

# **Skills Shortages in South East NSW**

## **Review of Recent Research**

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## Introduction

This research report is the first part of a series of activities to address skills shortages in South East NSW by two the region's RDA committees and the South East Region Organisation of Councils (SEROC).

The issue of skills shortages in South East NSW affects business activity, consumer costs and other important community factors, such as health and education services. A review of the most recent literature on skill shortages in Australia may help to refine the nature and extent of the problem, and to focus on responses. In turn, this may help Regional Development Australia Southern Inland (RDASI), neighbouring RDA committees and SEROC make a valuable contribution to overcoming skill shortages in their regions.

The literature examines skills shortages at a national, state and regional level. It includes Australian Bureau of Statistics (ABS) and Department Education, Employment and Workplace Relations (DEEWR) statistics, by state/territory and occupation; several reports focusing on skills shortages in the Australian economy, and reports and strategies specific to Victoria, ACT and NSW. For example, DEEWR regularly monitors the labour market for a range of skilled occupations to identify and report on shortages, and also conducts surveys of employers in specific industries and locations to identify their recruitment experiences<sup>1</sup>.

In response to growing concerns about the skills shortages in rural and regional NSW, and its impact on local communities, businesses and industries, a Standing Committee Inquiry<sup>2</sup> explored factors influencing skills shortages in NSW, as well as analysing their extent in regional NSW by occupation and by region.

# Skills shortages in the South East: nature and extent

Extensive skills shortages in rural and regional NSW across almost all sectors of the economy have been clearly identified<sup>2</sup>. These include professional and para-professional occupations, trades, and the hospitality, retail and agriculture sectors. However, the Standing Committee on State Development Inquiry into skills shortages in rural and regional NSW determined that while the existence of the skills shortage is clear, its extent is largely unknown, due to the haphazard or anecdotal nature of the data. The Committee found that what detailed evidence is available is due largely to locally conducted skills audits, often initiated by RDA Committees, Regional Development Boards, Area Consultative Committees or local Councils. This shortage of data has led to calls for a statewide or nationwide survey and register to identify skill requirements in all regions in NSW, together with a standard methodology for collecting information.

## What is a skill shortage?

In looking more closely at the issue of skills shortages in the South East NSW region, the term needs to first be broadly defined. The current literature provides attempts at defining skills shortage, while emphasising its complexity. According to the ABS<sup>3</sup> (2006), skill shortages can occur when there is either a reduction in the availability of skilled labour, an increased demand for skilled labour, or both.

In her report, *What is a skills shortage?*, Sue Richardson<sup>4</sup> (2007) describes skills shortage as a 'slippery' concept, for which there are no objective measures or direct indicators. She states: 'there is no simple reliable measure of the existence of a skill shortage'; and suggests the following levels for classifying shortages:

**Level 1**        There are few people with the essential technical skills who are not already using them and there is a long training time to develop the skills.

**Level 2** There are few people with the essential technical skills who are not already using them but there is a short training time to develop the skills.

In the same report, skills shortage—as defined by DEEWR—has the following definitions made on its extent and nature, and ratings are allocated to occupations based on this definition:

Skill shortages exist when employers are unable to fill or have considerable difficulty in filling vacancies for an occupation, or specialised skill needs within that occupation, at current levels of remuneration and conditions of employment, and in reasonably accessible locations.

DEEWR<sup>1</sup> makes a distinction between ‘skills shortages’ and ‘recruitment difficulties’:

Recruitment difficulties occur when some employers have difficulty filling vacancies for an occupation. There may be an adequate supply of skilled workers but some employers are unable to attract and recruit sufficient, suitable workers for reasons which include: specific experience or specialist skill requirements of the vacancy; differences in hours of work required by the employer and those sought by applicants; or particular location or transport issues.

A further distinction between ‘shortages’ and ‘gaps’ is made, with skills gaps described as occurring where:

... existing employees do not have the required qualifications, experience and/or specialised skills to meet the firm’s skill needs for an occupation. Workers may not be adequately trained or qualified to perform tasks, or may not have upskilled to emerging skill requirements.

The key points for South East region RDAs and SEROC to consider are:

1. Level 1 skills shortages have long lead times embedded and may be harder for RDAs and SEROC to actively influence.

2. Level 2 skills shortages have shorter lead times and may be more influenced by shorter term incentives to upskill or relocate – issues perhaps more suited to RDAs and SEROC.
3. A ‘skills shortage’ incorporates not only technical skills and competencies, but also wage rate and locational issues – with the latter frequently cropping up as difficulties in discussions with employers in the region.
4. Recruitment difficulties can also be a significant influence on apparent outright skills shortages – and in the South East recruitment difficulties often relate to seasonality of work, hours on offer, wages on offer and transport difficulties.
5. Training and development for existing employees is easily overlooked as a way of resolving skills shortages.

### **Importance and impacts of skills shortages**

The effects of skills shortages have been described<sup>2</sup> as creating the following conditions in rural and regional New South Wales:

- A reduction in business activities
- Reductions in business size resulting in lower business turnover, trade and sustainability
- Escalating costs to the consumer
- A reduction in the working population and in the population as a whole
- A reduction in core community services such as health and education services
- Losses in capital investment due to projects not being completed on time or on budget
- Poor perceptions of a region in terms of infrastructure and lifestyle.

### **National skills shortage occupations**

Skills shortages are described as a ‘national employment trend’<sup>5</sup>, affecting both regional and metropolitan areas.

The ABS (Aust Bureau of Statistics) reports on skills in its Selected Characteristics of Australian Business<sup>6</sup> catalogue. For 2008–09, the most commonly reported type of skills shortage in core business activities were Trades (9%)—more than double that of any other listed skills. Engineering skills were identified to be in short supply, from 1% for businesses with 0-4 persons employed to 7% for those with 200 or more persons. Businesses in Wholesale trade were most likely to report marketing as a skills shortage (9%), while those in Construction were most likely to report skills shortage in trades (23%).

Innovation-active businesses were three times as likely to report IT professionals and project management skills shortages than non innovation-active businesses. DEEWR data from 2010<sup>7</sup> on skills shortages by occupation revealed shortages in a range of occupations. The broad categories where a national shortage rating applied include: Managers (construction, engineering, production, childcare); Professionals (design, engineering, science, transport); Education and Health professionals; Technicians (engineering, ICT, science); Trades (automotive, engineering, construction and others); enrolled nurses and childcare workers.

## **Regional skills shortages**

### **Victoria**

As stated in a Victorian report (2006)<sup>8</sup>, strong economic growth in Victoria over the last decade has led to a substantial increase in employment and a significant reduction in the state's unemployment rate, as has been the case for Australia as a whole, putting pressure on the supply of available skilled labour. In Victoria, the four key industry sectors that are likely to experience skills shortages in the next two years were identified in 2009-10<sup>9</sup> as: transport and storage; electricity, gas and water; health and community services, and agrifood. Earlier, in 2006, the Victorian regional skills shortage survey report<sup>8</sup> found the increasing tightness in the labour market has resulted in the emergence and increased severity of shortages in a number of skilled professions, including most trades, many

professional health sector occupations, accountants, child care workers and civil engineers. This report also predicted the supply of available labour would be widespread, although the severity would vary by industry, occupation and region. The mining and manufacturing industries were expected to be especially affected, as were tradespersons and clerical, sales and service workers.

## **ACT**

A DEEWR report of skills shortages in the ACT<sup>10</sup> found that skill shortages can coexist with relatively high levels of unemployment and sometimes shortages are restricted to experienced workers or those who have specialist skills. Shortages can result from a number of factors including low levels of training, high levels of wastage, changes in technology increasing demand for new skills within an occupation and locational mismatch, where workers who have the skills are not in close proximity to the employers seeking those skills.

The DEEWR report found research indicates that in line with relatively strong employment growth, falling unemployment and the recovery in vacancy levels, shortages are becoming more widespread. Specific to the ACT, and possibly indicative of the Southeast region, four key headline indicators demand attention and encapsulate the nature of the skills challenge confronting the ACT: growth rates; net migration by age; labour force participation rates; and educational qualification of the working age population<sup>10</sup>.

## **New South Wales – general**

In New South Wales a number of specific skills shortages have been reported. A Survey of Skills Shortages in NSW Local Government<sup>11</sup> revealed the majority of respondents reported planning as the greatest area of skills shortage; and as a specific area of skills shortage, town planners in general and development/statutory planners represented the largest shortages. Almost three quarters of respondents mentioned engineering as another specific area of skills shortage. Under the 'other' category, a range of other disciplines were reported:

environment, health and building, which include inspectors, surveyors and officers, received the greatest number of mentions; childcare was another area reported as experiencing skills shortages. The Standing Committee Inquiry<sup>2</sup> also cited these as areas of skill shortage in NSW, along with others shown in Appendix 1.

### **Regional and South East NSW**

Although it found current measures used to record skills shortages in NSW do not provide region-specific information, the evidence before the Committee clearly showed that there are extensive skills shortages in rural and regional NSW. These shortages exist across almost all sectors of the economy including in professional and para-professional occupations, in trades, and in the hospitality, retail and agriculture sectors<sup>2</sup>.

A list of skills shortages in regional NSW<sup>12</sup> revealed evidence of shortages in the health profession, welfare and counselling, various trades, childcare and engineering (see details in Appendix 2).

Using Bega and Bombala as examples of towns experiencing skills shortages in Southeast NSW<sup>5</sup>, in Bega there were five occupational areas of the local government workforce identified as having the highest projected workforce reductions (due to retirement): planning; trades; environmental health; engineering and building surveying/inspection. Bombala Council cited<sup>2</sup> a particular shortage of nurses, but also noted difficulties in attracting tradesmen and professionals with middle management skills.

Capital Region shortages occurred in various areas of skilled employment, primarily in vocationally trained occupations as well as university trained occupations. In its written submission, the Queanbeyan City Council cited skills shortages in the following professions in the Australian capital region<sup>2</sup>:

- Accountants, especially in financial/business support

- Health professionals, particularly nurses relating to aged care
- Teachers, notably male teachers.
- The Council also identified skills shortages in the following trades:
  - building and construction workers
  - Motor mechanics, including repairs, panel beating and auto electricians
  - Hospitality workers, notably in the Snowy Mountains.

The Cooma-Monaro Shire Council identified in its submission<sup>2</sup> specific skills shortages for plumbers, electricians, builders, cabinet-makers, welders, accountants, engineers and solicitors.

Like other sectors of employment, the local government sector is encountering difficulties in obtaining and retaining skilled staff. As an example, as indicated above, many Councils are encountering difficulties recruiting planners.

# Skills shortages in the South East: responses

The recent literature on skills shortages in Australia identifies a number of issues that need to be addressed to overcome the problem in regional areas. Many relate to the Level 1 and Level 2 shortages defined earlier<sup>4</sup> with regard to: technical skills; traineeships / cadetships / scholarships / internships with Councils; training or supporting the education of new workers/workers with new skills, and partnerships between regional Councils and tertiary institutions (TAFE, universities).

## Training related responses

Australia's training system needs to undergo a fundamental shift, from a system driven by the needs of providers, towards a system that responds to the needs of industry and the economy<sup>13</sup>. According to Sue Richardson<sup>4</sup>, Level 1 shortages (few people with essential technical skills and long-term training needed to develop skills) will clearly be the most severe obstacle to the expansion of firms, and it is these which require longer-term planning within the training system. Planning is required to anticipate skills needs and to ensure that the system has the necessary capacity to provide the required training.

For Level 2 shortages (few people with essential technical skills but short-term training needed to develop skills), where many people have the ability to learn these skills, the normal adaptation mechanisms of the labour market are likely to work quite well to ensure that any shortage does not persist<sup>4</sup>.

Richardson also points to some key ideas relevant for considering skills shortage, and whether it can be left to the market to resolve. With respect to training, these include:

- The amount of training or skills development an employer provides

- The costs to the employer of fitting the new worker into the current work team, including developing their technical and interpersonal skills to the required level and learning local aspects of the job
- Skills that are easily and quickly learned, and are widely used (for example, basic word processing), have a more responsive supply; skills that are difficult to learn, take a long time to acquire, and/or are unusual (e.g. petroleum geology), will have an unresponsive supply.

This is summarised in the report as follows<sup>4</sup> :

The market for skills that are easily learned will generally sort itself out: the greatest policy and business concern should be for skills that have a long training period and where there is not already a good stock of suitably skilled people who are not using their skills to maximum effect (p.22).

The Survey of Skills Shortages in NSW Local Government<sup>11</sup> also emphasised the lack of resources for training as a key issue in its findings. When asked to nominate what is preventing Council from increasing its investment in training, respondents commented on a lack of funds, competing priorities for funds or a lack of appreciation of the need for training by management or elected officials. Just over half of respondents (59%) said there is something that prevents Council from increasing its investment in training. Respondents reported similar levels of limitations on increasing investment in training across the sample by Council type. The majority of respondents from metropolitan Councils and rural Councils, and half of respondents from regional Councils (50%), said there is something that prevents Council from increasing its investment in training. Nevertheless, a very high proportion (96%) of regional Councils were reported to have considered or implemented retraining or upskilling as a means of addressing the skills shortages. In its Recommendations section<sup>11</sup>, training features prominently:

1. Investigate models of success for overcoming skills shortages, especially Councils in regional NSW, where respondents reported higher levels of retraining or upskilling as a means of addressing the skills shortages.
2. Investigate suitable training and development programs to help senior managers develop creative responses to the additional workload they and their managers are bearing as a result of the skills shortages.
3. Develop strategies to help Councils who are experiencing difficulties in their efforts to implement upskilling or retraining of staff, especially those in rural locations.
4. Investigate opportunities for local government in NSW to attract younger candidates for employment, whether via direct links with educational institutions or collaborative efforts with other public and private sector organisations.
5. Develop strategies to address the skills shortages in statutory and strategic planning.

In its plans to upskill/reskill the current workforce, the ACT Skills Future Progress Report<sup>13</sup> emphasises as a priority the need to increase the level of qualifications within the current workforce and provide flexible support for industry training to allow staff to upskill and reskill throughout their careers, to be responsive to changing market demands, and remain challenged and motivated in their jobs. It recognises a significant increase in the use of Recognition of Prior Learning (RPL) by education and training sectors to acknowledge existing skills. RPL allows for the assessment of knowledge and skills that are generic and/or a range of formal specific skills that assist workers to gain formal qualifications. This investment in existing workers will enhance accelerated pathways to upgrade qualifications and ensure workers retain their attachment to the labour market.

The Regional Development Australia Southern Inland (RDASI) plan<sup>14</sup> specifies that:

Better education and skill development opportunities are important to people in many parts of the region, and RDASI will promote local career options (building on opportunity mapping and emerging sectors), the ability to have a good career in the region, and better connections between training organisations and businesses in the region. Other opportunities to pursue include the Federal Government program – Enhancing Regional Education Participation – and the establishment of a Council of Education Southern Inland, involving institutions and industry sectors to formally identify and match skills training gaps (p.46).

Issues other than training relate to skills gaps or recruitment difficulties, also defined in the previous section, and include:

- Skilled migration programs / attracting international candidates
- Attracting and retaining people in rural and regional areas
- Departure of young school leavers from regional communities
- Increasing incentives to move from metropolitan to regional areas (e.g addressing 'perceived and real disincentives to living in rural and regional NSW')
- Capitalise on their regional strengths, to broaden and reposition the industry base of their regions and to develop new products and new markets
- Improving economic diversity and employment opportunities
- Personal attributes required by employers (e.g. initiative, self-motivation, enthusiasm, willingness to work overtime)
- Innovative approaches that Councils or other organisations in Australia or overseas are employing to overcome skills shortages
- Relevant policy interventions
- Government investment in critical skills shortage areas.

Some of these are explored in more detail in the following pages.

## **Attraction and retention responses**

A Standing Committee Inquiry into skills shortages in rural and regional NSW <sup>2</sup> believes local governments have a dual role in relation to attracting and retaining skilled workers in rural and regional areas:

- Firstly, local Councils have accepted a responsibility to their community to develop and grow the local economy and support local infrastructure to attract people to the region, and to encourage them to remain.
- Secondly, local Councils are large regional employers in their own right. As such, they must adopt strategies to recruit and retain their own staff.

The Inquiry report states there is an ongoing need for collaboration and partnerships between local Councils, other government agencies, business, industry and the broader community in promoting the lifestyles and opportunities that exist in rural and regional areas.

Local Councils in rural and regional NSW are implementing strategies to recruit and retain their own staff; such as financial incentives (e.g. performance bonus system and offering a leaseback motor vehicle). In other cases, Councils are offering a range of non financial incentives, including flexible working hours and study assistance. Many Councils are developing other strategies to address their skills shortages, such as sponsorship and traineeship arrangements, and retraining and upskilling for existing workers (p.54)<sup>2</sup>.

Young people are a particular group to focus on in addressing skill shortages, in terms of both training and attracting to the region. Supporting young people during transitional stages through education, training and employment will maximise educational outcomes and qualifications and in turn increase the opportunities to be engaged in the workforce<sup>13</sup>. The Cooma–Monaro region is cited as one that has employed strategies to attract young people and young families to live in the region:

One of the strategies they have employed is to have a presence at Country Week, which is an annual exhibition held in Sydney. Their belief is that if they can attract one family to Cooma-Monaro out of Country Week they have achieved their goal for that year. One family means they want to buy a house and they are going to spend \$300,000 or \$400,000. They are going to send their kids to school and they are going to do their shopping. All of that sort of thing is a big interjection into a small local economy (p.64)<sup>2</sup> .

The Bega Valley Shire Council, in its *Workforce Strategy 2009 to 2014* paper<sup>5</sup>, outlines a specific strategy as a need to attract and retain young workers across all job types. It goes on to state: Those characteristics that define Employer of Choice organisations need to be developed and promoted within Council. Surveys conducted of employees in such companies identified the following factors as highly motivating:

- Strong leadership and a genuine interest in people
- Good working relationships and engagement with management
- Challenging work and responsibility
- Prospects for training and career development
- Work / family life balance.

The Bega paper also cites the use of service strategy project teams as an excellent cost effective manner of developing skills across a number of disciplines. Of note in the NSW Inquiry report<sup>2</sup> as a program in the South East Region developed to address skill shortages is the 'outcomes achieved by the Bega Valley Building Taskforce in encouraging young people into the building industry'(p.62).

### **Other specific responses**

A long-term strategy for addressing skills shortage in the ACT<sup>15</sup> outlines a range of suggestions that may also be of relevance or use to the SE, including:

- Creating an environment that optimises investment from all sources (governments, individuals, businesses and industry) including funding for delivery, tax policy, employment programs and incentives
- Renewal of governance framework to reinforce the role of industry and maximise effectiveness and efficiency in intergovernmental relations
- Ensuring that skills are fully utilised and wastage of human capital is reduced.

It states that:

Three of the most significant factors in the longer term influencing the skills market are access to affordable housing, quality education and support for children and families. (eg. the availability of childcare along with other family supports can help push up participation and retention rates in the workforce.

... and points to a 'suite of actions' in response to the skills challenge:

- (i) addressing the need for people and workforce in light of the demographic challenge (increased migration, attraction to region)
- (ii) increasing the productivity of those already in the workforce (increased training)
- (iii) lifting the participation of people currently outside or on the fringes of the workforce (underemployed and workers of all ages)
- (iv) ensuring the education and training needs of today and tomorrow's workforce are met (especially in relation to young people).

See Appendix 3 for other points on the ACT Govt's plans to assist the private sector address skills shortages, as well as points from the 2009 ACT Skills Future Progress Report<sup>13</sup>.

The Richardson report<sup>4</sup> goes into detail about the attractiveness of employment terms:

The main instrument for solving shortages or surpluses in the labour market as elsewhere is the 'price'. At its simplest, this is the hourly or weekly pay. But it can also include other aspects of the rewards for

employment, such as superannuation, significant skills development, childcare and family-friendly working arrangements. The framework of supply and demand, while elementary, is nonetheless helpful for thinking about the problem of shortage (p.22).

See Appendix 4 for key ideas following on from this, of relevant in considering skills shortage, from the Richardson paper.

A number of other specific ways of addressing skill shortages have been proposed or are already being implemented. The Skilled Stream of Australia's Immigration program has been used to draw workers from overseas who are skilled in occupations that are in-demand. Within Australia, changes in education and training have been made or are being considered, such as the introduction of the New Apprentice system and other aspects of the Vocational Education and Training System. Other measures include taking steps to remove barriers to work for older Australians and people with disabilities; and offering incentives for people to relocate to areas where skill shortages are being experienced<sup>3</sup>.

# Initial considerations for South East Region RDAs and SEROC

There are clearly a great many players in the skills game – ranging from training organisations and education institutions to employers and policymakers. In considering taking a role in addressing skills shortages in South East NSW, participating RDAs and SEROC need to carefully consider which aspects of the issue they are most likely to influence.

The following questions should be addressed to help participating RDAs and SEROC refine their potential role and activities:

- Determine the extent of Level 1 and Level 2 skills shortages in South East NSW, as defined in this document;
- Determine the extent of recruitment difficulties (as distinguished from skills shortages) in South East NSW;
- Review the provision of long-term training for existing workers;
- Encourage Councils to implement effective strategies to attract, recruit and retain their own staff; and
- Focus on young people—attracting to the region and training provision.

In moving forward with the second part of this review, the RDAs and SEROC need to narrow the scope to zero in on aspects of skills shortages that the group is most likely to be able to influence.

The second stage of this context review comprises a series of structured interviews with key people in the region. Decisions on the scope of future interventions will guide the selection of who to interview, what to focus on in the interviews, and how to interpret the findings.

# Appendices

## Appendix 1

The main areas of shortage identified (by the Professional Skills and Training Shortages Taskforce, 2005)<sup>2</sup> were:

- Town planners and statutory planners. Nearly all local Councils mentioned planning as a specific area of skills shortage. For the 44 rural and regional Councils surveyed, 35 (80%) identified planning as an area of shortage. The shortage was attributed to the overall industry shortage, the better pay and benefits of the private sector and the shortage of students completing planning qualifications.
- Engineers. Thirty-three of the 44 rural and regional Councils surveyed (75%) identified engineers as a specific area of shortage, particularly civil engineers. Councils in central NSW had the highest level of shortage in the state (88%). The shortage was attributed to the demand in the east of the state, the shortage of graduating engineers, the difficulty in attracting candidates to rural areas, uncompetitive rates of pay and what is perceived to be the unappealing nature of local government.
- Environmental, health and building professionals, including inspectors and surveyors. Nearly one-third of Councils identified shortages in these areas, with the majority of these in the north-east of the state.
- Trades. A minority of Councils (27%) identified the trades as an area of skills shortage, specifically in the areas of mechanics and building-related trades. Shortages were evenly distributed throughout the state.
- Finance workers, including accountants, finance managers, rating and purchase officers. Half of the Councils identifying skills shortages in these areas were located in central NSW.
- Childcare workers. Nearly 15% of Councils identified a shortage of childcare professionals, including childcare and early childcare directors  
Standing Committee on State Development Inquiry into skills shortages in rural and regional NSW 2006

## Appendix 2

Taken from: Skill Shortage List<sup>12</sup>, New South Wales (2010)

Occupation	Skills shortage – details
Medical Diagnostic Radiographer	Shortages were most evident in the private sector and regional NSW
Dentist	Shortages of Dentists are evident in regional NSW
Occupational Therapist	Recruitment difficulties are evident in some metropolitan and regional locations and for positions requiring extensive experience in some specialised areas
Physiotherapist	Recruitment difficulties are evident in some suburban and regional locations and some specialisations
Midwife	Shortages for experienced Midwives are evident in Sydney and regional NSW
Registered Nurse (All Specialisations)	Shortages are evident in a number of specialisations in Sydney and various regional locations of NSW
Student Counsellor	Recruitment difficulties are evident in some regional locations
Clinical Psychologist	Recruitment difficulties are evident in some regional locations including inland NSW
Welfare Worker	Shortages were particularly evident outside Sydney, Newcastle and Wollongong
Electrical Engineering Draftsperson and Technician	Recruitment difficulties were most evident in regional NSW
Automotive Electrician	There are shortages of Automotive Electricians in Sydney and regional NSW
Welder (First Class)	Shortages are evident in a number of regional locations
Fitters (all specialisations)	Shortages are evident for Fitters, Fitter-Machinists, Fitter-Welders and Diesel Fitters in Sydney and regional NSW
Panelbeater	Shortages are evident across various suburban and regional locations
Bricklayer	Shortages were evident in Sydney and regional NSW
Carpenter	There are shortages of Carpenters in a number of regional towns
Fibrous Plasterer	Recruitment difficulties were most evident in a number of towns in regional NSW
Plumber (General)	There are shortages in a number of plumbing specialisations in Sydney and regional NSW

Electrician (General)	Shortages are evident in regional NSW
Baker	Shortages were particularly evident in regional towns
Pastrycook	Shortages were evident in Sydney and regional NSW
Chef/Cook	Recruitment difficulties were experienced by employers seeking Chefs in some regional locations
Child Care Worker	Recruitment difficulties are evident for some regional locations
Speech Pathologist	Shortage in regional areas
Aircraft Maintenance Engineer (Mechanical)	Shortage in regional areas

### Appendix 3

The ACT Government<sup>15</sup> aimed to challenge and assist the private sector to address the skills shortage through:

- (i) building networks between industry groups and RTOs and Group Training Operations;
- (ii) extending training to casuals and part time employees, with the ACT Government providing support by lobbying the Federal Government for the extension of training subsidies;
- (iii) facilitating the development of shorter courses in licensed and non licensed occupations, noting that there has already been considerable action in this regard;
- (iv) supporting the group training of apprentices; and
- (v) the adoption of private sector attraction and retention strategies, including improved access to childcare.

Points from ACT Skills Future Progress Report<sup>13</sup> (2009) ACT Government— provides progress on what has been achieved in the first year of implementing ACT Skills Future. It also outlines future actions to maintain Canberra's adaptive capacity for managing skills demands into the immediate future.

Initiatives supported through the 2009–10 ACT Budget to address skills shortages include:

- extension of paid maternity leave to 18 weeks in the ACT Public Service;
- new Australian School-Based Apprenticeships in schools each year;
- expansion of CIT's scholarship program that provides assistance with fees and course material in areas of skills shortages;
- funding through the Health Workforce Development program to establish health professional support roles, to support workforce development in other nations and the expansion of the nursing and midwifery scholarship scheme;
- GP Workforce Initiatives to support and grow the ACT's GP workforce; and
- continuation of the ACT Indigenous Traineeship Program that provides training and employment opportunities for young Aboriginals and Torres Strait Islanders.

Key achievements include:

Study, Work and Stay Program

- Student Connect – a pilot to connect international students (Australian National University, University of Canberra, and CIT) with employers through formalised regular work experience.
- Overseas trained doctors are being recruited to the ACT with ACT Health's appointment of a GP Marketing and Support Officer, resulting in processing times decreasing and GP workforce numbers beginning to increase.

Securing the Right People for the ACT Workforce

- The Chief Minister's Department has increased support for its Skilled and Business Program, resulting in an improved settlement program for newly arrived independent skilled workers.

- The “Live in Canberra” program has conducted campaigns in South Africa, United Kingdom, New Zealand and South Western Sydney. During 2008-09, 28 organisations have committed financial support (a total of \$140,000) to the program.
- The ACT Government has asked the Commonwealth Government to review its inconsistent approaches across the General Skilled Migration Program as part of the Commonwealth Government’s review of its immigration framework.

“Green” Job Opportunities: new “green” job opportunities are emerging as many sectors respond to climate change.

## Appendix 4

Points from: Richardson, S. (2007) What is a skills shortage? A report produced by the National Centre for Vocational Education Research (p.22)

The following are the key ideas relevant for considering shortage, and whether it can be left to the market to resolve. The quantity supplied and demanded should be considered in terms of hours, rather than the number of people. This means that one response to a skill shortage is to increase the number of hours that suitably skilled people work.

The wage should be considered as the net benefits of working (on the supply side) and the total costs of employing (on the demand side). These will differ because of on-costs and income tax. But there are other important differences too, including:

- the amount of training or skills development an employer provides
- the non financial attractions of the job, that is, elements impacting on the quality of working life, for example: the physical conditions of the workplace; the degree of flexibility of employee work hours; the intrinsic interest of the work; the intensity of work; support for childcare; job security; freedom from harassment and discrimination; opportunities for overtime work at the choice of the employee; whether there is a culture of long hours of work; whether work is expected in unsociable hours
- the prospects of advancement on the job or for using the current job as a springboard to a better job elsewhere
- the costs to the employer of fitting the new worker into the current work team—including developing their technical and interpersonal skills to the required level and learning local aspects of the job
- By increasing the 'wage', the supply of hours is increased and the demand is decreased
- As the desired skills become more expensive, firms find ways to reduce their use of such skills, for example, by using less-skilled people to do some parts of the job or by changing the way work is done (that is, using concrete slabs instead of brick walls, so reducing the need for expensive brick layers)
- Products that need expensive skills in their manufacture rise in relative price and this reduces the amount sold (and the number of skilled people needed)
- The slopes of the demand and supply curves may be steep, or they may be flat
- The slope represents the responsiveness of supply or demand to a change in the 'wage'. If they are very responsive, then a small change in wage will cause a big change in the quantity supplied and demanded, and the market is likely to work well in resolving the shortage. The market will not work well if both supply and demand are unresponsive to the wage

- The slope of the demand and supply curves varies among skill groups; for this reason each skill market will have its own characteristics and needs its own study
- Skills that are easily and quickly learned and are widely used (for example, basic word processing) have a more responsive supply; skills that are difficult to learn, take a long time to acquire and/or are unusual (for example, petroleum geology) will have an unresponsive supply
- If the wage rises in response to a skill shortage, all of the people who are already employed using those skills will gain, as well as those recently attracted to such work
- This is a major reason why firms consider all ways for dealing with a shortage other than raising the wage
- Because they can attract workers away from another employer, individual employers will face a more responsive supply than will the economy as a whole
- A surplus of a skill is socially inefficient and individually costly, as is a shortage
- Creating an oversupply of particular skills is not an efficient response to the possibility of shortage
- An oversupply in one period is likely to lead to a shortage in a future period, as new entrants shun training in a field in which they observe oversupply. (A good current example of this is in the information technology field, in which local surpluses are being aggravated by high levels of migration.<sup>5</sup>)
- The market for skills that are easily learned will generally sort itself out: the greatest policy and business concern should be for skills that have a long training period and where there is not already a good stock of suitably skilled people who are not using their skills to maximum effect.

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