



Skills Report Position Paper 7: Semi-Skilled Labour

REPORT FINDINGS

Of the 190 businesses and organisations surveyed in 2017 by RDA Orana for this paper, 60% identified remoteness and isolation as the biggest challenge affecting the profitability of their operations in the next five years. This was followed by 54% citing a lack of appropriate skills in the region and 53% facing issues with a small population base. Of the factors likely to impact on the future of their business, 91.4% cited access to a suitably skilled workforce.

After professional or degree qualified roles, the agriculture industry faced the biggest recruitment challenges, with 31% finding it difficult or impossible to attract staff in the 12 months leading up to the survey. Trades were the next most difficult to fill, with 19% finding it difficult or impossible. The problem for agricultural businesses is that the nature of seasonal activity in the region means that 40% of the workforce is casual or part-time.

Australia is economically and geographically diverse and the current unemployment rate of 5.6% is not reflective of the regional situation. December 2017 DEEWR data indicated the unemployment rate for the Orana region was 3.7%, which is lower than both the national average 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 4.4%
- 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%

The true picture is that some of these regions have jobs that they simply cannot fill.

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



Skills gap	Number of 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

While most of these gaps require skilled workers and RDA Orana is in favour of enhancing skilled migration into rural communities to fill existing skills gaps and grow regional economies, there is also a need for semi-skilled labour. These needs are strongest in the areas of agriculture and manufacturing.

Both skilled and semi-skilled labour rate highly as areas of need across the region and these represent areas where migration or relocation solutions might be an option. The biggest shortages appear to be in these areas:

- Education, particularly secondary teachers and child care
- Health
- Drivers
- Hospitality, especially chefs and cooks
- Accounting and finance
- Meat processing (slaughtermen)
- Agriculture.

The following table shows the percentage of the 190 businesses surveyed that were experiencing recruitment difficulties by role and by industry in 2017.



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%

RECRUITMENT CHALLENGES

There were also strong reports of Orana region employers advertising or promoting a vacancy in the past 12 months and settling for an employee who didn't really meet their expectations. Of the survey respondents in agriculture, 61% of survey respondents indicated they compromised in recruitment, while the figure was up to 89% for transport drivers.

Agriculture was one of the industries making the most use of word of mouth recruitment, at 86%, while 64% of manufacturing jobs are by word of mouth. In building, construction and mining, the figure is as high as 94%. This is largely because people used their existing networks to help screen applicants and source recommendations, particularly where they had been disillusioned by challenges they encountered through more formal recruitment processes.

There is significant new investment (totalling more than \$7.9 billion) due to come into this region through a number of key projects, including the inland rail and the small livestock abattoir at Bourke, which will bring more than 200 jobs to the struggling centre, creating a strong demand for semi-skilled and unskilled workers.


As sample of projects is provided below, with a detailed listing available in each local government profile:

Major project coming to the Orana region				
Project	Location	Value	Build jobs	Ongoing Jobs
Biohub and solar thermal plant	Cobar	\$250m	665	
Bodangora wind farm	Wellington	\$233m	120	7
Rail maintenance facility	Dubbo	\$50m	100	70
Small livestock abattoir	Bourke	\$60m	220	210
Wind farm with 272 turbines	Coolah area	\$643m	800	5
Wilpinjong Mine extension	Mid-Western	\$101	135	75
Australian Opal Centre	Warren	\$30	112	5
Gilgandra Solar Farm	Gilgandra	\$62	110	2
Inland rail – Narromine to Parkes	Narromine	\$300	1,138	-
Nevertire Solar Project	Warren	\$178.5	300	5
Nyngan Scadium project	Bogan	\$110	60	75

Without the introduction of people from outside the region, these projects may not become a reality. The solution is bringing more people in – either through relocation from areas of Australia with high unemployment, or migration solutions.

SITUATIONAL REVIEW AND GAP ANALYSIS

Agriculture ranks second on the list of key output sectors for the Orana region output, contributing \$1.982 million, or 12.3% to the regional economy and employing 6,711 people in 2017.



However, regional Australia is experiencing what the National Farmers Federation (NFF) describes as a chronic labour shortage. This is despite a national unemployment rate of 5.6% in February 2018 and a low figure of 3.7% in the Orana region. The national figure is not reflective of what's happening at a regional level.

While pockets of regional Australia along the eastern coast are experiencing unemployment rates in double figures, there are jobs in western NSW that cannot be filled. While a focus on relocation could assist, young unemployed people from coastal regions do not have the support structure in place to move to remote and rural areas for employment reasons alone.

The NFF's 2018 farm workforce survey shows that Australia's agriculture workforce needs can surge by up to 500% in peak times. It found that farmers from all sectors – including horticulture, dairy, beef and grains – are struggling to fulfil their staffing needs.

Two-thirds of the 160 farmers surveyed ranked labour concerns as one of their top three issues – alongside red tape and employment costs – with most reporting shortfalls in skilled, semi-skilled and unskilled workers.

Almost 90% had workforces made up of permanent Australian workers.

While there were more respondents from the grains and livestock industries – as opposed to horticulture, which traditionally relies more heavily on casual foreign workers – the results showed farmers would prefer to engage domestic workers before they turn to migrant workers.


ABS data shows there were 217,000 full-time and 88,000 part-time agriculture jobs created in 2017 – yet industry says it is still short by almost 100,000 workers. Compounding the ABS figures are the underreported statistics. In this region, and no doubt many others, agricultural employers have given up on advertising and continue to fill positions by word of mouth, so their vacancies go unrecorded.

While backpackers have regularly been used to supplement agricultural workforces, their focus is primarily on cultural exchange, lifestyle and experience over filling a labour shortage. Working holiday visa numbers have decreased by 60,000 in five years, with the decline attributed to global economic conditions, the local exchange rate, the lack of a pathway to a permanent visa, and stories of illegal exploitation.

The farm workforce survey findings have prompted the NFF to renew its call for a dedicated agriculture visa—a move that is supported by RDA Orana.

WORKFORCE SHIFTS

A long-term trend in Australia's economy continued in the past decade: fewer people are working in agriculture and manufacturing, and more are finding jobs in services. The loss of agricultural and manufacturing work is felt most keenly in regional and outer-suburban areas. To add to the pain of rural communities, many service jobs – particularly professional services – exist in larger centres, so not only do they lose workers, they lose them from their communities as younger and more-educated people gravitate towards larger regional towns. In this region, the growth of Dubbo, for example, has long been at



the expense of smaller communities that continue to decline. Of the small number of new migrants to the region, most also tend to favour larger centres.

This adds pressure in addition to the family drift issue facing many smaller towns and the impact of ageing and declining populations.



RDA Orana Position

RDA Orana is committed to ensuring the region's employers have access to a workforce of semi-skilled labour through a focus on migration and relocation and changes to the visa system to boost the agricultural industry and support proposed developments with strong new workforce needs.



RECOMMENDATIONS

1. Advocate for amendments to the recommended guidelines for allowing semi-skilled migration to encourage more migration to rural communities to fill existing skills gaps.
2. Support the efforts of the National Farmers Federation to have a dedicated agriculture visa introduced.
3. Advocate for tax incentives for small businesses to recruit semi-skilled migrants to fill current gaps in the labour market and support new developments coming into the region.
4. Advocate for the Regional Skilled Migration Scheme be expanded to include semi-skilled occupations such as:
 - meat process worker
 - meat boner and slicer
 - machine operators
 - mobile plan operators
 - truck drivers (including heavy trucks).