

## Department of Economic Development, Tourism and the Arts

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The Secretary  
House Standing Committee on Employment and Workplace Relations

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### **REQUEST FOR COMMENT ON THE TERMS OF REFERENCE OF THE INQUIRY INTO REGIONAL SKILLS RELOCATION**

The Department of Economic Development, Tourism and the Arts (DEDTA) has developed this response to the inquiry based on observations by staff working with business enterprises, predominantly those pursuing growth strategies or those dealing with the affects of downsizing and closure. In this context DEDT has made a narrow interpretation of the Terms of Reference and does not purport to have completed a comprehensive analysis of the Commonwealth's employment policies. The Tasmanian Government has not submitted a whole-of-government response to the inquiry and the following comments are necessarily confined to DEDTA's specific areas of operation.

#### **Terms of Reference**

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

#### **Introduction**

The department believes that the terms of reference for this inquiry are limited. The standing committee is to report on the application of government employment policies to address skill shortages in regional Australia with unemployed workers. The Department of Education, Employment and Workplace Relations in its submission to the inquiry (11 March 2010) and feedback from DEDTA staff reveal that skilled redundant workers do not usually have difficulty finding work. It is the lower level (unskilled) employee who has difficulty finding alternative employment.

The priority should be to fast track the acquisition of specific skills to open up new employment opportunities at the local and regional level.

## **Tasmanian Labour Market**

Tasmania has a number of challenges in the labour market. The Tasmanian population is ageing at a faster rate than that of any other Australian state or territory, and now has the highest median age of all states and territories. Over the past 35 years the proportion of Tasmania's population below the age of 30 years has been decreasing at a faster rate than the national average. At the same time, the proportion of Tasmanians aged 40 years and over has increased at a faster rate than the national average. Tasmania's working age population is likely to peak at around 322 000 in 2010 and then start to decline. Over the next 40 years, the decrease could be around 20 per cent. Tasmania's labour force participation rate is currently around 60 per cent, compared to the national average of about 65 per cent. Generally, the rate is lower for all age groups in Tasmania compared with the national average. Despite recent growth, labour productivity levels in Tasmania are currently around 85 per cent of the national average (Source: Demographic Change Advisory Council Issues paper October 2007).

### **Background**

DEDTA through its Skills Response Unit (SRU) develops strategies to address the emerging employment and skills needs of major industries and assists employers to respond to the impacts of business restructures on the Tasmanian economy. SRU works proactively with employers, employees, employment service providers and State Government regulatory and training agencies in developing those strategies. SRU has a close and productive working relationship with Australian Government agencies and the Job Services Australia providers, and encourages engagement with current national assistance programs.

There has been a number of high-profile company restructures or closures in Tasmania in the past two years including Auspine at Scottsdale, ACL Bearings in Launceston, Cadbury in Hobart, McCain's vegetable factory in Smithton, PaperlinX in Burnie and Wesley Vale, Forest Enterprises Australia in Launceston, and most recently Austal Ships at Margate. This has resulted in an increased number of unemployed/redundant people particularly in the north and northwest of Tasmania who are seeking alternative employment. The relevance of this information to this enquiry is that the employment opportunities identified for these people may be outside of the employee's current geographical commuting comfort zone.

### **Current labour shortages**

Currently in Tasmania employment shortages are being experienced in the building industry as a result of strong demand in part due to the Australian Government stimulus package and the civil construction sector where infrastructure activity is also high. It has also been reported that some redundant workers are willing to become interstate commuters (residing in Tasmania and flying out to work each week or fortnight) taking on interstate employment opportunities (primarily in Victoria, Western Australia and South Australia). Labour hire companies are acting as an effective vehicle for these workers.

### **DEDTA's response**

The department's assistance has been directed to address impediments to employment in regional localities with funding provided to alleviate specific obstacles. Examples include the provision of grant funding for a community organisation to purchase two small buses and provide free transport to alternative employment locations in north-west Tasmania where public transport networks do not cater for employee needs.

DEDTA also delivers the Workforce Participation Program where impediments to employment can be addressed at a business or individual employee level with some government financial assistance.

## **Issues for consideration**

### ***Workforce Planning***

Good planning supports the achievement of individual business outcomes and provides input to the identification of future skills, appropriate training and career opportunities. DEDTA previously ran a pilot program to encourage greater uptake of workforce planning. The pilot was a success, however, the support for workforce planning would be more appropriately institutionalised within the Australian Government's current support network. In this regard there is merit in encouraging employers to engage in workforce planning, with support from Employment Service Providers (ESPs) so future skills needs can be identified and met from the available pool of unemployed/ redundant persons.

Where appropriate the workforce plan should include career plans for specified functions in the business. The existence of career plans is likely to assist in the attraction and retention of employees in regional areas.

### ***Relocation Costs***

The Australian mining industry has led the way in addressing skill shortages with fly-in fly-out employees and paved the way for other industries to do likewise, if the cost benefit analyses are positive for the company and the employee. Mining is an industry where remuneration is relatively high and fly-in fly-out is accepted practice in part due to the lack of comprehensive community facilities to support families in remote locations.

Many firms manage highly skilled labour forces across state borders and internalise the costs as a means of protecting and retaining relevant skills in the business.

In areas of severe or critical skills shortage the opportunity exists for government to contribute to the transport and personal relocation expenses of individuals, initially on a short-term basis, to maximise employment and economic outcomes. Of course, any government support should be measured based on commitments from employees and employers.

### ***Re-training and up-skilling***

The ability to fast-track the up-skilling of unemployed/redundant people to gain relevant skills to meet the requirements of known job opportunities is a critical issue. Existing programs and services respond well to this challenge, however, this remains of high importance to the Tasmanian economy with the prospect of further industry restructuring.

There is an increasing trend by employers to identify skill sets and reduce reliance on traditional trade certificate qualifications. Employers' needs for skilled employees may be able to be satisfied by skill set training rather than traditional certificate or apprenticeship pathways. Industries are likely to demand greater flexibility in training and skills programs to respond to their specific skill set needs.

## Conclusion

DEDTA recognises the Commonwealth's enduring role in addressing skills shortages in the Australian economy and supports the Committee's consideration of policies that allow:

- increased funding by the Commonwealth to ESPs to assist employers experiencing labour shortages to develop workforce plans to map current and future labour force requirements
- increased funding by the Commonwealth to address the impediments faced by redundant/unemployed persons undertaking relocation
- increased funding by the Commonwealth to meet the demand for flexible skills set training.

Thank you for the opportunity to comment. Should you wish to discuss aspects of DEDTA's comment please contact Mr Robert Tilley in the department's Industry Development division

Yours sincerely

Elizabeth Jack  
**Acting Secretary**

29 May 2010