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Standing Committee on Employment and Workplace Relations
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Attention: **Committee Chair, Ms Sharryn Jackson, MP**
Subject: **Inquiry on Regional Skills Relocation**

Dear Secretary

This submission is lodged by RDA Far West in New South Wales. Our submission has been prepared by the CEO, Linda Nadge. The submission is supported in principle by a wide variety of community and business leaders, including the full committee membership of the RDA Far West NSW which includes the general managers of the Broken Hill City Council and the Central Darling Shire Council, members of the Outback Development Forum (an alignment of business leaders within the Broken Hill and surrounding region) and members of Business Broken Hill (chamber of commerce and industry in the local region).

This submission is in direct response to the following terms of reference:

To inquire into and report on the applicability of government employment policies to address the skills shortages in regional Australia focusing on opportunities to support the relocation of unemployed workers from areas of high unemployment to areas experiencing skills shortages.



An Australian Government Initiative



A NSW Government Initiative

Firstly, the RDA Far West NSW is delighted to have this opportunity to comment on such a profound issue. The issue is all-pervasive and troubling, throughout our region.

In the dot points below, please find some general observations which have been expressed in recent meetings of business and community leaders:

- It is difficult to recruit specific skills in general in the Far West of NSW.
- Recruitment costs are expensive. Advertising may not bear results. Even if successful, relocation fees are expensive, due to location (eg Broken Hill is 1100 km from Sydney, 900 km from Melbourne, 550 km from Adelaide).
- Available skills in the region are often out of balance with requirements or simply not available in the region.
- Population is trending down, throughout the region and has been doing so for quite some time.
- Unemployment rates throughout the region are very high and well above the national average. In the Central Darling Shire unemployment is more than double the national rate.
- Our communities are getting older and youthful leadership is struggling to emerge.
- Of particular concern to community and business leaders is the failing or inadequate infrastructure and the ongoing costs of maintenance and replacement.
- Telecommunications infrastructure for the future is of considerable concern however, the region has gratefully acknowledged that Broken Hill is a priority blackspot location for the national broadband network.
- Youth and engagement of youth, retention of youth at school, and education of youth in the necessary and relevant skills are very concerning. However, community leaders recognise that the departure of the youth from the region is a good thing when it contributes to the personal growth, development, learning and life experiences of youth. But, critically, it is essential that other people can backfill vacancies, and that the communities in the region continue to develop and grow to welcome those who seek to return.
- The recruitment/retrenchment cycles of the mining industry in the region impact right across the region as jobs are lost from small business to the mining community (higher salaries can be offered to temp people away from small businesses), and when the mining industry retrenches jobs due to tightening markets, which means that small business is by then unlikely to recruit.

For further information on these general issues, we refer you to our website, www.rdafarwestnsw.org.au where you will find the 2010 Draft Regional Plan for RDA Far West NSW. This plan is currently undergoing public consultation throughout our region. Feedback to date has revealed overwhelming support of our strategies for this region. There is also a brief presentation at this website entitled "Drivers of Change".

So how does all of this relate to the Inquiry and the Terms of Reference?

1. There are many challenges – isolated solutions are inappropriate

We are very keen to highlight that the Terms of Reference present an opportunity to discuss only one of many challenges facing our region in the Far West of NSW, and this challenge cannot be considered in isolation of all the other, equally important issues. As a result, the idea of creating Australia-wide policies which are essentially based upon 'robbing Peter to pay Paul', by relocating people from an area of high unemployment to an area where employment opportunities are in abundance, does not seem sensible at face value. Skills relocation, for whatever reason, impacts on communities in many ways.

Far West NSW is suffering because of high unemployment and severe skills shortages. Which one do you tackle? We contend, tackle the full picture – like we are attempting to do in our regional strategies.

The Far West region of NSW, for example, has high unemployment and we cannot imagine the awful flow-on consequences that would occur if we further promoted the loss of population from this region to help prop up another region. For what duration are people guaranteed jobs in the new regions that they are to be shipped to? What would be the long-term impact on the Far West region of NSW due to loss of more people? People in this region have so far overwhelmingly supported the future regional strategies as outlined on the RDA Far West NSW web site. They have expressed their grave concerns about the consequences of further population losses, the increasing trends of the ageing population, the skills shortages across all sectors in our region and further upward trends in unemployment. Also, our community stakeholders are adamant in their view that they want to see changes that support the sustainable development of this region.

The Far West region of NSW also has skills shortages. Our business leaders have long acknowledged the difficulty in recruiting and retaining employees. Part of the solution to this is to broaden our economic base so that we can maintain a critical mass of people in the region – enough to withstand future boom/bust scenarios in any given sector, eg mining due to a GFC or agriculture due to drought or tourism due to the rising cost of transport fuel.

2. Financial incentives provide motivation

Consider the website www.doctorconnect.gov.au . This site aims to promote relocation of doctors to districts of workforce shortage, and it seeks to do so by attracting overseas trained doctors or relocating Australia-trained doctors by offering a wide range of financial incentives. Financial incentives as outlined on this website most likely will guarantee some doctors will relocate to certain locations.

How about financial incentives for mechanics, plumbers, graphic designers, electricians, nurses, teachers, police, aged care providers, managers and all others.

The Australian Tax Office zone rebate may present a model of a fairer, more direct way to offer incentives to help stimulate residential occupation in remote areas like the Far West of NSW. The Broken Hill zone rebate is \$57! Considering doctors are being offered financial incentives substantially greater than this (eg see the wonderful incentive of the HECS reimbursement scheme), why not match it for all others? The de-population of inland Australia is a great injustice caused mainly by government policy or inaction. The de-population process removes skills and services and degrades the quality of life for those who remain. It causes financial hardship across the board – from business, to local government to individuals. Not everyone can relocate to cities, and not everyone would want to. So, perhaps the broadening of financial incentives that are fair and available for all would assist, and perhaps the ATO is the place to administer on the scale necessary.

3. Government can support regional growth, employment through targeted policies

Dr Paul Krugman, economics Nobel Prize winner of 2008, explained in his award-winning lecture that the north east USA location of the great manufacturing belt (heavy industry, automobiles, etc) did not make sense except by way of historical association or “accidents” of history. Indeed, by the time foreign auto manufacturers entered the market, they located themselves in areas of the USA quite away from the NE belt. Whether accidents of history or not, the location of industry clusters in Australia and the key business management models here mirror the USA experience somewhat. In Australia, we promote the de-population of Australia by failing to specifically target policies at regional growth. Targeted investment solutions for areas like the Far West of NSW will help stem the exit of people from the region, and help to attract new people to the region. The opportunity to create growth in our region needs specific attention.

4. Drivers of change for Far West NSW are here now – take advantage of the timing

The demographic and economic data that describes this region overwhelmingly shows there is urgency for change in this region. The RDA Far West NSW in collaboration with business and community leaders throughout the region has commenced major awareness programmes to for the local population. The adoption of our regional plan, following the current consultation process, is a primary short term objective.

When approved by Government, later this year, we hope to proactively seek all the necessary skills, structures and resources necessary to promote economic growth. Government policies can assist us best by being receptive to the innovation and change that our communities are seeking.

In summary, this region is suffering from both very high unemployment and severe skills shortages. We have collaborated amongst ourselves to develop our new regional growth and development strategies. These are holistic solutions which, when approved, will very much require the ongoing support and encourage of Government leaders and policies for their successful implementation.

Regards

Linda Nadge

CEO, RDA Far West NSW