Australian Government | Jobs and Skills Australia

Towards a Regional, Rural and Remote Jobs and Skills Roadmap

Interim report

October 2024

Acknowledgement of Country

Jobs and Skills Australia acknowledges the Traditional Owners of Country throughout Australia and recognises the continuing connection to lands, waters and communities. We pay our respect to Aboriginal and Torres Strait Islander cultures, and to Elders past, present and emerging.

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Executive Summary

The 2023 Annual Jobs and Skills Report, *Towards a National Jobs and Skills Roadmap*, laid the foundations for 14 roadmap opportunities, of which the development of a Regional Jobs and Skills Roadmap was one.[1]

> *"To develop a regional Australia jobs and skills roadmap to identify the key steps in enhancing regional Australia's human capital in ways that will ensure success in meeting regional employment opportunities".*

Jobs and Skills Australia (JSA) has commenced work on developing such a roadmap. This interim report brings together and takes stock of a range of regional work undertaken by JSA. It provides some initial insights into the pressures and drivers of regional labour market performance and looks at two of the three key pillars of the national skills system, higher education and VET, to assess if the regional skills system is making effective connections and pathways to supply the growing and changing skills demand of the future.

Regional, Rural and Remote Australia: historical context

A highly urbanised country creates challenges for regional, rural and remote Australia

From Federation until just prior to the COVID-19 pandemic, Australia has become an increasingly urbanised population, with the proportion of the population living in one of 8 capital cities, growing from under 35% to over 65%.[2]

In land mass, Australia is the sixth largest country in the world, with a relatively small population compared with other large countries, making for a huge dichotomy in population density between metropolitan and non-metropolitan Australia.

This creates big challenges to support the wellbeing of regional, rural and remote Australia. Of particular relevance to this report is that rural and remote labour markets tend to be weak and inefficient compared with the labour markets in cities.

Recent history: growth in the share of population in regional Australia, especially coastal regional centres

Just prior to the pandemic, population growth in the capital cities started to decline relative to the rest of Australia. This accelerated during the pandemic, with coastal regions continuing to enjoy strong population growth. While strong population growth in capital cities has been restored since the pandemic, especially due to immigration, and internal migration to regional Australia has eased slightly, there appears to have been a significant population shift especially to regional coastal cities that is outliving the pandemic.

Tight labour markets and skills shortages since the pandemic

Expansionary fiscal and monetary policy triggered by the pandemic, led to strong employment growth nationally and significant reductions in unemployment, which went down to 3.5% at its lowest in the second half of 2022.[3] This was accompanied by large increases

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[1] Jobs and Skills Australia (2023). *Towards a National Jobs and Skills Roadmap*.

[2] Regional Australia Institute (2022). *Regionalisation Ambition 2032 - A Framework to Rebalance the Nation*.

[3] Australian Bureau of Statistics, Labour Force Australia, June 2024.

in vacancies and recruitment difficulty for employers. This problem increased disproportionately outside capital cities. Since mid-2022 labour market conditions, while still tight by historical standards, have been easing, but more so in capital cities than outside capital cities, where skill shortages remain an acute problem.

Regional Labour Markets: current state and future outlook

As noted above, in the context of a nationally strong labour market, skill shortages have been particularly acute in parts of regional Australia, which only recently have seen an easing in recruitment difficulty, with rates now similar to capital city areas. Going forward, however, the labour market is expected to ease further.

While most regions have benefitted from recent strong conditions, there remains persistent disadvantage in poorer performing regions. This disadvantage is most pronounced in more remote areas.

There are a number of key trends driving regional labour market variation, including population growth, the ageing population and a dependence on the care and support sectors, growth in a high skilled workforce and the net zero transformation.

Coastal regions have benefitted from strong population growth, driven predominantly by net internal migration. While this has many advantages it does pose some challenges especially in relation to skill shortages.

Regional and remote areas have an older age demographic and higher rates of retirement from the workforce. This places additional pressure on those labour markets and on the aged-care sector, which is already experiencing significant shortages in regional areas in particular.

Increasing demand for more highly skilled jobs has had an uneven impact across regions. Regional and remote areas have seen a shift in the share of employment towards occupations where VET is the primary pathway in addition to a shift towards highly skilled occupations, unlike capital cities and regional cities where there the shift has been towards highly skilled occupations.

It is also important to recognise the interactions of the labour market with broader drivers, such as housing, transport and access to services, that play a crucial role in attracting and retaining people that contribute to the workforce.

A number of regional areas will be disproportionately affected by the impact of decarbonisation due to the high share of workers in transitioning sectors. However, the clean energy transformation is likely to create significant employment opportunities in regional Australia.

Understanding the capacity of regions to adjust to economic transition is of increasing interest to policy makers. JSA seeks to contribute to the growing evidence base on regional vulnerability by assessing a regions capacity, by taking skills-based approach i.e. assessing how readily the composition of skills in the region can adjust to economic shocks.

Skill Shortages

As noted above, following strong demand growth generated by Governments’ response to the pandemic, unemployment reduced to 3.5% nationally in the second half of 2022 and skill shortages became extensive with regional Australia heavily impacted.

Skill level 1 occupations in Health Care and Social Assistance, such as Registered Nurses and General Practitioners and Resident Medical Officers, tend to have higher vacancy rates in regional Australia than in capital cities. For skill level 2–4 occupations, Aged and Disabled

Carers, Truck Drivers, and Electricians are some of the most common occupations and are all in national shortage.

The top five Health Care and Social Assistance occupations in demand in regional Australia are Registered Nurses, Aged and Disabled Carers, Child Carers, Nursing Support and Personal Care Workers, and General Practitioners and Resident Medical Officers. All of these occupations are rated as being in national shortage and these shortages are largely driven by long training pathways or retention issues.

Occupational gender segregation is closely linked to remoteness, with regional and remote areas with lower population density having distinctly higher gender segregation than their capital city counterparts.

The Regional Skills System

Higher Education

Australia's higher education system has a strong regional presence but is currently not managing to meet the current skills needs in regional and remote Australia, particularly for skill level 1 occupations.

There is a clear disparity between people completing higher education qualifications in regional and remote areas compared to major cities, with educational attainment decreasing with increasing remoteness. In the last five years, university enrolments in regional and remote areas have generally been declining. Regionally headquartered universities have higher student attrition rates compared to the national average.

Despite many regional universities offering courses in priority areas including health and education, skill shortages in many professional occupations are persistent in regional areas.

The Universities Accord Final Report outlines a long-term reform plan for higher education, in which it sees raising participation and achievement in regional and remote areas as a priority.

Vocational Education and Training

The delivery and attainment of VET varies significantly across regional areas. VET qualifications are most likely to be the highest level of educational attainment in regional and remote areas and VET provision is important for regional areas.

There are, however, many barriers and issues faced in accessing VET in regional Australia. The coverage of Registered Training Organisations (RTOs) in remote areas is sparse. The states with some very remote RTO head offices tended to have higher enrolments in these regions.

Students from regional and remote locations were more likely to enrol in lower-level VET courses than their major city counterparts. Enrolments in regional and remote Australia are highest in qualifications like Certificate III Individual Support, Certificate III Early Childhood Education and Care, and Certificate III in Carpentry. In remote Australia, Certificate III in Civil Construction Plant Operation is in the top 5 course enrolments and Certificate III in Engineering – Mechanical trade and Certificate III in Agriculture are in the top 10.

The National Skills Agreement between the Commonwealth and the states, agreed to in late 2023, will result in a significant increase in investment in VET across the states and territories. Further work by JSA will examine these investments, and current state government priorities, and consider their likely impact on regional, rural and remote Australia.

Towards a Regional, Rural and Remote Jobs and Skills Roadmap

To ensure a region's workforce can meet its current and future labour market needs, it is critical that the regional skills system can make effective connections and pathways to supply skills that meet demand of the future.

The objectives of the roadmap are to:

- identify the drivers and pressures on regional labour markets.
- assess the current performance of the regional skills system.
- identify changes to the regional skills system resulting from current reform processes and their likely impact.
- identify the residual challenges and explore potential remedies for discussion with key stakeholder and policy makers.

Feedback on this interim report will help shape the research agenda that will underpin the Regional, Rural and Remote Jobs and Skills Roadmap, which aims to crystalise the issues and challenges for jobs and skills in regional Australia and chart a way forward in dealing with them.

Regional Labour Market Summary

Key Findings

- Australia's labour market remains reasonably strong, despite some recent slowing in economic activity. Going forward, the labour market is expected to ease in the period ahead, with a number of measures of labour demand tapering off in recent months.
- While most regions have benefited from the recent strong conditions, there remains persistent disadvantage between the stronger and poorer-performing regions.
- Labour market challenges are more pronounced in regional and remote areas, with these areas generally facing limited job opportunities, higher unemployment, lower educational attainment levels and difficulties in attracting suitable workers. This is reflected in these regions having poorer labour market performance.
- There are a number of key trends driving regional labour market variation including population growth, ageing population and a dependence on the care and support sectors, growth in a high skilled workforce and the net zero transformation.
- Coastal regions have benefited from strong population growth, driven predominately by net internal migration. While strong population growth has many advantages, it can pose some challenges.
- Regional and remote areas have an older age demographic. The ageing of the population presents a number of challenges for the workforce, reducing the labour supply available as older workers retire. It will also place additional pressure on the care and support sector, a sector already facing significant shortages in regional areas.
- Increasing demand for more highly skilled jobs has had an uneven impact across regions. Unlike capital cities and regional cities, where there has been the largest shift in the share of employment towards skill level 1 occupations, regional and remote areas have experienced a shift in the share of employment towards occupations where VET is the primary pathway, in addition to increased share in skill level 1 roles.
- A number of regional areas across Australia will be disproportionately impacted by the impact of decarbonisation due to the high share of workers in transitioning sectors.
- It is also important to recognise that there are a number of other broader drivers, such as housing, transport and access to services, that play a crucial role in attracting and keeping people that contribute to the workforce in regional Australia.
- Understanding the capacity of regions to adjust to economic transition is of increasing interest to policy makers. JSA seeks to contribute to the growing evidence base on regional vulnerability by assessing a regions adaptive capacity by developing a skill's-based approach.

National labour market summary

Australia's labour market remains tight, despite a slowing in economic activity

Despite a recent easing in economic activity, with earlier interest rate rises and weak consumer spending weighing on economic activity in 2024, Australia's labour market remains relatively tight. That said, some softening in the hours worked, together with an increase in the underemployment rate suggests some signs of labour market slack are emerging.

Strong and sustained employment growth in recent years has seen Australia's unemployment rate remain low and the participation rate at record highs.

Encouragingly, the recent strength in the labour market has enabled more people in cohorts that traditionally face barriers to employment to find work. Female participation reached a record high in late 2023, while youth unemployment remains low compared to pre–pandemic levels.

While underlying labour market conditions remain reasonably strong, there are signs that the labour market is easing as other measures of labour market slack, such as underemployment are emerging. This is further backed by signs of easing in labour demand, as seen in JSA's Internet Vacancy Index (IVI) and Recruitment Experiences and Outlook Survey (REOS), which both show that vacancies and recruitment activity is tapering off. The labour market is expected to ease further in the period ahead.

This is also consistent with Treasury's 2024–25 Budget forecasts, which are for the pace of employment growth to slow to ¾% in 2024–25, with the unemployment rate expected to increase to 4½% by the June quarter 2025.[4]

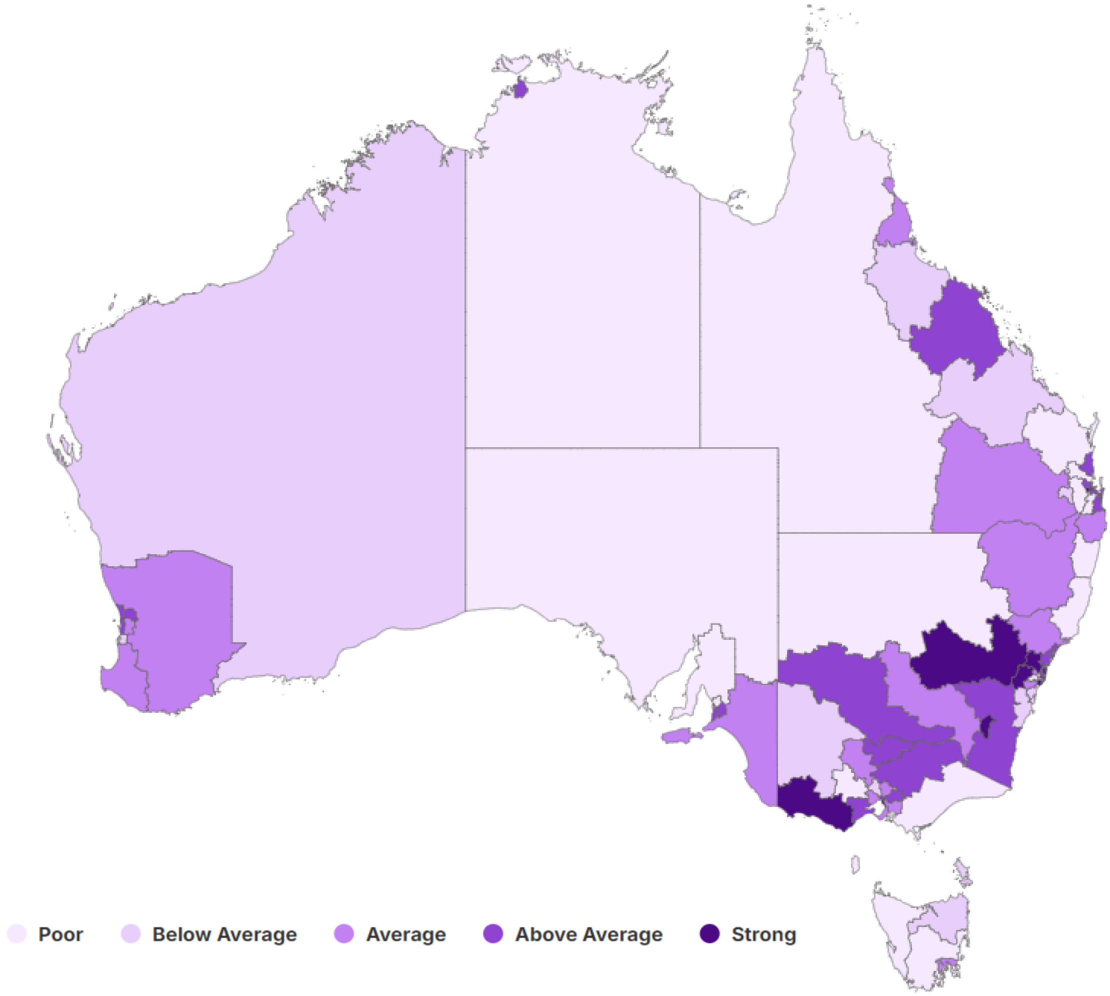
Regional labour market performance

The June 2024 results from JSA's *Regional Labour Market Indicator* (RLMI)[5] results confirm that regional and remote areas are more likely to experience weaker labour market conditions than their metropolitan city counterparts, highlighting the additional challenges faced in many regional areas by both employers and jobseekers (Figure 1).

[4] Treasury, Budget 2024-25, 14 May 2024

[5] JSA's RLMI combines key indicators of spare labour market capacity, from both an employee and employer perspective, into a single, and easy to interpret, summary measure. For a detailed overview of the RLMI, see Appendix C.

Figure 1: RLMI ratings of relative labour market performance, June 2024

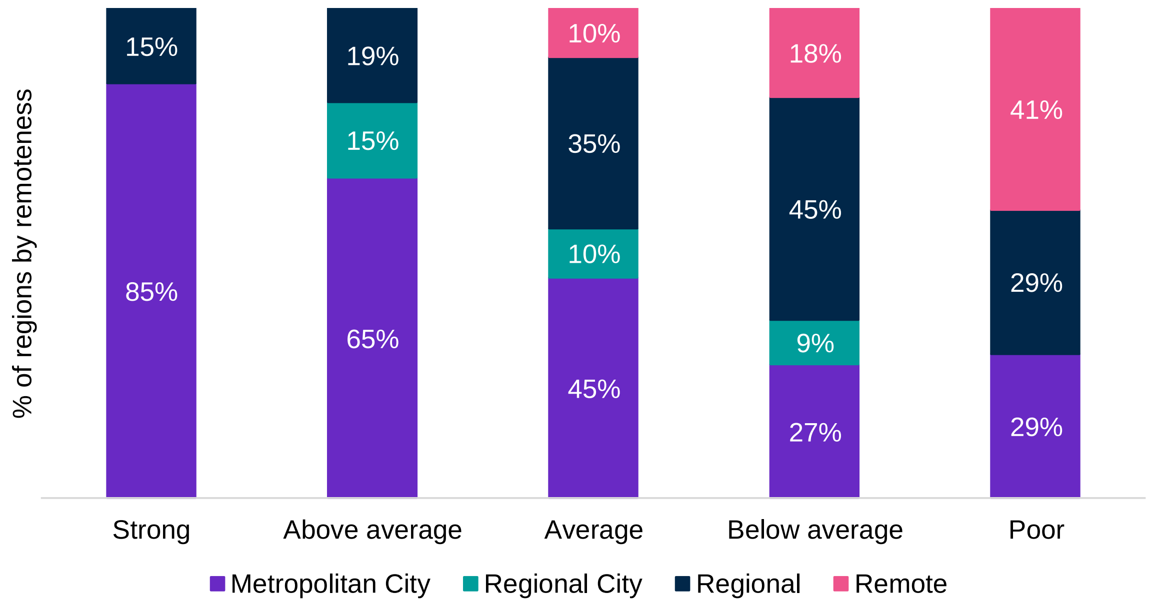


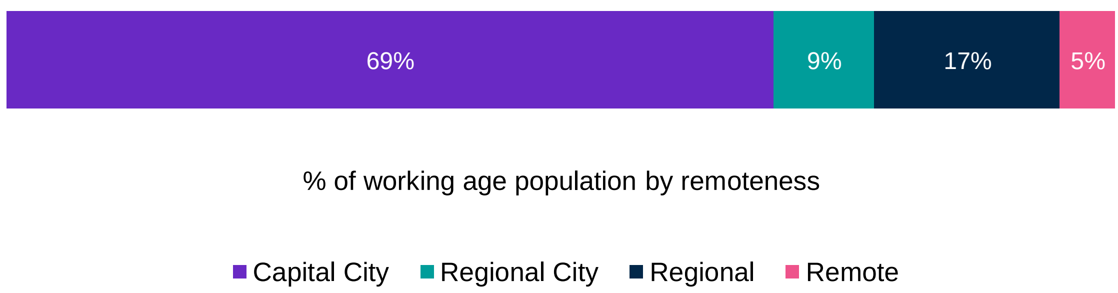
Source: JSA, *Regional Labour Market Indicator* (RLMI), June 2024

Indeed, 19 of the 28 SA4's (or 68%) that were rated either 'below average' or 'poor' in June 2024 were located in regional or remote areas. By contrast, 28 of the 39 SA4's (or 72%) that were rated either 'strong' or 'above average' in June 2024 were located in metropolitan cities (Figure 2).

While regional and remote areas are more likely to experience weaker labour market conditions than their capital city counterparts, these regions cover large geographical areas which are sparsely populated. Regional and remote areas account for just over 20% of the total working age population of Australia (Figure 2).

Figure 2: RLMI ratings by remoteness category, June 2024





Source: JSA, *Regional Labour Market Indicator* (RLMI), June 2024. Population data are from ABS*, Labour Force, Australia, Detailed*, June 2024, 6-month averages of original averages.

Recent trends in regional labour market performance

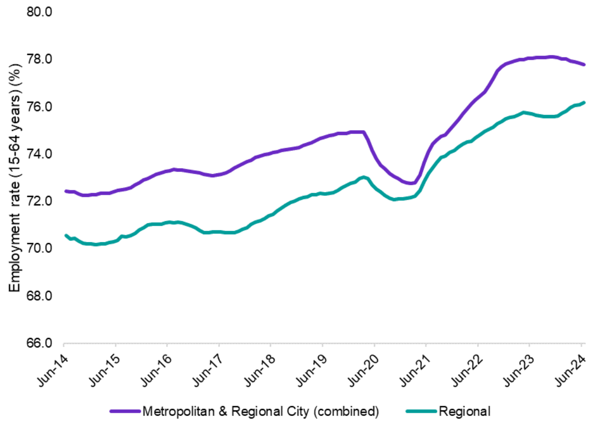
The June 2024 RLMI results suggest labour market conditions are showing signs of easing in a number of metropolitan areas and regional cities, compared to regional areas where, on average, conditions have improved. For instance, the labour market rating declined for 13 metropolitan/regional city areas (or 25%), and improved for 4 (or 8%), over the year to June 2024. By comparison, the labour market rating improved for 7 regional areas (or 29%), and declined for 4 (or 17%), over the same period.

For most remote regions, labour market conditions remain relatively weak, with the number of regions rated either 'below average' or 'poor' unchanged over the year to June 2024 (7 regions or 82%).

Highlighted below are some of the trends that are contributing to the easing in conditions for metropolitan/regional city areas.

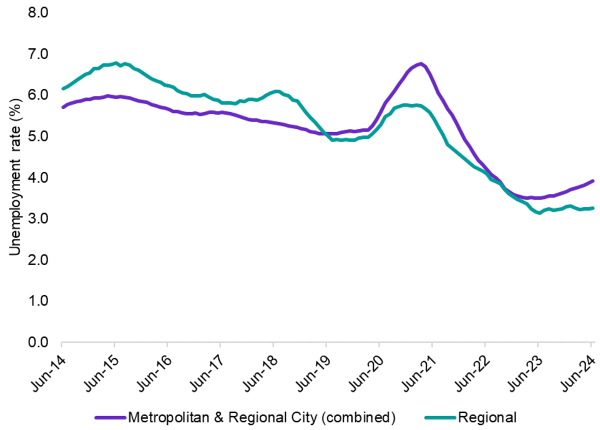
- The average working age employment rate for metropolitan/regional city areas fell by 0.3 percentage points over the year, to 77.8% in June 2024 (Figure 3), while the average unemployment rate for metropolitan/regional city areas increased by 0.4 percentage points over the year, to 3.9% in June 2024
- By contrast, the average working age employment rate for regional areas increased by 0.5 percentage points over the year, to 76.2% in June 2024, while the average unemployment rate for regional areas increased marginally over the year, by just 0.1 percentage point, to 3.3% in June 2024 (Figure 4).

Figure 3: Employment rate (15–64 years) by remoteness category, June 2024 to June 2024



Source: ABS, *Labour Force, Australia, Detailed*, June 2024, 12-month averages of original estimates.

Figure 4: Unemployment rate by remoteness category, June 2014 to June 2024



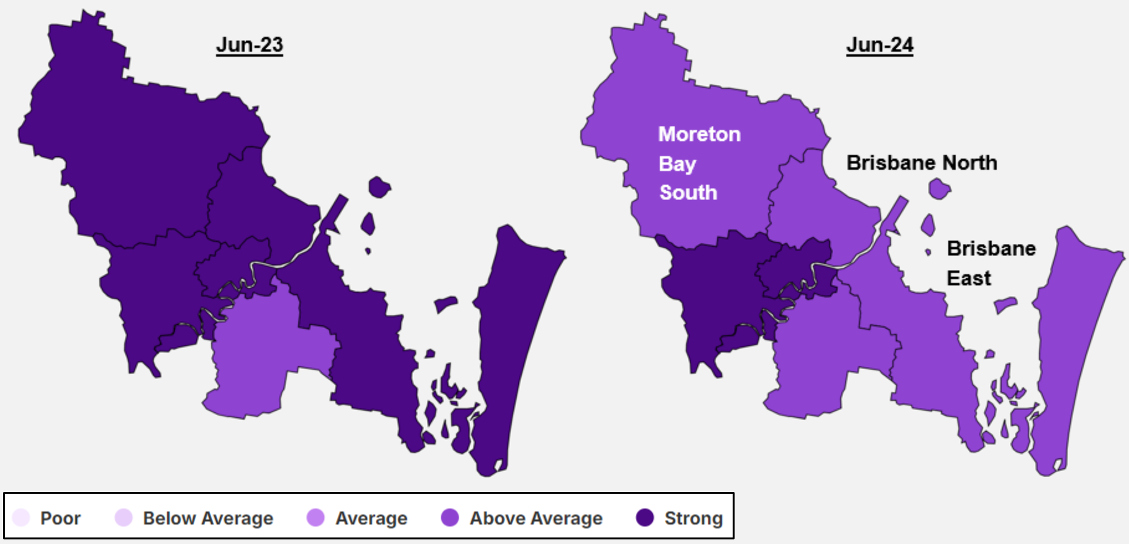
Source: ABS, *Labour Force, Australia, Detailed*, June 2024, 12-month averages of original estimates.

Spotlight: Recent trends in regional labour market performance

Inner Metropolitan Brisbane[6]

One example of the gradual easing of conditions in a number of metropolitan/regional city areas can be seen in the decline in labour market ratings in inner metropolitan Brisbane over the last year. While overall conditions remain relatively strong, several key indicators of labour market performance have recently softened in a number of these regions. As a result, conditions in Brisbane East, Brisbane North and Moreton Bay – South were rated as 'above average' in June 2024, down from their rating of 'strong' in June 2023 (Figure 5).

Figure 5: RLMI ratings of relative labour market performance



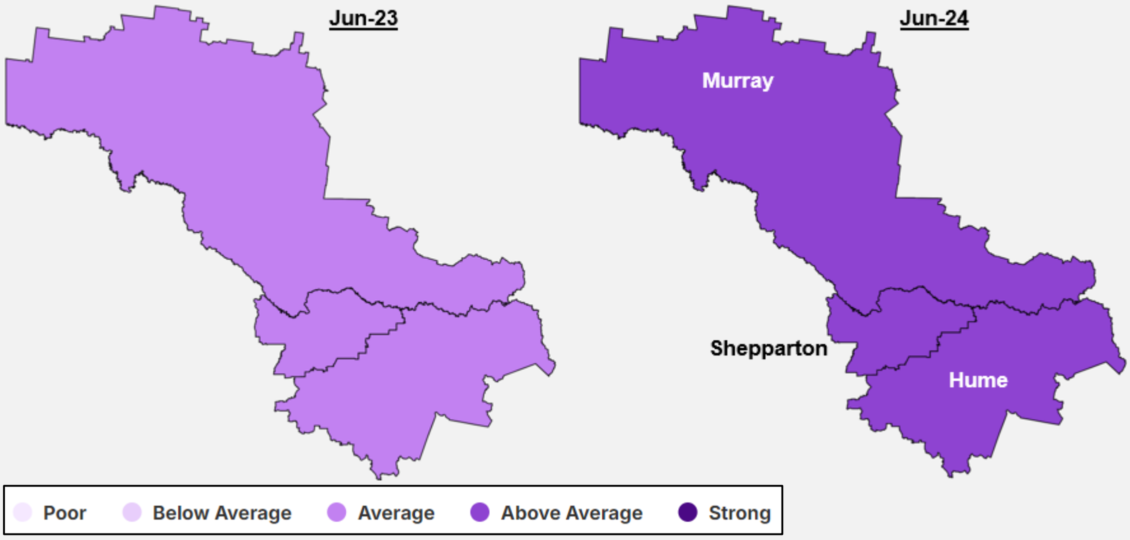
Source: JSA, *Regional Labour Market Indicator* (RLMI), June 2024

NSW/Victoria Border regions

The regions of Murray, Shepparton and Hume (on the border of New South Wales and Victoria) are just one example of where conditions have improved in regional areas, with labour market conditions in these regions rated 'above average' in June 2024, up from their rating of 'average' in June 2023 (Figure 6).

[6] Includes the SA4 regions of Moreton Bay – South, Brisbane – North, Brisbane – West, Brisbane Inner City, Brisbane – South, and Brisbane – East.

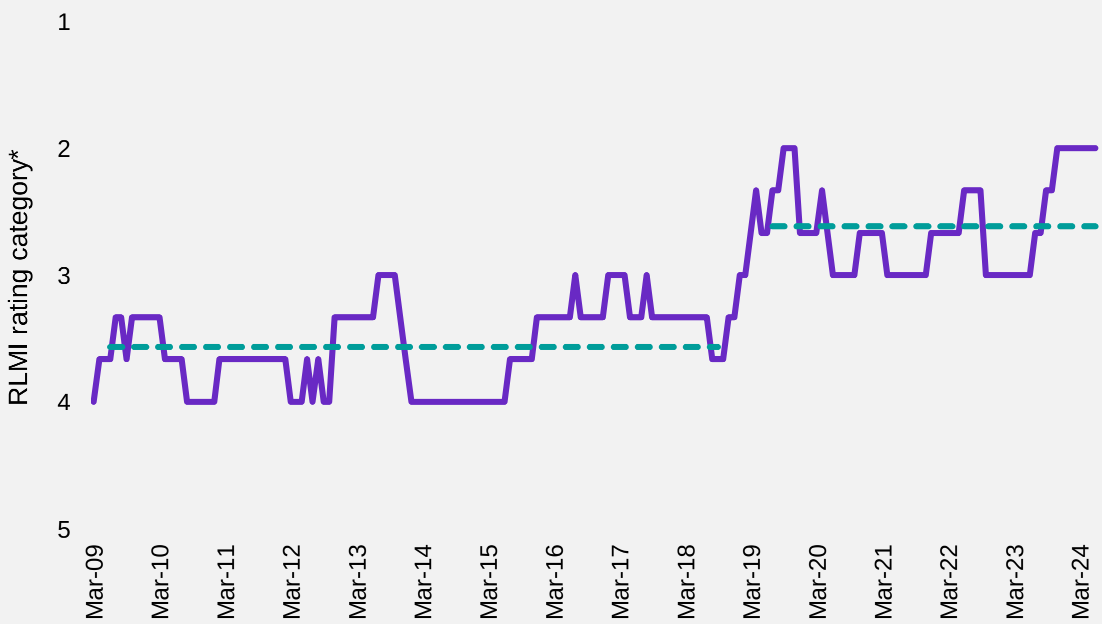
Figure 6: RLMI ratings of relative labour market performance



Source: JSA, *Regional Labour Market Indicator* (RLMI), June 2024

While conditions in these regions have improved over the last year, data at the regional level is inherently volatile. To help identify region-specific trends, it is often useful to compare a region's rating over a longer period. When viewed from a long-term perspective, it is evident that the relative conditions in these regions have improved, with recent conditions consistently rating above their long-term trend (Figure 7).

Figure 7: Average RLMI rating for the Murray, Shepparton and Hume SA4 regions, March 2009 to March 2024



Source: JSA, *Regional Labour Market Indicator* (RLMI), June 2024

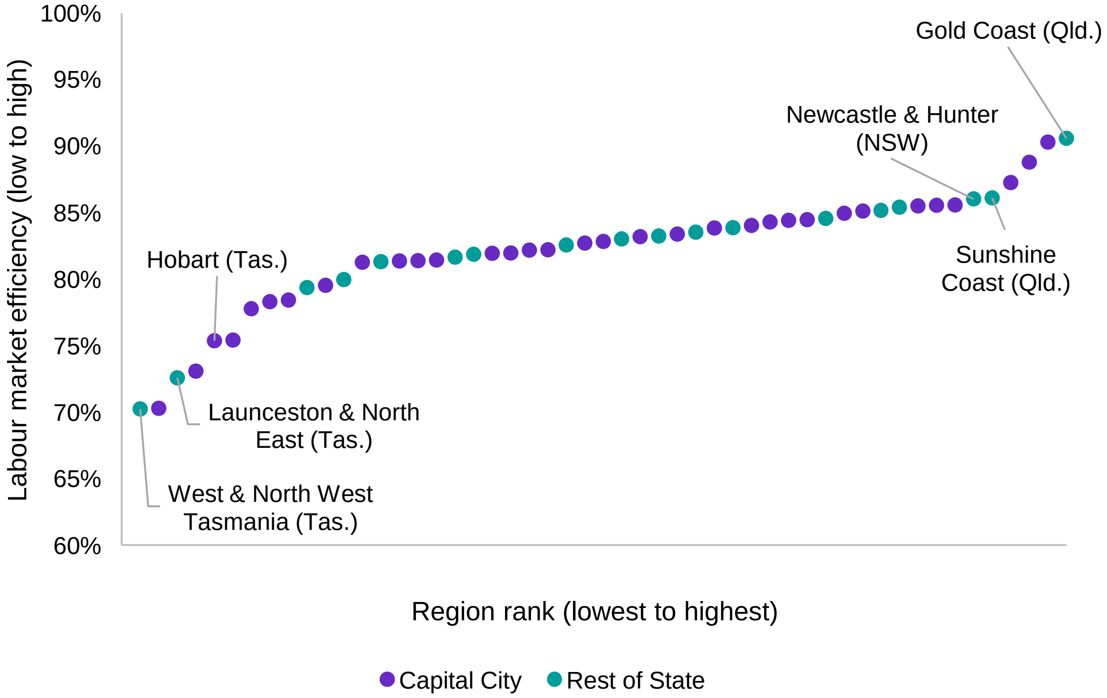
Labour market challenges are more pronounced in many regional areas

A region's location plays a crucial role in understanding regional labour market variation. Indeed, proximity to markets, access to services and a region's amenities (such as physical and cultural attractiveness), amongst other things, can impact labour market performance.

Generally, labour markets in regions located in capital cities or larger regional cities perform better due to their larger population bases, greater accessibility to other regions and markets, wider array of job opportunities, more diverse skills base and higher educational attainment levels. On the other hand, regional and remote areas, particularly those with limited access to services and infrastructure, face challenges such as limited job opportunities, lower educational attainment levels and difficulties in attracting suitable workers, which often results in weaker labour market conditions.

Regional and remote areas are also more likely to experience lower rates of labour market efficiency[7], compared with some of their larger regional city and capital city counterparts (Figure 8). Indeed, a number of regions across Tasmania have low rates of labour market efficiency suggesting there is a significant mismatch between employers and the unemployed in these regions.

Figure 8: Labour market efficiency, capital city and regional areas



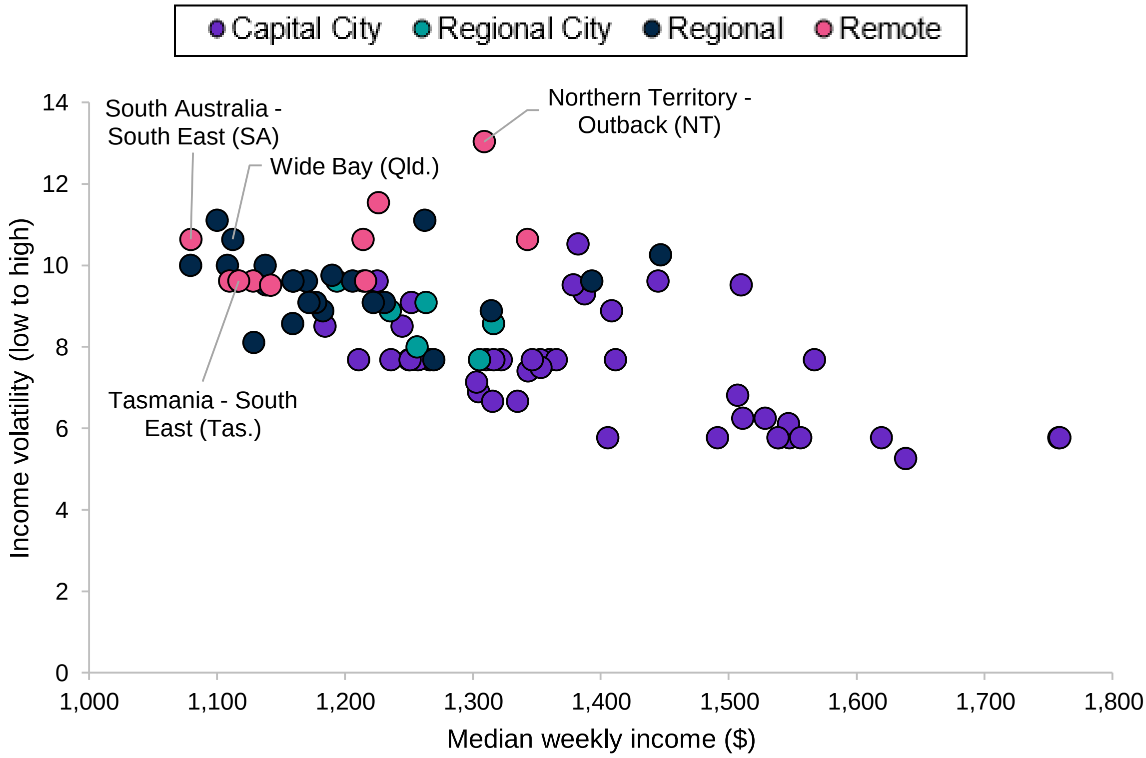
Source: JSA, Matching Unemployed Vacancies Efficiency Residual (MUVER) model, experimental estimates of matching efficiency, 2023, unpublished data

Reflecting, at least partially, poorer labour market conditions and lower matching efficiency, employees in regional and remote areas are also more likely to experience low and irregular pay (Figure 9). Low and irregular pay can significantly impact a workers' financial security

[7] Matching efficiency is the process of matching jobseekers to available jobs. Job-finding is the output; vacant jobs and active jobseekers are the inputs. A high labour market efficiency suggests that the unemployed are being matched quickly to vacant jobs.

and reduce the capacity to plan their lives.[8] As such, these findings further highlight the challenges for employees in regional and remote areas.

Figure 9: Income volatility by remoteness category, 2022–23



Source: ABS, Person Level Integrated Data Asset (PLIDA) 2024: Single Touch Payroll (STP) (1 July 2022–30 June 2023); ATO Income Tax Return (ITR) Context, (Financial Year 2021–22); Census 2021

Note: Income volatility refers to the median number of weeks (per year) with an income fluctuation of 25% or more for all employees in their highest earning job. Median weekly income is calculated for employees highest earning job.

First Nations people are over-represented in regional and remote regions with poor labour market conditions

First Nations people make diverse and important contributions to Australia's workforce and are leading the way at the pinnacle of many sectors, however unacceptable gaps persist in education and employment outcomes at the population level.[9] For instance, First Nations people are more likely to be unemployed, or to be employed in low-paid jobs and face challenges (for example, less labour market experience, lower educational attainment levels and greater time out of the labour market) that may predispose them to labour market disadvantage.

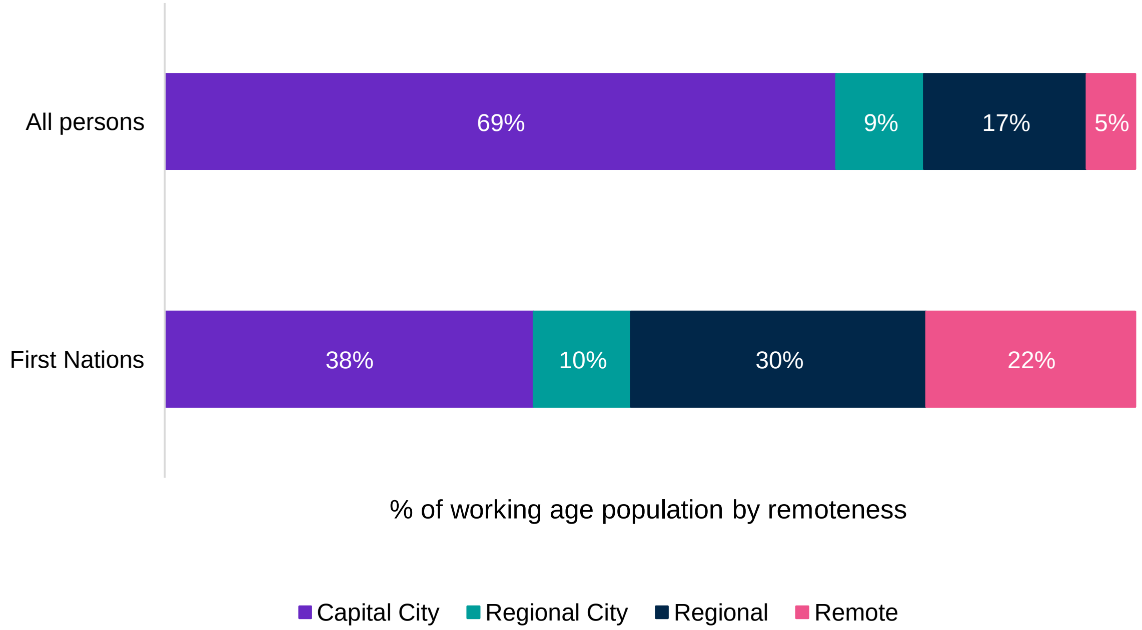
[8] Treasury: *Working Future. The Australian Government's White Paper on Jobs and Opportunities*, September 2023

[9] JSA, *First Nations People Workforce Analysis*, 2023.

Moreover, First Nation people tend to be concentrated in regional and remote areas, which generally have a long history of entrenched labour market disadvantage. Indeed, more than half (or 52%) of the First Nations working age population reside in regional or remote regions (such as Outback Northern Territory and Western Australia), well above the 22% recorded for all persons (Figure 10).

The over-representation of First Nations people in labour markets with entrenched disadvantage, that are characterised by persistently high unemployment and limited employment and training opportunities, further highlights the significant (and often interconnected) barriers to employment.

Figure 10: Proportion of the working age population by remoteness category, March 2024

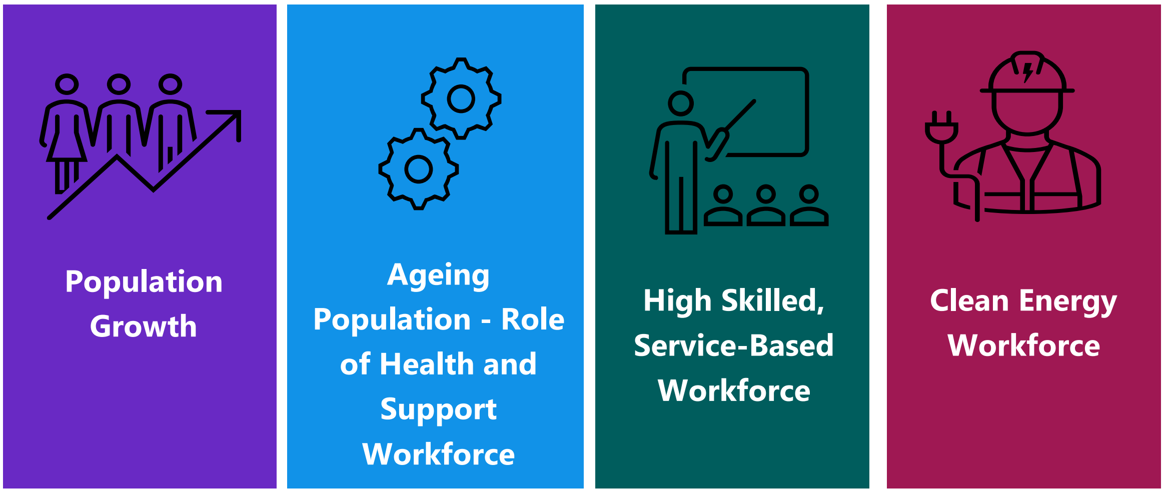


Source: ABS, *Labour Force, Australia, Detailed*, June 2024, 6-month averages of original estimates; ABS, *Census of Population and Housing*, 2021

Trends influencing regional labour market performance

While there have always been differences in regional economies and labour markets across Australia, changes in the fortunes of particular industries, infrastructure, technological developments and other factors mean that these differences vary over time and by region. Gaining an understanding of the trends that are associated with regional labour market performance will help better inform policy development and assist in ensuring Australia has the necessary pre-requisites to build a better-skilled and more adaptable workforce to position the Australian labour market for the future (Figure 11).

Figure 11: Trends influencing regional labour market performance



Coastal regions have benefited from strong population growth[10]

Population growth (and decline) has important social, economic and policy implications. Population growth can generally be seen as a positive trend when it brings with it increased economic activity which can lead to stronger labour market outcomes, although it can also pose some challenges if the supply of labour does not match the increased demand for services. By contrast, regions experiencing low or negative population growth may struggle to attract investment, which can lead to reduced economic activity and service availability and poorer labour market outcomes.

Australia's population story varies across the country and between regional areas. Indeed, Australia is a highly urbanised county, with the majority (64%) of the population concentrated in Australia's five largest cities.[11]

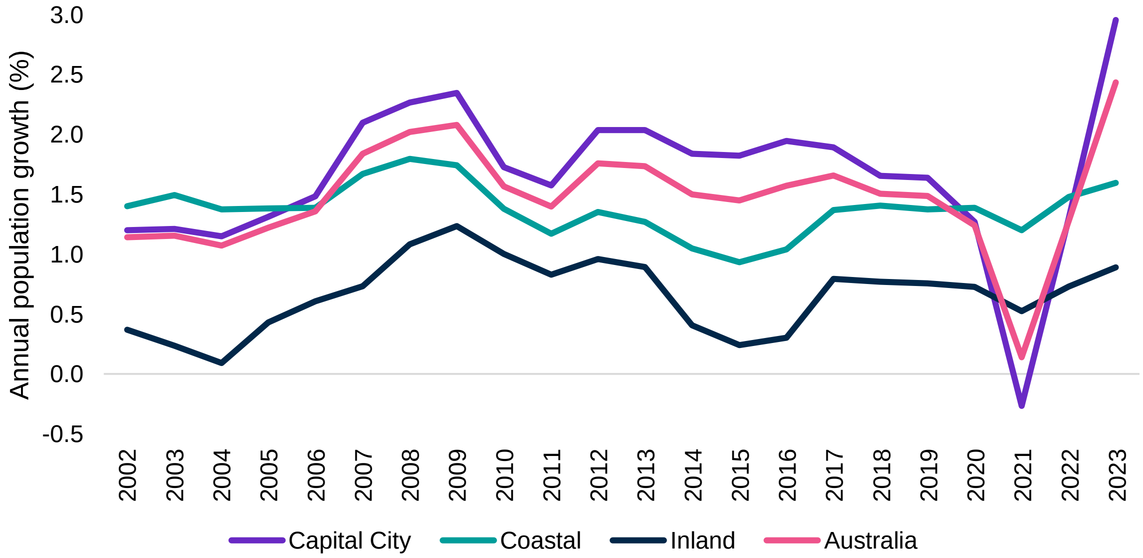
As can be seen in Figure 12, over the longer-term, there has been considerable population growth in both capital cities and coastal regions, while inland regions have lagged behind. While the travel restrictions associated the COVID-19 pandemic had a significant impact on population growth in capital cities over the last few years, coastal regions have become an increasingly popular destination to live and as a result have experienced particularly strong population growth, especially when compared with inland regions.

- Newcastle, Geelong, the Gold Coast and Sunshine Coast are examples of coastal regions that have experienced particularly strong population growth in recent years. While people move for a variety of reasons, the coastal location, access to services and proximity to major capital cities will have driven some of the population growth in these regions.
    - Against the backdrop of strong population growth, all of these regions have experienced an increase in the relative strength of their labour markets, this suggests that strong population growth may be one factor driving the improved outcomes.

[10] Coastal and inland regions have been determined using an SA2 population weighted concordance.

[11] Sydney, Melbourne, Brisbane, Adelaide and Perth.

Figure 12: Annual population growth (%), 2002 to 2023



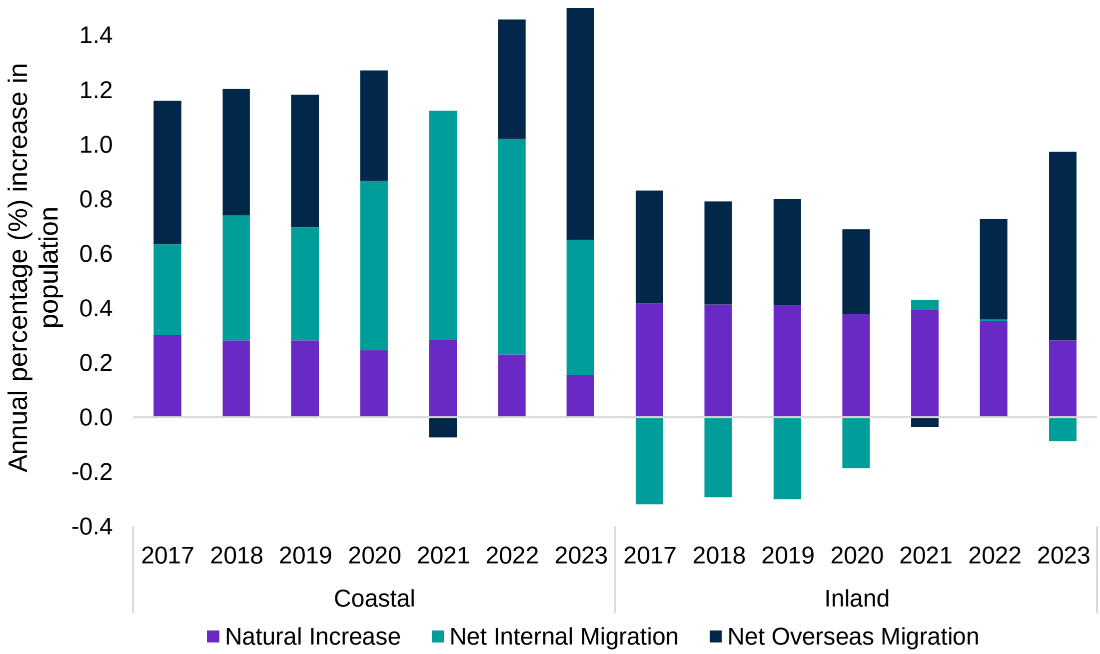
Source: ABS, *Regional population,* 2022–23 (Estimated Resident Population)

Even before the impact of COVID, the increase in population growth of coastal regions has been driven predominantly by strong net internal migration as more people move to coastal regions from capital cities and inland regions than back in the other direction (Figure 13). For inland regions, however, and except for 2021 and 2022, net internal migration has been detracting from population growth.

Population growth in inland regions is largely driven by natural increase and net overseas migration, although positive, still lags behind that seen in coastal regions. While Australia's regional visa programs, which offers incentives to encourage skilled migrants to live and work in regional Australia, may be contributing to some of the increase in net overseas migration for coastal and inland regions, the majority of migrants (close to 90%) settle in capital cities, predominately Sydney and Melbourne.[12]

[12] Australian Government, *State of Australia's Regions 2024*

Figure 13: Population components, 2017 to 2023



Source: ABS, *Regional population,* 2022–23 (Estimated Resident Population); Data prior to 2022 is sourced from ABS, *Regional population* (Estimated Resident Population), using .Stat Data Explorer

The Regional Australia Institute (RAI) *Regional Movers March 2024* report shows that the Australian population is again on the move, with regional Australia recording its fifth biggest influx of capital-city movers in the last 6 years.[13]

While future strong population growth for many coastal regional areas will bring about increased economic activity, it does, however, pose a number of challenges. For instance, it can create pressure on infrastructure and services that may increase the likelihood or severity of skill shortages in the region. For the Gold Coast, the surge in population has been (negatively) attributed to affecting traffic, hospital services as well as the housing system.[14] For the Mid North Coast, strong population growth (driven, largely, by those aged 65 years and over), has exacerbated skill shortages in the health and care sector. This highlights the importance of ensuring that regions align the services, skills and infrastructure they need to the demographic structure of the population and to support future population growth.

An ageing population and the dependence on the health and care sector

Demographic change is a key driver of labour supply and can greatly affect the size and shape of the workforce. Population ageing, through a long-term decline in fertility rates and rising longevity, is a global trend amongst most of the advanced economies, including Australia, and will place downward pressure on labour supply as older workers retire.[15] That said, a relatively high net migration rate and increasing participation by females and older cohorts has helped mitigate the impact of ageing on the labour market, to a certain extent in Australia.

Nevertheless, Australia's population is expected to continue to age over the next 40 years, while the share of the working age population to fall. Treasury's *2023 Intergenerational*

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[13] Regional Australia Institute, *Regional Movers Index*, March 2024

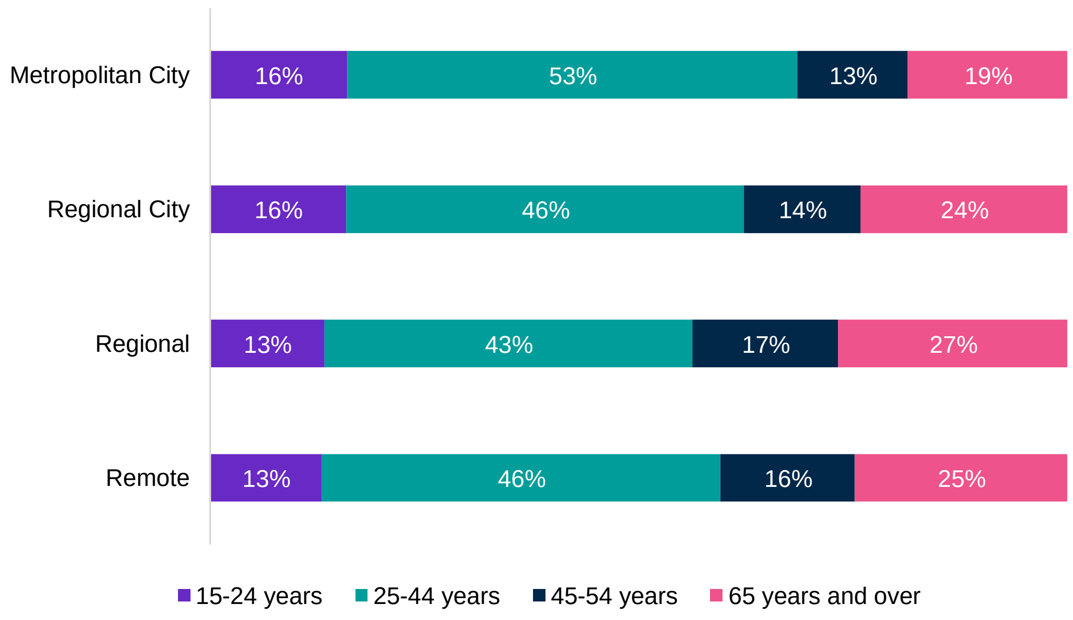
[14] ABC Gold Coast, *They're Australia's most popular coastal cities but data shows a liveability decline may be turning people away*, May 2024, accessed 24 June 2024

[15] Reserve Bank of Australia (2017), *Ageing and Labour Supply in Advanced Economies*.

Report estimating that the share of the population aged 65 years and over projected to increase from 17% in 2022–23 to 23% in 2062–63, while the share of the working age population will fall from 65% to 61% over the same period.[16]

As can be seen from Figure 14, regional and remote areas have a much older age structure than that of their capital city counterparts. Indeed, only 19% of the population in capital cities were aged 65 years and over in March 2024, compared with 27% in regional and 25% in remote areas.[17] With an older population and less people of prime working age, regional areas have a smaller pool of prime age workers available to them which may lead to labour market challenges including labour shortages and reduced productivity levels.[18]

Figure 14: Proportion of population (%) by age by remoteness category, June 2024



Source: ABS, *Labour Force, Detailed*, *Australia*, June 2024, 6-month averages of original estimates

The pressures of an ageing population on labour supply will be felt more acutely by industries that are more labour intensive such as the health and care sector. At the same time, larger shares of the population will demand greater access to the health and care sector, with the workforce potentially doubling over the next 40 years.[19] While this presents strong future job opportunities, this is a sector that is already facing significant shortages and has difficulty attracting and retaining staff, particularly in regional Australia.

Indeed, JSA's 2023 *Skills Priority List Key Findings Report* shows that more than 4 in 5 Health Professionals occupations (or 82%) were in shortage.[20]

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[16] Treasury (2023). *Intergenerational Report 2023, Australia's future to 2063.*

[17] Population aged 15 years and over.

[18] While there is no academic consensus on the relationship between population ageing and productivity, some recent international studies identify a negative impact (see Maestas, N., Mullen, K. J. & Powell, D, 2023, Poplawski-Ribeiro, M, 2020 and Calvo-Sotomayor, I., Laka, J. & Aguado, R 2019).

[19] Treasury (2023). *Intergenerational Report 2023, Australia's future to 2063.*

[20] JSA *(2023). Skills Priority List Key Findings Report.*

Investing in people and building appropriate skills and training pathways, plus wages will be critical to attract and retain the workforce for the needed expansion in the health and care sector.

Growth in the high skilled, services-based workforce

Compositionally, employment has continued to shift towards jobs that are higher skilled (commensurate with some level of post-secondary school qualification) and away from jobs that are lower skilled (and do not require such a qualification). For instance, skill level 1 occupations (commensurate with a Bachelor Degree or higher) accounted for more than a third (35%) of the share of total employment in February 2024, well above the 23% recorded three decades ago.

The shift towards employment in higher skilled occupations in recent years is a continuation of a long-term trend, as the workforce has become more highly educated and employment has transitioned towards more services-based industries.[21] These changes have occurred against the backdrop of a rapid improvement in computer technology, including automation and the emergence of artificial intelligence, that has helped shift demand for labour away from routine tasks (repetitive physical labour that can be replicated by machines) towards non-routine cognitive (non-repetitive or non-codifiable) jobs.[22] This trend has increased the demand for higher levels of technical and digital skills across all industries, for both ICT and non-ICT occupations.[23]

The increasing demand for more highly skilled jobs has had an uneven impact across regions. Unlike capital cities and regional cities, where there has been the largest shift in the share of employment towards skill level 1 occupations (Figure 15), regional and remote areas have experienced a shift in the share of employment towards occupations where VET is the primary pathway (skill levels 2 to 4), in addition to an increase in skill level 1 occupations.

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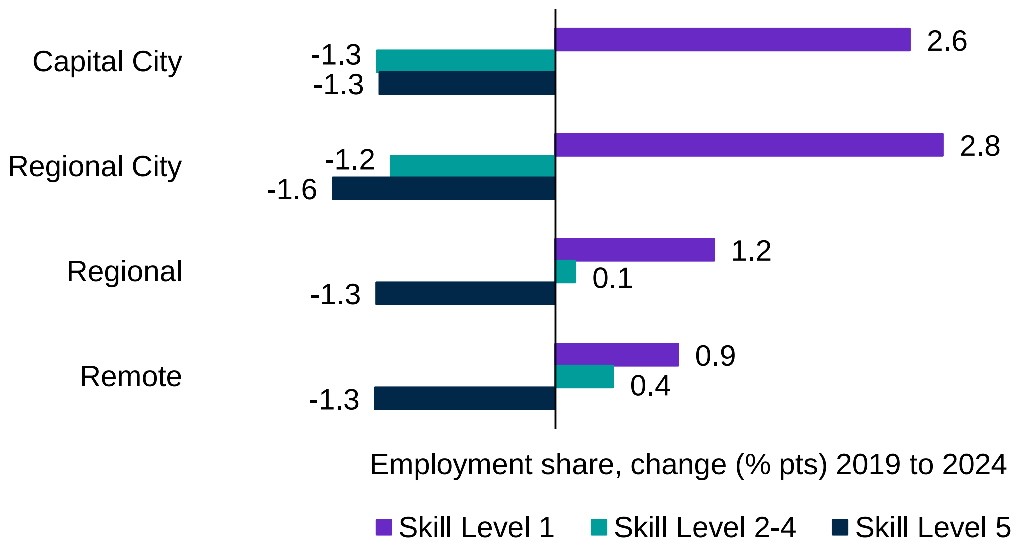
[21] Close to 80% of workers are employed in the service industries. Service industries include all industries besides Manufacturing; Construction; Agriculture, Forestry and Fishing; Mining; and Electricity, Gas, Water and Waste Services, although, even within these industries, there are service components.

[22] Borland & Coelli (2022). *The Australian labour market and the digital economy.*

[23] Treasury: *Working Future. The Australian Government's White Paper on Jobs and Opportunities*, September 2023

Figure 15: Skill level employment share, change (% pts) between 2019 and 2024



Source: JSA, *Nowcast of Employment by Region and Occupation (NERO)*, April 2024

Note: Skill Level 1 relates to Bachelor Degree or higher qualification; Skill Level 2 relates to Advanced Diploma or Diploma; Skill Level 3 relates to Certificate IV or III (including at least 2 years on-the-job training); Skill Level 4 relates to Certificate II or III; Skill Level 5 relates to Certificate I or secondary education.

The shift toward high skilled employment will continue to be a key driver of labour market performance going forward as the demand for high skilled workers is expected to grow strongly. Over the 10 years to May 2033, more than 9 out of 10 new jobs (around 92%) expected to be created will require post-secondary qualifications (skill levels 1 to 4).[24] Around half (48%) will require a Bachelor Degree or higher qualification as the primary education training pathway (Skill Level 1), and around 44% will have VET as the primary pathway (Skill Levels 2 to 4).

The projected continued compositional shift towards high skilled employment highlights the importance of the VET and higher education systems to ensure the workforce has appropriate training and skills.

The clean energy transformation[25]

Achieving the net zero transformation represents one of the most significant economic structural shifts since the Industrial Revolution. It presents both challenges and opportunities for the Australian economy and will accelerate investment in capital, people, and communities. The transformation has particular implications for regional Australia, both in terms of the regional location of the existing workforce and the likely changes to regional employment.

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[24] Jobs and Skills Australia (2023). *Towards a National Jobs and Skills Roadmap*.

[25] In 2023 JSA undertook a comprehensive workforce capacity study on the clean energy transformation (*The Clean Energy Generation: workforce needs for a net zero economy*), including an analysis on future skill needs, transition challenges, and opportunities for innovation in the education and training system, to support a successful clean energy transformation. This section draws on material from this study.

The clean energy workforce

Clean energy jobs are found right across the workforce, extending well beyond obvious sectors like wind, solar and hydroelectricity generation into parts of construction and research and development amongst others. The clean energy workforce is employed right across Australia, although regional differences mean different locations are better suited to certain technologies and therefore attract different types of workers. For instance, Tasmania has a high concentration of clean energy supply workers working in hydroelectricity generation, while a high proportion of employment in clean energy jobs in capital cities likely reflects white collar professions in the workforce.

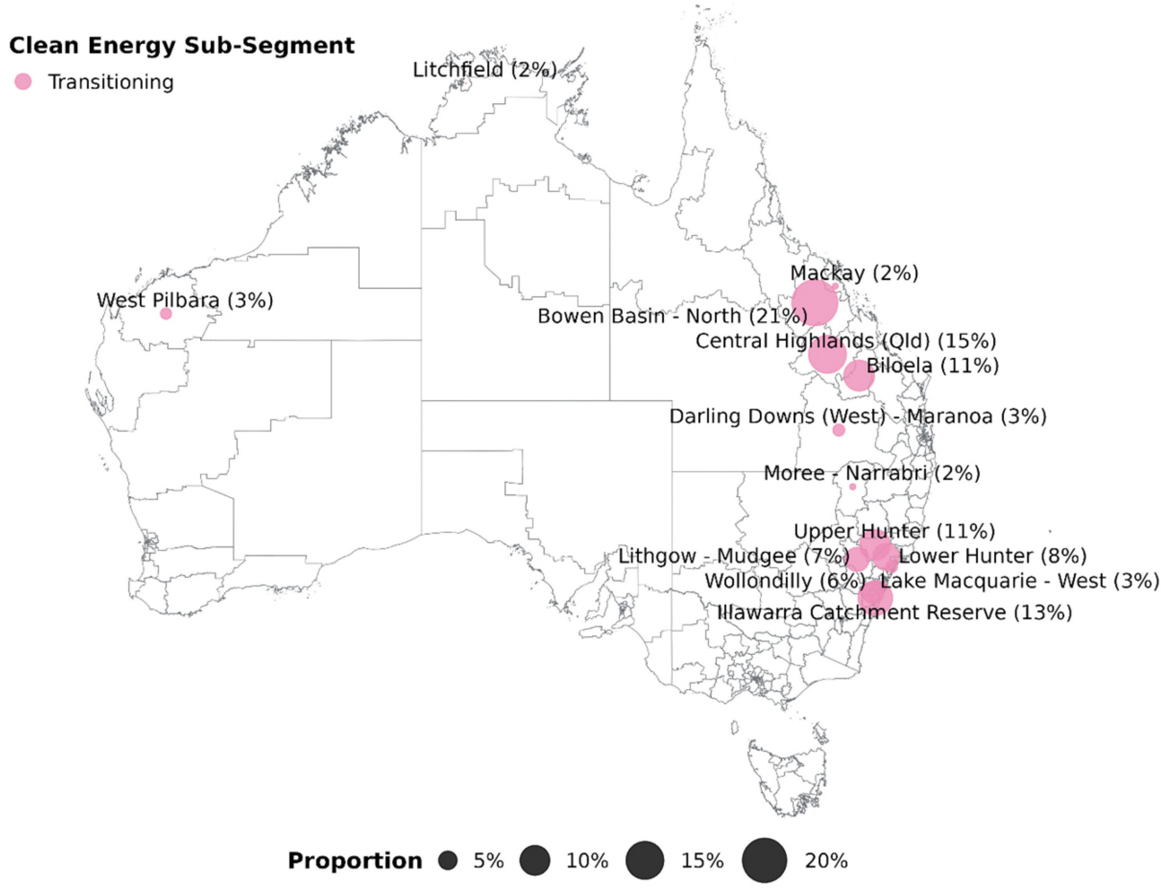
New employment opportunities are likely to be created from the net zero transformation, particularly in regional Australia, although there is some variation across regions. Reflecting growth in renewable energy projects and the associated construction pipeline, many regions are likely to have average annual employment growth rates close to 2% between 2023 and 2030, including Northern NSW, and ACT and Southern NSW. Eastern Victoria and the Northern Territory are also expected to have relatively high growth rates (close to 2%), but in these two regions the growth is off a small base. The strong projected employment growth in regional Australia highlights the importance of the VET sector to fill the workforce supply gaps for qualified workers, such as electrical and engineering trade roles that are critical to the construction and maintenance of renewable energy projects.

Regional implications of decarbonisation

There are, however, a number of regional areas across Australia that will be disproportionately impacted by the impact of decarbonisation due to the high share of workers in transitioning sectors.[26] There are 12 regions (SA3s) where workers in transitioning industries make up more than 2% of local employment, all of which are located in regional Australia (Figure 16). By comparison, there are only five regions where clean energy supply workers (generation and distribution) make up over 1% of their local labour market. This highlights the differences between the two segments, with clean energy typically being less concentrated and labour intensive than transitioning work.

[26] Fossil-fuel related groups which will decline and transform substantially as a result of decarbonisation.

Figure 16: Regions (SA3) with high proportions (>2%) of total local employment in transitioning industries



Source: ABS, *Census of Population and Housing,* 2021

While some transitioning workers will likely move into clean energy jobs, this isn't the only (or necessarily the best) outcome. Mismatches in skills, location, timing and preferences are just some of the considerations policy makers will need to consider delivering targeted, localised and individualised supports to drive successful outcomes for workers and their communities.

Broader regional issues

There are a number of broader regional drivers, such as housing, transport and services, that also play a crucial part in attracting and keeping people that contribute to the workforce.

Housing

The affordability and availability of housing is currently a major challenge facing regional Australia. While COVID-19 lockdowns and remote work trends contributed to an influx of internal migration to many regional areas (particularly in coastal regions such as the Gold Coast and Geelong), the regional lifestyle is continuing to drive strong population growth and housing demand in many regions.

The increased demand for housing in many regional areas has led to low vacancy rates, rising rents and high property prices across most regional centres in recent years. According to Core Logic's August 2024 report affordability will remain a key challenge for regional Australia, with dwelling values in increasing by over 52% since the onset of the pandemic and rents up by 39% (compared with increases of 33% and 35% in the capital cities, respectively).[27]

Additionally, a number of recent natural disasters including the 2019–20 Black Summer Bushfires and the 2022 Eastern Australia floods has significantly reduced available housing stock in some regional areas, and it will take several years to rebuild and recover from natural disasters through reconstruction efforts, while also preparing to respond to future natural disasters, including building resilience.

Housing allows people to participate in society and plays a critical role in the efficient operation of the labour market. The lack of affordable and accessible housing in a region can limit a region's ability to attract a new workforce or retain the current workforce. Indeed, data collected through JSA's *Recruitment Experiences and Outlook Survey* (REOS) show that employers often attribute a lack of affordable housing contributing towards pronounced recruitment difficulty in regional areas, with an employer in regional South Australia stating:

> *'We're always looking for workers and I actually can't place ads because our town doesn't have accommodation for new people to come into the town so it's sort of like a catch 22.'*

Services[28]

The availability of services in a region, is another factor that can contribute to region's ability to attract and retain workers and therefore impacts the labour market performance of the region. The availability of services such as healthcare, childcare and public infrastructure in a region is central to supporting a strong labour market.

Childcare Services

The availability of early childhood education and care services is lower in regional Australia than compared to its capital city counterparts. Indeed, the Productivity Commission's draft report*, A path to universal early childhood education and care*, estimates 4 in 5 children in remote Australia live in areas with fewer than one centre-based day care place per 3 children.[29]

A lack of access to suitable early childhood services impacts on the labour force participation of a region, particularly for females, who are often the primary carers. It can also act as a deterrent for people to live and work in regional areas, particularly working families. The persistent shortages, nationwide, in a number of childcare related occupations such as Early Childhood Teachers and Childcare Workers remains a key challenge, particularly for regional areas. JSA has undertaken a workforce capacity study for the early childhood education and care workforce. '*The Future of the Early Childhood Education Profession*', which was released on 3 September 2024.[30]

Healthcare Services

A person's health is closely linked to their labour market participation. Indeed, poor health tends to adversely affect a person's labour market participation, as they tend to be less

[27] Core Logic, Regional value growth slows amid affordability constraints and elevated interest rates, August 2024.

[28] Service delivery and regulatory differences between states may discourage people living in border communities from taking up work and study opportunities across the border. A number of Cross Border Commissioners (in NSW, Vic., Qld. And SA) have been appointed to work with border residents, businesses and organisations to address some of these challenges.

[29] Productivity Commission (2023). *A path to universal early childhood education and care* – draft report.

[30] JSA (2024). *The Future of the Early Childhood Education Profession*.

productive and spend more time out of the labour force. A recent report by the Australian Institute of Health and Welfare, *Rural and Remote Health – Australia*, found that people living in regional Australia face barriers to accessing healthcare and often have poorer health outcomes than people living in capital cities.[31] Moreover, the widespread and persistent workforce shortages in critical healthcare related occupations may also be leading to poorer health outcomes for people living in regional Australia. Better access and availability to healthcare in regional Australia could significantly improve labour market outcomes of a region, through greater participation.

Regional labour market vulnerability framework

Anticipating and planning for change can help promote policy that safeguards the sustainability of regions

The capacity of regional communities to adapt and transition from an economic disruption and other pressures of change are of increasing interest to policy makers. Regions are constantly evolving, but there are a number of significant structural trends that are driving the overall shape of the labour market. The ageing of the population and the rising demand for quality care and support services, increased use of digital and advanced technologies and climate change and the net zero transformation are the major trends that will shape the economy and labour market over the coming years. These trends will have significant implications for the composition of the workforce and the types of jobs and skills needed. Understanding the capacity of regions to adjust to economic transition can help policy makers support regions which are most at risk of failing to adjust.

Regional vulnerability has been explored through various models and frameworks

The study of which regions are most vulnerable to economic disruption has gained momentum in recent years and has been explored extensively through various models and frameworks. These models and frameworks of regional vulnerability have often sought to estimate the *adaptive capacity* of regions, which is defined as the capacity of regional communities to adapt and transition from an economic disruption. Regions with a greater adaptive capacity are in a relatively better position to respond to changes in their economic circumstance.

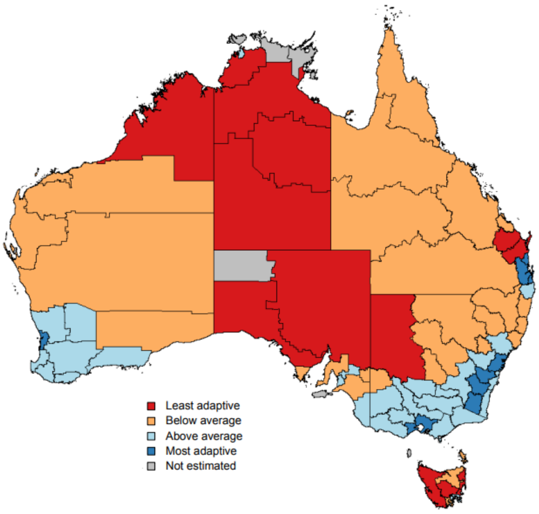
- It is important to note that, on its own, adaptive capacity does not identify whether regions would be successful in adapting and transitioning from an economic disruption. Realised outcomes depend on a range of matters, including how sensitive and exposed the region is to the disruption. Regions are constantly responding to multiple pressures of varying intensity and predictability that create an unavoidable uncertainty as to impact of a potential disruption.

[31] Australian Institute of Health and Welfare (AIHW) (2024). *Rural and remote health.*

A number of recent reports have found that a region's adaptive capacity decreases with remoteness.[32]

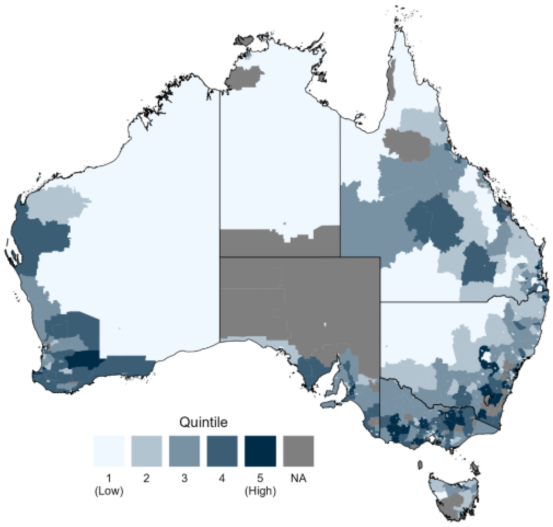
- For instance, the Productivity Commission's index of relative adaptive capacity found that regional communities located in outer regional and remote/very remote areas of Australia are likely to have the lowest relative adaptive capacity (Figure 17). These regions are generally located across the inner parts of Australia (South Australia and the Northern Territory) and across much of Tasmania.
- Similarly, Australian Treasury's *Resilience Index* show that communities closer to capital cities and regional centres typically have a higher degree of (estimated) resilience[33] than more remote communities (Figure 18). In particular, resilience tends to be highest in the south-east area of the mainland, parts of Western Australia coastline, and parts of coastal and central Queensland (although there is evidence of regional variation in resilience among local communities).

Figure 17: Index of Relative Adaptive Capacity, Productivity Commission, 2017



Source: Productivity Commission, *Transitioning Regional Economies*, December 2017

Figure 18: Resilience Index, Australian Treasury, 2024



Source: Treasury, *Resilience Index*, 2024

[32] It is important to note that despite strong interest, there is no consistent approach to measuring adaptive capacity, particularly as it relates to the factors that are considered important in shaping the capacity of a region to adapt.

[33] In discussions of vulnerability, the terms 'resilience' and 'adaptive capacity' are often used interchangeably. In this context, 'resilience' is defined as the ability to recover from and adapt to external shocks.

Ensuring Australia's workforce meets present and future skills needs

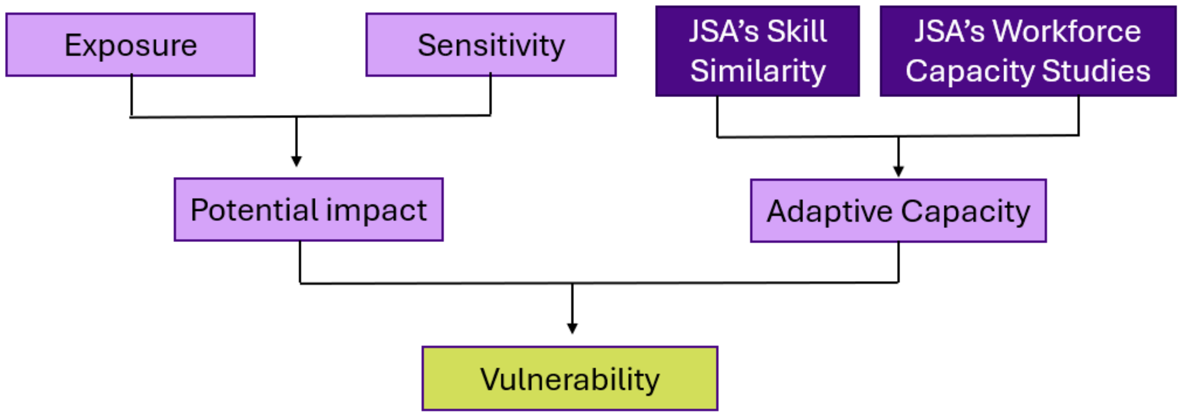
JSA seeks to contribute to the growing evidence base on regional vulnerability by assessing a regions adaptive capacity from a human capital perspective. Australia is facing a multifaceted, multi-horizon skills challenge. The ongoing effects of the COVID-19 recovery, along with the changing economic landscape have resulted in widespread skills shortages and recruitment difficulty for employers, particularly in many regional and remote areas, in recent years. Assessing how well suited the skills and capabilities of individuals within a region are for current and future skills needs may help promote policies that addresses skill shortages and safeguard the sustainability of communities.

JSA's Skill Similarity – a skill's-based approach to assessing adaptive capacity

The first step in assessing a regions adaptive capacity, from a human capital perspective, is to identify how well suited the skills and capabilities of individuals within a region are for current skills needs. To achieve this, and in addition to considering educational attainment levels, JSA will combine occupation data from JSA's Nowcast of Employment by Region and Occupation (NERO) (as a proxy for the collective skill level concentration of a region) with JSA's occupational similarity analysis to assess how plausible it would be for workers in a given region to move from their current occupation into another occupation in the region. In doing so, consideration will be given to the current demand for skills in the region using JSA's IVI. Importantly, this approach will help to assess the likelihood of an employed person being able to find a job with similar skills in their region should they lose their job.

- For example, a region with a high concentration of employment in occupations that have very low similarity to occupations that are in demand in the region might then be considered most 'vulnerable' to economic disruption.

Figure 19: A skill's-based approach to assessing adaptive capacity



Note: Figure 19 aims to put into context the contribution that JSA seeks to make to understanding the vulnerability of regions through its analysis of skill similarity and through its workforce capacity studies noting that the vulnerability of a region depends on its exposure and sensitivity to a range of potential risks.

Drawing upon insights from JSA's workforce capacity studies

To complement the assessment of a region's Skill Similarity, insights will be drawn upon from JSA's workforce capacity studies (both completed and in development), including the associated regional employment projections, that provide a future outlook of the labour market to inform workforce planning.

Workforce capacity studies in priority areas such as the net zero transformation, early childhood education and care, and food supply chain provide an understanding of how future workforce needs will be shaped by the major structural trends facing the economy and labour market.

- Indeed, JSA's Clean Energy Workforce Capacity Study showed that employment growth in clean energy jobs is likely to be higher in regional Australia than in metropolitan areas.[34] Strong growth in regions in Northern NSW and Southern NSW, as well as in Eastern Victoria and the Northern Territory reflect renewable energy projects and the associated construction pipelines.
- Importantly, the relatively strong projected employment growth in regional Australia highlights the importance of the VET sector to fill the workforce supply gaps for qualified workers (such as electrical and engineering trade roles) that are critical to the construction and maintenance of renewable energy projects.

Combining a Skill Similarity measure, with insights from JSA's workforce capacity studies, can help provide a comprehensive skills-based assessment of a region's ability to adapt to an economic disruption. This approach will help promote skills and training related policies for communities to ensure that everyone can be beneficiaries of the major transformations underway in our economy.

[34] JSA, *The Clean Energy Generation: Workforce needs for a net zero economy*, 2023.

Regional Recruitment Experiences and Skills Shortages

Key Findings

- Despite recruitment outcomes improving, regional Australia has lower applicants per vacancy and lower qualified applicants and fill rates than capital cities, highlighting the imbalance in skills shortages between capital cities and regional areas.
- Nationally, fill rates for Technicians and Trades Workers remain consistently around 50%, highlighting skills shortage pressure for occupations within this group. These national shortages are likely to be felt more acutely in regional Australia.
- Although easing, recruitment difficulty rates have been consistently higher in regional Australia than capital cities, which have only recently seen an easing to now be comparable with capital city areas.
- Given the reduced access to labour supply, location and the availability/suitability of applicants continue to drive recruitment difficulty in regional Australia.
- Health Care and Social Assistance and Education and Training dominate employment and vacancy rates in skill level 1 occupations, with Registered Nurses the most common occupation, and they are in shortage.
- Skill level 1 occupations in Health Care and Social Assistance tend to have higher vacancy rates in regional Australia than in capital cities.
- For skill level 2–4 occupations, Aged and Disabled Carers, Truck Drivers, and Electricians are some of the most common occupations in Regional Australia and are all in shortage.
- The top 5 Health Care and Social Assistance occupations in demand in regional Australia are Registered Nurses, Aged and Disabled Carers, Child Carers, Nursing Support and Personal Care Workers, and General Practitioners and Resident Medical Officers. These occupations are rated as being in National Shortage and these shortages are largely driven by long training pathways or retention issues.
- Occupational gender segregation is closely linked to remoteness, with regional and remote areas with lower population density have distinctly higher gender segregation than their capital city counterparts.

Overview

JSA's Internet Vacancy Index (IVI) and REOS both indicate that labour demand nationally has fallen since the beginning of 2024. After peaking in June 2022, the seasonally adjusted IVI has fallen 23% (around 65,300 vacancies) over the year to July 2024. REOS data show the recruitment difficulty rate (the proportion of recruiting employers who reported having difficulty recruiting) nationally, in the June quarter 2024 was 55%, 9 percentage points lower than the 64% recorded a year ago.

Despite the recent fall in both the number of internet vacancies and recruitment difficulty rate, various data show that employers are still experiencing challenges finding suitably skilled workers to fill vacant positions, particularly in regional Australia.

This section discusses regional skill shortages, including at the occupation level. It largely draws on, and builds upon existing bodies of JSA work, including skill shortage/recruitment difficulty analysis included in the JSA Quarterly Labour Market Update report and JSA Skills Shortage Quarterly report. It presents a high-level view of regional skills shortages, including comparisons between regional Australia and capital cities, noting that the ability to examine differences within regional Australia are constrained due to data limitations.

Recruitment difficulty and vacancy fill rates

Although easing, recruitment difficulty remains higher in regional and remote areas

In the June quarter 2024, Inner Regional Australia recorded a recruitment rate of 52%, compared with 43% for Australia's major cities (which have recorded a 5 percentage point decline since a year prior). Inner Regional Australia also recorded the highest level of recruitment difficulty (59%). While the recruitment difficulty rate has eased for all employers since June quarter 2023, it still remains persistently higher in Inner Regional (59%) and Outer Regional, Remote and Very Remote Areas (57%) compared to the Major Cities (53%).

Figure 20. Recruitment rate by Remoteness, June quarter 2023 – June quarter 2024

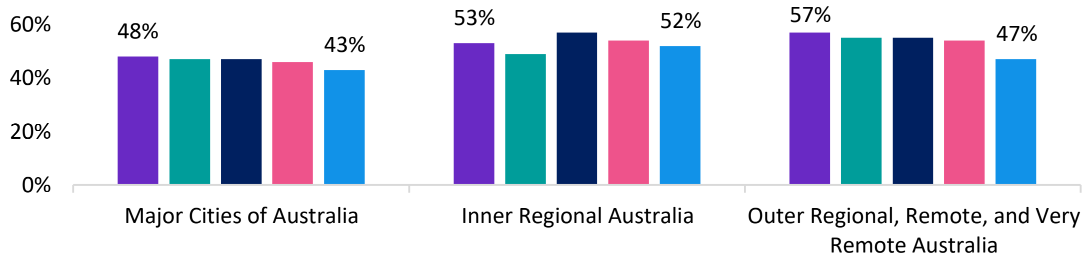
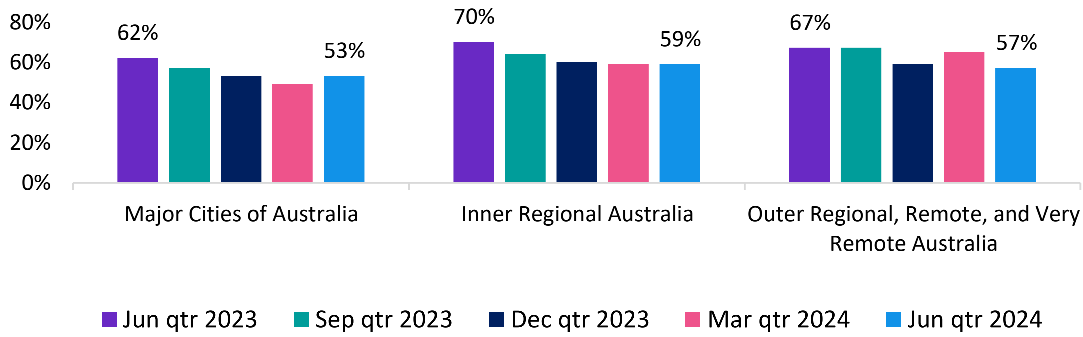


Figure 21. Recruitment difficulty rate by Remoteness, June quarter 2023 – June quarter 2024



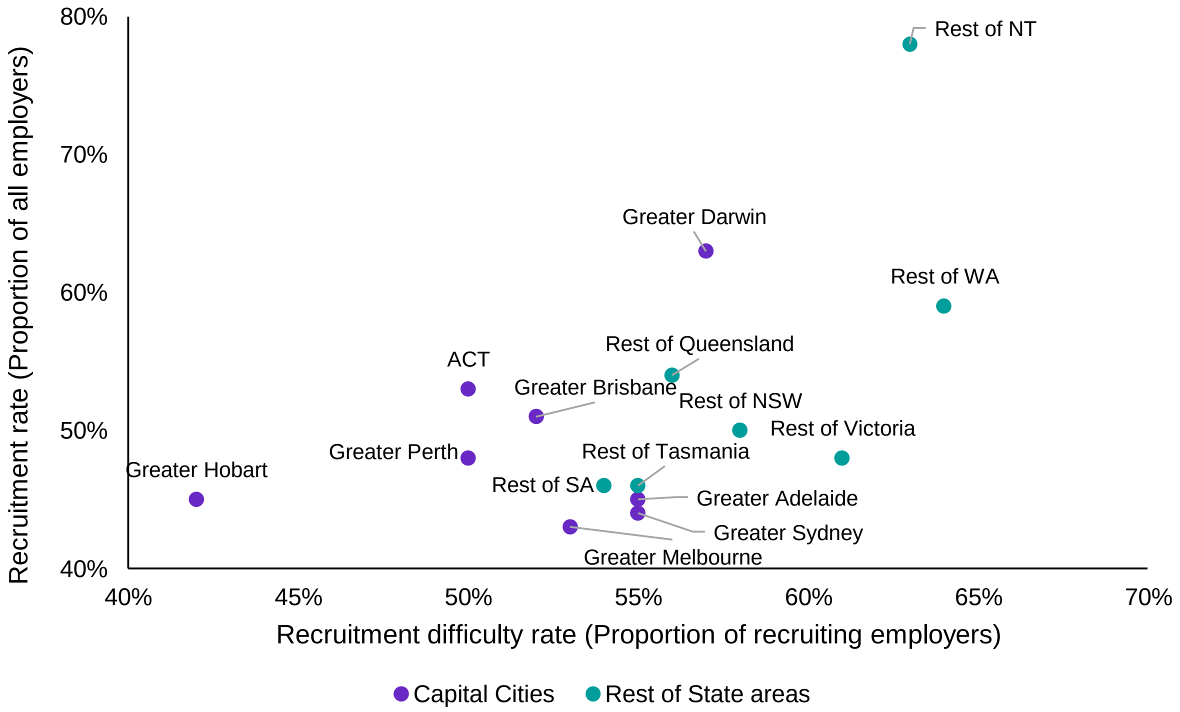
Source: Jobs and Skills Australia, *Recruitment Experiences and Outlook Survey*, June quarter 2024

Note: Accessibility and Remoteness Index of Australia (ARIA) classifications of Outer Regional Australia, Remote Australia, and Very Remote Australia have been combined into one category to increase sample size.

The relationship between the amount of recruitment activity (as seen in recruitment rates) and recruitment difficulty varies within individual capital cities and rest of state areas. Figure 22 shows these regional variations as observed over the 12 months to July 2024.

In general, at similar rates of recruitment, rest of state areas tend to experience higher levels of difficulty. For example, Rest of Victoria is a relatively low recruiter (48%) and has high recruitment difficulty (61%), while Greater Melbourne has a similar rate of recruitment (43%) and a lower difficulty rate (53%). A similar pattern is observed between other capital cities and their respective rest of state areas.

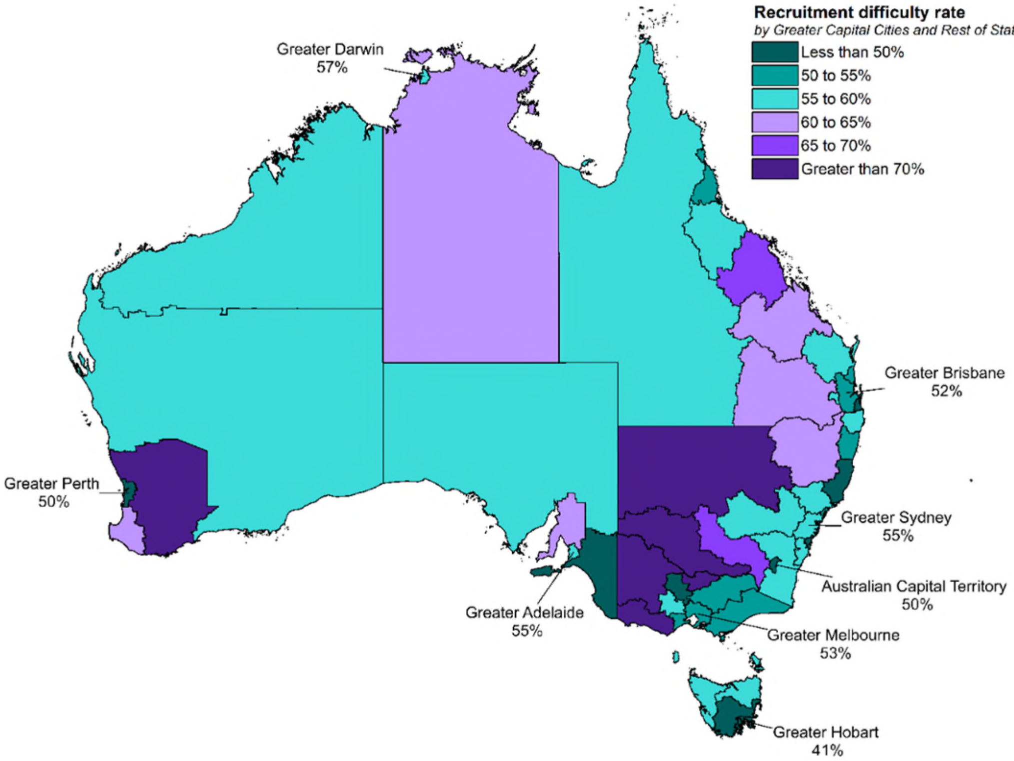
Figure 22: Rates of recruitment and recruitment difficulty, capital city and rest of state areas (12 months to July 2024)



Source: Jobs and Skills Australia, *Recruitment Experiences and Outlook Survey*, July 2024

Recruitment difficulty rates generally tend to be higher in regions that are further away from large population hubs. The heat map below (Figure 23) shows recruitment difficulty recorded in the 12 months to July 2024, for each SA4 region (outside of greater capital city areas) and for each combined greater capital city area.

Figure 23: Recruitment difficulty rates, 12 months to July 2024 –heatmap of SA4 regions and Greater Capital City areas



Source: Jobs and Skills Australia, *Recruitment Experiences and Outlook Survey*, July 2024

Note: Results for rest of state SA4s are indicative only, due to small sample sizes for some regions

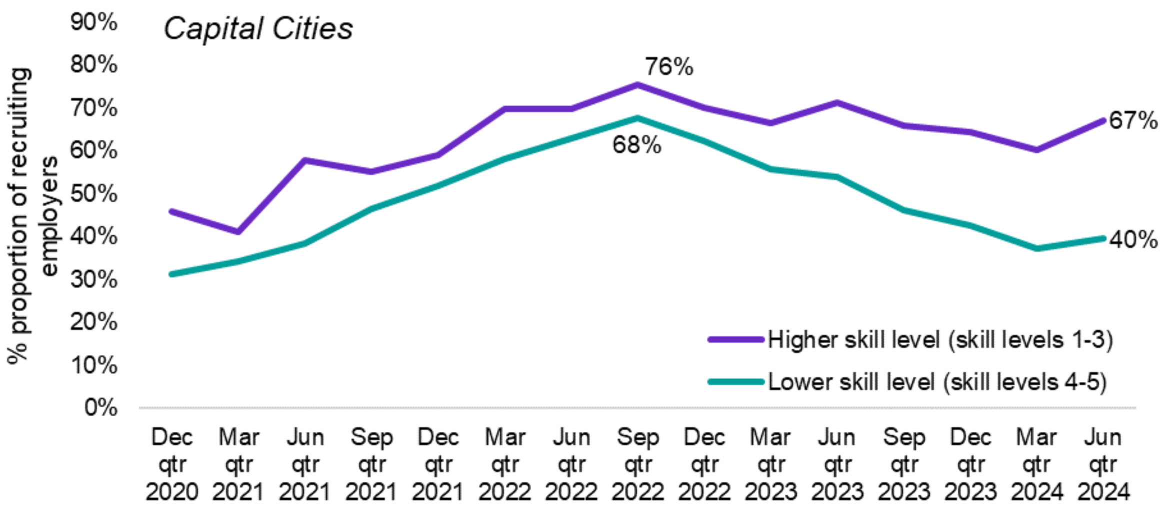
The higher recruitment difficulty rates in more remote areas can be explained to some extent by tighter labour market conditions, as employers encounter greater challenges finding suitably qualified staff. This can be further exacerbated in some areas because of a narrower industry composition, with a focus on mining or agriculture for example, and the consequent need for specialised skills, and in some instances at certain times (e.g. seasonal labour demand for the agriculture industry). Employers in more remote areas often report geographic location as a reason for recruitment difficulty.

Recruitment difficulty rates remain elevated for higher skilled occupations, particularly in regional areas

The level of recruitment difficulty experienced by employers differs between capital cities and rest of state areas and by the skill level of the occupation they most recently recruited for. In both capital city and rest of states areas, greater proportions of employers experience difficulty recruiting for higher skill level occupations compared with lower skill level occupations.

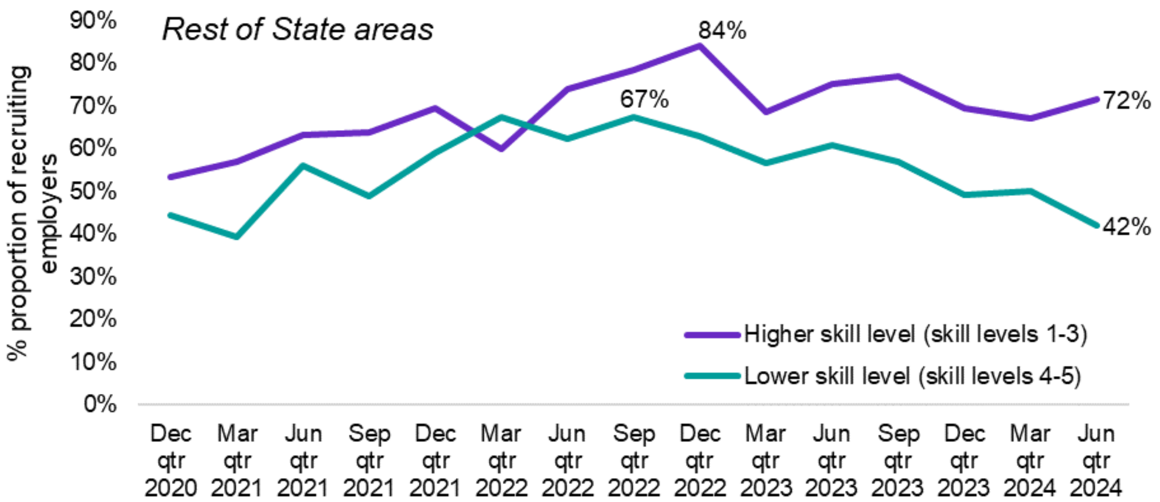
While there had been a declining trend in recruitment difficulty since the latter half of 2022, there has been a recent uptick in recruitment difficulty across skill levels in capital cities (Figure 24), and for higher skilled occupations in rest of state areas (Figure 25). Overall, recruitment difficulty remains higher in rest of state areas across skill levels, when compared to capital cities.

Figure 24: Recruitment difficulty rates, Capital cities, by skill level of occupation



Source: Jobs and Skills Australia, *Recruitment Experiences and Outlook Survey*, 2024

Figure 25: Recruitment difficulty rates, Rest of state areas, by skill level of occupation



Source: Jobs and Skills Australia, *Recruitment Experiences and Outlook Survey*, 2024

Vacancy fill rates are lower outside of capital city areas

Despite the recent fall in both the number of internet vacancies and recruitment difficulty, data from JSA's Survey of Employers who have Recently Advertised (SERA)[35] show that employers are still experiencing challenges finding suitably skilled workers to fill vacant positions, particularly outside of capital cities.

In the June quarter 2024, the vacancy fill rate[36] for rest of state areas was significantly lower than for capital cities (61.3% and 68.0% respectively) (Figures 26 and 27). The average difference in fill rates between rest of state areas and capital cities has widened over time

[35] SERA is based on approximately 2,000 responses each quarter. The survey covers occupations, as defined by ANZSCO generally requiring a university degree, trade apprenticeship or Certificate III or IV. As a result, the survey outcomes are reflective of occupations requiring post-school education.

[36] The percentage of advertised occupation vacancies filled ('vacancy fill rate') is a key metric from SERA. A low fill rate indicates that the demand for labour is not matched by the supply of labour from workers.

from 1.1 percentage points in June 2022 to 6.7 percentage points in June 2024, indicating skill shortages in regional areas have become more pronounced.

While total applicants, qualified applicants and suitable applicants all have increased across both rest of state areas and capital cities, the level and growth were larger in capital cities.

Figure 26: Fill rate (%) and total applicants, qualified, and suitable applicants per vacancy (no.) by capital cities

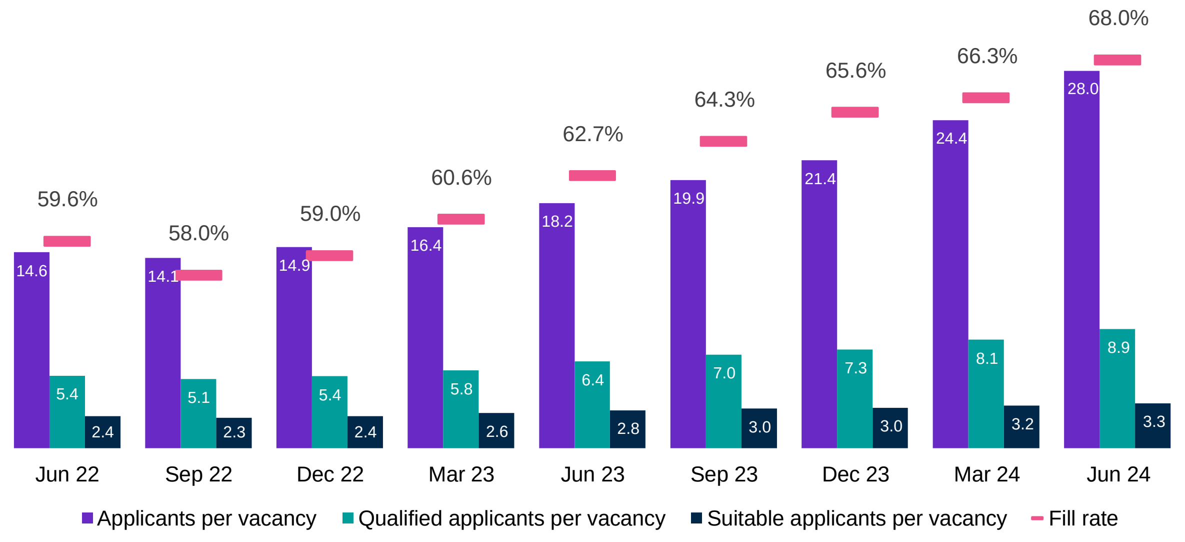
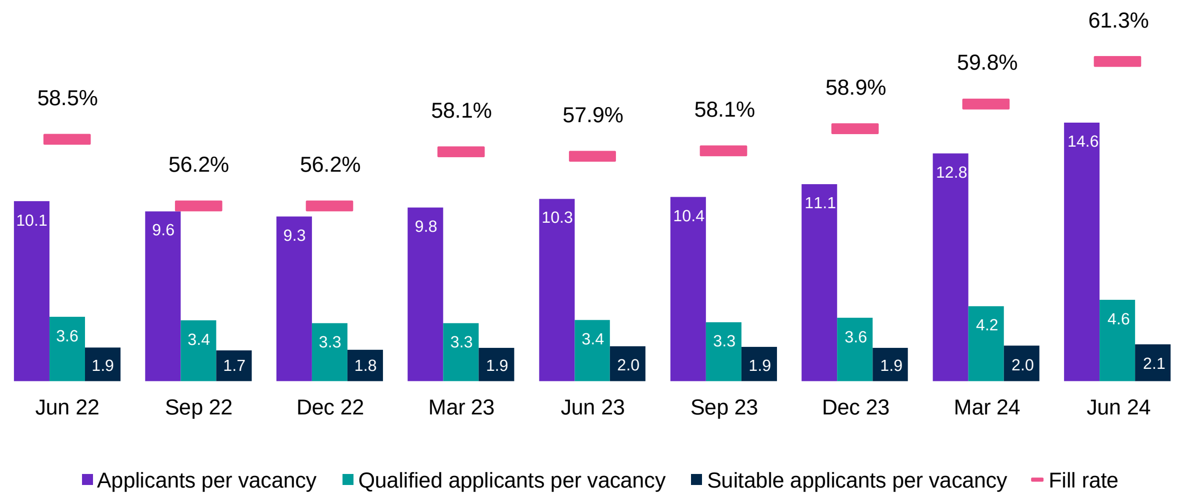


Figure 27: Fill rate (%) and total applicants, qualified, and suitable applicants per vacancy (no.) by rest of state



Source: Jobs and Skills Australia, Survey of Employers who Recently Advertised

Vacancy fill rates are lowest for technicians and trades occupations

Nationally, between June quarter 2024 and March quarter 2024, the fill rate increased for all the major occupation groups except for Sales Workers and Labourers, where the fill rates for these groups fell (Table 1).

Table 1: Fill rate (%) by Occupation major group (ANZSCO)

Occupation major group	June quarter 2024	Change over the quarter	Change over 12 months
Managers	81.9%	↑2.4%	↑5.0%
Professionals	64.9%	↑1.1%	↑3.4%
Technicians and Trades Workers	51.9%	↑2.2%	↑4.1%
Community and Personal Service Workers	72.6%	↑1.5%	↑6.5%
Clerical and Administrative Workers	80.8%	↑1.5%	↑5.4%
Sales Workers	69.8%	↓-1.1%	↓-1.3%
Machinery Operators and Drivers	70.0%	↑1.1%	↑8.0%
Labourers	56.6%	↓-0.9%	↑1.6%

Source: Jobs and Skills Australia, *Occupation Shortage Report*, June quarter 2024

Skills shortages for trade related occupations continues to be a persistent issue both nationally and regionally. Reflecting this, at the national level, the fill rates for Technician and Trade Workers, while increasing, has remained consistently around 50%, the lowest of all major occupation groups. The low fill rates for Technician and Trade Workers likely indicate that shortages for occupations within this broad group (as seen in the JSA SPL) are more acute. The high demand for such occupations in regional areas indicate these shortages are likely to be worse than the national figure.

Location and availability/suitability of applicants continue to drive recruitment difficulty in Regional Australia

Reasons for recruitment difficulty tend to vary slightly between capital cities and rest of state areas. Employers in rest of state areas are more likely to note the location of the business as a contributing factor to their difficulties in recruiting staff, while employers in capital cities are more likely to note that there is a lack of suitable applicants for their vacancies (Table 2).

Table 2: Recruitment difficulty reasons, by capital city/rest of state, 12 months to July 2024

% proportion of employers with difficulty	Capital cities	Rest of state areas	Australia
Lack of suitable applicants	39%	29%	35%
Lack of applicants	15%	24%	18%
Undesirable working conditions/hours/wages	23%	22%	23%
Location	4%	21%	11%
Applicants lack technical skills	17%	15%	16%
Applicants lack experience	20%	12%	17%
Applicants lack employability skills	4%	4%	4%

Source: Jobs and Skills Australia, *Recruitment Experiences and Outlook Survey*, July 2024

Cross-Border agreements and facilitating employment and skills mobility across state borders

In September 2020, the New South Wales and Victorian governments released the Memorandum of Understanding for Cross-Border Collaboration 2019-2021[37] which acknowledged the importance and interdependence of border regions, such as Albury and Wodonga, and the ongoing need to work collaboratively to improve social and economic outcomes of those living within these closely aligned regions.

Along with the development of collaborative strategies for economic development, infrastructure management, and service delivery, some key issues were addressed by the agreement. Aside from regulatory burdens, access to education and training and the recognition of skills across borders were viewed as imperative. Noted as ways to facilitating employment and skills mobility, are such measures as the recognition of accreditations issued in neighbouring jurisdictions, such as Responsible Service of Alcohol (RSA). This is being done via the development of an online bridging course for applicants and changes to Victorian RSA training to allow Victorian RSA holders to be eligible for a NSW certificate of competency. The alignment of programs and program delivery between states' TAFEs and training providers is an important measure that will further enhance mobility.

In August 2021, some 19% of employed residents in Albury worked in Wodonga, while 28% of Wodonga's employed residents worked in Albury. Some 20% of Technicians and Trades Workers living in Albury worked in Wodonga and some 22% of Technicians and Trades Workers living in Wodonga worked in Albury. Community and Personal Service Workers, an occupation group which includes Aged and Disabled Carers, Child Carers, and Bar Attendants and Baristas, also commonly crossed the border to the neighbouring LGA to work (17% of those living in Albury and 31% of those living in Wodonga).[38]

37 New South Wales Department of Primary Industries and Regional Development, New South Wales and Victoria, Memorandum of Understanding for Cross-Border Collaboration 2019-2021, 2020.

38 ABS, Census of Population and Housing, 2021.

Supply and demand for occupations in regional Australia

A range of datasets can be brought together to look at key common occupations and the extent that they are in shortage to provide a sense of labour demand pressures. We have used the JSA Nowcast of Employment by Region and Occupation (NERO) and the JSA IVI, supplemented with the findings from the JSA SPL and other data sources to provide a general overview of demand and shortage for key occupations, particularly those that have had more persistent skills shortages. For the purpose of the analysis below, 'regional' comprises an aggregate of all SA4 regions outside of greater capital city areas, and as an aggregate does not show variations between regions. There is an opportunity for JA to explore this regional variation in more detail at a later stage. It is also important to note that the estimated vacancy and vacancy rate figures presented in the tables below are likely to be underrepresented in regional areas due to a lower proportion of employers using online jobs boards for advertising vacancies (relative to capital city areas).[39]

Table 3 shows that eight out of the top fifteen most common skill level 1 occupations in regional Australia are in national shortage, and one is in shortage in some states/territories. Typically, shortages for skill level 1 occupations are driven by a Long Training Gap, those where there are few qualified applicants per vacancy and long training pathways given the higher qualification requirements.[40]

39 JSA Recruitment methods used by employers, Findings from the Recruitment Experiences and Outlook Survey, Australia, 2021-2022.

40 The JSA's Skills Shortage Drivers classifies skills shortages into four main drivers based on the likeliest cause of shortage in terms of occupational characteristics. The four categories are: Long Training Gap, Short Training Gap, Suitability Gap and Retention Gap.

Table 3: Top 8 employing skill level 1 occupations in regional Australia in national shortage, female employment share, IVI vacancies, and vacancy rates

Occupation	Employed Persons Regional Australia July 2024	Female Employment Share Regional Australia August 2021	Estimated Vacancies Regional Australia July 2024	Vacancy rate Regional Australia July 2024
Registered Nurses	117,673	89%	2902	2.5%
Primary School Teachers	54,270	85%	169	0.3%
Secondary School Teachers	49,582	61%	222	0.4%
Construction Managers	41,644	7%	683	1.6%
Advertising and Sales Managers	34,733	43%	611	1.8%
General Practitioners and Resident Medical Officers	23,525	47%	684	2.9%
Early Childhood (Pre-primary School) Teachers	22,544	98%	610	2.7%
Human Resource Professionals	20,670	76%	461	2.2%

Long Training Gap | Short Training Gap | Retention Gap | Suitability Gap

Sources: JSA, *Nowcast of Employment by Region and Occupation*, July 2024; ABS, *Census of Population and Housing*, 2021, Tablebuilder; JSA, *Skills Priority List*, 2023; JSA, *Internet Vacancy Index*, 3-month averages, July 2024

Occupations in Health Care and Social Assistance and Education and Training feature, with Registered Nurses being the most common skill level 1 occupation in regional Australia, with employment close to 118,000. Of the top 8 employing skill level 1 occupations that are in national shortage, Registered Nurses also dominate the estimated vacancies in regional Australia, having more than four times the vacancies than that of the occupation with the second highest number of vacancies, General Practitioners and Construction Managers.

Among these occupations, many are gender skewed, i.e. employ a high proportion of either males or females, and this may contribute to the difficulties in filling such roles and the ongoing shortages. Examples include female dominated occupations, such as Registered Nurses, Primary School Teachers, and Early Childhood Teachers, and male dominated occupations, such as Construction Managers.

In terms of the vacancy rates, occupations such as Registered Nurses have higher vacancy rates in regional Australia than in capital cities (2.5% to 1.8% respectively). On the other hand, Construction Managers have a higher vacancy rate in capital cities than in regional Australia (3.3% and 1.6% respectively).

When looking at skill level 2–4 occupations (Table 4) that are common in regional Australia and in national shortage, the top three are Aged and Disabled Carers, Truck Drivers, and Electricians, and all are gender skewed occupations.

Aged and Disabled Carers, Child Carers and Motor Mechanics all have high numbers of vacancies. Shortages for Motor Mechanics are considered to be driven by a Long Training gap, while those for Aged and Disabled Carers and Child Carers are driven by a Retention Gap (defined as below average rates of retention, potentially reinforced by low numbers of new applicants per vacancy).[41]

Table 4: Top 8 employing skill level 2 to 4 occupations in regional Australia in national shortage, female employment share, IVI vacancies, vacancy rates, and VET Program completions

Occupation	Indicative Skill Level	Employed Persons Regional Australia July 2024	Female Employment Share Regional Australia August 2021	Estimated Vacancies Regional Australia July 2024	Vacancy rate Regional Australia July 2024	VET Program Completions Regional residence 2022
Aged and Disabled Carers	4	130,189	78%	1,424	1.1%	2,050
Truck Drivers	4	78,416	6%	1,000	1.3%	425
Electricians	3	69,254	3%	896	1.3%	3,740
Metal Fitters and Machinists	3	60,656	2%	1106	1.8%	50
Child Carers	3	58,280	96%	1343	2.3%	13,505
Carpenters and Joiners	3	53,017	1%	233	0.4%	4,985
Motor Mechanics	3	44,365	2%	1255	2.8%	11,210
Drillers, Miners and Shot Firers	4	42,528	11%	272	0.6%	1,570

Long Training Gap   Short Training Gap   Retention Gap   Suitability Gap

Sources: JSA, *Nowcast of Employment by Region and Occupation*, July 2024; ABS, *Census of Population and Housing*, 2021, Tablebuilder; JSA, *Skills Priority List,* 2023; JSA, *Internet Vacancy Index*, 3-month averages, July 2024; and NCVER, *Total VET Students and Courses,* program completions, 2022, VOCSTATS

Finally, the last column of table 4 shows the number of program completions outside of capital cities in 2022 for relevant VET associated with these occupations. This provides a proxy for the potential regional supply of workers able to fill these occupations, noting that there may be a location mismatch between vacancies and address of VET students.

41 The JSA's Skills Shortage Drivers classifies skills shortages into four main drivers based on the likeliest cause of shortage in terms of occupational characteristics. The four categories are: Long Training Gap, Short Training Gap, Suitability Gap and Retention Gap.

Spotlight on Health Care and Social Assistance sector occupations

The top six Health Care and Social Assistance occupations in demand in regional Australia are Aged and Disabled Carers, Registered Nurses, Child Carers, Nursing Support and Personal Care Workers, Welfare Support Workers, and General Practitioners and Resident Medical Officers.[42] Aside from Welfare Support Workers, these occupations are rated as being in National Shortage and therefore in shortage in both capital cities and throughout regional Australia.

Workforce supply for Registered Nurses, and General Practitioners and Resident Medical Officers in particular continue to be an issue for regional areas. Despite regional Australia accounting for a third of the population, almost half of the Nursing and Medical Practitioner vacancies are in Regional Australia.[43] Additionally, both occupations have a Long Training Gap as a driver for shortages. Along with these supply issues, Registered Nurses and General Practitioners and Resident Medical Officers also share high vacancy rates in regional Australia (2.5% and 2.9% respectively). These are moderately higher than for capital cities, where Registered Nurses and General Practitioners and Resident Medical Officers have vacancy rates of 1.8% and 2.8% respectively.

Other regional Health Care and Social Assistance occupations with high employment and/or high vacancy rates are Audiologists and Speech Pathologists/Therapists (vacancy rate 5.1%), Occupational Therapists (vacancy rate of 4.9%), and Psychiatrists (vacancy rate of 4.6%), All of these occupations are in national shortage and have comparable vacancy rates than the same occupation in capital cities, with the exception of Psychiatrists which has a higher vacancy rate in regional Australia than in capital cities (4.6% and 3.0% respectively).

42 In terms of employment, NERO estimates 23,525 General Practitioners and Resident Medical Officers were working in regional Australia as of July 2024.

43 *Regional Jobs 2022: The Big Skills Challenge*, Regional Australia Institute Report, May 2023.

Table 5: Top 8 skill level 1–4 occupations in national shortage with the highest vacancy rates in regional Australia, employment, female employment share, IVI vacancies and vacancy rate

Occupation	Indicative Skill Level ANZSCO	Employed Persons Regional Australia July 2024	Female Employment Share Regional Australia August 2021	Estimated Vacancies Regional Australia July	Vacancy rate Regional Australia July
Mining Engineers	1	2,743	14%	265	9.7%
Sheetmetal Trades Workers	3	1,682	1%	114	6.8%
Insurance Investigators, Loss Adjusters and Risk Surveyors	3	1,446	31%	94	6.5%
Audiologists and Speech Pathologists/ Therapists	1	5,868	93%	297	5.1%
Occupational Therapists	1	9,962	92%	485	4.9%
Psychiatrists	1	791	45%	36	4.6%
Enrolled and Mothercraft Nurses	2	9,793	92%	389	4.0%
Dental Hygienists, Technicians and Therapists	2	2,158	67%	73	3.4%

Long Training Gap Short Training Gap Retention Gap Suitability Gap

Note: occupations without a highlighted Skill Shortage Driver are either 'yet to be determined' or haven't been assessed.

Sources: JSA, *Nowcast of Employment by Region and Occupation* (NERO), April 2024; ABS, *Census of Population and Housing*, 2021, Tablebuilder; JSA, *Skills Priority List*, 2023; and JSA, *Internet Vacancy Index* (IVI), 3-month averages, April 2024

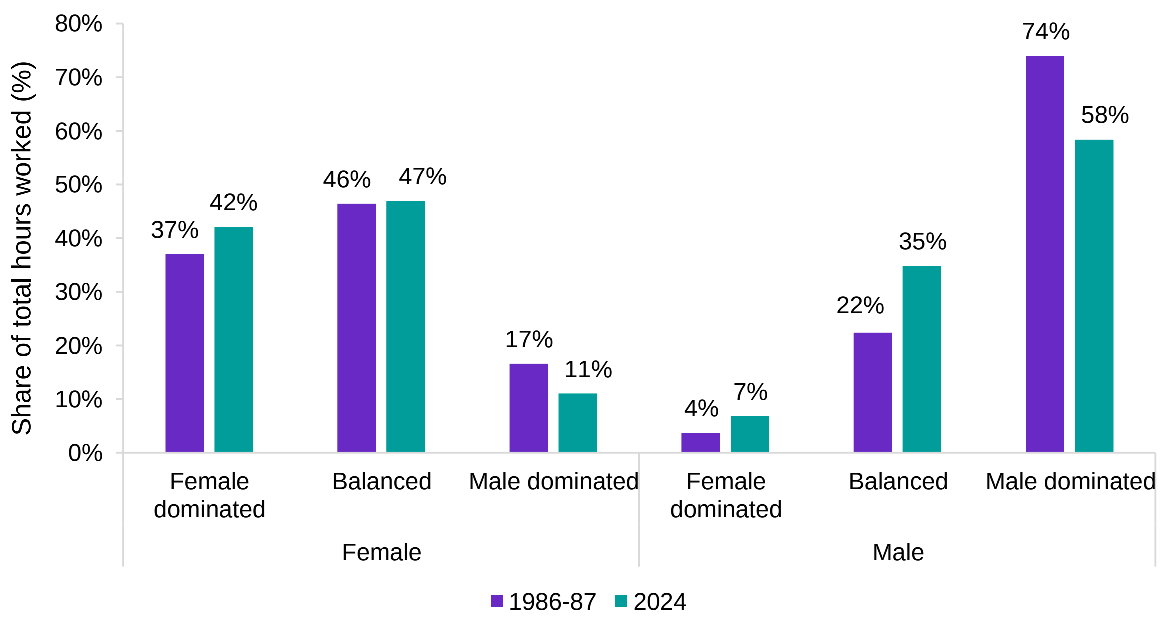
The regional situation for Child Carers and Aged and Disabled Carers is similar in that they are both in National shortage and however both occupations have a Retention Gap as the driver for shortages.

Spotlight: Occupational gender segregation may be contributing towards persistent skill shortages in regional and remote areas

One of the most significant changes to Australia's labour markets over the past 40 years is who does the work. For instance, around 45% of women participated in the labour market in 1980; more than 40 years later this has risen to 63%. In that time, the female share of total hours worked has also increased considerably, from 30% in 1980, to almost 43% in 2024.

Despite this significant change, gender segregation[44] within the Australian workforce remains stubbornly persistent. For instance, while some jobs have shifted from being male-dominated to now more balanced; particularly in the managerial and professional occupations, the female share of employment in female dominated occupations has only increased (Figure 28).

Figure 28: Share of total hours worked in female-dominated, male-dominated and balanced occupations.



Source: ABS, *Labour Force, Australia, Detailed*, May 2024, 4-quarter average.

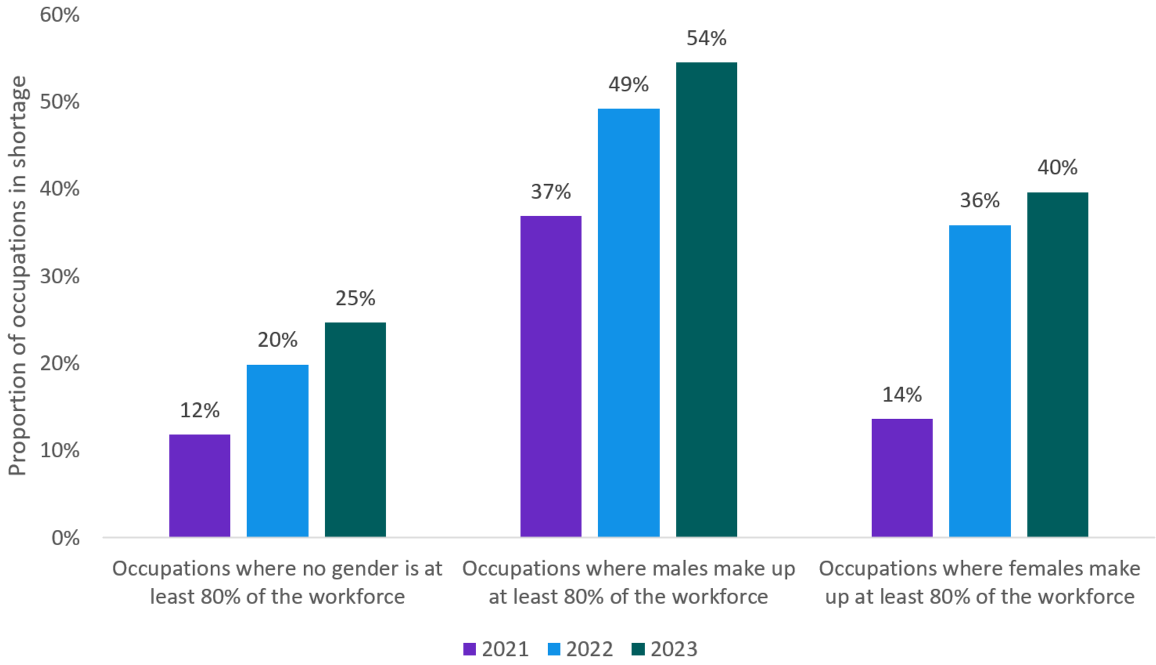
Note: A female-dominated occupation is one where at least 70% of hours are worked by women. A male-dominated occupation is one where at least 70% of hours are worked by men. A balanced occupation is one with less than a 70-30 split.

Gender segregation presents key challenges to labour market and societal outcomes. Such segregation constrains the labour supply choices of individuals as it limits the range of jobs that are realistically available to them, potentially limiting their earnings potential.[45] For the labour market, occupational gender segregation can hamper labour market efficiency, resulting in higher rates of labour underutilisation and skill shortages.

Indeed, analysis of the 2023 Skills Priority List (SPL) outcomes show that occupations that have a strong gender imbalance were more likely to be in shortage (Figure 29). Some 54% of occupations where males make up at least 80% of the workforce were found to be in shortage. These disproportionately male occupations were concentrated in Machinery Operators and Drivers, Labourers, and Technicians and Trade Workers groups. Further, 40% of occupations where females make up at least 80% of the workforce were found to be in shortage. These were concentrated in health sector occupations such as Registered Nurses, and other early education and care-based occupations within Community and Personal Service Workers.

[44] Occupational gender segregation is the unequal distribution of male and female workers across and within job types. Segregation can be horizontal, with male and female workers concentrated in different sectors; and vertical, with gender disparities in job hierarchy.
[45] Lind & Colquhoun (2021).

Figure 29: Share of occupations in shortage in the 2021, 2022 and 2023 SPLs, by gender imbalanced occupations



Source: National Skills Commission, *Skill Priority List* 2021 and 2022; Jobs and Skills Australia, *Skills Priority List* 2023

Note: the number of occupations assessed has changed for each SPL. This reflects both changes in the ANZSCO framework and the inclusion of skills shortage assessments for 'not elsewhere classified' (nec) occupations in both the 2022 and 2023 SPL assessments.

Occupational gender segregation is closely linked to remoteness

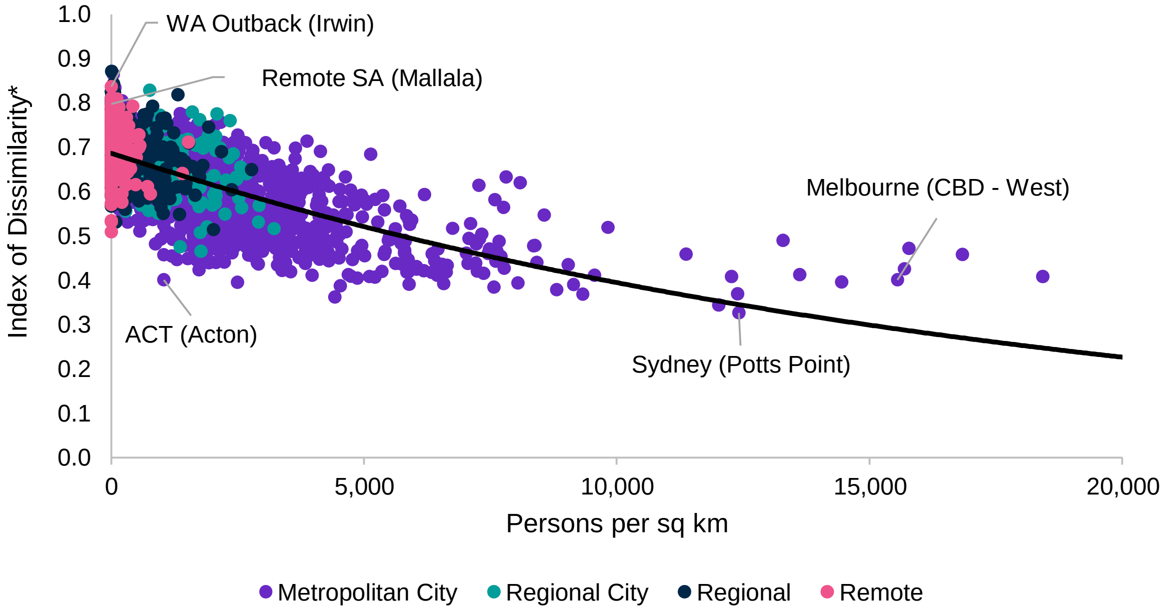
A key feature of gender segregation is that the distribution of male and female workers across and within job types is closely linked to remoteness. Regional and remote areas with lower population density have distinctly higher gender segregation than their capital city counterparts (Figure 30).[46] Gender segregation is lower in capital city areas, such as in Sydney, Melbourne and the Australian Capital Territory, where a larger share of the workforce is employed in the service sector, which has a more gender balanced share of employment. Conversely, gender segregation is much higher in many regional and remote areas, such as in Outback Western Australia, South Australia and Queensland, where a larger share of the workforce is employed in male-dominated industries such as agriculture, mining and manufacturing.

It is important to note that gender segregation is higher in many regional and remote areas due to a combination of both the structure of the economy, and the balance between gender within industries and occupations.

When paired with the 2023 SPL findings, that showed that occupations that have a strong gender imbalance were more likely to be in shortage, the segregation by gender in the workforce of many regional and remote areas presents a key challenge for the labour market. It is likely that the unequal distribution of male and female work in regional and remote areas may be contributing to persistently high recruitment difficulty, particularly for skilled occupations, in these areas.

[46] Lind & Colquhoun (2021).

Figure 30: Occupational segregation by gender and population density of local areas (SA2), 6-digit occupations, 2021



Source: ABS, *Census of Population and Housing*, 2021

Note: The Duncan index of dissimilarity (ID) measures the proportion of men or women that would have to change occupation for the occupational distribution of men and women to be equal. An ID of 0 indicates perfect gender integration, while a value of 1 indicates complete gender segregation.

Regional drivers of skill shortages

Aside from JSA's Skills Shortage Drivers, variation in skill shortages across regional Australia are also due to differences in regional conditions. Many regional SA4s have similar types and levels of skill shortages. However, there are different drivers behind skill shortages in particular regions, which may include those listed below.

Industry composition of a regions employment

Where an industry, or a small number of industries, dominate a regions employment, there is a greater demand for occupations that are commonly needed in these industries. For example, regions with a large mining sector such as Central Queensland, will have strong reliance on specific professionals, such as Mining Engineers, many Technicians and Trades Workers, and Machinery Operators and Drivers occupations. The demand for these occupations can also cause shortages in other industries, such as Other Services, and in neighbouring regions.

Migration

While migration often provides skilled workers to alleviate skill shortages in certain regions, it can also result in high population growth which in turn can cause substantial demand for services and labour, particularly in Health Care and Social Assistance and Education and Training such as the Inner Regional Sunshine Coast SA4.

Local training and tertiary education opportunities

Many regional areas have fewer options for training and higher education, meaning that the local workforce may not be able to access the post-school training they need to gain the skills in demand for that region.

Challenges with provision of adequate services, accommodation, and infrastructure

Some regions, particularly those in outer regional and remote Australia, have pronounced challenges related to provision of services, accommodation, and infrastructure. These challenges may make regions less attractive to potential workers and can impact the ability for employers in these regions to attract and retain suitably qualified staff.

Seasonality in labour demand

Seasonality in labour demand is another driver of skill shortages. In regions with relatively large employment in agriculture and/or tourism, such as Cairns, employment is highly seasonal and there are substantial peaks in demand for workers. Also, as the work tends to be short term and temporary in nature and is also relatively low paid it does not attract as many locals and employers may employ people on the Working Holiday visa. The impact of COVID-19 and associated border closures caused major shortages for these industries.

The Regional Skills System

Key Findings

- Educational attainment is correlated with labour market outcomes, with those with higher levels of attainment having lower unemployment rates and higher participation rates, than those without post-school qualifications or with only Certificate level I or II qualifications.
- Educational attainment decreases with remoteness, with clear disparity people achieving a university level education in regional and remote areas compared to major cities.
- Australia's higher education system is not meeting current skill needs in regional and remote areas, particularly for skill level 1 occupations.
- University enrolments in regional and remote areas have generally been declining over the past five years.
- Regionally headquartered universities have higher student attrition rates compared to the national average for all universities.
- Despite many regionally headquartered universities offering courses in priority areas including health and education, skill shortages persist for many professional occupations in regional areas.
- The Australian Universities Accord Final Report 2024 outlined a long-term reform plan for the higher education sector to produce the skills and knowledge needed to meet Australia's current and emerging challenges, including in regional Australia.
- The Australian Universities Accord recognised that if Australia is to meet its skill requirements into the future, then more persons from remote and regional areas must attain a university education.
- VET is more likely to be the highest level of educational attainment in regional and remote areas. However, many barriers and issues to the provision and accessibility of VET remain in these areas.
- Students from regional and remote locations are more likely to enrol in lower-level VET qualifications compared to those from major cities.
- Regional and remote students have lower qualification completion rates compared to students from major cities however are more likely after completing their qualification to be in further study or employed, and with improved employed outcomes, than those from major cities.
- A number of major reforms currently being progressed in the VET space which may help address these issues, including the National Skills Agreement and a range of new State Government VET plans, strategies and policies.

Overview of the regional skills system

The 2023 Annual Jobs and Skills Report defined the concept of a national skills system, with the three key pillars of VET, higher education, and migration at its core.[47]

The regional skills system aims to upskill local populations and help meet employers' workforce needs across regional Australia through the local delivery and take-up of VET and higher education learning pathways. This is complemented by migration system settings which include a range of permanent and temporary visa programs for regional and place-based migration. A number of stakeholders highlighted the need for regions to 'grow their own' to support people from regional Australia to have access to tertiary education develop local labour pools of skilled labour as opposed to relying upon external labour pools to fill skill needs.

To assess the performance of the regional skills system, JSA will consider the extent to which the three core pillars of the skills system, VET, higher education and migration, operate to meet the skills challenges faced by regional Australia. As identified above, those skills challenges can include lower vacancy fill rates, greater recruitment difficulty and critical occupational shortages. Regional Australia also faces a range of demographic and economic challenges that can flow through to local labour markets and impact the supply of, and demand for, skills. In this interim report we examine the higher education and VET systems in regional Australia, as well as overall levels of educational attainment for context.

To support this analysis Appendix A provides a description of current and recent skills system reforms.

Educational attainment

The 2024 Australian Universities Accord Final Report set an ambitious national tertiary education attainment target of at least 80% of the working age population (15–64 years) with at least one tertiary qualification (Certificate III and above) by 2050 compared with 60% in 2023.[48] The Report also recommended an attainment target of 55% of 25 to 34 year olds with a Bachelor Degree qualification or above by 2050 compared with 45% in 2023, noting that many will also have a VET qualification. Achieving these national targets will require increasing levels of tertiary education participation, and in particular for those cohorts which currently have lower levels of participation and attainment.[49]

Educational qualifications are critical to an individual's success in the labour market with stark differences in outcomes observed across different educational levels. People with a Bachelor Degree or higher qualification have lower unemployment rates (2.3% in May 2023) and higher participation rates (85.1%) compared to people with VET higher level qualifications as their highest attainment (unemployment rate of 2.7% for those with Advanced Diploma/Diploma or 3.1% for those with a Certificate level III or IV, and participation rates of 78.9% and 79.6% respectively). However, the poorest labour market outcomes are for those without year 12 and have a Certificate level I or II qualification (unemployment rate of 6.6% and participation rate of 58.0%) and those who had not

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[47] The Annual Jobs and Skills Report 2023 describes how these three core pillars of the national skills system operate within a broader jobs and skills ecosystem which includes, for example, the school system, informal, unaccredited and industry-based training, the employment services system and workplace relations frameworks (page 10).

[48] Australian Universities Accord Final Report - Department of Education 2024

[49] Australian Universities Accord Final Report - Department of Education 2024

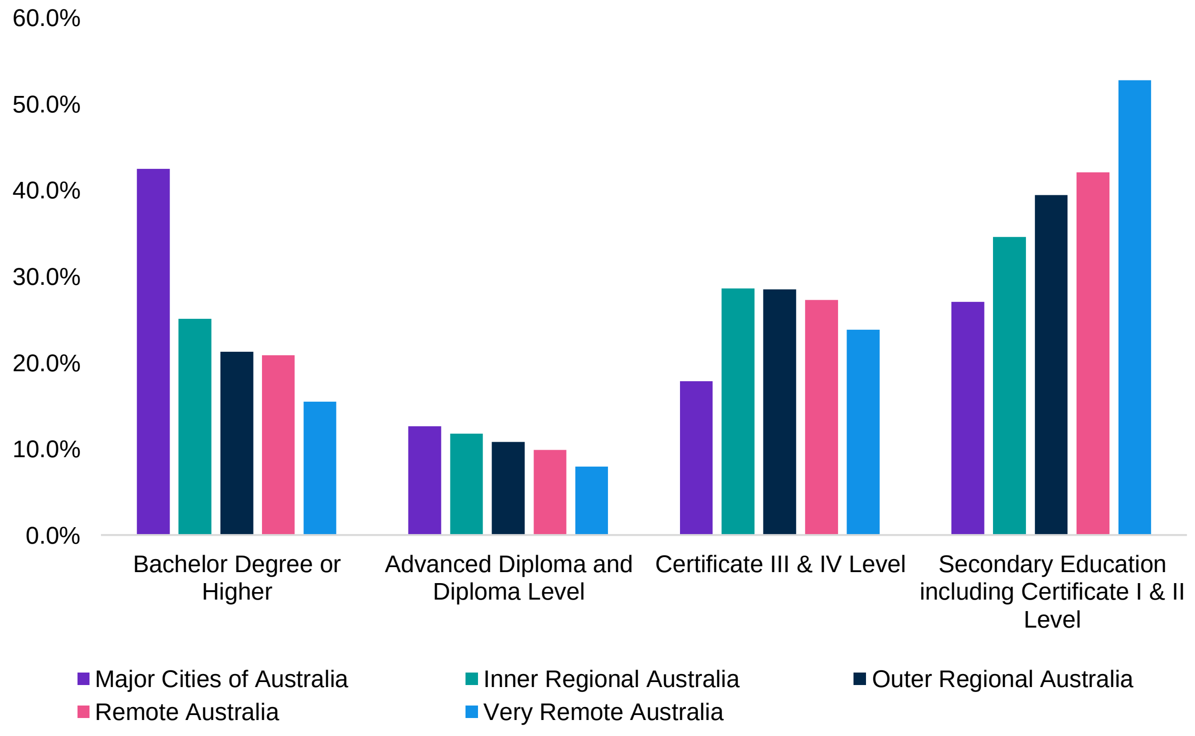
completed year 12 (7.1% unemployment rate and 50.3% participation rate).[50] This indicates that higher level vocational educational and training qualifications provides good labour market outcomes, closer to those observed for people with higher education qualifications.

Educational attainment declines with increasing remoteness

Education attainment rates decline with increased remoteness, with major cities having the highest proportion of people with a Bachelor Degree or higher level qualification (43%), those from inner and outer regional areas are more likely to have Certificate level III or IV as their highest educational attainment (both 29%) and people from remote and very remote areas of Australia have the highest proportion of people with Year 12 or below (42% and 53% respectively) (Figure 31). people living in major cities are almost twice as likely to have a Bachelor Degree compared with people living in regional or remote Australia

Within the secondary education group there is also a significant difference by remoteness, with only 1.5% of students in major cities completing only year 9 education or lower compared to 8.8% in very remote areas.

Figure 31: Highest educational attainment, persons aged 25 to 64 years, by remoteness, 2021



Source: ABS, *Census of Population and Housing*, 2021

Trends in University level attainment

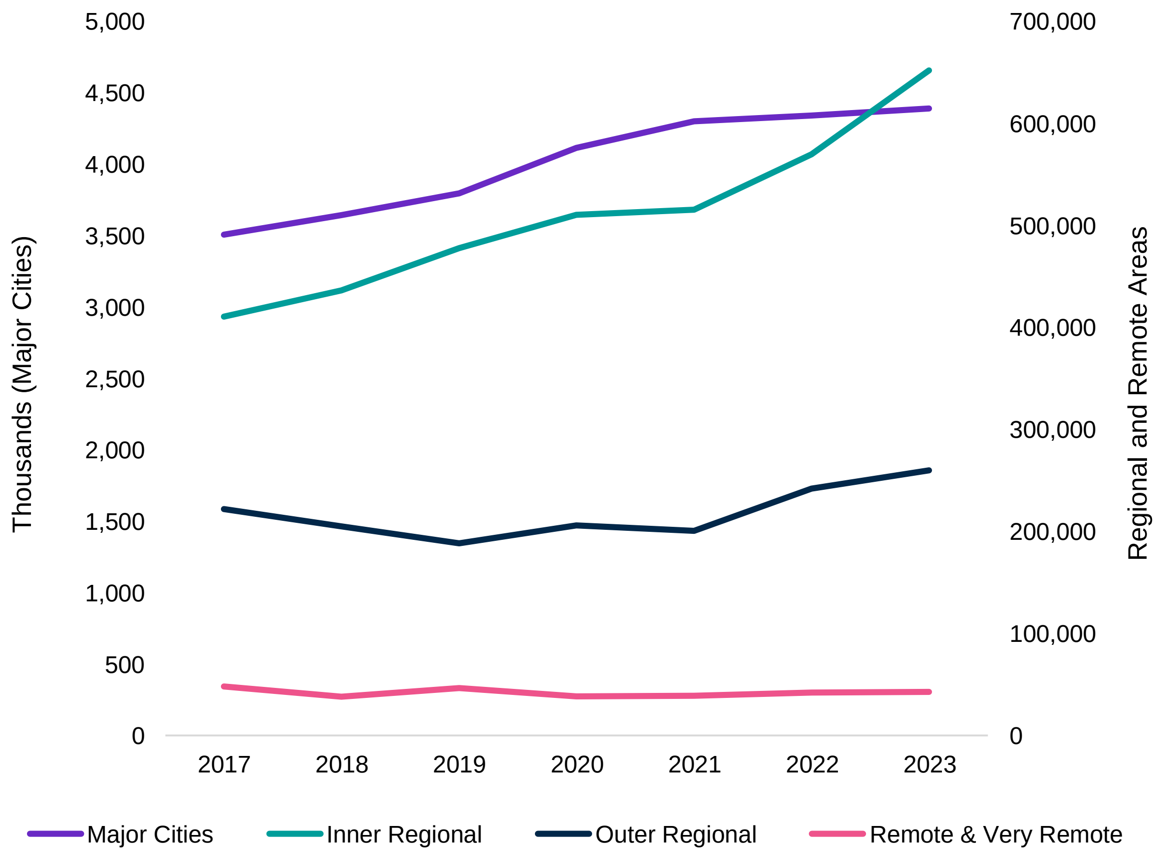
As at May 2023, some 43% of people aged 25 to 64 years living in major cities had attained a qualification at the Bachelor Degree level or above, compared to just 29% for people in inner regional areas, 23% for people living in outer regional areas and 21% for those people living in remote and very remote areas.[51]

[50] Australian Bureau of Statistics, Survey of Education and Work, May 2023.

[51] Australian Bureau of Statistics, Education and Work Australia, May 2023

Further, in the six years to 2023, the number of people aged 25–64 years with a Bachelor degree or higher qualification increased across inner regional and major city areas, with those from inner regional areas seeing the greatest increase (up 59%) with those major cities seeing a 25% increase (Figure 32). Over this period, outer regional areas also saw an increase of 17%, while remote and very remote areas experienced a decline of down 11%.

Figure 32: Persons (aged 25 to 64 years) with a Bachelor Degree or higher level qualification, by remoteness, 2017 to 2023



Source: ABS, *Survey of Education and Work*, 2023

Increasing numbers of regional and remote Australians completing a university level education will be vital to help meet the future skill needs of the nation's increasingly knowledge-driven economy. This will require joined-up policy approaches that focus on development foundation skills.

Year 12 Attainment rates

Completion of year 12 is generally a prerequisite for higher education study. Across the nation there are considerable differences in year 12 attainment rates by remoteness. The Productivity Commission Report on Government Services outlined that in 2022, the national year 12 attainment rate was 76%, and ranged from a high of 79% in major cities to a low of 41% in very remote areas (Table 6).

The year 12 attainment rate for major cities has increased from 76% in 2013 to 82% in 2022, just below its 2021 peak. By contrast, inner and outer regional areas have the same year 12 attainment rate as in 2013, ten percentage points below the 2017 peak rate (of 78%). For remote areas, the 2022 rate of 67% is below the 2013 rate of 68% and the peak rate in 2016 of 78%. Year 12 attainment rates in very remote areas are at their 2013 rate of 41%, far below all other remoteness areas.

Table 6: Year 12 attainment rate (%), by State/Territory and remoteness, 2022

Remoteness	NSW	Vic.	Qld.	WA	SA	Tas.	ACT	NT	Aus.
Major cities	75	85	79	75	91	N/A	74	N/A	79
Inner and Outer Regional	59	76	75	69	80	53	N/A	64	68
Remote	62	81	74	78	92	47	N/A	31	67
Very Remote	73	N/A	69	46	58	69	N/A	10	41
Total	71	83	78	76	89	53	74	42	76

Source: Productivity Commission, *Report on Government Services,* 2024

Significant differences are also observed across jurisdictions, with the Northern Territory and Tasmania having the lowest year 12 attainment across most remoteness categories in 2022 (Table 6). In New South Wales, Victoria, Western Australia and South Australia, year 12 attainment rates were higher for remote areas than inner and outer regional areas. This may be related to increased availability and uptake of apprenticeships and trade related training opportunities in regional area compared to remote areas. However, the reasons for this need to be further investigated.

A 2019 Productivity Commission study[52] found proficiency in literacy and numeracy at age 15 years is the strongest predictor of whether an individual will attend university, and a major explanation for the under-representation of children from regional or remote areas. Regional and remote students are 19 percentage points less likely to attend university by age 22 years than the rest of the population.[53]

Strong foundational skills in literacy and numeracy are a powerful protective factor for children growing up in equity groups or from disadvantaged backgrounds. Those children that succeed in school and attain literacy and numeracy in the top quartile attend university at fairly similar rates regardless of their background. By contrast, children from regional and remote areas or other equity groups with literacy and numeracy in the bottom quartile are about half as likely to attend university as equivalently capable children from more privileged backgrounds.[54]

Performance of the regional higher education system

Access to, and completion of, higher education among Australians from regional and remote Australia is critical to the nation meeting its acute skills shortages. Pressure on the regional higher education system is already evident with chronic shortages of many skilled professionals, including Registered Nurses, General Practitioners and Resident Medical Officers, Engineers, Teachers and Early Childhood Educators.[55] As outlined earlier, in the 24 months to March 2024, difficulty in filling job vacancies has been higher in regional areas than capital cities, with rates of recruitment difficulty tending to increase with increasing remoteness.

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[52] Productivity Commission, '*The Demand Driven System: A University Report Card*', June 2019

[53] As measured by the OECD's Programme for International Student Assessment (PISA).

[54] Productivity Commission, *'The Demand Driven System: A University Report Card'*, June 2019, page 12.

[55] JSA Skills Priority List 2023

In presenting analysis of regional universities and higher education students from regional areas, we draw on some key conclusions and recommendations of the comprehensive Australian Universities Accord Final Report[56] relating to regional students and institutions.

Access to higher education institutions in regional Australia

Australia's regionally-based universities have a well-established role providing higher education in relatively smaller population centres across Australia, and a vital role to play in addressing the nation's skill shortages by equipping the workforce with the skills and capabilities required for the future.

The Regional Universities Network (RUN) is made up of 7 universities headquartered in regional Australia, that aim to 'ensure that higher education is accessible and achievable, and produce qualified professionals needed for regional development':

- University of the Sunshine Coast, headquartered in the Sunshine Coast, Queensland
- CQUniversity Australia, headquartered in Rockhampton, Queensland
- University of Southern Queensland, headquartered in Toowoomba, Queensland
- University of New England, headquartered in Armidale, New South Wales
- Southern Cross University, headquartered in Lismore, New South Wales
- Charles Sturt University, headquartered in Bathurst, New South Wales
- Federation University, headquartered in Ballarat, Victoria

In addition to the RUN universities, the following are also based in regional Australia.[57]

- James Cook University, headquartered in Townsville, Queensland,
- University of Tasmania, headquartered in in Hobart, Tasmania, and
- Charles Darwin University, headquartered in Darwin, Northern Territory.

Table 7 below provides a list of campus locations for these ten regional universities, as well as details of their metropolitan and specialist (including international) campus locations.

[56] Australian Universities Accord Final Report - Department of Education 2024

[57] Parliamentary Library, *'Regional and remote higher education: a quick guide'*, Dr Hazel Ferguson, April 2022, also uses this grouping of ten regional universities. Note: Darwin and Hobart are classed as 'regional' areas outside of the 'major cities of Australia' within the ASGS remoteness structure (see Appendix B).

Table 7: Campus locations of the regional universities

University	Regional Campus Locations	Metropolitan and Specialist Campus Locations
University of the Sunshine Coast	**Sippy Downs (Sunshine Coast),** Fraser Coast, Gympie, Caboolture, Moreton Bay	Adelaide
Central Queensland University	**Rockhampton**, Cairns, Townsville, Mackay, Emerald, Gladstone, Bundaberg	Brisbane, Sydney, Melbourne, Adelaide
University of Southern Queensland	**Toowoomba**, Springfield, Ipswich	Brisbane
University of New England	**Armidale**, Taree, Tamworth	Sydney
Southern Cross University	**Lismore**, Gold Coast, Coomera, Coffs Harbour	Sydney, Melbourne, Perth, Brisbane, Hayman Island
Charles Sturt University	**Bathurst**, Albury-Wodonga, Dubbo, Orange, Port Macquarie, Wagga Wagga	Canberra, Paramatta, Sydney, Goulburn
Federation University Australia	**Ballarat**, Gippsland, Horsham	Berwick
James Cook University	**Townsville**, Cairns, North Queensland, Mackay, Mount Isa, Thursday Island	Brisbane, Singapore
University of Tasmania	**Hobart**, Launceston, Burnie	Sydney
Charles Darwin University	**Darwin**, Brinkin, Palmerston, Katherine, Alice Springs	Sydney

Many metropolitan-based universities also have regional campuses. For example:

- University of Western Australia based in Perth has a regional campus in Albany.
- University of South Australia has two campuses in Adeliade and regional campuses in Mount Gambier and Whyalla.
- Flinders University based in Adeliade has campuses in regional South Australia at Barossa Valley, Berri, Mount Gambier, Murray Bridge, Renmark and Victor Harbour, and medical specialist and rural generalist training at sites in the Northern Territory.
- Victorian metropolitan based universities such as Deakin University, La Trobe University, have campuses in locations such as Geelong, Bendigo, Ballarat, Mildura, Albury-Wodonga, Warrnambool and Shepparton.

In New South Wales, the University of Wollongong has regional campuses at Eurobodalla, Bega Valley, Nowra and the Moss Vale, while the University of Newcastle has two campuses in the Central Coast region and specialist medical facilities at Tamworth, Armidale, Moree and at Port Macquarie, Coffs Harbour and Taree on the Mid North Coast.

Although there are many regional university campuses across the nation, the majority are located in major regional centres, which for many students living in remote and very remote locations are still a considerable distance away. Almost all Australian universities offer some form of flexible or online learning delivery option, and even prior to the COVID-19 pandemic one in four university students were completing some study online.[58] However, many students from regional and remote areas relocate to study, and the extent to which this happens presents an opportunity to explore further.

Across all universities nationally in 2022, some 19% of all domestic students are from regional and remote areas based on their first home address. As expected, the average figure is much higher for the ten regional universities (51%), with James Cook University (75%), followed by Central Queensland University (71%) having the highest proportion of regional/remote students.[59]

In New South Wales, all three RUN member universities have between 41% and 44% regional/remote students, while the University of Wollongong and the University of Newcastle have 26% and 22% respectively. All the metropolitan Sydney universities (Macquarie University, University of Sydney, University of New South Wales, University of Technology Sydney and Western Sydney University) are in single digits. By contrast, metropolitan Melbourne-based universities have much higher proportions of regional/remote students, up to 22% for Deakin University and 26% for Latrobe University, reflecting their greater campus coverage in regional areas and the presence of only one regionally-based university in Victoria (Federation University).

Regional University Study Hubs

Regional University Study Hubs aim to improve access to tertiary education for regional and remote students. They provide infrastructure, administrative, academic skills and student support services. This includes study spaces, break out areas, video conferencing, computer facilities and high-speed internet access. In addition, they provide students assistance with development of writing and research skills, study advice and wellbeing support.

The first 16 Regional University Study Hubs (previously known as Regional University Centres) were announced on 12 November 2018. The program has since been expanded with 46 Hubs nationwide, of which 36 are currently open and supporting nearly 4,400 students (including First Nations students and those with a disability). The evidence indicates that where a Hub is located, university participation increases.[60]

The Universities Accord Final Report recommended the Australian Government consider further expanding the Regional University Study Hubs program following evaluation of its effectiveness in improving regional and remote student participation, retention and completion rates.[61] On 25 March 2024, following a consultation process, the Australian Government announced the location of the first 10 of 20 new Regional University Study

[58] Country Education Foundation of Australia, 'More than your ATAR, Distance Study Options'

[59] Department of Education, *2022 Higher Education Statistics*, Student Data, Table 11.5

[60] Media Release- Minister's Media Centre -10 new Study Hubs for regional Australia

[61] Australian Universities Accord Final Report - Department of Education 2024 (page 16).

Hubs.[62] The expansion of the Regional University Study Hubs program will remove barriers for more students accessing a high-quality tertiary education.

The Australian Universities Accord Interim Report Priority Action 1 was to Extend visible, local access to tertiary education by creating further Regional University Centres (Regional University Study Hubs) and establish a similar concept for suburban/metropolitan locations. In response, the Australian Government committed to doubling the number of University Study Hubs, including the establishment of new Suburban University Study Hubs. On 25 March 2024, the Australian Government announced the location of the first 10 of up to 20 new Regional University Study Hubs, and funding for two existing Country University Centres in New South Wales.

On 21 August 2024, the Australian Government opened applications for the second phase of the program expansion, which will establish a further up to 10 new Regional University Study Hubs. The expansion of the Regional University Study Hubs program will remove barriers to enable more students to access a high-quality tertiary education. The Universities Accord Final Report recommended the Australian Government consider further expanding the Regional University Study Hubs program following evaluation of its effectiveness in improving regional and remote student participation, retention and completion rates.

Stakeholders have indicated that Regional University Study Hubs should ensure that educational products on offer at their sites accommodate a broad range of skill levels (both VET and Higher Education) and that targeted approaches for First Nations peoples are required to promote the benefits of regional educational pathways in remote communities. A case study of the ALPA Higher Education Hubs in the remote Northern Territory is below.

Suburban University Study Hubs

On 22 May 2024, the Australian Government invited eligible organisations to apply to establish up to 14 Suburban University Study Hubs, to improve access and success in tertiary education for underrepresented and disadvantaged students (including low socio-economic status, First Nations and people with disability) living in outer metropolitan and peri-urban areas of Australia. The Hubs will provide students with dedicated study facilities and wrap around support services which may include administrative and academic skills wellbeing support. The application period has now closed, and successful applicants are expected to be announced in October 2024.

[62] Media Release- Minister's Media Centre -10 new Study Hubs for regional Australia

Case Study: ALPA Higher Education Hubs

Arnhem Land Progress Aboriginal (ALPA) Corporation runs a Regional University Study Hub across three sites in Arnhem Land in the Northern Territory. These ALPA Higher Education Hubs or Yirralka′ngur, Marnggithirr, Rrambangi (on country we learn together) focus on providing education and training opportunities to local Aboriginal and Torres Strait Islander people in remote East Arnhem Land communities.

As of April/May 2024 (latest available data), the ALPA Higher Education Hubs have 119 students of whom over 80% identify as Aboriginal and/or Torres Strait Islander, and 41% are aged 29 years or under. The Hubs mainly support students completing VET studies on a part-time basis. Most of the students are employed in local businesses and complete their study as part of their current job or for new employment opportunities. The most popular areas of study include health, education and retail, for example, many students are undertaking Aboriginal health worker training or teaching courses to develop their professional skills and progress their careers.

The ALPA Higher Education Hubs have made significant impacts on the local communities, especially in building aspiration for education and training. Local industries also benefit as local people develop skills and capacity in their job through supported study at ALPA Hubs.

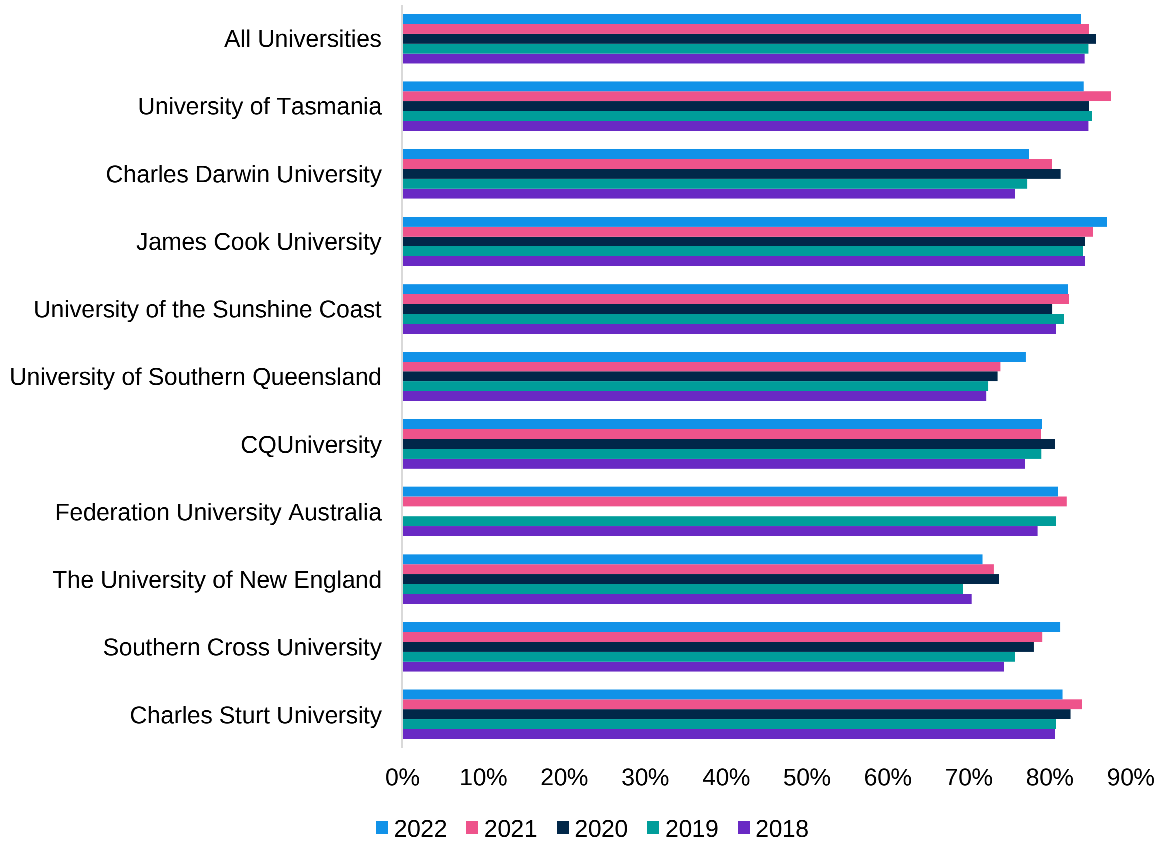
A case study on the Taree University Centre (TUC) Study Hub EduVenture Program is contained in the Mid North Coast Employment Region Case Study.

Performance of regional universities and students from regional areas

Regional universities generally have lower success rates and higher attrition rates than the national average

Success rates for domestic commencing students for most regionally headquartered universities were lower than the national average of 84% in 2022. Success rates are measured as the proportion of actual student load for units of study that are passed, divided by all the units of study attempted. Only James Cook University (87%) and the University of Tasmania (85%) recorded a success rate above the national average in 2022. These were the only two regional universities to exceed the national average over the past five years - both in 2022, 2021 and 2018, and just the University of Tasmania in 2019 (Figure 33).

Figure 33: Success rates for domestic commencing Bachelor degree students for regional universities and Australia



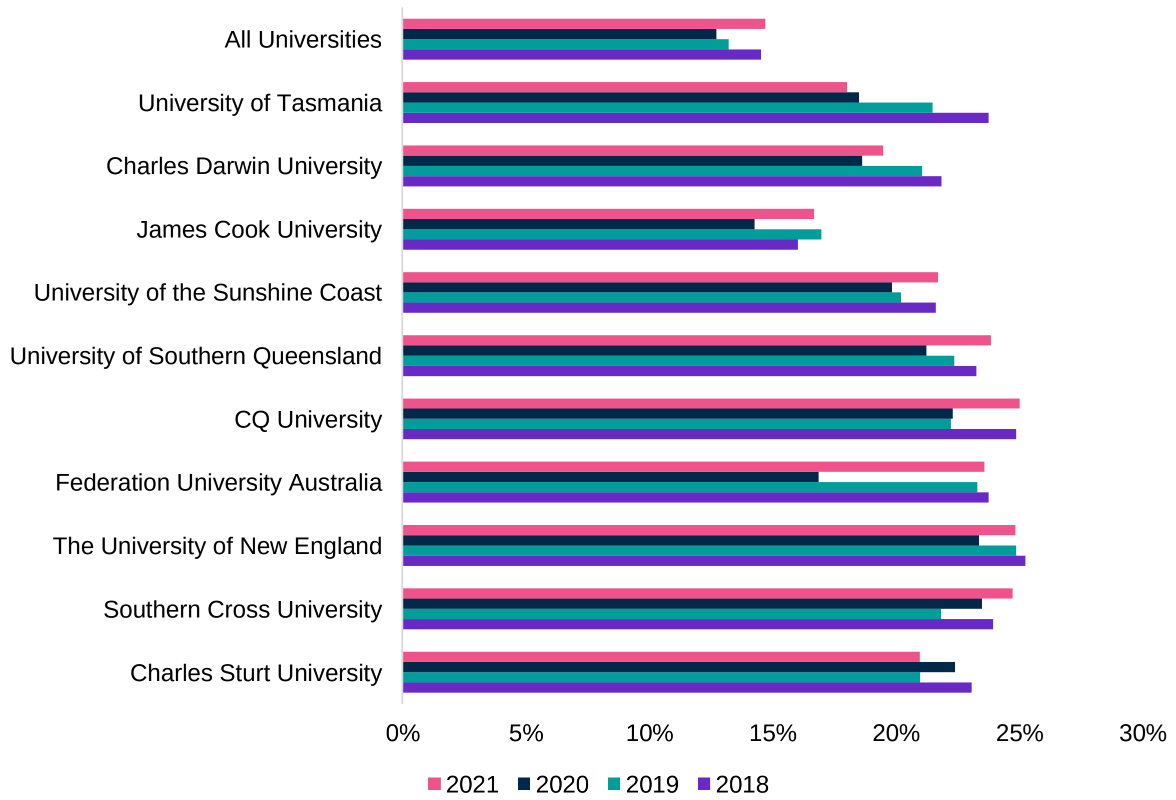
Source: Department of Education*, Selected Higher Education Statistics*

All regional universities also had higher student attrition rates than the national average each year between 2018 and 2021 (Figure 34). In 2021, compared to the national average of 15%, Central Queensland University, the University of New England and Southern Cross University had the highest attrition rates (all 25%). As in previous years, in 2021 James Cook University had the lowest student attrition rate of the group (17%).

The 2019 Productivity Commission report *The Demand Driven System: A University Report Card* concluded that incentives for universities to manage drop-out risks were weak, and funding incentives through programs such as the Higher Education Participation and Partnerships Program (HEPPP) were skewed towards enrolling more students. It called for better admissions processes and greater remedial support for students who enter with weak or incomplete foundational skills, which as we have seen regional and remote students are more likely to.

In this context, the Australian Universities Accord Final Report 2024 recommended a new needs-based funding model with equity at its heart, that focuses on supporting students to complete their qualification successfully, through student-centred academic and support services, inclusive course design and pedagogies, and programs to support improved outcomes for students from under-represented cohorts, such as career planning and work-integrated learning. The report called for an evolution of the HEPPP, and recommended a separate, dedicated outreach program be developed to deliver a more targeted, place-based and community-focused approach to outreach and other initiatives at the pre-access stage.

Figure 34: Attrition rate for domestic commencing Bachelor degree students for regional universities and Australia



Source: Department of Education, *Selected Higher Education Statistics*

Enrolments for students from regional areas have been declining

Undergraduate student enrolments for those from regional and remote areas (based on their permanent home address)[63] declined by 13.7% and 10.3% respectively between 2017 and 2022, driven by a sharp decline between 2021 and 2022. Enrolments for all students had been increasing since 2017, until a drop of almost 5% between 2021 and 2022 saw a marginal net decline of 0.8% over the five-year period.

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[63] Department of Education higher education student data cited in this section are based on the student's permanent home address postcode and thus includes data on students that study at both regional and major city campuses. Grattan Institute research (page 55) found guidance for students on what constitutes their permanent home address is not consistent across universities, however.

Table 8: All Domestic Undergraduate Students by remoteness 2017 to 2022

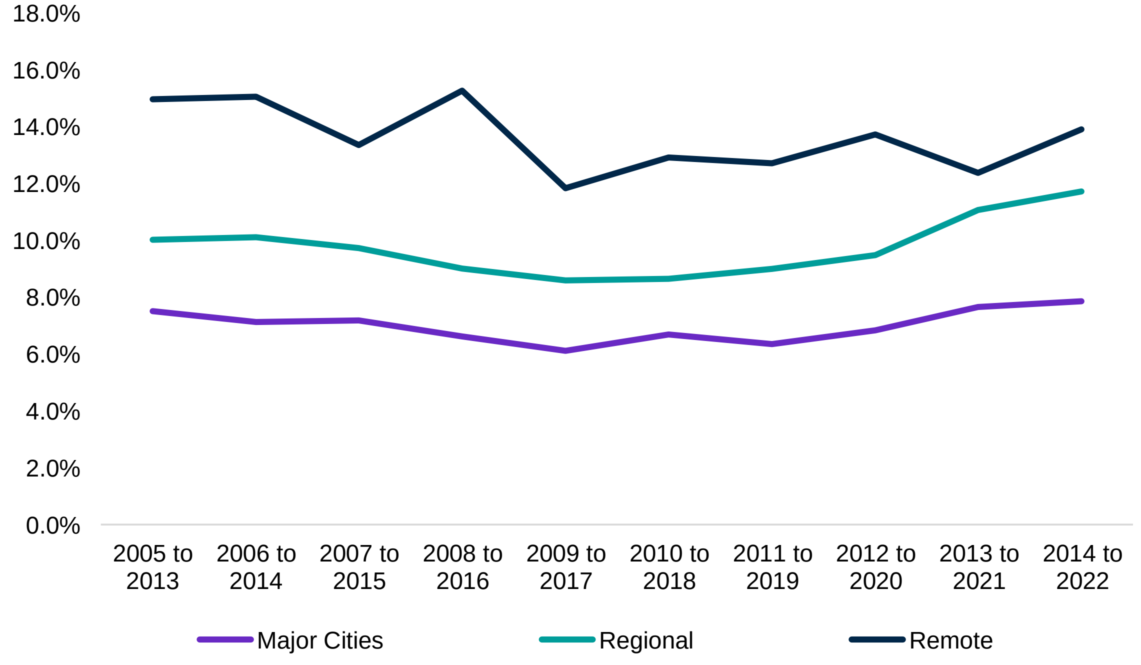
	2017	2018	2019	2020	2021	2022	Change 2021–2022	Change 2017–2022
Regional	159,050	156,751	154,954	151,036	146,728	137,272	-6.4%	-13.7%
Remote	6,337	6,234	6,276	6,135	6,102	5,687	-6.8%	-10.3%
Domestic	801,080	804,614	803,035	818,364	835,311	794,397	-4.9%	-0.8%

Source: Department of Education, *Selected Higher Education Statistics*

Students from regional areas have higher first-year attrition rates

When looking at attrition rates by remoteness (again, based on permanent home address) regional and remote students have higher attrition rates compared to students from major cities. For example, of the students who commenced studying in 2014, 8% of major city students did not return the following year, compared to 12% of regional students and 14% of remote students (Figure 35).

Figure 35: Percentage of commencing domestic Bachelor Degree students that dropped out after the first year (9 year cohort analysis)



Source: Department of Education, *Selected Higher Education Statistics*

Many regional and remote students move away from home to commence their studies, which can be financially, emotionally, and socially challenging. The Napthine Review (2019) concluded that the inadequacy of the supports then available could generate stress and increase tertiary student drop-out rates.[64] In addition, the Review heard from regional students who reported that moving away from family, friends and community, affected their overall wellbeing and that living independently in a new town or city without an established support network required adjustments.

[64] National Regional, Rural and Remote Tertiary Education Strategy (The Napthine Review) 2019

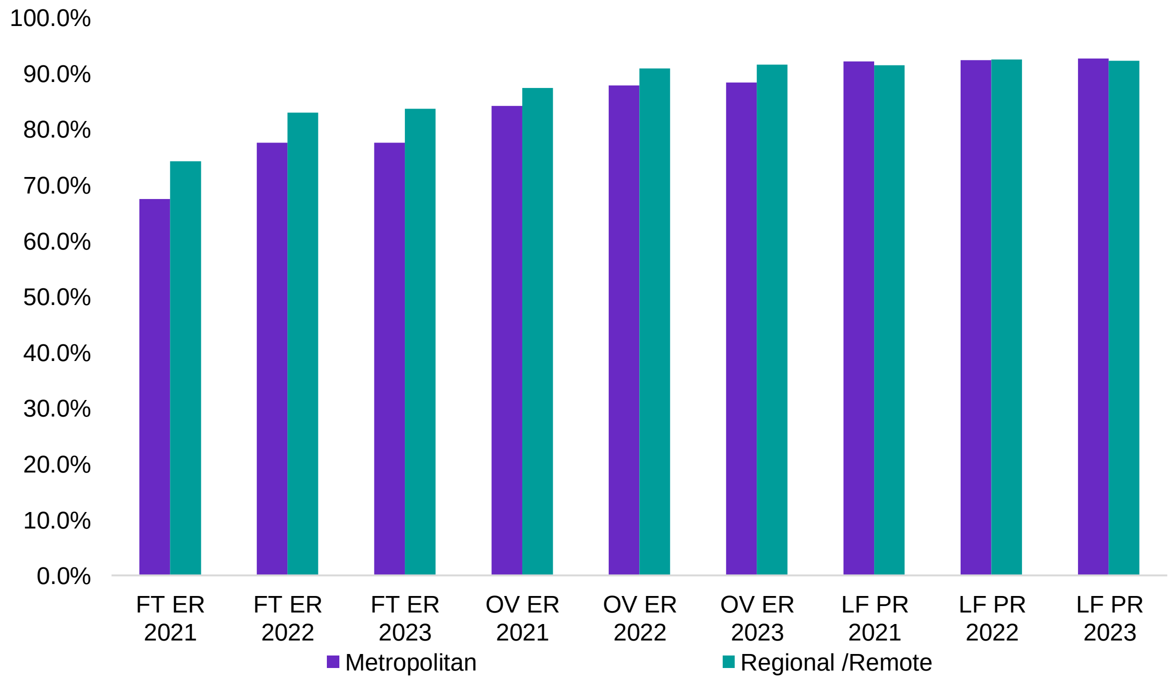
The Universities Accord Final Report highlighted that First Nations students, students from low socio-economic backgrounds and regional, rural and remote students are more likely to report financial difficulties as a reason they consider leaving university early.[65] It recommended enhanced income support arrangements to address cost-of-living pressures on students. These reforms should help to reduce the higher attrition rates of students from regional and remote areas, particularly those who have moved away from home to study.

University graduates from regional areas have strong labour market outcomes

The 2023 Graduate Outcomes Survey National Report indicates that full-time and overall employment rates of undergraduates from regional or remote areas[66] were higher in recent years compared to those originally from major cities.[67]

In 2023 the full-time employment rate for regional and remote graduates was 84% compared with 78% for major city graduates. Similarly, 92% of regional/remote graduates were employed overall, compared with 88% for those from cities. There was very little difference in terms of participation rates (Figure 36).

Figure 36: Undergraduate employment outcomes by remoteness, 2021 to 2023



Source: Quality Indicators for Learning and Teaching, *Graduate Outcomes Survey*, 2022 and 2023

* 'FT ER' = Full-Time Employment Rate; 'OV ER' = Overall Employment Rate; 'LF PR' = Labour Force Participation Rate

[65] Australian Universities Accord Fil Report - Department of Education 2024

[66] The Graduate Outcomes Survey location data are based on students' first permanent home address submitted when they commenced studying with their higher education institution.

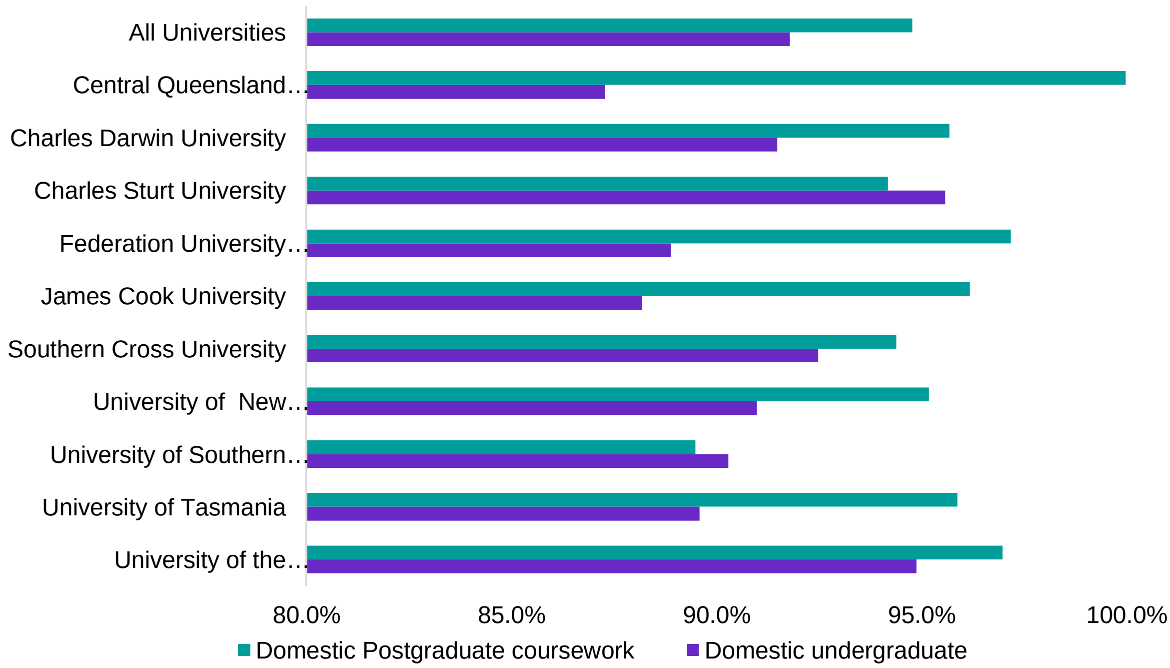
[67] The full-time employment rate is defined (page 3) as graduates who were usually or actually in paid employment for at least 35 hours per week, in the week before the survey as a proportion of those available for full-time work. Graduates are considered available for full-time work if they were employed full-time or looking for full-time employment in the week prior to the survey

Graduates of regional universities also have strong labour market outcomes

Regional universities had the second, third and fourth placings for the highest full-time graduate employment rates in 2023 out of all universities. They were Charles Sturt University (91.2%), James Cook University (89.5%), and the University of New England (89.2%) which were all higher compared to the national average (of 79.4%).[68]

In 2023, seven of the ten regional universities had a medium-term (i.e. 3 years post-graduation) full-time employment rate for domestic undergraduate students that was lower than the national average (of 91.8%). The opposite was true for domestic postgraduate coursework students, with only the University of Southern Queensland (89.5%), Southern Cross University (94.4%) and Charles Sturt University (94.2%) having a lower medium-term full-time employment rate than the national average (of 94.8%) (Figure 37).[69]

Figure 37: Medium-term full-time employment rates for domestic undergraduate and postgraduate students by university (%), 2023



Source: Quality Indicators for Learning and Teaching, *Graduate Outcomes Survey*, 2023

In 2023, all regional universities except one had undergraduate full-time median annual salaries higher than the national average of $71,000. The University of Southern Queensland was highest at $80,000, followed by Central Queensland University with $78,300 (Figure 38). Similarly, in 2022 all regional universities except one exceeded the national average of $68,000. The University of Tasmania had the highest full-time median annual salary of $78,300, followed by the University of Southern Queensland at $75,000.

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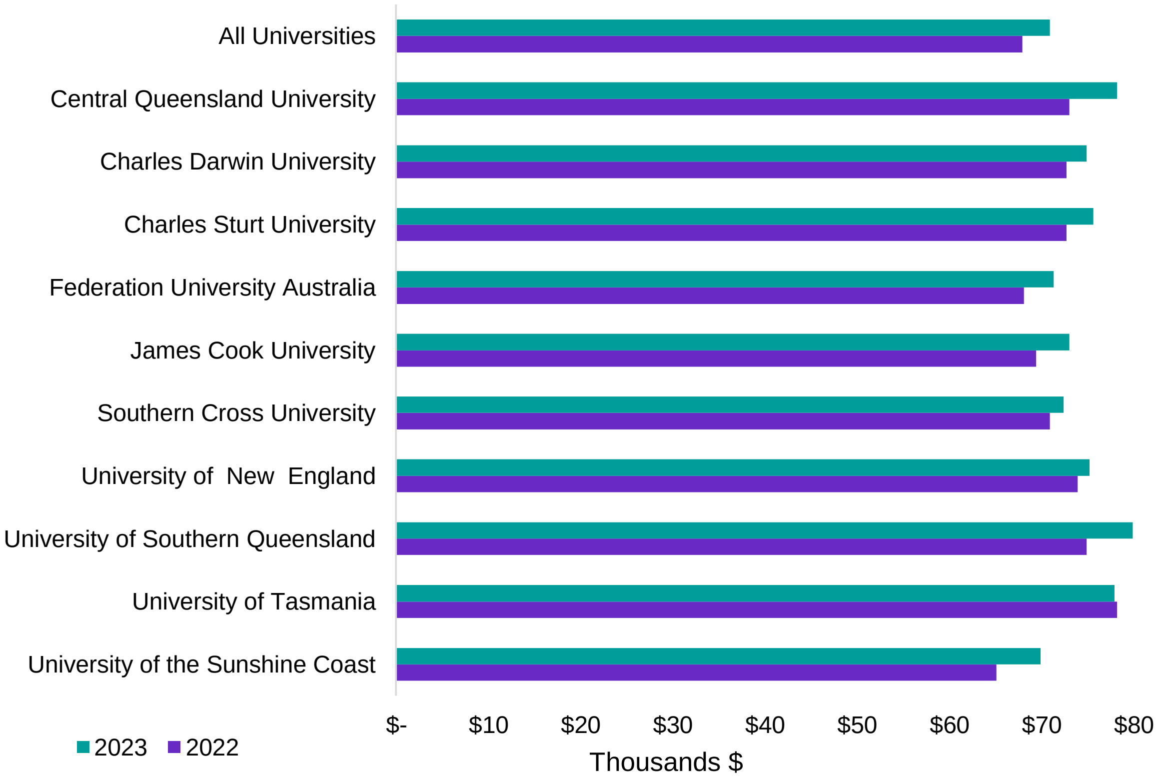
[68] 2023 Graduate Outcomes Survey National Report (Page 20/21).

[69] 2023 Graduate Outcomes Survey -Longitudinal (GOS-L) National Report (Page 18/20).

Figure 38: Undergraduate full-time employment median annual salaries for regional universities and Australia, 2022 to 2023



Source: Quality Indicators for Learning and Teaching, *Graduate Outcomes Survey*, 2023

These generally strong findings in relation to medium term employment rates and median annual salaries for graduates of regional universities may be partly due to high demand for many skilled occupations in regional labour markets. People who study in the regions largely stay in the regions to work. A study undertaken for RUN found around 70% of employed, recent graduates of RUN universities were employed in regional Australia.[70]

However, factors beyond the quality of teaching, careers advice and other aspects such as course offerings and study area profile, study mode, the composition of the student population and variations in state / territory and regional labour markets can impact institution results. Some regional universities have higher proportions of students studying via external rather than internal or multi-modal mode of attendance and/or have an older age demographic and/or higher proportion of students who may already be employed in their chosen field of study. There are opportunities for JSA to explore this area in more detail.

Spotlight on Health and Care professionals

As explored earlier, JSA data on job advertisements outlines that the top five Health Care and Social Assistance occupations in demand in regional Australia are Registered Nurses, Aged and Disabled Carers, Child Carers, Nursing Support and Personal Care Workers, General Practitioners and Resident Medical Officers, with large numbers of job vacancies.

The Australian Universities Accord Final Report cited research showing health students from regional areas, and those who undertake extensive training in a rural setting, are more likely to practice in regional areas, and that students from rural backgrounds are more likely than

[70] 'Economic impact of the Universities within the Regional Universities Network', nous page 10

those of metropolitan origin to remain in rural practice.[71] Conversely, a high proportion of students who move from regional or remote areas to study in major cities stay there. It also notes that the more rural a community is, the less access its population has to general practitioners and health care, likely adversely impacting health outcomes in the regions.[72]

Most regional universities have a high proportion of their students (as measured by equivalent full time student load) undertaking courses in the health field, with half of the ten regional universities at least double the national average of 18% (Table 9).

Table 9: Proportion of Actual Student Load (EFTSL) for selected^ Academic Organisational Units – Onshore Students 2022

	Health	Engineering and related Technologies	Education	Information Technology	Management & Commerce
National Average	18%	6%	9%	7%	16%
Charles Sturt University	22%	0%	12%	6%	5%
Southern Cross University	37%	0%	21%	11%	25%
The University of New England	11%	0%	19%	3%	6%
Federation University Australia	28%	0%	14%	25%	10%
CQ University	45%	0%	15%	17%	19%
University of Southern Queensland	23%	10%	18%	0%	10%
University of the Sunshine Coast	43%	0%	13%	0%	16%
James Cook University	41%	3%	7%	3%	8%
University of Tasmania	29%	4%	10%	6%	7%
Charles Darwin University	38%	5%	12%	4%	5%

Source: Department of Education, *Higher Education Statistics,* 2022, section 12 – Academic organisational units

^ Note: does not include EFTSL data for all Academic Organisational Units.

Most regional universities offer a Bachelor of Nursing, and some offer a greater number of health-related degrees. For example, Central Queensland University with 45% of students studying in the health field, offers 21 health-related undergraduate degrees. Bachelor degrees on offer at Central Queensland University include Medical Imaging, Medical Sonography, Medical Science, Paramedic Science, Physiotherapy, Psychological Science, Public Health, Occupational Therapy and Echocardiography and Cardiac Physiology.

Medical training offered in regional Australia is critical to retaining medical professionals in regional and remote areas. Regional universities are well placed to attract and train more regional students in study health care related fields to assist with alleviating the chronic skill

[71] Australian Universities Accord Final Report - Department of Education 2024 (page 265).

[72] Australian Universities Accord Final Report - Department of Education 2024 (page 264).

shortages in Registered Nurses, General Practitioners and Resident Medical Officers and other allied health professionals in regional and remote areas. The Australian Universities Accord Final Report recommended prioritising additional Commonwealth supported medical places to train additional doctors in areas of critical shortages in regional and outer metropolitan areas.[73]

Summary of Higher Education

Currently there is a clear disparity between people achieving a university level education in regional and remote areas compared to major cities. People living in regional and remote Australia face many barriers to attaining a university education, including leaving their support network (friends and family) if moving away from home to study, and increased financial burden for accommodation and living expenses.

While many regional universities have higher attrition rates and lower success rates than the national average, the immediate and medium-term labour market outcomes for graduates of these universities are comparatively strong, which may be partly due to high demand for many skilled occupations in regional labour markets.

The Australian Universities Accord Final Report, which covered almost every aspect of Australian higher education, proposes significant changes to grow the tertiary education system and improve skills through attainment targets. The report has called for a concerted effort to strengthen tertiary education in regional, rural and remote Australia including recommending significant additional investment that recognises the additional costs involved in successfully educating students from regional and remote Australia.[74]

The Accord recommended changes to current student income support arrangements, and compensating students for hundreds of hours of mandatory placements, a recommendation the Australian Government has now agreed to implement.[75] These initiatives, which aim to reduce cost-of-living pressures and remove financial barriers, will benefit students, and those from regional and remote areas in particular, who are commencing and continuing their studies.[76]

The Australian Universities Accord concluded that regional universities play a clearly recognisable role in regional and national development, gradually transforming regions into knowledge economies. Australia will need more engineers and other professionals including those required to drive the green energy transformation. We will also need professionals to drive new discoveries and innovations and build new public infrastructure to support our growing cities and regions. Accessible and strong regional universities are crucial to increasing numbers of regional and remote Australians completing a higher education and meeting the nation’s current and future knowledge and skills needs.[77]

[73] Australian Universities Accord Final Report - Department of Education 2024 (page 2).

[74] Australian Universities Accord Final Report - Department of Education 2024

[75] Commonwealth Prac Payment – Department of Education 2024

[76] Australian Universities Accord Final Report - Department of Education 2024 (page6).

[77] Australian Universities Accord Final Report - Department of Education 2024

Performance of the regional VET system

Workers qualified through VET pathways play a key role in the Australian economy. Job roles requiring applied learning and practical skills, predominantly those roles that are at skill level 2–4, continue to be in demand and in persistent shortage across Australia and particularly in regional areas. Thus, VET plays an important role in Australia's regions both due to its relevance and applicability to regional-focussed industries, and the role it plays in delivering core skills.

The National Skills Agreement embeds a new model of shared national stewardship, between the Commonwealth and state/territory governments, of the VET sector to support a more collaborative and evidence-driven approach to delivering high quality, responsive and accessible education and training to boost productivity and support Australians to obtain the skills they need to participate and prosper in the modern economy. See Appendix A for more detail about the National Skills Agreement.

The proximity of education and training can have impacts on education and labour market outcomes.[78] For those seeking post-school opportunities, lack of that proximity may necessitate moving to do further study. The analysis presented below, which updates some of the key findings from the 2023 JSA report 'Vocational Education and Training in Regional, Rural and Remote Australia' (referred to as the 2023 JSA Report). The issue of the extent to which students move to undertake post-school study presents an opportunity for JSA to undertake further analysis in the future.

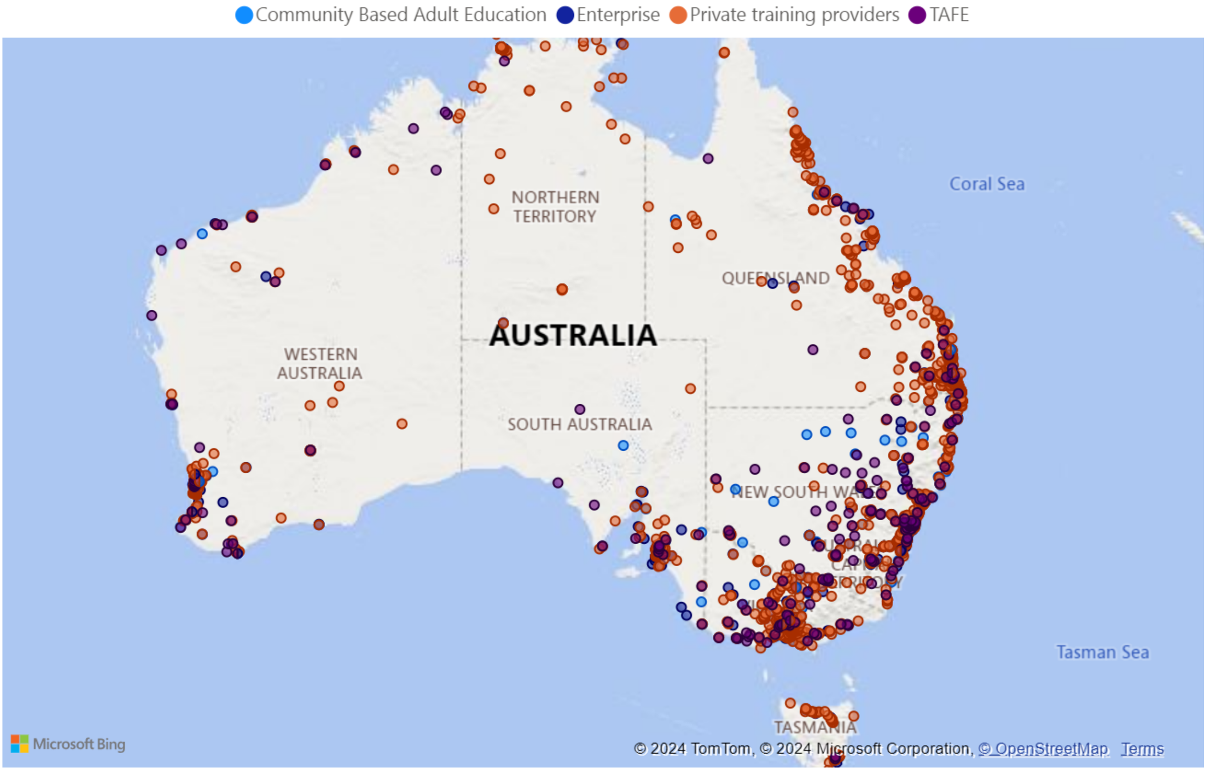
Differing levels of VET access and choice are observed across remoteness areas

The 2023 JSA report noted that options for on-campus VET study tended to decrease the more remote the Registered Training Organisation (RTO) location. Less variation is typically observed in the number of approved training products and RTOs accessed in regional and remote areas compared to major cities.

Just over 4,000 RTOs are on the national register of VET and can deliver approved VET qualifications including degrees, diplomas, certificate level qualifications (I to IV), and units of competency across Australia. RTOs include Technical and Further Education Institutes (TAFEs), private training providers, enterprise training providers and community-based adult education providers, and VET is also delivered in schools and some universities. RTOs are heavily concentrated in the eastern states, primarily in New South Wales and Victoria, where population density is highest (Figure 39).

[78] Lamb and Glover (2014) 'Education disadvantage and regional and rural schools'.

Figure 39: Selected* Registered Training Organisation (RTO) Locations



Source: National Careers Institute, [RTO Locations Report – National Register of VET] data at 1 August 2024.

* Note: School and University RTOs are not shown on the map.

Data on RTO locations by remoteness provides insight into the ease of access to VET according to where you live. Very few RTOs are based in remote and very remote areas (22 and 2 head offices respectively) (Table 10). Those 24 head offices are dispersed across the northern states/territory - Western Australia (11), the Northern Territory (7) and Queensland (5).

The number of RTO locations (including campuses and head offices) also decreases with remoteness, with just 250 RTO locations across remote and very remote Australia, again mostly in Western Australia, the Northern Territory and Queensland. Queensland also has almost half (47%) of the RTO locations in outer regional Australia.

Table 10: Selected* RTO locations and adult population, by remoteness

Remoteness	Population (15+)	RTO head offices	RTO unique locations
Major cities of Australia	14,957,400	3,058	8,510
Inner Regional	3,727,300	380	1,815
Outer Regional	1,680,100	175	947
Remote	228,900	22	144
Very Remote	143,800	2	106
Australia	20,737,500	3,637	11,522

Sources ABS, *Census of Population and Housing*, 2021, TableBuilder, rounded to nearest 100; National Careers Institute, RTO Locations Report – National Register of VET data as at 1 August 2024.

* Excludes school and university RTOs.

Note: RTO location data may be incomplete as some VET regulators supply data on a voluntary basis only.

Reflecting the challenges in delivering VET in remote and very remote locations, RTOs have adopted flexible solutions, including online delivery. Some RTOs without a permanent presence in these areas also utilise fly-in-fly-out training delivery solutions in remote and very remote Australia.[79] However, a number of stakeholders have highlighted challenges that RTOs have in delivering training in regional and remote locations, including inadequate high-quality training facilities, outdated training equipment, a lack of appropriately qualified trainers and assessors. Other challenges include the need for cultural competency when working with First Nations communities and culturally sensitive learning environments, and educational and career mentorship for learners. Digital accessibility remains a key issue in terms of access to online tertiary education solutions, with some regional/remote areas still only having access to 3G services, or little to no telecommunications infrastructure at all.

The Australian Government is developing a VET Workforce Blueprint which aims to ensure the long-term sustainability of the VET sector by supporting and growing a quality VET workforce. It will aim to identify effective strategies for VET workforce issues such as attraction, retention, career development and succession planning.

Delivery of VET in regional and remote Australia

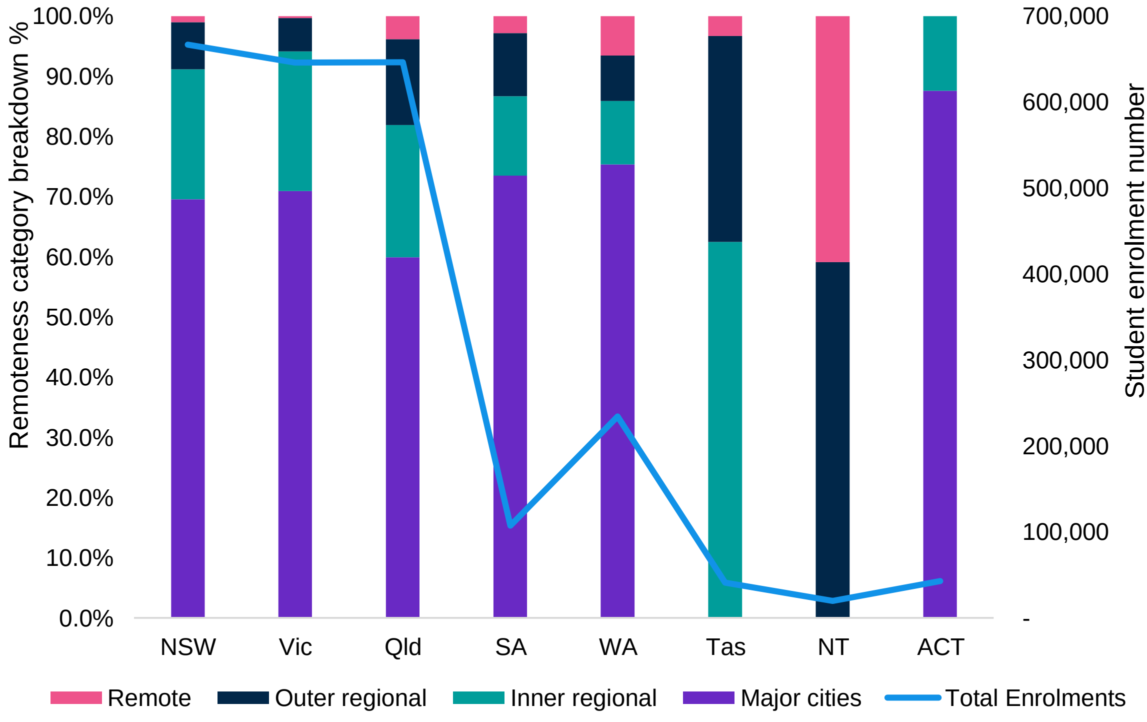
The nature of regional and remote VET delivery differs by State and Territory, reflecting the remoteness classification and how regions are classified, e.g. no parts of Tasmania and the Northern Territory do not have any major cities. We have looked at State and Territory of delivery location together with the remoteness of the student, based on their address.

Delivery of programs to remote and very remote students was highest in Western Australia and Queensland, with around 39,900 program enrolments across these two states (or 65.7% of all programs delivered to remote and very remote students Australia wide) in 2022. Not surprisingly, all VET students enrolled in the Northern Territory in 2022 were outer regional (59.1%, 11,620 students) or remote and very remote (40.9.%, 8,035) (Figure 40). Similarly, Tasmania also had a high proportion of students from inner regional (62.5%) and outer

[79] The New South Wales VET review found the sector is increasingly offering flexible delivery options, but online delivery presents additional challenges associated with digital literacy and digital access, particularly for regional, rural and remote learners, concluding new strategies need to be explored – August 2023 Discussion Paper (p7).

regional areas (34.2%). It also needs to be noted that where the training is delivered may differ from where a student lives.

Figure 40: VET program enrolments by remoteness (student), state and territory (delivery location), 2022



Source: NCVER, *Total VET Students and Courses,* Program Enrolments, 2015–2022, VOCSTATS

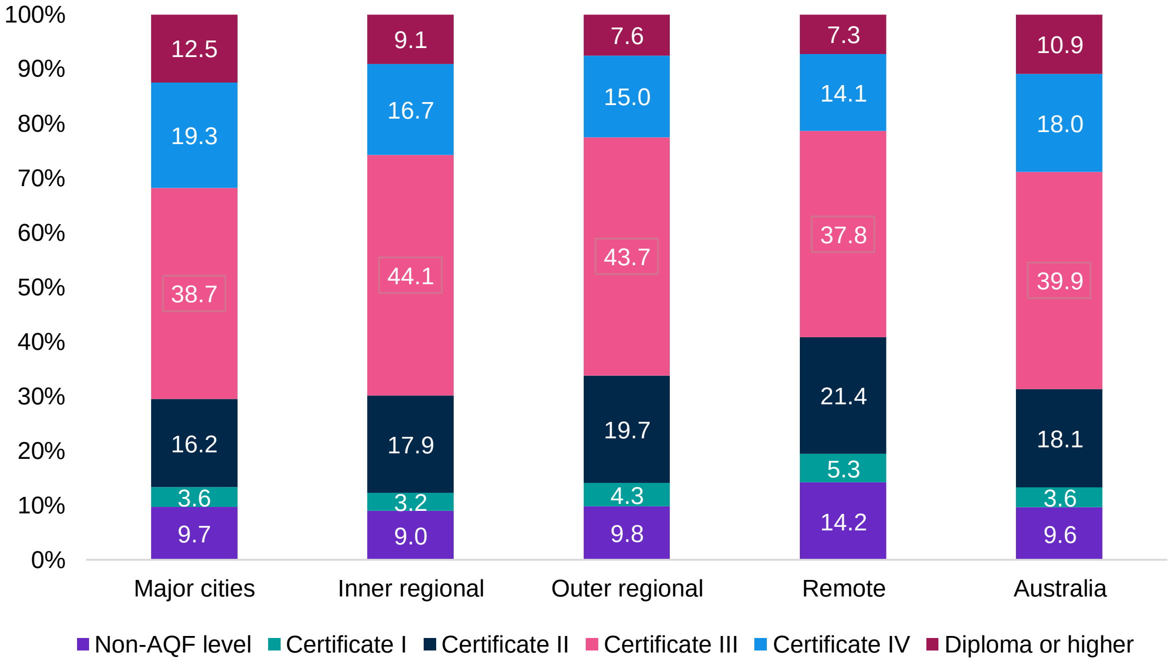
*Remote consists of remote and very remote regions. State is based on delivery location; Remoteness is based on student address.

Regional and remote students take up different VET options from those in major cities

VET students from regional and remote areas are more likely to undertake lower-level qualifications than those in major cities. For example, students in remote and very remote areas are more likely to study qualifications at the Certificate level II and below (40.8% of all enrolments compared to 29.5% in major cities (Figure 41). As described early, stronger labour market outcomes are observed where people have completed higher level VET qualifications.

Students enrolled from major cities were most likely to be studying higher level VET qualifications with 31.8% of enrolments being at the Certificate IV level or above, which was more than 10 percentage points higher compared to the equivalent proportion of enrolments in remote and very remote areas (21.4%).

Figure 41: VET program enrolments by qualification level and remoteness, 2022



Source: NCVER, *Total VET Students and Courses*, Program Enrolments, 2015–2022, VOCSTATS

*Remote consists of remote and very remote regions
*Based on student remoteness region (ARIA+)
*Australia includes other Australian territories or dependencies and not known. ‘offshore has been excluded’.
*Student remoteness does not include offshore or not known.

In 2022, the top five fields of education for VET students from remote and very remote areas were Engineering and related technologies (15,620 enrolments), Society and culture (8,845 enrolments), Management and commerce (8,210 enrolments) Education (5,035 enrolments) and Agriculture, environment and related studies (4,240 enrolments). For inner regional, outer regional, remote and very remote areas Engineering and related technologies was the most popular field of study accounting for 21.0%, 24.6% and 27.4% of all enrolments respectively compared to 15.0% for major cities.

The prominence of some fields of education in regional, remote and very remote areas likely reflects the importance of specific industries to regional economies. For example, the higher-than-average concentration of enrolments in agricultural-related programs (7.4% of all enrolments by students from remote and very remote areas and 4.8% of all enrolments in outer regional areas compared to the national average of 2.6%), reflects that 93% of all people employed full-time in the Agriculture, Forestry and Fishing industry working outside of greater capital cities.[80] Society and culture was the most common field of study for students from major cities (19.4% of all program enrolments), and the second most common field of study in remote and very remote areas (15.5%).

Reflecting the most common qualification nationally, the most common program enrolment in both inner and outer regional areas in 2022 was the Certificate III in Individual Support (Table 11). The Certificate III in Early Childhood Education and Care was most common in remote and very remote areas, the second most common in inner regional, and third most common in outer regional areas. Other common courses included the Certificate III in Carpentry, Certificate III in Business and Certificate III Electrotechnology electrician.

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[80] ABS, *Labour Force, Australia, Detailed*, May 2024 (EQ03)

Table 11: Top 10 qualification program enrolments by remoteness area, 2022

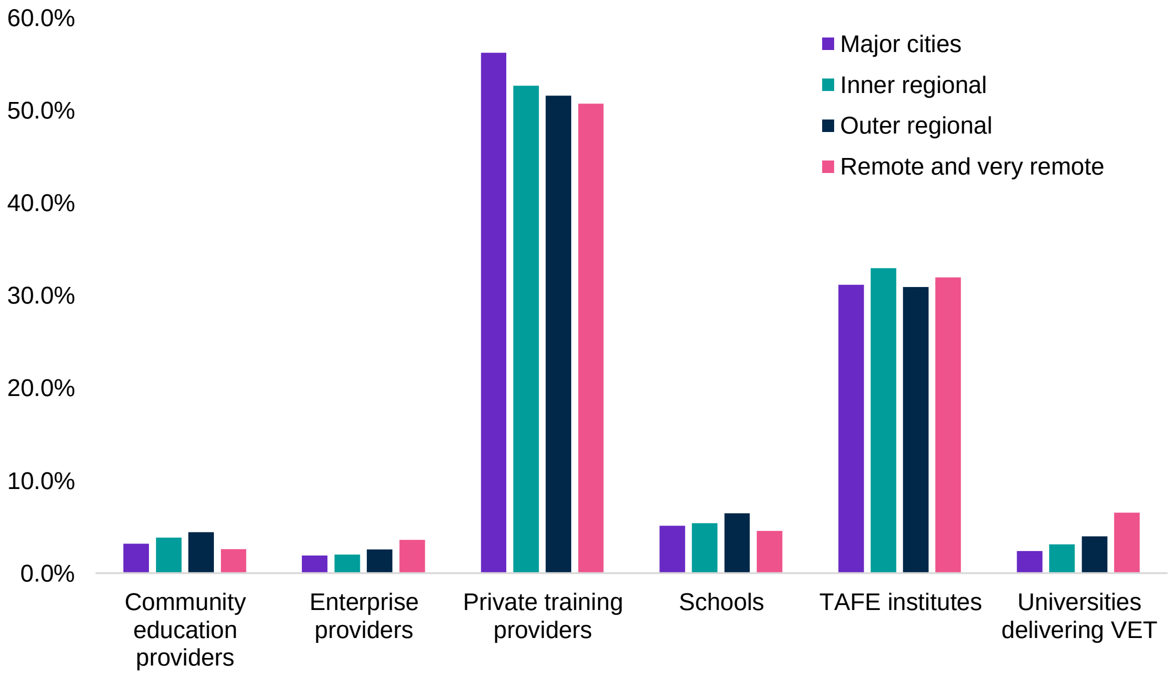
Qualification	Inner regional	Outer regional	Remote
Certificate III in Individual Support	1	1	4
Certificate III in Early Childhood Education and Care	2	3	1
Certificate III in Carpentry	3	4	8
Certificate III in Business	4	2	2
Certificate III in Electrotechnology Electrician	5	5	5
Certificate IV in Training and Assessment	6	7	6
Certificate II in Hospitality	7	10	16
Certificate III in Fitness	8	9	13
Diploma of Early Childhood Education and Care	9	13	15
Certificate III in Civil Construction Plant Operations	10	8	3
Qualification in the top 10 for outer regional and remote regions			
Certificate II in Skills for Work and Vocational Pathways	12	6	7
Certificate III in Engineering - Mechanical Trade	32	20	9
Certificate III in Agriculture	80	37	10

Source: NCVER, *Total VET Students and Courses*, Program Enrolments, 2022, VOCSTATS

*Training package qualifications only
*Excludes offshore and not known

Private providers were the most common provider type for VET program enrolments in 2022 with over half of all enrolments across all remoteness areas. TAFEs were the next most common provider type, with over 30 per cent of all enrolments across all remoteness areas (Figure 42).

Figure 42: VET program enrolments, by remoteness and provider type, 2022



Source: NCVER, *Total VET Students and Courses*, Program Enrolments, 2022, VOCSTATS

The majority of VET enrolments in 2022 were in government funded programs (Table 12), with the proportion of courses delivered generally lower in major cities and inner regional areas (with the exception of inner regional NSW having the highest proportion in NSW and remote Queensland having the lowest proportion in Queensland). Close to three-quarters of all Northern Territory VET students were enrolled in government funded programs in 2022. State and territory governments determine which courses within their jurisdiction are eligible for government funding, and as indicated earlier, the National Skills Agreement outlines the shared stewardship role of governments in delivery of VET in Australia. Industry stakeholders have noted that employers often have to pay full fees for specialised private training providers to deliver industry specific training, due to limited availability of subsides training. This is exacerbated by thin markets making delivery in regional and remote areas difficult, with employers needing to send workers outside of the local area for training.

Table 12: VET program enrolments % government funded, state/territory and remoteness, 2022

State/territory	Major cities	Inner regional	Outer regional	Remote and very remote
New South Wales	68.2	74.2	69.9	60.0
Victoria	59.1	59.6	50.8	N/A
Queensland	51.2	51.2	54.8	48.1
South Australia	65.6	69.6	72.1	71.5
Western Australia	59.8	57.2	66.1	73.6
Tasmania	N/A	76.3	75.4	71.5
Northern Territory	N/A	N/A	74.3	77.3
Australian Capital Territory	57.0	N/A	N/A	N/A

Source: NCVER, *Total VET Students and Courses*, Program Enrolments, 2022, VOCSTATS

VET provides an important pathway for First Nations students in regional and remote areas

In 2022 the proportion of VET program enrolments for people who identified as Indigenous generally increased with remoteness across all States and Territories, indicating the importance of VET as a training pathway for First Nations students in regional and remote Australia. Not surprisingly the highest proportion of students who identified as Indigenous were enrolled in Northern Territory, both remote (28.2%) and very remote (69.2%), followed by remote (24.1%) and very remote (47.0%) Western Australia. In very remote Queensland and South Australia the proportion of indigenous enrolments was 38.8% and 35.9% of all enrolments respectively.[81]

VET Students with disability are overrepresented in regional areas

Nationally, the share of VET program enrolments for people who identified as having disability was greatest in inner regional areas (9.1%), followed by outer regional areas (7.8%), then major cities (7.6%), and was lowest in very remote (5.9%) and remote (5.6%) areas.[82]

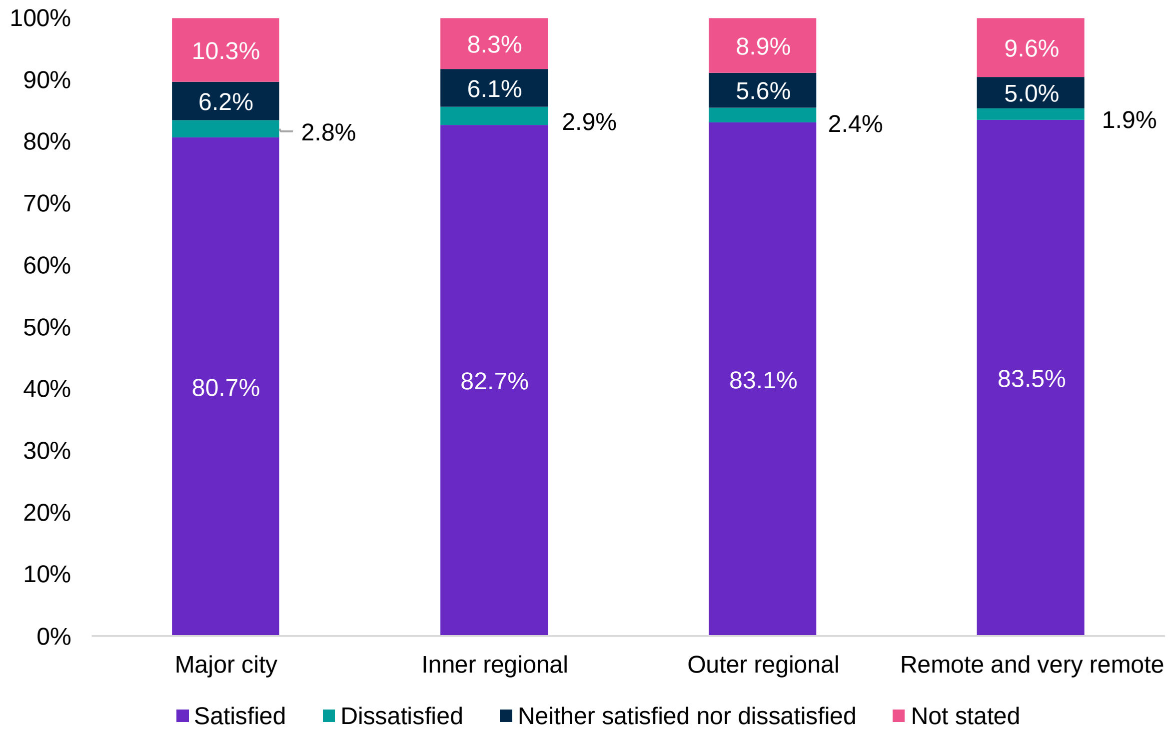
Student satisfaction with training is consistently high across regions and over time

The NCVER Student Outcomes Survey (SOS) collects information about student satisfaction with their vocational education and training the year after completion. Overall, student satisfaction in 2023 was consistently high, between 80.7% to 83.5% across all remoteness areas, with those from remote and very remote areas having slightly higher satisfaction levels (83.4%) and (84.0% respectively) compared to those from outer regional (83.1%), inner regional (82.7%) and major cities (80.7%) (Figure 43).

[81] NCVER, *Total VET Students and Courses*, 2022, Program Enrolments, VOCSTATS.

[82] NCVER, *Total VET Students and Courses*, 2022, Program Enrolments, VOCSTATS.

Figure 43: Student overall satisfaction with training, by remoteness, 2023



Source: NCVER, *VET Student Outcomes*, all students, 2023, VOCSTATS

Regional and remote students have stronger outcomes after training

The SOS also shows that VET students from inner regional, outer regional and remote areas have consistently better outcomes from training than students from major cities (Table 13). The proportion of qualification completers (i.e. those who completed a VET qualification in 2022) who were employed or in further study in 2023 was 89.7% for those from inner regional, 88.5% for outer regional and 87.7% for remote/very remote areas, compared to 86.2% for those from major cities. This trend has been consistent over the past few years.

Similarly, the proportion with an improved employment status after training[83] in 2023 was lowest for major cities (66.0%%) and highest for inner regional areas (71.9%) gradually decreasing with remoteness, to 69.5% for those from remote/very remote areas.

[83] NCVER National Student Outcomes Survey 2023: data dictionary (page 152) defined as: employed (if not employed before training) or (if employed before training) a change in skill level or job-related benefits.

Table 13: VET Qualification completers, selected outcomes by remoteness, 2023

	Employed or in further study after training (%)	Improved employment status after training (%)
Major cities	86.2	66.0
Inner regional	89.7	71.9
Outer regional	88.5	70.3
Remote/very remote	87.7	69.5
Total	87.1	67.7

Source: NCVER, *VET Student Outcomes*, qualification completers, 2023, VOCSTATS

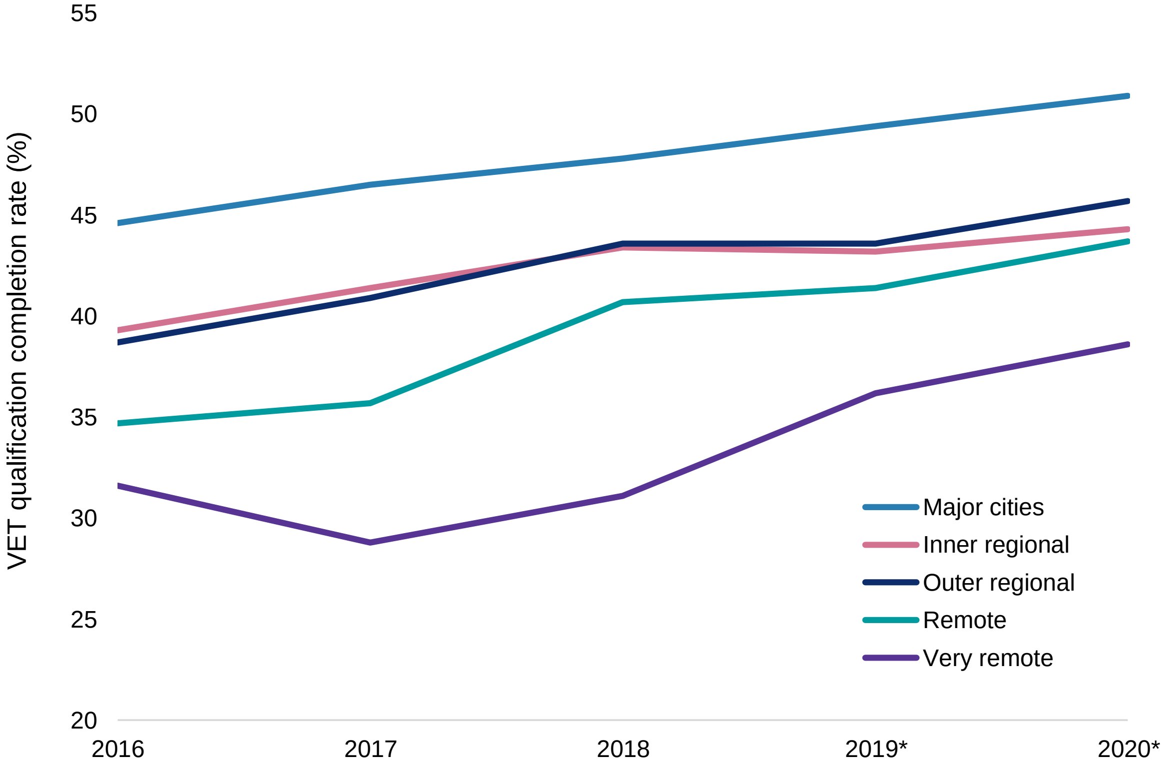
Note: excludes those who did not respond to the relevant questions

VET qualification completion rates decrease with remoteness, but have been increasing over time

Students from major cities are more likely to have completed their qualification within four years of commencement than are those from other remoteness areas, and rates decline with increasing remoteness (Figure 44). For example, 47.8% of those from major cities who commenced in 2018 had completed their qualification by 2022, compared to 43.4% for those from inner regional areas, 43.6% from outer regional areas, 40.7% from remote areas and 31.1% from very remote areas.

Completion rates across all remoteness areas have been increasing over time, with the latest projected completion rates continuing this trend. The exception to this was that VET students in very remote locations saw a drop of 2.8 percentage points in qualification completion rates in the 2021 completion year (2017 commencement year), compared to the previous year. 2021 was the peak of the COVID-19 period lockdowns and restrictions, and this appears to have impacted completion rates for VET students from very remote locations, compared to those from the other remoteness areas.

Figure 44: VET qualification four-year completion rates by remoteness, commenced 2016 to 2020



Source: [VET qualification completion rates 2022 (ncver.edu.au)]

*2016, 2017 and 2018 commencement years are actual observed, 2019 and 2020 are projected. Completion rates are considered 'observed actual' four years following the year of commencement. For details on the methodology see VET qualification completion rates 2022 (ncver.edu.au) for more information.
*A certificate to diploma typically takes between 6 months to 2 years of full-time study to complete or 3 to 4 years if also undertaking an apprenticeship while completing a certificate III.

The 2019 Napthine Review cited academic research which found combined financial and non-monetary strategies were the most effective way to address barriers faced by tertiary students from equity groups. It cited examples of non-monetary strategies such as partnerships with schools, elevating aspirations of students from a young age (a current example of this is the Taree University Campus EduVenture Program), introducing preferential admission programs. Bridging programs were also cited as helpful for students from regional areas, as most of the challenges they experience in tertiary education result from an inadequate secondary education.

In 2023, the House of Representatives Inquiry into the Perceptions and Status of Vocational Education and Training heard evidence from the Brotherhood of Saint Lawrence that in disadvantaged regional areas across the country, transport, insecure housing and rapidly transforming labour markets were consistently and repeatedly cited as critical structural factors deterring young people from considering VET as part of their pathway to work. The Brotherhood cited success in increasing young regional learners' confidence in, and connection to, the VET system by providing line-of-sight to work in industry through co-design of place-based initiatives with training providers and employers.[84]

[84] Hansard of Inquiry into the Perceptions and Status of VET, Brighton Hearings, 27 July 2023 (page 5).

Summary of VET

As noted in the 2023 JSA Report, the delivery of VET in regional and remote Australia is complex and varies significantly across regions. As described earlier, VET qualifications are more likely to be the highest level of education attainment in regional and remote areas. VET is therefore an important means in providing training and skills for the economies in regional and remote Australia. There are however many barriers and issues faced in accessing and providing VET to these areas.

The number of RTOs decrease with remoteness, reflecting where Australia's population is concentrated. Western Australia, Queensland and the Northern Territory have the most RTOs locations in remote and very remote areas, reflecting their relatively large share of population in these areas. These three states/territories also have the most VET program enrolments by students from remote and very remote areas.

Students from regional and remote locations are also more likely to enrol in lower-level VET qualifications compared to those from major cities. Regional and remote students also have lower qualification completion rates compared to students from major cities, however they are more likely after their VET training to be in further study or employed, and to have improved employed outcomes.

This broadly aligns with earlier findings from the 2019 Napthine Review, which found regional, rural and remote tertiary students[85] underperformed on most performance indicators (i.e. access, success, satisfaction, retention, and completion) when compared to the overall student average, with the exception to this trend being employment.

There are a number of major VET reforms currently being progressed, with the National Skills Agreement between the Commonwealth and the States to the fore. The House of Representatives Inquiry into the Perceptions and Status of VET and Strategic Review of the Australian Apprenticeships Incentive System are being progressed at federal level. The NSW VET review final report has just been publicly released, and the Victorian, Queensland and South Australian Governments have all recently developed new VET plans, strategies and policies (more detail is at Appendix A).

As JSA undertakes more research in 2024–25 moving towards a Regional Rural and Remote Australia Jobs and Skills Roadmap, this will help to identify and inform future reform opportunities for the VET sector, particularly in the regions.

[85] For the purposes of the National Regional, Rural and Remote Tertiary Education Strategy (Napthine Review), tertiary education was defined as 'both higher education and vocational education and training (VET), focusing on post-secondary education qualifications' (page 1).

Case Study: Mid North Coast NSW Employment Region

Key Findings

- The Mid North Coast Employment Region has seen persistently poor labour market conditions, with some internal variation in unemployment rates within the region. Access to childcare is a key barrier to labour force participation.
- Many young people are leaving the region and of those who remain almost one in five are neither working nor studying, compared to one in eight in NSW.
- The region's population is ageing, resulting in greater demand for health and care services and shortages in many large health and care occupations.
- Various workforce strategies and initiatives are in place to help train, recruit and retain the skilled workforce needed to support the region's largest employing industry. However, skill shortages persist, and challenges remain attracting and retaining medical professionals and health and support workers.
- The region has good geographic coverage of TAFEs and other RTOs, which are training locals in fields needed to meet key female-dominated health and care occupations and male-dominated trades occupations in shortage.
- A large proportion of Bachelor Degree courses offered by the region's two main universities (Charles Sturt, Southern Cross) are in health and related fields, while the University of Newcastle offers local specialist medical training.
- Levels of attainment of Bachelor Degree and higher-level qualifications in the Mid North Coast lag the nation. The Australian Universities Accord has recognised the challenges faced by regional students and universities and has recommended reforms which, if implemented, would help the Mid North Coast to meet its skills challenges in the future.

Introduction

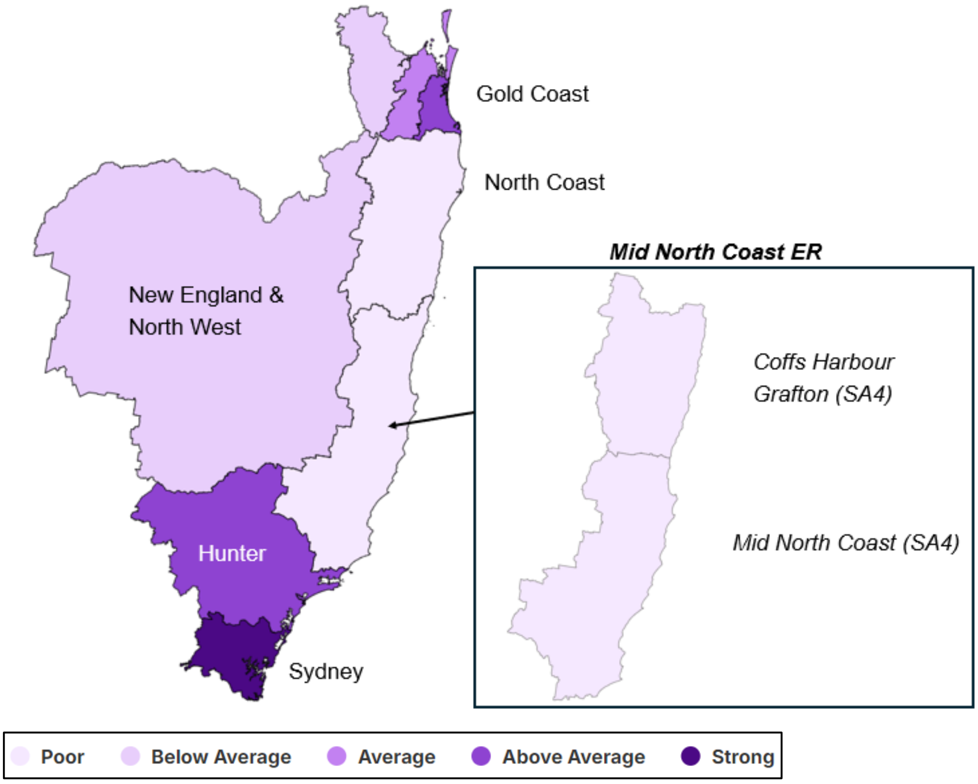
It is critical that a region's skills system can supply the skilled workforce to meet the current and future skill needs of its industries. The following case study brings together the central themes of the Regional, Rural and Remote Jobs and Skills Roadmap (labour market performance, skills shortages and the performance of the skills system) with a specific focus on regional location - the Mid North Coast Employment Region.[86]

Local labour market conditions

A long history of poor labour market conditions

The Mid North Coast region has a long history of entrenched labour market disadvantage, with the region experiencing persistently poor labour market conditions over the long-term. Conditions continue to remain weak, with the region recording a low working age employment rate, a high JobSeeker income support rate and an above average unemployment rate which have contributed to an overall 'poor' labour market rating in June 2024 (Figure 45).

Figure 45: Regional Labour Market Indicator (RLMI) ratings, selected ERs, June 2024



Source: JSA, *Regional Labour Market Indicator* (RLMI), June 2024

[86] Mid North Coast NSW is one of 51 designated Employment Regions across Australia used by the Department of Employment and Workplace Relations (DEWR) to manage employment services programs. Throughout this case study, unless otherwise stated, data are for the Coffs Harbour–Grafton SA4 and Mid North Coast SA4 regions combined, which is a good proxy for the Employment Region.

Labour market conditions within the region

Overall, labour market conditions are poor but there is considerable disparity within the Mid North Coast region. JSA Small Area Labour Market (SALM) data show that over the past five years the LGA in the Mid North Coast Employment Region with the lowest average unemployment rate was the more urbanised Port Macquarie-Hastings LGA (2.5% in March 2024), with the Nambucca Valley LGA (5.5% in March 2024) and Kempsey LGA (5.5% in March 2024) generally experiencing higher unemployment rates.

Priority cohorts in the local labour market

A number of cohorts in the region, including youth, mature age, Indigenous Australians, and those from culturally and linguistically diverse backgrounds, continue to experience ongoing relative disadvantage in the labour market. Members of these groups are more likely to be unemployed, or to seek employment in low-paid jobs and possess characteristics that may predispose them to labour market disadvantage (e.g. less experience, more time out of the labour market, lower skill levels, etc.).

The Workforce Australia Local Jobs Program supports tailored place-based approaches to accelerate reskilling, upskilling and employment pathways. The Local Jobs Plan for the Mid North Coast Employment Region identifies a number of the aforementioned cohorts as a priority and identifies ways in which the Australian Government Employment Facilitator and members of the Local Jobs Taskforce are responding. This includes collaborative place-based initiatives with local stakeholders aimed at improving existing training and employment pathways and developing new ones that are better aligned to local labour market needs.[87]

Access to childcare is a barrier to participation in the local labour market

Access to quality, accessible early childhood education and care (ECEC) in the region is a major barrier to increased workforce participation amongst parents. On 18 October 2023, Regional Development Australia (RDA) issued a media release Mid North Coast Childcare in Crisis citing survey findings that 85% of local parent respondents want or need to work more hours but were unable to access child care.

In February 2024, local media published an article which cited the RDA survey findings as well as anecdotal evidence of local parents' difficulties accessing limited childcare places across a number of smaller, geographically dispersed facilities.[88] The Australian Competition and Consumer Commission (ACCC) Childcare Inquiry focussed on accessibility and affordability in regional, rural and remote areas where profitably and viability are key concerns and recommended governments adopt a more broad and active market stewardship role to help ensure the delivery of childcare services across the country. JSA has recently completed a capacity study on the workforce needs of Australia's ECEC sector.

[87] Local Jobs Plan – Mid North Coast Employment Region, NSW, January 2024

[88] 'Stark Realities of Mid North Coast Childcare Crisis Laid Bare' by News of The Area - February 15, 2024

Demographic trends and the local labour market

An ageing population

Like many coastal regions, the Mid North Coast has become an increasingly popular place to live. As a result, the region has experienced strong population growth in recent years. The region's population increased by 5.5% over the five years to 2022, greater than the 4.6% recorded for non-metropolitan NSW and 4.0% for all of NSW (Figure 46).

The region's strong population growth in the past five years has largely been driven by people aged 65 years and over, up by 16.3% compared with an increase of 14.2% for NSW. By contrast, population growth for youth (persons aged 15–24) in the Mid North Coast has been negligible, up by just 0.2% over the five-year period. In 2022, youth comprised 9.7% of the region's population, compared with 12.2% in NSW.

Figure 46: Change in population by age (%), five years to 2022, Mid North Coast Employment Region, Non-metropolitan NSW and NSW

Source: ABS, *Regional Population by age and sex*, 2022

Young people continue to leave and many who remain are disengaged

As in other parts of regional Australia, many young people in the Mid North Coast are leaving. In many cases this will be to pursue education, employment and lifestyle opportunities in capital cities. In 2022, almost 1,300 youth left the region for other parts of Australia, with only 370 youth migrating into the region from overseas.[89]

Young people in the region are more likely to be disengaged (neither working nor studying) compared with the state average. In August 2021, 19% of people aged 18–24 years in the Mid North Coast were disengaged compared with 13% for New South Wales (Table 14), with

[89] ABS Net internal and overseas migration estimates by age, by SA2 and above (ASGS Edition 3), 2021-22

males were more likely to be disengaged than females. That said, disengaged females were less likely than disengaged males to be looking for work.

Table 14: Disengaged youth (18–24 years) - Mid North Coast Employment Region and NSW

	Not studying and not working (looking for work)		Not studying and not working (not looking for work)		Not studying and not working (all disengaged)	
Mid North Coast						
Males	828	8%	1,293	12%	2,121	20%
Females	457	4%	1,333	13%	1,790	17%
Persons	1,285	6%	2,626	12%	3,911	19%
New South Wales						
Males	13,553	4%	31,581	10%	45,134	14%
Females	8,202	3%	28,504	9%	36,706	12%
Persons	21,775	3%	60,085	9%	81,840	13%

Source: ABS, *Census of Population and Housing*, 2021, TableBuilder

The Local Jobs Plan for the Mid North Coast Employment Region identifies disengaged youth as a priority cohort and identifies collaborative initiatives to leverage existing youth programs and improve training and employment pathways such as apprenticeship and traineeships by better aligning to local workforce needs.

The Taree University Campus TUC EduVenture Program can help to reduce future levels of youth disengagement in the region. The program involves working with current year 8 and 9 high school students to help encourage them to make educated choices associated with school and transitioning out of school and is discussed further on in the section on the region's Higher Education system.

The region's health and care sector

Importance of the region's health care and social assistance industry

The Mid North Coast's ageing population has contributed to greater demand for access to health and care services.

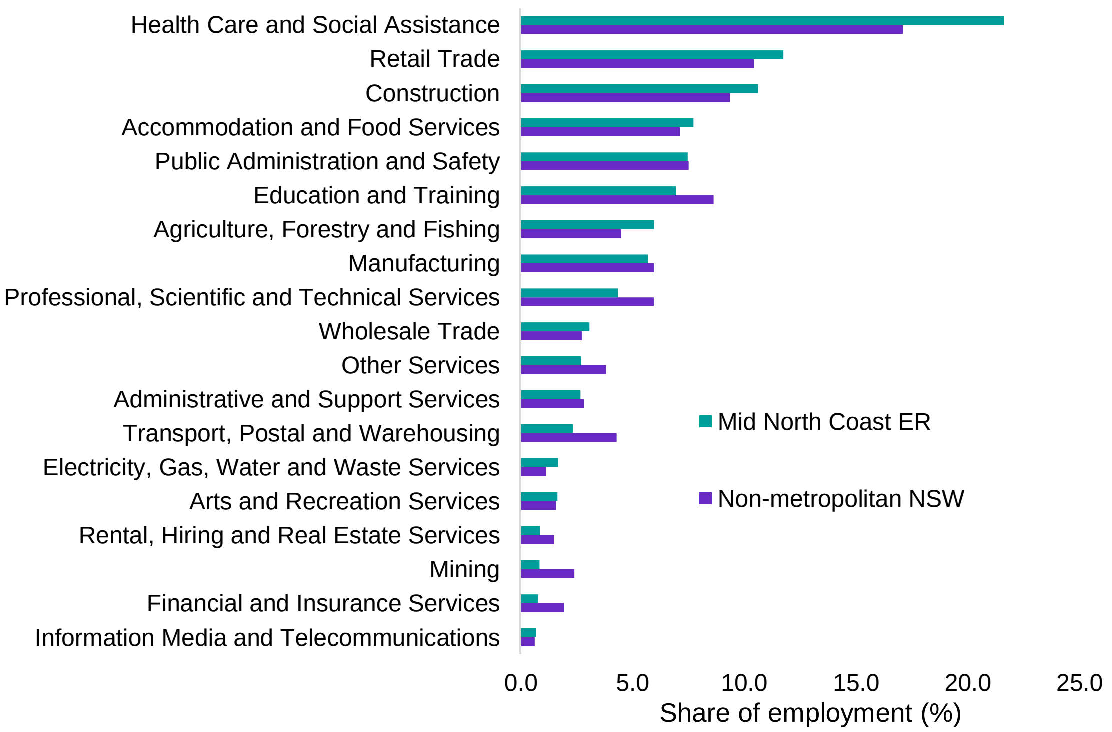
- There were around 1,120 actively trading and employing health care and social assistance businesses located in the region in June 2023.[90]
- In addition, the industry contributes almost 15% (or $2.36 billion) of the region's Gross Regional Product.[91]

Health Care and Social Assistance was the region's largest employing industry in February 2024, accounting for 21.7% (or 34,700) of total employment. The next largest employing industries were Retail Trade (11.8% or 18,900) and Construction (10.7% or 17,100) (Figure 47).

[90] ABS, *Counts of Australian Businesses (CABEE) including Entries and Exits*, June 2019 to June 2023.

[91] Regional Development Australia, Mid North Coast Employment Region: Released 24 April 2024.

Figure 47: Share of employment by industry, February 2024, Mid North Coast Employment Region and non-metropolitan NSW



Source: ABS, *Labour Force, Australia, Detailed*, February 2024 quarter, four quarter averages

Skill shortages in female-dominated health and care occupations

The Mid North Coast's demographic changes and persistently poor labour market conditions have seen local employers experience challenges finding suitability skilled workers to fill vacant positions. Recruitment difficulty is pronounced for many health and care occupations, as the region's ageing population increases demand for services and labour in the sector.

Job vacancy data for the Mid North Coast shows Registered Nurses as the top occupation in terms of online job advertisements, with Aged and Disabled Carers, Nursing Support and Personal Care Workers and Child Carers amongst the top ten occupations.[92] This demand has resulted in skill shortages, with those same occupations amongst the occupations identified as being in shortage nationally, according to JSA's SPL 2023.[93]

The Australian Universities Accord Final Report cited academic research showing that regions across Australia face chronic shortages of rural doctors and allied health workers. It also cited a Royal Australian College of General Practitioners finding that the more rural a community is, the less access its population has to general practitioners and health care, likely impacting health outcomes in the regions.[94] JSA data shows General Practitioners and Resident Medical Officers were in shortage in the Mid North Coast in 2023, with 775 persons employed in the occupation in the region in March 2024 and 38 online job advertisements.[95]

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[92] Recruitment trends and employers' needs" Regional Snapshot update, Mid North Coast, February 2024

[93] JSA Skills Priority List 2023

[94] Australian Universities Accord Final Report - Department of Education 2024 (page 264).

[95] JSA Jobs and Skills Atlas

Furthermore, as at 24 July 2024 each SA3 area within the Mid North Coast is classified by the Department of Health as a Distribution Priority Area (DPA) indicating a lower level of general practitioner services.[96] As at 24 July 2024 also, each SA3 also appears on the District of Workforce Shortages (DWS) classification (which identifies areas with poor access to specialist medical practitioners) for one or more of the listed specialisations.

Meeting the skills challenges of the health and care workforce

The anticipated increased future demand for health and care services in the region may present future job opportunities but is likely to exacerbate recruitment challenges without more people with the necessary skills to fill jobs in demand.

One way to support the expansion of the health and care workforce in the Mid North Coast, in order to meet strong current and future demand, would be to improve the gender balance of health and care related occupations. Many of the sector's largest employing occupations in the region, including those in acute shortage, are heavily female dominated, including Aged and Disabled Carers (72% female employment share in the region), Registered Nurses (87%), Nursing Support and Personal Care Workers (76%) and Child Carers (95%).[97] While there are many factors in play, a heavily gender skewed workforce may constrain labour supply, increasing the likelihood and severity of a skills shortage. Improving the gender balance of occupations by removing barriers that currently exist to keep segregation in place can help to improve skill shortages in the region.

Workforce strategies to address skill shortages in the sector

The National Medical Workforce Strategy 2021–2031 seeks to ensure Australia's health workforce is geographically well distributed and identifies many strategies to address the shortages of medical specialists that persist in many regional areas, including the Mid North Coast.[98] The Australian Government's Stronger Rural Health Strategy, first introduced as part of the 2018-19 Budget, aims to build a sustainable, high-quality health workforce that is distributed across the country, focusing on rural and remote communities, such as the Mid North Coast, that have difficulty attracting doctors, nurses and other allied health professionals. Under the Strategy, the National Rural Health Commissioner has worked with the rural health sector and the general practitioner colleges to develop a National Rural Generalist Pathway which recognises the extra requirements and skills of rural generalists and supports them to meet the diverse health needs of regional, rural and remote Australians.

At a local level, the NSW Government's Mid North Coast Local Health District Strategic Plan 2022–2032 outlines workforce planning strategies to enhance timely recruitment and appropriate retention of qualified employees. Those strategies include succession planning and partnering with education and training providers to identify emerging roles and plan for occupations likely to be in short supply in the Mid North Coast.

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[96] The SA3 regions of Coffs Harbour, Clarence Valley, Great Lakes, Kempsey-Nambucca, Lord Howe Island, Port Macquarie and Taree-Gloucester are automatically classified as DPAs due to being non-metropolitan areas.

[97] ABS Census of Population and Housing 2021.

[98] Identified strategies include increased use of telehealth and virtual care and supervision models and a reduced long-term reliance on international medical graduates. Australian Government Department of Health, National Medical Workforce Strategy 2021-2031, p 29

Performance of the region's Vocational Education and Training (VET) system

Is the VET system easily accessible for students across the region?

The number and geographic dispersion of TAFE campuses and other RTOs appears to provide current and prospective students across the region with good access to VET training opportunities.

TAFE NSW has eight campuses in the region, including two each in the larger LGAs of Coffs Harbour and Port-Macquarie-Hastings. The remaining 4 campuses are located at Great Lakes, Kempsey, Nambucca Heads and Taree.[99]

There are 27 other current RTOs headquartered in a region, and of these 11 have their head office located in the Port Macquarie and Coffs Harbour postcodes, while the remaining 16 RTOs are spread across 13 different postcodes across the Mid North Coast.[100]

Is the VET system training locals to meet the region's workforce needs?

Some 72% of the 7,800 VET program completions by Mid North Coast residents in 2022 were at Certificate III or higher level, only slightly below the 76% for all NSW residents (Table 15).

Table 15: VET Program completions by students in the Mid North Coast Employment Region, by Program level and Provider type, 2022

	Diploma or higher	Cert IV	Cert III	Cert I/II	All levels
Non-TAFE	410	825	1,540	1,195	3,970
	10%	21%	39%	30%	100%
TAFE Institutes	375	580	1,880	995	3,830
	10%	15%	49%	26%	100%
All VET	785	1,405	3,420	2,190	7,800
	10%	18%	44%	28%	100%

Source: NCVER, *Total VET Students and Courses,* program completions, 2022, VOCSTATS

Note: all cells in table have been rounded to nearest 5

Of the around 7,800 VET program completions by students residing in the Mid North Coast, just under one half (49%) were from TAFEs (Table 15). The proportion of VET program completions from locals attending TAFE Institutes is expected to increase going forward. Under the Fee-Free TAFE Skills Agreement, the Australian Government has partnered with states and territories to deliver over $1.5 billion funding for 500,000 Fee-Free TAFE and VET places across Australia over 2023 to 2026.

The Fee-Free TAFE Skills Agreement sets out training places across a number of areas of national priority, including several key employing sectors in shortage in the Mid North Coast

[99] www.tafensw.ed.au/locations

[100] training.gov.au and Regional Development Australia Mid North Coast Strategic Regional Plan 2023-2033

such as care (including aged care, health care and disability care, and early childhood education and care) and construction.

In 2022, residents of the Mid North Coast obtained over 1,800 VET program completions relevant to the top twelve employing occupations in shortage in the region at skill levels 2–4. This included more than 1,100 VET completions in respect of the top three occupations (at skill levels 3 and 4) in the Health Care and Social Assistance industry, i.e. Nursing Support and Personal Care Workers, Child Carers, and Aged and Disabled Carers (Table 16).

The region's VET system supported the workforce needs of the local construction industry by delivering almost 400 VET completions in 2022 relevant to the heavily male-dominated skill level 3 occupations of Plumber, Carpenter and Joiner, and Electrician (see Table 16).

While these data appear to show the VET system is helping to train locals in fields relevant to key occupations in demand at skill levels 3 and 4, retaining students to live and work locally after their VET training is complete is key to addressing the identified skills shortages in the region. To assess the extent to which this occurs requires analysis of VET students' post-completion outcomes (e.g. in terms of their transitions to further education or employment occupation, in the region or elsewhere). In 2024–25, JSA intends to analyse linked administrative data to explore this in more detail.

Table 16: Skill level 2–4 common occupations in shortage in the five largest employing industries* in the Mid-North Coast Employment Region

Occupation	Indicative Skill Level (ANZSCO)	Female employment share (August 2021)~ (%)	Main employing industry of occupation (2022)*	Employed persons (Mar 2024)^	Occupational shortage status and shortage driver (2023)#	VET program completions relating to occupation (2022)^^
Aged and Disabled Carers	4	72%	Health care and social assistance	6.532	Shortage - Retention Gap	90
Retail Managers	2	52%	Retail trade	3,462	Shortage - Short Training Gap	34
Truck Drivers	4	2%	Construction	2,662	Shortage - Short Training Gap	22
Carpenters and Joiners	3	<1%	Construction	2,328	Shortage - Long Training Gap	185
Nursing Support and Personal Care Workers	4	76%	Health care and social assistance	2,113	Shortage - Retention Gap	612
Child Carers	3	95%	Health care and social assistance	2,005	Shortage - Retention Gap	404
Waiters	4	82%	Accommodation and food services	2,050	Shortage - Retention Gap	0
Chefs	2	26%	Accommodation and food services	1,847	Shortage - Retention Gap	9
Electricians	3	1%	Construction	1,948	Shortage - Long Training Gap	109
Contract, Program and Project Administrators	2	63%	Public administration and safety	1,551	Shortage - to be determined	61
Plumbers	3	1%	Construction	1,414	Shortage - Long Training Gap	102
Earthmoving Plant Operators	4	2%	Construction	1,194	Shortage - To be determined	113

Data sources: * ABS, Labour Force Survey, 2022 four quarter average, customised report for JSA - Employment by ANZSIC (1 digit) by ANZSCO (4-digit); ^ JSA *Nowcast of Employment by Region and Occupation* (NERO) - 15 March 2024 (minimum estimate of 1,000 across the Employment Region for inclusion); ~ ABS *Census of Population and Housing*, 2021 (TableBuilder); # JSA *Skills Priority List* 2023; ^^ NCVER, *Total VET students and courses*, 2022, (VOCSTATS)

Performance of the region's Higher Education system

Regional University Study Hubs

Tertiary students in the Mid North Coast Employment Region are supported by three Australian Government-funded Regional University Study Hubs:

- Taree Universities Campus (TUC)
- Country Universities Centre Macleay Valley (at Kempsey), and
- Country Universities Centre Clarence Valley (at Grafton).[101]

Regional University Study Hubs provide physical infrastructure such as computer facilities, internet access and study spaces, as well as in-person administrative and academic skills support for students undertaking tertiary study through any Australian institution.

> ### Taree Universities – TUC EduVenture Program
>
> The Taree Universities Campus located at Taree in the Mid Coast LGA has launched the TUC EduVenture Program aimed at supporting Mid Coast youth to 'choose their own education adventure'. The program involves collaboration with the Australian National University and University of Newcastle to research the impact of engaging with local year 8 and 9 high school students to encourage them to start thinking about their future. The program aims to help students explore their individual skills, interests and strengths and to develop aspirations by providing experiential learning opportunities.
>
> The program is part of a larger federally funded project under the National Regional, Rural and Remote Tertiary Education Strategy in which Regional University Study Hubs are working with major universities to deliver locally tailored initiatives aimed at inspiring young people from regional and remote areas to pursue and follow their aspirations.
>
> Such programs are vital given the high levels of disengaged youth and low levels of higher educational attainment in the region. In August 2021, only 21% of Mid North Coast residents aged 25 to 34 years held a Bachelor Degree or higher qualification compared with 40% for Australia.

Access to and availability of higher education institutions in the region

Australia's regionally headquartered universities have a well-established role providing education in smaller population centres across Australia, along with campuses operated in regional locations by metropolitan-based universities.

Two members of the Regional Universities Network (RUN) operate campuses in the Mid North Coast Employment Region: Charles Sturt University at Port Macquarie and Southern Cross University at Coffs Harbour. The University of Newcastle offers student placements for medical professionals at specialist medical campuses in Port Macquarie, Coffs Harbour and Taree. It also provides local support at Taree for medical students, graduates, doctors and supervisors interested in a rural medicine career via its North West NSW Regional Training

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[101] A Regional University Study Hub is a facility regional students can use to study tertiary courses locally delivered by distance from any Australian institution. Hubs provide infrastructure such as study spaces, video conferencing and computers with high-speed internet access, as well as administrative, academic and students support services.

Hub – one of 27 Regional Training Hubs funded by the Australian Government under the Department of Health and Aged Care Specialist Training Program.

Training health professionals at local university campuses

The Universities Accord Final Report has recommended prioritising additional Commonwealth supported medical places to train additional doctors in areas of critical shortages in regional and outer metropolitan areas.[102] The Report also cited studies showing that health students from regional areas, and those who undertake extensive training in a rural setting, are more likely to practice in the regions, and that students from rural backgrounds are more likely than those of metropolitan origin to remain in rural practice.[103]

- In view of this, the medical training offered locally by the University of Newcastle is key to retaining health professionals in the region.

Given the importance of the health and care sector to the region and persistent shortages of medical professionals it is encouraging that both Charles Sturt University and Southern Cross University offer undergraduate courses locally in the medicine and health fields.

- In 2024 Charles Sturt University's Port Macquarie campus offered 18 Bachelor Degree courses, with six in the health and related field.[104]
- Southern Cross University's Coffs Harbour campus offered 11 Bachelor Degree courses, including nine in health.[105]

A number of these courses are well aligned with specific skill level 1 occupations currently in national shortage and regional shortage in NSW (Table 17), including Registered Nurses, which is the largest employing skill level 1 occupation in the Mid North Coast.

Table 17: Select Bachelor Degree courses on offer and occupations in shortage

Bachelor Degree course & Institution	Occupation in Shortage (SPL 2023)
Nursing (Charles Sturt (CS) & Southern Cross (SC))	Registered Nurses
Midwifery (Southern Cross)	Midwives
Occupational Therapy (CS and SC)	Occupational Therapists
Psychology (CS); Psychological Science (SC)	Psychologists
Physiotherapy (Charles Sturt)	Physiotherapists
Speech Pathology (Southern Cross)	Audiologists and Speech Pathologists/Therapists

Sources: JSA Skills Priority List 2023 ,about.csu.edu.au/locations/port-Macquarie, course-search.scu.edu.au

102 Australian Universities Accord Final Report - Department of Education 2024 (page 82).

103 Australian Universities Accord Final Report - Department of Education 2024 (page 265).

104 Charles Sturt University – Port Macquarie – Undergraduate courses

105 Southern Cross University – Coffs Harbour - Undergraduate courses

A dearth of local construction and engineering tertiary courses

Charles Sturt University and Southern Cross University offer Bachelor Degree courses at their campuses in the region in a number of fields other than health, including education, business, environmental science and law. However, no courses are offered in fields relevant to some skill level 1 jobs in shortage in the major employing industry of Construction, such as Civil Engineers and Construction Managers.

The reasons why universities are not able to offer the full range of courses at all campus locations is not clear and is likely to relate to factors such as the higher costs of delivery and diseconomies of scale faced by regional universities, and possibly lack of demand in particular locations for some courses.

The Universities Accord Final Report recognised these challenges and called for the full cost of educational delivery in regional Australia to be addressed as a matter of urgency.[106] It recommended that the Australian Government's new needs-based funding model include a specific element based on the location of higher education delivery in regional and remote Australia, to better recognise the equity issues involved and additional costs of delivery in regional Australia.[107]

The Australian Universities Accord has recognised and considered the challenges faced by regional students and universities and has recommended a number of reforms which, if implemented, could help the Mid North Coast to meet its future skills challenges through higher education (see Appendix A).

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[106] Australian Universities Accord Final Report - Department of Education 2024 (page 232-233).

[107] Australian Universities Accord Final Report - Department of Education 2024 (page 15).

Appendix A: Current Reform Processes Impacting the Regional Skills System

Introduction

System reform and implementation are important considerations within the Regional, Rural and Remote Jobs and Skills Roadmap. Over recent years there has been significant reform processes and reviews relating to the regional skills system, notably the Australian Universities Accord, the National Skills Agreement and the Australian Government's Migration Strategy.

This appendix provides context for the interim report's initial findings, helping to illuminate where our data analysis, research and insights on regional labour markets and skills system align with findings, recommended policy approaches or announced or implemented reforms. In so doing, it can also help identify residual challenges and opportunities for reform.

Overview of regional skills system reform processes

Higher Education

Halsey Review

In 2017, the Australian Government commissioned an Independent Review into Regional, Rural and Remote Education ('Halsey Review'). In January 2018, Professor Halsey presented the final report to the Government.

The review considered the key issues, challenges and barriers that impact on the learning outcomes of regional, rural and remote ('regional') students. Early childhood education was not covered under the Terms of Reference for the Review.

The review investigated:

- the gap in educational achievement between regional and metropolitan students
- the key barriers and challenges that impact on the educational outcomes of regional students, including aspirations and access issues
- the appropriateness and effectiveness of current modes of education delivered to these students, including the use of information and communications technology and the importance of face-to-face rural education provision
- the effectiveness of public policies and programs that have been implemented to bridge the divide
- the gaps and opportunities to help students successfully transition from school to further study, training and employment
- innovative approaches that support regional students to succeed in school and in their transition to further study, training and employment.

The Halsey Review made eleven recommendations including establishing a national focus for regional, rural and remote education; enhancing leadership, teaching, curriculum and assessment; improving information and communications technology; and enhancing transitions into and out of school.

The Australian Government response accepted all recommendations of the Halsey Review. The response indicated the Australian Government would work to implement the recommendations in collaboration with the states and territories and other stakeholders, while seeking to build out a strong evidence base for 'what works in supporting regional, rural and remote education and training'.

Napthine Review

On 12 November 2018, the Australian Government announced it would develop a National Regional, Rural and Remote Education Strategy to improve tertiary education participation and outcomes for regional, rural and remote students as part of a broader Regional Education package. The Strategy was intended to build on the Halsey Review and was led by a Regional Education Expert Advisory Group chaired by the Hon Denis Napthine, former Victorian Premier.

The Advisory Group delivered the National Regional, Rural and Remote Tertiary Education Strategy final report (Napthine Review) in June 2019, and it was released by the Government on 28 August 2019. On 19 June 2020, the Government announced a number of measures to support regional and remote tertiary education in response to the Napthine Review recommendations, including:

- A $5000 Tertiary Access Payment for regional students
- An increase in Commonwealth Grant Scheme funding for regional university campuses
- Establishing a Regional Education Commissioner
- Strengthening and expanding the Regional University Centres program
- Enabling Indigenous students from regional and remote areas to access demand-driven Commonwealth-supported university places
- Enhancing the research capacity of regional universities, and
- Improving Fares Allowance to reduce the waiting time for first-year payment to support students to visit home during their mid-year break.

Australian Universities Accord

Following on from the Halsey and Napthine Reviews, the Government announced it would invest $2.7 million over two years from 2022–23 to deliver the Australian Universities Accord through a 12-month review of Australia's higher education system, led by a Panel of eminent Australians. The objective of the Accord was to devise recommendations and performance targets to improve the quality, accessibility, affordability and sustainability of higher education.

On 19 July 2023, the Minister for Education released the Accord Interim Report, which outlined five recommendations for priority action.

Those priority actions included a recommendation to extend the Regional University Centres (RUCs) program. In response, the Government announced $66.9 million to establish up to 20 new Regional University Study Hubs and up to 14 Suburban University Study Hubs in outer metropolitan and peri-urban areas with low levels of university attainment and limited access to a significant physical university campus.

- A consultation paper was developed to seek input on the design and implementation of the Suburban Hubs program, and on 25 March 2024 the Government announced the location of the first 10 of those 20 new Regional University Study Hubs.

Another priority action was to ensure that all First Nations students are eligible for a funded place at university, by extending demand driven funding to metropolitan First Nations students, building on the guaranteed funding for First Nations students from regional, rural and remote areas introduced in 2021 following the Napthine Review.

On 25 February 2024, Minister Clare released the Universities Accord Final Report, containing 47 recommendations, including a number with regional implications, that built on the priority actions, recommendations and insights from the interim report.

The Accord Final Report proposed a new needs-based funding model, concluding that this would be ‘a game-changer’ for regional higher education providers by better reflecting the increased costs of educating students in the regions.

- The proposed funding model includes a needs-based system that covers the costs of providing courses, taking into account the higher costs of educating equity groups and providing regional education.
- The new funding model would include a significant increase to fee-free preparatory places and publicly funded higher education places, including at TAFEs. It would appropriately price the cost of teaching in different disciplines, increasing where necessary government contributions for disciplines in science, technology, engineering and mathematics, and, when student contributions are included, fully fund the cost of teaching.

Other Accord recommended measures to deliver for the regions, include:

- Significantly increasing the number of Commonwealth supported medical places allocated to regionally based end-to-end medical schools.
- Examining further opportunities to strengthen regional tertiary education, including the potential creation of a National Regional University and a more integrated tertiary education system in regional Australia.
- Adjusting current arrangements to prevent cost-of-living pressures deterring students from studying, noting that students from certain equity groups, including regional, rural and remote students, are more likely to report financial difficulties as a reason they consider leaving university early.
- Designing higher quality tertiary courses linked to Australia’s skilled migration needs and encouraging international students to study in regional locations.

As part of the 2024–25 Budget, the Government is responding to 29 of the 47 Accord recommendations in full or in part. This includes cost of living relief for students, support for people from the outer suburbs and regions to go to university and structural reforms to the tertiary education system, including needs-based funding. As of June 2024, the Department of Education Australian Universities Accord website advised a consultation paper on needs-based funding was being developed.

Vocational Education and Training (VET)

National Skills Agreement

The National Skills Agreement (NSA) is a 5-year joint agreement between the Commonwealth, states and territories, to strengthen the vocational education and training (VET) sector. It was endorsed by National Cabinet on 16 October 2023 and commenced from 1 January 2024. The NSA provides states and territories with access to additional Commonwealth funds of up to $3.7 billion over 5 years.

The agreed vision and principles for the NSA include that it:

- provides critical and emerging industries at a national, state and local level with the skilled workers they need and secures a domestic workforce to deliver on current and future priorities.
- ensures all Australians – particularly regional and remote learners and those from other designated groups have access to the education, training and support needed to obtain well-paid, secure jobs.
- supports informed decision-making for students, workers, employers and governments through skills and labour market analysis informed by JSA, access to relevant career information and improved transparency.

The NSA aims to improve accessibility to education and training, including for regional, rural and remote students, through funding hundreds of thousands of fee-free TAFE and VET places. Under the Fee-Free TAFE Skills Agreement, the Australian Government has partnered with states and territories to deliver over $1.5 billion funding for 500,000 Fee-Free TAFE and VET places across Australia over 2023 to 2026.

The Fee-Free TAFE Skills Agreement sets out training places across a number of areas of national priority, including several key employing sectors in shortage in much of regional Australia such as care (including aged care, health care and disability care, and early childhood education and care) and construction.

Australian Government Reforms

House of Representatives Inquiry into the Perceptions and Status of VET

The focus of this inquiry was how perceptions and status of VET impact: education and training choices of students, particularly those who lack the necessary foundation skills, or experience other disadvantages; and employer views and practices in relation to engagement with VET. One hundred submissions were received, and fifteen public hearings held, which informed a February 2024 report by the Committee with 34 recommendations.

Strategic Review of the Australian Apprenticeships Incentive System

On 19 February 2024, the Minister for Skills and Training, the Hon Brendan O’Connor MP, announced the establishment of the Strategic Review of the Australian Apprenticeships Incentive System (the review). The review is being led by the Honourable Iain Ross AO and Ms Lisa Paul AO PSM. In establishing the review, the Minister acknowledged the importance of apprentices and trainees in helping meet current and emerging skills challenges and supporting the transition to a net zero economy. The review aims to inform future policy development for the apprenticeships system, through evidence-based research, with a Background Paper released in June 2024.

State Government Reforms

A number of State Governments have recently announced reviews and reform plans relating to Vocational Education and Training and Skills within their jurisdictions.

NSW VET Review

This review, which focuses primarily on TAFE NSW, is nearing completion. Following submissions on a discussion paper which closed in November 2023, roundtables and a digital forum were then held which informed a December 2023 Interim Report. The Final Report was publicly released in August 2024.

Victorian Skills Plan: A New Era for Skills

Developed by the Victorian Skills Authority, this Skills Plan provides a 'skills roadmap' for Victoria. The Plan identifies actions and the further work needed to build a robust skills base and shape the next generation of skills delivery strategies in that State. It focuses on the occupations and skills that industry and workers need and are delivered by the TAFE and training system, Adult Community Education and Higher Education.

Skilled. Thriving. Connected: New VET policy from South Australia

The policy outlines significant reforms for South Australia's skills system, including: a stronger focus on learner wellbeing and completions; greater government direction on where investment goes better aligned to skills need and state priorities; Placing TAFE SA at the centre of the skills system to deliver on government priorities, ensure regional communities have access to training, and drive collaboration across the sector; and placing greater emphasis on ensuring the quality and integrity of training providers and employers.

Queensland Skills Strategy 2024–2028

The strategy aims to strengthen the Queensland TAFE and training system while guiding billions in annual investment in skills over 5 years – funding 1 million subsidised and Free TAFE training places. It is also Queensland's roadmap to deliver on the National Skills Agreement, tackling national priorities like critical skills growth, delivering TAFE Centres of Excellence, improving course completions and greater access to foundation skills.

Migration

Review of the Migration System – Final Report

On 2 September 2022, the Minister for Home Affairs, the Hon Clare O'Neil MP announced a comprehensive review of Australia's migration system.

The review received 483 submissions, and on 21 March 2023, the Review of the Migration System Final Report was presented to the Government. Chapter 13 discusses regional migration settings and the challenges and reform opportunities available to help meet skills needs and support regional and economic development in regional Australia.

The Review provides data showing that migrants, across all visa programs, have been less likely than Australians to live in regional areas (page 124). It notes while visa settings offer pathways to encourage migrants to live and work in regional Australia, there are limited migration levers to incentivise people to remain long term.

Submissions to the review provided differing views on the value and effectiveness of regional visa programs. While many submissions strongly supported the continuation of specific regional visas and concessions, others (such as the Grattan Institute) recommended the regional visa streams be abolished, arguing that trying to divert migrants to regional areas to boost local populations would result in distortions with net adverse economic impacts.

The Review commented on the complexity of regional migration settings through providing summaries of:

- the various permanent and temporary visa programs available for regional and place-based (State and Territory nominated) migration, as well as mainstream visas that include regional concessions (page 126); and
- noting the complicated and frequently changing definition of 'regional' used for migration purposes (page 128) which is a source of criticism and confusion.

The Review concluded that these visas encompass inconsistent criteria, multiple occupation lists and bespoke arrangements, adding to the complexity of the migration system without serving a clearly articulated purpose. It found an incremental, patchwork approach to migration policy is evident in the many different approaches now in place to support regions.

The Review concluded that regional migration programs have had little success to date and recommended a planned approach to regional and state and territory nominated migration that may allow movement away from the complex visa settings currently in place. For example, the Review proposed linking the number of migration places open to any state or territory to specific regional economic and community development plans. It argued that such plans could highlight how and when housing, infrastructure and services will be provided to support the existing community and proposed migration flows.

The Review suggested there could be value in considering whether states and territories should be provided with greater flexibility to determine how to allocate permanent visas with respect to the needs of their jurisdiction. In conjunction with this measure, existing regional concessions in mainstream permanent visas (e.g. additional points available for regional study) could be removed to ensure those programs are strongly focused on selecting migrants who will best meet national economic objectives.

The Review concluded that the effectiveness of this approach could be supported by greater collaboration across governments around data-sharing, skills shortage evaluation tools and other capabilities.

Migration Strategy

The Government's Migration Strategy was released on 11 December 2023 and outlines a new vision for Australia's migration system, with a policy roadmap containing 8 key actions and over 25 new policy commitments and areas for future reform. These include new commitments to evaluate regional migration settings and the Working Holiday Maker program to ensure migration supports development objectives in regional Australia and to ensure regional visas receive highest priority for visa processing.

The Department of Home Affairs has recently released '[Supporting strong and sustainable regions – Review of Regional Migration Settings Discussion Paper – June 2024]' and has invited submissions on it by 26 July 2024. The discussion paper proposes objectives for regional migration, suggests opportunities where regional migration could work better and asks questions on which the Government is seeking feedback from stakeholders.

1. How the various temporary and permanent visas available to the regions can work together to better meet skills needs? For example, Designated Area Migration Agreements (DAMAs) and regional employer sponsored visas.

2. Should there be a regional occupation list? How should regional occupation lists work alongside the Core Skills Occupation List? What should be considered in compiling the regional occupation list?
3. Could the definitions of regional be aligned across the various regional visas? How can definitions be structured to better account for the unique circumstances of regions?
4. How can we reform Working Holiday Maker program visa settings to limit exploitation, while still ensuring regional Australia can access the workers it needs? For example, are there innovative strategies to incentivise Working Holiday Makers to choose regional Australia as their preferred destination, without tying the incentives to specified work visa requirements?
5. How can we ensure a more consistent approach to lower paid migration across various visa products, as well as reflect our commitment to maintain the primacy of our relationships with the Pacific?
6. Noting the limitations of visa settings, what factors encourage more migrants to choose to settle in the regions and improve retention?
7. Do provisional visas successfully encourage large scale retention of migrants in the regions? Is the length of a provisional visa the right length? Should both the regional employer-sponsored visa and the regional nominated visa have provisional visa arrangements?
8. How can we improve planning for regional migration, especially given migrants to regional Australia post-pandemic? Should there be more flexibility provided to states and territories in planning for regional migration?

JSA will work with the Department of Employment and Workplace Relations and other agencies across government to help the Department of Home Affairs to consider these questions and ultimately provide advice to Government on regional migration settings.

In so doing, JSA will draw upon its analytical tools and regional and sector-specific labour market and skills analysis and research, including the Regional, Rural and Remote Jobs and Skills Roadmap and major JSA capacity studies.

For example, in relation to the questions posed concerning the Working Holiday Maker program visa settings and low paid migration, the discussion paper notes the JSA Food Supply Chain Capacity Study, due to be completed September 2024, will inform any potential reforms in that space (page 14). That study will examine all aspects of the Food Supply Chain workforce, including the contributions of permanent and temporary migration. It will also examine how to address genuine shortages while preventing migrant exploitation.

In respect of the factors impacting the retention and movement of migrants, this presents an opportunity for JSA to undertake analysis in 2024–25 using linked and administrative data to examine migrant transitions.

Appendix B: Regional Australia and defining regions

‘Regions’ can be defined in many ways. Structured and well-defined regions are essential for data analysis. As mentioned earlier, the focus of this report is those parts of Australia outside of capital city areas, recognising that there is considerable variation across regional Australia.

The primary geographic classification that is available to analyse a broad range of labour market and skills data is the ABS Australian Statistical Geography Standard (ASGS). Within the main structure of the ASGS states and territories are initially divided into ‘Greater Capital City Statistical Areas’ (GCCSA) and Rest of State (RoS). With increasing levels of detail in the classification these areas are then divided into Statistical Areas level 4 (SA4s), level 3 (SA3s), level 2 (SA2s) and level 1 (SA1s).

SA4s are designed for the output of a variety of regional data and represent labour markets and the functional area of capital cities.[108] Given the variety of regional data available at the SA4 level, it makes it a commonly used spatial unit for regional analysis. That said, some regional data is only readily available at the GCCSA/RoS areas.

The ASGS also includes a remoteness structure, which divides Australia into 5 classes of remoteness (major cities, inner regional, outer regional, remote and very remote) which are characterised by a measure of relative geographic access to services.[109] At the higher levels of the ASGS main structure there is not a clear concordance to remoteness, particularly for SA4s that cover large geographic areas.

A number of data sources used in this report, such as the National Centre for Vocational Education Research (NCVER) total VET students and courses dataset and some of the higher education data, has coded student’s residential address to remoteness, so the remoteness structure is used. It is worth noting, that within the remoteness structure the ‘major cities’ classification is not equivalent to ‘greater capital cities’ (GCCSA) within the ASGS main structure, notably Darwin and Hobart are classed as capital cities within the GCCSA but are not classed as ‘major cities’ within the remoteness structure. Also, universities based in Hobart (University of Tasmania) and Darwin (Charles Darwin University) are considered regional universities so are included in the analysis of specific regional universities.

There is an opportunity for JSA to develop a framework to characterise and group regions based on their labour market composition and performance, also taking into account geographic and other characteristics. This work can build on other existing approaches to characterise regions, such as those used by the Regional Australia Institute and the Bureau of Communications, Arts and Regional Research.

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[108] Australian Statistical Geography Standard (ASGS) Edition 3, July 2021- June 2026

[109] Access to services is measured using the Accessibility/Remoteness Index of Australia Plus (ARIA+), produced by the Australian Centre for Housing Research at the University of Adelaide

Appendix C: Regional Labour Market Indicator (RLMI) Explanatory Notes

Purpose

Gaining an understanding of the trends that are associated with regional labour market performance will help better inform policy development and assist in ensuring Australia has the necessary pre-requisites to build a better-skilled and more adaptable workforce to position the Australian labour market for the future.

Central to this effort is to measure labour market performance across regions. Doing so, however, is a complex task. For instance, while the unemployment rate is a useful indicator of labour market tightness, it is only one of a number of labour market indicators and identifying common trends across separate indicators can be challenging, particularly at the regional level where labour market indicators are inherently volatile due to poor data quality.

To overcome these challenges, the Regional Labour Market Indicator (RLMI) combines key measures of spare labour market capacity, from both an employee and employer perspective, into a single, and easy to interpret, summary measure (with regions grouped into distinct categories of overall labour market performance, ranging from 'poor' to 'strong') which provides an accurate and reliable view of labour market performance. A strong labour market, that is characterised by a high rate of employment, where employment opportunities are extended to all who want them, is central to a strong economy and prosperous and inclusive society.

Importantly, the RLMI's purpose aligns closely with the Australian Government's approach to consider a broader range of labour market indicators, including of labour market utilisation, to measure progress towards sustained and inclusive full employment, as outlined in *Working Future: The Australian Government's White paper on Jobs and Opportunities*.

Factors used to assess labour market performance

The *working age (15–64 years) employment rate* is one of the most commonly used indicators for understanding conditions in the labour market and is a key measure of strength. It provides an insight into the extent to which available labour (some individual's personal circumstances may prevent them from participating in the labour market) is being used and is unaffected by voluntary changes in labour force participation.

Along with the employment rate, the *unemployment rate* is one of the most commonly used indicators for understanding conditions in the labour market and is a key measure of spare capacity. It provides insights into the availability of unused labour that is willing and available for work.

The *JobSeeker income support rate* is a reliable measure of spare capacity in the labour market and is an important complement to other measures of spare capacity. It is a combination of the JobSeeker payment and Youth Allowance (other) payment, measured as a proportion of the working age population. These payments are designed to provide financial assistance to support those looking for working, including those who may be working part-time.

The *underemployment rate* takes a broad view of underutilisation by measuring the share of the labour force that is employed, but not fully utilised in terms of the amount of work people would like. It is an important complement to the unemployment rate in assessing how much spare capacity could be called upon in adapting to labour market strength and weakness. This measure is only robust at the greater capital city/rest of state level of geography.

The *vacancy fill rate* is a key measure of unmet demand for labour. A low fill rate indicates that the demand for labour is not matched by the supply of labour from workers. This may be due to a lack of suitable applicants or high search costs that reduce labour market matching efficiency. Poorer-performing regions experience more difficulty filling vacant positions, despite having a higher availability of unused labour willing and available to work. This measure is only robust at the greater capital city/rest of state level of geography.

Methodology

Please refer to the RLMI Methodology Paper for more information on the RLMI.

Appendix D: RLMI Ratings of Relative Labour Market Strength

Table 18: RLMI ratings of relative labour market strength, June 2024

Strong	
Sydney - Baulkham Hills and Hawkesbury (NSW)	Melbourne - Inner South (Vic.)
Sydney - Eastern Suburbs (NSW)	Warrnambool and South West (Vic.)
Sydney - Inner West (NSW)	Brisbane - West (QLD)
Sydney - Northern Beaches	Brisbane Inner City (QLD)
Sydney - Outer West and Blue Mountains (NSW)	Perth - Inner (WA)
Sydney - Sutherland (NSW)	Australian Capital Territory
Above average	
Capital Region (NSW)	Brisbane - East (QLD)
Central Coast (NSW)	Brisbane - North (QLD)
Murray (NSW)	Brisbane - South (QLD)
Newcastle and Lake Macquarie (NSW)	Gold Coast (QLD)
Sydney - City and Inner South (NSW)	Mackay - Isaac - Whitsunday (QLD)
Sydney - North Sydney and Hornsby (NSW)	Moreton Bay - South (QLD)
Sydney - Ryde (NSW)	Sunshine Coast (QLD)
Geelong (Vic.)	Adelaide - Central and Hills (SA)
Hume (Vic.)	Adelaide - South (SA)
Melbourne - Inner (Vic.)	Perth - North East (WA)
Melbourne - Inner East (Vic.)	Perth - North West (WA)
Melbourne - Outer East (Vic.)	Perth - South West (WA)
Shepparton (Vic.)	Darwin (NT)
Average	
Hunter Valley exc Newcastle (NSW)	Melbourne - West (Vic.)
New England and North West (NSW)	Mornington Peninsula (Vic.)
Richmond - Tweed (NSW)	Cairns (QLD)
Riverina (NSW)	Darling Downs - Maranoa (QLD)
Sydney - Blacktown (NSW)	Adelaide - West (SA)
Sydney - Inner South West (NSW)	South Australia - South East (SA)
Sydney - Outer South West (NSW)	Perth - South East (WA)

Bendigo (Vic.)	Bunbury (WA)
Melbourne - North East (Vic.)	Western Australia - Wheat Belt (WA)
Melbourne - South East (Vic.)	Hobart (Tas.)
Below average	
Illawarra (NSW)	Toowoomba (QLD)
Southern Highlands and Shoalhaven (NSW)	Townsville (QLD)
Sydney - Parramatta (NSW)	Mandurah (WA)
Melbourne - North West (Vic.)	Western Australia - Outback (North and South) (WA)
Victoria - North West (Vic.)	Launceston and North East (Tas.)
Central Queensland (QLD)	
Poor	
Coffs Harbour - Grafton (NSW)	Queensland - Outback (QLD)
Far West and Orana (NSW)	Wide Bay (QLD)
Mid North Coast (NSW)	Adelaide - North (SA)
Sydney - South West (NSW)	Barossa - Yorke - Mid North (SA)
Ballarat (Vic.)	South Australia - Outback (SA)
Latrobe - Gippsland (Vic.)	Tasmania - South East (Tas.)
Ipswich (QLD)	Tasmania - West and North West (Tas.)
Logan - Beaudesert (QLD)	Northern Territory - Outback (NT)
Moreton Bay - North (QLD)	

Source: JSA, *Regional Labour Market Indicator* (RLMI), June 2024

Note: Regions are listed in alphabetical order by state/territory and in no way reflect a ranking within the rating.