

INQUIRY INTO SKILLS SHORTAGES IN RURAL AND REGIONAL NSW

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Date Received: 5/08/2005

Theme:

Summary

GDS/38.12/2005

4 August 2005

The Director
Standing Committee on State Development
Parliament House
Macquarie Street
Sydney NSW 2001

Dear Sir/Madam

Re: Inquiry into Skills Shortages in Rural and Regional NSW

I am pleased to lodge on behalf of Leeton Shire Council the attached Submission to the NSW Parliament Standing Committee on State Developments Inquiry into Skills Shortages in Rural and Regional NSW.

Addressing skills shortages in rural NSW is critical to maintaining the continuation of the strong economic growth recently experienced by Leeton Shire.

To this end the Committee is urged to introduce measures to attract skilled workers to rural areas and the introduction of flexible and appropriate training regimes that will allow employers to efficiently up skill their existing employees.

Yours faithfully

RC Pluis
General Manager

LEETON SHIRE COUNCIL
SUBMISSION TO
THE STANDING COMMITTEE ON STATE DEVELOPMENT
INQUIRY INTO SKILLS SHORTAGES IN RURAL AND REGIONAL NSW

OVERVIEW

Leeton Shire Council has a viable economy based on irrigated agriculture and value adding industries, with a strong manufacturing and educational sector.

The local economy created by this diverse base demands the provision of a large pool of multi skilled labour.

Anecdotal evidence sourced from within the various sectors suggests that there is a critical shortage of skilled labour across a wide sphere of trades, skills and professions.

This shortage occurs for a number of reasons and a number of strategies are currently being used by the different stakeholders to varying degrees of success.

However it is strongly recommended that more could be done by the State and Federal Governments to proactively address these issues, and in particular the implementation of effective grass root level strategies.

Leeton Council has identified two critical areas that need immediate attention to address the current skills shortage and prevent this from occurring into the future. The Committee is urged to introduce measures to attract more skilled workers to rural areas and the introduction of flexible and appropriate training regimes that will allow employers to efficiently up skill their existing employees.

BACKGROUND ON LEETON SHIRE COUNCIL

Leeton Shire is situated in south west NSW within the Murrumbidgee Irrigation Area and is the gateway to Australian irrigated agriculture based on horticulture, rice, grain and beef industries.

It is the Centre of Excellence for rice and horticulture production and agri-food production and is a major centre for the production and processing of agricultural and food products, as well as a major centre for research, training and education.

Leeton has a growth rate higher than the State average and unemployment lower than the State average.

Leeton Shire produces an annual harvest of the following produce (in an average year):

- 1,200,000 tonnes of rice
- 215,000 tonnes of citrus
- 160,000 tonnes of grapes
- 25,000 tonnes of grain fed beef

In addition to this production Leeton is the home of:

1. The following Agricultural and value adding industries;

- Sun Rice
- Berri Fruit Juice
- Riverina Cheese
- A J Bush & Sons Abattoirs
- Rockdale Beef Cattle Feedlot and Abattoir
- Lillypilly Wines
- Toorak Wines
- Vetta Pasta Factory
- Coprice Feeds
- Pacific Fresh
- Ag Reserves
- Murrumbidgee Lucerne
- Fruitshack Orange Juice
- Country Energy

2. The following Manufacturing Industries;

- Climate Technologies (Incorporating Bonaire and Celair)
- Southern Central Engineering
- Swift Metal Services
- Milbrae Quarries
- Leetoria Windows and Doors
- Cummins Partnerships
- Irrigation Specialists
- Hi-Marq Engineering

3. The following Educational Facilities;

- Murrumbidgee College of Agriculture
- St Francis College
- Yanco Agricultural High School
- Leeton TAFE
- Leeton High School

4. The following Government Agencies/Service Agencies;

- Murrumbidgee Irrigation
- Department of Land and Water Conservation
- Yanco Agricultural Research Institute (NSW Department of Primary Industries)

These industries support a diverse and active retail sector and support services such as transport companies, earthworks, land forming, major supermarket chains, complete range of medical and support facilities, accommodation, catering and customer service.

LEETON SHIRE COUNCIL ISSUES

In the past Leeton Shire Council has identified the following issues.

1. Skilled labour shortages:

There is strong actual and anecdotal evidence that Leeton currently faces a drastic shortage of skilled labour, in particular various skilled trades people such as electricians, welders, fitter and turners, refrigeration mechanics, truck drivers and mechanics, as well as professional people such as physiotherapists, health workers, accountants, engineers and teachers. For example one employment agency consulted could place 10 tradespeople for an immediate start. Another could place 4 electricians and mechanics.

2. Itinerant Labour shortages;

Many of the agricultural crops grown in the Leeton area rely on in various degrees, itinerant labour to either grow, harvest or process these crops. Itinerant labour is normally drawn from either domestic labour or overseas labour, i.e. backpackers.

Council has recently completed a major study into local harvest labour, called the MIA Backpackers and Harvest Labour Study. This study identified that itinerant labour is critical to the sustainability of many regional agricultural industries.

This study also identified that a significant shortfall exists between the demand for and the supply of itinerant labour, which in some cases threatens the success of some crops. Simply put there is far more work than workers.

3. Local training opportunities

Leeton Council has long been committed to providing local school leavers with as much opportunity for local employment and training as possible. As such the Leeton and Narrandera Vocational Educational Training scheme has been recognized nationally for its success in placing young people for work experience with local employers, with a high conversion rate for employment and apprenticeships.

TERMS OF REFERENCE

The Standing Committee on State Development inquire into and report on the skills shortages and its impact on rural and regional NSW and, in particular:

(a) The current and future demand for labour.

Leeton Shire has a predicted growth rate of 0.4% over the next 30 years (NSW Statistical Local Area Population Projections 2001-2031 – a report by the Department of Infrastructure, Planning and Natural Resources) which places Leeton as one of few inland rural centres with a positive growth rate, which is even more positive due to the smaller population size of Leeton in comparison with other inland rural centres that also have a positive growth. As a reflection of this growth Leeton has a lower than average

unemployment rate and will continue to maintain a young population with a lower than average dependency rate.

In view of this projection and in consideration of the broad employment base created by the diverse range of employers making up the Leeton economy it can only be expected that the current skilled labour shortage will continue and possibly worsen.

As mentioned earlier, Leeton has experienced a critical skilled labour shortage for some time which has not abated. Whilst there is generally an adequate supply of unskilled labour, itinerant labour, skilled labour, tradespeople and professional people currently remain under supplied.

Further Council is aware that several of its major employers are considering expansion plans and that two new major industries having a combined total of approximately 55 employees, ranging from highly skilled professionals to unskilled labour, are currently finalising plans to establish in Leeton. It is therefore expected that the future demand for labour will continue to grow.

Another major impact on the future supply of skilled labour has been the closure of the full time and part time courses at the Murrumbidgee College of Agriculture. The MCA provided relevant training suitable for regional irrigation and broad area agriculture industries. This training has now been cancelled resulting in no other facility offering education relevant to the agricultural needs of this area., resulting in a complete lack of people coming through the system to manage local agricultural businesses.

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

There can be no doubt that the current skills shortage is a significant detrimental economic effect on Leeton. A survey of major employers in Leeton revealed that the difficulty in attracting skilled labour is having a limiting influence on expansion plans and in some cases making businesses unviable. In particular some local businesses have resorted to sponsoring skilled overseas workers (mostly from either New Zealand or South Africa) to meet shortages due to the failure of attracting suitable employees. However this process is not always ideal due to the cost and uncertainty in the length of employment, as in some cases the employee uses the placement as “a foot in the door”, often leaving shortly after commencing to another centre, normally a city.

The shortage of skilled workers also can create a flow on effect, as it can lead to a feeling of isolation within certain professions. A loss of peers, symbolic work relationships and professional interaction can either cause further loss of skilled labour or make recruitment of skilled labour extremely difficult.

(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.

Leeton Council is committed to the retention and attraction of skilled labour. As part of this strategy Council offers on a case by case basis assistance to major critical employers towards expansion plans resulting in the recruitment of skilled labor or for recruitment

strategies for the attraction of skilled labour. Council is also intrinsically involved in the Leeton Yanco Narrandera Vocational Educational Training program which aims to keep local young people in the region by placing them with prospective employers as part of their school program.

Leeton Council is also aware of the “Country Week” proposal although it has not yet participated. This non government 3 day initiative has some potential although Council has judged that the expense for a three day exposure is somewhat difficult to justify, although it will be considered in the future.

Council has however committed to the Riverina Regional Development Board initiative, a similar concept to the “Country Week” program, but is spread out over a full year involving 22 expos at various locations throughout Sydney and Melbourne. It is proposed to promote Council at each of these locations in the attempt to attract skilled workers to relocate to Leeton.

Skills development and training must be designed in such a way as to be focused on opening additional areas for further development of skills and professional development.

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

Council has been lead to believe that the methods used by training organisations to access skill needs in rural areas of NSW may be flawed in that many courses offered by the organisations are based on industry beliefs and are underpinned by the need to be financially viable. This can have negative results in that industry groups may not necessarily be responsive enough in meeting changing local and regional work skill requirements, as they often appear to determine skill needs on a “what has worked in the past” basis. For example anecdotal evidence suggests that skill needs studies can be up to 18 months old when published. Further it could be argued that some courses are conducted simply on the basis that they must have a critical mass of participants in order to achieve cost recovery need, rather than a skills shortage need.

The requirement for cost recovery to receive core state funding has resulted in the creation of difficulties in accessing training courses, as the cost recovery philosophy dictates that required number of students must be trained at any one time which results in the training facility often being located in a central location to permit the greatest number of participants attending at any one time. This creates issues such as costs to attend which are often unrealistic on trainee wages, reluctance to send workers away for a period of time and subsequent loss of productivity. Also the reduction in courses at rural training facilities has resulted in a gradual loss of teaching resources

It is believed that many training organisations such as TAFE recognize the areas of skilled shortages but are unable to address them due to financial constraints due to the number of course participants being below the critical level of mass to break even, although this number may well be a high number in a local or regional context.

Innovative methods of training, particularly distance education using modern technology need to be developed to minimize the time that trainees and apprentices are away from work and to reduce the amount of time and cost involved in travel.

CONCLUSION

In conclusion Leeton has a current and expected future skilled labour shortage that is a significant factor in the existing and long term sustainability of the local economy. Further it is considered that there are two essential factors in this shortage, firstly the difficulty in the recruitment of skilled labour from outside of the region and secondly the restrictions faced by employees in accessing relevant, practicable and recognized training programs.

In relation to these two issues it is therefore recommended that the Standing Committee consider as a matter of urgency:

1. Strategies must be implemented to address the skilled worker imbalance between the capital cities and rural and regional areas. These could include incentives for city based skilled workers to relocate to rural areas, such as tax rebates etc.

Whilst Local Government has been forced to introduce strategies to attract skilled workers from outside their region this is often done on an individual basis which requires significant resources. The recent introduction of two non government bodies proves the failure of the current situation.

2. Flexible training strategies must be introduced to encourage more apprenticeships and traineeships to allow employers to train up their employees to skill levels that are appropriate and relevant to their business. The current impediments to traineeships must be broken down. For example in NSW TAFE is the only accredited trainer of apprentices. However in Victoria apprentices can receive accredited on the job training which alleviates many of the barriers that employers face when employing apprentices or trainees. It is also supported by evidence from training providers that the current Government incentives are not worthwhile as many are means tested which can result in cases where assistance is required but not delivered.

Council believes that workers who are trained locally will live locally.