

A Submission to the Australian Productivity
Commission
in response to the
Transitioning Regional Economies
Initial Report Overview & Initial Findings, April 2017

Thank you for the opportunity to comment on the draft report on Transitioning Regional Economies. The Illawarra Forum has consulted with its members and stakeholders to develop this submission. While the opinions offered reflect the Illawarra and Shoalhaven regions, we feel confident that many of the issues raised will be echoed across NSW, particularly in regional areas.

About the Illawarra Forum

The Illawarra Forum is the peak body working for community services organisations and for communities in the Illawarra and the Shoalhaven. We support community organisations, promote expertise and innovation in community development, foster industry development and advocate for social justice.

As the leader for the community services sector, the Illawarra Forum represents a significant service industry and employment sector in the region. As part of our leadership role, we engage with those organisations, services and individuals engaged in supporting the community to collect their opinion, expertise and recommendations.

The Illawarra Forum works closely with numerous organisations which provide support to vulnerable people across the region including:

- Home Support services;
- Residential services;
- Services for people with disability;
- Services for individuals and families with multiple layers of social and financial disadvantage;
- Support for victims of domestic violence and sexual assault ;
- Youth work programs;
- Social housing and homelessness services;
- Community health services, including mental health and drug/alcohol services;
- Community legal centre services
- Community development and community capacity building programs.

About the Illawarra

The Illawarra and Shoalhaven covers approximately 5784 square kilometres sprawled along the south east coast of New South Wales. The region is extremely diverse, with urban centres such as Wollongong City (NSW's third largest city), Shellharbour City, and Nowra; large suburban sprawl, many outlying villages, and rural areas.

Wollongong Local Government Area covers an area from Helensburgh in the north to Lake Illawarra in the south. Wollongong has a population of approximately 200,000, spans an area of 714km sq, and is the third largest city in New South Wales (Sydney and Newcastle are 1st and 2nd largest respectively), and the tenth largest city in Australia.

Shellharbour Local Government Area ranges from Albion Park Rail to Dunmore, has a population of approximately 66,000, and spans an area of 154km sq.

Kiama Local Government Area covers an area of 256km sq from Minnamurra River in the north to Gerroa in the south. Approximately 21,000 people live in the Kiama LGA.

Shoalhaven Local Government Area, with a population of approximately 98,000, consists of forty-nine towns and villages over an area of 4,568 km sq on the South Coast of New South Wales. This geographic area also includes the Jervis Bay Territory with an important Aboriginal community at Wreck Bay.

The Illawarra has a long history as a mining and heavy manufacturing region, but the economy has for some time been transitioning into a service economy, with a heavy bias towards health and social services. The 2013 Deloitte Access Economics *Transition Illawarra* identified:

At the turn of the century manufacturing accounted for some 20,000 jobs in the Illawarra region, a figure that has shrunk to around 12,000 (as of June 2013). This decline is expected to continue throughout the projection period, with the manufacturing sector expected to shed around 4,000 jobs over the next twenty years, the equivalent of 3% of the Illawarra's current workforce...

The fastest growing sector over the next twenty years is expected to be health care, driven primarily by an ageing population, with the sector's workforce expected to grow by the equivalent of nearly 4% of the region's total employment base over the next twenty years¹.

Similarly, the NSW Government Illawarra Shoalhaven Regional Plan clearly identifies 'Health, Disability and Aged Care' as one of the priority growth areas for the region.

Transitioning the economy – the Importance of Aged Care

ABS data indicates the Illawarra region (encompassing Wollongong, Shellharbour, Kiama and Shoalhaven) has a higher than average population of people over 65 years of age, particularly in Kiama 18.8% and Shoalhaven 21.2% (NSW 13.8%). By 2031, the population of the region is expected to increase by 65,000, one in four of whom will be aged over 65.²

The Illawarra Shoalhaven Medical Local in their *Population Health Profile 2013* estimate that by 2021 there will be a 32% increase in the population 65+ and a 52% increase in the population 85+ (which is higher than the State and Australian averages).³

This data clearly shows that the aged care industry will be a significant employment sector across the region. Urban areas such as Wollongong and Shellharbour should have ready access to a substantial workforce, provided the industry can attract and retain appropriately trained staff. However, the geographic spread of areas like the southern Shoalhaven raises challenges to attracting and adequately supporting locally based workers who are able to provide services to people living in isolated towns, hamlets and rural properties.

¹ 'Illawarra Shoalhaven regional Plan' NSW Planning & Environment November 2015

² 'Your Future Illawarra Draft Regional Growth and Infrastructure Plan' NSW Planning & Environment October 2014

³ Illawarra Shoalhaven Medicare Local

Case in Point

A local aged care provider has repeatedly highlighted the challenges in attracting and retaining staff for one of its residential properties located approximately an hour's drive from Wollongong.

Despite frequent recruitment drives, the organisation has been unable to source sufficient staff locally. In desperation, the organisation advertised these positions in Wollongong, offering to transport workers from Wollongong to the facility at the organisation's expense. In addition, they offered a small monetary incentive for travelling out of the region to work.

Despite these incentives, and despite the Illawarra region having higher than average unemployment statistics, the service provider was still unable to recruit the requisite workers, and has no choice but to rely on agency staff. In addition to being far more expensive than permanent employees, the use of agency staff can have a negative impact on workplace culture and morale. The lack of permanent staff can also be unsettling and unrewarding for consumers, as there is no consistency in who is providing the service, and little opportunity to build bonds of trust and friendship.

This clearly highlights that strategies must be developed for the Illawarra and Shoalhaven which are responsive to the context and unique challenges and 'endowments' of the region.

Social Services in the Illawarra - the current composition

The Community Services and Health Sector continues to be Australia's largest and fastest growing employer with the vast majority of direct care staff being female. The Industry the largest employment sector in the Illawarra, and 35% growth is projected over the next ten years. Currently, in the Shoalhaven, 4,784 people are employed in the Health and Community Services Industry (14% of all employed). In Wollongong 11,112, (or 13.4%) and Shellharbour 3,579 (13.1%) are employed in the industry (ABS 2013)⁴. These figures show that not only is this our biggest area of employment, but that we currently exceed the state average of 11.6% (ABS 2013).

With the increase of people reaching retirement age, another consideration which arises is the high levels of retirement from the health and community services industry. Currently workers in this sector have an average age of over 50 years, with more than half the workforce being 45 years+. This in effect means that there will soon be more people becoming consumers than becoming workers. This trend will put increasing pressure on our already strained workforce.

For example, in the aged care industry alone, taking into account the ageing workforce and the growing need for increased number of aged care workers, the Illawarra needs to attract and retain some 200 to 500 new workers into the sector every year in caring roles alone. This growth is compounded when we consider the nearly 90,000 new jobs which are expected in NSW after the full

⁴ Australian Bureau of Statistics www.abs.gov.au

roll out of the NDIS. In fact a recent survey conducted by Regional Development Australia Illawarra indicated a growth rate in the aged and disability workforce of some 43% over the next three years.

Challenges in attracting and retaining aged and disability workforce

The Illawarra Forum is a member of the Illawarra Workforce Action Group (IWAG), a partnership project of Aged & Community Services NSW & ACT (ACS), the Illawarra Forum, the Illawarra Disability Alliance, NSW Dept Industry State Training Services, NSW Department of Premier and Cabinet, RDA Illawarra & TAFE NSW which aims to address the challenges of attracting and retaining the workforce of the future. To date, IWAG have initiated a range of activities including:

- Survey of service providers regarding their current and projected workforce;
- Development of a wide range of resources (eg. careers advisor toolkits, promotional videos, website, etc) to promote the sector;
- Profile-raising through the development of strong relationships with job service providers, training providers and school careers advisers;
- Participation in recruitment and training programs under the the Illawarra Youth Employment Strategy; and
- Holding two Aged Care, Community Care and Disability Services Careers Expo on 5 May 2015 in Wollongong with over 500 attendees and 30 exhibitors (a further Expo is planned for 5th April 2016).

One key challenge which has been identified is the poor public perception about the social services sector and the range of careers and career pathways that it offers. Careers in this industry are generally regarded as very low status, which is remarkable since it is highly likely that many of us will undoubtedly rely on these workers in the future.

Another challenge is the salary structure and the relatively low rates of pay for workers across all levels, but most particularly at the support worker level. Indeed, it may be argued that the poor rates of pay both reflect and augment the low level of regard in which the industry is generally held.

The sector is also heavily reliant on casual and part-time workers, and measures must be implemented to make these positions attractive to a new workforce. For example, the transportability of benefits and police checks across employers would make a huge difference to workers on low incomes. Transportability would allow carers to stay in the sector yet receive entitlements such a Long Service Leave even if they change employer.

Finally, workers in rural and remote areas will often work completely remotely from their head office and supervisor. With the advances in technology, we are already seeing workers whose only connection to their employer is via a tablet or laptop. Workers may receive their schedule via an electronic device which then also acts as a monitoring device so that the employer can see where the worker is, and how long they spend with a client. This can be very isolating and unrewarding, and can have negative effects on worker health and wellbeing and morale. As a worker with high degrees of emotional labour, if you never see your supervisor or even peers, how do you do the necessary

debrief and information share to enable you to deal with client issues? And if you never see a supervisor, how do you get direction, support and supervision?

We therefore commend the Commission on Finding 5.1 which recognises that no single approach will facilitate adaptation and sustainable development in all regions. The Illawarra Forum is keen to be part of a transition plan which recognises the importance of social services in the Illawarra and Shoalhaven, and supports strategies to develop the workforce of the future. Such a plan must also incorporate sector support and development programs which are nimble and flexible enough to respond quickly to sector requirements.

Opportunities for cross sectoral growth

There are also prospect for other sectors, including manufacturing and technology sectors, to leverage opportunities from the projected growth in the community services industry.

The Illawarra Forum recently partnered with the University of Wollongong's I-Accelerate incubator to host a Sandpit session. This event brought leaders and innovators from the community services industry together with representatives of innovative start-ups, and from business and manufacturing. The event featured showcases of some innovations within community services, and then posed some of the wicked problems the industry struggles with. The end result was that several projects were incubated and have been pursued.

The Sandpit session demonstrated that community services want to work with technology start-ups in the pursuit of creative solutions, and that collaborative initiatives are driving the application of innovation to human services problems.

Importantly the Sandpit demonstrated the capacity for further relationships to be developed which will support the transition of the region's economy, and build opportunities for many sectors in the region.

A snapshot of the Sandpit, and some of the collaborations and innovations is attached.

Thank you for the opportunity to comment on the initial report into Transitioning Regional economies. This is an important issue for our region, and our members.

Sincerely,

Nicky Sloan

Chief Executive Officer

References

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