



## *Skills Report Position Paper 4: Labour Market Expansion Through Skilled Migration*

### **Report findings**

A number of businesses involved in the survey expressed dissatisfaction with the use and administration of the various visas available when aiming to recruit staff to fill skills gaps. They all felt the visa system needed to be easier to use and more streamlined.

Respondents in Bogan and Walgett LGAs commented on the number of female backpackers who come to their area, marry and have children. The feeling was this was a positive thing, bringing new perspectives and enthusiasm to their towns.

Sometimes visa restrictions create a false barrier. In one example, an electrical equipment technician, whose entire family had successfully relocated to Dubbo, and whose children had settled at the local high school, could not pass the English test so needed to return to Papua New Guinea. Although this person was capable of holding a one-on-one conversation (which was sufficient for his employment), he failed the group conversation component.

In recent years, regional employers wishing to sponsor skilled workers into positions that cannot be filled using the local labour market. This is under the Regional Sponsored Migration Scheme visa (subclass 187).

RSMS enables employers in regional areas of Australia to sponsor employees who are foreign nationals with specific skills, to obtain a permanent work visa. This arrangement has been used to enhance Australia's ability to compete globally and guarantee an overall net benefit to the Australian economy.

The certification of the position is assessed against the following criteria:

- There is a genuine need for the nominator to employ a paid employee to work in the position under the nominator's direct control.
- The terms and conditions of employment applicable to the position will be no less favourable than the terms and conditions that are provided to, or would be provided to, an Australian citizen or permanent resident for performing work in the person's workplace at the same location.
- The position cannot be filled by an Australian citizen or permanent resident who is living in the same local area where the nominated position exists.

### **Situational review and gap analysis**

Orana has a strong agricultural history and growing mining tradition, with a diverse range of production activities undertaken across the region. The gross regional product is valued at approximately \$8 billion, with



mining and agriculture the two most important industries, representing more than half of that output and having the biggest impact on the freight system.

Key sectors by output and employment are:

Industry	Output \$m	Output as overall %	Employment
Mining	2,940	18.3	3,353
Agriculture, forestry, fishing	1,982	12.3	6,711
Construction	1,828	11.4	3,668
Manufacturing	1,321	8.2	2,012
Health care & social assistance	836	5.2	6,672
Public administration & safety	770	4.8	3,672
Education & training	621	3.9	4,811
Retail trade	568	3.5	4,889

Source: Remplan, Gross revenue generated by business and organisations in Orana RDA (Dec 2017) viewed 18 March 2018

September 2017 DEEWR data indicated the unemployment rate for the Orana region was 3.7%, which is lower than both the national average of 5.5% and the NSW rate of 5.4%. However, there are large variations in labour market performance within the region

A small number of LGAs exhibit significantly higher unemployment than the regional average, namely:

- Bourke 4.1%
- Brewarrina 4.6%
- Walgett 6.0%.

At the same time, two LGAs with mines and the largest city show unemployment rates lower than the regional average.

- Bogan 2.6%
- Cobar 1.3%
- Dubbo 2.2%.

With mining continuing to grow in the Cobar LGA, that shire has experienced consistently low unemployment since 2006. The highest level recorded was 4.4% in December 2010, while a low of 1.3% was recorded in Decemeber 2017.

*Unemployment is coupled with a declining population and decrease in the people of working age over the past 10 years.*

At only 42%, the working age population in the Orana region is 11% below the national figure of 53%. There has been a growing reduction of those in the workforce over the past 10 years, as shown in Census data.

## LABOUR FORCE STATUS (2016 CENSUS – PLACE OF USUAL RESIDENCE – PEOPLE)

The total number of people usually resident in Orana RDA zones in all Labour Force Status cohorts on Census Night 2016 was 118,590.

	2016 Persons	2011 Persons	2006 Persons	2001 Persons
<b>Not in the labour force</b>	<b>33,205</b>	<b>32,671</b>	<b>31,371</b>	<b>33,441</b>
<b>Employed, worked full-time</b>	<b>31,904</b>	<b>32,691</b>	<b>31,191</b>	<b>32,169</b>
<b>Employed, worked part-time</b>	<b>14,501</b>	<b>14,222</b>	<b>13,804</b>	<b>14,928</b>
<b>Employed, away from work</b>	<b>2,967</b>	<b>3,232</b>	<b>3,350</b>	<b>1,658</b>
<b>Unemployed, looking for full-time work</b>	<b>2,288</b>	<b>2,110</b>	<b>2,362</b>	<b>3,090</b>
<b>Unemployed, looking for part-time work</b>	<b>1,203</b>	<b>1,002</b>	<b>1,096</b>	<b>1,108</b>
<b>Not stated</b>	<b>9,748</b>	<b>5,870</b>	<b>5,989</b>	<b>3,950</b>
<b>Overseas visitor</b>	<b>392</b>	<b>343</b>	<b>292</b>	<b>0</b>
<b>Not applicable</b>	<b>24,295</b>	<b>24,876</b>	<b>26,194</b>	<b>0</b>

Source: REMPLAN Community, ABS Census of Population and Housing 2016, 2011, 2006, 2001



Dubbo, Mid-Western and Narromine LGAs have experienced sufficient growth to boost the regional population. At the 2016 Census the regional population grew by 2.5% overall, but other LGAs are declining, as illustrated by these population growth rates from 2011 to 2016:

- Bogan - 7.8%
- Bourke - 7.4%
- Brewarrina - 7.4%
- Walgett - 5.6%

### Skills gaps

There is a significant list of crucial skills gaps for this region. Across the 12 LGAs, the following trends critical skills shortages currently exist:

Skills gap	Orana LGAs with a shortage
Machinery operators	7
Secondary teachers	6
Hospitality staff, inc cooks, chefs and pastrycooks	6
Business managers and finance, inc accountants	5
Retail staff and managers	5
Mechanics	5
Early childhood teachers and child care workers	5
Mathematics teachers	4

These gaps are not necessarily reflected in the Australian Government's 2017 Short-Term Skilled Occupations List (STSOL). This list contains occupations required to meet critical, short-term skills needs but has a focus on major centres, not on the needs of rural and regional Australia. As employers in rural and remote Australia don't advertise in major newspapers (if they advertise vacancies at all), their needs are not currently being captured.

It is likely that changes are needed to the way government is identifying skills shortages to provide a more accurate assessment for occupations in the Orana region and other parts of rural and regional Australia. These gaps also impact on the wider community needs. For example, service clubs without a chef cannot offer meals; towns without a mechanic see people travelling and spending their money in larger centres; while mining towns where tradesmen can secure high salaries no longer have tradesmen to service the domestic market. Gaps in small rural communities such as these are not captured in the current STSOL calculations.

What the survey findings showed, when compared to the positions listed in the STSOL, is that both skilled and semi-skilled labour rate highly as areas of need across the region. These are areas where migration or relocation solutions might be an option. The biggest shortages appear to be in:

- Education, particularly secondary teachers and child care
- Health
- Drivers

- Hospitality, especially chefs and cooks
- Accounting and finance
- Meat processing (slaughtermen)
- Agriculture.

The table on the following page shows the percentage of the 190 businesses surveyed that identified recruitment as impossible or difficult by role and by industry in 2017.

### Short-term needs

Under the revised Regional Sponsored Migration Scheme visa (subclass 187) arrangements, small businesses are faced with a \$3,000 fee when they nominate a worker for a 187 visa. A \$5,000 fee applies for businesses with a turnover of more than \$10 million.

Employers in this region see this fee as a penalty for recruiting overseas staff to areas where unemployment is low but recruitment is difficult at best. While RDA Orana supports the concept of training people to fill the current skills gap under the Skilling Australians Fund, the short-term labour market needs labour over skills in this region. The needs of this regional labour market are critical and are now.

The fund is designed to provide a longer-term pathway when this region needs the kind of short-term fix that both skilled and unskilled migration can provide. Orana region employers cannot wait for a time in the future when the fund will produce more skilled Australian apprentices and trainees and are looking to the government to provide visa incentives to recruit skilled migrants.

Some have suggested that recruiting skilled migrants to fill short-term needs means a business can grow. By boosting the migrant worker's training skills, they can offer younger Australian workers apprenticeships or traineeships as the business grows.



## RDA Orana Position

RDA Orana is committed to supporting and enhancing skilled migration to build the regional economy and fill current skills gaps. It is opposed to small businesses being charged excessive fees to develop long-term training pathways when short-term migration can help boost struggling rural communities.



### Recommendations

1. Advocate for an extension of the existing skilled migration limits to fill existing skills gaps in rural communities.
2. Advocate for the abolition of the \$3,000 and \$5,000 Skilling Australians Fund contribution for small businesses (those with annual turnover of less than \$10 million) nominating a worker for a Regional Sponsored Migration Scheme visa (subclass 187), in areas where there is a genuine skill and labour shortage, as indicated by the unemployment figures.
3. Advocate for a change to the requirements for skilled migrants coming into a region on either a 187 or 489 visa so they stay in regional Australia for a minimum of five years.
4. Advocate for a review of the method used to determine the Short-Term Skilled Occupations List to better reflect the needs of rural communities with low unemployment that cannot attract skilled workers.
5. Advocate for tax incentives for small businesses to recruit skilled migrants to fill skills gaps that hamper the services on offer to small rural communities.



INDUSTRY

ROLE

	Agriculture/Forestry	Arts/Recreation	Building/Construction/ Mining	Education/Training	Financial	Government	Healthcare/Social	Manufacturing	Other Services	Retail	Technology/ITC	Tourism/Hospitality	Transport/Postal
Research staff	2.4%	0.0%	0.0%	0.0%	0.0%	20.0%	0.0%	0.0%	0.0%	5.0%	0.0%	4.5%	0.0%
Solicitors	2.4%	0.0%	0.0%	0.0%	0.0%	10.0%	0.0%	0.0%	12.5%	5.0%	0.0%	0.0%	11.1%
Care workers	0.0%	0.0%	0.0%	12.5%	0.0%	30.0%	8.3%	0.0%	0.0%	5.0%	0.0%	0.0%	0.0%
Mining specific	0.0%	0.0%	31.3%	0.0%	0.0%	10.0%	0.0%	0.0%	12.5%	0.0%	0.0%	0.0%	11.1%
Construction project manager	0.0%	0.0%	25.0%	0.0%	0.0%	40.0%	0.0%	0.0%	12.5%	5.0%	0.0%	0.0%	0.0%
Retail assistant	4.9%	0.0%	0.0%	0.0%	0.0%	10.0%	8.3%	0.0%	0.0%	35.0%	0.0%	4.5%	0.0%
Education workers, teachers assistants, etc	0.0%	0.0%	0.0%	68.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.5%	0.0%
Information technology	0.0%	0.0%	0.0%	6.3%	33.3%	40.0%	8.3%	0.0%	0.0%	10.0%	50.0%	4.5%	22.2%
Hospitality skills	0.0%	0.0%	0.0%	0.0%	0.0%	20.0%	0.0%	11.1%	0.0%	15.0%	0.0%	31.8%	0.0%
Health professionals	0.0%	0.0%	6.3%	6.3%	0.0%	30.0%	75.0%	0.0%	0.0%	5.0%	0.0%	0.0%	0.0%
Sales and marketing	9.8%	0.0%	0.0%	0.0%	0.0%	10.0%	0.0%	11.1%	12.5%	25.0%	0.0%	9.1%	22.2%
Labourers	19.5%	0.0%	6.3%	0.0%	0.0%	0.0%	0.0%	22.2%	0.0%	10.0%	0.0%	9.1%	22.2%
Customer service	7.3%	0.0%	0.0%	0.0%	0.0%	10.0%	8.3%	22.2%	12.5%	30.0%	0.0%	13.6%	11.1%
Engineering	0.0%	0.0%	43.8%	0.0%	0.0%	60.0%	0.0%	22.2%	12.5%	0.0%	50.0%	0.0%	22.2%
Chefs/cooks	0.0%	0.0%	0.0%	12.5%	0.0%	30.0%	8.3%	0.0%	0.0%	5.0%	0.0%	59.1%	11.1%
Apprentices and trainees	9.8%	0.0%	18.8%	0.0%	33.3%	20.0%	25.0%	22.2%	12.5%	10.0%	0.0%	18.2%	22.2%
Mechanical	22.0%	0.0%	37.5%	0.0%	0.0%	30.0%	0.0%	11.1%	25.0%	5.0%	0.0%	0.0%	33.3%
Drivers	17.1%	0.0%	12.5%	0.0%	0.0%	20.0%	0.0%	0.0%	12.5%	25.0%	0.0%	0.0%	88.9%
Office administration	14.6%	0.0%	0.0%	6.3%	33.3%	10.0%	8.3%	11.1%	12.5%	15.0%	0.0%	27.3%	55.6%
Accounting and finance	7.3%	0.0%	12.5%	12.5%	66.7%	30.0%	8.3%	11.1%	25.0%	5.0%	50.0%	18.2%	44.4%
Agricultural specific	61.0%	0.0%	0.0%	0.0%	0.0%	10.0%	0.0%	22.2%	12.5%	10.0%	0.0%	0.0%	0.0%
Machinery operators	31.7%	0.0%	37.5%	0.0%	0.0%	20.0%	0.0%	33.3%	25.0%	10.0%	0.0%	4.5%	33.3%
Trades	22.0%	0.0%	37.5%	0.0%	0.0%	40.0%	0.0%	22.2%	25.0%	15.0%	0.0%	13.6%	33.3%
Managers	19.5%	0.0%	25.0%	18.8%	0.0%	50.0%	16.7%	11.1%	12.5%	10.0%	0.0%	13.6%	55.6%
Professional/degree qualified	12.2%	40.0%	25.0%	62.5%	66.7%	60.0%	58.3%	33.3%	50.0%	10.0%	50.0%	9.1%	33.3%