

INQUIRY INTO SKILLS SHORTAGES IN RURAL AND REGIONAL NSW

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Theme:

Summary



MID NORTH COAST
REGIONAL DEVELOPMENT BOARD

**Supplementary Submission to
Standing Committee on State Development
Inquiry into Skills Shortages in Rural & Regional NSW
Coffs Harbour - 30 September 2005**

INTRODUCTION

The Mid North Coast Regional Development Board (MNCRDB) is an independent not-for-profit body sponsored by the NSW Department of State and Regional Development (DSRD). The MNCRDB is tasked to advance and champion the economic development interests of the Mid North Coast region. The Board's primary objective is to grow private sector employment opportunities. It does this by facilitating and undertaking various (strategic) industry development initiatives in partnership with a broad range of economic development stakeholders.

BACKGROUND

The economy of the NSW Mid North Coast (and related private sector employment) is dominated by small business. 66% of businesses in the region had a turnover of less than \$100,000 according to the 2001 ABS Business Register. Business size is important as it impacts directly on the capacity of enterprises to be competitive in the employment marketplace and to support employee development activities.

The total value of output for the Mid North Coast economy in 2001 was \$9.4 billion. Manufacturing was the largest contributor to the economy and the fourth largest employer, with 1359 manufacturing businesses turning over \$1.5 billion. This represented 5.2% of the region's businesses, 8% of the employment and 16% of the region's turnover. Manufacturing is an important component of the regional economy as it provides an opportunity to engage with national and global economies, improving the balance of trade and injecting capital into the regional economy.

In recent years it has become evident that the profile of the manufacturing sector in this region is evolving. The region has become a popular destination for small to medium sized manufacturing enterprises, some new and some relocating. This sector is typified by manufacturing businesses that are taking advantage of new materials, technology and innovative processes to produce world-class products.

This shift has brought with it a demand for a range of skills not traditionally available on the Mid North Coast. Training has been limited for these new skills as the demand is too small to address using traditional education delivery models. In addition the traditional skill base has also diminished, leading to regional skill shortages.

KEY FINDINGS OF 2004 SURVEY OF MANUFACTURERS (59 RESPONDENTS)

Skill shortages (demand for skilled labour exceeds supply)

- There is a significant shortage of skilled and semi skilled workers in the Mid North Coast and Northern Rivers regions of NSW.
- Significant competition exists for skilled trades.
- Skilled and semi-skilled labour shortages are a significant impediment to business growth.
- The region is experiencing similar skill shortages to other regions and metropolitan centres.

Skill gaps (skills of existing workforce are inadequate)

- Access to training, particularly in niche, non-traditional and new technology skills is limited or non-existent.
- Existing labour resources lack generic manufacturing skills.
- The region is experiencing similar skill gaps to other regions and metropolitan centres.

LOCAL INFLUENCES ON THE AVAILABILITY OF SKILLED LABOUR

Beyond the national shortages in a number of trades there are a range of local influences on the availability of skills that may require region-specific solutions:

- The appeal of the trades as a career choice for school leavers – perceptions and attitudes amongst students, teachers, career advisors and the community
- The availability of training (traineeship/apprenticeship positions offered locally)
- The appropriateness of training offered (matched to local industry needs)
- Traineeship conditions (including wages) and study and work demands (traveling, availability of transport, costs) relative to other career options
- The capacity of training organisations to offer flexible, tailored (on-the-job) training at distance and with dispersed and/or “thin” demand (cost/benefit)
- The willingness and capacity of small and medium enterprises to offer and support trainees/apprentices
- Financial incentives for businesses to sponsor trainees/apprentices
- The willingness and capacity of businesses to up-skill existing employees
- Perceptions and attitudes amongst the broader workforce on physical “hands on” or “dirty” tasks
- The level of migration out of the region for career reasons (young skilled workers)
- The level of migration into the area for lifestyle reasons (mature age workers)
- The age of the existing skilled workforce and impending separation rates due to age retirement
- The capacity of small and medium enterprises to compete successfully in a highly competitive employment market (eg wages and conditions offered)
- The level of competition for skilled employees within the region, and with adjoining regions (eg the Hunter to our south)
- The capacity of small and medium enterprises to offer attractive career paths and progression (human resource management issues)
- Geographic dispersal and lack of critical mass and/or opportunities to develop collaborative industry solutions.

CONCLUSIONS

The MNCRDB was a partner in this survey of manufacturers' skills shortages and training needs in order to gain a better understanding of the causes and complex dimensions of the current situation in this region. The survey results confirm that skill shortages and gaps are currently significant barriers to the development of manufacturing industry on the NSW Mid North Coast. Addressing the shortages will require concerted and focused efforts from all stakeholders. New ways of working between industry, Governments and the education sector will be needed to develop a range of strategies and mobilize resources to address the specific causes of skills shortages and gaps in this region.

One of the major challenges confronting much of business in the Mid North Coast is the constraint imposed by limited economies of scale (most are small to medium enterprises). In response, the key industry development strategy pursued by the MNCRDB and its economic development partners is to facilitate and support the establishment of collaborative industry networks. Industry networks provide individual participants with collective critical mass, facilitating the sharing of information and skills, and encouraging mutual support. As networks consolidate (typically around commercial activities like collective marketing) they can also address systemic constraints to industry growth such as skills gaps and shortages. A recent industry-initiated project called "Career Link" by a marine and composites cluster in Taree is an example of what is possible through a collaborative multi-stakeholder approach.

In conclusion, the needs of manufacturers highlighted above are but one element of a broader skills challenge in this region. In late 2004 the MNCRDB, MNC Area Consultative Committee and TAFE NSW North Coast Institute jointly commissioned a green (discussion) paper on the dynamics and drivers of the Mid North Coast economy. The subsequent report by the Hunter Valley Research Foundation titled "Growing jobs on the Mid North Coast" identified a number of key issues likely to have a significant impact on the future economic growth of the region.

One of the key challenges identified in the green paper for the Mid North Coast is the need for a suitably qualified workforce. The paper argues that specific regional strategies are required to address a relatively low level of educational attainment amongst the region's workforce, and the increasing skill needs of the growing sectors of the economy. The paper noted that training and education can reduce the negative impacts of economic and social change, particularly the structural shift in employment growth away from the primary and secondary sectors to the tertiary (services) sector. Further work is currently underway to ensure that the issues identified in the green paper are incorporated into a coherent and widely endorsed regional economic development strategy.

Bill Calcutt
Executive Officer
30 September 2005



MID NORTH COAST
REGIONAL DEVELOPMENT BOARD

OVERVIEW OF BOARD ACTIVITIES (Sept 2005)

BOARD VISION – The NSW Mid North Coast will be a tolerant, diverse, prosperous, enterprising and environmentally sensitive region that offers its residents a range of investment, vocational, educational, social, cultural, welfare and recreational opportunities that enhance our communities' quality of life

BOARD MISSION - To be an effective and influential body that articulates and advances the Mid North Coast's economic development interests, in partnership with the community and the public and private sectors

SUMMARY OF BOARD PRIORITIES AND PROJECTS

KEY OBJECTIVES	STRATEGIES	ACTIONS & OUTCOMES
Diversify & expand the region's agricultural base Support and facilitate private investment in emerging agricultural industries - specifically the organics, herbs & aquaculture sectors	1. Support existing and/or facilitate the formation of new grower networks & clusters 2. Facilitate the formulation & implementation of industry development plans 3 Provide credible information to enhance industry skills & decision making & reduce investor uncertainty	1. Facilitate formation & operation of networks & strategic alliances between industry segments that create innovative strategies to supply local/domestic/export markets 2. Produce & disseminate fact sheets on new enterprises 3. Sponsor field days & workshops Note: Emerging Industries Development Program concluded on 30 June 2005. Final report on program activities & outcomes produced & disseminated
Expand the region's private forestry industry In partnership with growers & the industry, & consistent with triple bottom line principles, facilitate the growth of the private forestry industry & associated value chain	1. Support the establishment of a resilient, effective & representative growers' network committed to advancing the interests of the private forestry sector 2. Support the formulation & implementation of an industry development plan that provides a blueprint for future industry growth 3. Identify & progress opportunities to enhance the supply chain, facilitate processing & value adding, & improve profitability & sustainability 4. Provide credible information to enhance industry skills & decision making & reduce investor uncertainty	1 & 2. Regional forestry network have secured alternative funding through CMA and National Landcare using strategic action plan funded by the Board's Forestry Investment Program. Ongoing discussions with Area Consultative Committee on ways to further assist regional forestry network 2. Forestry Investment Program have commissioned a review by CARE of opportunities to further assist private forestry industry 3. Feasibility study on waste to energy options for mill by-products concluded & report produced 3. Build supply chain links between the furniture industry & growers 4. Produce & disseminate fact sheets on aspects of the private timber industry