



CESSNOCK CITY

SKILLS AUDIT

2018

*SUPPORTING BUSINESSES
TOWARDS A SUSTAINABLE
WORKFORCE*



Australian Government

BUILDING OUR FUTURE



ACKNOWLEDGEMENT

Cessnock City Council's Economic Development Unit would like to make the following acknowledgement for this project:

The Cessnock City Skills Audit is a project which has been jointly funded by the Australian Government and the Cessnock City Council.



This project has been delivered by Council's Economic Development Unit as part of the Advance Cessnock City partnership of Cessnock City Council and local chambers and industry bodies.



Advance Cessnock City Partners:



Cessnock City Council's Economic Development Unit have undertaken the data analysis and presentation for this report. They also engaged the expertise of Mirrellbra Pty Ltd. to act in an advisory and support capacity in the development of industry skills kits, identification of pathways into employment, undertake a review of secondary data and in reviewing the analysis for directions.

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PART A: OPENING STATEMENT

Cessnock City Council undertook a skills audit to support existing businesses in engaging and skilling the local population for increased workforce participation and identify directions for other initiatives to attract workers from outside the region. The aim is for a workforce that is sustainable for the region to meet the needs of our growing industries.

The Cessnock City Skills Audit is a project which has been jointly funded by the Australian Government and the Cessnock City Council under the Building Better Regions Fund.

The Skills Audit outcomes have been:

- Identification of current and future skills shortages of local businesses;
- Investigations of training and pathways to meaningful employment for unemployed persons; and
- Development of the Advance Cessnock City Jobs Portal

The Jobs Portal provides:

- a central, local online resource for local businesses to advertise positions;
- opportunities for businesses to upskill their workforce;
- a place for businesses to find information on government opportunities and incentives to employ;
- a bank of local opportunities where unemployed people to search for jobs, and access jobseeker resources and a training directory.

THE CONTENTS OF THE CESSNOCK CITY SKILLS AUDIT HAVE BEEN SPLIT INTO TWO PARTS:

Part A: Discussion, Key Findings and Directions

The first half of this report, Part A combines the results and key findings of the Cessnock City Skills Audit and presents it with meaningful research that has been undertaken into the future needs of workforce in Australia and NSW. Part A provides future directions and provides context for some of the key findings.

Part B: The Skills Audit Report

The second half of the report, Part B presents more detailed information on the findings of the study. Part B provides more detailed information on the responses provided by businesses. It provides overview of the methodology, sector and subregional analysis of businesses, and information on the types of skills shortages and issues impacting skills shortages.



CESSNOCK CITY

SKILLS AUDIT

Part A

*DISCUSSION,
KEY FINDINGS &
DIRECTIONS*

CONTENTS PAGE

Acknowledgement	2
Part A: Opening Statement	3
Contents Page	5
1. Introduction	6
2. Cessnock City Skills Audit: Key Findings	8
3. Business Attitudes towards “local”	14
4. Australian Labour Market Data	16
5. Labour Supply & Demand	18
6. Jobs of the future	21
7. Addressing Soft Skills shortages	23
8. Training and Employment Pathways	25
9. Potential Measurable Outcomes	33
10. More Directions From The Research	35

1. INTRODUCTION

1.1 Strategic Alignment

1.1.1 Cessnock 2027 Community Strategic Plan

Cessnock City Council's adopted Cessnock 2020 Community Strategic Plan identified the community desired an outcome of "A sustainable and prosperous economy: achieving long term economic security through a mix of diverse business and employment options".

This encompasses "the need to attract a diverse range of businesses, industries and services together with improved access to education, training, and employment opportunities to ensure we have a sustainable and prosperous economy".

It has been recognised that in order to achieve this outcome, Cessnock City Council has a role both as a leader and partner to advocate for economic development across our local government area (LGA).

1.1.2 Economic Development Strategy 2014- 2019

Economic Development is the process of improving the economic wellbeing of the community, through efforts focused on strengthening local businesses, attracting investment and creating jobs. The aim of economic development is to develop the local community into one where people wish to live, work, invest and enjoy.

The Cessnock City Economic Development Strategy was adopted in 2014, and articulates the objectives and directions for economic development within Cessnock LGA providing strategies and actions to achieve sustainable growth.

The delivery of this Study meets Priority 1 of the Economic Development Strategy, to *ensure the foundation 'blocks' needed to support and stimulate economic development are in place*. The Study could drive of future programming, and inform council's decision making to meet Priority 2 (to *support and nurture existing economic activities –to encourage increased productivity, sustainability, growth and employment*) and Priority 3 (to *target new businesses and economic activities*).

1.2 BACKGROUND

1.2.1 Towards a Skills Audit

Businesses are experiencing workforce issues as a result of a number of factors, one major one being the decline of traditional industries including the resource sector economy in the Region.

Workers have been displaced from prominent employers within the region, with closures and contractions of local mines, as well as closures of significant employers such as Hydro Aluminium. The transition into other industries, particularly from blue collar jobs to service roles can be a challenging and incongruent process. Compounding this, is generational challenges associated with disadvantage and lack of foundation skills can mean some unemployed are harder to place in available jobs.

The fastest growing and most prominent industry within the Cessnock LGA is currently the tourism sector. Jobs in the service economy creates a shift in the range and types of skills needed by the current and future workforce.

The outcome sought by a skills audit goes beyond dealing with the volatility challenge. The aim is for a workforce that is sustainable for the region in the short term, viable in relation to the any sector's growth and, in the longer term, for a sustainable workforce for a thriving region.

Key guiding principles for the development of a skills audit, will be collaboration, leveraging from growth to build a sustainable workforce in the longer term. It is also important to support existing local businesses through this period of high workforce volatility.

This project offers a major opportunity to meet economic, employment, social, and health and sustainability needs of all the communities and residents of Cessnock LGA.

1.2.2 Project Benefits

The project will provide many benefits in the long term:

1. Provide career and work opportunities in diversified and growing industries
2. Determine the needs of businesses in relation to workforce, skills and labour gaps
3. Provide employers with greater access to training and staff conducive to their needs
4. Providing businesses with a better environment to do business, and the resources they need to prosper and grow.
5. Providing avenues for Indigenous economic development and business development.
6. Raise the benchmark for the service economy to prosper within the region
7. Reduce under-employment
8. Reduce overall unemployment in the region
9. Develop and promote education and training pathways to careers
10. Create a job-ready environment for young people

Great care has been taken to ensure businesses cannot be identified by the data in this report, and to respect the privacy of individuals who supported the research.

2. CESSNOCK CITY SKILLS AUDIT: KEY FINDINGS

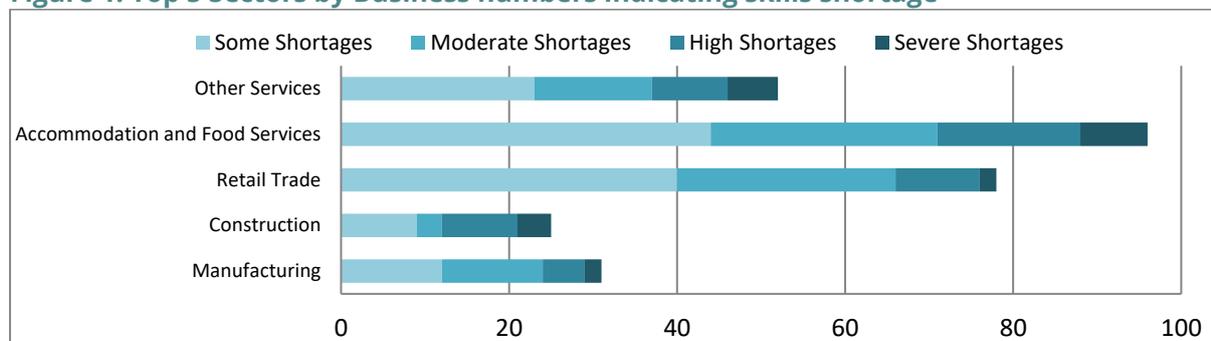
The key findings is a succinct summary of the outcomes from the Cessnock City Skills Audit. A more comprehensive review and detailed presentation of data is available in PART B.

I. SKILL SHORTAGES

Cessnock City Council and Advance Cessnock City conducted the Skills Audit with all businesses in the Cessnock LGA between February and April 2018. A total of 1068 businesses throughout the Cessnock local government area (LGA) provided a response, **939 businesses** completed the survey. This represented a **40.03% response rate**.

Of all business that responded, 41.47% of businesses (367) said they were **experiencing skills shortages**. The skills audit revealed the largest volumes of businesses experiencing some kind of skills shortages were in Accommodation and Food Services, Retail Trade, Other Services, Manufacturing and Construction.

Figure 1: Top 5 Sectors by Business numbers indicating skills shortage



II. ATTRACTING AND RETAINING STAFF

57.06% (408) said that they had difficulty **attracting** skilled workers, and 58.48% (362) said they had difficulty **attracting any workers**.

A significant proportion, 253 businesses (62.01%) experiencing difficulty attracting skilled workers, and 237 businesses (63.37%) experiencing difficulty retaining skilled workers were businesses in Accommodation and Food Services, Retail and Other Services.

For businesses, there is a higher risk of **retaining** skilled workers, 60.42% (374) of employers who responded said that they had difficulty retaining skilled staff.

A majority or 58.48% (362) of businesses declared they have a difficulty **finding any workers**, with 18.74% of respondents stating their difficulty finding any workers was high to very high.

III. UPSKILLING

While the **upskilling** of existing employees is considered an option for improving on the skills shortage, it is not the overall solution. A majority or 61.08% (510) of businesses perceived some **benefit from up-skilling existing employees**, with 12.03% of respondents it would be very beneficial to up-skill existing employees.

74.54% (644) of businesses stated they offered existing employees at least some type of **training and development**.

In relation to upskilling, 38.92% of employers (325 businesses) who responded said that upskilling would **not be beneficial** to improving skills shortages.

IV. SKILLS DEMANDS BY SECTOR

The following summarises overall **skills in demand** by the top 5 sectors by businesses currently having trouble recruiting skilled staff and businesses who expect demand in the next 2 years.

Figure 2: Currently difficult to source, by ANZSIC

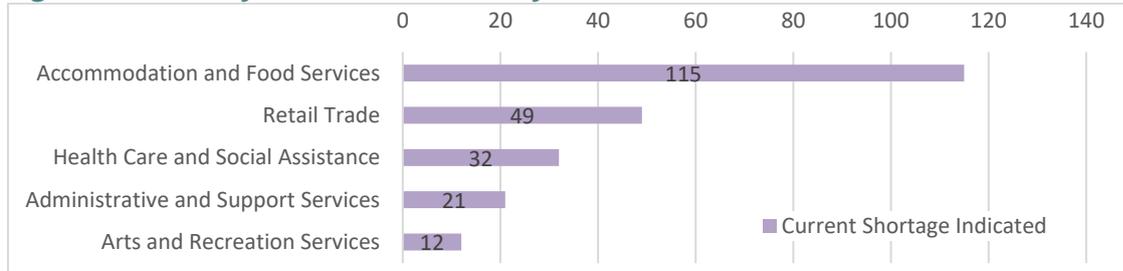


Figure 3: Demand in next 2 years, by Sector

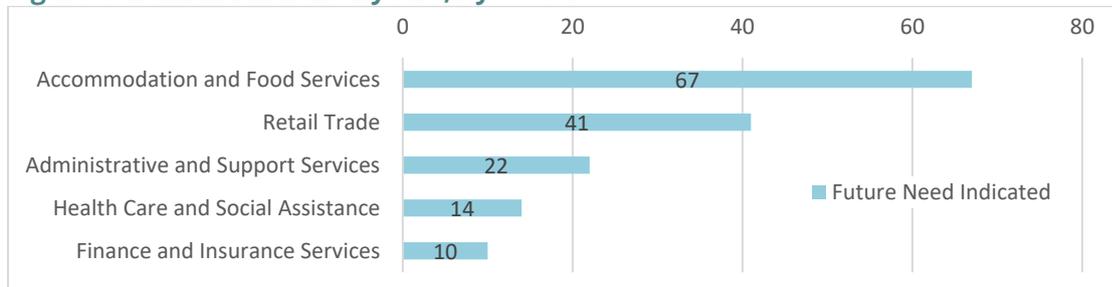


Figure 4: Combined Skills Shortage by Sector



The data indicates a shift in local labour demand, with Accommodation and Food Services, along with Health Care and Social Assistance indicating strong demand when compared to the ANZSIC Divisions of employers who participated in the survey.

V. RECRUITMENT

A significant proportion of **recruiting occurs online**, with online websites the largest category named by 314 businesses, and Facebook the equal fourth top position with 95 businesses. Gumtree and Instagram were also named as places businesses recruit.

Nearly half of respondents, 389 businesses (47.73%) cited difficulty in recruiting new staff. Over half or 52.47% (383 businesses) stated that they experienced difficulty recruiting due to no applicants or too few to choose from.

A large proportion 65.71% or 479 businesses stated that they experienced at least some difficulty recruiting due to **applicants lacking required skill sets**, and 66.48% (486) businesses stated that they difficulty recruiting due to **applicants lacking relevant work experience**.

62.36% or 454 businesses stated that they experienced difficulty recruiting due to **applicants lacking appropriate qualifications**.

Around half of respondents, or 49.44% (354 businesses) stated that they experienced difficulty recruiting due to **applicants lacking cultural fit with the business**.

60.83% or 441 businesses stated that they difficulty recruiting citing “**Lack of local skilled workers**”.

The biggest concerns of employers when recruiting is general issues with **work ethic** and attitude to work (21 businesses), applicants who break trust or become **unreliable** (10), and both **technical and soft skills** (9 each).

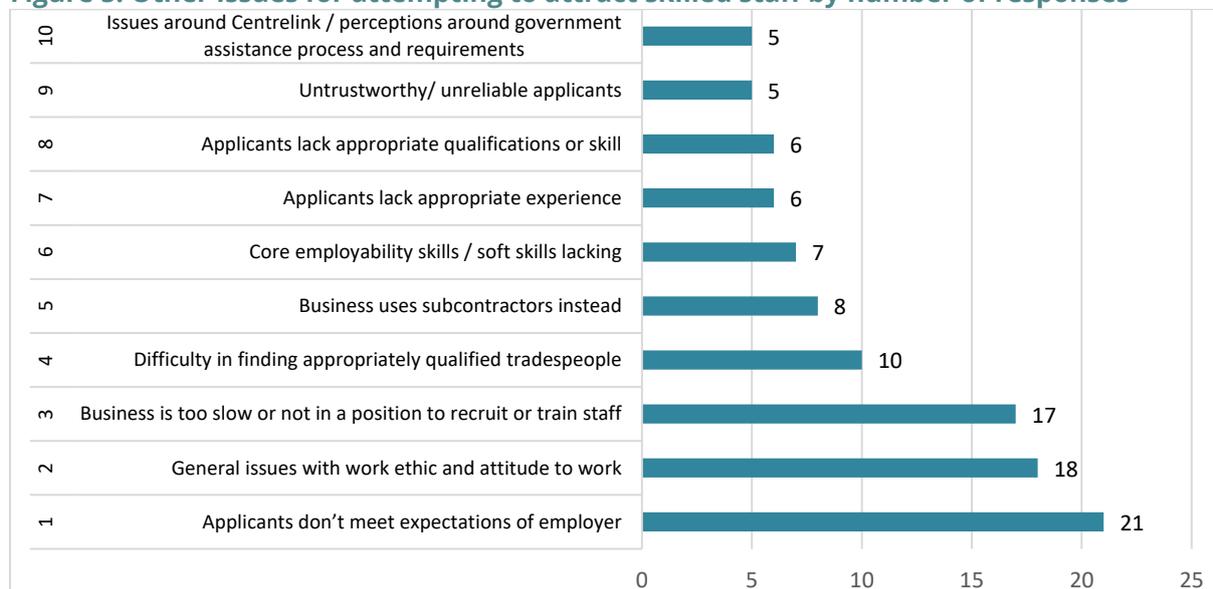
VI. SOFT SKILLS & WORKER TRAITS

While there are correlations between NSW and regional skills shortage data and the results of the Cessnock City Council Skills Audit, it is apparent that employers are facing challenges recruiting suitable staff for various reasons.

Responses to some questions indicate that this is due to poor fit, failure to meet employer expectations, or mismatch in suitability for other reason relating to attitude, reliability, work ethic and competence, otherwise known as soft skills.

In relation to issues faced by employers when attempting to attract skilled staff, the top 10 responses are listed below.

Figure 5: Other Issues for attempting to attract skilled staff by number of responses



VII. OCCUPATIONAL SHORTAGES

A vast proportion of businesses (45.83%) perceived there to be very low expectations they would experience a skills shortage over the next 12-24 months.

There is a noticeable **deficit in skilled workers** locally, in Retail, Accommodation and Food Services, Manufacturing, Construction, Other services and Health Care and Social Assistance.

In terms of **occupations**, the prime vacancies which need to be filled by businesses are; Shop Assistant, Cellar Door Sales Representative, Waiter, Chef and Cellar Hand.

VIII. PATHWAYS TO MEANINGFUL CAREERS

While **entry level and VET roles** are highly represented in shortage occupations, it is encouraging to see demand in higher skilled roles.

Further to this, there appear to be linkages across sectors within skills shortages, and aspirational pathways for meaningful career directions.

Many **bachelor degree level occupational shortages** were also identified, including sonographers, registered nurses, university trained childhood educators, accountants, aged care workers and community workers, Pharmacist and management.

There was also demand shown for **trades and Certificate IV level and above** including Bookkeepers, Chefs, Hairdressers, Beauty Therapists, Property Managers, machine operators and mechanics.

This could depict the need for strategies to be developed around encouraging school-leavers into these careers and on worker attraction and relocation into Cessnock City.

IX. EMPLOYEE NUMBERS

The Skills Audit survey identified **8,910 employees, across 872 businesses**. The median number of staff was 4. The average number of staff per business was 10.22.

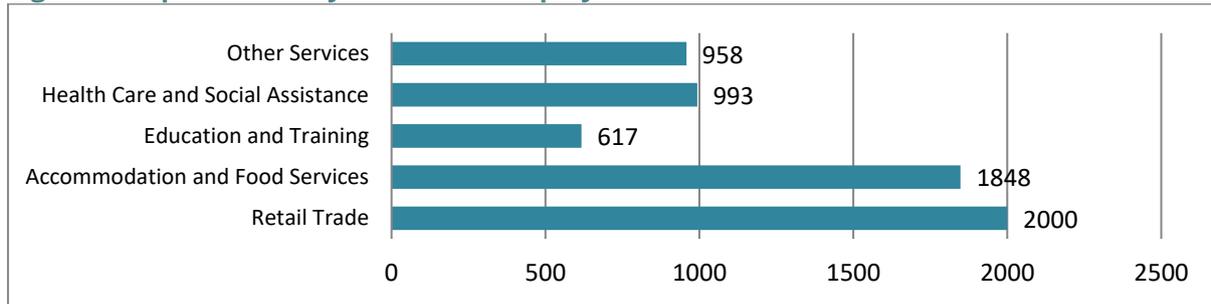
According to the survey, 92.33% of Cessnock City businesses are small or micro. Table 1 details the size classifications of surveyed businesses:

Table 1: Business Size classification and numbers of business

Category	Classification	Proportion of businesses surveyed
Micro business	(5 or less employees)	66.13%
Small business	(6 to 20 employees)	26.20%
Medium business	(21 to 100 employees)	5.75%
Large business	(greater than 100 employees)	1.92%
Total	All businesses surveyed	100%

The jobs-enriched sectors are the sectors with the **largest volumes of jobs**. According to the Skills Audit, the largest number of employees exist in Retail Trades, Accommodation and Food Services, Health Care and Social Assistance, Other Services and Education and Training.

Figure 6: Top 5 sectors by number of employees



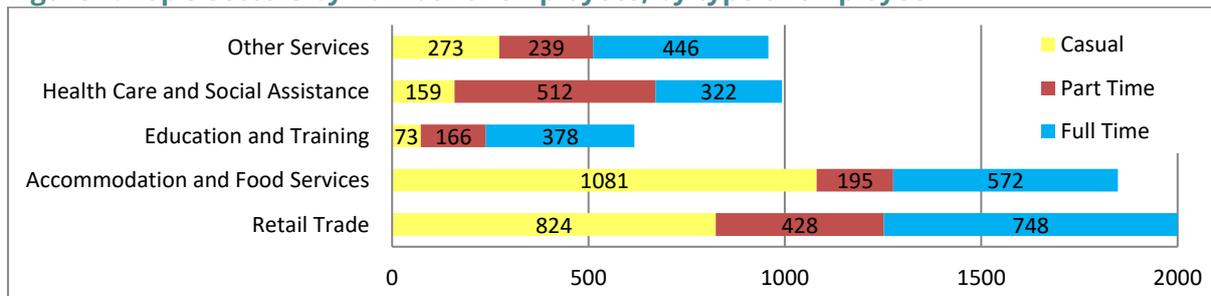
Other important sectors for Cessnock City based employment and jobs according to the study, are Manufacturing, Mining, Arts and Recreation and Construction.

On average there are higher numbers of jobs per business identified in Health Care and Social Assistance (26.84), Education and Training (21.28), and Arts and Recreation Services (17.22).

Businesses were asked about their proportions of Full Time, Part Time and Casual Employees:

- The largest numbers of **Full Time Employees** were found in Retail Trade with 748 representing 18.28% of all Full Time Employees. Accommodation and Food Services employed 572 Full Time Employees (13.98%), Mining Employed 568 (13.88%), and Other Services 446 (10.90%).
- The largest numbers of **Part Time Employees** were found in Health Care and Social Assistance with 512 representing 29.06% of all Part Time Employees. Retail Trades also employed a large proportion of Part Time employees with 428 (24.29%), Other Services employed 239 (13.56%).
- Unsurprisingly the largest numbers of **Casual Employees** are found in Accommodation and Food Services with 1081 casual employees (35.38%) and Retail Trade, 824 casual employees (26.97%). The casualisation of the workforce is higher in industries which support the visitor economy, and work can be seasonal in nature.

Figure 7: Top 5 sectors by number of employees, by type of employee



X. BUSINESS SENTIMENT

A majority of respondents to the survey were **small family operated businesses**, being either a sole proprietor or partnership, with quite a number not having vacancies or looking to employ staff.

Business Owners have a **clear vision** of the **employee attributes** they are looking for, which align with worker traits and soft or transferrable skills including: communication skills, customer service, reliability, work ethic and appearance.

Businesses also have expectations of potential employees that do not match up to the applicant's. Businesses also sometimes struggle to **compete with wages** offered by mining.

There was a need for training and development of new and existing employees with a focus towards **on-the-job skills development**. Several identified the formal training did not necessarily determine job-readiness, or proficiency of the learned skill required on the job.

Quite often, **recruitment methodology** is simple and responsive to external stimulus. Businesses still advertise in shop windows, and via local peer networks.

Concerning, was the attitude that businesses are **sometimes adverse to local recruitment** or perceive that local recruitment can be challenging for a business, however businesses also indicated a **preference to use a local employment resource** to recruit.

XI. JOBS PORTAL - SUPPORT AND RESOURCES

51.35% (437) of respondents said they would be inclined to utilise a **one-stop web portal** that could provide their business with **instant answers on employee questions** and **information on traineeships, apprenticeships** and available **government employment** incentives.

55.63% (474) respondents said they would be inclined to utilise a one-stop web portal to seek local people looking **for employment**. This provides positive insight into attitudes toward local.

3. BUSINESS ATTITUDES TOWARDS “LOCAL”

3.1 Profound attitudinal shift and perceptions of “local”

Cessnock City Council’s Gap Analysis (2015 -16) found that in terms of business sentiment, our businesses expressed a firm alignment to a “buy local” culture for procurement and purchases. Businesses made a point of stating to the survey teams that they were proud to support local and bought local good and services where possible.

However, in contrast to the proud “buy local” culture, Cessnock City Council’s Skills Audit (2018) has found that employers are looking outside the LGA to recruit staff. Several businesses responded quite directly that they will not recruit locally.

This identifies a possible disconnect by business and a pre-conceived attitude to both employment advertising and recruitment practices.

For example, one business respondent to the Skills Audit identified that suitable applicants for their positions are less likely to be sourced within the region:

“Response to Seek advertisement was 30 applicants culled to 10 to be interviewed, 5-6 called and interviewed. There was only one local Hunter Valley resident for the position, out of the 30 initial applicants”.

More sample responses depicting issues identified by businesses towards employing locally:

- *“Do not employ locally – too unreliable”.*
- *“Employing local people can be challenging”*
- *“Local people don't want to work”*
- *“Workers for Cessnock are mostly from out of area”*
- *“Can't get locals to work. Often turn up and then disappear.”*

Some businesses even told the survey they directly recruit from outside the local area:

- *“Source Employees from out of the local area. - Newcastle/Port Stephens/Lake Macquarie”*

Responses towards the proposed Business Portal demonstrate businesses are open to and generally want to utilise local recruitment tools to employ and this could prove to be a successful strategy towards reversing negative attitudes to employing locally.

3.2 Another legacy of mining?

3.2.1 Mining – cumulative impacts

A possible cause of this disconnect could be a result of mining legacies.

While mining has historically been a major contributor to the Hunter Regional economy, the lack of industrial diversity may reduce long-term resilience to change within the region. This is confirmed by a study undertaken by BHP Billiton in 2011 into mining impacts and community sustainability in the Hunter Region. The study reported that mono-industries such as mining create disproportionate opportunities for local employment.

The lack of foundation employability skills amongst unemployed locals in the Hunter Region often means that they cannot compete for local jobs, particularly in hospitality opportunities.

Anecdotally, Cessnock LGA’s mining background has resulted in skewed social norms, with lower educated people on much higher incomes when compared to wider community norms.

There can be lower levels of aspiration within children to pursue further education, when their social norms suggest that a high income can be achieved without a university education. This is in direct conflict with Department of Education, national statistics, which draw a very strong correlation between level of education and increased income, and this can be directly attributed to mining legacy.

3.2.2 Mining – siphoning our skilled workers

In the previous ten years there was a skills shortage within the mining industry which meant that skilled labour was recruited from further geographic radiuses from the immediate mining communities¹. This meant that traditional trades areas such as electricians, mechanics, plumbers etc. could horizontally deploy into work in the mines at a highly lucrative remuneration package, which the existing employers could not compete with.

Examples of business responses from the skills audit confirm some of these reports:

- *“High wage expectations”*
- *“Cannot match pay rates of mines. Tried employing but could not pay enough to keep them on”*—(Manufacturing business)

This led to a drain the resources of the traditional trades and a flow on skills shortage. It is known affected employers saw the issue as one of loyalty – with employees exhibiting a lack of loyalty by taking on higher paid positions in a different industry.

In mining communities, a blue collar workforce is provided with significant wage opportunities, and residents often do not place high value on educational resources or social capital.

“Skills-leakages,” also occur across sectors, with anecdotal reports of chefs, winemakers and hospitality workers leaving their jobs for higher paying positions in mines. This could be reflected in this study, per the top skills shortages by occupation including Chef, and Sales Representative Cellar Door, Bar Attendant, Waiter, Barista, and Food and Beverage General Staff.

The Australian labour market is moving away from the high labour intensive construction phase of the mining boom towards a less labour demanding production phase. The former dominance and reliance on mining is generally misleading for ongoing jobs growth in the Australian economy. The mining industry is projected to employ fewer people.²

¹ Standing Committee On Industry, Innovation, Science And Resources (2018) Public Hearing Transcript, How the mining sector can support businesses in regional economies.

² Labour market challenges and opportunities in the Cessnock Local Government Area – Mr. Ivan Neville, Department of Employment, November 2014

4. AUSTRALIAN LABOUR MARKET DATA

4.1 Current NSW Skills Shortages

The Department of Jobs and Small Business conducts research to identify skill shortages in the Australian labour market. Data is published as state, territory and national overview reports and lists; occupational cluster reports (grouping similar occupations); and individual occupational reports.³ According to the latest NSW individual occupational reports, the occupations listed in the table below are classified as skills shortage occupations.⁴

4.1.1 Cessnock LGA correlation

In the table, NSW Skills Shortage occupations with a current correlation with Cessnock City Council Skills Audit have been highlighted in blue.

Table 2: NSW Skills Shortage Occupations compared with Cessnock City

1	ANZSCO 1341-11 Child Care Centre Manager - NSW
2	ANZSCO 2211 Accountants - NSW
3	ANZSCO 2321-11 Architect - NSW
4	ANZSCO 2322-12 Surveyor - NSW
5	ANZSCO 2332-11,12,14,15 Civil Engineering Professionals - NSW
6	ANZSCO 2333-11 Electrical Engineer - NSW
7	ANZSCO 2335-12 Mechanical Engineer - NSW
8	ANZSCO 2411-11 Early Childhood (Pre-Primary School) Teacher - NSW
9	ANZSCO 2412-13 Primary School Teacher - NSW
10	ANZSCO 2414-11 Secondary School Teacher - NSW
11	ANZSCO 2415 Special Education Teachers - NSW
12	ANZSCO 2512-11 Medical Diagnostic Radiographer - NSW
13	ANZSCO 2512-14 Sonographer - NSW
14	ANZSCO 2515-11,13 Hospital/Retail Pharmacist - NSW
15	ANZSCO 2524-11 Occupational Therapist - NSW
16	ANZSCO 2525-11 Physiotherapist - NSW
17	ANZSCO 2541-11 Midwife — NSW
18	ANZSCO 2544 Registered Nurses - NSW
19	ANZSCO 3121-11 Architectural Draftsperson - NSW
20	ANZSCO 3122 Civil Engineering Draftspersons and Technicians - NSW
21	ANZSCO 3212-11,12,13 Motor Mechanics - NSW
22	ANZSCO 3222-11 Sheetmetal Trades Worker - NSW
23	ANZSCO 3223 Structural Steel and Welding Trades Workers - NSW
24	ANZSCO 3232-11,12,13,14 Metal Fitters and Machinist - NSW
25	ANZSCO 3241-11 Panelbeater - NSW
26	ANZSCO 3243-11 Vehicle Painter - NSW
27	ANZSCO 3311-11 Bricklayer - NSW
28	ANZSCO 3312 Carpenters and Joiners - NSW
29	ANZSCO 3322-11 Painting Trades Worker - NSW
30	ANZSCO 3332-11 Fibrous Plasterer - NSW
31	ANZSCO 3341 Plumbers - NSW
32	ANZSCO 3411-11 Electrician (General) - NSW
33	ANZSCO 3421-11 Air-conditioning and Refrigeration Mechanic - NSW

³ <https://www.jobs.gov.au/national-state-and-territory-skill-shortage-information>

⁴ <https://docs.jobs.gov.au/collections/new-south-wales-individual-occupational-reports>

34	ANZSCO 3511-11 Baker - NSW
35	ANZSCO 3513-11 Chef - NSW
36	ANZSCO 3941-11 Cabinetmaker - NSW
37	ANZSCO 4114-11 Enrolled Nurse — NSW
38	ANZSCO 4211-11 Child Care Worker - NSW

4.2 Projecting labour needs in the future

The Australian Department of Jobs and Small Business maintains a Labour Market Information Portal, which includes data from a range of different sources, including its annual Labour Force Survey. Data is available at a national and regional level. The data below was extracted from 2018 Labour Force Survey, covering the Employment Region of Hunter, NSW. This Report projects employment growth over the next five years to 2022.⁵

4.2.1 Cessnock LGA correlation

In the table, industries where there was with a correlation with Cessnock City Council Skills Audit have been highlighted in blue.

Table 3: Labour needs projections correlation with Cessnock City

Industry
Health Care and Social Assistance
Construction
Education and Training
Professional, Scientific and Technical Services
Accommodation and Food Services
Retail Trade
Public Administration and Safety
Other Services
Arts and Recreation Services
Administrative and Support Services
Information Media and Telecommunications
Transport, Postal and Warehousing
Financial and Insurance Services
Rental, Hiring and Real Estate Services
Wholesale Trade
Agriculture, Forestry and Fishing
Mining
Electricity, Gas, Water and Waste Services
Manufacturing

⁵ <http://lmip.gov.au/PortalFile.axd?FieldID=2925171&.xlsx>

5. LABOUR SUPPLY & DEMAND

5.1 Bringing Supply and Demand Closer Together

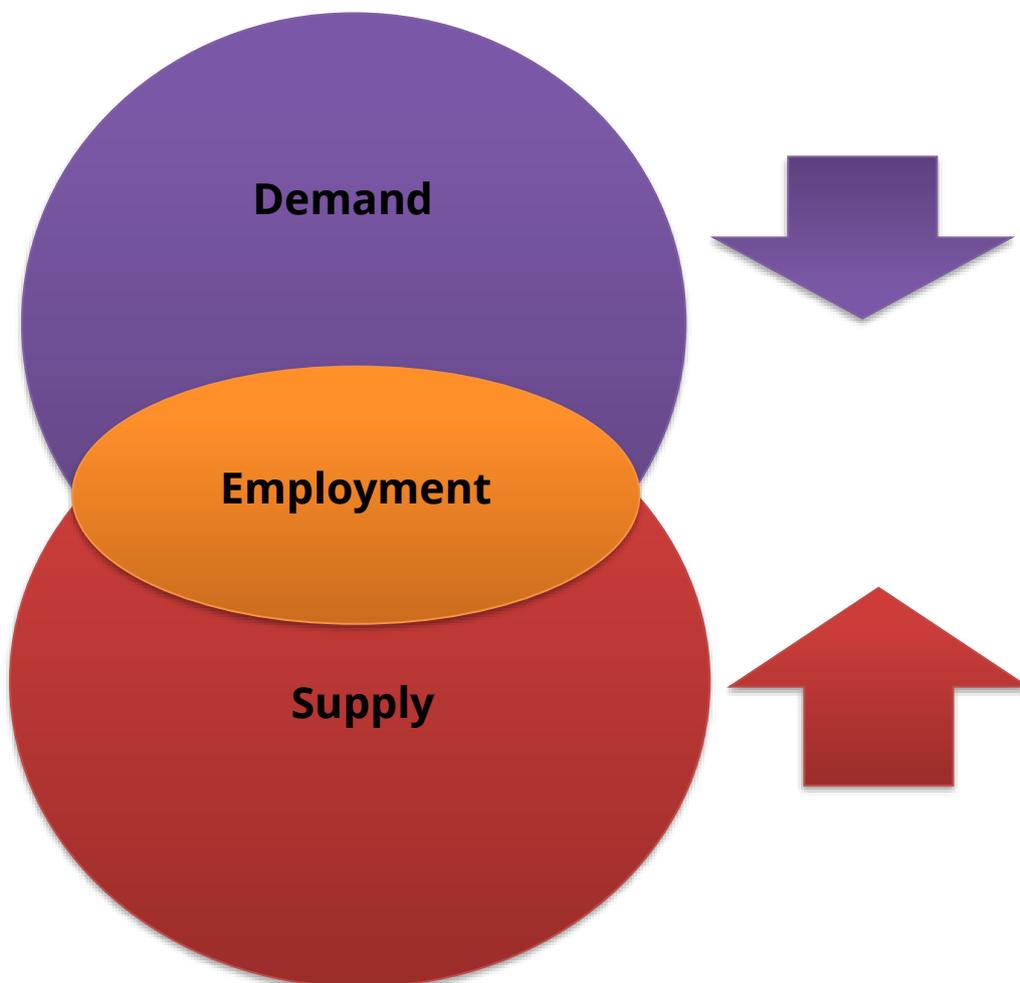
When labour Supply and Demand come together, they lead to employment.

DEMAND represents the skills, attributes, qualifications and qualities that are SOUGHT by employers.

SUPPLY represents the skills, attributes, qualifications and qualities AVAILABLE in the population now and in the future.

Only when strategies are developed in both areas, will the larger spheres come closer together leading to higher workforce participation in our LGA.

Figure 8: Supply and Demand



5.1.1 Understanding the Supply side

Most of this report will focus on the demand side of the equation, however to meet this demand it is equally important to understand the supply side.

Without considering skills, attributes and qualifications, there are more than enough unemployed people in the Cessnock LGA to meet the demands that employers have indicated in the Cessnock Skills Audit. Unfortunately, without the appropriate upskilling and qualifications needed by businesses, these people may remain unemployed.

In the 2016 Census, 8.7% of the working age population were unemployed (2,059 people). If we were to treat each of the 273 responses from employers regarding current need as an available vacancy, filled within this pool of available unemployed people, this would theoretically drop the unemployment rate to 7.59%.

In most small to medium businesses, by far the biggest cost item in their budget is wages.

A quick review of the Job Vacancies section in local newspapers, when compared to the number of Cessnock job vacancies advertised on Seek and other online platforms supports the theory that far too many employers are looking outside the LGA to recruit staff.

This is supported by some of the responses to questions in the Cessnock Skills Audit, where at several free answer questions, employers responded quite directly that they will not recruit locally. Some businesses told the survey that they perceived employing local people can be challenging for businesses and there was also a perception that local people do not want to work or work hard.

From an economic development perspective, employing staff from outside the LGA effectively moves that money out of the local economy, as those staff spend their money at businesses that are close to where they live (consumption effects).

5.1.2 Employment within Cessnock City

As at the 2016 Census, there were 15,494 jobs in the Cessnock LGA, and 20,500 working residents, meaning there are more working residents than there are jobs in the region.

ABS data states there are 11,034 jobs at 2016 Census held by Cessnock LGA residents who travelled outside the LGA to work.

Across the broader region, the proportion of working residents in Cessnock that work in their municipality is one of the lowest in the region. Almost 54% of resident workers leave Cessnock for employment. Anecdotally some of the reasons for this relate to higher wages and more opportunity for career progression.

Providing employment opportunities close to where people live can have positive social, economic and environmental outcomes as people reduce travel times for work.

5.1.3 Addressing Skills Shortages

Some of the occupations where there are current skills shortages as identified in the Cessnock City Skills Audit require qualifications and experience that will not be currently available locally, and to fill needs at that level now, Cessnock LGA needs to attract suitably qualified and experienced workers.

Given the growth that the region is experiencing, and the preference for these wages to be spent in the local economy, it would be much better if these skilled workers resided in the LGA.

Questions still to be answered include:

1. *How do we attract skilled workers to relocate to the Cessnock LGA?*
2. *If we have skilled workers living here who are travelling outside the LGA to work, how can we convince them to take up local opportunities?*

In terms of future needs at this level, we need to consider pathways and aspiration. Any student in the Cessnock LGA who aspires to become a professional with a bachelor's degree or higher level of education is effectively forced to leave the LGA to study.

It is widely accepted that employers in regional areas find it difficult to compete with the remuneration and career opportunities offered by employers in the metropolitan areas that this cohort relocate to when they attend University. Some questions that could lead to developments in this area include:

1. *Why would graduates relocate to Cessnock LGA when there are more opportunities closer to where they have moved (and after 4-7 years, now settled) to study?*
2. *How do we encourage more students to have aspiration and see professional careers as a realistic option?*
3. *Would having a local University presence help to keep some of our talent local?*

5.1.4 VET and entry level roles

There is very clearly enough supply within the local unemployed and transitioning student population to meet demand at this level.

Young people transitioning from study to work are disproportionately represented in the job-seeker market. Young people lack the skills and experience of their older counterparts to compete for limited job availability⁶**Error! Bookmark not defined..** Baby Boomers in semi-retirement are generally seeking part-time work and potentially competing for entry level roles with unemployed, unskilled and inexperienced young people.

Questions that could lead to developments in this area include:

1. *How do we upskill the current unemployed and student population to meet employer expectations?*
2. *How do we change perceptions of local employers regarding the employability of local people?*
3. *What needs to be done to encourage employers to take on a young person, when merit based recruitment processes prefer the most competitive candidates for the position?*

5.1.5 The unemployed population

To make a difference to the local unemployment rate, it is necessary to address some of the supply issues from within the unemployed population. While bringing workers in from outside the LGA will address the demand, it is a neutral result in terms of changing the rate of unemployment.

⁶ Australian Jobs 2015, Department of Employment

6. JOBS OF THE FUTURE

6.1 Rise of Automation

When looking to the future it's important to consider not only what industries will grow, but where employment opportunities will come from within that growth. Some industries are likely to experience growth; however it will be through mechanisation or computerisation and will come at the expense of human labour.

One contemporary example exists with a Chinese factory, Changying Precision Technology Company, which produces mobile phones. Their workforce was reduced from 650 people down to 60 employees, replacing personnel with robotics and automation⁷. Their government is incentivising efficiencies through automation, quite a different strategy from Australia who have a strategic focus on jobs.

6.2 Future of Jobs in Australia

Not all jobs are vulnerable, however there are occupations more likely to avoid computerisation. These include the services industry that require soft or people skills and a level of nuance in human interaction that has yet to be successfully replicated by computer programming.

Outsourcing nearly every function of our lives is increasingly possible. As economic pressures make it less feasible for people to stay home full time to look after children or the home, tasks like cleaning, ironing, mowing, dog walking and shopping can all be outsourced.

Similarly, there is potential for our aging population to take greater advantage of these services; the more affluent in the population may be more likely to utilise these services as a stop-gap measure to enable them to stay in their homes longer after retirement.

Indeed, information and communications technology (ICT) will underpin nearly every major advancement into the future⁸.

The internet of things promises to create an interconnected world where our homes and everything in them anticipate our needs and augment our environments. From self-driving cars, to fridges that know when the milk is off and orders a new bottle, to smart meters designed to replace traditional gas and electricity meters that give real-time information about household energy usage, computerisation is the way of the future.

Technological advancement is a double-edged sword. For all the advancements in productivity it offers, it also has the potential to render five million Australian jobs redundant by 2030.

The silver lining to this is that with adequate planning and investment, completely new categories of jobs can be developed. Entrepreneurialism and adaptive businesses can capitalise on disruption and generate jobs in new areas.

An increasing reliance on ICT will create substantial growth opportunities in the cybersecurity sector. Physical infrastructure is also important; data storage and server banks, optic fibre and copper wire network maintenance. Installing and servicing our smart homes will likely remain local.

⁷ <https://www.zmescience.com/other/economics/china-factory-robots-03022017/>

⁸ Positioning for prosperity? Catching the next wave. Deloitte Access Economics, 2014.

6.2.1 Vulnerable Jobs of the Future

For the Hunter Region, the Regional Australia Institute recognised that Cessnock local government Area (LGA), had the largest proportion of highly vulnerable jobs, at 30.1%, and higher than the Australian average of 26.5%⁹.

The most vulnerable jobs have been identified in sales, hospitality and food. The Job Vulnerability in Australia report cites that regions which have innovation and entrepreneurial skills are the most adaptive to the changing nature of work.

The report says workforce development will be required in order to address both technical and soft skills gaps needed by jobs of the future.

The Regional Australia Institute also advocate for ongoing skills development, and transferrable skill sets in regional Australia. They say remaining adaptable to any future workforce challenges is a priority for regional areas, and ongoing investment in skills development is crucial¹⁰.

6.2.2 STEAM – Skills of the Future

According to the NSW Department of Education, STEM refers to Science, Technology, Engineering and Mathematics. ‘STEAM’ incorporates the creativity of the Arts into the notion.

The future of jobs could rest in the areas of science, technology, engineering, arts and mathematics (STEAM). STEM or STEAM literacy is predicted to be one of the most important skill attributes of a future workforce.

The skills taught within these subjects in STEAM are all soft, transferrable and desirable employability attributes. These include problem solving, collaboration, strategic thinking, creative thought, and digital literacy.

STEAM uses science and mathematics combined with a creative process of design using technology and engineering in the classroom. The NSW Department of Education states:

Integrating STEM learning allows teachers to place a greater focus on the general capabilities of our syllabuses such as: critical and creative thinking, information and communication technology capability and personal and social capability.

STEM/ STEAM skills are prioritised in the comprehensive plan for science, technology, engineering, and mathematics education in Australia. The plan was released by the Education Council, the National STEM School Education Strategy 2016-2026¹¹. The strategy says “enterprise skills such as communication, clear thinking, creativity and problem solving were identified by industry as being increasingly important now and in the future”.

⁹ Regional Australia Institute (2018), Job Vulnerability In Australia.

¹⁰ The Regional Australia Institute (2018). Riding the next wave of automation in rural Australia: Safeguarding agriculture and rural labour markets through migrant work and skills development

¹¹ <http://www.stem-nsw.com.au/stem-resources>

7. ADDRESSING SOFT SKILLS SHORTAGES

7.1 Soft and Transferrable Skills

7.1.1 Basic skills

The literature and research trends indicate that a general upskilling in soft skills is required across Australia resulting in:

- Transferable skills
- Basic skills (numeracy/ literacy)
- Soft skills and customer service
- Leadership and business skills
- Strong socialisation and communication skills
- Strategic skills
- Work ethic
- 'Life experience' skills

The Department of Employment's Skills Shortage Research¹² provides that many unsuccessful applicants lacked communication skills. Another survey of Employers' Recruitment Experiences¹³ found a range of employability skills and personality traits are viewed by employers as essential.

Employability skills commonly considered essential included:

- Interpersonal Skills
- Basic Computer Skills
- Customer Skills
- Communication

Personality Traits commonly considered essential included:

- Attitude and adaptability
- Reliability
- Presentation
- Work ethic

7.1.2 Soft Skills

Soft skills are also known by names such as worker traits, employability skills, enterprise skills and are transferable between many different types of occupations. Soft skills form the desirable attributes of successful candidates.

A quarter of entry level employers report having difficulty filling vacancies because applicants lack basic employability skills¹³.

¹² Department of Employment "The skilled labour market a pictorial overview of trends and shortages" 2014-15.

¹³ Department of Employment. "Survey of Employers' Recruitment Experiences, all regions" 12 Months to March 2014.

Deloitte Access Economics ¹⁴ says soft skill-intensive occupations will account for two-thirds or 63% of all jobs by 2030 compared to half of all jobs from the year 2000.

Deloitte's report into "Soft skills for business success" ¹⁴ says:

- Demand for soft skills exceeds supply by up to 45 percentage points
- Soft skill intensive jobs will grow faster than other jobs
- A quarter of employers struggle to fill entry level positions because applicants lack soft skills
- Less than 1% of Australian Linked In profiles report having soft skills
- Soft skills of employees could increase business revenue by more than \$90,000
- Digital literacy can drive customer engagement and increase spending by 20-40%
- The level of soft skills of employees account for of the productivity gap between the best and worst performing firms
- Soft skills are 9 times more likely to be endorsed compared to a technical skill

Soft skills comprise of personal attributes and capabilities, they include communication skills and abilities, problem solving, time management, creativity, conflict avoidance or resolution, leadership, having initiative, and can determine how adaptable or reliable an employee is in the workplace.

7.1.3 Transferable skills

The need for diversification of industry also leads to a need for diversification of the labour force. There needs to be an emphasis on building a labour force with 'transferable skills' – that is, skills that can adapt to changes within the industry of employment as well as across diverse industries (recognition of opportunities horizontally across industries).

7.1.4 Vocational experience

Research ¹⁵ supports that funding should be used for job creation where training is linked to jobs and a pathway to a permanent job is created. Work placements and on the job experience are more beneficial for employment outcomes than group work projects to a student's aptitude and experience valued by employers ¹⁶. This creates candidates of greater value to employers as they have acquired appropriate work skills.

¹⁴ <https://www2.deloitte.com/au/en/pages/economics/articles/soft-skills-business-success.html>

¹⁵ Borland, J. (2015) "The Australian Labour Market: The More things Change..." *The Australian Economic Review*, 48:3, pp225-42

¹⁶ Australian Jobs 2015, Department of Employment

8. TRAINING AND EMPLOYMENT PATHWAYS

8.1 Industries with Pathways

The Cessnock City Skills Audit asked businesses to indicate future demand for positions over the next 2 years. Table 4.

below pivots data from *Question 17: Positions to fill next two years* in future demand, against occupations, mapped to required education level for the occupation, by industry.

Yellow highlighting has been used to draw attention to pathways where there is demand at more than 1 education level, while Green highlighting has been used to draw attention to possible entry points. It is important to remember that the numbers in the table indicate where employers have flagged demand. This does not mean that there are no other entry points, or indeed other links in pathways.

What is encouraging is that pathways are appearing where there is demand at multiple education levels within the one industry. A Pathways Program could assist to fill higher level roles, creating entry opportunities for clients from government employment programs such as Jobactive or Disability Employment Services, contributing to lowering the local unemployment rate.

Table 4: Positions to fill next two years - Occupations Mapped to Education Levels

Industry	BACHELOR+	DIPLOMA	CERTIV	CERT III	CERT II	ENTRY LEVEL	Apprentice	SHORT COURSE/ACCREDITATION
Administration					5	2		
Community				2	1			
Construction				1		3		
Finance	2		2					
Health	1		4	2	1			
Hospitality			3	5	8	2	2	
Management	1	1						
Mining				1				2
Retail					14	2		
Tourism				2				2
Trades Workers				1	1	1		

Aspirational pathways and horizontal pathways across industries can be identified. For example, aspirational pathways can be mapped:

- A Kitchen Hand within Hospitality can aspire to become a Chef, then possibly a Hotel Manager.
- A Bookkeeper can aspire to become an Accountant.
- An entry level retail Sales Assistant can utilise transferrable skills and move to Hospitality in a specialist Cellar Door Sales Representative role, progressing with training to Hotel Manager at Certificate IV level, or marketing specialist by completing a Certificate IV qualification or a degree.

This concept is supported by the relationship between core and elective units of competency within the VET qualifications in the above industries at Certificate II, III, and IV level. Analysis of qualifications identified in the next section on VET and entry level roles, showed that 100 Units of Competency were shared across multiple qualifications and occupations.

8.2 VET skill shortage occupations, below Certificate III

The table below lists the top 10 skills shortage occupations locally with VET qualifications (Certificate III or lower).

Table 5: Training Directory - Top 10 skill shortage occupations with VET pathways

Occupation	Qualification Options
Chef	Certificate III in Commercial Cookery
Sales Representative - Cellar Door	Certificate II in Hospitality
Shop Assistant	Certificate II in Retail Services
Bar Attendant	Certificate II in Hospitality
Food and Beverage general staff	Certificate II in Hospitality
Waiter	Certificate II in Hospitality
Barista	Certificate II in Hospitality
Receptionist	Certificate II in Business
Hairdresser	Certificate III in Hairdressing
Sales Representative	Certificate II in Retail Services

8.2.1 Chef

Chef ranked No. 1 on the list of current VET skills shortage occupations in the Cessnock Skills Audit with 16 responses, Chef is also listed on the NSW Skills Shortage List maintained by The Department of Jobs and Small Business.¹⁷

Most Chefs in Australia complete an apprenticeship, including a minimum of Certificate III in Commercial Cookery (SIT30816).

According to The Department of Jobs and Small Business, Shortages of chefs are evident across New South Wales, with nearly two thirds of vacancies remaining unfilled and employers considering few applicants to be suitable.¹⁸ Further, a NSW survey completed in 2017 revealed that:

- There were on average, 3.3 applications per vacancy
- Around half of applicants were qualified Chefs
- Employers considered that on average, 0.5 applicants per vacancy were suitable
- Nearly all employers sought qualified chefs with several years of industry experience (vacancies for head chef, sous chef and chef de partie/demi chef positions were surveyed)
- Nearly all employers (91%) required the successful applicant to have completed an apprenticeship and hold a Certificate III in Commercial Cookery
- A small number of employers were willing to compromise and consider an unqualified but experienced applicant
- Around a fifth of employers surveyed, following an unsuccessful recruitment exercise, either undertook overseas sponsorship, compromised and recruited an apprentice or headhunted a chef from another business in order to fill their vacancy.

¹⁷ <https://www.jobs.gov.au/national-state-and-territory-skill-shortage-information>

¹⁸ <https://docs.jobs.gov.au/documents/anzsco-3513-11-chef-nsw>

8.2.1.1 Outlook

Ongoing tourism and population growth and a robust outlook for the economy indicate that demand for chefs is likely to continue growing. Together with decreasing training commencements and completions suggests, that at least in the short-term, shortages will continue for this occupation.¹⁹

8.2.2 Sales Representative - Cellar Door Sales Representative

There is no mandatory qualification to be a sales representative. According to the publication Australian Jobs 2018 issued by The Department of Jobs and Small Business, 57% had no post-school qualification, 8% had another unstipulated qualification, 22% had a Certificate III or higher VET qualification while 13% had a bachelor's degree or higher level of qualification nationally.

For general Sales Representative, Certificate II in Retail Services has been highlighted as a suitable qualification. Cellar Door Sales Representative is a specialist subset of the Sales Occupation; therefore the Certificate II in Hospitality has been highlighted as a suitable qualification. Wine and alcohol sales also requires a mandatory and current Responsible Service of Alcohol competency.

8.2.2.1 Outlook

Sales Workers employment is projected to grow by around 3.6% over the five years to May 2022.²⁰

8.2.3 Shop Assistant

There is no mandatory qualification to be a Shop Assistant. According to the publication Australian Jobs 2018 issued by The Department of Jobs and Small Business, of all General Sales Assistants employed in Retail, 54% had no post-school qualification, 6% had another unstipulated qualification, 24% had a Certificate III or higher VET qualification while 16% had a bachelor's degree or higher level of qualification nationally. Certificate II in Retail Services has been highlighted as a suitable qualification.

8.2.3.1 Outlook

Retail Trade is Australia's second largest employing industry. Employment increased by 6.8% (or 81,400) over the past five years. Sales Assistants and Salespersons are projected to make up 34.8% of new employment up to 2022.⁷

8.2.4 Bar Attendant, Food and Beverage General Staff, Waiter, Barista

There is no mandatory qualification for this cluster of roles, however you must have completed your Responsible Service of Alcohol Course if serving alcohol and Responsible Conduct of Gambling if paying out winnings associated with gambling or patrolling or servicing patrons in a gambling area²¹. Both competencies form part of the Certificate II in Hospitality qualification.

Bar Attendant/Barista is ranked 3 of the top 5 occupations in the Accommodation and Food Services industry with just over 110,000 workers nationally.

Waiter is ranked 1 with 134,900 workers.

¹⁹ https://docs.jobs.gov.au/system/files/doc/other/351311chefnsw_0.docx

²⁰ <https://docs.jobs.gov.au/system/files/doc/other/australianjobs2018.pdf>

²¹ <https://www.liquorandgaming.nsw.gov.au/Pages/gaming/responsible-conduct-of-gambling.aspx>

Of all workers in this industry, 55% had no post-school qualification, 6% had another unstipulated qualification, 25% had a Certificate III or higher VET qualification while 14% had a bachelor's degree or higher level of qualification nationally. Certificate II in Hospitality has been highlighted as a suitable qualification.

8.2.4.1 Outlook

Employment in the Accommodation and Food Services industry is expected to increase strongly over the five years to May 2022, up by 11.2%, supported by tourism and a growing café culture²².

8.2.5 Receptionist

There is no mandatory qualification to be a Receptionist. Receptionist is ranked no 2 in the top 5 Clerical and Administrative Work occupations in Australia, with 180,700 workers⁶.

Of all clerical and administrative workers, 40% had no post-school qualification, 7% had another unstipulated qualification, 30% had a Certificate III or higher VET qualification while 23% had a bachelor's degree or higher level of qualification nationally. It is noted that there is a higher prevalence of workers with bachelor's degree or higher qualification in this qualification suggesting that it might be a pathway to higher skilled roles. Certificate II in Business has been highlighted as a suitable qualification.

8.2.5.1 Outlook

Employment growth in this group is projected to be subdued over the five years to May 2022 (up by 1.7%, compared with 7.8% across all occupations)²².

8.2.6 Hairdresser or Barber

To work as a Hairdresser or Barber in NSW you need to have completed a Certificate III in Hairdressing. This can be completed as part of an apprenticeship, or alternatively completed full time.

8.2.6.1 Outlook

There are 60,600 Hairdressers working in Australia, down 2.5% when compared to 2012 figures²³. According to Australian Jobs 2018, Hairdressers as a trade are not tracked independently in terms of outlook for the future, however it is noted that hairdressers were highlighted in the Cessnock City Skills audit as a current and a future need occupation.

²² <https://docs.jobs.gov.au/system/files/doc/other/australianjobs2018.pdf>

²³ <https://docs.jobs.gov.au/collections/new-south-wales-individual-occupational-reports>

8.3 Tertiary level skill shortage occupations - Certificate IV & above

Employers in the following industries indicated in the Cessnock City Skills Audit that they have a current shortage of staff at Certificate IV level of education or above.

1. **Health**
2. **Engineering**
3. **Finance**
4. **Childcare**
5. **Marketing**
6. **Management**

An overview of some of the pathways within these sectors is provided linked to occupations within these sectors.

8.3.1 Health

Current shortage and future need were indicated in a range of health professional occupations. All health professional occupations represented in this section require a bachelor's degree or higher level of education, with most also requiring internships and/or practical placements within facilities that offer the breadth and level of experience required to meet professional accreditation. Current skill shortages therefore must be met from outside the LGA.

Attracting suitably qualified and experienced health professionals is a challenge faced in most regional areas in Australia.

The Hunter Region is Australia's largest regional economy²⁴. It is home to over 600,000²⁵ residents and 48,500 business²⁶ and has an economic output of over \$41 billion²⁷. The Hunter is one of the fastest growing regions in Australia, with the Lower Hunter (2016 population 555,200) being a significant growth corridor. The corridor has the capacity to accommodate 160,000 additional residents over the next 25 years.

Locally however, there are some major challenges that hinder Cessnock LGA's capacity to attract health professionals. In the Cessnock LGA, much of the residential growth and new development is on the outer rim of the city and in the rural villages. The new land releases are presented as follows:

- Huntlee – 7,500 dwellings
- Anvil Creek, Greta – 1,365 dwellings
- Golden Bear, Rothbury – 550 dwellings
- Bellbird North – 3,500 dwellings
- Bellbird Heights – 700 dwellings

²⁴ Regional Development Australia Hunter (2017) Hunter Investment Prospectus – The Hunter Region: Your Smart Business, Investment and Lifestyle Choice

²⁵ Australian Bureau of Statistics Population of the Hunter Region, 2016 Census (Hunter Region Resident Population was 617,363 at the 2016 Census).

²⁶ Regional Development Australia Hunter (2017) Hunter Investment Prospectus – The Hunter Region: Your Smart Business, Investment and Lifestyle Choice

²⁷ Regional Development Australia Hunter (2017) Hunter Investment Prospectus – The Hunter Region: Your Smart Business, Investment and Lifestyle Choice

- Cliftleigh - 977 dwellings
- Heddon Greta – 24ha
- Cessnock North – 400 lots
- Paxton North – 44.21ha
- Millfield – Mt View area – 280 lots²⁸

Rural villages lack the infrastructure and amenity to support their growing populations, and zoning restrictions can hinder development that will support these growing communities. For example, many rural villages within the LGA have zoning restrictions that prevent the building or operation of a Medical Centre.

Cessnock and Kurri Kurri Hospitals currently lack the breadth of services, equipment and facilities to attract talented young health professionals. There appears to be little opportunity for career progression, or opportunities to 'grow' and 'stretch' within the profession locally.

While Cessnock Emergency Department has recently been upgraded it is often staffed by local GPs on call from their own practice, most of whom are approaching retirement age. The Hospital lacks a maternity department to support population growth, and patients must be transported or travel to a local private provider to access common medical utilities such as Magnetic Resonance Imaging (MRI), as they are not available at the Hospital.

8.3.1.1 Doctor or GP, Dentist

Nationally, General Practitioners and Resident Medical Officers are ranked in the top 10 occupations for predicted growth in the 5 years to 2022²⁹. There is a national shortage of General Practitioners, and as a result competition with metropolitan areas is very high. In the absence of a specific strategy, Cessnock LGA will face major challenges attracting staff in these occupations now and in the future.

8.3.1.2 Radiologist, Sonographer

As a profession, Medical Imaging Professionals is predicted to experience 11.3% growth nationally over the next 5 years to 2022¹¹. As mentioned above, most medical imaging within the LGA is provided by private businesses.

8.3.1.3 Chiropractor

As a combined profession, Chiropractors and Osteopaths are predicted to experience 20.9% growth nationally over the next 5 years to 2022¹¹.

8.3.1.4 Registered Nurse

As a profession, Registered Nurses are predicted to experience 23% growth nationally over the next 5 years to 2022¹¹. There is a national shortage of Registered Nurses, and as a result competition for qualified staff is very high. In the absence of a specific strategy, Cessnock LGA will face major challenges attracting staff in this occupation now and in the future.

8.3.1.5 Pharmacist

As a profession, Pharmacists are predicted to experience 11.3% growth nationally over the next 5 years to 2022¹¹. There is a national shortage of Pharmacists, and as a result competition for qualified staff is very high. In the absence of a specific strategy, Cessnock LGA will face major challenges attracting staff in this occupation now and in the future.

²⁸ Investment Opportunities in Cessnock City

²⁹ <https://docs.jobs.gov.au/system/files/doc/other/australianjobs2018.pdf>

8.3.2 Engineering

While engineering is not a high growth industry nationally, both current and future need was indicated by local employers in the Cessnock Skills Audit. This could be linked to development at Newcastle Airport and expansion RAAF operations providing the opportunity for Cessnock to become the region's largest airport for general aviation.

Anecdotally, some large employers are starting to express interest in moving to or expanding their operations at Cessnock, and there are opportunities to expand on current charter, skydiving and other recreational and tourism operations. With these opportunities in mind and given that employers have indicated future need in these occupations, Engineering could be a key growth industry for the region with aspirational pathways and exciting, high skilled career pathways for local students to address future needs.

Most occupations in this industry require a bachelor's degree, therefore a businesses will need to attract appropriately qualified and experienced staff to meet current demands.

8.3.2.1 Aircraft Engineer/Aircraft Maintenance

As a profession, Aircraft Maintenance Engineers are predicted to experience 2.7% growth nationally over the next 5 years to 2022³⁰.

8.3.2.2 Electrical Engineer

As a profession, Electrical Engineers are predicted to experience 1.5% growth nationally over the next 5 years to 2022¹⁶.

8.3.3 Finance

In the finance industry, both current and future need was indicated for Bookkeepers and Accountants.

8.3.3.1 Accountant

Accountants require a bachelor's degree or higher level of qualification and professional accreditation. As a profession, Accountants are predicted to experience 6.9% growth nationally over the next 5 years to 2022¹⁶. There is a national shortage of Accountants, and in NSW Accountant is ranked No.2 in terms of skills in demand occupations. In the absence of a specific strategy, Cessnock LGA will face major challenges attracting staff in these occupations now and in the future.

8.3.3.2 Bookkeeper

As an occupation, Bookkeepers are predicted to experience negative (-3.2%) growth nationally over the next 5 years to 2022¹⁶. Nationally, this is not a skill in demand occupation, local demand could however be explained by the shortage of Accountants.

8.3.4 Childcare

The Childcare industry is experiencing significant growth nationally, and Childcare Centre Manager ranks No. 1 in NSW in terms of occupations in demand, while Early Childhood Educator is ranked No.8. Both occupations require bachelor's degree qualification. In the absence of a specific strategy, Cessnock LGA will face major challenges attracting staff in these occupations now and in the future.

³⁰ <https://docs.jobs.gov.au/system/files/doc/other/australianjobs2018.pdf>

8.3.4.1 Childcare Centre Manager, Early Childhood Educator

As a profession, Early Childhood Educator are predicted to experience **26.4%** growth nationally over the next 5 years to 2022¹⁶. Childcare Centre Manager is a progression pathway following on from Early Childhood Educator.

8.3.5 Marketing

While a current need for Marketing Professionals was indicated in the Cessnock Skills Audit, the level of future need indicated was much higher. Labour market research reveals that employers usually expect Marketing Professionals to have a Certificate IV level of qualification as a minimum, while those with a bachelor's degree or higher level will be more competitive for available positions. As an occupation, Marketing Professionals are predicted to experience 10.5% growth nationally over the next 5 years to 2022¹⁶.

8.3.6 Management

A current need for General Managers was indicated in the Cessnock Skills Audit. Labour market research reveals that employers usually expect General Managers to have a bachelor's and/or master's degree. As an occupation, General Managers are predicted to experience negative growth national (-0.3%) growth nationally over the next 5 years to 2022¹⁶. Although General Managers are not a skill in demand occupation nationally, current need locally could be explained by the existence of multi-nationals in the Pokolbin region, and anecdotally these employers have expressed that they find it difficult to recruit executive level staff locally.

9. POTENTIAL MEASURABLE OUTCOMES

9.1 Converting skills deficits to outcomes

The following figures and scenarios are provided as examples.

According to the Australian Bureau of Statistics, the current average annual income in Australia is \$85,956³¹. According to the 2016 Census, the median weekly household income in the Cessnock LGA was \$1,177³² per week or \$61,204.

Given that most of the unemployed population could commence in entry level and VET roles, and that this correlates with the highest current skills shortages, a wage of \$60,000 per year has been used for the scenarios below.

In 2016, 8.7% (2,059) of the working age population (23,684) in the LGA were unemployed. The current fortnightly Newstart payment is \$489.70 per fortnight for a single adult with no children. At the time, the national unemployment rate was 6.9%³³.

In real terms, if 733 more people been employed at the time of the Census, Cessnock LGA's unemployment rate would have been equal to the Australian rate.

733 additional people working (not counted as unemployed) could contribute a minimum \$44M to the local economy annually and save about \$9.3M annually in welfare payments.

This is without considering other social benefits of people working such as reduced Medicare costs, Centrelink and other social program savings together with reduction in demand for policing and criminal justice.

Between 2011 and 2016 Census', the working age population in Cessnock grew by about 6%. If we assume the same growth up to 2021, our working age population will be just over 25,000. In order to be level with the current national unemployment rate of 5.6%, the target for Cessnock LGA unemployed is 1,406 people.

In order to catch the current national unemployment rate, about 650 of the roughly 2,000 people, or about 32.5% of our current unemployed population will need to be working by 2021. This is about 216 jobs per year.

³¹ <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6302.0>

³² http://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/LGA11720?opendocument

³³ <https://profile.id.com.au/cessnock/employment-status>

9.2 Jobs Create Jobs

Cessnock City Council's Economic Development Unit has modelled the following scenario over available current employment data within the Cessnock LGA, to demonstrate the opportunities that might come from stimulating the local labour market as suggested in the previous section.

In real terms, if 733 more people been employed at the time of the Census, Cessnock LGA's unemployment rate would have been equal to the Australian rate.

The model includes no changes excepting for the addition of 733 new jobs apportioned within each of the 19 industry sectors within the Cessnock LGA. A total of 733 new jobs within the Cessnock LGA, when modelled using REMPLAN, resulted in a direct increase in output of \$234.05 million for the economy. From this direct job expansion, there is flow on effect to industry through local purchases of goods and services, and the 733 new jobs is therefore estimated to result in a gain of a further 201 jobs.

The increase in direct and indirect output and the corresponding creation of jobs in the economy are expected to result in an increase in the wages and salaries paid to employees. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure is captured in the local economy. The consumption effects under this scenario are estimated to further boost employment by 164 jobs.

Total employment, including all direct, industrial and consumption effects is estimated to increase by up to 365 additional jobs. Not only does the economic model provide that new jobs create more new jobs, the value-added, including all direct, industrial and consumption effects of 733 new jobs in Cessnock LGA economy is estimated to increase by up to \$147.50 million.

The impact summary of the addition of 733 new jobs is presented in the table below.

Table 6: Outputs from 733 New Jobs in Hunter Region Scenario

Impact Summary	Direct Effect	Supply-Chain Effect	Consumption Effect	Total Effect	Type 1 Multiplier	Type 2 Multiplier
Output (\$M)	\$234.049	\$70.024	\$44.552	\$348.625	1.299	1.490
Employment (Jobs)	733	201	164	1,098	1.274	1.498
Wages and Salaries (\$M)	\$57.584	\$16.374	\$10.327	\$84.285	1.284	1.464
Value-added (\$M)	\$92.707	\$27.855	\$26.942	\$147.504	1.300	1.591

If at the last census, Cessnock City had 1,098 more people in employment instead of unemployment as the total multiplier effects in the scenario demonstrates, it could mean that Cessnock LGA's unemployment rate was not 8.7%, but 4.1%.

It provides a good case towards:

- Strategies which support existing business to grow, to retain and create jobs.
- Attract workers into the region to fill existing and future occupational shortages.
- Attract new jobs into the region by attracting major firms through business investment attraction.
- Continue to provide a good business environment to stimulate economic diversification of existing businesses.
- Encourage a preference for social procurement /employment.

10. MORE DIRECTIONS FROM THE RESEARCH

It is well noted by all governments that regional areas can thrive where there is economic diversification beyond the traditional areas of agriculture and mining. However, this prescribes that a strong commitment and strategic preference is required from all levels of government to effectively realise economic diversity in regional areas.

Not all recommendations can be implemented at the local level, but it is recognised that by taking a strategic leadership role, Council can bring together diverse community interests in ways that will stimulate enterprise and investment as well as create an environment conducive to business.

For areas such as Cessnock LGA, there is a need to commit and support continued economic diversification in the service economy, and in particular the tourism industry.

10.1 Directions for Economic Development Planning

The following recommendations are directions supported by both desktop research as well as the data from the Cessnock City Skills Audit.

10.1.1 Workforce Retention

Due to the significant proportion of Cessnock LGA business being of micro and small businesses who employ less than 20 people it is critical the programs to engage and support these businesses continue through the Advance Cessnock City Platforms. Monitoring and enhancing business capabilities will continue to be critical. Businesses who are supported to grow have enhanced capacity to create jobs.

10.1.2 Attract Skilled Workers

Based on the results of the Cessnock Skills Audit, not all current skill deficits can be met from within the LGA. Skilled professionals earn higher than average wages, and in order to benefit the local economy it is preferable that these skilled workers reside within the LGA.

10.1.3 Business Investment Attraction

Diversification of industry and business investment attraction. By increasing the range and diversity of local industries, current skills may be transferrable, new skills and training can emerge and new residents and employing businesses may be attracted into the region.

10.1.4 Advocate for Higher Education

The Department of Employment provides that people that complete post-school study are generally less likely to be unemployed and generally receive higher pay than those who don't pursue further studies after school. Employment outcomes are also strong for apprenticeships and trainees where gaining education and work skills contribute to positive work outcomes.

It is clear from the results of the Cessnock Skills Audit that there are career pathways between industries, as well as aspirational pathways for people who undertake higher education.

Traditional industries are moving away from needing low skilled workers to workers with higher technical, design, IT and marketing skills.

There is a need to continue to advocate for and engage with tertiary educators to enhance opportunities for local people.

Aspirational programs in schools can help students understand that careers involving University or Tertiary education are a realistic goal.

10.1.5 Soft and Transferrable Skills

A local 'employability skills' curriculum could be developed in conjunction with local training providers and employers, based on further, more detailed employer feedback and aligned to the Core Skills for Work Developmental Framework. Clear linkages to STEM programs in schools, partnerships between schools and industry can be facilitated to increase outcomes and impact.

Integration of the curriculum within local schools, starting at middle school level to ensure that students are aware of employer expectations. Stronger incorporation of employability skills training within localised VET programs, specifically with the local training providers.

There also needs to be an emphasis on building a labour force with 'transferable skills' – that is, skills that can adapt to changes within the industry of employment as well as across diverse industries (recognition of opportunities horizontally across industries).

There is also increased opportunities for employers to upskill existing staff especially in sectors with the highest numbers of employees and skills shortages such as Retail and Accommodation and Food Services.

10.1.6 Vocational Experience and Investment in Young People

Having local employers that act as 'incubators' for skills shortage roles, for example they take on an extra subsidised apprentice knowing that the apprentice will move on to another employer once qualified.

Businesses who can invest in development of employability skills in young and unemployed people through entry level roles, or provide temporary vocational work experience opportunities that relate to local employment opportunities.

Incentives explored for businesses who provide employment and invest in the next generation of employees by giving a young person an opportunity to commence their career.

10.1.7 The School-Career Pathway

The school-career pathway is a critical decision period for young people³⁴. Wise educational decisions lead to ongoing employment options and support can be provided to ensure pathways lead into jobs rich industries. Emphasis on attracting young people into training that is relative to targeted projected jobs growth sectors. Health Care and Social Assistance, Education and Training and Professional, Scientific and Technical Services and Accommodation and Food Services are set to provide the largest numbers of Australian jobs.

Council can advocate for targeted support to making upright educational decisions and high quality career guidance, particularly in socioeconomically disadvantaged areas is vital to ensuring long term employment post study.

³⁴ Quintini, G. & Martin, S. (2014) "Same Same but different: school to work transitions in emerging and advanced economies" *OECD Social, Employment, and Migration Working Papers*, 154, OECD Publishing

10.1.8 Social Procurement

Major projects, developments and companies including Council could review procurement processes to ensure that companies that benefit from winning contracts with council are held accountable to ensure that they hire a %age of people from the unemployed population including marginalised groups.

Preference for major developments/projects to set targets on how many people are recruited from the local unemployed population into entry level and VET roles.

This would ensure that procurement dollars return to the local economy and have a positive social impact.

A guide to social procurement in NSW was developed by a working group in 2012, according to the guide: *'Most government investment at all levels in NSW is through procurement, with up to \$27b spent each year by State (\$20b) and Local Government (\$7b) alone. Modern strategic procurement process is designed to maximise the achievement of government objectives by purchasing goods and services from external parties through a robust, transparent and well planned and managed approach. By effectively incorporating social objectives at every stage of the procurement process, government can create the 'demand' that enables social enterprises, other social benefit suppliers and the private sector to not only deliver high quality goods and services and infrastructure, but also provide real community benefits, and address significant issues such as the chronic, sometimes generational unemployment faced by whole communities in some parts of NSW.'*³⁵

10.1.9 Economic Development Studies

As Economic Development is a long term strategy, it is critical that the Council has a comprehensive understanding of its industries, businesses, their capacities, capabilities and needs. The research will provide insight into the needs of businesses in relation to workforce, skills and labour gaps, enabling council to connect employers with greater access to training conducive to their needs, foster a better environment of which to do business, and give businesses the resources they need to prosper and grow.

10.1.10 Jobs Portal and Steering Group

Launch a portal on the Advance Cessnock City website where local businesses can advertise positions and unemployed can search for jobs. The portal will list government incentives for traineeships, apprenticeships etc.; provide value for job active agencies and business support groups.

The Jobs Portal is a mechanism to commence addressing some of the immediate gaps identified in the skills audit and allows Council to promote a program covering training and pathways to meaningful employment for unemployed persons. Local businesses can advertise positions and connect with all government opportunities and incentives while unemployed persons can search for jobs using the same resource.

The steering group comprises registered training bodies, job agencies and stakeholders in the employment and training sectors who have informed and guided the direction for the Jobs Portal. It is recommended these stakeholders continue to meet to discuss strategies to address key employability issues, pathways for young people and the unemployed, and collaborate to foster better outcomes and engender positive perceptions by businesses in recruiting locally.

³⁵ <http://socialprocurementaustralasia.com/wp-content/uploads/2013/09/Social-Procurement-in-NSW-Full-Guide.pdf>