

INQUIRY INTO SKILLS SHORTAGES IN RURAL AND REGIONAL NSW

Organisation: Clarence Valley Council
Name: Mr Stuart McPherson
Position: General Manager
Telephone: 6643 0212
Date Received: 5/08/2005

Theme:

Summary

4 August 2005

The Director
Standing Committee on State Development
Parliament House
Macquarie Street
SYDNEY 2000

Dear Sir

**INQUIRY INTO SKILLS SHORTAGES
IN RURAL AND REGIONAL NEW SOUTH WALES**

Please find attached Council's submission to the inquiry. The Clarence Valley is typical of regional areas of New South Wales and constantly faces the need for support for local businesses and economic development generally. Shortages of skilled employees and in particularly skilled professionals are regularly sighted as obstacles to economic growth.

Positive outcomes from the parliamentary inquiry would be greatly appreciated by rural communities. In Council's submission I have referred to research work that will be undertaken in the near future and Council would be more than happy to provide the results of those projects when they are available.

If I can be of any further assistance to the inquiry please do not hesitate to contact me.

Yours faithfully

Stuart McPherson
General Manager

**PARLIAMENTARY INQUIRY INTO SKILLS SHORTAGES
IN REGIONAL AND RURAL NEW SOUTH WALES**

SUBMISSION

1. COUNCIL'S EXPERIENCES

The Clarence Valley Council was created in February 2004 by the amalgamation of Copmanhurst Shire Council, Grafton City Council, Maclean Shire Council, Pristine Waters Council, Clarence River County Council and North Coast Water. Whilst the amalgamation process was guided by regulations and legislation including employment provisions, recruitment of skilled staff to the Council has been difficult. This is despite the fact that the Northern Rivers is the State's premier life style region. Areas where problems have occurred include recruitment for Engineers, Town Planners, IT and an array of Community Services positions. These problems are similar to those encountered by the former councils where, for example, the Clarence River County Council in 2003 advertised for a degree qualified Engineer without success. Council has recently lost its Project Engineer to Adelaide.

One of the difficulties associated with recruitment in regional areas is that in most cases families are two income households and where a partner may be able to move to a new location and to further employment the decision to relocate often rests on the ability of the other partner to find suitable employment and vice versa.

Additionally areas such as the Clarence Valley are constrained by issues of salary in particular salary packages being significantly less than those on offer in metropolitan areas. There exists a perception that this area is infrastructure poor and is geographically distant to major population centres. The number of professional vacancies and the scope of works within those positions may also be more limited than those on offer in larger centres.

Offsetting the issue of salary reduction and access to a relatively limited set of facilities and services in comparison to metropolitan areas is the lower cost of living in the region.

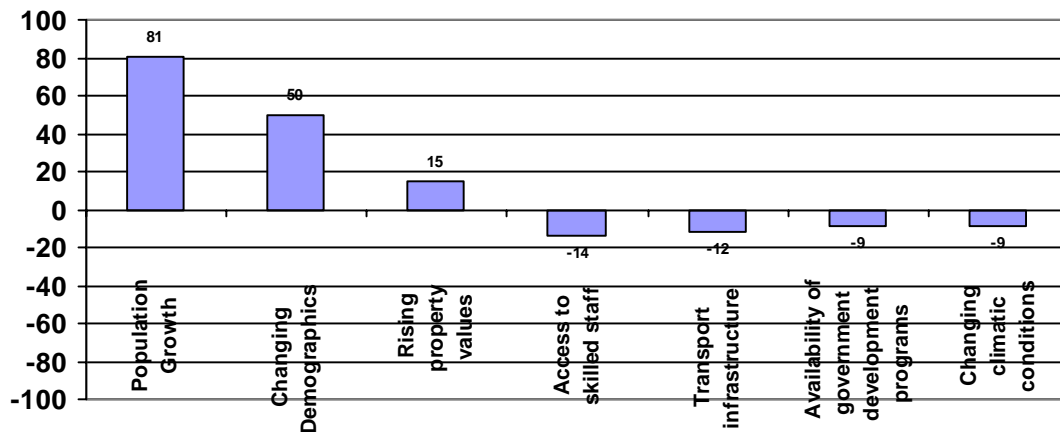
2. RESEARCH

Reliable research on skills shortages in the Clarence Valley is somewhat limited however some projects have produced relevant results and a number of planned projects will also be relevant to the inquiry's consideration.

2.1 2005 NSW North Coast and Northern Rivers Business Survey – WHK Rutherfords

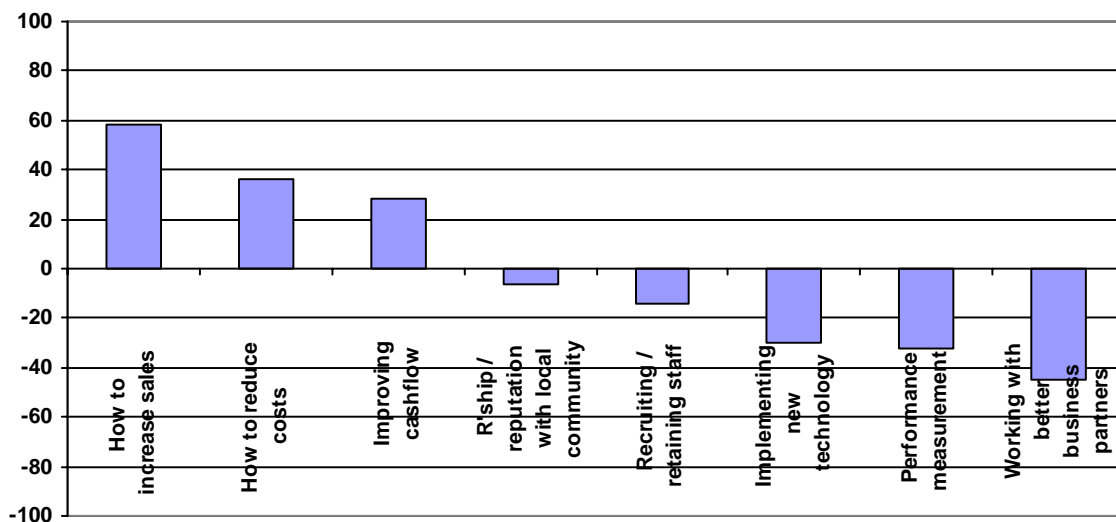
In 2005 Rutherfords surveyed businesses across the Northern Rivers seeking information to a range of business issues including positive and negative factors impacting upon the business community. The following two graphs are relevant to this inquiry:

Responses to the question ‘What are the most positive business factors impacting the region?’



Access to skilled staff was identified as a negative stimulus to growth by a net 14% of respondents

Responses to the question ‘How to increase sales’



Recruiting and retaining staff was identified as a negative stimulus to sales by a net 14%.

The results of the survey shown in the graphs suggest that access to skilled staff and recruiting and retaining staff were regarded as negative impacts to business growth and increased sales.

The sample survey was 400 businesses.

2.2 BUSINESS RETENTION AND EXPANSION PROGRAMS

In 2000 the then Maclean Shire Council conducted a business retention and expansion program surveying businesses within the Lower Clarence. An extract of the results of the program relevant to employment issues concluded:

“Employment Issues

The majority of businesses in Maclean (58%) employ between 2-4.5 employees. 12% employ less than 2 employees, with 14% employing 5-9 and only 12% employing more than 10 employees.

- *Most businesses rated their employees as good to excellent. Whilst the majority of businesses experienced no problems with recruitment, those businesses with recruitment problems (24%) identified the problems in the skilled areas. This was attributed to skilled employees not wanting to move to the area, and high competition for skilled employees.”*

Clarence Valley Council is presently preparing an Economic Development Strategic Plan and part of the research for that project includes a business retention and expansion survey across the entire valley. The question of availability of skilled staff will be examined in the survey and those results should be available by mid to late October.

3. CLARENCE AHEAD INC

In 2004 a new organisation called Clarence Ahead Inc was formed. It comprises representatives of the various Chambers of Commerce and Council and its purpose is to promote business development by holding networking functions. The next function scheduled for the first week in September is designed to specifically bring together representatives of regional training organisations and those major employer groups involved in the trades. The need for this function stems from a local perception that the needs of industry generally are not being catered for by the current training regimes. This has resulted in a significant drop in the number of apprenticeships and traineeships being undertaken throughout the trades in the Clarence Valley.

4. REGIONAL INDUSTRY AND ECONOMIC PLAN

The Northern Rivers Regional Development Board (NRRDB) is in the process of preparing a regional industry and economic plan. The plan will provide a framework designed to facilitate sustainable business and employment growth. The Northern Rivers is a growth area and the plan examines in some detail the issues of employment and the needs likely to be encountered by the region during the life of the plan. The following extract provides an insight into the challenge facing the region.

*“Based on the region’s projected population levels in 2031, as per DIPNR’s official forecasts, it is estimated that the region will require approximately 147,300 jobs to be provided by this time. To achieve an employment participation rate of 60% and limit the unemployment rate to 6.5%, whilst maintaining the current self containment rate and maximising the ratio of population versus export driven employment, a total of **68,000 new jobs** will need to be provided.*

Of these 68,000 new jobs, it is anticipated that approximately 49,500 will occur naturally as a direct result of population growth (eg natural employment growth in sectors such as retail, household services, personal services, etc).

*The balance of new jobs required in the region, some **18,500 full time positions**, will need to come from growth in enterprises that are essentially export based and thus driven by markets external to the Northern Rivers region.*

In essence the facilitation of these 18,500 jobs represents the Northern Rivers employment challenge.”

Included in the strategies designed to assist business and industry development are a series of statements stressing the need for:

- The development of a diverse range of education and training programs.
- Expand training options.
- Boosting the local depth in building and development services.
- Enhance the utilisation of the skills base and local knowledge.
- Explore strategies to attract and retain “knowledge workers”.