



The Regional Paradox

**Undersupply of skilled workers and over representation
of unemployed and disengaged youth**

Section 1: Overview and research

April 2016

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1 Executive summary

Regional Australia faces major conundrum with the need to address the simultaneous challenges of high levels of youth unemployment occurring within the context of local skills shortages. Achieving solutions for communities is acknowledged as requiring the complex interplay of factors and partnerships to address the major barriers and challenges to success.

As both a key player in the provision to VET and a major employer with an organisational presence throughout Australia, TAFE has traditionally played a key role in working with a range of stakeholders to foster social cohesion and re-energise communities with 19.6% of TAFE students living in rural and remote areas in Australia.

The research has identified that skill shortages exist when employers are unable to fill or have considerable difficulty filling vacancies for an occupation, or significant specialised skill needs within that occupation, at current levels of remuneration and conditions of employment, and in reasonably accessible locations. 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 the specialist skill requirements of the vacancy; differences in hours of work required by the employer and those sought by applicants; or transport issues.

In order to gain an overview of regional TAFE Institute activity a project was established by TDA with the explicit purpose of:

- exploring the role of regional TAFEs in overcoming regional skills shortages and assisting to reduce unemployment in a regional context; and
- developing case studies and data that support proven strategies which could be applied by a regional TAFE to improve outcomes in these areas.

The December 2015 data available from the Labour Force Survey conducted by the Australian Bureau of Statistics (ABS) indicates that the unemployment rate for those aged 15+ in the workforce was 5.8%. However, for those young people in the 15-24 age group across Australia, unemployment is more than double this rate at 12.1%, and higher again for 29 of the 39 regional labour force regions. In some regions the levels are more than three times the rate. A National Skill Shortage List, compiled annually for Australia and for each State and Territory and for metropolitan and regional areas, identifies occupations where there are skill shortages or recruitment difficulties.

Understanding the factors at work locally is essential to developing local remedies. Given the variation in labour markets, having flexibility to coordinate support and utilize the services required to overcome the different issues that face regions is critical, as is local level input and community engagement to the development of a tailored and whole-of-community approach.

There is substantial international experience in related policy and program initiatives. Research reports released by the OECD in recent years have focused on local efforts to increase employment growth, address the undersupply of skilled workers and the overrepresentation of unemployed and disengaged youth. The reports highlight the assessments undertaken and lessons learnt from successful local approaches to support youth into employment, education and training and identify a range of policy

issues with some relating to national features and policy design, while others relate to local implementation and coordination.

TAFE Institutes have a history of involvement in partnering with regional industry and local stakeholders to deliver government programs associated with youth unemployment and skill shortages. Since the early 1980s, TAFE has been regularly funded and demonstrated leadership to deliver education and training programs for unemployed young people designed to improve their work readiness, employability and prevocational skills.

In a December 2015 survey, the experiences and views of TAFE Institute Directors were sought to inform this research; eleven Directors from across six States/Territories i.e. nearly 40% of the 28 regional TAFE Institute members of TDA, indicated they have been involved in significant targeting of skill shortage occupations on the National Skill Shortage List:

- 60% of responses focused on training for Child Care Workers and Enrolled Nurses;
- 50% focused on Chefs;
- 40% focused on Arborists and Metal Fabricators;
- 30% focused on Electricians, Airconditioning & Refrigeration, Pastrycooks, Cabinetmakers, Hairdressers, Automotive Electricians, Motor Mechanics and Welders (First Class).

Seven of the eleven Institutes surveyed indicated that there had been coordinated efforts in their region where their TAFE Institute had worked with local employers and with other local agencies to develop and implement programs aimed at addressing youth unemployment and skill shortages i.e. 25% of all regional TAFE institute members of TDA across Australia. TAFE Institutes report they are regularly involved in tailoring the training and providing additional work ready skills, but are constantly challenged by the fact that in smaller regional communities, thin markets mean that there is limited opportunity to run training that is viable.

In the absence of a comprehensive policy approach at all levels of government, TAFE Institutes and local agencies have been working together to tackle the issues. TAFE Directors, in reporting the outcomes of their activity, are clear that there have been varied outcomes from program initiatives designed to address skill shortages or youth unemployment. Successes are greater for both where the targeting of young people to enter specific occupations is more rigorous and the coordination of services to support young people is high.

One of the key findings in this research is that whilst there have been policy imperatives associated with addressing skill shortages and youth unemployment in Australia, the issues have generally been progressed separately in an ad hoc manner. It would now be timely for governments to move to a concerted, comprehensive and coordinated policy imperative designed to draw together the resources and programs required for success in tackling this twin issue from across portfolios and across levels of government.

TAFE Regional Directors identified the essential principles which need to be in place to address skill shortages and youth unemployment in tandem. Essentially, ten principles identified from within the OECD research as underpinning good practice were tested with TAFE Institute Directors, with advice sought on how these rated in terms of priority, based on their experience.

Responses showed a strong degree of congruence with the OECD research with over 50% of Directors rating the following principles as Very High or High Priority:

- work placements for those involved in employment and training programs meeting high quality standards;
- deep and broad local partnerships are in place to bring together education and training, industry, employment agencies, government departments etc;
- employer ownership of the issue, decent work and sustainable work practices, with firms investing in their future workforce;
- sufficient resources to enable varied levels of support, especially for those at risk;
- establishing the right time for intervention – asap after leaving school;
- developing a pathway approach to delivery;
- local areas having flexibility in policy design and delivery;

Three other principles scored as slightly lower priorities but still gained overwhelming support:

- policy sharing across local areas with similar labour markets;
- reliable data and indicators in understanding local skills supply and demand;
- mobility grants being available to enable young people to shift location to gain employment.

Major barriers/impediments to success emerging from the survey referred to:

- economies of scale and the cost of delivery in regional areas, with the need for additional funding to complement the traditional funding model;
- the lack of an overarching strategy and support by government for activity involving employment, training and unemployed youth and servicing the client groups being targeted;
- difficulties for TAFE Institutes sharing best practice within a competitive environment.

2 Recommendations

The recommendations are based on the essential principles identified during the research and discussions which have taken place. There are 5 recommendations which have emerged from the findings.

Recommendation 1

That the Australian Government, through the Department of Education and Training and the Department of Employment, and in partnership with State Governments, establish a pilot program in 10-15 locations across regional Australia. This program should be focused on addressing local skill shortages in areas experiencing high levels of youth unemployment and in planning for implementation:

- take into account the lessons learnt in similar OECD policy and program initiatives
- establish partnership arrangements with TAFE Institutes, State and Territory governments and agencies, employer organisations and Local Government Authorities and
- evaluate pilots with the intention of providing longer term funding for successful pilots.

Recommendation 2

That the Australian Government Department of Education and Training, in conjunction with Regional Development Australia, provide the funding and infrastructure support required for the development of regional Workforce Development strategies to inform future investment and activity in the skills and training sector, including a 3–5 year regional local market needs analysis, concentrating on the major industries for regional Australia such as manufacturing, agriculture, health and social services, tourism and construction.

Recommendation 3

That the Australian Government Department of Education and Training, in conjunction with State Training Authorities and Skill Service Organisations (SSOs) where appropriate, provide the funding and support required to ensure a smooth transition for young people in regional locations from school to further education and/or training and employment or for unemployed young people to re-engage, through:

- the provision of financial and administrative support to enable the development of regional partnerships between secondary schools, training providers, industry and community organisations to facilitate successful outcomes for youth and industry;
- the provision of program/s to help young people achieve Year 12, or its equivalent and/or to facilitate their re-engagement with education or training to improve job prospects;
- exploring and implementing projects that support young people to develop employability and entrepreneurial skills;
- supporting TAFE Institutes to work in partnership with schools to provide Vocational Education and Training programs for school students, including high quality work exploration/vocational placements;
- support for the development of projects that improve Australian School-based Apprenticeship outcomes;

- developing programs which provide individualised (case management) support for high-risk young people transitioning from school;
- providing financial resources to TAFE in regional areas, acknowledging the additional cost burden, and reduction in social support, placed on rural and remote students who must relocate to study;
- reviewing current policies and removal of system barriers where aged based funding ‘cut-offs’ act as a barrier to effectively supporting students to achieve employment pathways.

Recommendation 4

That TAFE Institutes be supported to undertake an enhanced leadership role in the process of addressing local skill shortages and/or high levels of unemployment in regional areas, and to increasingly take on a key role within local partnerships designed to address these issues, through:

- support for government initiatives designed to encourage youth training for employment in skill shortage occupations in regional industries;
- developing courses and programs which provide training, mentoring support and recruitment pathways to sustainable employment in the region;
- developing strong networks with local employers and industry so as to establish place based models where employers and industry input into the planning of training activities and programs that ensure a pipeline of robust and transferrable skills for local individuals seeking employment;
- piloting programs which focus on job streams and career vocations, where the focus is midway between the generalist educational activities of school and the highly targeted and jobs specific outcomes of Vocational (training package led) qualifications;
- developing and marketing ‘shop front’ activities which attract young people and have the staffing capacity to provide them with succinct and focused advice related to their transition from school or unemployment into further education, training or work.
- developing VET practitioners capability, specific pedagogy to deal with the complex needs of unemployed youth to ensure that training provides a labour force which meets regional skills needs.

Recommendation 5

That, in order to utilise the capacity of Local Government Authorities (LGAs) across Australia to undertake a key role in addressing skill shortages in areas of high youth unemployment within their area of responsibility, the Australian Government Department of Education and Training and the Department of Employment discuss with the Department of Infrastructure and Regional Development, TAFE Directors Australia, Australian Centre of Excellence for Local Government and Local Government Professionals Australia, the potential for LGAs to:

- set up a Roundtable/Youth Summit at the local level to consult with youth, training providers and employers to develop ideas, activities and pathways to employment and/or training;
- assist local schools through:

- the provision of employment information related to employment in local government and within local industry;
 - the provision of resources aimed to upskill career advisors in secondary schools and create better linkages between schools and local industry to ensure that they provide the best possible advice to students appropriate to the region;
 - harnessing community and business leaders to encourage the retention of students and advise on options for school leavers;
- provide services that identify and recommend options available for young people to participate in study and work;
- provide financial and mentoring support to relevant as youth/community organisations, to assist long-term unemployed youth to find a pathway to work and study.

3 Introduction

The context

1.1 As a major employer with an organisational presence throughout Australia, TAFE has traditionally played a key role in working with a range of organisations to foster social cohesion and re-energise communities. They regularly add value in the key role they take in efforts aimed at community capacity building and sustainability and have a sound record in taking on their role as a public provider to fulfil community service expectations. High profile successes have been achieved by TAFE Institutes located in regional and metropolitan areas; often though, the sense of serving the local community is clearer in regional areas.

1.2 One of the major conundrums affecting regional Australia is the need to address local skills shortages within the context of high levels of youth unemployment. These are often seen simultaneously. Achieving solutions for communities is acknowledged as requiring the complex interplay of factors and partnerships to address the major barriers and challenges to success.

For TAFE Institutes in regional Australia the issue looms large - 19.6% of TAFE students live in rural and remote areas in Australia.

3.3 A recent paper published by Christopher Stone, *Valuing Skills* indicates that:

TAFE is playing a greater role in meeting industry needs, directing a greater proportion of training towards areas of skill shortage than private registered training organisations.¹

This project

1.4 During 2015 TAFE Directors Australia established a *Regional Advisory Committee (RAC)* to provide advice and recommendations to the Board of TAFE Directors Australia on matters relating to regional Australia. In the consultations and discussions held in the second half year of 2015, a significant number of Regional TAFE Institutes identified a range of projects that they are involved in and which are important enablers for better regional outcomes for community and business. Addressing skills shortages and youth unemployment was identified as an area of focus.

1.5 In order to gain an overview of regional TAFE Institute activity in this area a project was established by TDA with the explicit purpose of:

- exploring the role of regional TAFEs in overcoming regional skills shortages and assisting to reduce unemployment in a regional context; and
- providing three case studies and data that support proven strategies which could be applied by a regional TAFE to improve outcomes in these areas.

Essentially, the Regional Advisory Committee of TDA was seeking to develop **practical** solutions around the paradox of skills shortage and high levels of youth unemployment.

¹ Christopher Stone, *Valuing Skills*,

1.6 The key objectives identified included the need to:

- define the meaning of skills shortages in regional and rural areas;
- examine, evaluate and document the paradox of skills shortages and high youth unemployment in regional and rural Australia;
- identify the most practical role for TAFE in overcoming skills shortages and youth unemployment;
- identify best practice case studies in how skills shortages and youth unemployment can be matched for the benefit of the region;
- identify major barriers or impediments to supporting youth getting into skilled employment;
- examine the importance of pre-vocational pathways and work experience.

1.7 The key outcomes being sought include the preparation of a report providing:

- a clear understanding of skills shortages in regional and rural Australia, in particular where TAFE has a role in providing skilled workers for industry;
- a clear understanding of the drivers of youth unemployment in regional and rural areas, focusing on where TAFE has (or could have) a role in addressing this issue;
- a set of recommendations (including at least 3 case studies demonstrating examples) of the most effective strategies, services, programs, resources and networks that would enable regional TAFEs to better respond to this issue, as well as achieve significant improvements in reducing the disparity of skills shortages and youth unemployment in regional areas;
- a set of systemic recommendations for policy makers and influential stakeholders that would enhance the delivery of improved outcomes surrounding this issue, in particular in areas where regional TAFEs can play a role.

The methodology

1.8 The methodology used in the development of this report comprised:

- a limited literature review and data research exercise to assess relevant international, national, state & regional data & strategies in research & reports;
- a survey of CEOs of regional TAFE Institutes seeking advice on their current efforts to address the paradox, barriers existing, an assessment of the potential role TAFE institutes could play, and identifying examples of current activity which might be the subject of case studies;
- consultation with a range of stakeholders able to assist in identifying potential sites;
- the identification and write up of case studies;
- the development of a draft and final report.

1.9 This report outlines background data and research on the issue, the views of TAFE Institute Directors and case studies of activity.

4 Data and research

2.1 In 2014, long-term unemployment in Australia reached its highest level in a decade. At the same time, it is predicted that Australia will need 800,000 new workers over the next five years. With 35% of our working age population not working, there is enormous untapped potential, including engaging long-term unemployed people more effectively.² The issue is often starker for young people.

2.2 As indicated in Section 1, one of the major conundrums affecting regional Australia is the need to address local skills shortages within the context of high levels of youth unemployment. To provide a broad overview of this national issue this section of the report outlines some of the data and research available from a regional perspective, highlighting:

- unemployment rates for the general population as well as the rates for young people;
- research available on skill shortages and recruitment difficulties in Australia; and
- the list of skill shortage occupations in Australia.

2.3 Recognizing the complexity of the issues faced and the need for a range of factors to be addressed ‘in sync’ and for key stakeholders to work in partnerships to find solutions, recent OECD research is examined, drawing on international examples which have been implemented locally.

Youth unemployment

2.4 The most authoritative, up to date labour market information on employment and unemployment in Australia is outlined by the Department of Employment, using data available from the Labour Force Survey conducted by the Australian Bureau of Statistics (ABS). The seasonally adjusted data for December 2015 indicates that the unemployment rate for those aged 15+ in the workforce was 5.8%. However, for those young people in the 15-24 age group, unemployment is more than double this rate at 12.1%.

2.5 The Department of Employment website provides a further breakdown of this data available on a regional basis, with the regional boundaries used in the ABS Labour Force Survey being defined at the Statistical Area 4 (SA4) level in the Australian Statistical Geography Standard. There are 87 SA4’s across metropolitan and regional Australia.

This information can be further disaggregated to show finer geographic divisions via the data available on Small Area Labour Markets.

2.6 **Table 1** overleaf provides data available on unemployment rates for the general population within the workforce i.e. aged 15+, and for youth unemployment i.e. aged 15-24, as at December 2015. The Table focuses on the data for each State/Territory and for 41 of regional SA4s, as well as providing, for reasons of comparison, the statewide data and that for the greater capital city areas. Data is not provided on each of the SA4s in the metropolitan areas.

² <http://www.socialventures.com.au/work/iei/#sthash.6klJx54R.dpuf>

Table 1: Unemployment rates for the general workforce and for 15-24 year olds by Labor Force Regions

State/Territory and Labor Force Region (SA4)	Unemployment Rate (% 15+)	Youth Unemployment Rate (% of 15-24 year olds)	State/Territory and Labor Force Region (SA4)	Unemployment Rate (% 15+)	Youth Unemployment Rate (% of 15-24 year olds)
Australian Capital Territory	5.2	11.9	South Australia	7.2	15.6
New South Wales	5.2	12.4	<i>Greater Adelaide</i>	7.2	15.2
<i>Greater Sydney</i>	4.6	11.0	Barossa-Yorke-Mid North	9.9	20.3
Central West	5.7	14.6	SA – Outback	6.3	15.2
Coffs Harbor & Grafton	5.4	9.0	South East	5.3	15.3
Far West & Orana	3.6	16.9	Tasmania	6.8	15.4
Hunter Valley, excluding Newcastle	7.8	21.9	<i>Hobart</i>	6.2	14.7
Illawarra	4.6	12.7	Launceston & North East	7.7	16.6
Mid North Coast	7.7	18.6	South East	5.6	21.3
Murray	8.4	14.2	West and North West	6.2	14.3
New England & North West	8.3	18.6	Victoria	5.9	14.5
Richmond-Tweed	8.5	17.9	<i>Greater Melbourne</i>	5.7	14.7
Riverina	2.9	9.8	Ballarat	7.2	15.2
Southern Highlands & Shoalhaven	6.5	19.5	Bendigo	7.4	12.8
Northern Territory	4.1	9.8	Geelong	3.6	18.0
<i>Darwin</i>	2.8	7.6	Hume	4.1	18.0
NT Outback	4.5	13.6	Latrobe – Gippsland	7.1	12.0
Queensland	5.8	13.2	North West	5.9	11.1
<i>Greater Brisbane</i>	5.5	12.0	Shepparton	6.0	13.6
Gold Coast	4.5	12.7	Warrnambool and South West	2.4	9.6
Cairns	7.4	20.3	Western Australia	6.3	10.7
Darling Downs/Maranoa	2.5	7.7	<i>Greater Perth</i>	5.9	11.2
Fitzroy	5.3	13.0	Bunbury	3.1	7.5
Mackay	7.6	16.2	WA - Outback	7.8	8.8
Queensland Outback	15.1	25.6	Wheat Belt	4.1	11.7
Sunshine Coast	4.8	9.6			
Toowoomba	6.9	13.8			
Townsville	5.9	18.4			
Wide Bay	7.3	20.6			

2.7 The evidence indicating high levels of youth employment patterns is clear – in general the youth unemployment rate is at least double that of the general population, and in some regional areas more than three times the rate e.g:

- in NSW - the Hunter Valley, Mid North Coast, New England and North West, Richmond-Tweed, and Southern Highlands and Shoalhaven;
- in Queensland - Cairns, Queensland Outback, Townsville and Wide Bay;
- in SA - the Barossa-Yorke-Mid-North;
- in Tasmania - the South East; and
- in Victoria, Geelong and Hume.

Similar patterns will also occur in some SA4s in the metropolitan regions.

2.8 Research undertaken by Deloitte Access Economics for DEEWR in 2012³ provided an update on the range of factors contributing to relative success of young people making the transition from school to work over a period of time. The reasons for rates of unemployment varying across regional locations, as well as the transition outcomes of young people, are complex. In some cases, rates simply reflect features of the labour market and behaviours within the market; in other cases, making a successful transition will be affected by factors relating to:

- the young person's level of school completion;
- gender;
- participation in part-time work while at school;
- participation in VET while at school;
- whether they are Indigenous or migrants or have a disability;
- levels of literacy and numeracy;
- location; and/or
- socioeconomic status.

2.9 Analysis of the reasons are not the subject of this report but are factors at work locally which need to be addressed in assisting young people to develop the skills required to take on work in skill shortage areas in regional locations.

Skill shortages and recruitment difficulties in Australia

2.10 The causes of skill shortages are very diverse. A range of research documents and data is available in Australia on skill shortages and recruitment difficulties, produced by government departments and agencies and by independent research organisations. For the purpose of this project we have focused on the data used by governments, given it is the basis for decisions by governments about where resources ought to be applied. This is not to say, however, that skill shortages or recruitment difficulties will not exist outside the various lists produced and may be peculiarly local in some instances.

³ Deloitte Access Economics, *Youth Transitions Evidence Base: 2012 Update*, undertaken for DEEWR, 19 November 2012

2.11 The primary source of data on skill shortages is collected and publicized via the Department of Employment Skill Shortage List. This list defines skill shortages and recruitment difficulties as follows:

- **Skill shortages** exist when employers are unable to fill or have considerable difficulty filling vacancies for an occupation, or significant specialised skill needs within that occupation, at current levels of remuneration and conditions of employment, and in reasonably accessible locations.
- **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 the specialist skill requirements of the vacancy; differences in hours of work required by the employer and those sought by applicants; or transport issues.⁴

2.12 The latest research to ascertain specific skill shortages in Australia was undertaken by the Australian Government Department of Employment during 2014-2015. The research is undertaken across approximately 100 professional, technical and trade occupations and results in a skill shortage list being compiled for Australia and for each State and Territory. The research identifies occupations where there are skill shortages or recruitment difficulties and rates these based on employers' recruitment experience for workers with average experience. It measures whether vacancies are filled six weeks after advertising for professionals and technicians and four weeks for other occupations. This broad sweep of data may mask what is experienced by individual employers or in specific locations and is also quickly out-of-date.

2.13 The research indicates:

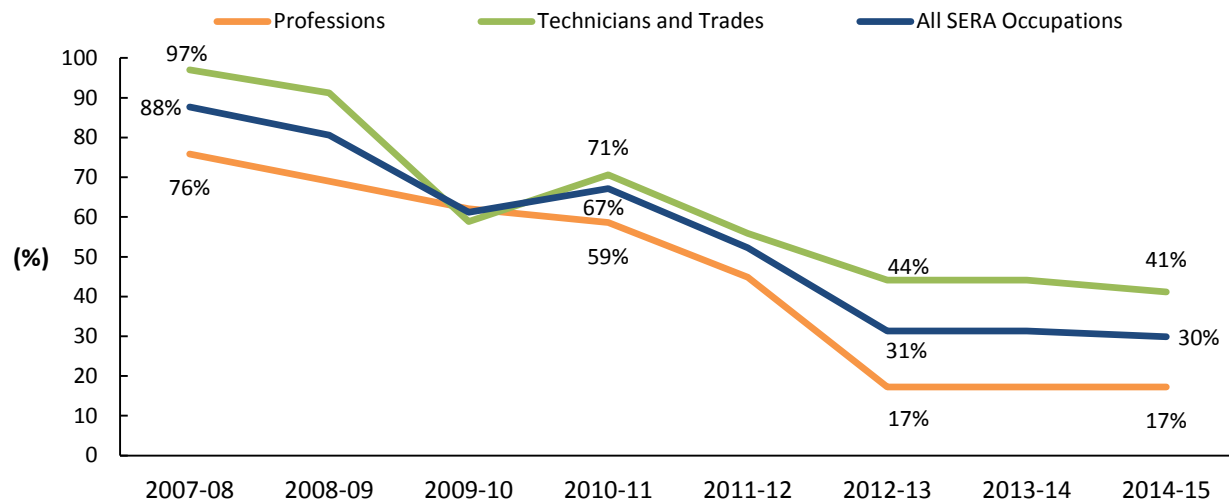
- there are more than enough applicants with relevant qualifications, or appropriate skills and experience, for vacancies in almost every occupation;
- employers do not necessarily readily fill their vacancies with workers who meet their needs. In 2014-15, there was an average of 12.1 applicants for each skilled vacancy for technicians and trades, of whom an average of 2.2 were considered by employers to be suitable;
- most applicants held relevant qualifications, but around three quarters of qualified applicants were considered to be unsuitable;
- more than a quarter of skilled vacancies remained unfilled four to six weeks after advertising (this has apparently not changed from 2013-14);
- the reasons for the unfilled vacancies are varied, but include:
 - no applicants (5 per cent of employers);
 - no suitable applicants (qualified applicants often lacked experience or other attributes employers sought). The Department research indicates the following reasons for applicants for Technicians and Trades Workers positions being deemed unsuitable:
 - failure at work tests/trials;
 - lack of experience;

⁴ Australian Government Department of Employment, *Skill Shortage List Australia 2014-2015* reflecting research undertaken to 30 June 2015 (September 2015)

- inadequate specific experience or specialist skills;
- poor communication skills;
- not holding required tickets or licences;
- being unqualified;
- location (preferred applicants were unwilling to relocate); and
- employers being unable to agree on the terms and conditions of employment with the preferred candidates.

2.14 It is acknowledged also that some industries are more susceptible to complex skill shortages (those with multiple causes), including agriculture and construction. For other industries, including wholesale trade, retail trade, and property and business services, the incidence is often lower. In this context, a small number of occupations remain subject to significant widespread skill shortages, but there has been a marked decline in the extent of skill shortages over recent years with shortages of technicians and trades workers being more prevalent than those for professionals. See **Figure 1** below.

Figure 1: Proportion of occupations in shortage, Australia, 2007-08 to 2014-15⁵



Note: This research is based on a set of around 70 consistently assessed occupations.

2.15 While the ability of employers to recruit skilled workers varies by State, Territory and Region, the research indicates that the differences have narrowed in recent years. In 2014-15, employers in non-metropolitan areas continued to attract fewer applicants than those in metropolitan locations, although there was little difference in their ability to fill their vacancies. Around 70 per cent of non-metropolitan vacancies were filled compared with 71 per cent of metropolitan vacancies.

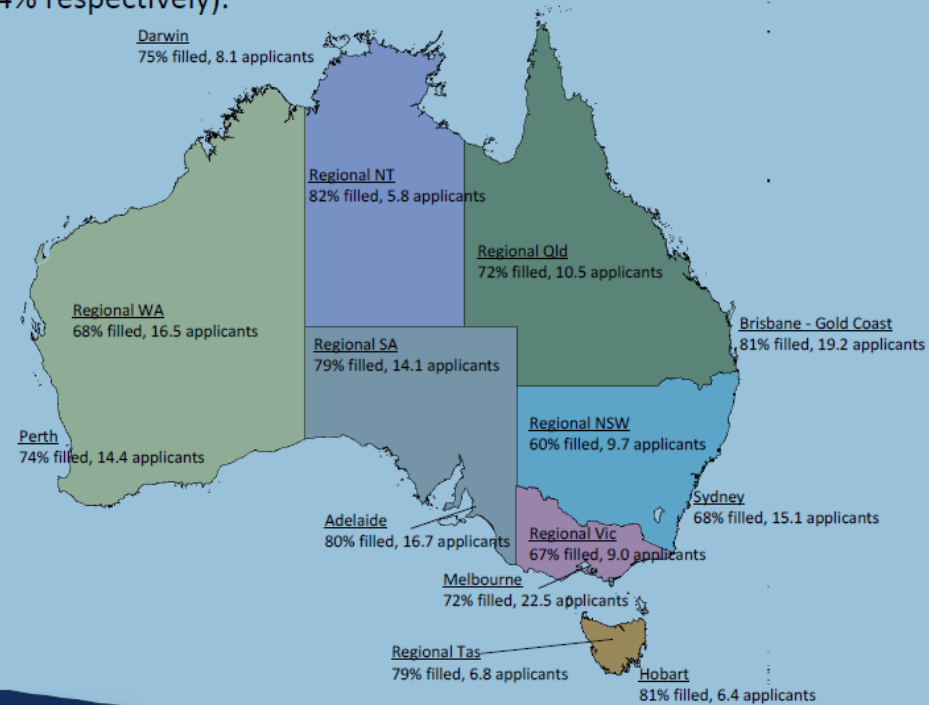
An overview of the situation across Australia and in each State and Territory for capital cities and in regional areas is shown in **Figure 2** overleaf.

⁵ Labour Market Research and Analysis Branch, Department of Employment, *Skill shortages – Statistical summary 2014-2015*

Figure 2: Applicants per vacancy in capital cities and regional areas across States and Territories

There are generally fewer applicants in regional areas

Nationally, there were 9.9 applicants per vacancy in regional locations compared with 15.3 in metropolitan areas, but there is relatively little difference in the proportion of vacancies filled (70% compared with 74% respectively).

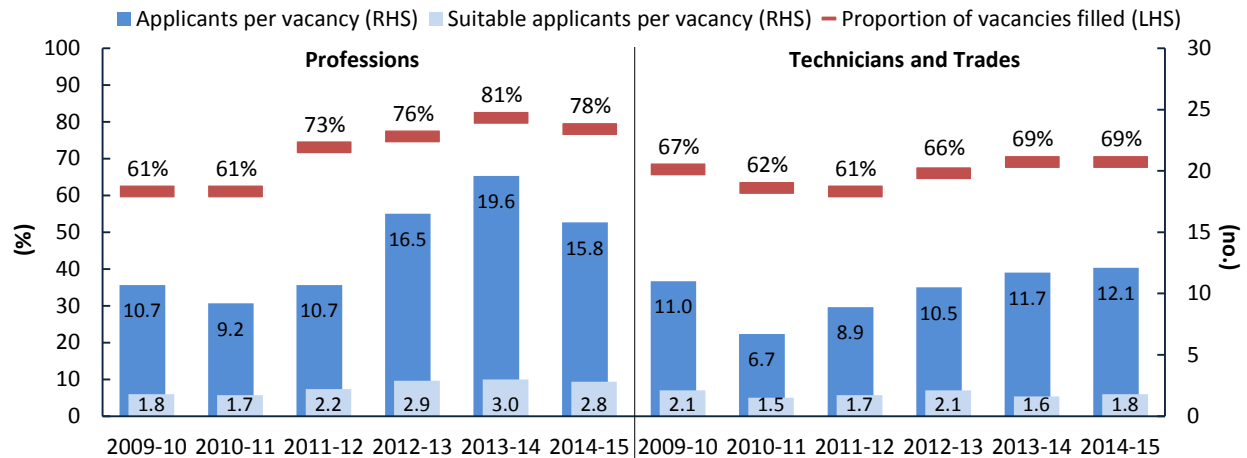


Source: Department of Employment, Survey of Employers who have Recently Advertised

2.16 There are significantly larger numbers of applicants and qualified applicants for vacancies for professionals than for technicians and trades. It is notable, though, that applicant numbers fell slightly in 2014-15 for professional vacancies and rose slightly for technicians and trades worker vacancies.

Figure 3 overleaf outlines the results of the *Survey of Employers who have Recently Advertised (SERA)*, contrasting applications for the Professions and Technicians and Trades over a 6 year time period.

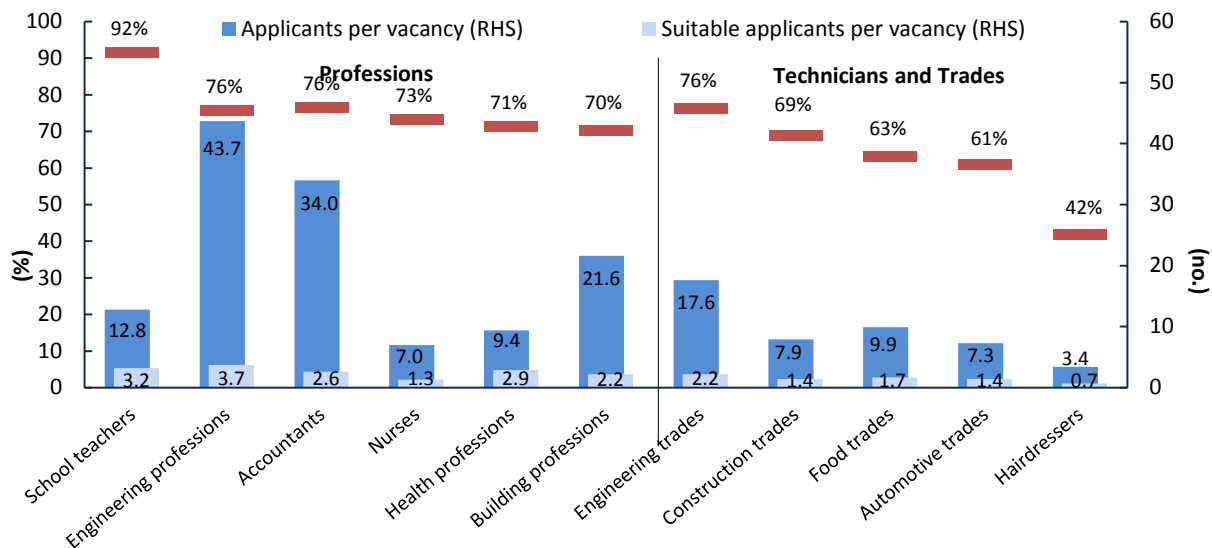
Figure 3: SERA results, Professions and Technicians and Trades, 2009-10 to 2014-15⁶



2.17 For the field of Technicians and Trades:

- candidate fields are generally smaller for vacancies than they are for professionals and, since 2011-12, a lower proportion of these vacancies has been filled;
- recruitment of hairdressers and automotive trades workers is particularly difficult, with relatively few qualified applicants (3.9 and 1.5 per vacancy, respectively) and small proportions of vacancies filled.

⁶ Department of Employment, Survey of Employers who have Recently Advertised (SERA)

Figure 4: SERA results, Selected occupational clusters, 2014-15⁷

2.18 It should be noted that:

- employers' recruitment experiences can vary widely, even within an occupation in similar locations;
- employer requirements can be highly specific and applicants may be judged as unsuitable even if they hold relevant, formal qualifications;
- advertised vacancies can remain unfilled despite attracting suitable applicants when they do not take up offers of employment for a variety of reasons.

2.19 Based on this research a Skill Shortage list is compiled by the Australian Government Department of Employment and forms the basis for a range of funding arrangements within the VET sector by the Department of Education and Training and by State Training Authorities. The list rates shortages or recruitment difficulties as either national or within a State/Territory, or in metropolitan or regional areas. **Table 2** overleaf indicates those skilled trades where there are shortages in regional areas and where opportunities might exist for the employment of young people, given the higher than average unemployment rates for this cohort.

⁷ Ibid.

Table 2: Occupations where skill shortages or recruitment difficulties are evident across Australia, within each State/Territory or within regional areas

Occupation	National	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Automotive and Engineering Trades Workers									
Automotive Electrician	x		x	x		x		x	
Diesel Motor Mechanic			x		R	x			
Motorcycle Mechanic			x		R				
Motor Mechanic	x	x			x	x	x	x	
Panelbeater	x	x	x	x	R	x	R	x	
Vehicle Painter		x		x	R		x		
Fitter						x			xx
Metal Fabricator			xx						
Metal Machinist (First Class)	x		x		x	x			X
Sheetmetal Trades Worker	x		xx	x	x		x		X
Welder (First Class)			xx		R				
Construction Trades Workers									
Bricklayer	x	x	x		R	x			x
Glazier	R								
Painting Trades Worker									x
Plumber	xx	x	x			xx		xx	
Stonemason	x								
Fibrous Plasterer			R				xx	xx	x
Solid Plasterer	x								
Roof Tiler	x								
Wall and Floor Tiler	x								
Electrotechnology and Telecommunications Trades Workers									
Electrician (General)			R		R		xx	R	
Airconditioning/Refrigeration Mechanic			x			x		X	
Food Trades Workers									
Baker	x								
Butcher or Smallgoods Maker	R								
Chef		x	R	x				R	
Pastrycook	xx								
Skilled Animal and Horticultural Workers									
Arborist	x								
Community and Personal Service Workers									
Child Care Worker		x					xx		
Enrolled Nurse		x						R	
Other Technicians and Trades Workers									
Cabinetmaker	x		x	x	x	x		x	
Hairdresser	x								

KEY: X = Skill Shortages

xx = Recruitment Difficulties

R = Skill Shortages/Recruitment Difficulties within regional areas

2.20 Analysis of the research which provides evidence and views about the wide range of factors which contribute to skill shortages or to retention in skilled employment is not the subject of this report. From a broad perspective though, some of the factors at work relate to:

- levels of employer demand – including the nature, seasonality and conditions of employment in some occupations;
- levels of supply – including the skills, attributes, attitudes and physical and mental capabilities of potential employees; and
- levels of support - the availability of support services to assist to retain people within employment.⁸

2.21 A clear understanding of the factors at work locally is essential to developing local remedies, particularly in assisting young people to develop the skills required to take on work in skill shortage areas in regional locations. The AWPAs report *Future Focus: Discussion Paper*⁹, in focusing on the challenges of regional development, argued that:

*In addressing the different issues that face regions, flexibility is paramount. Regions are best placed to coordinate supporting services and ensure that communities have the tools they require to overcome these issues. This requires a tailored and whole-of-community approach. Local level input and community engagement with strategies aimed at improving workforce participation is critical because of variation in labour markets.*¹⁰

2.22 A recent paper prepared by the Centre for Policy Development¹¹, focused on the state of TAFEs in Australia and the implications of changes in the VET system for TAFE's in NSW, argues the case that TAFE has been playing a key role in addressing skill shortages through its training provision, in comparison to private providers, and that this should not just be recognized but rewarded by being given a larger role and funding to address these issues. The paper outlines that:

TAFE does more training towards skills in shortage, citing as an example, that in Victoria 28.6% of TAFE students are training to fill jobs suffering from skills shortage, while less than 20% of students at private training providers are gaining skills that address industry shortages.

2.23 The paper argues that NSW should learn from the Victorian experience how not to undertake reform, highlighting, in particular in its advice for NSW, that:

⁸ A range of research documents and submissions provide guidance on the issue of skill shortages e.g;

- Sue Richardson, National Institute of Labour Studies, Flinders University, *What is a skill shortage?* NCVER
- Joshua Healy, Kostas Mavromaras, Peter J Sloane, NILS, Flinders University, *Skill Shortages: prevalence, causes, remedies and consequences for Australian businesses*, NCVER
- Roslyn Cameron, CQU, *Responding to Australia's Regional Skills Shortages through Regional Skilled Migration*, Journal of Economic and Social Policy, 2011
- Department of Employment, *Demand for Labour in Northern Australia*, 2015
- NSW Government, *Submission to the House of Representatives Committee on Employment and Workplace Relations Inquiry into Regional Skills Relocation*, April 2010
- NCVER, *Submission to the House of Representatives Committee on Employment and Workplace Relations Inquiry into Regional Skills Relocation*, April 2010

⁹ AWPAs, *Future Focus: Discussion Paper*, page 80

¹⁰ Ibid., page 80

¹¹ Christopher Stone, Research Director, Public Service Program, Centre for Policy Development, *Valuing Skills: Why Vocational Training Matters*, Occasional paper No 24, page 3

- *had the \$500 million spent mostly on growing private VET providers (... in Victoria ...) been invested in growing TAFE at a similar rate, it might have resulted in more training for the skills needed by industry, reaping greater long-term benefits for Victoria.*¹²

New Australian initiatives

2.24 A range of State and Australian Government programs and initiatives have been implemented over the last decade to address issues associated with high levels of youth unemployment and skill shortages. In the main the concentration of these efforts has been separate i.e. to get young people into jobs or to train people to immediately enter occupations experiencing skill shortages. Though the aim may often be to address both, the reality in many instances is that it is often extremely difficult to achieve positive skilling and employment outcomes for young people who have multiple barriers to address in gaining and retaining employment and a low skill base from which to build sufficient competence in a skilled trade.

2.25 Whilst an audit of all State government initiatives has not been undertaken for this research, and it is known that these exist, two recent national initiatives may provide the opportunity for greater synergies in addressing this dilemma.

Australian Government Youth Employment Strategy - Transition to Work service

2.26 In the 2015-2016 budget the Australian Government announced a Youth Employment Strategy, committing \$322 million over four years to the Transition to Work service to help young people aged 15-21 become work ready or find their way back to education. The programme will be delivered through individually tailored services to provide assistance with vocational skills development, purchasing of training and career advice.

2.27 By April 2016, 57 providers will have progressively been appointed within 51 employment regions across Australia to deliver the Transition to Work program. Ministers' press releases indicate providers are experienced in working with young people who may face greater barriers to entering the workforce. Most providers are community organisations rather than Registered Training Organisations, though some have an RTO function within their organization.

Industry Employment Initiative (IEI)

2.28 Whilst the program above is based on the strategy of government directly intervening in the market through funding, a separate strategy made possible by philanthropy has been developed by Social Ventures Australia, the Brotherhood of St Laurence, Jesuit Social Services and Mission Australia, with support from the Business Council of Australia. These organisations are collaborating on an Industry Employment Initiative (IEI) to prototype an employment model that meets the employment needs of national employers while improving outcomes for long-term unemployed job seekers. The IEI is premised on deep employer engagement to bridge the gap between national employers who have vacancies and long term unemployed jobseekers who are willing and able to work.

2.29 This initiative is being developed outside the current government system to recruit staff, with information relating to the initiative indicating that this is used by only 7% of employers, with feedback consistently showing that:

¹² Ibid., page 3

- *candidates who come through the system are often inadequately matched and not trained to meet the employers' needs;*
- *employers need guidance, support and tools for supporting and retaining disadvantaged jobseekers over the long term;*
- *the highly localised system creates too many contact points; employers would prefer a 'one-stop-shop' when interacting with the employment services system.¹³*

2.30 In both of these program initiatives above, there is potential for TAFE Institutes to play a key role in the skilling of jobseekers, in conjunction with other agencies. Some examples of related activity are outlined in the Case Studies associated with this report.

2.31 Additional research in Australia examining effective approaches to the issue has found a significant number of programs that have been trialed and research which has been analysed¹⁴. This research has determined that the following programs/research are most relevant.

Skills and Jobs Centres in Victoria

This is a new initiative in Victoria, which has yet to be evaluated. However, the concept addresses some of the key issues relating to youth unemployment and skills shortages. These walk-in centres offer a range of support services for individuals and businesses tailored to meet the needs of local communities and local industries. Though the individual Centres are locally focused, they are connected, meaning the local Skills and Jobs Centre can link young people into the Centre or TAFE that best suits particular training needs. Skills and Jobs Centres work with individuals, industry, business and community to provide new and strengthened links to TAFE. Skills and Jobs Centres will offer impartial and consistent advice and a range of services including

- Assistance to identify existing skills with the opportunity to formalise these through Recognition of Prior Learning (RPL);
- Access to information on employment trends, industry areas with skills shortages and employment opportunities;
- The development of a personal career and training plan, identifying training qualifications that could be undertaken to make a successful career transition;
- Apprenticeship and traineeship advice;
- Referral to additional service providers offering welfare support and financial advice; and
- Job search skills and assistance.

Collaborative frameworks: a TAFE Queensland case study

The Networked Learning Project was a collaborative partnership involving primarily regional TAFE Queensland Institutes that aimed to improve the availability of training services to regional Queensland. TAFE Queensland Institutes have traditionally focussed on their own business or territories, resulting in offerings limited to the capability of one Institute. The Networked Learning Project improved equity of

¹³ www.socialventures.com.au/work/iei/

¹⁴ Davie A., 2015 *Engaging Young People in Regional, rural and remote Australia*, Australian Clearing House for Youth Studies Last Accessed May 2016

https://docs.education.gov.au/system/files/doc/other/young_people_in_regional_rural_and_remote_australia.pdf

access to a wide range of training services across regional Queensland through collaboration. It utilises Kotter's change management model, communities of practice and virtual teaming¹⁵.

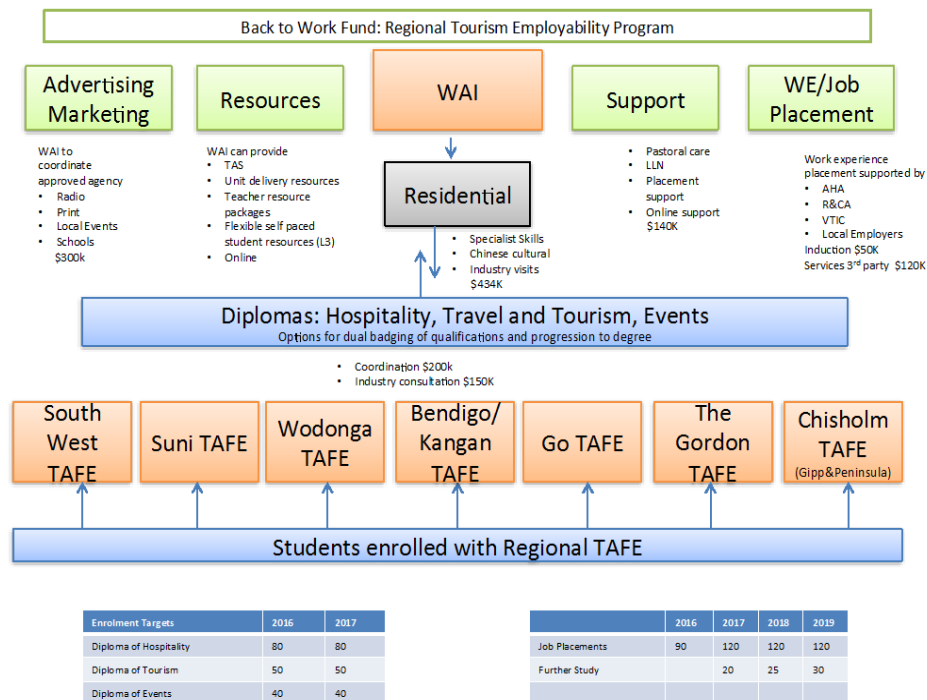
Regional Tourism Employability Program

William Angliss is collaborating with Regional TAFEs to deliver Diplomas in Hospitality, Tourism and Events. The project works with employers and employer associations to provide an integrated work experience program to establish employment outcomes in the regional areas. Students in the programs participate in residential experiences in Melbourne as part of the program. Regional TAFEs have the option to leverage off the William Angliss brand to encourage enrolments, utilise William Angliss resources where desired, and establish delivery strategies for delivery to thin markets with significant youth unemployment. This program presents a solution that integrates resources, and especially WAI's specialist skills with the local knowledge, expertise and connections of regional TAFEs to develop and deliver a suite of high quality industry driven training programs which will encourage students in regional Victoria to remain in their hometowns whilst accessing these courses and thus developing the skill sets needed to drive regional hospitality and tourism to a new, higher, competitive level. This program is funded through the Back to Work Fund by the Victorian State Government. An MOU has been developed with each of the partners in the program which outlines the benefits for participants:

- Strengthen the events, tourism and hospitality education offer across Victoria;
- Enhance collaboration and offset the impact of thin markets for regional TAFE Institutes/ higher education providers;
- Encourage participation in tertiary education qualifications in the regions;
- Meet regional industry needs and build capacity in these industry sectors in the regions;
- Build events, tourism and hospitality workforce capacity across Victoria;
- Create a model and resources that can be used to deliver tertiary education in events, tourism and hospitality¹⁶. (See diagram over page)

¹⁵ Spuler M., 2007 *Collaborative frameworks: a TAFE Queensland case study* last accessed May 2016 <http://www.avetra.org.au/documents/PA092Spuler.pdf>

¹⁶ William Angliss 2015 last accessed May 2016 <http://www.angliss.edu.au/studylocal>

Diagram 1 Back to Work Fund: Regional Tourism Employability Program

An excellent analysis of the issues of youth unemployment

A recent report from the University of NSW which analysis some of the critical issues involved in this dilemma make it clear that employers have a crucial role to play in engaging education providers and fostering job opportunities for young people. The research establishes that there is a need for greater collaboration between different levels of government to develop specialised youth policies across policy domains and jurisdictions, and for facilitated brokerage to mediate between supply and demand elements in the labour market. The diagram on the following page outlines some of the key elements of good practice at the local level, state and national system.¹⁷

¹⁷ Skattebol J., Hill T., Griffiths a. and Wong M. *Unpacking Youth Unemployment Final Report*, Social Policy Research Centre UNSW, 2015 last accesses May 2016

https://www.sprc.unsw.edu.au/media/SPRCFile/Unpacking_Youth_Unemployment_Final_report.pdf

Diagram 2 - Elements of good practice**Elements of good practice: Local, state and national system coordination****National**

- Effective systems of coordination to address issues underpinning youth unemployment across tiers and portfolios of government
- Greater clarity about federal, state and local government responsibilities
- A national framework with flexible policy structures to support local area initiatives and innovations
- Improved service system collaboration through longer-term funding, quality assurance systems and less local competition
- Developing the right incentives and success measurement structures, (for example: removing perverse incentives for organisations to focus on young people most likely to succeed within an outcomes based incentives structure by rewarding progress points rather than outcomes)
- Promoting employer ownership and ensure that firms invest in their future workforce
- Adapting funding arrangements in the context of reduced public spending, for example through social enterprises
- Policy initiatives that respond to differing concentrations of socio-economic and employment disadvantage and service the 81% of disadvantaged young people living outside of areas of concentrated disadvantage
- Monitoring the implementation of programmes and evaluating successes

State

- Support cross sectoral approaches to bring together educational institutions, industry organisations, employment agencies and other government departments to develop career pathways, articulating skills requirements and connecting youth to the local economies
- Mechanisms that tackle fragmentation and duplication at all levels

Local

- Service level agreements that outline roles and responsibilities of local stakeholders and monitor progress
- Shared targets for local areas
- Information sharing and joint service commissioning
- Embedded partnerships between schools welfare services and employers
- Well resourced local area referral agencies
- Support for collective impact models in areas where there are significant numbers of young people in disadvantaged circumstances
- Improving data availability and understanding the nature of local skills supply and demand mismatch as a starting point of the local youth employment strategy process

Recent OECD international research

2.31 Any local or regional plan designed to attract young people who are already unemployed, or who might become unemployed, to apply for and be selected for employment in a skill shortage occupation, will require a coordinated approach across agencies to address factors acting as barriers to success and to implement strategies related to:

- the nature and conditions of employment in some occupations;
- the skills, attributes, attitudes and physical and mental capabilities of potential employees; and

- the availability of services to prepare young people for work and to assist and support them in finding and retaining employment.

2.32 The nature of the exercise will require employers and prospective employees (and in some instances, their respective peak organisations), education and training providers, employment service agencies, and local, State and/or Australian Government departments and agencies, to work together with a common purpose. No one organisation can solve these problems on their own.

2.33 There is substantial international experience in related policy initiatives which have been the subject of three research reports released by the OECD. Whilst not directly focused on addressing skill shortages and youth unemployment there are lessons for Australia in two of these reports, particularly given the research draws on case studies from a range of urban and regional/remote locations, and indicates a range of factors which need to be taken into account and strategies instituted in order to address:

- local efforts to increase employment growth;
- the undersupply of skilled workers; and
- the overrepresentation of unemployed and disengaged youth.

2.34 *Local Strategies for Youth Employment: Learning from Practice* (OECD 2013) refers to an OECD Ministerial decision in May 2013 to implement a comprehensive range of measures outlined in an *OECD Action Plan for Youth*, with the twin objectives of:

- tackling the current youth unemployment crisis; and
- strengthening the long term employment prospects of youth.

2.35 The Plan identified three priority groups for attention in the 15-24 age group:

- the NEET group – those neither in employment, nor in education or training;
- poorly integrated new entrants – young people often with diplomas but with difficulties finding stable employment; and
- good performers – university graduates who in normal times do not have particular difficulty in finding a job.

These groups are similar to those likely to be identified in target groups in regional areas in Australia.

2.36 *Learning from Practice* focuses on the policy issues faced in ensuring employment success for young people locally:

*Barriers preventing young people from successful transition into employment are often multifaceted in nature and responses need to come from a wide array of policy areas. It is at the local level that government policies can be integrated and combined with place-based initiatives to provide multidimensional responses to complex problems. Yet, in practice, too often programmes are delivered in isolation from one another, with uneven degrees of coverage and limited capacity to reach out to the most in need. Rigid policy delivery frameworks, insufficient capacities, and a lack of strategic approach at the local level are often the reasons that undermine support for youth.*¹⁸

¹⁸ OECD, *Local Strategies for Youth Employment: Learning from Practice*, 2013, page 9

2.37 Two key themes emerged in the OECD analysis undertaken of 12 case studies across member countries (including a supply chain project addressing skill shortages in Allied Health in Queensland). The two themes and strategies required to be in place to overcome barriers and to increase the potential for success at the local level include:

Governance aspects of local youth employment strategies

- put in place the right incentives and success measurement to support collaboration and target action in critical areas;
- improve data availability and understand the nature of local skills supply and demand mismatch as a starting point of the local youth employment strategy process;
- promote employer ownership and ensure that firms invest in their future workforce;
- support sectoral approaches to bring together educational institutions, industry organisations, employment agencies and other government departments to develop career pathways, articulating skill requirements and connecting youth to the local economy;
- adapt funding arrangements in the context of reduced public spending; monitor the implementation of programmes and evaluate success.

Tools and approaches implemented at the local level that seem effective in addressing the NEET Challenge and helping youth to progress in the labour market

- addressing the NEET Challenge
 - investing in the earliest levels of education;
 - preventing school dropout;
 - personalised support to help youth progress into employment and training;
 - the value of informal and non-formal learning;
 - raising young people's aspirations;
- improving employment prospects of poorly integrated new entrants;
 - creating pathways to successful careers;
 - making available work attractive to youth;
 - ensuring decent work and sustainable employment practices.
- supporting good performers
 - supporting young entrepreneurs;
 - transversal skills are increasingly important;
 - benefits of combining training with work experience.

2.38 A more recent OECD Working Paper on *Local Implementation of Youth Guarantees: Emerging Lessons from European Experiences*¹⁹, prepared by the Local Economic and Employment Development

¹⁹ OECD, *Local Implementation of Youth Guarantees: Emerging Lessons from European Experiences*, 2015

(LEED) program of the OECD, focused on initiatives implementing the concept of adopting a Youth Guarantee – a scheme which seeks to ensure that all young people aged under 25 receive a good quality offer of employment, continued education, apprenticeship or traineeship within four months of becoming unemployed or leaving formal education.

2.39 This paper identified a number of issues for consideration, drawn from examples in remote areas in seven European countries. Given strong parallels between addressing youth unemployment and placing young people in employment (including in skill shortage areas), the lessons once again are pertinent for consideration in Australia.

2.40 Some of the issues identified relate to national features and policy design, while others relate to local implementation and coordination. The issues identified in this report include:

- giving local areas flexibility in policy design and delivery;
- deepening and broadening local partnerships;
- ensuring sufficient human and financial resources – are available to enable varied levels of support, especially intensive support for those at risk;
- establishing the right timing of intervention – asap after leaving school;
- developing a pathway approach to delivery;
- establishing the right scale for policy learning and transfer - sharing across local areas with similar labour markets;
- tackling the ongoing lack of unreliable data - to understand local skills supply and demand and enable targeting;
- ensuring the quality of (work) placements;
- providing mobility grants - to enable young people to shift location to gain employment; and
- being clear about distinguishing between the concept of a guarantee of opportunity and a guarantee of outcome.²⁰

2.41 The third OECD report, *Designing Local Skill Strategies*²¹, again developed by the LEED program (see Item 2.30 above) focused on the value of investing in skills as a means of maintaining employment in difficult times and the role at the local level in addressing these issues within centralised government arrangements. This report targets examples of dealing with skill shortages.

2.42 The report acknowledges the difficulties for local level initiatives in *getting it right* - competing demands and concerns are a challenge for local communities seeking to develop local skill strategies and invest in their future labour force. With limited resources the key questions are:

- what local action will have real impact on the local labour market?
- what should local priorities be?
- the attraction and integration of new talent?

²⁰ Ibid, page 8-10

²¹ OECD, *Designing Local Skill Strategies*, LEED program, 2009

- the retention of existing skilled workers?
- educating a new generation in the skill needs of the local market?
- the integration of disadvantaged groups currently outside the local labour market?
- upskilling the current labour force? and
- working with employers to move towards knowledge-intensive forms of production?

2.43 To make the right decisions locally there is a need for accurate local information to address local skill demand and supply issues – the local skills ecology – and alongside this the capacity to influence education and training policy, employment, economic development, social development and entrepreneurship, locally.

4 The TAFE Institute view

Survey of TAFE Institute Directors

3.1 During late November/early December 2015 a survey of regional TAFE Institute Directors was undertaken, seeking their views and experiences relating to:

- targeting skill shortages in their region to meet the demand for skills;
- key roles in planning and implementation;
- success factors/barriers and impediments;
- identifying potential sites for case studies.

The survey, utilising Survey Monkey, was developed to take into account the Australian and OECD research and data available on regional communities outlined in **Section 2**. A copy of the survey is provided at **Attachment 1**.

3.2 Eleven responses were received from the following TAFE Institutes in six States/Territories with a regional TAFE presence:

- Federation University, Victoria;
- Kimberley Training Institute, Western Australia;
- Great Southern Institute, Western Australia;
- Wodonga TAFE, Victoria;
- GOTAFE, Victoria;
- TAFE Western, New South Wales;
- TAFE North, Queensland;
- TasTAFE;
- TAFE SA;
- C Y O'Connor, Western Australia;
- South West Institute, Victoria.

These 11 responses represent nearly 40% of the 28 regional TAFE Institute members of TDA, a strong sample.

Targeting skill shortages in your region to meet the demand for skills

3.3 This section of the survey sought to identify where coordinated activity had occurred to tackle the issue, the area of skill shortages being addressed and outcomes of this activity. Given that respondents were asked to skip this section of the survey if they were not involved in coordinated activity to address skill shortages and youth unemployment, it was recognised that not all eleven Institutes responding to the survey might be able to provide comment on the issues.

Coordinated efforts

3.4 In the first instance, TAFE Institute Directors were asked:

Has there been a coordinated effort in your region (or within geographical centres within your area of operation) where your TAFE Institute has worked closely with employers and other organisations to develop the skills of young people with a view to placing them in jobs available in skilled shortage occupations?

Seven of the eleven responses indicated that there had been efforts in their region i.e 25% of all regional TAFE institute members of TDA across Australia. The other four indicated that whilst no coordinated effort had been made, there had been activity undertaken within the TAFE Institute to train students in skill shortage areas.

The National Skill Shortage List

3.5 Directors were also asked to nominate which skill shortage occupations on the National/State lists had been targeted as part of their activity.

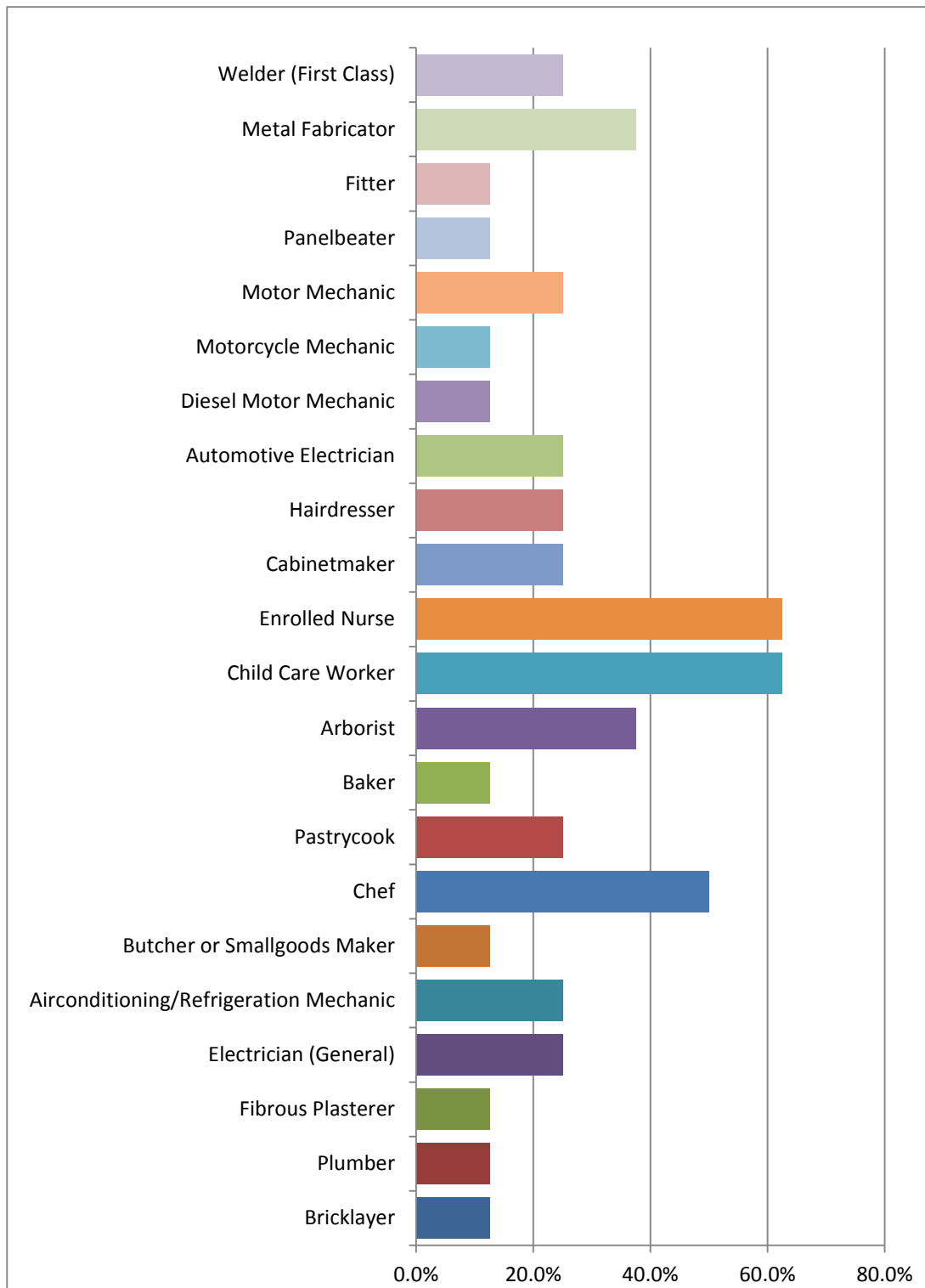
Were any of the following skill shortage occupation/s or cluster/s of occupations on the National/State/Territory Skills List targeted or were other locally identified skills shortages targeted for attention? Please enter multiple responses where applicable

3.6 Occupations listed were those outlined in **Section 2: Table 2**, i.e. those skilled trades where there are national and statewide shortages in general and where there are shortages specific to regional areas and, as a result, where opportunities might exist for the employment of young people, given the higher than average unemployment rates for this cohort.

3.7 Eight Institutes responded, with these responses indicating significant targeting of skill shortage occupations:

- 60% of responses focused on training for Child Care Workers and Enrolled Nurses;
- 50% focused on Chefs;
- 40% focused on Arborists and Metal Fabricators;
- 30% focused on Electricians, Airconditioning & Refrigeration, Pastrycooks, Cabinetmakers, Hairdressers, Automotive Electricians, Motor Mechanics and Welders (First Class).

Table 3: Skill shortage occupation/s or cluster/s of occupations on the National/State/Territory Skills List targeted by regional Institutes (Note: some Institutes provided multiple responses – see overleaf)



Locally identified skill shortages

3.8 Whilst there is a National/State Skill Shortage List, shortages will also be identified locally. In these instances, TAFE Institutes often work closely with local employers and other organisations to develop local efforts to address skill shortages. Directors were asked:

Were other locally identified skill shortage areas targeted for attention in your region (i.e. not on the national/state/territory lists above) by employers, which involved your TAFE Institute and other organisations in a coordinated effort? (please specify)

3.9 Seven Institutes indicated that they had been involved in working with local employers and other organisations to address locally identified skill shortages. Six of these had completed program initiatives in the area, as follows:

- TAFE SA – Engineering and Business Studies; Youth Work and Aged Care;
- South West Institute of TAFE, Victoria - Aged Care;
- TAFE Western, NSW - Building and Construction;
- C Y O'Connor, WA - Local Government outdoor workers;
- TAFE North, Queensland – in their response on behalf of TAFEQ indicated that:
 - TAFE Queensland South West had delivered some training in Process Manufacturing in response to needs identified by employers and was also examining opportunities to build skills in Meat Processing and Civil Construction;
 - regions regularly run programs in Hospitality in conjunction with job agencies;
 - increasing demand in health and community services is relatively constant and leads to good job outcomes;
- Kimberley Institute, WA – indicated that they regularly work on local skill shortages and that these are outlined in the Regional Workforce Development Plan.

3.10 Separate discussions with TAS TAFE indicated that they are currently active working on addressing locally identified shortages through the training of young people and the retraining of existing workers in a number of locations which were either experiencing downturns as a result of mining closures or the closure of an industry/enterprise in a locality. They noted however, that it is too early to comment on outcomes in these efforts.

The outcomes of coordinated activity

3.11 To gauge the degree of success where TAFE Institutes had focused on either the National Skill Shortage List or on locally identified shortages, Directors were also asked:

Were the outcomes sought achieved i.e. numbers of young people entering employment in a particular skill shortage area and being retained in jobs? If so, how?

3.12 Responses indicated:

- South West Institute of TAFE, Victoria - 95% of Graduates went on to employment or further education as a result of this program in Aged Care;

- TAFE Western, NSW – Enrolled Nurse uptake has been good, although shortages still exist in parts of the region;
- C Y O'Connor, WA - the outcomes of the activity were more directed at preparing young, disengaged Aboriginal people with employability skills, to make them more competitive for employment. Specific outcomes were designed to:
 - improve education, training and employment outcomes for Aboriginal people;
 - identify pathways to education, training and employment;
 - expand social interaction with a range of people within the community;
 - develop work readiness skills and employability skills;
 - establish relationships between participants and local support agencies;
 - improve self-esteem and self-confidence;
- Tas TAFE – outcomes are not yet clear as work is in progress at this stage, with a range of initiatives being worked on, planned or underway;
- TAFE North, Queensland - these programs generally lead to employment;
- Kimberley Institute, WA - in areas where the subsidies were higher (i.e. in skill shortage areas on the National Skill Shortage List) then this was more attractive to young people. Price is a barrier and subsidies are attractive.

Key roles in planning and implementation

3.13 The planning and implementation of efforts designed to address high levels of youth unemployment and the existence of skill shortages in particular industry areas will require cooperation across a range of partners to achieve results. In general, there is no recipe which will dictate who should be involved, though it is recognised that solutions will be best achieved when employers take a lead role. No one agency can solve the problem and parties involved will often depend on the occupation/s being targeted or nature of the unemployment problem in a local area.

The OECD research provided strong guidance on these arrangements.

3.14 In order to seek advice on the experience of TAFE Directors in efforts requiring a coordinated approach, the survey asked:

Where a coordinated effort was established, which organisations played key roles in addressing the issue - in planning and in implementation?

Advice was also sought on the role which the TAFE Institute played, or could play, as follows:

What key role did/could your TAFE Institute play in the process of matching skills shortages and youth unemployment for the benefit of the region? (Note: Responses to this question were able to be provided by Institutes which have already been involved and those that have not but may in future)

3.15 Eight TAFE Institutes indicated the organisations they had been involved in coordinated efforts to address skill shortages and youth unemployment within their region and/or their role or a prospective role for TAFE in these ventures:

- TAFE SA – indicated that the planning and implementation process was handled by TAFE SA in conjunction with Regional Development Australia and the Department of State Development;
- South West Institute of TAFE – indicated they *worked closely with an industry partner to understand their issues and then tailor a training program that could assist with meeting their training needs then ensuring the client received positive outcomes via students who were work ready*;
- TAFE Western, NSW – indicated that the NSW Public Works and the NSW Department of Health were the key organisations involved and that TAFE Western *provided training that was customized to the particular regional need in the area of building and construction*;
- C Y O'Connor, WA – indicated that they worked closely with the Shire of Moora, Max Employment, Avon Youth, the Department of Education, and other government agencies on a project which *was primarily focused around work readiness skills, but did include a number of "try-a-trade" skill tasters that were aligned to regional skills shortages*. C Y O'Connor indicated that *due to the nature of the client group, there was a need to approach the issue of unemployment and specific skill shortages in a less direct or focused manner*;
- TasTAFE – indicated that in their recent efforts to focus on the issue they were working closely with industry bodies, large companies and not for profit organisations;
- Wodonga Institute, Victoria – indicated that *we have just opened a skills and jobs centre in the city centre* and were working closely with local business and industry, Council and JobActive agencies;
- TAFE North, Queensland – indicated that *TAFE has the capacity to deliver across a wide range of vocational areas. The greatest success has been achieved by working with job agencies and employers to target skills needs. Training that leads directly to employment opportunities allows TAFE to tailor the training and provide additional work ready skills. The major challenges are faced in the smaller regional communities where thin markets mean that there is limited opportunity to run training that is viable for us*;
- Kimberley Institute, WA – works closely with industry and to a degree, the local unemployment agencies, on initiatives relating to youth unemployment and skills shortages. They indicated that *young people want to study in areas where there is a higher likelihood of a job at the end so we very much align our training to where the jobs are. It's also good business sense as your attraction and retention of students is higher. The collaboration between employer and TAFE means the program is more robust, builds relevant skills and is more sustainable*.

TAFE involvement regularly included both management and lecturers at various stages of the planning and implementation processes.

Success factors/barriers and impediments

3.16 National and international research indicates a range of factors need to be taken into account and strategies instituted in order to address the undersupply of skilled workers and the over-representation of unemployed and disengaged youth. A coordinated approach is required across agencies to address factors and implement strategies related to the nature and conditions of employment in some occupations; the skills, attributes, attitudes and physical and mental capabilities of

potential employees; and the availability of services to prepare young people for work and to assist and support them in finding and retaining employment.

Issues underpinning good practice

3.17 TAFE Institute Directors were asked to rate the range of issues identified for consideration by policy makers in the OECD research (see Items 2.30 – 2.32) in terms of priority, from their perspective:

From a broader TAFE CEO perspective, and based on your experience of coordinated strategies and initiatives designed to assist unemployed youth moving into skilled employment in your region, how highly do you rate the following in terms of their priority?

3.18 The 11 responses received are outlined in the **Table 3** below.

Table 3: OECD identified issues for consideration to underpin good practice

Issues underpinning good practice	Degree of priority				
	Very High	High	Moderate	Low	Total
Local areas have flexibility in policy design and delivery	36.5%	18%	36.5%	9%	100%
Deep and broad local partnership arrangements are in place to bring together education and training, industry, employment agencies, government departments etc	64%	9%	27%	0%	100%
Employer ownership of the issue, decent work and sustainable employment practices, with firms investing in their future workforce	46%	27%	18%	9%	100%
Sufficient human and financial resources available to enable varied levels of support, especially intensive support for those at risk	27%	55%	9%	9%	100%
Establishing the right timing of intervention – asap after leaving school	36.5%	36.5%	18%	9%	100%
Developing a pathway approach to delivery	27%	46%	18%	9%	100%
Policy sharing across local areas with similar labour markets	0%	36.5%	54.5%	9%	100%
Reliable data and indicators available to understand local skills supply and demand and enable targeting	0%	36.5%	54.5%	9%	100%
Quality placements for people involved in employment and training programs meet high standards	45%	55%	0%	0%	100%
Mobility grants available to enable young people to shift location to gain employment	27%	18%	46%	9%	100%

Note: 1. In the survey a further category, Not Applicable, was included. No responses were recorded in this category.

Note: 2. Percentages shown are not statistically accurate due to the size of the sample.

3.19 One response also indicated another issue as *passionate staff with the capability to relate to disengaged youth*.

3.20 The responses from TAFE Institute Directors showed a strong degree of congruence with the OECD research. Highlights from the survey indicate that:

- 7 of the 10 principles were rated as Very High or High in at least 73% of responses;
- all Directors rated the importance of quality placements meeting high standards for those involved in employment and training programs;
- virtually all rated as Very High and High:
 - the need for reliable data and indicators in understanding local skills supply and demand; and
 - the need for sufficient resources to enable varied levels of support, especially for those at risk;

3.21 A little over 50% rated local areas having flexibility in policy design and delivery as a High or Very High priority and two other principles were scored as low priorities were those referring to:

- mobility grants available to enable young people to shift location to gain employment (45%); and
- policy sharing across local areas with similar labour markets (36.5%).

Practical strategies for TAFE Institutes

3.22 A number of the strategies/factors cited in the Survey Question above directly relate to the work of TAFE Institutes, particularly those relating to participation in local partnerships, the timing of interventions, the development of pathways and the quality of placements in the workplace. In order to rate the importance of specific strategies for use by TAFE, TAFE Institute Directors were asked:

From a broader TAFE CEO perspective, and based on your experience of coordinated strategies and initiatives designed to assist unemployed youth moving into skilled employment in your region, how highly do you rate the following strategies in terms of their priority for use by TAFE Institutes in regional initiatives to address skill shortages and youth unemployment?

3.23 The 11 responses received are outlined in **Table 4** below.

Table 4: Rating the degree of priority of various practical implementation strategies²²

Practical implementation strategies for TAFE	Degree of priority				
	Very High	High	Moderate	Low	Total
Linking with secondary schools and delivering VET programs for school students both to ensure skill development and prevent students from dropping out	64%	27%	9%	0%	100%
Developing partnerships with employers and local industry organisations	73%	18%	9%	0%	100%
Linking with employment agencies	36%	46%	18%	0%	100%
Counselling about further education and training	36%	46%	18%	0%	100%
Career guidance	27%	55%	18%	0%	100%
Delivering prevocational pathways	55%	45%	0%	0%	100%
Providing quality work experience programs to develop 'hard' and 'soft' skills	45.5%	45.5%	9%	0%	100%
The delivery of formal training programs, including apprenticeships	73%	27%	0%	0%	100%
Valuing informal and non-formal learning to take account of an individual's full range of knowledge, skills and experience e.g. using RPL	27%	46%	27%	0%	100%
Mentoring arrangements	27%	37%	27%	9%	100%
Working directly with employers on skill utilisation in their workplace to improve productivity	36.5%	36.5%	27%	0%	100%
Supporting young entrepreneurs	0%	46%	18%	36%	100%

3.24 Highlights from the survey indicate that:

- across the twelve practical implementation strategies outlined in the survey, eight were rated by 82% or more of institutes as a Very High or High Priority. Within these priorities:

²² The following notes relate to the data in Tables 3 and 4:

Note: 1. In the survey a further category, Not Applicable, was included. No responses were recorded in this category.

Note: 2. Percentages shown are not statistically accurate due to the size of the sample.

- all Institutes viewed the delivery of prevocational pathways and of formal training programs as a Very High or High Priority;
- 90% of Institutes rated linking with secondary schools, developing partnerships and providing quality experience/placement programs as Very High or High Priority;
- three other strategies (using RPL, mentoring and working with employers) were rated as Very High or High by 64% - 72% of Institutes.

3.25 It is interesting to note that in only two cases were practical implementation strategies rated as Low. Overall, *Support for Young Entrepreneurs* recorded the lowest levels on the priority rating scale with 46% rating this as a High Priority, 18% as a Moderate Priority and 36% as Low.

3.26 The survey also sought advice on any other practical implementation strategies thought to be important. One Institute response indicated the importance of marketing-related strategies, such as the need to:

Conduct events such as the "Big TAFE Check-Out" in order to de-mystify TAFE.

Barriers/impediments to achieving successful outcomes

3.27 Institute Directors were also asked to respond to the following questions:

What were/are the major barriers/impediments to achieving successful outcomes in developing a best practice approach for consideration by TAFE Institutes?

and

How might these barriers be overcome?

3.28 Each of the 11 respondents to the survey included a comment on the major barriers/impediments to success, as well as providing comments on overcoming the barriers faced. Responses indicated:

- *State funding mechanisms that don't reflect regionally specific concerns present a barrier, as do training place quotas compiled by bureaucrats who don't understand local regional idiosyncrasies. This barrier can be overcome by regional training gatekeepers ensuring the training dollar is used wisely for regionally specific needs;*
- *organisations need to put aside their own agendas and collaborate to achieve positive outcomes for students and the local region. We have recently achieved this and are now working in collaboration with several partners addressing youth unemployment and creating opportunities for those that are not currently engaged;*
- *lack of strong employment demand in regional areas means often a skill shortage is about 1-2 jobs that need filling but traditionally we have trained cohorts of students in groups of 10-15. Overcoming this barrier requires broader engagement and linking into other regions for jobs;*
- *these programs require additional funding allocations that are complementary to what is provided by the traditional funding model in that there are barriers not usually encountered e.g:*
 - *the tyranny of distance, ie physically getting the students to the TAFE Institute;*
 - *the increasing cost in enrolling students in some programs;*

- *the cost of providing the wrap-around services.*

Overcoming this barrier requires recognition that specialised intervention activities require additional funding support to cover such things as transport, lunch, excursions, inability of students to pay enrolment fees etc;

- *continual changes to funding and structural requirements causes disruption, impacting on students and institution alike. The solution requires stability in the policy making and funding environments to allow for changes and practices to be implemented and consolidated;*
- *economies of scales and the cost of delivery are key barriers. Most programs run in smaller regional areas are now run at break-even, with the amount of delivery being reduced as funding is reduced. Policy settings in employment programs such as Skilling Queenslanders for Work, and Job Activities do not encourage the inclusion of training in programs. This is a missed opportunity when TAFE graduates have such high employment outcomes. Good training with a strong vocational placement is incredibly effective at moving young people into work.*

Addressing these barriers requires higher regional loading for the smaller regional communities and recognising the value of training in employment programs;

- *the lack of an overarching strategy and support by government to direct effort and funding to activity involving employment, training and unemployed youth is a key barrier. A coherent and integrated approach needs to be developed, incorporating all public and non-public providers involved in servicing the client groups being targeted;*
- *unwillingness to share best practice, in a competitive environment, is a barrier. Greater communication and collaboration is needed to explore 'win-win' scenarios for sharing within lean markets;*
- *narrow rather than broad government policy, including the artificial policy divide between TAFE and senior secondary schooling presents a major barrier. Research is needed to identify the advantages of a more integrated approach to training/education provision for young people;*
- *the unemployment agencies and their programs e.g. the current Community Development Program (CDP) and Jobactive programs, including Work for the Dole programs, are ironically, a huge impediment into getting people into the right training and jobs. This would be the greatest source of frustration for all TAFEs across the country. Most job service providers are focused on setting up Work for the Dole programs and not interested in getting people into employment;*
- *funding arrangements are a key barrier. Appropriately funding training delivery with a regional flavour, rather than a 'one size fits all' approach to funding, is required. This would include enabling funding streams to be accessed by regional TAFE/Industry partnerships and working groups that specifically address the skill shortage question locally.*

5 Analysis and Discussion

The issues

Regional Australia has on average not enjoyed the same high standards of health and well-being as those living in cities. About one-third of our population live in rural and regional Australia which is about 7 million people. In addition to global changes affecting regional Australia, changing weather patterns and land use is driving adjustment. Therefore understanding current issues affecting regional Australia is important for the development of sound policy and future planning. The issues are complex and there are economic, social and environmental challenges which need to be considered.²³

This project has tried to establish what might be needed to further enhance local regional communities through training and education and encourage partnerships and collaboration between educators, job seekers and industry.

The project has been focussed on finding practical solutions to the paradox of significant youth unemployment in regional and rural Australia while there are skills shortages in industry. The research has identified a number of issues that include that:

- *this is complex and requires cooperation across a range of levels of government, employment agencies, schools and training organisations for successful outcomes.*
- *stability in the policy making and funding environments to allow for changes and practices to be implemented, evaluated and consolidated.*
- *barriers preventing young people from successful transition into employment are often multifaceted in nature and responses need to come from a wide array of policy areas. It is at the local level that government policies can be integrated and combined with place-based initiatives to provide multidimensional responses to complex problems.*
- *a lack of strong employment demand in regional areas and thin markets mean that often a skill shortage is about 1-2 jobs in particular sectors that need filling but to be economically viable training organisations can only justify cohorts of students of at least 10-15. This relates to the funding model.*
- *greater communication and collaboration is needed to explore 'win-win' scenarios for sharing in lean market across a range of organisations.*
- *a lack of up-to-date and accurate local market information examining the immediate trends in industry so that organisations can advise and channel learners and prospective employees into a job market which is relevant and needed for that region.*
- *employers needing guidance, encouragement and tools for supporting and retaining disadvantaged jobseekers over the long term.*

²³ Charters, K., Vitartas P. and Waterman P *Identifying and communicating current issues for Regional Australia 2011* Journal of Economic and Social Policy Vol 14 Issue 3 last accessed May 2016
<http://epubs.scu.edu.au/cgi/viewcontent.cgi?article=1169&context=jesp>

Some ways forward

To address these issues, the research findings include a number of positive ways forward. The main solutions include:

- *deepening and broadening local partnerships and ensuring sufficient human and financial resources are available to enable varied levels of support, especially intensive support for those at risk.*
- *providing local regional areas flexibility in policy design and delivery including flexibility in the funding model.*
- *providing policies which are funded in the long-term with effective and regular evaluations to adjust or consolidate the programs. Pilot programs could be used to test successful outcomes.*
- *providing trends in industry which are up-to-date and accurate for the local region to inform job seekers and training organisations where they should focus their training ie to understand local skills supply and demand and enable targeting.*
- *establishing the right timing of intervention – asap after leaving school.*
- *incentivising and strengthening collaboration between training organisations to ensure that they are sharing resources in 'thin' markets.*
- *providing mobility grants - to enable young people to shift location to gain employment.*
- *engaging relevant authorities in decision making and implementation of programs including local government, employment agencies, schools, TAFEs and other training organisations, industry and young job seekers.*
- *Consistent ongoing investment in evaluated and successful programs to address skills shortages and youth unemployment.*

This project encourages government at all levels, TAFE Institutes in regional Australia, other VET providers, employment agencies, industry and job seekers to work collaboratively to find solutions to this vexed problem of high youth unemployment and skills shortages.

Models to consider

The project has also identifies some possible models to create some solutions. The following models are for consideration and are suggestions, which are either currently being developed, or have seen some success.

1. The Skills and Jobs Centres

The Centres are part of a network of **Skills & Jobs Centres** currently under development at TAFE's across Victoria including Wangaratta, Shepparton and Wodonga in the North East. Each of the centres is tailored to meet the needs of their local communities and industries, with coordinated, intensive support services. By engaging more strongly with industry, the Skills and Jobs Centres will also develop a better understanding of skill gaps in the region, to which training solutions can be developed. The Centres are a one-stop-shop for job-seekers looking to start training, workers needing to reskill and unemployed workers needing guidance for retraining. The concept has been developed to particularly attract young people looking for work in the local region and the design and placement of the Centres is within the busy parts of the town so that they are easy to access. Skills and Jobs Centres will offer

impartial and consistent advice and a range of services including:

- Assistance to identify existing skills with the opportunity to formalise these through Recognition of Prior Learning (RPL);
- Access to information on employment trends, industry areas with skills shortages and employment opportunities;
- The development of a personal career and training plan, identifying training qualifications that could be undertaken to make a successful career transition;
- Apprenticeship and traineeship advice;
- Referral to additional service providers offering welfare support and financial advice; and Job search skills and assistance.

2. Collaborative models

William Angliss Institute is **partnering with regional TAFEs** across Victoria to deliver a range of specialist courses, so students can qualify in their local area. Courses in tourism, hospitality and events will be delivered by regional TAFEs and offer employment opportunities in the local area.

February 2016 will see William Angliss working with partners in the regional Victorian areas of Bass Coast, Bendigo, Echuca, Geelong, Mildura, Shepparton, Warrnambool and Wodonga to deliver a range of courses without students needing to leave their hometown²⁴.

A similar idea has emerged in a paper published in 2012 by the 157 Group – Further Education and Skills, the think piece outlined a collaborative model for the future of Further Education in the UK. The premise of this work was to consider the future of Further Education in 2020 in the UK ²⁵.

In this futuristic model, Further Education (FE) providers of various kinds cluster together voluntarily to cooperate on a basis of trust. While they each retain autonomous governance, they agree to undertake some tasks and satisfy some markets together, perhaps going so far as to launch formal joint ventures where this would benefit the partners equally. The collaboration will probably require a negotiated agreement. This will cover, among other things, the circumstances in which the arrangement can be terminated or a partner might opt out. A code of shared purposes and ethics may also be required in the world of 2020, to underpin trust among the partners. The Delphi time travellers defined the business advantages of collaborative partnerships in the following way:

- Establishing informal (i.e. not bound by law) consortia or confederations based on an acknowledgement by all the partners of their common ground and their shared intention to improve the range and balance of FE provision locally or, in some specialised cases, nationally
- Creating services that are jointly owned and delivered for the purpose of maximising buying power and efficiency, and which members may use or not as they please

²⁴ William Angliss 2016 last accessed May 2016

<http://www.angliss.edu.au/studylocal?highlight=WyljhbmdsaXNzliwiYW5nbGlzcyciLCJ0b3VyaXNtliwidG9lcmlzbSdzliwidG9lcmlzbSciLCJyZWdpb25hbCIsInByb2plY3QiLCJhbmdsaXNzIHRvdXJpc20iXQ==>

²⁵ Sherlock D and Perry N., 157 Group Further Education and Skills 2012 *A think piece, Further Education in 2020: making the system work*. Last accessed May 2016

http://www.157group.co.uk/sites/default/files/documents/further_education_in_2020.pdf

- Banding together to give the members a louder voice in national debates or in national organisations
- Adopting common standards or ethical codes intended to give comfort to clients and to raise the status of FE
- Creating a community of trust that can be used as the launch pad for more formal bilateral ventures where these appear advantageous.

6 Recommendations for consideration

Recommendation 1

That the Australian Government, through the Department of Education and Training and the Department of Employment, in partnership with State Governments, establish a pilot program in 10-15 locations across regional Australia focused on addressing local skill shortages in areas experiencing high levels of youth unemployment and in planning for implementation:

- take into account the lessons learnt in similar OECD policy and program initiatives
- establish partnership arrangements with TAFE Institutes, State and Territory governments and agencies, employer organisations and Local Government Authorities and
- evaluate pilots with the intention of providing longer term funding for successful pilots.

Recommendation 2

That the Australian Government Department of Education and Training, in conjunction with Regional Development Australia, provide the funding and infrastructure support required for the development of regional Workforce Development strategies to inform future investment and activity in the skills and training sector, including a 3–5 year regional local market needs analysis, concentrating on the major industries of manufacturing, agriculture, health and social services, tourism and construction.

Recommendation 3

That the Australian Government Department of Education and Training, in conjunction with State Training Authorities and Skill Service Organisations (SSOs) where appropriate, provide the funding and support required to ensure a smooth transition for young people in regional locations from school to further education and/or training and employment or for unemployed young people to re-engage, through:

- the provision of financial and administrative support to enable the development of regional partnerships between secondary schools, training providers, industry and community organisations to facilitate successful outcomes for youth and industry;
- the provision of program/s to help young people achieve Year 12, or its equivalent and/or to facilitate their re-engagement with education or training to improve job prospects;
- exploring and implementing projects that support young people to develop employability and entrepreneurial skills;
- supporting TAFE Institutes to work in partnership with schools to provide Vocational Education and Training programs for school students, including high quality work exploration/vocational placements;
- support for the development of projects that improve Australian School-based Apprenticeship outcomes;
- developing programs which provide individualised (case management) support for high-risk young people transitioning from school;
- providing financial resources to TAFE in regional areas, acknowledging the additional cost burden, and reduction in social support, placed on rural and remote students who must relocate to study;

- reviewing current policies where aged based funding ‘cut-offs’ act as a barrier to effectively supporting students to achieve employment pathways.

Recommendation 4

That TAFE Institutes position themselves as the key providers of VET in the process of addressing local skill shortages and/or high levels of unemployment in regional areas, and to increasingly take on a key role within local partnerships designed to address these issues, through:

- support for government initiatives designed to encourage youth training for employment in skill shortage occupations in regional industries;
- developing courses and programs which provide training, mentoring support and recruitment pathways to sustainable employment in the region;
- developing strong networks with local employers and industry so as to establish place based models where employers and industry input into the planning of training activities and programs that ensure a pipeline of robust and transferrable skills for local individuals seeking employment;
- piloting programs which focus on job streams and career vocations, where the focus is midway between the generalist educational activities of school and the highly targeted and jobs specific outcomes of Vocational (training package led) qualifications;
- developing and marketing ‘shop front’ activities which attract young people and have the staffing capacity to provide them with succinct and focused advice related to their transition from school or unemployment into further education, training or work.

Recommendation 5

That, in order to utilise the capacity of Local Government Authorities (LGAs) across Australia to undertake a key role in addressing skill shortages in areas of high youth unemployment within their area of responsibility, the Australian Government Department of Education and Training and the Department of Employment discuss with the Department of Infrastructure and Regional Development, TAFE Directors Australia, Australian Centre of Excellence for Local Government and Local Government Professionals Australia, the potential for LGAs to:

- set up a Roundtable/Youth Summit at the local level to consult with youth, training providers and employers to develop ideas, activities and pathways to employment and/or training;
- assist local schools through:
 - the provision of employment information related to employment in local government and within local industry;
 - the provision of resources aimed to upskill career advisors in secondary schools and create better linkages between schools and local industry to ensure that they provide the best possible advice to students appropriate to the region;
 - harnessing community and business leaders to encourage the retention of students and advise on options for school leavers;
- provide services that identify and recommend options available for young people to participate in study and work;
- provide financial and mentoring support to relevant as youth/community organisations, to assist long-term unemployed youth to find a pathway to work and study.

7 In Conclusion

This project has attempted to identify the issues in regional Australia that prevent young unemployed youth from readily filling the skills shortages seen in regional Australia. As can be seen from the research undertaken, both desktop and through surveys, that the issues are complex and are inextricably tied up with economic and social issues in regional Australia. The project has also established some clear recommendations to attempt to address the issues in a more strategic way as well as provide some models that are being tested and suggested as ways forward.

Many OECD countries are struggling with these issues and ultimately it is critical that funded programs be regularly evaluated and if they have demonstrated a reasonable level of success, then on-going funding must be made available to ensure longer term outcomes.

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Appendix 1 – Survey of Regional TAFE Institutes



The Regional Paradox: Matching the undersupply of skilled workers and over representation of unemployed and disengaged youth in regional Australia

Targeting skill shortages in your region to meet the demand for skills

Based on research undertaken by the Australian Government Department of Employment during 2014-2015 across approximately 100 professional, technical and trade occupations a Skill Shortage List is compiled for Australia and for each State and Territory. The research identifies occupations where there are skill shortages or recruitment difficulties and rates these based on employers' recruitment of workers with average experience. The List rates shortages or recruitment difficulties as either national or within a State/Territory, or in metropolitan or regional areas.

Information provided in a memo to Regional CEOs indicates those skilled trades where there are national and statewide shortages in general and where there are shortages specific to regional areas and, as a result, where opportunities might exist for the employment of young people, given the higher than average unemployment rates for this cohort.

- * 3. Has there been a coordinated effort in your region (or within geographical centres within your area of operation) where your TAFE Institute has worked closely with employers and other organisations to develop the skills of young people with a view to placing them in jobs available in skilled shortage occupations?

☐ YES

☐ NO. If No, go to Question 7.

4. Were any of the following skill shortage occupation/s or cluster/s of occupations on the National/State/Territory Skills List targeted or were other locally identified skills shortages targeted for attention? Please enter multiple responses where applicable

- | | | |
|---|--|--|
| <input type="checkbox"/> Bricklayer | <input type="checkbox"/> Butcher or Smallgoods Maker | <input type="checkbox"/> Motorcycle Mechanic |
| <input type="checkbox"/> Glazier | <input type="checkbox"/> Chef | <input type="checkbox"/> Motor Mechanic |
| <input type="checkbox"/> Painting Trades Worker | <input type="checkbox"/> Pastrycook | <input type="checkbox"/> Panelbeater |
| <input type="checkbox"/> Plumber | <input type="checkbox"/> Baker | <input type="checkbox"/> Vehicle Painter |
| <input type="checkbox"/> Stonemason | <input type="checkbox"/> Arborist | <input type="checkbox"/> Fitter |
| <input type="checkbox"/> Fibrous Plasterer | <input type="checkbox"/> Child Care Worker | <input type="checkbox"/> Metal Fabricator |
| <input type="checkbox"/> Solid Plasterer | <input type="checkbox"/> Enrolled Nurse | <input type="checkbox"/> Metal Machinist (First Class) |
| <input type="checkbox"/> Roof Tiler | <input type="checkbox"/> Cabinetmaker | <input type="checkbox"/> Sheetmetal Trades Worker |
| <input type="checkbox"/> Wall and Floor Tiler | <input type="checkbox"/> Hairdresser | <input type="checkbox"/> Welder (First Class) |
| <input type="checkbox"/> Electrician (General) | <input type="checkbox"/> Automotive Electrician | |
| <input type="checkbox"/> Airconditioning/Refrigeration Mechanic | <input type="checkbox"/> Diesel Motor Mechanic | |

Were other locally identified skill shortage areas targeted for attention in your region (i.e. not on the national/state/territory lists above) by employers, which involved your TAFE Institute and other organisations in a coordinated effort? (please specify)

5. Were the outcomes sought in Question 4 above achieved i.e. numbers of young people entering employment in a particular skill shortage area and being retained in jobs? If so, how?



The Regional Paradox: Matching the undersupply of skilled workers and over representation of unemployed and disengaged youth in regional Australia

Key roles in planning and implementation

6. Where a coordinated effort was established, which organisations played key roles in addressing the issue - in planning and in implementation?

1	<input type="text"/>
2	<input type="text"/>
3	<input type="text"/>
4	<input type="text"/>
5	<input type="text"/>
6	<input type="text"/>

7. What key role did/could your TAFE Institute play in the process of matching skills shortages and youth unemployment for the benefit of the region?

(Note: Responses to this question can be provided by Institutes which have already been involved and those that have not but may in future)



The Regional Paradox: Matching the undersupply of skilled workers and over representation of unemployed and disengaged youth in regional Australia

Success factors/barriers and impediments

National and international research indicates a range of factors need to be taken into account and strategies instituted in order to address the undersupply of skilled workers and the over-representation of unemployed and disengaged youth. A coordinated approach is required across agencies to address factors and implement strategies related to the nature and conditions of employment in some occupations; the skills, attributes, attitudes and physical and mental capabilities of potential employees; and the availability of services to prepare young people for work and to assist and support them in finding and retaining employment.

8. From a broader TAFE CEO perspective, and based on your experience of coordinated strategies and initiatives designed to assist unemployed youth moving into skilled employment in your region, how highly do you rate the following in terms of their priority?

	Very High	High	Moderate	Low	N/A
Local areas have flexibility in policy design and delivery	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Deep and broad local partnership arrangements are in place to bring together education and training, industry, employment agencies, government departments etc	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employer ownership of the issue, decent work and sustainable employment practices, with firms investing in their future workforce	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sufficient human and financial resources available to enable varied levels of support, especially intensive support for those at risk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Very High	High	Moderate	Low	N/A
Establishing the right timing of intervention – asap after leaving school	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Developing a pathway approach to delivery	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Policy sharing across local areas with similar labour markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reliable data and indicators available to understand local skills supply and demand and enable targeting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality placements for people involved in employment and training programs meet high standards	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mobility grants available to enable young people to shift location to gain employment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please specify)	<input type="text"/>				

9. A number of the strategies/factors cited in Question 8 directly relate to the work of TAFE Institutes, particularly those relating to participation in local partnerships, the timing of interventions, the development of pathways and the quality of placements in the workplace.

From a broader TAFE CEO perspective, and based on your experience of coordinated strategies and initiatives designed to assist unemployed youth moving into skilled employment in your region, how highly do you rate the following strategies in terms of their priority for use by TAFE Institutes in regional initiatives to address skill shortages and youth unemployment?

	Very high	High	Moderate	Low	Not applicable
Linking with secondary schools and delivering VET programs for school students both to ensure skill development and prevent students from dropping out	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Very high	High	Moderate	Low	Not applicable
Developing partnerships with employers and local industry organisations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Linking with employment agencies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Counselling about further education and training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Career guidance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Delivering prevocational pathways	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Providing quality work experience programs to develop 'hard' and 'soft' skills	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The delivery of formal training programs, including apprenticeships	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Valuing informal and non-formal learning to take account of an individual's full range of knowledge, skills and experience e.g. using RPL	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mentoring arrangements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Working directly with employers on skill utilisation in their workplace to improve productivity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supporting young entrepreneurs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (Please specify)					
<input type="text"/>					
10. What were/are the major barriers/impediments to achieving successful outcomes in developing a best practice approach for consideration by TAFE Institutes?					
<input type="text"/>					

11. How might these barriers be overcome?



The Regional Paradox: Matching the undersupply of skilled workers and over representation of unemployed and disengaged youth in regional Australia

Potential TAFE Institute Case Studies

In order to highlight the current and potential role which regional TAFE Institutes can play in providing practical solutions around the paradox of skills shortage and high levels of youth unemployment, TDA is seeking nominations from Institutes of high profile examples which could be developed as Case Studies.

Three Case Studies are proposed to be written in some detail and other examples cited to indicate the key role TAFE can play in regional initiatives to assist other regional TAFE Institutes address similar issues.

If you are able to provide TDA with a high profile example from your TAFE Institute which meets a number of the following criteria and could be considered for development as a Case Study by TDA please provide brief details below which can be followed up by Escalier McLean Consulting.

12. Criteria 1: Can you provide a brief overview of an example where your TAFE Institute has played a key role in recent years in matching the undersupply of skilled workers and over-representation of unemployed and disengaged youth?

13. Criteria 2: What documentation of the initiative/s taken is available, in a form easily able to be developed into one of a set of three case studies, and are photos easily available?

14. Criteria 3: Is 'hard evidence' available to support claims of success, which could be used in the Case Study as evidence?

15. Criteria 4: Is there documentation available which also indicates the views and support from other key regional stakeholders?