



Regional
Development
Australia
NORTHERN INLAND NSW

Skills for the Future

A study into the skill needs of businesses in the
Northern Inland region of New South Wales



This project received funding
from the New South Wales
Government

Executive Summary



Employment skills are a key driver of regional economic prosperity and hence the socio-economic well-being of residents. The socio-economic well-being of the 12 Local Government Areas (LGAs) which comprise the Northern Inland (NI) region vary greatly. The Moree Shire LGA amongst the lowest ranked LGAs in NSW (15th out of 153), in terms of the ABS index of socio-economic disadvantage, while others are rated more favourably (e.g. Armidale and Uralla 98th and 97th respectively).

Unemployment across the region has been consistently higher than the NSW average for the past six years, and population growth has been slower. The NI Region has a lower proportion of its population in the key working age categories from 15-50 years of age than the state as a whole.

The Northern Inland Region has a high dependence on the agricultural sector for economic performance and exhibits some quite poor socio-economic and population growth characteristics compared to NSW as a whole. Economic diversification is required to help alleviate this situation by developing/attracting new businesses, and to varying extents. This will only occur with a supply of an appropriately skilled and work-ready labour force.

One of the more interesting results from both the survey and personal communications with businesses, is that work readiness/work ethic was just as important as having the right skills. Many current employees and job applicants lack the former although having the right qualifications on paper. A number of businesses stated that in their industry (especially for retail/customer service jobs), the skills could be taught quite easily if the employee had the right attitude and dedication to the job.

While a number of institutions (e.g. TAFE, schools) do run specific courses/programs in 'work readiness', the lack of work readiness and poor attitude was still a major concern amongst employers. This is a particularly difficult issue to address as it is often heavily influenced by the family/peer environment.



In terms of current skills demands, internet job vacancies reveal that positions in highest demand did in fact have a high need for considerable skill levels (e.g. farm managers, medical staff, information and communication technology specialists). However, it is likely that basing skills demand entirely on internet job advertisements gives a skewed view of the situation, as typically it is professional firms with larger budgets who can afford this form of advertising and who require staff with higher/formal skills. Smaller businesses who require less skilled staff often rely on word of mouth and personal contacts to source employees, and these skill sets will not be reflected in internet job vacancies.

VET enrolment data revealed that food and hospitality training is attracting the highest number of trainees within the region. TAFE has the largest number of VET enrolments followed by private providers and schools.

Business survey results indicated that the majority of Northern Inland businesses questioned were seeking to grow their business and that an inability to find suitably skilled staff was the major impediment to this objective. This was a problem amongst both young and mature age potential employees. Around 50% of businesses are expecting that to meet their growth targets, they will have to employ more staff in the next 2–5 years.

While business growth and the need for new skills were important reasons for recruiting new staff, staff leaving a business was the most prevalent reason why businesses needed to recruit. This suggests that staff management and learning how to retain staff are areas which Northern Inland businesses need to address. However, this may be problematic with the higher wages and remuneration packages that are offered by government agencies, large corporate farms, mining, and gas companies – which place small local businesses at a competitive disadvantage.

It is clear that there are no shortage of employment opportunities within the region across a wide range of sectors. It is also clear that we also have a significant number of people; unemployed, underemployed and school leavers, who are able to fill these vacancies with the right training and linkages to industry.



53% of businesses said they would be seeking more employees in the next 5 years



Over 80% of businesses surveyed have trouble filling job vacancies



Negative perceptions about regional locations is a problem



Half the businesses surveyed can meet their future skill needs through in-house training



Industry experience was more important to 75% of businesses than high level qualifications

Recommendations



The following recommendations are derived from our analysis of survey, employment, stakeholder (employer/employee) and VET data and are presented in no particular order of priority.

Further Vocational Education and Training needs to be made available locally in all major towns and cities across the Northern Inland. With the gradual centralisation of key TAFE courses such as electrical trades and metalwork to Tamworth, many employers lament the inconvenience and cost to their business of sending apprentices long distance on a regular basis for formal training. Many parents are also concerned for young adults travelling long distances and overnighting in an unfamiliar location. There is a role for a 'broker' service in each of our key towns, to aggregate demand for a particular qualification that would encourage TAFE or another suitable RTO to deliver VET locally, especially for the most popular and in-demand apprenticeships within the region:

- Electrotechnology – Electrician Certificate III
- Carpentry Certificate III
- Plumbing Certificate III
- Automotive Technician – Light Vehicle Mechanical Technology Certificate III
- Hospitality – Commercial Cookery Certificate III
- Engineering – Fabrication Trade Certificate III
- Electrotechnology – Air Conditioning and Refrigeration Certificate III
- Automotive Technician – Heavy Commercial Vehicle Mechanical Technology Certificate III
- Engineering – Mechanical Trade Certificate III
- Furnishing – Cabinet Making Certificate III
- Carpentry and Joinery Certificate III
- Bricklaying/Blocklaying Certificate III
- Painting and Decorating Certificate III
- Automotive – Mobile Plant Technology Certificate III
- Roof Plumbing Certificate III
- Automotive – Body Repair Technology Certificate III



Lack of access to formal training in many communities is hindering businesses



The centralisation of some key TAFE courses has had a negative effect on access to skills training

- Increasing the availability of online courses through an expansion of TAFE Digital to encompass higher-level Certificates and Diplomas.
- There should be a renewed focus on work-experience programs in high-schools, particularly in years 9, 10 and 11, coupled with coaching in job-readiness, work ethic and attitude. Work experience and work-readiness programs should also be made available to school-leavers and job-seekers of any age; perhaps even as a stepping stone to a probationary employment arrangement. The Commonwealth Government's Youth Jobs PaTH program is a great way for employers to get support to host internship placements and provides them with incentives when they take on a young person.



Employees with the right personal attributes and attitude can be trained

- Clearer pathways from VET to tertiary education, including the expansion of hybrid degrees between TAFE and the University of New England (TAFE New England Pathways to UNE).
- Employers and organisations may also require coaching on staff attraction and retention, as high-turnover or inability to fill vacancies may be more of a reflection on the work environment or individuals managing staff. There are now four generations actively participating in the workforce, more than at any other time in history, with employers needing to recognise that young people in particular, no longer adhere to traditional employment norms.



Preparation for the world of work is often a problem employers face with new employees, particularly young people

- An expansion of successful programs such as the Agribusiness Careers and Professions Program (AGCAP) to other key industry sectors. The AGCAP program sees participants complete a Certificate III in Agriculture and do one (paid) day of work per week within a partner agribusiness, while completing high school. The skills gained during the program are formally recognised and gives rural and regional students an efficient pathway up to tertiary education.
- Increased promotion and targeting of the numerous subsidised training packages to employers e.g NSW Government's Smart and Skilled, which provides eligible students with an entitlement to government-subsidised training up to and including Certificate III, or government funding for higher-level courses (Certificate IV and above) in targeted priority areas. The NSW Government has also recently announced 100,000 fee-free apprenticeships are available to NSW apprentices – including school-based apprentices.



Employers require a better understanding of how to manage individuals from different age groups

- Greater linkages with industry and further consultation with employers and trainees are required. It would appear that many programs, policies and procedures for VET in NSW are created to maximise benefit to government, or reduce the cost of service delivery. There needs to be a paradigm shift of thinking, by placing priority on the needs of employers and trainees, who yearn for the days of uncomplicated local availability of VET in their communities.
- Regionally based organisations such as the Greater Northern Skills Development Group should play a more active role in encouraging and assisting skills development and training throughout the region. There exists a need for an intermediary between industry employers and training providers, who can articulate the needs of employers and trainees to shape VET delivery that works best for them.

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Background



Skills for the Future is a NSW Government funded project that aims to produce a labour market profile, skills shortage information and a number of strategies to address identified challenges for the Northern Inland (NI) Region of NSW.

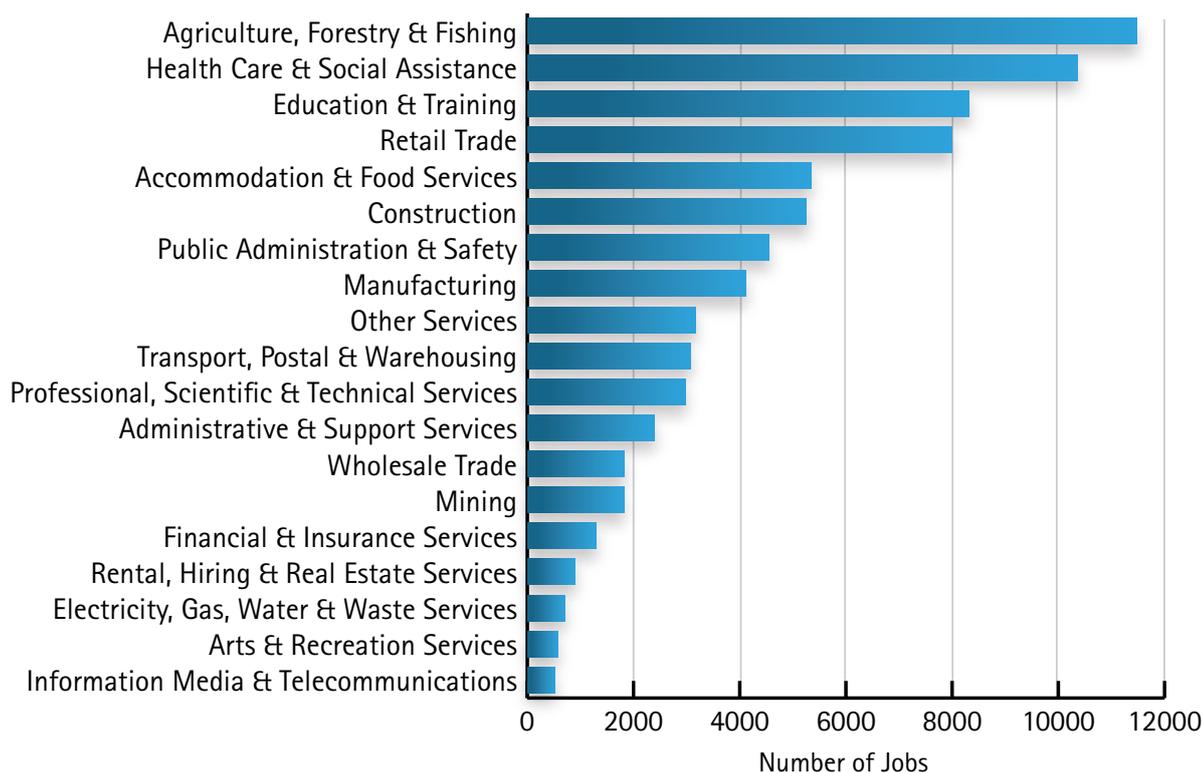
The study focuses on future employment demand in the following key economic sectors:

- Agriculture
- Health care
- Manufacturing
- Education and training
- Accommodation and food services
- Retail trade
- Construction

These sectors have been selected as they are currently the key employing sectors in the NI region (Figure 1), and the skilled migration program operated by RDA Northern Inland also indicates that these are the sectors where specific employment skills are typically in greatest demand.



Figure 1. Northern Inland NSW Employment



Source: REMPLAN 2018

The study will seek to provide a labour market study and skills shortage identification, including:

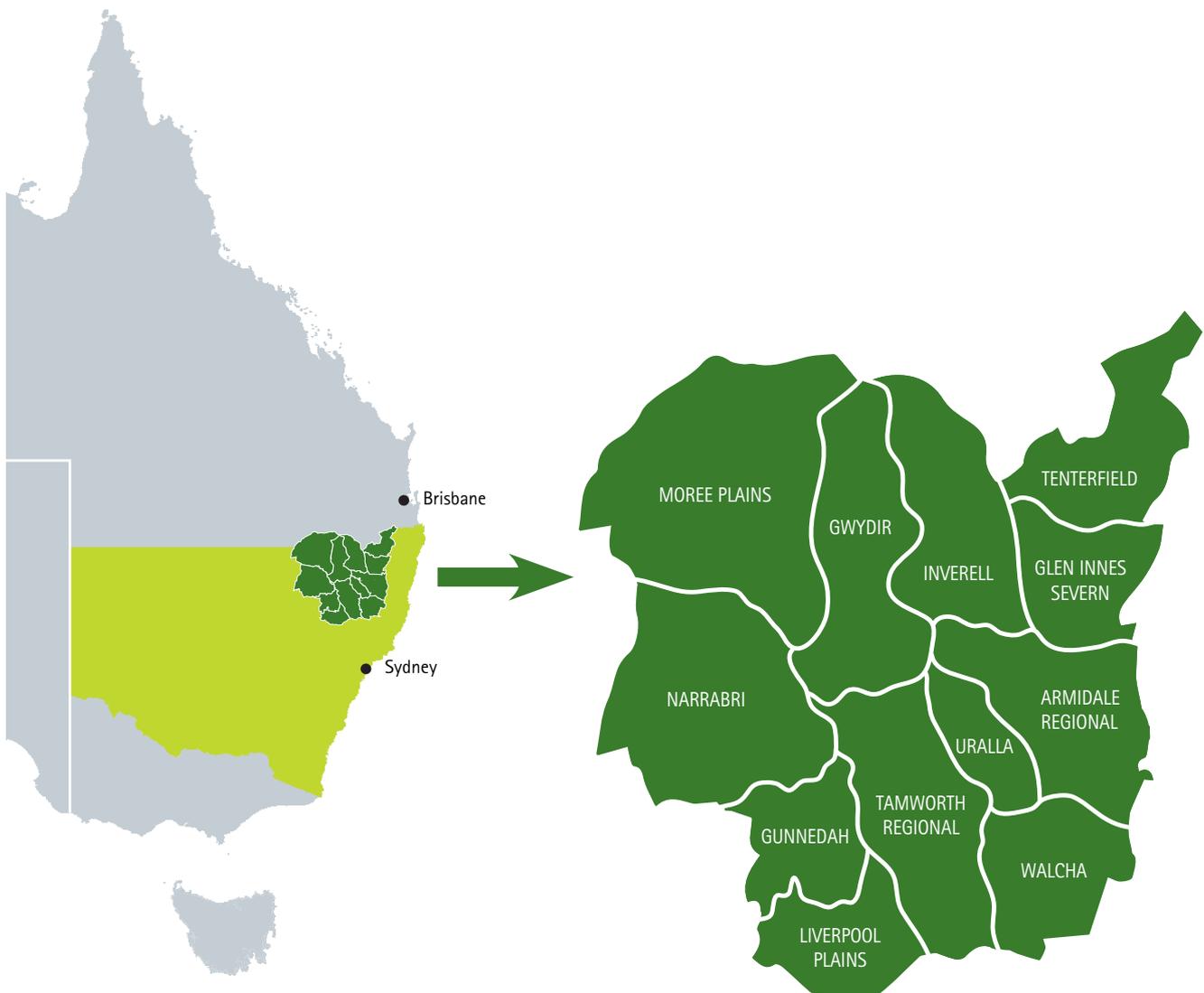
- Up to date industry employment data across selected sectors;
- The current labour resources of the Northern Inland region;
- A strategic direction to address industry training requirements;
- Career Blueprints links for each of the seven key sectors, providing job seekers with a real-world guide to getting employment in these sectors.
- The development of greater linkages with key agencies (e.g UNE, TAFE, RTOs) to access technology and skills;
- An overview of the constraints to growth and potential factors that may prevent employers from attracting employees with required skill sets;
- Investigate opportunities for growth and the factors that may assist or prevent employers attracting or recruiting current/future employees; and
- A breakdown of industry sectors, projected workforce numbers and the required skill sets predicted for the next 5-10 years.

Study Area



The geographic area for this study comprises the Northern Inland Region of NSW which consists of 12 Local Government Areas (LGAs) – see Figure 2).

Figure 2. The Northern Inland Region



Method



The information presented in this study is a combination of survey data from electronic and personal surveys conducted during 2017/18, and desktop data collected from various government agencies online.

The following surveys/responses were conducted:

- Surveys were sent to over 500 businesses of which 120 responded.
- Four workshops were also held with business representatives in Moree and Mungindi, to capture personal experiences of labour market issues in outer regional locations.

Both the formal survey and informal discussion feedback is outlined further in section 9.

Study Findings



6.1 The NSW Northern Inland Economic Landscape

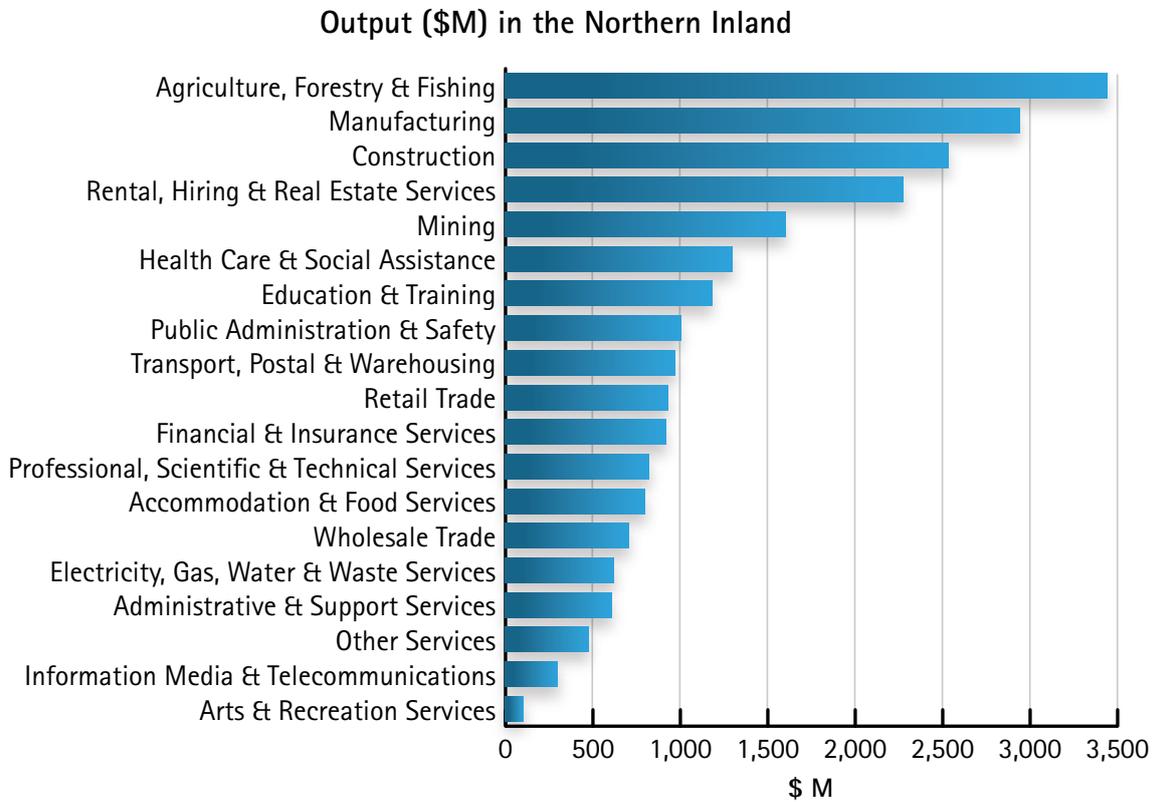
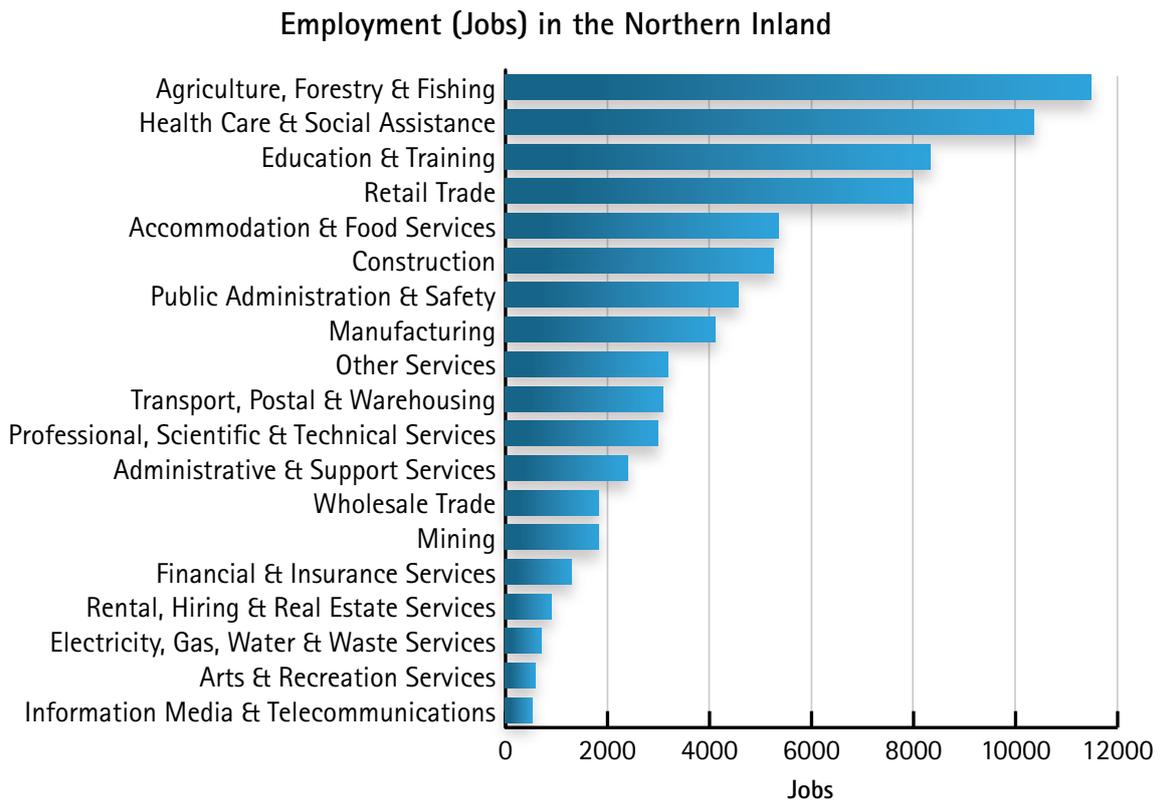
The Northern Inland has an economy historically and currently heavily dependent upon the fortunes of the agricultural sector. The eastern agricultural sectors of the region are dominated by grazing (sheep and cattle) while to the west cropping, including cotton production dominates, and irrigated cropping is a key part of those local economies (Figure 3). Drought, commodity prices, transport costs and changes to irrigation water access policy all have a significant impact on the NI economy.

For this reason, most councils in the region are seeking ways to diversify the local economy and provide more insulation against the vagaries of agricultural production and prices.

Figure 4 displays some key economic characteristics of the 12 LGAs in the region. It indicates that there is significant variation across the LGAs, for example:

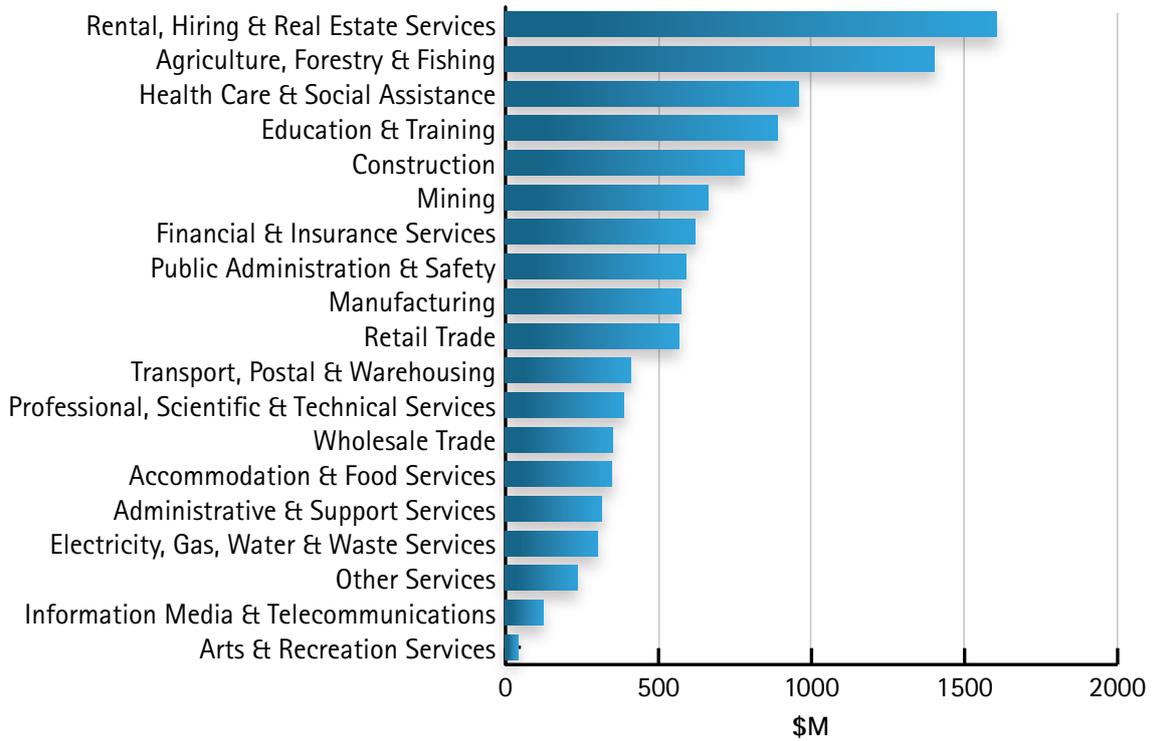
- Tamworth dominates in terms of Gross Regional Product (GRP) and population, but also has a level of unemployment (7.44%) which is equivalent to or greater than LGAs with much smaller populations.
- Armidale is the second largest regional centre in the NI region, but also has an unemployment rate similar to, or greater than some smaller LGAs.
- Narrabri performs well above its population size in terms of GRP (\$1B), a reflection of highly productive irrigated agriculture (cotton in particular) and coal mining.
- Moree Plains also performs well in terms of GRP (\$833M) relative to population size, again a reflection of the impact of irrigated agriculture, of which cotton is the major contributor.
- Uralla and Walcha are the smallest economic centres, but also have the lowest unemployment rates (5.29% and 5.77% respectively). This is likely due to their close proximity to the major regional centres of Tamworth and Armidale, allowing people to travel to those cities daily for employment.
- Tenterfield appears to be performing quite poorly with the highest unemployment rate (10.5%) and a relatively low GRP (\$230M) given its population size (7,038).

Figure 3. Selected Economic Indicators by Sector for the Northern Inland Region

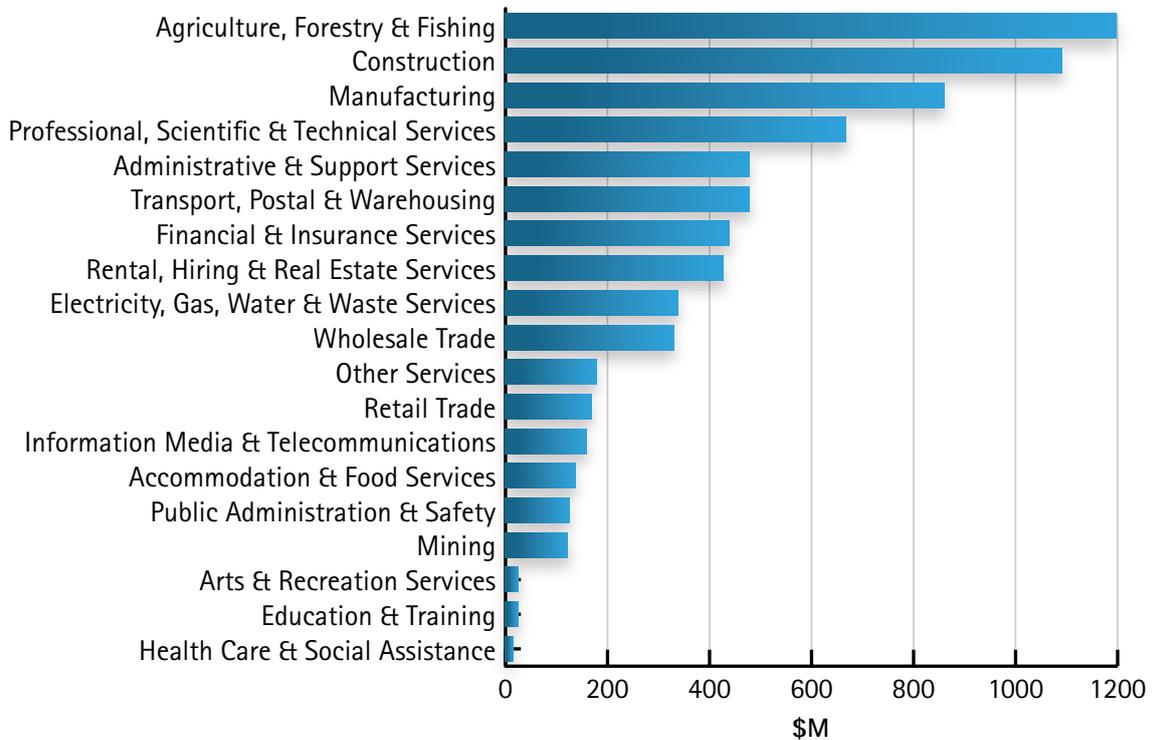


Source: REMPLAN 2018

Value Added (\$M) in the Northern Inland

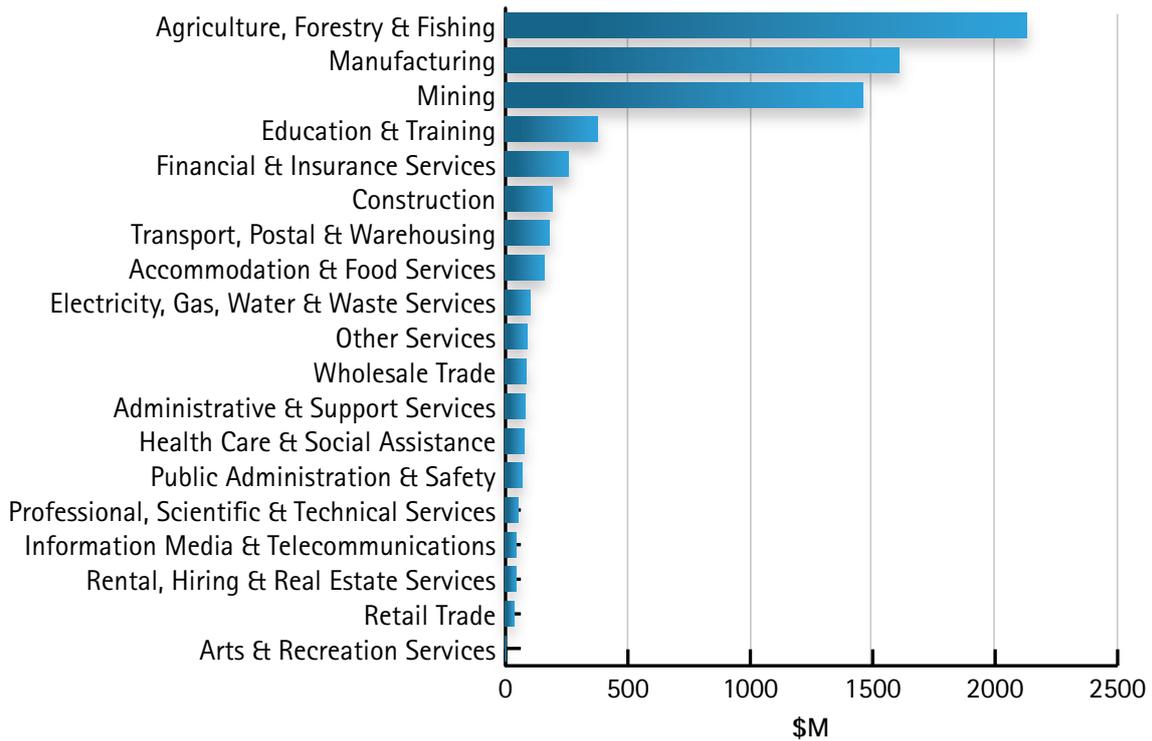


Local Sales (\$M) in the Northern Inland

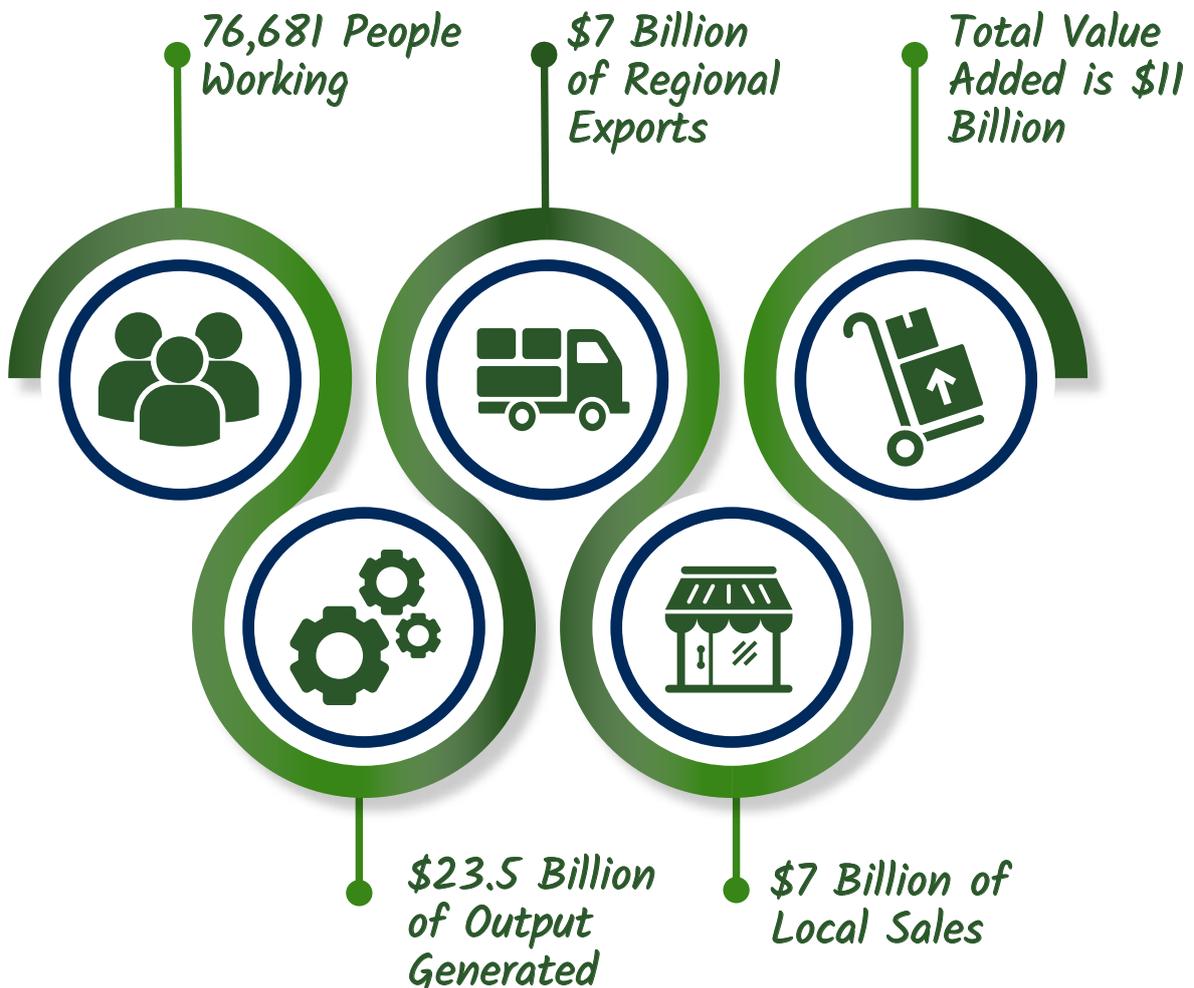


Source: REMPLAN 2018

Regional Exports (\$M) in the Northern Inland

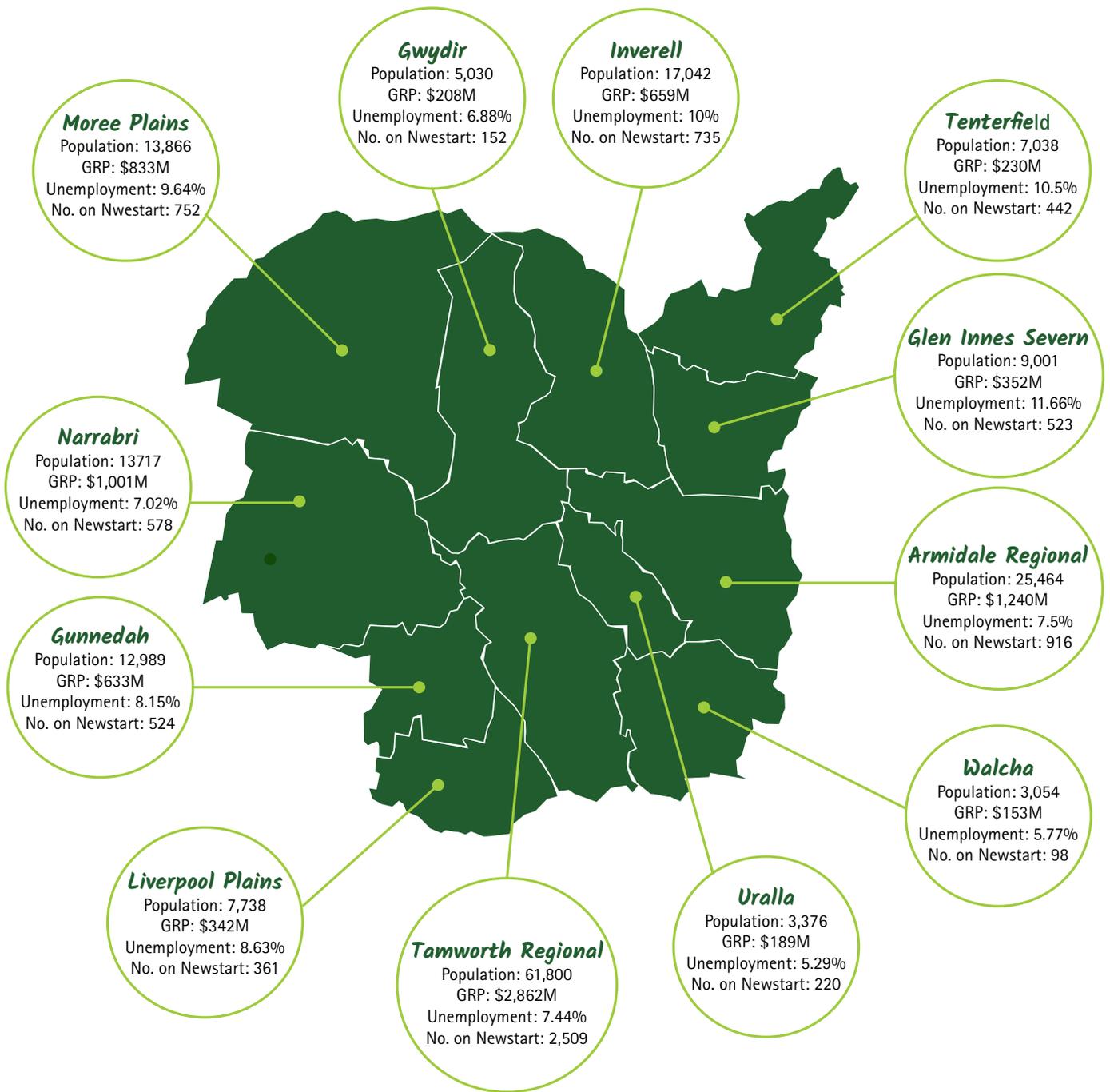


Source: REMPLAN 2018



Source: REMPLAN 2018

Figure 4. Key Indicators for Northern Inland LGAs



Sources: .idEconomics (2017), Australian Government (2017)

The relative socio-economic situation of the NI LGAs is reflected in the Australian Bureau of Statistics (ABS) Socio-Economic Indexes for Areas (SEIFA). This was last calculated during the 2011 Census and the results for the comparable LGAs plus the best and worst ranked LGAs in NSW are shown in Figure 5.

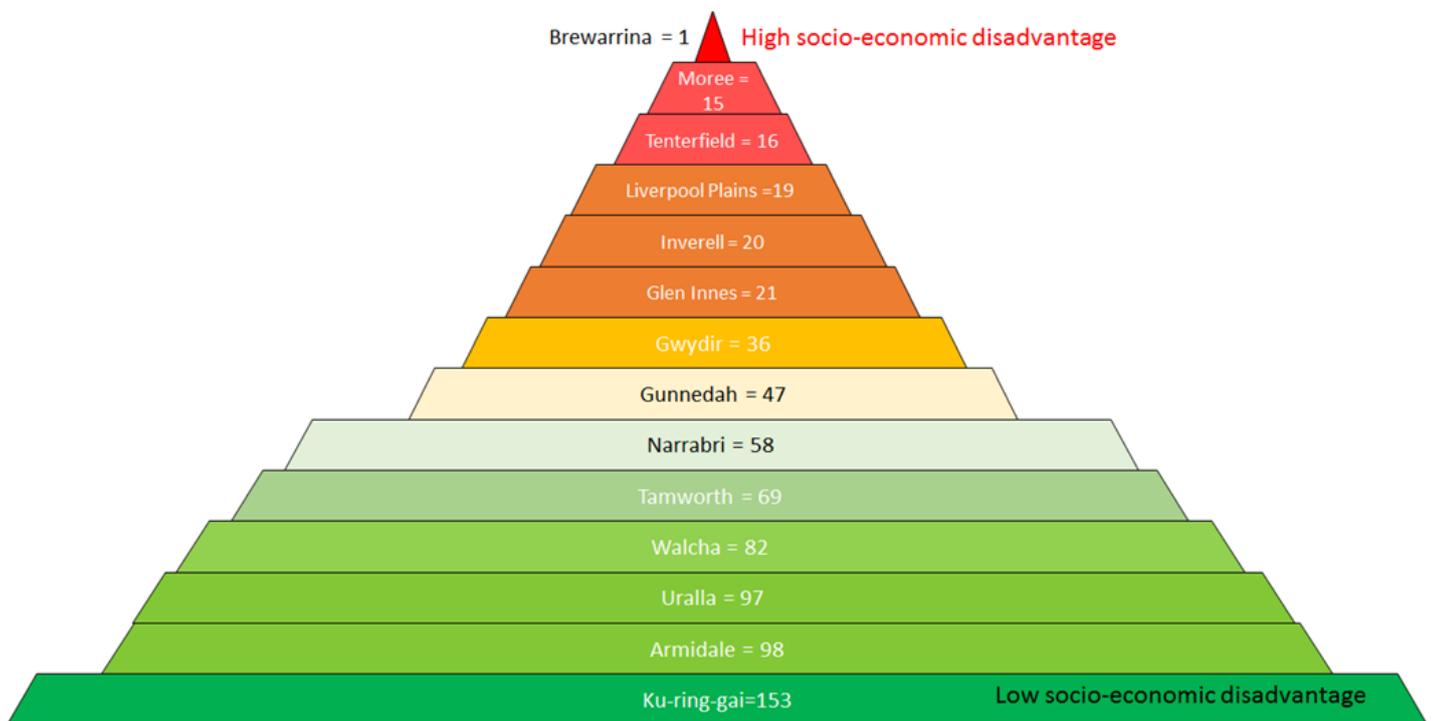
The index of socio-economic disadvantage is based upon parameters such as:

- Household income;
- Education/qualifications;
- High or low skilled occupations;
- English proficiency;
- Car ownership;
- Marital status;
- Disability and health conditions;
- Employment status;
- Rent paid.

It is clear that a number of LGAs in the region perform quite poorly on the SEIFA score, particularly Moree and Tenterfield. This is due to factors such as a high indigenous population, high unemployment and high levels of welfare dependency.



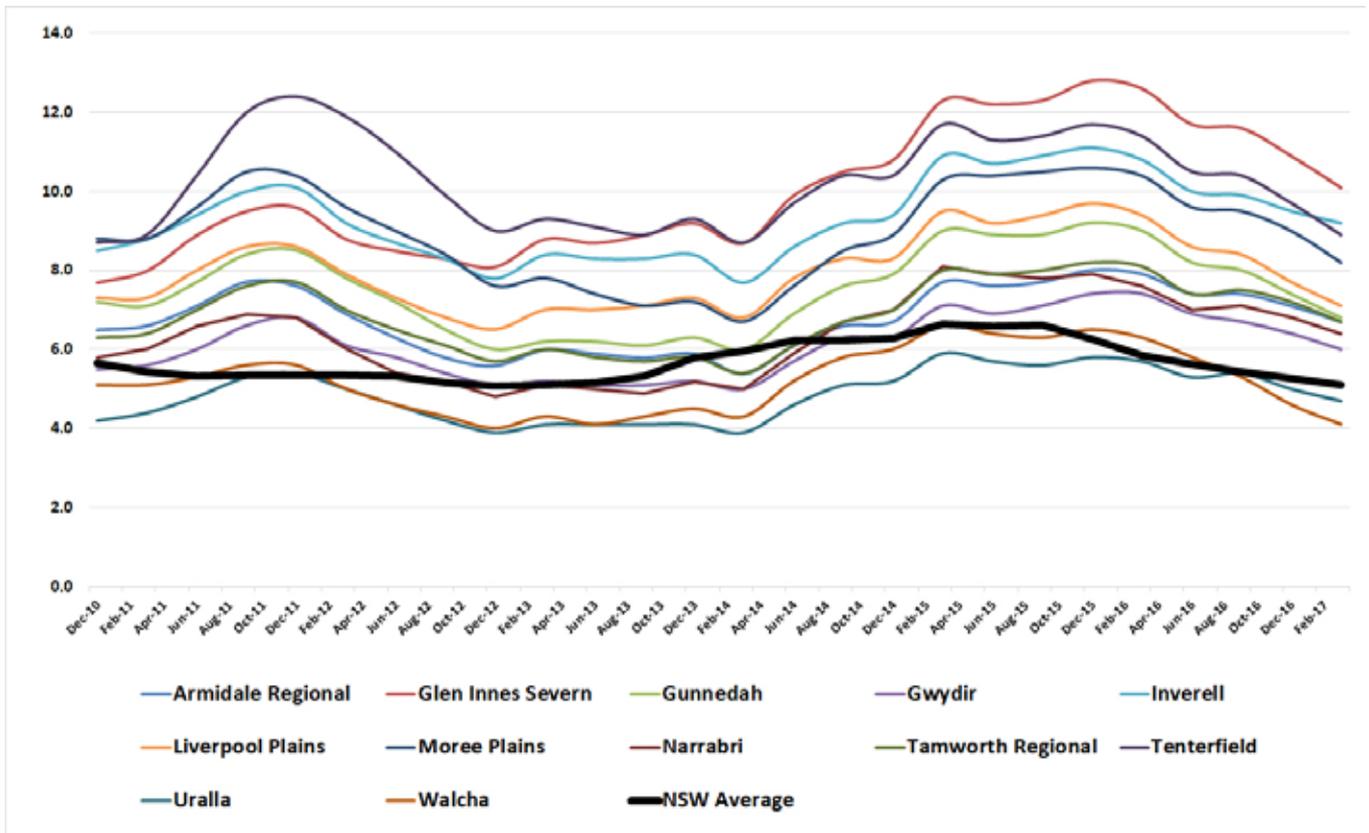
Figure 5. Index of Relative Socio-Economic Disadvantage for Selected NSW LGAs



Source: ABS (2013)

Figure 6 indicates that the unemployment rate in most NI LGAs has been consistently above the NSW average for the past six years. However, the smallest LGAs of Walcha and Uralla are notable exceptions, again due to the willingness of residents to travel to the nearby cities of Armidale and Tamworth for work. Glen Innes and Tenterfield have generally had the highest rates of unemployment.

Figure 6. Unemployment Rates (%)



Source: Department of Employment (2017a)

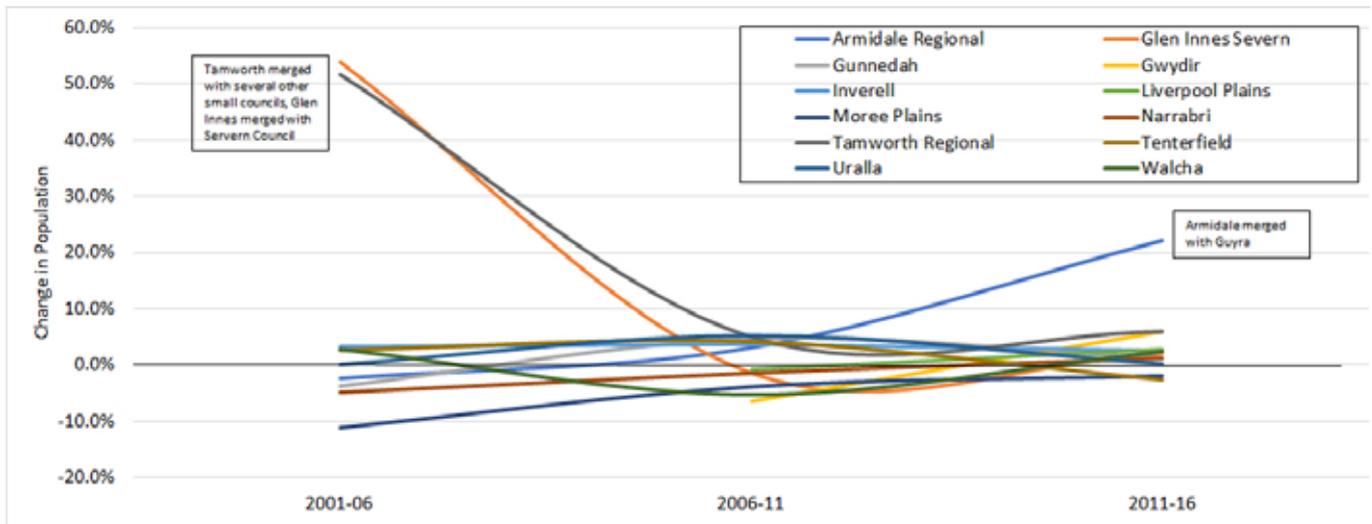
Some LGAs in the NI region have experienced a loss of population since 2001 (Figure 7). This is in contrast to NSW which has seen a constant increase (always positive growth) in population between 1996 and 2016.

In particular, the populations in the Moree Plains, Tenterfield and Walcha LGAs have seen periods of population loss between 2001–2016.

There are some periods of what appear to be rapid population growth for the Tamworth and Glen Innes LGAs between 2001–2006, and the Armidale LGA in 2016, but these are anomalies caused by council mergers.

Between 2011 and 2016, the population of the entire region grew by only 3%, largely driven by growth in the Tamworth Regional LGA. In this same period the population of NSW grew by 8.1%.

Figure 7. Percentage Change in Total Population 1996–2014



Sources: ABS (2001, 2006, 2011, 2016a)



Population growth has been slow and sometimes negative in the region which impacts on access to skilled workers

In Summary

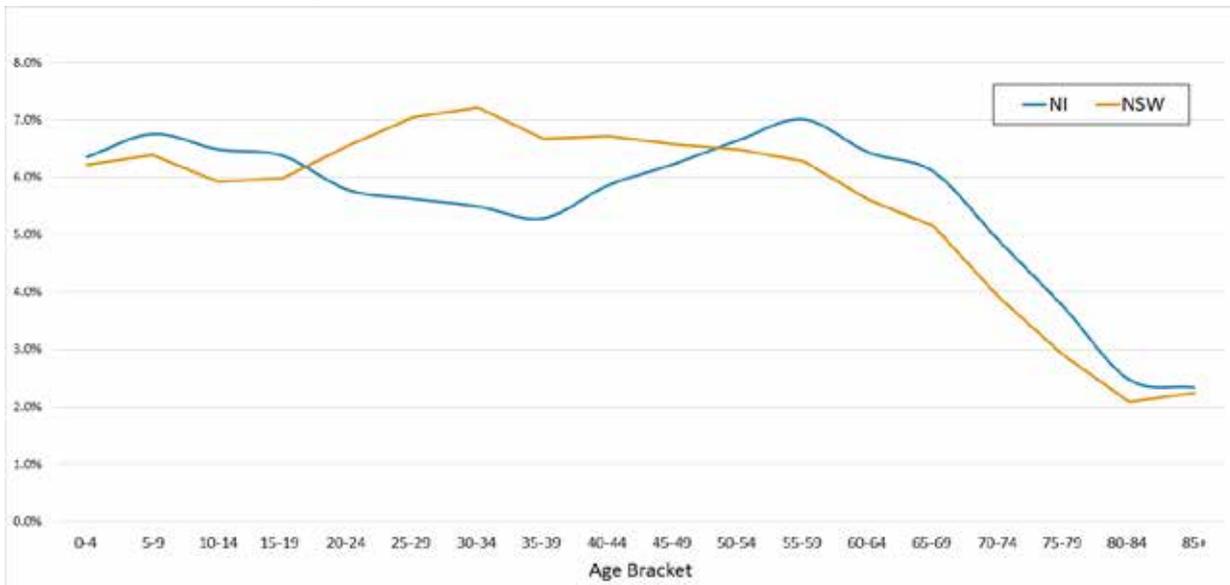
The Northern Inland Region has a high dependence on the agricultural sector for its economic performance, and exhibits some quite poor socio-economic and population growth characteristics compared to the state of NSW as a whole. Economic diversification is required to help alleviate this situation. This will require developing/attracting new businesses, and to varying extents, this will only occur with a supply of appropriately skilled labour.

6.2 Factors influencing the labour market

6.2.1 Demographic Factors

Relative to NSW, the NI Region has a lower proportion of its population in the key working age categories from 15-50 years of age (Figure 8).

Figure 8. Population by Age



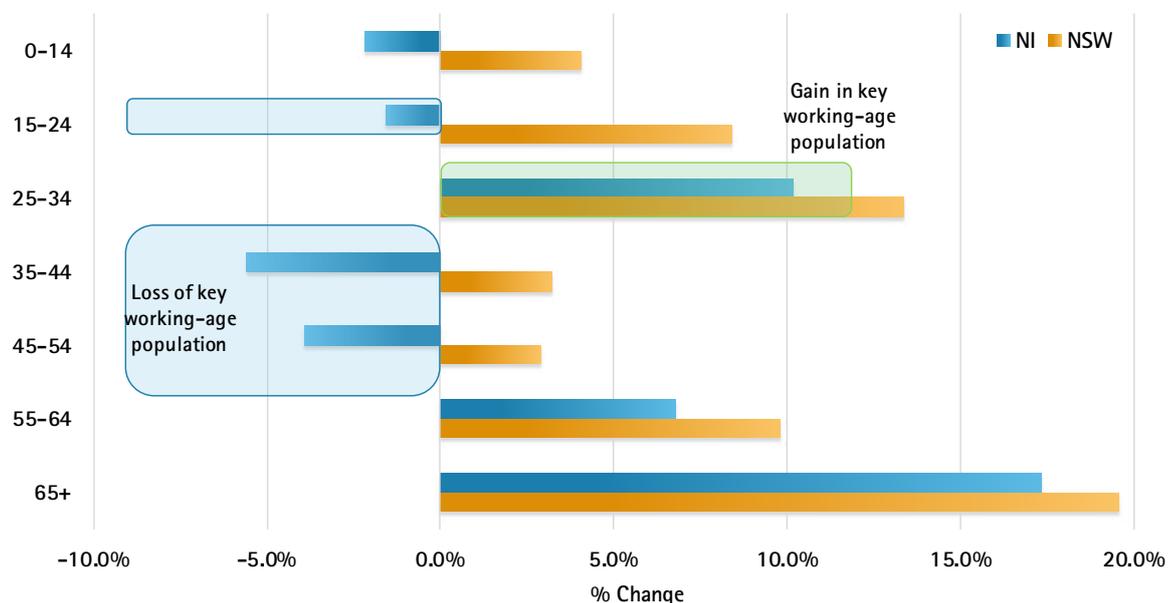
Source: ABS (2016)

Over the period 2011 to 2016, this loss of key working age people has been particularly pronounced in the 35-54 and 15-24 age brackets. However there has been a substantial increase of 10.2% in the 25-34 bracket together with an increase in the 55-64 bracket. Overall, there has been a gain of 918 people in the key working age bracket of 15-64 (Figure 9).

There has also been an increase in the number of people aged 65 and over.

Loss of working age people from the area is clearly a negative factor for employees seeking staff for their businesses. While there has been a net gain in working age people over the entire region, some LGAs have lost people from this age cohort – e.g. Moree has seen a 4% decrease in the population aged 15-64.

Figure 9. Change in Population by Age from 2011 to 2016



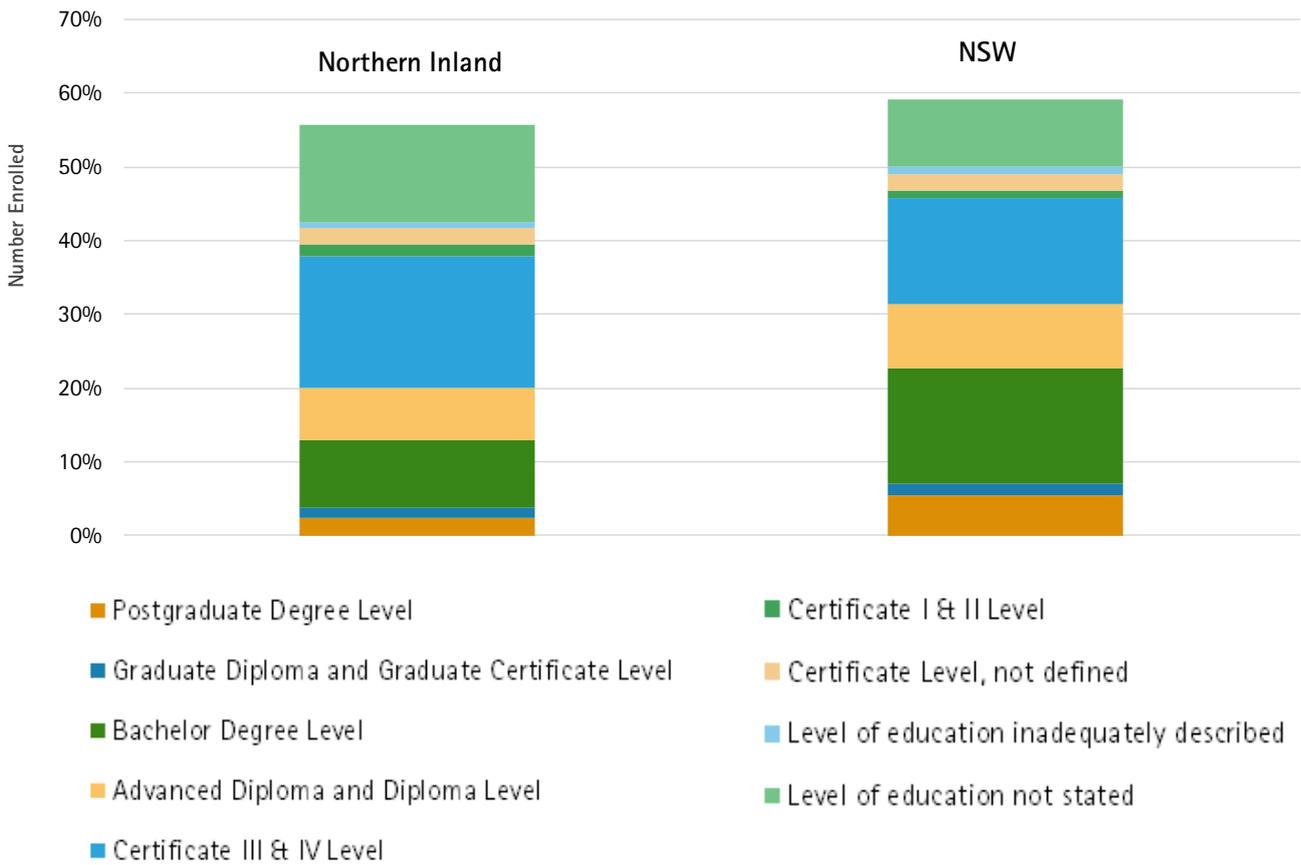
Source: ABS (2011, 2016a)

6.2.2 Education/Skills Factors

The Northern Inland region has a higher proportion of the working population with certificate level qualifications than NSW as a whole, but less of the population have tertiary qualifications at a university level (Figure 10).

However, given the information supplied by businesses in the survey and workshops, this may not be a major problem. Many employers feel it is the more fundamental personal attributes which are the major short-coming amongst employees, rather than specific skills training. Regardless, many businesses did note that a shortage of skilled people was a hindrance to business performance and growth.

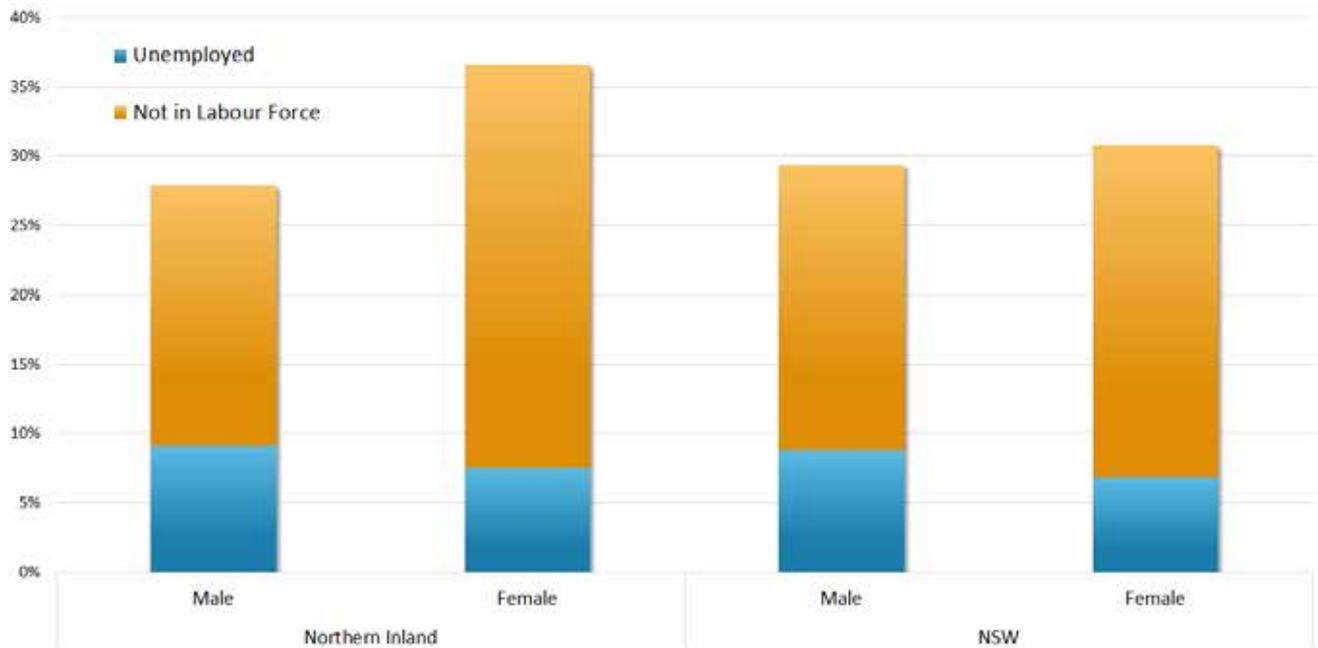
Figure 10. Educational Attainment of Working Age Population



Source: ABS (2016)

The employment status of the 20-24 year old age category in Northern Inland compared to NSW are quite similar. The stand-out difference being Northern Inland has a higher proportion of females listed as 'not in labour force' meaning they are not seeking work (Figure 11).

Figure 11. Employment Status of 20-24 Year Olds



Source: ABS (2016)

In Summary

The Northern Inland region has suffered a loss of population in some key working-age cohorts of the regional demographic profile, however across the entire 15-64 working-age group there has been an 0.8% increase in population which is a positive development.

6.3 Current and likely future labour demands

Other than the survey of businesses conducted for this study (see Section 9 below for results), there are several sources of published information available which provide insights into current job vacancies and predicted future labour demands. Some of this data is provided below.

6.3.1 Job Vacancies in the Northern Inland Region

Figure 12 shows the percentage change in job vacancies (based on internet job advertisements) over the seven-year period from 2010 to 2017. The job categories in which advertisements (and hence demand by employers) have increased the most are:

- Farmers and Farm Managers
- Medical Practitioners and Nurses
- ICT Professionals
- Engineers
- Health Diagnostic and Therapy Professionals
- Legal, Social and Welfare Professionals
- Chief Executives, Managing Directors & Legislators
- Sales, Marketing & Public Relations Professionals
- Health, Education, ICT and Other Managers
- Information Professionals
- Education Professionals
- Engineering, ICT and Science Technicians
- Business, Finance and Human Resource Professionals
- Hospitality, Retail and Service Managers
- Automotive and Engineering Trades Workers

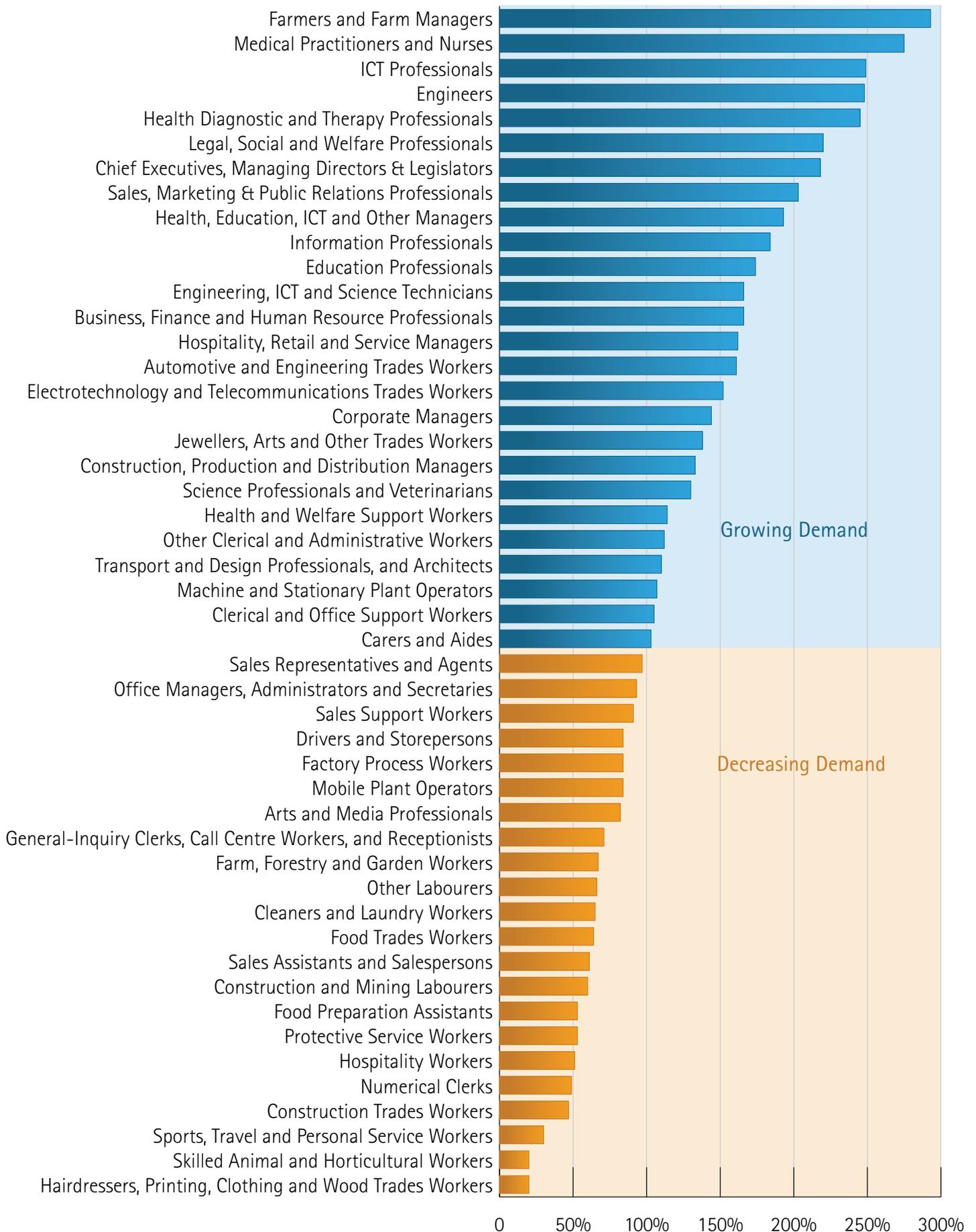
Those jobs where demand from employers has fallen the most include:

- Hairdressers, Printing, Clothing and Wood Trades Workers
- Skilled Animal and Horticultural Workers
- Sports, Travel and Personal Service Workers
- Construction Trades Workers
- Numerical Clerks
- Hospitality Workers
- Protective Service Workers
- Food Preparation Assistants
- Construction and Mining Labourers
- Sales Assistants and Salespersons
- Food Trades Workers
- Cleaners and Laundry Workers
- Other Labourers
- Farm, Forestry and Garden Workers
- General-Inquiry Clerks, Call Centre Workers, and Receptionists

Some of this data is noteworthy, in particular:

- Despite employment in agriculture falling quite rapidly due to the substitution of capital for labour in farming activities, advertisements for farmers and farm managers top the list of jobs in demand. These jobs are undoubtedly for experienced farm managers as opposed to farm labourers, and probably reflect the growing prevalence of absentee farm owners and larger corporate farms which employ a manager.
- Doctors and nurses are in demand. The lack of medical professionals in regional areas such as the NI region is well documented.
- ICT job vacancies are growing as technological change shapes many businesses, including agriculture.
- Many of the jobs for which internet advertising has increased significantly are professional jobs, sought out by businesses and government agencies who can afford a formal advertising campaign for recruiting staff.
- Many of the jobs where internet advertising has fallen appear to be the types of jobs where word-of-mouth or less formal internet advertising (e.g. Facebook, Gumtree), or job agencies may play a bigger role in finding staff (e.g. construction trades, hairdressing, hospitality, cleaners, labourers) etc. This prevalence of 'grey' market jobs may mean the data is not a true reflection of the demand.

Figure 12. Northern Inland Job Vacancies Change 2010 to 2017

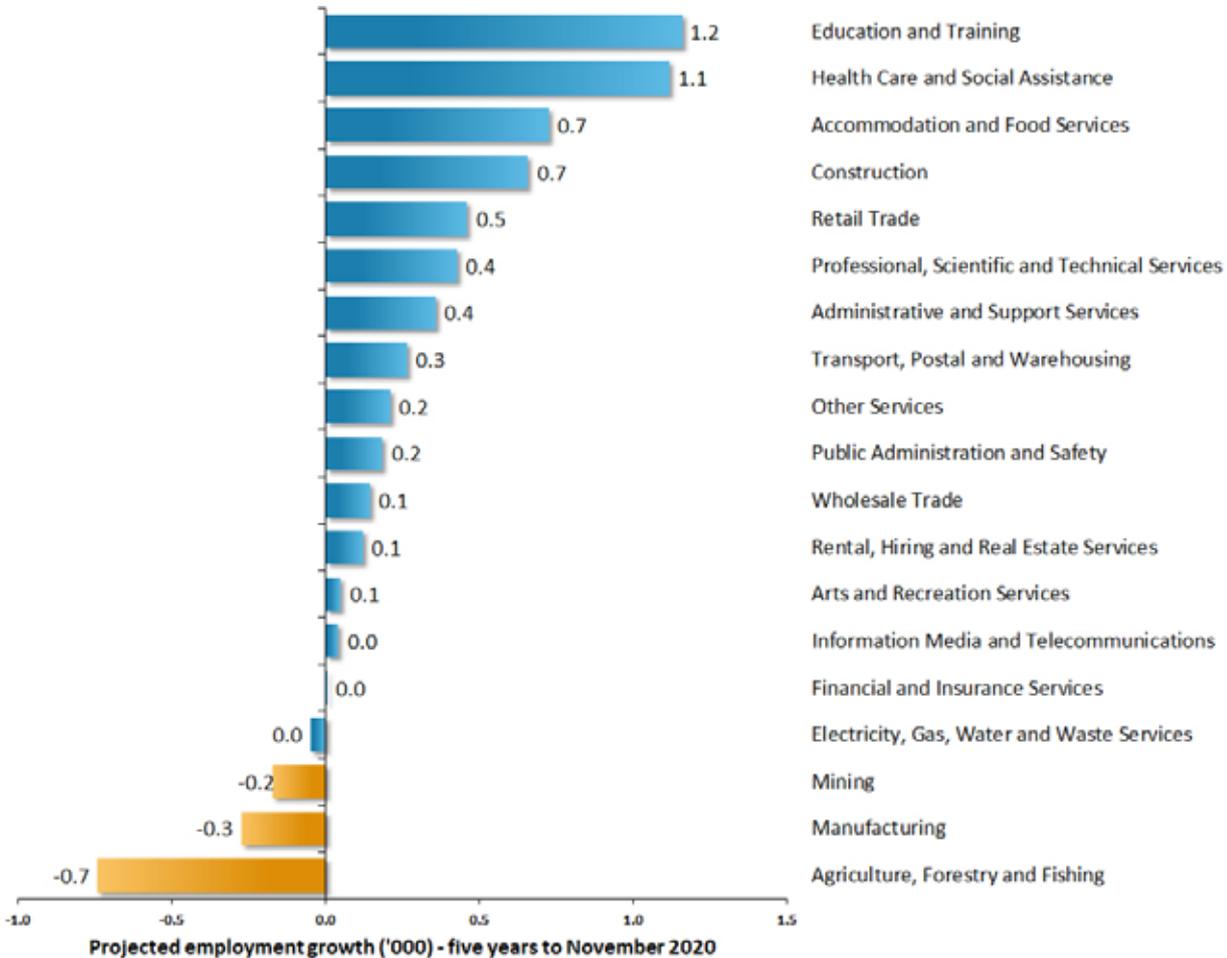


Source: Department of Employment (2017b)

6.3.2 Predicted Employment Growth for the Northern Inland Region

The Department of Employment (2017c) makes projections 5 years into the future of predicted job growth by economic sector (Figure 13).

Figure 13. Projected Job Growth to 2022 in the NI Region 2010 to 2017



Source: Department of Employment (2017c)

Some significant features of these employment projections are:

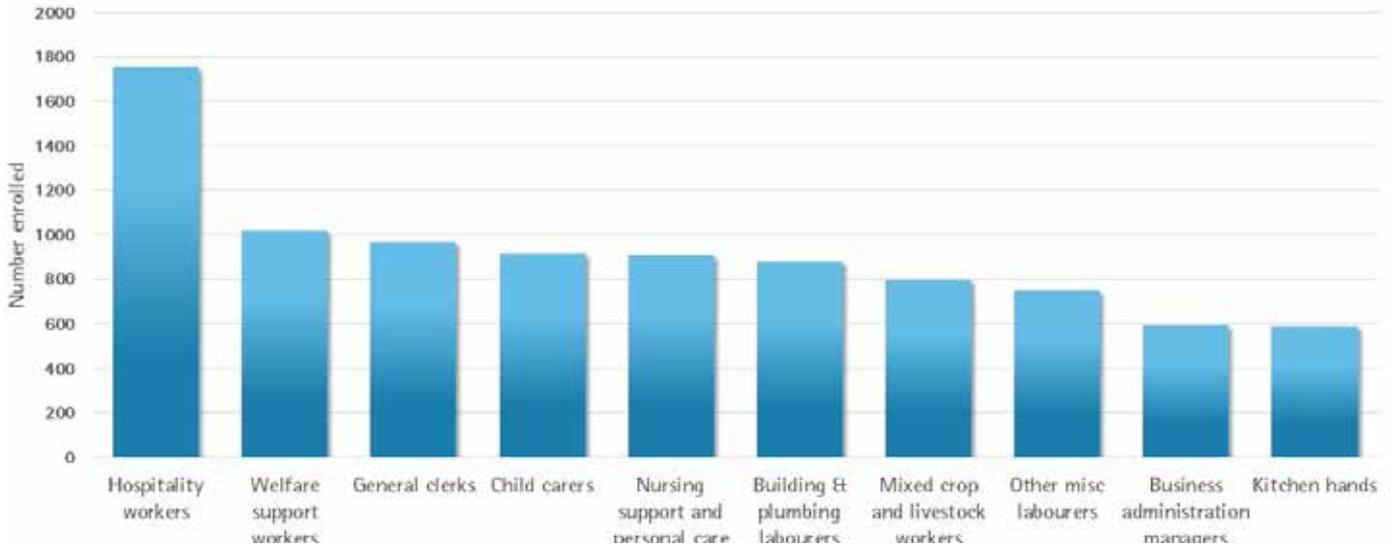
- Health and social assistance is the leading sector for projected job growth which reflects the aging population;
- Education and training predicted job growth may be a reflection of the presence of the Universities of New England, Newcastle and Sydney in the region (Armidale and Tamworth) as well as several private schools (Armidale, Tamworth);
- It is interesting that employment in accommodation and food services is predicted to grow, yet the internet vacancy data indicated that advertisements in the food and hospitality sectors were declining. This may be a result of those sectors not doing much advertising on the internet;
- Agricultural employment is declining as the sector replaces labour with capital, including IT and remote sensing technologies;
- Mining is declining as a result of the end of the mining boom, however the Narrabri Shire has experienced a marked increase in employment in this sector since 2011.

6.4 Current Training

In terms of existing skills training in the NI region, the National Centre for Vocational Education Research (NCVER) reports the following data on skills training (Figure 14, Figure 15, Figure 16).

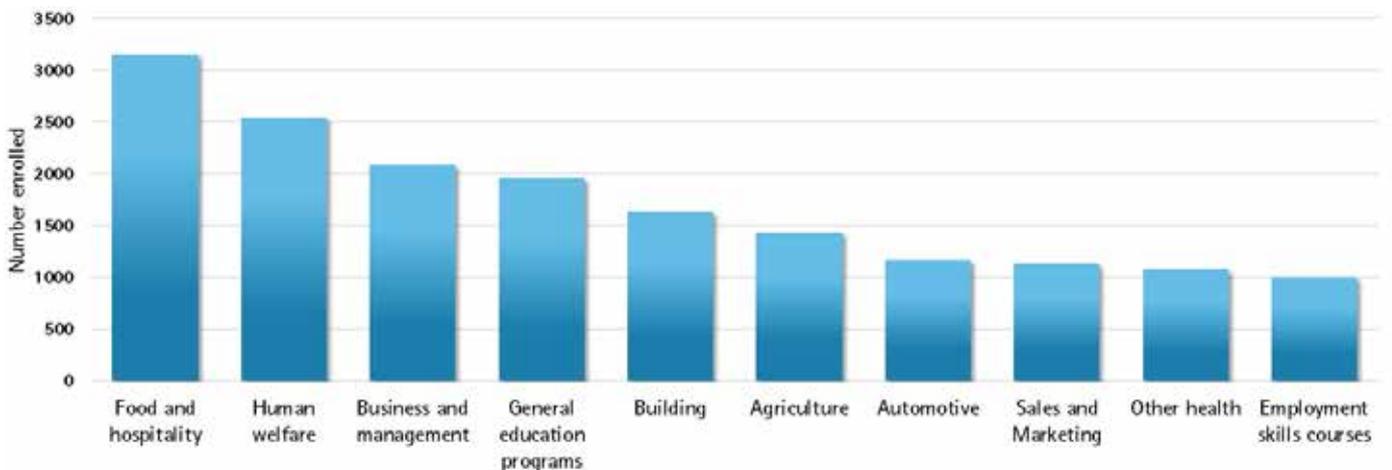
It has been noted by local training providers that these NCVER figures may not be a true reflection of the degree of skills training in the region, as some Registered Training Organisations (RTOs) offered incentives to enrol students – students who never intended to complete the course.

Figure 14. VET Enrolments by Most Popular Occupation – Northern Inland Region 2010 to 2017



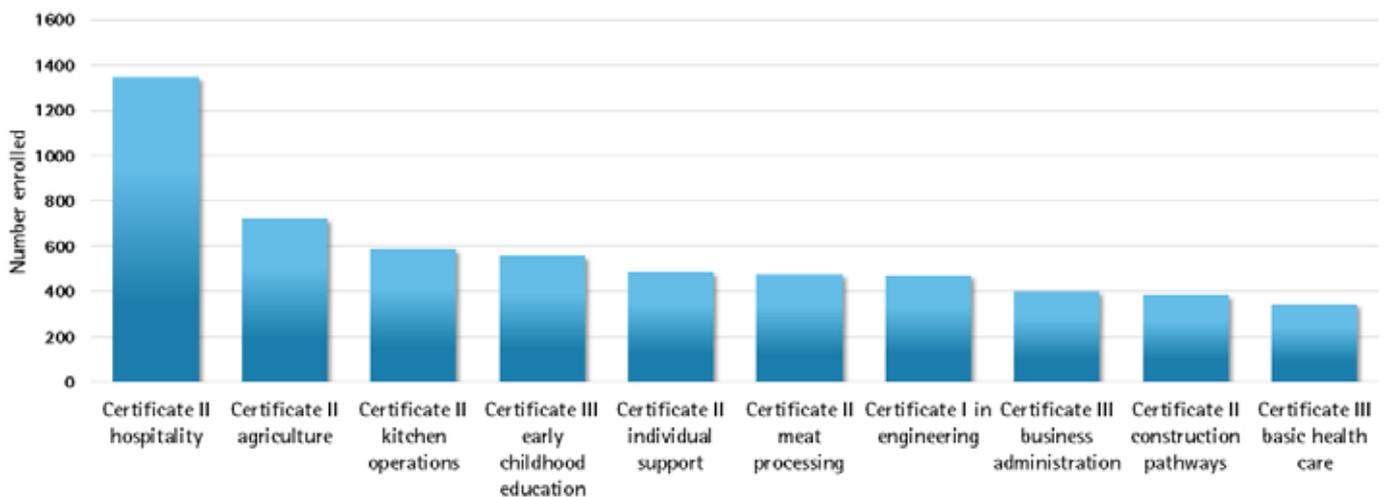
Source: NCVER (2017)

Figure 15. VET Enrolments by Most Popular Field of Education – Northern Inland Region



Source: NCVER (2017)

Figure 16. VET Enrolments by Most Popular Training Package Program – Northern Inland Region



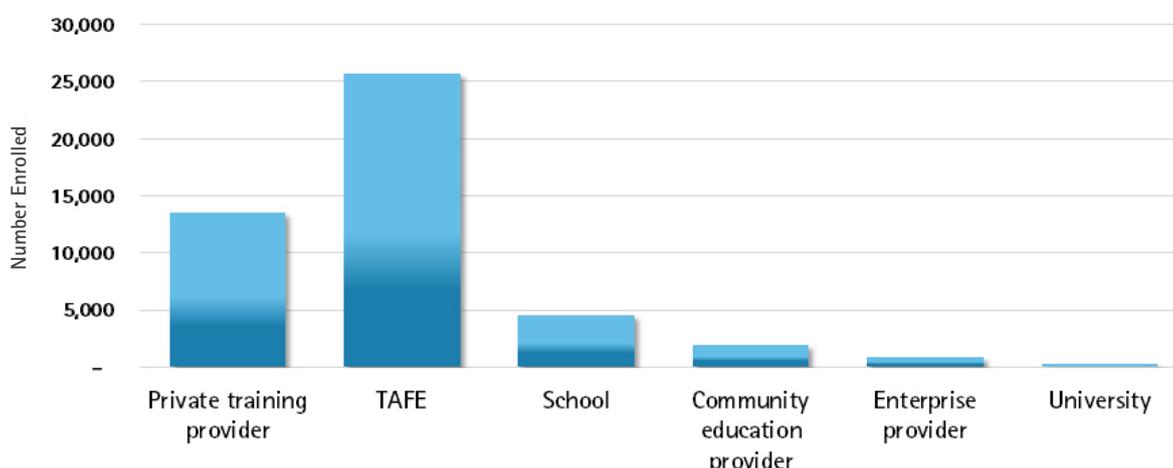
Source: NCVET (2017)

These VET statistics tell an interesting story:

- They suggest more people should be enrolled in basic employment skills and preparation for work courses;
- There are a high number of enrolments in business management. One of the issues many employers lamented was the expectation from young employees that they not undertake menial tasks but have a higher level of responsibility from day one. Is the high proportion of enrolments in business management reflecting this, and are the courses generating realistic expectations amongst graduates? Courses can only teach so much about running a business. Experience at the coal-face in a real business is the primary qualification needed.
- The finding suggests that perhaps a more intensive 'preparation for the workforce' course should be introduced at High School, and it could include a more extensive practical component where students do a longer period of work experience.

Figure 17 shows the providers of VET courses for enrolments across the NI Region. These are dominated by TAFE and private providers and, so if employers are seeking change in the programs offered, these are the two key skills training providers to target.

Figure 17. Continuing VET Enrolments by Provider – Northern Inland Region



Source: NCVET (2017)

A Strategic Direction



7.1 A Strategic Direction to Address Industry Training Requirements

A multi-dimensional problem requires a multi-pronged solution and with more than one-third of employment vacancies in the region driven by the small-business sector, it is clear that this is an area to be focused on. These businesses are often limited in their capacity to successfully fill vacancies and retain staff for long periods of time. They also seek those foundational job skills that are difficult to teach in a theoretical manner; work ethic and a can-do attitude.

Exposure to work-experience opportunities from an early age, engagement in school-based apprenticeships and traineeships and pathways into VET and tertiary education are key – this is a role for the secondary school sector in conjunction with industry and TAFE/RTOs. The influence of a child's family and home life in contributing to these skills is critical.

Demand for the flexible local and online delivery of VET and tertiary education courses needs to be captured by talking to those employers. Small businesses need to convey their needs more clearly but lack a platform to do so. This is potentially a role for a group like Greater Northern Skills Development or local Chambers of Commerce. If sufficient demand exists for the delivery of metal trades in Moree or electrical trades in Inverell, a partnership with TAFE/RTOs could be brokered to enable local delivery.

Training providers should use regional intelligence on local matters like employment shifts, areas of unmet demand, and emerging local job opportunities to inform training priorities, programs and locations for delivery. They should work with industry and key stakeholders to develop new ways to examine skills needs in particular industries and towns, with an emphasis on creating a strong regional place-based model for anticipating skills needs.

Many employers are not aware of the multitude of State and Commonwealth government subsidies available to both them and their employees to further their skills, or to place older workers back into the workforce. Direct marketing campaigns could be undertaken to target these businesses.



A multi-pronged solution with a focus on the small-business sector is required



Exposure to work-experience opportunities from an early age is key



Many employers are not aware of the multitude of Government subsidies available

Students need to make informed choices before they start training, based on reliable, relevant information, to ensure they are on track for the right training with a quality provider that will lead to their preferred career. In many instances, this information is provided by a school-guidance counsellor with limited real-world experience in the industries or careers they are advising on.

Many of the recommendations and actions mentioned earlier in this report provide a strategic direction to address many of the existing industry skills gaps, including:

- Further Vocational Education and Training needs to be made available locally in all major towns and cities across the Northern Inland.
- The establishment of a 'broker' service in each of our key towns, to aggregate demand for a particular qualification that would encourage TAFE or another suitable RTO to deliver VET locally, particularly for the most popular and in-demand apprenticeships, traineeships or other TAFE courses within the region.
- Increasing the availability of online courses through an expansion of TAFE Digital to encompass higher-level Certificates and Diplomas.
- A renewed focus on relevant work-experience programs in high-schools.
- An expansion of successful programs such as the Agribusiness Careers and Professions Program (AGCAP) to other key industry sectors, allowing high-school students to undertake a Certificate III in their chosen field and do one (paid) day of work per week within a partner business.
- Increased promotion and targeting of the numerous subsidised training packages to employers.

No single strategy will address the challenges outlined in this report. They require a concerted effort on behalf of employers, government, training providers, job-seekers, school, students and caregivers. Each has their unique role to play in matching the approximately 1000 jobs available in the region at any one time with the available workforce that far exceeds this number.



Each stakeholder has their own unique role to play in matching jobs with the workforce

Constraints to Growth and Attracting Suitable Employees



8.1 Constraints to Business Growth

Many businesses in the Northern Inland are facing growth constraints, with 75% of businesses reporting they have faced a barrier to their growth, either in the last two years, currently, or expect to in the future (30%, 37% and 17% of respondents respectively). With 97% of respondents in the Northern Inland wanting to grow their business, it is important to not only identify these barriers, but to also put in place measures to reduce them, for the economic benefit of the broader region.

The top 10 types of constraints businesses are experiencing has remained consistent over the past two years, as seen in Table 1. Difficulties in attracting employees with suitable skills dominate the most common barriers, with over 50% of businesses reporting challenges in this area.



Table 1. The Top Ten Constraints to Growth experienced by Businesses (percentage of respondents experiencing barriers)

Constraint	2 Years Ago	Current	Next 2 Years
Current employees don't have suitable skill sets to meet growth plans	52%	28%	13%
We attract applicants but the people that do apply don't have suitable skills	48%	45%	38%
Regional infrastructure	48%	28%	31%
Can't attract suitable mature employees	42%	25%	13%
Can't attract suitable young people	35%	25%	25%
Suitable training is difficult to access	32%	20%	25%
Cost of utilities (electricity, gas, water)	23%	15%	13%
Access to capital	19%	15%	6%
Competition outside your local area	16%	20%	56%
Legislation / regulations	13%	18%	25%
Suitable premises are difficult to find	-	10%	31%
Can't grow our markets / customer base	6%	3%	19%
Cost of rent for suitable premises	3%	10%	19%
Local Competition	6%	8%	13%

Skill issues are also deemed to have a significant impact on a business, with constraints directly relating to lack of suitable skills with current employees and job applicants having the greatest degree of impact on businesses currently and in the last two years (Table 2).

Table 2. The Top Ten Constraints to Growth for Businesses by Degree of Impact

Rank	2 Years Ago	Currently	Next 2 Years
1	We attract applicants but the people that do apply don't have suitable skills	We attract applicants but the people that do apply don't have suitable skills	Competition outside your local area
2	Current employees don't have suitable skill sets to meet growth plans	Current employees don't have suitable skill sets to meet growth plans	We attract applicants but the people that do apply don't have suitable skills
3	Regional infrastructure	Can't attract suitable mature employees	Suitable training is difficult to access
4	Can't attract suitable mature employees	Competition outside your local area	Regional infrastructure
5	Can't attract suitable young people	Regional infrastructure	Suitable premises are difficult to find
6	Suitable training is difficult to access	Legislation / regulations	Legislation / regulations
7	Access to capital	Can't attract suitable young people	Can't grow our markets/ customer base
8	Cost of utilities (electricity, gas, water)	Suitable training is difficult to access	Can't attract suitable mature employees
9	Competition outside your local area	Access to capital	Current employees don't have suitable skill sets to meet growth plans
10	Legislation / regulations	Cost of utilities (electricity, gas, water)	Local competition

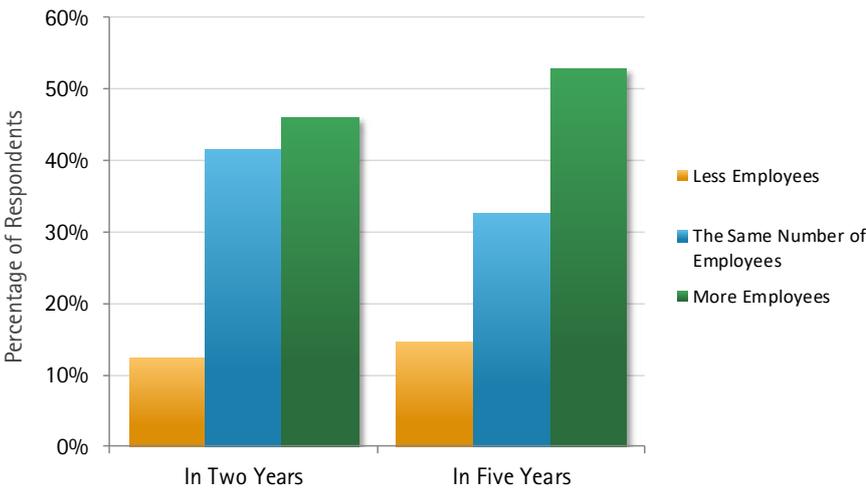
Skill-based constraints were indicated to be less prominent in the future, with less businesses identifying skill issues as a future constraint, and the degree of impact was accordingly ranked lower. The identified primary constraints shifted to being able to locate larger premises and increasing customer base and sales volumes for expansion. However, barriers relating to skill shortages were still considered to have a high degree of impact on growth, so will still be a significant factor in the future. Due to the consistency of skill shortages in the last two years and currently, it is reasonable to expect that this will trend will continue.

Barriers due to regional infrastructure are also prominent in the past, present and future, with access to reliable and fast internet and mobile phone coverage being key issues. Businesses who reported financial and production losses due to communications outages, have had to implement their own soft and hard infrastructure to overcome poor internet speeds, with one business stating that they are forced to run their multi-million-dollar operation on only 12GB of data per month. Transport issues related to road and rail were also noted, including lack of access, high costs and the need to seal roads and re-open railway lines. The complexity of red-tape, delays in development application processing times and State and Federal Department compliance requirements were also highlighted.

8.2 Barriers to Filling Current Employment Vacancies

The demand for employees in the next five years will continue to grow, with 88% of businesses predicting that they will have either the same number or more employees in two years' time. A significant share of businesses expect to increase their employee numbers, with 47% expecting to increase numbers in two years and 53% in the next five years (Figure 18).

Figure 18. Future demand for employees



53% of businesses said they would be seeking more employees in the next 5 years

Employment vacancies are being generated because of business growth and changes to skill needs in the businesses, with 54% and 25% of businesses reporting these reasons respectively. However, 61% of businesses reported vacancies due to staff members leaving.

The vacancies available include full time positions, with 80% of respondents reporting that their current vacancies included full time positions. 60% of the respondents have used local advertising for the position and 55% advertising outside of the region to attract out-of-town applicants. While the majority of businesses are advertising their vacancies, there is a significant proportion who instead rely upon word-of-mouth and direct contacts. This lack of advertising would reduce the accuracy of job vacancy data, such as the Department of Employment's monthly Internet Vacancy Report, resulting in under-reporting of job vacancies in the region.

Over 80% of businesses with employment vacancies in the last two years have had difficulty filling them. This trend is continuing with 79% having difficulties filling their current vacancies.

In the last two years and at present, the inability of businesses to fill vacancies has mostly been due to the unavailability of suitable applicants with appropriate qualifications, skill sets and experience with 83% of businesses reporting current vacancies being more than moderately affected. As shown in Table 3, these have been the top three reasons in the last two years and remain so now.



Over 80% of businesses surveyed have trouble filling job vacancies

Table 3. Factors Causing More than Moderate Difficulties in Filling Employment Vacancies

Factor	Past 2 Years	Currently
Shortage of qualified applicants	95%	83%
Applicants lacked technical and specific skill sets	78%	76%
Applicants lacked sufficient experience	71%	69%
Location - remoteness / isolation	59%	55%
Competition from other employers	56%	69%
Negative perception of the region	56%	45%
Perception of or lack of services in the region	51%	41%
Applicants were not job ready	49%	59%
Remuneration rates are not attractive enough	46%	59%
Type of work is not seen as desirable	46%	55%

While factors relating to skill availability are dominant, over 55% of businesses are also experiencing difficulties due to the location of their business, citing that the location, perceived lack of services in the region and negative stereotypes were issues. The need for employment and recreational and community activities for spouses when attracting applicants who would need to relocate was also raised. With a limited working-age population to draw from, competition from other employers is increasing, with it being a factor for 69% of the reported current vacancies, up from 56% in the last two years. Respondents highlighted that they are unable to provide the higher wages and remuneration packages that are offered by government agencies, large corporate farms, mining, and gas companies.



Addressing Skill Shortages



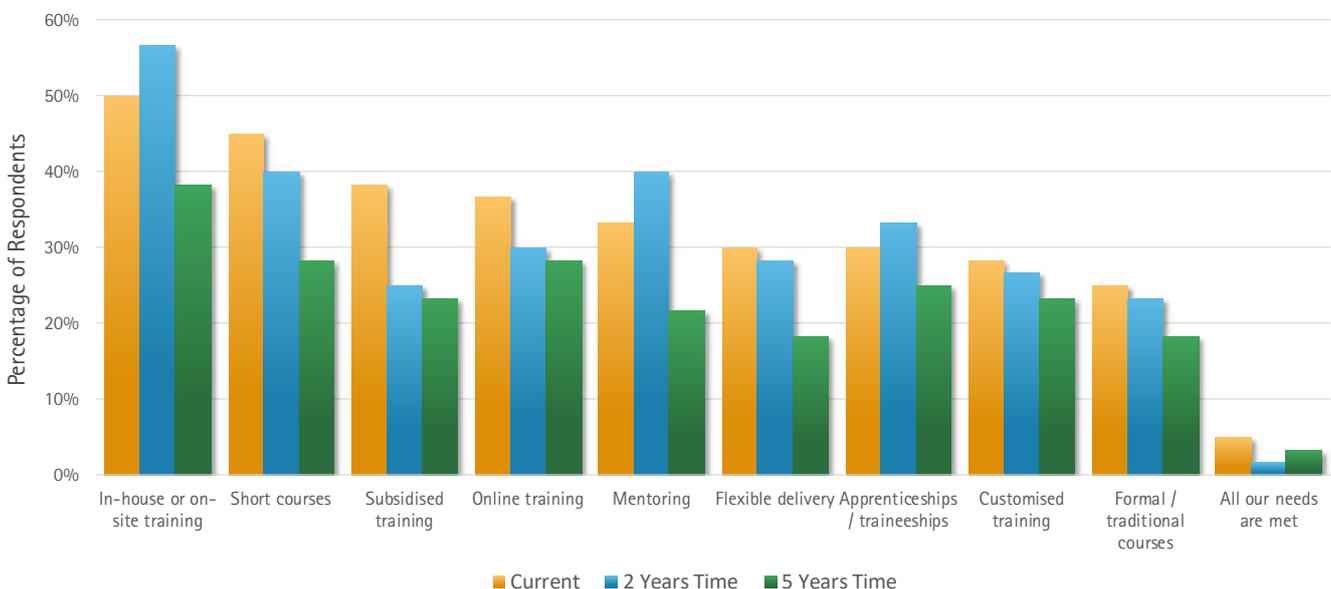
9.1 Training to Meet Skill Needs

Employers are open to using a variety of ways to train staff or gain the necessary skills for their businesses. 80% of employers reported that they have used in-house or on-site training, while 64% have used formal training courses, and 63% have used short courses. Participation in apprenticeships and trainee programs was also strong, with 58% of businesses having used the programs in the past. More than half the businesses mentor their employees and use online training. Almost a third of employers reported that they had used skilled migrant workers, highlighting the critical importance of RDANI's role as a Skilled Migrant Regional Certifying Body (RCB) for the Department of Home Affairs.

The majority of businesses reported that their current and future skill needs could be met with in-house and on-site training, at 50% and 57% of respondents respectively. This was followed by short courses, which was indicated as a solution to current skill shortages by 45% of businesses. Only 25% of businesses reported that formal/traditional courses would fill their skills shortages either currently or in 2 years' time, progressively decreasing to only 18% in five years' time (see Figure 19).

Half the businesses surveyed can meet their future skill needs through in-house training

Figure 19. Training Options to Meet Skill Needs

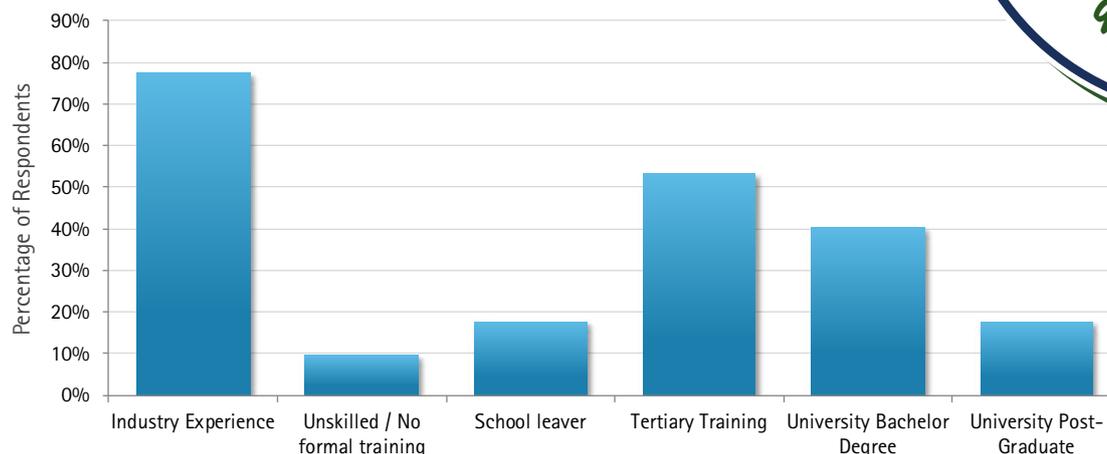


The cost of training and inability to access it were highlighted, with businesses expressing difficulties due to productivity losses and costs for staff that had to travel long distances to larger centres for training not available locally.

Employers are looking for workers with industry experience, rather than high level qualifications. Three quarters of businesses prefer employees to have industry experience and less preferred University or tertiary training (such as TAFE and specialist colleges), at 53% and 40% respectively (Figure 20).



Figure 20. Preferred Level of Training



TAFE qualifications for certificates III and IV directly related to an industry (such as metal fabrication, aged care and early childhood education) were highlighted as courses that employers were finding particularly beneficial.

Respondents noted that they can upskill people who have the right personal attributes, highlighting the importance of informal or personal skills as well as formal qualifications. While there is no formal training available that targets these skills, they can be fostered in the right work environment and encouraged in the younger generation through the school system.

According to the survey results, the top ten personal attributes valued by employers are:

- Honesty & integrity
- Strong work ethic
- Reliable
- Self-motivated
- Skilled at their job (limited need to teach them the skills)
- Enthusiastic
- Team player
- Punctual
- Able to take initiative
- Customer focussed



An organisations culture and management can have a positive effect on the attraction, retention and development of staff and in turn the overall productivity and growth of the business. Therefore, the importance of employers fostering the personal attributes and staff behaviour they are seeking from their staff should not be overlooked. Management can take a lead role in providing on-the-job training and mentoring to foster the personal skills that they value and require for their business to prosper. Additionally, the need for management training through short courses in management and leadership skills such as developing a positive organisational culture, time management, team building and employee mentoring and motivation was highlighted by respondents.

9.2 Addressing Skill Shortages

Based on the key barriers to filling vacancies reported by businesses in the survey, there are two key areas that should be addressed; skill shortages and the perception and reality of the availability of services and lifestyle factors in the region.

9.2.1 Skills

- Awareness of the skills that are needed by careers advisors, youth, the unemployed and for those looking to change career paths.
- Provision of training courses locally to improve accessibility. Availability of training in many communities is limited, with many courses only run in the larger centres of the region (Tamworth and Armidale) or in some cases Sydney, Lismore or Coffs Harbour. This is inhibiting access due to the large amount of time and money required to travel. It further compounds the challenges of 'brain-drain' and permanent outward migration from our region.
- Correlation of the courses being run to the skills needs of businesses, so students are not being trained in areas that do not have employment prospects. Higher subsidisation of courses that address skill needs to encourage enrolments is required.
- Continuation or extension of the skilled migration programs to bring in skilled workers who are willing to live in regional and remote areas. Regional Development Australia Northern Inland can assist businesses with their skilled migration needs.
- Programs to improve the awareness of employers about the skilled migration program and increase understanding of what it means from an administrative perspective to employ these workers.
- Integration of courses with employers, so that students can gain highly-valued industry experience.



Lack of access to formal training in many communities is hindering businesses

9.2.2 Perception of and availability of services, and jobs in regional areas

- The stereotype of regional areas being isolated, behind the times and stuck in drought, needs to be addressed. This misconception is often perpetrated by the mainstream media or disproportionately vocal lobby groups. While initiatives such as RDA-NI's Come On Inland, Evocities and those run by individual Councils are a good source of information about the services that are actually available, there needs to be a stronger promotional program to overcome this stereo-typing.
- Increased services and infrastructure to regional communities. Implementation of shared resources that can be transported between small communities (like mobile libraries), where it is unviable to support them individually.
- Initiatives that assist in finding placements for partners who relocate and to get their children connected into local groups/extra-curricular activities.
- Identification of where the current population is moving to or from, such that issues or advantages can be identified and improved. Most in and out migration for the Northern Inland region comes from regional areas in New South Wales or Queensland, rather than Sydney, as is generally perceived.
- Campaigns to counter-act the perception of the lack of jobs or that jobs are low-skilled. Regional jobs are now requiring higher levels of skills due to the increased automation of tasks (RAI 2018b) and reported vacancies for managers and professions has grown by 20% and 23% respectively since February 2016 (RAI 2018c)

9.2.3 Skilled Migration Labour

Businesses also have the option of securing skilled labour through the skilled migration visa program, many employers in the region already having taken advantage of this via one of three different visa classes:

1. The 457 Temporary Work (Skilled) Visa – can be valid for up to 4 years, but does not lead to permanent residency. This is being phased out to be replaced by a Temporary Skilled Shortage Visa while will allow temporary work for either 2 or 4 years for those who meet eligibility requirements.
2. The 498 Skilled Regional Visa – RDANI is the sponsor for this visa in the Northern Inland (includes Moree) region. To be eligible, applicants must meet the requirements on the Occupation List (can be found here - <http://www.rdani.org.au/skilled-migration/skilled-regional-nsw-sponsorship.php>). Applicants must be employed for 12 months and live in a regional area for at least 2 years. This visa is a pathway to permanent residency.
3. The 187 Regional Sponsored Migration Scheme Visa – RDANI also assists with this visa which assists employers who can genuinely not find a local to fill a job position. Generally, a higher level of skill/qualification is required to be eligible for this visa. This visa is also a pathway to permanent residency.

In the Northern Inland region there are:

- Around 1,000 Temporary Work (Skilled) (457) Visa holders
- Around 200 Skilled Regional (489) Visa holders
- Around 75 Regional Sponsored Migration Scheme (187) Visa holders

RDANI has also established a Social Media Group where businesses can state their job needs targeting 489 visa positions, better matching jobs to potential employees under the 489 visa scheme: <https://www.facebook.com/groups/skilledmigrationjobsni/>

A recent report entitled "The Missing Workers" (RAI, 2018) also identified the following points in relation to skilled-migrant labour:

- Labour force participation is positively correlated with an LGA's proportion of overseas born residents.
- Agriculture dominated regions have fewer people working or available to work, as they may not have spare workers to draw on, and may need to look at secondary migration to help meet the labour demands.
- Without migrant labour, some businesses with work that is not considered 'acceptable employment' by local residents would not be able to operate.

Career BluePrints and Further Resources



The following links provide access to a trove of handy sites that provide advice on pursuing the career that best suits you, together with the anticipated future demand of many occupations. Example career blueprints for many of the key sectors within this report may be found in the appendices.

- <https://joboutlook.gov.au/Career.aspx>
- <https://smartandskilled.nsw.gov.au/for-students/job-guides>
- <https://www.education.gov.au/career-education-resources>
- <https://www.jobjumpstart.gov.au/im-at-school>
- <https://myfuture.edu.au/userhome#/>
- <http://www.bca.com.au/publications/being-work-ready-a-guide-to-what-employers-want>

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