. Western Institute is working with the DET Western Region to quantify the demand and develop a plan for the transition of students with disabilities into TAFE courses and the workforce.

Community perceptions and expectations of education and training

Western Institute is viewed positively by communities in the region. There is a clear expectation that training will be made available locally. Western Institute is focusing its efforts on provision of education and training through flexible learning strategies, including Interactive Distance Learning, blended delivery, workplace training and assessment and the use of technology.

Western Institute's planning of facilities in small communities is in conjunction with the school sector to maximise the use of these resources.

Technology and innovation

The availability of information technology is slowly improving in the region. Western Institute is utilising this technology for delivery as it becomes available. Western Institute will utilise video conferencing to deliver training to smaller communities in 2005. This will expand learning opportunities for post-school and VET in Schools students.

The changing economy

Western Institute's service area is currently experiencing two distinct economic phenomena. The central west region is experiencing extremely buoyant economic conditions with growth in the metalliferous mining industry, and the maturing of the viticulture industry, supported by the continued health of the tourism industry. This is leading to increased demand for training in these sectors.

The north west of the region continues to experience the worst drought in history. This is impacting negatively on economic conditions in this part of the region. Despite the impact of the drought, demand for training continues to be strong as a result of good commodity prices in the agriculture sector.

Consistent with the rest of Australia, the western region's population is ageing. This is resulting in increased demand for training in community services, aged care work.

Western Institute's service area is experiencing skill shortages in a range of areas, largely as a result of the lack of employment of apprentices during the 1990s and the retirement of portions of the workforce. Industry is supporting Western Institute to provide training for apprentices to meet this employment demand. A second strategy being used by industry is engagement in the assisted migration program. This is expected to increase demand for literacy and numeracy support in the Access Faculty.

The skills shortage across the Institute is being exacerbated by population shifts away from the drought-affected areas as people move in search of employment. Demand for training will increase further when the drought breaks.

Aboriginal education

Western Institute is increasing delivery to Aboriginal People through a range of initiatives including Interactive Distance Learning, delivery in local communities and at the Yarradamarra Centre in Dubbo. Approximately 11% of the population in Western Institute's service area are Aboriginal People. Aboriginal participation in courses in Western Institute reflects this demographic.

Government Priorities

Western Institute is working with other government agencies to deploy a whole of government approach to business. The Regional Coordination Management Group (RCMG) has established priorities and working parties in the areas of community services and natural resource management to focus this whole of government approach.

Western Institute is engaged in supporting the Council of Australian Governments (COAG) trial in the Murdi Paaki Region. The Institute is providing training on demand to support this initiative.

Our Response

Western Institute is focusing attention on community capacity building, addressing the skill shortages and supporting communities to respond to the continuing drought. As a result, demand for Western Institute's service remains strong.

Participation rates in 2005 are expected to be around 35,000 students.