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NEW SOUTH WALES GOVERNMENT SUBMISSION

TO

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE
ON EMPLOYMENT AND WORKPLACE RELATIONS**

INQUIRY INTO REGIONAL SKILLS RELOCATION

APRIL 2010

The NSW Government welcomes the opportunity to comment on the terms of reference for the House of Representatives Standing Committee on Employment and Workplace Relations Inquiry into regional skills relocation. This submission also responds to comments and suggestions made by the Chair and members of the Committee during the Committee's public hearing on 11 March 2010 as to other relevant issues on which the Committee would consider submissions.

New South Wales makes four recommendations to the Committee regarding regional skills relocation. The submission also provides for the Committee's consideration information concerning:

- NSW Government initiatives to address private sector skills shortages in regional areas;
- NSW Government initiatives to address public sector skills shortages in regional and remote areas; and
- sources of statistical data used by the NSW Government.

A. Recommendations to the Committee

The NSW Government understands that regional skills relocation is an attractive proposition if it could be effectively used to alleviate regional skills shortages. The following recommendations are made to improve the effectiveness of Commonwealth Government strategies in this regard.

Recommendation 1

At present New South Wales and other states are effectively subsidising the training of the resource boom states' workforce and this should be recognised in future training funding decisions. New South Wales recommends that the Committee focus on skill shortage as a national problem, rather than an issue that only affects Queensland and Western Australia.

Skill shortage is not simply an issue for the states most affected by the resources boom, namely Queensland and Western Australia, but is a national issue which needs to be addressed nationally. New South Wales, as indeed is the case in all states and territories, is experiencing skills shortages and would like this to be recognised by the Commonwealth.

Further, any Commonwealth strategies which drain the skills and labour pool of New South Wales come at a cost to New South Wales. The labour market may be national but funds for training are predominantly state based. Relocation of skilled labour trained in New South Wales means the state is investing in skills for which it receives no benefit.

If New South Wales is losing skilled labour to other states because of Commonwealth funded relocation programs, then increased investment will be required at State level to keep pace with its own skills and labour needs. A relocation system will reduce the incentive for recipient states to invest in their local training programs, and also act as a disincentive to private sector investment in training. This situation should be recognised in future vocational education and training funding models.

Recommendation 2

New South Wales recommends a survey be undertaken of the qualification and skills profile of the resources sector workforce in Queensland and Western Australia, including details of where and when qualifications and skills were obtained; and for this data to be used to inform training policy, planning and resourcing decisions for the sector.

As stated in previous submissions to the Commonwealth, including to the National Resources Sector Employment Taskforce, New South Wales is concerned that workers trained in the state are moving to resource boom states for financial and other reasons. The loss to New South Wales here is twofold, in both skills from the workforce and lost investment in training.

As a first step, New South Wales would like to see the workforces in Queensland and Western Australia surveyed to determine the level and origin of their skills and training. This would at least quantify the flow of skills between the states, and better inform the policy debate on skills shortages.

It would be premature to start using the 'push' approach to moving skilled labour between the states without first quantifying the 'pull' effect that the resources boom is already having on labour mobility.

Recommendation 3

New South Wales recommends that the Committee explores locally-based solutions to regional labour shortage issues. New South Wales has successful programs running regionally which could provide the basis for programs run in Queensland and Western Australia to alleviate regional skills shortages.

New South Wales questions the efficiency and effectiveness of relocation schemes to address skills shortages. The Department of Education, Employment and Workplace Relations pilot programs being examined by the Standing Committee seemed to have had limited success and the Committee acknowledges that previous relocation strategies aimed at reducing skills shortages have been unsuccessful.

Within New South Wales, success has been achieved with programs relating to retrenched workers and regions with embedded long term unemployment which could be applied to areas of skill shortage in resource states and also areas with long-term unemployment in other states.

One of these programs, the regional Corporate Partners for Change Program, involves State Training Services working with an industry partner who has a skills shortage to identify the required skill set and develop appropriate, industry-tailored training. Job seekers are then recruited, trained, and given work experience, before hopefully moving into employment with the industry partner or partners.

The program's success lies in its intensive industry engagement, as this ensures industry needs are being met with tailored qualifications rather than a 'one size

fits all' approach. It is also community building in that local participants are moving into employment with locally-based companies.

This strategy has been successful in securing job outcomes for many disadvantaged jobseekers by aligning training with additional services necessary to improve employability.

The New South Wales experience in regional skills and development is that local partnerships with industry, training providers and communities is the best way to lessen the impact of short and long term skills and employment issues. Other programs and initiatives adopting such an approach are noted in Section B of the submission. If required, New South Wales would be pleased to provide the Committee with additional information about the Corporate Partners for Change Program and any other of the initiatives noted below.

Recommendation 4

New South Wales recommends greater flexibility in the Productivity Places Program, including allowing Program funding to be used for gap training and 'wrap around' services such as literacy and numeracy support, career counselling and other learning support.

A change which could assist with a local approach to workforce development in areas of skill shortage is increased flexibility in the Commonwealth Government's Productivity Places Program. The Program is an effective means to support demand for full qualifications, however there is limited flexibility to address circumstances in which full qualifications are inappropriate.

The Program currently only funds full qualifications, however, in areas of skill shortages gap training, literacy and numeracy support, and other learning support assisting workforce readiness would provide more assistance. Currently, Program guidelines and funding arrangements do not cater for this.

B. NSW Government support for the private sector to address skills shortages in regional areas

The NSW Government actively promotes investment in regional New South Wales, with specific funding to support incoming investment. The main strategy guiding this work is the State Plan, which places jobs generation as one of the highest priorities of the State.

Strategic directions for regional economic development and regional job generation under the State Plan are also provided through Regional Business Growth Plans (RBGPs), which have been developed through a consultation process with stakeholders, including business, in each region. These RBGPs identify the strengths and opportunities in each region, while also noting the issues which need to be addressed in order to achieve jobs growth.

Skills development feature in every RBGP, and local businesses, government and other stakeholders, for example vocational education and training institutions and regional universities, generally support the plans and have a role in achieving skills development to support jobs growth.

These RBGPs have recently been updated, with a specific focus on the cross-agency support and collaboration required to deliver them. The revised RBGPs are expected to be released in the near future.

The NSW Regional Development Advisory Council has also reviewed specific skills formation initiatives which are being undertaken in different regions, and has identified opportunities to replicate or adapt these initiatives to support skills formation across the State.

The Committee is referred to the Council's report for a comprehensive analysis of the experience in New South Wales of business and government in tackling skills shortages in regional areas and developing strategies to support regional skills development. Regional Development Australia may be able to draw on the Council's work in developing responses to the challenges of skills shortages in regional areas across the nation.

A copy of the report can be found at:

<http://www.business.nsw.gov.au/region/rda/regionaldevelopmentadvisorycouncil.htm>.

Company closures

The NSW Government also takes an active role in dealing with regional unemployment generated through significant company closures, although this does not usually involve relocating workers.

The Rapid Response to Company Closures Protocol, developed principally by the Department of Premier and Cabinet, Industry and Investment NSW and the Department of Education and Training is a protocol for collaboration by government agencies and other stakeholders to:

- identify support services for workers;
- provide assistance for workers (eg preparing resumes, assessment of skills and access to jobs brokerage services); and
- seek new investment to assist in regional structural adjustment, for example buyout of business; new investment utilising existing sites, buildings, and/or equipment.

Promoting Regional New South Wales

The NSW Government also plays an active role in promoting regional locations and seeking to attract workers with skills which are in short supply to regional NSW.

Through the NSW skilled migration program, the Government supports skilled migration to the regions. The NSW Government's Drive for Talent program aims to attract highly skilled migrants in the finance, ICT, bioscience and pharmaceuticals industries. Skilled migrants are sponsored to settle in regional areas where their skills are in high demand.

The NSW Government has supported a number of initiatives which showcase regional opportunities for people with skills to relocate to regional NSW. These include:

- C Change Bureau, which promotes cities in the Riverina-Murray region;
- Evocities Marketing Project, a campaign being launched in early 2010 jointly promoting the inland cities of Albury, Wagga Wagga, Bathurst, Orange, Dubbo, Tamworth and Armidale; and
- the Country and Regional Living Expo (formerly Country Week), which the NSW Government has sponsored for six years. The Expo is attended by approximately 50,000 people and showcases opportunities and job prospects in regional NSW to Sydney-siders.

Barriers in relocating workers to rural, regional and remote areas which have been identified by the NSW Government include:

- perceptions of lifestyle attractiveness, cultural and recreational opportunities of non-metropolitan areas, and the challenges of living in smaller, isolated communities;
- perceptions as to the quality of educational opportunities in regional and remote areas;
- removal from family and friends, and change of schools;
- the potential difficulty of later re-entering the high-cost Sydney property market, should the family wish to relocate to Sydney in the future;
- perceptions of limited career prospects in regional areas; and
- lesser conditions of employment and options for professional career development.

C. NSW Government initiatives to address skills shortages in the public sector

The effective delivery of NSW Government services in rural and remote parts of the State depends on the availability of qualified personnel. In recent years, human service and justice agencies, in particular, have had difficulties filling positions because of:

- a lack of suitably skilled and experienced professionals living locally;
- the specialised nature of the positions and training required;
- professional and social isolation;
- perceived unattractiveness of some of the locations due to socio-economic issues;
- poor access to housing and infrastructure; and
- disruption to family life and social contacts.

NSW public servants who move to remote areas are generally provided with assistance for relocation expenses. Those appointed indefinitely to remote areas are entitled to other benefits such as an additional week's recreation leave, an allowance for living in a remote area and a motor vehicle allowance for travel during recreation leave.

From December 2006, a three year pilot incentive program was conducted in human service agencies located in four far western towns (Bourke, Brewarrina, Walgett and Wilcannia). Incentives provided included annual cash bonuses, home computer and internet access, additional professional development and training and travel expenses in the case of family illness or death, as well as assistance to buy or rent a home. Over the life of the pilot, 84 per cent of identified vacancies were filled.

Given the success of the pilot program, the NSW Government has undertaken work to develop a package of additional incentives to assist human services and justice agencies recruit and retain in rural and remote locations. Benefits may also be extended to public servants appointed to hard to fill jobs in remote locations for shorter terms. Proposals are currently being considered by the Government, with a view to implementation by mid-2010.

4. Sources of statistical data used by Industry & Investment NSW

NSW Government agencies are regular users of skills data and obtain this information from the following data sources:

Skills shortages:

- DEEWR's occupational reports by State, looking at current and projected skills needs by occupation:
<http://www.workplace.gov.au/workplace/Publications/LabourMarketAnalysis/SkillShortages/StateandTerritorySkillShortagelists/>
and also
<http://www.workplace.gov.au/workplace/Publications/LabourMarketAnalysis/SkillShortages/OccupationalReports/>
- Industry Skills Council Environmental Scans which analyse skills issues by industry, e.g. 'Construction and Property Services Industry Skills Council Environmental Scan 2009-10'. See website for available industries:
<http://www.skillsinfo.gov.au/skills/IndustrySkillsCouncils/>
- DEEWR Skilled Vacancy Index (by State):
<http://www.skillsinfo.gov.au/skills/LMI/VacancyReport/>

Job and region mobility:

- ABS Cat. No. 3240.0 Residential and Workplace Mobility and Implications for Travel: NSW and Vic, October 2008 – summarises results from a supplementary survey looking at why people change residences and jobs, with a focus on transport implications.
- ABS Cat. No. 4102.0 Australian Social Trends, 'Relocation Across the Nation: Internal Migration and Population Growth', June 2009 and Cat. No. 2070.0 A Picture of the Nation: The Statisticians Report, 2006, 'On the Move' uses 2006 Census data to look at characteristics of people who move.
- ABS Cat. No. 4130.0.55.002 Housing Mobility and Conditions, 2007-08.
- ABS Cat. No. 3412.0 Migration, Australia, 2007-08 – includes article on regional population mobility using Census 2006 data.
- DEEWR quarterly Small Area Labour Markets – Australia – unemployment rates over 12 months for 1400 SLAs in all States.